

- Check against delivery -

**Hans Dieter Pötsch
Speech at the
Annual General Meeting
on May 3, 2011**

- Part II -

Ladies and Gentlemen,

I, too, would like to welcome you to today's Annual General Meeting in Hamburg.

Chart "Highlights"

As Prof. Winterkorn has already said: Volkswagen can look back on a successful fiscal year 2010. In the past year, both the global economy and the automotive industry largely recovered from the consequences of the financial and economic crisis. The Volkswagen Group is well positioned and participated in the economic upturn. We recorded the best results in our Company's history in fiscal year 2010.

Volkswagen increased sales revenue by 20.6 percent to €126.9 billion in 2010 and our operating profit set a new record, at €7.1 billion. Our Automotive Division improved its return on investment to 13.5 percent, well above our 9 percent minimum required rate of return.

Automotive Division liquidity is another key target variable in the Volkswagen Group, and net liquidity here rose by a further €8 billion year-on-year to €18.6 billion.

There are several reasons for this increase. First, the capital increase, which is a key milestone in our plans to create the integrated automotive group with Porsche, strengthened the Group's financial stability and flexibility. And second, positive business growth – together with our disciplined cost management – improved the Automotive Division's liquidity position.

In light of our Company's highly encouraging performance and our positive prospects for the current fiscal year, the Board of Management and the Supervisory Board will propose to today's Annual General Meeting to pay a dividend of €2.20 per ordinary share and €2.26 per preferred share.

In an economically challenging environment, we have impressively demonstrated that our Group's foundations are robust. We significantly increased our profitability in fiscal year 2010. This shows that our decision to continue our policy of disciplined cost and investment management was the right one. The continuous optimization of our products and processes remains a core component that will help us reach our goal of becoming the global economic and environmental leader among automobile manufacturers by the year 2018.

Chart "Income Statement"

Ladies and Gentlemen,

I would now like to take a closer look at 2010, starting with an overview of the income statement for last year.

We increased our sales revenue by €21.7 billion or 20.6 percent year-on-year to €126.9 billion. Since our cost of sales rose by only 15.1 percent, gross profit improved by €7.9 billion to €21.4 billion. As a result, the gross margin increased by 4 percentage points to 16.9 percent of sales revenue.

At €12.2 billion, distribution expenses rose compared with the previous year because of the significantly higher volume. However, the ratio of distribution expenses to sales revenue declined. The other operating result narrowed by €0.4 billion to €1.2 billion. In the previous year, this item included the proceeds of €0.6 billion from the sale of the Brazilian commercial vehicles business to the MAN Group. Overall, our operating profit increased to €7.1 billion. We were able to achieve this thanks to the tremendous commitment and hard work of all of our Group's employees.

These figures do not include the €1.9 billion proportional share of the operating profit recorded by our Chinese joint ventures, which are included using the equity method

and are therefore only reflected in the Group's financial result. Last year's figures demonstrate that the Chinese joint ventures continued their positive growth trend.

And the good results of our equity-accounted investment in Porsche Zwischenholding GmbH are also reflected in our financial result.

The financial result made a positive contribution in 2010. Higher investment income from the equity-accounted investments and gains from updated assumptions underlying the valuation models used to measure the put/call rights more than offset net losses on the measurement of financial instruments used for currency and commodity hedges. Our total profit before tax amounted to €9.0 billion.

The tax rate declined year-on-year to 19.7 percent, producing a record profit after tax of €7.2 billion for 2010.

Chart "Sales Revenue"

Ladies and Gentlemen,

Following this overview of the Volkswagen Group's income statement, I would now like to look at certain line items in greater detail:

We generated total sales revenue of €126.9 billion in fiscal year 2010. €19.8 billion of the revenue growth of €21.7 billion is attributable to the Automotive Division. This breaks down into €11.0 billion from volume growth, €0.8 billion from price-related measures, €2.1 billion from mix improvements and €4.1 billion from exchange rates.

As we sold our Brazilian commercial vehicles business to MAN in 2009, its 2010 revenue is no longer contained in our figures. Scania made another positive contribution, at €2.1 billion.

Volkswagen Financial Services recorded revenue growth of €1.9 billion.

