VOLKSWAGEN

AKTIENGESELLSCHAFT

Driving ideas.

ANNUAL REPORT 2009

Key Figures

VOLKSWAGEN GROUP

Volume Data[1]	2009	2008	%
Vehicle sales (units)	6,309,743	6,271,724	+ 0.6
Production (units)	6,054,829	6,346,515	– 4.6
Employees at Dec. 31	368,500	369,928	– 0.4

Financial Data (IFRSs), million	2009	2008	%
Sales revenue	105,187	113,808	– 7.6
Operating profit	1,855	6,333	– 70.7
Profit before tax	1,261	6,608	– 80.9
Profit after tax	911	4,688	– 80.6
Profit attributable to shareholders of Volkswagen AG	960	4,753	– 79.8
Cash flows from operating activities[2]	12,741	2,702	x
Cash flows from investing activities[2]	10,428	11,613	– 10.2
Automotive Division[3]			
EBITDA[4]	8,005	12,108	– 33.9
Cash flows from operating activities[2]	12,815	8,800	+ 45.6
Cash flows from investing activities[2,5]	10,252	11,479	– 10.7
of which: investments in property, plant and equipment[2]	5,783	6,773	– 14.6
as a percentage of sales revenue	6.2	6.6	
capitalized development costs	1,948	2,216	– 12.1
as a percentage of sales revenue	2.1	2.2	
Net cash flow	2,563	– 2,679	x
Net liquidity at Dec. 31	10,636	8,039	+ 32.3

Return ratios in %		2009	2008
Return on sales before tax	1.2	5.8	
Return on investment after tax (Automotive Division)	3.8	10.9	
Return on equity before tax (Financial Services Division)[6]	7.9	12.1	

1 Including volume data for the vehicle-production investments Shanghai-Volkswagen Automotive Company Ltd. and FAW-Volkswagen Automotive Company Ltd., which are accounted for using the equity method.
2 2008 adjusted.
3 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
4 Operating profit plus net depreciation / amortization and impairment losses / reversals of impairment losses on property, plant and equipment, capitalized development costs, leasing and rental assets, goodwill and financial assets as reported in the cash flow statement.
5 Excluding acquisition and disposal of equity investments: € 7,585 million (€ 8,879 million).
6 Profit before tax as a percentage of average equity.
7 2009 including Auto5000 GmbH.

VOLKSWAGEN AG

Volume Data	2009	2008	%
Vehicle sales (units)	2,053,427	2,388,014	– 14.0
Production (units)	1,038,344	1,137,145	– 8.7
Employees at Dec. 31[7]	95,164	90,363	+ 5.3

Financial Data (HGB), € million	2009	2008	%
Sales	47,864	56,710	– 15.6
Net income	1,082	827	+ 30.8
Dividends (€)			
per ordinary share	1.60	1.93	
per preferred share	1.66	1.99	

This version of the Annual Report is a translation of the German original. The German takes precedence.

What moves us worldwide

The Volkswagen Group employs just under 370,000 people all over the world.

370,000 **EMPLOYEES**

The Volkswagen Group has 60 production facilities in 21 countries worldwide.

60 **PRODUCTION FACILITIES**

359 Group companies that produce vehicles or offer related services are included in Volkswagen's consolidated financial statements.

359 **GROUP COMPANIES**

The Group's vehicles are sold via importers and dealers in 153 countries.

153 **COUNTRIES**

In 2009, the Group delivered some 6.3 million vehicles to customers worldwide, exceeding the prior-year figure by 1.3 percent.

6.3 **MILLION VEHICLES SOLD**

9 brands from 7 European countries belong to the Group.

9 **BRANDS**

VOLKSWAGEN

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198

successful models

DRIVING IDEAS. The nine brands in the Volkswagen Group develop and implement pioneering ideas for tomorrow's mobility under this slogan. Find out more on page 14.

VOLKSWAGEN FINANCIAL SERVICES

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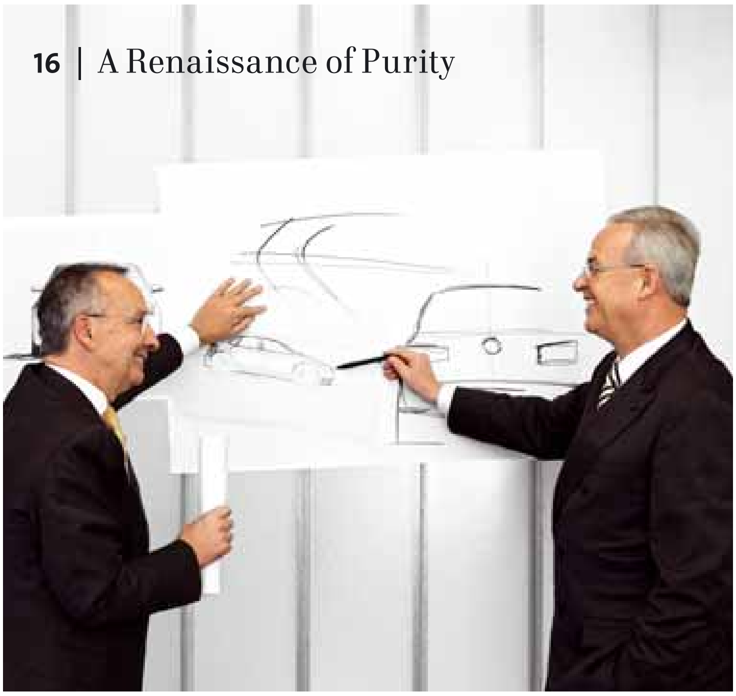

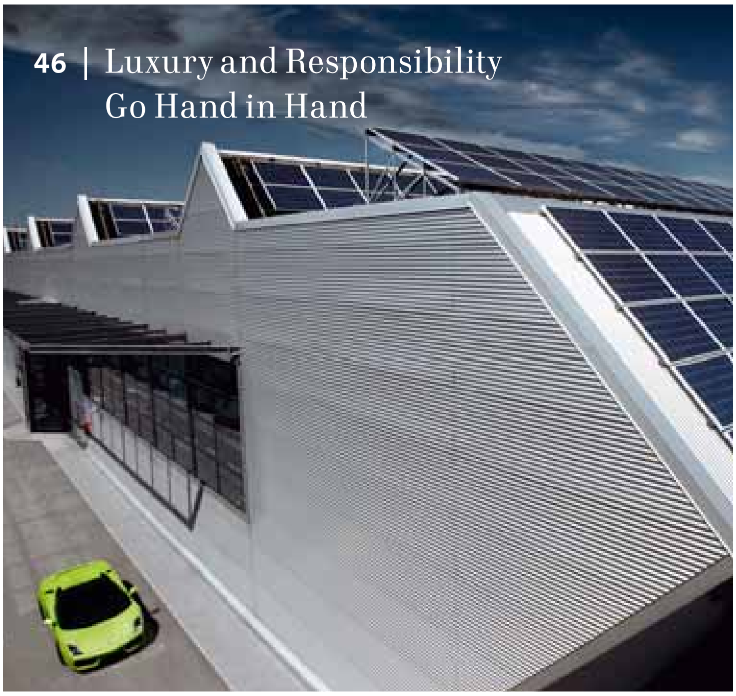

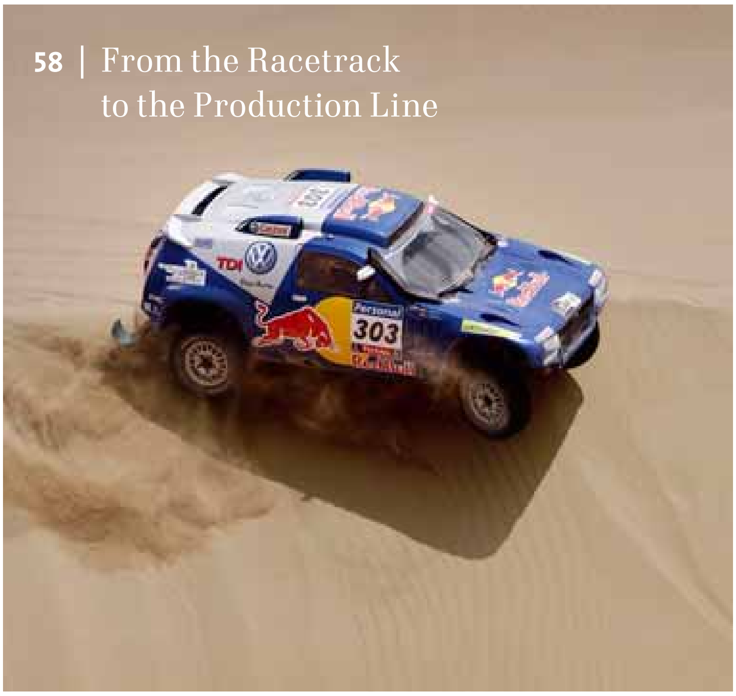

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Facts and Figures 2009

This Annual Report was published on the occasion of the Annual Media Conference on March 11, 2010.

Report of the Supervisory Board

(in accordance with section 171(2) of the AktG)

Ladies and Gentlemen,

During the past fiscal year, the Supervisory Board addressed the situation and the development of the Volkswagen Group regularly and in detail. In compliance with the legal requirements and the German Corporate Governance Code, we provide advice and support to the Board of Management in issues relating to the management of the Company. The Supervisory Board was consulted directly with regard to all decisions of fundamental importance to the Group. In addition, current strategic considerations were discussed with the Board of Management at regular intervals.

The Board of Management provided the Supervisory Board with regular, prompt and comprehensive verbal and written reports on the development of business, the planning and the position of the Company, including the risk situation and risk management. These included all key aspects relating to the creation of an integrated automotive group with Porsche. The Board of Management also informed us continuously about other current issues and the topic of compliance. We always received documents relevant to our decisions in good time prior to the Supervisory Board meetings. Furthermore, the Board of Management provided the Supervisory Board with detailed monthly reports on the current business position and the forecast for the year as a whole. The Board of Management explained any variations from the defined plans and targets in a comprehensive verbal or written report. The Board of Management and the Supervisory Board discussed and analyzed the reasons for the variations in detail to allow appropriate measures to be initiated.

I held regular discussions with the Chairman of the Board of Management outside the meetings of the Supervisory Board to address matters of strategic business development and risk management, among other things.

The Supervisory Board held nine meetings in fiscal year 2009. All members attended more than half the meetings: average attendance was 96%. We adopted resolutions on urgent matters in writing by means of a circulated document.

COMMITTEE ACTIVITIES

In order to perform its duties, the Supervisory Board has established six committees: the Presidium and the Mediation Committee in accordance with section 27(3) of the Mitbestimmungsgesetz (MitbestG – German Codetermination Act) as well as the Audit Committee and the Shareholder Business Relationships Committee (AfGA), the Committee for Special Business Relationships (AfbG) and a Nomination Committee. According to their rules of procedure, the Presidium and the Committee for

Special Business Relationships should each be composed of three shareholder representatives and three employee representatives; the members of the Nomination Committee are the shareholder representatives in the Presidium; the remaining committees are each composed of two shareholder and two employee representatives. Membership of the committees at the end of 2009 is indicated in the list on page 123.

The Presidium of the Supervisory Board met ten times in 2009. Among other things, it prepared the resolutions by the Supervisory Board in detail and decided on issues relating to contracts with the Board of Management.

The Mediation Committee was not required to convene in fiscal year 2009.

The Audit Committee met four times in 2009 and was primarily concerned with the consolidated financial statements, risk management – including the internal control system – and progress in the implementation of a compliance organization. In addition, the Audit Committee dealt with the quarterly reports and the half-yearly financial report of the Group, as well as with current matters relating to financial reporting and the audit of the financial statements by the auditors.

One of the main tasks of the Shareholder Business Relationships Committee (AfGA) is to supervise the business relationships of Volkswagen AG and its Group companies with Volkswagen AG shareholders who hold at least 5% of voting rights. In addition, this committee monitors compliance with the business processes established by the Board of Management that were put in place to structure legal relationships with shareholders in accordance with the relevant agreements. The Shareholder Business Relationships Committee met three times in 2009.

The Committee for Special Business Relationships (AfbG) is responsible for dealing with transactions between Porsche Automobil Holding SE and its group companies on the one hand, and companies of the Volkswagen Group on the other, that require the approval of the Supervisory Board. The Committee for Special Business Relationships met four times in 2009.

The Nomination Committee is responsible for proposing suitable candidates for the Supervisory Board to recommend for election to the Annual General Meeting. This committee met once in 2009.

In addition, the shareholder representatives met for preliminary discussions before the Supervisory Board meetings.

TOPICS DISCUSSED BY THE SUPERVISORY BOARD

At the Supervisory Board meeting on March 2, 2009, we examined in detail and subsequently approved the annual financial statements of Volkswagen AG and the consolidated financial statements prepared by the Board of Management for 2008. We also examined the dependent company report prepared by the Board of Management and did not raise any objections to the concluding declaration by the Board of Management in the dependent company report.

Our meeting on April 22, 2009 mainly addressed strategic issues. Other main topics included the current development of the Volkswagen Group and its brands, the situation in the global automotive markets in light of the financial and economic crisis, and progress in the construction of the production facilities in India and the USA.

The Supervisory Board met on July 23, 2009 to discuss plans to create an integrated automotive group with Porsche. Following in-depth discussion and consultation, we approved these plans and instructed the Board of Management to bring to a conclusion the talks on a related Comprehensive Agreement that had already been initiated.

The Supervisory Board held another meeting on August 13, 2009. This meeting was convened to discuss the Comprehensive Agreement on the creation of an integrated automotive group, the draft of which had then been prepared. The Supervisory Board approved the signature of the Comprehensive Agreement, among other things on condition that an investment bank engaged by the Supervisory Board confirmed the Porsche AG valuation. This confirmation was supplied shortly thereafter.

At the next meeting of the Supervisory Board on September 11, 2009, we dealt with the Comprehensive Agreement, which had by then passed through additional drafting rounds, and approved the amendments presented to us. We also reached agreement on the draft motion to be resolved by the Extraordinary General Meeting that was held in Hamburg on December 3, 2009. This meeting also addressed the Board of Management's plans to invest in expanding production capacity in China. We approved this investment plan after a detailed examination.

At the Supervisory Board meeting on November 11, 2009, which was continued on November 19, we dealt in great detail with the negotiated implementation agreements on the Comprehensive Agreement, which by then had been signed. After lengthy discussions, we approved the signature of these agreements subject to two amendments we had proposed. We also instructed the Board of Management to explore possibilities with regard to Karmann, Osnabrück, and we approved the Board of Management's plans to systematically develop the innovative field of electric traction to be able to leverage the substantial opportunities this offers. A Group Chief Officer for Electric Traction was appointed for this purpose.

At our meeting on November 20, 2009, we approved the Board of Management's concept for acquiring machinery, equipment and land belonging to the Karmann holding company at the Osnabrück site, and to launch a new vehicle project there after the establishment of a Volkswagen subsidiary. We also discussed in detail the Volkswagen Group's investment and financial planning for the period 2010 to 2012 and approved the Board of Management's plans on these matters. Another topic at this meeting was the remuneration system for the Board of Management. Information on the remuneration system for the Board of Management and the Supervisory Board, together with the remuneration actually paid in fiscal year 2009, can be found in the Remuneration Report on pages 112 to 115 of this Annual Report.

The Supervisory Board convened a meeting on December 2, 2009 to prepare the Extraordinary General Meeting that was held in Hamburg on December 3, 2009.

Another Supervisory Board meeting was held on December 3, 2009 following the Extraordinary General Meeting. This meeting addressed the agreement with Suzuki on a strategic partnership. Following a detailed discussion, we concurred with the Board of Management's plans for this.

Potential conflicts of interest arose in connection with the creation of an integrated automotive group. Dr. Wolfgang Porsche, Dr. Ferdinand Oliver Porsche, Dr. Hans Michel Piëch and the Supervisory Board Chairman, Dr. Ferdinand K. Piëch, therefore abstained from the votes on the Comprehensive Agreement and the implementation agreements. In addition, the Supervisory Board at its meeting on September 11, 2009, and the Presidium at its meeting on March 23, 2009, amicably approved the loan to Dr. Ing. h.c. F. Porsche AG, which has now been repaid.

CORPORATE GOVERNANCE AND DECLARATION OF CONFORMITY

The implementation of the current version of the German Corporate Governance Code in the Volkswagen Group was addressed by the Supervisory Board meeting on November 20, 2009. In particular, we discussed the changes published by the "Government Commission on the German Corporate Governance Code" on August 5, 2009. On November 20, 2009, together with the Board of Management, we issued the declaration required by section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) on the recommendations of the Code, with which we comply in full with the exception of articles 3.8(2) (deductible under the D&O insurance), 4.2.3(2) sentences 2 and 3 (comparison parameters for variable compensation) and 4.2.3(3) and (4) (cap on severance payments).

A deductible under the D&O insurance in accordance with article 3.8(2) is to be included in the new insurance contract as from January 1, 2010. The requirements of article 4.2.3(2), sentences 2 and 3 (comparison parameters for variable compensation) have been implemented. The recommendation in article 4.2.3(3) and (4) (cap on severance payments) will be taken into account when entering into new contracts with members of the Board of Management.

The joint declaration of conformity by the Board of Management and the Supervisory Board is permanently available on the Volkswagen AG website at www.volkswagenag.com/ir. Further information regarding the implementation of the recommendations and suggestions of the German Corporate Governance Code can be found in our Corporate Governance Report starting on page 108 and in the Notes to the Consolidated Financial Statements on page 296.

AUDIT OF ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The Annual General Meeting on April 23, 2009 elected PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft as auditors for fiscal year 2009. The auditors audited the annual financial statements of Volkswagen AG, the consolidated financial statements of the Volkswagen Group and the combined management report. They issued unqualified audit reports on all of these documents. The auditors also assessed the risk management system, concluding that the Board of Management had taken the measures required by section 91(2) of the AktG to ensure early detection of any risks endangering the continued existence of the Company. The "Report by Volkswagen AG on Relationships with Affiliated Companies in Accordance with Section 312 of the AktG" (dependent company report) submitted by the Board of Management was also reviewed by the auditors, who issued the following opinion: "On completion of our review and assessment in accordance with professional standards, we confirm that the actual disclosures contained in the report are accurate, and that the consideration paid by the Company for the transactions listed in the report was not inappropriately high."

The documentation relating to the annual financial statements, including the dependent company report, and the audit reports were provided to all members of the Audit Committee and the Supervisory Board in good time for their meetings on February 24, 2010 and February 26, 2010 respectively. At both meetings, the auditors reported extensively on the principal findings of their audit and were available to provide additional information if required.

Taking into consideration the audit reports and the discussion with the auditors as well as their own conclusions, the Audit Committee prepared the documents for our own review of the consolidated financial statements, the annual financial statements of Volkswagen AG, the combined management report and the dependent company report and reported on this at our meeting on February 26, 2010. Furthermore, the Audit Committee recommended that we approve the annual financial statements. We rigorously examined the documents on the basis of this report and the audit report as well as in talks and discussions with the auditors. We came to the conclusion that the assessment of the position of the Company and the Group presented by the Board of Management in the management report corresponds to the assessment by the Supervisory Board. At our meeting on February 26, 2010, we therefore concurred with the auditors' findings and approved the annual financial statements prepared by the Board of Management and the consolidated financial statements. The annual financial statements are thus adopted. Our examination of the dependent company report did not result in any objections to the concluding declaration by the Board of Management in the dependent company report. We reviewed the proposal on the appropriation of net profit submitted by the Board of Management, taking into account in particular the interests of the Company and its shareholders, and endorsed the proposal.

MEMBERS OF THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT

Walter Hirche stepped down from his position on Volkswagen AG's Supervisory Board as of the end of the 49th Annual General Meeting on April 23, 2009. The Annual General Meeting therefore elected Dr. Philipp Rösler as his successor for a full term of office.

Dr. Hans Michel Piëch, lawyer in private practice, and Dr. Ferdinand Oliver Porsche, member of the Board of Management of Familie Porsche AG Beteiligungsgesellschaft, were appointed by the court as members of the Supervisory Board of Volkswagen AG effective August 7, 2009. They were elected as members of the Supervisory Board in the course of the Extraordinary General Meeting on December 3, 2009. They succeeded Dr. Wendelin Wiedeking and Holger Härter, who resigned as members of the Supervisory Board effective July 23, 2009.

On November 4, 2009, Jörg Bode, Minister of Economic Affairs, Labor and Transport for the Federal State of Lower Saxony, was appointed by the court as a member of the Supervisory Board of Volkswagen AG. He succeeded Dr. Philipp Rösler, who had resigned on October 28, 2009.

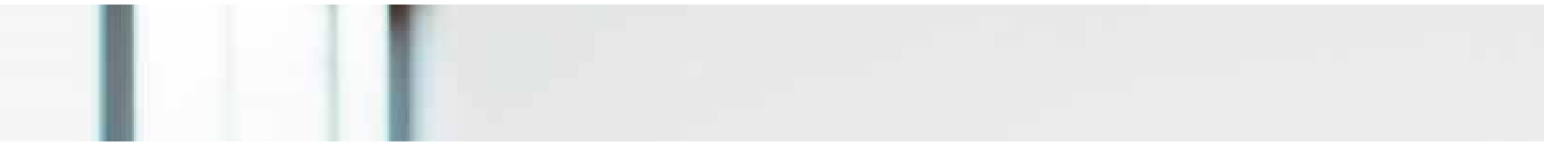
At the Supervisory Board meeting on November 20, 2009, we resolved to appoint Christian Klingler and Rupert Stadler as members of the Group Board of Management effective January 1, 2010. Christian Klingler will be responsible for Sales in the Board of Management, while Rupert Stadler was appointed as a member of Volkswagen AG's Board of Management in his function as Chairman of the Board of Management of AUDI AG.

Senator Horst Münzner, who was a member of the Board of Management of Volkswagen AG from 1965 until 1989, including a period as Deputy Chairman of the Board of Management, passed away on April 28, 2009 aged 84. Until his retirement, he was the Board of Management member responsible for Procurement and Logistics. Through his commitment and professional expertise, he made a significant contribution to shaping the future of the Company. We will honor his memory.

We would like to thank the members of the Board of Management, the Works Council, the management and all the employees of Volkswagen AG and its affiliated companies for their efforts and achievements in 2009. They have all worked very hard to ensure the positive development of the Volkswagen Group in this difficult environment.

Wolfsburg, February 26, 2010

Dr. Ferdinand K. Piëch
Chairman of the Supervisory Board



"Our long-term goal is defined in our 'Strategy 2018': to turn the Volkswagen Group into the world's leading automaker – economically and ecologically."

PROF. DR. MARTIN WINTERKORN

Dear Shareholder,

2009 was an extraordinary year for Volkswagen. The financial and economic crisis put the automotive industry to the test. In this environment, the Volkswagen Group not only kept its course and mastered the crisis considerably better than many of its competitors; we also set important strategic milestones. For example, we got the integrated group with Porsche off to a good start. Through our partnership with Suzuki, we are unlocking promising growth prospects, especially in the microcar segment and in Asia.

Our key figures underscore the strength and resilience of our business model: Bucking the general trend, the Volkswagen Group increased vehicle sales by 1.3 percent to 6.3 million units and thus achieved a new delivery record. Our share of the global passenger car market advanced to 11.3 percent. And, in spite of the crisis in the sector, we generated a clearly positive operating profit of € 1.9 billion. In the light of this, we are proposing a dividend of € 1.60 for ordinary shares and € 1.66 for preferred shares.

Our success is not least based on a stable shareholder structure with a long-term focus. We are pleased that Qatar Holding has become Volkswagen's third major shareholder. In response to the changed shareholder structure, Volkswagen preferred shares replaced ordinary shares in the DAX in December 2009. We are planning to issue new preferred shares as part of a capital increase in the first half of 2010. This measure will give us the necessary financial flexibility to grow the integrated automotive group. In addition – even after all transactions for the merger with Porsche have been completed – this will safeguard adequate liquidity, a healthy financing structure and our rating, which compares extremely well with the rest of the sector.

The Volkswagen Group is a strong and forward-looking automobile manufacturer. A solid financial base, our growing presence in all major global markets, our multibrand strategy and one of the youngest, most environmentally-friendly and broadest vehicle ranges in the sector are the unique strengths of our Group. They are and will remain the foundation for profitable growth. Another factor is that we can build on a highly qualified and motivated team. My colleagues on the Board of Management and I would like to express our thanks to all employees for their good work and commitment.

The automotive business offers excellent prospects for the medium term. However, 2010 will be another difficult year for our sector. The Volkswagen Group has secured an excellent position, on which it will continue to build. For example, we will be launching more than 60 new models in the current year. Based on this large number of fascinating and efficient vehicles, the Group will systematically expand its position in the global markets. In doing so, it will remain our objective to continue to outperform the competition.

At the same time, we will make targeted investments in our future: in attractive models, new plants in the growth regions and innovative, environmentally-friendly technologies. From highly efficient combustion engines to alternative drives such as hybrids and electric traction – our Company must lead the way in all these fields.

Our long-term goal is defined in our "Strategy 2018": to turn the Volkswagen Group into the world's leading automaker by 2018 – economically and ecologically. We are asking you, our shareholders, to continue to accompany us along this path. I am sure that Volkswagen Aktiengesellschaft will remain a company worth investing in. Now more than ever.

Sincerely,

Martin Winterkorn

Prof. Dr. Martin Winterkorn

The Board of Management of Volkswagen Aktiengesellschaft

(from left to right)

PROF. DR. RER. POL. JOCHEM HEIZMANN
Production

CHRISTIAN KLINGLER
Sales and Marketing

PROF. DR. RER. POL. HORST NEUMANN
Human Resources and Organization

DR. RER. POL. H.C. FRANCISCO JAVIER GARCIA SANZ
Procurement

RUPERT STADLER
Chairman of the Board of Management of AUDI AG

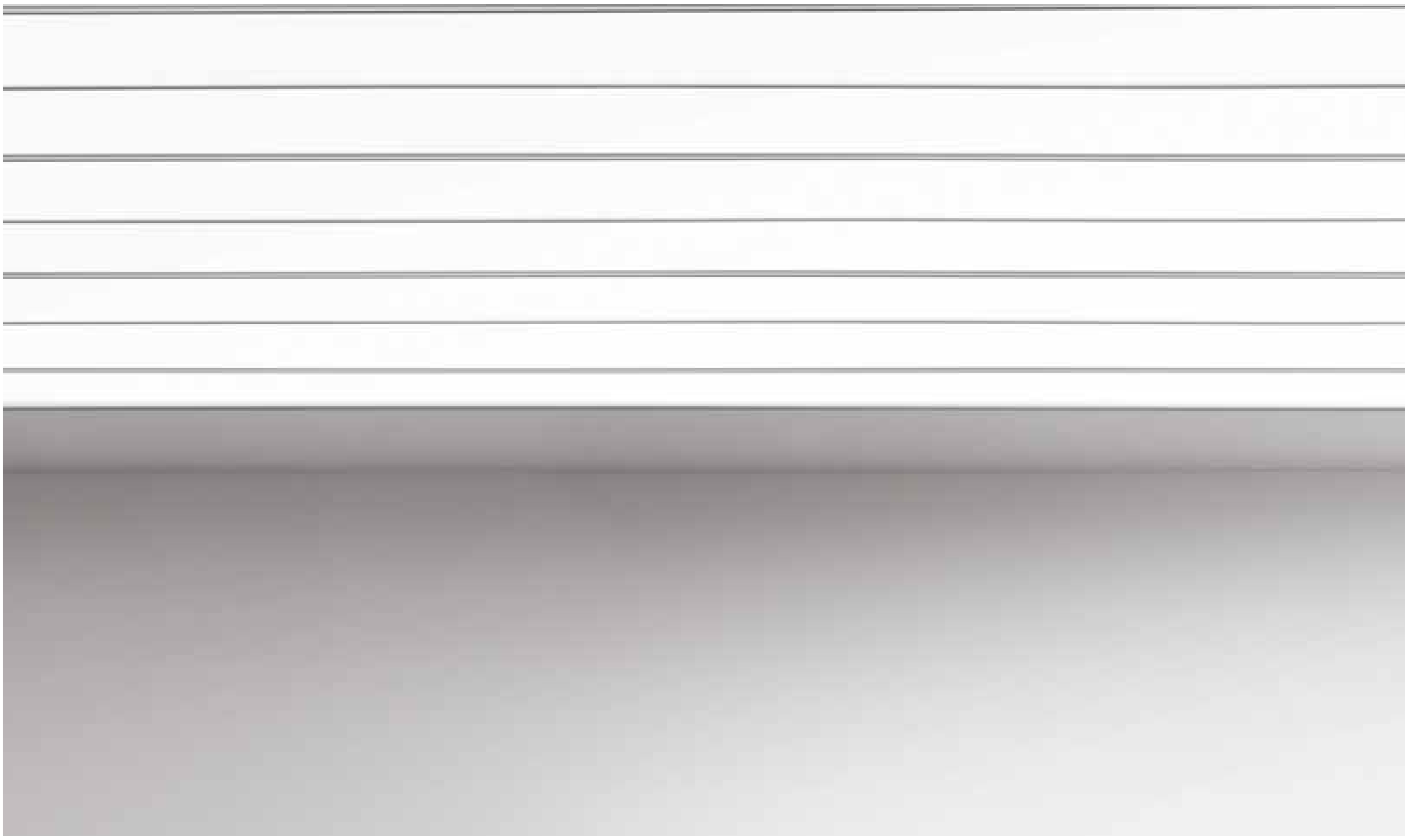
PROF. DR. RER. NAT. MARTIN WINTERKORN
Chairman of the Board of Management
of Volkswagen Aktiengesellschaft, Research and Development

HANS DIETER PÖTSCH
Finance and Controlling

CURRICULUM VITAE
www.volkswagenag.com > The Group > Senior Management > Management Board

Driving ideas.

For the Volkswagen Group, an innovation is only really good if it brings technical progress, benefits people and can be implemented in harmony with the environment. TECHNOLOGY, PEOPLE and THE ENVIRONMENT dominate the philosophy and actions of Europe’s largest automaker.



A Renaissance of Purity

The Volkswagen Group stands for pioneering design. In the Company's headquarters in Wolfsburg, Professor Dr. Martin Winterkorn, Chairman of the Board, and Walter de Silva, Head of Group Design, discuss every single detail. Both are perfectionists. Sometimes they know what the other is thinking without speaking a single word.


IN RJ 373
WOB NP 169

"Our design conveys timelessness and high quality – it can be recognized at the very first glance."

PROF. DR. MARTIN WINTERKORN, CHAIRMAN OF THE BOARD OF MANAGEMENT OF VOLKSWAGEN AG

At first glance, it might well call to mind an army of silver service waiters streaming into a banquet hall. Trolleys are pushed in, laden with technical delicacies: an assortment of instruments and operating units and a wide choice of other parts from the interior of an automobile. This is followed by a selection of vehicles that take up positions around the hall. It is no accident that this particular hall, which is mirrored on one side, is known as "Valhalla" – this, after all, is the heart of the Volkswagen Design Center in Wolfsburg.

For Martin Winterkorn and Walter de Silva, visits to Valhalla are part of a normal working day. "When we start working on a new automobile, it's a long way to the final product," says Winterkorn, "so we have to review our work constantly during the design process." This being the case, he spends many hours a month talking to de Silva's team about the architecture and design of new models, looking closely at swage lines and edges in the body work, feeling the surfaces and exploring technical and economic limitations. Every now and then, the Chairman of the Board reaches for a measuring tape to gain a better idea of the proportions involved: "Anyone who has seen as many cars as I have can tell right away when something isn't quite right." "You shouldn't keep anything from Dr. Winterkorn," says de Silva, "he wants to know everything, really everything – even things that you'd prefer to keep to yourself."

> "Purity, clarity and simplicity are all enjoying something of an esthetic renaissance."
>
> WALTER DE SILVA, HEAD OF GROUP DESIGN AT VOLKSWAGEN

CREATIVITY NEEDS DISCIPLINE

Finally, the two men make their way to a silver Audi A5 Sportback and a red Volkswagen Polo. Winterkorn taps on the front wheel cutout of each vehicle, peers into the wheelhouse before taking a step back for another critical inspection from a little further away. Then he turns and looks wordlessly at de Silva, who nods his comprehension. Evidently, a detail is being discussed without a single word being spoken. They are on the same wavelength.

The two men complement each other perfectly. Winterkorn, originally a materials researcher and quality expert, is used to taking a systematic, structured and analytical approach to his work. And he is never satisfied: "There's always room for improvement." De Silva is of the same mold: "Many people equate creativity with complete freedom, but it is actually discipline that is the basic prerequisite for creativity."

When he started at Volkswagen, one of the first things he did was some fundamental research: "We conducted an in-depth analysis of the design heritage of Volkswagen and its brands." This study yielded a vast and fascinating list of distinctive features. "Each brand has its own DNA that has evolved over time and its own typical design criteria," explains the Chief Designer. With Volkswagen, for instance, it is the simple horizontal arrangement of the front section; with Audi, it is the upright radiator grille that took shape over the decades. "The central thread that unites everything is simplicity and elegance." Hailing from Northern Italy, elegance runs in de Silva's blood. The simplicity that he found at Volkswagen was a godsend for him.

In Italy, the term "simplicity" has very positive connotations. "If a man is 'semplice', he's a man of honor," explains de Silva, "honest, reliable and straightforward." All characteristics that, in his view, also set the Volkswagen Beetle apart from its peers. Its unmistakably clear yet beautiful body line made it into a style icon. "Good design isn't a question of price," he sums up, "and a prime example of this is the new Volkswagen UP! from our New Small Family range."

DESIGN IS AN INTERNATIONAL LANGUAGE

Winterkorn and de Silva are now inside the Audi A5 Sportback and are inspecting the interior. They don't need to waste words on the outstanding importance of design in the Group: "Design is a language in which we communicate first and foremost with our customers." A language that must be understood anywhere in the world: "Our design conveys timelessness and high quality – it can be recognized at the very first glance. It is evident right away and doesn't require any long explanations." That does not rule out the option of tailoring solutions for customers in the various international markets: "In Russia, India and other important emerging markets, customers have different needs – for example for a Polo with a notchback," explains

Winterkorn, “and naturally we will meet these needs.” A new Volkswagen plant is currently being built in Chattanooga, Tennessee, where – among other things – a new midsize Sedan will be produced specifically for the US market. One of the distinctive features of this market is the local patriotism of US car buyers: “Many prefer to buy cars that are built in their country.” However, Walter de Silva is well aware that all customers the world over are looking for the same thing: emotion. “Owners want to love their cars – ultimately, the cars must appeal to them on an emotional level.”

In the automotive industry, there is enormous pressure to change – pressure that also has an impact on design. New legal requirements, changing social attitudes and new technologies all need to be factored into the design equation. Winterkorn describes the trend towards “downsizing” as “offering more while using fewer resources.” Innovative lightweight, ultra-compact components benefit customers and the environment by reducing fuel consumption and emissions while increasing comfort, safety and driving performance. “Traditionally, luxury and prestige have always been associated with size,” explains de Silva, “but that will change to a certain extent.” In the future, a larger number of small, compact vehicles will venture into the luxury segment.

“People are looking for reliable values and responsibility.”

WALTER DE SILVA, HEAD OF GROUP DESIGN AT VOLKSWAGEN

ALTERNATIVE DRIVES: EVOLUTION RATHER THAN REVOLUTION

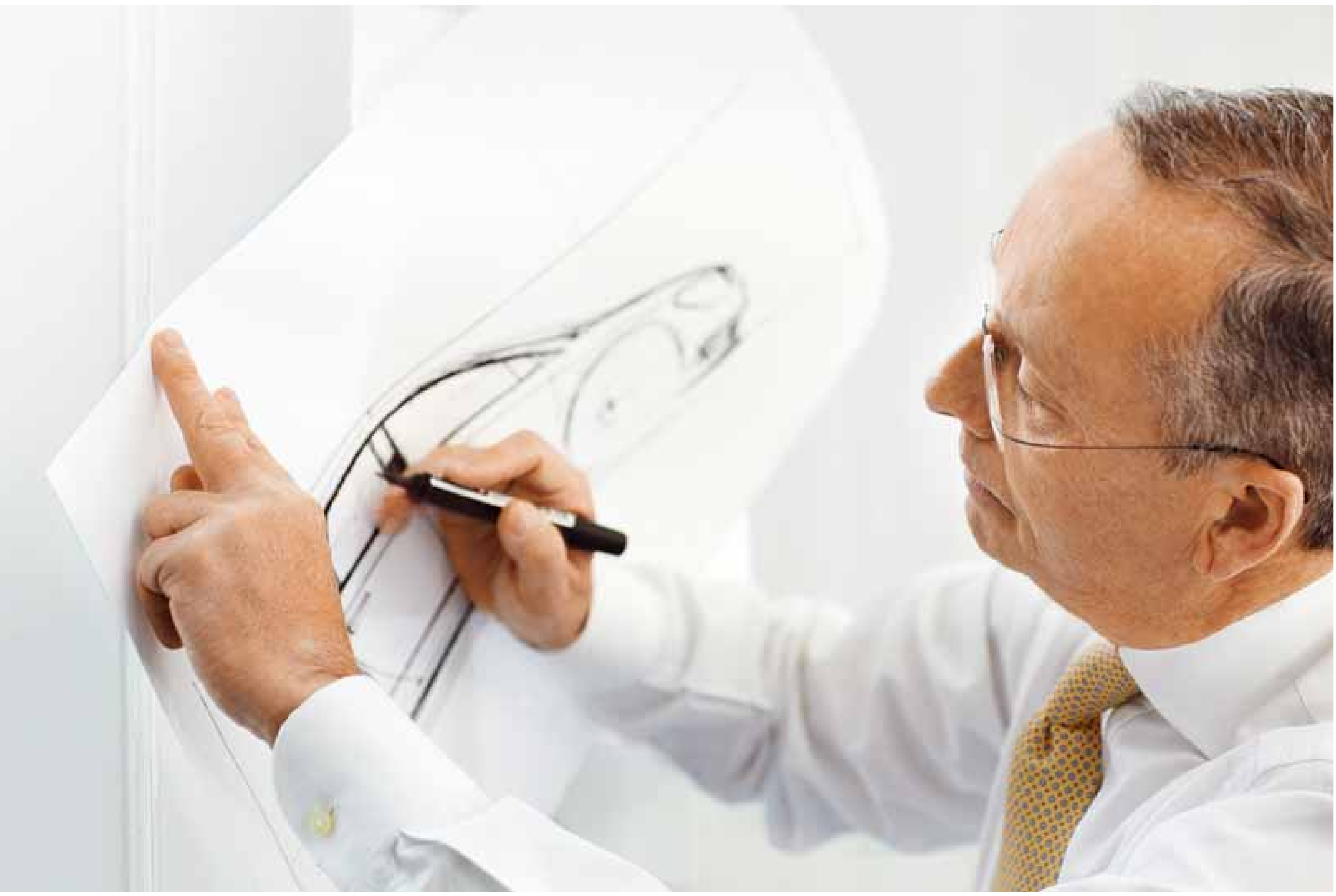
Alternative concepts such as electric drives throw up new challenges but also open up new opportunities. However, the fundamental architecture of vehicles will only change when new possibilities are offered by components such as drives, wheel suspension or battery positioning. And this stage is still some way off. De Silva predicts that cars “will always have four wheels and a face with two eyes, otherwise they would look impersonal. To start with, everyone wants to show that they drive a completely different car – but I firmly believe that we could have a roadster with an electric drive that would look no different to our Bluesport show car, and would be as much fun to drive as a car with a regular combustion engine.”

The Head of Group Design reads the signs of the times as follows: "We are going through a phase of insecurity; people are looking for reliable values and responsibility." Volkswagen's design philosophy is ideally positioned to respond to such an outlook. "Purity, clarity and simplicity are all enjoying something of an esthetic renaissance." Martin Winterkorn sees this as giving rise to a strong trend towards sustainable mobility: "An innovation is only truly good if it generates genuine added value for the customer while being compatible with the environment." He is confident that future Volkswagen models will transport many new ideas but will still remain instantly recognizable as Volkswagens. Walter de Silva agrees: "The secret is to remain true to yourself."

ADDITIONAL INFORMATION
www.driving-ideas.de

"An innovation is only truly good if it generates genuine added value for the customer while being compatible with the environment."

PROF. DR. MARTIN WINTERKORN, CHAIRMAN OF THE BOARD OF MANAGEMENT OF VOLKSWAGEN AKTIENGESELLSCHAFT



Building across Cultures

India is seen as one of the key growth markets of the future. Sales of passenger cars there are expected to increase from the current level of 1.2 million to over two million vehicles by 2014. The Volkswagen Group is firmly establishing itself in India, having opened a new, state-of-the-art production facility in Chakan, near Pune, in spring 2009. With this new construction project, the Plant Structure Planning department ensured that everything went according to plan when building the 60th plant in Volkswagen’s production network.


प्रो. प्रा. श्रीमंत दगडूशेठ हलवाई यांचे
लक्ष्मी स्वीट्स

USA
Chattanooga

Saturday is soccer day. In the Rakshak Society, a residential area on the outskirts of the million-strong city of Pune, a colorful assortment of Germans and Indians are assembled on the playing field. Some are clad in white jerseys with the Volkswagen logo, while others wear the gleaming green of VfL Wolfsburg, Volkswagen's Premier League soccer team back home. In the thick of the action is Dr. Olaf Dettmann, a draftsman with a doctorate in engineering who works for the Plant Structure Planning department. It was he and his colleagues who brought the jerseys for the children. Together, they play as the "Rakshak Society Kickers." Only the sons of the emerging Indian middle class wear sports shoes; the children of the ordinary domestics play barefoot. However, this does nothing to dampen their enthusiasm and team spirit, as is immediately evident from the joyous cheering and swearing. "It's a great way to pick up Indian swearwords," Dettmann says with a grin.

PRODUCTION UNDER THE WATCHFUL EYE OF SHIVA

The construction expert knows a thing or two about team spirit, both on and off the playing field. Building a complete automotive plant in a new country calls for team work and a willingness to address cultural differences. When Olaf Dettmann first arrived at the new location in Chakan, some 25 kilometers from Pune, he found a vast expanse of sand and gravel shimmering in the beating sun, with just one solitary container at the edge of the site. A Shiva temple took pride of place on a nearby hill. Today, the automotive facility is arguably the most modern in India, and over 2,000 employees are already producing Volkswagen Polo and Škoda Fabia models to Group-wide Volkswagen quality standards. The production lines here can turn out up to 110,000 vehicles every year as the divine Shiva looks down benevolently from above.

Dr. Jan Spies, Head of the Plant Structure Planning department in Wolfsburg, manages a team of some 70 employees who are used to traveling to different corners of the world. A new production facility was built in the Russian city of Kaluga almost in parallel to the Pune project. And another Volkswagen plant is currently taking shape in Chattanooga in the US State of Tennessee. In order to meet these challenges far away from their headquarters in Germany, the department has a stable of proven experts that it can call upon for different services – also concerning the construction of factories in geographic areas with special climatic conditions. Such experts include, for instance, electrical engineers specializing in the finer points of automotive production. Reliable ventilation and air conditioning are essential, as is the supply of compressed air and hot and cold water. Architects, construction engineers, mechanical engineers and business administrators work closely together, both at the Wolfsburg base and on locations abroad.

EFFECTIVE TEAMWORK
Engineer Dr. Olaf Dettmann was involved in setting up the new plant in Pune, India, from day one.

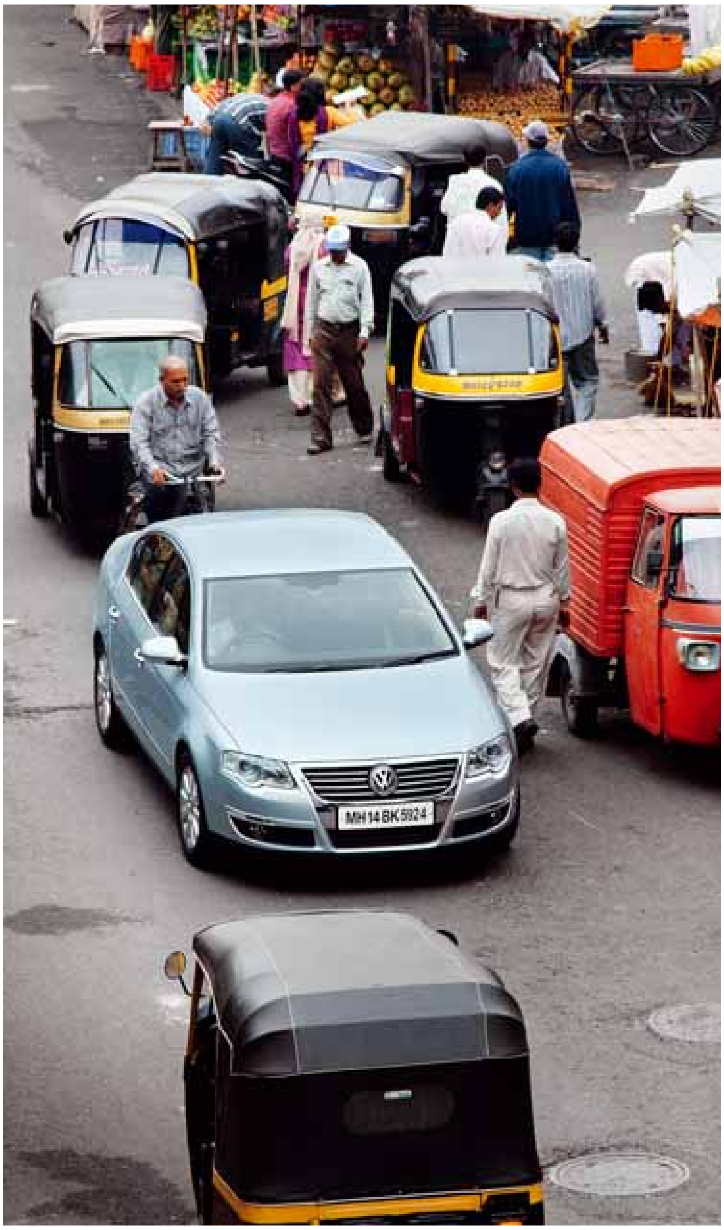
> “Our attention to detail helps us to avoid any unpleasant surprises and to meet our international quality standards.”
>
> DR. JAN SPIES, HEAD OF THE PLANT STRUCTURE PLANNING DEPARTMENT VOLKSWAGEN

“We have been the main point of contact for everyone involved in a project for decades now – a very important function. As Volkswagen has become more and more international, our activities have followed suit,” says Spies. “Today, we are benefiting from the know-how that we have accumulated from all these projects.” While some competitors opt to buy turnkey solutions for their production facilities, planning and construction are key competences in the Volkswagen Group: “Our attention to detail helps us to avoid any unpleasant surprises and to meet our international quality standards,” continues Spies. “That is why we visit the proposed location for a new plant at a very early stage in the project.”

AT THE HEART OF THE INDIAN CAR INDUSTRY

One of the initial factors in Pune’s favor was that the Maharashtra state government was eager to add a global player such as Volkswagen to the region’s industrial structure. A suitable site was proposed without delay. “The region of Pune is traditionally one of the centers of the Indian automotive industry and there is an infrastructure of potential suppliers already in place,” explains Dettmann. As well as this, the climate is favorable by Southern Asian standards.

Another important factor is that Pune is seen as the “Oxford of Asia”, with an enormous university and hundreds of colleges. It is here that the country’s future technical experts are produced. There are also very close ties with Germany. Neeti Badwe, Professor of German at the University of Pune, proudly tells us that “German has been taught here for over 100 years.” Ms. Badwe smiles as she relates various cultural pitfalls: “For example, we have no word for ‘leisure activities’ because leisure time is the exception for most Indians.” An appreciation



THE AUTOMOTIVE MARKET OF THE FUTURE
Although auto rickshaws still hold sway on Indian roads, modern vehicles like the Passat are on the rise.

ACTIVE WORLDWIDE
The Wolfsburg-based experts from the Plant Structure Planning department coordinate the construction of new production plants around the globe.

of subtleties such as this is vital for those who wish to understand India – a country with over a billion inhabitants, two dozen official languages and a rich culture to rival Europe's own.

Olaf Dettmann and his colleagues know this only too well. Even the Indians themselves sometimes have problems communicating owing to the sheer linguistic diversity of their country. And there is even more scope for misunderstandings between Indians and Germans. A prime example are the different conceptions of time planning. "I never ask my Indian counterparts when they will be finished," explains Dettmann, "instead, I ask them when they plan to start." Based on this information, he can then gauge when a construction phase will be completed. Not to the day, but to the week. "Try and explain that to someone in Wolfsburg who wants to dispatch the production machines and needs to have a roof on the hall," says Dettmann with a touch of exasperation, "he won't ask me for the week, he'll want to know an exact time on a particular day."

However, the quality that the Indian workers produce in spite of unfamiliar methods never fails to impress their German counterparts. "They don't use prefabricated reinforcing steel mesh here yet," says Dettmann, "instead, each layer of concrete is reinforced by hand. The mortar for plastering is mixed by the women, transported upwards in wok-like steel containers via scaffolding – which can be up to seven meters in height – and then applied by the men of the family." Many Indian families earn their living that way. "It might seem strange to Europeans, but for many Indians it is a question of survival," explains Olaf Dettmann.

HIGHEST STANDARDS OF QUALITY AND SAFETY

Volkswagen Group tenders and standards contain very clear social and safety-related rules for working on building sites. For instance, it is strictly forbidden for pregnant women to work there. However, this does not necessary go down well with the local workers: "Why are you depriving us of this opportunity to earn money?" Olaf Dettmann was asked. It is not always easy to act as a buffer between the contrasting demands and value systems of two fundamentally different societies. Nonetheless, it works very well for Volkswagen in India: "We have ensured that the children on our grounds have a place to play, a school, decent food and clean drinks," Dettmann explains. Summing up, he says that all those involved are proud of their new plant, particularly given the tough conditions involved in building it: "Not everything was on time, but thanks to our joint efforts it is now possible to produce cars here that meet Volkswagen's high quality standards."

ADDITIONAL INFORMATION
www.volkswagenag.com > The Group > Production Plants

MADE IN INDIA
By the end of 2010, a total of 2,500 people will be employed at the Pune plant. With the plant working two shifts, 110,000 vehicles will be produced every year.

STATE-OF-THE-ART PRODUCTION TECHNOLOGY
The new plant in Pune is the only production facility in India operated by a German carmaker that caters for the entire production process – from press shop through body construction and paintshop to final assembly.

"We understand the markets of the future."

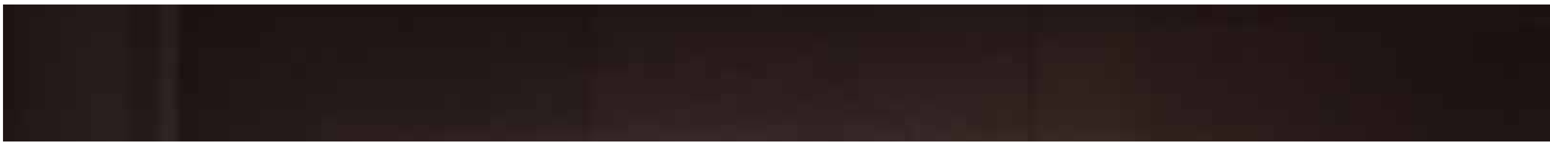
BRIEF INTERVIEW WITH PROF. DR. JOCHEM HEIZMANN, MEMBER OF THE BOARD OF MANAGEMENT OF VOLKSWAGEN GROUP WITH RESPONSIBILITY FOR GROUP PRODUCTION, ABOUT FLEXIBLE PRODUCTION NETWORKS AND WORLDWIDE QUALITY STANDARDS

The Volkswagen Group produces vehicles on almost all continents. Just how large is the production network?
We have 60 production plants in Europe, North and South America, Africa and Asia. Vehicles are manufactured at 41 of these plants.

How exactly do the production facilities interact with each other?
Our aim is to establish a production network that is immune to external factors such as currency risks and which predominantly meets regional market demand. A key factor in ensuring competitive production, for example, is our turntable concept, which enables us to adapt production flexibly at our plants to suit demand.

All vehicles meet the same quality standards worldwide. How do you ensure this?
We have developed a uniform quality benchmark across the Group for auditing and quality control. This also forms the basis for training our international staff in Production and Quality Assurance.

How does an Indian Polo differ from its European counterpart? Apparently, the horn is particularly robust …
Needless to say, we meet the market-specific needs of our customers in India, too. And the Polo which is built in Pune is indeed fitted with a horn designed to last three times as long as a standard one. Anyone who has been to India will know why – drivers there use the horn as often as the clutch.



The Next Generation

The Škoda Auto University is situated in the town of Mladá Boleslav, just an hour's drive from Prague. Located directly at the headquarters of the Czech carmaker, it is the only university in Europe to be owned and run by an automobile manufacturer. Here, degree courses are tailored specifically to enable graduates to take their place among the world's automotive industry managers.

CENTRAL LOCATION
The Škoda Auto University is located opposite a former monastery in the oldest part of Mladá Boleslav.

"The career prospects at Škoda and in the Volkswagen Group as a whole are a huge motivation for me."

JAN BEZDĚKA, A STUDENT AT THE ŠKODA AUTO UNIVERSITY

A matriculation ceremony worthy of Oxford or Cambridge: Four dozen students in formal attire sit in the nave of the former Mladá Boleslav monastery. An organist plays while gowned professors ceremoniously enter the hall. All wear heavy gold chains around their necks, and one bears a kind of scepter with the Škoda logo gleaming at the tip. Shortly, the future students will step forward one by one. A handshake, a certificate, a signature and they are officially students at the Škoda Auto University.

OVER 100 YEARS OF AUTOMOTIVE HISTORY

An hour after the ceremony, President Vladimír Hamáček is back in his office in the new, state-of-the-art university building right beside the converted monastery that also belongs to the university complex. The ceremonial gold chain around his neck has now been replaced by a university ID. Hamáček sees tradition and modernity as going hand in hand. He enjoys reflecting on the century-plus of automotive history in Mladá Boleslav, recalling that his father and grandfather before him worked at Škoda – just as his daughter does today. Hanging next to Hamáček's desk is a giant aerial photograph of Mladá Boleslav. Taken recently, it illustrates the great extent to which the town of 50,000 inhabitants is shaped by the carmaker's production facilities, offices and factory-owned accommodation.

QUALITY THROUGH ONE-TO-ONE ATTENTION

"Of course, Škoda has run its own vocational school for trainees for many decades. But at the end of the 1990s, it became clear that the proportion of graduates in the workforce would have to increase," says Hamáček. This prompted the time-honored company to establish its own university in 2000. Vladimír Hamáček, a mechanical engineer with over 30 years of service at Škoda, assumed the office of President in 2001. From its earliest days, however, the Škoda Auto University has had far more to offer than proximity to the Škoda plant. For instance, its Business Administration curriculum is tailored specifically to careers in the automotive industry. "You can study Business Administration at many different faculties," stresses Hamáček, "but no other university combines theory and practice as effectively as we do here." The Auto University is the only university in the country where a practical semester is a fixed part of the bachelor's degree. English and German language courses are also compulsory. "The cream of our students have the chance of an internship at Škoda or Bentley in Great Britain, or at Volkswagen in Wolfsburg or China," says Hamáček. At the same time, its relatively small size allows the Auto University a level of flexibility and individual attention that would be unthinkable at a large-scale establishment. "In the small groups that we have here, we can really cater for the needs of each individual student," reports Pavel Strach, Professor of International Management and Marketing, who also lectures in New York and New Zealand.

As might be expected, the career plans of the students are varied and ambitious. For instance, Andrea Bedlivá and Jan Bezděka are both 22 years old and taking the bachelor's degree. They sit together over a coffee in the stylish university cafeteria and look ahead to the future: Andrea, half of whose family works at Škoda, has her sights set on working in the company's press office. Jan, who speaks fluent German, would ideally like to be a test driver. At some lectures, he looks out through the large panes of glass directly onto Škoda's Research and Development Center, where a combination of technical expertise and business know-how is called for. "The career prospects at Škoda and in the Volkswagen Group as a whole are a huge motivation for me," says Jan. The same can be said of Jana Lávic and Martin Soukup. This afternoon, they are attending a Materials Engineering lecture given by a former quality manager in a testing laboratory at the Škoda plant. Jana and Martin talk shop amongst the cutaways of cylinder heads and engine blocks. As they are both studying for a master's degree in the evening while working at Škoda – with financial support from their employer – this is familiar territory for them. Jana (32) began her career twelve years previously in Procurement. Today, she is assistant to the head of department and full of praise for the university concept: "What I learn here can often be applied in my job just days later. For example, how to gauge the credit quality of potential suppliers from the information in their annual reports." Martin (30) works at the other end of the automotive value chain, as Sales Director for the Middle East and Australia. He can readily imagine moving to either of

Top-level expertise

When it comes to vocational training and personnel development, the Volkswagen Group has led the field for decades. Institutions like the Škoda Auto University or the AutoUni in Wolfsburg – the flagship of the Group's training activities worldwide – help to hone the technical expertise of the workforce. Since 2002, the AutoUni has offered training courses throughout the Group in conjunction with individual departments of Volkswagen AG and cooperating universities. The institution is renowned for its interdisciplinary training programs, its academic standards and its international outlook. In 2009, over 10,000 participants attended the seminars organized by the AutoUni.

THREE QUESTIONS FOR PROF. DR. HORST NEUMANN, THE MEMBER OF THE BOARD OF MANAGEMENT RESPONSIBLE FOR HUMAN RESOURCES, ABOUT SECURING NEW TALENT FOR THE VOLKSWAGEN GROUP

How do institutions such as the AutoUni or Škoda Auto University contribute to the success of the Volkswagen Group?
Regardless of the differences in their underlying concepts, these two institutions both subscribe to the view that expertise, commitment and performance are what makes a winning team. In this connection, systematic training is of great importance. Training helps to retain technical expertise within the job families and to build on it constantly. Institutions like the AutoUni or Škoda Auto University help to channel new knowledge into the company, thereby ensuring that we at Volkswagen have an important competitive advantage when it comes to innovations and technical developments. Across the Group, we are involved in over 40 university alliances and, through our joint efforts with the Lower Saxony Research Centre for Vehicle Technology (NFF), we are at the cutting edge of research. These cooperative measures are crucial for honing the technical expertise of our workforce.

Could it be said that the Group's training institutions are also part of its strategic goal to position itself as an attractive employer?
Yes, because it is naturally important for employees to have the option of continuing professional development. This function is performed by AudiAkademie, SEAT Formación and Volkswagen Coaching at their various locations. The AutoUni is the flagship of our training activities, providing top-level expertise to all job families. Its programs combine the latest findings from practical experience with a sound theoretical knowledge base. I should also mention that all courses are developed with extensive input from the relevant departments. The AutoUni applies the blended learning concept, which combines face-to-face and distance learning.

But the AutoUni is not meant to be a university in the conventional sense, is it?
No, it is and will always be an establishment for training Group employees. Its four institutions – Purchasing, Finance and Controlling, Sales and Marketing, and Work and Personnel Management – are geared towards the job families within the Company. The function of the AutoUni is not to conduct any fundamental research itself but rather to facilitate the transfer of knowledge between science and industry. In this respect, it differs from the Škoda Auto University, which cooperates with state universities – including lecturer positions – and offers academic degrees.

"No other university combines theory and practice as effectively as we do here."

VLADIMÍR HAMÁČEK, PRESIDENT ŠKODA AUTO UNIVERSITY

these regions for a few years with his wife and child. However, the next step is to obtain his master's degree. "My studies allow me to really get to grips with the complexity of international marketing. This is important for establishing the Škoda brand in new markets," says Martin, who plans to write his master's dissertation on the needs of the "Automotive Consumer in the 21st Century."

TAILOR-MADE CAREERS

No sooner is the matriculation ceremony over than David Hlušička can once again be found sitting in front of a computer screen in the university library. David (24) is tirelessly devoted to preparing for his future career: During his master's degree, in which he majored in financial management, he already completed marketing internships at Škoda and at Volkswagen in Wolfsburg. But he was also able to expand his network within the Group by working at the official Volkswagen importer for the Czech Republic and even completed a placement in China. He has now signed up for an additional course in Mandarin at the Auto University. "People graduate from other universities well versed in theory, but I want to be well versed in practice as well," says David. It is difficult to imagine that such a dedicated student would not be among the 70 percent of master's graduates who go on to start their careers directly at Škoda or within the Volkswagen Group.

TRADITION WITH A FUTURE
Small seminar groups, state-of-the-art facilities and a constant practical emphasis: The Škoda Auto University offers attractive conditions for Martin Soukup, Jan Bezděka, Andrea Bedlivá and David Hlušička (picture above, from left) to pursue their studies.

ADDITIONAL INFORMATION
www.skoda-auto.com > About Škoda > Company Perspective > Education > Škoda Auto University

NEW STARS TAKE THE STAGE
Club SEAT members had front-row seats when the new fuel-efficient SEAT ECOMOTIVE models were unveiled in Valencia, Spain.

> "Racing around the track was a whole new experience."
>
> MICHAELA OBERKOXHOLT, CLUB SEAT PRIZEWINNER

Michaela Oberkoxholt has to catch her breath when she gets out of the car after a few high-speed laps. "I love driving fast, but racing around the Hockenheimring was a whole new experience." For Oberkoxholt, an office employee from the Southern German city of Göppingen, the two-lap sprint with professional racing driver Fredy Barth at the wheel was the undisputed highlight of the most recent SEAT Leon Supercopa race day.

After winning a competition run by Club SEAT, the Spanish car brand's online club, Michaela Oberkoxholt got to spend the weekend as a VIP at the spec racing event at the Hockenheimring. "I was right up close in the pit lane together with celebrities like Niki Lauda and Boris Becker," the 48-year-old enthuses. Given her passion for fast, racy cars, she had the time of her life.

As someone with a penchant for speedy cars with a visual appeal, Oberkoxholt could not have chosen a more suitable brand. "SEAT is design-oriented, sporty and young," says James Muir, Chairman of the Spanish carmaker's Executive Committee since September 2009. Muir, a native of Wales, aims to sharpen SEAT's profile and to raise public awareness

A World of Emotion

Design and technology are not the only factors influencing the purchase of a vehicle; the brand and its image also play a significant role – which explains the importance of branding in today's automotive industry. SEAT positions itself as a young, emotional Spanish brand – attributes that are perfectly embodied by Club SEAT.

of the brand: "SEAT stands for auto emoción and, with its unmistakable profile – especially in the mid-sized and subcompact segment – is an ideal addition to the Volkswagen Group's brand portfolio," Muir adds.

IMAGE IS A FACTOR THAT DRIVES PURCHASE DECISIONS

Muir's strategy of focusing on the image of SEAT is a well-founded one. "Buying a car is a very emotionally charged process," explains Franz-Rudolf Esch, Director of the Institute for Brand and Communications Research at the University of Giessen, "and the fact is that customers essentially buy brands, not cars." For many drivers, the model and brand they choose is a way of expressing their personality. This means that, long before the car is purchased, awareness and image determine which brands make it onto the customer's shortlist. "By the time customers get into a car for a test drive, they already have a definite perception of the brand in question," explains Esch. When it comes to building a strong brand, a clearly-defined brand promise and a consistent brand policy are crucial. "There is clear evidence that changes in the strength of a brand ultimately influence sales," maintains Esch.

"SEAT is design-oriented, sporty and young."

JAMES MUIR, CHAIRMAN SEAT EXECUTIVE COMMITTEE

UP CLOSE AND INNOVATIVE
Where else could you witness the presentation of the SEAT Exeo at first hand, take it for a lengthy test drive and then party with other Club SEAT members?

An important means of conveying SEAT's brand values is Club SEAT, which was launched in 2008 and is now the central instrument for building customer loyalty. "The Club now has over 230,000 members in twelve different countries," says Rodrigo Bruecher Bravo, who is responsible for Customer Relationship Management and New Media at SEAT. Unlike other customer clubs, Club SEAT is an exclusively online platform. "70 percent of SEAT's target group is made up of men – and these are relatively young, with an average age of 34. This being the case, the Internet is the ideal way to communicate with them," explains Bruecher Bravo.

EMOTIONS AND BENEFITS FOR FANS

At www.club.seat.de, club members can access news from the world of SEAT and download screensavers and background images of vehicle models and product catalogs free of charge. There is also a regular online magazine, each page filled with interactive multimedia content. The exclusive service offers are very well received by users, relates Bruecher Bravo: "Our vouchers for extended tire guarantees and discounts for accessories are extremely popular. But most popular of all are our competitions, where we give away tickets for SEAT events or for UEFA Europa League games or other high-profile events – there are always thousands of entries."

With its online club, SEAT is pursuing a clear strategic goal – to raise brand awareness, to communicate the brand image clearly and to boost customer loyalty. With VIP tickets for sporting and other events, Club SEAT appeals to car enthusiasts, regardless of whether they already drive a SEAT, and treats them to a unique brand experience. Club member Otmar Skela was present at the unveiling of the new SEAT Exeo in Valencia. "The trip was fantastic – the city, the Spanish flair, all wonderful impressions. But the highlight for me was the show in the evening where the new Exeo was presented." The 35-year-old systems operator from Herborn (Hesse, Germany) drives an Altea – his second SEAT to date – and has an avid interest in the brand, regularly reading up on new developments on the club website. In Valencia, he got to take the Exeo on a test drive lasting several hours. "I was one of the first people to drive this model – for me, that alone made the trip worthwhile."

Even though Michaela Oberkoxholt did not get the chance to get behind the wheel of a SEAT racing car at the Hockenheimring, she still enjoyed her day to the full. "It was great – I was really well looked after, and there was gripping racing action plus live music in the evening. I'm going to visit the Club SEAT website more often from now on – perhaps I'll win another trip like that." The experience has left Michaela Oberkoxholt in no doubt: "SEAT – that's my brand." Her next car will either be an Exeo or an Ibiza.

ADDITIONAL INFORMATION
www.clubseat.com

The fruits of successful customer relationship management: loyal brand fans all over the world

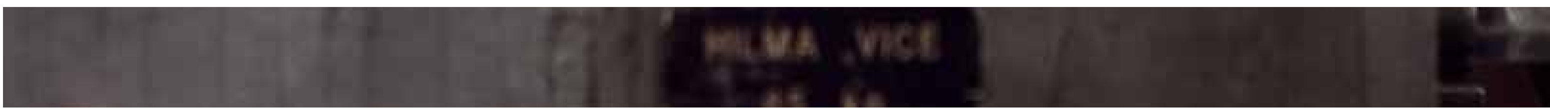
CUSTOMER CLUBS ARE A STATE-OF-THE-ART MARKETING INSTRUMENT

In addition to Club SEAT, the Volkswagen Group has two other thriving customer clubs: the Volkswagen Club and the Audi A plus program. Both are organized by the Group subsidiary Kunden Club GmbH and are highly effective marketing instruments for dealers. The Volkswagen Club has almost 650,000 members, Audi A plus 405,000. Apart from high-quality magazines, the clubs offer a wide range of events and exclusive product experiences. “Membership clearly helps to forge a bond between customers and the brand,” says Oliver Winkes, Managing Director of Kunden Club GmbH. “Members are more loyal towards their dealers than non-members are. They have their vehicles serviced more regularly and spend on average 3.5 percent more when buying a new vehicle. As well as this, the repeat buying rate is ten percent higher among members.” Besides Group initiatives, there are also a great many clubs that are founded by fans of the brands in question. These range from the local Volkswagen Beetle club “Brezelfenstervereinigung” in Niedersayn (Rhineland-Palatinate, Germany) to the international Bentley Drivers Club in London, one of the oldest brand clubs in the world, steeped in a tradition that dates back to 1936.

FUN AND GAMES FOR ALL
Whether riding in a racing car or enjoying the Air Race, the Kitesurf Trophy or the SEAT Island Party – there is no shortage of action in Club SEAT. The regular customer club competitions offer prizes of VIP tickets for sporting and other events.

The Cream of the Crop

The Royal Family, the Beckhams and James Bond – just a few of the many people who share a fascination for Bentley. The greatest passion, however, is found among the employees who help to create these luxury vehicles. To ensure that it can continue to produce world-class automobiles in the future, Bentley Motors invests extensively in developing young talent for its workforce. Until recently, Chris Coates was one of them: young, ambitious and talented. So talented, in fact, that he reached the finals of the “World Skills” vocational competition, a clear indication that he is among the best in his field.



A PROUD FINALIST
Last year, Chris Coates represented his home town and Bentley at the WorldSkills in Calgary, Canada.

When asked why he decided to join Bentley, Chris Coates does not need long to answer: "Bentley isn't just any car company. The sheer beauty of the vehicles, the craftsmanship, the team spirit – I loved all of this from the very beginning." Crewe, a town in Northwest England with 70,000 inhabitants, is home to Bentley Motors. Over 3,000 people are employed in the production facilities concealed behind the red brick walls of the time-honored British carmaker. All employees wear the dark green polo shirt bearing a winged "B", the Bentley logo. Including 21-year-old Chris, a few months ago still a regular vocational trainee – red hair, freckles, a passionate amateur footballer and Manchester United fan.

IT ALL COMES DOWN TO KNOW-HOW, PRECISION AND SKILL

Chris is an unassuming, hands-on type. At Bentley, he mans the large CNC milling machines, a job that calls for both skill and technical know-how. Chris's talent is such that he came first in his discipline in last year's "UK Skills" competition, thereby qualifying for the international "WorldSkills" event. Every two years, young technical specialists from over 50 countries demonstrate their skills in their chosen fields. Last September saw Chris travel to Calgary for the world finals: "That really was an emotional roller coaster ride," he recalls. "When I was preparing for the competition, I did have the occasional doubt. But it was definitely worth all the hard work to make it to the finals in Canada and to measure myself against the best in the world."

According to Chris's vocational trainer, Andrew McLean – a toolmaking and prototype specialist at Bentley who accompanied his charge to Canada – this experience brought about a noticeable change in the young man. "He has become more confident, but he's still got a sensible head on his shoulders." McLean (46) has worked at the company for nearly 30 years. He attributes Chris's qualification for the WorldSkills above all to Bentley's superior vocational training: "From my very first day, I sensed that the company helps each of its employees to bring out the best in themselves. If you want to make headway, you'll have all the support you need. And here at Bentley, there's a very real interest in what you're doing." This is readily confirmed by Elliot New, one of the company's current crop of 48 vocational trainees: "All of our colleagues followed the competition closely and kept their fingers crossed. Even the Board members always wanted to know how things were going." Like Chris, Elliot (20) works on the CNC machines and wants to take part in the WorldSkills next year. He has already begun training for the event.

"It was definitely worth all the hard work to make it to the finals in Canada and to measure myself against the best in the world."

CHRIS COATES, CNC MILLING CUTTER AT BENTLEY AND WORLD-SKILLS-PARTICIPANT

GREATER CONFIDENCE
A genuine interest in helping employees to fulfill their potential – this is what Chris sees as being the key factor behind Bentley's superior vocational training.

HEAD OF HUMAN RESOURCES CHRISTINE GASKELL
Passion as a key motivational factor

> "We see vocational training as a strategic investment in the future of Bentley."
>
> CHRISTINE GASKELL,
> BENTLEY BOARD MEMBER RESPONSIBLE FOR PERSONNEL

UNCOMPROMISING FOCUS ON QUALITY
Christine Gaskell, the Board member responsible for Personnel, is proud of Chris and his young colleagues in Crewe. "We see vocational training as a strategic investment in the future of Bentley," she says with conviction. Young people spend between three and four years training at the English carmaker, attending college in addition to mastering the various technical disciplines. Gaskell explains that Bentley's uncompromising approach to quality is central to its training: "It doesn't matter if you're producing a Golf or a Bentley. The important thing is to always make sure that the best Golf and the best Bentley roll off the line at the end of the day." She sees a passion for cars and good development opportunities as being key motivational factors. In addition to technical know-how, Bentley sets great store by soft skills and offers communication training and language

DEDICATED TRAINER
Andrew McLean has been with Bentley for 30 years and works extensively with his young colleagues.

courses, as well as the opportunity to undertake voluntary work. However, nothing is written in stone: “We constantly reflect on what is best for us and our trainees. The program that we are offering today may well be completely different in two years’ time.” One of Gaskell’s main priorities at present is to ensure that the new talent has the chance to gain more international experience. Accordingly, twelve young people from Crewe are currently on work experience at Group companies in Germany.

Needless to say, the new Bentley generation is already eagerly awaiting the next WorldSkills in London in 2011, with not only Elliot New but other young contenders also scheduled to take part. For Elliot, the prospect of representing Bentley is the main motivation for the forthcoming national qualifying rounds: “My work has become even more important to me. I have more initiative now and have no qualms about approaching an engineer occasionally if I need help.” However, Chris’s triumph at the WorldSkills will not be forgotten. As he has now completed his vocational training, Christine Gaskell is already considering the next move: “Taking part in Calgary was a real springboard for Chris. The next step is to ensure that he develops to his full potential within the company.”

ADDITIONAL INFORMATION
www.bentleymotors.com > Careers > Apprenticeship Programs > National Apprenticeship Employer Awards

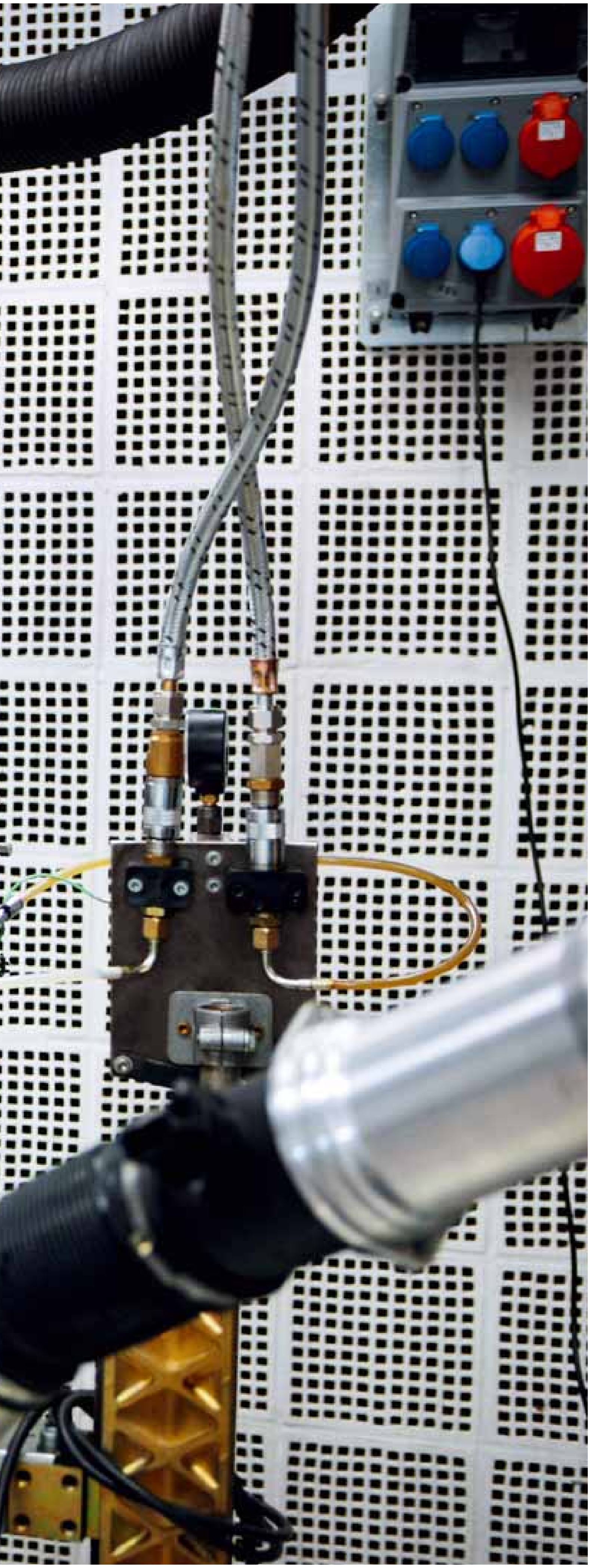
Vocational training in the Volkswagen Group

INVESTING IN THE FUTURE

Highly qualified specialists and demanding quality standards are the basis for the success of the Volkswagen Group, which is why vocational training is such a high priority. At present, the Volkswagen Group is training a total of 10.000 young people across the board, with 3.000 new trainees worldwide due to begin their traineeships this year. All trainees will complete at least three years of vocational training. For those who wish to combine a traineeship with university studies, the Group offers eleven different technical and commercial disciplines as part of the StIP integrated degree and traineeship scheme in Germany. This is a combination of a German Chamber of Commerce and Industry (IHK) vocational training certification and a bachelor’s degree.

Ignition Key to the Future

Conducting research for the car of tomorrow involves far more than just electric motors and biofuels. Particularly when it comes to fuel consumption, "less is more" is very much the watchword. Accordingly, the Volkswagen Group is conducting extensive research work in many different areas with a view to making driving pleasure more compatible with the environment.



DRIVETRAIN RESEARCH OF TOMORROW
Dr. Tobias Lösche-ter Horst,
Head of Volkswagen Drivetrain Research,
at the engine testing facility in Wolfsburg.

> "By the year 2020, lithium ion batteries like these will also help us to reduce the CO_2 emissions of our vehicle fleet to below the EU norms that will be in place then."
>
> DR. TOBIAS LÖSCHE-TER HORST,
> HEAD OF DRIVETRAIN RESEARCH AT VOLKSWAGEN

When Dr. Tobias Lösche-ter Horst wants to give his visitors a glimpse into the automotive future, he invariably takes them to the research hall at the Volkswagen plant in Wolfsburg. After all, it is here that the visions of the Volkswagen Group become tangible reality. Passing by the soundproof testing chambers in which engines featuring future technologies are subjected to initial functional and load tests, the Head of Drivetrain Research makes a beeline for three test cars. On the right-hand side is a black Passat, next to it two Golf models – one silver, the other white. Lösche-ter Horst opens the tailgate of the silver Golf and lifts up the floor covering. "That is the heart of the twinDRIVE concept," he says, indicating an angular steel box that runs the entire width of the luggage compartment. "By the year 2020, lithium ion batteries like these will also help us to reduce the CO_2 emissions of our vehicle fleet to below the EU norms that will be in place then."

WITH THE POWER OF TWO HEARTS

TwinDRIVE is one of the key technologies with which Volkswagen Group Research aims to reduce consumption of fossil fuels. The concept combines a combustion engine with an electric motor. Unlike previous hybrid systems, the "plug-in hybrid" can be charged by plugging into a normal socket and has the capacity to travel some 50 kilometers powered only by electricity, which is more than enough for most everyday trips. This year, Volkswagen is preparing a fleet trial in Berlin and Wolfsburg together with seven partner companies in order to test this concept under everyday conditions.

IN THE CENTER OF RESEARCH
At the Volkswagen Group Research Technical Center new technologies are built into concept vehicles and subsequently tested.

The climate debate has given great impetus to the electrification of drivetrains. By 2020, policymakers and industry in Germany aim to have around a million cars on the roads powered by electricity generated by wind, water or sun. This trend is also reflected in the research conducted by the Volkswagen Group: Of all projects conducted by Lösche-ter Horst and his 200-strong staff, roughly half are now centered on e-mobility. However, because most vehicles will still continue to be powered by conventional combustion engines, the drivetrain expert considers it more important than ever to focus on developing petrol and diesel engines: "I have little doubt that we will be able to reduce the fuel consumption of a Golf Diesel to under three liters per hundred kilometers in the next ten years." This would be approximately a third less than currentmodels.

3.31

THE EXCEPTIONALLY FUEL-EFFICIENT POLO BLUEMOTION
At 3.3 liters of diesel per 100 kilometers

INNOVATIVE FUEL EFFICIENCY TECHNOLOGY FOR THE FUTURE

Developing fuel efficiency technology is nothing new for the Volkswagen Group and its researchers. Successful efficiency-driven model series have flown the fuel-efficiency flag for their respective Group brands for years. These include SEAT's ECOMOTIVE, Škoda's GreenLine and Audi's "e" models, as well as the BlueMotion vehicles from Volkswagen.

As an example, the new Polo BlueMotion [1] with a 1.2-liter three-cylinder TDI and 75 PS is, as the most fuel-efficient five-seater in the world, equipped with all the energy efficiency innovations that Volkswagen currently offers as standard. These include the start-stop system and brake energy recuperation, as well as an aerodynamics package designed to minimize air resistance on the vehicle underbody. In addition, its 15-inch light-metal rims are fitted with low-resistance tires. The upshot of this is that, with fuel consumption of 3.3 liters per hundred kilometers and CO_2 emissions of 87 grams per kilometer, the Polo BlueMotion already unde cuts the EU norm for 2020 by around a tenth.

However, developing highly efficient drivetrains is not the only goal pursued by the Volkswagen Group's research and development activities. Climate-friendly fuels are also key components of future automobility, as are driver assistance systems that promote fuel-efficient driving. Because of this, the Group not only builds cars that can run on biofuels, but also actively supports technological development – for example by acquiring a stake in high-tech specialists such as CHOREN Industries in Germany and the IOGEN Corporation in Canada. Both companies are researching the possibility of converting biomass waste to diesel or petrol by means of industrial processing.

ENERGY IN MOTION
When electrical energy flows through a tightly wound wire, a magnetic field is generated inside this coil. This is a key factor in driving electric motors.

"I have little doubt that we will be able to reduce the fuel consumption of a Golf Diesel to under three liters per hundred kilometers in the next ten years."

DR. TOBIAS LÖSCHE-TER HORST,
HEAD OF DRIVETRAIN RESEARCH AT VOLKSWAGEN

CUTTING-EDGE TECHNOLOGY FOR ENHANCED ENVIRONMENTAL PROTECTION

In addition, Volkswagen – together with agricultural cooperative Raiffeisen Warengenossenschaft eG – operates the only biogas filling station in Germany. The station sells "SunGas", a fuel made from sustainable raw materials, which is of such high quality that it can be used in all Volkswagen Group natural gas vehicles. Such as the Volkswagen Passat TSI EcoFuel – the first ever series vehicle to feature a twin-charged direct-injection engine capable of running on both petrol and natural gas, which was voted "most environmentally friendly car in Europe" by German automobile club ADAC in January 2009.

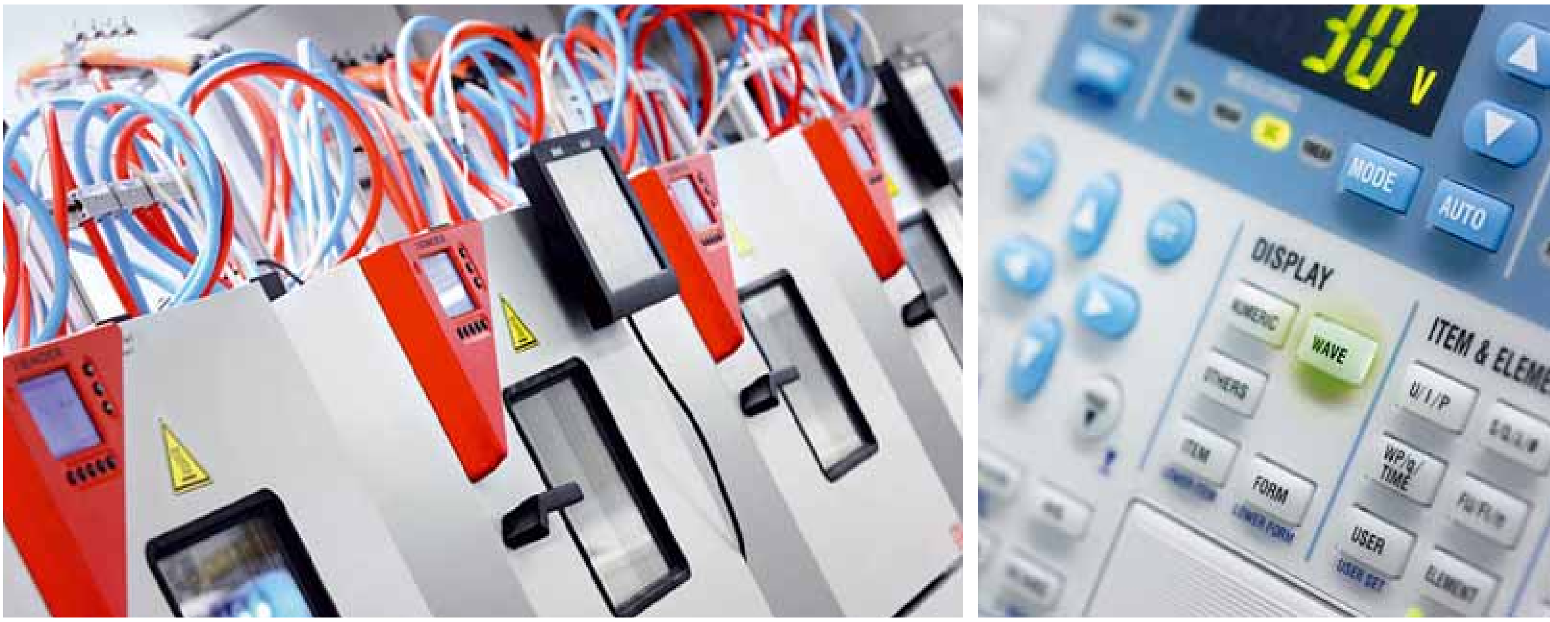
"The greatest potential for saving energy is in powertrains."

THREE QUESTIONS FOR PROF. JÜRGEN LEOHOLD, HEAD OF VOLKSWAGEN GROUP RESEARCH

Professor Leohold, what priorities does Volkswagen Group Research set in the development of climate-friendly vehicles?
We work according to a three-stage research plan. In the short term, the greatest leverage can be achieved by improving vehicle energy efficiency. In this regard, powertrains in particular offer considerable savings potential. We are also looking for ways to reduce tire friction, to improve aerodynamics and to switch to more lightweight construction – here, we can draw on experiences of Audi and the 1-liter-car project. In the medium term, we see the utilization of sustainable raw materials as being instrumental in reducing CO_2 emissions, particularly in the case of second-generation biofuels, which are made from all kinds of biomass waste. In the long term, we plan to switch over to alternative fuels. By this I mean electric vehicles that store power from renewable sources in batteries – or vehicles that use hydrogen fuel cells to generate electricity while in motion. In either case, however, large-scale series production can only realistically be expected in nine or ten years' time.

Will the car of the future be a niche vehicle or a vehicle for the masses?
It is more likely to be a niche vehicle. The trend towards target-group-specific usage has been evident for many years – and it will continue. In particular, electric vehicles like the "E-UP!" will initially be used only for journeys of 200 kilometers or less. This makes it ideal for city driving and for people who use their cars to go shopping or travel to work.

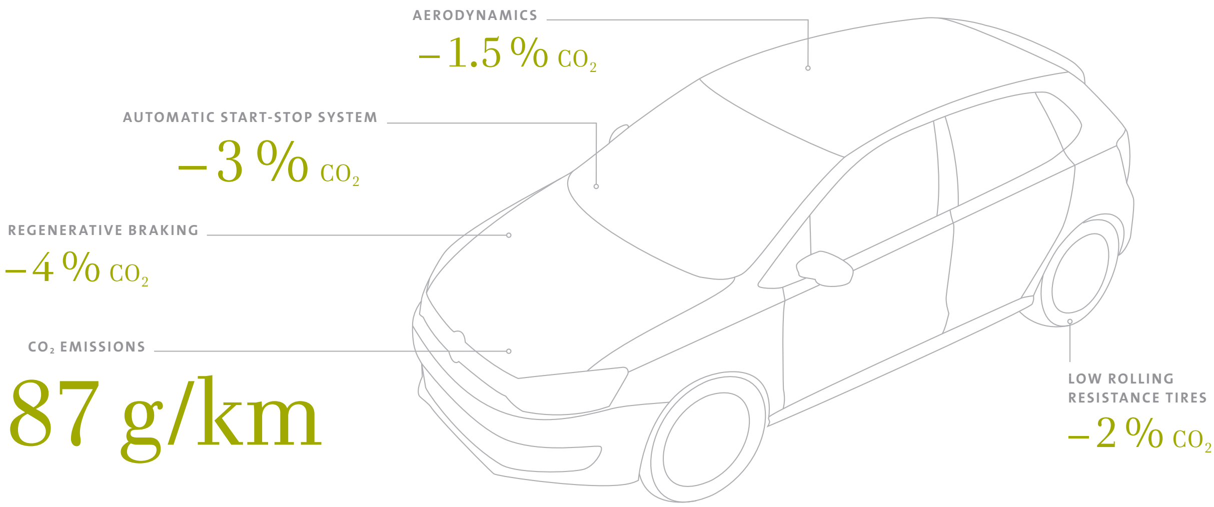
Speed and luxury are no longer the main selling factors for these vehicles. How do you aim to win over customers in the future?
This will be above all through technology. For instance with a driver assistance system that can park the car itself. This is essentially a technological feature, but it is also a comfort aspect that will appeal to many people.



EVERYTHING UNDER CONTROL
The battery laboratory on the basement floor of the Technical Center with a special cooling facility (left) and measuring facility (right) for energy storage.

State-of-the-art environmental technology

MAKING THE NEW POLO BLUEMOTION THE MOST FUEL-EFFICIENT OF THEM ALL



BLUEMOTION

With an average fuel consumption of just 3.3 liters per 100 kilometers, the new Polo BlueMotion is ushering in the age of the three-liter car while establishing itself as the most fuel-efficient five-seater in the world.

AERODYNAMICS

In order to reduce air resistance, the upper radiator grille was almost closed completely, the side sills aerodynamically optimized and the underfloor paneling redesigned. The body was also lowered by ten millimeters.

REGENERATIVE BRAKING

This recovers energy released by braking and uses it to recharge the battery, relieve the engine and reduce consumption. This “recuperation” of brake energy reduces CO_2 emissions by two to three grams per kilometer.

LOW ROLLING RESISTANCE TIRES

The 15-inch light-metal rims are fitted with tires with optimized rolling resistance. These alone help to reduce CO_2 emissions by one to two grams per kilometer.

ENGINE

The 75 PS (55 kW) 1.2-liter TDI engine consumes 22 percent less fuel than a conventional Polo TDI. As a result, its CO_2 emissions are reduced from 109 to 87 grams per kilometer.

GEAR SHIFT INDICATOR

The gear recommendation integrated in the cockpit instruments shows the best gear stage at any given time. This means that the Polo BlueMotion can be driven continually in the most energy-efficient gear.

AUTOMATIC START-STOP SYSTEM

Any time the Polo BlueMotion comes to a stop in neutral – for example when waiting at a red traffic light – the engine turns off automatically, thereby saving fuel. The engine only starts up again when the driver presses the clutch pedal.

And because SunGas renders the Passat even more environmentally friendly, Lösche-ter Horst recently presented the filling station operators with a sun-yellow model, an event that received widespread press coverage. “Volkswagen sees biofuels with a high potential to reduce CO_2 as being strategically important, and we are anxious to raise public awareness of them,” explains Lösche-ter Horst.

The black Passat that is currently on display in the research hall has also been put through its paces recently on the roads around Wolfsburg. Dr. Michael Henn, head of the Drivetrain Electronics department, and his team installed state-of-the-art measuring and navigation equipment in the luggage compartment with a view to testing the new “Energo” driver assistance system. “Drivers usually waste an enormous amount of energy braking,” explains Henn, “which is why we are looking for ways to automate the braking process.”

“Energo” adapts driving styles to the traffic situation in question, keeping fuel consumption to a minimum. For example, when the vehicle is heading at high speed towards a built-up area, the system automatically “takes its foot off the gas,” using only the frictional losses in the engine and transmission to slow down to the required speed. By contrast, when going uphill, the system disengages the clutch early on, thereby almost eliminating friction loss completely. The exact timing and type of reaction are determined by the “Energo” software based on data from a navigation system that not only takes into account the road network, but also speed limits, elevation profiles and the radii of bends in the roads. “The first tests have shown that we can cut down on fuel by up to 15 percent depending on the route in question,” says a visibly content Henn.

JOINING FORCES TO DESIGN THE DRIVETRAIN OF THE FUTURE

It is not clear at present exactly when the prototype will be ready for series production. It will certainly take two or three years for the software to be interfaced with the electronics and mechanics and for the extensive “Energo” data to be processed reliably for series vehicles. This is just one of many challenges on which Volkswagen Group Research is working. However, these efforts only result in marketable products because specialists from all disciplines work together as a team. “This kind of automotive research can no longer be conducted single-handedly by a mechanical or electronic engineer,” stresses Henn, “the secret of our success is interdisciplinary teamwork.”

ADDITIONAL INFORMATION
www.volkswagenag.com > Sustainability and Responsibility

[1] Consumption and emission data can be found on page 304 of this report.

“The secret of our success is interdisciplinary teamwork.”

DR. MICHAEL HENN, HEAD OF DRIVETRAIN ELECTRONICS DEPARTMENT IN GROUP RESEARCH

ELECTRIC MOTOR OR COMBUSTION ENGINE?
In the Golf twinDRIVE, the choice of drive is communicated to the drive wheels via a single-speed transmission.

Luxury and Responsibility Go Hand in Hand

Lamborghini is all about horsepower and torque, top speeds and acceleration. After all, what else would you expect from a manufacturer of super sports cars with a charging bull on its logo? At the same time, however, Lamborghini is all about fuel efficiency and respect for the environment as well. This is because we see luxury and responsibility as going hand in hand.

> "Our system will generate around 1,582 megawatt hours of renewable energy per year."

FRANCESCO SCIDA, ENGINEER LAMBORGHINI

It is a sunny fall day in the town of Sant'Agata near Bologna, where Francesco Scida and Gian Luca Ciani are climbing onto the roof of Lamborghini's production facility. The two engineers would like to take another close look at the modules of the photovoltaic system which, a few weeks from now, will feed solar energy into the power grid for the very first time. Francesco Scida looks up at the blue sky and smiles. "We have done the calculations dozens of times. With an annual average of 2,000 hours of sunshine in the Bologna region, our system will generate around 1,582 megawatt hours of renewable energy per year. Not even a few cloudy days would make much of a difference."

CLEAN SOLAR ENERGY

This is good news for the ecological balance sheet of the plant – which boasts one of the largest photovoltaic installations in Italy with a surface area of 17,000 m^2 – as it enables Lamborghini to replace around a fifth of its conventionally-generated power through electricity from clean solar energy, thereby reducing annual CO_2 emissions by some 20 percent per year from 2010 onwards. "Photovoltaic systems have a very promising future," declares project manager Ciani, who will probably be overseeing the next solar energy plant project: In 2011, the roofs of two large company parking garages may also be fitted with solar modules, cutting CO_2 emissions by a further nine percent.

THE GREEN OFFENSIVE
The CO_2 emission level is measured in the climate room. By 2015, Lamborghini aims to reduce the CO_2 emissions of its vehicle fleet by 35 percent.

> "This system is at the cutting edge of environmental technology, explains Scarpenti proudly."
>
> MASSIMO SCARPENTI, ENVIRONMENTAL EXPERT LAMBORGHINI

"The photovoltaic system was clearly a milestone for us, but is by no means our last environmental project," says Lamborghini environmental expert Massimo Scarpenti. Last year, the carmaker implemented energy-saving measures such as heat insulation for production halls, hot air circulation systems and new intelligent heating, cooling and lighting systems, all of which helped bring down CO_2 emissions by ten percent. The company also plans to invest a million euros in a "trigeneration plant" next year. This combined heat, cooling and power plant has an extremely high efficiency. By burning natural gas, it produces electricity for use on location. At the same time, the waste heat is used to produce hot water or steam for heating or – with the aid of an absorption cooling unit – cold water for cooling plant and administrative buildings. "This system is at the cutting edge of environmental technology," explains Scarpenti proudly, "and it can help us to lower our CO_2 emissions by a further ten percent."

TECHNOLOGY DRIVEN BY WEIGHT REDUCTION

Lamborghini's plans to reduce CO_2 emissions from its super sports cars by means of technical innovations are no less ambitious, with engineers aiming for a 35 percent cut by 2015.

TECHNOLOGY WITH A FUTURE
Attilio Masini, lightweight construction expert at Lamborghini, is involved in developing new super sports cars using carbon fiber composite materials.

OBJECT OF DESIRE
Before the vehicle is delivered, the paintwork is high-polished by hand – as is the case here with the only current Lamborghini with a rear-wheel drive, the 550 PS Gallardo LP 550-2 Valentino Balboni.

One such engineer is Attilio Masini, a research coordinator specializing in composite materials. Masini arrives for the interview in the research workshop carrying a rear spoiler – and begins by talking about airplanes. Just the day before, he was at the offices of aircraft constructor Airbus in Hamburg, talking to the resident experts about carbon fiber technology. “In this area, there are interesting overlaps between high-performance aircraft and high-performance sports cars,” Masini explains. Lamborghini has especially close ties with another manufacturer, Boeing, as both companies support a carbon fiber research laboratory at the University of Washington in Seattle, USA.

Essentially, carbon fiber components offer enormous potential for weight reduction. “With the latest Murciélago model, the LP 670-4 SuperVeloce, for example, using carbon fiber parts allows us to shed around 100 kilograms in weight compared with the previous model,” says Masini. By way of demonstration, he lifts the spoiler up and down in his right hand like a weightlifter pumping a ridiculously light dumbbell: “And that in turn means lower fuel consumption and CO_2 emissions.”

Reducing vehicle weight is just one of many environmentally relevant aspects. For instance, developers are also working on enhancing fuel combustion and on developing start-stop systems, hybrid solutions and biofuel applications. A prime example of this innovation in action is the Lamborghini Gallardo LP 560-4, which produces just short of 20 percent fewer CO_2 emissions than its predecessor.

