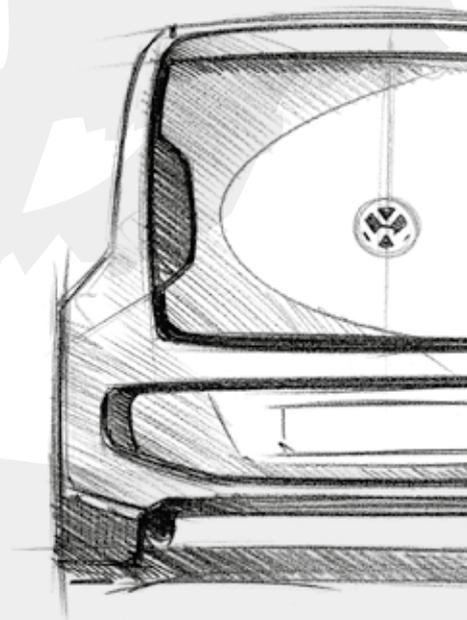
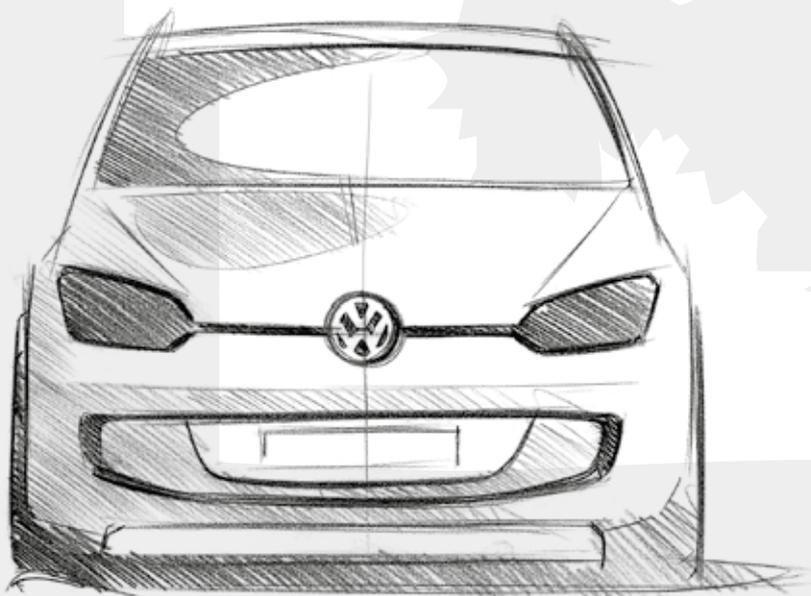


VOLKSWAGEN

AKTIENGESELLSCHAFT

JANUARY - MARCH 2008

Interim Report



- 1 Key Facts
2 Key Events

- 6 Business Development
12 Net Assets, Financial Position
and Results of Operations
15 Outlook

- 20 Income Statement
21 Balance Sheet
22 Statement of Recognized
Income and Expense
23 Cash Flow Statement
24 Notes to the Financial
Statements

Key Figures

VOLKSWAGEN GROUP

Volume Data ¹	Q1		
	2008	2007	%
Deliveries to customers ('000 units)	1,572	1,470	+ 7.0
of which: in Germany	241	235	+ 2.6
abroad	1,331	1,235	+ 7.8
Vehicle sales ('000 units)	1,604	1,501	+ 6.9
of which: in Germany	238	237	+ 0.7
abroad	1,366	1,265	+ 8.0
Production ('000 units)	1,649	1,558	+ 5.9
of which: in Germany	549	564	- 2.6
abroad	1,101	994	+ 10.7
Employees ('000 on Mar. 31, 2008/Dec. 31, 2007)	332.1	329.3	+ 0.8
of which: in Germany	168.9	168.7	+ 0.1
abroad	163.2	160.6	+ 1.6

Financial Data (IFRSs), € million	Q1		
	2008	2007	%
Sales revenue	27,013	26,640	+ 1.4
Operating profit	1,311	1,085	+ 20.9
as a percentage of sales revenue	4.9	4.1	
Profit before tax	1,366	1,069	+ 27.8
as a percentage of sales revenue	5.1	4.0	
Profit after tax	929	740	+ 25.6
Cash flows from operating activities	2,180	3,926	- 44.5
Cash flows from investing activities	2,899	3,643	- 20.4
Automotive Division ²			
Cash flows from operating activities	2,195	3,553	- 38.2
Cash flows from investing activities ³	1,328	1,669	- 20.5
of which: investments in property, plant and equipment	958	767	+ 25.0
as a percentage of sales revenue	3.9	3.2	
capitalized development costs ⁴	431	330	+ 30.9
as a percentage of sales revenue	1.8	1.4	
Net cash flow	867	1,884	- 53.9
Net liquidity at Mar. 31	14,218	9,418	+ 51.0

- 1 Volume data 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. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. 2007 deliveries updated on the basis of statistical extrapolations.
- 2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
- 3 Excluding acquisition and disposal of equity investments: Q1 €1,269 million (€913 million).
- 4 See table on page 25.

Key Facts

- › Volkswagen Group operating profit in the first quarter of 2008 up significantly year-on-year at €1.3 billion
- › At €1.4 billion, profit before tax exceeds previous year's figure by €0.3 billion
- › Group sales revenue increases by 1.4% year-on-year to €27.0 billion
- › At 3.9% (3.2%), ratio of investments in property, plant and equipment (capex) to sales revenue below the long-term average
- › At €14.2 billion, net liquidity in the Automotive Division recorded a further improvement compared with the end of 2007
- › Share of voting rights in Scania AB increased to 68.60%, subject to antitrust approvals
- › Group models successful:
 - Deliveries to customers worldwide up 7.0% year-on-year to 1.6 million vehicles; Group market share at record level in Germany
 - All-time record sales in the first quarter for the majority of brands
 - Growth remains strong in China, South America and Central and Eastern Europe; strong growth rates for sales in Russia and India
 - Market debut for Passat CC and Routan
 - World premiere of the new Volkswagen Scirocco and the new Audi A4 Avant at the Geneva International Motor Show; SEAT unveils impressive Bocanegra design study
 - Sharan BlueMotion expands BlueMotion model range; new Škoda Superb also launched as GreenLine version

Key Events

VOLKSWAGEN GROUP LAUNCHES IMPRESSIVE NEW MODEL ROLLOUT

After its record year in 2007, the Volkswagen Group began 2008 in a similar vein by presenting world premieres of a range of new models and concepts at international motor shows.

Passat CC debuts in Detroit

In January 2008, Volkswagen unveiled its premium mid-size model – the new Passat CC – at the North American International Auto Show in Detroit. This four-door coupé combines dynamic power with superior comfort, as well as offering a sporty yet uncompromisingly spacious interior. With the new Dynamic Drive Control feature, the vehicle can be driven in "normal", "sport" or "comfort" mode. Progressive technology also features prominently in the design of the Passat CC, which comes with pioneering assistance systems such as the "Lane Assist" lane-keeping assistant – used for the first time here – or the automatic "Park Assist" function.

World premiere of the Routan at the Chicago Motor Show

The new Volkswagen Routan made its debut at the Chicago Motor Show in February. This minivan seats seven passengers and combines the best of European design, workmanship and handling with equipment features and a range of engines geared towards the US market. The vehicle interior boasts high-quality materials together with comfortable and variable seat rows. The Routan was developed together with Chrysler LLC and is produced in Canada for the North American market at Chrysler's plant in Windsor, Ontario.

International Motor Show in Geneva

The Volkswagen Group showcased a whole host of new and impressive vehicles at the International Motor Show in Geneva.

The Volkswagen Passenger Cars brand treated visitors to an extensive vehicle rollout, with many new models making their international debut. Some 34 years after the first model generation was launched in Geneva, the new Scirocco was unveiled to the world in the same surroundings. This sports car wins over motoring enthusiasts with its concise design, sporty performance, innovative technology and a powerful range of charged engines in all models.

In addition, it offers a surprisingly spacious interior, comes with an affordable price tag and will be on sale across Europe as of late summer 2008. The Volkswagen Passenger Cars brand demonstrated its potential as regards environmental compatibility and energy efficiency with three further world premieres. Equipped with a high-tech diesel engine, electric motor and 7-speed direct shift gearbox, the Golf TDI Hybrid concept car uses a mere 3.4 liters of diesel (combined) per 100 kilometers and emits only 89 grams of CO₂ per kilometer. In addition to internal combustion mode and mixed mode operation, this exceptionally environmentally friendly and economical vehicle can also run in emission-free electric mode. The Passat Variant TSI EcoFuel¹ ushered in a new era of natural gas-driven vehicles in Geneva. With its 110 kW (150 PS) TSI engine, the Passat is far livelier than other gas-driven vehicles while still remaining remarkably fuel-efficient. The latest addition to the Volkswagen Passenger Cars brand's BlueMotion series – the Sharan BlueMotion² – was also presented in Geneva. Compared with the conventional model, the Sharan BlueMotion uses around 0.7 liters less fuel (combined) per 100 kilometers and, at 159 grams per kilometer, reduces CO₂ emissions substantially. Another key event at the Volkswagen Passenger Cars stand was the European premiere of the Passat CC.

