

Prof. Dr. Martin Winterkorn
Speech at the
Annual General Meeting on May 13, 2014

- Check against delivery -

Dear Shareholders,
Ladies and Gentlemen,

The title of Volkswagen's 2013 Annual Report is "Moving ideas". And "Moving ideas" is also in many ways the core theme underlying your Company.

Volkswagen is on the move. And our ideas for sustainable, intelligent, networked mobility are moving people all over the world. First and foremost, this is guaranteed by our Group's more than 570,000 employees.

I would like to welcome you warmly on their behalf to Volkswagen AG's Annual General Meeting here in Hanover. My colleagues and I are looking forward to reporting to you today about the past fiscal year and our plans for the future.

First of all, though, we are delighted with the good news we received this morning: The required number of Scania minority shareholders have accepted our offer for the full takeover of Scania. The way is therefore now clear for the next logical steps towards closer cooperation of Scania, MAN and Volkswagen Commercial Vehicles. More on this a little later.

Let us start by looking back.

I. Summing up 2013: The Volkswagen Group has set new standards

Setting standards is what we aim to do. And I'm convinced that, once again, we achieved this objective in the past fiscal year.

- With the world's first one-liter car, our XL1.
- With an unparalleled range of electric vehicles – from small cars to luxury saloons, and from plug-in hybrids to pure-play electric drives.
- With seven new vehicle plants in China, Russia and Mexico.
- With our commitment to meeting the CO₂ target of 95 grams/km for our European new vehicle fleet – making us the first automaker to sign up to this objective.
- And with our leading ranking in the Dow Jones Sustainability Index, underlining our expertise in the field of sustainability.

Setting standards is also something we achieved in our business operations.

2013 was an extremely challenging year for European automakers in particular. We weren't helped either by our home market or by exchange rates. Quite the contrary. Despite everything, the Volkswagen Group has kept its word and has met – and in fact beaten – its targets for 2013.

- For the first time, we delivered more than 9.7 million vehicles worldwide – a year-on-year increase of almost five percent.
- We increased our sales revenue to €197 billion.
- And we also maintained our operating profit at a high level: At €11.7 billion, we even notched it up slightly compared with last year's strong showing.

At this point I'd like to clear up a misunderstanding that is common even among the experts: Our Group delivery figures naturally also include all the vehicles that we build and sell in China. That was over 3 million units last year.

By contrast, the Group's sales revenue and operating profit do not include our two Chinese joint ventures. This is due to our method of financial reporting: The business written by the Chinese joint ventures has always been accounted for in the financial result using the equity method, and is therefore not included in consolidated operating profit.

For our financial performance, this means that our successful Chinese business is largely on top of the figures I've already cited. The share of operating profit attributable to the Chinese joint ventures in 2013 was approximately €4.3 billion. So you can see that what's "on top" here is really quite substantial.

The Volkswagen Group's highly robust, sound financial position is underscored not least by net liquidity in the Automobile Division of almost €17 billion at the end of last year.

Of course, you as our owners should and must also benefit from your Company's positive development. This is why the Board of Management and the Supervisory Board are proposing a significantly higher dividend of €4.00 per ordinary share and €4.06 per preferred share to this Annual General Meeting. This is 50 cents per share more than last year.

Ladies and Gentlemen,

To sum up, we can say that the Volkswagen Group has put up a very strong showing despite the difficult conditions.

One main reason for this is our global footprint: We recorded further growth in almost all areas of the world last year. Growth was particularly dynamic in Asia-Pacific, where we increased our deliveries by 14.7 percent. In Europe, we bucked the market trend.

In South America, market weakness and the forthcoming upgrade of our model range left their mark. As a Group, we recorded encouraging growth in North America, although the Volkswagen brand lost some of its momentum after the successes of previous years.

One thing is clear: The Americas are an essential element of our Strategy 2018. We want – and must – grow there, in terms of substance and profitability. We have laid the foundation for that with the renewal of our model range in Brazil, the Golf “made in Mexico”, the Audi plant under construction in St. José de Chiapa and the decision to build a midsize SUV for the USA.

Ladies and Gentlemen,

How did our Group brands fare in the past fiscal year?

Porsche, SEAT and Bentley posted double-digit growth. Both Volkswagen Passenger Cars and Audi also held their ground, in spite of headwinds. Only ŠKODA was down slightly year-on-year – due largely to the change in its core Octavia model – but it has now picked up again impressively.

The volatile economic situation made itself clearly felt in the commercial vehicles area. Nevertheless, MAN still recorded growth of 4.5 percent, while Scania grew by an impressive 19.4 percent.

I’d now like to look at some milestones in the individual segments. Let’s start with passenger cars.

- Last year, the Volkswagen Passenger Cars brand delivered almost 6 million vehicles worldwide. It also underpinned its role as a technology pioneer for the Group and the automotive industry as a whole with new models such as the e-up!, the e-Golf and the Golf GTE.
- ŠKODA continued the largest new model rollout in the company’s history. The brand returned to a strong growth path with a total of eight new models.
- SEAT also reaped the rewards of a young, attractive model portfolio. And it moved into the compact estate segment with the LEON ST.
- New models helped Ducati underpin its cult status. Bikes such as the Hypermotard SP and the 899 Panigale contributed to increased delivery figures in 2013.