PERFORMANCE AND RESPONSIBILITY

Over the next five years, Lamborghini plans to invest € 35 million in environmentally-friendly improvements to its production methods and to the sports cars themselves. “And despite the weak global economy, we will stick to this ambitious program 100 percent,” promises Stephan Winkelmann, President and CEO of Lamborghini. “Our industrial vision combines competitiveness and performance with social responsibility. We have committed ourselves to these goals and we will stand by them.”

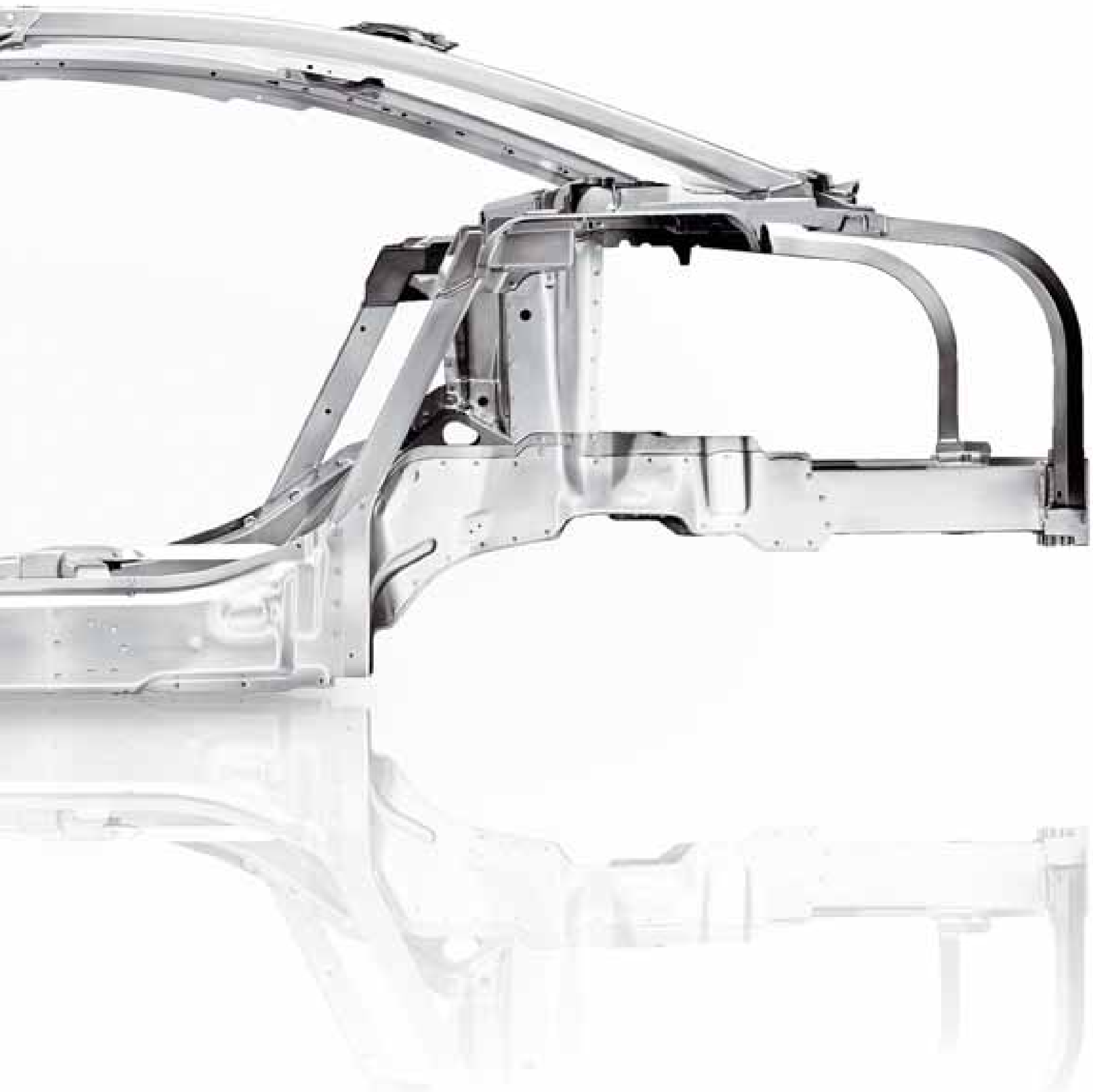
ADDITIONAL INFORMATION
www.lamborghini.com

[1] Consumption and emission data can be found on page 304 of this report.

Every Gram Counts

Audi developed the “Audi Space Frame” body using aluminium, reducing the weight of the vehicles even further with components such as bionic honeycomb structures, magnesium components and fiber-reinforced plastics. This is not a new development, however, as the carmaker has been researching low-weight engines, brakes and gearboxes for years, thereby bolstering its position as a pioneer in the field of lightweight construction.

FEATHERWEIGHT SKELETON CONSTRUCTION
The aluminium frame of the Audi A8 weighs just 231 kilograms.



At the Boxberg test track in the Main-Tauber district of Northern Baden-Württemberg, two Audi A5s are lined up at the start. The similarity between the two, though, is only superficial. One is a prototype that weighs in at 230 kilograms less than its series-produced counterpart – with an aluminium body, fiber-reinforced plastic hood, ultra-light brakes and a more refined suspension. Even the engine is smaller and lighter: Rather than the 265 PS engine found in the production version, 211 PS is enough for the prototype – after all, it is the power/weight ratio that counts here. Both contenders rev up. And although they are equally powerful in theory, the lightweight prototype exploits its dynamic advantages to the full. The slightest pressure applied to the gas pedal propels the slimmed-down Audi A5 forwards effortlessly. The car corners more tightly and hardly jounces at all when braking – not even when it comes to an abrupt halt. “Lightweight construction is positive in all regards, including driving dynamics,” says Michael Dick, the member of the Audi Board of Management responsible for Technical Development, who is observing the test drive from the side of the track.

REVERSAL OF THE WEIGHT SPIRAL

The Audi A5 prototype brings together virtually all the sophisticated lightweight construction technology developed by Audi engineers in recent years. The German carmaker has long been a pioneer in this field: As far back as 1985, the company unveiled the prototype of an Audi 100 with an aluminium body. “Modern vehicles are getting heavier and heavier as a result of more powerful engines, new safety technology and increased comfort features,” explains Michael Dick, “but Audi has been bucking the trend for decades.” With the advent of hybrid and electric cars with massive batteries, the weight problem is likely to get worse. “Because of this, we take a holistic approach in our lightweight construction design, too,” explains Dick. “An aluminium tailgate permits a lighter gas strut. Lightweight axle components transfer less force to the body, thereby permitting a lighter superstructure.” This in turn paves the way for more compact brakes, a smaller engine and a correspondingly streamlined exhaust system. “We are reversing the weight spiral,” declares Dick.

LIGHTWEIGHT CHAIN REACTION
Dynamic, sporty, fast: In a test drive between two Audi A5 Coupé models, the handling of the lightweight prototype proved to be far more agile.

But there is more to lightweight construction than merely enhancing sportiness and driving dynamics. There are ecological benefits, too, because lightweight construction has a more favorable life cycle analysis than conventional cars – even though more energy is required to produce aluminium than steel. This is because lower weight goes hand in hand with lower fuel consumption and emissions. 100 kilograms less weight cuts fuel consumption by 0.35 liters and CO_2 emissions by up to eight grams per kilometer. As a result, the higher costs associated with the new construction technique are amortized after a short time. Another important factor is that the lightweight vehicle bodies can be recycled more effectively and using less energy.

TECHNOLOGY FOLLOWING NATURE'S LEAD

When he talks to his colleagues, it seems like Heinrich Timm, Head of the Audi Lightweight Construction Center in Neckarsulm, has a mental list on which he is constantly crossing off weight-related elements – a few grams here, a few grams there. At Audi's location in Swabia, a total of 150 lightweight construction specialists work on developing materials and joining technologies, optimizing production robot routines and recording the plasma welding processes with high-speed cameras. In the entrance area, the plastics responsible for winning three European Car Body Awards bear testimony to Audi's lightweight construction expertise. Since 1994, more than 550,000 cars have been produced using the Audi Space Frame design. Applying lightweight construction principles to vehicle production is anything but easy. Cast components, sheet aluminium and other key elements must be produced, and equipment and tools constructed. "We have the entire process chain down to a fine art. Each step requires the highest precision and we have a highly qualified team at our disposal," explains Frank Dreves, Member of the Audi Board of Management responsible for Production. His team plans production processes, develops innovative technologies, adapts the press shop to new requirements, ensures corrosion protection and paintwork – and puts all the components together at the end.

Mass-produced lightweight construction is only really effective when all production and model development know-how comes together as early as possible. For this reason, input

"For each 100 kilograms of weight reduced, fuel consumption falls by 0.35 liters per kilometer."

HEINRICH TIMM, HEAD OF THE AUDI LIGHTWEIGHT CONSTRUCTION CENTER

– 40 % weight

LIGHTWEIGHT CONSTRUCTION THROUGH COMPOSITE DESIGN
The Audi A8's aluminium frame weighs in at around 40 percent less than a conventional steel body.

AUDI A8 SPACE FRAME – MATERIALS USED

Structural vacuum castings (aluminium)	35 %
Body (aluminium)	35 %
Extruded profile (aluminium)	22 %
High-strength body (steel)	8 %

from production experts is required at the concept stage of a new model, and plays a key role in the development of powerful new alloys and materials. In recent years, Audi engineers have continually developed Space Frame technology. Today, the body is strengthened by organic-looking structures, not unlike a bionic framework: "These are reminiscent of the bones in the skeleton of a bird," explains Timm, an expert in lightweight construction. Special computer programs help the engineers to find the ideal inner structure for each part – these should be as light as possible, yet still possess the required stability. They should also be deformable, making them safer in the event of an accident.

LIGHTWEIGHT CONSTRUCTION EXPERTISE FROM NECKARSULM
A further milestone in lightweight evolution comes in the form of magnesium components, which are a third lighter than aluminium parts. This ultra-light metal was first used in the Audi R8. In the case of new models, magnesium is even used for certain engine components, for example the top of the oil sump and the camshaft housing cover. In the new Audi A8, the gearbox is mounted on a magnesium cross-member – previously the exclusive reserve of steel. Audi engineers are working intensively to make magnesium an affordable option for mid-range models as well. A number of components made of the ultra-light material can already be found in the current Audi A5 Cabriolet. "However, the material is just the first step," says Peter Fromm, Head of Technical Development. His team is working on mass production processes, an area that throws up many different challenges. For example, aluminium and steel expand to different degrees when exposed to heat. This calls for new joining techniques such as "flow drill" screws, which are inserted by robots into the metal so fast that they melt, thus forming their own thread. Engineers are now looking for ways to series-produce fiber-reinforced plastic components like those so far used primarily in Formula One and aircraft construction. Audi has added a new section to its Lightweight Construction Center for this purpose. And those who know Peter Fromm and his colleagues would be the first to agree that this could well be the cradle of the next lightweight construction revolution.

ADDITIONAL INFORMATION
www.audi.com

100 years
Vorsprung durch Technik

100 YEARS OF "VORSPRUNG DURCH TECHNIK"
A hundred years on, August Horch's vision of building sporty, high-quality and technically innovative cars is as alive as ever. In 1899, Horch founded the "A. Horch & Cie." automobile factory in Cologne, Germany. When he left in 1909 to form his own company in the Saxon town of Zwickau, he called it "Audi" – Latin for "hear" or "listen." In the early 1930s, Audi, DKW, Horch and Wanderer came together to form "Auto Union." Four interlocking rings became the trademark. In 1958, Daimler-Benz acquired Auto Union, which had relocated to Ingolstadt after the war. However, Audi's star really began to rise again when it finally found a home in the Volkswagen Group in 1965 – with models such as the Audi Sport quattro, the Audi 100 and 80 series, the Audi A8 with Aluminium Space Frame and the Audi R8 going on to write automotive history. In 2009, Audi celebrated its centennial with over 50 special events. The central motto: "Vorsprung durch Technik" – across generations of automobiles.

Leasing Goes Green

Moorlands are a source of fascination not only for biologists and conservationists, but also for climate experts, given their ability to store huge amounts of carbon. Volkswagen Financial Services helps to protect these valuable climate stabilizers by offering attractive leasing deals for environmentally and cost-conscious companies.

A GREEN INVESTMENT
The Theikenmeer moorland is one of the oldest nature reserves in Germany. Volkswagen is helping to revitalize this unique environment.

Visitors to the Theikenmeer nature reserve in Lower Saxony may, with a bit of luck, have the chance to observe seldomly-seen hunters going about their work: marsh harriers sailing over the moors in search of prey, or short-eared owls scanning the dusk for small mammals from just a few meters above the ground. Both types of birds are rare in Germany. They live in marshes and wetlands, a type of habitat that is slowly disappearing there. In the 1980s, the Theikenmeer moorlands were also in danger of drying out until conservation groups began to renature them. In doing so, they not only help to protect endangered species but, given the ability of moors to absorb and store carbon dioxide, also make an important contribution towards protecting the environment. Volkswagen Leasing GmbH – a subsidiary of Volkswagen Financial Services AG – helps to finance this project with a new fleet concept that also includes active support for projects aiming to reduce CO_2 emissions.

SUSTAINABILITY AND COST MINIMIZING

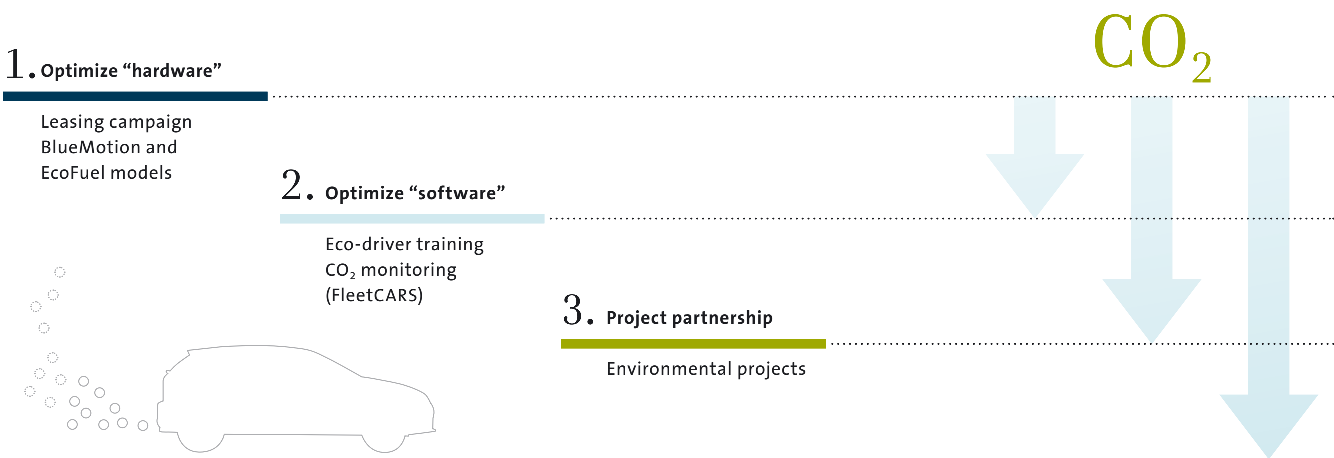
"FleetCompetence eCO_2" is a sales and marketing program offered by Volkswagen Leasing which allows fleet operators and managers to protect the environment while reducing costs at the same time. The FleetCompetence eCO_2 solution consists of three components developed by the company together with cooperation partner NABU (Nature and Biodiversity Conservation Union). First of all, Volkswagen Leasing ensures that only the most efficient models from each Volkswagen series are selected for its fleets. Since 2009, the CO_2 emission limit for these models has been 145 grams per kilometer, a figure that is set to fall to 120 grams by 2012. "In the segments that are relevant for the fleet business, our specifications are currently primarily met by diesel vehicles with BlueMotion technology and by natural gas-powered EcoFuel models," explains Dr. Frank Woesthoff, Head of Fleet Management at Volkswagen Leasing.

For drivers to be able to use the cars' fuel-saving potential to full effect, the package also includes special offers on fuel efficiency training. When driving styles are appropriately adapted, fuel consumption can fall by up to 20 percent. Using the online analysis tool called fleetCARS, fleet managers can compare the mileage and fuel consumption of their cars and drivers, thereby pinpointing the need for fuel efficiency training.

FINANCIAL SUPPORT FOR ENVIRONMENTAL PROJECTS

The third component of the program consists of the environmental projects on which Volkswagen works together with partner NABU: "FleetCompetence eCO_2 ensures that exceptionally fuel-efficient vehicle models arrive on the market more quickly," explains traffic expert Dietmar Oeliger, who is overseeing the project for NABU, "and Volkswagen also provides us with financial support to help us preserve natural carbon reservoirs." A prime example of this is the 240-hectare Theikenmeer project which is co-financed by Volkswagen. NABU currently owns 45 hectares of moorland and is in the process of renaturing it. The moors dried out over decades, having been harvested for peat and drained in part for use as farmland. Without renaturing, the moors would dry up completely over the next century, releasing 430,000 tons of CO_2 that had previously been stored in the ground. This is roughly equivalent to the emissions that would be caused by driving three billion kilometers with cars emitting 140 grams of CO_2 per kilometer. Volkswagen Leasing contributes a fixed amount per vehicle in its eCO_2 leasing fleet every month to the protection of the Theikenmeer moorlands – for instance € 6.50 for a Passat BlueMotion or € 4.50 for a Golf BlueMotion[1].

THE CO_2-OPTIMIZED VEHICLE FLEET



TOGETHER FOR THE ENVIRONMENT
Celebrating the arrival of the cleaner, greener fleet vehicles: Bernward Rzeppa and Paul Anfang of energy provider BS|Energy with Frank Woesthoff of Volkswagen Leasing (left to right).

PIT STOP FOR MIGRATING BIRDS
In the 1950s, the Theikenmeer moor had largely dried up. Today, the newly created lake is an important place for waterfowl to stop over.

"If we persuade fleet owners to switch to 'green' cars, it will have a far greater impact than targeting individual private customers."

FRANK WOESTHOFF,
HEAD OF FLEET MANAGEMENT VOLKSWAGEN LEASING

When it comes to promoting fuel efficiency, company fleets are an excellent place to start. This is because Volkswagen already sells 40 percent of new cars to business customers – in Germany, more than half are used in fleets. As well as this, company cars generally have very high mileage: "If we persuade fleet owners to switch to 'green' cars, it will have a far greater impact than targeting individual private customers," says fleet expert Woesthoff.

SENDING SIGNALS WITH A CLEAN, "GREEN" FLEET

Bernward Rzeppa, Head of Materials Management and Fleet Manager of Brunswick based energy group BS|Energy, was also won over by the eCO_2 concept. The company has already converted most of its fleet to environmentally-friendly natural gas vehicles. Reduced emissions aside, the main benefit for Rzeppa is the savings in fuel costs: "We have done the math – the natural gas drivetrain is a worthwhile investment." The 45 natural gas Caddy models in the BS|Energy fleet save an annual total of € 17,000 in fuel costs compared with their diesel counterparts. And the positive effect is not lost when switching over to the eCO_2 concept either, since Volkswagen Leasing bears the additional costs incurred through the CO_2 programs. Customers also have the option of advertising with their CO_2-friendly fleet and can request a NABU sticker for the windscreen of each eCO_2 vehicle. For BS|Energy, too, this kind of environmental marketing sends the right signal: "We want to position ourselves as an ecologically-oriented company," says Board member Paul Anfang, "and having a 'green' vehicle fleet sends a very clear signal."

ADDITIONAL INFORMATION
www.vw-leasing-fleet.de

1 Consumption and emission data can be found on page 304 of this Report.

A sustainable alliance

VOLKSWAGEN AND NABU SUPPORT ENVIRONMENTAL PROTECTION IN GERMANY

In 2004, Volkswagen signed a cooperation agreement with the largest German environmental association with a view to promoting sustainable development in Germany. The two partners work together on various levels. Twice a year, Volkswagen managers and NABU representatives come together with politicians and experts to discuss issues such as biofuels, e-mobility and climate protection. The joint initiative "Willkommen Wolf" (Welcome, Wolf) aims to protect the dwindling number of wolves still living in the wild in Germany. Both partners are also active on a political level – for example in the "Naturallianz" (Nature Alliance) project organized by the Federal government which works to preserve biodiversity. Furthermore, on 20 special campaign days every year, Volkswagen dealers and local NABU groups organize free fuel efficiency training entitled "Change over – just save fuel." This campaign is one of the best- known projects that Volkswagen and NABU have been organizing jointly for the past eight years or so.

"Volkswagen also provides us with financial support to help us preserve natural carbon reservoirs."

DIETMAR OELIGER, NABU TRAFFIC EXPERT

From the Racetrack to the Production Line

The Volkswagen Group’s involvement in motorsport stimulates interest in the Company while showcasing the sporty side of the brands. But success on the racetrack is not only good for the Company’s image. New technologies that are used later in series production get to demonstrate their superiority here first.

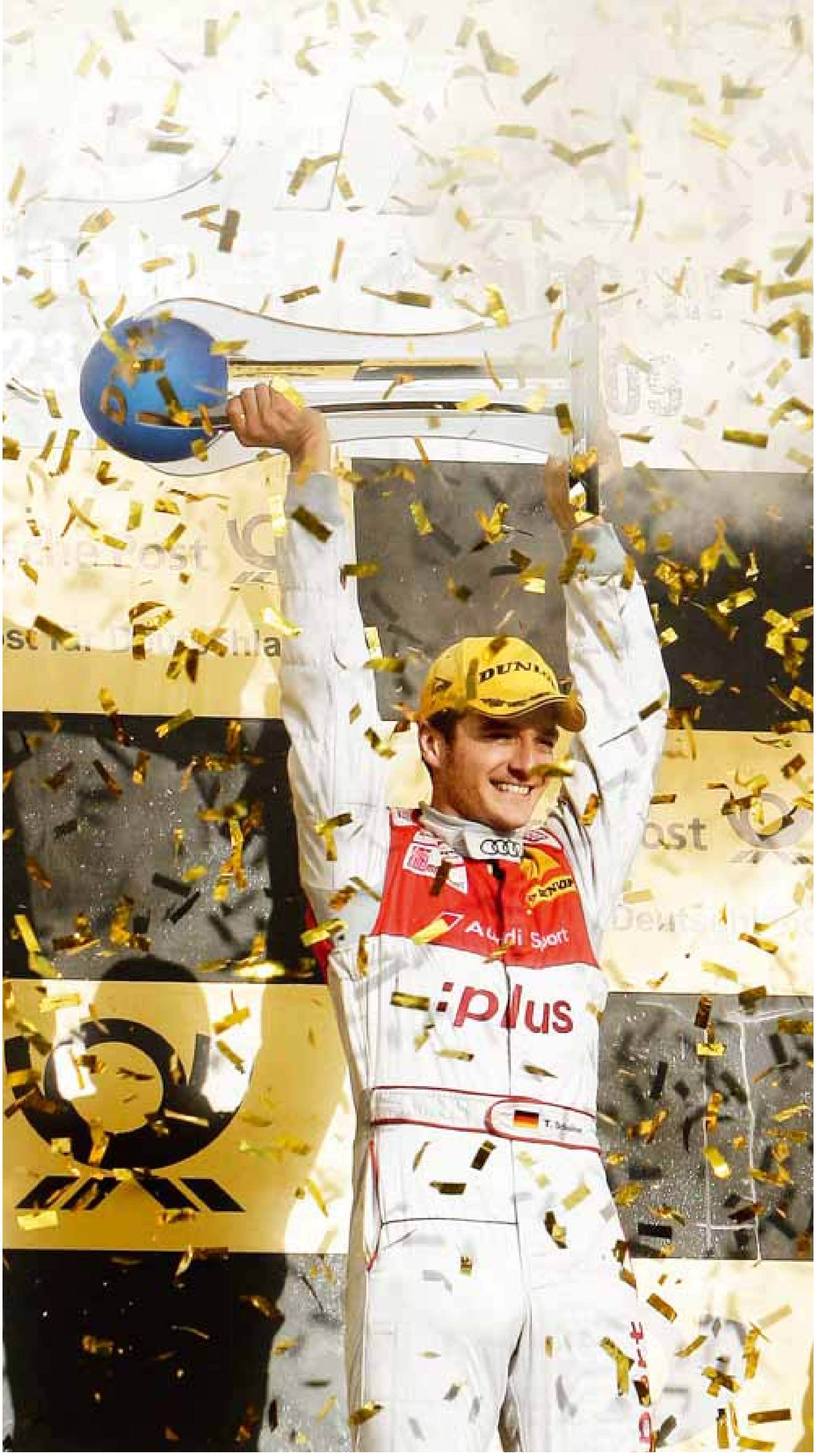
DAKAR RALLY 2010 – WHERE THE HEAT IS ON
After braving 9,500 kilometers of stony ground, the soft sands of the Atacama Desert and the highest sand dunes on the planet, three Volkswagen Race Touaregs were the first three cars to cross the finish line. A triumphant defense of last year’s title.

“Dakar is the longest and toughest marathon rally in the world – and in my view the most exciting.”

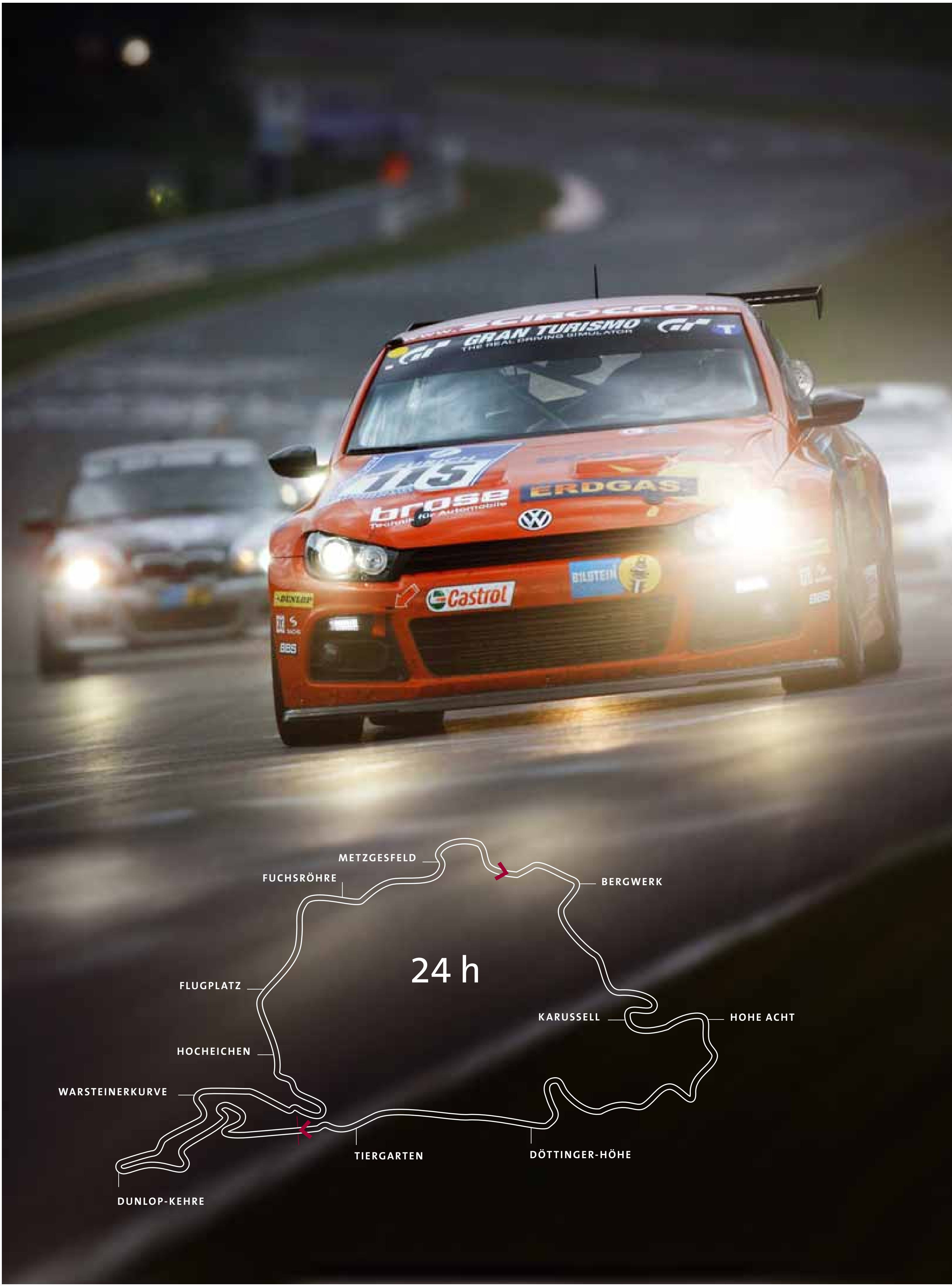
CARLOS SAINZ, VOLKSWAGEN PILOT IN THE DAKAR RALLY 2010

"The top TV ratings prove the enormous appeal of the DTM."

TIMO SCHEIDER, AUDI DTM DRIVER



DTM – FAST, SPORTY AND RACY
Last year, Timo Scheider successfully defended his title at the season's final in Hockenheim. This meant that Audi has become the first carmaker to win the DTM three years in a row. Needless to say, the DTM A4 has its sights set firmly on a fourth victory in 2010.


METZGESFELD
FUCHSRÖHRE
BERGWERK
24 h
FLUGPLATZ
KARUSSELL
HOHE ACHT
HOCHEICHEN
WARSTEINERKURVE
TIERGARTEN
DÖTTINGER-HÖHE
DUNLOP-KEHRE

24 HOURS SCIROCCO
A double win at the most difficult long-distance circuit race in the world, the 24-hour race at the Nürburgring: The natural gas-powered Scirocco GT24-CNG triumphed in 2009 in the alternative drives category, while its petrol counterpart came first in the two-liter turbo engine class.

“Natural gas technology marks the beginning of a conscientious attitude to natural resources within the world of motorsport.”

VANINA ICKX, VOLKSWAGEN SCIROCCO TEAM 2009

"A unique experience"

DR. ULRICH HACKENBERG, MEMBER OF THE BOARD OF MANAGEMENT OF THE VOLKSWAGEN BRAND WITH RESPONSIBILITY FOR DEVELOPMENT, EXPLAINS WHY HIGH EMOTION AND HARD-HEADED BENEFIT ANALYSES TEAM UP WELL IN MOTORSPORT.

Dr. Hackenberg, as someone who races cars himself, could you explain what is so fascinating?
In motorsport, you have the fascination of speed together with the challenge of mastering the technology. Taking part in the 24-hour race at the Nürburgring allows me to demonstrate that I identify completely with the team and with Volkswagen technology. Exploring the limits of technology in such a demanding competition is a truly unique experience.

How do the Group brands benefit from being involved in motorsport?
If we can hold our own in the tough competitive environment of motorsport, this vouches for the performance of our cars. Money can't buy you a victory on the racetrack, so this form of advertising has added credibility.

Volkswagen was the first carmaker to win the Dakar Rally with a diesel engine. Was this a very special moment for you?
We were absolutely over the moon – the racing team and Volkswagen's development staff all did sterling work. After all, you need to be fast and reliable to win the toughest endurance rally in the world. Our triple victory in 2010 once again allowed us to showcase our diesel expertise to an audience of over a billion people worldwide.

How do motorsport successes help to enhance the technology used in series-produced cars?
Audi's quattro drive revolutionized rally sport and is now an established fixture in powerful series-produced cars. The same goes for direct fuel injection for petrol engines – this was tried out by Audi on the racetrack for the first time in 2001 and now powers millions of series-produced vehicles. The twincharger technology used in the Dakar engines is now also making its way into series vehicles with the four-cylinder TDI engine in the Amarok and the T5.

Is the technology transfer generally greater the closer the racing cars are to series technology?
Yes, that's right. The Scirocco GT24 showed on the Nürburgring "Nordschleife" that a car with front-wheel drive can really race. And there are only minor differences between the new Cup Scirocco and the sporty series-produced "R" model.

ADDITIONAL INFORMATION
www.volkswagen-motorsport.com
www.volkswagen-group-motorsport.info

Learning from motorsport

TOUGH RACETRACKS, SPECTACULAR TOURING CARS: MOTORSPORT IS THE ULTIMATE TESTING ENVIRONMENT FOR TECHNICAL ADVANCES IN SERIES-PRODUCED CARS.

ŠKODA FABIA SUPER 2000
As Škoda's motorsport department is part of its Technical Development division, synergies between racing and series-produced cars are easy to achieve.

AUDI A4 DTM
When accelerating, the Audi A4 DTM interrupts the charging of the alternator, thus boosting the propulsion power. In series-produced models, this technology can help to reduce fuel consumption.

SEAT WTCC
The repeat touring champion SEAT Leon TDI is based on the series-produced diesel model. The engine block and cylinder head are unchanged, demonstrating their durability even under extreme racing conditions.

VOLKSWAGEN JETTA TDI CUP
In the first ever US diesel cup, Volkswagen was represented by a low-sulfur clean diesel model. The new technology functioned well under the conditions of the contest.

AUDI R8 LMS
With the GT3 racing version of the R8, Audi Sport developed its first ever racing car designed specifically for amateur racing. In the endurance test: near-series V10 FSI engines.

VOLKSWAGEN SCIROCCO GT24-CNG
The natural gas-powered racing car boasts a special mixture formation to optimize the balance between the exhaust gas temperature and maximum turbo potential.

AUDI R15 TDI
At Le Mans, Audi tested new diesel particulate filters and headlights with LED dipped beams, which are to be used in future for series-produced models.

VOLKSWAGEN RACE TOUAREG
The Dakar winner has a body made of carbon-reinforced plastic. At present, Volkswagen is also experimenting with this material to develop light low-fuel cars.

Always in Control

Volkswagen is setting new standards in vehicle safety with its intelligent safety systems. However, since no system can ultimately replace the driver, the carmaker organizes driving and safety training courses worldwide. The Volkswagen Driving Experience allows young and veteran drivers alike to get to grips with ABS, ESP and other state-of-the-art safety features.

For a passing moment, it's the smallest racetrack in the world. Two Golf GTIs drive around an oval ring of orange-colored cones. The engines roar Formula One-style and the tires squeal loud enough to drown out the wind that whistles across the small sports airfield. During the Volkswagen Driving Experience, drivers deliberately push the cars to their limits.

One of these drivers is 20-year-old Bernhard Fischer, who has come to the Upper Bavarian town of Mühldorf along with two dozen other Golf drivers to learn how to tame a 210 PS engine. Volkswagen offers free safety training to every GTI buyer under the age of 21. Fischer has come to the event together with his sister and is now sitting calmly in his Golf with a radio transmitter listening to the instructions of the driving trainer – none other than racing legend Hans-Joachim Stuck. Stuck, a long-distance champion and former Formula One pilot, calls in the drivers lapping the track. A young woman with wavy brown hair opens the driver's door and smiles shyly. Stuck looks approvingly into the sea of male faces: "This young lady won four out of five races because she simply kept a cool head throughout." Fischer grimaces: It just had to be his sister.

FROM THE "MOOSE TEST" TO WET HANDLING

"You have laboratory conditions here," warns Stuck, "but when it comes to the crunch, you only have one chance to get it right!" This is why Volkswagen extends its training to include more than just GTI enthusiasts: Over 17,000 customers have taken part in the Company's "Young Driver" program since it was launched in 2004. A similar number of drivers of all ages throughout Germany complete Volkswagen Driving Experience driving and safety training every year. As well as this, there is the "Aktion Besser Fahren" – Better Driving – campaign. Several times a year, Volkswagen and its partner, German car magazine "auto motor und sport", come together to offer driving dynamics training on test tracks such as Nürburgring and Sachsenring. In most cases, the exercises – ranging from moose tests to wet handling – are the ones performed as part of the magazine's official testing program. Every year, this

"But when it comes to the crunch, you only have one chance to get it right!"

HANS-JOACHIM "STRIEZEL" STUCK, RACING LEGEND AND GTI DRIVING AND SAFETY TRAINER FOR VOLKSWAGEN


driving experience
638

"We want to penetrate the market as far as possible with our assistance systems."

DR. TORSTEN STRUTZ, HEAD OF VEHICLE SAFETY VOLKSWAGEN

NOT A QUESTION OF AGE
70-year-old Sebastian Hollweck and Bernhard Fischer, 20, pay careful attention to their trainer's instructions.

glimpse behind the scenes is rated as "excellent" by enthusiastic participants. Volkswagen ambassador Stuck would even like to see such training become mandatory for drivers: "Brakes and drive systems have changed so much in recent years that many people have no idea what their cars are capable of."

Stuck firmly believes that this kind of training can also benefit "seasoned drivers." Such as 70-year-old Sebastian Hollweck, who sits beside Fischer smiling, feeling perfectly at home among the youngsters with their gelled hair. Hollweck and Fischer both hail from Pfaffenhofen in Upper Bavaria. The younger man sells windows for his father's company, while his senior counterpart is a ski instructor – as well as being a longstanding Golf driver who owned the original GTI back in the late 1970s. Since then, he has only missed out on one model generation and was ideally positioned to witness the continual improvements in safety that came with each new GTI model.

ALL IMPORTANT SAFETY FEATURES AS STANDARD

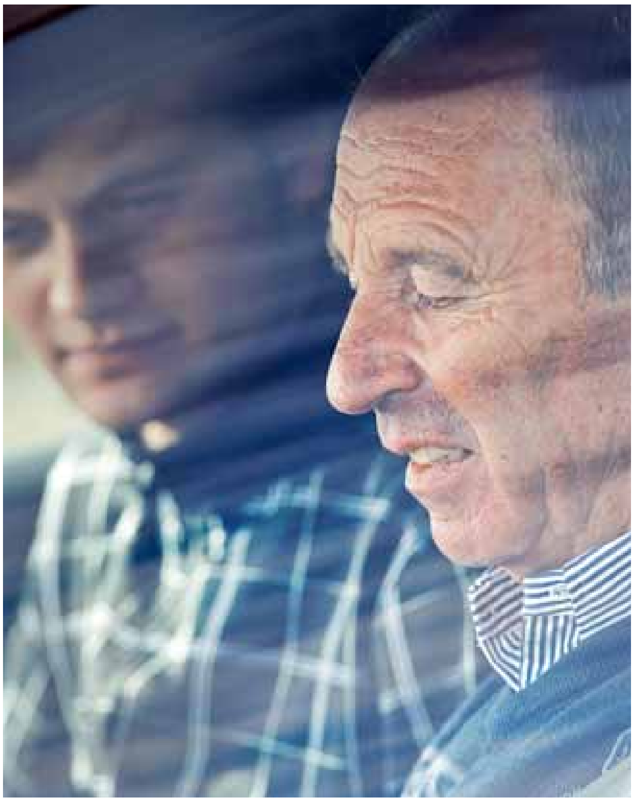
What seemed unthinkable back then is now standard: Small cars like the Polo are also equipped with active safety systems such as ABS and ESP. It goes without saying that Volkswagen is actively involved in developing and applying technologies that help to avoid accidents. "We want to penetrate the market as far as possible with our assistance systems," says Dr. Torsten Strutz, Head of Vehicle Safety at Volkswagen.

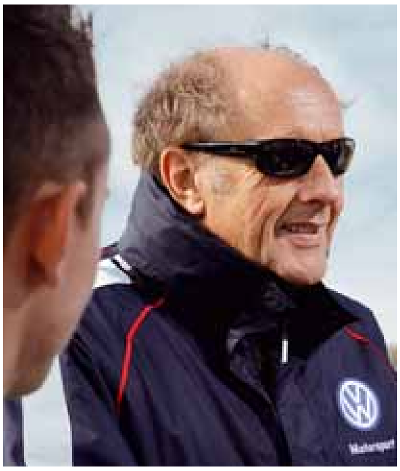
ESP CUTS ACCIDENT FIGURES

"Passive" safety systems are already subject to extremely high safety standards. "At this stage, only minor improvements can be achieved with airbags or seatbelts," believes Hubert Paulus, a safety expert at German automobile club ADAC. However, by equipping all existing vehicles with ESP, 40 percent of serious accidents could be avoided: "Volkswagen sets a good example here," emphasizes Paulus.

The safety expert also expects to see substantial improvements in the future as a result of automatic distance control and emergency braking systems. Volkswagen is the first manufacturer to offer "ACC" and "Front Assist" technologies in the mid-range segment. Today, the Passat CC already boasts virtually all assistance systems that are available, and its electronic eye can detect the lane and gently counteract any driving errors. With its rear-view camera, the car can also monitor the area behind it and is even able to park on its own. With, of course, the driver in control behind the wheel at all times.

For GTI veteran Hollweck, this is exactly how it should be: "I enjoy sporty driving – and haven't had an accident for 50 years." He has come to Mühldorf to test the limits of his Golf. To his great surprise, the course begins with participants being shown how to sit properly: "A car seat is not an armchair," says Stuck. The seat back should be straight, the driver's legs should be bent and his or her arms never stretched out. "Even if some people think that it looks cool, you shouldn't loll around behind the wheel – you want to be in control of the car!" Hollweck and Fischer listen in wonder. And then the coach calls them for the next exercise: emergency braking. His tip: "Brake pedal to the floor and keep your tongue safely inside your mouth!"





"Brakes and drive systems have changed so much in recent years that many people have no idea what their cars are capable of."

HANS-JOACHIM "STRIEZEL" STUCK, MOTORSPORT ADVISOR VOLKSWAGEN

The engine roars across the empty runway. Then Fischer hits the gas, accelerates to 50 km/h, applies the brakes and lets the ABS kick in. "I like it," says Hollweck and does the same again at 70 km/h. Taking turns, Hollweck and Fischer work their way up to 100 km/h. There is a smell of burnt rubber in the air, mostly thanks to Fischer's no-holds-barred braking. "It is often the case that old-school drivers don't brake firmly enough," explains Stuck. But the younger driver is also impressed: "There is a hell of a difference between braking at 50 and braking at 100 km/h!" Even when vehicles are equipped with ACC and Front Assist, emergency braking is still only activated by the driver's foot at the moment. This is set to change in the future with the addition of an active assistance system. "We want to use the existing sensor technology for new pre-crash functions," explains Head of Volkswagen Vehicle Safety Strutz. If the car's lasers and radars indicate that an accident is unavoidable, it tightens the seatbelts and closes the windows automatically. At the same time, it activates the "Pyro-Brake," an emergency braking system with a pyrotechnic charge that is fired in the same way as an airbag and reacts within 80 milliseconds. "At an impact speed of 50 km/h, this can take away a fifth of the energy from the accident," says Robert Zobel, Head of Volkswagen Accident Research. In this way, passive safety elements such as belts, brakes and airbags dovetail with the active assistance systems.

EXAMINING THE EVIDENCE

In developing these systems, Volkswagen can draw on data from up to 1,000 accidents analyzed by Zobel's team every year. The accident researchers in Wolfsburg can be reached 24 hours a day and work closely together with the police. If any accidents involving a Volkswagen vehicle occur anywhere in Lower Saxony, the experts go to examine the damage. A few days later, psychological interviews are also conducted with the drivers. "Real detective work," says Zobel. After all, the more that is known about the typical behavior of motorists in critical situations, the more effectively technical systems such as distance control and lane assist can be developed.

To round out his driving and safety training in Upper Bavaria, Stuck has put together a small race course, complete with slalom, lane-changing and ultra-precise braking. Fischer clears all obstacles, hits the brakes until the discs smoke and comes to a perfect standstill. "Excellent time," grunts Hollweck to his younger colleague. Fischer's sister grins and gives him the thumbs-up. "The guy is a really good driver for his age," Stuck will say later. Still, it is not enough for Fischer to win the race today. Or Hollweck, for that matter. At the end of the day, Stuck's rule for real road situations is just as applicable for the training – when it comes to the crunch, you only have one chance to get it right.

ADDITIONAL INFORMATION
www.volkswagen.com > Volkswagen International > Driving experience > Driving and safety training

What the future holds

NEW TECHNOLOGIES THAT ARE SET TO REVOLUTIONIZE ACTIVE SAFETY

Environment sensing and "car2x communication"
Cameras, radar sensors and laser sensors all combine to monitor the vehicle's entire environment. These generate an exact image of the area around the vehicle – an image to which the assistance systems are designed to respond. Ideally, this also includes data sent by WLAN from traffic lights, road signs and other vehicles. Communicating cars then come together to form temporary networks ("car-to-car communication").

Drowsiness monitor
The Volkswagen of the future will be able to tell from the driver's steering behavior whether he or she is nodding off. If this happens, the system will alert the driver using a vibrating steering wheel and a sound signal. The navigation aid will show where the next rest stop is.

Integral driving dynamics regulator
The integral driving dynamics regulator takes up where ESP left off, controlling drives, brakes, steering and suspension centrally. And not just in critical driving situations, but all the time. The handling can be varied at the touch of a button – from sporty to comfortable.

Small but safe

FIVE STARS FOR THE SAFEST POLO OF ALL TIMES

The new Volkswagen Polo is the first car in its class to have passed the tough new European crash tests. The five-star rating in the "New Car Assessment Program" proves that safety should no longer be seen as a luxury. In controlled tests, the car was driven against a barrier at 64 km/h, leaving the high-strength steel passenger cell virtually undamaged. The tests showed that when it comes to safety standards, the Polo is on an equal footing with five-star models such as the Golf, Tiguan, Touran, Passat and Touareg, making the Volkswagen model range one of the safest in the world.

A Car to Suit Every Lifestyle

Developed in Germany for global markets and produced in Argentina: With its Amarok Pickup, Volkswagen Commercial Vehicles is moving into a new vehicle segment – and continuing its steady growth. In South America, the all-rounder is already a star.

"The Amarok is not just robust – it's also a beautiful car."

EDUARDO RAFFAELLI,
CENTRAL PROJECT MANAGEMENT IN PACHECO

The customer had to do a double take – just to make quite sure. Originally, Carlos Alberto Esquercia had completely different business to attend to at the workshop of Volkswagen dealership "Hauswagen Pilar." But when he saw the silver Pickup on display, he just had to take a closer look. This, after all, was one of the very first examples of the new Volkswagen Amarok – so new that it was not even on the market yet. "Of course, I know the car from having seen pictures – everyone knows it here in Argentina," says the businessman. He puts his foot on the chrome sill beneath the driver's door and applies a little pressure. He is already won over by the car's appearance, now it all comes down to what it can withstand. "Here in Argentina, pickups are used mainly in rural areas," says Esquercia. "And we have a lot of bad roads."

ROBUST, BRAWNY AND EQUIPPED WITH STATE-OF-THE-ART TECHNOLOGY

It is a warm January day, 32 degrees in the shade: midsummer in Argentina. Cars driving by on the sandy roads. In front of the "Hauswagen Pilar" salesroom raise clouds of dust as they pass. From here, you have a direct view of the Ruta 8 – also known as the "Panamericana" or "Pan-American Highway" – and you can reach downtown Buenos Aires in less than an hour.

Daniel Cassano is an authorized Volkswagen dealer and general manager of the dealership. "For us dealers, the Amarok is the perfect addition to the commercial vehicles line," he says. The Volkswagen Saveiro – the pickup version of the small car Gol – is already selling very well. Cassano is confident that the Amarok will enjoy at least the same level of success in Argentina. He opens the bonnet and launches into a lively presentation, explaining to his staff the key selling points of the car, such as its powerful engine, high fuel efficiency and solid construction. It should also be noted that the Amarok has a special place in the hearts of Cassano and his fellow Argentinians. "We Argentinians are crazy about cars," he says. "And people here can't wait to see the Amarok for themselves. We are proud that a car with such high quality standards is being built in Argentina."

AN OFF-ROAD VEHICLE FOR EVERYONE
The Amarok is equally at home on city boulevards and remote gravel tracks.

PROUD OF "THEIR" CAR
Amarok assembly workers at the plant in Pacheco, Argentina.

PRODUCED IN ARGENTINA, EXPORTED ALL OVER THE WORLD
Argentina is home to 40 million people, a third of whom live in the region around the capital, Buenos Aires. Nonetheless, the vast majority of the country is rural. Stretching all the way from the Brazilian border across the endless pampas down to the glaciers of Patagonia, there is a network of frequently dead straight country roads, from which rough gravel tracks branch off in all directions. Regular travelers on these roads need a car that is both reliable and robust – and ideally one with high ground clearance, too. As a result, pickups are a common sight here. Which in turn means that one of the most important target markets for the Amarok is virtually right outside the factory gates.

The Volkswagen plant in which the Amarok is built is located in the small town of Pacheco, a half hour's drive from Cassano's dealership. Production has taken place here since 1994, to date mostly passenger cars for the Argentinian market. The Amarok is a major leap forward for the plant in Argentina, which, until two years ago, ran a single shift. These days, it runs two shifts and – thanks to the Amarok – will soon be introducing a third.

The Amarok is the first newly developed commercial vehicle from Germany to be built in Pacheco. The vehicle will be exported all over the world from its base in Argentina as part of the growth strategy pursued by Volkswagen Commercial Vehicles. With the Amarok, the brand is moving into a new segment and further international markets. From the workhorse to the lifestyle pickup – the equipment variants are designed to suit each specific usage: Customers can choose between two diesel engines with 163 PS (120 kW) and 120 PS (90 kW) and between rear-wheel drive and two different four-wheel drive versions. The Amarok initially goes on sale as a four-door, twin-cab model, followed in 2011 by a single-cab version with a larger loading space.

Tough test for the Amarok

DAKAR OFFICIAL SUPPLIER

It was too good an opportunity for Volkswagen Commercial Vehicles to miss: the chance to subject the new Amarok to the toughest of tests right in its native Argentina. Even before the official market launch, 35 Amarok models were used as escort vehicles for the drivers of the Dakar Rally 2010. The Pickups had to contend with 50-degree heat, negotiate 4,700-meter-high mountain passes and cross the driest desert in the world. And every single Amarok made it to the finishing line.

> "Families drive to the beach in the pickup at the weekend, and during the week you see craftsmen using them for work."

DIETMAR MNICH, PLANT MANAGER AT PACHECO

A CROSS BETWEEN A WORKHORSE AND A LIFESTYLE PICKUP

Dietmar Mnich is plant manager at Pacheco. A native of Germany, he moved from Hanover to Argentina in mid-2008 to help set up production of the pickups designed 13,000 kilometers away in Wolfsburg. He soon became aware how common this type of vehicle was in the Buenos Aires region. "Families drive to the beach in the pickup at the weekend, and during the week you see craftsmen using them for work," says Mnich. Pickups are also popular in neighboring Brazil, where in many places they are regarded as stylish city vehicles. South America is the core target market for the Amarok, but the model will also be sold in Russia, South Africa and Australia. In the second half of the year, it will be available in Western Europe, including Germany, too.

Martín Banegas has been working in body construction at the Pacheco plant for two and a half years. During this time, he has seen new production lines going into operation and has taken part in quality training for the new model. "Here, we see the Amarok as an important step forward," says Banegas. "It's good for workers like myself and good for our country. And it has created a lot of jobs." When he is welding vehicle underbodies, the pride he takes in the product is very much evident. Like many of his colleagues, Banegas wears a black T-shirt bearing the words "Soy parte de Amarok" – "I'm part of the Amarok."

Eduardo Raffaelli, who is responsible for central project management at the Pacheco plant, is no less enthusiastic. "To begin with, we saw the Amarok first and foremost as an opportunity to develop and as a means of increasing the capacity of our plant," says Raffaelli. "But now, as the first models are beginning to roll off the production line, we are all quite smitten. The Amarok is not just robust – it's also a beautiful car."

THERE IS GREAT INTEREST IN THE AMAROK AMONG DEALERS

In the workshop at "Hauswagen Pilar," the reaction of customers who come by on other business clearly demonstrates the fascination of the new Pickup. Daniel Cassano looks at the silver body of the Amarok and declares: "I know that it will sell well. This is the car that we dealers have been waiting for all along."

ADDITIONAL INFORMATION
www.volkswagen-commercial-vehicles.com >
Volkswagen Commercial Vehicles International > Amarok

A STRONG CONTENDER
With a payload of 1.15 tons and 2.52 square meters of loading space, this vehicle is the solution to many transport problems.

The Ideal Passenger

Lars Åström has an urgent mission. He is setting out on a 1,800 kilometer trip with his Scania R 480 to transport fresh salmon from the Arctic Circle to the port of Oslo, from where his cargo is shipped to locations across Europe. Onboard with Åström is the innovative Scania Driver Support system, which provides practical tips on how to make the drive as economical and ecological as possible.

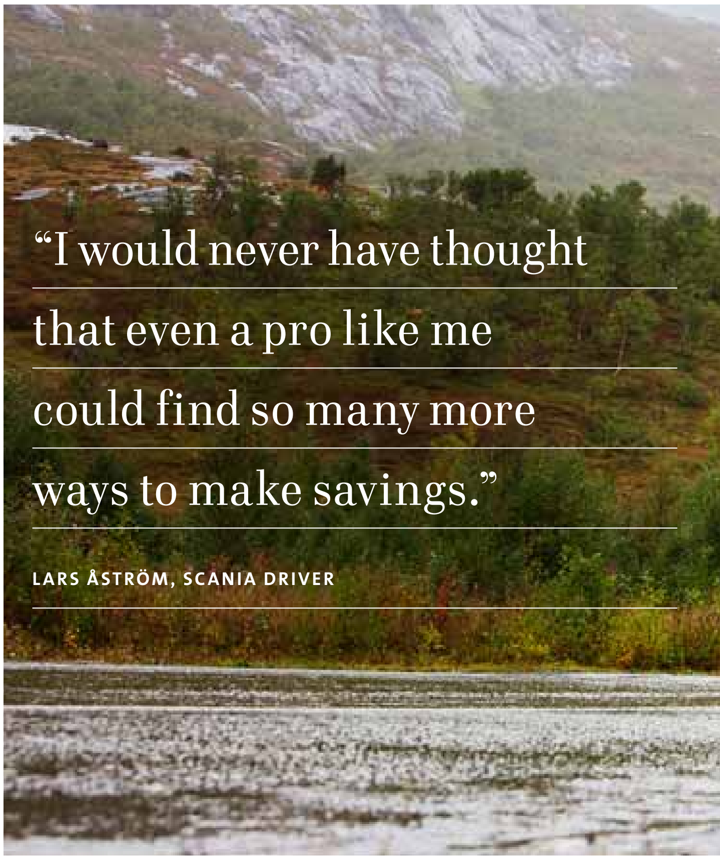
> "New technology and developments in the transport industry: I've always found that fascinating."
>
> LARS ÅSTRÖM, SCANIA DRIVER USING A DRIVER SUPPORT SYSTEM

The midnight sun bathes the Vestfjord in a warm yellow light. The unique surroundings of the Norwegian port of Bodø, north of the Arctic Circle, cannot fail to impress the onlooker. But Lars Åström has no time to admire the scenery today. He has loaded up the deep-freeze trailer of his Scania R 480 with freshly caught Norwegian salmon, which is bound for the gourmet restaurants of Berlin, Munich and Paris. It is a delicate cargo, which he will transport over 1,800 kilometers to Oslo, from where it will be shipped on to further destinations.

PERSONAL COACH FOR DRIVERS

The 50-year-old is not expecting a leisurely ride. His trip leads him eastwards from Bodø along route 80, in the direction of Fauske, and then down the Swedish coast towards the Norwegian capital. It is a varied route through a craggy fjord landscape, with frequent lonely roads and challenging mountain and valley passes. The navigation system in Åström's truck has estimated the journey time at 27 hours and 34 minutes. But Åström does not feel under pressure at the prospect of making such a journey. "With 30 years of experience in this job, I'm quite relaxed about it," says the partner of H Ulfhielm Fjärrtransport, a long-distance hauler based in Skellefteå in Northern Sweden. With a deep, rich sound, he starts up the 480 PS engine.

Åström has hooked his iPod up to the onboard sound system. One of his favorite tracks is "King of the Road," Roger Miller's country hit from the 1960s. This title also says something about the high standards that Åström expects in his work. "New technology and developments in the transport industry: I've always found that fascinating," he says. Accordingly, he has come to appreciate the Scania Driver Support system as the ideal passenger. "It's something completely new in the haulage industry," he explains. "A display makes it possible for me to monitor my own driving style in real time," he says, pointing to the unit



ON THE ROAD FOR 30 YEARS
Lars Åström takes even longer trips completely in his stride. This time, he is carrying freshly caught Arctic salmon.

tucked in between the tachometer and the speedometer, where the Scania engineers have installed the new virtual assistant. "The system is like a personal coach, giving me advice and tips on how I can make my driving style even better, whether it be with braking or economical gear-changing – I'm traveling with a good mate!"

The system monitors driving ability in four different areas. Anticipatory driving is gauged from the interplay between gas and brakes. The tilt sensor and the gas pedal reveal whether the driver is handling momentum and moving mass appropriately. The third area is the evaluation of the driver's choice of gear. Additionally, the computer oversees brake behavior and the operation of the auxiliary brake system. "Ease off the gas," the system recommends shortly before the truck reaches the hilltop of the fjord road in Fauske. Åström promptly follows the advice. The computer then praises him for his smart, fuel-efficient driving style: "Well done!" At the same time, the driver rating percentage on the display rises by two points. "It's a bit like a sport," Åström grins, "I'm always trying to get the best possible rating." For a haulage company like Åström's, transport efficiency is a top priority. In view of climbing fuel costs and predicted further legal restrictions on permitted emissions, he is only too aware that an optimized driving procedure quite simply means bigger profits. Well-trained drivers who know how to use fuel-efficient driving methods are quite literally worth their weight in gold for the firm. Aided by the Driver Support system, Åström himself can reduce consumption by around eleven percent. "I would never have thought that even a pro like me could find so many more ways to make savings," he says proudly.

THE NEW R SERIES
Aerodynamically designed side panels reduce fuel consumption by 0.6 percent.

MARKED REDUCTION IN CO_2 EMISSIONS

Experts at Scania have made a projection of this saving potential for haulage companies. The result: For a hauler operating 20 HGVs, each with a mileage of 120,000 kilometers per year, proper implementation of the Scania Driver Support system could lead to a 200-tonne reduction in CO_2 emissions, and savings of more than €66,000. And another advantage: Unlike ordinary fuel-efficiency training programs, the savings effect here does not diminish over time, because the computer coach is constantly present and at the ready.

KING OF THE ROAD
A panel of expert judges voted the Scania R as the "International Truck of the Year 2010."

ALWAYS IN VIEW
Lars Åström's electronic driving trainer takes pride of place right in the middle of his central display.

Åström would be loathe to part with his Driver Support system: "My little partner keeps on presenting me with new challenges," he says, as the cranes in Oslo harbor dot the horizon. He is looking forward to getting to his destination. After 27 hours and 12 minutes – even quicker than the navigation system calculated – he delivers his cargo of salmon.

ADDITIONAL INFORMATION
www.scania.com > products and services > trucks > safety and driver support

Cause for celebration: the V8 turns 40

With its unique sound, the legendary Scania V8 is a classic. It was in 1969 that the eight-cylinder engine first wowed the industry with its 14-liter displacement and impressive 350 PS. Since then, development has gone from strength to strength. Already at the beginning of the 1990s, the engine delivered 500 PS with electronic fuel injection. Scania set another milestone in 2000, when the engine achieved an output of 580 PS with a displacement of over 16 liters.

A further highlight came in 2009, when the V8 celebrated its 40th anniversary. The present version of this legendary engine hits the road with an output of 650 PS. Engine development has always been backed up by state-of-the-art technology. It is no coincidence that all performance levels of the Scania V8 excel through lower fuel consumption, outstanding torque and low emissions. Thanks to modern exhaust gas treatment, all V8 engines comply with the Euro 5 limits – making today's Scania truck cleaner than ever.

In time for the 40th anniversary of the "King of the Road" last year, Scania presented a special offer for its fans: the exclusive V8 edition, which is limited to just 40 vehicles. This unique and distinctive tractor unit sports customized paintwork in Scania Deep Blue, a color specially created for the model.

Moving Forward Together

Volkswagen and Porsche are joining forces for the future. In 2011, the two companies will merge to form a strong, integrated automotive group. An important first milestone was Volkswagen's acquisition of a 49.9 percent stake in Porsche AG in December 2009. The major goal: to become the number one in the automotive industry. The key success factor: around 400,000 highly qualified employees who work to ensure the success of the future company.

“Together we will develop new markets.”

STEFANIE WANKUM, ENGINEER, DRIVETRAIN DEVELOPMENT, PORSCHE, WEISSACH

POOLING TECHNOLOGICAL STRENGTHS

Stefanie Wankum (31) is a development engineer at Porsche. “Even when I was still studying, this was my dream job,” says Wankum. At present, she is part of the Porsche team working on strategies for electrifying drivetrains. And she believes that the company has a bright future with Volkswagen: “Each company benefits from the technological strengths of the other.” Wankum firmly believes that Porsche is second to none when it comes to developing high-performance engines: “And as part of the Volkswagen Group, we will have access to one of the largest research departments in the automotive sector.”

A foretaste of such a cooperation came in the form of the hybrid drive for the new Cayenne, which Porsche has already developed together with Volkswagen. Wankum sees other benefits as well: “Working together will make it easier for Porsche to tap into young markets, for instance the growth markets of China and India, where Volkswagen already has extensive experience and a sound infrastructure.”

"We might become the number one faster than expected."

MARCO ANTONIO PAVONE, INDUSTRIAL DESIGNER, VOLKSWAGEN, WOLFSBURG

GIANT STEPS ON THE WAY TO THE TOP

Volkswagen designer Marco Antonio Pavone (32) has worked in Wolfsburg since 2005. His recent assignments include designing the new Polo and working on studies such as the new Volkswagen UP!. Born in Brazil of Italian descent, Pavone originally worked at Volkswagen do Brazil: "I always wanted to work for Volkswagen. The brand is very popular in Brazil – and what's more, my father used to drive a VW Beetle."

Now based at Volkswagen headquarters in Wolfsburg, he hopes to develop cars for all key car markets in Europe, the USA and the Far East. "I see Germany as the heart of the automotive world," says Pavone. He has no doubt that Volkswagen has what it takes to establish itself as the number one carmaker: "We can achieve this faster than many people think – especially since the Porsche takeover." After all, Volkswagen's success lies in producing cars for the mass market and, with Porsche on board, it now has a strong brand in the luxury segment: "So now we can reach all categories of buyers."

"Learning from one another."

DIETER ERNST, PLANT FOREMAN, PORSCHE, ZUFFENHAUSEN

A STRONG BRAND WITH ITS OWN CORPORATE CULTURE

Dieter Ernst (55) has worked at Porsche since 1983. Having initially worked in boxer engine construction, he has spent the past ten years coordinating the repair and maintenance of machinery and equipment at the engine plant in Zuffenhausen: "The name Porsche has always had a special ring to it – a family company that has a very strong commercial focus without neglecting social aspects," says Ernst. "And as our company became more successful, its reputation reached even greater heights."

One of the key factors behind this success was Porsche's production improvement process, which was introduced in the 1990s: "Since then, optimizing our procedures and concentrating on effectiveness has been a part of our everyday activities," says Ernst. "Now, together with Volkswagen, we will see how we can learn from each other. But one thing is for certain: Porsche will always be Porsche."

“Brought together by a shared passion for making cars.”

CHRISTINE KEEVY, ELECTRONIC ENGINEER,
VOLKSWAGEN OF SOUTH AFRICA, WOLFSBURG

A STABLE FACTOR EVEN IN DIFFICULT TIMES

Christine Keevy (25) plans paintshops for new Volkswagen production lines. Keevy, a native of South Africa, is taking part in the staff development program known as “Wanderjahre”, which allows young Volkswagen employees to gain experience abroad. At present, she is working at Volkswagen in Wolfsburg. She has high expectations of the merger between Volkswagen and Porsche: “The two companies are an ideal combination.” She feels that Volkswagen stands for model diversity, global presence and a healthy cross-section of car brands working together within the same Group:

“Volkswagen is good at sharing existing knowledge within the Company and making it available to the various Group brands.” And Porsche has succeeded in building the world’s most prestigious sports car. “Needless to say, the two companies are different – but we both share a passion for cars.” Keevy is also happy to have found a reliable employer that is continuing to enjoy steady growth: “For me, that is a welcome feeling of security, especially in difficult times.”

"The development partnership is set to become even closer."

HEINZ PICKHARD, ENGINE DEVELOPMENT, AUDI, INGOLSTADT

PLATFORM STRATEGY MAKES INNOVATIVE TECHNOLOGY AFFORDABLE

Heinz Pickhard (43) develops engines at Audi. At present, he is adapting the 2.0-liter turbo engine conceptualized in Ingolstadt for other Group brand models: "The platform strategy is one of the Group's main strengths," says Pickhard. And with the integration of Porsche, the model range will be even greater: "Naturally, we are proud that Porsche is also using our engines in its cars."

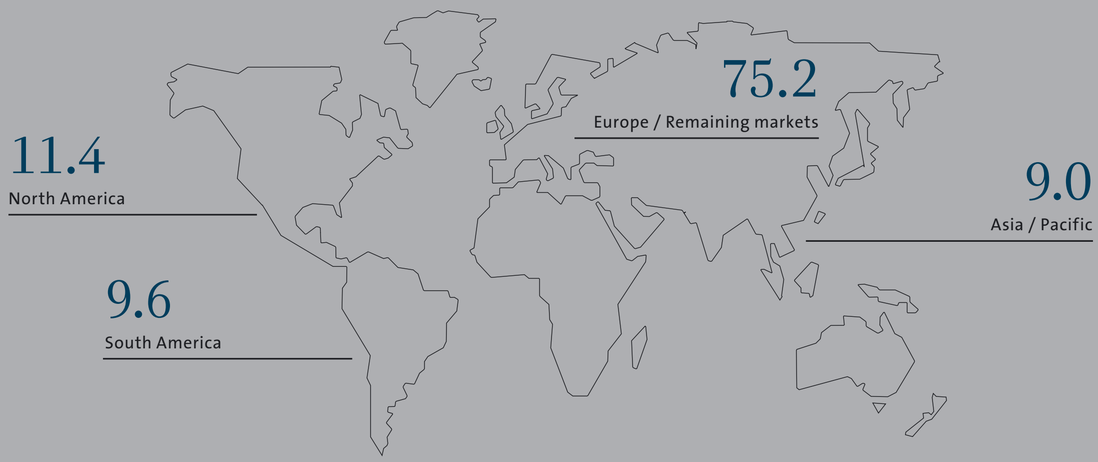
Even before the merger, Volkswagen and Audi had developed cars together with Porsche. Pickhard expects development engineers on both sides to work together even more closely in future. This is especially true for fundamentally new developments like hybrid technology: "A major corporate group like Volkswagen can try out different systems with its various brands." And, at the same time, it can make use of as many synergies as possible in order to render the cost-intensive electrification processes more affordable: "This will be the case even more when Porsche is on board as well."

Divisions

7.8

Our unique brand diversity, with attractive vehicles and innovative financial services, inspires customers all over the world. The Volkswagen Passenger Cars brand increased its deliveries by 7.8% year-on-year in fiscal year 2009, in particular because of the tremendous success in China.

SALES REVENUE BY MARKET € billion



Brands and Business Fields

Volkswagen – a global player serving the needs of individual customers in local markets

GROUP STRUCTURE

The Volkswagen Group consists of two divisions: the Automotive Division and the Financial Services Division. The Automotive Division is responsible for the development of vehicles and engines, the production and sale of passenger cars, commercial vehicles, trucks and buses, and the genuine parts business. The Financial Services Division's portfolio of services includes dealer and customer financing, leasing, banking and insurance activities, and fleet management.

On the following pages, we present the key volume and financial data relating to the individual brands and to Volkswagen Financial Services, reflecting the Group structure in 2009. Production figures and deliveries to customers are presented by product line, while unit sales figures refer to models sold by each brand company, including vehicles of other Group brands. This means that, given the positive growth of our business in China, there are sometimes marked differences between delivery figures and unit sales.

In addition, we explain the unit sales and sales revenue on our markets: Europe/Remaining markets, North America, South America and Asia-Pacific. Under our changed regional presentation, the South African market is no longer allocated to the South America region, but is now part of the Europe/Remaining markets region. Prior-year figures have been adjusted accordingly.

KEY FIGURES BY MARKET

In a difficult market environment, the Volkswagen Group increased sales by 0.6% year-on-year to a total of 6.3 million vehicles in the reporting period. At €105.2 billion, sales revenue was down 7.6% on the previous year.

In the Europe/Remaining markets region, sales remained below the previous year's level. As a result, sales revenue fell by 9.2% year-on-year to €75.2 billion.

In North America, the Group sold 0.5 million vehicles in 2009, undershooting the previous year's level by 15.4%. The downturn in the market as a whole, however, was much more severe. At €11.4 billion, sales revenue was down 10.4% year-on-year.

At 0.8 million units, total Group sales in the South American markets were on a level with the previous year. Brazil recorded growth, due also to the state support program there. At €9.6 billion, sales revenue was down 1.8% on the previous year.

In the Asia-Pacific region, including the joint ventures in China, a total of 1.6 million Group vehicles were sold during fiscal year 2009, 37.4% more than in the year before. Sales revenue increased by 6.3% to €9.0 billion. This figure does not include the sales revenue of our Chinese joint ventures, as these are accounted for using the equity method.

VOLKSWAGEN GROUP

Division	Automotive Division								Financial Services Division
Brand/Business Field	Volkswagen Passenger Cars	Audi	Škoda	SEAT	Bentley	Volkswagen Commercial Vehicles	Scania	Other	Dealer and customer financing Leasing Directbank Insurance Fleet business

KEY FIGURES BY BRAND AND BUSINESS FIELD[1]

thousand vehicles/€ million	VEHICLE SALES 2009	VEHICLE SALES 2008	SALES REVENUE 2009	SALES REVENUE 2008	SALES TO THIRD PARTIES 2009	SALES TO THIRD PARTIES 2008	OPERATING RESULT 2009	OPERATING RESULT 2008
Volkswagen Passenger Cars	3,459	3,648	65,368	72,928	52,816	58,806	561	2,715
Audi	1,183	1,275	29,840	34,196	20,443	22,052	1,604	2,772
Škoda	552	626	7,100	8,039	5,761	5,783	203	565
SEAT	319	375	4,561	5,196	3,360	3,807	−339	−78
Bentley	4	8	571	1,084	553	1,016	−194	10
Volkswagen Commercial Vehicles	275	439	5,294	9,607	3,844	7,246	313[2]	375
Scania[3]	43	31	6,385	3,865	6,385	3,865	236	417
VW China[4]	1,397	989						
Other	−923	−1,119	−25,592	−32,036	929	1,040	−1,135[5]	−1,336[5]
Volkswagen Financial Services			11,660	10,929	11,095	10,193	606	893
Volkswagen Group	**6,310**	**6,272**	**105,187**	**113,808**	**105,187**	**113,808**	**1,855**	**6,333**
of which: Automotive Division	6,310	6,272	93,041	102,632	93,605	103,368	1,264	5,428
Financial Services Division			12,146	11,176	11,581	10,440	591	905

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
2 Including the proceeds from the sale of Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., Resende.
3 Vehicles&Services and Financial Services (consolidated from July 22, 2008).
4 The sales revenue and operating profit of the joint venture companies in China are not included in the figures for the Group. The Chinese companies are accounted for using the equity method and recorded an operating profit (proportionate) of €774 million (€395 million).
5 Mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of the purchase price allocation for Scania.

KEY FIGURES BY MARKET

thousand vehicles/€ million	VEHICLE SALES[1] 2009	VEHICLE SALES[1] 2008	SALES REVENUE 2009	SALES REVENUE 2008
Europe/Remaining markets	3,414	3,731[2]	75,203	82,855[2]
North America	451	534	11,396	12,716
South America	841	839[2]	9,606	9,784[2]
Asia-Pacific[3]	1,604	1,168	8,982	8,453
Volkswagen Group[3]	**6,310**	**6,272**	**105,187**	**113,808**

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
2 Adjusted.
3 The sales revenue of the joint venture companies in China is not included in the figures for the Group and the Asia-Pacific market.

Volkswagen Passenger Cars brand

Superior expertise in sustainable mobility

In 2009, the Volkswagen Passenger Cars brand brought its innovative technologies together under the BlueMotion Technologies umbrella brand. The highlight in 2009 was the unveiling of the new Polo, which contributed to the year-on-year increase in delivery figures in spite of the difficult market environment.

Polo

BUSINESS DEVELOPMENT

In fiscal year 2009, the Volkswagen Passenger Cars brand impressively demonstrated its expertise in sustainable mobility. All fuel-saving and emission-reducing technologies and products that are either ready or almost ready for mass-market production – were brought together under the BlueMotion Technologies umbrella brand. The new Polo BlueMotion* was presented as the most fuel-efficient five-seater in the compact class.

A total of 4.0 million vehicles were delivered to customers worldwide in fiscal year 2009, an increase of 7.8% year-on-year. High growth rates were recorded in the key passenger car markets of Germany (+29.0%), Brazil (+18.4%) and China (+32.4%). Demand in North America fell by 8.1% year-on-year, although the downturn on the market as a whole was much more severe.

Unit sales by the Volkswagen Passenger Cars brand fell to 3.5 million vehicles in 2009, although growth was recorded in Germany, Brazil and China. Demand was strong for the Fox, Gol and Golf models. The new Polo met with a positive reception from the market.

As the Chinese vehicle-producing joint ventures are not counted as Volkswagen Passenger Cars brand companies, there is a marked difference between deliveries and unit sales.

Volkswagen Passenger Cars produced 3.8 million vehicles in fiscal year 2009, 1.3% more than in the previous year. Production figures increased at the Wolfsburg plant and at production locations in Brazil and China. The production figures for the Routan are not included in the figure for the Group as it is produced in Canada at Chrysler's plant in Windsor, Ontario.

* Consumption and emission data can be found on page 304 of this Report.

Golf BlueMotion

VOLKSWAGEN PASSENGER CARS BRAND

	2009	2008	%
Deliveries (thousand units)	3,954	3,668	+ 7.8
Vehicle sales	3,459	3,648	– 5.2
Production	3,807	3,757	+ 1.3
Sales revenue (€ million)	65,368	72,928	– 10.4
Operating profit	561	2,715	– 79.3
as % of sales revenue	0.9	3.7	

PRODUCTION

Vehicles	2009	2008
Golf	792,608	764,776
Passat/Santana	772,872	764,321
Jetta/Bora	649,963	616,013
Gol	465,795	388,763
Polo	453,824	408,679
Fox	176,114	170,596
Tiguan	145,002	150,416
Touran	126,168	148,196
Scirocco	47,277	20,442
Suran	44,936	52,600
Touareg	32,308	62,230
New Beetle	24,328	37,893
Eos	17,880	43,578
Polo Classic/Sedan	16,764	62,167
Sharan	14,636	19,703
New Beetle Cabriolet	12,773	17,100
Parati	9,883	22,874
Phaeton	4,071	6,189
	3,807,202	**3,756,536**

SALES REVENUE AND EARNINGS

Due to global market weakness, sales revenue for the Volkswagen Passenger Cars brand fell by 10.4% year-on-year to €65.4 billion in fiscal year 2009. Operating profit decreased by €2.2 billion to €0.6 billion. This was primarily owing to weaker unit sales and mix deteriorations. The operating return on sales amounted to 0.9% (3.7%). Despite the difficult environment, the Volkswagen Passenger Cars brand is holding firmly to its "Strategy 2018" goal of increasing worldwide sales to 6.6 million vehicles per year in approximately nine years, thereby increasing its global market share to 9%.

FURTHER INFORMATION
www.volkswagen.com

Audi

Audi brand

The traditional brand with the four rings celebrates its centennial

100 years of “Vorsprung durch Technik”. The Audi brand has an impressive success story to its credit. The operating profit for fiscal year 2009 demonstrates the premium brand’s ability to hold its own in the face of tough competition.

BUSINESS DEVELOPMENT

In its centennial year, the Audi brand presented fascinating new models and achieved positive results in spite of a difficult market environment. There were two valuable new additions to the Audi A5 model series in 2009: the Audi A5 Cabriolet and the Audi A5 Sportback. In addition, the new Audi A4 allroad quattro, Audi TT RS, Audi R8 Spyder and the new generation of the Audi A8 were presented for the first time. With its e-tron study, Audi took its first step towards e-mobility.

Audi A5 Sportback

In fiscal year 2009, the Audi brand delivered 950 thousand vehicles to customers worldwide, down 5.4% on the previous year. In Western Europe, sales figures fell by 11.8%. The downturn on the US market was 5.7%, which was less than the figure for the market as a whole. By contrast, the brand recorded a significant growth rate of 32.9% on the Chinese passenger car market.

Owing to the difficult economic climate, unit sales for the Audi brand fell by 7.2% to 1,183 thousand vehicles in the reporting period. Of these, 956 thousand units were Audi and Lamborghini models. There was strong demand for models from the Audi A5 series and also for the Audi A3 Sportback. The new Audi Q5 was well received by the market and made an important contribution to the sales of the Audi brand. Unit sales by Automobili Lamborghini S.p.A. amounted to 1,417 vehicles (–42.4%).

In fiscal year 2009, the Audi brand produced a total of 924 thousand units, 9.6% fewer than in the previous year. Owing to the slump in demand in the super sports car segment, Lamborghini produced 1,253 vehicles, down 48.3% year-on-year.

Audi A4 allroad quattro

SALES REVENUE AND EARNINGS

The Audi brand recorded sales revenue of €29.8 billion in financial year 2009. This 12.7% decline is largely attributable to lower unit sales. Operating profit was a substantial €1.6 billion, a clear indication that the Audi brand remains highly competitive even in the current difficult market environment. The operating return on sales amounted to 5.4% (8.1%). The key figures for Lamborghini, which are contained in the figures for the Audi brand, also recorded a decline.

AUDI BRAND

	2009	2008	%
Deliveries (thousand units)	950	1,003	–5.4
Vehicle sales	1,183	1,275	–7.2
Production	924	1,022	–9.6
Sales revenue (€ million)	29,840	34,196	–12.7
Operating profit	1,604	2,772	–42.1
as % of sales revenue	5.4	8.1	

PRODUCTION

Vehicles	2009	2008
Audi		
A4	279,624	361,894
A3	196,965	203,594
A6	182,090	214,074
Audi Q5	105,074	20,324
A5	69,495	57,324
Audi Q7	27,929	59,008
TT Coupé	18,010	31,101
A5 Cabriolet	15,388	326
A3 Cabriolet	9,782	18,570
A8	8,599	20,140
TT Roadster	4,811	10,688
A4 Cabriolet	2,409	16,991
R8	2,101	5,656
	922,277	**1,019,690**
Lamborghini		
Gallardo	462	1,206
Gallardo Spyder	460	581
Murciélago	274	454
Murciélago Roadster	57	183
	1,253	**2,424**
Audi brand	**923,530**	**1,022,114**

FURTHER INFORMATION
www.audi.com

Škoda brand

Fifth model series moves into the SUV segment

In fiscal year 2009, Škoda presented the Yeti, its first ever SUV. This new model made a key contribution to the strong result in the reporting period. The Škoda Superb Estate also met with a positive reception after being presented for the first time.

Škoda Yeti

BUSINESS DEVELOPMENT

The main focus for the Škoda brand in fiscal year 2009 was the expansion of its model range. With the Škoda Yeti, the traditional Czech brand presented an SUV combining unrestricted off-road capability with the comfort and handling of a mid-sized saloon. The highly successful Škoda Superb Saloon was followed by the Superb Estate version at the end of 2009. Thanks to its high degree of comfort and spaciousness, the vehicle met with keen interest from customers and from the media.

At 684 thousand vehicles, deliveries by the Škoda brand in 2009 were 1.4% higher than in the previous year. The brand recorded growth above all in Germany, Poland and China.

In fiscal year 2009, Škoda sold a total of 552 thousand units, 11.9% fewer than in the previous year. However, demand for the Fabia and Superb models rose.

As the Chinese vehicle-producing joint ventures are not counted as Škoda brand companies, there is a marked difference between deliveries and unit sales.

In the reporting period, the Škoda brand produced 669 thousand vehicles worldwide, a drop of 1.2% year-on-year.

Škoda Superb Estate

SALES REVENUE AND EARNINGS

Sales revenue for the Škoda brand in 2009 was 11.7% below the previous year's level at €7.1 billion. Operating profit fell by €362 million to €203 million, mainly as a result of weaker unit sales and the continued unfavorable exchange rate situation. The operating return on sales amounted to 2.9% (7.0%).

ŠKODA BRAND

	2009	2008	%
Deliveries (thousand units)	684	675	+ 1.4
Vehicle sales	552	626	– 11.9
Production	669	677	– 1.2
Sales revenue (€ million)	7,100	8,039	– 11.7
Operating profit	203	565	– 64.1
as % of sales revenue	2.9	7.0	

PRODUCTION

Vehicles	2009	2008
Octavia	294,020	355,037
Fabia	260,562	244,981
Superb	52,361	27,264
Roomster	42,273	49,535
Yeti	19,590	–
	668,806	**676,817**

FURTHER INFORMATION
www.skoda-auto.com

SEAT brand

New additions to the range of environmentally friendly vehicles

In 2009, the Spanish brand expanded its environmentally friendly ECOMOTIVE model range and also presented the Exeo ST. However, the continued difficult situation on the Spanish market took its toll on SEAT's performance.

BUSINESS DEVELOPMENT

In fiscal year 2009, the SEAT brand successfully launched the Exeo in the B segment. This sporty midsized saloon marks the arrival of the Spanish brand's sixth model series.

SEAT Exeo ST

The environmentally friendly ECOMOTIVE model series was expanded in 2009 with the addition of the Leon* and Altea* variants. At the International Motor Show (IAA) in Frankfurt am Main in September 2009, SEAT presented the IBZ concept study, giving a foretaste of the SEAT Ibiza ST that is scheduled to be unveiled in spring 2010. This is the third model in the successful Ibiza series.

Owing to the difficult market environment – particularly in the Spanish market for passenger cars – deliveries to SEAT brand customers fell year-on-year by 8.5% to 337 thousand vehicles in fiscal year 2009. However, deliveries to key markets such as Germany, France and the UK increased year-on-year. The Exeo and Ibiza models recorded encouraging demand.

In fiscal year 2009, sales to the dealer organization fell to 319 thousand units, down 15.0% on the previous year.

The number of vehicles produced by the SEAT brand in fiscal year 2009 (308 thousand) was, at optimal inventory levels, 19.2% lower than in the previous year.

* Consumption and emission data can be found on page 304 of this Report.

SEAT Ibiza ECOMOTIVE

SEAT BRAND

	2009	2008	%
Deliveries (thousand units)	337	368	−8.5
Vehicle sales	319	375	−15.0
Production	308	381	−19.2
Sales revenue (€ million)	4,561	5,196	−12.2
Operating result	−339	−78	x
as % of sales revenue	−7.4	−1.5	

SALES REVENUE AND EARNINGS

As a result of the difficult sales situation, the SEAT brand's sales revenue decreased by 12.2% to €4.6 billion in fiscal year 2009. The operating loss widened by €261 million year-on-year to €339 million, despite the systematic implementation of the performance enhancement program. The operating return on sales decreased from –1.5% in 2008 to –7.4% in fiscal year 2009.

PRODUCTION

Vehicles	2009	2008
Ibiza	173,715	192,470
Leon	66,368	96,761
Altea/Toledo	33,362	60,254
Exeo	22,981	369
Alhambra	6,215	10,282
Cordoba	4,861	20,439
	307,502	**380,575**

FURTHER INFORMATION
www.seat.com

Bentley brand

The new Mulsanne[1] follows in the footsteps of the Arnage

The Bentley brand was unable to escape the pronounced slump in the luxury segment in 2009. The brand is responding to this development with, among other things, its new flagship model: the Bentley Mulsanne. This vehicle reflects the brand's philosophy of combining outstanding luxury with superior performance.

Bentley Mulsanne

BUSINESS DEVELOPMENT

Having heralded the end of the Arnage era in 2008, 2009 saw Bentley showcase a new flagship model at the International Motor Show (IAA) in Frankfurt: the Bentley Mulsanne. This saloon combines a generously proportioned, exclusive interior and hand-crafted luxury with the top-of-the-range performance typical of Bentley. In addition, the Continental series was extended systematically with the launch of the GTC Speed[2] and the Bentley Continental Supersports[2] – the fastest and most powerful Bentley of all time.

In fiscal year 2009, the international financial and economic crisis once again brought about a significant decline in volumes in the luxury segment. The Bentley brand suffered declining sales in all markets compared with the previous year. Total deliveries to customers fell by 39.3% to 4,616 vehicles.

Unit sales for the reporting period fell by 47.9% year-on-year to 4,005 vehicles, with sales figures in all markets falling short of 2008 levels.

A total of 3,637 Bentley brand vehicles were produced in the past fiscal year; this was 52.6% fewer than in 2008. This allowed inventories to be reduced substantially.

1 No binding consumption and emission data is currently available for these models.
2 Consumption and emission data can be found on page 304 of this Report.

Bentley Continental Supersports

SALES REVENUE AND EARNINGS

Sales revenue for the Bentley brand in 2009 was 47.3% below the previous year's level at €0.6 billion. The operating result fell to €–194 million. Bentley responded to the difficult situation with a comprehensive package of measures and aligned production capacity and fixed costs with the lower unit sales. The operating return on sales fell from 0.9% in 2008 to –34.0% in 2009.

BENTLEY BRAND

	2009	2008	%
Deliveries	4,616	7,604	–39.3
Vehicle sales	4,005	7,685	–47.9
Production	3,637	7,674	–52.6
Sales revenue (€ million)	571	1,084	–47.3
Operating result	–194	10	x
as % of sales revenue	–34.0	0.9	

PRODUCTION

Vehicles	2009	2008
Continental Flying Spur	1,358	1,813
Continental GT Coupé	1,211	2,699
Continental GT Cabriolet	722	2,408
Arnage	147	277
Brooklands	106	312
Azure	93	165
	3,637	**7,674**

FURTHER INFORMATION
www.bentleymotors.com

Commercial Vehicles

Volkswagen Commercial Vehicles
Production of bestseller passes the ten million mark

In fiscal year 2009, Volkswagen Commercial Vehicles presented the latest generation of the popular Caravelle/Multivan and Transporter model series. The Brazilian heavy commercial vehicles business was sold to the MAN Group.

BUSINESS DEVELOPMENT

In fiscal year 2009, Volkswagen Commercial Vehicles celebrated a very special milestone when the ten-millionth vehicle from the popular Caravelle/Multivan and Transporter model series rolled off the production line in Hanover. Fittingly, 2009 also saw the launch of the latest generation of this evergreen model. Volkswagen Commercial Vehicles also generated attention with the presentation of the Amarok pick-up truck, which will initially be available in South America in 2010 and also in Europe at a later stage.

The Brazilian commercial vehicles business was sold to the MAN Group during the reporting period.

Multivan

In the past fiscal year, a total of 362 thousand vehicles were delivered to customers, down 28 % on the previous year. Sales declined in virtually all important markets.

At 275 thousand units, sales to the dealer organization in 2009 were 37.4% lower than in the previous year. Sales of the Caddy, which is available both as a commercial vehicle and as a passenger car (Caddy Life), fell to 129 thousand vehicles (–17.2%). A total of 140 thousand Caravelle/Multivan and Transporter models were sold (–31.6%).

Volkswagen Commercial Vehicles produced 308 thousand vehicles in the past fiscal year, corresponding to a year-on-year decline of 34.4%. This does not include the production figures for Crafter models manufactured at the Daimler plants in Düsseldorf and Ludwigsfelde. The main production facility in Hanover manufactured a total of 96 (167) thousand units of the Caravelle/Multivan and Transporter models. Production figures at the Poznan plant in Poland fell to 137 (176) thousand vehicles.

As the Brazilian commercial vehicles business was sold in the first quarter of 2009, the sales figures for heavy commercial vehicles are only included for January and February.

Amarok

VOLKSWAGEN COMMERCIAL VEHICLES

	2009	2008	%
Deliveries (thousand units)	362	502	–28.0
Vehicle sales	275	439	–37.4
Production	308	470	–34.4
Sales revenue (€ million)	5,294	9,607	–44.9
Operating profit	313	375	–16.5
as % of sales revenue	5.9	3.9	

SALES REVENUE AND EARNINGS

At €5.3 billion, sales revenue for Volkswagen Commercial Vehicles in fiscal year 2009 was down 44.9% on the previous year due to volume-related factors. Operating profit for the reporting period was €313 million; this was €62 million lower than in the previous year. This figure includes the proceeds of €0.6 billion from the sale of the Brazilian commercial vehicles business. This is also the reason why the operating return on sales improved year-on-year from 3.9% to 5.9%.

PRODUCTION

Vehicles	2009	2008
Transporter	78,985	90,207
Caddy Kombi	78,488	77,642
Caravelle/Multivan, Kombi	56,073	123,630
Caddy	48,601	82,414
Saveiro	38,899	40,367
Trucks*	5,187	46,138
Omnibus*	1,872	9,889
Amarok	193	–
	308,298	**470,287**

* 2009 only January and February.

FURTHER INFORMATION
www.volkswagen-commercial-vehicles.com

SCANIA

Scania brand
Remaining on track for success with the new R-series

The tough operating environment in the commercial vehicles sector in 2009 also affected business for the Scania brand, which responded to the difficult situation with a comprehensive package of measures. The new R-series is winning over customers worldwide.

BUSINESS DEVELOPMENT

The traditional Swedish brand Scania was consolidated in fiscal year 2008 and has been contributing to the success of the Volkswagen Group ever since. The prior-year figures presented in this chapter relate to the period from July 22 to December 31, 2008.

Scania R-series

The commercial vehicles business suffered a severe slump in demand in 2009 as a result of the financial and economic crisis. The Scania brand countered this situation with various measures such as reducing working hours, increasing employee training and postponing investments.

Last year, Scania entered into a strategic partnership with Chinese bus bodywork manufacturer Higer, on the basis of which the two companies will team up with Scania Touring in China to produce a bus for the global market.

Much attention was generated by Scania's new R-series, which was voted "International Truck of the Year 2010" owing to its aerodynamic design, fuel economy and unique Scania Driver Support system.

A total of 43,443 vehicles were delivered to Scania brand customers in fiscal year 2009. Around half of these vehicles were sold in Europe. In Brazil, Scania delivered 9,009 units to customers. The total number of buses sold was 6,636.

In the reporting period, the Scania brand produced 35,809 vehicles, of which 6,236 were buses.

Scania Touring

SCANIA BRAND

	2009	2008*
Deliveries	43,443	30,527
Vehicle sales	43,443	30,527
Production	35,809	32,430
Sales revenue (€ million)	6,385	3,865
Operating profit	236	417
as % of sales revenue	3.7	10.8

* July 22, 2008 to December 31, 2008.

SALES REVENUE AND EARNINGS

The Scania brand recorded an impressive performance in the reporting period despite the slump in demand for trucks. Sales revenue reached €6.4 billion. Operating profit was €236 million. This was due above all to positive effects from the service business. In 2009, a particularly difficult year, the operating return on sales was 3.7%.

As the prior-year figures refer only to the period July 22 to December 31, 2008, we have not shown a year-on-year comparison.

PRODUCTION

Vehicles	2009	2008*
Trucks	29,573	29,085
Buses	6,236	3,345
	35,809	**32,430**

* July 22, 2008 to December 31, 2008.

FURTHER INFORMATION
www.scania.com

VOLKSWAGEN FINANCIAL SERVICES
AKTIENGESELLSCHAFT

Volkswagen Financial Services
Growth through flexible mobility packages and internationalization

Even in difficult times, the innovative products offered by Volkswagen Financial Services boosted growth along the automotive value chain by meeting customers' needs for peace-of-mind mobility – and not just in Germany.

STRUCTURE OF VOLKSWAGEN FINANCIAL SERVICES

Volkswagen Financial Services' business comprises dealer and customer financing, leasing, banking and insurance activities, and fleet management. Volkswagen Financial Services AG coordinates the global financial services activities of the Volkswagen Group, excluding the Scania brand. The principal companies in this division include Volkswagen Bank GmbH and Volkswagen Leasing GmbH in Europe, and VW CREDIT, INC. in North America.

BUSINESS DEVELOPMENT

In fiscal year 2009, Volkswagen Financial Services countered the difficult market environment by introducing further product innovations, thus making a positive contribution to the Group's sales situation. Volkswagen Bank GmbH's successful mobility packages were once again of central importance and were extended to additional Group brands. The latest innovation is the credit protection insurance offered by Volkswagen Bank GmbH. This allows retail and corporate customers to cover financing installments or premiums for their automobile insurance and warranty policy, for example in cases where policyholders are unexpectedly unable to work or become unemployed through no fault of their own. This financial security guarantees customers' individual mobility in times of economic hardship. Around 45% of all Group vehicles delivered in Germany are either financed via Volkswagen Bank GmbH or leased via Volkswagen Leasing GmbH. Some 19% of Group vehicles delivered to retail customers were insured by Volkswagen Versicherungsdienst GmbH.

In 2009, Volkswagen Financial Services AG systematically continued its internationalization strategy. Since January 2009, financial services have also been offered in India by VOLKSWAGEN FINANCE PRIVATE LIMITED, a wholly owned subsidiary based in Mumbai. In Norway, a joint venture with the Group's Norwegian importer commenced trading at the end of 2009. Serving retail and corporate customers alike, this company offers financing, leasing and insurance for Volkswagen Passenger Cars, Audi and Škoda brand vehicles as well as for Volkswagen Commercial Vehicles.

2009 saw Volkswagen Financial Services receive further prestigious awards. In March, Volkswagen Bank GmbH was voted "Best Brand" in the "Passenger Car Banks" category by readers of specialist journal "auto, motor und sport" for the third consecutive year. Furthermore, Volkswagen Leasing GmbH won the "Flotten-Award" presented by specialist journal "Autoflotte" in the "Leasing and Fleet Management" category for the fourth consecutive year.

Rating agency Standard & Poor's has updated its credit ratings for Volkswagen Financial Services AG and Volkswagen Bank GmbH. In the current difficult economic climate, it confirmed its short-term and long-term ratings for Volkswagen Financial Services AG; the outlook was reduced from "stable" to "negative". The ratings for Volkswagen Bank GmbH were downgraded by one notch; here, too, the outlook is "negative". This means that Volkswagen Bank GmbH now has the same rating as Volkswagen AG and Volkswagen Financial Services AG. Based on its recent review of credit ratings, Moody's Investors Service also confirmed the short-term and long-term ratings for

Volkswagen Financial Services AG; the outlook was reduced to "stable". The short-term and long-term ratings for Volkswagen Bank GmbH are currently on the watch list for a possible downgrade.

In fiscal year 2009, 3.2 million new financing, leasing and service/insurance contracts were signed, 9.1% more than in the previous year. The number of contracts in the Customer Financing/Leasing area increased by 8.7% to 5.1 million as of December 31, 2009. The number of contracts in the Service/Insurance area rose by 9.4% year-on-year to a total of 2.1 million. Financed or leased vehicles accounted for 32.9% (32.5%) of total Group delivery volumes based on unchanged credit criteria. The direct banking business at Volkswagen Bank continued its positive development in fiscal year 2009. Volkswagen Bank GmbH *direct* managed 1,353,073 accounts as of December 31, 2009; this was 10.3% more than in the previous year.

In our fleet management business, the number of contracts recorded by our LeasePlan joint venture was 1.3 million as of December 31, 2009, down 5.9% year-on-year.

SALES REVENUE AND EARNINGS

In the reporting period, Volkswagen Finanzdienstleistungen generated sales revenue in the amount of €11.7 billion; this is an increase of 6.7% on the previous year. However, owing to higher risk costs in the wake of the financial crisis and to the absence of one-off items, operating profit for 2009 (€606 million) failed to match the 2008 level (€893 million).

VOLKSWAGEN FINANCIAL SERVICES

		2009	2008	%
Number of contracts[1]	thousands	7,223	6,631	+ 8.9
Customer financing		3,567	3,163	+ 12.8
Leasing		1,508	1,505	+ 0.2
Service/insurance		2,148	1,964	+ 9.4
Receivables from	€ million			
Customer financing		33,823	29,251	+ 15.6
Dealer financing[1]		9,639	11,055	– 12.8
Leasing agreements		14,069	15,064	– 6.6
Direct banking deposits	€ million	18,309	12,835	+ 42.7
Total equity and liabilities	€ million	76,431	74,690	+ 2.3
Equity	€ million	7,748	7,991	– 3.0
Liabilities[2]	€ million	66,180	63,380	+ 4.4
Equity ratio	%	10.1	10.7	
Return on equity before tax[3]	%	8.5	12.1	
Leverage[4]		8.5	7.9	
Operating profit	€ million	606	893	– 32.1
Profit before tax	€ million	673	919	– 26.8
Employees at Dec. 31		7,717	7,587	+ 1.7

1 Prior-year figures have been adjusted.
2 Excluding provisions and deferred tax liabilities.
3 Profit before tax as % of average equity.
4 Liabilities as % of equity.

FURTHER INFORMATION
www.vwfsag.com

Corporate Governance

359

359 companies are included in Volkswagen's consolidated financial statements. In accordance with the requirements of the German Corporate Governance Code, we ensure compliance with the statutory provisions and the Company's internal policies and their implementation throughout the Group.

THE THREE LEVERS OF THE COMPLIANCE ORGANIZATION

Corporate Governance Report (Part of the Management Report)

Acting Responsibly, Creating Value

Sustainable economic success can only be generated in our Company if we comply with national and international rules and standards, because that is the only way to strengthen the trust of our customers and investors. Transparent and responsible corporate governance takes the highest priority in our daily work. That's why the Board of Management and the Supervisory Board of Volkswagen AG comply with the recommendations of the current German Corporate Governance Code as issued on June 18, 2009 with only a few exceptions.