The Audi brand celebrated the world premiere of the new Audi A4 Avant. The latest generation of the successful premium estate is a byword for high driving dynamics and uncompromising quality. In addition, the vehicle has a sporty side that is ideal for recreational driving. The range of engines packs an even more powerful punch than its predecessor model, while at the same time reducing consumption and emission levels.

The main attraction at the Škoda brand stand was the new Škoda Superb. The Czech brand's flagship model was given a complete makeover with further improvements in design and quality. One feature that made its debut in the new Škoda Superb was the Adaptive Frontlight System (AFS), an intelligent light system that adjusts the vehicle's headlight beam to suit the driving situation, vehicle speed and weather conditions at any given time. An environmentally friendly GreenLine version of the new Superb will also be available.

1 No binding consumption and emission figures are available at present for this model.

2 Consumption and emission data can be found on page 11 of this Report.

At the SEAT brand stand, the Bocanegra concept proved a particular attraction for visitors. With its prominent front end and progressive, clear-cut body line, the sports coupé conveys both dynamism and emotion. It also gives a foretaste of the design of future SEAT models that are to be rolled out.

Lamborghini presented the Gallardo LP 560/4¹, a worthy successor to the most successful Lamborghini model of all time. The new Gallardo offers 40 PS more power than its predecessor while marginally reducing its vehicle weight. Fuel consumption and emission levels were also reduced by an impressive 18%.

The Bentley brand caused a stir at the Geneva Motor Show with its new Bentley Brooklands¹ model. The luxury coupé with the power of a super sports car marks a return to the roots of the Bentley brand; the level of interest from customers has already exceeded all expectations.

Volkswagen Commercial Vehicles unveiled its Caddy Maxi Life EcoFuel concept car to a global audience at the Geneva Motor Show. This deceptively spacious natural gas-driven vehicle is almost ready for start of production, which is expected to be as early as the end of 2008, when Germany's best-selling natural gas vehicle will also be available as a Maxi version – 47 centimeters longer than the standard Caddy.

ARRAY OF AWARDS FOR THE VOLKSWAGEN GROUP

On January 17, 2008, the Volkswagen Group was presented with the Golden Angel 2008 award by German automobile club ADAC for its technological combination of the latest TSI engine and 7-speed direct shift gearbox. The exceptional efficiency of this combination, which is used exclusively by Volkswagen, enabled it to top the "Innovation and Environment" category.

Also on January 17, 2008, Volkswagen celebrated a double victory with its innovative TSI engines at the prestigious "What Car? Awards" in London. The Golf 1.4 TSI triumphed for the second year running in the hotly contested "Best Small Family Car" category. Another repeat winner was the Eos 2.0 TSI, which once again collected an award in the "Best Open Top Car" category.

In its January issue, US specialist magazine "Car and Driver" voted its "Ten Best Cars of 2008", featuring a total of 50 models from US, European and Asian manufacturers.

As in the previous year, the Golf GTI was among those singled out for awards. This was primarily due to its suspension and to its appealing balance of sportiness and comfort.

In January, auditing firm PricewaterhouseCoopers presented the Volkswagen Group with the "Global Automotive Shareholder Value Award" for 2007. Over a one-year and three-year period, Volkswagen posted the highest increase in shareholder value of all listed competitors in the global automotive industry, as well as the highest return for its shareholders.

The readers of "auto motor und sport" magazine cast their votes for the "Best Cars of 2008" again at the end of January. Six out of a total of ten awards went to the Volkswagen Group: the Polo topped the small car category for the 14th time, while the Audi A3 and Audi A6 defended last year's victories in the lower mid-range and upper mid-range segments respectively. The Audi A4 returned to pole position in the mid-size segment, while the Audi R8 won the coveted number one spot in the sports car category. The Multivan has reigned supreme in the van segment for six years. In addition, the Volkswagen Passenger Cars brand improved its ratings considerably in all categories.

The success of the Tiguan is continuing in 2008. Readers of "OFF ROAD" magazine voted it SUV of the year in February out of a total of 20 vehicles. Shortly afterwards, the Tiguan won the highly prized "Auto1 Trophy" in the "Off-Road and SUV" category. Over 40 million readers and experts from the AutoBild Group were invited to vote for the best vehicles out of 74 new models. In the mid-size category, the new Audi A4 was voted "Auto 1 of Europe".

In March 2008, readers of consumer magazine "Guter Rat" voted for the "Most Sensible Car 2008", choosing from a total of 36 models in three categories. In the "Saloon" category, the new Audi A4 emerged triumphant thanks to its spaciousness, low consumption and state-of-the-art safety systems. First place in the "Estate/Van" category went to the new Golf Variant. This can be attributed above all to the environmentally friendly fuel consumption and emission levels, the high level of driving comfort and the clever space concept.

¹ Consumption and emission data can be found on page 11 of this Report.

PRODUCTION MILESTONES

On January 17, 2008, the Braunschweig plant produced its 30 millionth rear axle. This impressive milestone in the plant's production history was celebrated by management and employees together with invited guests. Rear axles have been produced in Braunschweig since 1979; today, together with other component plants, it supplies rear axles for the Golf, Touran, Tiguan and Audi A3 models.

On February 1, 2008, the one millionth New Beetle rolled off the production line at Volkswagen de México in Puebla, ten years after production began. At the same time, this is the seven millionth vehicle to be produced at this Mexican plant. During a ceremony attended by 300 guests of honor – including Mexican President Felipe Calderón Hinojosa – the Chairman of the Board of Management of Volkswagen AG, Prof. Dr. Martin Winterkorn, stressed the key role played by Puebla in the Group's growth strategy in North America.

On February 5, 2008, the management and employees of the Kassel plant celebrated the production of its one millionth direct shift gearbox (DSG). Series production of the DSG, which is known for its fuel efficiency, sportiness and shifting comfort, has taken place at the Kassel plant since 2003. With the new 7-speed DSG, Volkswagen has now presented the second generation of the best-selling gearbox.

VOLKSWAGEN INCREASES SHARE OF VOTING RIGHTS IN SCANIA

Subject to antitrust approvals, Volkswagen will acquire a further 30.62% of the voting rights in Scania, thereby increasing its share of voting rights in the Swedish company from 37.98% to 68.60%. Volkswagen reached an agreement with Investor AB and various Wallenberg foundations regarding the purchase of their entire shareholdings in Scania. By so doing, the Volkswagen Group is stressing the importance it attaches to this equity interest. Volkswagen continues to expect positive business development and strong growth from Scania. The aim is to increase long-term value for all shareholders. Accordingly, Scania will be preserved and further developed as an independent premium brand.

PORSCHE TO INCREASE STAKE IN VOLKSWAGEN

At the beginning of March 2008, after approval by the Supervisory Board of Porsche Automobil Holding SE, Porsche publicly announced its intention to increase its equity interest in Volkswagen AG from the current 31% to over 50%. The Board of Management of Volkswagen AG welcomes Porsche's investment and sees it as an opportunity for a well positioned automobile manufacturer to usher in an entirely new era.

ANNUAL GENERAL MEETING

Volkswagen AG's 48th Ordinary General Meeting was held in the Congress Center Hamburg on April 24, 2008. With 57.86% of the voting capital present, the ordinary shareholders formally approved the actions of the Board of Management and the Supervisory Board, the authorization to purchase and utilize own shares, and an intercompany agreement. Furthermore, they appointed PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft as the auditors for fiscal year 2008 and to review the condensed consolidated financial statements and interim management report for the first six months of 2008. Mr. Christian Wulff and Mr. Walter Hirche were appointed to the Supervisory Board for a full term of office. Prof. Dr. Heinrich von Pierer stepped down from his position on the Volkswagen AG Supervisory Board as of the end of the Annual General Meeting; in light of this, the Annual General Meeting also elected Dr. Wolfgang Porsche as his successor for a full term of office. The Annual General Meeting also resolved to pay a dividend of €1.80 per ordinary share and €1.86 per preferred share for fiscal year 2007. The motions by Porsche Automobil Holding SE and Hannoversche Beteiligungsgesellschaft mbH to amend the Articles of Association of Volkswagen Aktiengesellschaft did not obtain the necessary majority. The results of the votes can be accessed on the Internet at www.volkswagenag.com/ir.

Volkswagen Share

There was a clear downward trend on equity markets worldwide in the first quarter of 2008. At the beginning of the year, prices slid significantly within a short period of time, leading to one of the weakest starts to a year in history. This was primarily due to the continuing crisis on the US credit markets and resulting fears of a substantial downturn in global economic growth. In February, share prices moved sideways at a low level, supported by interest rate cuts in the USA. Towards the end of the reporting period, further negative reports from the financial sector, together with all-time highs for the euro and for oil prices, again drove down share prices significantly.

