

**- Check against delivery -**

**Prof. Dr. Martin Winterkorn**  
**Speech at the**  
**Annual General Meeting**  
**on May 3, 2011**

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**- Part III -**

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Dear Shareholders,  
Ladies and Gentlemen,

Volkswagen moved into the fast lane in 2010. And that is where we intend to keep your Company in the coming years.

Thanks to our new plants and models, our modular toolkits and the planned integration of Porsche, we are now laying the foundations for profitable growth in all segments and business fields. I am convinced that we are doing this at the right time.

Before the financial crisis, many still saw the automotive industry as part of the old economy. Some had even written it off. I believe that this “old economy” has impressively demonstrated it is very much alive and kicking.

- The automotive sector reflects Germany’s strength as an industrial powerhouse.
- It is currently proving its ability to renew itself.
- And it remains one of the sectors of the future.

But of course we are aware that our business is becoming more and more challenging:

- Oil and commodity prices are rising – partly driven by speculation.
- Aggressive new rivals are pushing their way to the fore, and competitive pressure is growing.
- Especially in Germany, we must continue to acquire and train enough highly qualified engineers and specialists going forward.
- And finally, the general political and economic climate in some regions of the world is marked by considerable uncertainty.

Of course, in this context the focus is very much on Japan at the moment.

Far beyond any business issues, we are moved by the fate of the people who live there. That's why the Volkswagen Group and Porsche are providing a total of €2.5 million in humanitarian aid to support the population.

And I believe it's an important and good sign that our workforces are demonstrating their tremendous solidarity with the people in Japan through a broad-based fund-raising campaign.

Ladies and Gentlemen,

There's no question that, as an automaker, we are operating in a very challenging environment. At the same time, a new technology era has dawned for our industry.

- We must make alternative drives ready for production and affordable.
- We must make new energy sources usable for automobiles.
- And we must redefine mobility in the world's booming megacities.

To sum up, we can say that the automotive industry has never before faced such challenges in the past 125 years. Economically, strategically and technologically.

We have systematically prepared Volkswagen for all these challenges:

- Our brands already offer mobility solutions to meet every need and in every vehicle class, all around the globe. This diversity is our great strength. So "Experience D[r]iversity" is also the motto of our 2010 Annual Report
- The trends in automotive development are now being set in Wolfsburg, Ingolstadt and Weissach. We are further extending this technology lead.

- Strict cost discipline and net liquidity of €19.6 billion at the end of March mean that financially, we also have sufficient fuel in the tank. For example, we intend to invest €53.5 billion in the Automotive Division and an additional €10.6 billion in China in the period to 2015.
- And, last but not least, our Group can rely on responsible, long-term shareholders. This gives us additional stability.

Ladies and Gentlemen,

You can see that Volkswagen has laid all the foundations to play a key role in shaping the future of the automobile.

### **Chart “Strategy 2018”**

Our Strategy 2018 gives us a clear roadmap for this.

Customers, employees, business partners, shareholders and the public see and sense how serious we are. This is because we are on a qualitative growth path.

Ladies and Gentlemen,

I'd like to be very clear about this: Our goal isn't just to be the largest automaker. Our goal is to combine the highest customer and employee satisfaction, the best product quality and excellent profitability with volume growth.

Volkswagen wants to be the number one, both economically and ecologically. And the logical conclusion of this ambition is that we will take the global pole position in unit sales.

In the past year, we achieved important milestones on this path. Volkswagen's Strategy 2018 is completely on target.

However, we also know that if you want to be at the top of the automotive industry, you must outperform the competition. Not least in three core areas:

- First: Environmentally friendly “green” mobility.
- Second: Leveraging our market opportunities worldwide.
- And third: Our employees.

Looking at the first point:

There are currently around a billion vehicles in the world. In just ten years, there could be well over 1.3 billion. This mobility boom must be handled responsibly. And that means:

- Continuing to push ahead with environmentally friendly drive technologies.
- Developing intelligent and networked traffic systems.
- And making production in our plants worldwide even more resource-friendly and “greener”.

Volkswagen is pursuing all of these issues very systematically. Because we are committed to our ecological responsibility. And because all these factors also make good economic sense in the long term.

In the past five years, we have reduced our fleet’s CO<sub>2</sub> emissions by around 15 percent to 144 grams. And the Volkswagen Group already has 20 model variants in its range emitting less than 100 grams of CO<sub>2</sub>/km. Further substantial steps will follow.