CORPORATE GOVERNANCE IN ACCORDANCE WITH THE RECOMMENDATIONS AND SUGGESTIONS OF THE GERMAN CORPORATE GOVERNANCE CODE

The German Corporate Governance Code contains recommendations and suggestions for good corporate governance. They are prepared by the Government commission responsible and are regularly updated on the basis of the main statutory provisions and nationally and internationally recognized standards of corporate governance. These recommendations and suggestions are intended to support successful and transparent corporate governance. For this reason, they provide an important basis for the work of the Board of Management and Supervisory Board of Volkswagen AG.

One of the main goals of the Volkswagen Group is to sustainably increase enterprise value. We achieve this goal by strengthening the trust of all stakeholders through our responsible and transparent corporate governance and by meeting national and international stakeholders' steadily increasing demands for information.

DECLARATION OF CONFORMITY (AS OF THE DATE OF THE RELEVANT DECLARATION)

On November 20, 2009, the Board of Management and Supervisory Board of Volkswagen AG issued the statutorily required declaration of conformity with the German Corporate Governance Code as required by section 161 of the Aktiengesetz (AktG – German Stock Corporation Act). In it they declared that they had complied with the recommendations of the Government Commission on the German Corporate Governance Code as issued on June 6, 2008, until the release of the revised version dated June 18, 2009 on August 5, 2009, with the exception of article 4.2.3(4) and (5) (cap on severance payments). This means that until the meeting of the Supervisory Board on November 20, 2009 that regularly deals with the recommendations and suggestions of the Code, the Company had largely complied with the Code as amended on June 18, 2009. The departures from it related to articles 3.8(2) (deductible under the D&O insurance), 4.2.3(2), sentences 2 and 3 (comparison parameters for variable compensation) and 4.2.3(3) and (4) (cap on severance payments).

The Board of Management and Supervisory Board have moreover declared that, in issuing the current declaration of conformity dated November 20, 2009, they have complied with the recommendations of the German Corporate Governance Code as amended on June 18, 2009 except for articles 3.8(2) (deductible under the D&O insurance), 4.2.3(2), sentences 2 and 3 (comparison parameters for variable compensation) and 4.2.3(3) and (4) (cap on severance payments).

A deductible under the D&O insurance in accordance with article 3.8(2) is to be included in the new insurance contract as from January 1, 2010. The requirements of articles 4.2.3(2), sentences 2 and 3 (comparison parameters for variable compensation) and 4.2.3(3) and (4) (cap on severance payments) are to be taken into account when entering into new contracts with members of the Board of Management in future.

The recommendations in articles 3.8(2) (deductible under the D&O insurance) and 4.2.3(2), sentences 2 and 3 (comparison parameters for variable compensation) provided new guidance; for this reason they will only be complied with in the future. In the past, the cap on severance payments had been viewed rather critically from a legal perspective and Volkswagen had therefore qualified its declaration of conformity in relation to this aspect. However, practical application has since led to the development of options that make it seem expedient to follow this recommendation as well in future.

The current joint declaration of conformity by the Board of Management and the Supervisory Board under section 161 of the AktG has been published on our website, www.volkswagenag.com/ir, under the heading “Corporate Governance”, menu item “Declarations of Conformity”.

In addition, the Volkswagen Group will largely comply with the suggestions of the Code. However, there are no plans to take long-term performance into account in determining Supervisory Board compensation (article 5.4.6, sentence 5). We will continue tracking the debate on this matter in professional circles.

In their declaration of conformity with the German Corporate Governance Code on November 23, 2009, the Board of Management and Supervisory Board of AUDI AG declared that the recommendations of the Code as issued on June 6, 2008 until the release of the revised version on August 5, 2009 had largely been complied with. However, there were qualifications: article 4.2.3(4) and (5) (cap on severance payments) is not complied with, the Supervisory Board has not formed a Nomination Committee (article 5.3.3 of the Code), members are not elected to the Supervisory Board on an individual basis (article 5.4.3, sentence 1 of the Code), and the remuneration of the members of the Supervisory Board is not reported individually, classified by components (article 5.4.6(3), sentence 1 of the Code). The Board of Management and Supervisory Board of AUDI AG also declared that after August 5, 2009, they complied and continue to comply with the recommendations as amended on June 18, 2009, except for articles 3.8(2), sentence 2 (deductible under the D&O insurance for the Supervisory Board), 4.2.3(2), sentences 2 and 3 (comparison parameters for variable compensation), 4.2.3(3) and (4) (cap on severance payments), 5.3.3 (Nomination Committee) and 5.4.3, sentence 1 (election of members to the Supervisory Board on an individual basis). A deductible under the D&O insurance (article 3.8(2), sentence 2) is to be included in the new insurance contract as from January 1, 2010. In addition, a cap on severance payments (article 4.2.3(3) and (4)) is to be taken into account in future when entering into new contracts with members of the Board of Management. The declaration of conformity is published at www.audi.com.

The following qualifications apply to AUDI AG with regard to the suggestions contained in the Code: the Annual General Meeting of AUDI AG is not broadcast on the Internet (article 2.3.4 of the Code). There is therefore no need to enable absent shareholders to contact the company’s proxies (article 2.3.3, sentence 3, 2nd half-sentence of the Code) during the Annual General Meeting. Moreover, there are no plans to take long-term performance into account in determining Supervisory Board compensation (article 5.4.6, sentence 5). AUDI AG will continue tracking the debate on this matter in professional circles.

DECLARATION OF CONFORMITY OF VOLKSWAGEN AG
www.volkswagenag.com/ir

DECLARATION OF CONFORMITY OF AUDI AG
www.audi.com

COOPERATION BETWEEN THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

The Board of Management agrees the strategic orientation of the Volkswagen Group with the Supervisory Board. The two Boards jointly discuss progress on the implementation of the strategy at regular intervals. The Supervisory Board is provided by the Board of Management with regular, complete and prompt verbal and written reports on all issues relevant to the Company relating to planning, business development, the risk situation, risk management, including the internal control system, and compliance.

More information on the cooperation between the Board of Management and the Supervisory Board of Volkswagen AG and on the work and membership of the committees of the Supervisory Board can be found in the Report of the Supervisory Board on pages 4 to 9 of this Annual Report. Information on the membership of the Board of Management and Supervisory Board may be found on pages 120 to 123.

REMUNERATION REPORT

Extensive details of the remuneration of all members of the Board of Management and the Supervisory Board may be found in the Remuneration Report on pages 112 to 115 of this Annual Report.

CORPORATE GOVERNANCE DECLARATION

The corporate governance declaration is permanently available on our website at www.volkswagenag.com/ir, under the heading “Mandatory Publications”.

COMPLIANCE

In accordance with the requirements of the German Corporate Governance Code, the Board of Management ensures compliance with the statutory provisions and the Company’s internal policies and ensures compliance with them throughout the Group. The Volkswagen Group’s sense of obligation has always gone beyond statutory and internal requirements. Obligations undertaken and ethical principles accepted voluntarily form an integral part of our corporate culture and are at the same time the guiding principle on which decisions are based. The Group Chief Compliance Officer reports directly to the Chairman of the Board of Management. His task is to advise the Board of Management on all compliance issues, to introduce, control and supervise preventive measures, and to ensure that the rules are complied with.

The basis of our compliance activities is the Group-wide compliance strategy, which embraces a preventive approach. The central Compliance Office is currently building a compliance organization throughout the Group. Our existing compliance expertise has already been pooled in a Core Compliance Team. A global network of compliance officers and representatives is gradually being established to support the other Group companies, locations and business units in promoting and ensuring compliance. In 2009, the Group senior executives around the world were informed of the introduction of the compliance organization, alerted to the issue and invited to participate. As part of compliance programs, relevant and topical issues are discussed each year at all levels within the Group. In 2009, anti-corruption measures were among the issues in focus.

Since January 2006, Volkswagen AG has had a global anti-corruption system with independent lawyers as ombudsmen and an internal Anti-Corruption Officer. All of them are additional points of contact for persons wishing to provide information on suspected instances of corruption within the Group. In 2009, the ombudsmen passed on information provided by persons, whose details remained confidential, to Volkswagen AG’s internal Anti-Corruption Officer in 30 cases. All information is followed up.

To avoid and prevent conflicts of interest and corruption, Volkswagen uses an online learning program to provide targeted information to employees. Initially, the program was addressed to senior managers of Volkswagen AG, who were required to complete the program by the end of 2009. Participation is to be extended to other groups of Volkswagen AG employees and to other Group companies in the future.

To discharge our global and local responsibility even more systematically, we developed a Code of Conduct in 2009 for Group-wide application, which will be rolled out in stages throughout the Group starting in 2010. It will act as a guiding principle for employees that summarizes the key principles of our actions and supports them in dealing with the legal and ethical challenges they face in their daily work.

Moreover, the Volkswagen Group was the first company in 2009 to approve a "Labor Relations Charter" that is applicable worldwide. This Charter sets binding minimum standards for the entire Group for the involvement of employee representatives at company level on the basis of information, consultation and co-determination rights.

RISK MANAGEMENT

Careful management of potential risks to the Company takes a high priority in our daily work. We have implemented a risk management system that helps us to identify risks and optimize risk positions. We continually adapt this system to changes in the operating environment. Extensive details of this system and a description of our financial reporting-related internal control system may be found in the Risk Report chapter on pages 182 to 184.

The Audit Committee established by the Supervisory Board deals in particular with issues relating to financial reporting, risk management, including the internal control system and compliance, the required independence of the auditors, the engagement of the auditors, the definition of areas of emphasis of the audit and the agreed fee. As recommended by the German Corporate Governance Code, the Chairman of the Audit Committee, Dr. Oliver Ferdinand Porsche, has particular expertise and experience in the application of financial reporting principals and internal control systems.

COMMUNICATION AND TRANSPARENCY

The Volkswagen Group publishes a financial calendar listing all the important dates for its shareholders in its Annual Report, in the interim reports and on its website at www.volkswagenag.com/ir. In addition, we also publish on our website the invitation to and the agenda of the shareholders' meetings and any countermotions received. At the shareholders' meetings, shareholders may exercise their voting rights themselves, have this right exercised on their behalf by a third-party proxy granted power of attorney, or by a proxy designated by the Company who will vote on their behalf in accordance with their voting instructions. Moreover, we offer our shareholders the option of following the entire meeting on the Internet.

The Company's ad hoc releases are also published without delay on our website at www.volkswagenag.com/ir under the heading "Mandatory Publications", menu item "Ad-hoc releases". The website also provides additional advice and information about the Volkswagen Group. All releases and other information are published in both English and German. A detailed list of all communications published in 2009 relating to the capital markets is included in the annual document required by section 10 of the Wertpapierprospektgesetz (WpPG – German Securities Prospectus Act), which can also be accessed on the above website under the heading "Mandatory Publications".

We publish directors' dealings (section 15a of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act)) at www.volkswagenag.com/ir under the heading "Mandatory Publications", menu item "Directors' Dealings".

In addition, details of the notifications filed in compliance with sections 21 ff. of the WpHG during the reporting period can be found on this website under the heading "Mandatory Publications", menu item "Reporting of voting rights according to WpHG". Notifications relating to other legal issues may be downloaded there under the heading "Mandatory Publications", menu item "Other legal issues".

The supervisory body offices held by Board of Management members and Supervisory Board members can be found on pages 120 to 123 of this Annual Report.

MANDATORY PUBLICATIONS OF VOLKSWAGEN AG
www.volkswagenag.com/ir

Remuneration Report

(Part of the Management Report)

The Remuneration Report details the individualized remuneration of the Board of Management and the Supervisory Board of Volkswagen AG, broken down into components, as well as individualized pension provision disclosures for the members of the Board of Management. In addition, we explain in this chapter the main elements of the variable remuneration system for the Board of Management.

BOARD OF MANAGEMENT REMUNERATION

The remuneration of the members of the Board of Management conforms to the requirements of the Aktiengesetz (AktG – German Stock Corporation Act) and to most of the recommendations set out in the German Corporate Governance Code. In particular, the remuneration structure is focused on ensuring sustainable business growth in accordance with the Gesetz zur Angemessenheit der Vorstandsvergütung (VorstAG – German Act on the Appropriateness of Executive Board Remuneration) (section 87(1) of the AktG). The new recommendations of the Code as issued on June 18, 2009 in article 4.2.3(2) sentences 2 and 3 (com-parison parameters for variable compensation) are being implemented.

The remuneration of the Board of Management comprises fixed and variable components. The fixed components of the package ensure firstly a basic level of remuneration enabling the individual members of the Board of Management to perform their duties in the interests of the Company and to fulfill their obligation to act with proper business prudence without needing to focus on merely short-term performance targets. On the other hand, variable components, dependent among other criteria on the financial performance of the Company, serve to ensure the long-term impact of behavioral incentives.

In fiscal year 2009, the members of the Board of Management received fixed remuneration totaling €5,623,917 (previous year: €5,346,622). The fixed remuneration also includes differing levels of remuneration for the assumption of appointments at Group companies as well as noncash benefits, particularly of the use of company cars and the grant of insurance cover. Taxes due on the noncash benefits were mainly borne by Volkswagen AG.

REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT

€	FIXED	VARIABLE	TOTAL 2009	TOTAL 2008
Martin Winterkorn	1,700,317	4,900,000	6,600,317	12,712,372
Francisco Javier Garcia Sanz	1,090,031	1,900,000	2,990,031	9,506,989
Jochem Heizmann	930,670	1,900,000	2,830,670	6,870,196
Horst Neumann	952,614	1,900,000	2,852,614	6,772,474
Hans Dieter Pötsch	950,285	2,500,000	3,450,285	9,520,341
	5,623,917	**13,100,000**	**18,723,917**	**45,382,372**

The variable remuneration comprises a bonus, which relates to business performance over the previous two years, and, starting in 2010, a Long-Term Incentive plan (LTI), which is based on the previous four fiscal years. The bonus amount is primarily oriented on the results achieved and the financial position of the Company.

The variable remuneration system with a long-term incentive component was discontinued in its previous form when all members of the Board of Management exercised the conversion rights granted to them under the stock option plan at the end of 2008. The Supervisory Board therefore adopted a new performance-related remuneration component, the LTI, at its meeting on November 20, 2009.

The amount of this variable remuneration component depends on the achievement of the targets laid down in the "Strategy 2018". The specific target areas are as follows:

- Top customer satisfaction, measured using the Customer Satisfaction Index,
- Top employer, measured using the Employee Index,
- Unit sales growth, measured using the Growth Index and
- Increase in the return on sales, measured using the Return Index.

The Customer Satisfaction Index is calculated using indicators that quantify the overall satisfaction of our customers with the delivering dealers, new vehicles and the service operations based on the last workshop visit.

The Employee Index is determined using the "employment" and "productivity" indicators as well as the participation rate and results of employee surveys ("opinion surveys").

The Growth Index is calculated using the "deliveries to customers" and "market share" indicators.

The indices on customer satisfaction, employees and unit sales are aggregated and the result is multiplied by the Return Index, which is derived from the return on sales trend. This ensures that the LTI is only paid out if the Group is financially successful. If the 1.5% threshold for the return on sales is not exceeded, the Return Index is zero. This would mean that the overall index for the fiscal year concerned is also zero.

Each fiscal year, the Supervisory Board sets the amount of the LTI on the basis of the four-year average of the overall indices. The LTI will be calculated and paid to the Board of Management for the first time in 2011 for fiscal year 2010 using an introductory scenario and on the basis of the likely performance for 2011. The performance for fiscal years 2010 and 2011 will be reflected in the calculation in 2012, and the performance for 2010 to 2012 will be reflected in the calculation in 2013. From 2014 onwards, the past four years will be used as a basis for analysis.

The Supervisory Board may cap the variable remuneration components in the event of extraordinary business developments.

Since the declaration of conformity with the German Corporate Governance Code was issued on November 20, 2009, a severance payment cap has been agreed in accordance with the German Corporate Governance Code when entering into Board of Management contracts.

POST-EMPLOYMENT BENEFITS

In the event of termination of their service on the Board of Management, the members of the Board of Management are entitled to a pension and to a surviving dependents' pension as well as the use of company cars for the period in which they receive their pension.

The following rule applies to Board of Management contracts entered into before August 5, 2010: the old-age pension to be granted after leaving the Company is payable immediately if their membership of the Board of Management is terminated by the Company, and in other cases on reaching the age of 63. Any remuneration received from other sources until the age of 63 is deductible from the benefit entitlement up to a certain fixed amount.

The following rule applies to Board of Management contracts entered into after August 5, 2010 and to future contracts: the old-age pension to be granted after leaving the Company is payable on reaching the age of 63.

The old-age pension is calculated as a percentage of the fixed basic salary, which accounts for most of the fixed individual remuneration of the Board of Management shown in the table on page 112. Starting at 50%, the individual percentage increases by two percentage points for each year of service up to the maximum of 70% defined by the Presidium of the Supervisory Board. Mr. Winterkorn and Mr. Garcia Sanz have an old-age pension entitlement of 70%, Mr. Heizmann of 66% and Mr. Neumann and Mr. Pötsch of 64% of their fixed basic salaries as of the end of 2009.

The members of the Board of Management are entitled to payment of their normal remuneration for six months in the event of illness and to the retirement pension in the event of disability. Surviving dependents receive a widows' pension of 66 2/3% and orphans' benefits of 20% of the former member of the Board of Management's pension.

On December 31, 2009 the pension obligations for members of the Board of Management in accordance with IAS 19 amounted to €43,805,628 (previous year: €32,732,521). Current pensions are index-linked in accordance with the index-linking of the highest collectively agreed salary insofar as the application of section 16 of the Gesetz zur Verbesserung der betrieblichen Altersversorgung (BetrAVG – German Company Pension Act) does not lead to a larger increase.

Retired members of the Board of Management and their surviving dependents received €8,252,535 (previous year: €8,269,973). Obligations for pensions for this group of persons were recognized in the amount of €106,679,193 (previous year: €102,789,267).

SUPERVISORY BOARD REMUNERATION

Under Article 17 of the Volkswagen AG Articles of Association, the remuneration of Volkswagen AG's Supervisory Board is composed of a fixed component (plus attendance fees) and a variable component that depends on the amount of the dividend paid. The duties performed by the respective member on the Supervisory Board are also taken into account. In fiscal year 2009, the members of the Supervisory Board received €3,840,514 (previous year: €4,574,665). €365,550 of this figure (previous year: €273,000) related to the fixed remuneration components (including attendance fees) and €3,474,964 (previous year: €4,301,665) to the variable remuneration components.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

€	FIXED	VARIABLE	TOTAL 2009	TOTAL 2008
Ferdinand K. Piëch	28,000	362,500	390,500	467,000
Jürgen Peters[1]	22,000	241,667	263,667	313,667
Jörg Bode[2] (since November 4, 2009)	5,950	19,132	25,082	–
Michael Frenzel	18,000	181,250	199,250	236,500
Babette Fröhlich[1]	19,000	181,250	200,250	236,500
Hans Michael Gaul	19,000	181,250	200,250	236,500
Jürgen Großmann	14,000	120,833	134,833	159,333
Holger P. Härter (until July 23, 2009)	8,767	136,273	145,040	313,667
Walter Hirche[2] (until April 23, 2009)	3,875	37,760	41,635	159,333
Peter Jacobs[1]	16,000	120,833	136,833	159,333
Hartmut Meine[1] (since December 30, 2008)	16,000	120,833	136,833	428
Peter Mosch[1]	16,000	120,833	136,833	159,333
Roland Oetker	22,000	241,667	263,667	313,667
Bernd Osterloh[1]	19,000	181,250	200,250	236,500
Hans Michel Piëch (since August 7, 2009)	9,400	48,333	57,733	–
Ferdinand Oliver Porsche (since August 7, 2009)	11,233	85,255	96,488	–
Wolfgang Porsche (since April 24, 2008)	17,158	144,161	161,319	108,675
Wolfgang Ritmeier	19,000	181,250	200,250	236,500
Philipp Rösler[2] (April 23 – October 28, 2009)	6,092	62,263	68,355	–
Heinrich Söfjer[1]	16,000	120,833	136,833	159,333
Jürgen Stumpf[1]	14,000	120,833	134,833	159,333
Bernd Wehlauer[1]	19,000	181,250	200,250	236,500
Wendelin Wiedeking (until July 23, 2009)	7,075	102,205	109,280	236,500
Christian Wulff[2]	19,000	181,250	200,250	236,500
Supervisory Board members who retired in the prior year	–	–	–	209,563
Total	**365,550**	**3,474,964**	**3,840,514**	**4,574,665**

1 These employee representatives have stated that they will transfer their Supervisory Board remuneration to the Hans Böckler Foundation in accordance with the guidelines issued by the German Confederation of Trade Unions (DGB).
2 Under section 5(3) of the Niedersächsisches Ministergesetz (Act Governing Ministers of the State of Lower Saxony), these members of the Supervisory Board are obliged to transfer their Supervisory Board remuneration to the State of Lower Saxony as soon as and to the extent that it exceeds €5,500 per annum. Remuneration is defined for this purpose as Supervisory Board remuneration and attendance fees exceeding the amount of €200.

Structure and Business Activities

(Part of the Management Report)

The following section describes the legal and organizational structure of the Volkswagen Group and explains the material changes in 2009 with respect to equity investments. This is followed by the disclosures relating to takeover law in accordance with sections 289(4) and 315(4) of the HGB.

OUTLINE OF THE LEGAL STRUCTURE OF THE GROUP

Volkswagen AG is the parent company of the Volkswagen Group. It develops vehicles and components for the Group, but also produces and sells vehicles, in particular Volkswagen brand passenger cars and commercial vehicles. In its function as parent company, Volkswagen AG holds interests in AUDI AG, Scania AB, SEAT S.A., Volkswagen Financial Services AG and numerous other companies in Germany and abroad. An overview of the significant Group companies can be found in the Notes to the Consolidated Financial Statements on pages 298 to 300. More detailed disclosures on the shareholdings in accordance with sections 285 and 313 of the HGB can be accessed at www.volkswagenag.com/ir.

Volkswagen AG's Board of Management is the ultimate body responsible for managing the Group. The Supervisory Board appoints, monitors and advises the Board of Management; it is consulted directly on decisions that are of fundamental significance for the Company.

Information on the remuneration structure for the Board of Management and the Supervisory Board can be found in the Remuneration Report on pages 112 to 115 and in the Notes to the Consolidated Financial Statements of Volkswagen AG on page 297.

ORGANIZATIONAL STRUCTURE OF THE GROUP

Volkswagen AG and the Volkswagen Group are managed by Volkswagen AG's Board of Management in accordance with the Volkswagen AG Articles of Association and the rules of procedure for Volkswagen AG's Board of Management issued by the Supervisory Board. Within the framework laid down by law, the Group Board of Management ensures that Group interests are taken into account in decisions relating to the Group's brands and companies. This body consists of Board members, the chairmen of the larger brands and selected top managers with Group management functions. Each brand in the Volkswagen Group 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 – in accordance with the applicable legal framework. Matters that are of importance to the Group as a whole are submitted to the Group Board of Management in order – to the extent permitted by law – to reach agreement between the parties involved. The rights and obligations of the statutory supervisory bodies of the relevant brand companies remain unaffected.

The companies of the Volkswagen Group are managed separately by their respective managements. In addition to the interests of their own companies, each individual company management takes into account the interests of the Group and of the individual brands in accordance with the framework laid down by law.

MATERIAL CHANGES IN EQUITY INVESTMENTS

On December 7, 2009, Volkswagen acquired an initial 49.9% equity interest in Dr. Ing. h.c. F. Porsche AG, Stuttgart, via Porsche Zwischenholding GmbH, Stuttgart. The remaining shares are held by Porsche Automobil Holding SE, Stuttgart, again via Porsche Zwischenholding GmbH. The intention is for Volkswagen AG and Porsche Automobil Holding SE, to merge in 2011; this would require the prior approval by the general meetings of the two companies.

On December 9, 2009, Volkswagen AG and the Suzuki Motor Corporation entered into a long-term strategic partnership with the signature of a corresponding framework agreement. On January 15, 2010, Volkswagen purchased 19.9% of Suzuki shares at a cost of €1.7 billion; Suzuki plans to invest up to one half of the purchase price paid in Volkswagen shares.

The newly formed Volkswagen Osnabrück GmbH, a direct subsidiary of Volkswagen AG, will purchase equipment and machinery from Wilhelm Karmann GmbH & Co KG in 2010. A new vehicle project is to be launched in 2011 with the new company.

On December 31, 2009, Volkswagen Retail GmbH acquired the MAHAG Group, headquartered in Munich, and its 30 operating establishments effective January 1, 2010. Measured in terms of new car sales, it is Germany's largest Volkswagen, Audi and Porsche dealer.

LEGAL FACTORS INFLUENCING BUSINESS

Volkswagen companies are affected – as are other international companies – by numerous laws in Germany and abroad. In particular, there are legal requirements relating to development, production and distribution, but that also include tax, company, commercial and capital market law, as well as labor, banking, state aid and insurance regulations.

DISCLOSURES REQUIRED UNDER TAKEOVER LAW

The disclosures required under takeover law as specified by sections 289(4) and 315(4) of the Handelsgesetzbuch (HGB – German Commercial Code) are presented in the following.

Capital structure

On December 31, 2009, the share capital of Volkswagen AG amounted to €1,024,623,813.12 (previous year: €1,024,405,726.72); it was composed of 295,005,397 ordinary shares and 105,238.280 preferred shares. Each share conveys a notional interest of €2.56 in the share capital.

Shareholder rights and obligations

The shares convey pecuniary and administrative rights. The pecuniary rights include in particular shareholders' right to participate in profits (section 58(4) of the Aktiengesetz (AktG – German Stock Corporation Act)), to participate in liquidation proceeds (section 271 of the AktG) and preemptive rights on shares in the event of capital increases (section 186 of the AktG). Administrative rights include the right to attend the Annual General Meeting and the right to speak there, to ask questions, to propose motions and to exercise voting rights. Shareholders can enforce these rights in particular through actions seeking disclosure and actions for avoidance.

Each ordinary share grants the holder one vote at the Annual General Meeting. The Annual General Meeting elects shareholder representatives to the Supervisory Board and elects the auditors; in particular, it resolves the appropriation of net profit, formally approves the actions of the Board of Management and the Supervisory Board, resolves amendments to the Articles of Association, capitalization measures, authorizations to purchase treasury shares and, if required, the conduct of a special audit; it also resolves premature removal of Supervisory Board members and the winding-up of the Company.

Preferred shareholders generally have no voting rights. However, in the exceptional case that preferred shareholders are granted voting rights by law (for example, when preferred share dividends were not paid in one year and not compensated for in full in the following year), each preferred share also grants the holder one vote at the Annual General Meeting. Furthermore, preferred shares entitle the holder to a €0.06 higher dividend than ordinary shares (further details on this right to preferred dividends are specified in Article 27(2) of the Articles of Association).

The Gesetz über die Überführung der Anteilsrechte an der Volkswagenwerk Gesellschaft mit beschränkter Haftung in private Hand (VW-Gesetz – Act on the Privatization of Shares of Volkswagenwerk Gesellschaft mit beschränkter Haftung) of July 21, 1960 includes various provisions in derogation of the Aktiengesetz (AktG – German Stock Corporation Act), for example on exercising voting rights by proxy (section 3 of the VW-Gesetz) and on majority requirements (section 4(3) of the VW-Gesetz).

Volkswagen AG held an Extraordinary General Meeting on December 3, 2009 in Hamburg at which in particular a resolution was also adopted that the State of Lower Saxony is entitled to appoint two members of the Supervisory Board of Volkswagen AG for as long as the State of Lower Saxony directly or indirectly holds at least 15% of Volkswagen AG's ordinary shares. The Extraordinary General Meeting also resolved that resolutions by the General Meeting that are required by law to be adopted by a qualified majority will – irrespective of the VW-Gesetz – continue to require a majority of more than 80% of the share capital represented when the resolution is adopted, unless another majority is prescribed by law.

Knightsbridge Vermögensverwaltungs- und Beteiligungs GmbH, Munich, CIA Consulting Investment Asset Management GmbH, Hamburg, CDHL-Vermögensverwaltungsgesellschaft mbH, Hamburg, VC-Services GmbH, Hamburg, and Edmund Zimmermann GmbH, Geesthacht, filed actions for avoidance and annulment of the resolutions of the Extraordinary General Meeting.

Shareholdings exceeding 10% of voting rights

Shareholdings in Volkswagen AG that exceed 10% of voting rights are shown in the Notes to the Annual Financial Statements of Volkswagen AG and in the Notes to the Volkswagen Consolidated Financial Statements on pages 289 to 296 of this Annual Report.

Qatar sent Volkswagen AG a notification in January 2010 in accordance with section 27a(1) of the WpHG, which was published on January 25, 2010. It can be accessed at www.volkswagenag.com/ir.

Composition of the Supervisory Board

The Supervisory Board consists of 20 members, half of whom are shareholder representatives; as a general rule, shareholder representatives are elected by the Annual General Meeting. As soon as the resolution to this effect adopted by the Extraordinary General Meeting on December 3, 2009 is entered in the commercial register, the State of Lower Saxony will be entitled to appoint two members of the Supervisory Board, which would therefore reduce the number of shareholder representatives to be elected by the Annual General Meeting. Various actions for avoidance and annulment were filed against the resolution by the Extraordinary General Meeting on December 3, 2009 to grant the State of Lower Saxony such rights of appointment.

The other half of the Supervisory Board consists of employee representatives elected by the employees in accordance with the Mitbestimmungsgesetz (German Codetermination Act). A total of seven of these employee representatives are Company employees; the other three employee representatives on the Supervisory Board are representatives of the trade unions elected by the workforce. The Chairman of the Supervisory Board, generally a shareholder representative on the Supervisory Board who is elected by his Supervisory Board colleagues, has a casting vote in the Supervisory Board, in accordance with the Mitbestimmungsgesetz (German Codetermination Act).

Statutory requirements and requirements of the Articles of Association with regard to the appointment and removal of Board of Management members and to amendments to the Articles of Association

The appointment and removal of members of the Board of Management are governed by sections 84 and 85 of the AktG, whereby members of the Board of Management are appointed by the Supervisory Board for a maximum of five years. Board of Management members may be reappointed or have their term of office extended for a maximum of five years in each case. In addition, Article 6 of the Articles of Association states that the number of Board of Management members is stipulated by the Supervisory Board and that the Board of Management must consist of at least three persons.

Powers of the Board of Management, in particular concerning the issue of new shares and the repurchase of treasury shares

According to German stock corporation law, the Annual General Meeting can, for a maximum of five years, authorize the Board of Management to issue new shares. It can also authorize the Board of Management, for a maximum of five years, to issue convertible bonds on the basis of which new shares are to be issued. The Annual General Meeting also decides the extent to which shareholders have preemptive rights to the new shares. The highest amount of authorized share capital or contingent capital available for these purposes is determined by Article 4 of the Articles of Association of Volkswagen AG, as amended.

The Extraordinary General Meeting on December 3, 2009, resolved to authorize the Board of Management, with the consent of the Supervisory Board, to increase the share capital by a total of up to €345,600,000 (135 million new non-voting preferred bearer shares) on one or more occasions up to December 2, 2014. The shareholders are granted preemptive rights to the new shares issued. Various actions for avoidance and annulment were filed against this resolution. Further details on the authorization to issue new shares and their permitted uses may be found in the Notes to the Consolidated Financial Statements on page 255.

Opportunities to acquire treasury shares are governed by section 71 of the AktG. At the most recent Annual General Meeting in Hamburg on April 23, 2009, the Board of Management was authorized, in accordance with section 71(1) no. 8 of the AktG and with the consent of the Supervisory Board, to acquire ordinary shares and/or non-voting preferred shares of Volkswagen AG on one or more occasions, up to a maximum of 10% of the share capital – i.e. up to a maximum of 40,016,362 shares – via the stock market or by way of a public purchase offer to all shareholders. This authorization applies until October 23, 2010.

Material agreements of the parent company that take effect in the event of a change of control following a takeover bid

A banking syndicate has granted Volkswagen AG a syndicated credit line amounting to €7.8 billion until June 2012. The syndicate members have the right to require the return of their portion of the credit line in the event of a change of control. Agreement was reached that, if a Porsche Group company should gain control of Volkswagen AG, a change of control will only take place if a control and profit and loss transfer agreement is entered into between Porsche Holding SE and Volkswagen AG.

Restrictions on the transfer of shares

To the Board of Management's knowledge, there is a restriction on the transfer of Volkswagen AG shares in the amount of 17.0% of Volkswagen AG's voting share capital for a period of approximately eight months from the date of this Annual Report by virtue of an agreement between shareholders of Volkswagen AG.

Executive Bodies

(Part of the Notes to the Consolidated Financial Statements)

Members of the Board of Management and their Appointments

APPOINTMENTS: AS OF DECEMBER 31, 2009

PROF. DR. RER. NAT.
MARTIN WINTERKORN (62)
Chairman (since January 1, 2007),
Research and Development
July 1, 2000*
Chairman of the Executive Board of
Porsche Automobil Holding SE
November 25, 2009*
Appointments:
○ FC Bayern München AG, Munich
○ Salzgitter AG, Salzgitter
⊙ Porsche Ges.m.b.H., Salzburg
⊙ Porsche Holding GmbH, Salzburg

DR. RER. POL. H.C.
FRANCISCO JAVIER
GARCIA SANZ (52)
Procurement
July 1, 2001*

PROF. DR. RER. POL.
JOCHEM HEIZMANN (58)
Production
January 11, 2007*
Appointments:
○ Lufthansa Technik AG, Hamburg

CHRISTIAN KLINGLER (41)
Sales and Marketing
January 1, 2010*

DR. RER. POL.
HORST NEUMANN (60)
Human Resources and Organization
December 1, 2005*
Appointments:
○ Wolfsburg AG, Wolfsburg

HANS DIETER PÖTSCH (58)
Finance and Controlling
January 1, 2003*
Chief Financial Officer of
Porsche Automobil Holding SE
November 25, 2009*
Appointments:
○ Allianz Versicherungs-AG, Munich
○ Bizerba GmbH & Co. KG, Balingen
(until December 31, 2009)
⊙ Porsche Ges.m.b.H., Salzburg
⊙ Porsche Holding GmbH, Salzburg

RUPERT STADLER (46)
Chairman of the Board of Management of
AUDI AG
January 1, 2010*

As part of their duty to manage and supervise the Group's business, the members of the Board of Management hold other offices on the supervisory boards of consolidated Group companies and other significant investees.

○ Membership of statutory supervisory boards in Germany.
⊙ Comparable appointments in Germany and abroad.

* The date signifies the beginning or period of membership of the Board of Management.

Members of the Supervisory Board and their Appointments

APPOINTMENTS: AS OF DECEMBER 31, 2009

HON.-PROF. DR. TECHN. H.C. DIPL.-ING. ETH FERDINAND K. PIËCH (72)
Chairman
April 16, 2002*
Appointments:
○ AUDI AG, Ingolstadt
○ Dr. Ing. h.c. F. Porsche AG, Stuttgart
○ MAN SE, Munich (Chairman)
○ Porsche Automobil Holding SE, Stuttgart
⦿ Porsche Ges.m.b.H., Salzburg
⦿ Porsche Holding GmbH, Salzburg

JÜRGEN PETERS (65)
Deputy Chairman
November 1, 2003*
Appointments:
○ Salzgitter AG, Salzgitter (Deputy Chairman)

JÖRG BODE (39)
Minister of Economic Affairs, Labor and Transport for the Federal State of Lower Saxony
November 4, 2009*
Appointments:
○ Deutsche Messe AG, Hanover

DR. JUR. KLAUS LIESEN (78)
July 2, 1987 – May 3, 2006*
Honorary Chairman of the Supervisory Board of Volkswagen AG (since May 3, 2006)

DR. JUR. MICHAEL FRENZEL (62)
Chairman of the Board of Management of TUI AG
June 7, 2001*
Appointments:
○ AWD Holding AG, Hanover
○ AXA Konzern AG, Cologne
○ E.ON Energie AG, Munich
● Hapag-Lloyd AG, Hamburg (Chairman)
● Hapag-Lloyd Fluggesellchaft mbH, Hanover (Chairman)
● TUI Cruises GmbH, Hamburg
● TUI Deutschland GmbH, Hanover (Chairman)
⦿ Preussag North America, Inc., Atlanta (Chairman)
⦿ TUI China Travel Co. Ltd., Beijing
⦿ TUI Travel PLC, Crawley

BABETTE FRÖHLICH (44)
IG Metall,
Head of Strategic Planning
October 25, 2007*
Appointments:
○ MTU Aero Engines Holding AG, Munich

DR. JUR. HANS MICHAEL GAUL (67)
June 19, 1997*
Appointments:
○ Evonik Industries AG, Essen
○ EWE AG, Oldenburg
○ HSBC Trinkaus & Burkhardt AG, Düsseldorf
○ IVG Immobilien AG, Bonn
○ Siemens AG, Munich
○ VNG – Verbundnetz Gas AG, Leipzig

DR. ING. JÜRGEN GROSSMANN (57)
Chairman of the Board of Management of RWE AG;
Partner, Georgsmarienhütte Holding GmbH
May 3, 2006*
Appointments:
○ Amprion GmbH, Dortmund (Chairman)
○ BATIG Gesellschaft für Beteiligungen mbH, Hamburg
○ British American Tobacco (Germany) GmbH, Hamburg
○ British American Tobacco (Industrie) GmbH, Hamburg
○ Deutsche Bahn AG, Berlin
○ Surteco SE, Buttenwiesen-Pfaffenhofen (Chairman)
⦿ Hanover Acceptances Ltd., London

HOLGER P. HÄRTER (53)
May 3, 2006 – July 23, 2009*

WALTER HIRCHE (69)
April 8, 2003 – April 23, 2009*

PETER JACOBS (52)
Chairman of the Works Council at the Volkswagen AG Emden plant
April 19, 2007*
Appointments:
○ Volkswagen Belegschaftsgenossenschaft für Regenerative Energien am Standort Emden eG, Emden
⦿ Volkswagen Coaching GmbH, Wolfsburg

○ Membership of statutory supervisory boards in Germany.
● Group appointments to statutory supervisory boards.
⦿ Comparable appointments in Germany and abroad.

* The date signifies the beginning or period of membership of the Supervisory Board.

HARTMUT MEINE (57)
Director of the Lower Saxony and Saxony-Anhalt Regional Office of IG Metall
December 30, 2008*
Appointments:
○ Continental AG, Hanover
○ KME Germany AG, Osnabrück

PETER MOSCH (38)
Chairman of the General Works Council of AUDI AG
January 18, 2006*
Appointments:
○ AUDI AG, Ingolstadt
○ Porsche Automobil Holding SE, Stuttgart

ROLAND OETKER (60)
Managing Partner of ROI Verwaltungsgesellschaft mbH;
Hon. President of Deutsche Schutzvereinigung für Wertpapierbesitz e.V.
June 19, 1997*
Appointments:
○ Deutsche Post AG, Bonn
⊙ Dr. August Oetker KG-Gruppe, Bielefeld (Deputy Chairman)
⊙ RAG Foundation, Essen

BERND OSTERLOH (53)
Chairman of the General and Group Works Councils of Volkswagen AG
January 1, 2005*
Appointments:
○ Autostadt GmbH, Wolfsburg
○ Porsche Automobil Holding SE, Stuttgart
○ Wolfsburg AG, Wolfsburg
⊙ Auto 5000 GmbH, Wolfsburg
⊙ Projekt Region Braunschweig GmbH, Braunschweig
⊙ VfL Wolfsburg-Fußball GmbH, Wolfsburg
⊙ Volkswagen Coaching GmbH, Wolfsburg

DR. JUR. HANS MICHEL PIËCH (68)
Lawyer in private practice
August 7, 2009*
Appointments:
○ AUDI AG, Ingolstadt
○ Dr. Ing. h.c. F. Porsche AG, Stuttgart
○ Porsche Automobil Holding SE, Stuttgart
⊙ Porsche Bank AG, Salzburg
⊙ Porsche Cars Great Britain Ltd., Reading
⊙ Porsche Cars North America Inc., Wilmington
⊙ Porsche Ges.m.b.H., Salzburg (Deputy Chairman)
⊙ Porsche Holding GmbH, Salzburg (Deputy Chairman)
⊙ Porsche Ibérica S.A., Madrid
⊙ Porsche Italia S.p.A., Padua
⊙ Schmittenhöhebahn AG, Zell am See
⊙ Volksoper Wien GmbH, Vienna

DR. JUR. FERDINAND OLIVER PORSCHE (48)
Member of the Board of Management of Familie Porsche AG Beteiligungsgesellschaft
August 7, 2009*
Appointments:
○ AUDI AG, Ingolstadt
○ Dr. Ing. h.c. F. Porsche AG, Stuttgart
○ Porsche Automobil Holding SE, Stuttgart
○ Voith AG, Heidenheim
⊙ Eterna S.A., Grenchen
⊙ PGA S.A., Paris
⊙ Porsche Lizenz- und Handelsgesellschaft mbH & Co. KG, Bietigheim-Bissingen

DR. RER. COMM. WOLFGANG PORSCHE (66)
Chairman of the Supervisory Board of Porsche Automobil Holding SE;
Chairman of the Supervisory Board of Dr. Ing. h.c. F. Porsche AG
April 24, 2008*
Appointments:
○ Dr. Ing. h.c. F. Porsche AG, Stuttgart (Chairman)
○ Porsche Automobil Holding SE, Stuttgart (Chairman)
⊙ Eterna S.A., Grenchen (Chairman)
⊙ Familie Porsche AG Beteiligungsgesellschaft, Salzburg (Chairman)
⊙ Porsche Bank AG, Salzburg (Deputy Chairman)
⊙ Porsche Cars Great Britain Ltd., Reading
⊙ Porsche Cars North America Inc., Wilmington
⊙ Porsche Ges.m.b.H., Salzburg (Chairman)
⊙ Porsche Holding GmbH, Salzburg (Chairman)
⊙ Porsche Ibérica S.A., Madrid
⊙ Porsche Italia S.p.A., Padua

WOLFGANG RITMEIER (61)
Chairman of the Board of Management of
Volkswagen Management Association (VMA)
April 19, 2007*
Appointments:
⦿ Volkswagen Pension Trust e.V.,
Wolfsburg

DR. MED. PHILIPP RÖSLER (36)
April 23, 2009 – October 28, 2009*

HEINRICH SÖFJER (58)
Member of the Works Council
Volkswagen Commercial Vehicles
August 3, 2007*

JÜRGEN STUMPF (55)
Chairman of the Works Council
at the Volkswagen AG Kassel plant
January 1, 2005*

BERND WEHLAUER (55)
Deputy Chairman of the General and Group
Works Councils of Volkswagen AG
September 1, 2005*
Appointments:
○ Wolfsburg AG, Wolfsburg
⦿ Volkswagen Immobilien GmbH
⦿ Volkswagen Pension Trust e.V.,
Wolfsburg

DR. ING. WENDELIN WIEDEKING (57)
January 28, 2006 – July 23, 2009*

CHRISTIAN WULFF (50)
Minister-President of the Federal State
of Lower Saxony
April 8, 2003*

COMMITTEES OF THE SUPERVISORY BOARD
As of December 31, 2009

Members of the Presidium
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH
Ferdinand K. Piëch (Chairman)
Jürgen Peters (Deputy Chairman)
Bernd Osterloh
Dr. Wolfgang Porsche
Bernd Wehlauer
Christian Wulff

Members of the Mediation Committee in accordance with section 27(3) of the Mitbestimmungsgesetz (German Codetermination Act)
Dr. Ferdinand Oliver Porsche (Chairman)
Jürgen Peters (Deputy Chairman)
Bernd Osterloh
Christian Wulff

Members of the Audit Committee
Dr. Ferdinand Oliver Porsche (Chairman)
Bernd Wehlauer (Deputy Chairman)
Babette Fröhlich
Dr. jur. Hans Michael Gaul

Members of the Nominating Committee
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH
Ferdinand K. Piëch (Chairman)
Dr. Wolfgang Porsche
Christian Wulff

Members of the Shareholder Business Relationships Committee
Roland Oetker (Chairman)
Wolfgang Ritmeier (Deputy Chairman)
Dr. jur. Michael Frenzel
Bernd Wehlauer

Members of the Committee for Special Business Relationships
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH
Ferdinand K. Piëch (Chairman)
Jürgen Peters (Deputy Chairman)
Bernd Osterloh
Dr. Wolfgang Porsche
Bernd Wehlauer
Christian Wulff

○ Membership of statutory supervisory boards in Germany.
● Group appointments to statutory supervisory boards.
⦿ Comparable appointments in Germany and abroad.

* The date signifies the beginning or period of membership of the Supervisory Board.

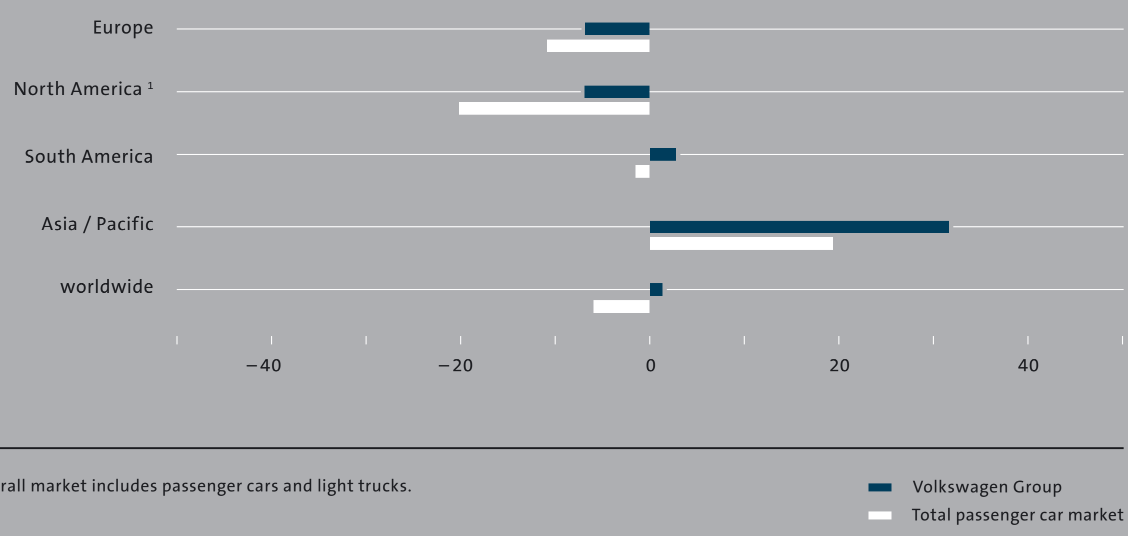
Management Report

11.3

The automotive markets were significantly impacted in 2009 by the global financial and economic crisis. Although the Volkswagen Group was not immune to the downward trend in most markets, it outperformed the market as a whole and increased its global market share to 11.3% during the crisis.

DELIVERIES IN KEY MARKETS COMPARED WITH 2008

as percent



[1] Overall market includes passenger cars and light trucks.

Business Development
Increased market share

In fiscal year 2009, economic growth and demand for passenger cars and commercial vehicles were significantly impacted worldwide by the financial and economic crisis. In this difficult environment, the Volkswagen Group performed well and increased its deliveries slightly as against the previous year's level.

INTEGRATED AUTOMOTIVE GROUP WITH PORSCHE

On December 7, 2009, Volkswagen acquired an initial 49.9% equity interest in Dr. Ing. h.c. F. Porsche AG, Stuttgart, via Porsche Zwischenholding GmbH, Stuttgart. The remaining shares are held by Porsche Automobil Holding SE, Stuttgart, again via Porsche Zwischenholding GmbH. The intention is for Volkswagen AG and Porsche Automobil Holding SE, to merge in 2011; this would require the prior approval by the general meetings of the two companies. If the merger does not come about, agreed put/call rights mean that Volkswagen can or must also acquire the remaining 50.1% in Porsche AG.

Additionally, on November 24, 2009 Volkswagen AG entered into agreements with Porsche Holding Salzburg (Porsche Holding GmbH and Porsche Ges.m.b.H., both headquartered in Salzburg) and their key family shareholders that grant Porsche Holding Salzburg the right to sell the operating trading business to Volkswagen by December 31, 2013 (January 1, 2011 at the earliest). In the transitional phase, Volkswagen AG will have the right to two appointees on the Shareholders' Committees and Supervisory Boards of both Porsche Ges.m.b.H., Salzburg, and Porsche Holding GmbH, Salzburg. These rights can only be exercised once all the relevant authorities have issued the necessary approvals. The proceeds from the sale together with a capital increase at Porsche Automobil Holding SE will reduce that company's debt and provide the basis for the merger with Volkswagen.

GLOBAL ECONOMY RECOVERS FROM THE INTERNATIONAL FINANCIAL AND ECONOMIC CRISIS

Following the slump in the global economy at the beginning of 2009, many countries started recovering in the following months thanks to the expansionary monetary and fiscal policies that continue to be pursued. Although commodity and oil prices again rose significantly as a result of the improved economic prospects, inflation rates in most countries remained relatively low. The global economy contracted on average by 2.0% during the course of the year after growing by 1.9% in 2008.

North America

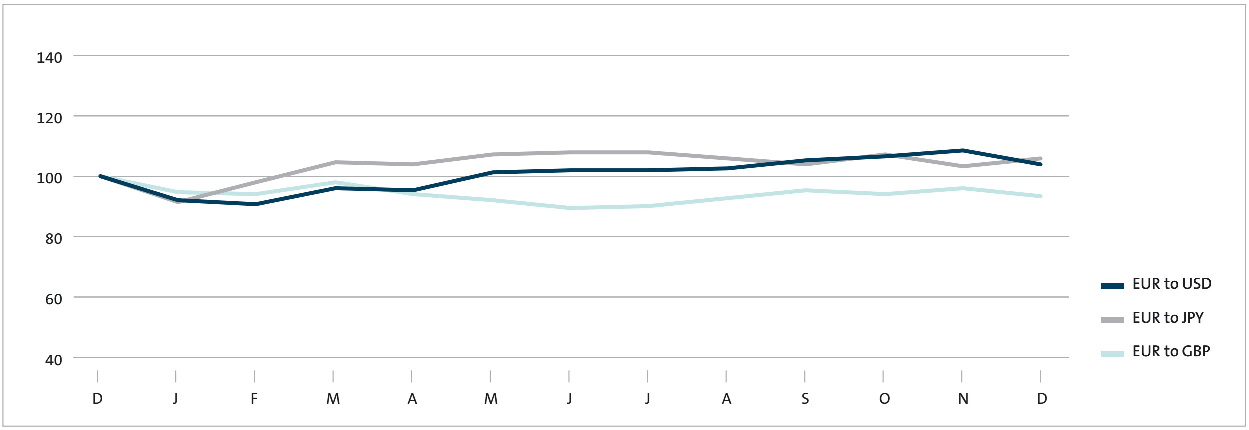
Economic growth in the United States slowed to –2.4% in the reporting period (+0.4%). However, thanks to its extremely expansionary monetary and fiscal policy, the country was able to overcome recession in the second half of the year. The US dollar lost considerable ground against the euro by the end of the year after its high in March. Canada's gross domestic product (GDP) fell by 2.6% (+0.4%); Mexico's economic output declined by 7.0% (+1.4%).

South America

While the Brazilian economy started picking up substantially as early as spring 2009, the economic situation in Argentina worsened in the course of the year. Average annual GDP in these two countries was on a similar level to the previous year.

EXCHANGE RATE MOVEMENTS FROM DECEMBER 2008 TO DECEMBER 2009

Index is based on month-end rates, December 31, 2008 = 100



Asia-Pacific

The Asian emerging economies recorded the fastest pace of growth. At 8.7%, China's growth rate was only down slightly on the previous year (9.0%). Japan recorded yet another decline in GDP (5.2%) following negative growth in 2008 (–1.2%). India's economy saw significant growth of 6.5% (7.3%) in the reporting period.

Europe/Remaining markets

Economic output in Western Europe declined sharply by 3.9% (+0.5%); unemployment in the euro zone rose from 8.2% at the beginning of the year to 10.0% at the end of the year. In November, the euro hit new highs for the year against the US dollar. Average GDP growth in Central and Eastern Europe was –5.4% (+4.1%).

For the first time in 17 years, South Africa recorded negative growth at –1.9% (+3.7%).

Germany

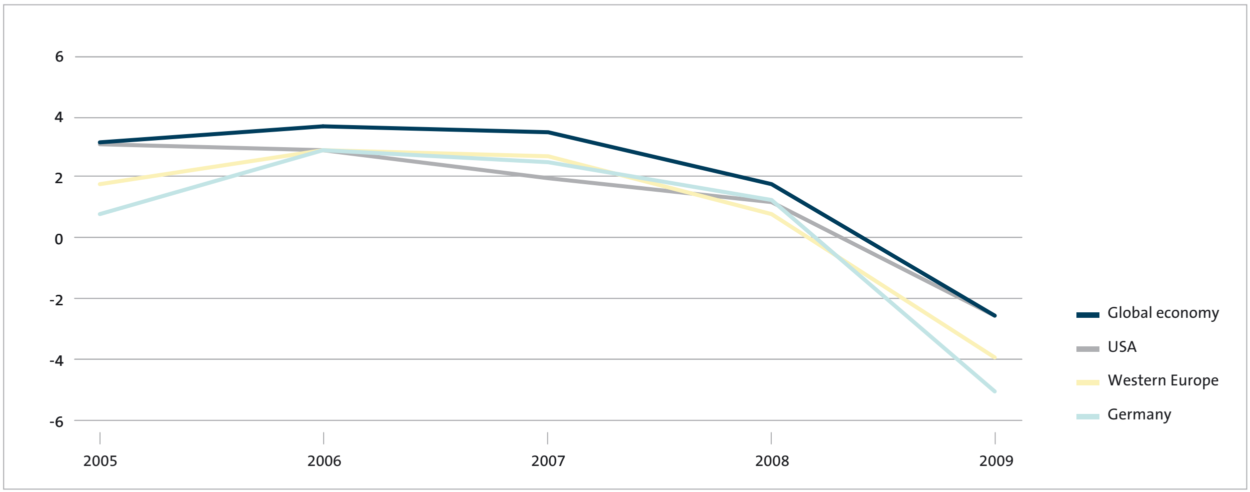
Although Germany had already overcome the recession in the second quarter of 2009, average annual GDP was down 5.0% on the previous year's level (+1.3%). The economic impetus in the second half of the year came mainly from exports and restocking. Retail spending remained relatively stable thanks to government support measures, although unemployment rose.

GLOBAL DEMAND FOR PASSENGER CARS DOWN FOR THE SECOND YEAR IN A ROW

In 2009, global passenger car sales fell by 6.0% to 52.4 million vehicles. Unit sales largely stabilized in the last months of the reporting period, mainly as a result of government programs to promote sales and lucrative incentive packages from the manufacturers. However, the Asia-Pacific region, due to the sharp increase in new passenger car registrations in China, and Western Europe, mainly due to the strong growth in Germany, were the only regions to record greater demand. By contrast, the markets in Central and Eastern Europe, North America and South Africa recorded sharp declines. Due in particular to the positive impact of government measures in Brazil, the decline in South America was considerably lower. In the reporting period, global automotive production decreased by 13.2% to 60.0 million units, of which 49.4 million were passenger cars (–14.0%).

ECONOMIC GROWTH

Percentage change in GDP



Sector specific environment

The automotive industry environment was marked by contrasting factors in 2009. The financial and economic crisis in particular had a significant impact on consumer demand. Government subsidy programs led to a temporary abandonment of customers' unwillingness to buy, who had become unsettled due to the crisis. Measures taken by many governments have bolstered the global automobile market and even ensured a sharp rise in new registrations. This generated additional demand and pull-forward effects: many consumers made their purchase decisions in 2009 on account of subsidy programs, earlier than originally planned.

North America

At –20.5%, demand for passenger cars and light commercial vehicles in the North American market in 2009 was significantly below the already low previous year's level. In the USA, persistent consumer reluctance led to a 21.3% slump in vehicle sales to 10.4 million units. The US government's incentive program was only able to ensure stability for a short time. Year-on-year losses were recorded by both the passenger car segment (–19.0% to 5.5 million vehicles) and the light commercial vehicle segment (–23.6% to 4.9 million units). In total, new registrations fell to their lowest level since 1982.

Sales figures in the Canadian market fell by 10.7% in the reporting period to 1.5 million units. Sales in Mexico also fell as against the previous year, with demand falling even more sharply – down 26.4% to 0.8 million vehicles.

South America

For the first time since 2003, vehicle sales in the South America region in 2009 were down year-on-year. Brazil was an exception to this general trend: the domestic market recorded yet another high. The limited government incentive program of high tax breaks was the main reason for the 12.8% rise in new registrations to 2.5 million passenger cars. At the same time, vehicle exports were down 35.3% on the previous year's figures at 475 thousand units, mainly as a result of the recession in the key export markets. With an 11.8% decline to 378 thousand vehicles, the Argentinian passenger car market was down significantly on the previous year's high.

Asia-Pacific

The rise in new passenger car registrations in the Asia-Pacific region continued, due mainly to the strong demand growth in the Chinese market in 2009. With growth of 3.0 to 8.5 million units (+53.9%), China has become the world's largest passenger car market. The sales boom was boosted in particular by tax breaks granted to buy vehicles with engine capacities of up to 1.6 liters from January 2009. The downward trend in the Japanese domestic market continued for the fifth year in succession: the number of passenger car sales fell by 7.2% in the reporting period to 3.9 million vehicles. Weak domestic consumer sentiment and less interest in automobiles among the younger generation are the reasons for the overall lowest number of new registrations since 1977. In India, passenger car sales were up 17.3% on the previous year's level. The rise to 1.4 million units was mainly driven by lower interest rates and a host of recently launched models.

Europe/Remaining markets

Demand for new vehicles in Western Europe rose slightly in the reporting period by 0.5% to 13.7 million units. At the beginning of the year, a dramatic market downturn was looming; however, this was avoided by government measures to promote sales by most automobile-producing countries in the region. Of the major markets, France recorded double-digit growth (+10.7%), while Spain (–17.9%), the UK (–6.4%) and Italy (–0.2%) recorded market contraction. The share of diesel vehicles in Western Europe fell to approximately 46% mainly as a result of the shift in demand to the mini and small car segments.

New car registrations collapsed in Central and Eastern Europe. Significant declines were recorded for the volume markets of Russia (–50.3%), Ukraine (–71.9%), Romania (–51.0%) and Hungary (–50.8%) in particular. Passenger car sales in Turkey were up significantly on the previous year's figures thanks to temporary tax breaks (+12.7%).

Demand for automobiles in South Africa fell to its lowest level in seven years. 255 thousand vehicles were sold here in fiscal year 2009, down 22.5%.

Germany

Demand for passenger cars in Germany increased by 18.2% in fiscal year 2009 to 4.0 million vehicles. The passenger car market reached its highest level since 1992 with 3.8 million units sold (+23.2%), mainly due to the scrapping premium. In contrast, new registrations of commercial vehicles, at 242 thousand (–27.7%), fell to their lowest level since reunification as a result of a decline in investment activity. At 170 thousand vehicles, new registrations of trucks with a gross vehicle weight of up to six tonnes were down 24.4% on the previous year's level. In particular, weak demand for passenger cars and commercial vehicles abroad led to a decline at German manufacturers in domestic production (–13.9% to 5.2 million units) and exports (–20.4% to 3.6 million units).

CONSIDERABLE FALL IN DEMAND FOR HEAVY TRUCKS

The effects of the global economic crisis led to a sharp drop in freight transportation in fiscal year 2009. The resulting reluctance on the part of buyers caused massive sales losses in all key sales regions with the exception of China. Global sales of trucks with a gross vehicle weight in excess of 15 tonnes fell by 21% to a total of 1.2 million.

In North America, negative demand growth for heavy trucks continued for the third year running. With a fall of 38% against 2008, this represents yet another significant shortfall against the weak figure for the previous year.

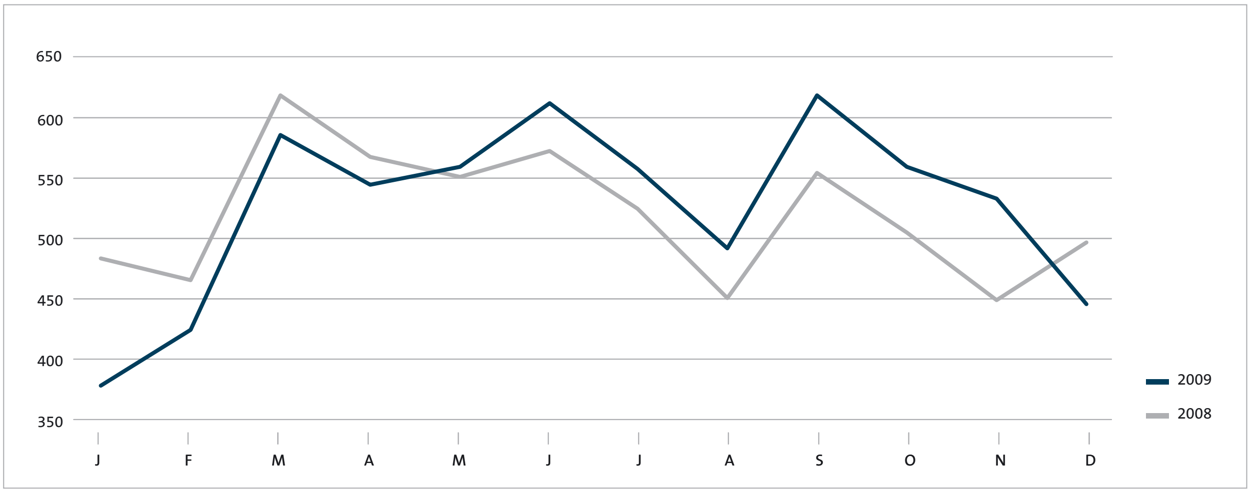
The effects on the Brazilian truck market were less drastic. Here, new registrations, supported by the government's programs to encourage spending, fell by approximately 20%.

In China, by far and away the largest single market for heavy trucks, the positive sales trend continued in the reporting period. With double-digit growth to approximately 600 thousand units, China now accounts for almost half of all global sales. In contrast, sales of heavy trucks to the other key markets in the Asia-Pacific region fell even further. In India, the world's third-largest sales market, new registrations fell approximately 20% below the prior-year figure; in Japan this figure fell by some 57%.

The market slump in heavy trucks was particularly steep in Western Europe. Sales here were almost half of that seen in the previous year. The market in Central and Eastern Europe contracted even more strongly to less than a third of the previous year's volume.

VOLKSWAGEN GROUP DELIVERIES BY MONTH

Vehicles in thousands



THE VOLKSWAGEN GROUP'S NEW MODELS IN 2009

In the reporting period, the Volkswagen Group once again revamped and further expanded its model range in important segments to include some 200 passenger and commercial vehicle models and their derivatives in all key segments and body types: from small cars to super sports cars in the passenger car sector, and from small pick-ups to heavy trucks in the commercial vehicles sector. The Group will successively move into additional segments that offer profitable opportunities.

Key new models for the Volkswagen Passenger Cars brand in 2009 were the new generations of the Golf Plus and the Polo, as well as the powerful Golf GTI and GTD versions. The BlueMotion Technology range was also expanded with the Golf BlueMotion*, the Passat BlueTDI and the Passat EcoFuel. In the fall, the updated Golf Variant rounded off the Volkswagen Passenger Cars brand model rollout in fiscal year 2009.

The Audi brand again demonstrated its technical and sporting expertise in 2009: sporting and technically advanced vehicles were launched in the form of the Audi S4 saloon and Avant, the Audi A5 and S5 Cabriolets, the Audi R8 as a V10 and a V8, as well as the Audi TT RS. The Audi A4 allroad quattro, which combines power, sportiness and elegance in the B segment, also deserves mention. The launch of the Audi A5 Sportback was yet another highlight in fall 2009.

At the beginning of 2009, Škoda introduced a powerful and off-road compact SUV in the shape of the Yeti. Other brand highlights were product enhancements to the Octavia series and the Octavia GreenLine version*, which underscores the brand's commitment to sustainability. The Fabia Combi Scout was the next model to join the popular Scout series.

The SEAT brand moved into a new segment and previously untapped buyer categories with the Exeo saloon and Sports Tourer. The powerful new Leon CUPRA R*, Ibiza CUPRA* and Ibiza FR models also underscore the Spanish brand's sporty aspects.

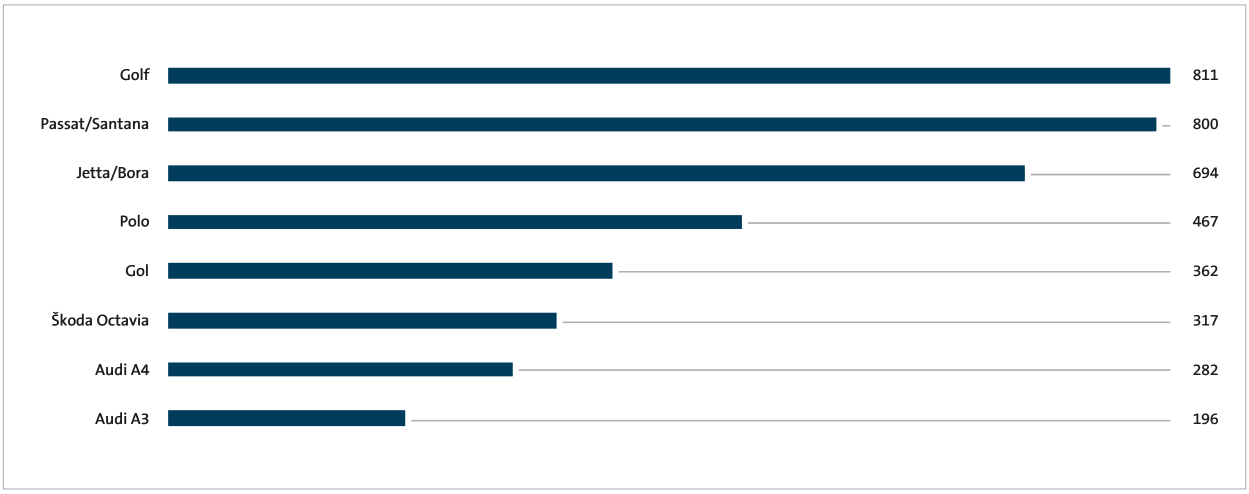
The Group's luxury brands also launched a whole host of fascinating new models and derivatives in fiscal year 2009. Bentley expanded its range to include the Continental GTC Speed* and the Azure T*; Lamborghini unveiled the impressive Murciélago LP 670-4 SuperVeloce* and Reventón Roadster. Bugatti caped its leading position among sports cars with the Veyron Grand Sport*, an absolutely outstanding roadster.

Volkswagen Commercial Vehicles unveiled the completely redesigned Multivan/Transporter and Caravelle models, whose body designs conform to Volkswagen's design DNA. In particular, the front section now has an even more commanding appearance.

* Consumption and emission data can be found on page 304 of this Report.

WORLDWIDE DELIVERIES OF THE GROUP'S MOST SUCCESSFUL MODELS IN 2009

Vehicles in thousands



Scania's new R-series meets the highest standards in terms of cost-effectiveness, attractiveness and reliability. It sets standards for the design and technology for long-distance vehicles. Scania's Opticruise system was launched in parallel with the new R-series. This is an automated gear changing system which, together with the unique Driver Support system – a feedback system to refine driving style – leads to greater safety and comfort and reduces fuel consumption.

VEHICLE DELIVERIES WORLDWIDE

The Volkswagen Group has a presence in all important automotive markets worldwide. Western Europe, China, Brazil, the USA and Mexico are currently the key sales markets. In an overall very difficult market environment, Volkswagen was able to improve its competitive position in the past fiscal year. We significantly increased the Group's market share in important key markets with our attractive and environmentally friendly product range; our global market share also recorded encouraging growth.

Deliveries to customers worldwide amounted to 6,336,222 vehicles in fiscal year 2009, which was 1.3% over the previous year's figure. The chart on page 130 shows that the delivery figures for the first months of the reporting period were down on the previous year's figures. However, starting in May, sales exceeded the figure for the prior-year months, which were increasingly marked by the spread of the crisis in the second half of 2008. Sales of almost all Group brands were adversely affected by the financial and economic crisis. Only the Volkswagen Passenger Cars and Škoda brands were able to improve their deliveries year-on-year, mainly due to high demand in Germany and China.

Under our changed regional presentation, the South African market is no longer allocated to the South America region, but is now part of the Europe/Remaining markets region. Prior-year figures have been adjusted accordingly.

The table on page 132 gives an overview of deliveries to customers by market and of the respective passenger car market shares in the 2009 fiscal year. We explain the sales development in individual markets in the following sections.

Deliveries in Europe/Remaining markets

In fiscal year 2009, deliveries to Group customers in Western Europe fell below the previous year's level. This region accounted for the largest proportion of our vehicles sold, accounting for 46.1% (previous year: 47.8%) of the Group's total delivery volume. Sales of almost all Group brands fell year-on-year due to the difficult market environment. Only the Volkswagen Passenger Cars and Škoda brands were able to exceed 2008 sales figures due to positive effects from government subsidy programs. The Polo, Golf, Golf Plus, Passat saloon, Škoda Fabia, Škoda Octavia, SEAT Ibiza and SEAT Leon models posted sales increases. Demand for the new Scirocco, Audi Q5, Audi A5 Sportback and SEAT Exeo was also encouraging. Despite the difficult market environment in Western Europe, the Volkswagen Group improved its share of the overall

DELIVERIES TO CUSTOMERS BY MARKET[1]

	DELIVERIES (UNITS)		CHANGE (%)	SHARE OF PASSENGER CAR MARKET (%)	
	2009	2008		2009	2008
Europe/Remaining markets	**3,492,316**	**3,777,876**	**−7.6**		
Western Europe	**2,917,889**	**2,989,192**	**−2.4**	**20.9**	**20.4**
of which: Germany	1,246,571	1,060,349	+ 17.6	34.2	33.6
United Kingdom	341,889	380,062	−10.0	15.9	16.3
Spain	224,692	278,321	−19.3	23.2	23.0
Italy	237,760	264,978	−10.3	10.1	11.2
France	260,799	270,341	−3.5	11.3	11.9
Central and Eastern Europe	**385,301**	**560,349**	**−31.2**	**13.4**	**10.5**
of which: Russia	95,208	132,918	−28.4	6.5	4.4
Czech Republic	77,952	79,626	−2.1	43.7	40.2
Poland	79,120	77,478	+ 2.1	22.5	21.5
Remaining markets	**189,126**	**228,335**[2]	**−17.2**		
of which: South Africa	52,750	73,259	−28.0	19.3	20.8
Turkey	49,094	54,818	−10.4	10.4	11.0
North America[3]	**467,769**	**503.139**	**−7.0**	**3.7**	**3,1**
of which: USA	297,973	314,513	−5.3	2.9	2.4
Mexico	118,391	139,257	−15.0	15.6	13.5
Canada	51,405	49,369	+ 4.1	3.5	3.0
South America	**825,876**	**803,471**[2]	**+ 2.8**	**21.7**	**19.4**
of which: Brazil	697,279	637,480	+ 9.4	25.4	24.0
Argentina	103,470	127,186	−18.6	26.9	25.4
Asia-Pacific	**1,550,261**	**1,172,357**	**+ 32.2**	**8.8**	**7.9**
of which: China	1,400,514	1,024,184	+ 36.7	16.5	18.7
Japan	53,904	61,626	−12.5	1.4	1.5
India	19,002	18,756	+ 1.3	1.3	1.5
Worldwide	**6,336,222**	**6,256,843**	**+ 1.3**	**11.3**	**10.3**
Volkswagen Passenger Cars	3,954,454	3,667,843	+ 7.8		
Audi	949,729	1,003,469	−5.4		
Škoda	684,226	674,530	+ 1.4		
SEAT	336,683	368,104	−8.5		
Bentley	4,616	7,604	−39.3		
Lamborghini	1,515	2,430	−37.7		
Volkswagen Commercial Vehicles	361,506	502,265	−28.0		
Scania	43,443	30,527[4]	+ 42.3		
Bugatti	50	71	−29.6		

1 Deliveries and market shares for 2008 have been updated to reflect subsequent statistical trends.
2 Adjusted.
3 Overall markets in the USA, Mexico and Canada include passenger cars and light trucks.
4 July 22, 2008 to December 31, 2008.

passenger car market to 20.9% (previous year: 20.4%). In Central and Eastern Europe, deliveries to customers were down 31.2% year-on-year. Only Poland recorded positive sales figures. The Golf, Tiguan, Škoda Octavia and Škoda Superb models generated the strongest growth.

Volkswagen Group deliveries in South Africa were down 28.0% year-on-year due to the repercussions of the financial and economic crisis and continued restrictive credit policies, with demand for entry-level models in particular dropping sharply. The market share held by the Volkswagen Group declined to 19.3% (previous year: 20.8%).

Demand for Group models in the Remaining markets was 17.2% lower than in the previous year.

Deliveries in Germany

In the past fiscal year, the Volkswagen Group increased its sales in the German passenger car market by 17.6% year-on-year; this was mainly as a result of the government scrapping premium and our attractive product portfolio. The Polo, Golf, Passat CC, Audi A3, Škoda Roomster, Škoda Fabia, SEAT Ibiza and Caddy models posted the strongest growth rates. Demand for the new Scirocco, Audi Q5 and SEAT Exeo models was also positive. At the end of 2009, six Group models led the Kraftfahrtbundesamt (KBA – German Federal Motor Transport Authority) registration statistics in their respective segments: the Polo, Golf, Passat, Touran, Tiguan and Caddy. The Golf again took first place among the most frequently registered passenger cars in Germany, with the Polo in second place. The Group’s market share in Germany increased to 34.2% (previous year: 33.6%), thus further cementing our market leadership.

Deliveries in North America

In the extremely sluggish US passenger car market, the Volkswagen Group’s sales figures fell only slightly below the previous year’s figure during the reporting period (–5.3%). The decline was thus lower than that experienced by the market as a whole. The US government’s incentive program was only able to ensure stability for a short time. The new Tiguan, Jetta, Passat CC and Audi A5 Coupé models experienced buoyant demand. In the Canadian passenger car market, we delivered 4.1% more vehicles to customers than in the year before. Demand was strongest for the Tiguan, Passat CC, and Audi A5 Coupé models. In the overall declining Mexican passenger car market (–26.4%), demand for Group models dropped by 15.0%. However, the Voyage, SEAT Ibiza, SEAT Leon and Saveiro models were increasingly popular.

Deliveries in South America

In fiscal year 2009, the slump in the global economy led to a fall in demand in the South American passenger car markets as well, although this was moderate compared with the market as a whole. Bucking the negative market trend, the Volkswagen Group increased its deliveries to customers by 2.8% in the reporting period. In Brazil, which launched an incentive program of high tax breaks, sales figures were up 9.4% thanks to strong demand for the Fox, Gol and Voyage models. These figures also include the Saveiro and T2 light commercial vehicles. We sold 2.0% fewer of these models in the Brazilian passenger car market than in the previous year.

In Argentina's sharply declining passenger car market, demand for the Group's vehicles fell by 18.6% compared with the prior year period. With a market share of 26.9% (previous year: 25.4%), we maintained our leadership position in the Argentinian market.

Deliveries in the Asia-Pacific region

Despite the negative trend on the global market, the passenger car markets in the Asia-Pacific region recorded an overall increase in demand in fiscal year 2009 due to the positive development of the Chinese market, which profited from the tax breaks granted when buying small cars. The Volkswagen Group increased its deliveries in the Asia-Pacific region by 32.2% year-on-year. Demand in the Chinese passenger car market for the Polo, Jetta, Santana, Audi A4, Audi A6 and Škoda Octavia models, as well as the newly launched Škoda Fabia, was particularly strong, leading to a 36.7% increase in our sales figures there. The Volkswagen Group’s market share fell to 16.5%; nevertheless, we maintained our leadership position. Group deliveries to customers in Japan fell by 12.5%. The Golf, Tiguan, Audi A3 and Audi A4 models were particularly popular. Demand for Group vehicles was also positive in the other markets in the Asia-Pacific region, including Australia and India.

ORDERS RECEIVED BY THE VOLKSWAGEN GROUP IN WESTERN EUROPE

In Western Europe (including Germany), demand for Group models in 2009 was down slightly on the previous year's level. The downward trend seen in the previous year was halted and demand for new vehicles and up to one year old pre-registered cars (mainly leased vehicles taken back) increased significantly, thanks in particular to the government subsidy programs. This is also reflected in the level of orders received by the Group in Western Europe, which rose by 20.3% compared with the previous year. In Western Europe excluding Germany, the Group recorded a slight drop of 0.4% in the level of orders received.

At December 31, 2009, the Volkswagen Group held orders for 204,289 vehicles within Germany and for 305,803 units from the rest of Western Europe excluding Germany. This means that the level of orders was thus 52.2% higher than in the previous year.

SALES TO THE DEALER ORGANIZATION

In fiscal year 2009, the Volkswagen Group delivered 6,309,743 vehicles to the dealer organization worldwide – including the Chinese joint venture companies – corresponding to a year-on-year rise of 0.6%. The proportion of vehicles sold outside Germany fell to 79.6% (83.8%). Sales in Germany increased by 27.1% to 1,287,903 units thanks to the government scrapping premium.

At 792,846 vehicles sold worldwide, the Golf was once again our biggest seller, accounting for 12.6% of Group sales. In addition to the Golf, the Fox, Polo, Gol, Tiguan, Passat CC, Škoda Fabia, Škoda Superb, Audi A3 Sportback and Audi A6 saloon models also recorded growth. Demand was also very healthy for the Passat and Jetta models marketed in China and for the Santana.

PRODUCTION

The Volkswagen Group produced 6,054,829 vehicles worldwide in fiscal year 2009, corresponding to a 4.6% year-on-year decline. We aligned production volumes with the continuing critical market situation. The resulting reduction in inventories was a significant factor behind the reduction of cash tied up in working capital. The Chinese joint venture companies increased their production by 42.3%, Volkswagen do Brasil produced 7.2% more units. The proportion of vehicles produced in Germany was 32.0% (33.8%). On average, our plants worldwide produced 25,977 vehicles each day, down 2.4% year-on-year. Production figures do not include the Crafter models produced in the Daimler plants in Düsseldorf and Ludwigsfelde, or the Routan, which is manufactured in cooperation with Chrysler in the USA.

INVENTORIES

As the negative market development led to high inventories in the second half of 2008 in particular, production volumes were adjusted in fiscal year 2009. Worldwide inventories were much lower at the end of 2009 than in the previous year in the Group companies and the dealer organization. The lower inventory levels in the reporting period also took the pressure off many dealers.

NUMBER OF EMPLOYEES

Including the Chinese joint venture companies, the Volkswagen Group had an average of 366,769 employees (+2.7%) during the reporting period. Our companies in Germany employed 172,548 people, making up 47.0% (previous year: 49.8%) of the total headcount. The Volkswagen Group had 351,584 active employees as of the reporting date. In addition, 7,070 employees were in the passive phase of their early retirement and 9,846 young persons were in vocational traineeships (–0.4%). In total, the Volkswagen Group's total headcount amounted to 368,500 employees (–0.4%) as of the reporting date. A total of 172,624 people were employed in Germany (–1.0%). The number of employees abroad was 195,876 (+0.1%).

SUMMARY OF BUSINESS DEVELOPMENT

Given the difficult economic and industry-specific environment, the assessment of the Company's business development during 2009 by the Board of Management of Volkswagen AG is positive. The expectations communicated for 2009 have been confirmed. Contrary to the forecasts in our last Annual Report, we were even able to exceed the deliveries recorded in 2008. This is mainly due to our attractive model range, but also to incentive programs and support measures resolved by many countries to mitigate the effects of the financial and economic crisis on the automotive industry in particular. As announced, we gained additional market share worldwide during the crisis as a result of the good delivery situation.

The following table compares the targets for reporting period with the indicators actually achieved.

Detailed information on the key financial figures can be found in the chapter entitled "Net Assets, Financial Position and Results of Operations", which begins on page 144.

Measure	Forecast for 2009	Actual 2009
Deliveries	< 6.26 million	6.34 million
Global market share	> 10.3%	11.3%
Sales revenue	< €113.8 billion	€105.2 billion
Operating profit	< €6.3 billion	€1.9 billion
Capex/sales revenue	approx. 6%	6.2%

Shares and Bonds
New direction for shares of Volkswagen AG

2009 was another very eventful year for the shareholders of Volkswagen AG. The first steps toward the creation of an integrated automotive group with Porsche were of particular importance for the performance of the share price, which diverged for ordinary and preferred shares.

GLOBAL EQUITY MARKETS

The international equity markets performed significantly better for investors in 2009 than could have been predicted at the beginning of the year. At first, the previous year's downward trend triggered by the global financial and economic crisis continued into the first quarter. As a result, the DAX initially fell to well below the 4,000 points mark.

In the second quarter, the international equity markets recovered from their lows. Among other things, the strong growth was due to corporate results that exceeded market expectations. In addition, leading indicators increasingly pointed to a bottoming of the economic situation, raising hopes that the business activities of companies around the globe would soon stabilize. From the middle of June – after the DAX had exceeded 5,000 points again – the markets retreated once more for a while. In the third and fourth quarters, finally, a more upbeat mood emerged and spread among the market players. Significant improvements in economic indicators and company forecasts suggested that the recession was coming to an end and business activities of companies around the globe could pick up again. Overall, share prices responded by rising significantly for the rest of the year, apart from a few corrections.

At the end of 2009, the DAX had reached 5,957 points, a year-on-year increase of 23.8%. On December 31, 2009, the DJ Euro STOXX Automobile closed at 232 points, 17.4% higher than at the end of 2008.

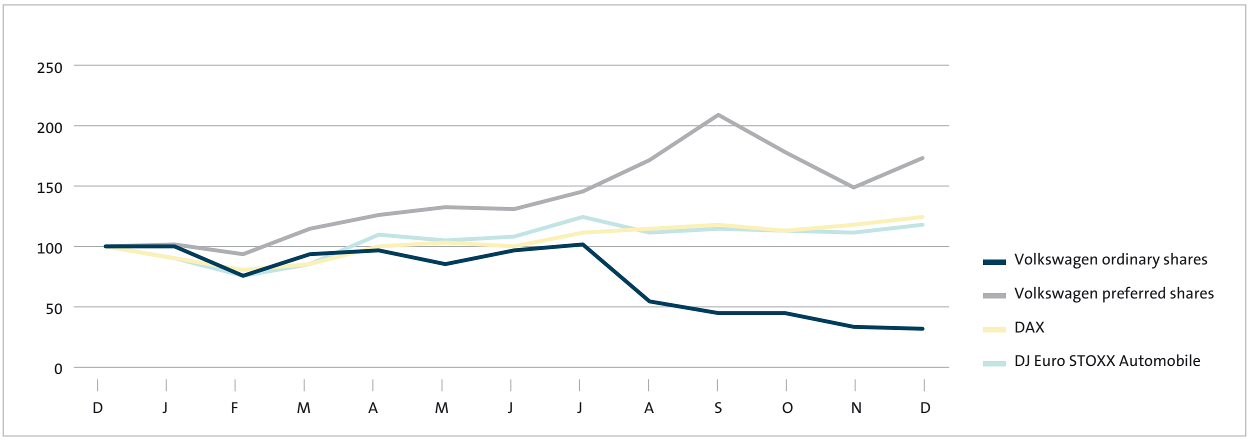
DEVELOPMENT OF THE VOLKSWAGEN SHARE PRICE

The performance of ordinary and preferred shares of Volkswagen AG diverged widely during the past year: while the price of ordinary shares declined further toward the end of the year from its level at December 31, 2008, the price of preferred shares rose substantially. One of the reasons was the changed shareholder structure resulting from the steps taken toward the creation of an integrated automotive group with Porsche. Because of a further reduction in the proportion of ordinary shares in free float, Volkswagen AG preferred shares have replaced ordinary shares in the DAX since December 2009. The performance of preferred shares in the second half of the year had increasingly fed expectations that this was a possibility.

At first, neither class of Volkswagen shares was immune to the overall development in the equity markets in the first quarter of 2009. Following a volatile start to the year, influenced in part by the information about the increase in Porsche Automobil Holding SE's share of the voting rights in Volkswagen AG, Volkswagen's ordinary and preferred shares fell sharply in February and continued to do so partly into March. After a phase of recovery, the performance of the two share classes started to diverge: Volkswagen's ordinary share price moved predominantly sideways in April and declined further in May. Renewed volatility followed in June, caused mainly by the comparatively low availability of Volkswagen ordinary shares. This also led to increased

SHARE PRICE DEVELOPMENT FROM DECEMBER 2008 TO DECEMBER 2009

Index based on month-end prices: December 31, 2008 = 100



interest from financial analysts and institutional investors in Volkswagen preferred shares, whose price rose significantly at the end of the second quarter compared with the beginning of the quarter. The divergent performance of the two types of Volkswagen shares largely continued in the third and fourth quarters of 2009. After exhibiting considerable volatility in July, the price of Volkswagen's ordinary shares dropped further at the start of August. This drop was initially due to the expiration of options on Volkswagen's ordinary shares. In addition, there were early expectations that Volkswagen's ordinary shares would be replaced in the DAX by its preferred shares. Interest in the preferred shares continued to increase and led to a sustained rise in the share price until early October. In response to the announcement made by Qatar Holding LLC that it was selling 25 million preferred shares to institutional investors in the near term, the share price started to move on a weaker trend until the end of November. After a brief period of recovery, the price of preferred shares was relatively stable in December.

The price of ordinary shares continued to decline during the last three months of the year. On December 23, 2009 the shares were removed from the DAX and Volkswagen's preferred shares took their place in the index. The move had been preceded by Qatar Holding LLC increasing its holding of Volkswagen ordinary shares to 17.0%. As a result, the free float of ordinary shares dropped below the minimum of 10% required to be included in the leading share index.

On January 8, 2009, Volkswagen AG ordinary shares recorded their highest daily closing price in the fiscal year, namely €298.85. At their low on December 21, 2009, the shares were trading at €72.41. On the last trading day of the year, they were quoted at €77.00, representing a 69.2% decline compared with the end of 2008.

Volkswagen AG preferred shares, by contrast, recorded their highest closing price of the reporting period, €81.72, on October 9, 2009. Their lowest price, €30.24, had been reached quite early in the year, on March 9, 2009. At the end of the year, preferred shares were trading at €65.74, or 72.9% higher than the price on December 31, 2008.

DIVIDEND YIELD

Based on the dividend proposal for the reporting period, the dividend yield on Volkswagen ordinary shares is 2.1%. The dividend yield on preferred shares is 2.5%. Details of the current dividend proposal can be found in the chapter entitled Volkswagen AG (condensed, according to German Commercial Code) on page 157 of this Annual Report.

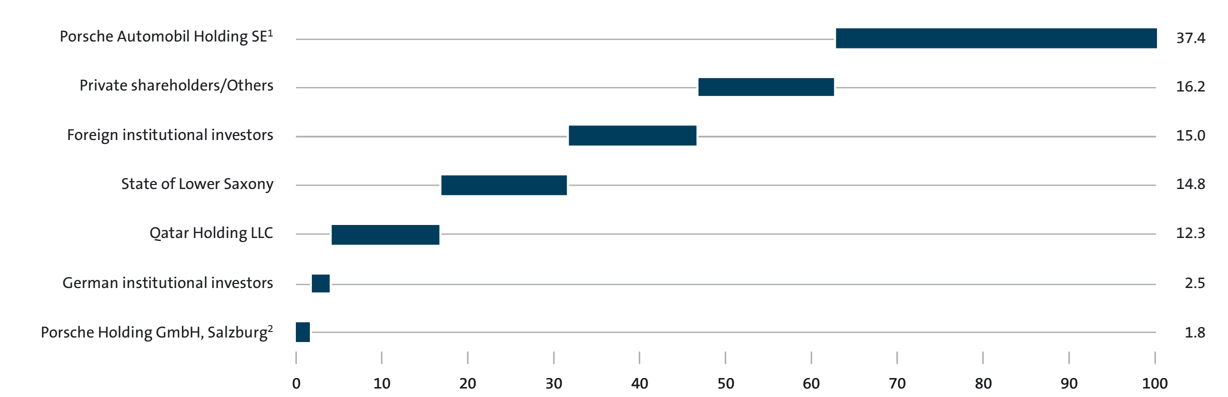
EARNINGS PER SHARE

Basic earnings per ordinary share were €2.38 in 2009 (2008: €11.92). In accordance with IAS 33, the calculation is based on the average number of ordinary shares outstanding in the fiscal year (see also note 11 to the Volkswagen Consolidated Financial Statements).

FURTHER INFORMATION ON VOLKSWAGEN SHARES
www.volkswagenag.com/ir

SHAREHOLDER STRUCTURE AT DECEMBER 31, 2009

as a percentage of subscribed capital



1 In accordance with notification on January 8, 2009.
2 In accordance with notification on January 12, 2009.

SHAREHOLDER STRUCTURE

The shareholder structure of Volkswagen AG as of December 31, 2009, is shown in the chart above.

At the end of 2009, Porsche Automobil Holding SE, Stuttgart, held 50.74% of the voting rights. The second-largest shareholder was the State of Lower Saxony, which held 20.01% of the voting rights.

On August 17, 2009, Qatar Holding LLC (directly and indirectly) held financial instruments conveying the right to acquire shares of Volkswagen AG representing 17.0% of the voting rights. Qatar Holding LLC and other indirect subsidiaries gradually exercised all these financial instruments. Their cumulative share of voting rights thus increased to 17.0% at December 18, 2009.

On August 17, 2009, the Credit Suisse Group held financial instruments conveying the right to purchase shares of Volkswagen AG representing 17.35% of the voting rights, as well as a share of the voting rights of approximately 0.27%. These percentages fell on August 21, 2009 to 13.40% of the voting rights and 0.26% of the voting rights respectively. After further changes in the course of the year, the Credit Suisse Group notified us on December 18, 2009 that 2.49% of the voting rights of Volkswagen AG were attributable to it.

Porsche Holding GmbH, Salzburg, held 2.37% of the ordinary shares at the balance sheet date.

Notifications of changes in voting rights in accordance with the Wertpapierhandelsgesetz (German Securities Trading Act) are published on our website www.volkswagenag.com/ir.

CONVERSION OF STOCK OPTIONS

In 2009, our employees again took advantage of the attractive opportunity to convert previously subscribed bonds into ordinary shares. Some 1,700 employees exercised their conversion rights under the subscribed bonds in the sixth, seventh and eighth tranches of the stock option plan. This resulted in the creation of 85,190 new ordinary shares, or €0.2 million of subscribed capital. Further details of our stock option plan can be found in the Notes to the Volkswagen Consolidated Financial Statements, starting on page 255.

ANNUAL DOCUMENT IN ACCORDANCE WITH SECTION 10 OF THE WPPG

The Annual Document containing a list of the publications from fiscal year 2009 (and thereafter) in accordance with section 10(1) of the Wertpapierprospektgesetz (WpPG - German Securities Prospectus Act) can be accessed at www.volkswagenag.com/ir. If it is not possible to access the document, a document in paper form can be requested.

VOLKSWAGEN SHARE KEY FIGURES

Dividend development		2009	2008	2007	2006	2005
Number of no-par value shares at Dec. 31						
Ordinary shares	thousands	295,005	294,920	291,337	286,980	321,930
Preferred shares	thousands	105,238	105,238	105,238	105,238	105,238
Dividend						
per ordinary share	€	1.60	1.93	1.80	1.25	1.15
per preferred share	€	1.66	1.99	1.86	1.31	1.21
Dividend paid[1]						
per ordinary share	€ million	472	569	524	359	322
per preferred share	€ million	175	209	196	138	128
Share price development[2]		2009	2008	2007	2006	2005
Ordinary shares						
Closing	€	77.00	250.00	156.10	85.89	44.61
Annual high	€	298.85	945.00	197.90	85.89	54.01
Annual low	€	72.41	148.43	82.60	45.10	31.88
Preferred shares						
Closing	€	65.74	38.02	100.00	56.55	32.50
Annual high	€	81.72	108.30	131.00	56.55	40.00
Annual low	€	30.24	29.30	54.14	32.85	24.00
Beta factor	factor	0.87[3]	0.89	0.88	1.03	1.00
Market capitalization at Dec. 31	€ billion	29.6	77.7	56.0	30.6	15.9
Equity at Dec. 31	€ billion	35.3	35.0	31.9	26.9	23.6
Ratio of market capitalization to equity	factor	0.84	2.22	1.75	1.14	0.67
Key figures per share		2009	2008	2007	2006	2005
Earnings per ordinary share[4]						
basic	€	2.38	11.92	10.43	7.07[5]	2.90
diluted	€	2.38	11.88	10.34	7.04[5]	2.90
Operating profit[6]	€	4.64	15.91	15.60	5.18	6.60
Cash flows from operating activities[6]	€	31.84	27.13	39.72	37.32	27.86
Equity[7]	€	88.15	87.49	80.38	68.59	55.25
Price/earnings ratio[8]	factor	36.2	21.0	15.0	12.1	15.4
Price/cash flow ratio[8]	factor	2.4	9.2	3.9	2.3	1.6
Dividend yield						
ordinary share	%	2.1	0.8	1.2	1.5	2.6
preferred share	%	2.5	5.2	1.9	2.3	3.7
Price development (excluding dividends)						
ordinary share	%	–69.2	+60.2	+81.7	+92.5	+33.8
preferred share	%	+72.9	–62.0	+76.8	+74.0	+33.1
Turnover on German stock exchanges[9]		2009	2008	2007	2006	2005
Turnover of Volkswagen ordinary shares	€ billion	23.5	136.5	103.1	50.5	30.9
	million shares	129.6	562.8	877.3	770.4	735.7
Turnover of Volkswagen preferred shares	€ billion	8.5	10.0	34.1	9.7	2.0
	million shares	147.6	120.2	474.3	200.6	75.6
Volkswagen share of total DAX turnover	%	3.2[10]	8.0	5.3	3.9	3.3

1 Figures for the years 2005 to 2008 relate to dividends paid in the following year. For 2009, the figures relate to the proposed dividend.
2 Xetra prices.
3 See page 154 for the calculation.
4 See note 11 to the Consolidated Financial Statements (Earnings per share) for the calculation.
5 For 2006 from continuing and discontinued operations.
6 Based on the weighted average number of ordinary and preferred shares outstanding (basic).
7 Based on the total number of ordinary and preferred shares on December 31.
8 Using closing prices of the ordinary shares.
9 Order book turnover on German exchanges.
10 On December 23, 2009, preferred shares replaced ordinary shares in the DAX.

ANNUAL GENERAL MEETING

On April 23, 2009, Volkswagen AG's 49th Annual General Meeting and the 8th Special Meeting of Preferred Shareholders took place at the Congress Center Hamburg. With 75.98% of the ordinary share capital present, the shareholders formally approved, among other things, the actions of the Board of Management and the Supervisory Board, the authorization to issue new shares (including the creation of authorized capital), the authorization to issue bonds with warrants and/or convertible bonds (including the creation of contingent capital) and the authorization to purchase and utilize own shares.

A Special Meeting of Preferred Shareholders was subsequently held, with 17.22% of the voting capital present. The above-mentioned authorizing resolutions by the Annual General Meeting to issue new shares (authorized capital) and to issue bonds with warrants and/or convertible bonds (contingent capital) were proposed to the meeting for approval. However, the qualified majority required for approval was not achieved. The results of the votes of the meetings can be accessed on the Internet at www.volkswagenag.com/ir.

Following a related action for disclosure, the "Verbraucherzentrale für Kapitalanleger e.V" (VzfK – German Protection Agency for Investors), Berlin, filed an action for avoidance of the resolutions adopted by the Annual General Meeting on April 23, 2009 regarding formal approval of the actions of the members of the Board of Management and the Supervisory Board in fiscal year 2008. The grounds given for both actions are mainly that questions put by the plaintiff's representative at the Annual General Meeting were not answered to the necessary extent.

Further details on the action for avoidance can be found in the appropriate publication in the electronic Bundesanzeiger (Federal Gazette) of June 17, 2009, as well as on our website at www.volkswagenag.com/ir.

EXTRAORDINARY GENERAL MEETING

On December 3, 2009, an Extraordinary General Meeting of Volkswagen AG took place at Hamburg Messe. 90.48% of the share capital was present. With a majority of 98.73% of the votes cast, the shareholders approved the creation of the authorized capital proposed by the Board of Management and Supervisory Board for the issue of up to 135 million non-voting preferred shares (including the corresponding amendment to the Articles of Association). The shareholders also approved management's other proposals with majorities of between 98.68% and 99.94%. They included the creation of two rights of appointment to the Supervisory Board of Volkswagen AG for the State of Lower Saxony (including corresponding amendments to the Articles of Association), maintaining the qualified majority at the Annual General Meeting at over 80% (including corresponding amendments to the Articles of Association), the election of Dr. Hans Michel Piëch and Dr. Ferdinand Oliver Porsche as members of the Supervisory Board and amendments to the Articles of Association to reflect the Gesetz zur Umsetzung der Aktionärsrechterichtlinie (ARUG – German Act Implementing the Shareholder Rights Directive). The results of the votes of the meetings can be accessed on the Internet at www.volkswagenag.com/ir.

Knightsbridge Vermögensverwaltungs- und Beteiligungs GmbH, Munich, has filed an action for avoidance and annulment of all resolutions. CIA Consulting Investment Asset Management GmbH, Hamburg, CDHL-Vermögensverwaltungsgesellschaft mbH, Hamburg, VC-Services GmbH, Hamburg, and Edmund Zimmermann GmbH, Geesthacht, have filed actions for avoidance and annulment of the creation of authorized capital (agenda item 1), the creation of rights of appointment (agenda item 2), and the arrangements governing qualified majorities at the General Meeting (agenda item 3).