On March 31, 2008, the DAX closed at 6,535 points, 19.0% below the level at the end of 2007. The DJ Euro STOXX Automobile stood at 305 points at the end of the first quarter; compared with the end of December 2007, this corresponds to a fall of 14.1%.

The performance of Volkswagen shares in the first quarter of 2008 was markedly different to the overall market trend. In the first two months of the year, the prices of Volkswagen ordinary and preferred shares

remained stable in a weak environment and almost maintained their level, bolstered by positive sales and financial data from the past fiscal year. The share price rose substantially in March.

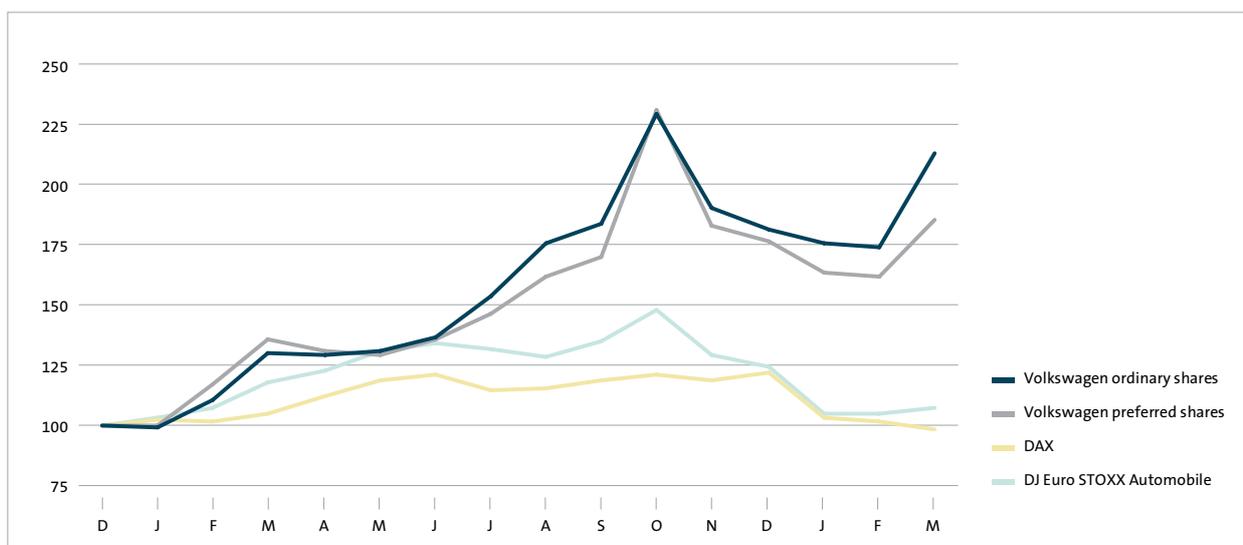
On March 26, 2008, Volkswagen AG ordinary shares recorded their highest daily closing price in the reporting period, namely €186.54. At their low on January 21, 2008, they were trading at €148.43. At the end of the first quarter, ordinary shares closed at €183.64, an increase of 17.6% compared with the end of 2007. Volkswagen AG preferred shares performed similarly, also peaking on March 26, 2008 at €107.80. Their lowest price was €89.20 on January 23, 2008. On March 31, 2008, they were quoted at €105.25, representing a 5.3% increase compared with December 31, 2007.

Information and explanations on earnings per share can be found in the notes to the consolidated interim financial statements.

Additional Volkswagen share data, plus corporate news, reports and presentations can be downloaded from our website at www.volkswagenag.com/ir.

SHARE PRICE DEVELOPMENT FROM DECEMBER 2006 TO MARCH 2008

Index based on month-end prices: December 31, 2006 = 100



Business Development

GENERAL ECONOMIC DEVELOPMENT

The global economy slowed appreciably in the first quarter of 2008. This was due above all to the effects of the credit crisis in the USA and the persistently high commodity prices. Growth in the emerging Asian economies, in Latin America and in Central and Eastern Europe weakened, but was still above average.

At the beginning of 2008, the US Federal Reserve attempted to stave off the impending recession through massive interest rate cuts. The US dollar fell to a record low against the euro. The Mexican economy recorded a significant decline in its growth rate in the first quarter of 2008 due to its heavy dependence on developments in the US economy.

In Argentina, inflationary pressures were high owing to the country's continued dynamic economic growth. The slowdown in the global economy and the strong real led to weaker overall economic growth in Brazil. The South African economy suffered a downturn at the beginning of the year due to energy supply problems, causing the rand to weaken considerably.

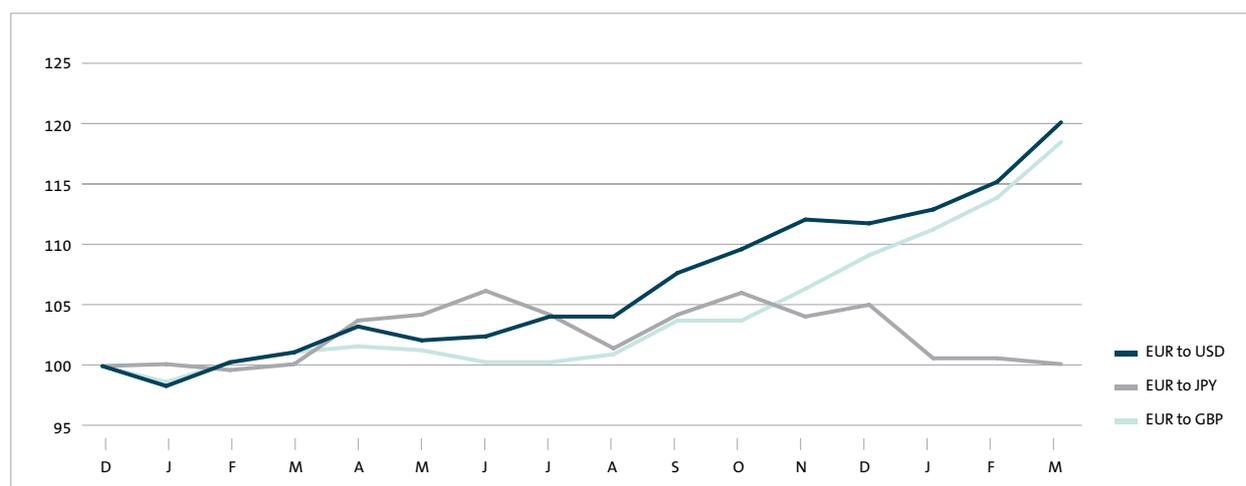
The Chinese economy is continuing to grow at a fast pace. Owing to the dramatic increase in inflation, efforts to curb economic growth have been intensified. The Japanese economy continued to slow in the first quarter of 2008.

Although economic growth in Western Europe slowed in the first three months of 2008, it did so to a lesser extent than in the USA. With the exception of Hungary, economic growth in Central and Eastern European countries remained strong. However, prospects have deteriorated recently owing to increasing inflationary tendencies and falling exports.

To date, the downturn in global economic growth has had less of an impact on the performance of the German economy than had been feared. Exports to emerging markets in particular proved to be a key pillar of the economy. However, consumer spending continued to fall short of expectations in the first quarter of 2008, too, in spite of the sustained positive labor market trend. This can be attributed above all to continuing economic uncertainty and rising food and energy prices.

EXCHANGE RATE MOVEMENTS FROM DECEMBER 2006 TO MARCH 2008

Index based on month-end prices: December 31, 2006 = 100



DEVELOPMENT OF AUTOMOTIVE MARKETS

In the first quarter of 2008, new passenger car registrations worldwide rose slightly as against the comparative prior-year period. While the Central and Eastern Europe, South America and Asia-Pacific regions in particular recorded above-average growth rates, demand fell in South Africa, North America, Western Europe and Japan.

Overall, vehicle sales in the US market were down substantially year-on-year in the period from January to March 2008. Besides the effects of the economic and credit crisis, increased fuel prices were the main reason for the lowest level of unit sales since 1998. The decline in new registrations of light commercial vehicles was far greater than for passenger cars, which are more fuel-efficient. Sales increased in the Canadian automotive market in the first three months of the year, while new registrations in Mexico fell below the prior-year level.

The pick-up in the Brazilian passenger car and commercial vehicle market continued in the first quarter of 2008, exceeding the record levels of the previous year. The above-average growth is primarily attributable to more favorable financing conditions. Growth also continued in Argentina, with sales reaching a new high.

In South Africa, the volume of the passenger car market fell dramatically compared with the same period in 2007 due to restrictive lending.

In the Chinese market, the number of new passenger car registrations continued to rise extremely sharply in the period from January to March 2008. This meant that, as in previous years, the world's second largest sales market remained the main driver of global automotive demand. In Japan, passenger car sales were marginally below the level of the first quarter of 2007. The positive development in the Indian passenger car market continued in the reporting period, although the pace of growth has slowed somewhat.