### **Chart “Volkswagen XL1”**

One example of this is the Volkswagen XL1. Our one-liter car contains all the elements that make up tomorrow’s mobility.

That’s because a company needs to master the entire range of issues if it wants to develop the most efficient car in the world – and to build it in the near future.

Your Company, Volkswagen, clearly has what it takes to do this, because we can build on three key technologies:

Firstly, we are extending our pioneering role in intelligent lightweight construction and innovative materials.

In addition, our equity interest in SGL Carbon will allow us to share in the positive performance of the forward-looking carbon fiber market.

Secondly, we are lowering the consumption of combustion engines even further and extending our lead in DSG transmissions. We expect additional improvements in efficiency of over 15 percent in this area in the coming years.

Thirdly, we are driving forward hybrid technology and e-mobility at high speed.

### **Chart “E-mobility in the Volkswagen Group”**

In doing so, we are following a clear roadmap that makes both good economic and good technical sense.

Because it's clear that our customers don't want a quick-fix solution, they want an electric car that is fully tested, suitable for everyday use, and above all affordable.

And that is exactly what Volkswagen will be providing when the up! blue-e-motion hits the streets in 2013, followed by the Golf blue-e-motion.

Here, too, our toolkit strategy is our core advantage over our competitors. Because our modular toolkits have been designed to allow the flexible introduction of all types of drivetrain in all series and brands.

### **Chart “The Volkswagen Group’s Modular Toolkit Strategy”**

At the same time, this allows us to cut costs and complexity:

- One-off expenditure and unit cost targets can be cut by 20 percent.
- Manufacturing time and complexity are being slashed.
- And, last but not least, we are achieving significant reductions in vehicle weight and emissions.

We expect that these measures will result in substantial economies of scale and cost benefits in hybrid and electric technologies as well. In other words, the Volkswagen

Group meets all the technical and economic conditions needed to help e-mobility enter the mainstream in the long term.

Just how seriously we are taking this issue can be seen from the fact that we are setting up our own E-mobility Campus for 1,100 employees in Wolfsburg. We are investing roughly €80 million in this facility, which is located at the center of our R&D site. By doing so, we are literally putting e-mobility expertise in Wolfsburg at the heart of our development activities.

Audi has also opened a large new e-mobility development and test center in Ingolstadt. Its more than 800 employees are taking an integrated approach to the issues of drivetrain technology, batteries and power electronics.

Ladies and Gentlemen,

Allow me to turn now to the second topic: Our opportunities on the world markets.

#### **Chart “Automotive Growth Markets in the Period to 2018”**

2018 could be the year in which more than 100 million passenger cars and light commercial vehicles are sold for the first time. The center of gravity is shifting more and more to the BRIC states.

For example, we expect market volumes in India to double. And Volkswagen is growing faster than the market there.

China is expanding its role as by far the most important and largest market: This was very evident at the Shanghai Motor Show. As the number one, Volkswagen intends to benefit substantially from this thanks to massive investments in new production facilities and vehicles.

In the booming ASEAN region, we will be starting local vehicle production in Malaysia as well in 2012.

However, traditional automobile nations such as the United States also offer us significant opportunities.

It goes without saying that our Group must continue expanding its presence in all these future markets. And that it must continue to increase customer satisfaction in relation to both its vehicles and its services.

Allow me to illustrate this using two examples:

### **Chart “Volkswagen in Russia”**

The Russian automotive market has gathered momentum and grew by around 30 percent last year. According to experts, the country will be the largest sales market in Europe as early as 2018.

Up to 150,000 vehicles a year are rolling off the production line in Kaluga, including the Polo Sedan, which was specially developed for our Russian customers.

Now we are taking the next step: Together with the GAZ Group, we want to produce more than 100,000 Volkswagen and Škoda cars a year at the GAZ location in Nizhny Novgorod.

Rapidly expanding production and dealership capacity will allow the Group to profit sustainably from the Russian automobile boom.

### **Chart “Volkswagen in the USA”**

Volkswagen is also finally going on the offensive again in the USA: By 2018, we want to increase annual Group unit sales there to one million vehicles. We have laid the groundwork for this with our new US facility. We will officially open our new plant in Chattanooga on May 24. This is one of the most modern and “greenest” auto factories in the world.

The Passat from Chattanooga and the Jetta, which is produced in Mexico, form the backbone of our US campaign. The critical points here are as follows:

- Roughly 85 percent of the parts for the US Passat are sourced from the region.
- We are planning to increase local value added still further by opening a new engine plant in Mexico.