Further details on the action for avoidance can be found in the appropriate publication in the electronic Bundesanzeiger (Federal Gazette) of January 28, 2010, as well as on our website at www.volkswagenag.com/ir.

VOLKSWAGEN IN SUSTAINABILITY INDICES

In 2009, Volkswagen again qualified for two prominent sustainability indices: the Company was included in both the Dow Jones Sustainability STOXX and the Dow Jones Sustainability World Index, which is regarded as the world's most significant sustainability index. The Company was thus able to build directly on the previous year's success. Details are provided in the Value-Enhancing Factors section, on page 181.

FURTHER INFORMATION ON SUSTAINABILITY
www.volkswagenag.com/sustainability

VOLKSWAGEN SHARE DATA

Securities identification codes	Market indices ordinary shares	Market indices preferred shares	Exchanges
Ordinary shares ISIN: DE0007664005 WKN: 766400 Deutsche Börse/Bloomberg: VOW Reuters: VOWG.DE Preferred shares ISIN: DE0007664039 WKN: 766403 Deutsche Börse/Bloomberg: VOW3 Reuters: VOWG_p.DE	HDAX, CDAX, Prime All Share, Prime Automobile, DJ Euro STOXX, DJ Euro STOXX Automobile, FTSE Eurotop 100 Index, S&P Global 100 Index, DJ Sustainability Index World, DJ Sustainability Index STOXX, FTSE4Good, Advanced Sustainability Performance Index, MSCI Euro	DAX, CDAX, Prime All Share, Prime Automobile, Classic All Share, FTSE Eurotop 100 Index, MSCI Euro	Berlin, Düsseldorf, Frankfurt, Hamburg, Hanover, Munich, Stuttgart, Xetra, London, Luxembourg, New York*, SIX Swiss Exchange

* Traded in the form of “sponsored unlisted American Depositary Receipts” (ADRs). Five ADRs correspond to one underlying Volkswagen ordinary share.

INVESTOR RELATIONS ACTIVITIES

In 2009, the Volkswagen Investor Relations team informed analysts and investors in all the major global financial centers about the business development of the Volkswagen Group and its individual brands comprehensively and in a timely manner. To this end, the team organized and conducted a total of more than 400 roadshows, conferences, presentations and one-on-one discussions worldwide. Scheduled conference calls were held to explain the quarterly results, which were also broadcast on the Internet. In addition, some events were held together with Group Treasury.

The team was also available to answer investor questions about the Volkswagen Group and Volkswagen’s shares at numerous events organized specially for our private shareholders – often in conjunction with shareholders’ associations. Several awards received in 2009 confirmed the high quality and relevance of our investor relations activities.

All presentations that were given as part of events were published online at www.volkswagenag.com/ir shortly afterwards.

Compared with 2008, the number of visits to the Investor Relations website continued to increase in the reporting period. The Investor Relations section recorded the most visits in December at 453,000, and the average visit lasted 45 minutes. In total, the Investor Relations website had over 1.7 million visits in 2009. This confirms the growing importance of online media for disseminating information to investors.

HIGHLIGHTS IN THE INVESTOR RELATIONS CALENDAR

Ahead of the Annual Media Conference and Investor Conference, analysts, investors and bank representatives had the opportunity on March 11, 2009 to take a first-hand look at new developments of the Volkswagen Group: at the Ehra-Lessien test track in Lower Saxony, 24 models of the Volkswagen Group were available for individual test drives. The focus was in particular on forward-looking, fuel-efficient models. Dr. Ulrich Hackenberg, member of the Board of Management for the Volkswagen Passenger Cars brand, gave a talk on the future of drive technologies. Board members Frank Witter and Frank Fiedler from Volkswagen Financial Services AG explained the interconnection with finance in a paper on the significance of financial services in the automotive business.

On March 12, 2009, our investors and analysts received comprehensive information on the results of the 2008 fiscal year and other market developments at the Annual Investor Conference held at the Autostadt in Wolfsburg.

Deutsche Bank’s German Corporate Conference on June 24, 2009 in Frankfurt am Main offered the Volkswagen Group the opportunity to outline its strategic goals for profitable growth even in a difficult economic environment. The topics covered included the growing importance of emerging markets as production locations and sales markets, the trend toward vehicles from smaller segments and sustainability focused on alternative fuel and engine technologies.

Communication in 2009 centered on the roadmap of Volkswagen and Porsche to becoming an integrated automotive group. A conference call on August 14 with CFO Hans Dieter Pötsch marked the start of a comprehensive information dialog on the merger concept for the two companies.

Another highlight of the past fiscal year was the Volkswagen Group Night "Via Vision – Ways into the future" held ahead of the 63rd International Motor Show in Frankfurt am Main on September 14, 2009. Around 2,000 national and international media representatives, analysts and investors experienced a unique range of premieres at this event. The motto of the evening was that a successful group has the answer to all mobility issues, and the nine brand chairmen presented their latest models and ground-breaking technologies. Chairman of the Board of Management Prof. Dr. Martin Winterkorn explained in his address that the Volkswagen Group knew better than any other automobile manufacturer how to meet the wishes of drivers both today and in the future. He emphasized that the future belonged to sustainable, low-emission mobility.

Investor Relations activities in 2010 will also focus on strategy and product presentations with the participation of the members of the Board of Management and the management of the Volkswagen Group. The preparation and implementation of the planned capital increase at Volkswagen AG is particularly relevant in this regard. In addition, the ongoing progress in the creation of an integrated automotive group with Porsche will feature highly on the communications agenda for 2010.

NEW ISSUES

At the start of 2009, the continuing financial and economic crisis determined the refinancing options in the money and capital markets. The trend of restrictive credit policies implemented by the banks, continuing tight liquidity and very high refinancing costs dominated the first four months of the year. However, Volkswagen was able during this time to maintain its strong position as an issuer and further consolidate its financial base by taking advantage of existing opportunities. In this context, the Volkswagen Group not only used market opportunities in the European bond market, but also tapped into new investor groups and reopened some markets through its transactions. In January 2009, for example, we issued our first bond denominated in Swiss francs (CHF) with a volume of CHF 300 million for our Canadian financial services business and, in the fall, under our Volkswagen car lease program, we issued the first public corporate asset-backed securities (ABS) bond in Europe in a placement of around €520 million.

To secure our financial flexibility in the Automotive Division, we raised a total of €9.3 billion in the capital market by issuing six bonds, with maturities of between 18 months and seven years. These transactions, which were also structured for the retail market, aroused the interest of many investors and were regularly many times oversubscribed. The excellent market acceptance of these debt securities was subsequently also reflected in the very positive performance of the different bonds in secondary trading.

In addition, at the beginning of the year, we placed a European benchmark bond of €1.5 billion for the Financial Services Division in a difficult capital market environment. In the USA, Volkswagen issued the first ABS transaction based on lease receivables for USD 1.75 billion under the government's Term Asset-Backed Securities Loan Facility (TALF) program in May 2009.

Independently of the above public transactions, the Volkswagen Group also took advantage of additional investor interest by engaging in a large number of private placements in the money and capital market. The following overview provides information about the utilization of our money and capital market programs as of December 31, 2009:

Programs	Authorized volume € billion	Amount utilized on Dec. 31, 2009 € billion
Commercial Paper	17.7	4.4
Medium Term Notes	53.9	27.9
Other capital market programs	8.0	0.0
Asset Backed Securities	38.8	14.8

In the credit market, Volkswagen successfully maintained its comprehensive facilities provided by confirmed credit lines, in spite of increasing restrictions imposed by the banks. In this regard, the Group's as yet unused syndicated facility of €7.8 billion will continue to be available as before until June 2012.

The cash holdings, short- and long-term credit lines, and the available money and capital market programs continue to give the Volkswagen Group a very high degree of financial flexibility, thereby enabling it to cover its refinancing requirements and ensuring that it remains solvent at all times.

RATINGS

Rating agency Standard & Poor's has updated its credit ratings for Volkswagen AG, Volkswagen Financial Services AG and Volkswagen Bank GmbH. The agency confirmed its short-term and long-term ratings of A–2 and A– respectively for Volkswagen AG and Volkswagen Financial Services AG. The outlook for the two companies was changed from "stable" to "negative" in the reporting period. The ratings for Volkswagen Bank GmbH were downgraded by one notch each to A–2 and A–; here, too, the outlook is "negative". Moody's Investors Service also performed its regular review of the credit ratings for Volkswagen AG, Volkswagen Financial Services AG and Volkswagen Bank GmbH. The short-term and long-term ratings for Volkswagen AG and Volkswagen Financial Services AG were confirmed, at P–2 and A3 respectively; the outlook for both companies was reduced to "stable". The short-term and long-term ratings for Volkswagen Bank GmbH, which are currently one notch higher than those for Volkswagen AG and Volkswagen Financial Services AG at P–1 and A2, are on the watch list for a possible downgrade.

OUR INVESTOR RELATIONS TEAM IS AVAILABLE FOR QUERIES AND COMMENTS.

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RATINGS

	VOLKSWAGEN AG			VOLKSWAGEN FINANCIAL SERVICES AG			VOLKSWAGEN BANK GMBH		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Standard & Poor's									
short-term	A–2	A–2	A–2	A–2	A–2	A–2	A–2	A–1	A–1
long-term	A–	A–	A–	A–	A–	A–	A–	A	A
Outlook	negative	stable	stable	negative	stable	stable	negative	negative	stable
Moody's Investors Service									
short-term	P–2	P–2	P–2	P–2	P–2	P–2	P–1	P–1	P–1
long-term	A3	A3	A3	A3	A3	A3	A2	A2	A2
Outlook	stable	positive	stable	stable	positive	stable	RfD*	stable	stable

* Review for Downgrade.

Net Assets, Financial Position and Results of Operations

Global financial and economic crisis impacts business

Due to the difficult operating environment, the Volkswagen Group's sales revenue and operating profit for fiscal 2009 did not reach the prior-year level. The liquidity position improved despite the investment in Porsche Zwischenholding GmbH.

The application of IFRS 8 led to a reclassification of the segments disclosed in the notes. The following segments are now reported: Passenger Cars and Light Commercial Vehicles, Scania, and Volkswagen Financial Services. The classification of the Group's activities into the Automotive and Financial Services divisions remains unchanged in the management report.

In accordance with the amended IAS 7, as of fiscal year 2009 we are reporting liquidity movements resulting from changes in leasing and rental assets in cash flows from operating activities (previously reported in cash flows from investing activities). Accordingly, changes in financial services receivables are also allocated to cash flows from operating activities. The prior-year presentation has been adjusted accordingly.

The adoption of new or amended accounting standards did not otherwise materially affect the 2009 consolidated financial statements.

Starting in fiscal year 2009, all figures shown are rounded in accordance with standard business rounding principles, so minor discrepancies may arise from addition of these amounts.

CONSOLIDATED BALANCE SHEET STRUCTURE

The Volkswagen Group's total assets amounted to €177.2 billion on December 31, 2009, an increase of 5.5% versus the end of December 2008. The Automotive Division made a relatively large contribution to this development, which was mainly the result of higher cash funds.

The structure of the consolidated balance sheet as of December 31, 2009 can be seen from the chart on page 146. The Volkswagen Group's equity ratio fell to 21.1% (22.3%).

AUTOMOTIVE DIVISION BALANCE SHEET STRUCTURE

At the end of the reporting period, noncurrent assets in the Automotive Division were 13.0% up on December 31, 2008. In addition to the equity-accounted 49.9% interest in Porsche Zwischenholding GmbH, this increase was attributable to the new production facilities. Inventories, receivables and other financial assets within current classes declined. Property, plant and equipment was 5.2% higher. However, as cash and cash equivalents increased significantly, current assets rose by 4.5% overall year-on-year.

At the end of December 2009, the Automotive Division's equity attributable to shareholders of Volkswagen AG was 1.8% higher year-on-year at €27.3 billion. The positive effect on earnings was almost entirely offset by higher actuarial losses for pension provisions. After adjustment for minority interests, which chiefly relate to minority interests in Scania, equity was 1.0% higher year-on-year at €29.3 billion. The equity ratio was 30.2% (32.6%). Due to higher financial liabilities resulting from the issue of bonds, noncurrent liabilities rose by a total of 28.7%. Current liabilities declined by 3.9%.

At €96.7 billion, the Automotive Division's total assets as of December 31, 2009 were 9.0% higher than at the end of 2008.

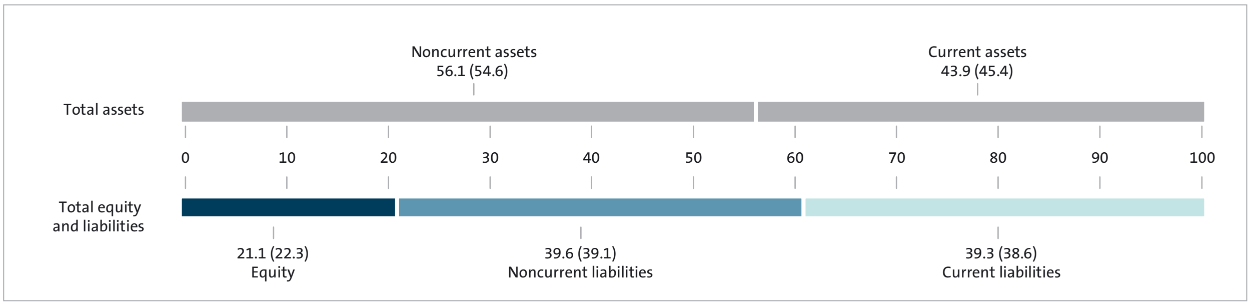
CONSOLIDATED BALANCE SHEET BY DIVISION AS OF DECEMBER 31

€ million	VOLKSWAGEN GROUP		AUTOMOTIVE[1]		FINANCIAL SERVICES	
	2009	2008	2009	2008	2009	2008
Assets						
Noncurrent assets	**99,402**	**91,756**	**52,411**	**46,378**	**46,992**	**45,378**
Intangible assets	12,907	12,291	12,790	12,186	117	105
Property, plant and equipment	24,444	23,121	24,064	22,879	380	242
Leasing and rental assets	10,288	9,889	324	410	9,964	9,479
Financial services receivables	33,174	31,855	–	–	33,174	31,855
Noncurrent receivables and other financial assets[2]	18,589	14,600	15,233	10,903	3,356	3,697
Current assets	**77,776**	**76,163**	**44,296**	**42,370**	**33,480**	**33,793**
Inventories	14,124	17,816	13,375	16,732	749	1,084
Financial services receivables	27,403	27,035	–161	–103	27,564	27,138
Current receivables and other financial assets	12,381	17,061	9,193	13,340	3,188	3,721
Marketable securities	3,330	3,770	3,231	3,730	98	40
Cash and cash equivalents	20,539	9,474	18,658	7,664	1,881	1,810
Assets held for sale	–	1,007	–	1,007	–	–
Total assets	**177,178**	**167,919**	**96,707**	**88,748**	**80,471**	**79,171**
Equity and Liabilities						
Equity	**37,430**	**37,388**	**29,253**	**28,964**	**8,177**	**8,424**
Equity attributable to shareholders of Volkswagen AG	35,281	35,011	27,321	26,841	7,960	8,170
Minority interests	2,149	2,377	1,932	2,123	217	254
Noncurrent liabilities	**70,215**	**65,729**	**39,508**	**30,688**	**30,707**	**35,041**
Noncurrent financial liabilities	36,993	33,257	9,272	2,240	27,721	31,017
Provisions for pensions	13,936	12,955	13,793	12,829	142	126
Other noncurrent liabilities[3]	19,286	19,517	16,443	15,619	2,843	3,898
Current liabilities	**69,534**	**64,802**	**27,947**	**29,096**	**41,587**	**35,706**
Current financial liabilities	40,606	36,123	2,156	2,865	38,450	33,258
Trade payables	10,225	9,676	9,734	9,085	491	591
Other current liabilities	18,703	18,237	16,057	16,380	2,645	1,857
Liabilities associated with assets held for sale	–	766	–	766	–	–
Total equity and liabilities	**177,178**	**167,919**	**96,707**	**88,748**	**80,471**	**79,171**

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions, primarily intra-Group loans.
2 Including equity-accounted investments and deferred taxes.
3 Including deferred taxes.

CONSOLIDATED BALANCE SHEET STRUCTURE 2009

as percent



FINANCIAL SERVICES DIVISION BALANCE SHEET STRUCTURE

The Financial Services Division's total assets amounted to €80.5 billion at the end of the reporting period, an increase of €1.3 billion versus December 31, 2008. On the assets side, noncurrent assets increased by 3.6%, mainly because of a volume-related rise in financial services receivables. Current assets were 0.9% lower than at the end of 2008. Cash and cash equivalents were slightly higher year-on-year. Overall, the Financial Services Division accounted for approximately 45% of the Volkswagen Group's assets as of December 31, 2009.

The Financial Services Division's equity amounted to €8.2 billion (€8.4 billion) at the end of the reporting period. The equity ratio was 10.2% (10.6%). Noncurrent liabilities declined by 12.4% year-on-year. Higher current financial liabilities reflected the sharp increase in deposits at Volkswagen Bank *direct*, which rose by €5.5 billion to €18.3 billion. The debt/equity ratio remained unchanged at 8:1.

PRINCIPLES AND GOALS OF FINANCIAL MANAGEMENT

Liquidity management, currency, interest rate and commodity risk management, as well as credit and country risk management, are the core elements of financial management at the Volkswagen Group. This is performed centrally for all Group companies except Scania by Group Treasury, based on internal directives and risk parameters.

With regard to liquidity, the goals of financial management are to ensure that the Volkswagen Group remains solvent at all times and to achieve an adequate return from the investment of surplus funds. The aim of currency, interest rate and commodity risk management is to hedge the prices on which investment, production and sales plans are based using derivative financial instruments. The goal of credit and country risk management is to use diversification to avoid exposing the Volkswagen Group to the risk of loss or default.

To achieve this diversification, internal limits are defined for the volume of business per counterparty when entering into financial transactions. In setting these limits, various rating criteria are taken into account, including the ratings awarded by independent agencies and the equity base of potential counterparties. The Executive Committee for Liquidity and Foreign Currency approves risk limits, authorized financial instruments, and hedging methods and horizons.

For more information on the principles and goals of financial management, please refer to the Notes to the 2009 Consolidated Financial Statements on pages 272 to 281 as well as to the Risk Report on pages 188 to 189.

CASH FLOW STATEMENT BY DIVISION

€ million	VOLKSWAGEN GROUP 2009	VOLKSWAGEN GROUP 2008[2]	AUTOMOTIVE[1] 2009	AUTOMOTIVE[1] 2008[2]	FINANCIAL SERVICES 2009	FINANCIAL SERVICES 2008[2]
Profit before tax	1,261	6,608	603	5,677	657	931
Income taxes paid	−529	−2,075	−265	−1,973	−264	−102
Depreciation and amortization expense	8,877	8,438	6,740	6,680	2,137	1,758
Change in pension provisions	135	140	130	132	5	8
Other noncash income/expense and reclassifications[3]	−118	583	−623	429	505	154
Gross cash flow	**9,626**	**13,694**	**6,585**	**10,944**	**3,040**	**2,750**
Change in working capital	**3,116**	**−10,992**	**6,230**	**−2,144**	**−3,114**	**−8,848**
Change in inventories	4,155	−3,056	3,820	−2,688	335	−368
Change in receivables	465	−1,333	750	−1,130	−285	−203
Change in liabilities	260	815	193	1,100	67	−285
Change in other provisions	1,525	369	1,457	382	68	−13
Change in leasing and rental assets (excluding depreciation)	−2,571	−2,734	−48	−105	−2,523	−2,629
Change in financial services receivables	−719	−5,053	57	297	−777	−5,350
Cash flows from operating activities	**12,741**	**2,702**	**12,815[4]**	**8,800[4]**	**−74**	**−6,098**
Cash flows from investing activities	**−10,428**	**−11,613**	**−10,252**	**−11,479**	**−176**	**−134**
of which: acquisition of property, plant and equipment	−5,963	−6,896	−5,783	−6,773	−180	−122
capitalized development costs	−1,948	−2,216	−1,948	−2,216	–	–
acquisition and disposal of equity investments	−2,669	−2,596	−2,667	−2,571	−3	−25
Net cash flow	**2,313**	**−8,911**	**2,563**	**−2,679**	**−250**	**−6,232**
Change in investments in securities and loans	753	430	509	496	244	−66
Cash flows from financing activities	**5,536**	**8,123**	**5,497**	**942**	**39**	**7,181**
Changes in cash and cash equivalents due to exchange rate changes	190	−113	155	−57	35	−56
Net change in cash and cash equivalents	**8,792**	**−471**	**8,724**	**−1,298**	**69**	**827**
Cash and cash equivalents at Dec. 31[5]	**18,235**	**9,443**	**16,362**	**7,639**	**1,873**	**1,804**
Securities and loans	7,312	7,875	5,701	5,679	1,611	2,196
Gross liquidity	**25,547**	**17,318**	**22,063**	**13,318**	**3,484**	**4,000**
Total third-party borrowings	−77,599	−69,555	−11,427	−5,279	−66,172	−64,276
Net liquidity	**−52,052**	**−52,237**	**10,636**	**8,039**	**−62,688**	**−60,276**

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Adjusted.
3 These relate mainly to fair value measurement of financial instruments, application of the equity method and reclassification of gains/losses on disposal of noncurrent assets to investing activities.
4 Before consolidation of intra-Group transactions: €13,306 million (€8,774 million).
5 Cash and cash equivalents comprise cash at banks, checks, cash-in-hand and call deposits, excluding time deposit investments.

FINANCIAL POSITION AND CASH AND CASH EQUIVALENTS IN THE GROUP

The indirect investment in Dr. Ing. h.c. F. Porsche AG via Porsche Zwischenholding GmbH and the sale of the Brazilian commercial vehicles business to the MAN Group had a significant influence on the Volkswagen Group's financial position in fiscal year 2009. The following sections give an overview of the Group's liquidity development and outline the operating factors by division.

The Volkswagen Group's gross cash flow amounted to €9.6 billion (€13.7 billion) in the reporting period.

Following a cash outflow of €11.0 billion in 2008, funds of €3.1 billion were released from working capital in fiscal year 2009. Cash flows from operating activities increased to €12.7 billion (€2.7 billion).

At €10.4 billion, cash flows from investing activities were 10.2% lower than in fiscal year 2008. Net cash flow improved by €11.2 billion to €2.3 billion.

Cash and cash equivalents in the Volkswagen Group as reported in the cash flow statement amounted to €18.2 billion (€9.4 billion) at the end of the reporting period. At €25.5 billion, gross liquidity was €8.2 billion up on the prior-year figure. At €–52.1 billion, net liquidity in the Group was at the prior-year level.

FINANCIAL POSITION IN THE AUTOMOTIVE DIVISION

The Automotive Division's gross cash flow for the reporting period was significantly lower year-on-year at €6.6 billion due to the lower level of profit. €6.2 billion of funds were released from working capital, mainly because of the pronounced reduction in stockpiled inventories and lower receivables; in the previous year, the division had reported funds tied up in working capital of €2.1 billion. As a result, cash flows from operating activities rose sharply, by 45.6% to €12.8 billion.

At €5.8 billion, investments in property, plant and equipment in the Automotive Division were 14.6% lower year-on-year in fiscal year 2009. The ratio of investments in property, plant and equipment to sales revenue (capex) was in line with our expectations at 6.2% (6.6%). We invested mainly in the new production facilities in India, Russia and the USA and in models that we launched in 2009 or are planning to launch in 2010. These are primarily the successor models to the Polo, the Sharan, the Jetta, the Touareg and the Audi A8, as well as the Audi A1, the Audi A4 allroad quattro, the convertible and sportback versions of the Audi A5 and the Amarok. Further investments were made in the ecological focus of the model range. At €1.9 billion, capitalized development costs were lower than in the previous year. Overall, investing activities resulted in an outflow of €10.3 billion. Here, the indirect investment of €3.9 billion in Dr. Ing. h.c. F. Porsche AG via Porsche Zwischenholding GmbH was partly offset by the sale of the Brazilian commercial vehicles business to the MAN Group (€1.3 billion). Overall, the Automotive Division's net cash flow improved by €5.2 billion to €2.6 billion.

The cash inflow from the Automotive Division's financing activities increased from €0.9 billion in the previous year to €5.5 billion in 2009. Cash and cash equivalents rose by a total of €8.7 billion to reach €16.4 billion on December 31, 2009. At €10.6 billion, the Automotive Division's net liquidity at the end of the reporting period was €2.6 billion higher than on December 31, 2008.

FINANCIAL POSITION IN THE FINANCIAL SERVICES DIVISION

The Financial Services Division recorded a gross cash flow of €3.0 billion in fiscal 2009, a 10.6% increase on the prior-year figure. Due primarily to lower funds tied up in financial services receivables and the more pronounced reduction in stockpiled inventories, funds tied up in working capital fell from €8.8 billion in 2008 to €3.1 billion in the reporting period. Cash flows from investing activities amounted to €0.2 billion (€0.1 billion). Financing activities declined to €39 million (€7.2 billion). Cash and cash equivalents reached €1.9 billion on December 31, 2009. After accounting for securities and loans, the gross liquidity of the Financial Services Division was €3.5 billion (€4.0 billion). The expansion of business activities pushed up third-party borrowings to €66.2 billion (€64.3 billion). As a result, the Financial Services Division's negative net liquidity, which is common in the industry, was €–2.4 billion higher at €–62.7 billion.

RESULTS OF OPERATIONS OF THE GROUP

The Volkswagen Group's sales revenue for fiscal 2009 failed to reach the prior-year level due to the decline in sales. At €105.2 billion, it was 7.6% lower year-on-year. The largest proportion of sales revenue, at 71.6% (75.7%), was generated outside Germany. Cost of sales declined by 5.2%. The gross margin dropped from 15.1% in the previous year to 12.9%. The Group's operating profit fell to €1.9 billion (€6.3 billion) in the reporting period. This included proceeds of €0.6 billion from the sale of the Brazilian commercial vehicles business to the MAN Group. The operating return on sales fell to 1.8% (5.6%).

CONSOLIDATED PROFIT

The Volkswagen Group generated profit before tax of €1.3 billion (€6.6 billion) in fiscal 2009. The return on sales before tax declined to 1.2% (5.8%). At €0.9 billion, the Volkswagen Group's profit after tax was 80.6% lower than in fiscal year 2008.

RESULTS OF OPERATIONS IN THE AUTOMOTIVE DIVISION

The Automotive Division generated sales revenue of €93.0 billion in the reporting period. The 9.3% decline compared with the previous year was mainly due to volume and mix deteriorations. As our Chinese joint ventures are accounted for using the equity method, the Group's sales revenue only reflects the positive development of our sales in the Chinese car market in the form of deliveries of vehicle parts. Cost of sales declined by 6.6%. As a result, the gross margin dropped to 11.8% (14.4%). The Automotive Division's gross profit amounted to €11.0 billion (€14.7 billion). Distribution expenses were 0.6% lower than in the previous year; administrative expenses amounted to €2.3 billion, as in 2008.

At €2.6 billion, net other operating income was €0.5 billion below the prior-year figure due to lower reversals of provisions and declining currency hedging gains.

The Automotive Division recorded an operating profit of €1.3 billion for fiscal 2009, a decrease of 76.7% on the previous year. The shift in volumes towards smaller vehicles, especially in Germany, had a particularly adverse effect. Profit was also negatively impacted by exchange rate effects, including from currencies such as the Russian ruble, the Swedish krona, or the Polish zloty. The positive business performance in China is not reflected in operating profit, as our Chinese joint ventures are accounted for using the equity method.

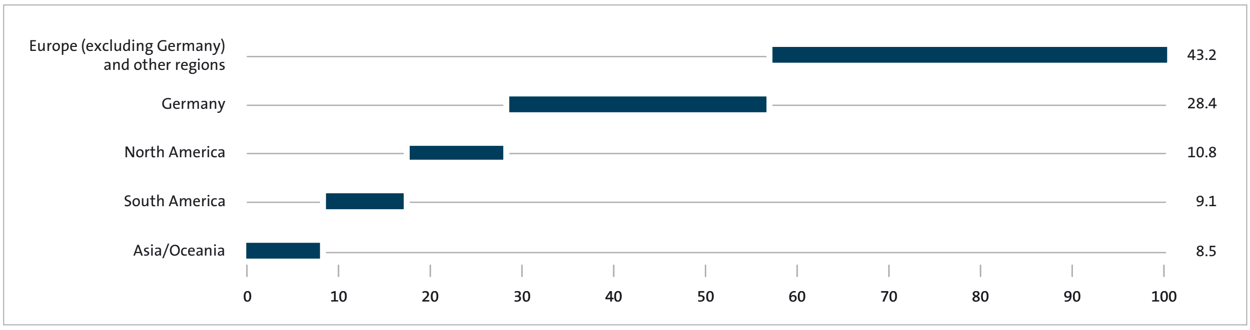
INCOME STATEMENT BY DIVISION

€ million	VOLKSWAGEN GROUP 2009	VOLKSWAGEN GROUP 2008	AUTOMOTIVE* 2009	AUTOMOTIVE* 2008	FINANCIAL SERVICES 2009	FINANCIAL SERVICES 2008
Sales revenue	**105,187**	**113,808**	**93,041**	**102,632**	**12,146**	**11,176**
Cost of sales	–91,608	–96,612	–82,068	–87,895	–9,540	–8,717
Gross profit	**13,579**	**17,196**	**10,973**	**14,737**	**2,606**	**2,459**
Distribution expenses	–10,537	–10,552	–10,002	–10,061	–535	–491
Administrative expenses	–2,739	–2,742	–2,259	–2,254	–480	–488
Net other operating income	1,553	2,431	2,553	3,006	–1,000	–575
Operating profit	**1,855**	**6,333**	**1,264**	**5,428**	**591**	**905**
Share of profits and losses of equity-accounted investments	701	910	610	809	91	101
Other financial result	–1,296	–635	–1,271	–560	–25	–75
Financial result	**–595**	**275**	**–661**	**249**	**66**	**26**
Profit before tax	**1,261**	**6,608**	**603**	**5,677**	**657**	**931**
Income tax expense	–349	–1,920	–151	–1,668	–198	–252
Profit after tax	**911**	**4,688**	**452**	**4,009**	**459**	**679**
Minority interests	–49	–65	–40	–71	–9	6
Profit attributable to shareholders of Volkswagen AG	**960**	**4,753**	**492**	**4,080**	**468**	**673**

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

SEGMENT REPORTING – SHARE OF SALES REVENUE BY MARKET 2009

as percent



The ratio of operating profit to sales revenue declined to 1.4% (5.3%). The financial result decreased by €0.9 billion to €–0.7 billion. In the case of the equity-accounted investments reported in the consolidated financial statements, the positive effect on earnings in China was offset by a negative result for the MAN Group. A reduction in net interest income and net income from securities and higher expenses for interest unwinding on provisions also negatively impacted the financial result.

RESULTS OF OPERATIONS IN THE FINANCIAL SERVICES DIVISION

In fiscal 2009, the Financial Services Division's sales revenue was 8.7% higher year-on-year at €12.1 billion. The rise was due primarily to higher proceeds from the marketing of pre-registered vehicles in the leasing business. Gross profit rose by 6.0% to €2.6 billion. While distribution costs increased year-on-year, administrative costs were slightly lower than in 2008. Net other operating expense increased by €425 million to €–1.0 billion due to higher write-downs of receivables. As a result of the difficult business environment, operating profit declined to €591 million (€905 million) in fiscal 2009. Nevertheless, the Financial Services Division again made a significant contribution to the Group's operating profit. The return on equity before tax was 7.9% (12.1%).

KEY FINANCIAL FIGURES

%	2009	2008	2007	2006	2005
Volkswagen Group					
Gross margin	12.9	15.1	15.0	13.2	13.0
Personnel expense ratio	15.2	13.9	13.4	16.6	15.7
Return on sales before tax	1.2	5.8	6.0	1.7	1.7
Return on sales after tax	0.9	4.1	3.8	2.6	1.2
Equity ratio	21.1	22.3	22.0	19.7	17.8
Dynamic gearing[1] (years)	0.2	0.2	0.3	0.2	0.2
Automotive Division[2]					
Change in unit sales[3]	+ 0.6	+ 1.3	+ 8.2	+ 10.2	+ 1.0
Change in sales revenue	– 9.3	+ 3.9	+ 2.9	+ 12.0	+ 6.8
Operating profit as a percentage of sales revenue	1.4	5.3	5.3	1.2	2.0
EBITDA (€ million)[4]	8,005	12,108	12,623	8,928	8,720
Return on investment after tax[5]	3.8	10.9	9.5	2.1	2.4
Cash flows from operating activities as a percentage of sales revenue[6]	13.8	8.6	13.8	12.2	9.5
Cash flows from investing activities as a percentage of sales revenue[6]	11.0	11.2	6.6	6.4	6.7
Investments in property, plant and equipment as a percentage of sales revenue	6.2	6.6	4.6	3.8	5.0
Ratio of noncurrent assets to total assets[7]	24.9	26.2	25.0	28.0	32.9
Ratio of current assets to total assets[8]	13.8	19.2	17.4	17.2	18.3
Inventory turnover	6.0	6.3	7.4	7.3	6.8
Equity ratio	30.2	32.6	32.3	28.8	25.3
Financial Services Division					
Increase in total assets	1.6	15.4	6.3	0.4	4.7
Return on equity before tax[9]	7.9	12.1	16.1	16.9	18.2
Equity ratio	10.2	10.6	10.4	9.6	9.7

1 Ratio of cash flows from operating activities to current and noncurrent financial liabilities.
2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
3 Including the vehicle-production investments Shanghai-Volkswagen Automotive Company Ltd. and FAW-Volkswagen Automotive Company Ltd. These companies are accounted for using the equity method.
4 Operating profit plus net depreciation/amortization and impairment losses/reversals of impairment losses on property, plant and equipment, capitalized development costs, leasing and rental assets, goodwill and financial assets as reported in the cash flow statement.
5 For details, see Value-based management on page 154.
6 2008 and 2007 adjusted.
7 Ratio of property, plant and equipment to total assets.
8 Ratio of inventories to total assets.
9 Profit before tax as a percentage of average equity (in 2006: continuing operations).

SUMMARY OF ECONOMIC POSITION

In the reporting period, the Volkswagen Group's business was severely impacted by the global financial and economic crisis. Nevertheless, the Board of Management of Volkswagen AG believes that the Group's economic position is positive. As expected, sales revenue and profit failed to reach the prior-year level. However, our disciplined cost and investment management and our continuous efforts to optimize our processes enabled us to limit the impacts. This demonstrates the Group's ability to generate strong earnings, even in a difficult operating environment.

The indirect investment in Dr. Ing. h.c. F. Porsche AG via Porsche Zwischenholding GmbH impacted the Automotive Division's net cash flow in fiscal 2009. The liquidity position nevertheless recorded an improvement on the impressive prior-year figure. During turbulent times, the Volkswagen Group's financial position was strengthened above all by optimized inventories, which were reflected in the significant improvement in working capital.

An overview of the development of the Volkswagen Group over the past five years can be found in the tables on pages 151 and 153. More information on the economic position of the Volkswagen Group by brand and business field can be found in the Divisions chapter starting on page 88.

VALUE ADDED STATEMENT

The value added statement indicates the added value generated by a company in the past fiscal year as its contribution to the gross domestic product of its home country, and how it is appropriated. In 2009, the value added generated by the Volkswagen Group was 18.0% lower than in 2008. Starting in fiscal year 2009, employees in the passive phase of their early retirement are no longer included when calculating added value per employee. Added value per employee in the reporting period was €68.5 thousand (–19.8%). Prior-year figures have been adjusted accordingly.

VALUE ADDED GENERATED BY THE VOLKSWAGEN GROUP

Source of funds in € million	2009		2008	
Sales revenue	105,187		113,808	
Other income	9,401		9,992	
Cost of materials	–67,925		–75,954	
Depreciation and amortization	–8,877		–8,438	
Other upfront expenditures	–15,767		–12,554	
Value added	**22,019**		**26,854**	

Appropriation of funds in € million	2009	%	2008	%
to shareholders (dividend)	647	2.9	779	2.9
to employees (wages, salaries, benefits)	16,027	72.8	15,784	58.8
to the state (taxes, duties)	1,152	5.2	2,503	9.3
to creditors (interest expense)	3,928	17.8	3,879	14.4
to the Company (reserves)	265	1.2	3,909	14.6
Value added	**22,019**	**100.0**	**26,854**	**100.0**

FIVE-YEAR REVIEW

	2009	2008	2007	2006	2005
Volume Data (thousands)					
Vehicle sales (units)	**6,310**	**6,272**	**6,192**	**5,720**	**5,193**
Germany	1,288	1,013	1,030	1,093	1,019
Abroad	5,022	5,259	5,162	4,627	4,174
Production (units)	**6,055**	**6,347**	**6,213**	**5,660**	**5,219**
Germany	1,938	2,146	2,086	1,935	1,913
Abroad	4,117	4,201	4,127	3,725	3,306
Employees (yearly average)	**367**	**357**	**329**	**329**	**345**
Germany	173	178	175	174	179
Abroad	194	179	154	155	166
Financial Data in € million					
Income Statement					
Sales revenue	**105,187**	**113,808**	**108,897**	**104,875**	**93,996**
Cost of sales	91,608	96,612	92,603	91,020	81,733
Gross profit	**13,579**	**17,196**	**16,294**	**13,855**	**12,263**
Distribution expenses	10,537	10,552	9,274	9,180	8,628
Administrative expenses	2,739	2,742	2,453	2,312	2,225
Net other operating expense/income	1,553	2,431	1,584	–354	1,128
Operating profit	**1,855**	**6,333**	**6,151**	**2,009**	**2,538**
Financial result	–595	275	392	–216	–917
Profit before tax	**1,261**	**6,608**	**6,543**	**1,793**	**1,621**
Income tax expense	349	1,920	2,421	–162	571
Profit after tax	**911**	**4,688**	**4,122**	**1,955**	**1,050**
Cost of materials	**67,925**	**75,954**	**72,340**	**66,935**	**62,620**
Personnel expenses	**16,027**	**15,784**	**14,549**	**17,400**	**14,796**
Balance Sheet at December 31					
Noncurrent assets	99,402	91,756	76,841	75,374	75,235
Current assets	77,776	76,163	68,516	61,229	57,846
Total assets	**177,178**	**167,919**	**145,357**	**136,603**	**133,081**
Equity	37,430	37,388	31,938	26,959	23,647
of which: minority interests	2,149	2,377	63	55	47
Noncurrent liabilities	70,215	65,729	57,351	56,159	56,125
Current liabilities	69,534	64,802	56,068	53,485	53,309
Total equity and liabilities	**177,178**	**167,919**	**145,357**	**136,603**	**133,081**
Cash flows from operating activities*	**12,741**	**2,702**	**9,308**	**14,470**	**10,709**
Cash flows from investing activities*	**10,428**	**11,613**	**7,120**	**11,911**	**10,365**
Cash flows from financing activities	**5,536**	**8,123**	**787**	**–114**	**–1,794**

* 2008 and 2007 adjusted.

VALUE CONTRIBUTION AS A CONTROL VARIABLE

The Volkswagen Group's financial target system centers on continuously and sustainably increasing the value of the Company. In order to use resources in the Automotive Division efficiently and to measure the success of this, we have been using value contribution*, a control variable linked to the cost of capital, for a number of years.

The concept of value-based management allows the success of our innovative, environmentally oriented product portfolio to be evaluated. This concept also enables the earnings strength of individual business units and projects, such as the new plants in India, Russia and North America, to be measured.

COMPONENTS OF VALUE CONTRIBUTION

Value contribution is calculated using operating profit after tax and the opportunity cost of invested capital. Operating profit shows the economic performance of the Automotive Division and is initially a pre-tax figure.

Using the various international income tax rates of the relevant companies, we assume an overall average tax rate of 30% when calculating the operating profit after tax.

The cost of capital is multiplied by the invested capital to give the opportunity cost of capital. Invested capital is calculated as total operating assets (property, plant and equipment, intangible assets, inventories and receivables) less non-interest-bearing liabilities (trade payables and payments on account received).

As the concept of value-based management only covers our operating activities, assets relating to investments in subsidiaries and associates and the investment of cash funds are not included when calculating invested capital. Interest charged on these assets is reported in the financial result.

DETERMINING THE CURRENT COST OF CAPITAL

The cost of capital is the weighted average of the required rates of return on equity and debt. The cost of equity is determined using the Capital Asset Pricing Model (CAPM).

This model uses the yield on long-term risk-free Bunds, increased by the risk premium attaching to investments in the equity market. The general risk premium, which reflects the general risk of a capital investment in the equity market and focuses on the DAX, is 5%. Allowance is made for the individual risk to which Volkswagen's shares are exposed using a beta factor that reflects the fluctuations in the price of Volkswagen shares in comparison with the DAX.

As Volkswagen shares experienced considerable price fluctuations in 2008 and 2009, leading to extreme beta factors in individual months, a multi-year average figure of 0.87 was used to determine the current beta factor for 2009 as a whole, as was the case in 2008.

The cost of debt is based on the average yield for long-term debt. As borrowing costs are tax-deductible, the cost of debt is also adjusted to account for the tax rate of 30%.

A weighting on the basis of a fixed ratio for the fair values of equity and debt gives an effective cost of capital for the Automotive Division of 6.9% (7.2%) for 2009.

COST OF CAPITAL AFTER TAX AUTOMOTIVE DIVISION

%	2009	2008
Risk-free rate	4.1	4.1
DAX market risk premium	5.0	5.0
Volkswagen-specific risk premium	– 0.7	– 0.6
(Volkswagen beta factor)	(0.87)	(0.89)
Cost of equity after tax	**8.4**	**8.5**
Cost of debt	5.5	6.7
Tax	– 1.6	– 2.0
Cost of debt after tax	**3.9**	**4.7**
Proportion of equity	66.7	66.7
Proportion of debt	33.3	33.3
Cost of capital after tax	**6.9**	**7.2**

* The value contribution corresponds to the Economic Value Added (EVA®).
EVA® is a registered trademark of Stern Stewart & Co.

VALUE CONTRIBUTION AND RETURN ON INVESTMENT IN THE CURRENT FISCAL YEAR

The operating profit after tax of the Automotive Division was €1,633 million (€4,469 million) in fiscal year 2009. The year-on-year decline was due primarily to volume losses (unit sales excluding China –6.1%), a deterioration in country mixes, higher distribution expenses relating to scrapping premium programs, the trend towards smaller vehicles and exchange rate effects.

Invested capital rose by an annual average of €2,169 million in connection with the renewal and expansion of our product portfolio and the full effect of Scania's consolidation. As the cost of capital has fallen, the cost of invested capital was only €26 million higher year-on-year at €2,976 million. The fall in operating profit after tax resulted in a negative value contribution of €1,343 million (positive value contribution of €1,519 million).

The return on investment is the return on invested capital for a particular period based on the operating profit after tax. For the reasons already mentioned, this declined year-on-year to 3.8% (10.9%).

More information on value-based management is contained in our publication "Financial Control System of the Volkswagen Group", which can be downloaded from our Investor Relations website.

VALUE CONTRIBUTION BY THE AUTOMOTIVE DIVISION*

€ million	2009	2008
Operating profit (starting point)	1,264	5,428
Plus effects of Scania purchase price allocation on earnings	295	575
Plus share of operating profit of Chinese joint ventures (as from 2009 including the respective sales companies)	774	381
Tax expense	– 700	– 1,915
Operating profit after tax	**1,633**	**4,469**
Invested capital (average)	43,135	40,966
Return on investment (ROI) in %	**3.8**	**10.9**
Cost of capital in %	6.9	7.2
Cost of invested capital	**2,976**	**2,950**
Value contribution	**– 1,343**	**1,519**

* Including proportionate inclusion of the Chinese joint ventures Shanghai-Volkswagen Automotive Company Ltd. and FAW-Volkswagen Automotive Company Ltd. (including the respective sales companies starting in 2009) and allocation of consolidation adjustments between the Automotive and Financial Services divisions.

Volkswagen AG (condensed, according to German Commercial Code)

Difficult environment leads to decline in vehicle sales

Starting in fiscal year 2009, all figures shown are rounded in accordance with standard business rounding principles, so minor discrepancies may arise from addition of these amounts.

The activities of Auto5000 GmbH were integrated into Volkswagen AG in fiscal year 2009.

NET INCOME FOR THE YEAR

Volkswagen AG generated sales of €47.9 billion in fiscal year 2009, a year-on-year decline of 15.6% due to volume-related factors. The proportion of sales generated outside Germany was 53.5% (60.6%). Cost of sales fell by 14.9% to €47.5 billion. As a result, gross profit decreased to €0.4 billion. Selling, general and administrative expenses increased, driven mainly by higher sales promotion costs. The ratio of selling, general and administrative expenses to sales was 10.0%, up from 7.7% in the previous year. At €1.7 billion, the other operating result was up 17.4% year-on-year mainly due to the measurement of the commodity price hedging business in accordance with the imparity principle. Lower interest income was the main reason for the 6.9% decline in the financial result to €4.2 billion.

Overall, Volkswagen AG's result from ordinary activities decreased to €1.5 billion (€2.5 billion) in 2009. After deducting income taxes, net income amounted to €1.1 billion.

INCOME STATEMENT OF VOLKSWAGEN AG

€ million	2009	2008
Sales	47,864	56,710
Cost of sales	47,454	55,780
Gross profit on sales	**+ 410**	**+ 930**
Selling, general and administrative expenses	4,778	4,341
Other operating result	+ 1,718	+ 1,463
Financial result*	+ 4,163	+ 4,472
Result from ordinary activities	**+ 1,512**	**+ 2,524**
Taxes on income	430	1,697
Net income for the year	**1,082**	**827**
Retained profits brought forward	2	24
Appropriations to revenue reserves	200	70
Net retained profits	**884**	**781**

* Including write-downs of financial assets.

BALANCE SHEET OF VOLKSWAGEN AG AS OF DECEMBER 31

€ million	2009	2008
Fixed assets	38,636	34,017
Inventories	3,361	3,680
Receivables	10,434	14,826
Cash and bank balances	8,904	4,162
Total assets	**61,334**	**56,685**
Equity	12,121	11,818
Long-term debt	18,192	10,484
Medium-term debt	8,460	9,260
Short-term debt	22,562	25,122

NET ASSETS AND FINANCIAL POSITION

Volkswagen AG's total assets amounted to €61.3 billion (€56.7 billion) as of December 31, 2009. Investments in tangible and intangible assets, most of which related to new products, were €1.4 billion, 9.7% down on the previous year. Investments in financial assets of €7.8 billion (€9.8 billion) also include the investment in Porsche Zwischenholding GmbH. At the balance sheet date, fixed assets amounted to €38.6 billion, 13.6% more than at December 31, 2008.

At €22.7 billion, current assets were at the same level as the previous year. Lower receivables were offset by significantly higher cash of €8.9 billion, despite the investment in Porsche.

Equity (including special tax-allowable reserves) increased by 2.6% to €12.1 billion. The equity ratio declined to 19.8% (20.8%). Provisions were €23.2 billion at the end of 2009, a decline of 0.6% compared with December 31, 2008. Liabilities rose by 20.8% to €26.0 billion, of which €21.2 billion (€15.9 billion) was interest-bearing. This is due in particular to higher funds raised on the capital markets by subsidiaries for Volkswagen AG.

DIVIDEND PROPOSAL

In accordance with section 58(2) of the Aktiengesetz (AktG – German Stock Corporation Act), €200 million of the net income for the year was appropriated to other revenue reserves. The Board of Management and Supervisory Board are proposing to the Annual General Meeting to pay a dividend of €647 million from net retained profits, i.e. €1.60 per ordinary share and €1.66 per preferred share. In the event that the number of no-par value shares carrying dividend rights for fiscal year 2009 changes in the period up to the Annual General Meeting, a proposed resolution that has been appropriately adapted will be presented to the Annual General Meeting and an unchanged €1.60 per ordinary share carrying dividend rights and €1.66 per preferred share carrying dividend rights will be distributed.

PROPOSAL ON THE APPROPRIATION OF NET PROFIT

€	2009
Dividend distribution on subscribed capital (€1,025 million)	646,704,180.00
thereof on: ordinary shares	472,008,635.20
preferred shares	174,695,544.80
Balance (carried forward to new account)	237,487,409.94
Net retained profits	**884,191,589.94**

EMPLOYEE PAY AND BENEFITS AT VOLKSWAGEN AG

€ million	2009	%	2008	%
Direct pay including cash benefits	4,104	61.8	4,133	64.7
Social security contributions	873	13.1	861	13.5
Compensated absence	764	11.5	750	11.8
Old-age pensions	905	13.6	639	10.0
Total expense	**6,645**	**100.0**	**6,383**	**100.0**

SALES TO THE DEALER ORGANIZATION

Volkswagen AG sold 2,053,427 vehicles to the dealer organization in 2009, 14.0% fewer than in 2008. The proportion of vehicles sold outside Germany declined to 57.9% (69.7%).

PRODUCTION

Volkswagen AG's vehicle production plants (Emden, Hanover and Wolfsburg) manufactured 1,038,344 vehicles, 8.7% fewer units than in 2008. Average daily production at Volkswagen AG declined by 2.0% to 4,561 units.

NUMBER OF EMPLOYEES

At December 31, 2009, a total of 95,164 people were employed at the sites of Volkswagen AG, excluding staff employed at subsidiaries. This figure included 4,534 vocational trainees. 4,028 employees were in the passive phase of their early retirement. The workforce was 5.3% larger than during the previous year, mainly due to the integration of Auto5000 GmbH.

The percentage of female employees was 14.1% of the total headcount. Volkswagen AG employed 2,780 part-time workers (2.9%). The percentage of foreign employees was 5.9%. A total of 73.6% of employees held a vocational qualification in an area relevant to Volkswagen, while 12.9% were graduates. The average age of Volkswagen employees in the reporting period was 42.2 years.

RESEARCH AND DEVELOPMENT

As in the previous year, Volkswagen AG's research and development costs according to the German Commercial Code amounted to €3.0 billion. As of the end of 2009, 9,117 people were employed in this area.

PURCHASING VOLUME

The purchasing volume across the six Volkswagen AG sites in Germany decreased to €18.1 billion (€20.4 billion) in 2009; 71.6% (72.4%) of this volume was sourced from suppliers in Germany. Of the total purchasing volume, €15.1 billion was spent on production materials and €3.0 billion on capital goods and services.

EXPENDITURE ON ENVIRONMENTAL PROTECTION

Investments in environmental protection include all investments relevant for production made exclusively or primarily for environmental protection. Additive measures as well as those integrated with production equipment and processes are included. In 2009, the investments focused on water and air pollution control.

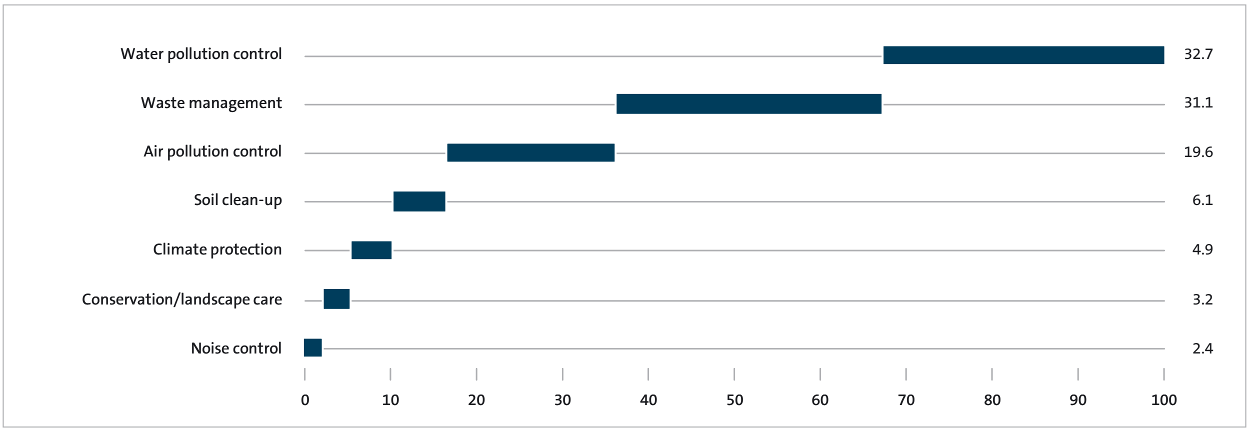
Environmental protection operating costs include expenses for operating equipment used for environmental protection, such as sorting, separation and recycling equipment. Expenses on measures not related to production equipment, such as the work of environmental protection experts, are also included here.

VOLKSWAGEN AG EXPENDITURE ON ENVIRONMENTAL PROTECTION

€ million	2009	2008	2007	2006	2005
Investments	10	8	20	19	27
Operating costs	180	185	177	170	194

OPERATING COSTS FOR ENVIRONMENTAL PROTECTION AT VOLKSWAGEN AG IN 2009

Share of environmental protection areas as percent



BUSINESS DEVELOPMENT RISKS AT VOLKSWAGEN AG

The business development of Volkswagen AG is exposed to essentially the same risks as the Volkswagen Group. These risks are explained in the Risk Report on pages 182 to 191 of this Annual Report.

RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risks for Volkswagen AG arising from the use of financial instruments are the same as those to which the Volkswagen Group is exposed. An explanation of these risks can be found on pages 188 to 189 of this Annual Report.

DEPENDENT COMPANY REPORT

The Board of Management of Volkswagen AG has submitted to the Supervisory Board the report required by section 312 of the AktG and issued the following concluding declaration:

“We declare that, based on the circumstances known to us at the time when the transactions with affiliated companies within the meaning of section 312 of the German Stock Corporation Act (AktG) were entered into, our Company received an appropriate consideration for each transaction. No transactions with third parties or measures were either undertaken or omitted on the instructions of or in the interests of Porsche or other affiliated companies in the reporting period.”

The Annual Financial Statements of Volkswagen AG (in accordance with the HGB) can be accessed from the electronic companies register at www.unternehmensregister.de.

Value-Enhancing Factors
Our innovative vehicles, manufactured by motivated employees, inspire customers worldwide

Volkswagen Group's outstanding team of specialists are committed to developing and manufacturing first-class vehicles that captivate our customers all around the world. The responsible use of environmental resources is becoming increasingly important in this regard.

After describing the key financial performance indicators for the Volkswagen Group in the "Net assets, financial position and results of operations" chapter, we will now explain the non-financial performance indicators that provide information on the efficiency of our Company's value drivers. These especially include processes in the areas of research and development, procurement, production, sales and marketing, and quality assurance. The Company's success is also determined by our employees, our contribution to environmental protection and the social responsibility we assume.

RESEARCH AND DEVELOPMENT

The main focus of our research and development activities in 2009 was on innovative vehicle and mobility concepts, expanding our product portfolio and reducing fuel consumption and emission levels. The Volkswagen Group currently offers 176 models with CO_2 levels below the emissions threshold of 140 g/km, 60 of which emit less than 120 g/km. CO_2 emissions in six of our models have already dropped below 100 g/km.

Innovative products inspire our customers

The integrated innovation management process introduced in 2008 that encompasses the Research, Development, Procurement, Production, Sales and Components divisions was continuously and sustainably enhanced during fiscal year 2009, enabling us to drive forward innovations geared more closely to customer requirements. The exceptionally good marks accorded to this process as a benchmark in the innovation management dimension of the Dow Jones Sustainability Index are testament to its effectiveness.

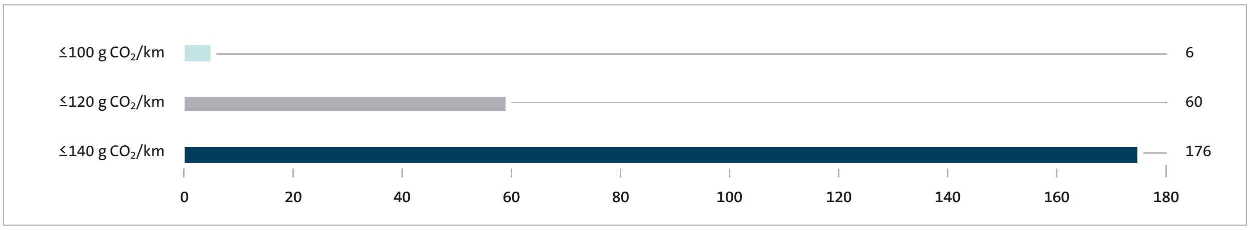
In the following paragraphs we present the most important innovations – new models and systems launched during the past fiscal year.

In 2009, the Volkswagen Passenger Cars brand bundled its fuel-efficient BlueMotion models and other innovative, sustainable technologies under the umbrella of BlueMotion-Technologies, raising customers' awareness of this economical model range. This new umbrella brand encompasses all technologies and products ready or almost ready for series production that help save fuel, thus reducing CO_2 and harmful emissions. In rolling out the new Polo, the brand continued the democratization of innovations in the compact vehicle segment. One such example is the seven-speed direct shift gearbox (DSG), which is available in this class for the first time. The BlueMotion version of the model features the cutting-edge start-stop system with regenerative braking, as well as low-resistance tires. Aided by these innovations as well as by CO_2 emissions of 87 g/km (combined), the Polo BlueMotion* is setting new standards in its segment. A major innovation of recent years, Volkswagen's "Park Assist" system, received a facelift in 2009. The new driver assistance system makes parking in very tight spaces child's play with multiple-move parking maneuvers. The revamped technology made its debut in the new Golf Plus and is now enhancing other models as well.

* Consumption and emission data can be found on page 304 of this Report.

CO_2 EMISSIONS – STATUS QUO

Number of vehicles



The Audi brand introduced the start-stop function in its vehicles in 2009. The system shuts down the engine once the car has come to a stop, the gear lever is in neutral and the driver releases the clutch pedal. Depressing the clutch then starts up the engine again. The start-stop system is extremely quiet, convenient to operate, and fast. It saves around 0.2 l of fuel per 100 km – equivalent to around 5 g CO_2/km. Because roughly 30% of fuel consumption depends on the individual driving style, the efficiency program Audi has built into the onboard computer will help improve fuel efficiency and reduce emissions. The new technology shows all consumption-related data on the display and recommends new tactics for efficient driving, e.g. by indicating the best time to change gear.

Volkswagen Commercial Vehicles unveiled the Amarok, the first pick-up to be produced by a German volume manufacturer. Thanks to economical common rail engines with the most recent generation of biturbo technology, the robust Amarok boasts low fuel consumption and emissions. The pick-up also gets top marks for its comfort, ergonomics and functionality. In the latest generation of the Multivan/Transporter, innovations such as the seven-speed direct shift gearbox (DSG), the "side assist" lane change assistant and the tire pressure control system were integrated into the transporter class for the first time. The portfolio of fuel-efficient four-cylinder diesel engines with common rail injection and biturbo technology is a logical continuation of the downsizing strategy, producing record economic and ecological values and generating considerable customer benefit as a result.

In unmasking its innovative Driver Support System in 2009, Scania presented a system that continually analyzes data from various sensors in the vehicle to produce an assessment of the driving style. On a display, the system gives drivers useful tips in real time on how to improve their driving style to reduce costs and protect the environment. Scania also started full-scale operational trials with six ethanol-fuelled hybrid buses in Stockholm in 2009 to improve the environment in the Swedish capital. The hybrid technology will lower the fuel consumption of the city's buses by 25%. CO_2 emissions for ethanol engines are reduced by up to 90% compared with diesel engines.

Innovative studies point the way to the future

In addition to the multitude of series vehicles it debuted, the Volkswagen Group showcased many innovative concept vehicles and studies in 2009. We will present the most important of these in this section.

The BlueSport concept car developed by the Volkswagen Passenger Cars brand, a compact mid-engined roadster, impressed visitors at the North American International Auto Show in Detroit in January 2009. Comprising lightweight construction elements and a highly efficient clean diesel engine, the Concept BlueSport is a reflection of modern automobile manufacturing. In September 2009, the E-UP! concept car caused quite a stir at the Volkswagen Passenger Cars stand at the IAA in Frankfurt. Based on the New Small Family and powered by an electric motor, this vehicle provides one solution to the challenge of sustainable, low-emission mobility in the future. The world's most fuel-efficient hybrid automobile, the L1, also celebrated its debut in Frankfurt. This concept car features a carbon fiber-reinforced plastic body and seats two people, one behind the other. Powered by a high-tech TDI engine and an electric motor, the L1 uses just 1.38 l of diesel per 100 km and produces only 36 g of CO_2 per kilometer.

In January, Audi unveiled the Sportback concept vehicle at the North American International Auto Show in Detroit – a dynamic four-door coupé that provides a first glimpse of the Audi A7 to be launched in 2010. One of the highlights at the Audi stand at the IAA in Frankfurt was the e-tron concept car. This high-performance sports car has four electric motors with a performance of 230 kW that allow the e-tron to accelerate to 100 km/h in just 4.8 seconds, while

FOR MORE INFORMATION ON E-MOBILITY
Pages 76 to 79

the lithium ion battery pack gives it a range of up to 248 km. The revolutionary thermal management system considers the cooling requirements for the battery and the drive system in addition to the interior temperature.

In Frankfurt, SEAT presented its IBZ concept car, a compact estate in the brand's typical arrow design that gives a foretaste of the SEAT Ibiza ST due for launch in 2010.

Lightweight construction reduces emissions

Lightweight construction is one of the ideas driving efforts to cut CO_2 emissions. All the same, customers' space and comfort demands as well as the legal requirements such as new pedestrian protection regulations must be met. Volkswagen views lightweight construction as a strategic core competency that can be deployed in vehicle construction to reduce CO_2 emissions. As the inventor of the Audi Space Frame, the Group's Audi brand is leading the way in the implementation of lightweight construction in the premium segment. The Volkswagen Passenger Cars brand uses high-strength and ultra-high strength steels for affordable lightweight construction in the volume segment. Modern body shells are now much lighter than those of predecessor models and offer greater comfort and safety. Going forward, the focus will therefore increasingly be on combining available lightweight construction technologies and implementing them affordably in large-series projects. This is the only way a substantial contribution can be made to reducing CO_2 emissions and operating costs in the long term. After aluminum and ultra-high strength steels, carbon fiber composites and magnesium offer the most potential for lightweight construction. Inspiration is provided by the fields of aerospace research and motorsports. The Volkswagen Group is the frontrunner among automakers worldwide in lightweight construction and will hold a strong position in the future thanks to the Group brands' different concepts for lightweight construction.

Volkswagen plays a leading role in the "SuperLIGHT car project", a project funded by the European Commission in which a total of 37 partners have joined forces. The results are compelling: an intelligent mix of aluminium, steel, magnesium and plastic made it possible to reduce the weight of the body in white of a mid-sized saloon by around 35%.

ADDITIONAL INFORMATION ON LIGHTWEIGHT CONSTRUCTION
Pages 50 to 53

Synergies increase efficiency

The large number of new vehicle models that we will develop for existing and/or future markets demands a high degree of efficiency in design. This is why the Volkswagen Group's individual brands make use of modular platforms, which ensure that the synergy effects that exist both between models in one series and across all series can be optimized and increased at the same time.

Following in the heels of the Modular Longitudinal Platform (MLB), which Audi has already used to develop vehicles, the Modular Transverse Matrix (MQB) signifies the next quantum leap in the extension of the cross-brand platform and modular strategy. This concept can be deployed in vehicles whose architecture permits a transverse arrangement of the engine components. The MQB enables us to meet customers' expectations for a growing variety of vehicle models, equipment features and design, reducing the complexity, costs incurred and time required for development at the same time. In the coming years, the Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, Audi, SEAT and Škoda brands will develop a wealth of models based on the MQB platform, all of which will feature innovations in the field of infotainment and driver assistance.

The modular approach will be consistently applied in other areas of the vehicle as well. Structured module families that will help enhance efficiency will thus be developed for all components in the powertrain, bodywork/equipment, electrics and chassis areas. For example, infotainment modules enable the low-cost integration of new radio, navigation, or entertainment functions across all brands in the vehicles, thus creating the basis for the democratization of these systems in small vehicle classes. Their implementation will result from the development of the Modular Infotainment System (MIB).

The expansion of the model range and enhancement of the product development process also require new approaches in product data management in addition to a high level of efficiency. This is the reason Volkswagen is developing the central engineering platform "CONNECT" that will form the future core of data management in vehicle development and keep the growing complexity in this area at a manageable level. The new product data management system will add value directly by linking up all of the Group's brands, from development to production to distribution. Development partners and suppliers can also be integrated in the system, reducing time-consuming data preparation.

Strategic alliances continued

In 2009, we continued our cooperation arrangements with Dr. Ing. h.c. F. Porsche AG, Daimler AG and the Chrysler Group on the development and production of automobiles. Last year, Scania entered into a strategic partnership with Chinese bus bodywork manufacturer Higer, on the basis of which the two companies will team up with Scania Touring in China to produce a bus for the global market.

In the area of renewable second-generation biofuels Volkswagen is continuing to work with CHOREN Industries and IOGEN. Volkswagen has held a financial investment in CHOREN Industries since 2007.

In 2009, we stepped up our cooperation with several experienced battery manufacturers and the Institute of Physical Chemistry of the University of Münster to promote the development of battery systems for hybrid drives and electric vehicles.

Employees file numerous patents

In 2009, employees of the Volkswagen Group filed 1,790 patent applications, 1,230 of them in Germany and 560 abroad. The majority of these innovations related to driver assistance systems and infotainment topics as well as to hybrid and bodywork technology. Once again, our employees documented their exceptional innovative strength with the large number and the technological quality of the applications.

External R&D know-how integrated

In addition to its internal resources, the Volkswagen Group draws on the expertise of its suppliers in the development process to be able to expand its model range with innovative, sustainable vehicle concepts. Close cooperation at an early stage between internal and external capacity is essential if we are to successfully complete projects to the standard required and within reduced development times. We mostly integrate the external expertise into creative processes, but also into virtual technologies and megatrends.

External know-how is chiefly used in support services, in downstream processes such as series production management and in activities that are not customer-facing and generate improvements. As the expertise of subsequent system suppliers is particularly useful when developing modules and components, collaboration with these partners will be systematically driven forward and extended for the benefit of both sides.

Increase in capitalized development costs

In fiscal year 2009, research and development costs in the Automotive Division increased by 6.4% year-on-year. The capitalization ratio fell to 33.6% (37.4%). The ratio of research and development costs to sales revenue recognized in the income statement in accordance with IFRSs in the Automotive Division was 5.8% (5.0%).

The Research and Development function employed 25,583 people Group-wide at the end of 2009, corresponding to 6.9% of the total headcount. This figure includes the staff at the vehicle production investments Shanghai-Volkswagen Automotive Company Ltd. and FAW-Volkswagen Automotive Company Ltd. These companies are accounted for using the equity method.

RESEARCH AND DEVELOPMENT COSTS IN THE AUTOMOTIVE DIVISION

€ million	2009	2008	2007	2006	2005
Total research and development costs	5,790	5,926	4,923	4,240	4,075
of which capitalized development costs	1,947	2,216	1,446	1,478	1,432
Capitalization ratio in %	33.6	37.4	29.4	34.9	35.1
Amortization of capitalized development costs	1,586	1,392	1,843	1,826	1,438
Research and development costs recognized in the income statement	**5,429**	**5,102**	**5,320**	**4,588**	**4,081**

PROCUREMENT

The repercussions of the financial and economic crisis presented Procurement with fresh challenges in fiscal year 2009. Sliding sales at automobile manufacturers had a knock-on effect on suppliers, prompting scores of insolvencies in this sector. At the same time, government incentive programs were approved that caused a shift in unit sales in the individual vehicle segments. These effects directly influenced the supply of procured components. Other issues of importance in 2009 were the systematic development of new procurement markets and the worldwide implementation of the sustainability concept in supplier relationships.

Supply situation for procured components

Supplies of procured components in 2009 were affected in no small measure by the difficult economic climate worldwide and the government support measures taken to stabilize the global economy. In many countries, the unit sales in the luxury vehicle segments were particularly hard hit, plunging dramatically in some cases. This was countered by an equally steep increase in sales figures in segments comprising smaller vehicles with simple equipment features – a development attributable to subsidy programs as well as a change in cost and environmental awareness. Furthermore, in many cases component supply became extremely critical due to the large number of bankruptcies among suppliers.

These trends led to constant change in the Group's component requirements throughout the year in terms of volumes and mix. In spite of these challenges, the component and vehicle plants of all Volkswagen Group brands received a steady supply of parts on schedule during 2009. This was also the case at the production facilities in China, which had to contend with a sharp rise in demand. The fact that this succeeded is thanks in particular to the systematic improvement in processes, especially in the areas of capacity, requirements and procured component management within our procurement organization. Intensified integration of processes with the other divisions involved also bore fruit. We plan to continue this successful approach so that we can cope with new tasks as well.

Systematic development of new markets

The new production facilities in India, Russia and the United States will provide fresh opportunities for Group procurement. By pushing local procurement of components, we secure cost advantages in these new growth regions, which enables us to stay within budget.

To increase our share of value added generated by locally procured components in growth markets, we rely on what is called radical localization; in other words, we try to find economical supply sources for raw materials in the relevant regions at an early stage in the process and in doing so optimize costs. Here, we work closely with the Technical Engineering and Quality Assurance divisions. Through targeted radical localization we are raising the proportion of material procured locally.

We also make intensive use of globally competitive procurement sources for our European vehicle projects. This enables us to leverage synergies from local production for exporting components and progressively reduce material costs in Europe without compromising on quality.

In this context, procured component management is an integral part of our international programs. Suppliers at the individual Group sites are supported by regionally active teams both in radical localization in the country in question and when exporting the components to Group production facilities in other countries. We also use the services of a supplier management team that together with Quality Assurance is responsible for training local suppliers.

This approach is helping us to optimize cost targets for new vehicle projects in the individual regions and achieve a globally competitive level of procurement.

Sustainability in supplier relationships

The topic of sustainability in supplier relationships is firmly embedded in the processes of the Volkswagen Group. Procurement's goal is to integrate the values of environmental protection and the perception of social responsibility as defined in the corporate policy into supplier relationships. The concept of sustainability in supplier relationships comprises four main pillars: sustainability standards for suppliers, an early-warning system to minimize risk, transparency in the procurement process, and finally supply monitoring and development.

All procurement staff have been briefed on these topics and sensitized to shortcomings as well as potential for improvement at suppliers. By doing this, we have created the basis for sustainable development and continuous enhancement of procurement processes in the Company as a result. Time and again, our responsibility as a partner along the value chain presents us with new challenges such as deciding on the direction of investments, the use of resources or the promotion of product- and process-based innovations.

Since 2008, we have implemented the concept in all brands and in all regions in which the Group is active. Prior to this, a pilot project at VW Group China, in which the topic of supplier training was also an important element, was successfully completed. Using the experience gained in this project, we set up a global network for sustainability in the procurement organization and developed action plans for the future. Another supplier training project was implemented in India in 2009. Intensive networking and regular interaction between all brands and regions are essential if we are to integrate all our business partners throughout the Group into the concept.

Moreover, through its involvement in the "The European Alliances for CSR" initiative, Volkswagen is actively championing more intensive integration of the sustainability topic at a European and cross-industry level.

Purchasing volume

In 2009, the Volkswagen Group's purchasing volume decreased by 6.3% year-on-year to €70.7 billion. The proportion attributable to German suppliers was 41.9% (48.0%).

PURCHASING VOLUME BY BRAND AND MARKET

€ billion	2009	2008	%
Volkswagen Passenger Cars	45.0	44.5	+1.3
Audi (incl. Lamborghini)	14.3	19.8	−27.5
Škoda	4.2	5.0	−17.2
SEAT	2.7	3.2	−17.0
Bentley	0.2	0.6	−60.2
Volkswagen Commercial Vehicles	1.5	2.3	−35.4
Scania	2.8	–	
Volkswagen Group	**70.7**	**75.4**	**−6.3**
Europe/Remaining markets*	49.4	59.0	−16.3
North America	3.2	3.0	+8.4
South America*	5.4	5.4	−0.3
Asia-Pacific	12.7	8.0	+58.2

* 2008 adjusted.

PRODUCTION

2009 saw a large number of vehicle start-ups and hard work at our new production facilities. The Volkswagen Group now comprises 60 sites, with vehicles manufactured at 40 of these. As the Brazilian commercial vehicles business was sold to the MAN Group in the first quarter of 2009, the Brazilian plant in Resende has been deconsolidated. The commissioning of the facility in Pune, India, gave us a second production plant in the important Indian market alongside Aurangabad as of March 31, 2009. The activities of Auto5000 GmbH were integrated into Volkswagen AG in fiscal year 2009. Construction in Chattanooga, USA, is progressing as planned. This new plant will enhance the Group's production facilities from 2011 and contribute to Volkswagen's growth in North America. The Volkswagen Group is responding to the continued high demand on the passenger car market in China with the acquisition of the production facilities in Nanjing and Chengdu by our Chinese joint ventures. The Volkswagen Passenger Cars and Audi brands will substantially increase their production capacity to cement and expand their lead in the Chinese market.

Start-ups in 2009

There were numerous production start-ups in fiscal year 2009 that were central to the success of the Volkswagen Group. The launch of the fifth generation of the Polo was an important event for the Volkswagen Passenger Cars brand in 2009. The model range of the new Golf was also enriched by the Golf Plus and Golf Variant derivatives. Audi expanded its product portfolio in early 2009 by adding the Audi A4 allroad quattro and the Audi A5 Cabriolet, followed by the Audi A5 Sportback. 2009 also saw the start of production of the Audi R8 Spyder and the new Audi A8, both of which are eagerly awaited in the market. The start-up of the Yeti SUV and the Superb Estate were high points of the year for the Škoda brand. SEAT rolled out the Exeo ST in 2009. Volkswagen Commercial Vehicles added two new, attractive models to its portfolio: the Amarok produced in Argentina and the revamped Multivan/Transporter. The Bugatti Veyron Grand Sport* raised the bar in the luxury segment. The special needs of Chinese customers were taken into account with the start-up of the Passat Lingyu. In addition, local production of several more of the Group's models began in China: the new Golf, the Tiguan, the Škoda Superb and the Audi Q5.

Center of Excellence for Automotive Production

In 2008, Volkswagen and the Fraunhofer Institute for Machine Tools and Forming Technology in Chemnitz signed a cooperation agreement to establish the Center of Excellence for Automotive Production. Designed to implement numerous innovative research topics for sustainable, resource-saving production, the alliance is a long-term strategic partnership. Volkswagen is participating by contributing manpower and materials with a value of up to €2 million. At the moment, seven research projects in the fields of toolmaking, body construction and technology development are underway. The Center of Excellence will gradually map the principal production units in body production. This will enable our experts to test new manufacturing processes up to series production on production lines and continuously improve them before being used in plants. An important part of the cooperation agreement is the initial training and continuing development of highly qualified junior scientists. Volkswagen employees will also be given the opportunity to test new production methods in the testing facilities of the shared "Forschungsfabrik" research laboratory, training themselves in the process.

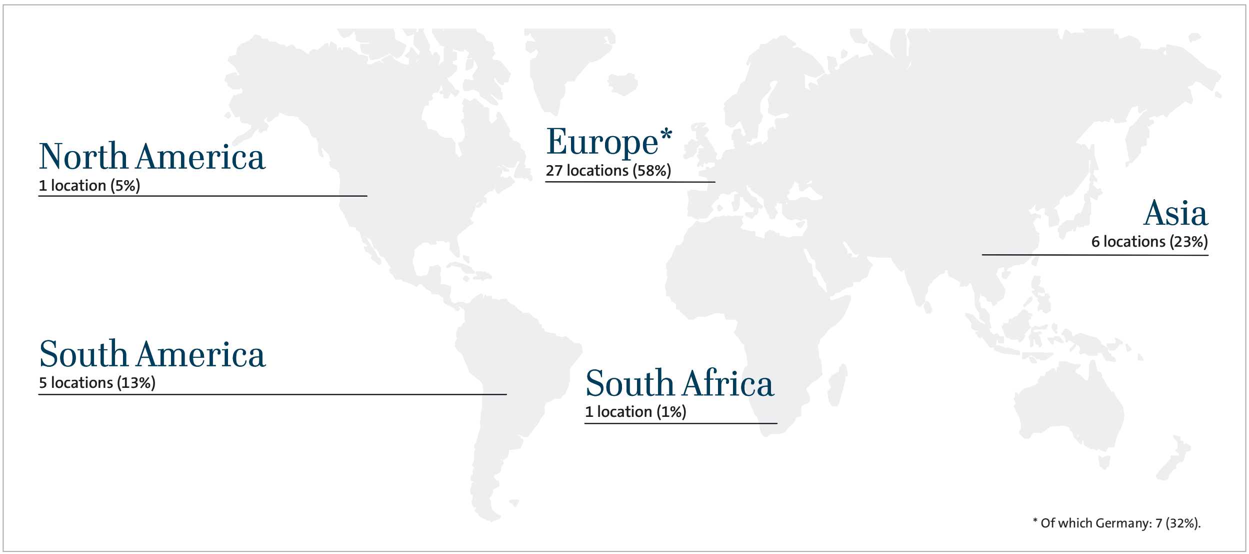
Production milestones in 2009

The year kicked off with the one millionth Touran rolling off the assembly line in Wolfsburg in January. In May 2009, the Audi brand saw its global production exceed 19 million vehicles. By mid-year, Volkswagen Commercial Vehicles had produced one million Multivans/Transporters of the fifth generation as well as ten million vehicles from the Multivan/Transporter model range – all in all two reasons to celebrate. In July, SEAT celebrated the production of the nine millionth gearbox at its facilities in Spain. The Russian site in Kaluga assembled the hundred thousandth partly knocked-down vehicle in August, the same month in which the Changchun plant operated by our Chinese joint venture FAW Volkswagen produced the three millionth vehicle. At Shanghai Volkswagen, the five millionth vehicle rolled off the production line in the fourth quarter of the year.

* Consumption and emission data can be found on page 304 of this Report.

VEHICLE PRODUCTION LOCATIONS OF THE VOLKSWAGEN GROUP

Share of total production 2009 in percent



Efficient production management in a rocky market

2009 was a year marked by the fallout of the financial and economic crisis as well as international measures to prop up and stabilize the sales markets. The volatility of customer demand presented the European locations in particular with major challenges with regard to staffing and security of supplies. This affected the Group's production facilities to varying degrees, depending on the development of demand in the market and for the products in question.

Whereas the production facilities manufacturing the Polo, Golf and Golf Plus models as well as the Škoda Fabia and SEAT Ibiza were stretched to the limits of their capacity to meet the continued high demand in the compact vehicle segment, the facilities producing cars for the premium and luxury segments were among those forced to radically scale back production. Given the impact this had on staffing, it was necessary to introduce special shifts and short-time working in 2009 in close consultation with the employee representatives. In June 2009, Scania agreed on a four-day week for some 12,000 employees in Sweden in response to weak demand in the commercial vehicle sector. The agreement was valid during the second half of 2009 and involved a 10% pay reduction.

Because we continuously adjust production to developments in the market and are remarkably flexible, we succeeded in captivating customers with our young, appealing product portfolio during recent months in spite of the difficult situation, dramatically reducing stock levels at the same time.

By working hand in hand with the Sales and Procurement divisions, we will further stabilize operations at our production facilities to reach ideal stock levels.

Our superb product portfolio and the Group's network of service providers will cushion the effects of the phasing-out of government incentive programs on the Volkswagen Group. Intelligently scheduled customer orders and our ample tools for achieving flexible working practices will again provide the key in 2010 for demand-driven production with minimum costs and optimized liquidity.

SALES AND MARKETING

The Volkswagen Group has a unique portfolio with nine successful brands, with which it excites millions of customers year after year. Each brand has an individual, distinctive image. In 2009, we improved the efficiency of our sales force and further sharpened the profile of our brands.

Brand diversity and brand strength

"Innovative", "providing enduring value" and "responsible" are the three core messages of the Volkswagen Passenger Cars brand combined in the slogan "Volkswagen – Das Auto". The Volkswagen Passenger Cars brand conveys quality, reliability and German engineering skills worldwide. This profile and the trust customers place in the brand mean it is the first choice for millions when buying a car. Future global brand management activities will continue to revolve around customers' wishes and preferences, making innovations that are oriented on customer requirements as well as affordable a critical competitive advantage. The goal of the Volkswagen Passenger Cars brand is to become the most innovative volume manufacturer with the best quality in its specific classes in the medium to long term. Countless technical highlights show that this brand is living up to its claim, such as the pioneering TDI and TSI drive technologies or the direct shift gearbox (DSG), plus the BlueMotion models and the new BlueTDI technology that already complies with the Euro 6 emissions standard due to come into effect in 2014.

The Audi brand with its theme and slogan "Vorsprung durch Technik" is one of the strongest automotive brands in the premium segment. In its mission to become the market leader in this segment, Audi is continuing to rely on its brand image centered around sportiness, high quality and progressiveness. Numerous prominent prizes and awards as well as the outstanding acceptance of the Audi models show that Audi is pursuing this objective with determination and has become a premium brand with a high prestige value. The use of the most innovative technology, a consistent design language and careful brand management are among the main factors that have led to its success.

"Simply clever" – this is the slogan under which Škoda has grown into one of the fastest emerging brands, particularly in Europe. The Škoda brand embodies a combination of intelligent concepts for the use of space, providing technically simple yet sophisticated and practical detailed solutions, plus attractive designs and compelling value for money. The many awards for excellent design as well as sophisticated and innovative engineering that its vehicles have received show that this brand concept is receiving widespread acclaim.

The SEAT brand has chosen the pithy core values "sporty", "young" and "design-oriented" as it gets back on track. Its models, which have won multiple awards for their outstanding, innovative design, are particularly representative of the SEAT brand image and exemplify the "auto emoción" slogan.

The Bugatti, Bentley and Lamborghini brands round off the wide range of Volkswagen Group brands in the luxury vehicle segments, embodying above all exclusivity, elegance and power.

With a portfolio of vehicles comprising light commercial trucks, large MPVs and motor homes, Volkswagen Commercial Vehicles provides a high-performance solution for its customers' varied transport needs.

At Scania, the core values of "customer first", "respect for the individual" and "quality" take precedence. Guided by these core values, the over 100-year-old Swedish company manufactures high-performance trucks, buses and engines that feature highly innovative technology, as well as offering its customers a variety of service packages including financial services.

Customer satisfaction and customer loyalty

The Group brands regularly measure the satisfaction of their customers in many countries with the help of specialized questionnaires that concentrate primarily on product and service quality. The results are analyzed and used to develop measures designed to further increase customer satisfaction.

In terms of satisfaction with product quality, the Audi brand occupies a leading position in the core European markets. However, the scores of the other Group brands for overall satisfaction are also encouraging.

Customers who are satisfied with the quality of our products and services are loyal customers. Customers' confidence in our brands is clearly reflected in the loyalty figures: for example, the Volkswagen Passenger Cars brand was able to maintain brand loyalty at a high level in its European core markets. Škoda has also ranked among the leaders in terms of brand loyalty for many years. In its commercial fleet customer business, the Volkswagen Group has a strong customer base in Germany and the rest of Europe. The Group's principal advantage is that its competitive product portfolio can satisfy customers' individual mobility requirements in a one-stop service. Particularly in Germany, its strong market positioning is supported by Volkswagen Leasing GmbH, whose leasing services and close cooperation with the sales organization give the Group an edge over its competitors.

Sales structure of the Volkswagen Group

The Group's multibrand structure allows continuous standardization of wholesale and retail processes. Management of the wholesale business, around 80% of which is handled by companies within the Group, has also been successfully established in the emerging markets in recent years. The focus in wholesale and retail on proximity to customers, which is supported by an exclusive brand profile, plays a key role in increasing customer satisfaction. We meet the demand for cross-brand support for fleet customers through key account management. Our dealership partners and wholesalers alike can also leverage cross-brand synergies in this way. By optimizing structures and implementing programs to raise quality in sales and customer service, we further improved the profitability and efficiency of the distribution networks in 2009. Our close working relationship with dealers remains the focus of our distribution network strategy. Its implementation is supported by the conscious use of state-of-the-art communication media and technologies tailored to the specific needs of individual customer groups.

Fleet customer business

Volkswagen Group Fleet International is the central point of contact for the international fleet business with Group brand vehicles. In fiscal year 2009, the processing system designed in previous years for the national fleet customer business was successfully rolled out in the United Kingdom and will now be progressively implemented at all of the Group's importers. This platform will allow the national fleet customer business to be networked and customers' varying requirements in the different countries to be depicted transparently as a result. On this basis, the Group will be able to successfully extend the business model to other relevant markets. We have consciously refined the structure of our international fleet network after adding countries from the emerging markets.

Value conservation through efficient remarketing

Efficient marketing of relatively new used cars is a fundamental aspect of the Volkswagen Group's long-term growth strategy. Our activities are focused on ensuring that the residual value of our vehicles remains stable over time. The resale value of a vehicle is a major factor influencing customer purchase decisions and therefore also determines the competitiveness of our products to a significant extent. To reinforce this competitiveness, it is important to keep vehicle depreciation as low as possible in the long term. To this end, relevant factors such as quality, durability, design and equipment features are taken into account when new models are being developed. The brands' sales policy also guarantees a constant supply of marketable used cars. This also supports stable residual value by controlling the flow of used cars into suitable sales channels.

What is more, regular customer surveys give us pointers regarding the needs of our customers when buying used vehicles and help us provide a customized range of products and services.

Ecologically sustainable, low-cost mobility is crucial for our long-term success, particularly in growth markets. To be able to make the residual value of vehicles competitive in the long term, efficient used car strategies must be implemented early on in the markets in question. We have already taken steps in this direction in markets such as Russia, Latin America and the United States. Additional growth markets such as India and China will follow shortly.

QUALITY ASSURANCE

Since the satisfaction of our customers depends to a large extent on the quality of our products and services, quality assurance is a very important activity in the Group. In fiscal year 2009, it again played a key role in the successful launch of over 30 models Group-wide as well as a large number of new engines and components.

Product quality

Our Group brands principally rate the quality of a product on its reliability and appeal, but also on the basis of the after-sales service provided. We have set ourselves the goal of becoming a product quality leader in the global market.

For the Volkswagen Passenger Cars brand, for instance, the Sales and Quality Assurance divisions have set up a customer satisfaction program in collaboration with Technical Engineering in which concrete improvement measures are defined and implemented with the involvement of importers and sales companies for key markets such as Germany, China and Brazil. Examples include campaigns to improve services in sales and after-sales service, as well as new customer-oriented and market-specific product solutions. We are beginning to see the fruits of our efforts in markets such as the United States, where the Volkswagen Passenger Cars brand now enjoys a much higher position in the customer satisfaction ranking developed by market research institute J.D. Power. The long-term program is scheduled to be rolled out in South Africa and Mexico in 2010 and extended to all regions and markets in the coming years. Similar customer satisfaction programs are being implemented by the Audi and Škoda brands.

The large number of production start-ups across all Group brands and corporate locations attested to Volkswagen's high level of quality again in 2009 and enabled the number of repairs to be maintained at a consistently low level.

Service quality

We also continued to enhance our customer service processes in 2009. Our improved repair service and higher product quality in particular went a long way towards reducing the number of repeat repairs. In order to progressively increase customer satisfaction, the specialist areas, importers and sales companies participating in the customer satisfaction program are developing globally applicable standards for the processes – from product development to sales to after-sales service. The "Customer Satisfaction Forum" comprising representatives from the Quality Assurance, Sales and Technical Engineering divisions coordinates the systematic implementation of these measures. This interdisciplinary approach enables projects that have proven to be effective in one market to be successfully implemented in other markets.

Challenges facing Quality Assurance

One of the greatest challenges facing Quality Assurance is the growing number of production facilities and market-specific model derivatives throughout the Group worldwide. These require consistent alignment of all elements along the value chain with standardized processes that must be continually optimized.

For strategic growth markets such as India, the Group's products need to be tailored to local customer and market requirements and still meet Volkswagen's quality standards. To achieve this, the Group puts a lot of effort into developing new concepts and approaches in consultation with all divisions involved. Its goal is to be the "best of local" as regards reliability, functionality and appeal; this means being active at the same or a higher level than Volkswagen's best competitor in each case.

In addition, the ever-growing number of equipment features and innovations continually presents Quality Assurance with fresh challenges. Enhanced security, comfort and electronics systems, as well as new drive technologies, are increasingly being included in volume models as well. The integration of these systems and technologies must be tested early on in the concept phase so that reliability, safety and trouble-free functionality are guaranteed.

EMPLOYEES

Including the vehicle-producing Chinese joint ventures, the Volkswagen Group employed a total of 368,500 people worldwide on December 31, 2009. This represents a change of –0.4% compared with the end of 2008 (369,928 employees). Volkswagen thus succeeded in maintaining employment levels constant even during the financial and economic crisis. It is thanks in particular to its flexible policy on working hours that the Company succeeded in overcoming the crisis in 2009. It enabled cuts in the core workforce to be avoided in the first quarter. There was no need to recruit additional permanent staff in the following quarters, which were characterized by high utilization.

Volkswagen's workforce stepped up to the challenges last year posed by the fluctuations in volumes but also the over 20 start-ups, demonstrating outstanding motivation and commitment. The Group enhanced its Staff development measures in 2009 to increase the dedication and specialist expertise of employees throughout the entire Group.

Vocational development at Volkswagen

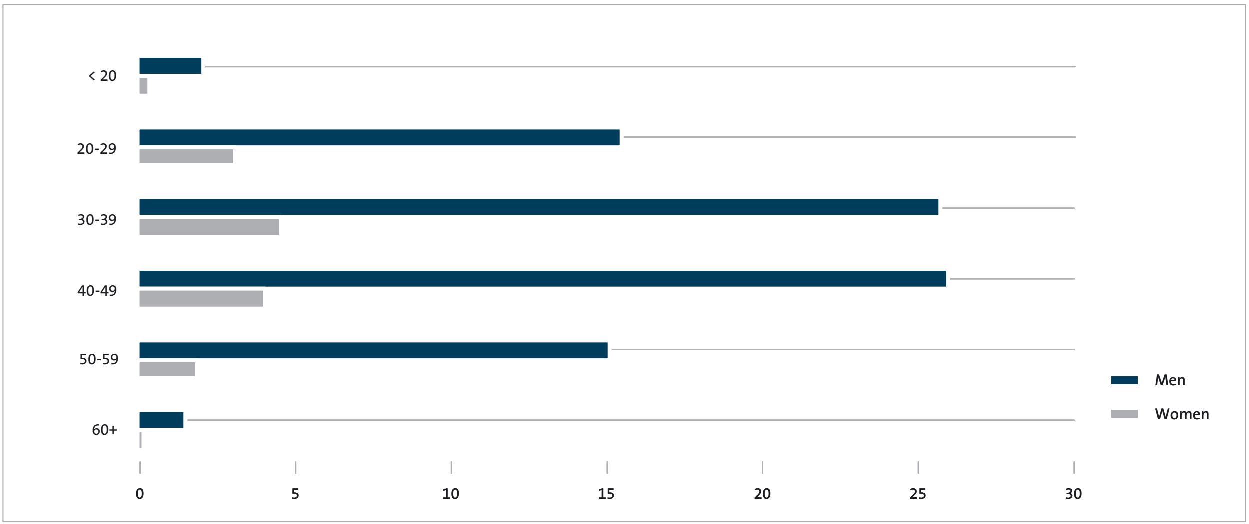
Vocational training has always had an important function at Volkswagen. It is as trainees in the Company that a large number of the future specialists and managers start their career. Vocational training is therefore also essential for the development of specialist skills in the workforce. By the end of 2009, some 4,300 young people had secured a vocational traineeship at one of Volkswagen AG's six western German locations. Training is provided in 32 different vocations.

The Volkswagen Group is also seeking to increase the number of traineeships available at its international locations. By the end of 2009, 9,846 young people were in vocational training across the Volkswagen Group, including 2,042 outside Germany.

Systematically encouraging and challenging its trainees is an issue of considerable importance at Volkswagen. An invaluable tool in this context is the "EFA" system for developing and nurturing trainees, on the basis of which trainees' willingness to learn, skills, creativity and customer focus have been continuously assessed and individually encouraged. Since 2006, on completion of their training, young people at the start of their career have had the opportunity to take part in the "Wanderjahre" (Years Abroad) program, spending twelve months at one of the Group's international locations. So far, over 100 young employees of Volkswagen AG have gained work experience at Volkswagen's corporate sites in Portugal, the UK, South Africa and Mexico, at VW Group in Beijing, as well as at SEAT in Martorell, at Škoda in Mladà Boleslav and at Bentley in Crewe. In 2009, the main focus was on finding positions at Volkswagen AG in Germany for people on an international placement. A large group from South Africa, Mexico and Slovakia were placed for the first time in the Wolfsburg and Kassel facilities, for example.

AGE STRUCTURE OF THE WORKFORCE OF THE VOLKSWAGEN GROUP

age in years, percentages



One of the high points of vocational training at Volkswagen is the annual presentation of the "Best Apprentice Award" to the best trainees. In 2009, the Group Board of Management presented Best Apprentice Awards to 22 trainees from eleven countries in recognition of their achievements.

Going forward, uniform standards of expertise will form the basis of vocational training and securing a job at Volkswagen. These standards are currently being developed for four core automotive vocations with the goal of further standardizing and systemizing professional development across the various locations. At the same time, this aims to ensure that the curriculum for all vocational groups comprises the very latest knowledge and is at the cutting edge of technological development.

Talent groups are nurturing tomorrow's experts today

Technical expertise is also being fostered by the talent groups for young specialists set up to provide particular assistance to vocational trainees in managing the transition from vocational training to professional work, preparing them for their future tasks and responsibilities. The young experts receive a personal development plan tailored to the individual requirements of the area in which they will be working. Talent groups have so far been formed in Wolfsburg and Salzgitter, to be followed by Braunschweig, Hanover, Kassel and Emden in winter 2009/10.

Customized programs for university graduates

The start of a person's career shapes his entire working life, which is why Volkswagen launched the StartUp Direct program in 2008 to give young university graduates a head start in the Company. Over a two-year period, participants in the program not only familiarize themselves with their own department and the Company but also attend a large number of training seminars. These are supplemented by multiple-week placements in production and sales as well as an optional foreign placement.

University graduates with an international focus can alternatively enter the StartUp Cross program. This 18-month international trainee program includes a three-month international placement. Over 650 trainees have passed through one of these two programs since their launch in 2008.

The Student Talent Bank is Volkswagen's staff development program for people who are still at university. It enables us to identify and build ties with talented individuals at an early stage. In the last ten years, over 1,200 young people who demonstrated outstanding abilities and dedication during a national or international placement at Volkswagen have been included in the Student Talent Bank.

Continued expansion of the AutoUni

Established in 2002, the AutoUni offers high-level training courses throughout the Group in conjunction with individual departments of Volkswagen AG and cooperating universities. The AutoUni courses are geared towards members of the different vocational groups in the Volkswagen Group and are supplemented by interdisciplinary courses, plus seminars oriented at the general public. The AutoUni courses include lectures, conferences, or further education programs lasting several months in nine areas: sales and marketing, products, production, procurement, quality, human resources and organization, finance and controlling, corporate and IT issues. In 2009, over 10,000 participants attended the seminars organized by the AutoUni.

Over the past few years, a number of specialist institutes have been established within the AutoUni, most recently the Volkswagen Institute for Work and HR Management (IFAP). Others are the Volkswagen Institute for Purchasing (IFB), the Volkswagen Institut for Finance and Controlling (IFFC) and the Volkswagen Institute for Marketing and Sales (IFMV).

The AutoUni collaborates with 40 universities worldwide, most notably with the Lower Saxony Research Centre for Vehicle Technology (NFF), an interdisciplinary center for research into vehicle technology that has set up the "metropolitan car" project to explore intelligent, low-emission and flexible vehicle concepts and study the general conditions for these in the automotive industry. The NFF's Wolfsburg arm was opened on February 13, 2009.

The AutoUni is also intensively involved in Volkswagen AG's doctoral student program, in which 234 young researchers participated last year. Students' mostly automotive-related theses are generally completed within three years. During this time, the doctoral students are employed at Volkswagen and work closely with their own university department, which also appoints a supervisor for them. The program is supported by transdisciplinary development courses and a network of active doctoral students and alumni, in addition to the AutoUni's publication series in which completed theses can be published.

Professional development for all employees

At Volkswagen, training is not just for young people starting their careers and university graduates. Quite the reverse: under the "Volkswagen Way" works agreement, employees, employee representatives and management have together made it their business to turn the company into a learning organization. For professional development in the vocational groups, Volkswagen Coaching GmbH offers a wide spectrum of training measures consisting of personal development programs, general seminars and courses, as well as special training measures geared towards the specific requirements of individual departments. This enables Volkswagen to ensure individualized, task-based skills development for individual employees and also provide training to the entire workforce in preparation for changes in tasks and technology.

In 2009, 49 large-scale training projects were implemented in close consultation with the specialist departments and Volkswagen Coaching GmbH. Around 10,000 employees participated in the training seminars on the objectives of the Volkswagen Way, improving product start-ups and the use of new technologies.

During 2009, a total of 54,920 employees received further training in the 7,281 seminars held by Volkswagen Coaching GmbH lasting 187,254 participant days. In the area of specialist skills development (e.g. factory automation, robotics and applications engineering), 37,928 employees were involved in 5,823 seminars covering 134,115 participant days. In the field of "crossfunctional skills development" (e.g. leadership skills and personal development), 16,992 employees attended 1,458 training courses representing 53,139 participant days. To ensure that its range of development options is kept firmly up to date, Volkswagen Coaching GmbH developed a further 333 training courses in 2009 alone, 17% of its current offering.