Overall demand in the Western European passenger car market in the first three months of 2008 remained below the level in the same period in 2007. This downturn was driven substantially by changes in tax legislation in a number of key markets. Italy and Spain in particular suffered significant falls in demand. By contrast, markets in Central and Eastern Europe enjoyed predominantly double-digit growth. By far the highest volume increases in the region were recorded by Russia and the Ukraine. In Germany, the number of new passenger car registrations improved on the prior-year quarter, which was impacted in particular by the VAT increase as of January 1, 2007.

VEHICLE DELIVERIES WORLDWIDE

In the first three months of 2008, the Volkswagen Group delivered 1,571,895 vehicles to customers worldwide. This corresponds to an increase of 7.0% compared with the same period in 2007. The Volkswagen Passenger Cars, Škoda and Volkswagen Commercial Vehicles brands

generated above-average growth rates. In the premium vehicle segment, Lamborghini recorded an impressive 21.5% increase.

The table on this page gives an overview of deliveries to customers by market and the respective passenger car market share in the first three months.

DELIVERIES TO CUSTOMERS BY MARKET FROM JANUARY TO MARCH¹

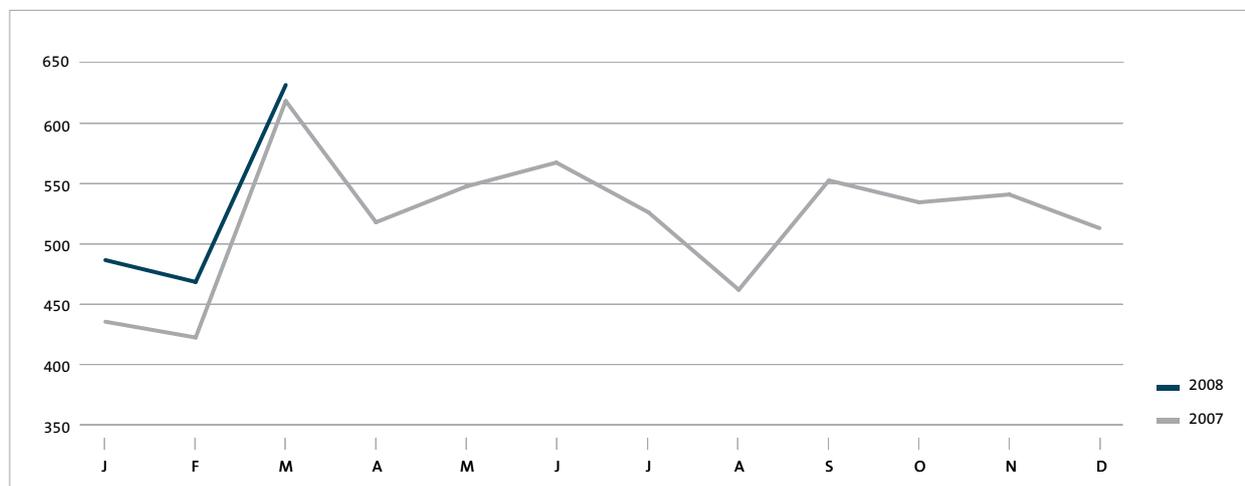
	Deliveries (units)		Change (%)	Share of passenger car market (%)	
	2008	2007		2008	2007
Europe/Remaining markets	936,789	917,703	+ 2.1		
Western Europe	771,716	777,088	- 0.7	18.6	18.6
of which: Germany	240,654	234,631	+ 2.6	32.3	31.6
United Kingdom	116,374	112,489	+ 3.5	15.3	15.1
Spain	82,508	93,444	- 11.7	21.8	21.5
Italy	74,281	77,511	- 4.2	10.7	10.5
France	63,881	62,294	+ 2.5	10.6	11.7
Central and Eastern Europe	128,146	108,538	+ 18.1	10.7	12.0
of which: Russia	22,643	14,366	+ 57.6	3.5	3.2
Poland	20,069	17,306	+ 16.0	21.0	21.5
Czech Republic	18,917	18,831	+ 0.5	52.8	58.9
Remaining markets	36,927	32,077	+ 15.1		
of which: Turkey	15,442	11,803	+ 30.8	12.3	12.9
North America²	116,752	123,772	- 5.7	2.8	2.7
of which: USA	72,224	72,731	- 0.7	2.0	1.9
Mexico	34,815	41,188	- 15.5	13.1	14.4
Canada	9,713	9,853	- 1.4	2.7	2.9
South America/South Africa	209,117	188,233	+ 11.1	18.9	19.2
of which: Brazil	147,752	119,809	+ 23.3	24.8	25.4
Argentina	33,111	30,307	+ 9.3	22.8	26.2
South Africa	19,558	28,058	- 30.3	18.9	22.5
Asia-Pacific	309,237	239,889	+ 28.9	7.5	6.3
of which: China	268,204	202,637	+ 32.4	18.4	16.8
Japan	18,815	19,087	- 1.4	1.4	1.4
Worldwide	1,571,895	1,469,597	+ 7.0	9.8	9.4
Volkswagen Passenger Cars	920,209	849,306	+ 8.3		
Audi	251,268	248,139	+ 1.3		
Škoda	173,474	149,926	+ 15.7		
SEAT	100,619	108,752	- 7.5		
Bentley	2,292	2,788	- 17.8		
Lamborghini	639	526	+ 21.5		
Volkswagen Commercial Vehicles	123,379	110,141	+ 12.0		
Bugatti	15	19	- 21.1		

1 Deliveries and market shares for 2007 have been updated to reflect subsequent statistical trends.

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

VOLKSWAGEN GROUP DELIVERIES BY MONTH

Vehicles in thousands



Sales trends in the individual markets are as follows.

DELIVERIES IN EUROPE/REMAINING MARKETS

In Western Europe, the Volkswagen Group recorded a slight year-on-year decline in its deliveries to customers in the period from January to March 2008. This region accounted for the largest proportion of vehicle sales in the reporting period, at 49.1% (52.9%) of the Group's total delivery volume. The Volkswagen Passenger Cars brand recorded an increase of 1.5%. Volkswagen Commercial Vehicles delivered 4.3% more vehicles to customers. Demand for the Polo, Golf, Audi A3, Audi A5, Audi A8, and Škoda Fabia Hatchback models also increased. Sales figures for the Caddy continued to increase. The new Golf Variant and Tiguan models met with a very positive reception in the market. The Volkswagen Group's market share of the overall Western European passenger car market was unchanged at 18.6%.

In Germany, demand for Group vehicles in the first three months of 2008 was 2.6% higher than in the previous year, in which delivery figures had been negatively impacted above all by the VAT increase on January 1, 2007. The Golf, Eos, Caddy and SEAT Leon models also generated impressive growth rates. Six of the Volkswagen Group's models led the German registration statistics in their respective segment in the first quarter of 2008: the Polo, Golf, Passat, Touran, Tiguan and Multivan/Transporter. In 2008, the Golf once again heads the list of all newly registered vehicles in the German passenger car market. The Group's market share in the reporting period was 32.3%, which is above the high level of the previous year.

In the main markets of Central and Eastern Europe, the positive trend from the previous year continued in the first three months of 2008. Deliveries to customers in these markets increased by 18.1%. The highest growth rates were recorded in Russia and the Ukraine. Stronger demand was recorded in particular for the Polo, Jetta, Caddy, Multivan/Transporter, Škoda Roomster and Škoda Fabia Hatchback models.

DELIVERIES IN NORTH AMERICA

From January to March 2008, our sales to customers in the steadily declining US passenger car market were only slightly less than in the same period in 2007. Demand grew for the Golf, Eos and Audi TT models.

Our deliveries to customers in the Canadian passenger car market fell by 1.4% year-on-year. Sales figures for the Golf and Audi A4 models increased. Our deliveries to customers in Mexico during the reporting period were 15.5% lower than in the previous year. However, there was an increase in demand for the Gol and Saveiro models.

DELIVERIES IN SOUTH AMERICA/SOUTH AFRICA

The positive trend of the previous year in the major South American passenger car markets also continued in the first quarter of 2008. The Volkswagen Group was able to significantly increase deliveries to customers in these markets compared with the previous year. Thanks to the strong demand for the Polo and Gol models, sales of Group vehicles in Brazil increased by 23.3% year-on-year. Deliveries in the Brazilian passenger car market also include the Saveiro and T2 light commercial vehicles, sales of which grew by 33.2% compared with the prior-year period. Deliveries of heavy commercial vehicles that are produced in Brazil (trucks in the 5 to 45 tonnes weight classes) were up by 49.3% year-on-year despite a more difficult market environment. The Volkswagen Group's market share in this segment was 32.9%. The number of buses sold increased to 1,882 (1,704).

In the Argentinian passenger car market, which continued to record positive growth, Group deliveries between January and March 2008 were 9.3% higher than in the prior-year period. The Fox and Jetta models

recorded above-average growth rates. Although the Volkswagen Group's market share in Argentina declined to 22.8%, we still maintained our leadership. Demand for heavy trucks and buses fell to 533 (598) units.

In South Africa, the passenger car market again declined in the first three months of 2008 due to continued restrictive lending. Demand for entry-level models in particular fell sharply. The Volkswagen Group delivered 30.3% fewer vehicles to customers than in the same period in the previous year. Its market share declined to 18.9%.