This will make us less dependent on exchange rate fluctuations. And that in turn will allow us to sell our vehicles at competitive prices.

- Regionally tailored products,
- state-of-the-art, high-performance facilities sited in the area,
- and local sourcing of components and raw materials

are the three critical success factors for profitable growth on all global markets.

This will also benefit our German locations. For example, we supplied China with more than 600,000 gearboxes and engines from Germany in the past year alone.

Allow me to make one thing very clear in this context: Volkswagen's strength in Europe and Germany is and remains the basis for our global success. For our Group, this is much more than lip service.

- This is why Audi has invested €300 million in its Brussels factory.
- This is why more than half of our investments in property, plant and equipment are made in Germany.
- And this is why our sixty-second production facility is located in Osnabrück.

#### **Chart "Volkswagen Golf Cabriolet"**

The specialist knowledge they have built up there in the areas of small series and cabriolets is extremely valuable for the Group. Production of the new Golf Cabriolet has got off to a very successful start. This will create more than 1,800 jobs at Volkswagen Osnabrück by the end of the year.

This brings me to my third and last point: Our staff.

Our order books are well filled and our production facilities are operating at full stretch. At the same time, we are continuing to push forward with the “Volkswagen Way”, which is designed to boost productivity in our production facilities and administrative operations even further.

We can only do all this with a qualified and highly motivated workforce. And that is why employee satisfaction and commitment is one of our four core strategic goals.

In this situation, we are also continuing to increase our human resources: By 2018, we expect the Volkswagen Group to have created more than 50,000 additional jobs.

A large proportion of these will be in our growth markets, and especially China.

However, Volkswagen is also sending clear signals for the future of Germany as an automaking country: We intend to add 5,000 to 6,000 qualified new positions at our German locations in the medium term.

At all levels, the Volkswagen Group has become a magnet for top talent in the sector.

We offer our management staff – both male and female – excellent development prospects.

At the same time, we are selectively recruiting top staff from outside the Company to ensure we can successfully master the growing tasks.

Last but not least, we are also investing in the next generation at Volkswagen: In the current year, the Group will recruit 7,500 university graduates and 3,300 vocational trainees.

This means we will again be taking on substantially more young people than in the previous year. The increase in university graduates alone amounts to 40 percent.

### **Chart “Volkswagen Group Production Locations Worldwide”**

Ladies and Gentlemen,

Volkswagen stands for more than just good cars. It also stands for responsible, fair dealings with its staff.

- For good working conditions and high social standards in all 62 facilities worldwide.
- For an outstanding system of vocational training and continuous professional development, for example in the new Volkswagen Academies in Pune and Chattanooga.
- For exciting development opportunities for both women and men.
- And, last but not least, for ensuring that staff share financially in the Company’s success in an appropriate manner.

For us, these things aren’t merely “soft factors”, they’re not just “nice to have” – they are very definitely economic value drivers. And they form the basis for Volkswagen’s ability to manage its growth effectively in the future, too.

### **Chart: “Volkswagen Beetle”**

Ladies and Gentlemen,

In the next few months our Group brands will again launch around 30 new products for customers. These include such key vehicles as the Volkswagen Beetle, our New Small Family and the Audi Q3.

As you can see, we are continuing to keep up the pace with our products. At the same time, automotive markets throughout the world are gaining momentum.

### **Chart “Deliveries to Customers by Brand”**

Volkswagen has built on this to get off to a powerful start in 2011.

In the first quarter, we delivered around 2 million vehicles worldwide. At 14 percent, our growth is once again clearly in excess of the market.

However, sales are not the only encouraging thing about how our business is doing at present.

This is demonstrated not least by our record operating profit of €2.9 billion in the first quarter.

In light of this, 2011 looks set to be a good year, despite the economic uncertainties. Both for the automotive industry and for Volkswagen.

We are forecasting that our Group will sell even more vehicles, generate even more sales revenue and report an even higher operating profit than in our record year in 2010.

In all of this, we are relying on Volkswagen's proven virtues:

- A strong team spirit among our brands and regions.
- Environmentally friendly technologies and vehicles that appeal to both the head and the heart.
- Uncompromising quality.
- Robust finances and disciplined cost and investment management.
- And a responsible approach in all areas – in the interests of our customers, employees, shareholders and society.

Ladies and Gentlemen,

As you can see and sense, Volkswagen is remaining true to itself! And you can continue to expect a lot of us in the future.

My request to you, our shareholders, is to continue supporting us on this path.

I am convinced that your trust in Volkswagen will pay off in many respects.

Many thanks for your attention.