Training programs at international locations

One successful example of an efficient training process is the "profi room concept" implemented at the Kaluga site in Russia. Because Russia does not have comparable vocational training to Germany, and yet production in Kaluga is highly demanding in terms of quality, hands-on practical training of new hires in the production area is essential. This concept is implemented in the assembly, body shell production and painting areas of production. In conditions similar to production, employees learn all basic skills for assembling components, taking ergonomics and current Group standards into account. In this way, 544 employees were trained in less than a year.

EMPLOYEE BREAKDOWN

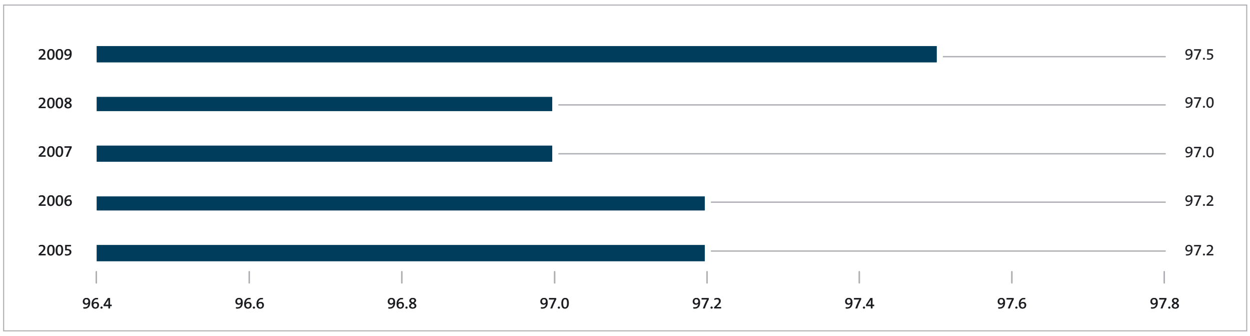
as of December 31, 2009

	2009	2008	2007	2006	2005
Total headcount	368,500	369,928	329,305	324,875	344,902
Vocational trainees in the Group	9,846	9,884	9,302	9,199	9,001
Industrial	7,439	7,498	7,525	7,667	7,515
Commercial	2,407	2,386	1,777	1,532	1,486
Passive stage of early retirement	7,070	8,841	9,847	9,150	9,111
Group's active workforce	351,584	351,203	310,156	306,526	326,790
Percentage of female employees in the Group	14.2	14.0	13.7	13.9	12.4
Number of accidents at work*	1,865	1,819	1,684	1,713	2,163
Frequency of accidents*	4.0	4.0	4.2	4.5	5.4

* Excluding Scania and Audi Brussels; frequency of accidents = number of accidents at work x 1 million / number of hours worked.

HEALTH STATUS OF MANUFACTURING PLANTS IN THE VOLKSWAGEN GROUP

as percent



Volkswagen of South Volkswagen of South Africa is striving to become the market leader in South Africa in 2010 as regards unit sales, quality of service and customer satisfaction with its corporate strategy "1:10:100:2010". Five state-of-the-art training and development centers have been set up to provide appropriate staff training. These centers are located directly in the areas of Technology, Sales and Marketing, Management, Production and Commercial functions.

The Scania brand used the crisis-driven downturn in demand and the associated reduction in working hours in 2009 as an opportunity to continue training its production staff, who alternated their daily manufacturing work with special courses in production technology, production systems and mathematics, as well as English and Swedish lessons.

Equal opportunities and family-friendly HR policies

Volkswagen has been actively promoting gender equality and compatibility between work and family for quite some time. The Volkswagen group for the encouragement of women at work celebrated 20 years in existence in 2009. One of the Company's goals is to continue to increase the proportion of women from 14.2% in all fields, but especially in management, where currently 9.9% are female. In 2009, women accounted for 30.4% of the new trainees taken on by Volkswagen AG and for 21.8% of university graduate hires.

Since 1998, a mentoring program has been in place at Volkswagen in which managers assist female high potentials on their journey towards management. Having been through 16 cycles with a total of over 290 participants, this initiative has proven to be a useful HR development tool in the Volkswagen Group. Our development project for female skilled workers – Female Master Mentoring – aims to increase the number of female supervisors at Volkswagen. At Volkswagen Commercial Vehicles, the KICK program is designed to educate female apprentices in the commercial and technical fields.

Helping employees combine work and family life is an important element of Volkswagen's strategy to become the top employer and is therefore part of our corporate strategy. This is achieved by organizing meetings for employees on parental leave, implementing initiatives to ease the transition back into the workforce after parental leave, and offering information on childcare providers on the intranet. Telecommuting, flexible working hours and various part-time models also make it easier to balance job and family in the Volkswagen Group.

Health management and occupational safety

The Guidelines on Health Protection and Health Promotion in the Volkswagen Group established in 1998 were revised in 2009 and their validity extended. The standards and recommendations contained in these Guidelines now form the basis for a uniform healthcare system in the Group.

Volkswagen also decided in 2009 to introduce a cross-brand Group occupational safety management system based on our occupational safety policy. This will improve the effectiveness and efficiency of occupational safety within the Group in the interests of staff and continued corporate success.

Last year, considerable advances were made in the preparations for the introduction of the Volkswagen Check-Up, a free, high-quality medical examination for all employees to give them personal information about the state of their health and fitness level. Volkswagen Check-Up will not only enable possible health risks to be identified in good time; based on the results of the check-up, every employee taking part will receive a health profile, which will help bring about a direct improvement in employees' health and fitness.

The measures for preventive care, health promotion and rehabilitation at the Volkswagen Group were expanded in 2009. This includes the opening of a new sports and rehabilitation center at the Wolfsburg plant, where an innovative rehabilitation program will be implemented for the first time before being successively extended to other corporate locations.

Employees' ideas rewarded

In 2009, Volkswagen employees throughout the Group submitted a total of 326,343 improvement proposals. 243,119 of these suggestions were implemented, thereby helping to drive up the quality of our products and the efficiency of our processes. Implementing the ideas reduced costs in the Group by a total of €364.1 million. Bonuses worth some €27 million were awarded to staff whose ideas were implemented in acknowledgement of their creativity and active involvement.

Opinion survey – a success factor

Volkswagen conducted its second employee opinion survey across the entire Group in 2009. Over 250,000 employees in Europe, Asia and the Americas took part in this survey, bringing the participation rate up to a substantial 86% from 78% the year before.

Repeating the survey once a year will provide precise data on employee satisfaction and show where improvements were made and where corrective action is still needed.

One key aspect of this "opinion survey" is the use of the results as a basis for discussion between employees and their supervisor and as a tool for subsequently initiating changes in the organization of work. The opinion survey provides an important incentive to make improvements within the organization and helps increase Volkswagen's attractiveness as an employer.

Company pension plan

Since 1998, Volkswagen's Time Asset has given staff at its German locations the opportunity to be more flexible in their working lives. Time credits and bonus payments are invested in a capital fund and later converted back into a time credit for early retirement.

At the end of 2009, Volkswagen AG and 22 other entities in the Group organized their company pensions through a pension fund managed in trust by Volkswagen Pension Trust e.V. a total of €1,983 million has been contributed to the pension fund since it was set up in July 2001.

Corporate citizenship

The Volkswagen Group lives up to its claim of being the most attractive employer in the automotive industry by getting involved in a wide range of economic, social and cultural activities at its corporate locations.

Volkswagen's regional attractiveness and strength are manifested in job security on the one hand and quality of living on the other. Education, energy, health and leisure are key areas for creating an attractive environment with a high quality of living. Volkswagen's long-term commitment to regional economic development and attracting new business, as well as to the automotive industry and automotive research can be seen, for example, in the success of Wolfsburg AG, which celebrated ten years in existence in 2009. Founded as a partnership between Volkswagen AG and the city of Wolfsburg, the joint subsidiary has created a vibrant business environment in the region today as well as new jobs, increasing the attractiveness of the location.

Volkswagen Pro Ehrenamt (Volkswagen supports voluntary work) is a cross-location initiative that Volkswagen set up to support and generate greater awareness of voluntary work. Volkswagen Pro Ehrenamt successfully acts as an interface between voluntary initiatives looking for helpers and relatives of Volkswagen staff eager to become involved in a civic or social capacity.

Volkswagen is also active in school education. Neue Schule Wolfsburg, which was founded as a cooperation between the Company and the city, opened its doors in August 2009 for 125 pupils from first and fifth class. The daily routine for the primary and comprehensive school that is open to all children from the Wolfsburg area is built around five themes: internationality, science & technology, economics, art & culture and encouragement of gifted children. The concept for the school, which was developed by an international committee of experts, is implemented by dedicated teachers in close consultation with industry and science, integrating extracurricular learning centers.

ENVIRONMENTAL POLICY

of the Volkswagen Group

ENVIRONMENTAL POLICY

The Volkswagen Group's environmental policy is essentially based on two pillars. First, we strive to continuously improve the environmental compatibility of our products over their entire lifecycle. Second, we aim to reduce the use of natural resources, with due regard for economic aspects.

ENVIRONMENTAL MANAGEMENT IN THE GROUP

Environmentally oriented management is one of the keystones of our corporate culture. Any business seeking to engage in sustainable development, respect the environment and safeguard jobs must necessarily take account of social, economic and ecological aspects. This is reflected in Volkswagen's Environmental Policy, which is primarily built on two pillars. First, we strive to continuously improve the environmental compatibility of our products over their entire life cycle. Second, we aim to reduce the use of natural resources, with due regard for economic aspects. As a multinational corporation, we have pledged to pursue these goals and have laid down internal specifications for our products and their production in our Environmental Principles.

We are making environmental protection an increasingly important part of our processes in an effort to progressively scale back the use of downstream cleaning plants in the future, although we cannot abandon them entirely. Since 1995, Volkswagen's German sites have participated voluntarily in the EU Eco-Management and Audit Scheme (EMAS), while Group sites worldwide have participated in environmental certification processes in accordance with the international standard ISO 14001. All environmental management systems are regularly reviewed and optimized in regular internal and external environmental audits. All locations are obliged to independently decide on environmental goals and programs in keeping with minimum Group standards and continuously improve their environmental performance. In addition, we organize regional conferences at our locations outside Europe and ensure a uniformly high level of environmental protection in our operations with the environmental action plans developed in workshops.

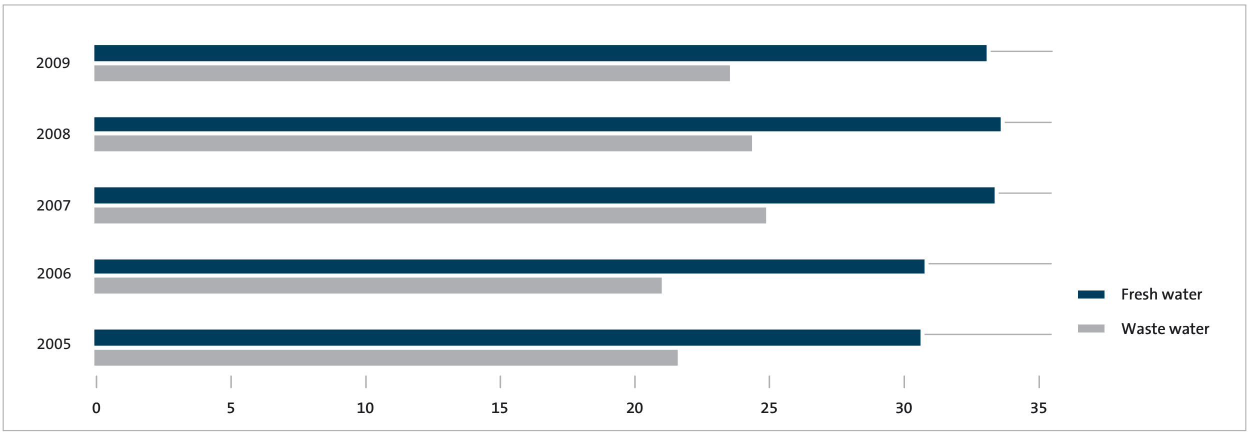
Environmentally friendly production processes

In view of the climate debate and the increasing scarcity of raw materials, Volkswagen uses not only fuel-efficient products but also environmentally friendly production processes. Key production environmental indicators were improved significantly in fiscal year 2009. An overview is provided in the charts on the following page. The environmental data for the Group's manufacturing locations is collected, validated and approved in line with an internal standard and a process standard. Annual updates to the environmental data enable the Group to identify environmental pollution trends. The data captured includes 58 production facilities.

New developments in paintshop technology protect the environment and help reduce costs. In the new processes, paint shop emissions, which even state-of-the-art electrostatic application methods fail to prevent, now dry out or are removed with light use of release agents. Large quantities of circulating water with agents for removing the paint are no longer used; this was the standard procedure in the past. These processes, which employ little or no water, allow more intensive and more efficient recirculation with conditioned fresh air, enabling substantial amounts of

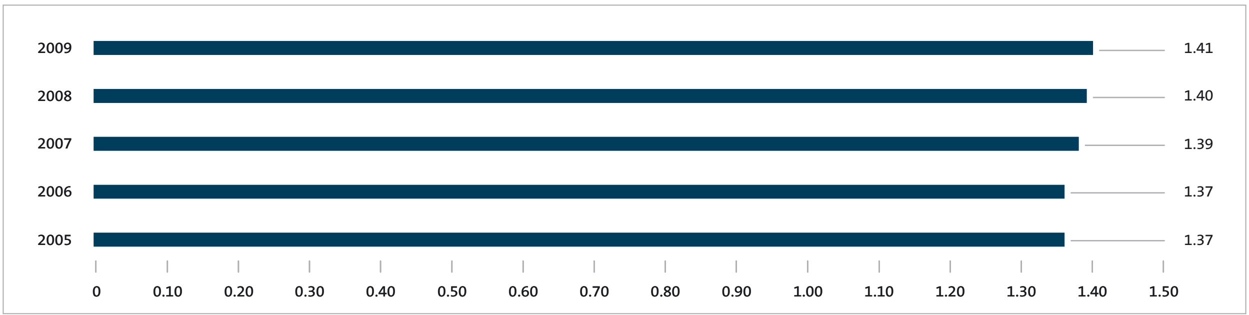
FRESH WATER PROCUREMENT AND WASTE WATER IN THE VOLKSWAGEN GROUP*

in millions of cubic meters per year



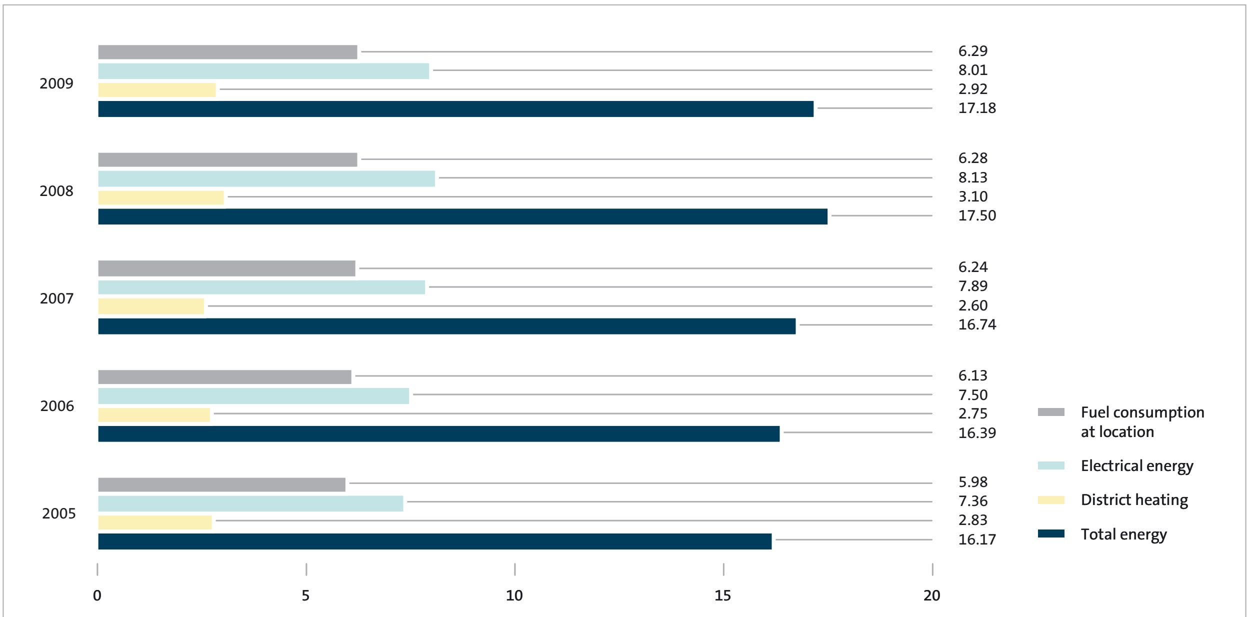
DIRECT CO_2 EMISSIONS BY THE VOLKSWAGEN GROUP*

in millions of tons per year



CONSUMPTION OF ENERGY BY THE VOLKSWAGEN GROUP*

in millions of megawatt hours per year



* The following production facilities or companies were not included: Sitech Sitztechnik GmbH with plants in Wolfsburg and Polkowice, FAW-Volkswagen Automotive Company Ltd. with a plant in Chengdu and Volkswagen Kraftwerk GmbH.
Due to external factors, it was not possible to identify all indicators for five locations as of December 31, 2009 by the print deadline for this Report. In these cases, the cumulated values for November 2009 were supplemented by qualified estimates of the December 2009 figures.

energy to be saved. Water as a resource is also conserved because circulating water is no longer used. Costly preventive measures for protecting the groundwater and the soil are no longer needed in most cases because the new methods are dry or function with very small quantities of liquid. For example, in a paintshop with a capacity of 150,000 bodyshells per year, around 8,000 t CO_2 can be saved. Volkswagen will use the improved method in its new plants in Chattanooga, USA, and Chengdu, China, thus becoming the first automaker in the world to use it in painting production vehicles. This standard will also be applied to all other Volkswagen paintshops currently at the planning stage.

In the Chemnitz engine plant we have made the use of cooling and cold water more efficient so as to reduce energy costs and CO_2 emissions. The natural resource is used in two ways: first, the production areas are cooled before the water is then used for its actual purpose in the technical process, e.g. in the cooling towers. This dual use reduces capital expenditure and operating costs.

Fuel and powertrain strategy

The main focus of Volkswagen Group's fuel and powertrain strategy is on achieving sustainable mobility for the society. The enduring goal of our development work is to become less dependent on fossil fuels and reduce the pollutants that vehicles emit.

We assume that vehicles with combustion engines – diesel or petrol – will continue to dominate our roads in the next 20 years, especially in emerging markets such as the Far East, India and Latin America. We therefore believe it is imperative to make these engines increasingly efficient, though also compatible for use with the more carbon-neutral fuels of the future. The TSI and TDI engines that have been marketed successfully in combination with our innovative dual clutch gearboxes therefore remain key cornerstones of our powertrain strategy.

When we launched the new Polo in early 2009, we expanded our range of smaller engines with direct petrol injection and a charger, thus implementing the Group's highly successful downsizing strategy in a new segment of the automobile market. This strategy, which is based on our efficient TSI engines, applies to virtually all capacity classes and Group brands.

Introducing clean diesel technology and the 1.6 l TDI common rail engine in the market enabled us to reach significant milestones for diesel engines in 2009, which will ensure that we will remain the innovation leader in the field of diesel engine development. The clean diesel TDI common rail engines already comply with the Euro 6 emission standard due to come into effect in 2014. These engines have enjoyed considerable success in the North American market in particular, which tends to have a low take-up of diesel. Excellent fuel economy coupled with outstanding driving characteristics and low emissions led to the Jetta TDI clean diesel winning the 2009 Green Car of the Year award at the LA Auto Show. However, we again demonstrated the exceptional characteristics of state-of-the-art diesel engines in the European market as well by building the common rail engine into our Polo, Golf and Multivan/Transporter models, and the three-cylinder TDI engine into the new Polo BlueMotion*.

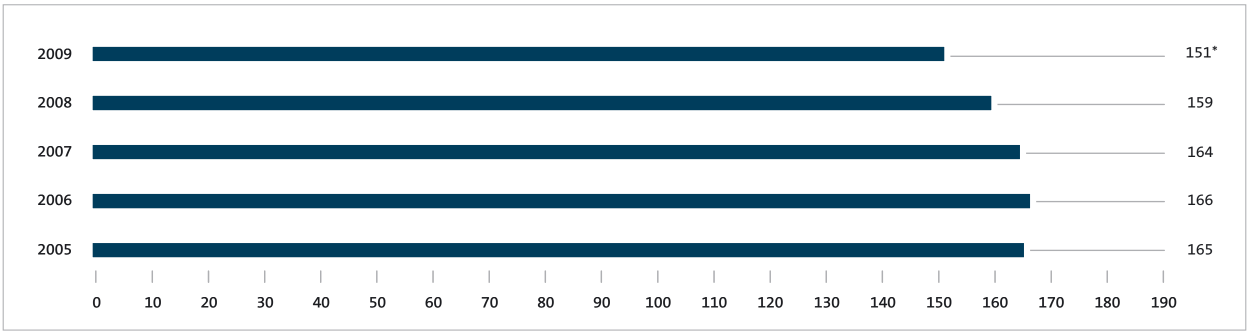
We also successfully continued our development activities in the area of alternative fuels. By introducing the new TSI EcoFuel engine in the Passat and Touran models, Volkswagen is attracting an increasingly broad range of buyers who prefer alternative fuels for both ecological and economic reasons. The combination of the TSI twin charger and natural gas (CNG) was rewarded with five stars in the ADAC's Eco Test for the Passat EcoFuel. Until then, no other vehicle had achieved the highest score. The Group's engine range was also expanded to include a bi-fuel engine for the Golf that can be run on attractively priced liquid petroleum gas, as well as an Audi flexible fuel engine for the Audi A4.

In the past fiscal year, we drove forward the electrification of the drives in our vehicles. By rolling out the Golf and Tiguan as well as the Audi A3, A4 and A5, the Volkswagen Group launched models with a large market volume that come with both start-stop technology and energy recovery functions. Braking energy recovery technology, which increases engine efficiency, has thus been integrated into Volkswagen's product portfolio. We supplemented these hybrid concepts by developing the Touareg Hybrid, scheduled for launch in 2010. The combination of a TSI engine and a 38 kW electric motor promises fuel consumption of 8.1 l/100 km and CO_2 emissions of 193 g/km – top figures in the sport utility vehicle segment. By adding the Touareg Hybrid to our engine range, we are moving closer to a time when the entire drivetrain will be electric.

* Consumption and emission data can be found on page 304 of this Report.

CO_2 EMISSIONS OF THE VOLKSWAGEN GROUP'S EUROPEAN (EU 27) NEW VEHICLE FLEET

in grams per kilometer



* Based on January – November 2009.

Volkswagen showed what full electrification of the drivetrain will look like when it unveiled the E-UP! at the IAA in Frankfurt. Its 60 kW electric motor and lithium ion battery pack give the E-UP! a range of up to 140 km and maximum speeds of 135 km/h, figures that impressed regular and industry visitors alike. Nevertheless, battery technology still faces huge challenges that will make it difficult to develop electric cars for mass production. We will meet these challenges in cooperation with our development partners. We believe that, in the coming years, vehicles with a pure electric drive will remain a niche for the time being and first have to prove themselves in urban use.

More models receive Environmental Ratings

The "Umweltprädikat" (Environmental Rating) recognizes Volkswagen vehicles and technologies that have an ecological advantage over predecessors or comparable models. This label informs our customers, shareholders and other interested parties in and outside the Company about how we are making our vehicles, components and processes environmentally friendly. The Environmental Rating is based on an environmental impact study audited by the German inspection organization TÜV NORD and certified according to ISO 14040/44. This considers not only the pure "driving time" of a vehicle, but its entire lifecycle from the initial design sketch through production and usage, down to recycling. We also include the production of the fuel consumed during the usage phase. Following in the footsteps of the Golf, the Passat and the dual clutch gearbox in previous years, the new Polo and the Passat EcoFuel were awarded this Environmental Rating in 2009.

Biodiversity

As a globally active industrial company with a role model function for other members of society, Volkswagen accepts its responsibility for the preservation of biodiversity. We are involved in diverse nature and species conservation projects at our corporate locations worldwide in close cooperation with nature conservation organizations and initiatives. In 2009, these primarily included measures for the direct protection of endangered species, innovative support of biotopes as part of compensatory measures, programs for environmental education and training, as well as the support of research projects.

As a member of the "Business and Biodiversity Initiative", the Company has additionally pledged to embed the topic of biodiversity more deeply into its corporate processes. In 2009, Volkswagen commissioned environmental reports, initially for its western German sites, to measure the impact of its production activities on endangered species in the vicinity of these locations. We also pressed ahead with the integration of nature conservation into the sites' environmental action plans. A Biodiversity Steering Committee coordinates the implementation of the individual measures.

The tenth United Nations Conference on Nature Conservation will be held in Japan in 2010. As a member of the Business and Biodiversity Initiative, we were actively involved in the preparation of a large-scale information campaign in 2009 designed to increase public awareness of the need to safeguard biodiversity. A traveling exhibition was developed for this campaign that has visited Brazil, Japan and Germany since December 2009.

Cooperation with LichtBlick

In 2009, Volkswagen formed a partnership with power company LichtBlick to cooperate on new approaches to intelligent energy supply. For the exclusive global partnership Volkswagen will manufacture the highly efficient EcoBlue combined heat and power plants, which are powered by state-of-the-art natural gas turbines developed by Volkswagen. These will then be sold by LichtBlick as "home power plants" and networked to produce large virtual power plants. The electricity generated will be fed into the national grid. The resulting heat will be stored and used in the house to provide hot water and heating. Volkswagen's efficient turbine technology means that the EcoBlue power plants can produce up to 60% less CO_2 than conventional means of power and heat generation. In addition, the partnership will help secure jobs at Volkswagen's Salzgitter engine plant and other Group locations. Following a start-up phase in which they will only be available in the Hamburg area, the "home power plants" will be progressively marketed in the rest of Germany during 2010.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

For Volkswagen, the perception of corporate social responsibility (CSR) is the Company's contribution to sustainable development. Nowadays, the vision of sustainability is completely accepted all over the world. What sustainable development essentially means is that our business practices and depletion of resources must not compromise the ability of future generations to meet their own needs. Environmental, economic and social objectives must be reconciled.

As a company with operations worldwide, Volkswagen is expressly committed to this corporate responsibility and puts all of its innovative strength into making an effective contribution to sustainable mobility – with technologies for the cleanest, most fuel-efficient automobiles. However, job security and profitability are equally important objectives in Volkswagen's corporate activities.CSR at the Volkswagen Group therefore means that the core economic processes are always closely intertwined with ecological and social issues, with the aim of avoiding risks, identifying opportunities for development early on and improving the Company's reputation. CSR will therefore help to increase the value of the Company and safeguard it in the long term.

As a good corporate citizen, Volkswagen has always felt a responsibility for social issues. Social development, culture and education are supported at all Volkswagen Group locations worldwide, as are projects for the development of regional infrastructure, health promotion, sport and nature conservation.

CSR Coordination and Sustainability office

In the Volkswagen Group, all activities in the field of CSR and sustainability are coordinated by the CSR office, whose task is to strategically align CSR and optimize sustainability management throughout the Group. The office reports to the CSR steering group, which includes all central Group departments and the Group Works Council. The goal is to network internal units and improve exchange processes between the line departments. An interdisciplinary CSR project team that meets regularly handles current topics. By piloting an IT-based CSR KPI system in 2009, Volkswagen took an important step towards making management processes more efficient and transparent. This system will be successfully expanded and enhanced over the coming years.

Volkswagen actively participates in national, European and international corporate networks and contributes its technological and social expertise to their projects. One of the main emphases is on preparing information on environmental and social standards for suppliers. CSR Europe's online portal provides an important, accepted communication platform for this.

Volkswagen in sustainability rankings and indices

In addition to financial data, financial market participants are increasingly using the information companies provide about the entity's sustainability profile as a basis for their recommendations and decisions. Sustainability ratings are an extremely useful tool for illustrating a company's performance in the environmental, social and economic dimensions. A strong performance in sustainability ratings and indices not only gives signals to stakeholders, but also increases internal motivation in the Company. In 2009, Volkswagen was able to maintain its position among the leaders in its sector in the most important international ratings and indices.

As in the previous year, the Company is listed on the Dow Jones Sustainability World Index and on the Dow Jones STOXX Sustainability Index. The Volkswagen Group scored top marks in particular in the assessment of innovation management, health protection and occupational safety, as well as for its communication of sustainability issues. The Group's climate protection strategy and social responsibility also contributed to this positive result. The results of the survey conducted in 2009 by Swiss asset management company SAM on behalf of Dow Jones can be seen in the chart below.

Volkswagen is currently listed on the following sustainability indices (at December 31, 2009): ASPI (Advanced Sustainability Performance Indices), Dow Jones STOXX Sustainability Index, Dow Jones Sustainability World Index, Ethibel Sustainability Index, FTSE4Good and FTSE4Good Environmental Leaders Europe 40.

Global Compact

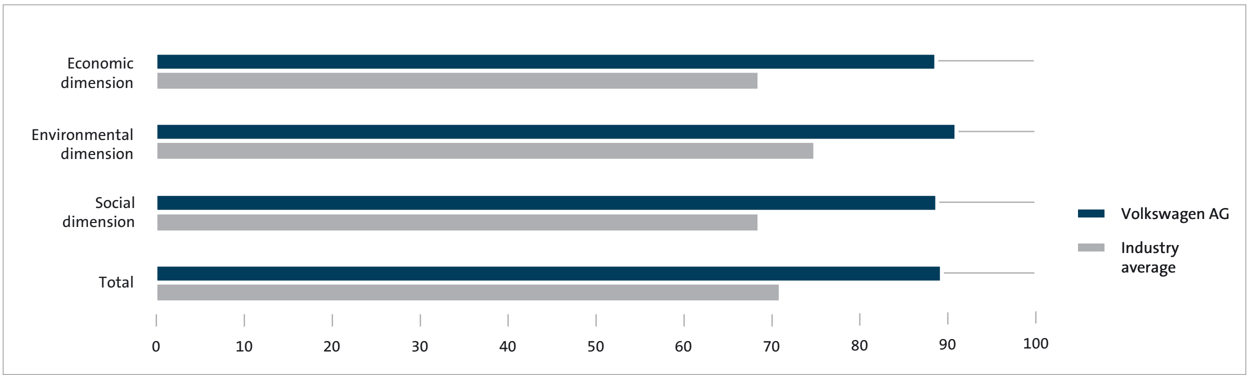
Since 2002, Volkswagen has supported the Global Compact (GC) initiated by former UN Secretary General Kofi Annan. Encompassing 5,000 companies from 135 countries, this is the largest and most important CSR alliance and works in support of a more sustainable and more inclusive global economy. Volkswagen's aim in participating is to help realize this goal.

The GC is based on ten principles in the areas of human rights, labor standards, environmental protection and the fight against corruption. Volkswagen continued to focus on these principles at all its plants in 2009 and provided its expertise to enable others to implement the GC goals. Volkswagen documents its active involvement in an annual progress report.

In 2009, Volkswagen Argentina received an award for its large-scale activities in the context of GC. Volkswagen's collaboration in the German GC network is documented in a publication on sustainable consumption by the United Nations Environmental Program and the Wuppertal Institute Collaborating Centre on Sustainable Consumption and Production (CSCP). A representative of Volkswagen was also appointed to the advisory board for the "Sustainable Supplier Chain" GC project. The results of the project will be presented at the GC summit in New York in June 2010.

RESULTS OF THE SAM 2009 ASSESSMENT

as percent



Risk Report
Countering risk with effective systems

Identifying risks arising from operating activities early on and taking a forward-looking approach to controlling them are critical for achieving sustainable business success. Together, our internal control system and our comprehensive risk management system help us to deal with those risks responsibly.

In this chapter, we first describe the financial reporting-related internal control system and the risk management system. We then outline the specific risks affecting our business activities. We give details of the opportunities arising from our work in the “Report on Expected Developments” on pages 192 to 200.

INTEGRATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM RELEVANT FOR THE FINANCIAL REPORTING PROCESS

The accounting-related internal control and risk management system that is relevant for the financial statements of Volkswagen AG and the Volkswagen Group comprises measures that are intended to ensure the complete, accurate and timely transmission of the information required for the preparation of the financial statements of Volkswagen AG, the consolidated financial statements and the Group management report, and to minimize the risk of material misstatement in the accounts and in the external reporting.

Main features of the integrated internal control and risk management system relevant for the financial reporting process

The Volkswagen Group’s accounting is organized along decentralized lines. In some cases, accounting duties at individual subsidiaries are transferred to service providers. The single-entity financial statements of Volkswagen AG and the subsidiaries are prepared in accordance with the applicable national laws, reconciled to IFRSs and transmitted to the Group in encrypted form. A standard market product is used for encryption.

The Group accounting manual ensures the application of uniform accounting policies based on the requirements applicable to the parent. This manual and other Group-wide accounting regulations stipulate specific formal requirements to be met by the consolidated financial statements prepared in accordance with IFRSs, in addition to the rules applicable to the financial statements of Volkswagen AG prepared in accordance with the Handelsgesetzbuch (HGB – German Commercial Code). In particular, these include more detailed guidance on the application of legal requirements and the determination of the entities to be included in the consolidated financial statements. Components of the reporting packages required to be prepared by the Group companies are also set out in detail and requirements established regarding the presentation and settlement of intra-Group transactions and the balance reconciliation process that builds on that.

Control activities at Group level include analyzing and, if necessary, adjusting the single-entity financial statements presented by subsidiaries, taking into account the reports submitted by the auditors and the meetings on the financial statements with representatives of the individual companies, at which both the reasonableness of the single-entity financial statements and specific critical issues at the subsidiaries are discussed. Alongside reasonableness reviews, the clear delineation of areas of responsibility and the application of the dual control principle are further control mechanisms applied during the preparation of the financial statements of Volkswagen AG.

In addition, the financial reporting-related internal control system is independently reviewed by Group Internal Audit in Germany and abroad.

Integrated consolidation and planning system

Since February 2009, Group Financial Reporting has been using a new system, the Volkswagen consolidation and corporate management system (VoKUs), which is currently being extended to include planning functions. The aim of the project as a whole is to create a highly efficient, integrated Group system that can be used to consolidate and analyze both Financial Reporting's backward-looking data and Controlling's forward-looking data. On the basis of centralized master data management, standardized reporting and maximum flexibility with regard to changes to the legal environment, Volkswagen is building a future-proof technical platform that will benefit Group Financial Reporting and Group Controlling in equal measure. To verify data consistency, VoKUs has a multi-level validation system that focuses on checking the completeness of the data delivered and carrying out content plausibility checks between the balance sheet and the income statement. To enable further plausibility checks to be performed, VoKUs supports materiality analyses and data screening for anomalies.

RISK MANAGEMENT IN LINE WITH THE KONTRAG

The Company's risk situation is documented annually in accordance with the requirements of the Gesetz zur Kontrolle und Transparenz im Unternehmensbereich (KonTraG – German Act on Control and Transparency in Business). The adequacy of this documentation is assessed by the auditors. Risk management, which forms an operational component of our business processes, is designed to identify risks in a timely manner, assess their extent and, where appropriate, take countermeasures. Risk management at the Scania brand, which has been consolidated in the Group since July 22, 2008, has not yet been integrated into the Volkswagen Group's risk management system due to issues relating to Swedish company law. According to Scania's Corporate Governance Report, risk management and risk assessment are integral parts of corporate management. Risk areas there are addressed and evaluated by the Controlling department as part of financial reporting.

Updating the risk documentation

Standardized risk position surveys of both the risk managers of the individual divisions and the members of the Boards of Management and managing directors of investees are performed annually. Their responses are used to update the overall picture of the potential risk situation. In the process, the qualitative likelihood of occurrence and the relative extent of any loss are assigned to each risk identified and appropriate measures are specified for each risk category in the shape of guidelines and organizational instructions, so as to counter the risks concerned. The continuous updating of the risk documentation is coordinated centrally by Group Controlling in conjunction with Group Internal Audit. Under the guidance of the auditors, the plausibility and adequacy of the risk reports are examined on a test basis in detailed interviews with the divisions and companies concerned. The auditors assessed the effectiveness of our risk early warning system based on this information and established both that the risks identified were presented in a suitable manner and that measures and rules have been assigned to the risks adequately and in full. We therefore meet the requirements of the KonTraG. In addition, the Financial Services Division is subject to regular special audits by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – the German Federal Financial Supervisory Authority) in accordance with section 44 of the Gesetz über das Kreditwesen (KWG - German Banking Act) and controls by association auditors.

Workflow rules, guidelines, instructions and descriptions are systematically recorded and can for the most part be accessed online. Adherence to these rules is assured by internal controls performed by the heads of the Group Internal Audit, Quality Assurance, Group Treasury, Brand Controlling and Group Controlling organizational units.

The risk management system - goals and operation

The Group's risk management system is designed to identify potential risks at any early stage so that suitable countermeasures can be taken to avert the threat of loss to the Company, and any risks that might jeopardize its continued existence can be ruled out.

The risk management system is an integral part of the Volkswagen Group's structure and workflows and is embedded in its daily business processes. Events that may entail a potential risk are identified and assessed on a decentralized basis in the divisions and at the investees. Countermeasures are introduced immediately, their effects are assessed and the information is incorporated in the planning in a timely manner. The results of this risk management process are used to support budget planning and controlling on an ongoing basis. The targets agreed in the budget planning rounds are verified in revolving monthly planning reviews. Equally, the effects of risk mitigation measures are incorporated into the forecasts in a timely manner. This means that the Board of Management always has access to an overall picture of the current risk situation through the documented reporting channels.

We are prepared to enter into transparent risks that are proportionate to the benefits expected from the business.

Continuous enhancement

We constantly optimize our internal control system and our risk management system as part of our continuous improvement processes. Equal importance is attached to both internal and external requirements – such as the provisions of the Bilanzrechtsmodernisierungsgesetz (BilMoG – German Accounting Law Modernization Act). The objective of the improvements made to the systems is to ensure continuous monitoring of the relevant risk areas, including the organizational units responsible. The focus is on reviewing the effectiveness of the management and monitoring instruments identified. This concept culminates in both regular and event-driven reporting to the Board of Management and Supervisory Board of Volkswagen AG.

SPECIFIC RISKS

The following section explains the specific risks arising from our business activities.

Macroeconomic risk

The main risk for the medium-term development of the global economy is a prolonged phase of weak growth. In addition, substantial risks are associated with the continuing tight situation on the financial markets, capacity under-utilization and the only sluggish improvement of the international job markets. The main risks continue to be high energy and commodity prices, growing protectionism and significant ongoing imbalances in foreign trade. Changes in legislation, taxes, or customs duties and a permanent increase in state intervention may also have a material adverse effect on the Volkswagen Group’s international business.

Sector-specific risk

The markets in Asia, South America, and Central and Eastern Europe are critical for growth in global demand for automobiles. However, some countries in these regions have high customs barriers or minimum local content requirements for domestic production that make it more difficult for us to increase sales volumes. Our substantial market coverage in the main established markets entails risks relating primarily to price levels. In particular massive discounts, which are being used above all to promote sales in the US automotive market, but also in Western Europe and China, continue to put the entire sector under pressure. As a supplier of volume models, we would be particularly affected if competing manufacturers were to further step up their sales incentives.

Freight transportation faces the risk of transported volumes being shifted from commercial vehicles to other means of transport.

We sell most of our vehicles in Western Europe. Consequently, a sustained drop in demand or in prices in this region would have a particularly strong impact on us. We counter this risk with a clear, customer-oriented and innovative product and pricing policy. Outside Western Europe, however, our overall delivery volume is widely diversified across the markets of North America, South America, Asia-Pacific, and Central and Eastern Europe. Moreover, we enjoy, or are aiming to achieve, a leading position in a number of established and emerging markets. In addition, strategic partnerships provide us with an opportunity to cater to regional requirements.

We continue to approve loans for vehicle finance on the basis of the same cautious principles applied in the past, taking into account the regulatory requirements of section 25a(1) of the Kreditwesengesetz (KWG – German Banking Act).

The business climate for our trading and sales companies has deteriorated considerably as a result of the financial and economic crisis. In particular, bank finance for these companies’ operations has become significantly more expensive and more difficult to obtain. Our dedicated Group support system offers automotive dealers and outlets financing on attractive terms via our financial services companies, thus minimizing the risk of their insolvency. In addition, we have established a risk management system to identify in good time and counteract liquidity bottlenecks that could hinder smooth business operations.

With respect to the potential amendment of the Block Exemption Regulation for sales and customer service, we will take additional measures to exploit the opportunities that this offers and to mitigate potential risks.

The European Commission is planning to end design protection for visible vehicle parts. If this plan is actually implemented, it could adversely affect the Volkswagen Group’s genuine parts business.

Research and development risk

We counter the risk of not taking customer requirements into account sufficiently during development by conducting extensive trend analyses, customer surveys and scouting activities. These measures ensure that trends are recognized at an early stage and that their relevance for our customers is verified in good time.

In addition, there is a risk that it may not be possible to develop products or modules within the specified timeframe, to the required quality standards, or in line with cost specifications. To avoid this, we continuously and systematically monitor the progress of all projects and compare this with the original targets. As a result, suitable measures can be initiated in good time in the case of deviations. Our end-to-end project organization ensures that all areas involved in the process cooperate effectively. This enables specific requirements to be incorporated into the development process as early as possible and their implementation planned in good time.

Our wide variety of research and development activities means that risks are not concentrated on particular patents or licenses.

Procurement risk

The global economic crisis has led to the supply situation on the commodities markets easing considerably, due to the drop in demand at the beginning of 2009. Strategic supplier selection in this market phase led to new contracts being signed. Volkswagen is continuing to observe the market environment and market developments closely, so as to be able to react in good time if necessary. In addition, it is working at high speed on ways of reducing materials usage and increasing utilization rates. We are also systematically pursuing lightweight construction strategies, such as substituting existing materials by optimized application-specific alternatives.

The decline in sales volumes associated with the global economic crisis has further increased consolidation in the international automotive supplier industry. Volkswagen AG adapted in good time to this situation by establishing and expanding its comprehensive procurement risk management system, which puts particular emphasis on risk prevention. Risk management continuously monitors suppliers' economic stability. If there is evidence of negative developments, the appropriate measures are taken to ensure supplies and reduce additional risks. To date, ongoing risk classification and risk monitoring has enabled us to avoid supply risks due to supplier defaults.

Production risks relating to demand

The turbulence on the world passenger vehicle markets resulting from the global economic slump led to substantial fluctuations in the number of units of individual models produced at the Volkswagen Group's production facilities. We do not expect to see any significant improvement in global macroeconomic conditions in 2010. Forecast installation rates for features or components are increasingly uncertain due to the unstable sales markets. We are mitigating this risk as the situation demands using the extensive flexibility measures available under our existing working time models. Together with our intelligent turntable concept and our highly flexible suppliers, we are confident that we shall be able to optimally adapt the program at our vehicle and component plants to volatile market conditions.

We use appropriate insurance contracts to hedge economic risks that may result from interruptions to production. We ensure a high level of facility availability and stable output through regular preventive maintenance measures.

Risks arising from changes in demand

Consumer demand depends not only on real factors such as disposable income, but also to a significant extent on psychological factors that are impossible to plan for. For example, rising fuel and energy costs – combined with uncertainty over the future taxation of CO_2 emissions – could lead to unexpected buyer reluctance, which could be further exacerbated by media reports. The financial and economic crisis is having significant negative effects on global economic development and hence on the entire automotive sector. Many automotive markets have entered a downward spiral, which in some cases has assumed dramatic proportions, while others could only be supported through government intervention. Once the support programs launched by many governments run out there is a danger – particularly in saturated markets such as North America and Western Europe – that owners will hold on to their vehicles for longer and that demand will drop as a result. We are combating this buyer reluctance with our attractive range of models and in-depth customer orientation.

What is more, a CO_2-based vehicle tax, which has already been formulated in several European countries, and high oil and energy prices could lead to a shift in demand towards smaller segments and engines, and hence impact the Group's financial result. We are countering this risk by developing fuel-efficient vehicles and alternative fuels as part of our fuel and drive train strategy.

In the rapidly expanding markets of Asia and Eastern Europe, risks may also arise due to government intervention in the form of restrictive lending or tax increases, which could adversely affect private consumption.

Dependence on fleet customer business

In fiscal year 2009, the percentage of total registrations in Germany accounted for by business fleet customers declined to 7.7%. This was due to the sharp increase in the number of private registrations resulting from the scrapping premium and buyer reluctance among business customers caused by the economic situation. Nevertheless, the Volkswagen Group's share of the market for these customers rose to 46.3%. In Europe, the Volkswagen Group extended its market lead thanks to its extensive product range and target group-oriented customer care. Registrations by business fleet customers declined by 23.8%, while the Group's share of the market improved to 25.9%. Thanks to its broad product portfolio, the Group is also well positioned in view of the growing importance of the issue of CO_2 and the trend towards downsizing. The fleet customer business is continuing to experience increased concentration and internationalization. Thanks to its extensive product range and target group-oriented customer care, the Volkswagen Group extended its market lead in Europe. No default risk concentrations exist for individual corporate customers.

Quality risk

Ever-growing competitive pressure means that product quality is becoming more and more important. In addition, the continuous increase in vehicle complexity and the new drive technologies that are becoming established pose new challenges for quality assurance. We combat potential risks arising from poor quality in new vehicles from the design and development stage onwards, by continuously developing new expertise and extensive safety mechanisms. In this way, quality assurance ensures that customer expectations are taken into account when designing new vehicles and that practical experience is incorporated into the development process. This is done in close cooperation with all divisions and with suppliers.

Personnel risk

The individual skills and knowledge of our employees are a major factor contributing to the Volkswagen Group's success. Our aim of becoming top employer in the automotive industry at all levels of the Company improves our chances of recruiting and retaining the most talented employees.

Our strategic, end-to-end personnel development gives all employees attractive training and development opportunities, with particular emphasis placed on increasing technical expertise in the Company's different vocational groups. We counter the risk that knowledge will be lost as a result of employee fluctuation and retirement with intensive, department-specific training. In addition to the standard twin-track vocational training, programs such as our StIP integrated degree and traineeship scheme ensure a steady rise in the number of highly qualified new employees in our Company. We have also expanded our base of senior experts in the Group to ensure that the valuable knowledge of specialists leaving Volkswagen is transferred to other employees.

Environmental protection regulations

The new Energieeinsparverordnung (EnEV 2009 – German Energy Conservation Regulation), which entered into force in Germany on October 1, 2009, aims to help reach national climate protection targets. On the basis of this Regulation, economically usable potential in buildings will be tapped, making the buildings more energy efficient. To this end, buildings' energy requirements will be adjusted in keeping with economic viability, the state of the art and trends in energy prices. Stricter heat insulation requirements for the building envelope are expected to reduce annual consumption of primary energy sources in the future. In addition, building services engineering will be required to become more energy efficient.

This Regulation will affect building design and servicing facilities for Volkswagen's industrial buildings.

The G20 member states have pledged to limit global warming to 2°C and aim to reduce global greenhouse gases by 50% in the period up to 2050.

The third trading period in the European Union Emissions Trading Scheme is scheduled to begin in 2013. Under this scheme, which is due to run until 2020, the allocation of CO_2 emission certificates free of charge will be dramatically scaled back; at the same time, a large number of industries will be included that were previously not subject to emissions trading. This will place an additional burden on Volkswagen and other companies. To avoid a situation whereby production is moved to non-EU countries along with the associated CO_2 emissions, exceptions exist for the main industries affected. According to the European Commission, the automotive sector fails to satisfy the main criterion of trading intensity with non-EU countries of at least 30%. Along with higher costs, Volkswagen will therefore see administrative and monitoring expenses increase sharply in the near future.

Higher prices for energy and emissions rights do not only apply to our own facilities but will also increase materials prices, especially in the case of steel and aluminum. Volkswagen is using an energy management system and energy conservation programs to counteract the possible financial repercussions and risks to its image. In addition, Volkswagen operates its own highly efficient power plants for generating power and heat, and is therefore able to secure part of its energy supplies itself.

In accordance with the product-related climate protection regulations, the scope of the EU Regulation capping CO_2 emissions from passenger cars is currently being expanded to include light commercial vehicles. Flanking measures designed to influence consumer behavior and fiscal policy in EU member states by way of a CO_2-oriented vehicle tax will create strict requirements within the EU with a planning horizon of up to around 2020. At the same time, the European regulatory framework is developing into a model for other international regulations, for example in India. Current draft regulation on CO_2 emissions and fuel consumption in China, the United States and Korea is also influenced by developments in the EU, leading to increased global convergence of regulatory approaches and targets. In 2009, this trend was even reflected in the economic stimulus packages implemented around the world in the form of similar provisions for environmental or scrapping incentives. This is in line with the auto industry's call for lower trade barriers as well as global harmonization of technical regulations and a political framework.

Given the growing product differentiation in the global markets, harmonization of the general framework is instrumental in creating a more level playing field, which will increase demand for innovative technologies that are available worldwide. Volkswagen has identified this trend and set itself the goal of becoming the international technology leader in the automotive industry and expanding its lead over time. The Volkswagen Group is well on the way to achieving this goal with cost-efficient technologies whose economies of scale are leveraged successfully throughout the entire Group.

Further developments, especially in climate protection regulation following the Kyoto Protocol, will affect the entire transport sector. Emissions trading, which previously did not extend to passenger cars and light commercial vehicles, will now be discussed in the context of its potential to reduce CO_2 emissions in freight transport and along the whole logistics chain. At the same time, future emission reduction requirements will also include air and maritime transport, requiring a reassessment of the profitability of existing industrial and distribution structures.

The World Climate Conference in Copenhagen failed to live up to high expectations that the summit would produce a global framework for climate protection. Due to the lack of agreement on concrete reduction targets for the individual regions and countries, it is still impossible to say how strict climate protection requirements will be in the future. Requirements will still vary quite considerably from region to region. On a positive note, however, all member states agreed that global warming should be held at 2°C. This has created a solid basis for further negotiations and provides hope for a meaningful, economically viable reconciliation of interests.

Legal cases

In the course of their operating activities, Volkswagen AG and the companies in which it is directly or indirectly invested become involved in legal disputes and official proceedings in Germany and internationally. In particular, such proceedings may occur in relation to suppliers, dealers, customers, or investors. For the companies involved, these may result in payment or other obligations. Particularly in cases where US customers assert claims for vehicle defects individually or by way of a class action, highly cost-intensive measures may have to be taken and substantial compensation or punitive damages paid. Corresponding risks also result from US patent infringement proceedings.

Where transparent and economically viable, adequate insurance cover is taken out for these risks and appropriate provisions recognized for the remaining identifiable risks. The Company does not believe, therefore, that these risks will have a sustained effect on the economic position of the Group.

However, as some risks cannot be assessed or can only be assessed to a limited extent, the possibility of loss or damage not being covered by the insured amounts and provisions cannot be ruled out.

Strategies for hedging financial risks

Our business activities entail financial risks that may arise from changes in interest rates, exchange rates, commodity prices and fund prices. Management of these financial risks and also liquidity risks is the responsibility of the central Group Treasury department. The Group Board of Management is informed of the current risk situation on a regular basis. We manage these risks by employing primary and derivative financial instruments.

The Group hedges interest rate risk and risks arising from fluctuations in the value of financial instruments by means of interest rate swaps, cross-currency swaps and other interest rate contracts with matching amounts and maturity dates. This also applies to financing arrangements within the Volkswagen Group.

Foreign currency risk is reduced primarily through natural hedging, i.e. by flexibly adapting our production capacity at our locations around the world, establishing new production facilities in the most important currency regions and also procuring a large percentage of components locally, currently for instance in India, Russia and the USA. We hedge the residual foreign currency risk using hedging instruments. These include currency forwards, currency options and cross-currency swaps. We use these transactions to limit the currency risk associated with forecasted cash flows from operating activities and intra-Group financing in currencies other than the respective functional currency. These contracts may have a term of up to six years. We therefore hedge our principal foreign currency risks associated with forecasted cash flows in the following currencies: US dollars, sterling, Mexican pesos, Russian rubles, Swedish krona, Czech koruna, Polish zloty, Brazilian real, Chinese renminbi, Australian dollars, Swiss francs and Japanese yen – mostly against the euro.

The purchasing of raw materials gives rise to risks relating to availability and price trends. We limit these risks mainly by entering into forward transactions and swaps. We have used appropriate contracts to hedge some of our requirements for commodities such as aluminum, copper, lead, platinum, rhodium and palladium over a period of up to eight years. Similar transactions have been entered into for the purpose of supplementing and improving allocations of CO_2 emission certificates. We added hedging transactions in 2009 for the quantities of coal we purchase.

We ensure that the Company is solvent at all times by providing sufficient liquidity reserves, access to confirmed credit lines and by our tried-and-tested money market and capital market programs. We cover the capital requirements of the growing financial services business mainly through borrowings at matching maturities raised in the national and international financial markets. Refinancing costs, which had risen sharply when the financial crisis broke, remained high in the first six months of 2009, but started to return to pre-crisis levels in the second half of the year. In view of the broadly diversified structure of our refinancing sources, we continued to be able to raise sufficient liquidity in the various markets throughout 2009.

By diversifying when we invest excess liquidity and by entering into financial instruments for hedging purposes, we ensure that the Volkswagen Group remains solvent at all times, even in the event of a default by individual counterparties.

Credit lines from banks are generally only ever used within the Group to cover short-term working capital requirements. Projects are financed by, among other things, loans provided at favorable interest rates by development banks such as the European Investment Bank or the European Bank for Reconstruction and Development (EBRD), but also by national development banks, such as KfW or Banco Nacional de Desenvolvimento Econômico e Social (BNDES). This extensive range of options means that the liquidity risk to the Volkswagen Group is extremely low.

In the Notes on pages 272 to 281, we explain our hedging policy, the hedging rules and default and liquidity risks, and quantify the hedging transactions mentioned. Additionally, we outline the market risk within the meaning of IFRS 7.

Risks arising from financial instruments

Channeling excess liquidity into investments exposes Volkswagen to counterparty risk. Partial or complete failure by a counterparty to perform its obligation to pay interest and repay principal would have a negative impact on earnings and liquidity. We counter this risk through our counterparty risk management, which is described in more detail in the section entitled "Principles and Goals of Financial Management" from page 272.

The financial instruments entered into for hedging purposes hedge balance sheet risks in addition to counterparty risk. We hedge these balance sheet risks through hedge accounting.

The risks arising from trade receivables and from financial services are explained in the Notes on page 274.

Liquidity risks

A rating downgrade could adversely affect the terms attached to the Volkswagen Group's borrowings. One important factor in this context is Volkswagen AG's interest in Dr. Ing. h.c. F. Porsche AG, which resulted in a high outflow of liquidity. To maintain its existing ratings, Volkswagen AG announced a planned capital increase through the issue of new preferred shares for the first half of 2010. Based on the proceeds from the capital increase and its currently higher liquidity, the Company does not anticipate any liquidity risks.

Residual value risk in the financial services business

In the financial services business, we agree in selected cases to buy back selected vehicles at a residual value that is fixed at inception of the contract in order to realize market opportunities. We evaluate these lease contracts at regular intervals. We take the necessary precautions in the event of potential risks.

Management of the residual value risk is based on a defined feedback loop ensuring the full assessment, monitoring, management and communication of risks. The process design ensures not only professional management of residual risks but also that we systematically improve and enhance our handling of residual value risks.

As part of our risk management, we use residual value forecasts to regularly assess the appropriateness of the provisions for risks and the potential for residual value risk. In so doing, we compare the contractually agreed residual values with the fair values obtainable. These are produced from data from external service providers and our own marketing data. We do not take account of the upside in residual market values when making provisions for risks.

More information on residual value risk and other risks in the financial services business, such as counterparty, market and liquidity risk, can be found in the 2009 Annual Report of Volkswagen Financial Services AG.

IT risk

At Volkswagen, a global company geared towards further growth, the information technology (IT) used in all divisions Group-wide is assuming an increasingly important role. IT risks may occur as a result of unauthorized access to sensitive electronic corporate data and information, limited availability as a consequence of systems failure, or natural disasters. We address the risk of unauthorized access to corporate data by using firewall and intrusion prevention systems as well as virus scanners. We achieve additional protection by restricting the allocation of access rights to systems and information and by keeping backup copies of critical data resources. Permanent availability and the security of our systems are ensured through professional operation of the IT facilities, for which we use technical resources that have been tried and tested in the market – in keeping with the standards applicable throughout the Company. By implementing redundant IT infrastructures we hedge risks that could occur in the event of a natural disaster.

The intensity and sophistication of attacks on our IT systems and data resources increases as Volkswagen's importance as a multinational corporation grows. This is why we continuously take measures against identified and anticipated risks during the software development process, when protecting the IT infrastructure and also in the allocation of access rights to systems and data resources.

Rapid technical advancement has created a residual risk, especially regarding the threat to IT security, which cannot be managed completely.

Other factors

Going beyond the risks already outlined, there are other factors that cannot be predicted and are therefore difficult to manage. Should these transpire, they could have an adverse effect on the further development of the Volkswagen Group. These factors include natural disasters, epidemics and terror attacks.

SUMMARY OF THE RISK SITUATION OF THE GROUP

The Volkswagen Group's overall risk situation results from the specific risks shown above. Our comprehensive risk management system ensures that these risks are controlled. Furthermore, taking into account all the information known to us at present, no risks exist which could pose a threat to the continued existence of the Volkswagen Group.

REPORT ON POST-BALANCE SHEET DATE EVENTS

The Volkswagen Group holds a 50% indirect interest in the joint venture LeasePlan Corporation N.V., Amsterdam, via its 50% stake in the joint venture Global Mobility Holding B.V., Amsterdam, the Netherlands. On December 22, 2008, the co-investors exercised the put option granted to them by Volkswagen AG. Volkswagen has now agreed with Fleet Investments B.V., Amsterdam, the Netherlands, an investment company belonging to the von Metzler family, that Fleet Investments will become the new co-investor for an initial period of two years. On the basis of an agreement entered into in September 2009, the previous co-investors were instructed by Volkswagen AG to transfer their shares to Fleet Investments B.V. on February 1, 2010 for the same purchase price of €1.4 billion. Volkswagen AG will grant the new co-investor a put option on its shares. If this option is exercised, Volkswagen must pay the original purchase price plus accumulated pro rata preferred dividends or the higher fair value. The put option is accounted for at fair value.

In addition, Volkswagen will pledge claims under certificates of deposit with Bankhaus Metzler in the amount of €1.4 billion to secure a loan granted to Fleet Investments B.V. by Bankhaus Metzler. This pledge does not increase the Volkswagen Group's risk arising from the above-mentioned short position.

On December 9, 2009, Volkswagen AG and Suzuki Motor Corporation, Tokyo, signed a master agreement to begin a long-term strategic partnership. Effective January 15, 2010, Volkswagen acquired 19.89% of Suzuki shares for €1.7 billion. The relevant authorities have approved the transaction.

Report on Expected Developments
Slight recovery in the automotive markets

The global economy will slowly recover from recession in 2010. The Volkswagen Group sees the greatest potential in the emerging markets. New models and technologies will help the Group to leverage the opportunities available to it.

After presenting the significant risks to the Volkswagen Group's operating activities in the previous chapter, in the following we will outline the expected future developments. The resulting opportunities and potential are continually incorporated into the Group's plans so that they can be promptly leveraged. We believe that opportunities stem mainly from expansion into new markets, new and additional products, and technical innovations.

GENERAL ECONOMIC DEVELOPMENT

Our plans assume that the global economic recovery that began in mid-2009 will continue during the course of 2010. We anticipate the strongest growth in the emerging markets of Asia, whereas the industrialized nations will experience only a slight upturn.

We prepare our forecasts taking into consideration the most recent assessments by external institutions, in particular economic research institutes, banks, multinational organizations and consulting firms.

North America

For the USA and Canada, we are predicting moderate growth in 2010. The Mexican economy, on the other hand, is likely to perform much more strongly following the deep recession during the reporting period.

South America

In Brazil, we are expecting strong growth in 2010, whereas the Argentinian economy will recover more slowly.

Asia-Pacific

Growth in China is likely to be in the high single digits in 2010. For Japan, we are predicting slightly positive growth coupled with a continuing deflationary trend; in India, the strong pace of expansion will increase somewhat.

Europe/Remaining markets

For the countries of Western Europe, we are predicting moderate growth. By contrast, the recovery in Central and Eastern Europe will be slightly stronger.

The South African economy will record significantly positive economic growth.

Germany

Although the process of recovery under way in Germany will continue during the course of 2010, it is likely that unemployment will continue to rise.

DEVELOPMENT OF AUTOMOTIVE MARKETS

Particularly in our core European markets, we expect 2010 to be a difficult year despite the general economic recovery. Many vehicle purchases were brought forward to 2009 due to government incentive programs. To some extent, this has pushed the negative impact of the financial and economic crisis on the automotive market into 2010. Rising commodity prices and tighter emissions standards will also have an adverse effect on demand for automobiles.

As many economic stimulus and labor market programs in Western Europe are expiring, we anticipate a downturn in the passenger car market in 2010. We expect significantly weaker demand in Germany in particular, but a continuing positive trend in the strategically important markets of China and India. For North America, we are forecasting a slight recovery in the market. Global demand for new vehicles is likely to be slightly higher year-on-year in 2010.

The Volkswagen Group is well placed to weather the difficult economic conditions. Our broad product range incorporating the latest generation of consumption-optimized engines gives us a global competitive advantage. Our goal of being able to offer mobility and innovations for everyone is also helping to strengthen our competitive position for the long term.

North America

Because of the financial and economic crisis, we expect the economic climate in the USA to remain weak. The market is also being adversely impacted by higher fuel prices and the reluctance to lend. We nevertheless expect a slightly positive trend in the US automotive market in 2010 due to the improvement in the economic outlook. The Canadian and Mexican markets for passenger cars and light commercial vehicles are also likely to show the first signs of a recovery in demand.

South America

The South American markets, too, will benefit from the stabilizing global economy. Despite the gradual expiry of support programs, we expect demand to rise moderately in 2010, particularly in Brazil.

Asia-Pacific

Overall, we continue to see growth potential in the markets of the Asia-Pacific region in 2010. The markets in China and India in particular will benefit from rising demand for individual mobility. In Japan, we expect the negative market trend to continue in 2010 despite the support for fuel-efficient vehicles.

Europe/Remaining markets

In Western Europe (excluding Germany), we expect demand for passenger cars to fall sharply due to the expiry of support programs. The markets of Central and Eastern Europe will continue to suffer the effects of the financial and economic crisis in 2010. Although some countries are showing signs of stabilizing, we expect demand in this region to decline overall.

After a weak 2009, the South African automotive market is likely to stabilize at a low level.

Germany

We anticipate that 2010 will be a difficult year for the German market. Demand for new vehicles will fall sharply despite the slight improvement in economic conditions. The government scrapping premium resulted in strong demand in the private sector in the reporting period. In many cases, however, the decision to purchase a vehicle was merely brought forward in order to benefit from the more favorable terms of purchase. We expect the German passenger car market to touch bottom in 2010, but to continue to be impacted by the effects of the crisis over the coming years.

EXCHANGE RATE TRENDS

Fiscal year 2009 was dominated by the uncertainty surrounding economic developments in Europe and the USA. In the course of the year, the euro rose sharply against the US dollar and also recorded gains against other key currencies for Volkswagen. For 2010, we expect exchange rates to remain volatile.

INTEREST RATE TRENDS

We expect short-term interest rates in the USA and Europe to remain low in 2010. Over the course of the year, we are anticipating a rise in long-term interest rates and a much steeper yield curve in these regions.

COMMODITY PRICE TRENDS

As forecast in the previous Annual Report, the price of exchange-traded commodities rose in the second half of 2009. Due to considerable uncertainties regarding the further development of the interest rate scenario, we expect the volatility of traded commodity prices to remain high.

MOBILITY RESEARCH

An efficient mobility system is vital for the proper functioning and development of economies. Road transport, the most important mode, makes both people and goods mobile. In transporting them, it offers flexibility, individuality, quality and almost unlimited accessibility. However, it also places our roads under an increasing or too great a strain. In many places, the global trend towards urbanization is exacerbating traffic and environmental problems.

Volkswagen devotes time and energy to fundamental and general issues surrounding mobility and transport. We aim to open up new dimensions in road transport and thus play an active role in shaping a sustainable mobility system. Together with partners in academia, industry and politics, Volkswagen is constantly developing innovations that improve the flow of traffic. One current example is the roadworks navigator. Here, vehicles join together to form a virtual group and generate information on roadworks and traffic conditions. Special driver assistance systems such as distance and speed control units then optimize driving at traffic bottlenecks, enabling congestion to be reduced or even avoided.

One important finding from our work is that separate solutions are not enough to make the transport of the future more sustainable. Rather, this demands a number of interconnected solution components comprising vehicle and transport technology. In the future, Volkswagen will continue to seek solutions that make transport more environmentally compatible and efficient.

NEW MODELS IN 2010

In 2010, the Volkswagen Group will continue its model rollout, launching attractive new models to logically complement and modernize its range. The focus here will always be on customer requirements.

The Volkswagen Passenger Cars brand will expand the Polo series to include the new version of the Polo BlueMotion[1], the Cross Polo and the Polo GTI. The successors to the Touareg, the Touran and the Sharan will ally innovative functionality with an attractive design and groundbreaking quality in their segments. The successor models to the Passat saloon and the Passat Variant combine elegance and comfort with dynamic, fuel-efficient engines. The follow-up to the Jetta will be available at the end of 2010. In autumn 2010, Volkswagen will unveil the New Compact Sedan, its first saloon developed specifically for the US market.

Audi will add four new models to the model line-up early in spring 2010: in addition to the new Audi R8 Spyder, the Audi S5 Sportback and the Audi RS5 Coupé, it will also launch the successor to the Audi A8. In the course of the year, these will be followed by the Audi A7, a superlative sportback. Another highlight of Audi's model firework will be the market launch of the Audi A1, with which the brand will demonstrate its innovative strength in the subcompact segment, too.

At the beginning of 2010, Škoda launched the Superb Estate, a concept that promises a high level of comfort and utility. The Fabia family of models is being revamped and supplemented with the Fabia Estate RS. The Roomster series is also being revamped.

The SEAT brand is expanding its successful Ibiza range with a third model, the ST. The compact estate combines functionality with stylish design and is the perfect vehicle for a young and sporty lifestyle. In addition, the successor to the Alhambra will give new impetus to the MPV segment in terms of state-of-the-art technology and family friendliness.

Bentley will present the Mulsanne[2], the brand's new flagship. This saloon combines a generously proportioned,

1 Consumption and emission data can be found on page 304 of this Report.
2 No binding consumption and emission data is currently available for these models.

exclusive interior and hand-crafted luxury with the top-of-the-range performance typical of Bentley. The new models in the Continental Supersports[1], Speed[1] and Series 51 series are another highlight.

The Lamborghini Gallardo LP 570-4 Superleggera[2], the new top model in the Gallardo series, will be even more dynamic, lighter, more powerful and even more fascinating.

In 2010, Volkswagen Commercial Vehicles will expand its offering to include the robust Amarok pick-up, thereby setting standards in a further segment. In addition, the Caddy and Caddy Maxi models are being refreshed.

PLANNED PRODUCT POLICY MEASURES

In light of tighter exhaust and emissions regulations and a CO_2-based vehicle tax, a vehicle's CO_2 emissions are becoming an increasingly important criterion for buyers. Volkswagen will systematically pursue its efficient drive technology initiative and thus continue to consolidate its status as an innovation leader in the area of environmentally compatible mobility. The Volkswagen Group currently has 176 models in its vehicle portfolio that fall below the threshold of 140 g/km CO_2. Of these, 60 models fall below the threshold of 120 g/km CO_2 and six below the threshold of 100 g/km.

At Volkswagen Passenger Cars, all activities to reduce consumption and emissions are combined under the "BlueMotionTechnologies" core brand. With BlueMotion, BlueMotion Technology, BlueTDI and TSI EcoFuel, this modular technology platform sets standards in consumption and CO_2 emissions. In doing so, it leverages innovations such as hybrid/electric drives, start-stop systems and braking energy recovery. These technologies are also used by other Group brands, such as in Audi's "e" models, the Škoda "GreenLine" and SEAT (ECOMOTIVE).

One forward looking milestone is the L1 concept car – Volkswagen's 1-liter car – unveiled at the IAA 2009 in Frankfurt am Main. Powered by a newly developed common rail turbo diesel engine, the L1 uses only 1.38 l of diesel per 100 km and produces only 36 g/km CO_2 (combined). Thanks to its carbon fiber reinforced plastic body, the car weighs a mere 380 kg. At the IAA 2009, both Audi and Volkswagen showcased zero-emission concept vehicles in the form of the e-tron and the E-UP!

STRATEGIC SALES FOCUS

The Volkswagen Group boasts a multi-brand structure comprising largely independent brands that achieve maximum synergies. In 2009, we continued to increase our global market share despite the difficult operating environment, thus paving the way for us to achieve our goal to be global market leader in 2018. With the help of strict cost management, we will continue to focus our sales activities on profitability; the reduction and associated optimization of inventories boosts the Group's cash flow. The structures put in place support the successful integration of further brands into the organization.

Between 2010 and 2013, the EU's Block Exemption Regulation may result in changes for our sales network. For this reason, we are gradually reducing non-value-adding activities in our sales structure so as to cut costs, increase the attractiveness of our wholesaler and dealer system, and ultimately boost our overall profitability. With our brands, we are preparing to exploit opportunities resulting from further liberalization of the European single market and to promptly identify and avert possible risks. The business fields will expand their activities not only purely in vehicles sales, but also in areas such as customer service and financial and insurance services.

MARKET OPPORTUNITIES

In addition to the established markets in Brazil and China, the greatest growth potential for the Volkswagen Group will be in India, Russia, the USA and the ASEAN region. In the past financial year, the financial and economic crisis impacted on those markets to varying degrees and led to a sometimes sharp slump in sales. The Asia-Pacific region is already the world's largest automotive market.

The Chinese automotive market remained largely unaffected by the repercussions of the financial and economic crisis and grew strongly again in 2009. As a result, China has supplanted the USA as the world's largest automotive market. In 2009, the number of passenger vehicle sales rose to 8.5 million units. We expect further strong growth in the coming years, too. For Volkswagen, the automotive market in China is the largest sales market worldwide and offers further growth potential going forward. By expanding our product range, increasing investment slightly and adding further production capacity, we are ideally equipping ourselves to share in the significant growth opportunities in this market and defend our leading market position.

Brazil was also one of the few automotive markets to grow in 2009. The measures taken by the government to prop up vehicle demand had a clear impact and helped to lift deliveries to a record level of over 2.5 million units. For the Volkswagen Group, Brazil remains a strategically important market that offers much potential despite the lower growth in 2010. With models that are produced locally and developed specially for the market, we will share in this growth and successfully expand our market position.

India is one of the most important potential markets in the world. Despite the repercussions of the financial and economic crisis, demand for new vehicles rose by 17.3% year-on-year in 2009 to 1.4 million units and is likely to more than double over the next ten years. India will therefore be one of the world's key automotive markets in the future. Due to the construction of new manufacturing capacity and the start of production of Škoda and Volkswagen Passenger Cars brand models in Pune, India, particularly strong growth opportunities are opening up for the Volkswagen Group.

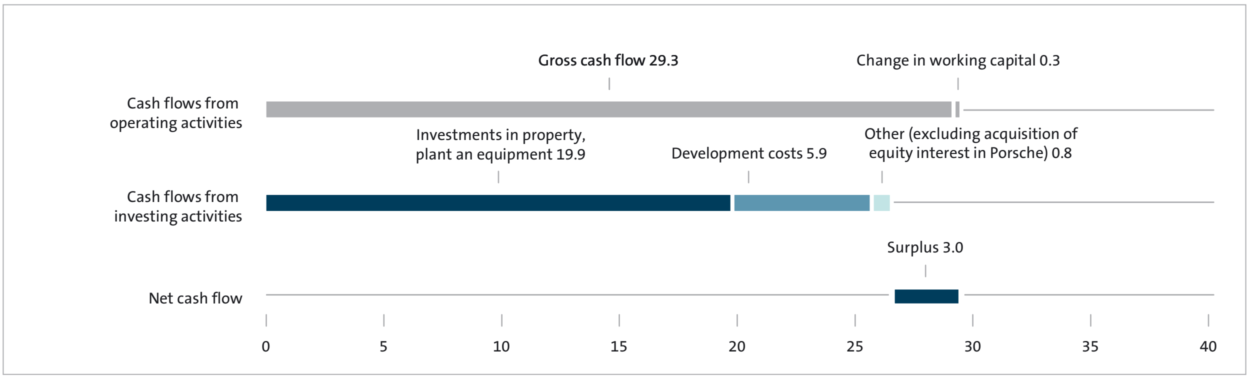
The Russian automotive market is among those to have been hardest hit by the financial and economic crisis. The number of vehicles sold there halved in 2009 to 1.3 million units. In this difficult environment, the Volkswagen Group managed to significantly increase its market share there to 6.5%. In the future, however, we expect a distinct recovery and steady growth, as a result of which Russia will become one of the largest automotive markets in the world. In order to leverage the growth opportunities offered by this market, the Group built a plant in Kaluga, 160 km southwest of Moscow, and in October 2009 launched full production of Volkswagen Passenger Cars and Škoda brand cars at the site, where it had previously carried out SKD assembly. The plant has an annual capacity of 150,000 vehicles.

One of the Volkswagen Group's main goals is to sustainably develop the ASEAN market. The automotive markets in the region as a whole possess considerable growth potential. The individual markets within the ASEAN region are very heterogeneous: whereas the Thai automotive market is dominated by pick-up models, the MPV segment – that is, the hatchback and notchback segment – is particularly well developed in the markets of Indonesia and Malaysia. In the future, we will set up further sales companies in addition to those we already have in Malaysia and Singapore. Due to the legal framework and the high level of price sensitivity in the region, we can only develop these markets through local assembly or production at present. We are therefore investigating various options with potential partners with a view to achieving our goals in this region. In Indonesia, we launched local assembly of the Touran in May 2009.

The repercussions of the financial and economic crisis have led to a dramatic slump in vehicle sales in the USA. In 2009, demand amounted to 10.4 million units (–21.3%). Nevertheless, the Volkswagen Group was able to increase its market share to 2.9%. Our aim in this market is to transform ourselves from a niche player into a volume supplier offering local production of market-specific products and efficient sales structures. The construction of a production plant in Chattanooga, Tennessee, is intended to ensure our ability to sustainably develop the US dollar area and, among other things, minimize sales risks arising from exchange rate fluctuations. Starting in 2011, the plant will produce vehicles developed specially for the US market; like the facility in Kaluga, Russia, it is designed to handle an annual capacity of 150,000 units.

INVESTMENT AND FINANCIAL PLANNING 2010 TO 2012 IN THE AUTOMOTIVE DIVISION

in € billion



INVESTMENT AND FINANCIAL PLANNING 2010 TO 2012

Investments in the Automotive Division will amount to €26.6 billion in the period 2010 to 2012. Besides investments in property, plant and equipment, this total amount also includes additions to capitalized development costs of €5.9 billion as well as investments in financial assets, the change in leasing and rental assets, and proceeds from the disposal of property, plant and equipment totaling €0.8 billion. Investments in property, plant and equipment account for €19.9 billion, around half of which will be invested in Germany alone. As a result of upfront expenditures on new products, powertrains and production facilities, the ratio of capital expenditure to sales revenue in the period 2010 to 2012 will therefore be at a competitive level of around 6% on average.

The Group will spend most of the total amount invested in property, plant and equipment in the Automotive Division on modernizing and extending the product range (€13.3 billion). The main focus will be on new vehicles, successor models and model variants in almost all vehicle classes based on cross-brand modular technology. Thus, the Volkswagen Group will systematically continue its model rollout with a view to tapping new markets and segments. In powertrain production, new generations of engines will be launched with further improvements in performance, fuel consumption and emission levels. Capacity for automatic gearboxes will be adapted to meet the rise in demand.

In addition, the Company will make cross-product investments of €6.6 billion over the next three years. Due to our quality and cost targets, the new products also require changes to the press shops, paintshops and assembly facilities. Beyond production, investments are planned mainly in the areas of development, quality assurance, genuine parts supply and information technology. The construction of the new plant in North America is under way; production is scheduled to start in 2011. The new production facilities in Russia and India are already at the start-up stage. These growth markets will therefore be supplied with locally produced vehicles.

Our aim is to finance investments within the Automotive Division using internally generated funds. For the planning period, we are forecasting cash flows from operating activities of €29.6 billion. The funds generated will therefore exceed the Automotive Division's investment requirements by €3.0 billion and continue to improve liquidity.

As a 49.9% equity interest, Porsche has been included in the planning as an equity-accounted investment. Suzuki is not yet included in the planning. The joint ventures in China are also not consolidated and therefore not included in the above figures. These companies will invest a total of €4.4 billion in the period 2010 to 2012. These investments will be financed using the joint ventures' own funds.

Investments totaling €17.1 billion are planned in the Financial Services Division in the period 2010 to 2012, with leasing and rental assets (net of disposals) accounting for €8.1 billion and the increase in receivables from leasing, customer and dealer financing accounting for €8.6 billion*. As is common in the industry, the planned cash flows from operating activities of €8.9 billion will not be sufficient to cover these investments. We will finance the additional capital requirement of €8.2 billion primarily through debt issuance programs in the money and capital markets, and through customer deposits from the direct banking business.

* In contrast to this, changes in leasing and rental assets and financial services receivables are reported in cash flows from operating activities for the first time in the 2009 annual financial statements in accordance with the revised IAS 7.14 and IAS 7.15.

TARGETS OF VALUE-BASED MANAGEMENT

Based on long-term interest rates derived from the capital market and the target capital structure (fair value of equity to debt = 2:1), the minimum required rate of return on invested assets defined for the Automotive Division remains unchanged at 9%. Under the "18 plus" program that forms part of our "Strategy 2018", our medium-term aim is a return on investment in the Automotive Division that is significantly above the minimum required rate of return. As a consequence of the global financial and economic crisis, however, we will have to accept a temporary decline in our return on investment and will be unable to reach our 9% minimum required rate of return, as was the case in the reporting period.

FUTURE LEGAL STRUCTURE OF THE GROUP

In 2009, the Supervisory Board of Volkswagen AG approved the Board of Management's plans to create an integrated automotive group with Porsche, to be led by Volkswagen. Volkswagen is to acquire an equity interest in Dr. Ing. h.c. F. Porsche AG via a multi-tier transaction structure. As the first step towards this, Volkswagen acquired 49.9% of the shares of Dr. Ing. h.c. F. Porsche AG via Porsche Zwischenholding GmbH, Stuttgart, in December 2009. Another aspect of the transaction structure concerns the planned outsourcing of the operating trading business of Porsche Gesellschaft m.b.H., Salzburg, including the related services by Porsche Holding Gesellschaft m.b.H., Salzburg, to Porsche Automotive Gesellschaft m.b.H. and the planned transfer of the shares in this company to an Austrian subsidiary of Volkswagen AG as part of a put option. The goal is then for Volkswagen AG and Porsche Automobil Holding SE to merge in the course of 2011. This is dependent on prior approval by the general meetings of the two companies. The creation of an integrated group with ten strong brands that offers substantial potential for growth, earnings and synergies, while at the same time securing jobs, has compelling industrial logic.

On December 9, 2009, Volkswagen AG and Suzuki Motor Corporation agreed to establish a long-term strategic partnership. The two companies aim to generate synergies, for example by expanding their presence in dynamic automotive growth markets and by developing and producing innovative and environmentally friendly subcompacts. On January 15, Volkswagen laid the foundations for the cooperative arrangement by acquiring 19.9% of Suzuki's shares. In return, Suzuki intends to invest half of the purchase price received in Volkswagen shares.

The newly established Volkswagen Osnabrück GmbH, a direct subsidiary of Volkswagen AG, will acquire machinery and equipment from Wilhelm Karmann GmbH & Co KG and launch a new vehicle project starting in 2011.

STRATEGY 2018

The key element of our "Strategy 2018" is to position the Volkswagen Group as a global economic and environmental leader among automobile manufacturers. In 2018, the Volkswagen Group aims to be the most successful and fascinating automaker in the world. In order to achieve that, we have set ourselves four goals:

- Volkswagen intends to become a world leader by using intelligent innovations and technologies, while at the same time delivering customer satisfaction and quality.
- Over the long term, Volkswagen aims to increase unit sales to more than 10 million vehicles a year; it intends to capture an above-average share as the major growth markets develop.
- By achieving a return on sales before tax of over 8.0%, Volkswagen will safeguard its solid financial position and ability to take action, even during difficult market periods.
- Volkswagen is to become the top employer across all brands, companies and regions; it must do so in order to build a first-class team.

In order to remain on track with this, even during times of economic crisis, the Board of Management reinforced its efforts by launching the "18 plus" program. In doing so, we gave top priority to ecological relevance and the return on our vehicle projects. In this way, the Company can grow with the right products, even in economically difficult times, while at the same time controlling capital expenditure. Thanks to our environmentally oriented and steadily growing range of vehicles as well as the excellent position of the separate brands in the markets worldwide, we are able to leverage the Group's strengths and to systematically increase our competitive advantage. We intend to set new environmental standards in vehicles, powertrains and lightweight construction. The increased use of our modular platform system and its enhancement will continuously improve production efficiency and flexibility, thus increasing the Group's profitability. In addition, we have undertaken extensive marketing and customer relationship management measures to win new customers worldwide and to further increase customer satisfaction. Even amid the current economic conditions, we will continue unchanged the steps introduced with a view to improving productivity and quality. Standardizing processes and reducing throughput times are key elements in this regard. This, together with disciplined cost and investment management, creates the basis for reaching our long-term profitability targets and securing a high level of liquidity for the long term.

SUMMARY OF EXPECTED DEVELOPMENTS

The Board of Management of Volkswagen AG expects the climate in the automotive industry to remain harsh over the coming years. Although we anticipate a slight recovery in the global market in 2010, the volume reached in 2007 is unlikely to be repeated before 2012. Until then, the markets in the Asia-Pacific region and in North and South America will record the strongest growth. The Volkswagen Group already holds a large share of many of the markets in this region and is therefore able to capture an above-average share of this growth. By setting up new production facilities in countries where the Group has a smaller market share and producing vehicles designed specifically for those countries, we are also leveraging the opportunities resulting from the strong growth in those markets. The new production facility in Chattanooga in the USA will make an important contribution towards this. For the Western European market, we anticipate a recovery starting in 2011. The Volkswagen Group will maintain its leading market position in this region over the coming years and increase its market share. We therefore expect our global deliveries to customers to again be above previous years' levels in 2011. In the medium term, sales of new cars should increase to 8.0 million units per year. The Chinese joint venture companies will make a significant contribution to this volume growth. The Group's global market share will continue to grow.

However, the weaker trend in the markets of Western Europe will be a drag on profits over the coming years. Interest and exchange rate volatility will also impact negatively on profits. Therefore, we do not expect to be able to return to the high level of profitability reached in 2007 until after 2011. In the Automotive Division, we anticipate an operating return on sales of more than 5% in the medium term – excluding the integration of Porsche planned for 2011. The ratio of capital expenditure to sales revenue will be at a competitive level of around 6% on average. We also aim to retain our good rating compared with the industry as a whole and to safeguard our high level of liquidity.

With our unique brand portfolio, young and innovative model range, broad international operations with local value added in key regions, synergies in the Group-wide development of models and new technologies, and financial strength, we believe that we are well positioned for the future. The steps taken in the more recent past, such as the construction of new production facilities, the expansion of the brand portfolio and the agreement to establish the strategic partnership with Suzuki, are a key competitive advantage in this regard.

We are meeting growing customer demands for vehicles that are consumption- and emissions-optimized and at the same time offer a high level of driving pleasure through the developments under our drivetrain and fuel strategy. Combustion engines will have a major role to play in future mobility, too. Nevertheless, electric traction will become ever more significant and will be an important form of drivetrain in the future.

PROSPECTS FOR 2010

Following the severe slump in the global economy in 2009, we expect positive growth rates in most countries this year. We see the greatest potential in the emerging markets, whereas the industrialized nations will experience only a moderate upturn. However, the withdrawal of economic stimulus programs in a number of countries and continued restrictive credit policies entail uncertainties that could hurt that recovery.

Impacted by the ongoing uncertainty surrounding economic developments, the global automotive markets are expected to be slightly above the prior-year level in 2010, with the performance of the large automotive markets varying considerably. In Western Europe, particularly Germany, we expect demand to be much weaker, whereas the Chinese market will continue to grow at a strong pace. We also anticipate that the markets in Central and Eastern Europe will be able to stabilize at a low level and that the North American market will start to recover slightly. We assume that the South American market will exceed the high prior-year volume.

Our presence in all the key regions around the world, the multi-brand strategy, our technological expertise and the most up-to-date, most environmentally friendly and broadest vehicle range that has resulted from that expertise are key advantages for our Company. In 2010, the Volkswagen Group's nine brands will unveil a large number of new models, thus systematically extending our position in the global markets. We therefore anticipate that our deliveries to customers will be higher than in 2009.

The Group's sales revenue and operating profit for 2010 are expected to exceed the prior-year figures despite a shift in volumes between the markets. Interest and exchange rate volatility will remain a drag on profit. We will continue to focus on disciplined cost and investment management and the continuous optimization of our processes. In doing so, we will systematically pursue the core elements of the "18 plus" strategy – ecological relevance and the return on our vehicle projects.

Wolfsburg, February 16, 2010
The Board of Management

Martin Winterkorn

Francisco Javier Garcia Sanz

Jochem Heizmann

Christian Klingler

Horst Neumann

Hans Dieter Pötsch

Rupert Stadler

DECLARATION BY THE BOARD OF MANAGEMENT OF VOLKSWAGEN AG

The Board of Management of Volkswagen AG is responsible for preparing the consolidated financial statements and the Group management report. Reporting is governed by International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The Group management report was prepared in compliance with the provisions of the German Commercial Code (HGB). Volkswagen AG is required by section 315a of the HGB to prepare its consolidated financial statements in accordance with the standards issued by the International Accounting Standards Board (IASB).

The accuracy of the consolidated financial statements and of the Group management report is safeguarded by internal control systems, the implementation of uniform Group-wide directives and by employee training and continuing education measures. Compliance with legal requirements and internal Group directives, and the reliability and proper functioning of the control systems, are continuously reviewed across the Group.

The early-warning function required by law is implemented by a Group-wide risk management system that enables the Board of Management to identify potential risks at an early stage and to initiate appropriate countermeasures where necessary.

In accordance with the resolution adopted by the Annual General Meeting, the independent auditors PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Hanover, have audited the consolidated financial statements and the Group management report, and have issued their unqualified auditors' report reproduced following the notes to the financial statements.

The consolidated financial statements, the Group management report, the audit report and the measures to be taken by the Board of Management to ensure early identification of going concern risks have been reviewed in detail by the Supervisory Board Audit Committee and by the Supervisory Board of Volkswagen AG in the presence of the auditors. The result of this review is presented in the report of the Supervisory Board.

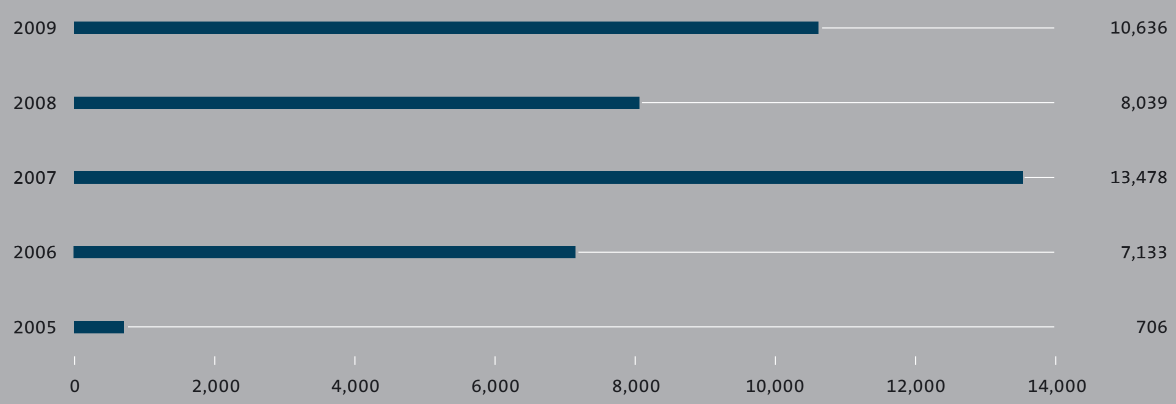
Consolidated Financial Statements

10.6

→ Although the Volkswagen Group invested in Porsche in fiscal year 2009, resulting in a cash outflow of approximately €3.9 billion, net liquidity in the Automotive Division amounted to €10.6 billion at the end of the year.

NET LIQUIDITY IN THE AUTOMOTIVE DIVISION 2005 – 2009

€ million



Consolidated Financial Statements of the Volkswagen Group

Income Statement of the Volkswagen Group for the Period January 1 to December 31, 2009

€ million	Note	2009	2008
Sales revenue	**1**	**105,187**	**113,808**
Cost of sales	2	−91,608	−96,612
Gross profit		**13,579**	**17,196**
Distribution expenses	3	−10,537	−10,552
Administrative expenses	4	−2,739	−2,742
Other operating income	5	7,904	8,770
Other operating expenses	6	−6,352	−6,339
Operating profit		**1,855**	**6,333**
Share of profits and losses of equity-accounted investments	7	701	910
Finance costs	8	−2,268	−1,815
Other financial result	9	972	1,180
Financial result		**−595**	**275**
Profit before tax		**1,261**	**6,608**
Income tax income/expense	10	−349	−1,920
current		−1,145	−2,338
deferred		796	418
Profit after tax		**911**	**4,688**
Minority interests		−49	−65
Profit attributable to shareholders of Volkswagen AG		960	4,753
Basic earnings per ordinary share in €	**11**	**2.38**	**11.92**
Basic earnings per preferred share in €	**11**	**2.44**	**11.98**
Diluted earnings per ordinary share in €	**11**	**2.38**	**11.88**
Diluted earnings per preferred share in €	**11**	**2.44**	**11.94**

Statement of Comprehensive Income of the Volkswagen Group for the Period January 1 to December 31, 2009

€ million	2009	2008
Profit after tax	**911**	**4,688**
Exchange differences on translating foreign operations:		
Fair value changes recognized in other comprehensive income	917	–1,445
Transferred to profit or loss	57	–
Actuarial gains/losses	–860	190
Cash flow hedges:		
Fair value changes recognized in other comprehensive income	683	1,054
Transferred to profit or loss	–908	–1,427
Available-for-sale financial assets (marketable securities):		
Fair value changes recognized in other comprehensive income	200	–330
Transferred to profit or loss	71	100
Deferred taxes	216	145
Share of profits and losses of equity-accounted investments recognized directly in equity, after tax	30	–188
Other comprehensive income	**406**	**–1,901**
Total comprehensive income	**1,317**	**2,787**
of which attributable to		
shareholders of Volkswagen AG	1,138	3,310
minority interests	179	–523

Balance Sheet of the Volkswagen Group as of December 31, 2009

€ million	Note	Dec. 31, 2009	Dec. 31, 2008
Assets			
Noncurrent assets			
Intangible assets	12	12,907	12,291
Property, plant and equipment	13	24,444	23,121
Leasing and rental assets	14	10,288	9,889
Investment property	14	216	150
Equity-accounted investments	15	10,385	6,373
Other equity investments	15	543	583
Financial services receivables	16	33,174	31,855
Other receivables and financial assets	17	3,747	3,387
Noncurrent tax receivables	18	685	763
Deferred tax assets	18	3,013	3,344
		99,402	**91,756**
Current assets			
Inventories	19	14,124	17,816
Trade receivables	20	5,692	5,969
Financial services receivables	16	27,403	27,035
Other receivables and financial assets	17	5,927	10,068
Current tax receivables	18	762	1,024
Marketable securities	21	3,330	3,770
Cash and cash equivalents	22	20,539	9,474
Assets held for sale	23	–	1,007
		77,776	**76,163**
Total assets		**177,178**	**167,919**
Equity and Liabilities			
Equity	24		
Subscribed capital		1,025	1,024
Capital reserves		5,356	5,351
Retained earnings		28,901	28,636
Equity attributable to shareholders of Volkswagen AG		35,281	35,011
Minority interests		2,149	2,377
		37,430	**37,388**
Noncurrent liabilities			
Noncurrent financial liabilities	25	36,993	33,257
Other noncurrent liabilities	26	3,028	3,235
Deferred tax liabilities	27	2,224	3,654
Provisions for pensions	28	13,936	12,955
Provisions for taxes	27	3,946	3,555
Other noncurrent provisions	29	10,088	9,073
		70,215	**65,729**
Current liabilities			
Current financial liabilities	25	40,606	36,123
Trade payables	30	10,225	9,676
Current tax payables	27	73	59
Other current liabilities	26	8,237	8,545
Provisions for taxes	27	973	1,160
Other current provisions	29	9,420	8,473
Liabilities associated with assets held for sale	23	–	766
		69,534	**64,802**
Total equity and liabilities		**177,178**	**167,919**

Statement of Changes in Equity of the Volkswagen Group for the Period January 1 to December 31, 2009

€ million	Sub-scribed capital	Capital reserves	RETAINED EARNINGS Accumu-lated profit	Currency translation reserve	Reserve for actuarial gains/losses	Cash flow hedge reserve	Fair value reserve for securities	Equity-accounted invest-ments	Equity attribut-able to share-holders of VW AG	Minority interests	Total equity
Balance at Jan. 1, 2008	**1,015**	**5,142**	**27,166**	**–1,500**	**–823**	**1,264**	**–30**	**–359**	**31,875**	**63**	**31,938**
Capital increase	9	209	–	–	–	–	–	–	218	–	218
Dividend payment	–	–	–720	–	–	–	–	–	–720	–2	–722
Capital transactions involving a change in ownership interest	–	–	–162	–	–	–	–	–	–162	–200	–362
Total comprehensive income	–	–	4,753	–1,113	214	–227	–230	–188	3,209	–567	2,642
Deferred taxes	–	–	–	–	–63	96	68	–	101	44	145
Other changes	–	–	485	–108	0	5	–	108	490	3,039	3,529
Balance at Dec. 31, 2008	**1,024**	**5,351**	**31,522**	**–2,721**	**–672**	**1,138**	**–192**	**–439**	**35,011**	**2,377**	**37,388**
Balance at Jan. 1, 2009	**1,024**	**5,351**	**31,522**	**–2,721**	**–672**	**1,138**	**–192**	**–439**	**35,011**	**2,377**	**37,388**
Capital increase	0	4	–	–	–	–	–	–	4	–	4
Dividend payment	–	–	–779	–	–	–	–	–	–779	–95	–874
Capital transactions involving a change in ownership interest	–	–	–76	–	–	–	–	–	–76	–316	–392
Total comprehensive income	–	–	960	839	–851	–361	271	30	888	214	1,102
Deferred taxes	–	–	–	–	247	83	–80	–	250	–34	216
Other changes	–	–	–21	–	2	–	–	–	–18	4	–15
Balance at Dec. 31, 2009	**1,025**	**5,356**	**31,607**	**–1,881**	**–1,274**	**860**	**–1**	**–409**	**35,281**	**2,149**	**37,430**

The other changes in the previous year are largely attributable to the initial consolidation of Scania. In fiscal year 2009, they relate mainly to changes in the consolidated Group. The reclassifications relating to capital transactions involving a change in the ownership interest, which are also presented for the previous year, are reported separately as of 2009. The prior-year figures were adjusted accordingly.

Explanatory notes on equity are presented in note 24.

Cash Flow Statement of the Volkswagen Group for the Period January 1 to December 31, 2009

€ million	2009	2008[2]
Cash and cash equivalents at beginning of period (excluding time deposit investments)	**9,443**	**9,914**
Profit before tax	1,261	6,608
Income taxes paid	−529	−2,075
Depreciation and amortization of property, plant and equipment, intangible assets and investment property[1]	5,028	5,198
Amortization of capitalized development costs[1]	1,586	1,392
Impairment losses on equity investments[1]	16	32
Depreciation of leasing and rental assets[1]	2,247	1,816
Gain/loss on disposal of noncurrent assets	−547	37
Share of profit or loss of equity-accounted investments	−298	−219
Other noncash expense/income	727	765
Change in inventories	4,155	−3,056
Change in receivables (excluding financial services)	465	−1,333
Change in liabilities (excluding financial liabilities)	260	815
Change in provisions	1,660	509
Change in leasing and rental assets	−2,571	−2,734
Change in financial services receivables	−719	−5,053
Cash flows from operating activities	**12,741**	**2,702**
Investments in property, plant and equipment, intangible assets and investment property	−5,963	−6,896
Additions to capitalized development costs	−1,948	−2,216
Acquisition of equity investments	−3,989	−2,597
Disposal of equity investments	1,320	1
Proceeds from disposal of property, plant and equipment, intangible assets and investment property	153	95
Change in investments in securities	989	2,041
Change in loans and time deposit investments	−236	−1,611
Cash flows from investing activities	**−9,675**	**−11,183**
Capital contributions	4	218
Dividends paid	−874	−722
Capital transactions with minority interests	−392	−362
Other changes	23	−3
Proceeds from issue of bonds	15,593	7,671
Repayment of bonds	−10,202	−8,470
Change in other financial liabilities	1,405	9,806
Finance lease payments	−23	−15
Cash flows from financing activities	**5,536**	**8,123**
Effect of exchange rate changes on cash and cash equivalents	190	−113
Net change in cash and cash equivalents	**8,792**	**−471**
Cash and cash equivalents at end of period (excluding time deposit investments)	**18,235**	**9,443**
Cash and cash equivalents at end of period (excluding time deposit investments)	18,235	9,443
Securities and loans (including time deposit investments)	7,312	7,875
Gross liquidity	**25,547**	**17,318**
Total third-party borrowings	−77,599	−69,555
Net liquidity	**−52,052**	**−52,237**

1 Net of impairment reversals.
2 Prior-period amount adjusted.

DISCLOSURES ON THE ACCOMPANYING CASH FLOW STATEMENT

In accordance with the amended IAS 7, cash flows from the acquisition or manufacture of assets that are exclusively held for rental to others and subsequently held for sale, as well as cash flows from their rental and sale, must be classified as cash flows from operating activities. As from fiscal year 2009, we are therefore reporting liquidity movements resulting from changes in leasing and rental assets in cash flows from operating activities (previously reported in cash flows from investing activities). Accordingly, changes in financial services receivables are also classified as cash flows from operating activities. This leads to a uniform presentation of finance and leasing transactions in the consolidated cash flow statement. The mandatory reclassification of cash flows from leasing and rental assets and the additional reclassification of financial services receivables reduced cash flows from operating activities by €2,869 million and €719 million respectively (2008: reduction by €3,044 million and €5,053 million respectively). There were corresponding offsetting changes in cash flows from investing activities in the same amounts in both periods.