DELIVERIES IN THE ASIA-PACIFIC REGION

From January to March 2008, we delivered 28.9% more vehicles to customers in passenger car markets in the Asia-Pacific region than in the same period in 2007. This was due above all to the sustained high level of demand for Group models in the Chinese passenger car market. Impressive growth rates were recorded here in particular by the Jetta, Passat and Audi A6 models. The newly launched Škoda Octavia enjoyed great popularity. Although the Chinese passenger car market remains dominated by sales incentives offered by other manufacturers, our market share grew to 18.4%, further bolstering the market leadership. In the Japanese passenger car market, which is declining again, the number of vehicles delivered to customers in the first quarter of the year decreased slightly compared with the same period in the previous year. Demand increased for the Touran, Passat saloon and Audi A3 models.

Performance in the remaining Asia-Pacific markets was mixed in the reporting period. While our delivery figures in Taiwan declined, substantial growth was achieved in India and Australia.

> Business Development
 Net Assets, Financial Position
 and Results of Operations
 Outlook

WORLDWIDE DEVELOPMENT OF INVENTORIES

As a result of seasonal and volume-related factors, inventories held by Group companies and the dealer organization worldwide on March 31, 2008, were up compared with the end of 2007 and March 31, 2007. Inventories remained at the level required to supply our customers.

UNIT SALES, PRODUCTION AND EMPLOYEES

The Volkswagen Group delivered 1,604,359 vehicles to the dealer organization worldwide in the first quarter of 2008. This corresponded to an increase of 6.9% compared with the same period in 2007. The volume of vehicles sold outside Germany increased by 8.0% because of the high level of demand for Group models in China and Brazil. The number of vehicles sold in Germany rose by 0.7% year-on-year. The proportion of total sales generated in Germany was 14.9% (15.8%).

The Volkswagen Group produced 1,649,472 vehicles from January to March 2008, 5.9% more than in the first quarter of 2007. Strong growth rates were reported by the production facilities in Mexico, Brazil, Poland and Slovakia as well as at the joint venture companies in China. The share of vehicles manufactured in Germany was 33.3% (36.2%).

The Volkswagen Group had a total of 314,888 active employees at the end of the first quarter. In addition, 9,175 employees were in the passive phase of their early retirement and 8,000 persons were in apprenticeships. On March 31 of this year, the Volkswagen Group employed a total of 332,063 persons, an increase of 0.8% compared with the end of 2007. From January to March 2008, the number of persons employed by the Group in Germany increased by 0.1% to 168,852. The proportion of employees in Germany decreased to 50.8% (51.2%) compared with December 31, 2007.

OPPORTUNITY AND RISK REPORT

With the exception of the positive effects of the planned consolidation of Scania on the Volkswagen Group's deliveries and earnings mentioned in the Outlook on page 15, there were no significant changes to the opportunity and risk position compared with the presentation in the "Risk Report" and "Report on Expected Developments" of the 2007 Annual Report.

CONSUMPTION AND EMISSION DATA

In accordance with Pkw-EnVKV (German Passenger Car Fuel Consumption and CO₂ Emissions Information Regulation)

Model	Output in kW (PS)	Fuel consumption (l/100 km)			CO ₂ emissions (g/km)
		urban	extra-urban	combined	combined
Bentley Brooklands	395 (537)	28.8	14.1	19.5	465
Lamborghini Gallardo LP 560/4 (E-Gear)	412 (560)	20.7	9.6	13.7	327
Lamborghini Gallardo LP 560/4 (manual gearbox)	412 (560)	22.0	10.0	14.7	351
Volkswagen Sharan BlueMotion	103 (140)	7.8	4.9	6.0	159

Net Assets, Financial Position and Results of Operations

AUTOMOTIVE DIVISION BALANCE SHEET STRUCTURE

On March 31, 2008, noncurrent assets in the Automotive Division were slightly higher than at the end of 2007.

Property, plant and equipment almost equaled the carrying amount as of December 31, 2007. Current assets increased by 7.7%, due firstly to a volume-related rise in the level of inventories and receivables. In addition, receivables and other financial assets increased mainly as a result of a rise in the fair value of financial instruments.

The Automotive Division's equity amounted to €26.7 billion at the end of the first quarter of 2008. Apart from the positive earnings development, the 7.5% increase compared with the end of 2007 was primarily due to the increase in the fair values of derivatives and to the decrease in actuarial losses on pension provisions recognized directly in equity resulting from an increase in the discount rate. Noncurrent liabilities were €28.4 billion (€28.5 billion). The financial liabilities contained in this figure were reduced by 3.1%. Current liabilities rose by 5.4% compared with December 31, 2007 as a result of higher trade payables owing to volume-related factors as well as other liabilities.

Since the Automotive Division's key figures also include the elimination of intra-Group transactions between the Automotive and Financial Services divisions, and the current financial liabilities of the primary Automotive Division were lower than the loans granted to the Financial Services Division, the reportable figure for the first quarter was negative.

Total assets in the Automotive Division were €79.8 billion on March 31, 2008. This represents an increase of 3.9% compared with the end of 2007.

FINANCIAL SERVICES DIVISION BALANCE SHEET STRUCTURE

At the end of the first quarter of 2008, total assets in the Financial Services Division were 1.3% higher than on December 31, 2007.

On the assets side, lower leasing and rental assets caused noncurrent assets to fall by 1.3%. Current assets increased by 4.9% on the back of the positive business development. At the end of the reporting period, the Financial Services Division accounted for approximately 47% of the Volkswagen Group's total assets.

At €7.2 billion, equity in the Financial Services Division was at the same level as at the end of 2007. The positive earnings effect was almost entirely eroded by the negative exchange rate effects recognized directly in equity. Noncurrent financial liabilities increased by 5.8% compared with December 31, 2007, on account of the expansion of business.

On March 31, 2008, deposits at Volkswagen Bank *direct* amounted to €11.2 billion (€9.6 billion).

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

In the first quarter of 2008, investments in property, plant and equipment in the Automotive Division amounted to €1.0 billion, a 25.0% increase on the same period in 2007. Among other things, capital spending related to new production facilities, and to models to be launched in 2008 and 2009. These include the new Audi Q5 and the successors to the current Gol, Golf, Audi A4 and SEAT Ibiza models. The ratio of investments in property, plant and equipment (capex) to sales revenue was below the long-term average at 3.9% (3.2%). This clearly shows that we are continuing to pursue a policy of disciplined investment.

The Automotive Division's gross cash flow for the period January to March 2008 was €2.0 billion (€2.2 billion). The year-on-year decline was due to higher tax payments, among other factors. As in the previous year, we recorded a cash inflow from working capital. However, due to a rise in the level of inventories and to a slower increase in the level of liabilities, this figure was €1.1 billion less than in 2007. As a result, cash flows from operating activities fell by €1.4 billion to €2.2 billion. Despite an increase in investments in property, plant and

equipment and higher capitalized development costs, net cash used in investing activities was €0.3 billion lower than the comparable figure for the previous year, which was influenced to a great extent by equity investments. The Automotive Division's net cash flow fell by €1.0 billion year-on-year to €0.9 billion.

NET LIQUIDITY

Net liquidity in the Automotive Division increased again in the first quarter of 2008. It amounted to €14.2 billion at the end of the reporting period, an increase of €0.7 billion compared with December 31, 2007.

Since additional debt funding was required as a result of the increased business volume, the negative net liquidity – common to the industry – in the Financial Services Division was €–52.9 billion, €0.5 billion higher than at the end of 2007.

At March 31, 2008, the Volkswagen Group's net liquidity improved by €0.2 billion compared with the end of December 2007 to €–38.7 billion.

SALES REVENUE OF THE VOLKSWAGEN GROUP

In the first three months of 2008, the Volkswagen Group's sales revenue grew by 1.4% year-on-year to €27.0 billion. Sales revenue in the Automotive Division was €24.5 billion, up slightly on the 2007 level. The Group's sales revenue only reflects the positive development of our sales in China in the form of increased deliveries of vehicle parts; this is because our Chinese joint ventures are accounted for using the equity method. In the first quarter of 2008, the Financial Services Division generated sales revenue of €2.6 billion (+8.8%). 76.1% (76.5%) of Group sales revenue was generated outside Germany.

EARNINGS DEVELOPMENT

In the reporting period, the Volkswagen Group generated gross profit of €4.0 billion, thereby exceeding the previous year's figure by 8.9%. Thanks to the higher sales revenue and the cost savings achieved, the previous year's gross margin of 13.7% increased to 14.7%.

Gross profit in the Automotive Division rose by 9.6% year-on-year in the first quarter of 2008 to €3.4 billion. Gross profit in the Financial Services Division amounted to €0.6 billion (+5.0%). The Group's distribution expenses increased by 3.2% to €2.3 billion because of the increased sales volume; the ratio of distribution expenses to sales revenue was 8.4% (8.3%). Administrative expenses were unchanged at €0.6 billion. As in the previous year, the Group's other operating result was €0.2 billion in the first quarter of 2008.