Chart “Sales Revenue – by Market”

The breakdown of sales revenue by market shows that the Volkswagen Group recorded healthy growth in all markets last year. In Europe, including the Remaining markets, sales revenue grew by 11.4 percent year-on-year to €83.8 billion. In North America, the higher volume and an improvement in exchange rate effects drove up our sales revenue by 33.3 percent. We recorded significantly higher revenue growth of 40.2 percent in the South American market and 60.4 percent in the Asia-Pacific region.

I would like to note again at this point that the sales revenue figure for Asia-Pacific contains only the deliveries to our Chinese joint ventures, and not their own sales revenue in the Chinese market.

Chart “Operating Profit – by Brand and Business Field”

This chart shows operating profit by brand and business field. Strong demand for vehicles and financial services lifted the Volkswagen Group’s operating profit significantly year-on-year to €7.1 billion. The Volkswagen brand’s operating profit almost quadrupled to €2.2 billion, while the Audi brand’s operating profit more than doubled to €3.3 billion. The figures for both of these brands reflect the high level of market acceptance for our attractive products and the success of our sustained cost and process optimization.

The Škoda brand more than doubled its operating profit year-on-year, from €203 million to €447 million. In addition to the high volume, mix effects and cost reductions had a positive effect here.

The SEAT brand improved its operating result by €28 million year-on-year, narrowing the operating loss to €311 million. Positive factors here were firstly the slight increase in deliveries compared with the previous year, and secondly the particularly positive sales figures for the new Leon and Altea models. However, our Spanish subsidiary is still facing a decline in demand in the overall Spanish passenger car market. Additionally, upfront expenditures were incurred for new products.

Although conditions in the luxury segment remained difficult in fiscal year 2010, Bentley again reported a rise in sales figures. Shifts in the market and product mix as well as upfront expenditures for new products had a negative impact on the operating result. Consequently, Bentley's operating result declined by €51 million, with the company posting an operating loss of €245 million.

At €232 million, the operating profit recorded by Volkswagen Commercial Vehicles declined by €81 million compared with 2009. However, adjusted for the proceeds of around €600 million in the previous year from the sale of the Brazilian commercial vehicles business, the operating result recorded a significant increase.

The Scania brand performed very positively in 2010. In the past fiscal year, the commercial vehicles sector recovered noticeably from the effects of the financial and economic crisis, and Scania was able to benefit impressively from this trend. Scania contributed an operating profit of €1.3 billion to the Group's performance in 2010.

Volkswagen Financial Services generated an operating profit of just under €1 billion in fiscal year 2010, again making a significant contribution to the Volkswagen Group's operating profit.

Please note that the figures for the brands and divisions also include intra-Group transactions, in particular intercompany profits, whose elimination is contained in the "Other" category. Additionally, this category includes the depreciation and amortization expense from the purchase price allocation for Scania.

Chart "Change in Operating Profit"

A look at the reasons for the significant improvement in operating profit shows that volume, mix and price effects totaling €4.6 billion were the largest positive factors. Exchange rate movements improved our operating profit by €1 billion in 2010 compared with the previous year.

The clear reduction in our product costs again had a positive effect on our operating profit. At €1.6 billion, we exceeded our goal in fiscal year 2010 of saving product

costs in the order of €1 billion. This shows that we are continuing our systematic work on our cost structures and are continuously optimizing our processes.

Operating profit was reduced by higher fixed costs of €2.8 billion.

The main factors here were the start-up costs for our new production facilities in Russia, the USA and India, as well as upfront expenditures for our new products. These measures are critical to the success of the long-term implementation of our Strategy 2018 and will also allow us to handle the expected higher unit sales volumes in the coming years.

As already mentioned, we sold our Brazilian commercial vehicles business to MAN in 2009, so the earnings effect was only recorded in 2009.

Scania contributed €1.1 billion to the improvement in the Group's operating profit, demonstrating its importance to the Group.

Volkswagen Financial Services made an additional positive contribution of €0.3 billion to the improvement in the Group's operating profit.

Chart “Automotive Division ROI after Tax”

Ladies and Gentlemen,

Return on investment is the Automotive Division's core financial management instrument. It expresses the return on invested capital for a particular period based on the operating profit after tax. This key performance indicator is thus our critical target variable for the financial assessment of all strategic and operational decisions.

ROI declined in 2009 as a result of the global financial and economic crisis, but we increased this measure significantly in 2010. The ROI of 13.5 percent also exceeded the level of the good fiscal years 2007 and 2008. We not only earned our cost of capital of 6.3 percent, we also significantly exceeded our 9 percent minimum required rate of return.