In addition, transactions involving investment property are grouped with those relating to property, plant and equipment and intangible assets. Prior-year figures have been adjusted accordingly.

Explanatory notes on the cash flow statement are presented in note 31.

Notes to the Consolidated Financial Statements of the Volkswagen Group for the Fiscal Year ended December 31, 2009

Basis of presentation

Volkswagen AG is domiciled in Wolfsburg, Germany, and entered in the commercial register at the Braunschweig Local Court under no. HRB 100484. The fiscal year corresponds to the calendar year.

In accordance with Regulation No. 1606/2002 of the European Parliament and of the Council, Volkswagen AG prepared its consolidated financial statements for 2009 in compliance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. We have complied with all the IFRSs adopted by the EU and required to be applied.

The accounting policies applied in the previous year were retained, with the exception of the changes due to the new or amended standards.

In addition, we have complied with all the provisions of German commercial law that we are also required to apply, as well as with the German Corporate Governance Code.

The consolidated financial statements were prepared in euros. Unless otherwise stated, all amounts are given in millions of euros (€ million).

Starting in fiscal year 2009, all figures shown are rounded in accordance with standard business rounding principles, so minor discrepancies may arise from addition of these amounts.

The income statement was prepared using the internationally accepted cost of sales method.

Preparation of the consolidated financial statements in accordance with the above-mentioned standards requires management to make estimates that affect the reported amounts of certain items in the consolidated balance sheet and in the consolidated income statement, as well as the related disclosure of contingent assets and liabilities. The consolidated financial statements give a true and fair view of the net assets, financial position and results of operations as well as the cash flows of the Volkswagen Group.

Effects of new and amended IFRSs

Volkswagen AG has adopted all accounting pronouncements required to be applied starting in fiscal year 2009.

The amended IFRS 7, Financial Instruments: Disclosures, broadens the disclosures on measuring the fair value of financial instruments and on the liquidity risk arising from financial liabilities.

The new IFRS 8, Operating Segments, changes the presentation of segment reporting. In line with the management approach, Volkswagen presents three reportable segments. In addition, certain activities that are not internally allocated to the operating segments, as well as consolidation adjustments, are presented in a reconciliation.

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

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

The revised IAS 23, Borrowing Costs, requires borrowing costs that are directly attributable to the acquisition, production, or construction of qualifying assets on or after January 1, 2009 to be capitalized. A qualifying asset is an asset that necessarily takes at least a year to get ready for its intended use or sale. The revised IAS 23 does not materially affect the presentation of the Volkswagen Group's net assets, financial position and results of operations.

In addition, the following standards and interpretations were required to be applied for the first time in fiscal year 2009, but did not have any material effects on the presentation of the Group's consolidated financial statements.

- IFRS 1/IAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associates
- IFRS 2: Share-based Payment – Vesting Conditions and Cancellations
- IFRS 4: Insurance Contracts
- IFRS 7/IAS 39: Reclassification of Financial Assets – Effective Date
- IAS 1/IAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation
- IFRIC 9/IAS 39: Reassessment of Embedded Derivatives
- IFRIC 11/IFRS 2: Group and Treasury Share Transactions
- IFRIC 13: Customer Loyalty Programmes
- IFRIC 14/IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

New and amended IFRSs not applied

In its 2009 consolidated financial statements, Volkswagen AG did not apply the following accounting standards or interpretations that have already been adopted by the IASB but were not required to be applied for fiscal year 2009.

Standard/Interpretation[1]		Issued by the IASB	Effective date[2]	Adopted by the EU[1]	Expected effects
IFRS 1	First-time Adoption of IFRSs	Nov. 25, 2008	Jan. 1, 2010	Yes	None
IFRS 1	Additional Exemptions for First-time Adopters	July 23, 2009	Jan. 1, 2010	No	None
IFRS 1 / IFRS 5	Improvements 2008	May 22, 2008	Jan. 1, 2010	Yes	None
IFRS 2	Group Cash-settled Share-based Payment Transactions	June 18, 2009	Jan. 1, 2010	No	None
IFRS 3/ IAS 27	Business Combinations/Consolidated Financial Statements	Jan. 10, 2008	Jan. 1, 2010	Yes	Change in the presentation of business combinations
IFRS 9	Financial Instruments: Classification and Measurement	Nov. 12, 2009	Jan. 1, 2013	No	Change in the accounting treatment of fair value changes in financial instruments previously classified as available for sale
IAS 24	Related Party Disclosures	Nov. 4, 2009	Jan. 1, 2011	No	Simplification of reporting of related party transactions with state-controlled entities and their subsidiaries
IAS 32	Classification of Rights Issues	Oct. 8, 2009	Jan. 1, 2011	Yes	None
IAS 39	Exposures Qualifying for Hedge Accounting	July 31, 2008	Jan. 1, 2010	No	None
	Improvements 2009[3]	Apr. 16, 2009	Jan. 1, 2010	No	No material effects
IFRIC 12	Service Concession Arrangements	Nov. 30, 2006	Jan. 1, 2010	Yes	None
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset – Amendments	Nov. 26, 2009	Jan. 1, 2011	No	None
IFRIC 15	Agreements for the Construction of Real Estate	July 3, 2008	Jan. 1, 2010	Yes	None
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	July 3, 2008	Jan. 1, 2010	Yes	None
IFRIC 17	Distributions of Non-cash Assets to Owners	Nov. 27, 2008	Jan. 1, 2010	Yes	None
IFRIC 18	Transfers of Assets from Customers	Jan. 29, 2009	Jan. 1, 2010	Yes	None
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	Nov. 26, 2009	Jan. 1, 2010	No	None

1 In the period up to December 31, 2009.
2 Required to be applied for the first time by Volkswagen AG.
3 Minor amendments to a large number of standards and interpretations (IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9, IFRIC 16) and resulting changes.

Basis of consolidation

In addition to Volkswagen AG, the consolidated financial statements comprise all significant companies at which Volkswagen AG is able, directly or indirectly, to govern the financial and operating policies in such a way that they can obtain benefits from the activities of these companies (subsidiaries). The subsidiaries also comprise investment funds and other special purpose entities whose net assets are attributable to the Group under the principle of substance over form. Consolidation of subsidiaries begins at the first date on which control exists, and ends when such control no longer exists.

Subsidiaries whose business is dormant or of low volume and that are insignificant for the presentation of a true and fair view of the net assets, financial position and results of operations as well as the cash flows of the Volkswagen Group are not consolidated. However, they are carried in the consolidated financial statements at the lower of cost or fair value since no active market exists for those companies and fair values cannot be reliably ascertained without undue cost or effort. The aggregate equity of these subsidiaries amounts to 1.1% (previous year: 0.8%) of Group equity. The aggregate profit after tax of these companies amounts to –0.5% (previous year: –0.1%) of the profit after tax of the Volkswagen Group.

Significant companies where Volkswagen AG is able, directly or indirectly, to significantly influence financial and operating policy decisions (associates), or directly or indirectly shares control (joint ventures), are accounted for using the equity method. Joint ventures also include companies in which the Volkswagen Group holds the majority of voting rights, but whose articles of association or partnership agreements stipulate that important decisions may only be resolved unanimously. Insignificant associates and joint ventures are generally carried at the lower of cost or fair value.

The composition of the Volkswagen Group is shown in the following table:

	2009	2008
Volkswagen AG and consolidated subsidiaries		
Germany	53	54
International	307	288
Subsidiaries carried at cost		
Germany	54	56
International	78	79
Associates, joint ventures and other equity investments		
Germany	30	25
International	49	52
	571	**554**

The list of all shareholdings can be downloaded from the electronic companies register at www.unternehmensregister.de and from www.volkswagenag.com/ir by clicking on “Further Mandatory Publications” under the heading “Mandatory Publications”.

The following consolidated German subsidiaries with the legal form of a corporation or partnership meet the criteria set out in section 264(3) or section 264b of the Handelsgesetzbuch (HGB – German Commercial Code) due to their inclusion in the consolidated financial statements and have exercised the option not to publish annual financial statements:

- Audi Retail GmbH, Ingolstadt
- Audi Vertriebsbetreuungsgesellschaft mbH, Ingolstadt
- Audi Zentrum Berlin GmbH, Berlin
- Audi Zentrum Hamburg GmbH, Hamburg
- Auto 5000 GmbH, Wolfsburg
- Automobilmanufaktur Dresden GmbH, Dresden
- Autostadt GmbH, Wolfsburg
- AutoVision GmbH, Wolfsburg
- Bugatti Engineering GmbH, Wolfsburg
- quattro GmbH, Neckarsulm
- Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, Braunschweig
- Volkswagen Automobile Berlin GmbH, Berlin
- Volkswagen Automobile Hamburg GmbH, Hamburg
- Volkswagen Business Services GmbH, Braunschweig
- Volkswagen Financial Services Beteiligungsgesellschaft mbH, Braunschweig
- Volkswagen Gebrauchtfahrzeughandels und Service GmbH, Hanover
- Volkswagen Gewerbegrund GmbH, Wolfsburg
- Volkswagen Individual GmbH, Wolfsburg
- Volkswagen Logistics GmbH & Co. OHG, Wolfsburg
- Volkswagen Original Teile Logistik GmbH & Co. KG, Baunatal
- VOLKSWAGEN Retail GmbH, Wolfsburg
- Volkswagen Sachsen GmbH, Zwickau
- Volkswagen Sachsen Immobilienverwaltungs GmbH, Zwickau
- Volkswagen Zubehör GmbH, Dreieich
- VW Wohnungs GmbH & Co. KG, Wolfsburg

CONSOLIDATED SUBSIDIARIES

Volkswagen consolidated Scania AB, Södertälje, Sweden, for the first time in the third quarter of 2008. Purchase price allocation has now been completed. The figures calculated correspond to the amounts disclosed in the notes to the consolidated financial statements in the 2008 Annual Report. The adjustment of the purchase price allocation figures led to a loss after tax of €209 million (previous year: €398 million), which is due primarily to the depreciation and amortization of noncurrent assets amounting to €201 million (previous year: €55 million) in fiscal year 2009.

On February 20, 2009, Volkswagen AG acquired from Porsche Automobil Holding SE, Stuttgart, the shares of Scania AB acquired by Porsche Automobil Holding SE under the terms of a mandatory bid procedure (2.34% of the voting rights and 7.93% of the share capital) at a price of €0.4 billion and thus increased its interest in Scania to 49.29% of the share capital and 71.81% of the voting rights. Any resulting difference was recognized in other comprehensive income.

Effective March 31, 2009, Volkswagen completed the transfer of all shares of Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., Resende, Brazil, to the MAN Group. Volkswagen Caminhões has therefore been deconsolidated. The disposal gain of €1,323 million increased the other operating result by approximately €556 million in the first quarter.

The following main groups of assets and liabilities were sold:

€ million	2009*
Noncurrent assets	321
Current assets	633
of which: cash and cash equivalents	12
Noncurrent liabilities	310
Current liabilities	370

* Until deconsolidation.

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

INVESTMENTS IN ASSOCIATES

Volkswagen AG continued to hold 29.9% of the voting rights and 28.67% of the subscribed capital of MAN SE, Munich, at the balance sheet date. The market value of this interest was €2,295 million at December 31, 2009 (previous year: €1,632 million).

The following carrying amounts are attributable to the Volkswagen Group from its proportionate interest in MAN:

€ million	2009	2008
Noncurrent assets	2,272	1,723
Current assets	2,286	3,016
Noncurrent liabilities	1,225	816
Current liabilities	1,862	2,376
Income*	3,448	5,407
Profit/loss for the period*	–77	486

* Previous year includes Scania up to the date of consolidation.

€138 million (previous year: €44 million) of the contingent liabilities of the associate was attributable to the Volkswagen Group at the balance sheet date.

INTERESTS IN JOINT VENTURES

In December 2009, Volkswagen AG acquired 49.9% of the shares of Porsche Zwischenholding GmbH, Stuttgart. Porsche Zwischenholding GmbH holds 100% of the shares of Dr. Ing. h.c. F. Porsche AG, Stuttgart. On the basis of the agreements under company law, Volkswagen shares control of Porsche Zwischenholding GmbH and its direct and indirect subsidiaries with Porsche Automobil Holding SE. The shares of Porsche Zwischenholding GmbH were accounted for using the equity method.

The following carrying amounts are attributable ratably to the Volkswagen Group from its proportionate interest in the joint ventures (primarily Shanghai-Volkswagen Automotive Company, FAW-Volkswagen Automotive Company, Global Mobility Holding and Porsche Zwischenholding GmbH):

€ million	2009	2008
Noncurrent assets	11,092	9,022
Current assets	15,532	7,145
Noncurrent liabilities	8,025	6,045
Current liabilities	15,942	7,097
Income*	10,135	7,926
Expenses*	9,314	7,435

* Fiscal year 2009 includes Porsche Zwischenholding GmbH from the date the company was accounted for using the equity method.

€999 million (previous year: €930 million) of the contingent liabilities of the joint ventures was attributable to the Volkswagen Group at the balance sheet date.

Consolidation methods

The assets and liabilities of the German and foreign companies included in the consolidated financial statements are recognized in accordance with the uniform accounting policies used within the Volkswagen Group. In the case of companies accounted for using the equity method, the same accounting policies are applied to determine the proportionate equity, based on the most recent audited annual financial statements of each company.

In the case of subsidiaries consolidated for the first time, assets and liabilities are measured at their fair value at the date of acquisition. Their carrying amounts are adjusted in subsequent years. Goodwill arises when the purchase price of the investment exceeds the fair value of identifiable net assets. Goodwill is tested for impairment once a year to determine whether its carrying amount is recoverable. If the carrying amount of goodwill is higher than the recoverable amount, an impairment loss must be recognized. If this is not the case, there is no change in the carrying amount of goodwill compared with the previous year. If the purchase price of the investment is less than the identifiable net assets, the difference is recognized in the income statement in the year of acquisition. Goodwill is accounted for at the subsidiaries in the functional currency of those subsidiaries. Any difference that arises from the acquisition of additional shares of an already consolidated subsidiary is taken directly to equity.

Receivables and liabilities, and expenses and income, between consolidated companies are eliminated. Intercompany profits or losses are eliminated in Group inventories and noncurrent assets. Deferred taxes are recognized for consolidation adjustments recognized in the income statement, with deferred tax assets and liabilities offset where taxes are levied by the same tax authority and relate to the same tax period.

Currency translation

Transactions in foreign currency are translated in the single-entity financial statements of Volkswagen AG and its consolidated subsidiaries at the rates prevailing at the transaction date. Foreign currency monetary items are recorded in the balance sheet using the middle rate on the balance sheet date. Foreign exchange gains and losses are recognized in the income statement. The financial statements of foreign companies are translated into euros using the functional currency concept. Asset and liability items are translated at the closing rate. With the exception of income and expenses recognized directly in equity, equity is translated at historical rates. The resulting foreign exchange differences are taken directly to equity until disposal of the subsidiary concerned, and are presented as a separate item in equity.

Income statement items are translated into euros at weighted average rates using the modified closing rate method. The rates applied are presented in the following table:

		BALANCE SHEET MIDDLE RATE ON DECEMBER 31,		INCOME STATEMENT AVERAGE RATE	
	1 € =	2009	2008	2009	2008
Argentina	ARS	5.46811	4.80624	5.21069	4.63951
Australia	AUD	1.60080	2.02740	1.77270	1.74162
Brazil	BRL	2.51130	3.24360	2.76742	2.67428
Canada	CAD	1.51280	1.69980	1.58496	1.55942
Czech Republic	CZK	26.47300	26.87500	26.43491	24.94632
India	INR	67.04000	67.39307	67.34999	63.59206
Japan	JPY	133.16000	126.14000	130.33660	152.45406
Mexico	MXN	18.92230	19.23330	18.79886	16.29157
People's Republic of China	CNY	9.83500	9.49560	9.52771	10.22361
Poland	PLN	4.10450	4.15350	4.32762	3.51210
Republic of Korea	KRW	1,666.97000	1,839.13000	1,772.90387	1,606.08719
Russia	RUB	43.15400	41.28300	44.13764	36.42072
Slovak Republic*	SKK	–	30.12600	–	31.26167
South Africa	ZAR	10.66600	13.06670	11.67366	12.05899
Sweden	SEK	10.25200	10.87000	10.61905	9.61524
United Kingdom	GBP	0.88810	0.95250	0.89094	0.79628
USA	USD	1.44060	1.39170	1.39482	1.47103

* The euro was introduced as of January 1, 2009.

Accounting policies

INTANGIBLE ASSETS

Purchased intangible assets are recognized at cost and amortized over their useful life using the straight-line method. This relates in particular to software, which is amortized over three years.

In accordance with IAS 38, research costs are recognized as expenses when incurred.

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

Capitalized development costs include all direct and indirect costs that are directly attributable to the development process. The costs are amortized using the straight-line method from the start of production over the expected life cycle of the models or powertrains developed – generally between five and ten years.

Amortization recognized during the year is allocated to the relevant functions in the income statement.

Brand names from business combinations have an indefinite useful life and are not amortized.

Goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment at least once a year. Assets in use and other intangible assets with finite useful lives are tested for impairment only if there are specific indications that they may be impaired. The Volkswagen Group generally applies the value in use of the relevant cash-generating unit (brands or products) to determine the recoverable amount of goodwill and indefinite-lived intangible assets. This is based on management's current planning. The planning period generally extends to a horizon of five years, with reasonable assumptions about future development being made for the subsequent years. The planning assumptions are adapted to reflect the current state of knowledge. They include reasonable assumptions on macroeconomic trends and historical developments. Estimation of cash flows is generally based on the expected growth trends for the automobile markets concerned. The estimates for the cash flows following the end of the planning period are based on a maximum growth rate of 2.0% per annum. We apply country-specific discount factors before tax of at least 9.1% (previous year: 9.9%) when determining value in use for the purpose of impairment testing of goodwill at Scania and Škoda, of indefinite-lived intangible assets at Scania and of other intangible assets.

PROPERTY, PLANT AND EQUIPMENT

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

Depreciation is based mainly on the following useful lives:

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

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

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

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

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

LEASING AND RENTAL ASSETS

Vehicles leased out under operating leases are recognized at cost and depreciated to their estimated residual value using the straight-line method over the term of the lease. Impairment losses identified as a result of an impairment test in accordance with IAS 36 are recognized and the depreciation rate is adjusted. The forecast residual values are adjusted to include constantly updated internal and external information on residual values, depending on specific local factors and the experiences gained in the marketing of used cars.

INVESTMENT PROPERTY

Real estate and buildings held in order to obtain rental income (investment property) are carried at amortized cost; the useful lives applied to depreciation correspond to those of the property, plant and equipment used by the Company itself. The fair value of investment property must be disclosed in the notes if it is carried at amortized cost. Fair value is estimated using an income capitalization approach. This involves determining the income value for a specific building on the basis of gross income, taking into account additional factors such as land value, remaining useful life and a multiplier specific to residential property.

CAPITALIZATION OF BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition of qualifying assets on or after January 1, 2009 are capitalized as part of the cost of these assets. A qualifying asset is an asset that necessarily takes at least a year to get ready for its intended use or sale.

EQUITY-ACCOUNTED INVESTMENTS

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

FINANCIAL INSTRUMENTS

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

IAS 39 classifies financial assets into the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity financial assets;
- loans and receivables; and
- available-for-sale financial assets.

Financial liabilities are classified into the following categories:

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

We recognize financial instruments at amortized cost or at fair value.

The amortized cost of a financial asset or liability is the amount:

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

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

Fair value generally corresponds to the market or quoted market price. If no active market exists, fair value is determined using valuation techniques, such as by discounting the future cash flows at the market interest rate, or by using recognized option pricing models, and verified by confirmations from the banks that handle the transactions.

The fair value option is not used in the Volkswagen Group.

LOANS AND RECEIVABLES AND FINANCIAL LIABILITIES

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

- receivables from financing business;
- trade receivables and payables;
- other receivables and financial assets and liabilities; and
- financial liabilities.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are either allocated specifically to this category or are financial assets that cannot be assigned to any other category.

Available-for-sale financial assets (marketable securities) are carried at fair value. Changes in fair value are recognized directly in equity, net of deferred taxes.

Shares in unconsolidated subsidiaries and other equity investments that are not accounted for using the equity method are also classified as available-for-sale financial assets. However, they are generally carried at cost, since no active market exists for those companies and fair values cannot be reliably ascertained without undue cost or effort. Fair values are recognized if there are indications that fair value is lower than cost.

DERIVATIVES AND HEDGE ACCOUNTING

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

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

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

RECEIVABLES FROM FINANCE LEASES

Where a Group company is the lessor – generally of vehicles – a receivable in the amount of the net investment in the lease is recognized in the case of finance leases, in other words where substantially all the risks and rewards incidental to ownership are transferred to the lessee.

OTHER RECEIVABLES AND FINANCIAL ASSETS

Other receivables and financial assets (except for derivatives) are recognized at amortized cost.

IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

DEFERRED TAXES

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

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

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

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

INVENTORIES

Raw materials, consumables and supplies, merchandise, work in progress and self-produced finished goods reported in inventories are carried at the lower of cost or net realizable value. Cost is determined on the basis of the direct and indirect costs that are directly attributable. Borrowing costs are not capitalized. The measurement of same or similar inventories is based on the weighted average cost method.

NONCURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Under IFRS 5, noncurrent assets or groups of assets and liabilities (disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such assets are carried at the lower of their carrying amount and fair value less costs to sell, and are presented separately in current assets and liabilities in the balance sheet.

Discontinued operations are components of an entity that have either been disposed of or are classified as held for sale. The assets and liabilities of operations that are held for sale represent disposal groups that must be measured and reported using the same principles as noncurrent assets held for sale. The income and expenses from discontinued operations are presented in the income statement as “profit or loss from discontinued operations” below the profit or loss from continuing operations. Corresponding disposal gains or losses are contained in the profit or loss from discontinued operations. The prior-year figures in the income statement are restated accordingly.

PENSION PROVISIONS

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

PROVISIONS FOR TAXES

Tax provisions contain obligations resulting from current taxes. Deferred taxes are presented in separate items of the balance sheet and income statement.

OTHER PROVISIONS

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

Provisions not resulting in an outflow of resources in the year immediately following are recognized at their settlement value discounted to the balance sheet date. Discounting is based on market interest rates. An average discount rate of 3.4% was used in Germany. The settlement value also reflects cost increases expected at the balance sheet date.

Provisions are not offset against claims for reimbursement

As part of the insurance business, we recognize insurance contracts in accordance with IFRS 4. Reinsurance acceptances are accounted for on an accrual basis. Estimation techniques based on assumptions about future changes in claims are used to calculate the claims provision. Minority interests in provisions are reported under other assets.

LIABILITIES

Noncurrent liabilities are recorded at amortized cost in the balance sheet. Differences between historical cost and the repayment amount are amortized using the effective interest method.

Liabilities to members of partnerships from the provision of capital are recognized in the income statement at the present value of the redemption amount at the balance sheet date.

Liabilities under finance leases are carried at the present value of the lease payments.

Current liabilities are recognized at their repayment or settlement value.

REVENUE AND EXPENSE RECOGNITION

Sales revenue, interest and commission income from financial services and other operating income are recognized only when the relevant service has been rendered or the goods delivered, that is, when the risk has passed to the customer. If a contract comprises several separately identifiable components (multiple-element arrangements), these components are recognized separately in accordance with the principles outlined above. Receivables are measured at fair value. If non-interest-bearing or low-interest vehicle financing arrangements are agreed, sales revenue is reduced by the interest benefits granted. Income from assets for which a Group company has a buy back obligation is recognized only when the assets have definitively left the Group. If a fixed repurchase price was agreed when the contract was entered into, the difference between the selling and repurchase price is recognized as income ratably over the term of the contract. Prior to that time, the assets are carried as inventories.

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

Government grants are generally deducted from the cost of the relevant assets.

Personnel expenses are recognized in respect of the issue of convertible bonds to employees conveying the right to purchase shares of Volkswagen AG.

Dividend income is recognized on the date when the dividend is legally approved.

ESTIMATES AND ASSUMPTIONS BY MANAGEMENT

Preparation of the consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and income and expenses, as well as the related disclosure of contingent assets and liabilities of the reporting period. Such estimates and assumptions relate primarily to the assessment of the recoverability of intangible assets, the standard definition throughout the Group of useful lives of items of property, plant and equipment and of leasing and rental assets, the collectability of receivables, and the recognition and measurement of provisions.

The estimates and assumptions are based on underlying assumptions that reflect the current state of available knowledge. Specifically, the expected future development of business was based on the circumstances known at the date of preparation of these consolidated financial statements and a realistic assessment of the future development of the global and sector-specific environment. Our estimates and assumptions remain subject to a high degree of uncertainty due to the ongoing uncertain economic environment and its corresponding effects on the automotive markets. This applies in particular to short- and medium-term cash flow forecasts and to the discount rates used. In view of the unusual developments in the price of Volkswagen AG's ordinary shares, we used a multi-year view when estimating our own systemic risk (market risk).

Developments in this environment that differ from the assumptions and that cannot be influenced by management could result in amounts that differ from the original estimates. If actual developments differ from the expected developments, the underlying assumptions and, if necessary, the carrying amounts of the assets and liabilities affected are adjusted.

In fiscal year 2010, we expect the global automotive markets to grow slightly compared with the previous year, although they will be impacted by the continued uncertain economic environment. Volkswagen will systematically expand its position in the global markets. We therefore forecast that deliveries to customers will exceed the prior-year figure. As a result, from today's perspective, we are not expecting any material adjustment in the carrying amounts of the assets and liabilities reported in the consolidated balance sheet in the following fiscal year.

Estimates and assumptions by management were based on assumptions that are explained in the Report on Expected Developments.

Segment reporting

Volkswagen applied IFRS 8 for the first time in fiscal year 2009. In accordance with the Group's internal reporting and management, the revised segment reporting comprises the three reportable segments Passenger Cars and Light Commercial Vehicles, Scania, and Volkswagen Financial Services.

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

The Scania segment comprises in particular the development, production and sale of heavy commercial vehicles, the corresponding genuine parts business and the financial services offering. The Scania brand was only consolidated in the third quarter of 2008 and was still split between the Automotive and Financial Services segments in the 2008 Annual Report.

The activities of the Volkswagen Financial Services segment comprise dealer and customer financing, leasing, banking and insurance activities, as well as fleet management. It largely corresponds to the previous Financial Services segment.

At Volkswagen, segment profit or loss is measured on the basis of operating profit or loss. The assets of the segments comprise all of the assets allocated to the individual activities.

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

In the presentation by region, the "Rest of Europe" and "Africa" regions have been combined into "Europe and Other Regions" to enhance clarity.

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

OPERATING SEGMENTS 2008

€ million	Passenger Cars and Light Commercial Vehicles	Scania	Volkswagen Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	98,710	3,865	10,193	112,768	1,040	113,808
Intersegment sales revenue	4,484	–	736	5,220	–5,220	–
Total sales revenue	103,194	3,865	10,929	117,988	–4,180	113,808
Depreciation and amortization	5,920	317	1,574	7,811	285	8,096
Impairment losses	229	3	94	326	23	349
Reversal of impairment losses	8	–	0	8	–	8
Segment profit or loss (operating profit or loss)	6,431	417	893	7,741	–1,408	6,333
Share of profits and losses of equity-accounted investments	176	1	101	278	632	910
Net interest income and other financial result	–116	–57	–75	–248	–387	–635
Segment assets	91,458	10,074	74,690	176,222	–8,303	167,919
Equity-accounted investments	315	44	1,435	1,794	4,579	6,373
Investments in intangible assets, property, plant and equipment, and investment property	8,667	284	121	9,072	40	9,112

OPERATING SEGMENTS 2009

€ million	Passenger Cars and Light Commercial Vehicles	Scania	Volkswagen Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	86,297	6,385	11,095	103,777	1,409	105,187
Intersegment sales revenue	4,952	–	565	5,517	–5,517	–
Total sales revenue	91,249	6,385	11,660	109,294	–4,107	105,187
Depreciation and amortization	5,793	490	1,727	8,009	322	8,331
Impairment losses	292	3	261	556	39	595
Reversal of impairment losses	18	–	30	49	–	49
Segment profit or loss (operating profit or loss)	2,020	236	606	2,862	–1,007	1,855
Share of profits and losses of equity-accounted investments	106	1	91	198	503	701
Net interest income and other financial result	–587	–82	–25	–694	–602	–1,296
Segment assets	87,786	9,512	76,431	173,730	3,449	177,178
Equity-accounted investments	370	46	1,562	1,978	8,406	10,385
Investments in intangible assets, property, plant and equipment, and investment property	7,331	320	178	7,829	82	7,911

RECONCILIATION

€ million	2009	2008
Segment sales revenue	**109,294**	**117,988**
Unallocated activities	2,078	1,627
Group financing	21	24
Consolidation adjustments	–6,207	–5,831
Group sales revenue	**105,187**	**113,808**
Segment assets	**173,730**	**176,222**
Unallocated activities	2,497	2,038
Group financing	25,165	12,377
Consolidation adjustments	–24,213	–22,718
Group assets	**177,178**	**167,919**
Segment profit or loss (operating profit or loss)	**2,862**	**7,741**
Unallocated activities	79	102
Group financing	15	–82
Consolidation adjustments	–1,101	–1,428
Operating profit	**1,855**	**6,333**
Financial result	**–595**	**275**
Consolidated profit before tax	**1,261**	**6,608**

BY REGION 2008

€ million	Germany	Europe and Other Regions*	North America	South America	Asia/Oceania	Consolidation	Total
Sales revenue from external customers	27,682	55,173	12,716	9,784	8,453	–	113,808
Intangible assets, property, plant and equipment, leasing and rental assets, and investment property	17,604	18,849	7,595	1,253	388	−238	45,451

* Excluding Germany.

BY REGION 2009

€ million	Germany	Europe and Other Regions*	North America	South America	Asia/Oceania	Consolidation	Total
Sales revenue from external customers	29,836	45,367	11,396	9,606	8,982	–	105,187
Intangible assets, property, plant and equipment, leasing and rental assets, and investment property	18,696	19,451	7,592	1,525	591	–	47,855

* Excluding Germany.

Income Statement Disclosures

1 | Sales revenue

STRUCTURE OF GROUP SALES REVENUE

€ million	2009	2008
Vehicles	78,621	87,850
Genuine parts	7,768	7,254
Other sales revenue	7,282	8,528
Rental and leasing business	6,631	5,819
Interest and similar income	4,884	4,357
	105,187	**113,808**

For segment reporting purposes, the sales revenue of the Group is presented by segment and market. Other sales revenue relates primarily to parts and engine deliveries.

2 | Cost of sales

Cost of sales also includes interest expenses of €2,789 million (previous year: €2,871 million) attributable to the financial services business. This item includes impairment losses on intangible assets, property, plant and equipment, and leasing and rental assets. Impairment losses are based on updated impairment tests and reflect market and exchange rate risks in particular.

Government grants related to income amounted to €98 million in fiscal year 2009 (previous year: €15 million) and were generally allocated to the functions.

3 | Distribution expenses

Distribution expenses amounting to €10,537 million (previous year: €10,552 million) include non-staff overheads and personnel costs, and depreciation and amortization applicable to the distribution function, as well as the costs of shipping, advertising and sales promotion.

4 | Administrative expenses

Administrative expenses of €2,739 million (previous year: €2,742 million) mainly include non-staff overheads and personnel costs, as well as depreciation and amortization applicable to the administrative function.

5 | Other operating income

€ million	2009	2008
Income from reversal of valuation allowances on receivables and other assets	577	424
Income from reversal of provisions and accruals	945	1,532
Income from foreign currency hedging derivatives	2,217	2,445
Income from foreign exchange gains	1,624	2,254
Income from sale of promotional material	172	175
Income from cost allocations	590	770
Income from investment property	58	60
Gains on asset disposals	71	29
Miscellaneous other operating income	1,651	1,081
	7,904	**8,770**

Foreign exchange gains mainly comprise gains from changes in exchange rates between the dates of recognition and payment of receivables and liabilities denominated in foreign currencies, as well as exchange rate gains resulting from measurement at the closing rate. Foreign exchange losses from these items are included in other operating expenses.

The gain on the disposal of Volkswagen Caminhões amounting to €556 million is reported under miscellaneous other operating income in fiscal year 2009.

6 | Other operating expenses

€ million	2009	2008
Valuation allowances on receivables and other assets	1,682	1,021
Losses from foreign currency hedging derivatives	1,336	1,209
Foreign exchange losses	1,834	2,555
Expenses from cost allocations	161	223
Expenses for termination agreements	41	27
Losses on disposal of noncurrent assets	33	59
Miscellaneous other operating expenses	1,265	1,245
	6,352	**6,339**

7 | Share of profits and losses of equity-accounted investments

€ million	2009	2008
Share of profits of equity-accounted investments	850	914
of which from: joint ventures	(849)	(532)
of which from: associates	(1)	(382)
Share of losses of equity-accounted investments	149	4
of which from: joint ventures	(41)	(4)
of which from: associates	(108)	–
	701	**910**

The share of profits and losses of equity-accounted investments in fiscal year 2009 includes the amounts from the adjustment of the newly acquired interest in Porsche Zwischenholding GmbH. The precise allocation of the purchase price to Porsche Zwischenholding's assets and liabilities is currently only preliminary due to the size of the company. The share of profits and losses of equity-accounted investments in the previous year includes the amounts for the Scania shares accounted for using the equity method for the period until the investment was consolidated.

8 | Finance costs

€ million	2009	2008
Other interest and similar expenses	1,139	998
Interest cost included in lease payments	10	10
Interest expenses	**1,148**	**1,008**
Interest component of additions to pension provisions	715	669
Interest cost on other liabilities	405	138
Interest cost on liabilities	**1,120**	**807**
Finance costs	**2,268**	**1,815**

9 | Other financial result

€ million	2009	2008
Income from profit and loss transfer agreements	23	20
Cost of loss absorption	56	36
Other income from equity investments	44	45
Other expenses from equity investments	31	35
Income from marketable securities and loans*	34	15
Other interest and similar income	738	1,475
Gains and losses from fair value remeasurement and impairment of financial instruments	42	–244
Gains and losses from fair value remeasurement of ineffective hedging derivatives	228	–52
Gains and losses on hedges	–50	–8
Other financial result	**972**	**1,180**

* Including disposal gains/losses.

10 | Income tax income/expense

COMPONENTS OF TAX INCOME AND EXPENSE

€ million	2009	2008
Current tax expense, Germany	508	1,355
Current tax expense, abroad	812	1,087
Current tax expense	**1,321**	**2,442**
of which prior-period income	(–32)	(–41)
Income from reversal of tax provisions	–176	–104
Current income tax expense	**1,145**	**2,338**
Deferred tax income/expense, Germany	–360	–86
Deferred tax income/expense, abroad	–436	–332
Deferred tax income	**–796**	**–418**
Income tax income/expense	**349**	**1,920**

In Germany, current tax expense is calculated on the basis of a uniform corporation tax rate of 15% (previous year: 15%) plus a solidarity surcharge of 5.5%. In addition to corporation tax, trade tax is levied on profits generated in Germany. Due to the non-deductibility of trade tax as a business expense from fiscal year 2008, the average trade tax rate is 13.7%, which results in a total domestic tax rate of 29.5% (previous year: 29.5%).

The local income tax rates applied for companies outside Germany vary between 0% and 42%. In the case of split tax rates, the tax rate applicable to undistributed profits is applied.

The realization of tax benefits from tax loss carryforwards from previous years resulted in a reduction in current income taxes in 2009 by €65 million (previous year: €77 million).

Previously unused tax loss carryforwards amounted to €3,141 million (previous year: €2,172 million). Tax loss carryforwards amounting to €799 million (previous year: €808 million) can be used indefinitely, while €828 million (previous year: €95 million) must be used within the next ten years. There are additional tax loss carryforwards amounting to €1,518 million (previous year: €1,268 million) that can be used within a period of 15 to 20 years. Tax loss carryforwards of €198 million (previous year: €112 million) are estimated not to be usable.

The increase in tax loss carryforwards estimated not to be usable amounting to €86 million resulted primarily from the tax position of the Indian and Italian companies.

Deferred taxes are recognized where income from subsidiaries was tax-exempt in the past due to specific local regulations, but the tax effects on discontinuation of the temporary tax exemption are foreseeable. Tax benefits amounting to €55 million (previous year: €73 million) were recognized because of tax credits granted by various countries to compensate for the loss of tax relief where the amounts involved were unlimited. Tax credits granted for other reasons amounted to €67 million (previous year: €69 million)

No deferred tax assets were recognized for deductible temporary differences of €2 million (previous year: €2 million) and for tax credits of €562 million (previous year: €371 million) that would expire in the period from 2011 to 2023.

Due to the change in the statutory provisions in Germany, a refund claim for corporation tax was recognized as a current tax asset for the first time in fiscal year 2006. It was recognized in the balance sheet under current tax receivables at a present value of €951 million. The present value of the refund claim was €783 million at the balance sheet date.

Deferred tax expenses resulting from changes in tax rates amounted to €1 million (previous year: deferred tax income of €54 million).

Deferred taxes of €453 million were recognized without being offset by deferred tax liabilities in the same amount. The companies concerned expect positive tax income in future following losses in fiscal year 2009 or in the previous year.

As of the reporting date, €207 million of the deferred taxes recognized in the balance sheet was credited to equity (previous year: €1 million charged to equity) and relates to other comprehensive income. €4 million of this figure (previous year: €44 million) is attributable to minority interests. In fiscal year 2009, there was a €6 million (previous year: €2 million) reduction in deferred taxes resulting from changes in the consolidated Group.

CHANGE IN TAX EFFECTS ON OTHER COMPREHENSIVE INCOME

€ million	Amount before taxes	Taxes	Amount after taxes 2009	Amount before taxes	Taxes	Amount after taxes 2008
Exchange differences on translating foreign operations	975	–	975	–1,445	–	–1,445
Actuarial gains/losses	–860	249	–611	190	–57	133
Cash flow hedges	–225	46	–179	–373	134	–239
Available-for-sale financial instruments (marketable securities)	271	–80	191	–230	68	–162
Share of other comprehensive income of equity-accounted investments, net of tax	30	–	30	–188	–	–188
Other comprehensive income	**191**	**216**	**406**	**–2,046**	**145**	**–1,901**

DEFERRED TAXES CLASSIFIED BY BALANCE SHEET ITEM

The following recognized deferred tax assets and liabilities were attributable to recognition and measurement differences in the individual balance sheet items and to tax loss carryforwards:

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
€ million	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
Intangible assets	197	235	2,388	2,271
Property, plant and equipment, and leasing and rental assets	3,699	4,123	2,580	2,729
Noncurrent financial assets	756	1,059	4	2
Inventories	304	335	324	321
Receivables and other assets (including Financial Services Division)*	622	822	5,931	7,103
Other current assets	82	129	20	41
Pension provisions	1,303	1,050	3	8
Other provisions	2,885	2,723	61	530
Liabilities*	1,309	1,657	245	499
Tax loss carryforwards	929	663	–	0
Valuation allowances on deferred tax assets	–	0	–	0
Gross value	**12,084**	**12,796**	**11,558**	**13,504**
of which noncurrent	(8,544)	(8,871)	(8,070)	(8,941)
Offset	9,185	9,885	9,185	9,885
Consolidation	113	433	–149	35
Amount recognized	**3,013**	**3,344**	**2,224**	**3,654**

* Prior-year figures have been adjusted.

In accordance with IAS 12, deferred tax assets and liabilities are offset if, and only if, they relate to income taxes levied by the same taxation authority and relate to the same tax period.

The tax expense of €349 million reported for 2009 (previous year: expense of €1,920 million) was €23 million lower (previous year: €29 million lower) than the expected tax expense of €372 million that would have resulted from application of a tax rate applicable to undistributed profits of 29.5% to the profit before tax of the Group.

RECONCILIATION OF EXPECTED TO EFFECTIVE INCOME TAX

€ million	2009	2008
Profit before tax	1,261	6,608
Expected income tax expense (tax rate 29.5%; previous year: 29.5%)	**372**	**1,949**
Reconciliation:		
Effect of different tax rates outside Germany	–58	–141
Proportion of taxation relating to:		
tax-exempt income	–476	–286
expenses not deductible for tax purposes	162	183
effects of loss carryforwards and tax credits	52	–47
temporary differences for which no deferred taxes were recognized	349	422
Tax credits	–47	–23
Prior-period tax expense	–33	–41
Effect of tax rate changes	1	–54
Other taxation changes	27	–42
Effective income tax income/expense	**349**	**1,920**
Effective tax rate (%)	27.7	29.1

11 | Earnings per share

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

A dilutive effect arose in fiscal year 2009 from the sixth, seventh and eighth tranches of the stock option plan. However, it was so insignificant that it did not affect the reported earnings per share.

	ORDINARY		PREFERRED	
Quantity	2009	2008	2009	2008
Weighted average number of shares outstanding – basic	294,963,231	292,852,751	105,238,280	105,238,280
Dilutive potential ordinary shares from the stock option plan	87,163	1,613,743	0	0
Weighted average number of shares outstanding – diluted	295,050,394	294,466,494	105,238,280	105,238,280

€ million	2009	2008
Profit after tax	911	4,688
Minority interests	–49	–65
Profit attributable to shareholders of Volkswagen AG	960	4,753
Basic earnings attributable to ordinary shares	703	3,492
Basic earnings attributable to preferred shares	257	1,261
Diluted earnings attributable to ordinary shares	703	3,497
Diluted earnings attributable to preferred shares	257	1,256

€	2009	2008
Basic earnings per ordinary share	2.38	11.92
Basic earnings per preferred share	2.44	11.98
Diluted earnings per ordinary share	2.38	11.88
Diluted earnings per preferred share	2.44	11.94

Additional Income Statement Disclosures in Accordance with IAS 23 (Borrowing Costs)

Capitalized borrowing costs amounted to €3 million in fiscal year 2009 (previous year: €0 million) and related mainly to capitalized development costs. An average cost of debt of 4.0% was used as a basis for capitalization in the Volkswagen Group.

Additional Income Statement Disclosures in Accordance with IFRS 7 (Financial Instruments)

CLASSES OF FINANCIAL INSTRUMENTS

Financial instruments are divided into the following classes at the Volkswagen Group:

- Financial instruments measured at fair value,
- Financial instruments measured at amortized cost and
- Financial instruments not falling within the scope of IFRS 7.

Financial instruments not falling within the scope of IFRS 7 include in particular investments in associates and joint ventures accounted for using the equity method.

NET GAINS OR LOSSES FROM FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY UNDER IAS 39

€ million	2009	2008
Financial instruments at fair value through profit or loss	207	–4
Loans and receivables	3,212	3,297
Available-for-sale financial assets	22	–288
Financial liabilities measured at amortized cost	–3,626	–3,319
	–185	**–314**

Net gains and losses from financial assets and liabilities at fair value through profit or loss are composed of the fair value measurement gains and losses on financial instruments, including interest and gains and losses on currency translation.

Net gains and losses from available-for-sale financial assets primarily comprise income and expenses from marketable securities including disposal gains/losses, impairment losses on investments and currency translation effects.

Net gains and losses from loans and receivables comprise interest expenses in accordance with the effective interest method under IAS 39, including currency translation effects. Interest also includes interest income and expenses from the lending and leasing business of the financial services operations.

TOTAL INTEREST INCOME AND EXPENSES OF FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

€ million	2009	2008
Interest income	3,957	4,239
Interest expenses	3,652	3,462
	305	**777**

IMPAIRMENT LOSSES ON FINANCIAL ASSETS BY CLASS

€ million	2009	2008
Measured at fair value	3	266
Measured at amortized cost	1,622	1,156
	1,625	**1,422**

Impairment losses relate to write-downs of financial assets, such as valuation allowances on receivables, marketable securities and unconsolidated subsidiaries. Interest income on impaired financial assets amounted to €69 million in fiscal year 2009 (previous year: €82 million).

€5 million (previous year: €9 million) was recognized in fiscal year 2009 as an expense and €3 million (previous year: €3 million) as income for fees and commissions that are not accounted for using the effective interest method.

Balance Sheet Disclosures

12 | Intangible assets

The overview of the changes in intangible assets has been partially restructured. Concessions, industrial and similar rights, and licenses in such rights and assets are reported under other intangible assets. The brand name, which was previously included in other intangible assets, is presented separately. The prior-period figure has been adjusted accordingly.

CHANGES IN INTANGIBLE ASSETS
BETWEEN JANUARY 1 AND DECEMBER 31, 2008

€ million	Brand name	Goodwill	Capitalized costs for products under development	Capitalized development costs for products currently in use	Other intangible assets	Total
Cost						
Balance at Jan. 1, 2008	**–**	**201**	**1,938**	**10,470**	**1,437**	**14,046**
Foreign exchange differences	−132	−384	−54	−366	−97	−1,033
Changes in consolidated Group	1,027	2,952	12	1,073	713	5,777
Additions	–	2	1,842	374	239	2,457
Transfers	–	–	−1,036	1,036	−15	−15
Held for sale	–	–	34	65	6	105
Disposals	–	–	3	1,023	118	1,144
Balance at Dec. 31, 2008	**895**	**2,771**	**2,665**	**11,499**	**2,153**	**19,983**
Amortization and impairment						
Balance at Jan. 1, 2008	**–**	**–**	**229**	**6,097**	**890**	**7,216**
Foreign exchange differences	–	–	–	−130	−11	−141
Changes in consolidated Group	–	–	–	–	0	0
Additions to cumulative amortization	–	–	–	1,359	381	1,740
Additions to cumulative impairment losses	–	–	18	15	8	41
Transfers	–	–	−8	8	−1	−1
Held for sale	–	–	–	20	6	26
Disposals	–	–	0	1,021	116	1,137
Balance at Dec. 31, 2008	**–**	**–**	**239**	**6,308**	**1,145**	**7,692**
Carrying amount at Dec. 31, 2008	**895**	**2,771**	**2,426**	**5,191**	**1,008**	**12,291**

Sensitivity analyses have shown that it is unnecessary to recognize impairment losses on goodwill and indefinite-lived intangible assets, including where realistic variations are applied to key assumptions.

CHANGES IN INTANGIBLE ASSETS BETWEEN JANUARY 1 AND DECEMBER 31, 2009

€ million	Brand name	Goodwill	Capitalized costs for products under development	Capitalized development costs for products currently in use	Other intangible assets	Total
Cost						
Balance at Jan. 1, 2009	**895**	**2,771**	**2,665**	**11,499**	**2,153**	**19,983**
Foreign exchange differences	54	158	27	188	46	473
Changes in consolidated Group	–	–	–	–	0	0
Additions	–	–	1,600	347	226	2,173
Transfers	–	–	−981	986	−18	−13
Held for sale	–	–	–	–	–	–
Disposals	–	–	99	1,123	85	1,307
Balance at Dec. 31, 2009	**949**	**2,929**	**3,213**	**11,896**	**2,322**	**21,310**
Amortization and impairment						
Balance at Jan. 1, 2009	**–**	**–**	**239**	**6,308**	**1,145**	**7,692**
Foreign exchange differences	–	–	–	88	21	109
Changes in consolidated Group	–	–	–	–	0	0
Additions to cumulative amortization	–	–	–	1,417	320	1,737
Additions to cumulative impairment losses	–	–	109	60	3	172
Transfers	–	–	−113	113	−7	−7
Held for sale	–	–	–	–	–	–
Disposals	–	–	98	1,117	85	1,299
Balance at Dec. 31, 2009	**–**	**–**	**136**	**6,870**	**1,397**	**8,403**
Carrying amount at Dec. 31, 2009	**949**	**2,929**	**3,077**	**5,027**	**925**	**12,907**

The reported brand name relates to Scania.

€2,729 million of the goodwill reported as of December 31, 2009 (previous year: €2,574 million) relates to Scania and €153 million (previous year: €151 million) to Škoda (Passenger Cars and Light Commercial Vehicles segment). €27 million (previous year: €27 million) of the remaining amount relates to the Passenger Cars and Light Commercial Vehicles segment, €15 million (previous year: €14 million) to the Volkswagen Financial Services segment and €5 million (previous year: €5 million) to unallocated areas. The recoverability of recognized goodwill is not affected by a variation in the growth forecast or in the discount rate by +/–0.5 percentage points.

Of the total research and development costs incurred in 2009, €1,947 million (previous year: €2,216 million) met the criteria for capitalization under IFRSs.

The following amounts were recognized as expenses:

€ million	2009	2008
Research and non-capitalized development costs	3,843	3,710
Amortization of development costs	1,586	1,392
Research and development costs recognized in the income statement	**5,429**	**5,102**

13 | Property, plant and equipment

CHANGES IN PROPERTY, PLANT AND EQUIPMENT BETWEEN JANUARY 1 AND DECEMBER 31, 2008

€ million	Land, land rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Total
Cost					
Balance at Jan. 1, 2008	**14,424**	**25,048**	**32,620**	**1,836**	**73,928**
Foreign exchange differences	– 174	– 495	– 308	– 117	– 1,094
Changes in consolidated Group	1,389	959	110	294	2,752
Additions	437	1,118	2,420	2,676	6,651
Transfers	216	700	629	– 1,523	22
Held for sale	44	30	111	6	191
Disposals	71	747	1,433	71	2,322
Balance at Dec. 31, 2008	**16,177**	**26,553**	**33,927**	**3,089**	**79,746**
Depreciation and impairment					
Balance at Jan. 1, 2008	**7,545**	**19,740**	**27,297**	**8**	**54,590**
Foreign exchange differences	– 33	– 238	– 239	– 8	– 518
Changes in consolidated Group	0	0	0	–	0
Additions to cumulative depreciation	487	1,705	2,415	18	4,625
Additions to cumulative impairment losses	3	7	84	90	184
Transfers	3	– 4	– 9	11	1
Held for sale	25	25	72	2	124
Disposals	57	712	1,356	–	2,125
Reversal of impairment losses	–	0	–	– 8	– 8
Balance at Dec. 31, 2008	**7,923**	**20,473**	**28,120**	**109**	**56,625**
Carrying amount at Dec. 31, 2008	**8,254**	**6,080**	**5,807**	**2,980**	**23,121**
of which assets leased under finance lease contracts Carrying amount at Dec. 31, 2008	177	–	16	–	193

Call options on buildings and plant leased under the terms of finance leases exist in most cases, and are normally exercised. Interest rates on the leases vary between 2.9% and 13.6%, depending on the market and the date of inception of the lease.

Future finance lease payments due, and their present values, are shown in the following table:

€ million	2009	2010 – 2013	from 2014	Total
Finance lease payments	39	77	124	240
Interest component of finance lease payments	7	10	15	32
Carrying amount/present value	**32**	**67**	**109**	**208**

CHANGES IN PROPERTY, PLANT AND EQUIPMENT BETWEEN JANUARY 1 AND DECEMBER 31, 2009

€ million	Land, land rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Total
Cost					
Balance at Jan.1, 2009	**16,177**	**26,553**	**33,927**	**3,089**	**79,746**
Foreign exchange differences	179	429	360	56	1,024
Changes in consolidated Group	95	0	1	5	100
Additions	378	1,254	1,795	2,251	5,678
Transfers	546	982	801	−2,316	13
Held for sale	–	–	–	–	–
Disposals	60	531	717	54	1,362
Balance at Dec. 31, 2009	**17,314**	**28,686**	**36,166**	**3,032**	**85,199**
Depreciation and impairment					
Balance at Jan. 1, 2009	**7,923**	**20,473**	**28,120**	**109**	**56,625**
Foreign exchange differences	61	267	292	4	624
Changes in consolidated Group	4	0	0	–	4
Additions to cumulative depreciation	519	1,734	2,297	24	4,574
Additions to cumulative impairment losses	0	2	136	2	140
Transfers	0	36	54	−84	7
Held for sale	–	–	–	–	–
Disposals	51	492	656	0	1,198
Reversal of impairment losses	−2	−2	−6	−11	−20
Balance at Dec. 31, 2009	**8,454**	**22,018**	**30,237**	**45**	**60,755**
Carrying amount at Dec. 31, 2009	**8,860**	**6,668**	**5,930**	**2,987**	**24,444**
of which assets leased under finance lease contracts Carrying amount at Dec. 31, 2009	166	17	12	–	195

Call options on buildings and plant leased under the terms of finance leases exist in most cases, and are normally exercised. Interest rates on the leases vary between 2.0% and 10.1%, depending on the market and the date of inception of the lease.

Future finance lease payments due, and their present values, are shown in the following table:

€ million	2010	2011 – 2014	from 2015	Total
Finance lease payments	30	107	94	230
Interest component of finance lease payments	7	16	2	25
Carrying amount/present value	**23**	**91**	**92**	**206**

For assets leased under operating leases, payments recognized in the income statement amounted to €545 million in the reporting period (previous year: €366 million).

Government grants of €25 million (previous year: €49 million) were deducted from the cost of property, plant and equipment, and noncash benefits received amounting to €111 million were not capitalized as the cost of assets.

14 | Leasing and rental assets and investment property

CHANGES IN LEASING AND RENTAL ASSETS AND INVESTMENT PROPERTY BETWEEN JANUARY 1 AND DECEMBER 31, 2008

€ million	Leasing and rental assets	Investment property	Total
Cost			
Balance at Jan. 1, 2008	**10,903**	**301**	**11,204**
Foreign exchange differences	– 78	1	– 77
Changes in consolidated Group	1,286	–	1,286
Additions	5,335	13	5,348
Transfers	–	– 7	– 7
Disposals	4,751	3	4,754
Balance at Dec. 31, 2008	**12,695**	**305**	**13,000**
Depreciation and impairment			
Balance at Jan. 1, 2008	**2,724**	**149**	**2,873**
Foreign exchange differences	– 27	1	– 26
Changes in consolidated Group	75	–	75
Additions to cumulative depreciation	1,724	7	1,731
Additions to cumulative impairment losses	92	–	92
Transfers	–	0	0
Disposals	1,782	2	1,784
Reversal of impairment losses	0	–	0
Balance at Dec. 31, 2008	**2,806**	**155**	**2,961**
Carrying amount at Dec. 31, 2008	**9,889**	**150**	**10,039**

The following payments from non-cancelable leases and rental agreements were expected to be received over the coming years:

€ million	2009	2010 – 2013	from 2014	Total
	1,193	1,233	41	2,467

CHANGES IN LEASING AND RENTAL ASSETS AND INVESTMENT PROPERTY BETWEEN JANUARY 1 AND DECEMBER 31, 2009

€ million	Leasing and rental assets	Investment property	Total
Cost			
Balance at Jan. 1, 2009	**12,695**	**305**	**13,000**
Foreign exchange differences	62	3	64
Changes in consolidated Group	–	–	–
Additions	5,230	76	5,306
Transfers	–2	0	–2
Disposals	4,245	1	4,246
Balance at Dec. 31, 2009	**13,740**	**382**	**14,122**
Depreciation and impairment			
Balance at Jan. 1, 2009	**2,806**	**155**	**2,961**
Foreign exchange differences	20	0	19
Changes in consolidated Group	–	–	–
Additions to cumulative depreciation	2,013	8	2,020
Additions to cumulative impairment losses	262	5	267
Transfers	0	0	0
Disposals	1,620	1	1,620
Reversal of impairment losses	–28	–	–28
Balance at Dec. 31, 2009	**3,452**	**166**	**3,618**
Carrying amount at Dec. 31, 2009	**10,288**	**216**	**10,504**

Leasing and rental assets include assets leased out under the terms of operating leases.

Investment property includes apartments rented out and leased dealerships, with a fair value of €475 million (previous year: €399 million). Operating expenses of €46 million (previous year: €45 million) were incurred for the maintenance of investment property in use. Expenses of €2 million (previous year: €2 million) were incurred for unused investment property.

The following payments from non-cancelable leases and rental agreements are expected to be received over the coming years:

€ million	2010	2011 – 2014	from 2015	Total
	1,234	1,141	–	2,375

15 | Equity-accounted investments and other equity investments

CHANGES IN EQUITY-ACCOUNTED INVESTMENTS AND OTHER EQUITY INVESTMENTS BETWEEN JANUARY 1 AND DECEMBER 31, 2008

€ million	Equity-accounted investments	Other equity investments	Total
Cost			
Balance at Jan. 1, 2008	**8,013**	**901**	**8,914**
Foreign exchange differences	47	2	49
Changes in consolidated Group	–1,518	–229	–1,747
Additions	862	194	1,056
Transfers	–7	7	–
Disposals	815	5	820
Reversal of impairment losses	–	–	–
Changes recognized in other comprehensive income	–188	–	–188
Balance at Dec. 31, 2008	**6,394**	**870**	**7,264**
Impairment losses			
Balance at Jan. 1, 2008	**218**	**353**	**571**
Foreign exchange differences	18	0	18
Changes in consolidated Group	–	–98	–98
Additions to cumulative impairment losses	–	32	32
Transfers	–	–	–
Disposals	109	0	109
Reversal of impairment losses	–106	–	–106
Balance at Dec. 31, 2008	**21**	**287**	**308**
Carrying amount at Dec. 31, 2008	**6,373**	**583**	**6,956**

As a result of improved earnings prospects, impairment losses amounting to €106 million on several joint ventures were reversed. Value in use was estimated using a discount factor of 9.4%.

CHANGES IN EQUITY-ACCOUNTED INVESTMENTS AND OTHER EQUITY INVESTMENTS BETWEEN JANUARY 1 AND DECEMBER 31, 2009

€ million	Equity-accounted investments	Other equity investments	Total
Cost			
Balance at Jan. 1, 2009	**6,394**	**870**	**7,264**
Foreign exchange differences	−14	0	−14
Changes in consolidated Group	–	−140	−140
Additions	4,768	95	4,863
Transfers	7	−7	0
Disposals	780	4	783
Reversal of impairment losses	–	–	–
Changes recognized in other comprehensive income	30	–	30
Balance at Dec. 31, 2009	**10,406**	**815**	**11,220**
Impairment losses			
Balance at Jan. 1, 2009	**21**	**287**	**308**
Foreign exchange differences	−1	1	1
Changes in consolidated Group	–	−33	−33
Additions to cumulative impairment losses	–	17	17
Transfers	–	–	–
Disposals	–	0	0
Reversal of impairment losses	–	–	–
Balance at Dec. 31, 2009	**21**	**271**	**292**
Carrying amount at Dec. 31, 2009	**10,385**	**543**	**10,928**

Equity-accounted investments include joint ventures in the amount of €7,334 million (previous year: €2,980 million) and associates in the amount of €3,051 million (previous year: €3,393 million).

In fiscal year 2009, the additions to equity-accounted investments relate mainly to the acquisition of the shares of Porsche Zwischenholding GmbH in the amount of €3,907 million.

Significant joint ventures and associates are detailed in the listing of significant Group companies at the end of the notes to the consolidated financial statements.

16 | Noncurrent and current financial services receivables

€ million	current	noncurrent	Carrying amount Dec. 31, 2009	Fair value Dec. 31, 2009	current	noncurrent	Carrying amount Dec. 31, 2008	Fair value Dec. 31, 2008
Receivables from financing business								
customer financing	11,613	22,815	34,428	34,496	9,534	20,302	29,836	30,144
dealer financing	8,698	856	9,555	9,550	10,147	981	11,128	11,166
direct banking	146	–	146	146	133	–	133	133
	20,457	**23,672**	**44,129**	**44,192**	**19,814**	**21,283**	**41,097**	**41,443**
Receivables from operating lease business	152	–	152	152	125	–	125	125
Receivables from finance leases	6,793	9,502	16,296	16,322	7,096	10,572	17,668	17,833
	27,403	**33,174**	**60,577**	**60,667**	**27,035**	**31,855**	**58,890**	**59,401**

Noncurrent receivables from the customer financing business mainly bear fixed interest at rates of between 0.0% and 24% (previous year: 0.0% and 22.1%), depending on the market concerned. They have terms of up to 144 months (previous year: 84 months). The noncurrent portion of dealer financing is granted at interest rates of between 1.9% and 18% (previous year: 3.8% and 20%), depending on the country.

Financial services receivables of €60.6 billion (previous year: €58.9 billion) contain a fair value adjustment from portfolio hedging amounting to €84 million (previous year: €151 million).

The receivables from customer and dealer financing are secured by vehicles or real property liens.

The receivables from dealer financing include an amount of €188 million (previous year: €173 million) receivable from affiliated companies.

The receivables from finance leases – almost entirely in respect of vehicles – were or are expected to generate the following cash flows as of December 31, 2008 and December 31, 2009:

€ million	2009	2010 – 2013	from 2014	Total
Future payments from finance lease receivables	7,806	11,586	44	19,436
Unearned finance income from finance leases (discounting)	−710	−1,056	−2	−1,768
Present value of minimum lease payments outstanding at the balance sheet date	**7,096**	**10,530**	**42**	**17,668**

€ million	2010	2011 – 2014	from 2015	Total
Future payments from finance lease receivables	7,470	10,312	67	17,849
Unearned finance income from finance leases (discounting)	−677	−870	−6	−1,553
Present value of minimum lease payments outstanding at the balance sheet date	**6,793**	**9,442**	**61**	**16,296**

17 | Noncurrent and current other receivables and financial assets

€ million	current	noncurrent	Carrying amount Dec. 31, 2009	Fair value Dec. 31, 2009	current	noncurrent	Carrying amount Dec. 31, 2008	Fair value Dec. 31, 2008
Other receivables from								
affiliated companies	238	9	247	247	152	15	167	167
joint ventures	1,195	421	1,616	1,630	2,935	590	3,525	3,548
associates	21	0	21	21	22	–	22	22
other investees and investors	0	1	1	1	4	106	110	110
Recoverable income taxes	1,345	57	1,403	1,403	1,369	40	1,409	1,409
Positive fair values of derivatives	1,349	1,856	3,205	3,205	2,919	1,666	4,585	4,585
Other assets	1,779	1,402	3,181	3,188	2,667	970	3,637	3,644
	5,927	**3,747**	**9,674**	**9,694**	**10,068**	**3,387**	**13,455**	**13,485**

Other assets include plan assets to fund post-employment benefits in the amount of €54 million (previous year: €69 million). This item also includes the share of the technical provisions attributable to reinsurers amounting to €111 million (previous year: €100 million).

There are no material restrictions on title or right of use in respect of other receivables and financial assets. Default risks are accounted for by means of valuation allowances.

Other receivables and financial assets include loans to joint ventures, associates and other equity investments, and bear interest at rates of up to 15.1% (previous year: 22.1%).

Other receivables from affiliated companies include loans with terms of up to 17 years (previous year: 11 years), which were lent at interest rates of between 0.6% and 9.5% (previous year: 3.4% and 11.2%).

Current other receivables are predominantly non-interest-bearing.
Other assets include €385 million (previous year: €161 million) of collateral furnished for financial liabilities and contingent liabilities.

The positive fair values of derivatives relate to the following items:

€ million	Dec. 31, 2009	Dec. 31, 2008
Transactions for hedging against		
foreign currency risk from assets using fair value hedges	22	240
foreign currency risk from liabilities using fair value hedges	58	348
interest rate risk using fair value hedges	432	255
interest rate risk using cash flow hedges	10	82
foreign currency and price risk from future cash flows (cash flow hedges)	2,110	3,159
Hedging transactions	**2,631**	**4,084**
Assets arising from ineffective hedging derivatives	574	501
	3,205	**4,585**

The positive fair value of transactions for hedging against price risk from future cash flows (cash flow hedges) amounted to €255 million (previous year: €2 million).

Positive fair values of €4 million (previous year: €1 million) were recognized from transactions for hedging against interest rate risk (fair value hedges) used in portfolio hedges.

Further details on derivative financial instruments as a whole are given in note 32 Financial risk management and financial instruments.

18 | Tax assets

€ million	current	noncurrent	Carrying amount Dec. 31, 2009	current	noncurrent	Carrying amount Dec. 31, 2008
Deferred tax assets	–	3,013	3,013	–	3,344	3,344
Tax receivables	762	685	1,447	1,024	763	1,787
	762	**3,698**	**4,460**	**1,024**	**4,107**	**5,131**

€970 million (previous year: €1,333 million) of the deferred tax assets is due within one year.

19 | Inventories

€ million	Dec. 31, 2009	Dec. 31, 2008
Raw materials, consumables and supplies	2,030	2,009
Work in progress	1,590	1,656
Finished goods and purchased merchandise	8,842	12,396
Current leased assets	1,575	1,703
Payments on account	86	52
	14,124	**17,816**

Of the total inventories, €2,238 million (previous year: €2,484 million) is recognized at net realizable value. At the same time as the relevant revenue was recognized, inventories in the amount of €85,303 million were included in cost of sales (previous year: €90,617 million). Valuation allowances recognized as expenses in the reporting period amounted to €354 million (previous year: €435 million). Vehicles amounting to €142 million (previous year: €94 million) were assigned as collateral for partial retirement obligations.

20 | Trade receivables

€ million	Dec. 31, 2009	Dec. 31, 2008
Trade receivables from		
third parties	4,666	5,481
affiliated companies	244	157
joint ventures	777	318
associates	4	11
other investees and investors	1	2
	5,692	**5,969**

The fair values of the trade receivables correspond to the carrying amounts.

21 | Marketable securities

The marketable securities serve to safeguard liquidity. Marketable securities are quoted, mainly short-term fixed-income securities, and shares allocated to the available for sale financial instruments category.

22 | Cash and cash equivalents

€ million	Dec. 31, 2009	Dec. 31, 2008
Bank balances	20,506	9,018
Checks, cash-in-hand and call deposits	33	456
	20,539	**9,474**

Bank balances are held at various banks in different currencies.

23 | Assets held for sale and associated liabilities

The assets and liabilities of Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., Resende, Brazil, which was sold in fiscal year 2009, were reclassified as held for sale in the previous year.

The key groups of assets held for sale and associated liabilities were as follows:

€ million	Dec. 31, 2009	Dec. 31, 2008
Intangible assets	–	79
Property, plant and equipment	–	67
Inventories	–	164
Cash and cash equivalents and marketable securities	–	282
Other assets	–	415
Assets held for sale	–	1,007

€ million	Dec. 31, 2009	Dec. 31, 2008
Provisions	–	313
Current financial liabilities	–	175
Other current liabilities	–	278
Liabilities associated with assets held for sale	–	766

Cumulative income and expense recognized in other comprehensive income that is directly associated with the disposal groups was as follows:

€ million	Dec. 31, 2009	Dec. 31, 2008
Actuarial gains	–	–1
Cash flow hedges	–	–60
Foreign exchange differences	–	–52
Deferred taxes	–	21

24 | Equity

The subscribed capital of Volkswagen AG is denominated in euros. The shares are no-par value bearer shares. Each share has a notional value of €2.56. As well as ordinary shares, there are preferred shares that entitle the bearer to a €0.06 higher dividend than ordinary shares, but do not carry voting rights.

The subscribed capital increased by a total of €0.2 million to €1,025 million due to the capital increase implemented in fiscal year 2009 by the exercise of conversion rights under the sixth, seventh and eighth tranche of the stock option plan.

The subscribed capital is composed of 295,005,397 no-par value ordinary shares and 105,238,280 preferred shares.

CHANGE IN ORDINARY AND PREFERRED SHARES AND SUBSCRIBED CAPITAL

	SHARES		€	
	2009	2008	2009	2008
Balance at January 1	**400,158,487**	**396,575,547**	**1,024,405,726**	**1,015,233,400**
Issued shares (stock option plan)	85,190	3,582,940	218,086	9,172,326
Balance at December 31	**400,243,677**	**400,158,487**	**1,024,623,813**	**1,024,405,726**

Based on the resolution by the Annual General Meeting on May 3, 2006, authorized capital of up to €90 million, expiring on May 2, 2011, was approved for the issue of new ordinary bearer shares.

There is also contingent capital of €7 million (originally €40 million) resulting from the resolution by the Annual General Meeting on April 16, 2002. This contingent capital increase will be implemented only to the extent that the holders of convertible bonds issued before April 15, 2007 exercise their conversion rights.

The capital reserves comprise the share premium of a total of €5,030 million from the capital increases, the share premium of €219 million from the issue of bonds with warrants and an amount of €107 million appropriated on the basis of the capital reduction implemented in 2006. Capital reserves rose by €4 million in fiscal year 2009 as a result of the share premium from the capital increase due to the exercise of convertible bonds under the stock option plan. No amounts were withdrawn from the capital reserves.

Based on the resolution by the Extraordinary General Meeting on December 3, 2009, authorized capital of up to €345.6 million, expiring on December 2, 2014, was approved for the issue of new preferred bearer shares. This resolution will only become effective on entry in the commercial register, which had not taken place as of the reporting date.

STOCK OPTION PLAN

The stock option plan entitles the optionees – the Board of Management, Group senior executives and management, as well as employees of Volkswagen AG covered by collective pay agreements – to purchase options on shares of Volkswagen AG by subscribing for convertible bonds at a price of €2.56 each. Each bond is convertible into ten ordinary shares.

The convertible bonds are measured at fair value at the date of grant to the employees. The convertible bonds measured at fair value are recognized in personnel expenses and in equity.

The conversion prices and periods following the expiration of the first five tranches are shown in the following table. The information on the sixth tranche is presented as data for the reporting period, although this tranche has now also expired.

CONVERSION PRICES AND PERIODS FOR EACH TRANCHE OF THE STOCK OPTION PLAN

€	6th tranche	7th tranche	8th tranche
Base conversion price per share	38.68	37.99	58.18
Conversion price			
as from July 10, 2006	42.55		
as from publication of interim report for Jan. – Sept. 2006	44.48		
as from July 9, 2007		41.79	
as from publication of interim report for Jan. – Sept. 2007	46.42	43.69	
as from July 8, 2008			64.00
as from publication of interim report for Jan. – Sept. 2008	48.35	45.59	66.91
as from publication of interim report for Jan. – Sept. 2009		47.49	69.82
as from publication of interim report for Jan. – Sept. 2010			72.73
Beginning of conversion period	July 10, 2006	July 9, 2007	July 8, 2008
End of conversion period	July 2, 2009	July 1, 2010	June 30, 2011

Changes in the rights to stock options granted are shown in the following table:

	NOMINAL VALUE OF CONVERTIBLE BONDS	NUMBER OF CONVERSION RIGHTS	NUMBER OF POTENTIAL ORDINARY SHARES
	€	Rights	Shares
Balance at Jan. 1, 2008	**964,648.96**	**376,816**	**3,768,160**
In fiscal year			
exercised	917,232.64	358,294	3,582,940
returned	3,875.84	1,514	15,140
Balance at Dec. 31, 2008	**43,540.48**	**17,008**	**170,080**
Balance at Jan. 1, 2009	**43,540.48**	**17,008**	**170,080**
In fiscal year			
exercised	21,808.64	8,519	85,190
returned	12.80	5	50
Balance at Dec. 31, 2009	**21,719.04**	**8,484**	**84,840**

MEASUREMENT OF CONVERTIBLE BONDS IN THE SIXTH TO EIGHTH TRANCHES

Those convertible bonds granted after publication of the draft IFRS 2 on November 7, 2002 were measured in accordance with the transitional provisions of IFRS 2.

The fair value of the convertible bonds is estimated using a binomial option pricing model based on the issuance and conversion conditions described above. In terms of the optionees' conversion behavior, it was assumed that they will convert when the share price is 50% higher than the conversion price. Historical and implied volatilities based on the expected remaining term of the conversion rights were used to estimate the fair value of the convertible bonds. The assumptions used and the fair value estimated are presented in the following table:

	6th tranche	7th tranche	8th tranche
Volatility (%)	27.50	27.50	27.50
Risk-free rate (%)	3.49	2.57	3.77
Dividends (%)	3.20	3.20	3.20
Fair value per convertible bond (€)	39.66	48.71	63.49

The fair value of the convertible bonds is recognized ratably as a personnel expense over the two-year vesting period. No personnel expense was recognized in fiscal year 2009 (previous year: €5 million) as the vesting period for the eighth tranche expired in 2008.

Changes in the number of convertible bonds in issue and their exercise prices are shown in the following table:

	AVERAGE EXERCISE PRICE PER CONVERTIBLE BOND*	CONVERTIBLE BONDS
	€	Quantity
Balance at Jan. 1, 2008	**603.70**	**376,816**
In fiscal year		
granted	–	–
returned	629.58	1,514
exercised	609.24	358,294
Balance at Dec. 31, 2008	**556.27**	**17,008**
of which available for exercise	556.27	17,008
Balance at Jan. 1, 2009	**556.27**	**17,008**
In fiscal year		
granted	–	–
returned	669.10	5
exercised	521.41	8,519
Balance at Dec. 31, 2009	**618.53**	**8,484**
of which available for exercise	618.53	8,484

* Conversion price per ten shares.

For 9,050 convertible bonds, the average conversion price increased by €256.10 in 2009.

2009	EXERCISE PRICE PER CONVERTIBLE BOND* €	CONVERTIBLE BONDS Quantity
6th tranche	483.50	–
7th tranche	474.90	3,027
8th tranche	698.20	5,457
		8,484

* Conversion price per ten shares.

DIVIDEND PROPOSAL

In accordance with section 58(2) of the Aktiengesetz (AktG – German Stock Corporation Act), the dividend payment by Volkswagen AG is based on the net retained profits reported in the annual financial statements of Volkswagen AG. Based on the annual financial statements of Volkswagen AG, net retained profits of €884 million are eligible for distribution. The Board of Management and Supervisory Board will propose to the Annual General Meeting that a total dividend of €647 million, i.e. €1.60 per ordinary share and €1.66 per preferred share, be paid from the net retained profits. In the event that the number of no-par value shares carrying dividend rights for fiscal year 2009 changes in the period up to the Annual General Meeting, a proposed resolution that has been appropriately adapted will be presented to the Annual General Meeting and an unchanged €1.60 per ordinary share carrying dividend rights and €1.66 per preferred share carrying dividend rights will be distributed.

A dividend of €1.93 per ordinary share and €1.99 per preferred share were distributed in fiscal year 2009.

MINORITY INTERESTS

The minority interests in equity are attributable primarily to shareholders of Scania AB.

25 | Noncurrent and current financial liabilities

The details of noncurrent and current financial liabilities are presented in the following table:

€ million	current	noncurrent	Carrying amount Dec. 31, 2009	current	noncurrent	Carrying amount Dec. 31, 2008
Bonds	10,817	21,405	32,222	7,125	19,672	26,797
Commercial paper and notes	7,580	4,240	11,820	9,274	4,877	14,151
Liabilities to banks	5,878	6,864	12,742	7,918	4,662	12,580
Deposits from direct banking business	15,268	3,041	18,309	10,877	1,958	12,835
Loans	864	1,260	2,123	762	1,912	2,674
Bills of exchange	0	–	0	0	–	0
Finance lease liabilities	23	183	206	32	176	208
Financial liabilities to						
affiliated companies	177	–	177	130	–	130
joint ventures	–	–	–	–	–	–
associates	–	–	–	5	–	5
other investees and investors	–	–	–	–	–	–
	40,606	**36,993**	**77,599**	**36,123**	**33,257**	**69,380**

Of the liabilities reported in the consolidated balance sheet, a total of €151 million (previous year: €168 million, adjusted) is secured, for the most part by real estate liens.

Financial liabilities of €77.6 billion contain a fair value adjustment from portfolio hedging amounting to €0.3 million.

Asset-backed securities transactions amounting to €10,584 million (previous year: €13,117 million) entered into to refinance the financial services business via consolidated special purpose entities are included in bonds, commercial paper and notes, and liabilities from loans. Receivables of €12,785 million (previous year: €15,880 million) from the customer financing and leasing businesses are pledged as collateral.

All public and private asset-backed securities transactions of the Volkswagen Financial Services AG group can be repaid in advance (clean-up call) if less than 9% of the original transaction volume is outstanding. The asset-backed securities conduit transactions of Volkswagen Financial Services (UK) and Volkswagen Financial Services Japan are private transactions that can be terminated at fixed dates.

26 | Noncurrent and current other liabilities

€ million	current	noncurrent	Carrying amount Dec. 31, 2009	current	noncurrent	Carrying amount Dec. 31, 2008
Payments on account received in respect of orders	1,222	0	1,222	1,158	35	1,193
Other liabilities to						
affiliated companies	66	–	66	141	–	141
joint ventures	255	–	255	25	–	25
associates	–	–	–	0	–	0
other investees and investors	0	–	0	0	–	0
Negative fair values of derivative financial instruments	718	703	1,421	1,189	1,150	2,339
Liabilities relating to						
other taxes	833	310	1,143	751	391	1,142
social security	283	28	311	261	28	289
wages and salaries	1,381	304	1,686	1,444	297	1,741
Miscellaneous liabilities	3,478	1,683	5,161	3,576	1,334	4,910
	8,237	**3,028**	**11,265**	**8,545**	**3,235**	**11,780**

The negative fair values of derivatives relate to the following items:

€ million	Dec. 31, 2009	Dec. 31, 2008
Transactions for hedging against		
foreign currency risk from assets using fair value hedges	22	8
foreign currency risk from liabilities using fair value hedges	141	296
interest rate risk using fair value hedges	149	210
interest rate risk using cash flow hedges	193	240
foreign currency and price risk from future cash flows (cash flow hedges)	351	1,178
Hedging transactions	**856**	**1,932**
Liabilities arising from ineffective hedging derivatives	565	407
	1,421	**2,339**

The negative fair value of transactions for hedging against price risk from future cash flows (cash flow hedges) amounted to €7 million (previous year: €216 million).

Negative fair values of €73 million (previous year: €151 million) were recognized from transactions for hedging against interest rate risk (fair value hedges) used in portfolio hedges.

Further details on derivative financial instruments as a whole are given in note 32 Financial risk management and financial instruments.

27 | Tax liabilities

€ million	current	noncurrent	Carrying amount Dec. 31, 2009	current	noncurrent	Carrying amount Dec. 31, 2008
Deferred tax liabilities	–	2,224	2,224	–	3,654	3,654
Provisions for taxes	973	3,946	4,919	1,160	3,555	4,715
Current tax payables	73	–	73	59	–	59
	1,046	**6,170**	**7,216**	**1,219**	**7,209**	**8,428**

€626 million (previous year: €1,573 million) of the deferred tax liabilities is due within one year.

28 | Provisions for pensions and other post-employment benefits

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

Group companies provide occupational pensions under both defined contribution and defined benefit plans. In the case of defined contribution plans, the Company makes contributions to state or private pension schemes based on legal or contractual requirements, or on a voluntary basis. Once the contributions have been paid, there are no further obligations for the Company. Current contributions are recognized as pension expenses of the period concerned. In 2009, they amounted to a total of €983 million (previous year: €966 million) in the Volkswagen Group. Of this figure, contributions to the compulsory state pension system in Germany amounted to €806 million (previous year: €804 million).

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

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

Owing to their benefit character, the obligations of the US Group companies in respect of post-employment medical care in particular are also carried under provisions for pensions and other post-employment benefits. These post-employment benefit provisions take into account the expected long-term rise in the cost of healthcare. A one percentage point increase or decrease in the assumed healthcare cost trends only marginally affects the amount of the obligations. €16 million was recognized in fiscal year 2009 as an expense for healthcare costs (previous year: €17 million). The related carrying amount was therefore €142 million as of December 31, 2009 (previous year: €174 million).

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

Where the foreign Group companies provide collateral for obligations, this mainly takes the form of shares, fixed-income securities and real estate.

The following amounts were recognized in the balance sheet for defined benefit plans:

€ million	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Present value of funded obligations	4,120	3,240	3,330	3,235	2,959
Fair value of plan assets	3,852	3,153	3,422	3,159	2,690
Funded status (net)	268	87	–92	76	269
Present value of unfunded obligations	13,552	12,743	12,532	13,652	13,618
Unrecognized past service cost	36	22	31	23	39
Amount not recognized as an asset because of the limit in IAS 19	26	34	31	42	47
Net liability recognized in the balance sheet	**13,881**	**12,886**	**12,502**	**13,793**	**13,973**
of which provisions for pensions	13,936	12,955	12,603	13,854	14,003
of which other assets	54	69	101	61	30

The present value of the obligations is calculated as follows:

€ million	2009	2008
Present value of obligations at January 1	**15,983**	**15,862**
Current service cost	343	324
Interest cost	918	884
Actuarial gains/losses	985	–687
Employee contributions to plan assets	15	17
Pension payments from company assets	609	576
Pension payments from plan assets	117	121
Past service cost	–33	17
Gains from plan curtailments and settlements	–3	1
Changes in consolidated Group	–14	485
Other changes	25	17
Foreign exchange differences	178	–240
Present value of obligations at December 31	**17,672**	**15,983**

Changes in the composition of the plan assets are shown in the following table:

€ million	2009	2008
Fair value of plan assets at January 1	**3,153**	**3,422**
Expected return on plan assets	203	215
Actuarial gains/losses	136	–473
Employer contributions to plan assets	297	277
Employee contributions to plan assets	16	12
Pension payments from plan assets	114	121
Changes in consolidated Group	–14	120
Other changes	17	–4
Foreign exchange differences	157	–295
Fair value of plan assets at December 31	**3,852**	**3,153**

Investment of the plan assets to cover future pension obligations resulted in income in the amount of €339 million (previous year: losses of €258 million).

Plan assets include €3 million invested in Volkswagen Group assets and €14 million invested in Volkswagen Group debt instruments.

The rate for the expected long-term return on plan assets is based on the long-term returns actually generated for the portfolio, historical overall market returns and a forecast of expected returns on the securities classes held in the portfolio. The forecasts are based on detailed analyses by actuaries and experts in the investment industry. As the remaining period of service is used as the investment horizon, no major changes were made to assumptions regarding the expected return.

Employer contributions to plan assets are expected to amount to €274 million next year.

Plan assets consist of the following components:

%	2009	2008
Equities	29.3	20.1
Fixed-income securities	53.2	54.8
Cash	7.4	18.7
Real estate	4.1	2.5
Other	6.0	3.9

The following amounts were recognized in the income statement:

€ million	2009	2008
Current service cost	343	324
Interest cost	918	884
Expected return on plan assets	203	215
Past service cost	−33	17
Losses/gains from plan curtailments and settlements	−1	2
Losses/gains as a result of application of limit under IAS 19.58(b)	4	14
Net income and expenses recognized in profit or loss	**1,028**	**1,026**

The above amounts are generally included in the personnel costs of the functions in the income statement. Interest cost on pension provisions and the expected return on plan assets are presented in Finance costs.

The net liability recognized in the balance sheet has changed as follows:

€ million	2009	2008
Net liability recognized in the balance sheet at January 1	**12,886**	**12,502**
Changes in consolidated Group	0	365
Net expense recognized in the income statement	1,028	1,026
Benefit payments from company assets and contributions to funds	910	848
Actuarial gains/losses	849	−214
Other changes	40	9
Foreign exchange differences	−11	46
Net liability recognized in the balance sheet at December 31	**13,881**	**12,886**

The experience adjustments, meaning differences between changes in assets and obligations expected on the basis of actuarial assumptions and actual changes in those assets and obligations, are shown in the following table:

	2009	2008	2007	2006	2005
Differences between expected and actual developments:					
as % of present value of the obligation	1.16	−1.04	−0.48	0.03	0.25
as % of fair value of plan assets	3.16	−10.47	−2.44	2.57	2.12

Calculation of the pension provisions was based on the following assumptions:

	GERMANY		ABROAD	
%	2009	2008	2009	2008
Discount rate at December 31	5.40	5.75	1.20 – 11.30	2.00 – 9.00
Expected return on plan assets	5.00	5.00	4.00 – 11.70	2.00 – 11.30
Salary trend	2.50	2.50	1.50 – 8.70	1.50 – 10.00
Pension trend	1.00 – 1.60	1.00 – 1.60	0.80 – 6.00	0.80 – 5.25
Employee turnover rate	0.75 – 1.00	0.75 – 1.20	2.00 – 18.00	1.50 – 5.75
Annual increase in healthcare costs	–	–	4.50 – 8.00	4.50 – 7.25

29 | Noncurrent and current other provisions

€ million	Obligations arising from sales	Employee expenses	Other provisions	Total
Balance at Jan. 1, 2008	**10,135**	**3,029**	**4,394**	**17,558**
Foreign exchange differences	−70	−23	−183	−276
Changes in consolidated Group	148	3	120	271
Held for sale	90	7	127	224
Utilized	4,375	1,143	1,173	6,691
Additions/New provisions	5,097	1,079	1,867	8,043
Interest cost	118	4	7	129
Reversals	458	122	684	1,264
Balance at Jan. 1, 2009	**10,505**	**2,820**	**4,221**	**17,546**
Foreign exchange differences	72	21	268	361
Changes in consolidated Group	2	–	10	12
Held for sale	–	–	–	–
Utilized	4,374	1,196	677	6,247
Additions/New provisions	5,411	1,012	2,093	8,517
Interest cost	312	53	19	384
Reversals	538	136	392	1,066
Balance at Dec. 31, 2009	**11,391**	**2,574**	**5,542**	**19,507**
of which current	**5,570**	**1,192**	**2,658**	**9,420**
of which noncurrent	**5,822**	**1,382**	**2,884**	**10,088**

The obligations arising from sales contain provisions covering all risks relating to the sale of vehicles, components and genuine parts through to the disposal of end-of-life vehicles. They primarily comprise warranty claims, calculated on the basis of losses to date and estimated future losses. They also include provisions for discounts, bonuses and similar allowances incurred after the balance sheet date, but for which there is a legal or constructive obligation attributable to sales revenue before the balance sheet date.

Provisions for employee expenses are recognized for long-service awards, time credits, the part-time scheme for employees near to retirement, severance payments and similar obligations, among other things.

Other provisions relate to a wide range of identifiable risks and uncertain obligations and are measured in the amount of the expected settlement value.

Other provisions include technical provisions (insurance) amounting to €157 million (previous year: €139 million).

30 | Trade payables

€ million	Dec. 31, 2009	Dec. 31, 2008
Trade payables to		
third parties	10,066	9,571
affiliated companies	87	68
joint ventures	51	21
associates	17	9
other investees and investors	4	7
	10,225	**9,676**

Additional Balance Sheet Disclosures in accordance with IFRS 7 (Financial Instruments)

CARRYING AMOUNT OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY UNDER IAS 39

€ million	Dec. 31, 2009	Dec. 31, 2008
Financial assets at fair value through profit or loss	574	878
Loans and receivables	53,093	52,751
Available-for-sale financial assets	24,414	13,450
Financial liabilities at fair value through profit or loss	565	407
Financial liabilities measured at amortized cost	90,944	81,728

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS

The following table shows the reconciliation of the balance sheet items to the relevant classes of financial instruments, broken down by carrying amount and fair value of the financial instruments.

The fair value of financial instruments measured at amortized cost, such as receivables and liabilities, is calculated by discounting using a market rate of interest for a similar risk and matching maturity. For reasons of materiality, the fair value of current balance sheet items is deemed to be their carrying amount.

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2008

€ million	MEASURED AT FAIR VALUE Carrying amount	MEASURED AT AMORTIZED COST Carrying amount	Fair value	NOT WITHIN SCOPE OF IFRS 7 Carrying amount	OTHER – NOT FINANCIAL INSTRUMENTS Carrying amount	BALANCE SHEET ITEM AT DEC. 31, 2008
Noncurrent assets						
Equity-accounted investments	–	–	–	6,373	–	6,373
Other equity investments	2	581	581	–	–	583
Financial services receivables	–	31,855	32,366	–	–	31,855
Other receivables and financial assets	1,666	1,456	1,456	–	265	3,387
Current assets						
Trade receivables	–	5,969	5,970	–	–	5,969
Financial services receivables	–	27,035	27,035	–	–	27,035
Other receivables and financial assets	2,919	4,104	4,104	–	3,045	10,068
Marketable securities	3,770	–	–	–	–	3,770
Cash and cash equivalents	9,474	–	–	–	–	9,474
Noncurrent liabilities						
Noncurrent financial liabilities	100	33,157	33,410	–	–	33,257
Other noncurrent liabilities	1,150	436	436	–	1,649	3,235
Current liabilities						
Current financial liabilities	–	36,123	36,123	–	–	36,123
Trade payables	–	9,676	9,676	–	–	9,676
Other current liabilities	1,189	2,544	2,544	–	4,812	8,545

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2009

€ million	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	OTHER – NOT FINANCIAL INSTRUMENTS	BALANCE SHEET ITEM AT DEC. 31, 2009
	Carrying amount	Carrying amount	Fair value	Carrying amount	Carrying amount	
Noncurrent assets						
Equity-accounted investments	–	–	–	10,385	–	10,385
Other equity investments	–	543	543	–	–	543
Financial services receivables	–	33,174	33,264	–	–	33,174
Other receivables and financial assets	1,858	920	941	–	969	3,747
Current assets						
Trade receivables	–	5,692	5,692	–	–	5,692
Financial services receivables	–	27,403	27,403	–	–	27,403
Other receivables and financial assets	1,349	2,352	2,352	–	2,226	5,927
Marketable securities	3,330	–	–	–	–	3,330
Cash and cash equivalents	20,539	–	–	–	–	20,539
Noncurrent liabilities						
Noncurrent financial liabilities	–	36,993	38,808	–	–	36,993
Other noncurrent liabilities	703	1,148	1,148	–	1,177	3,028
Current liabilities						
Current financial liabilities	–	40,606	40,606	–	–	40,606
Trade payables	–	10,225	10,225	–	–	10,225
Other current liabilities	718	2,178	2,178	–	5,340	8,237

BALANCE SHEET ITEMS MEASURED AT FAIR VALUE

€ million	Dec. 31, 2009	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivatives	3,205	–	3,007	198
Available-for-sale financial assets				
Marketable securities	3,332	3,320	12	–
Cash and cash equivalents	20,539	20,539	–	–
Financial assets measured at fair value	**27,075**	**23,859**	**3,019**	**198**
Financial liabilities at fair value through profit or loss				
Derivatives	1,421	–	1,357	65
Financial liabilities measured at fair value	**1,421**	**–**	**1,357**	**65**

The allocation of fair value to the three levels in the fair value hierarchy is based on the availability of observable market prices in an active market. Level 1 is used to report the fair value of financial instruments, for example cash and cash equivalents or marketable securities, for which a quoted price is available. Fair values in Level 2, e.g. of derivatives, are measured on the basis of market inputs such as exchange rates or yield curves using market-based valuation techniques. Level 3 fair values are calculated using valuation techniques that do not incorporate inputs that are directly observable in active markets. In the Volkswagen Group, Level 3 fair values primarily comprise long-term commodity futures because the prices available on the market must be extrapolated for measurement purposes. Options on equity instruments are also reported in Level 3.

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

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2009	**–**	**64**
Total comprehensive income	184	37
recognized in profit or loss	42	5
recognized in other comprehensive income	142	32
Additions (purchases)	48	65
Transfers into Level 2	– 34	– 27
Balance at Dec. 31, 2009	**198**	**65**
Total gains or losses recognized in profit or loss	**42**	**5**
Net other operating expense/income	–	–
of which attributable to assets/liabilities held at the reporting date	–	–
Financial result	42	5
of which attributable to assets/liabilities held at the reporting date	11	–

The transfers out of Level 3 into Level 2 comprise commodity futures for which observable quoted prices are available for measurement purposes due to the decline in their remaining maturities; consequently, no extrapolation is required.

Commodity prices are the key risk variable for the fair value of commodity futures. Sensitivity analyses are used to present the effect of changes in commodity prices on profit and equity.

If commodity prices for commodity futures classified as Level 3 had been 10% higher (lower) as of December 31, 2009, profit would have been €3 million and equity €54 million higher (lower).

The key risk variable for measuring options on equity instruments held by the Company is the relevant enterprise value. Sensitivity analyses are used to present the effect of changes in risk variables on profit.

If the assumed enterprise values had been 10% higher (lower), profit would have been €15 million higher (lower).

CHANGES IN CREDIT RISK VALUATION ALLOWANCES ON FINANCIAL ASSETS

€ million	Specific valuation allowances	Portfolio-based valuation allowances	2009	Specific valuation allowances	Portfolio-based valuation allowances	2008
Balance at Jan. 1	**1,155**	**619**	**1,774**	**991**	**563**	**1,554**
Currency and other changes	37	18	56	58	5	63
Additions	1,348	118	1,467	741	115	856
Utilization	347	–	347	368	–	368
Reversals	249	286	535	182	149	331
Reclassification	– 98	98	0	– 85	85	0
Balance at Dec. 31	**1,847**	**568**	**2,415**	**1,155**	**619**	**1,774**

The valuation allowances mainly relate to the credit risks associated with the financial services business.

Other Disclosures

31 | Cash Flow Statement

Cash flows are presented in the cash flow statement classified into cash flows from operating activities, investing activities and financing activities, irrespective of the format of the balance sheet.

Cash flows from operating activities are derived indirectly from profit before tax. Profit before tax is adjusted to eliminate noncash expenses (mainly depreciation and amortization) and income. This results in cash flows from operating activities after accounting for changes in working capital, which also include changes in leasing and rental assets and in financial services receivables.

Investing activities include additions to property, plant and equipment and investments, as well as to capitalized development costs.

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

The changes in balance sheet items that are presented in the cash flow statement cannot be derived directly from the balance sheet, as the effects of currency translation and changes in the consolidated Group are noncash transactions and are therefore eliminated.

In 2009, cash flows from operating activities include interest received amounting to €3,873 million (previous year: €4,576 million) and interest paid amounting to €3,172 million (previous year: €3,404 million). In addition, the share of profits and losses of equity-accounted investments (note 7) includes dividends amounting to €407 million (previous year: €679 million).

Dividends amounting to €779 million (previous year: €720 million) were paid to Volkswagen AG shareholders.

€ million	Dec. 31, 2009	Dec. 31, 2008
Cash and cash equivalents as reported in the balance sheet	20,539	9,474
Cash and cash equivalents held for sale	–	11
Time deposit investments	– 2,304	– 42
Cash and cash equivalents as reported in the cash flow statement	18,235	9,443

32 | Financial risk management and financial instruments

1. HEDGING GUIDELINES AND FINANCIAL RISK MANAGEMENT PRINCIPLES

The principles and responsibilities for managing and controlling the risks that could arise from financial instruments are defined by the Board of Management and monitored by the Supervisory Board. General rules apply to the Group-wide risk policy; these are oriented on the statutory requirements and the “Minimum Requirements for Risk Management by Credit Institutions”.

Group Treasury is responsible for operational risk management and control. The Executive Committee for Liquidity and Foreign Currency is regularly informed about current financial risks. In addition, the Group Board of Management and the Supervisory Board are regularly updated on the current risk situation.

For more information, please see the Management Report on page 188.

2. CREDIT AND DEFAULT RISK

The credit and default risk arising from financial assets involves the risk of default by counterparties, and therefore comprises at a maximum the amount of the claims under carrying amounts receivable from them and the irrevocable credit commitments. The risk arising from non-derivative financial instruments is accounted for by recognizing bad debt losses. Cash and capital investments and derivatives are only entered into with prime-rated national and international counterparties. Risk is additionally limited by a limit system based on credit assessments by the international rating agencies and on the equity base of the counterparties concerned.

There were no material concentrations of risk in fiscal year 2009 due to the global allocation of the Group's business activities and the resulting diversification.

CREDIT AND DEFAULT RISK RELATING TO FINANCIAL ASSETS BY GROSS CARRYING AMOUNT

€ million	Neither past due nor impaired	Past due and not impaired	Impaired	Dec. 31, 2009	Neither past due nor impaired	Past due and not impaired	Impaired	Dec. 31, 2008
Measured at amortized cost								
Financial services receivables	56,223	3,760	2,488	62,471	55,838	2,587	1,923	60,348
Trade receivables	4,466	1,104	321	5,891	4,724	1,136	388	6,248
Other receivables	3,249	101	326	3,677	11,158	161	242	11,561
	63,938	**4,966**	**3,135**	**72,039**	**71,720**	**3,884**	**2,553**	**78,157**

There are no overdue financial instruments measured at fair value in the Volkswagen Group. In fiscal year 2009, marketable securities measured at fair value with a cost of €20 million (previous year: €363 million) were individually impaired.

CREDIT RATING OF THE GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR IMPAIRED

€ million	Risk class 1	Risk class 2	Dec. 31, 2009	Risk class 1	Risk class 2	Dec. 31, 2008
Measured at amortized cost						
Financial services receivables	48,221	8,002	56,223	47,651	8,187	55,838
Trade receivables	4,465	0	4,466	4,724	0	4,724
Other receivables	3,240	10	3,249	11,153	5	11,158
Measured at fair value	6,289	–	6,289	7,395	–	7,395
	62,214	**8,012**	**70,226**	**70,923**	**8,192**	**79,115**

The Volkswagen Group performs a credit assessment of borrowers in all loan and lease agreements, using scoring systems for the high-volume business and rating systems for corporate customers and receivables from dealer financing. Receivables rated as good are contained in risk class 1. Receivables from customers whose credit rating is not good but have not yet defaulted are contained in risk class 2.