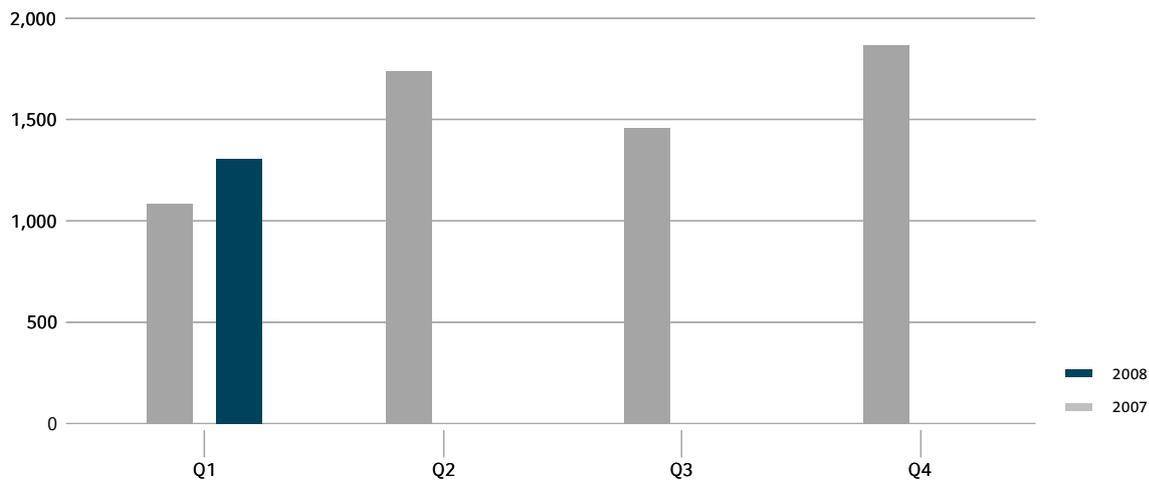
In the period from January to March 2008, the Volkswagen Group's operating profit was €1.3 billion, up €0.2 billion on the comparative prior-year figure.

The financial result improved by €71 million to €55 million due to higher income from equity-accounted investments.

The Volkswagen Group generated a profit before tax of €1.4 billion in the first three months of 2008, or €0.3 billion more than in the prior-year period. The Volkswagen Group's profit after tax increased by 25.6% year-on-year to €0.9 billion.

OPERATING PROFIT BY QUARTERS

Volkswagen Group in € million



- Business Development
- > Net Assets, Financial Position and Results of Operations
- > Outlook

Outlook

As expected, the performance of the global automotive markets varied from region to region in the first three months of 2008. While overall demand increased by 1.9% year-on-year, driven by positive developments in the Central and Eastern Europe, South America and Asia-Pacific regions, the number of new registrations declined in South Africa, North America and Western Europe.

Global economic conditions will remain difficult in 2008, with persistently high commodity and energy prices as well as the effects of the crisis on the US real estate market causing considerable strain.

In view of this, we assume that the global automotive markets will grow at a slower pace in 2008 compared with the previous year. We expect double-digit growth rates in Russia, India and China. Growth will slow somewhat in South America, but will remain double-digit. By contrast, demand in Western Europe and the USA is likely to stagnate or fall slightly.

The brand diversity of the Volkswagen Group is a critical competitive advantage. Almost all Group brands will launch attractive new models in 2008. We are thus selectively expanding our product portfolio and moving into additional market segments. For this reason, we are assuming that deliveries to Volkswagen Group customers

in 2008 will exceed the record levels achieved in the previous year. We expect demand for Group vehicles to increase substantially, especially in the Asia-Pacific, Central and Eastern Europe, and South America regions.

We are constantly improving our processes and systematically pursuing our disciplined approach to cost management. Together with the higher sales revenue resulting from the expected increase in unit sales, this will help lift our operating profit for 2008 above the previous year's figure.

As a result of upfront expenditures on new products, powertrains and production facilities, the ratio of investments in property, plant and equipment (capex) to sales revenue will be at a competitive level of around 6%.

In addition, we continue to expect a positive net cash flow and a further improvement in the Automotive Division's liquidity position.

Subject to antitrust approvals, we will add another successful brand to the Group in 2008 in the shape of Scania. This will be accretive to both deliveries and earnings. The above forecasts do not take into account the effects of the acquisition of further shares of Scania on volume, earnings and financing data.

This report contains forward-looking statements on the business development of the Volkswagen Group. These statements are based on assumptions relating to the development of the economic and legal environment in individual countries and economic regions, and in particular for the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given entail a degree of risk, and the actual developments may differ from those forecast. Consequently, any unexpected fall in demand or economic stagnation in our key sales markets,

such as Western Europe (and especially Germany) or in the USA, Brazil, China, or Russia will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna. In addition, expected business development may vary if the assessments of value-enhancing factors and risks presented in the 2007 Annual Report develop in a way other than we are currently expecting.

Brands and Business Fields

SALES REVENUE AND OPERATING PROFIT BY BRAND AND BUSINESS FIELD

The Volkswagen Group's sales revenue in the first quarter of 2008 was €27.0 billion, up 1.4% year-on-year. Sales revenue was affected by the continued unfavorable exchange rates. At €1.3 billion, operating profit was 20.9% higher than the year before.

In the first three months of 2008, sales by the Volkswagen Passenger Cars brand increased by 0.8% year-on-year to 899 thousand vehicles. The most significant growth rates were recorded by the New Beetle Cabriolet, Jetta, Gol, Touareg and Phaeton models. There was also strong demand for the new Tiguan and Golf Variant models. Sales revenue was €18.1 billion, up marginally on the 2007 level. Operating profit increased by €75 million to €461 million. The negative effects of the

unfavorable exchange rates were more than offset by the increase in volume sales and further improvements in material costs.

In the period from January to March 2008, the Audi brand generated unit sales of 313 thousand vehicles, thereby slightly exceeding the figure for the same period in 2007. Demand for the Audi A3, Audi A4 saloon, Audi A5 and Audi A8 was particularly encouraging, as was also the case with the new Audi A3 Cabriolet. At €8.3 billion, sales revenue fell by 4.4% year-on-year, owing primarily to exchange rate effects. However, operating profit increased by €113 million to €514 million as a result of further product cost optimization and qualitative growth. The figures for the Lamborghini brand contained in the key figures for Audi also recorded positive growth in the reporting period.

VOLKSWAGEN KONZERN

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

In the first quarter of 2008, Škoda sold 176 thousand vehicles, an increase of 10.5% compared with the year before. There was strong demand for the Fabia Hatchback, Fabia Combi and Octavia saloon models. Sales revenue rose by 8.5% year-on-year to €2.2 billion. The Škoda brand generated an operating profit of €182 million, up €10 million on the previous year. This figure was affected by the unfavorable exchange rate of the Czech koruna against the euro.

The SEAT brand recorded sales of 104 thousand vehicles during the reporting period, 2.6% more than in the first quarter of 2007. Demand for the Ibiza and Leon models was particularly encouraging. Sales revenue was at the same level as the prior-year period. Thanks to the systematic continuation of the program introduced to improve earnings performance, operating profit increased by €23 million to €12 million.

The Bentley brand generated sales revenue of €338 million in the first three months of 2008, 4.3% less than in the comparative prior-year period. Negative exchange rate effects were the main reason for the reduction in sales revenue, although unit sales rose slightly. Operating profit increased to €39 million (€38 million).

In the first quarter of this year, Volkswagen Commercial Vehicles sold 123 thousand vehicles, 15.8% more than in the previous year. All key models recorded rising unit sales. Sales revenue increased by €0.4 billion to €2.6 billion. Driven by the positive sales situation, together with productivity improvements and cost optimization, operating profit increased by €37 million year-on-year to €103 million.

With operating profit of €276 million (€258 million), the Financial Services Division again made a significant contribution to the Volkswagen Group's operating profit in the reporting period.

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

thousand vehicles/€ million	Vehicle sales		Sales revenue		Sales to third parties		Operating result	
	2008	2007	2008	2007	2008	2007	2008	2007
Volkswagen Passenger Cars	899	891	18,092	18,010	14,475	14,597	461	386
Audi	313	309	8,294	8,679	5,079	5,389	514	401
Škoda	176	160	2,203	2,031	1,557	1,494	182	172
SEAT	104	101	1,424	1,486	1,035	1,093	12	-11
Bentley	2	2	338	353	313	331	39	38
Volkswagen Commercial Vehicles	123	107	2,597	2,204	1,940	1,505	103	66
VW China ¹	283	209	-	-	-	-	-	-
Other	-296	-278	-8,497	-8,478	188	153	-276 ²	-225 ²
Automotive Division	1,604	1,501	24,451	24,285	24,587	24,562	1,035	827
Financial Services Division			2,562	2,355	2,426	2,078	276	258
Volkswagen Group	1,604	1,501	27,013	26,640	27,013	26,640	1,311	1,085

1 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 €73 million (€34 million).