As a result, we significantly improved our positive value contribution compared with the previous year to €3.1 billion.

These figures document the further progress we have achieved in implementing our strategy of disciplined cost and investment management. In all of our investment decisions, we will continue to ensure that our upfront expenditures are focused on safeguarding the future of our Company and generating adequate returns.

Chart “Financial Services Division Return on Equity”

The Financial Services Division improved its return on equity from 7.9 percent to 12.9 percent. In addition to increased volumes, this rise was driven by proceeds from the marketing of pre-registered vehicles in the leasing business.

Chart “Equity Ratio by Division”

Let’s now look at the consolidated balance sheet. The Volkswagen Group’s total assets at the end of 2010 amounted to €199.4 billion, a year-on-year increase of 12.5 percent. Despite the increase in total assets, the Group’s equity ratio improved by 3.3 percentage points to 24.4 percent.

Equity in the Automotive Division was strengthened by the positive earnings growth. Additionally, the success of our capital increase in the first half of 2010 contributed net proceeds of €4.1 billion, increasing the equity ratio by 5.3 percentage points to 35.5 percent.

Equity in the Financial Services Division increased by around €1 billion year-on-year to €9.2 billion. In addition to the good earnings performance, positive currency hedging effects and a capital increase by Volkswagen AG were the main factors here. The division’s equity ratio was 10.4 percent.

Chart “Automotive Division Net Liquidity”

I'll now turn to the individual items in our cash flow statement. The Automotive Division further expanded its stable net liquidity, which rose by €8 billion in 2010 to €18.6 billion. This figure is by no means negligible and demonstrates our Company's solid financial base. In addition to the good business performance, the success of our capital increase was a major factor in this improvement.

The earnings growth increased gross cash flow by €5.8 billion to €12.4 billion. Following the considerable release of funds in 2009, working capital again recorded a net inflow of €1.6 billion despite the volume growth. As a result, cash flows from operating activities increased by €1.1 billion to €13.9 billion.

At €5.7 billion, investments in property, plant and equipment were on a level with the previous year. As sales revenue increased significantly, the ratio of investments in property, plant and equipment (capex) to sales revenue declined by 1.2 percentage points to 5.0 percent. Nevertheless, our disciplined cost management does not hurt our products. We can only do this because in particular our progress in modularizing our vehicle concepts cuts one-time costs for the individual models, while at the same time allowing us to achieve savings in unit costs.

In addition to these synergy-driven efficiency enhancements, we will continue to invest prudently in new production facilities and in the ecological focus of our model range. Including additions to capitalized development costs and the acquisition of the interest in Suzuki, cash outflows from investing activities amounted to €9.1 billion, although this was €1.2 billion less than in the previous year. Net cash flow, in other words the difference between cash flows from operating activities and from investing activities, rose by €2.3 billion to €4.8 billion.

As I mentioned earlier, our net liquidity in the Automotive Division remains sound. This substantial basis is not an end in itself, but gives us the necessary financial flexibility for our investments and the implementation of our Strategy 2018. For example, we acquired the operating business of Porsche Holding Salzburg on March 1 this year for a price of €3.3 billion, thereby strengthening our sales activities.

I would like to take this opportunity to draw your attention to an item on the agenda you have been given. In addition to the standard resolutions that appear in all Annual General Meetings, today's agenda includes a proposal by the Board of Management and the Supervisory Board for the AGM to create new authorized capital. We want to use this opportunity to replace a previous authorization, which was not used in the past five years and expires in May, by a new authorization. We are convinced that such an authorization is a standard procedure at large stock corporations such as Volkswagen AG so that we can safeguard flexible financing activities.

Chart "Earnings per Ordinary and Preferred Share"

Ladies and Gentlemen,

Let me close by summarizing 2010: We can look back on a successful fiscal year. The Volkswagen Group generated profit after tax attributable to the shareholders of Volkswagen AG of €6.8 billion in 2010. This corresponds to basic earnings of €15.17 per ordinary share and €15.23 per preferred share.

The Board of Management and the Supervisory Board are therefore proposing to today's Annual General Meeting to resolve a dividend for Volkswagen AG of €2.20 per ordinary share and €2.26 per preferred share.