MATURITY ANALYSIS OF THE GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS THAT ARE PAST DUE AND NOT IMPAIRED

	PAST DUE BY:			GROSS CARRYING AMOUNT
€ million	up to 30 days	30 to 90 days	more than 90 days	Dec. 31, 2008
Measured at amortized cost				
Financial services receivables	1,843	584	160	2,587
Trade receivables	668	278	190	1,136
Other receivables	74	29	58	161
Measured at fair value	–	–	–	–
	2,585	**891**	**408**	**3,884**

	PAST DUE BY:			GROSS CARRYING AMOUNT
€ million	up to 30 days	30 to 90 days	more than 90 days	Dec. 31, 2009
Measured at amortized cost				
Financial services receivables	2,339	1,110	312	3,760
Trade receivables	645	329	130	1,104
Other receivables	54	16	31	101
Measured at fair value	–	–	–	–
	3,039	**1,454**	**472**	**4,966**

CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS THAT WOULD OTHERWISE BE PAST DUE WHOSE TERMS HAVE BEEN RENEGOTIATED

€ million	Dec. 31, 2009	Dec. 31, 2008
Measured at amortized cost		
Financial services receivables	1,330	849
Trade receivables	21	–
Other receivables	0	–
Measured at fair value	–	–
	1,351	**849**

The collateral held by the Volkswagen Group relates mainly to financial services receivables and trade receivables. Collateral comprises vehicles and assets transferred as security, as well as guarantees and real property liens.

Collateral that was accepted in fiscal year 2009 for financial assets that are past due and not impaired and for financial assets that are individually impaired was recognized in the balance sheet in the amount of €276 million (previous year: €225 million). This mainly relates to vehicles.

3. LIQUIDITY RISK

The solvency and liquidity of the Volkswagen Group is ensured at all times by rolling liquidity planning, a liquidity reserve in the form of cash, confirmed credit lines and globally available debt issuance programs. There were no significant risk concentrations in the past fiscal year.

The following overview shows the contractual undiscounted cash flows from financial instruments.

MATURITY ANALYSIS OF UNDISCOUNTED CASH FLOWS FROM FINANCIAL INSTRUMENTS

	REMAINING CONTRACTUAL MATURITIES				REMAINING CONTRACTUAL MATURITIES			
€ million	under one year	within one to five years	over five years	2009	under one year	within one to five years	over five years	2008
Financial liabilities	42,098	33,845	5,148	81,091	39,340	31,524	3,535	74,399
Trade payables	10,222	2	0	10,225	9,674	4	1	9,679
Other financial liabilities	2,295	461	613	3,369	2,531	666	538	3,735
Derivatives	19,074	20,244	72	39,389	23,666	17,460	14	41,140
	73,688	**54,553**	**5,833**	**134,074**	**75,211**	**49,654**	**4,088**	**128,953**

Derivatives comprise both cash flows from derivative financial instruments with negative fair values and cash flows from derivatives with positive fair values for which gross settlement has been agreed. The cash outflows from derivatives for which gross settlement has been agreed are matched in part by cash inflows. These cash inflows are not reported in the maturity analysis. If these cash inflows were also recognized, the cash flows presented would be substantially lower.

The cash outflows from irrevocable credit commitments are presented in note 36, classified by contractual maturities.

4. MARKET RISK

4.1 HEDGING POLICY AND FINANCIAL DERIVATIVES

During the course of its general business activities, the Volkswagen Group is exposed to foreign currency, interest rate, commodity price and fund price risk. Corporate policy is to limit or eliminate such risk by means of hedging. All necessary hedging transactions are executed or coordinated centrally by Group Treasury. There were no significant risk concentrations in the past fiscal year.

The following table shows the gains and losses on hedges:

€ million	2009	2008
Hedging instruments used in fair value hedges	–326	424
Hedged items used in fair value hedges	278	–427
Ineffective portion of cash flow hedges	–2	–5

The ineffective portion of cash flow hedges represents the income and expenses from changes in the fair value of hedging instruments that exceed the fair value of hedged items that are shown to be within the permitted range of 80% to 125% when measuring effectiveness. Such income or expenses are recognized directly in the financial result.

In 2009, €–1,087 million (previous year: €–1,389 million) from the cash flow hedge reserve was transferred to the net other operating result, which increased earnings, and €76 million (previous year: €–38 million) was transferred to the financial result, reducing earnings, and €103 million to the cost of sales, also reducing earnings.

The Volkswagen Group uses two different methods to present market risk from non-derivative and derivative financial instruments in accordance with IFRS 7. A value-at-risk model is used to measure foreign currency and interest rate risk in the Volkswagen Financial Services segment, while market risk in the other segments is determined using a sensitivity analysis. The value-at-risk calculation entails determining potential changes in financial instruments in the event of variations in interest and exchange rates using a historical simulation based on the last 250 trading days. Other calculation parameters are a holding period of 10 days and a confidence level of 99%. The sensitivity analysis calculates the effect on equity and profit by modifying risk variables within the respective market risks.

4.2 MARKET RISK IN THE VOLKSWAGEN FINANCIAL SERVICES SEGMENT

Exchange rate risk in the Volkswagen Financial Services segment is mainly attributable to assets that are not denominated in the functional currency and from refinancing within operating activities. Interest rate risk relates to refinancing without matching maturities and the varying interest rate elasticity of individual asset and liability items. The risks are limited by the use of currency and interest rate hedges.

The Group continued to use a fair value portfolio hedge in accordance with IAS 39, under which fixed-rate receivables and liabilities are hedged against changes in the risk-free base rate and which was initiated in the previous year. The assets and liabilities included in this hedging strategy are measured at fair value for the remaining term. The resulting effects in the income statement are offset by the corresponding gains and losses on the interest rate hedging instruments.

As of December 31, 2009, the value at risk for interest rate risk was €55 million (previous year: €54 million) and €82 million for foreign currency risk (previous year: €95 million).

The entire value at risk for interest rate and foreign currency risk at the Volkswagen Financial Services segment was €128 million (previous year: €93 million).

4.3 MARKET RISK IN THE PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES AND SCANIA SEGMENTS

4.3.1 Foreign currency risk

Foreign currency risk in the Passenger Cars and Light Commercial Vehicles and Scania segments is attributable to investments, financing measures and operating activities. Currency forwards, currency options, currency swaps and cross-currency swaps are used to limit foreign currency risk. These transactions relate to the exchange rate hedging of all payments covering general business activities that are not made in the functional currency of the respective Group companies. The principle of matching currencies applies to the Group's financing activities.

Hedging transactions performed as part of foreign currency risk management in 2009 related primarily to the US dollar, sterling, the Mexican peso, the Russian ruble, the Swedish krona, the Czech koruna, the Polish zloty, the Brazilian real, the Chinese renminbi, the Australian dollar, the Swiss franc, and the Japanese yen.

All non-functional currencies in which the Volkswagen Group enters into financial instruments are included as relevant risk variables in the sensitivity analysis in accordance with IFRS 7.

If the functional currencies concerned had appreciated or depreciated by 10% against the other currencies, the exchange rates shown below would have resulted in the following effects on the hedging reserve in equity and on profit before tax. It is not appropriate to add together the individual figures, since the results of the various functional currencies concerned are based on different scenarios.

€ million	DEC. 31, 2009 +10%	DEC. 31, 2009 –10%	DEC. 31, 2008 +10%	DEC. 31, 2008 – 10%
Exchange rate				
EUR/USD				
Hedging reserve	926	–684	1,147	–712
Profit before tax	–195	68	–433	203
EUR/GBP				
Hedging reserve	447	–443	748	–748
Profit before tax	5	5	–30	55
EUR / CHF				
Hedging reserve	98	–98	97	–97
Profit before tax	–1	1	0	0
EUR/CZK				
Hedging reserve	56	–56	118	–118
Profit before tax	–29	29	–27	27
EUR / JPY				
Hedging reserve	–63	63	147	–147
Profit before tax	–2	2	36	–36
GBP / USD				
Hedging reserve	61	–61	79	–79
Profit before tax	–1	1	4	–3
EUR / AUD				
Hedging reserve	41	–41	39	–39
Profit before tax	–21	21	–18	18
EUR / SEK				
Hedging reserve	–44	44	–137	137
Profit before tax	–10	10	1	–1
EUR / CAD				
Hedging reserve	42	–42	36	–36
Profit before tax	–9	9	4	–4
CZK / USD				
Hedging reserve	41	–41	53	–53
Profit before tax	–4	4	–2	3
EUR / RUB				
Hedging reserve	0	0	44	–44
Profit before tax	–44	44	–50	50
USD / MXN				
Hedging reserve	29	–29	59	–59
Profit before tax	–8	8	–11	11

4.3.2 Interest rate risk

Interest rate risk in the Passenger Cars and Light Commercial Vehicles and Scania segments results from changes in market interest rates, primarily for medium- and long-term variable interest receivables and liabilities. Interest rate swaps, cross-currency swaps and other types of interest rate contracts are entered into to hedge against this risk under fair value or cash flow hedges, depending on market conditions. Intra-Group financing arrangements are normally structured to match the maturities of their refinancing.

Interest rate risk within the meaning of IFRS 7 is calculated for these segments using sensitivity analyses. The effects of the risk variables in the form of market rates of interest on the financial result and on equity are presented.

If market interest rates had been 100 bps higher as of December 31, 2009, equity would have been €16 million lower (previous year: €39 million). If market interest rates had been 100 bps lower as of December 31, 2009, equity would have been €18 million higher (previous year: €45 million).

If market interest rates had been 100 bps higher as of December 31, 2009, profit would have been €0.3 million (previous year: €12 million) higher. If market interest rates had been 100 bps lower as of December 31, 2009, profit would have been €1 million lower (previous year: €11 million).

4.3.3 Commodity price risk

Commodity price risk in the Passenger Cars and Light Commercial Vehicles and Scania segments results from price fluctuations and the availability of non-ferrous metals and precious metals, as well as of coal and CO_2 certificates. Forward transactions and swaps are entered into to limit these risks.

Hedge accounting in accordance with IAS 39 was applied to the hedging of commodity risk associated with aluminium and copper.

Commodity price risk within the meaning of IFRS 7 is presented using sensitivity analyses. These show the effect on profit and equity of changes in risk variables in the form of commodity prices.

If the commodity prices of the hedged metals had been 10% higher (lower) as of December 31, 2009, profit would have been €42 million (previous year: €26 million) higher (lower).

If the commodity prices of the hedging transactions accounted for using hedge accounting had been 10% higher (lower) as of December 31, 2009, equity would have been €113 million (previous year: €48 million) higher (lower).

4.3.4 Fund price risk

The Spezialfonds (special funds) launched using surplus liquidity are subject in particular to equity and bond price risk, which can arise from fluctuations in quoted market prices, stock exchange indices and market rates of interest. The changes in bond prices resulting from variations in the market rates of interest are quantified in sections 4.3.1 and 4.3.2, as are the measurement of foreign currency and other interest rate risks arising from the special funds. As a rule, we counter the risks arising from the special funds by ensuring a broad diversification of products, issuers and regional markets when investing funds, as stipulated by our Investment Guidelines. In addition, we use exchange rate hedges in the form of futures contracts when market conditions are appropriate. The relevant measures are centrally coordinated by Group Treasury and implemented in operations by the special funds' risk management team.

As part of the presentation of market risk, IFRS 7 requires disclosures on how hypothetical changes in risk variables affect the price of financial instruments. Potential risk variables here are in particular quoted market prices or indices, as well as interest rate changes as bond price parameters.

If share prices had been 10% higher (lower) as of December 31, 2009, equity would have been €18 million (previous year: €35 million) higher (lower).

5. METHODS FOR MONITORING HEDGE EFFECTIVENESS

In the Volkswagen Group, hedge effectiveness is assessed prospectively using the critical terms match method and using statistical methods in the form of a regression analysis. Retrospective analysis of effectiveness uses effectiveness tests in the form of the dollar offset method or a regression analysis.

Under the dollar offset method, the changes in value of the hedged item expressed in monetary units are compared with the changes in value of the hedging instrument expressed in monetary units.

Where regression analysis is used, the change in value of the hedged item is presented as an independent variable, and that of the hedging instrument as a dependent variable. Currency transactions are classified as effective hedge relationships if they have sufficient coefficients of determination and slope factors.

NOTIONAL AMOUNT OF DERIVATIVES

	REMAINING TERM			TOTAL NOTIONAL AMOUNT	TOTAL NOTIONAL AMOUNT
€ million	under one year	within one to five years	over five years	Dec. 31, 2009	Dec. 31, 2008
Notional amount of hedging instruments used in cash flow hedges:					
Interest rate swaps	3,848	6,297	875	11,020	15,321
Currency forwards	13,199	7,410	72	20,681	19,800
Currency options	374	3,310	–	3,685	14,856
Currency swaps	1,508	36	–	1,543	1,672
Cross-currency swaps	193	2,297	143	2,633	–
Commodity futures contracts	272	649	72	994	697
Notional amount of other derivatives:					
Interest rate swaps	14,496	25,636	689	40,820	42,300
Interest rate option contracts	93	102	67	262	–
Currency forwards	1,077	237	–	1,314	5,238
Currency swaps	4,529	1,154	–	5,683	4,802
Cross-currency swaps	706	2,406	–	3,112	1,458
Commodity futures contracts	198	176	–	373	431

In addition to the derivatives used for hedging foreign currency, interest rate and price risk, at the reporting date the Group held options on equity instruments with a notional amount of €11.1 billion whose remaining maturity is more than one year.

The hedged items in cash flow hedges are expected to be realized in accordance with the maturity buckets of the hedges reported in the table.

The fair values of the derivatives are estimated using market data at the balance sheet date as well as by appropriate valuation techniques. The following term structures were used for the calculation:

as %	EUR	USD	GBP	MXN	RUB	SEK	CZK	CHF	JPY
Interest rate for six months	0.994	0.430	0.839	4.840	7.460	0.698	1.820	0.338	0.480
Interest rate for one year	1.248	0.984	1.248	5.060	7.360	1.005	2.130	0.638	0.694
Interest rate for five years	2.805	2.929	3.390	7.239	7.950	2.850	2.990	1.710	0.696
Interest rate for ten years	3.598	3.918	4.088	7.965	8.200	3.583	3.520	2.500	1.408

33 | Capital management

The goal of capital management is to ensure that the Group can effectively achieve its goals and strategies in the interests of shareholders, employees and other stakeholders. In particular, management focuses on generating the minimum return on invested assets in the Automotive Division that is required by the capital markets, and on increasing the return on equity in the Financial Services Division. In addition, the goals of the Financial Services Division are to meet the banking supervisory authorities' regulatory capital requirements, to support the external rating by ensuring capital adequacy and to procure equity for the growth planned in the next fiscal years. In the process, it aims overall to achieve the highest possible growth in the value of the Group and its divisions for the benefit of all the Company's stakeholder groups.

The Volkswagen Group's financial target system focuses systematically on continuously and sustainably increasing the value of the Company. In order to maximize the use of resources in the Automotive Division and to measure the success of this, we have been using value contribution, a control variable linked to the cost of capital, for a number of years.

The concept of value contribution not only allows overall performance to be measured in the Automotive Division, but also in the individual business units, projects and products. In addition, business units and product-specific investment projects can be managed operationally and strategically using the value contribution.

Equity and financial liabilities are compared in the following table:

€ million	Dec. 31, 2009	Dec. 31, 2008
Equity	**37,430**	**37,388**
Proportion of total equity and liabilities	21.1%	22.3%
Noncurrent financial liabilities	36,993	33,257
Current financial liabilities	40,606	36,123
Total financial liabilities.	**77,599**	**69,380**
Proportion of equity and liabilities	43.8%	41.3%
Total equity and liabilities	**177,178**	**167,919**

34 | Contingent liabilities

€ million	Dec. 31, 2009	Dec. 31, 2008
Liabilities from guarantees	162	78
Liabilities from warranty contracts	48	30
Pledges on company assets as security for third-party liabilities	12	15
Other contingent liabilities*	905	590
	1,126	**713**

* Prior-period amount adjusted.

The trust assets and liabilities of the savings and trust entities belonging to the South American subsidiaries not included in the consolidated balance sheet amount to €818 million (previous year: €501 million).

35 | Litigation

In the course of their operating activities, Volkswagen AG and the companies in which it is directly or indirectly invested become involved in legal disputes and official proceedings in Germany and internationally. In particular, such proceedings may occur in relation to suppliers, dealers, customers, or investors.

For the companies involved, these may result in payment or other obligations. Particularly in cases where US customers assert claims for vehicle defects individually or by way of a class action, highly cost-intensive measures may have to be taken and substantial compensation or punitive damages paid. Corresponding risks also result from US patent litigation.

Where transparent and economically viable, adequate insurance cover is taken out for these risks and appropriate provisions recognized for the remaining identifiable risks. The Company does not believe, therefore, that these risks will have a sustained effect on the economic position of the Group.

However, as some risks cannot be assessed or can only be assessed to a limited extent, the possibility of loss or damage not being covered by the insured amounts and provisions cannot be ruled out.

36 | Other financial obligations

€ million	PAYABLE 2010	PAYABLE 2011 – 2014	PAYABLE from 2015	TOTAL Dec. 31, 2009	TOTAL Dec. 31, 2008
Purchase commitments in respect of					
property, plant and equipment	1,787	572	–	2,359	1,978
intangible assets	136	33	4	173	184
investment property	1	–	–	1	1
Obligations from					
loan commitments to unconsolidated subsidiaries	105	–	–	105	99
irrevocable credit commitments to customers	1,725	–	–	1,725	1,758
long-term leasing and rental contracts	378	845	1,496	2,720	2,751
Other financial obligations	3,564	802	142	4,508	2,876

Other financial obligations from long-term leasing and rental contracts are partly offset by expected income from subleases of €705 million.

In the course of the acquisition of a 100% equity interest in LeasePlan Corporation N.V., Amsterdam, and the subsequent sale of 50% of the shares to two co-investors, Volkswagen AG reached an agreement with the co-investors on put options entitling these investors to sell their shares to Volkswagen AG. On December 22, 2008, the co-investors announced that they would exercise their put options. In September 2009, Volkswagen agreed to purchase the shares from the co-investors for €1.4 billion in fiscal year 2010. Volkswagen plans to simultaneously transfer the purchased shares to a new co-investor, although this required the approval of the supervisory authorities at the reporting date. Approval was granted on January 12, 2010.

The other financial obligations also include the order volumes agreed with the purchaser of the gedas Group.

On December 9, 2009, Volkswagen AG and Suzuki Motor Corporation, Tokyo, signed a master agreement to begin a long-term strategic partnership. The transaction was subject to the approval of the relevant authorities, which was granted on January 15, 2010. The purchase price of €1.7 billion is included in other financial obligations.

37 | Auditors' fees recognized as expenses

Under the provisions of the German Commercial Code (HGB), Volkswagen AG is obliged to disclose the audit fees of the Group auditors in Germany that are recognized as expenses.

€ million	2009	2008
Audits of financial statements	8	6
Other assurance or valuation services	1	3
Tax advisory services	0	0
Other services	5	4
	14	**13**

38 | Total expense for the period

€ million	2009	2008
Cost of materials		
Cost of raw materials, consumables and supplies, purchased merchandise and services	**67,925**	**75,954**
Personnel expenses		
Wages and salaries	12,755	12,728
Social security, post-employment and other employee benefit costs	3,272	3,056
	16,027	**15,784**

39 | Average number of employees during the year

	2009	2008
Performance-related wage-earners	162,636	169,764
Salaried staff	166,787	153,742
	329,423	**323,506**
of which in the passive phase of early retirement	(7,910)	(9,102)
Vocational trainees	9,076	8,686
	338,499	**332,192**
Unconsolidated vehicle-producing investments	28,270	25,015
	366,769	**357,207**

40 | Events after the balance sheet date

The Volkswagen Group holds a 50% indirect interest in the joint venture LeasePlan Corporation N.V., Amsterdam, the Netherlands, via its 50% stake in the joint venture Global Mobility Holding B.V., Amsterdam, the Netherlands. On December 22, 2008, the co-investors exercised the put option granted to them by Volkswagen AG. Volkswagen has now agreed with Fleet Investments B.V., Amsterdam, the Netherlands, an investment company belonging to the von Metzler family, that Fleet Investments will become the new co-investor for an initial period of two years. On the basis of an agreement entered into in September 2009, the previous co-investors were instructed by Volkswagen AG to transfer their shares to Fleet Investments B.V. on February 1, 2010 for the same purchase price of €1.4 billion. Volkswagen AG will grant the new co-investor a put option on its shares. If this option is exercised, Volkswagen must pay the original purchase price plus accumulated pro rata preferred dividends or the higher fair value. The put option is accounted for at fair value.

In addition, Volkswagen will pledge claims under certificates of deposit with Bankhaus Metzler in the amount of €1.4 billion to secure a loan granted to Fleet Investments B.V. by Bankhaus Metzler. This pledge does not increase the Volkswagen Group's risk arising from the above-mentioned short position.

On December 9, 2009, Volkswagen AG and Suzuki Motor Corporation, Tokyo, signed a master agreement to begin a long-term strategic partnership. Effective January 15, 2010, Volkswagen acquired 19.89% of the shares of Suzuki for €1.7 billion. The relevant authorities have approved the transaction.

41 | Related party disclosures in accordance with IAS 24

Related parties as defined by IAS 24 are natural persons and entities that Volkswagen AG has the ability to control or on which it can exercise significant influence, or natural persons and entities that have the ability to control or exercise significant influence on Volkswagen AG, or are influenced by another related party of Volkswagen AG.

At the beginning of fiscal year 2009, the interest held by Porsche Automobil Holding SE, Stuttgart, in Volkswagen AG's ordinary shares exceeded the 50% threshold. From this date, Porsche Automobil Holding SE held the majority of the voting rights of 50.76%.

The creation of rights of appointment for the State of Lower Saxony was resolved at the Extraordinary General Meeting of Volkswagen AG on December 3, 2009. As a result, Porsche Automobil Holding SE can no longer appoint the majority of the members of Volkswagen AG's Supervisory Board for as long as the State of Lower Saxony holds at least 15% of Volkswagen AG's ordinary shares. The resolutions have not yet been entered in the commercial register. However, Porsche Automobil Holding SE also has the power to participate in the operating policy decisions of the Volkswagen Group. Prior to this, the Supervisory Board of Volkswagen approved the Comprehensive Agreement between Volkswagen AG, Porsche Automobil Holding SE, Porsche Holding Gesellschaft m.b. H., Salzburg, and Porsche GmbH, Salzburg, Porsche Zwischenholding GmbH, Stuttgart, the ordinary shareholders of Porsche Automobil Holding SE and the employee representatives of Volkswagen AG, Porsche Automobil Holding SE and Dr. Ing. h.c. F. Porsche AG, Stuttgart, to create an integrated automotive group led by Volkswagen.

In the course of the performance of these agreements, on December 7, 2009 Volkswagen acquired an equity interest of 49.9% in Porsche Zwischenholding GmbH, which is the parent and holds 100% of the shares of Dr. Ing. h.c. F. Porsche AG. On the basis of agreements under company law, Volkswagen shares the management of Porsche Zwischenholding GmbH with Porsche Automobil Holding SE. Porsche Automobil Holding SE indemnifies Volkswagen AG and Porsche Zwischenholding GmbH against obligations arising from certain legal disputes, from tax claims and from certain substantial losses that arose before the agreement between Porsche Automobil Holding SE and Volkswagen AG on the investment by Volkswagen AG in Dr. Ing. h.c. F. Porsche AG entered into as part of the implementation of the Comprehensive Agreement was signed. Porsche Automobil Holding SE has also granted guarantees to Volkswagen AG in respect of Porsche Zwischenholding GmbH and Dr. Ing. h.c. F. Porsche AG. In return, Volkswagen AG has indemnified Porsche Automobil Holding SE internally from claims by the Einlagensicherungsfonds (German deposit protection fund) after Porsche Automobil Holding SE submitted an indemnification agreement required by the Bundesverband Deutscher Banken (Association of German Banks) to the Einlagensicherungsfonds in August 2009. Volkswagen AG has undertaken to indemnify the Einlagensicherungsfonds from any losses caused by measures taken in favor of a bank in which Volkswagen AG holds a majority interest.

Furthermore, in the event that the merger of Porsche Automobil Holding SE with Volkswagen AG that is planned under the Comprehensive Agreement does not take place, Volkswagen AG and Porsche Automobil Holding SE have agreed mutually exercisable call and put options in respect of the remaining interest in Porsche Zwischenholding GmbH. The put option is exercisable from November 15, 2012 to January 14, 2013 inclusive and again from December 1, 2014 to January 31, 2015 inclusive; the call option may be exercised from March 1, 2013 to April 30, 2013 inclusive and again from August 1, 2014 to September 30, 2014 inclusive.

In addition, Volkswagen has granted a put option to Porsche Holding Gesellschaft m. b. H., a company owned by the Porsche and Piëch families, relating to the operating sales business of the company. In return, Volkswagen was granted rights of involvement in the management of the company during the term of the option.

All transactions with Porsche Automobil Holding SE, Porsche Zwischenholding GmbH, and Porsche Holding Gesellschaft m. b. H., as well as with all companies affiliated with these, are conducted on an arm’s length basis.

According to a notification dated January 15, 2010, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft mbH, Hanover, held 20.01% of the voting rights of Volkswagen AG on December 31, 2009. As mentioned above, the General Meeting of Volkswagen AG on December 3, 2009 also resolved that the State of Lower Saxony may appoint two members of the Supervisory Board (right of appointment). Transactions with private companies owned by the State of Lower Saxony are conducted on an arm’s length basis.

All transactions with unconsolidated dated subsidiaries, joint ventures, associates and other related parties are conducted on an arm’s length basis.

Members of the Board of Management and Supervisory Board of Volkswagen AG are members of supervisory and management boards or shareholders of other companies with which Volkswagen AG has relations in the normal course of business. All transactions with these companies are conducted on an arm’s length basis.

The amounts of the supplies and services transacted, as well as outstanding receivables and liabilities, between consolidated companies of the Volkswagen Group and related parties (unconsolidated subsidiaries, joint ventures, associates, Porsche Automobile Holding SE, Stuttgart, Porsche Zwischenholding GmbH, Stuttgart, Porsche Holding Gesellschaft m.b.H., Salzburg/Austria and their affiliated companies as well as other related parties) are presented in the following tables:

RELATED PARTIES

	SUPPLIES AND SERVICES RENDERED		SUPPLIES AND SERVICES RECEIVED	
€ million	2009	2008	2009	2008
Porsche Automobil Holding SE	0	–	392	–
Supervisory Board members	0	0	0	0
Group Board of Management	0	0	0	1
Unconsolidated subsidiaries	1,744	1,583	828	739
Joint ventures[1]	3,612	3,213	464	492
Associates	1,368	30	191	201
Pension plans	1	0	1	3
Other related parties	1	6	31	41
Porsche[2]	4,165	6,317	250	389
State of Lower Saxony and majority interests	11	6	0	1

1 Including Porsche Zwischenholding GmbH, Stuttgart, and its subsidiaries from December 7, 2009.
2 Includes in particular Porsche Holding Gesellschaft m. b. H., Salzburg/Austria, and its subsidiaries as well as Porsche Zwischenholding GmbH, Stuttgart, and its subsidiaries up to December 6, 2009.

	RECEIVABLES FROM		PAYABLES TO	
€ million	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
Porsche Automobil Holding SE	–	–	–	–
Supervisory Board members	0	0	5	5
Group Board of Management	0	0	14	14
Unconsolidated subsidiaries	653	324	303	339
Joint ventures	2,395	3,843	309	46
Associates	24	33	16	14
Pension plans	1	0	0	0
Other related parties	0	0	2	1
Porsche	155	185	10	10
State of Lower Saxony and majority interests	1	0	0	–

Volkswagen AG made a cash contribution of €3.9 billion to acquire the interest in Porsche Zwischenholding GmbH.

The Company extended financing of €0.7 billion to Porsche at arm's length conditions and collateral requirements; €0.2 billion of this amount was still outstanding from factoring at the reporting date.

In fiscal year 2009, Porsche Corporate Finance GmbH Zurich branch, Salzburg, Austria, subscribed for three commercial paper issues by Volkswagen International Finance N.V., Amsterdam, the Netherlands, with a total volume of €0.1 billion, which are guaranteed by Volkswagen AG.

Loans to joint ventures were repaid in the amount of €1.8 billion.

The Board of Management and Supervisory Board of the Volkswagen Group are related parties within the meaning of IAS 24.The following benefits and remuneration were recorded for these persons:

€	2009	2008
Short-term benefits	22,588,862	22,508,592
Post-employment benefits	3,025,899	3,237,434
Share-based payment	–	39,000
	25,614,761	**25,785,026**

There are outstanding balances for bonuses of the Board of Management members in the amount of €13,100,000 at the end of the fiscal year (previous year: €12,500,000). The post-employment benefits relate to additions to pension provisions for current members of the Board of Management. The expenses shown above do not correspond to the definition of remuneration of members of the Board of Management and the Supervisory Board in accordance with the German Corporate Governance Code.

42 | Notices and disclosure of changes regarding the ownership of voting rights in Volkswagen AG in accordance with the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act)

PORSCHE

Porsche Automobil Holding SE, Stuttgart, Germany has notified us in accordance with section 21(1) of the WpHG that its share of the voting rights in Volkswagen Aktiengesellschaft, Wolfsburg, Germany, exceeded the threshold of 50% on January 5, 2009 and amounted to 50.76% (149,696,680 voting rights) at this date.

1) The following persons notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen Aktiengesellschaft in each case exceeded the threshold of 50% on January 5, 2009 and in each case amounted to 50.76% (149,696,680 voting rights) at this date. All of the above-mentioned 149,696,680 voting rights are attributable to each of the persons making the notification in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The voting rights attributable to the persons making the notifications are held via subsidiaries within the meaning of section 22(3) of the WpHG, whose attributable share of the voting rights amounts to 3% or more and whose names are given in brackets:

Mag. Josef Ahorner, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Mag. Louise Kiesling, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Prof. Ferdinand Alexander Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Dr. Oliver Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Kai Alexander Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Mark Philipp Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Gerhard Anton Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ing. Hans-Peter Porsche, Austria
(Familie Porsche Privatstiftung, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Peter Daniel Porsche, Austria
(Familie Porsche Privatstiftung, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Dr. Wolfgang Porsche, Germany
(Familie Porsche Privatstiftung, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Wolfgang Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ferdinand Porsche Privatstiftung, Salzburg/Austria
(Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Familie Porsche Privatstiftung, Salzburg/Austria
(Familie Porsche Holding GmbH, Salzburg/Austria; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ferdinand Porsche Holding GmbH, Salzburg/Austria
(Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Familie Porsche Holding GmbH, Salzburg/Austria
(Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Louise Daxer-Piëch GmbH, Salzburg/Austria
(Louise Daxer-Piëch GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany),

Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria
(Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Gerhard Anton Porsche GmbH, Salzburg/Austria
(Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Louise Daxer-Piëch GmbH, Grünwald/Germany
(Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ferdinand Alexander Porsche GmbH, Grünwald/Germany
(Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Gerhard Porsche GmbH, Grünwald/Germany
(Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),
Ing. Hans-Peter Porsche GmbH, Salzburg/Austria
(Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Hans-Peter Porsche GmbH, Grünwald/Germany
(Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Wolfgang Porsche GmbH, Grünwald/Germany
(Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Familie Porsche Beteiligung GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Porsche GmbH, Stuttgart/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Dr. Hans Michel Piëch, Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Hans Michel Piëch GmbH, Grünwald/Germany; Dr. Hans Michel Piëch GmbH, Salzburg/Austria),

Dr. Hans Michel Piëch GmbH, Salzburg/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Hans Michel Piëch GmbH, Grünwald/Germany),

Hans Michel Piëch GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Dipl.-Ing. Dr. h.c. Ferdinand Piëch, Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria; Ferdinand Karl Alpha Privatstiftung, Vienna/Austria),

Ferdinand Karl Alpha Privatstiftung, Vienna/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria),

Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany),

Ferdinand Piëch GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany).

2) Porsche Holding Gesellschaft m.b.H., Salzburg/Austria, and Porsche GmbH, Salzburg/Austria, notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen Aktiengesellschaft in each case exceeded the threshold of 50% on January 5, 2009 and in each case amounted to 53.13% (156,702,015 voting rights) at this date.

All the above-mentioned 156,702,015 voting rights are attributable to Porsche Holding Gesellschaft m.b.H. in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The companies via which the voting rights are actually held and whose attributable share of the voting rights amounts to 3% or more are:
– Porsche GmbH, Salzburg/Austria;
– Porsche GmbH, Stuttgart/Germany;
– Porsche Automobil Holding SE, Stuttgart/Germany.

Of the above-mentioned 156,702,015 voting rights, 50.76% (149,696,753 voting rights) is attributable to Porsche GmbH, Salzburg/Austria, in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The companies via which the voting rights are actually held and whose attributable share of the voting rights amounts to 3% or more are:
– Porsche GmbH, Stuttgart/Germany;
– Porsche Automobil Holding SE, Stuttgart/Germany.

QATAR

(1) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of the State of Qatar, acting by and through the Qatar Investment Authority, Doha, Qatar, that its indirect voting rights in Volkswagen Aktiengesellschaft

(a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date

(i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the State of Qatar pursuant to section 22 (1) sentence 1 no. 1 WpHG.

(b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date

(i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the State of Qatar pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Voting rights that are attributed to the State of Qatar pursuant to lit. (a) and (b) above are held via the following entities which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more:

(aa) Qatar Investment Authority, Doha, Qatar;
(bb) Qatar Holding LLC, Doha, Qatar;
(cc) Qatar Holding Luxembourg II S.à.r.l., Luxembourg; Luxembourg;
(dd) Qatar Holding Netherlands B.V., Amsterdam, The Netherlands.

(2) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of the Qatar Investment Authority, Doha, Qatar, that its indirect voting rights in Volkswagen Aktiengesellschaft

(a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date

(i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the Qatar Investment Authority pursuant to section 22 (1) sentence 1 no. 1 WpHG.

(b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date

(i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise by Qatar olding LLC of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the Qatar Investment Authority pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Voting rights that are attributed to the Qatar Investment Authority pursuant to lit. (a) and (b) above are held via the entities as set forth in (1) (bb) through (dd) which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more.

(3) Pursuant to section 21 (1) WpHG we hereby notify for and behalf of Qatar Holding LLC, Doha, Qatar, that its direct and indirect voting rights in Volkswagen Aktiengesellschaft

(a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date

(i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) 6.78% (20,011,000 voting rights) of which are attributed to Qatar Holding LLC pursuant to section 22 (1) sentence 1 no. 1 WpHG.

(b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date

(i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) 6.78% (20,011,000 voting rights) of which are attributed to Qatar Holding LLC pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Voting rights that are attributed to Qatar Holding LLC pursuant to lit. (a) and (b) above are held via the entities as set forth in (1) (cc) through (dd) which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more.

(1) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of Qatar Holding Luxembourg II S.à.r.l., Luxembourg, Luxembourg, that its indirect voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date, all of which are attributed to Qatar Holding Luxembourg II S.à.r.l. pursuant to section 22 (1) sentence 1 no.1 WpHG.

Voting rights that are attributed to Qatar Holding Luxembourg II S.à.r.l. are held via the following entities which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more:

(a) Qatar Holding Netherlands B.V., Amsterdam, The Netherlands;
(b) Qatar Holding Germany GmbH, Frankfurt am Main, Germany.

(2) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of Qatar Holding Netherlands B.V., Amsterdam, The Netherlands, that its indirect voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date, all of which are attributed to Qatar Holding Luxembourg II S.à.r.l. pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Voting rights that are attributed to Qatar Holding Netherlands B.V. are held via the entity as set forth in (1) (b) which is controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amounts to 3% or more.

(3) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of Qatar Holding Germany GmbH, Frankfurt am Main, Germany, that its direct voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 3%, 5%, 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date.

STATE OF LOWER SAXONY

The State of Lower Saxony notified us on January 15, 2010 that it held a total of 59,022,310 ordinary shares as of December 31, 2009. It held 440 VW ordinary shares directly and 59,021,870 ordinary shares indirectly via Hannoversche Beteiligungsgesellschaft mbH (HanBG), which is owned by the State of Lower Saxony.

43 | German Corporate Governance Code

On November 20, 2009, the Board of Management and Supervisory Board of Volkswagen AG issued their declaration of conformity with the German Corporate Governance Code as required by section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) and made it permanently available to the shareholders of Volkswagen AG on the Company's website at www.volkswagenag.com/ir.

On November 23, 2009, the Board of Management and Supervisory Board of AUDI AG likewise issued their declaration of conformity with the German Corporate Governance Code and made it permanently available to the shareholders at www.audi.com.

44 | Remuneration of the Board of Management and the Supervisory Board

€	2009	2008
Board of Management remuneration		
Non-performance-related remuneration	5,623,917	5,346,622
Performance-related remuneration	13,100,000	12,500,000
Stock options exercised or subscribed	–	27,535,750
Supervisory Board remuneration		
Fixed remuneration components	365,550	273,000
Variable remuneration components	3,474,964	4,301,665
Loans to Supervisory Board members	15,833	17,500

The Board of Management's fixed remuneration also includes differing levels of remuneration for the assumption of appointments at Group companies as well as noncash benefits, which consist in particular of the use of company cars and the grant of insurance cover. The additional annual variable amount paid to each member of the Board of Management contains annually recurring components tied to the business success of the Company. It is primarily oriented on the results achieved and the financial position of the Company.

On December 31, 2009 the pension provisions for members of the Board of Management amounted to €43,805,628 (previous year: €32,732,521). Current pensions are index-linked in accordance with the index-linking of the highest collectively agreed salary insofar as the application of section 16 of the Gesetz zur Verbesserung der betrieblichen Altersversorgung (BetrAVG – German Company Pension Act) does not lead to a larger increase. The members of the Board of Management are entitled to payment of their normal remuneration for six months in the event of illness and to the retirement pension in the event of disability. Surviving dependents receive a widow's pension of 66 2/3% and a 20% orphan's pension per child based on the pension of the former member of the Board of Management.

Retired members of the Board of Management and their surviving dependents received €8,252,535 (previous year: €8,269,973). Provisions for pensions for this group of people were recognized in the amount of €106,679,193 (previous year: €102,789,267).

Loans in the total amount of €15,833 have been granted to members of the Supervisory Board (amount redeemed in 2008: €17,500). The loans generally bear interest at a rate of 4.0% and have an agreed term of up to 12.5 years.

The individual remuneration of the members of the Board of Management and the Supervisory Board is explained in the Remuneration Report in the Management Report (see page 112).

Significant Group companies

Name, location	Equity interest as %
VOLKSWAGEN AG, Wolfsburg	
Volkswagen Sachsen GmbH, Zwickau	100.00
VOLKSWAGEN SLOVAKIA, a.s., Bratislava/Slovak Republic	100.00
SITECH Sitztechnik GmbH, Wolfsburg	100.00
Volkswagen Navarra, S.A., Arazurí (Navarra)/Spain	100.00
AUTOEUROPA-AUTOMÓVEIS LDA., Palmela/Portugal	100.00
Volkswagen Motor Polska Sp.z o.o., Polkowice/Poland	100.00
Volkswagen-Audi España, S.A., El Prat de Llobregat (Barcelona)/Spain	100.00
Volkswagen Original Teile Logistik GmbH & Co. KG, Baunatal	52.96
VOLKSWAGEN Group United Kingdom Ltd., Milton Keynes/United Kingdom	100.00
Groupe VOLKSWAGEN France s.a., Villers-Cotterêts/France	100.00
Automobilmanufaktur Dresden GmbH, Dresden	100.00
Volkswagen Poznan Sp.z o.o., Poznan/Poland	100.00
Volkswagen Group Sverige Aktiebolag, Södertälje/Sweden	100.00
Auto 5000 GmbH, Wolfsburg	100.00
Volkswagen Group of America, Inc., Herndon, Virginia/USA	100.00
Volkswagen Group Canada, Inc., Ajax, Ontario/Canada	100.00
VOLKSWAGEN Group Japan K.K., Toyohashi/Japan	100.00
OOO VOLKSWAGEN Group Rus, Kaluga/Russia	93.78
AUDI AG, Ingolstadt	99.55
AUDI BRUSSELS S.A./N.V., Brussels/Belgium	100.00
AUDI HUNGARIA MOTOR Kft., Györ/Hungary	100.00
Audi of America, LLC, Herndon, Virginia/USA	100.00
Audi Volkswagen Korea Ltd., Seoul/Korea	100.00
Audi Volkswagen Middle East FZE, Dubai/United Arab Emirates	100.00
Automobili Lamborghini Holding S.p.A., Sant' Agata Bolognese/Italy	100.00
VOLKSWAGEN GROUP ITALIA S.P.A., Verona/Italy	100.00
quattro GmbH, Neckarsulm	100.00

Name, location	Equity interest as %
SEAT, S.A., Martorell, Barcelona/Spain	100.00
SEAT Deutschland GmbH, Mörfelden-Walldorf	100.00
Gearbox del Prat, S.A., El Prat de Llobregat (Barcelona)/Spain	100.00
ŠKODA AUTO a.s., Mladá Boleslav/Czech Republic	100.00
ŠkodaAuto Deutschland GmbH, Weiterstadt	100.00
ŠKODA AUTO Slovensko s.r.o., Bratislava/Slovak Republic	100.00
ŠKODA AUTO POLSKA, S.A., Poznan/Poland	51.00
Bentley Motors Ltd., Crewe/United Kingdom	100.00
Volkswagen de México, S.A. de C.V., Puebla/Pue./Mexico	100.00
Volkswagen do Brasil Ltda., São Bernardo do Campo, SP/Brazil	100.00
Volkswagen Argentina S.A., Buenos Aires/Argentina	100.00
Volkswagen of South Africa (Pty) Ltd., Uitenhage/South Africa	100.00
Scania AB, Södertälje/Sweden [1]	49.29
S.A.S. Scania Holding France, Angers/France	100.00
Scania Deutschland Holding GmbH, Koblenz	100.00
Scania Europe Holding B.V., Zwolle/The Netherlands	100.00
Scania CV AB, Södertälje/Sweden	100.00
Shanghai-Volkswagen Automotive Company Ltd., Shanghai/PR. China [2]	50.00
FAW-Volkswagen Automotive Company, Ltd., Changchun/PR. China [2]	40.00
Volkswagen (China) Investment Company Ltd., Beijing/PR. China	100.00
Volkswagen Group Services S.A., Brussels/Belgium	100.00
Volkswagen International Finance N.V., Amsterdam/The Netherlands	100.00
Porsche Zwischenholding GmbH, Stuttgart [2, 4]	49.90
Dr. Ing. h.c. F. Porsche AG, Stuttgart	–
MAN SE, Munich [3]	28.67

1 The share of the voting rights in Scania is 71.81% and thus differs from the equity interest.
2 Joint ventures are accounted for using the equity method.
3 The share of the voting rights in MAN is 29.9% and thus differs from the equity interest. The company is accounted for using the equity method.
4 Porsche Zwischenholding GmbH, Stuttgart, holds 100% of the shares of Dr. Ing. h.c. F. Porsche AG, Stuttgart. The company's fiscal year ends on June 30, 2010.

Name, location	Equity interest as %
VOLKSWAGEN FINANCIAL SERVICES AG, Braunschweig	100.00
Volkswagen Leasing GmbH, Braunschweig	100.00
Volkswagen Bank GmbH, Braunschweig	100.00
Volkswagen Reinsurance AG, Braunschweig	100.00
Volkswagen-Versicherungsdienst GmbH, Wolfsburg	100.00
VOLKSWAGEN FINANCE, S.A., Alcobendas (Madrid)/Spain	100.00
Volkswagen Financial Services (UK) Ltd., Milton Keynes/United Kingdom	100.00
Volkswagen Financial Services N.V., Amsterdam/The Netherlands	100.00
Volkswagen Financial Services Japan Ltd., Tokyo/Japan	100.00
ŠkoFIN s.r.o., Prague/Czech Republic	100.00
Global Mobility Holding B.V., Amsterdam/The Netherlands[1,2]	50.00
LeasePlan Corporation N.V., Amsterdam/The Netherlands	–
Volkswagen Pon Financial Services B.V., Amersfoort/The Netherlands[1]	60.00
VW CREDIT, INC., Wilmington, Delaware/USA	100.00
VOLKSWAGEN LEASING SA DE CV, Puebla/Mexico	100.00
VOLKSWAGEN BANK SA INSTITUCION DE BANCA MULTIPLE, Puebla/Mexico	100.00
Financial services companies in Brazil, São Paulo/Brazil	100.00
Financial services companies in Argentina, Buenos Aires/Argentina	100.00

1 Joint ventures are accounted for using the equity method.
2 Global Mobility Holding B.V., Amsterdam, holds all shares of LeasePlan Corporation N.V., Amsterdam.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Wolfsburg, February 16, 2010

Volkswagen Aktiengesellschaft

The Board of Management

Martin Winterkorn

Francisco Javier Garcia Sanz

Jochem Heizmann

Christian Klingler

Horst Neumann

Hans Dieter Pötsch

Rupert Stadler

Auditors' Report

On completion of our audit, we issued the following unqualified auditors' report dated February 17, 2010. This report was originally prepared in German. In case of ambiguities the German version takes precedence:

Auditors' Report

We have audited the consolidated financial statements prepared by VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, comprising the income statement and statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the Company for the business year from January 1 to December 31, 2009. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the Company's Board of Management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Article 315a paragraph 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hanover, February 17, 2010

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Harald Kayser
Wirtschaftsprüfer

ppa. Martin Schröder
Wirtschaftsprüfer

Consumption and Emission Data

MODEL	OUTPUT kW (PS)	FUEL CONSUMPTION (l/100km) urban	extra-urban	combined	CO_2 EMISSIONS (g/km)
Bentley Arnage Final Series	373 (507)	28.8	14.1	19.5	465
Bentley Azure T	373 (507)	28.8	14.1	19.5	465
Bentley Continental GTC Speed	449 (610)	25.3	11.6	16.6	396
Bentley Continental GT Speed	449 (610)	25.3	11.6	16.6	396
Bentley Continental Supersports	463 (630)	25.0	11.4	16.3	388
Bugatti Veyron Grand Sport	736 (1,001)	41.9	15.6	24.9	596
Lamborghini Murciélago LP 670-4 SV	493 (670)	32.0	13.7	20.6	480
SEAT Altea ECOMOTIVE	77 (105)	5.2	4.1	4.5	119
SEAT Ibiza CUPRA	132 (180)	8.3	5.3	6.4	148
SEAT Leon ECOMOTIVE	77 (105)	4.6	3.2	3.8	99
SEAT Leon CUPRA R	195 (265)	10.7	6.6	8.1	190
Škoda Octavia GreenLine	77 (105)	5.5	3.7	4.4	114
Volkswagen Golf Saloon BlueMotion	77 (105)	4.7	3.4	3.8	99
Volkswagen Polo BlueMotion	55 (75)	4.0	2.9	3.3	87

Glossary

SELECTED TERMS AT A GLANCE

ASEAN
Association of Southeast Asian Nations. An international organization of Southeast Asian states established on August 8, 1967 with political, economic and cultural objectives.

Benchmarking
Comparative analysis of the products, services, processes, or financial data of a company with those of the leading competitors in an industry.

Compliance
Observing statutory provisions, internal company policies and ethical principles.

Continuous Improvement Process (CIP)
CIP aims to ensure the continuous optimization of product, process and service quality focused on corporate objectives. Inefficiencies are eliminated gradually and permanently and work methods are optimized through the systematic incorporation of employees' abilities and practical knowledge.

Corporate Governance
International term for responsible corporate management and supervision driven by long-term value added.

Direct shift gearbox (DSG)
Gearbox that consists of two gearboxes with a dual clutch and so combines the agility, driving pleasure and low consumption levels of a manual gearbox with the comfort of an automatic.

Fair value
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Hybrid drive
Drive combining two different types of engine and energy storage system (usually an internal combustion engine and an electric motor).

Modular Longitudinal Platform (MLB)
The use of a modular strategy in vehicle platforms in which the drivetrain is mounted longitudinally to the direction of travel. This modular arrangement of all components enables maximum synergies to be achieved between the vehicle families.

Modular Transverse Matrix (MQB)
As an extension of the modular strategy, this platform can be deployed in vehicles whose architecture permits a transverse arrangement of the engine components. The modular perspective enables high synergies to be achieved between the vehicles in the Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, Audi, Seat and Škoda brands.

MPV
Multi Purpose Vehicle

Rating
Systematic evaluation of companies in terms of their credit quality. Ratings are expressed by means of rating classes, which are defined differently by the individual rating agencies.

Recuperation
The recovery of kinetic energy by using an electric motor as a generator, for example in the drivetrain.

Semi-knocked down (SKD)
Variable vehicle delivery method; generally, the vehicle is drivable and waterproof, but lacks interior fittings and external attachments.

SUV
Sports Utility Vehicle

Turntable concept
Concept of flexible manufacturing enabling the production of different models in variable daily volumes within a single plant, as well as offering the facility to vary daily production volumes of one model between two or more plants.

Value drivers
Factors and measures that determine the earnings and value of a company. The efficiency of a company's value drivers can be measured by means of financial and non-financial performance indicators.

Vocational groups
For example electronics, logistics, marketing, or finance. A new teaching and learning culture is gradually being established by promoting training in the vocational groups. The specialists are actively involved in the teaching process by passing on their skills and knowledge to their colleagues.

Index

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Scheduled Dates 2010

MOTOR SHOWS

> **MARCH 4 – 14**
International Motor Show, Geneva

> **APRIL 2 – 11**
New York International Auto Show, New York

> **APRIL 10 – 18**
Auto Mobil International, Leipzig

> **APRIL 25 – MAY 2**
Auto China, Beijing

> **MAY 21 – 30**
Madrid International Auto Show, Madrid

> **OCTOBER 2 – 17**
Paris Motor Show, Paris

> **NOVEMBER 19 – 28**
Los Angeles Auto Show, Los Angeles

> **DECEMBER 1 – 12**
Bologna Motor Show, Bologna

FINANCIAL CALENDAR

> **MARCH 11**
Volkswagen AG Annual Media Conference and Investor Conference

> **APRIL 22**
Volkswagen AG Annual General Meeting (Congress Center Hamburg)

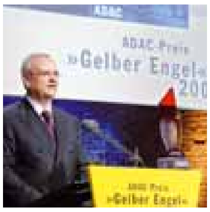
> **APRIL 29**
Interim Report January – March

> **JULY 29**
Half-Yearly Financial Report January – June

> **OCTOBER 27**
Interim Report January – September

Chronicle 2009

JANUARY



January 11

North American International Auto Show, Detroit

A mix of sheer driving pleasure and low fuel consumption: Volkswagen kicks off 2009 with this goal, unveiling the BlueSport concept roadster to the world at the North American International Auto Show.

January 15

"2009 Golden Angel" award for the new Golf

The Scirocco and Passat CC also win awards. This means that three Volkswagen models secure places in the top 5. Audi is honored as the "Strongest Brand".

January 30

"Best Cars of 2009"

More than 92,000 readers of the "auto motor und sport" journal have decided: The "Best Cars of 2009" hail from Wolfsburg. The Polo, Golf and Multivan win in their respective categories.

FEBRUARY

February 5

The SEAT Ibiza is "Car of the Year" in Spain

Readers of the "La Vanguardia" newspaper and the specialist journal "Auto Fácil" vote the SEAT Ibiza as the "Car of the Year".

February 12

Letter of intent signed by Volkswagen and Toshiba

The aim of this cooperation is to develop electric drive units and the accompanying power electronics for the planned New Small Family from Volkswagen.

MARCH

March 3

International Motor Show in Geneva

At the Motor Show in Geneva 2009, the Polo BlueMotion concept, the new Golf BlueMotion, the Passat CC Blue TDI and the natural gas-powered Touran TSI EcoFuel make their debut. Škoda presents the new Yeti as well as the Octavia GreenLine model for the first time. SEAT introduces the new Exeo ST.

March 27

Group models received „All-Wheel Drive Cars 2009" award

For the second year in a row, the Tiguan is voted "All-Wheel Drive Car of the year 2009" by a readers' poll in the specialist journal "AutoBild Allrad". The Škoda Superb also wins in its category.

March 31

Volkswagen opens new production plant in Pune, India

Local production of vehicles begins in Pune. The Volkswagen Group strengthens its activities in the Indian subcontinent with its second production facility.

APRIL

April 1

"Fleet Award 2009"

The Volkswagen Group is once again by far the most successful company in the "Fleet Awards 2009". The best fleet models and fleet services are honored in a total of 15 categories.

April 9

"World Car Of The Year"

The new Golf is voted "World Car Of The Year 2009" by a jury of representatives from 25 countries.

April 24

Passat TSI EcoFuel gains five-star rating in the ADAC EcoTest

The natural gas-powered Volkswagen is the first model to receive the five-star rating in the ADAC-EcoTest, one of the most stringent emission tests for automobiles.

MAY

May 14

Official start of construction work on the Volkswagen plant in Chattanooga, USA

The US plant is an important step for the Volkswagen Group in reaching its growth goals in the North American market.

May 23

VfL Wolfsburg are the 2009 German soccer champions

After twelve years in the Bundesliga, VfL Wolfsburg brings the 2008/2009-season championship trophy home to Wolfsburg for the first time. VfL Wolfsburg-Fußball GmbH is a wholly owned subsidiary of Volkswagen AG.

JUNE

June 17

Volkswagen honored at the "International Engine of the Year Awards 2009"

The 1.4 liter TSI engine achieves Volkwagen's greatest success to date in the international competition for engine technology. In addition to earning the title "International Engine of the Year", the engine is also awarded "Best Engine" and "Best Green Engine" in its category.

June 25

The Volkswagen Golf is "AUTO TEST Winner 2009"

Industry experts, journalists and customers vote the new Golf the "AUTO TEST Winner 2009".

JULY

July 10

Outstanding safety: Five stars again for the Tiguan

The Tiguan is not only one of the most popular, but also one of the safest vehicles in its segment. Three independent crash tests underscore Volkswagen's safety expertise with top marks.

July 13

Volkswagen models voted Best Company Car of the Year

The award of the title "Firmenauto des Jahres 2009" (Best Company Car 2009) by industry journal "Firmenauto" and the DEKRA organization makes Volkswagen the most successful company with five first places.

July 16

Audi celebrates its 100th birthday

The Audi brand celebrates its 100th birthday with a week of festivities. It kicks off with a gala evening, presenting the brand's success story in a multifacetted program.

AUGUST

August 12

"J. D. Power APEAL Study 2009": Volkswagen earns the most awards

The most recent J. D. Power customer satisfaction study for the US market shows Volkswagen to be the biggest winner: Four models – the Golf GTI, Tiguan, Passat and Passat CC – take first place in their respective segments.

August 13

Volkswagen's Supervisory Board approves Comprehensive Agreement for an Integrated Automotive Group with Porsche

The Supervisory Board of Volkswagen AG votes in favor of the Comprehensive Agreement that will create an integrated automotive group with Porsche.

August 31

380,000 visitors at the Autostadt in August

In August 2009, the Autostadt experiences the most visitors in a month, at 380,000, since opening in the year 2000. The overall visitor count to date surpasses the 19 million mark in the same month.

SEPTEMBER

September 1

Volkswagen presents Sustainability Report

The current edition is certified for the first time according to the new AccountAbility AA1000 AS (2008) standard. The Group Sustainability Report is published every two years.

September 9

Volkswagen and LichtBlick enter into an energy partnership

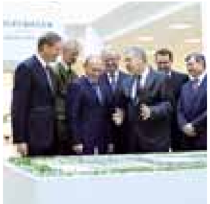
Natural gas engines from Volkswagen will provide the future technical basis for the decentralized, networked "home power plants", which will be sold in Germany by the Hamburg-based power company LichtBlick starting in 2010.

September 15

International Motor Show 2009, Frankfurt am Main

At the International Motor Show (IAA) in Frankfurt in September 2009, the Volkswagen Group impressively presents its competence in sustainable mobility. The E-UP! and L1 concepts attract particular interest from visitors.

OCTOBER



October 6

Germany's largest Volkswagen dealership opens in Berlin

Volkswagen strengthens its presence in the nation's capital with its new dealership.

October 20

The Volkswagen Group begins full production in Kaluga, Russia

The plant in Kaluga moves into full production with an annual capacity of up to 150,000 vehicles. The Tiguan and Škoda Octavia models are the first to start, and three additional models will follow.

October 23

"Design Award of the Federal Republic of Germany 2010"

The Audi A5 Coupé takes gold in the highest official design award in Germany in the product design category in this renowned competition.

NOVEMBER

November 4

"Golden Steering Wheel 2009"

The „Bild am Sonntag" jury awards Volkswagen's new Polo the "Golden Steering Wheel 2009" in the small car category. The Audi A5 Sportback wins in the mid-range category. The Polo BlueMotion rounds off Volkswagen's success by winning the "Green Steering Wheel 2009".

November 17

"International Truck of the Year"

Scania's new R series receives the most prestigious trophy in the European truck sector.

November 19

Approval of implementation agreements

The Supervisory Board of Volkswagen AG approves the implementation agreements for the Comprehensive Agreement with Porsche.

November 24

"Auto Trophy 2009"

More than 100,000 readers of the specialist magazine "Auto Zeitung" vote a total of ten models from the Volkswagen Passenger Cars, Audi, Škoda and Volkswagen Commercial Vehicles brands as the best in their respective categories.

November 30

"Car of the Year 2010"

An international jury with 59 members representing 23 countries votes the new Polo "Car of the Year 2010". This is the crowning achievement in an exceptional year for the Polo.

DECEMBER

December 3

Extraordinary General Meeting

The shareholders of Volkswagen AG approve the Board of Management and Supervisory Board proposals at the Extraordinary General Meeting by a large majority. This includes the authorization to issue up to 135 million new non-voting preferred shares.

December 7

Investment in Porsche

Volkswagen AG takes a 49.9 % stake in Dr. Ing. h.c. F. Porsche AG via Porsche Zwischenholding GmbH and thus completes an important step towards the integrated automotive group.

December 9

Partnership with Suzuki

Volkswagen and the Suzuki Motor Corporation enter into a long-term strategic partnership. As the basis for this cooperation, Volkswagen will acquire 19.9 % of Suzuki shares; in return, Suzuki plans to invest up to half of the purchase price paid in Volkswagen shares.

VOLKSWAGEN

AKTIENGESELLSCHAFT

Annual Financial Statements of Volkswagen AG for the Period Ended December 31, 2009

Balance Sheet

Income Statement

Notes to the Annual Financial Statements

List of Holdings in accordance with sections 285 and 313 of the HGB of Volkswagen AG and the Volkswagen Group as of December 31, 2009

(Note: The combined Management Report of Volkswagen AG and of the Volkswagen Group is included in the published Annual Report of Volkswagen Aktiengesellschaft.)

Annual Financial Statements of Volkswagen AG

Balance Sheet of Volkswagen AG as of December 31, 2009

€ million		Note	Dec. 31, 2009	Dec. 31, 2008
Assets				
Fixed assets		**1**		
Intangible assets			199	218
Tangible assets			3,932	3,892
Long-term financial assets			34,505	29,907
			38,636	34,017
Current assets				
Inventories		2	3,361	3,680
Receivables and other assets		3	10,376	14,777
Securities		4	80	450
Cash-in-hand and bank balances		5	8,825	3,712
			22,641	22,619
Prepaid expenses			**58**	**49**
Total assets			**61,334**	**56,685**
Equity and Liabilities				
Equity				
Subscribed capital		6	1,025	1,024
Ordinary shares	755			
Preferred shares	269			
Contingent capital	7			
Capital reserves		7	5,356	5,351
Revenue reserves		8	4,792	4,592
Net retained profits			884	781
			12,056	**11,748**
Special tax-allowable reserves		**9**	**65**	**70**
Provisions		**10**	**23,236**	**23,370**
Liabilities		**11**	**25,973**	**21,495**
Deferred income			**5**	**2**
Total equity and liabilities			**61,334**	**56,685**

Income Statement of Volkswagen AG for the Period January 1 to December 31, 2009

€ million	Note	2009	2008
Sales	**12**	**47,864**	**56,710**
Cost of sales		– 47,454	– 55,780
Gross profit on sales		**410**	**930**
Selling expenses		– 3,985	– 3,589
General and administrative expenses		– 794	– 752
Other operating income	13	4,435	5,238
Other operating expenses	14	– 2,717	– 3,775
Financial result	15	4,453	4,688
Write-downs of long-term financial assets and securities classified as current assets		– 290	– 216
Result from ordinary activities		**1,512**	**2,524**
Taxes on income		– 430	– 1,697
Net income for the year		**1,082**	**827**

Notes to the Annual Financial Statements of Volkswagen AG for the Period ended December 31, 2009

Financial statements in accordance with the German Commercial Code

The annual financial statements of Volkswagen AG have been prepared in accordance with the provisions of the Handelsgesetzbuch (HGB – German Commercial Code) and comply with the provisions of the Aktiengesetz (AktG – German Stock Corporation Act).

To enhance the clarity of presentation, we have combined individual items of the balance sheet and the income statement. These items are disclosed separately in the notes. The income statement uses the cost of sales (function of expense) format to enable better international comparability.

Volkswagen AG is a vertically integrated energy company within the meaning of section 3 no. 38 of the Energiewirtschaftsgesetz (EnWG – German Energy Industry Act) and is therefore subject to the provisions of the EnWG. In the electricity sector, both Volkswagen AG and a subsidiary carry out the functions of generation and sales as well as electricity distribution. To prevent discrimination and cross-subsidies, separate accounts must as a rule be maintained for these functions in accordance with section 10(3) of the EnWG. In addition, a balance sheet and income statement that comply with the provisions contained in section 10(1) of the EnWG must be prepared for each area of activity. (Unbundling requirement in internal accounting systems). As Volkswagen AG's electricity distribution activities (site network) do not serve the purpose of general provision and are also extremely insignificant, Volkswagen AG has not reported these activities separately and has limited itself to preparing a separate presentation of its other activities within the electricity sector in accordance with the purpose of the EnWG to prevent discrimination and cross-subsidies.

We do not believe that the European Court of Justice ruling of May 22, 2008 regarding the provisions granting privileges for site networks affects VW AG's accounting, as the ruling relates exclusively to network access issues and not to separate accounting.

The list of all shareholdings can be downloaded from the electronic companies register at www.unternehmensregister.de and from www.volkswagenag.com/ir under the heading "Mandatory Publications" and the menu item "Annual Reports".

Declaration on the German Corporate Governance Code in accordance with section 161 of the AktG/section 285 no. 16 of the HGB

The Board of Management and Supervisory Board of Volkswagen AG issued the declaration of conformity in accordance with section 161 of the AktG on November 20, 2009.

The declaration of conformity has been made permanently available at www.volkswagenag.com/ir under the heading "Corporate Governance" and the menu item "Declarations of Conformity".

Significant events in the fiscal year

In the course of the planned merger with Porsche Automobil Holding SE, Volkswagen AG acquired a 49.9% interest in Porsche Zwischenholding GmbH for €3,884 million.

As part of the continued realignment of our foreign equity investments, the shares of Bentley Motors Ltd. were transferred from VW Group U.K. to Volkswagen AG.

The equity investment in Scania AB was increased by €392 million by acquiring further shares. In addition, a capital contribution of €566 million was made at VW Group U.K. and of €500 million at VW Group Services.

A further €706 million was invested in long-term investments.

Accounting policies

In most cases, the accounting policies applied in the previous year were retained. Any changes in specific instances are individually addressed in the following.

Intangible assets are carried at cost and amortized over three to five years using the straight-line method. Grants paid for third-party assets are capitalized as purchased rights to use and amortized over five years.

Tangible assets are carried at cost and reduced by depreciation. Investment grants are deducted from cost.

Production costs are recognized on the basis of directly attributable material and labor costs, as well as proportionate indirect material and labor costs, including depreciation and amortization. Administrative cost components are not included.

Depreciation is based primarily on the following useful lives derived from the official tax depreciation tables:

> Buildings:	25 – 50 years
> Leasehold improvements:	9 – 33 years
> Technical equipment and machinery:	5 – 20 years
> Operating and office equipment (including special tools and devices):	3 – 25 years

To the extent allowed by tax law, depreciation of movable items of tangible assets is generally charged initially using the declining balance method, and subsequently using the straight-line method, and also reflects the use of assets in multi-shift operation. Movable items of tangible assets purchased or manufactured after December 31, 2007 are only depreciated using the straight-line method.

Additions of movable assets are depreciated ratably in the year of acquisition.

Low-value assets are depreciated over five years and subsequently derecognized in accordance with tax provisions. In addition, certain items of operating and office equipment with individual purchase costs of up to €1,500 are treated as disposals when their standard useful life has expired.

The differences between the carrying amounts required by the HGB and the lower carrying amounts allowed under tax law are recorded in the special tax-allowable reserves presented between equity and liabilities in the balance sheet.

Shares in affiliated companies and other equity investments are carried at the lower of cost and net realizable value.

Long-term investments are carried at the lower of cost or fair value.

Non- or low-interest-bearing loans are carried at their present value; other loans are carried at their principal amount.

Raw materials, consumables and supplies, and merchandise, carried in inventories are measured at the lower of average cost and replacement cost.

In addition to direct materials and direct labor costs, the carrying amount of work in progress also includes proportionate indirect materials and labor costs, including depreciation in the amount required under tax law.

Adequate valuation allowances take account of all identifiable storage and inventory risks.

Receivables and other assets are carried at their principal amounts. Valuation allowances are recognized for identifiable specific risks.

Receivables due after more than one year are carried at their present value at the balance sheet date by applying an interest rate to match the maturity.

Receivables denominated in foreign currencies are translated at the exchange rate prevailing at the date of initial recognition. A lower exchange rate at the balance sheet date results in the remeasurement of the receivable at a lower carrying amount, with the difference recognized in the income statement; higher exchange rates at the balance sheet date (remeasurement gains) are not recognized. Hedged receivables are not remeasured at the closing rate.

Purchased foreign currency and interest rate options are carried at the lower of cost or fair value until maturity.

Securities classified as current assets are carried at the lower of cost or fair value.

Adequate provisions are recognized for identifiable risks and uncertain obligations on the basis of prudent business judgment. Provisions cover all identifiable risks of future settlement.

Provisions for pensions and similar obligations are carried at the actuarial present value computed using the German entry age normal method and reflect current mortality tables. A discount rate of 5.5% was used.

Since fiscal year 2001, pension obligations have been linked to investments in the capital markets.

Provisions for jubilee payments are discounted at 5.5% per annum, reflecting tax recognition and measurement provisions.

Provisions for obligations under partial retirement arrangements are discounted to the present value at a real discount rate of 1.8%.

Provisions for warranty obligations are recognized on the basis of the historical or estimated probability of claims affecting vehicles delivered.

Currency forwards are measured by comparing the agreed rate with the forward rate for the same maturity at the balance sheet date. A provision is recognized for any resulting unrealized loss. Any positive gains (remeasurement gains) are not recognized. Gains and losses are not offset. Measurement gains or losses are discounted to the present value.

Liabilities are carried at their redemption or settlement amount.

Liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the date of initial recognition. A higher exchange rate at the balance sheet date results in the recognition of the liability at a higher carrying amount, with the difference recognized in the income statement. Lower exchange rates at the balance sheet date (remeasurement gains) are not recognized.

The amount of contingent liabilities disclosed corresponds to the liable amount.

In the income statement, the allocation of expenses to the cost of sales, selling and general and administrative functions is based on cost accounting principles.

Cost of sales contains all expenses relating to the purchase of materials and the production function, the costs of merchandise, the cost of research and development, and warranties and product liability expenses.

Selling expenses include personnel and non-personnel operating costs of our sales and marketing activities, as well as shipping, advertising, sales promotion, market research and customer service costs.

General and administrative expenses include personnel and non-personnel operating costs of the administrative functions.

Other taxes are allocated to the consuming functions.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rates prevailing at the transaction dates or at agreed exchange rates. Expected exchange rate losses at the balance sheet date are reflected in the measurement of the items. Equity investments are translated at the rate prevailing at the date of acquisition.

To hedge future cash flows – primarily from expected future sales, purchases of materials and credit transactions – against currency and interest rate fluctuations, Volkswagen AG uses derivatives such as currency forwards and options, including structured options, as well as interest-rate hedges, such as caps. Such transactions are measured in accordance with the imparity principle (under which expected or unrealized losses must be recognized, but the recognition of unrealized gains is prohibited). Assets or liabilities hedged by cross-currency swaps and currency forwards are translated at the contractually agreed rates at the time of initial recognition.

Balance Sheet Disclosures

(1) FIXED ASSETS

The classification of the assets combined in the balance sheet and their changes during the year are presented on pages 10 to 11. The carrying amount of fixed assets is €38,636 million at the balance sheet date. Fixed assets are composed of intangible assets, tangible assets and long-term financial assets.

Capital expenditures amounted to:

€ million	2009	2008
Intangible assets	62	79
Tangible assets	1,313	1,444
Long-term financial assets	7,813	9,758
Total	9,189	11,281

Depreciation, amortization and write-downs were charged on:

€ million	2009	2008
Intangible assets	84	73
Tangible assets	1,248	1,488
Long-term financial assets	290	35
Total	1,622	1,596

The additions to shares in affiliated companies and other equity investments primarily relate to the acquisition of shares of Porsche Zwischenholding GmbH, capital contributions at VW Group UK, VW Group Services S. A., Bentley Motors Ltd. and AUDI AG as well as to the purchase of shares of Scania AB.

Most of the disposals of shares in affiliated companies result from the planned contribution of companies to the Dutch intermediate holding company and a capital reduction at VW Financial Services AG.

Volkswagen AG invested a further €706 million in long-term investments in 2009.

Long-term investments also include the profit participation certificates issued by an affiliated company in the amount of €1 million. In addition, they include the shares in securities investment funds held by Volkswagen Pension Trust e.V. in trust for Volkswagen AG amounting to €2,424 million. These represent the values of employee Time Assets transferred to the Pension Trust and the contribution of the annual benefit expense to the pension fund.

Reversals of write-downs of long-term financial assets relate almost exclusively to the carrying amount of VW of South Africa (Pty.) Ltd.

STATEMENT OF CHANGES IN FIXED ASSETS OF VOLKSWAGEN AG

€ million	GROSS CARRYING AMOUNTS Cost Jan. 1, 2009	Additions	Transfers	Disposals	Cost Dec. 31, 2009
Intangible assets					
Concessions, industrial and similar rights and assets and licenses in such rights and assets	557	62	10	45	583
Payments on account	6	0	– 5	–	2
	563	62	5	45	**585**
Tangible assets					
Land, land rights and buildings and buildings on third-party land	4,518	49	32	1	4,597
Technical equipment and machinery	9,760	393	170	298	10,025
Other equipment, operating and office equipment	13,247	684	82	241	13,771
Payments on account and assets under construction	374	188	– 289	4	269
	27,899	**1,313**	**– 5**	**543**	**28,663**
Long-term financial assets					
Shares in affiliated companies	22,668	6,967	–	1,724	27,911
Loans to affiliated companies	155	140	–	63	233
Other equity investments	3,401	0	–	1	3,399
Loans to other investees and investors	8	0	–	6	1
Long-term investments	4,907	706	–	1,225	4,389
Other loans	78	0	–	1	78
	31,217	**7,813**	**–**	**3,020**	**36,010**
Total fixed assets	**59,679**	**9,189**	**–**	**3,609**	**65,258**

DEPRECIATION, AMORTIZATION AND WRITE-DOWNS							
Cumulative depreciation, amortization and write-downs Jan. 1, 2009	Depreciation, amortization and write-downs in current year	Disposals	Transfers	Reversals of write-downs	Cumulative depreciation, amortization and write-downs Dec. 31, 2009	Carrying amounts Dec. 31, 2009	Carrying amounts Dec. 31, 2008
345	84	42	0	–	386	197	212
–	–	–	–	–	–	2	6
345	**84**	**42**	0	**–**	**386**	**199**	**218**
3,491	98	1	0	–	3,588	1,010	1,027
8,849	406	285	0	–	8,970	1,055	911
11,667	744	238	0	–	12,173	1,598	1,580
–	–	–	–	–	–	269	374
24,007	**1,248**	**524**	**0**	**–**	**24,731**	**3,932**	**3,892**
1,203	290	31	–	63	1,399	26,512	21,465
0	–	–	–	–	0	232	155
70	–	0	–	–	69	3,330	3,331
2	–	0	–	0	1	0	6
35	–	–	–	–	35	4,353	4,872
0	0	0	–	0	0	77	78
1,310	**290**	**31**	**–**	**63**	**1,505**	**34,505**	**29,907**
25,662	**1,622**	**598**	**–**	**63**	**26,623**	**38,636**	**34,017**

(2) INVENTORIES

€ million	Dec. 31, 2009	Dec. 31, 2008
Raw materials, consumables and supplies	597	586
Work in progress	651	772
Finished goods and merchandise	2,029	2,251
Payments on account	84	71
	3,361	**3,680**

(3) RECEIVABLES AND OTHER ASSETS

€ million	Dec. 31, 2009	Dec. 31, 2008
Trade receivables	911	828
due after more than one year	(1)	(–)
Receivables from affiliated companies	7,118	10,918
thereof trade receivables	(1,258)	(1,297)
due after more than one year	(2,024)	(1,106)
Receivables from other investees and investors	204	346
thereof trade receivables	(168)	(63)
due after more than one year	(–)	(–)
Other assets	2,142	2,685
due after more than one year	(805)	(913)
	10,376	**14,777**

In addition to trade receivables, receivables from affiliated companies are composed primarily of receivables relating to profit distributions, including income tax allocations, and short- and medium-term loans.

Other assets primarily include tax and cost reimbursements that are not yet due (€1,482 million and €188 million respectively) and rights from foreign currency option transactions entered into (€100 million).

(4) SECURITIES

€ million	Dec. 31, 2009	Dec. 31, 2008
Other securities	80	450
	80	**450**

(5) CASH-IN-HAND AND BANK BALANCES

Of the bank balances, €895 million relates to balances at an affiliated company, of which €730 million has a term of more than one year.

(6) SUBSCRIBED CAPITAL

The subscribed capital of Volkswagen AG is composed of no-par value bearer shares with a notional value of €2.56. As well as ordinary shares, there are preferred shares that entitle the bearer to an €0.06 higher dividend than ordinary shares, but do not carry voting rights.

Because of the capital increase implemented in fiscal year 2009 due to the exercise of conversion rights from the sixth, seventh and eighth tranches of the stock option plan, the subscribed capital increased by a total of €0.2 million to €1,025 million.

The subscribed capital is composed of 295,005,397 no-par value ordinary shares and 105,238,280 preferred shares.

The Annual General Meeting on May 3, 2006 resolved to create authorized capital of up to €90 million, expiring on May 2, 2011, to issue new no-par value ordinary bearer shares.

The Extraordinary General Meeting on December 3, 2009 resolved to create authorized capital of up to €345.6 million, expiring on December 2, 2014, to issue up to 135 million new no-par value preferred bearer shares. This resolution will only become effective when it is entered in the commercial register; this had not taken place as of the date on which the financial statements were prepared.

STOCK OPTION PLAN

The Board of Management, with the consent of the Supervisory Board, exercised the authorization given by the Annual General Meeting on April 16, 2002 to implement a stock option plan. Contingent capital of €7 million was created for this purpose. The contingent capital increase will only be implemented to the extent that the holders of convertible bonds issued on the basis of the authorization by the Annual General Meeting to establish a stock option plan exercise their conversion rights.

The stock option plan entitles the optionees – the Board of Management, Group senior executives and management, as well as employees of Volkswagen AG covered by collective pay agreements – to purchase options on shares of Volkswagen AG by subscribing for convertible bonds at a price of €2.56 each. Each bond is convertible into ten ordinary shares.

The stock options are not accounted for until the exercise date. The conversion price then received for the new shares is credited to subscribed capital or capital reserves.

The conversion prices and periods following expiration of the first five tranches are shown in the following table. The information on the sixth tranche is presented as data for fiscal year 2009, although this tranche has now also expired.

€	6th tranche	7th tranche	8th tranche
Base conversion price	38.68	37.99	58.18
Conversion price			
as from July 10, 2006	42.55		
as from publication of interim report for Jan. – Sept. 2006	44.48		
as from July 9, 2007		41.79	
as from publication of interim report for Jan. – Sept. 2007	46.42	43.69	
as from July 8, 2008			64.00
as from publication of interim report for Jan. – Sept. 2008	48.35	45.59	66.91
as from publication of interim report for Jan. – Sept. 2009		47.49	69.82
as from publication of interim report for Jan. – Sept. 2010			72.73
Beginning of conversion period	July 10, 2006	July 9, 2007	July 8, 2008
End of conversion period	July 2, 2009	July 1, 2010	June 30, 2011

The total value at December 31, 2009 of the convertible bonds issued at €2.56 per convertible bond was €21,719.04 (= 8,484 bonds), conveying the right to purchase 84,840 ordinary shares. The liabilities from convertible bonds are recognized under other liabilities. In fiscal year 2009, five convertible bonds with a value of €12.80 were returned by employees who have since left the Company. 8,519 conversion rights from the sixth, seventh and eighth tranches with a nominal value of €21,808.64 have been exercised. 85,190 shares with a notional value of €218,086.40 were thus issued.

Changes in the rights to stock options granted (sixth to eighth tranches) are shown in the following table:

	Nominal value of convertible bonds	Number of conversion rights	Number of potential ordinary shares
	€	Rights	Shares
Balance at Jan. 1, 2009	**43,540.48**	**17,008**	**170,080**
Exercised in the fiscal year	21,808.64	8,519	85,190
Returned in the fiscal year	12.80	5	50
Balance at Dec. 31, 2009	**21,719.04**	**8,484**	**84,840**

(7) CAPITAL RESERVES

€ million	Dec. 31, 2009	Dec. 31, 2008
	5,356	**5,351**

The capital reserves comprise the share premium of a total of €5,030 million from the capital increases, the share premium of €219 million from the issue of bonds with warrants, and an amount of €107 million appropriated on the basis of the capital reduction implemented in a previous fiscal year. The share premium from the capital increase resulting from the exercise of conversion rights from the stock option plan increased the capital reserves by €4 million in fiscal year 2009. No amounts were withdrawn from the capital reserves.

(8) REVENUE RESERVES

€ million	Dec. 31, 2009	Dec. 31, 2008
Legal reserve	31	31
Other revenue reserves	4,761	4,561
	4,792	**4,592**

In accordance with section 58(2) of the AktG, a total of €200 million was appropriated from net income for the year to other revenue reserves.

(9) SPECIAL TAX-ALLOWABLE RESERVES

€ million	Dec. 31, 2009	Dec. 31, 2008
Tax-free reserves	0	0
Accelerated tax depreciation	64	70
	65	**70**

The accelerated tax depreciation at Volkswagen AG relates to write-downs in accordance with section 3(2) of the Zonenrandförderungs-Gesetz (German Zonal Border Development Act), section 6b of the Einkommensteuergesetz (EStG – German Income Tax Act)/section 6.6 of the Einkommensteuerrichtlinien (EStR – German Income Tax Regulations), section 7d of the EStG and section 82d of the Einkommensteuer-Durchführungsverordnung (EStDV – German Income Tax Implementing Order).

There is a small amount of tax-free reserves in accordance with section 6b of the EStG.

(10) PROVISIONS

€ million	Dec. 31, 2009	Dec. 31, 2008
Provisions for pensions and similar obligations	9,323	9,013
Provisions for taxes	4,241	4,087
Other provisions	9,672	10,270
	23,236	23,370
thereof: short-term (up to 1 year)	5,029	5,706
medium-term	7,765	7,770
long-term (over 5 years)	10,442	9,894
	23,236	**23,370**

Among other items, other provisions include provisions for warranties (€2.6 billion), personnel expenses (€2.4 billion mainly for long-service jubilees, partial retirement arrangements, obligations under Time Assets and other workforce costs), other selling expenses (€1.9 billion) and risks arising from the measurement of commodity and foreign currency hedges (€0.2 billion).

(11) LIABILITIES

€ million	Due within 1 year	Total Dec. 31, 2009	Total Dec. 31, 2008	Due within 1 year
Type of liability				
Liabilities to banks	61	461	328	328
Payments received on account of orders	18	18	95	95
Trade payables	1,771	1,771	1,524	1,524
Liabilities to affiliated companies	15,190	22,952	17,480	15,679
Liabilities to other investees and investors	58	58	33	33
Other liabilities	430	714	2,035	1,754
thereof: taxes	(74)	(74)	(66)	(66)
social security	(7)	(7)	(7)	(7)
	17,528	**25,973**	**21,495**	**19,413**

€1,173 million (previous year: €933 million) of the liabilities to affiliated companies and €40 million (previous year: €14 million) of the liabilities to other investees and investors relate to trade payables. €21,210 million (previous year: €15,937 million) of the liabilities is interest-bearing. €7,693 million of liabilities to affiliated companies is due after more than five years. €57 million (previous year: €97 million) of other liabilities relates to liabilities due after more than five years. Standard retention of title applies to the liabilities from deliveries of goods contained in the amounts shown above.

Contingencies and commitments

Contingent liabilities

€ million	Dec. 31, 2009	Dec. 31, 2008
Contingent liabilities from guarantees	34	200
Contingent liabilities from warranties	25,855	14,870
of which relating to affiliated companies	(6,238)	(21)
Granting of security for third-party liabilities	942	301
Total	**26,831**	**15,371**

Contingent liabilities from warranties relate primarily to guarantees given to creditors of subsidiaries for bonds issued by these subsidiaries and related swap transactions entered into.

Other financial commitments

Loan commitments to subsidiaries result in financial obligations of approximately €5.6 billion until no longer than 2014.

The financial obligations resulting from rental and leasing agreements amount to a total of €626 million (previous year: €624 million), of which €118 million is due in 2010. Agreements with a term of up to five years – with expenditures in 2010 amounting to €74 million (including €14 million to affiliated companies) – are expected to account for a total of €150 million (including €40 million to affiliated companies). For agreements with terms of up to 25 years, the financial obligations over the entire remaining contractual term amount to approximately €476 million, including €75 million to affiliated companies (€44 million in 2010, including €11 million to affiliated companies).

Around 38 hectares of land (carrying amount €3 million) are encumbered by heritable building rights.

In the course of the acquisition of a 100% interest in LeasePlan Corporation N.V., Amsterdam, and the subsequent sale of 50% of the shares to two co-investors, Volkswagen AG reached an agreement with the co-investors on put options entitling these investors to sell their shares to Volkswagen AG. On December 22, 2008, the co-investors announced that they would exercise their put options. In September 2009, Volkswagen agreed to purchase the shares from the co-investors for €1.4 billion in fiscal year 2010. Volkswagen plans to simultaneously transfer the purchased shares to a new co-investor, although this required the approval of the supervisory authorities at the reporting date. Approval was granted on January 12, 2010.

In the course of the formation of OOO VW Rus, a co-investor was granted a put option that entitles it to return its interest to the company (now OOO VW Group Rus) at cost plus an appropriate return after six years. The option had a fair value of €–12 million as of December 31, 2009. This amount was recognized in other provisions due to the potential exercise of the option.

Sales guarantees totaling €1.0 billion up to 2013 were entered into in the course of the sale of the gedas group; €0.3 billion of these relates to 2010.

A payment of €1.7 billion was agreed for the purchase of the 19.9% interest in Suzuki Motor Corporation.

Porsche and Volkswagen's common goal is to merge Porsche SE with Volkswagen AG in the course of 2011 provided that the legal requirements for the merger are met.

In the event that the merger of Porsche SE with Volkswagen AG does not take place, the Comprehensive Agreement stipulates that Porsche SE shall have a put option on the remaining indirect 58% interest in Porsche AG and that Volkswagen AG shall have a call option on this interest. In contrast to the provisions of the Comprehensive Agreement, in a first step Volkswagen AG acquired 49.9% (instead of 42%) of Porsche AG against a cash contribution of €3.9 billion. The put and call options were reduced accordingly. The nominal value of the options amounts to €3,883 million in each case and the fair values are €–65 million and €48 million respectively. The fair value of the options is reported under receivables from or liabilities to affiliated companies.

The right of the shareholders of Porsche Gesellschaft m.b.H., Salzburg, to sell that company's operating trading business is agreed in the Comprehensive Agreement. The nominal value of this option amounts to €3,382 million. From Volkswagen AG's perspective, the option has a fair value of €0 million.

In accordance with Art. 5(10) of the statutes of the Einlagensicherungsfonds (deposit protection fund), Volkswagen AG has given an undertaking to indemnify Bundesverband deutscher Banken e.V., Cologne, against any losses incurred that are attributable to measures taken by it in favor of a majority-owned bank.

Volkswagen AG has liabilities from its investments in commercial partnerships.

The purchase commitment for capital expenditure projects is within the normal levels.

Derivatives

€ MILLION	NOTIONAL AMOUNT		FAIR VALUE	
Type and volume	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
Interest rate swaps	0	1		
negative fair values			0	0
Cross-currency swaps	146	–		
negative fair values			– 4	–
Currency futures contracts	18,698	21,986	1,092	1,500
thereof: currency purchases	3,478	3,164		
thereof: positive fair values			10	64
negative fair values			– 74	– 58
thereof: currency sales	15,219	18,822		
thereof: positive fair values			1,272	1,849
negative fair values			– 116	– 355
Currency option contracts	3,662	9,939		
positive fair values			186	1,008
Commodity futures contracts	1,288	1,128		
thereof: positive fair values			365	3
negative fair values			– 6	– 342

MEASUREMENT METHODS

The fair values of the derivatives generally correspond to the market or quoted market price. If no active market exists, fair value is determined using valuation techniques, such as by discounting the future cash flows at the market interest rate, or by using recognized option pricing models, and verified by confirmations from the banks that handle the transactions. The following term structures were used for the calculation:

in %	EUR	USD	GBP	JPY	RUB	CHF	SEK	CZK	MXN
Interest rate for six months	0.994	0.430	0.839	0.480	7.460	0.338	0.698	1.820	4.840
Interest rate for one year	1.248	0.984	1.248	0.694	7.360	0.638	1.005	2.130	5.060
Interest rate for five years	2.805	2.929	3.390	0.696	7.950	1.710	2.850	2.990	7.239
Interest rate for ten years	3.598	3.918	4.088	1.408	8.200	2.500	3.583	3.520	7.965

Balance sheet items and carrying amounts

Derivatives are contained in the following balance sheet items at the amounts shown:

€ million		CARRYING AMOUNT	
Type	Balance sheet item	Dec. 31, 2009	Dec. 31, 2008
Option premiums	Other assets	100	253
Expected losses from open currency forwards	Other provisions	194	385
Expected losses from open commodity future contracts	Other provisions	6	342
Deferred interest from interest rate swaps and cross-currency swaps	Bank balances/Liabilities to banks	0	0

Long-term investments were recognized at a carrying amount of €4,353 million. Their fair value was €4,297 million. We have not recognized a write-down, as either the decline in the value of the funds that were observed was less than 10% on average in 2009 or the difference in the six months prior to the balance sheet date did not exceed 20%.

Income Statement Disclosures

(12) SALES

€ million	2009	%	2008	%
by region				
Germany	22,274	46.5	22,335	39.4
Europe (excl. Germany)	18,626	38.9	25,911	45.6
North America	2,602	5.4	3,571	6.3
South America	382	0.8	485	0.9
Africa	882	1.8	1,055	1.9
Asia-Pacific	3,099	6.5	3,353	5.9
Total	**47,864**	**100.0**	**56,710**	**100.0**
by segment				
Vehicle sales	32,206	67.3	38,406	67.7
Genuine parts	4,021	8.4	3,989	7.0
Other sales	11,637	24.3	14,315	25.3
Total	**47,864**	**100.0**	**56,710**	**100.0**

Other sales relate primarily to intra-Group deliveries to our subsidiaries and to sales of components and parts to third parties.

(13) OTHER OPERATING INCOME

€ million	2009	2008
Other operating income	4,435	5,238
thereof income from the reversal of special tax-allowable reserves	– 6	– 5

Other operating income relates primarily to exchange rate gains from our deliveries of goods and services (€1.6 billion), cost allocations (€1.5 billion) and income from the reversal of provisions (€0.9 billion).

(14) OTHER OPERATING EXPENSES

€ million	2009	2008
Other operating expenses	2,717	3,775
thereof appropriations to special tax-allowable reserves	– 0	– 0

Other operating expenses primarily relate to exchange rate losses from our deliveries of goods and services, including the measurement of our foreign currency hedging transactions – in accordance with the strict imparity principle (under which expected or unrealized losses must be recognized, but the recognition of unrealized gains is prohibited) – (€1.4 billion) after elimination against the provisions recognized in the previous year, and expenses for subsidiaries that are allocated to these companies (€1.0 billion).

The insignificant amount of accelerated tax depreciation contained in appropriations to the special tax-allowable reserves relates to fixed assets.

(15) FINANCIAL RESULT

€ million	2009	2008
Income and expenses from investments	4,931	4,562
Interest income and expense	– 522	148
Other financial result	44	– 22
	4,453	4,688

INCOME AND EXPENSES FROM INVESTMENTS

€ million	2009	2008
Income from investments	1,717	1,665
thereof from affiliated companies	(1,452)	(1,145)
Income from profit and loss transfer agreements	3,303	2,923
Other investment income	131	146
Other investment expenses	122	81
Cost of loss absorption	98	91
	4,931	4,562

Income from investments primarily comprises income from Global Automotive C. V., VW Logistics GmbH &Co. OHG, our Chinese joint ventures, Scania AB, MAN AG and SEAT S.A. Income from profit and loss transfer agreements (primarily from AUDI AG, Financial Services AG, AutoVision GmbH, the VW Sachsen companies and VW Kraftwerk GmbH) also includes allocations of income-related taxes.

Other investment income relates primarily to income from the reversal of a write-down of the carrying amount of an investment in VW of South Africa, income from the reversal of a write-down in connection with a capital repayment by SEAT S. A. and income from the reversal of provisions.

Other investment expenses mainly comprise expenses from the transfer of investment income to an affiliated company.

Interest income and expense

€ million	2009	2008
Income from other investments and long-term loans	120	346
thereof from affiliated companies	(10)	(18)
Other interest and similar income	294	590
thereof from affiliated companies	(146)	(236)
Interest and similar expenses	936	788
thereof to affiliated companies	(623)	(676)
	– 522	**148**

Interest income and expense includes expenses from the factoring business (financing of non-interest-bearing trade receivables), primarily with our Group company Volkswagen Group Services S. A. This item also includes income and expenses from interest rate hedges.

Other financial result

€ million	2009	2008
Loss/gain on sales of securities	44	– 22
	44	**– 22**

Other taxes

The other taxes allocated to the consuming functions amounted to €30 million (previous year: €35 million). They relate mainly to vehicle and land taxes.

NOTICES AND DISCLOSURE OF CHANGES REGARDING THE OWNERSHIP OF VOTING RIGHTS IN VOLKSWAGEN AG IN ACCORDANCE WITH SECTION 21 AND SECTION 26 OF THE WERTPAPIERHANDELSGESETZ (WPHG – GERMAN SECURITIES TRADING ACT)

1) The following persons notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen Aktiengesellschaft in each case exceeded the threshold of 50% on January 5, 2009 and in each case amounted to 50.76% (149,696,680 voting rights) at this date. All of the above-mentioned 149,696,680 voting rights are attributable to each of the persons making the notification in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The voting rights attributable to the persons making the notifications are held via subsidiaries within the meaning of section 22(3) of the WpHG, whose attributable share of the voting rights amounts to 3% or more and whose names are given in brackets:

Mag. Josef Ahorner, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/ Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Mag. Louise Kiesling, Austria
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Prof. Ferdinand Alexander Porsche, Austria
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Dr. Oliver Porsche, Austria
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Kai Alexander Porsche, Austria
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Mark Philipp Porsche, Austria
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Gerhard Anton Porsche, Austria
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Ing. Hans-Peter Porsche, Austria
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Peter Daniell Porsche, Austria
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Dr. Wolfgang Porsche, Germany
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Ferdinand Porsche Holding GmbH, Salzburg/Austria
(Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

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Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria
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(Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ferdinand Alexander Porsche GmbH, Grünwald/Germany
(Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Gerhard Porsche GmbH, Grünwald/Germany
(Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ing. Hans-Peter Porsche GmbH, Salzburg/Austria
(Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Hans-Peter Porsche GmbH, Grünwald/Germany
(Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Wolfgang Porsche GmbH, Grünwald/Germany
(Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Familie Porsche Beteiligung GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Porsche GmbH, Stuttgart/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Dr. Hans Michel Piëch, Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Hans Michel Piëch GmbH, Grünwald/Germany; Dr. Hans Michel Piëch GmbH, Salzburg/Austria),

Dr. Hans Michel Piëch GmbH, Salzburg/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Hans Michel Piëch GmbH, Grünwald/Germany),

Hans Michel Piëch GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Dipl.-Ing. Dr. h.c. Ferdinand Piëch, Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria; Ferdinand Karl Alpha Privatstiftung, Vienna/Austria),

Ferdinand Karl Alpha Privatstiftung, Vienna/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria),

Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany),

Ferdinand Piëch GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany).

2) Porsche Holding Gesellschaft m.b.H., Salzburg/Austria, and Porsche GmbH, Salzburg/Austria, notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen Aktiengesellschaft in each case exceeded the threshold of 50% on January 5, 2009 and in each case amounted to 53.13% (156,702,015 voting rights) at this date.

All the above-mentioned 156,702,015 voting rights are attributable to Porsche Holding Gesellschaft m.b.H. in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The companies via which the voting rights are actually held and whose attributable share of the voting rights amounts to 3% or more are:
– Porsche GmbH, Salzburg/Austria;
– Porsche GmbH, Stuttgart/Germany;
– Porsche Automobil Holding SE, Stuttgart/Germany.

Of the above-mentioned 156,702,015 voting rights, 50.76% (149,696,753 voting rights) is attributable to Porsche GmbH, Salzburg/Austria, in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The companies via which the voting rights are actually held and whose attributable share of the voting rights amounts to 3% or more are:
– Porsche GmbH, Stuttgart/Germany;
– Porsche Automobil Holding SE, Stuttgart/Germany.
Date of notification: January 12, 2009

Disclosure in accordance with section 26(1) of the Wertpapierhandelsgesetz
Porsche Automobil Holding SE, Stuttgart, Germany has notified us in accordance with section 21(1) of the WpHG that its share of the voting rights in Volkswagen Aktiengesellschaft, Wolfsburg, Germany, exceeded the threshold of 50% on January 5, 2009 and amounted to 50.76% (149,696,680 voting rights) at this date.
Date of notification: January 8, 2009

Qatar

Release according to § 26 section (1) of the German Securities Trading Law of an announcement according to § 21 section (1) of the German Securities Trading Law (Wertpapierhandelsgesetz)

(1) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of the State of Qatar, acting by and through the Qatar Investment Authority, Doha, Qatar, that its indirect voting rights in Volkswagen Aktiengesellschaft

(a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date

(i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the State of Qatar pursuant to section 22 (1) sentence 1 no. 1 WpHG.

(b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date

(i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of section 25 (1)

sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the State of Qatar pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Voting rights that are attributed to the State of Qatar pursuant to lit. (a) and (b) above are held via the following entities which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more:

(aa) Qatar Investment Authority, Doha, Qatar;
(bb) Qatar Holding LLC, Doha, Qatar;
(cc) Qatar Holding Luxembourg II S.à.r.l., Luxembourg; Luxembourg;
(dd) Qatar Holding Netherlands B.V., Amsterdam, The Netherlands.

(2) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of the Qatar Investment Authority, Doha, Qatar, that its indirect voting rights in Volkswagen Aktiengesellschaft

(a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date

(i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the Qatar Investment Authority pursuant to section 22 (1) sentence 1 no. 1 WpHG.

(b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date

(i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the Qatar Investment Authority pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Voting rights that are attributed to the Qatar Investment Authority pursuant to lit. (a) and (b) above are held via the entities as set forth in (1) (bb) through (dd) which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more.

(3) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of Qatar Holding LLC, Doha, Qatar, that its direct and indirect voting rights in Volkswagen Aktiengesellschaft

(a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date

(i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) 6.78% (20,011,000 voting rights) of which are attributed to Qatar Holding LLC pursuant to section 22 (1) sentence 1 no. 1 WpHG.

(b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date

(i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) 6.78% (20,011,000 voting rights) of which are attributed to Qatar Holding LLC pursuant to section 2 (1) sentence 1 no. 1 WpHG.

Voting rights that are attributed to Qatar Holding LLC pursuant to lit. (a) and (b) above are held via the entities as set forth in (1) (cc) through (dd) which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more.

Release according to § 26 section (1) of the German Securities Trading Law of an announcement according to § 21 section (1) of the German Securities Trading Law (Wertpapierhandelsgesetz)

(1) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of Qatar Holding Luxembourg II S.à.r.l., Luxembourg, Luxembourg, that its indirect voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date, all of which are attributed to Qatar Holding Luxembourg II S.à.r.l. pursuant to section 22 (1) sentence 1 no.1 WpHG.

Voting rights that are attributed to Qatar Holding Luxembourg II S.à.r.l. are held via the following entities which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more:

(a) Qatar Holding Netherlands B.V., Amsterdam, The Netherlands;
(b) Qatar Holding Germany GmbH, Frankfurt am Main, Germany.

2) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of Qatar Holding Netherlands B.V., Amsterdam, The Netherlands, that its indirect voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date, all of which are attributed to Qatar Holding Luxembourg II S.à.r.l. pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Voting rights that are attributed to Qatar Holding Netherlands B.V. are held via the entity as set forth in (1) (b) which is controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amounts to 3% or more.

(3) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of Qatar Holding Germany GmbH, Frankfurt am Main, Germany, that its direct voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 3%, 5%, 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date.

State of Lower Saxony

The State of Lower Saxony notified us on January 15, 2010 that it held a total of 59,022,310 ordinary shares as of December 31, 2009. It held 440 VW ordinary shares directly and 59,021,870 ordinary shares indirectly via Hannoversche Beteiligungsgesellschaft mbH (HanBG), which is owned by the State of Lower Saxony.

RECONCILIATION OF NET INCOME TO NET RETAINED PROFITS

€ million	2009	2008
Net income for the year	1,082	827
Retained profits brought forward	2	24
Appropriations to revenue reserves		
to other revenue reserves	– 200	– 70
Net retained profits	**884**	**781**

TOTAL EXPENSE FOR THE PERIOD

Cost of materials

€ million	2009	2008
Cost of raw materials, consumables and supplies, and of purchased merchandise	35,906	44,289
Cost of purchased services	2,053	2,277
	37,959	**46,566**

Personnel expenses

€ million	2009	2008
Wages and salaries	4,868	4,882
Social security and other pension costs	1,777	1,501
- thereof in respect of old age pensions	(905)	(640)
	6,645	**6,383**

OTHER DISCLOSURES

The tax expense is attributable to the result from ordinary activities.

Net income for the year improved as a result of tax measures in 2009 and in previous years. These relate primarily to the reversal of special reserves for accelerated tax depreciation. Without these measures, net income would have been approximately €4 million lower. In the following year, the planned reversal of special reserves will probably result in a positive effect on net income amounting to approximately €4 million. Expenses attributable to other fiscal years, primarily for warranties and other sales-related provisions, amounted to €140 million (previous year: €108 million). Prior-period income amounts to €687 million (previous year: €752 million). This relates in particular to income from the reversal of provisions recognized in previous years and contained in other operating income.

WRITE-DOWNS

€ million	2009	2008
of long-term financial assets		
affiliated companies	290	–
other loans	0	–
long-term investments	**–**	**35**
	290	**35**

AVERAGE NUMBER OF EMPLOYEES OF VOLKSWAGEN AG DURING THE YEAR

	2009	2008
by group		
Performance-related wage-earners	44,669	44,929
Time-rate wage-earners	21,462	19,395
Salaried employees	28,961	27,807
	95,092	92,131
Vocational trainees	4,069	4,021
	99,161	**96,152**
by plant		
Wolfsburg	53,763	49,789
Hanover	12,778	12,937
Braunschweig	5,517	5,688
Kassel	13,501	13,686
Emden	7,616	7,825
Salzgitter	5,986	6,227
	99,161	**96,152**

Information about the composition of the Board of Management and the Supervisory Board, on changes in these executive bodies and on the memberships of members of the Board of Management and the Supervisory Board of other statutory supervisory boards and comparable supervisory bodies is contained on page 42 ff of this report.

RELATED PARTY DISCLOSURES

Related parties as defined by IAS 24 are natural persons and entities that Volkswagen AG has the ability to control or on which it can exercise significant influence, or natural persons and entities that have the ability to control or exercise significant influence on Volkswagen AG, or are influenced by another related party of Volkswagen AG.

At the beginning of fiscal year 2009, the interest held by Porsche Automobil Holding SE, Stuttgart, in Volkswagen AG's ordinary shares exceeded the 50% threshold. From this date, Porsche Automobil Holding SE held a 50.76% majority of the voting rights.

The creation of rights of appointment for the State of Lower Saxony was resolved at the Extraordinary General Meeting of Volkswagen AG on December 3, 2009. As a result, Porsche Automobil Holding SE can no longer appoint the majority of the members of Volkswagen AG's Supervisory Board for as long as the State of Lower Saxony holds at least 15% of Volkswagen AG's ordinary shares. The resolutions have not yet been entered in the commercial register. However, Porsche Automobil Holding SE also has the power to participate in the operating policy decisions of the Volkswagen Group. Prior to this, the Supervisory Board of Volkswagen approved the Comprehensive Agreement between Volkswagen AG, Porsche Automobil Holding SE, Porsche Holding Gesellschaft m.b. H., Salzburg, and Porsche GmbH, Salzburg, Porsche Zwischenholding GmbH, Stuttgart, the ordinary shareholders of Porsche Automobil Holding SE and the employee representatives of Volkswagen AG, Porsche Automobil Holding SE and Dr. Ing. h.c. F. Porsche AG, Stuttgart, to create an integrated automotive group led by Volkswagen.

In the course of the performance of these agreements, on December 7, 2009 Volkswagen acquired an equity interest of 49.9% in Porsche Zwischenholding GmbH, which is the parent and holds 100% of the shares of Dr. Ing. h.c. F. Porsche AG. On the basis of agreements under company law, Volkswagen shares the management of Porsche Zwischenholding GmbH with Porsche Automobil Holding SE. Porsche Automobil Holding SE indemnifies Volkswagen AG and Porsche Zwischenholding GmbH against obligations arising from certain legal disputes, from tax claims and from certain substantial losses that arose before the agreement between Porsche Automobil Holding SE and Volkswagen AG on the investment by Volkswagen AG in Dr. Ing. h.c. F. Porsche AG entered into as part of the implementation of the Comprehensive Agreement was signed. Porsche Automobil Holding SE has also granted guarantees to Volkswagen AG in respect of Porsche Zwischenholding GmbH and Dr. Ing. h. c. F. Porsche AG. In return, Volkswagen AG has indemnified Porsche Automobil Holding SE internally from claims by the Einlagensicherungsfonds (German deposit protection fund) after Porsche Automobil Holding SE submitted an indemnification agreement required by the Bundesverband Deutscher Banken (Association of German Banks) to the Einlagensicherungsfonds in August 2009. Volkswagen AG has undertaken to indemnify the Einlagensicherungsfonds from any losses caused by measures taken in favor of a bank in which Volkswagen AG holds a majority interest.

Furthermore, in the event that the merger of Porsche Automobil Holding SE with Volkswagen AG that is planned under the Comprehensive Agreement does not take place, Volkswagen AG and Porsche Automobil Holding SE have agreed mutually exercisable call and put options in respect of the remaining interest in Porsche Zwischenholding GmbH. The put option is exercisable from November 15, 2012 to January 14, 2013 inclusive and again from December 1, 2014 to January 31, 2015 inclusive; the call option may be exercised from March 1, 2013 to April 30, 2013 inclusive and again from August 1, 2014 to September 30, 2014 inclusive.

In addition, Volkswagen has granted a put option to Porsche Holding Gesellschaft m. b. H. a company owned by the Porsche and Piëch families, relating to the operating trading business of the company. In return, Volkswagen was granted rights of involvement in the management of the company during the term of the option.

According to a notification dated January 15, 2010, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft mbH, Hanover, held 20.01% of the voting rights of Volkswagen AG on December 31, 2009. As mentioned above, the General Meeting of Volkswagen AG on December 3, 2009 also resolved that the State of Lower Saxony may appoint two members of the Supervisory Board (right of appointment).

Members of the Board of Management and Supervisory Board of Volkswagen AG are members of supervisory and management boards or shareholders of other companies with which Volkswagen AG has relations in the normal course of business.

The amounts of the supplies and services transacted between Volkswagen AG and related parties (consolidated and unconsolidated subsidiaries, joint ventures, associates, Porsche Automobile Holding SE, Stuttgart, Porsche Zwischenholding GmbH, Stuttgart, Porsche Holding Gesellschaft m.b.H., Salzburg/Austria and their affiliated companies as well as other related parties) are presented in the following tables:

RELATED PARTIES

€ million	SUPPLIES AND SERVICES RENDERED 2009	SUPPLIES AND SERVICES RECEIVED 2008
Porsche Automobil Holding SE	0	392
Supervisory Board members	–	–
Group Board of Management	0	–
Consolidated subsidiaries	6,623	3,440
Unconsolidated subsidiaries	640	304
Joint ventures[1]	1,279	329
Associates	4	54
Pension plans	1	–
Other related parties	1	9
Porsche[2]	2,144	53
State of Lower Saxony and majority interests	10	0

1 Including Porsche Zwischenholding GmbH, Stuttgart, and its subsidiaries from December 7, 2009.
2 Includes in particular Porsche Holding Gesellschaft m. b. H., Salzburg/Austria, and its subsidiaries as well as Porsche Zwischenholding GmbH, Stuttgart, and its subsidiaries up to December 6, 2009.

€ million	INCOME FROM PROFIT AND LOSS TRANSFER AGREEMENTS 2009	INTEREST INCOME 2009	INTEREST EXPENSE 2009	CREDIT LINES GRANTED 2009
Porsche Automobil Holding SE	–	–	–	–
Supervisory Board members	–	–	–	–
Group Board of Management	–	–	–	–
Consolidated subsidiaries	1,845	53	153	561
Unconsolidated subsidiaries	13	2	1	59
Joint ventures[1]	–	–	28	–
Associates	–	–	–	–
Pension plans	–	–	–	–
Other related parties	–	0	–	0
Porsche[2]	–	16	–	–
State of Lower Saxony and majority interests	–	–	–	–

1 Including Porsche Zwischenholding GmbH, Stuttgart, and its subsidiaries from December 7, 2009.
2 Includes in particular Porsche Holding Gesellschaft m. b. H., Salzburg/Austria, and its subsidiaries as well as Porsche Zwischenholding GmbH, Stuttgart, and its subsidiaries up to December 6, 2009.

Collateral worth €618 million was granted for consolidated subsidiaries.

Volkswagen AG paid Porsche Automobil Holding SE €3.9 billion for the acquisition of the shares of Porsche Zwischenholding GmbH.

The Company extended financing of €0.7 billion to Porsche; €0.2 billion of this amount was still outstanding at the reporting date.

In fiscal year 2009, Porsche Corporate Finance GmbH Zurich branch, Salzburg, Austria, subscribed for three commercial paper issues by Volkswagen International Finance N.V., Amsterdam, the Netherlands, with a total volume of €0.1 billion, which are guaranteed by Volkswagen AG.

Loans to joint ventures were repaid in the amount of €1.8 billion. Collateral amounting to €5,961 million was granted for these companies.

The Board of Management and Supervisory Board of the Volkswagen Group are related parties. The following benefits and remuneration were recorded for these persons:

€	2009	2008
Short-term benefits	22,588,862	22,508,592
Termination benefits	–	–
Post-employment benefits	3,025,899	3,237,434
Share-based payment	–	39,000
	25,614,761	**25,785,026**

There are outstanding balances for bonuses of the Board of Management members in the amount of €13,100,000 at the end of the fiscal year (previous year: €12,500,000). The post-employment benefits relate to additions to pension provisions for current members of the Board of Management. The expenses shown above do not correspond to the definition of remuneration of members of the Board of Management and the Supervisory Board in accordance with the German Corporate Governance Code.

REMUNERATION OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

€	2009	2008
Board of Management remuneration		
Non-performance-related remuneration	5,623,917	5,346,622
Performance-related remuneration	13,100,000	12,500,000
Stock options exercised or subscribed	–	27,535,750
Fair value of stock options held at reporting date	0	0
Supervisory Board remuneration		
Fixed remuneration components	365,550	273,000
Variable remuneration components	3,474,964	4,301,667
Loans to Supervisory Board members	15,833	17,500

The fixed remuneration of the Board of Management also includes differing levels of remuneration for the assumption of appointments at Group companies, as well as non-cash benefits, which consist in particular of the use of company cars and the grant of insurance cover. The additional annual variable amount paid to each member of the Board of Management contains annually recurring components that are tied to the business success of the Company. It is primarily oriented on the results achieved and the financial position of the Company.

On December 31, 2009, the pension provisions for members of the Board of Management amounted to €30,043,464 (previous year: €23,236,002). Current pensions are index-linked in accordance with the index-linking of the highest collectively agreed salary insofar as the application of section 16 of the Gesetz zur Verbesserung der betrieblichen Altersversorgung (BetrAVG – German Company Pension Act) does not lead to a larger increase.

Retired members of the Board of Management and their surviving dependents received €8,252,535 (previous year: €8,155,043). Provisions for pensions for this group of people were recognized in the amount of €86,581,736 (previous year: €85,753,340). The members of the Board of Management are entitled to the retirement pension in the event of disability, and to payment of their normal remuneration for six months in the event of illness. Surviving dependents receive a widow's pension of 66 2/3% and 20% orphan's pension per child – but no more than a maximum of 100% – based on the pension of the former member of the Board of Management.

The individual remuneration of the members of the Board of Management and the Supervisory Board is explained in the Remuneration Report in the Management Report.

Loans totaling €15,833 (redemption in 2009: €1,667) have been granted to members of the Supervisory Board. The loans generally bear interest at 4%; the agreed term is up to 15 years.

Wolfsburg, March 16, 2010

Volkswagen Aktiengesellschaft

The Board of Management

Martin Winterkorn

Francisco Javier Garcia Sanz

Jochem Heizmann

Christian Klingler

Horst Neumann

Hans Dieter Pötsch

Rupert Stadler

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Volkswagen AG, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Wolfsburg, March 16, 2010

Volkswagen Aktiengesellschaft

The Board of Management

Martin Winterkorn

Francisco Javier Garcia Sanz

Jochem Heizmann

Christian Klingler

Horst Neumann

Hans Dieter Pötsch

Rupert Stadler

Auditor’s Report

On completion of our audit, we issued the following unqualified auditors` report dated March 16, 2010/February 17, 2010. This report was originally prepared in German language. In case of ambiguities the German version shall prevail:

Auditor’s Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statement supplemented with contingencies and commitments and related party disclosures, together with the bookkeeping system, and the management report, which is combined with the group management report of VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, for the business year from January 1 to December 31, 2009. As required by Article 10 (4) EnWG ("Energiewirtschaftsgesetz", "German Energy Industry Law"), the audit also included the company's observance of obligations for the unbundling of internal accounting pursuant to Article 10 (3) EnWG. The maintenance of the books and records and the preparation of the annual financial statements and the combined management report in accordance with German commercial law as well as the observance of the obligations pursuant to Article 10 (3) EnWG are the responsibility of the Company’s Board of Management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the combined management report and on the internal accounting pursuant to Article 10 (3) EnWG based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the combined management report are detected with reasonable assurance and to obtain reasonable assurance about whether, in all material respects, the obligations pursuant to Article 10 (3) EnWG have been observed. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the combined management report, as well as in the internal accounting pursuant to Article 10 (3) EnWG are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company’s Board of Management, as well as evaluating the overall presentation of the annual financial statements and the combined management report, and assessing whether the amounts stated and the classification of accounts in the internal accounting pursuant to Article 10 (3) EnWG are appropriate and comprehensible and whether the principle of consistency has been observed. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The combined management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

The audit of the observance of obligations for the unbundling of internal accounting pursuant to Article 10 (3) EnWG has not led to any reservations.

Hanover, March 16, 2010 / February 17, 2010

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Harald Kayser	ppa. Martin Schröder
Wirtschaftsprüfer	Wirtschaftsprüfer

Executive Bodies

Members of the Board of Management and their Appointments

APPOINTMENTS: AS OF DECEMBER 31, 2009

PROF. DR. RER. NAT.
MARTIN WINTERKORN (62)
Chairman (since January 1, 2007),
Research and Development
July 1, 2000*
Chairman of the Executive Board of
Porsche Automobil Holding SE
November 25, 2009*
Appointments:
○ FC Bayern München AG, Munich
○ Salzgitter AG, Salzgitter
⊙ Porsche Ges.m.b.H., Salzburg
⊙ Porsche Holding GmbH, Salzburg

DR. RER. POL. H.C.
FRANCISCO JAVIER
GARCIA SANZ (52)
Procurement
July 1, 2001*

PROF. DR. RER. POL.
JOCHEM HEIZMANN (58)
Production
January 11, 2007*
Appointments:
○ Lufthansa Technik AG, Hamburg

CHRISTIAN KLINGLER (41)
Sales and Marketing
January 1, 2010*

DR. RER. POL.
HORST NEUMANN (60)
Human Resources and Organization
December 1, 2005*
Appointments:
○ Wolfsburg AG, Wolfsburg

HANS DIETER PÖTSCH (58)
Finance and Controlling
January 1, 2003*
Chief Financial Officer of
Porsche Automobil Holding SE
November 25, 2009*
Appointments:
○ Allianz Versicherungs-AG, Munich
○ Bizerba GmbH & Co. KG, Balingen
(until December 31, 2009)
⊙ Porsche Ges.m.b.H., Salzburg
⊙ Porsche Holding GmbH, Salzburg

RUPERT STADLER (46)
Chairman of the Board of Management of
AUDI AG
January 1, 2010*

As part of their duty to manage and supervise the Group's business, the members of the Board of Management hold other offices on the supervisory boards of consolidated Group companies and other significant investees.

○ Membership of statutory supervisory boards in Germany.
⊙ Comparable appointments in Germany and abroad.

* The date signifies the beginning or period of membership of the Board of Management.

Members of the Supervisory Board and their Appointments

APPOINTMENTS: AS OF DECEMBER 31, 2009

HON.-PROF. DR. TECHN. H.C. DIPL.-ING. ETH FERDINAND K. PIËCH (72)
Chairman
April 16, 2002*
Appointments:
○ AUDI AG, Ingolstadt
○ Dr. Ing. h.c. F. Porsche AG, Stuttgart
○ MAN SE, Munich (Chairman)
○ Porsche Automobil Holding SE, Stuttgart
⊙ Porsche Ges.m.b.H., Salzburg
⊙ Porsche Holding GmbH, Salzburg

JÜRGEN PETERS (65)
Deputy Chairman
November 1, 2003*
Appointments:
Salzgitter AG, Salzgitter (Deputy Chairman)

JÖRG BODE (39)
Minister of Economic Affairs, Labor and Transport for the Federal State of Lower Saxony
November 4, 2009*
Appointments:
○ Deutsche Messe AG, Hanover

DR. JUR. KLAUS LIESEN (78)
July 2, 1987 – May 3, 2006*
Honorary Chairman of the Supervisory Board of Volkswagen AG (since May 3, 2006)

DR. JUR. MICHAEL FRENZEL (62)
Chairman of the Board of Management of TUI AG
June 7, 2001*
Appointments:
○ AWD Holding AG, Hanover
○ AXA Konzern AG, Cologne
○ E.ON Energie AG, Munich
● Hapag-Lloyd AG, Hamburg (Chairman)
● Hapag-Lloyd Fluggesellchaft mbH, Hanover (Chairman)
● TUI Cruises GmbH, Hamburg
● TUI Deutschland GmbH, Hanover (Chairman)
⊙ Preussag North America, Inc., Atlanta (Chairman)
⊙ TUI China Travel Co. Ltd., Beijing
⊙ TUI Travel PLC, Crawley

BABETTE FRÖHLICH (44)
IG Metall,
Head of Strategic Planning
October 25, 2007*
Appointments:
○ MTU Aero Engines Holding AG, Munich

DR. JUR. HANS MICHAEL GAUL (67)
June 19, 1997*
Appointments:
○ Evonik Industries AG, Essen
○ EWE AG, Oldenburg
○ HSBC Trinkaus & Burkhardt AG, Düsseldorf
○ IVG Immobilien AG, Bonn
○ Siemens AG, Munich
○ VNG – Verbundnetz Gas AG, Leipzig

DR. ING. JÜRGEN GROSSMANN (57)
Chairman of the Board of Management of RWE AG;
Partner, Georgsmarienhütte Holding GmbH
May 3, 2006*
Appointments:
○ Amprion GmbH, Dortmund (Chairman)
○ BATIG Gesellschaft für Beteiligungen mbH, Hamburg
○ British American Tobacco (Germany) GmbH, Hamburg
○ British American Tobacco (Industrie) GmbH, Hamburg
○ Deutsche Bahn AG, Berlin
○ Surteco SE, Buttenwiesen-Pfaffenhofen (Chairman)
⊙ Hanover Acceptances Ltd., London

HOLGER P. HÄRTER (53)
May 3, 2006 – July 23, 2009*

WALTER HIRCHE (69)
April 8, 2003 – April 23, 2009*

PETER JACOBS (52)
Chairman of the Works Council at the Volkswagen AG Emden plant
April 19, 2007*
Appointments:
○ Volkswagen Belegschaftsgenossenschaft für Regenerative Energien am Standort Emden eG, Emden
⊙ Volkswagen Coaching GmbH, Wolfsburg

○ Membership of statutory supervisory boards in Germany.
● Group appointments to statutory supervisory boards.
⊙ Comparable appointments in Germany and abroad.

* The date signifies the beginning or period of membership of the Supervisory Board.

HARTMUT MEINE (57)
Director of the Lower Saxony and Saxony-Anhalt Regional Office of IG Metall
December 30, 2008*
Appointments:
○ Continental AG, Hanover
○ KME Germany AG, Osnabrück

PETER MOSCH (38)
Chairman of the General Works Council of AUDI AG
January 18, 2006*
Appointments:
○ AUDI AG, Ingolstadt
○ Porsche Automobil Holding SE, Stuttgart

ROLAND OETKER (60)
Managing Partner of ROI Verwaltungsgesellschaft mbH;
Hon. President of Deutsche Schutzvereinigung für Wertpapierbesitz e.V.
June 19, 1997*
Appointments:
○ Deutsche Post AG, Bonn
⊙ Dr. August Oetker KG-Gruppe, Bielefeld (Deputy Chairman)
⊙ RAG Foundation, Essen

BERND OSTERLOH (53)
Chairman of the General and Group Works Councils of Volkswagen AG
January 1, 2005*
Appointments:
○ Autostadt GmbH, Wolfsburg
○ Porsche Automobil Holding SE, Stuttgart
○ Wolfsburg AG, Wolfsburg
⊙ Auto 5000 GmbH, Wolfsburg
⊙ Projekt Region Braunschweig GmbH, Braunschweig
⊙ VfL Wolfsburg-Fußball GmbH, Wolfsburg
⊙ Volkswagen Coaching GmbH, Wolfsburg

DR. JUR. HANS MICHEL PIËCH (68)
Lawyer in private practice
August 7, 2009*
Appointments:
○ AUDI AG, Ingolstadt
○ Dr. Ing. h.c. F. Porsche AG, Stuttgart
○ Porsche Automobil Holding SE, Stuttgart
⊙ Porsche Bank AG, Salzburg
⊙ Porsche Cars Great Britain Ltd., Reading
⊙ Porsche Cars North America Inc., Wilmington
⊙ Porsche Ges.m.b.H., Salzburg (Deputy Chairman)
⊙ Porsche Holding GmbH, Salzburg (Deputy Chairman)
⊙ Porsche Ibérica S.A., Madrid
⊙ Porsche Italia S.p.A., Padua
⊙ Schmittenhöhebahn AG, Zell am See
⊙ Volksoper Wien GmbH, Vienna

DR. JUR. FERDINAND OLIVER PORSCHE (48)
Member of the Board of Management of Familie Porsche AG Beteiligungsgesellschaft
August 7, 2009*
Appointments:
○ AUDI AG, Ingolstadt
○ Dr. Ing. h.c. F. Porsche AG, Stuttgart
○ Porsche Automobil Holding SE, Stuttgart
○ Voith AG, Heidenheim
⊙ Eterna S.A., Grenchen
⊙ PGA S.A., Paris
⊙ Porsche Lizenz- und Handelsgesellschaft mbH & Co. KG, Bietigheim-Bissingen

DR. RER. COMM. WOLFGANG PORSCHE (66)
Chairman of the Supervisory Board of Porsche Automobil Holding SE;
Chairman of the Supervisory Board of Dr. Ing. h.c. F. Porsche AG
April 24, 2008*
Appointments:
○ Dr. Ing. h.c. F. Porsche AG, Stuttgart (Chairman)
○ Porsche Automobil Holding SE, Stuttgart (Chairman)
⊙ Eterna S.A., Grenchen (Chairman)
⊙ Familie Porsche AG Beteiligungsgesellschaft, Salzburg (Chairman)
⊙ Porsche Bank AG, Salzburg (Deputy Chairman)
⊙ Porsche Cars Great Britain Ltd., Reading
⊙ Porsche Cars North America Inc., Wilmington
⊙ Porsche Ges.m.b.H., Salzburg (Chairman)
⊙ Porsche Holding GmbH, Salzburg (Chairman)
⊙ Porsche Ibérica S.A., Madrid
⊙ Porsche Italia S.p.A., Padua

WOLFGANG RITMEIER (61)
Chairman of the Board of Management of Volkswagen Management Association (VMA)
April 19, 2007*
Appointments:
⊙ Volkswagen Pension Trust e.V., Wolfsburg

DR. MED. PHILIPP RÖSLER (36)
April 23, 2009 – October 28, 2009*

HEINRICH SÖFJER (58)
Member of the Works Council Volkswagen Commercial Vehicles
August 3, 2007*

JÜRGEN STUMPF (55)
Chairman of the Works Council at the Volkswagen AG Kassel plant
January 1, 2005*

BERND WEHLAUER (55)
Deputy Chairman of the General and Group Works Councils of Volkswagen AG
September 1, 2005*
Appointments:
○ Wolfsburg AG, Wolfsburg
⊙ Volkswagen Immobilien GmbH
⊙ Volkswagen Pension Trust e.V., Wolfsburg

DR. ING. WENDELIN WIEDEKING (57)
January 28, 2006 – July 23, 2009*

CHRISTIAN WULFF (50)
Minister-President of the Federal State of Lower Saxony
April 8, 2003*

COMMITTEES OF THE SUPERVISORY BOARD
As of December 31, 2009

Members of the Presidium
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Jürgen Peters (Deputy Chairman)
Bernd Osterloh
Dr. Wolfgang Porsche
Bernd Wehlauer
Christian Wulff

Members of the Mediation Committee in accordance with section 27(3) of the Mitbestimmungsgesetz (German Codetermination Act)
Dr. Ferdinand Oliver Porsche (Chairman)
Jürgen Peters (Deputy Chairman)
Bernd Osterloh
Christian Wulff

Members of the Audit Committee
Dr. Ferdinand Oliver Porsche (Chairman)
Bernd Wehlauer (Deputy Chairman)
Babette Fröhlich
Dr. jur. Hans Michael Gaul

Members of the Nominating Committee
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Dr. Wolfgang Porsche
Christian Wulff

Members of the Shareholder Business Relationships Committee
Roland Oetker (Chairman)
Wolfgang Ritmeier (Deputy Chairman)
Dr. jur. Michael Frenzel
Bernd Wehlauer

Members of the Committee for Special Business Relationships
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Jürgen Peters (Deputy Chairman)
Bernd Osterloh
Dr. Wolfgang Porsche
Bernd Wehlauer
Christian Wulff

○ Membership of statutory supervisory boards in Germany.
● Group appointments to statutory supervisory boards.
⊙ Comparable appointments in Germany and abroad.

* The date signifies the beginning or period of membership of the Supervisory Board.

VOLKSWAGEN

AKTIENGESELLSCHAFT

List of Shareholdings
in accordance with
sections 285 and 313 of the HGB
of Volkswagen AG
and the Volkswagen Group
as of December 31, 2009

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
I. PARENT COMPANY									
VOLKSWAGEN AG, Wolfsburg	€								
A. Consolidated companies									
1. Germany									
AUDI AG, Ingolstadt	€		99.55	-	99.55	3,451,399	-	1)	2009
Audi Retail GmbH, Ingolstadt	€		-	100.00	100.00	67,800	-	1)	2009
Audi Vertriebsbetreuungsgesellschaft mbH, Ingolstadt	€		-	100.00	100.00	100	-	1)	2009
Audi Zentrum Berlin GmbH, Berlin	€		-	100.00	100.00	1,799	-	1)	2009
Audi Zentrum Hamburg GmbH, Hamburg	€		-	100.00	100.00	13,425	-	1)	2009
Audi Zentrum Hannover GmbH, Hanover	€		-	100.00	100.00	2,464	1,285		2009
Auto 5000 GmbH, Wolfsburg	€		-	100.00	100.00	10,000	-	1)	2009
Automobilmanufaktur Dresden GmbH, Dresden	€		100.00	-	100.00	80,090	-	1)	2009
Autostadt GmbH, Wolfsburg	€		100.00	-	100.00	50	-	1)	2009
AutoVision GmbH, Wolfsburg	€		100.00	-	100.00	41,130	-	1)	2009
B+V Grundstücks- und Verwertungs GmbH, Koblenz	€		-	100.00	100.00	66,720	6,778		2008
B+V Grundstücksverwertungs-GmbH & Co KG, Koblenz	€		-	100.00	100.00	13,560	886		2008
Bugatti Engineering GmbH, Wolfsburg	€		-	100.00	100.00	25	-	1)	2008
LOCATOR Grundstücks-Vermietungsgesellschaft mbH und Volkswagen AG in GbR, Eschborn	€		-	-	-	-	-		
quattro GmbH, Neckarsulm	€		-	100.00	100.00	100	-	1)	2009
Raffay Versicherungsdienst GmbH, Hamburg	€		-	100.00	100.00	153	-	1)	2008
Scania Danmark GmbH, Flensburg	€		-	100.00	100.00	212	-3		2008
Scania Deutschland GmbH, Koblenz	€		-	100.00	100.00	35,289	0		2008
Scania Deutschland Holding GmbH, Koblenz	€		-	100.00	100.00	65,281	25,970		2008
Scania Finance Deutschland GmbH, Koblenz	€		-	100.00	100.00	32,241	2,177		2007
Scania Flensborg GmbH, Flensburg	€		-	100.00	100.00	365	72		2008
Scania Vertrieb und Service GmbH, Kerpen	€		-	94.90	94.90	1,496	823		2008
Scania Vertrieb und Service GmbH, Koblenz	€		-	100.00	100.00	5,332	0		2008
Seat Deutschland GmbH, Mörfelden-Walldorf	€		-	100.00	100.00	28,710	8,444		2009
SITECH Sitztechnik GmbH, Wolfsburg	€		-	100.00	100.00	45,834	3,109		2009
SkodaAuto Deutschland GmbH, Weiterstadt	€		-	100.00	100.00	29,783	22,749		2009
Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, Braunschweig	€		-	100.00	100.00	26	-	1)	2009
Volkswagen Automobile Berlin GmbH, Berlin	€		-	100.00	100.00	105	-3	13)	2008
Volkswagen Automobile Hamburg GmbH, Hamburg	€		-	100.00	100.00	35,394	-10,083	13)	2008
Volkswagen Bank GmbH, Braunschweig	€		-	100.00	100.00	3,579,125	-	1)	2009
Volkswagen Business Services GmbH, Braunschweig	€		-	100.00	100.00	26	-	1)	2009
VOLKSWAGEN FINANCIAL SERVICES AG, Braunschweig	€		100.00	-	100.00	3,351,495	-	1)	2009
Volkswagen Financial Services Beteiligungsgesellschaft mbH, Braunschweig	€		-	100.00	100.00	507,193	-	1)	2009
Volkswagen Gebrauchtfahrzeughandels und Service GmbH, Langenhagen	€		100.00	-	100.00	100	-	1)	2009
Volkswagen Gewerbegrund GmbH, Wolfsburg	€		100.00	-	100.00	86,012	-	1)	2009
Volkswagen Group Real Estate GmbH & Co. KG, Wolfsburg	€		-	100.00	100.00	154,330	5,780		2009
Volkswagen Immobilien Service GmbH, Wolfsburg	€		51.00	49.00	100.00	5,761	31		2009
Volkswagen Individual GmbH, Wolfsburg	€		-	100.00	100.00	7,900	-	1)	2009
Volkswagen Leasing GmbH, Braunschweig	€		-	100.00	100.00	219,123	-	1)	2009
Volkswagen Logistics GmbH & Co. OHG, Wolfsburg	€		81.00	19.00	100.00	511	201,875		2008
Volkswagen Logistics GmbH, Wolfsburg	€		100.00	-	100.00	645	102		2008
Volkswagen Original Teile Logistik Beteiligungs-GmbH, Baunatal	€		47.20	3.80	51.00	29	0		2009
Volkswagen Original Teile Logistik GmbH & Co. KG, Baunatal	€		49.08	3.87	52.95	47,000	72,547		2009
Volkswagen Reinsurance AG, Braunschweig	€		-	100.00	100.00	32,055	-	1)	2009
VOLKSWAGEN Retail GmbH, Wolfsburg	€		100.00	-	100.00	135,234	-	1)	2009
Volkswagen Sachsen GmbH, Zwickau	€		100.00	-	100.00	515,718	-	1)	2009
Volkswagen Sachsen Immobilienverwaltungs GmbH, Zwickau	€		100.00	-	100.00	76,695	-	1)	2009
Volkswagen Versicherungsvermittlung GmbH, Wolfsburg	€		-	100.00	100.00	36,969	12,821		2009
Volkswagen Zubehör GmbH, Dreieich	€		100.00	-	100.00	8,969	-	1)	2009
Volkswagen-Versicherungsdienst GmbH, Braunschweig	€		-	100.00	100.00	54,369	11,026		2009
VW Kraftwerk GmbH, Wolfsburg	€		100.00	-	100.00	99,214	-	1)	2009
VW Wohnungs GmbH & Co. KG, Wolfsburg	€		-	100.00	100.00	83,865	15,499		2009
2. International									
Aconcagua Vehiculos Comerciales S.A., Mendoza	ARS	5.4681	-	100.00	100.00	9,591	4,586		2008
Aktiebolaget Tönseth & Co, Södertälje	SEK	10.2520	-	100.00	100.00	8,015	151		2008
Astur Wagen, S.A., Gijón	€		-	100.00	100.00	3,370	-171		2008
Audi Australia Pty Limited, Botany	AUD	1.6008	-	100.00	100.00	77,946	5,991		2009
Audi Brasil Distribuidora de Veículos Ltda., São Paulo	BRL	2.5113	-	100.00	100.00	30,880	18,822		2009
AUDI BRUSSELS S.A./N.V., Brussels	€		99.99	0.01	100.00	235,800	8,911		2009
Audi Canada Inc., Ajax, Ontario	CAD	1.5128	-	100.00	100.00	11,862	13,303		2008
AUDI HUNGARIA MOTOR Kft., Györ	€		-	100.00	100.00	4,621,423	291,203		2009
Audi Japan K.K., Tokyo	JPY	133.1600	-	100.00	100.00	6,013,276	15,324		2009
Audi of America, LLC, Herndon, Virginia	USD	1.4406	-	100.00	100.00	48,218	35,250		2008
Audi Volkswagen Korea Ltd., Seoul	KRW	1,666.9700	-	100.00	100.00	18,351,407	581,126		2009
Audi Volkswagen Middle East FZE, Dubai	USD	1.4406	-	100.00	100.00	34,312	8,468		2009
AUTO€OPA-AUTOMÓVEIS LDA., Palmela	€		-	100.00	100.00	370,855	14,288		2009
Automobili Lamborghini Holding S.p.A., Sant´ Agata Bolognese	€		-	100.00	100.00	768,320	-38,338		2009
Automobili Lamborghini S.p.A., Sant´ Agata Bolognese	€		-	100.00	100.00	343,975	-31,802		2009
Automotores del Atlantico S.A., Mar de Plata	ARS	5.4681	-	100.00	100.00	13,160	3,572		2008
Automotores Pesados S.A., Tucuman	ARS	5.4681	-	99.38	99.38	22,477	6,546		2008
Banco Volkswagen S.A., São Paulo	BRL	2.5113	-	100.00	100.00	1,161,305	241,168		2008
Barna Wagen, S.A., Barcelona	€		-	100.00	100.00	-	-1,563		2008
Beers N.V., The Hague	€		-	100.00	100.00	149,581	26,718		2008
Bentley Motor Cars Export Ltd., Crewe	GBP	0.8881	-	100.00	100.00	-	-	5)	2008
Bentley Motor Cars International S.A., Lausanne	CHF	1.4836	-	100.00	100.00	4,733	126	2)	2008
Bentley Motors Canada Ltd./Ltee., Montreal	CAD	1.5128	-	100.00	100.00	1,578	475		2007
Bentley Motors Ltd., Crewe	GBP	0.8881	100.00	-	100.00	-	-92,200		2008
Bentley Motors, Inc., Boston	USD	1.4406	-	100.00	100.00	-	-	11)	2008
Bugatti Automobiles S.A.S., Molsheim	€		-	100.00	100.00	20,578	351		2009
Bugatti International S.A., Luxembourg	€		100.00	-	100.00	3,163	914		2008
Castellana Wagen, S.A., Madrid	€		-	100.00	100.00	4,939	-1,265		2008
Cataluña Wagen, S.A., Barcelona	€		-	100.00	100.00	4,623	-858		2008
Centro Técnico de SEAT, S.A., Martorell	€		-	100.00	100.00	133,285	887		2009
Codema Coml Import LTDA, Guarulhos	BRL	2.5113	-	99.99	99.99	95,798	12,150		2008

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Conimco NV, Drongen	€		-	99.90	99.90	3,183	420		2008
Consórcio Nacional Volkswagen - Administradora de Consórcio Ltda., São Paulo	BRL	2.5113	-	100.00	100.00	114,905	37,458		2008
Crewe Genuine Ltd., Crewe	GBP	0.8881	-	100.00	100.00	-	-	5)	2008
Din Bil Fastigheter Malmö AB, Malmö	SEK	10.2520	-	100.00	100.00	689	48		2008
Din Bil Helsingborg AB, Helsingborg	SEK	10.2520	-	100.00	100.00	13,314	65		2008
Din Bil Stockholm Norr AB, Kista	SEK	10.2520	-	100.00	100.00	-	-	5)	2008
Din Bil Stockholm Söder AB, Stockholm	SEK	10.2520	-	100.00	100.00	-	-	5)	2008
Din Bil Sverige AB, Stockholm	SEK	10.2520	-	100.00	100.00	292,545	26,208		2009
Donbas-Scan-Service LLC, Makeevka	UAH	11.5450	-	99.00	99.00	19,470	2,461		2008
Dynamate AB, Södertälje	SEK	10.2520	-	100.00	100.00	35,011	78,921		2008
DynaMate Industrial Services AB, Södertälje	SEK	10.2520	-	100.00	100.00	-	-	5)	2009
DynaMate IntraLog AB, Södertälje	SEK	10.2520	-	100.00	100.00	6,100	2,941		2008
€opeisk Biluthyrning AB, Stockholm	SEK	10.2520	-	100.00	100.00	27,037	-	8)	2008
Fastighets AB Katalysatorn, Södertälje	SEK	10.2520	-	100.00	100.00	307	-9		2008
Fastighetsaktiebolaget Flygmotorn, Malmö	SEK	10.2520	-	100.00	100.00	18,815	1,707		2008
Fastighetsaktiebolaget Hjulnavet, Stockholm	SEK	10.2520	-	100.00	100.00	73,922	416		2008
Fastighetsaktiebolaget Motorblocket, Södertälje	SEK	10.2520	-	100.00	100.00	-	-	6)	2009
Fastighetsaktiebolaget Vindbron, Gothenburg	SEK	10.2520	-	100.00	100.00	33,459	-3		2008
Ferruform AB, Luleå	SEK	10.2520	-	100.00	100.00	279,851	-2,835		2008
GB&M Garage et Carrosserie SA, Geneva	CHF	1.4836	-	100.00	100.00	4,379	10		2008
Gearbox del Prat, S.A., El Prat de Llobregat	€		-	100.00	100.00	115,267	7,585		2009
Global Automotive C.V., Amsterdam	€		99.99	0.01	100.00	4,141,762	1,150,055		2009
Global Automotive Finance C.V., Amsterdam	€		-	100.00	100.00	507,010	-150		2009
Global VW Automotive B.V., Amsterdam	€		100.00	-	100.00	92,547	12,491		2009
Griffin Automotive Ltd, Road Town	TWD	46.0550	-	100.00	100.00	20,912	-6,033		2008
Groupe VOLKSWAGEN France s.a., Villers-Cotterêts	€		100.00	-	100.00	416,457	61,148		2009
Hedenlunda Fastighet AB, Flen	SEK	10.2520	-	100.00	100.00	5,597	38		2008
Import Volkswagen Group s.r.o., Prague	CZK	26.4730	-	100.00	100.00	559,360	138,713		2009
Italscania SPA, Trento	€		-	100.00	100.00	53,489	21,361		2008
James Young Ltd., Crewe	GBP	0.8881	-	100.00	100.00	-	-	5)	2008
Kiev-Scan LLC, Kiev	UAH	11.5450	-	100.00	100.00	-	-	6)	2009
Lamborghini ArtiMarca S.p.A., Sant´ Agata Bolognese	€		-	100.00	100.00	16,121	2,146		2009
Lark Air Ltd., George Town, Cayman Islands	USD	1.4406	-	100.00	100.00	-	-	6)	2008
Lauken International S.A., Montevideo	UYU	28.1460	-	100.00	100.00	-	-	6)	2009
Lauken S.A., Montevideo	UYU	28.1460	-	100.00	100.00	-	-	5)	2009
Leioa Wagen, S.A., Lejona (Vizcaya)	€		-	100.00	100.00	3,453	311		2008
Levante Wagen, S.A., Valencia	€		-	100.00	100.00	4,157	405		2009
Lion Air Services, Inc., George Town	USD	1.4406	-	100.00	100.00	-	-	11)	2008
LLC Scania Bus Leasing, Moscow	RUB	43.1540	-	100.00	100.00	5,169	-10,585		2008
Málaga Wagen, S.A., Málaga	€		-	100.00	100.00	1,197	-1,276		2009
MML S.p.A., Sant´ Agata Bolognese	€		-	100.00	100.00	2,358	-3,990		2009
Motorcam S.A., Buenos Aires	ARS	5.4681	-	100.00	100.00	30,586	8,453		2008
Norsk Scania AS, Oslo	NOK	8.3000	-	100.00	100.00	214,136	186,444		2008
OOO Petroscan, St. Petersburg	RUB	43.1540	-	100.00	100.00	-13,976	21,251		2008
OOO Scania Service, Golitsino	RUB	43.1540	-	100.00	100.00	689,850	240,353		2008
OOO Volkswagen Group Rus, Kaluga	RUB	43.1540	28.06	65.72	93.78	-	-	3) 14)	2009
Oy Maakunnan Auto Ab, Seinäjoki	€		-	100.00	100.00	623	-6		2008
Oy Scan-Auto Ab, Helsinki	€		-	100.00	100.00	36,603	22,988		2008
Power Vehicle Co. Ltd., Bangkok	THB	47.9860	-	100.00	100.00	578	0		2008
Proarga, S.L., Pontevedra	€		-	100.00	100.00	493	66		2008
PSE Sverige AB, Södertälje	SEK	10.2520	-	100.00	100.00	681	-	8)	2008
Raven Air Ltd., George Town, Cayman Islands	USD	1.4406	-	100.00	100.00	-	-	6)	2008
Reliable Vehicles Ltd, London	GBP	0.8881	-	100.00	100.00	-	-	5)	2009
S.A.S. Scania Holding France, Angers	€		-	100.00	100.00	58,839	15,556		2008
Scagalicia, S.L., Pontevedra	€		-	100.00	100.00	2,731	273		2008
Scan Siam Service Co. Ltd, Bangkok	THB	47.9860	-	73.98	73.98	2,935	1,177		2008
Scanexpo International S.A., Montevideo	UYU	28.1460	-	100.00	100.00	-	-	6)	2009
Scanexpo S.A., Montevideo	UYU	28.1460	-	100.00	100.00	-	-	5)	2009
Scania (Hong Kong) Limited, Hong Kong	HKD	11.1709	-	100.00	100.00	-	-	6)	2009
Scania (Malyasia) SDN BHD, Kuala Lumpur	MYR	4.9326	-	100.00	100.00	30,062	7,280		2008
Scania AB, Södertälje	SEK	10.2520	49.29	-	49.29	12,198,000	2,897,000		2008
Scania Administradora de Consórcios Ltda, Cotia	BRL	2.5113	-	99.99	99.99	79,438	-2,428		2008
Scania Argentina S.A., Buenos Aires	ARS	5.4681	-	100.00	100.00	214,822	24,929		2008
Scania Asset Management AB, Södertälje	SEK	10.2520	-	100.00	100.00	10,529,412	0		2008
Scania Australia Pty Ltd, Melbourne	AUD	1.6008	-	100.00	100.00	27,816	2,827		2008
Scania Banco Brazil, Sao Paulo	BRL	2.5113	-	100.00	100.00	-	-		2009
Scania Beers B.V., The Hague	€		-	100.00	100.00	61,224	18,588		2008
Scania Beers Rayon II B.V., The Hague	€		-	100.00	100.00	0	0		2008
Scania Belgium SA-NV, Breda	€		-	100.00	100.00	75,749	-3,147		2008
Scania Biler A/S, Kolding	DKK	7.4418	-	100.00	100.00	94,212	10,209		2008
Scania Bosnia Hertzegovina d.o.o., Sarajevo	BAM	1.9558	-	100.00	100.00	3,047	54		2008
Scania Botswana (Pty) Ltd, Gaborone	BWP	9.5913	-	99.90	99.90	3,007	9,097		2008
Scania Bulgaria EOOD, Sofia	BGN	1.9558	-	100.00	100.00	11,919	4,723		2008
Scania Bus Belgium N.V.-S.A., Diegem	€		-	100.00	100.00	27,459	448		2008
Scania Bus Financing AB, Stockholm	SEK	10.2520	-	100.00	100.00	1,030,767	-12		2008
Scania Central Asia LLP, Almaty	KZT	213.8250	-	100.00	100.00	65,200	-92,633		2008
Scania Chile S.A., Santiago	CLP	730.2900	-	100.00	100.00	7,221,904	453,468		2008
Scania Comercial, S.A. de C.V., Queretaro	MXN	18.9223	-	100.00	100.00	-161074.00	-272		2008
Scania Commercial Vehicles Renting S.L., Madrid	€		-	100.00	100.00	5,005	374		2008
Scania Commerciale SPA, Trento	€		-	100.00	100.00	5,921	988		2008
Scania Credit AB, Södertälje	€		-	100.00	100.00	4,430	6,112		2008
Scania Credit Hrvatska d.o.o., Rakitje, Hrvatska	HRK	7.3000	-	100.00	100.00	1,000	146		2008
Scania Credit Romania IFN SA, Ciorogarla	RON	4.2363	-	100.00	100.00	14,386	4,342		2008
Scania Credit Ukraine Ltd, Kiev	UAH	11.5450	-	100.00	100.00	8,861	4,897		2008
Scania CV AB, Södertälje	SEK	10.2520	-	100.00	100.00	10,409,000	7,416,000		2008
Scania Czech Republic s.r.o., Prague	CZK	26.4730	-	100.00	100.00	510,278	177,799		2008
Scania Danmark A/S, Herlev	DKK	7.4418	-	100.00	100.00	174,330	46,972		2008
Scania de Mexico S.A. de CV, Queretaro	MXN	18.9223	-	100.00	100.00	372,331	100,191		2008
Scania de Venezuela S.A., Valencia	VEB	3,071.5500	-	100.00	100.00	6,886	1,118		2008
Scania del Peru S.A., Lima	PEN	4.1064	-	100.00	100.00	50,623	13,472		2008
Scania Delivery Center AB, Södertälje	SEK	10.2520	-	100.00	100.00	-	-	5)	2009
Scania East Adriatic Region d.o.o., Ljubljana	€		-	100.00	100.00	1,073	604		2008
Scania Eesti AS, Tallinn	EEK	15.6466	-	100.00	100.00	72,971	13,887		2008
Scania €ope Holding B.V., Zwolle	€		-	100.00	100.00	90,034	19,921		2007

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Scania Finance Belgium N.V-S.A., Neder-Over-Heembeek	€		-	99.90	99.90	13,954	1,660		2008
Scania Finance Bulgaria EOOD, Sofia	BGN	1.9558	-	100.00	100.00	1,739	1,276		2008
Scania Finance Chile S.A., Santiago	CLP	730.2900	-	100.00	100.00	-98,843	-567,368		2008
Scania Finance Czech Republic Spol. s.r.o., Prague	CZK	26.4730	-	100.00	100.00	528,881	-244,959		2008
Scania Finance France S.A.S., Angers	€		-	100.00	100.00	17,743	194		2008
Scania Finance Great Britain Ltd, Farringdon Place	GBP	0.8881	-	100.00	100.00	34,752	1,461		2008
Scania Finance Hispania EFC S.A., Madrid	€		-	100.00	100.00	19,073	-3,362		2008
Scania Finance Holding AB, Södertälje	SEK	10.2520	-	100.00	100.00	21,528	-23,876		2008
Scania Finance Holding Great Britain Ltd, London	GBP	0.8881	-	100.00	100.00	3,769	0		2008
Scania Finance Italy S.p.A, Trento	€		-	100.00	100.00	29,248	1,050		2008
Scania Finance Korea Ltd, Kyoung Sang Nam-Do	KRW	1,666.9700	-	100.00	100.00	33,484,559	2,203,338		2008
Scania Finance Luxembourg S.A., Münsbach	€		-	100.00	100.00	2,699	-143		2008
Scania Finance Magyarország zrt., Biatorbágy	HUF	270.4200	-	99.00	99.00	467,527	-222,561		2008
Scania Finance Nederland B.V., The Hague	€		-	100.00	100.00	37,407	6,803		2008
Scania Finance Polska Sp.z.o.o., Nadarzyn	PLN	4.1045	-	100.00	100.00	87,281	1,905		2008
Scania Finance Pty Ltd, Melbourne	AUD	1.6008	-	100.00	100.00	2	28		2008
Scania Finance Schweiz AG, Kloten	CHF	1.4836	-	100.00	100.00	2,420	-1,119		2008
Scania Finance Slovak Republic, Bratislava	€		-	100.00	100.00	508,000	-129,118		2008
Scania Finance Southern Africa (Pty) Ltd, Aerton Gauteng	ZAR	10.6660	-	100.00	100.00	133,554	35,861		2008
Scania Finans AB, Södertälje	SEK	10.2520	-	100.00	100.00	284,511	75,028		2008
Scania France S.A.S., Angers	€		-	100.00	100.00	50,043	16,150		2008
Scania Great Britain Ltd, Milton Keynes	GBP	0.8881	-	100.00	100.00	56,314	46,392		2008
Scania Group Treasury B.V., The Hague	SEK	10.2520	-	100.00	100.00	1,217	-72		2008
Scania Group Treasury Belgium N.V., Neder-over-Heembeek	€		-	100.00	100.00	-	-	6)	2009
Scania Hispania Holding S.L., Madrid	€		-	100.00	100.00	4,648	19,296		2008
Scania Hispania S.A., Madrid	€		-	100.00	100.00	18,788	10,039		2008
Scania Holding Inc, Wilmington	USD	1.4406	-	100.00	100.00	11,104	-535		2008
Scania Hrvatska d.o.o., Zagreb	HRK	7.3000	-	100.00	100.00	15,997	-2,673		2008
Scania Hungaria KFT, Biatorbágy	HUF	270.4200	-	100.00	100.00	1,627,738	2,809		2008
Scania Infomate Zwolle, Zwolle	€		-	100.00	100.00	1,944	-108		2008
Scania Insurance Belgium BVBA, Brussels	€		-	100.00	100.00	-	-	6)	2009
Scania Insurance Nederland B.V., The Hague	€		-	100.00	100.00	562	104		2008
Scania Investimentos Imobiliários S.A., Santa Iria de Azóla	€		-	100.00	100.00	-	-	6)	2009
Scania IT AB, Södertälje	SEK	10.2520	-	100.00	100.00	53,381	1,729		2008
Scania IT Angers S.A.S, Angers	€		-	100.00	100.00	1,109	163		2008
Scania Japan Limited, Tokyo	JPY	133.1600	-	100.00	100.00	-	-	6)	2009
Scania Korea Ltd, Seoul	KRW	1,666.9700	-	100.00	100.00	24,375,323	512,635		2008
Scania Latin America Ltda, São Bernardo do Campo	BRL	2.5113	-	100.00	100.00	688,408	499,624		2008
Scania Latvia SIA, Riga	LVL	0.7093	-	100.00	100.00	4,605	1,327		2008
Scania Leasing d.o.o., Ljubljana	€		-	100.00	100.00	-	-	6)	2009
Scania Leasing OOO, Moscow	RUB	43.1540	-	100.00	100.00	-148,086	-319,468		2008
Scania Leasing Österreich Ges.m.b.H, Brunn am Gebirge	€		-	100.00	100.00	18,035	1,735		2007
Scania Lízing KFT, Biatorbágy	HUF	270.4200	-	100.00	100.00	-111211.00	-360,048		2008
Scania Locations S.A.S., Angers	€		-	100.00	100.00	10,917	1,511		2008
Scania Luxembourg S.A., Münsbach	€		-	99.90	99.90	3,471	1,044		2008
Scania Malaga S.L., Malaga	€		-	100.00	100.00	-	-	6)	2009
Scania Maroc S.A., Casablanca	MAD	11.3319	-	100.00	100.00	20,116	15,207		2008
Scania Multi Services S.A.S., Angers	€		-	100.00	100.00	-	-	5)	2009
Scania Nederland Holding B.V., Zwolle	€		-	100.00	100.00	-	-	5)	2009
Scania Networks B.V., The Hague	€		-	100.00	100.00	2,914	612		2008
Scania Omni AB, Södertälje	SEK	10.2520	-	100.00	100.00	3,522	-155,583		2008
Scania Österreich GmbH, Brunn am Gebirge	€		-	100.00	100.00	15,329	4,973		2008
Scania Österreich Holding GmbH, Brunn am Gebirge	€		-	100.00	100.00	-	-	5)	2009
Scania Overseas AB, Södertälje	SEK	10.2520	-	100.00	100.00	44,325	-95		2008
Scania Parts Logistics AB, Södertälje	SEK	10.2520	-	100.00	100.00	120	4,666		2008
Scania Peter OOO, St. Petersburg	RUB	43.1540	-	100.00	100.00	242,286	191,339		2008
Scania Plan S.A., Buenos Aires	ARS	5.4681	-	96.66	96.66	3,944	336		2008
Scania Polska S.A., Warsaw	PLN	4.1045	-	100.00	100.00	102,944	15,710		2008
Scania Portugal S.A., Santa Iria de Azóia	€		-	100.00	100.00	5,000	443		2008
Scania Production Angers S.A.S., Angers	€		-	100.00	100.00	28,789	1,290		2008
Scania Production Meppel B.V., Meppel	€		-	100.00	100.00	10,308	990		2008
Scania Production Slupsk S.A., Slupsk	PLN	4.1045	-	100.00	100.00	34,641	7,808		2008
Scania Production Zwolle B.V., Zwolle	€		-	100.00	100.00	46,632	5,719		2008
Scania Real Estate AB, Södertälje	SEK	10.2520	-	100.00	100.00	86,125	-3,788		2008
Scania Real Estate s.r.o., Bratislava	€		-	100.00	100.00	-	-	6)	2009
Scania Real Estate Services AB, Södertälje	SEK	10.2520	-	100.00	100.00	120	0		2008
Scania Rent Romania SRL, Ciorogarla	RON	4.2363	-	100.00	100.00	-	-	6)	2009
Scania Romania SRL, Ciorogarla	RON	4.2363	-	100.00	100.00	22,871	6,652		2008
Scania Russia, Moscow	RUB	43.1540	-	100.00	100.00	2,067,923	393,634		2008
Scania Sales & Services AB, Södertälje	SEK	10.2520	-	100.00	100.00	738,605	487,161		2008
Scania Sales (China) Co Ltd, Beijing	CNY	9.8350	-	100.00	100.00	43,130	-3,617		2008
Scania Schweiz AG, Kloten	CHF	1.4836	-	100.00	100.00	12,967	9,500		2008
Scania Services S.A., Buenos Aires	ARS	5.4681	-	100.00	100.00	6,917	691		2008
Scania Servicios, S.A. de C.V., Queretaro	MXN	18.9223	-	100.00	100.00	11,253	2,682		2008
Scania Siam Co Ltd, Bangkok	THB	47.9860	-	99.90	99.90	194,623	34,741		2008
Scania Siam Leasing Co. Ltd., Bangkok	THB	47.9860	-	100.00	100.00	68,553	13,339		2008
Scania Singapore Pte Ltd, Singapore	SGD	2.0194	-	100.00	100.00	5,252	1,589		2008
Scania Slovakia s.r.o., Bratislava	€		-	100.00	100.00	12,571	2,527		2008
Scania Slovenija d.o.o., Ljubljana	€		-	100.00	100.00	4,259	78		2008
Scania South Africa Pty Ltd, Sandton	ZAR	10.6660	-	100.00	100.00	356,124	139,968		2008
Scania Srbia d.o.o., Belgrad	RSD	96.1133	-	100.00	100.00	114,491	44,409		2008
Scania Sverige AB, Södertälje	SEK	10.2520	-	100.00	100.00	108,457	115,963		2008
Scania Tanzania Ltd, Dar Es Salaam	TZS	1,888.9000	-	100.00	100.00	9,194,717	2,121,790		2008
Scania Thailand Co Ltd, Bangkok	THB	47.9860	-	99.99	99.99	47,556	12,435		2008
Scania Trade Development AB, Södertälje	SEK	10.2520	-	100.00	100.00	271,400	-35,720		2008
Scania Treasury AB, Södertälje	SEK	10.2520	-	100.00	100.00	6,663,166	147,002		2008
Scania Treasury Belgium NV, Neder-Over-Heembeek	SEK	10.2520	-	100.00	100.00	25,544,920	1,107,492		2008
Scania Treasury Netherland B.V., The Hague	SEK	10.2520	-	100.00	100.00	4,196	-36		2008
Scania Truck & Busses AB, Södertälje	SEK	10.2520	-	100.00	100.00	-	-	5)	2009
Scania Truck Financing AB, Södertälje	SEK	10.2520	-	100.00	100.00	292,230	9,503		2008
Scania Tüketici Finansmani A.S., Istanbul	TRY	2.1547	-	100.00	100.00	15,604	-1,574		2008
Scania Ukraine LLC, Kiev	UAH	11.5450	-	99.00	99.00	-53242.00	-82,285		2008
Scania USA Inc, San Antonio, TX	USD	1.4406	-	100.00	100.00	3,151	-1,111		2008
Scanlink Ltd, Milton Keynes	GBP	0.8881	-	100.00	100.00	-	-	5)	2009

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
SCANRENT - Alguer de Viaturas sem Condutor, S.A, Lisbon	€		-	100.00	100.00	124	-36		2008
Scaramancha S.L., Zarragosa	€		-	100.00	100.00	-	-	6)	2009
SEAT Motor España S.A., Barcelona	€		-	100.00	100.00	10,221	-3,758		2009
SEAT Portugal Unipessoal, Lda., Lisbon	€		-	100.00	100.00	1,121	13		2009
SEAT, S.A., Martorell	€		100.00	-	100.00	837,864	-186,517		2009
SERVILEASE, S.A., Madrid	€		-	100.00	100.00	11,894	1,097		2008
Seville Wagen, S.A., Seville	€		-	100.00	100.00	6,703	1,613		2008
SITECH Sp.z o.o., Polkowice	PLN	4.1045	-	100.00	100.00	438,365	39,334		2009
SKODA AUTO a.s., Mladá Boleslav	CZK	26.4730	-	100.00	100.00	71,721,183	11,267,418	12)	2008
SKODA AUTO India Private Limited, Aurangabad	INR	67.0400	-	100.00	100.00	2,352,371	-703,028		2009
SKODA AUTO POLSKA S.A., Poznan	PLN	4.1045	-	51.00	51.00	48,505	16,610		2009
SKODA AUTO Slovensko, s.r.o., Bratislava	€		-	100.00	100.00	13,942	1,645		2009
ŠkoFIN s.r.o., Prague	CZK	26.4730	-	100.00	100.00	4,153,366	527,716		2009
Södertälje Bil Invest AB, Södertälje	SEK	10.2520	-	100.00	100.00	203,793	29,744		2008
Stockholms Industriassistans AB, Stockholm	SEK	10.2520	-	100.00	100.00	10,741	5,483		2008
Suvesa Super Veics Pesados LTDA, Canoas	BRL	2.5113	-	99.99	99.99	44,378	6,723		2008
Svenska Mektek AB, Enköping	SEK	10.2520	-	100.00	100.00	2,298	1,661		2008
Thommen Nutzfahrzeuge AG, Rümlingen	CHF	1.4836	-	100.00	100.00	3,489	427		2008
Transportlaboratorium AB, Södertälje	SEK	10.2520	-	100.00	100.00	-	-	6)	2009
Truck Namibia (Pty) Ltd, Windhoek	NAD	10.6081	-	100.00	100.00	14,297	9,345		2008
UAB Scania Lietuva, Vilnius	LTL	3.4528	-	100.00	100.00	24,291	10,225		2008
Vabis Försäkrings AB, Södertälje	SEK	10.2520	-	100.00	100.00	132,091	7,823		2008
Valladolid Wagen, S.A., Valladolid	€		-	100.00	100.00	2,641	486		2008
Vallehermoso Wagen, S.A., Madrid	€		-	100.00	100.00	2,956	-491		2008
VCI Loan Services, LLC, Salt Lake City, Utah	USD	1.4406	-	100.00	100.00	-	-	11)	2008
Volkswagen (China) Investment Company Ltd., Beijing	CNY	9.8350	100.00	-	100.00	4,664,029	1,164,541		2008
Volkswagen Argentina S.A., Buenos Aires	ARS	5.4681	-	100.00	100.00	668,303	224,737		2009
Volkswagen Auto Lease Entity, LLC, Wilmington, Delaware	USD	1.4406	-	100.00	100.00	-	-	11)	2008
VOLKSWAGEN AUTO LEASE LOAN UNDERWRITTEN FUNDING, LLC, Wilmington, Delaware	USD	1.4406	-	100.00	100.00	-	-	11)	2008
VOLKSWAGEN AUTO LOAN VEHICLE, LLC, Wilmington, Delaware	USD	1.4406	-	100.00	100.00	-	-	11)	2008
VOLKSWAGEN AUTO SECURITIZATION TRANSACTION, L.L.C., Wilmington, Delaware	USD	1.4406	-	100.00	100.00	-	-	5) 11)	2008
VOLKSWAGEN AUTOMOTIVE FINANCE, LLC, Wilmington, Delaware	USD	1.4406	-	100.00	100.00	-	-	11)	2008
VOLKSWAGEN BANK SA INSTITUCION DE BANCA MULTIPLE, Puebla	MXN	18.9223	-	100.00	100.00	504,590	-35,962		2009
Volkswagen Credit Compañía Financiera S.A., Buenos Aires	ARS	5.4681	-	100.00	100.00	33,573	3,249		2008
Volkswagen de México, S.A. de C.V., Puebla/Pue.	MXN	18.9223	100.00	-	100.00	22,275,800	2,764,500		2008
VOLKSWAGEN DEALER FINANCE, LLC, Wilmington, Delaware	USD	1.4406	-	100.00	100.00	-	-	11)	2008
Volkswagen do Brasil Indústria de Veículos Automotores Ltda., São Bernardo do Campo	BRL	2.5113	-	100.00	100.00	2,968,807	1,245,155		2008
Volkswagen Enhanced Auto Loan, LLC., Wilmington, Delaware	USD	1.4406	-	100.00	100.00	-	-	11)	2008
VOLKSWAGEN FINANCE BELGIUM S.A., Brussels	€		-	100.00	100.00	9,099	2,452		2009
Volkswagen Finance Cooperation B.V., Amsterdam	€		-	100.00	100.00	-	-111		2009
Volkswagen Finance Overseas B.V., Amsterdam	€		-	100.00	100.00	507,020	-117		2009
VOLKSWAGEN FINANCE, S.A. - ESTABLECIMIENTO FINANCIERO DE CRÉDITO - , Madrid	€		-	100.00	100.00	290,612	16,976		2008
Volkswagen Financial Services (UK) (June) Ltd., Milton Keynes	GBP	0.8881	-	100.00	100.00	-	-	5)	2009
Volkswagen Financial Services (UK) (March) Ltd., Milton Keynes	GBP	0.8881	-	100.00	100.00	-	-	5)	2009
Volkswagen Financial Services (UK) (September) Ltd., Milton Keynes	GBP	0.8881	-	100.00	100.00	-	-	5)	2009
Volkswagen Financial Services (UK) Ltd., Milton Keynes	GBP	0.8881	-	100.00	100.00	173,057	42,578		2009
VOLKSWAGEN FINANCIAL SERVICES AUSTRALIA PTY LIMITED, Botany	AUD	1.6008	-	100.00	100.00	26,272	2,357		2008
VOLKSWAGEN FINANCIAL SERVICES JAPAN LTD., Tokyo	JPY	133.1600	-	100.00	100.00	5,909,022	857,895		2009
Volkswagen Financial Services N.V, Amsterdam	€		-	100.00	100.00	24,876	2,564		2009
Volkswagen Finans Sverige AB, Södertälje	SEK	10.2520	-	100.00	100.00	150,785	2,936		2009
Volkswagen Global Finance Holding B.V., Amsterdam	€		-	100.00	100.00	33	14		2009
VOLKSWAGEN GROUP AUSTRALIA PTY LTD., Botany	AUD	1.6008	-	100.00	100.00	52,007	1,326		2009
Volkswagen Group Canada, Inc., Ajax, Ontario	CAD	1.5128	100.00	-	100.00	219,163	42,072	12)	2008
VOLKSWAGEN GROUP FIRENZE S.P.A., Florence	€		-	100.00	100.00	3,626	-1,171		2009
VOLKSWAGEN GROUP ITALIA S.P.A., Verona	€		-	100.00	100.00	310,859	19,526		2009
VOLKSWAGEN Group Japan K.K., Toyohashi	JPY	133.1600	-	100.00	100.00	25,510,012	790,314		2009
Volkswagen Group of America Chattanooga Operations, LLC., Herndon	USD	1.4406	-	100.00	100.00	-	-	6)	2008
Volkswagen Group of America, Inc., Herndon, Virginia	USD	1.4406	100.00	-	100.00	617,022	32,868	10) 12)	2008
Volkswagen Group Sales India P.L., Mumba	INR	67.0400	91.00	9.00	100.00	3,194,429	-1,789,423	3)	2009
Volkswagen Group Services S.A., Brussels	€		100.00	-	100.00	4,597,982	86,663		2009
Volkswagen Group Sverige Aktiebolag, Södertälje	SEK	10.2520	-	100.00	100.00	564,729	144,241		2008
VOLKSWAGEN Group United Kingdom Ltd., Milton Keynes	GBP	0.8881	100.00	-	100.00	767,500	44,200		2008
VOLKSWAGEN HOLDING FINANCIÈRE S.A., Villers-Cotterêts	€		-	100.00	100.00	186,530	3,098		2009
Volkswagen Import Company Ltd., Tianjin	CNY	9.8350	-	100.00	100.00	88,973	14,157		2008
VOLKSWAGEN INDEPENDENT BORROWING ENTITY, LLC, Wilmington, Delaware	USD	1.4406	-	100.00	100.00	-	-	11)	2008
Volkswagen India Private Ltd., Pune	INR	67.0400	91.00	9.00	100.00	10,679,815	-7,610	3)	2008
Volkswagen International Finance N.V., Amsterdam	€		-	100.00	100.00	4,442,917	1,075,462		2009
Volkswagen International Payment Services N.V., Amsterdam	€		-	100.00	100.00	788,843	22,809		2009
Volkswagen IT Service Sverige AB, Södertälje	SEK	10.2520	-	100.00	100.00	-	-	5) 8)	2008
VOLKSWAGEN LEASING SA DE CV, Puebla	MXN	18.9223	-	100.00	100.00	982,128	456,063		2009
Volkswagen Motor Polska Sp.z o.o., Polkowice	PLN	4.1045	-	100.00	100.00	589,765	74,435		2008
Volkswagen Navarra, S.A., Polígono de Landaben, s/n, Arazurí (Navarra)	€		-	100.00	100.00	608,593	13,222		2009
Volkswagen of South Africa (Pty.) Ltd., Uitenhage	ZAR	10.6660	100.00	-	100.00	5,551,135	124,692		2009
VOLKSWAGEN OPERATING LEASE TRANSACTION, LLC, Wilmington, Delaware	USD	1.4406	-	100.00	100.00	-	-	11)	2008
Volkswagen Participações Ltda., São Paulo	BRL	2.5113	-	100.00	100.00	1,201,925	60,510		2008
Volkswagen Parts Logistics Sverige AB, Södertälje	SEK	10.2520	-	100.00	100.00	-	-	5) 8)	2008
Volkswagen Poznan Sp.z o.o., Poznan	PLN	4.1045	-	100.00	100.00	2,357,612	250,213		2009
Volkswagen Public Auto Loan Securitization, LLC, Wilmington, Delaware	USD	1.4406	-	100.00	100.00	-	-	11)	2008
Volkswagen S.A. de Ahorro Para Fines Determinados, Buenos Aires	ARS	5.4681	-	100.00	100.00	30,355	12,113		2008
Volkswagen Serviços Ltda., São Paulo	BRL	2.5113	-	100.00	100.00	32,915	18,004		2008
VOLKSWAGEN SLOVAKIA, a.s., Bratislava	€		-	100.00	100.00	1,791,317	56,727		2009
VOLKSWAGEN Tokyo K.K., Tokyo	JPY	133.1600	-	100.00	100.00	1,169,447	210,136		2009
Volkswagen-Audi España, S.A., El Prat de Llobregat	€		-	100.00	100.00	214,130	30,913		2009
Volkswagen-Versicherungsdienst Gesellschaft m.b.H., Vienna	€		-	100.00	100.00	6,440	3,500		2009
VW Credit Canada, Inc., St. Laurent, Quebec	CAD	1.5128	-	100.00	100.00	-	-	11)	2008
VW Credit Leasing Ltd., Wilmington, Delaware	USD	1.4406	-	100.00	100.00	-	-	11)	2008
VW Credit, Inc., Auburn Hills, MI	USD	1.4406	-	100.00	100.00	-	-	11)	2008
Wagens Retail, S.L., Barcelona	€		-	100.00	100.00	-	-	6)	2009

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
B. Unconsolidated companies									
1. Germany									
4Collection GmbH, Braunschweig	€		-	100.00	100.00	25	-	1)	2009
Audi Akademie GmbH, Ingolstadt	€		-	100.00	100.00	2,280	-	1)	2009
Audi Electronics Venture GmbH, Gaimersheim	€		-	100.00	100.00	15,703	-	1)	2009
AUDI Immobilien GmbH & Co. KG, Ingolstadt	€		-	100.00	100.00	7	39		2009
AUDI Immobilien Verwaltung GmbH, Ingolstadt	€		-	100.00	100.00	55	7		2009
Audi Qualifizierungsgesellschaft mbH, Ingolstadt	€		-	100.00	100.00	25	-	1)	2009
Audi Stiftung für Umwelt GmbH, Ingolstadt	€		-	100.00	100.00	5,013	13	4) 6)	2009
Audi Zentrum Frankfurt GmbH, Frankfurt am Main	€		-	100.00	100.00	8,000	-	1)	2009
Audi Zentrum Leipzig GmbH, Leipzig	€		-	100.00	100.00	9,500	-	1)	2009
Audi Zentrum Stuttgart GmbH, Stuttgart	€		-	100.00	100.00	6,678	-	1)	2009
Auto Union GmbH, Ingolstadt	€		-	100.00	100.00	354	-	1)	2009
Automotive Safety Technologies GmbH, Gaimersheim	€		-	75.50	75.50	1,513	12		2009
AVG Automobilvertriebsgesellschaft mbH, Hanover	€		-	100.00	100.00	-	-		2008
AZU Autoteile und -zubehör Vertriebs GmbH, Dreieich	€		-	100.00	100.00	57	0		2008
Brandenburgische Automobil GmbH, Potsdam	€		-	100.00	100.00	2,704	-21		2008
Carmeq GmbH, Berlin	€		-	100.00	100.00	3,100	-	1)	2008
CC WellCom GmbH, Potsdam	€		-	100.00	100.00	1,244	-	1)	2009
Fahr- und Sicherheitstraining FuS GmbH, Ingolstadt	€		-	27.45	27.45	53	888		2009
Groupe Volkswagen France Grundstücksgesellschaft mbH, Wolfsburg	€		-	100.00	100.00	25	0		2008
Karosserie- und Lackierzentrum Potsdam GmbH & Co. KG, Potsdam	€		-	100.00	100.00	765	224		2008
Karosserie- und Lackierzentrum Potsdam Verwaltungs-GmbH, Potsdam	€		-	100.00	100.00	49	5		2008
Kunden Club GmbH des Volkswagen-Konzerns, Wolfsburg	€		100.00	-	100.00	144	-	1)	2008
MMI Marketing Management Institut GmbH, Braunschweig	€		100.00	-	100.00	512	-	1)	2008
NSU GmbH, Neckarsulm	€		-	100.00	100.00	326	-	1)	2009
SEAT Deutschland Niederlassung GmbH, Frankfurt	€		-	100.00	100.00	244	-66		2009
stop+go Systemzentrale GmbH, Unna	€		-	100.00	100.00	3,500	-	1)	2008
Vehicle Trading International (VTI) GmbH, Braunschweig	€		-	100.00	100.00	2,763	-678		2008
VfL Wolfsburg-Fußball GmbH, Wolfsburg	€		100.00	-	100.00	2,438	556	3)	2008
Volkswagen Automobile Berlin-Tegel GmbH & Co. KG, Berlin	€		-	100.00	100.00	4,448	-128		2008
Volkswagen Automobile Berlin-Zehlendorf GmbH, Berlin	€		-	100.00	100.00	1,749	103		2008
Volkswagen Automobile Chemnitz GmbH, Chemnitz	€		-	100.00	100.00	6,439	232	13)	2008
Volkswagen Automobile Frankfurt GmbH, Frankfurt a.M.	€		-	100.00	100.00	2,979	11,578		2009
VOLKSWAGEN Automobile Leipzig GmbH, Leipzig	€		-	100.00	100.00	12,902	-273	13)	2008
Volkswagen Automobile Ostfriesland GmbH, Aurich	€		-	100.00	100.00	1,733	-2,278	13)	2008
Volkswagen Automobile Rhein-Neckar GmbH, Mannheim	€		-	100.00	100.00	7,382	-5,098	13)	2008
Volkswagen Automobile Stuttgart GmbH, Stuttgart	€		-	100.00	100.00	46	8	13)	2008
Volkswagen Coaching GmbH, Wolfsburg	€		100.00	-	100.00	5,369	-	1)	2009
Volkswagen Design Center Potsdam GmbH, Potsdam	€		-	100.00	100.00	2,521	-	1)	2009
Volkswagen Insurance Brokers GmbH, Braunschweig	€		-	100.00	100.00	1,076	-622		2008
Volkswagen Klassik GmbH, Wolfsburg	€		-	100.00	100.00	25	-	1) 5)	2008
Volkswagen Motorsport GmbH, Hanover	€		-	100.00	100.00	2,034	-	1)	2008
Volkswagen Motorsport Verwaltungs GmbH, Hanover	€		-	100.00	100.00	1,092	2		2008
Volkswagen Osnabrück GmbH, Braunschweig	€		100.00	-	100.00	-	-	5)	2009
Volkswagen Procurement Services GmbH, Wolfsburg	€		-	100.00	100.00	100	-	1)	2008
Volkswagen Qualifizierungsgesellschaft mbH, Wolfsburg	€		-	100.00	100.00	503	-	1)	2009
Volkswagen Retail Dienstleistungsgesellschaft mbH & Co. Betriebs-KG, Berlin	€		-	100.00	100.00	233	0		2008
Volkswagen Retail Dienstleistungsgesellschaft mbH, Berlin	€		-	100.00	100.00	27	-1		2008
Volkswagen Vertriebsbetreuungsgesellschaft mbH, Chemnitz	€		100.00	-	100.00	1,182	266		2008
Volkswagen Zentrum Bochum GmbH, Bochum	€		-	100.00	100.00	-	-	5) 13)	2008
Volkswagen Zentrum Bochum Verwaltungsgesellschaft mbH, Bochum	€		-	100.00	100.00	7,025	0	13)	2008
Volkswagen-Bildungsinstitut GmbH, Zwickau	€		-	100.00	100.00	256	-	1)	2009
VWL Funding 2008-1 GmbH, Braunschweig	€		-	100.00	100.00	25	-	5)	2009
Weser-Ems Vertriebsgesellschaft mbH, Bremen	€		81.25	-	81.25	5,908	1,894		2008
ZENDA Dienstleistungen GmbH, Würzburg	€		-	100.00	100.00	593	103		2008
2. International									
1998 Ltd., Springfield, Virginia	USD	1.4406	-	100.00	100.00	-	-485		2008
Amer Assurantien B.V., Amersfoort	€		-	100.00	100.00	-	-	11)	2008
Apolo Administradora de Bens S/S Ltda., São Bernardo do Campo, SP	BRL	2.5113	-	100.00	100.00	-	-		2008
ASSIVALO PRESTAÇÃO DE SERVIÇOS AUXILIARES DO SETOR DE SEGUROS LTDA., São Paulo	BRL	2.5113	-	70.00	70.00	1,537	89		2008
Audi (China) Enterprise Management Co. Ltd., Beijing	CNY	9.8350	-	100.00	100.00	51,956	1,956	6)	2009
Audi Akademie Hungaria Kft., Györ	HUF	270.4200	-	100.00	100.00	45,251	-51,835		2008
AUDI AUSTRALIA RETAIL OPERATIONS PTY LTD, Botany	AUD	1.6008	-	100.00	100.00	1,395	89		2009
Audi Japan Sales K.K., Tokyo	JPY	133.1600	-	100.00	100.00	-	-718,144		2009
Audi Real Estate, S.L., El Prat de Llobregat	€		-	100.00	100.00	14,427	58		2008
AUDI SINGAPORE PTE. LTD., Singapore	SGD	3.3400	-	100.00	100.00	5,400	-		2008
AUDI TAIWAN CO. LTD., Taipei	TWD	46.0550	-	100.00	100.00	93,338	7,410		2008
Audi Tooling Barcelona, S.L., Barcelona	€		-	100.00	100.00	2,455	462		2008
Automobiles Villers Services S.A.S., Villers-Cotterêts	€		-	100.00	100.00	67	29		2008
Automobili Lamborghini America, LLC, Wilmington, Delaware	USD	1.4406	-	100.00	100.00	60	7		2009
Automotive Components International RUS OOO, Kaluga	RUB	43.1540	-	100.00	100.00	-	-	5)	2008
Autovisão Brasil Desenvolvimento de Negócios Ltda., São Bernardo do Campo	BRL	2.5113	-	100.00	100.00	181	8		2008
AutoVision Magyarország Kft., Györ	HUF	270.4200	-	100.00	100.00	-	-	6)	2008
AutoVision People, Empresa de trabalho temporário, unipessoal, Lda., Palmela	€		-	100.00	100.00	61	111		2008
AutoVision S.A., Brussels	€		-	100.00	100.00	2,237	2,169		2008
AUTOVISION SLOVAKIA, s.r.o., Bratislava	€		-	100.00	100.00	-	-	6)	2008
A-Vision - Prestação de Serviços á Indústria Automóvel, unipessoal, Lda., Palmela	€		-	100.00	100.00	1,356	846		2008
Bentley Insurance Services Ltd., Crewe	GBP	0.8881	-	100.00	100.00	221	-3		2008
Bentley Motor Cars, Inc., New York	USD	1.4406	-	100.00	100.00	-	-	5)	2008
Bentley Motor Export Services Ltd., Crewe	GBP	0.8881	-	100.00	100.00	-	-	5)	2008
Cariviera S.A.S., Nice	€		-	100.00	100.00	636	-377		2008
Centre Automobile De La Riviera Car S.A.S., Nice	€		-	100.00	100.00	-	-445		2008
Centro Usato Sangallo S.r.l., Florence	€		-	100.00	100.00	50	12		2009
DFM Verzekeringen B.V., Diemen	€		-	100.00	100.00	-	-	11)	2008
H. J. Mulliner & Co. Ltd., Crewe	GBP	0.8881	-	100.00	100.00	-	-	5)	2008
Hamlin Services LLC, Wilmington, Delaware	USD	1.4406	-	100.00	100.00	-	-	5)	2008
INIS International Insurance Service s.r.o., Mladá Boleslav	CZK	26.4730	-	100.00	100.00	28,124	22,552		2008
Instituto para Formación y Desarollo Volkswagen, S.C., Puebla/Pue	MXN	18.9223	-	100.00	100.00	999	-14,218		2008
InterRent Biluthyrning AB, Södertälje	SEK	10.2520	-	100.00	100.00	-	-	5)	2008
Limited Liability Company Volkswagen Financial Services RUS, Moscow	RUB	43.1540	-	100.00	100.00	320,110	110		2008
MULTIMARCAS CORRETORA DE SEGUROS S/S LTDA., São Paulo	BRL	2.5113	-	99.98	99.98	14	-1	10)	2008

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
NIRA Dynamics AB, Linköping	€		-	90.69	90.69	3,279	331		2009
Park Ward & Co. Ltd., Crewe	GBP	0.8881	-	100.00	100.00	-	-	5)	2008
Park Ward Motors Inc., Wilmington, Delaware	USD	1.4406	-	100.00	100.00	-	-	5)	2008
Picardie Auto Services S.A.S., Villers-Cotterêts	€		-	100.00	100.00	220	-98		2008
PUTT ESTATES (PROPRIETARY) LIMITED, Upingtor	ZAR	10.6660	-	100.00	100.00	1,546	600	3)	2009
Riviera Technic S.A.S., Mougins	€		-	100.00	100.00	1,182	-50		2008
SASR Siebenundzwanzigste Beteiligungsverwaltung GmbH, Vienna	€		100.00	-	100.00	-	-	7)	2009
SEAT Center Arrabida Lda., Setúbal	€		-	100.00	100.00	284	-304		2009
Seat Saint-Martin S.A.S., Paris	€		-	100.00	100.00	386	-340		2009
SEAT Sport S.A., Martorell	€		-	100.00	100.00	3,961	8		2009
SOCIÉTÉ IMMOBILIÈRE AUDI SARL, Paris	€		-	100.00	100.00	17,744	-86		2009
V.V.S. Assurad€en B.V., Diemen	€		-	100.00	100.00	-	-	11)	2008
VAREC Ltd., Tokyo	JPY	133.1600	-	100.00	100.00	105,936	24,280		2008
Villers Services Center S.A.S., Paris	€		-	100.00	100.00	-	-1,100		2008
Volksprop (Halfway House) (Pty.) Ltd., Uitenhage	ZAR	10.6660	-	100.00	100.00	-	-51		2008
VOLKSWAGEN Automatik Transmission (Dalian) Co., Ltd., Dalian	CNY	9.8350	-	100.00	100.00	531,478	-48,336	12)	2008
VOLKSWAGEN CORRETORA DE SEGUROS LTDA., Sao Paulo	BRL	2.5113	-	100.00	100.00	-	557		2008
Volkswagen Finance (China) Co., Ltd., Beijing	CNY	9.8350	-	100.00	100.00	915,233	38,795		2008
Volkswagen Finance Private LTD., Mumbai	INR	67.0400	-	100.00	100.00	-	-	6)	2009
VOLKSWAGEN FINANCIAL SERVICES SINGAPORE LTD., Singapore	SGD	2.0194	-	100.00	100.00	633	35		2008
Volkswagen Financial Services Taiwan Ltd., Taipei	TWD	46.0550	-	100.00	100.00	193,747	27,188		2008
Volkswagen Group Finanz OOO, Moscow	RUB	43.1540	-	100.00	100.00	167,344	-51,490		2008
Volkswagen Group Insurance and Risk Management Services Ltd., Milton Keynes	GBP	0.8881	-	100.00	100.00	-	-	5)	2008
Volkswagen Group Ireland Ltd., Dublin	€		-	100.00	100.00	-	-	6)	2008
Volkswagen Group Latin America, Inc., Miami, Florida	USD	1.4406	-	100.00	100.00	-	-1,076		2008
Volkswagen Group Malaysia Sdn. Bhd., Kuala Lumpur	MYR	4.9326	100.00	-	100.00	21,811	92		2008
VOLKSWAGEN GROUP MILANO S.R.L., Milan	€		-	100.00	100.00	545	-164		2008
Volkswagen Group Pension Scheme Trustee Ltd., Milton Keynes	GBP	0.8881	-	100.00	100.00	-	-	5)	2008
Volkswagen Group Singapore Pty. Ltd., Singapore	SGD	2.0194	100.00	-	100.00	10,114	-1,135		2007
Volkswagen Grundbesitz GmbH, Maria Wörth	€		-	100.00	100.00	35	-	6)	2009
Volkswagen Hong Kong Ltd., Hong Kong	HKD	11.1709	-	89.40	89.40	-	-	7)	2008
Volkswagen Insurance Company Ltd., Dublin	€		-	100.00	100.00	26,544	920		2008
VOLKSWAGEN INSURANCE SERVICE LTD., Milton Keynes	GBP	0.8881	-	100.00	100.00	1,130	1,013		2008
VOLKSWAGEN INSURANCE SERVICES, CORREDURIA DE SEGUROS, S.L., Barcelona	€		-	100.00	100.00	3,693	3,302		2008
Volkswagen Investments Ltd. Partnership, George Town	USD	1.4406	99.90	0.10	100.00	-	-	2) 5)	2008
Volkswagen Investments Ltd., Dublin	€		100.00	-	100.00	-	-	2) 5)	2008
Volkswagen Logistics Prestação de Serviços de Logística e Transporte Ltda., Saõ Bernardo do Campo	BRL	2.5113	-	100.00	100.00	8,008	4,557		2008
VOLKSWAGEN SARAJEVO, d.o.o, Vogosca	BAM	1.9558	58.00	-	58.00	38,923	251		2008
Volkswagen Servicios de Administración de Personal, S.A. de C.V., Puebla	MXN	18.9223	-	100.00	100.00	10,985	10,851		2008
VOLKSWAGEN SERVICIOS SA DE CV, Puebla	MXN	18.9223	-	100.00	100.00	-	2,188		2008
Volkswagen Versicherungsdienst AG, Wallisellen	CHF	1.4836	-	100.00	100.00	2,350	717		2008
VVS Verzekerings-Service N.V., Amsterdam	€		-	60.00	60.00	1,718	1,491		2008
VWT Participações Ltda. - Participações em Outras Sociedades e Prestação de Serviços em Geral, Saõ Bernardo do Campo	BRL	2.5113	-	100.00	100.00	4,866	2,724		2008
III. JOINT VENTURES									
A. Equity-accounted investments									
1. Germany									
IAV GmbH Ingeni€gesellschaft Auto und Verkehr, Berlin	€		50.00	-	50.00	61,160	10,892		2008
Porsche Zwischenholding GmbH, Stuttgart	€		49.90	-	49.90	-	-	5) 7)	2009
2. International									
DFM Autofinanciering B.V., Amersfoort	€		-	100.00	100.00	-	-	11)	2008
DFM N.V., Amersfoort	€		-	100.00	100.00	-	-	11)	2008
DutchLease B.V., Rotterdam	€		-	100.00	100.00	-	-	11)	2008
FAW-Volkswagen Automotive Company, Ltd., Changchun	CNY	9.8350	20.00	20.00	40.00	20,886,045	10,634,064	12)	2009
Global Mobility Holding B.V., Amsterdam	€		-	50.00	50.00	2,090,456	-278	12)	2008
Lease+ B.V., Amersfoort	€		-	100.00	100.00	-	-	11)	2008
Lease+Balans B.V., Amersfoort	€		-	100.00	100.00	-	-	11)	2008
LeasePlan Corporation N.V., Amsterdam	€		-	-	9)	1,384,072	202,463	12)	2008
Midland Beheer B.V., Amersfoort	€		-	100.00	100.00	-	-	11)	2008
Shanghai Volkswagen Powertrain Company Ltd., Shanghai	CNY	9.8350	-	60.00	60.00	1,073,770	396,679		2009
Shanghai-Volkswagen Automotive Company Ltd., Shanghai	CNY	9.8350	40.00	10.00	50.00	20,231,311	4,938,606		2009
vdf Faktoring Hizmetleri A.S., Istanbul	TRY		-	100.00	100.00	-	-	6)	2009
vdf Servis Holding A.Ş., Istanbul	TRY	2.1547	-	51.00	51.00	-	-143		2008
vdf SIGORTA ARACILIK HIZMETLERI A.Ş., Istanbul	TRY	2.1547	-	99.99	99.99	2,029	665		2008
VOLKSWAGEN BANK POLSKA S.A., Warsaw	PLN	4.1045	-	60.00	60.00	217,302	37,169	12)	2008
VOLKSWAGEN DOĞUŞ TÜKETICI FINANSMANI ANONIM ŞIRKETI, Maslak-Istanbul	TRY	2.1547	-	51.00	51.00	26,417	-27,969		2008
VOLKSWAGEN FAW Engine (Dalian) Co., Ltd., Dalian	CNY	9.8350	-	60.00	60.00	759,725	-6		2008
Volkswagen FAW Platform Company Ltd., Changchun	CNY	9.8350	-	60.00	60.00	481,916	16,440		2008
VOLKSWAGEN Finančné služby Slovensko s.r.o., Bratislava	SKK	30.1260	-	58.00	58.00	946,373	130,518	12)	2008
Volkswagen Leasing B.V., Amersfoort	€		-	100.00	100.00	-	-	11)	2008
Volkswagen Leasing Polska Sp. z o.o., Warsaw	PLN	4.1045	-	60.00	60.00	7,124	1,164	12)	2008
Volkswagen Pon Financial Services B.V., Amersfoort	€		-	60.00	60.00	191,954	23,531	10)	2008
VOLKSWAGEN SERWIS UBEZPIECZENIOWY SP. Z O.O., Warsaw	PLN	4.1045	-	100.00	100.00	18,504	18,454	12)	2008
VOLKSWAGEN Transmission (Shanghai) Company Ltd., Shanghai	CNY	9.8350	-	60.00	60.00	378,325	35,576		2008
B. Companies accounted for at cost									
1. Germany									
August Horch Museum Zwickau GmbH, Zwickau	€		-	50.00	50.00	754	66		2008
AUTOMEILE Ausstellungsgesellschaft m.b.H., Hamburg	€		-	50.00	50.00	29	-	5)	2008
e.solutions GmbH, Gaimersheim	€		-	49.00	49.00	892	366	4) 6)	2009
Ingolstadt	€		-	50.00	50.00	1,745	-676		2008
Elektronische Fahrwerksysteme GmbH, Gamersheim	€		-	49.00	49.00	-	-	6)	2009
Objekt Audi Zentrum Berlin-Charlottenburg Verwaltungsgesellschaft mbH, Berlin	€		-	50.00	50.00	61	2		2009
Objektgesellschaft Audi Zentrum Berlin-Charlottenburg GmbH & Co. KG, Berlin	€		-	50.00	50.00	5,719	355		2009
PMDTechnologies GmbH, Siegen	€		-	50.00	50.00	6,663	87		2009
VOLKSWAGEN VARTA Microbattery Forschungsgesellschaft mbH & Co. KG, Ellwangen	€		-	50.00	50.00	-	-	6)	2009
VOLKSWAGEN VARTA Microbattery Verwaltungsgesellschaft mbH, Ellwangen	€		-	50.00	50.00	-	-	6)	2009
Wolfsburg AG, Wolfsburg	€		50.00	-	50.00	19,569	8,404		2008

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
2. International									
Central Eléctrica Anhangüera Ltda., São Paulo	BRL	2.5113	-	40.00	40.00	-	-	7)	2008
Módulos Automotivos do Brasil Ltda., São José dos Pinhais, PR	BRL	2.5113	-	100.00	100.00	6,875	-11,024		2008
SAIC-VOLKSWAGEN Sales Company Ltd., Shanghai	CNY	9.8350	-	40.00	40.00	483,918	41,738		2008
SITECH Dongchang Automotive Seating Technology, Ltd., Shangha	CNY	9.8350	-	60.00	60.00	80,634	12,406		2008
Sturups Bilservice AB, Malmö	SEK	10.2520	-	50.00	50.00	276,941	5,378		2008
Trio Bilservice AB, Västerås	SEK	10.2520	-	33.33	33.33	132,294	52		2008
Volkswagen Beijing Center Company Ltd., Beijing	CNY	9.8350	-	70.00	70.00	38,861	465		2008
VOLKSWAGEN Finančné služby Maklérska s.r.o., Bratislava	SKK	30.1260	-	58.00	58.00	60,595	60,375		2008
Volkswagen Møller BilFinans AS, Oslo	NOK		-	51.00	51.00	-	-	6)	2009
IV. ASSOCIATES									
A. Equity-accounted associates									
1. Germany									
Autoport Emden GmbH, Emden	€		-	33.33	33.33	62	11		2008
Autoport Emden GmbH, Emden	€		28.67	-	28.67	2,419,789	667,046		2008
2. International									
Bits Data i Södertälje AB, Södertälje	SEK	10.2520	-	33.00	33.00	17,105	2,814		2008
Cummins-Scania high pressure injection L.L.C., Columbus	USD	1.4406	-	30.00	30.00	7,333	92		2008
Cummins-Scania XPI Manufacturing L.L.C., Columbus	USD	1.4406	-	50.00	50.00	90,463	1,276		2008
H.R. Owen Plc., London	GBP	0.8881	-	27.91	27.91	-	-	7)	2008
Oppland Tungbilservice AS, Fagernes	NOK	8.3000	-	50.00	50.00	3,151	1,718		2008
Scamadrid S.A., Madrid	€		-	49.00	49.00	5,072	264		2008
ScaValencia, S.A., Valencia	€		-	26.00	26.00	9,020	1,001		2008
Tynset Diesel AS, Tynset	NOK	8.3000	-	50.00	50.00	3,961	973		2008
B. Associates accounted for at cost									
1. Germany									
Abgaszentrum der Automobilindustrie (GbR), Weissach	€		-	-	-	-	-		
ALC - Auto-Lackier-Center GmbH, Chemnitz	€		-	20.00	20.00	611	133		2008
EXTESSY AG, Wolfsburg	€		-	22.95	22.95	81	-306		2007
Fahrzeugteile Service-Zentrum Mellendorf GmbH, Wedemark (Mellendorf)	€		26.00	23.70	49.70	3,063	-116		2008
GIF Gewerbe- und Industriepark Bad Friedrichshall GmbH, Bad Friedrichshall	€		-	30.00	30.00	2,195	326		2008
GVZ Entwicklungsgesellschaft Wolfsburg mbH, Wolfsburg	€		-	30.80	30.80	1,411	314		2008
Hönigsberg & Düvel Datentechnik GmbH, Wolfsburg	€		-	87.10	87.10	4,947	4,399		2008
Living Solids GmbH, Magdeburg	€		-	24.90	24.90	0	209		2008
PDB - Partnership for Dummy Technology and Biomechanics GbR, Ingolstadt	€		-	-	-	-	-		
POLYSIL GmbH, Wolfsburg	€		-	24.92	24.92	-	-	7)	2008
Theater der Stadt Wolfsburg GmbH, Wolfsburg	€		25.40	-	25.40	124	0	3)	2008
2. International									
e4t electronics for transportation s.r.o., Prague	CZK	26.4730	-	49.00	49.00	37,883	10,222		2008
Servicios Especiales de Ventas Automotrices, S.A. de C.V., México, D.F.	MXN	18.9223	-	25.00	25.00	51,602	4,672		2008
SKO-ENERGO s.r.o., Mladá Boleslav	CZK	26.4730	-	46.00	46.00	56,638	2,211		2008
Smart Material Corp., Sarasota, Florida	USD	1.4406	-	24.90	24.90	1,001	-36		2008
TAS Tvornica Automobila Sarajevo d.o.o, Vogosca	BAM	1.9558	50.00	-	50.00	-	-	5)	2008
TTTech Computertechnik AG, Vienna	€		-	24.99	24.99	21,639	-2,055		2008
Volkswagen of Nigeria Ltd., Lagos	NGN	215.2350	40.00	-	40.00	-	-	5)	2008
V. OTHER EQUITY INVESTMENTS									
1. Germany									
Flughafen Braunschweig-Wolfsburg GmbH, Braunschweig	€		35.57	-	35.57	3,756	2,256		2008
GKH Gemeinschaftskraftwerk Hanover GmbH, Hanover	€		-	15.30	15.30	10,226	-	1)	2008
NEULAND Wohnungsgesellschaft mbH, Wolfsburg	€		-	20.00	20.00	79,676	5,547		2008
Niedersächsische Gesellschaft zur Endablagerung von Sonderabfall mbH, Hanover	€		10.00	-	10.00	9,534	913		2008
2. International									
SKO-ENERGO-FIN s.r.o., Mladá Boleslav	CZK	26.4730	-	10.00	10.00	853,067	241,680		2008

1) Profit and loss transfer agreement
2) In liquidation
3) Different fiscal year
4) Short fiscal year
5) Currently not trading
6) Newly established company
7) Newly acquired company
8) Other profit and loss transfer agreement
9) Global Mobility Holding B.V., Amsterdam holds a 100% interest in LeasePlan Corporation N.V., Amsterdam
10) Consolidated financial statements
11) Figures are contained in the consolidated financial statements of the parent company
12) Figures in accordance with IFRSs
13) Profit and loss transfer agreement from 2009
14) Merger

VOLKSWAGEN AG is the general partner of the following companies:

1. Abgaszentrum der Automobilindustrie (GbR), Weissach
2. LOCATOR Grundstücks-Vermietungsgesellschaft mbH und Volkswagen AG in GbR, Eschborn
3. PDB - Partnership for Dummy Technology and Biomechanics GbR, Ingolstadt
4. Volkswagen AG Preussen Elektra AG OHG, Wolfsburg
5. Volkswagen Logistics GmbH & Co. OHG, Wolfsburg

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