2 Mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits.

UNIT SALES AND SALES REVENUE BY MARKET

In the first quarter of 2008, the Volkswagen Group's unit sales in the Europe/Remaining markets region were 932 thousand vehicles, 1.2 % less than in 2007. Sales revenue remained on a level with the previous year at €19.3 billion.

Group sales in North America rose by 5.7% to 126 thousand vehicles. Growth in demand for the Golf, Gol and Eos models was very encouraging. As exchange rates deteriorated further during the reporting period, sales revenue was €3.0 billion, 10.8% lower than in the previous year.

In the markets in South America/South Africa, unit sales in the first quarter increased by 13.5% to 218 thousand units. Sales revenue improved by 18.2% to €2.7 billion.

In the Asia-Pacific region, including the Chinese joint ventures, a total of 328 thousand Group vehicles were sold in the reporting period, 33.3% more than in the year before. As a result, sales revenue there rose by 20.6% to €2.1 billion. This figure does not include the sales revenue of the Chinese joint ventures, as these are accounted for using the equity method.

KEY FIGURES BY MARKET FROM JANUARY 1 TO MARCH 31

thousand vehicles/€ million	Vehicle sales ¹		Sales revenue	
	2008	2007	2008	2007
Europe/Remaining markets	932	944	19,285	19,321
North America	126	120	2,957	3,317
South America/South Africa	218	192	2,708	2,291
Asia-Pacific ²	328	246	2,063	1,711
Volkswagen Group²	1,604	1,501	27,013	26,640

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 The sales revenue of the joint venture companies in China are not included in figures for the Group and the Asia-Pacific market.

FINANCIAL SERVICES DIVISION

In the first quarter of 2008, the Financial Services Division continued the positive development of fiscal year 2007, once again contributing to the positive sales situation of the Volkswagen Group. Going forward, the division will continue to maximize potential along the automotive value chain in close cooperation with the Group brands; the financial services business will also be expanded further. To this end, Volkswagen Financial Services AG is investing €35 million in its Braunschweig location this year.

In March 2008, Volkswagen Bank GmbH was voted "Best Brand" in the "Passenger Car Banks" category by readers of the specialist magazine "auto, motor und sport" for the second consecutive year. Above all, readers were won over by the automotive bank's customized mobility packages. At present, the "Fan Package" is available for the new "United" special editions of the Polo, Golf, Golf Plus, Touran and Sharan models. Volkswagen Bank GmbH also topped the ranks in a financing comparison undertaken by independent consumer magazine "Finanztest". It set itself apart from the competition above all by its highly competitive conditions for both conventional and three-way financing, under which customers can choose between returning the vehicle, follow-up financing, or paying the final installment.

In the first quarter of 2008, Volkswagen Bank Mexico obtained the necessary licenses to operate as a direct bank and subsequently commenced business on April 1, 2008.

0.6 million new finance, leasing and insurance contracts were signed between January and March 2008; this was 1.0% less than in the same period in 2007. As at March 31, 2008, the total number of contracts was up slightly on December 31, 2007. Although the number of contracts in the Customer Financing/Leasing area increased by 0.8% to 4.5 million, it fell by 0.8% in the Service/Insurance area. The proportion of total vehicles delivered by the Group worldwide accounted for by vehicles leased or financed remained on the same high level as the previous year, based on unchanged credit eligibility criteria. At the end of the first quarter, Volkswagen Bank *direct* managed 1,075,524 accounts, a year-on-year increase of 19.7%.

Receivables relating to dealer financing increased by 0.6% compared with the end of December 2007. 7,458 people were employed by the Financial Services Division at the end of the reporting period, a 2.2% increase on December 31, 2007.

In the first quarter of 2008, we recorded a slight increase in the number of contracts in our fleet management business. On March 31, 2008, our LeasePlan joint venture managed a total of 1.3 million vehicles.

Income Statement of the Volkswagen Group (Condensed)

Income Statement by Division for the Period January 1 to March 31

€ million	Volkswagen Group		Automotive ¹		Financial Services	
	2008	2007	2008	2007	2008	2007
Sales revenue	27,013	26,640	24,451	24,285	2,562	2,355
Cost of sales	23,034	22,985	21,073	21,203	1,961	1,782
Gross profit	3,979	3,655	3,378	3,082	601	573
Distribution expenses	2,282	2,210	2,159	2,090	123	120
Administrative expenses	591	569	470	449	121	120
Other operating income/expense	205	209	286	284	- 81	- 75
Operating profit	1,311	1,085	1,035	827	276	258
Share of profits and losses of equity-accounted investments	185	110	159	78	26	32
Other financial result	- 130	- 126	- 111	- 139	- 19	13
Financial result	55	- 16	48	- 61	7	45
Profit before tax	1,366	1,069	1,083	766	283	303
Income tax expense	437	329	350	214	87	115
Profit after tax	929	740	733	552	196	188
Earnings per ordinary share (€)	2.33	1.87				
Diluted earnings per ordinary share (€)	2.31	1.85				
Earnings per preferred share (€)	2.39	1.93				
Diluted earnings per preferred share (€)	2.37	1.91				

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

> Income Statement
 > Balance Sheet
 Statement of Recognized Income and Expense
 Cash Flow Statement
 Notes to the Financial Statements

Balance Sheet of the Volkswagen Group (Condensed)

Balance Sheet by Division as of March 31, 2008 and December 31, 2007

€ million	Volkswagen Group		Automotive ¹		Financial Services	
	2008	2007	2008	2007	2008	2007
Assets						
Noncurrent assets	76,328	76,841	37,579	37,564	38,749	39,277
Intangible assets	6,931	6,830	6,839	6,736	92	94
Property, plant and equipment	19,084	19,338	18,898	19,151	186	187
Leasing and rental assets	7,876	8,179	69	75	7,807	8,104
Financial services receivables	27,408	27,522	–	–	27,408	27,522
Noncurrent investments and other financial assets ²	15,029	14,972	11,773	11,602	3,256	3,370
Current assets	72,973	68,516	42,201	39,190	30,772	29,326
Inventories	15,299	14,031	14,574	13,319	725	712
Financial services receivables	25,039	24,914	113	231	24,926	24,683
Current receivables and other financial assets	15,711	12,844	12,418	10,002	3,293	2,842
Marketable securities	7,299	6,615	7,192	6,503	107	112
Cash and cash equivalents	9,625	10,112	7,904	9,135	1,721	977
Total assets	149,301	145,357	79,780	76,754	69,521	68,603
Equity and liabilities						
Equity	33,852	31,938	26,670	24,802	7,182	7,136
Equity attributable to shareholders of Volkswagen AG	33,784	31,875	26,602	24,739	7,182	7,136
Minority interests	68	63	68	63	–	–
Noncurrent liabilities	58,457	57,351	28,398	28,509	30,059	28,842
Noncurrent financial liabilities	30,698	29,315	3,532	3,645	27,166	25,670
Provisions for pensions	11,797	12,603	11,680	12,481	117	122
Other noncurrent liabilities ³	15,962	15,433	13,186	12,383	2,776	3,050
Current liabilities	56,992	56,068	24,712	23,443	32,280	32,625
Current financial liabilities	27,480	28,677	– 2,019	– 1,139	29,499	29,816
Trade payables	9,637	9,099	8,810	8,202	827	897
Other current liabilities	19,875	18,292	17,921	16,380	1,954	1,912
Total equity and liabilities	149,301	145,357	79,780	76,754	69,521	68,603

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.

Statement of Recognized Income and Expense of the Volkswagen Group

Statement of Recognized Income and Expense for the Period January 1 to March 31

€ million	2008	2007
Actuarial gains (pensions)	848	14
Available-for-sale financial instruments (securities):		
Fair value changes taken directly to equity	-81	303
Transferred to profit or loss	-25	-267
Cash flow hedges:		
Fair value changes taken directly to equity	1,376	135
Transferred to profit or loss	-333	-93
Foreign exchange differences	-230	-31
Deferred taxes	-513	-42
Share of profits and losses of equity-accounted investments recognized directly in equity, after tax	-62	-
Income and expense recognized directly in equity	980	19
Profit after tax attributable to shareholders of Volkswagen AG	929	740
Total recognized income and expense for the period	1,909	759

Income Statement

Balance Sheet

> Statement of Recognized Income and Expense

> Cash Flow Statement

Notes to the Financial Statements

Cash Flow Statement of the Volkswagen Group (Condensed)

Cash Flow Statement by Division for the Period January 1 to March 31

€ million	Volkswagen Group		Automotive ¹		Financial Services	
	2008	2007	2008	2007	2008	2007
Profit before tax	1,366	1,069	1,083	766	283	303
Income taxes paid	-472	-221	-502	-317	30	96
Depreciation and amortization expense	1,795	2,178	1,434	1,751	361	427
Change in pension provisions	38	42	35	40	3	2
Other noncash income/expense and reclassifications ²	-92	-126	-80	-52	-12	-74
Gross cash flow	2,635	2,942	1,970	2,188	665	754
Change in working capital	-455	984	225	1,365	-680	-381
Change in inventories	-1,694	-802	-1,671	-803	-23	1
Change in receivables	-1,711	-1,995	-1,150	-1,748	-561	-247
Change in liabilities	1,979	2,998	2,095	3,178	-116	-180
Change in other provisions	971	783	951	738	20	45
Cash flows from operating activities	2,180	3,926	2,195³	3,553³	-15	373
Cash flows from investing activities	-2,899	-3,643	-1,328	-1,669	-1,571	-1,974
of which: acquisition of property, plant and equipment	-972	-787	-958	-767	-14	-20
capitalized development costs	-431	-330	-431	-330	-	-
change in leasing and rental assets (excluding depreciation)	-605	-844	-12	-18	-593	-826
change in financial services receivables	-855	-917	116	166	-971	-1,083
acquisition and disposal of equity investments	-59	-808	-59	-756	0	-52
Net cash flow	-719	283	867	1,884	-1,586	-1,601
Change in investments in securities and loans ⁴	-1,186	-516	-1,257	-517	71	1
Cash flows from financing activities	1,506	415	-732	-827	2,238	1,242
Changes in cash and cash equivalents due to exchange rate changes and to changes in the consolidated Group structure	-107	-16	-101	-17	-6	1
Net change in cash and cash equivalents	-506	166	-1,223	523	717	-357
Cash and cash equivalents at March 31	9,408	9,533	7,714	8,640	1,694	893
Securities and loans	10,064	7,695	8,017	5,911	2,047	1,784
Gross liquidity	19,472	17,228	15,731	14,551	3,741	2,677
Total third-party borrowings	-58,178	-58,949	-1,513	-5,133	-56,665	-53,816
Net liquidity at March 31	-38,706	-41,721	14,218	9,418	-52,924	-51,139
For information purposes: at Jan. 1	-38,900	-42,293	13,478	7,133	-52,378	-49,426

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

2 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.

3 Before consolidation of intra-Group transactions €2,279 million (€3,989 million).

4 Including the loans previously reported under financing activities. Prior year restated.

Notes to the Financial Statements

Accounting in accordance with International Financial Reporting Standards (IFRSs)

Volkswagen AG has prepared its consolidated financial statements for fiscal year 2007 in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). This Interim Report for the period ended March 31, 2008 was therefore also prepared in accordance with IAS 34.

The interim consolidated financial statements were not reviewed by auditors.

Accounting policies

The same accounting policies and consolidation methods were generally applied to the preparation of the interim financial statements and the presentation of the prior-year comparatives as for the 2007 consolidated financial statements. A detailed description of the methods applied is published in the notes to the consolidated financial statements in the 2007 Annual Report. This can also be accessed on the Internet at www.volkswagenag.com/ir.

A discount rate of 6 % was applied to German pension provisions in the accompanying interim financial statements. The increase in the discount rate reduced actuarial losses for pension provisions that are recognized directly in equity.

Basis of consolidation

In addition to Volkswagen AG, which is domiciled in Wolfsburg and entered in the commercial register at the Braunschweig Local Court under no. HRB 100484, the consolidated financial statements comprise all significant companies at which Volkswagen AG is able, directly or indirectly, to govern the financial and operating policies in such a way that the companies of the Group obtain benefits from the activities of these companies (subsidiaries).

Disclosures on the consolidated financial statements

1 Sales revenue

STRUCTURE OF GROUP SALES REVENUE

€ million	Q1	
	2008	2007
Vehicles	20,937	21,409
Genuine parts	1,594	1,489
Other sales revenue	2,108	1,766
Rental and leasing business	1,378	1,178
Interest and similar income	996	798
	27,013	26,640

2 Cost of sales

Cost of sales includes interest expenses of €652 million (previous year: €568 million) attributable to the financial services business.

3 Research and development costs in the Automotive Division

€ million	Q1		%
	2008	2007	
Total research and development costs	1,276	1,211	5.3
of which capitalized development costs	431	330	30.9
Capitalization ratio in %	33.8	27.2	
Amortization of capitalized development costs	300	365	-18.0
Research and development costs recognized in the income statement	1,145	1,246	- 8.2

4 Earnings per share

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

		Q1	
		2008	2007
Weighted average number of shares outstanding			
Ordinary shares: basic	million	291.4	287.2
diluted	million	293.6	290.5
Preferred shares: basic	million	105.2	105.2
diluted	million	105.2	105.2
Profit after tax	€ million	929	740
Minority interests	€ million	0	0
Profit attributable to shareholders of Volkswagen AG	€ million	929	740
Earnings per share			
Ordinary shares: basic	€	2.33	1.87
diluted	€	2.31	1.85
Preferred shares: basic	€	2.39	1.93
diluted	€	2.37	1.91

5 Noncurrent assets

CHANGES IN SELECTED NONCURRENT ASSETS BETWEEN JANUARY 1 AND MARCH 31, 2008

€ million	Carrying amount at Jan. 1, 2008	Additions	Disposals/Other changes	Depreciation and amortization	Carrying amount at Mar. 31, 2008
Intangible assets	6,830	457	14	342	6,931
Property, plant and equipment	19,338	947	102	1,099	19,084
Leasing and rental assets	8,179	1,184	1,133	354	7,876

6 Inventories

€ million	Mar. 31, 2008	Dec. 31, 2007
Raw materials, consumables and supplies	2,416	2,225
Work in progress	1,468	1,365
Finished goods and purchased merchandise	11,380	10,425
Payments on account	35	16
	15,299	14,031

7 Current receivables and other financial assets

€ million	Mar. 31, 2008	Dec. 31, 2007
Trade receivables	6,598	5,691
Miscellaneous other receivables and financial assets	9,113	7,153
	15,711	12,844

8 Statement of changes in equity

€ million	Subscribed capital	Capital reserves	Retained earnings	Accumulated income and expense recognized directly in equity	Equity attributable to shareholders of VW AG	Minority interests	Total equity
Balance at January 1, 2007	1,004	4,942	23,549	-2,591	26,904	55	26,959
Capital increase	1	21	-	-	22	-	22
Dividend payment	-	-	-	-	-	0	0
Recognized income and expense	-	-	740	61	801	0	801
Deferred taxes	-	-	-	-42	-42	-	-42
Other changes	-	-	-41	-	-41	3	-38
Balance at March 31, 2007	1,005	4,963	24,248	-2,572	27,644	58	27,702
Balance at January 1, 2008	1,015	5,142	27,166	-1,448	31,875	63	31,938
Capital change	0	2	-	-	2	-	2
Dividend payment	-	-	-	-	-	0	0
Recognized income and expense	-	-	929	1,493	2,422	0	2,422
Deferred taxes	-	-	-	-513	-513	-	-513
Other changes	-	-	-2	0	-2	5	3
Balance at March 31, 2008	1,015	5,144	28,093	-468	33,784	68	33,852

The subscribed capital is composed of 291,378,237 no-par value ordinary shares and 105,238,280 preferred shares, and amounts to €1,015 million (previous year: €1,005 million). Volkswagen AG issued 40,970 (€104,883) new ordinary shares in the reporting period as a result of the exercise of convertible bonds under the stock option plan. Capital reserves increased due to the premium from the capital increase. No amounts were withdrawn from the capital reserves.

9 Noncurrent financial liabilities

€ million	Mar. 31, 2008	Dec. 31, 2007
Bonds, commercial paper and notes	24,011	23,265
Liabilities to banks	2,982	2,777
Deposits from direct banking business	1,614	1,199
Other financial liabilities	2,091	2,074
	30,698	29,315

10 Current financial liabilities

€ million	Mar. 31, 2008	Dec. 31, 2007
Bonds, commercial paper and notes	11,817	13,867
Liabilities to banks	5,177	5,082
Deposits from direct banking business	9,558	8,421
Other financial liabilities	928	1,307
	27,480	28,677

11 Cash flow statement

The cash flow statement presents the cash inflows and outflows in the Volkswagen Group and in the Automotive and Financial Services divisions. Cash and cash equivalents comprise cash at banks, checks, cash-in-hand and call deposits. The net liquidity is presented on page 13 of this report.

12 Related party disclosures

€ million	Supplies and services rendered		Supplies and services received	
	Q1		Q1	
	2008	2007	2008	2007
Unconsolidated subsidiaries	292	118	177	84
Joint ventures	501	379	63	80
Associates	2	23	50	6
Porsche and other related parties	1,255	1,026	77	16

13 Contingent assets and liabilities

As of March 31, 2008, there were no material changes as against the contingent assets and liabilities described in the 2007 consolidated financial statements.

German Corporate Governance Code

The current declarations in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) on the German Corporate Governance Code by the Board of Management and Supervisory Board of Volkswagen AG, as well as those by the Board of Management and Supervisory Board of AUDI AG, are available on the Internet at www.volkswagenag.com/ir and www.audi.com respectively.

Significant events after the balance sheet date

There were no significant events after the end of the first three months of 2008.

Wolfsburg, April 30, 2008

Volkswagen Aktiengesellschaft
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October 30, 2008 Interim Report January to September

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