Ladies and Gentlemen,

Volkswagen achieves a successful balance between volume and premium models like no other automotive group. Together, Audi, Porsche, Bentley, Lamborghini and Bugatti stand for the best that the automotive industry has to offer today.

- Audi reached its goal of delivering 1.5 million vehicles two years ahead of schedule. With new models such as the A3 saloon, together with the expansion of production capacity in Győr and Foshan, the brand also laid strong foundations for further global growth.
- Equally, Porsche is growing in every respect – from profitability through innovative power down to its model portfolio. The poster child for this is the new Macan, which is rolling off the production line at the Leipzig vehicle plant: A true Porsche, and at the same time a clear commitment to Germany as an industrial location.
- Lamborghini and Bentley have proven once again that there will always be a place for something really special in the automotive world, with exciting new models such as the Huracán and a new delivery record at Bentley.

The commercial vehicles business is increasingly evolving into a second strong pillar for the Group.

- Volkswagen Commercial Vehicles is continuing to drive forward its internationalization: The brand recorded significant growth in North and South America, as well as in Asia.
- Scania remains highly profitable despite headwinds. Moreover, the brand has positioned itself well for the new Euro 6 standard: With a current figure of 18 different Euro 6 engines, Scania is one of the technology leaders here.
- MAN is also systematically investing in innovations. The brand launched new Euro 6 engines in all of its series in 2013. And the world's largest solar power plant in Abu Dhabi also relies on technology made by MAN.

Financial services are the Volkswagen Group's third key pillar. They not only help our Group brands win new customers and safeguard long-term customer loyalty all over the world. They are also a major earnings contributor.

- Last year, Volkswagen Financial Services signed a total of 4.3 million new leasing, financing and service contracts – an increase of more than 13 percent.
- The division's operating profit grew by as much as 14.6 percent to a new record of €1.6 billion.

Furthermore, our Financial Services operations are supporting the introduction of alternative technologies with exciting new services. For example, Volkswagen Bank is cooperating with German energy utilities to offer eco-friendly electricity from renewable sources for the Group's electric models.

Ladies and Gentlemen,

You can see that 2013 was a good year, a successful year for the Volkswagen Group. Our – and my – thanks go to all our employees worldwide. Their skills, their dedication and their moving ideas are what power our success.

I believe that this Annual General Meeting is the right place to express our sincere thanks to the entire Volkswagen workforce, also on behalf of our shareholders.

Good work should be well rewarded – in all respects. This is one of our core principles. For Volkswagen AG's employees in Germany, for example, this means that they will again receive a substantial profit share of €6,200 each as a reward for their performance last year.

II. Strategy 2018: We're focusing on qualitative growth

Ladies and Gentlemen,

Let us now turn our attention to the future: What can you expect from your Company in the years to come? One thing I can tell you up front is that the Volkswagen Group will systematically continue on its way to the top of the automotive industry. Our starting position is as sound as it is promising:

- We have 12 fascinating brands and more than 310 models that meet almost all conceivable customer wishes and needs.
- We have a global presence and already play a leading role in many key regions.
- We can build on the technological expertise and innovative power of over 40,000 development engineers.
- We have the necessary financial solidity and strength – and a convincing strategy for the future.

You will recall that we have set ourselves the target of delivering at least ten million vehicles a year by 2018. But that is only one of many elements in our strategy. We also want to achieve the most satisfied customers, the most motivated employees and a strong return before tax of at least eight percent.

As far as our volume target is concerned, there's a good chance that we will already exceed the ten million mark for deliveries this year – four years earlier than originally planned. That would be an important milestone – and an additional motivation for our team on the way towards 2018.

Of course that doesn't mean that we're just ticking off the subject of "volume growth". We want to and will further increase our deliveries. But we're now focusing even more strongly on the qualitative goals in our Strategy 2018.

We do not measure growth solely on the basis of unit sales or financial performance indicators. Our objective with our Strategy 2018 is to grow qualitatively in every respect and in all areas of the Company. This means that our goal is to become better and better, more efficient, more environmentally friendly and even more customer-centric.

It also means making the workflows and processes in our Company even leaner and more efficient. Our yardstick for that must always be: What best serves the customer and the product?

That's why, more than ever before, our objective – the objective of the Volkswagen Group – is “qualitative growth”. And that's linked to our ambition of upping the pace again appreciably on our way towards becoming the world's best automaker. Allow me to explain this in more detail.

You know Volkswagen: The issue of quality is of outstanding importance both for us and for me personally.

- Uncompromising dedication to our products.
- Precision down to the last detail.
- Our zero error tolerance – all this is part of the DNA of our Group.

This concept of quality is embodied in each and every one of our vehicles. And it's this same concept of quality that we're now transferring to all areas of the Company. From development through production and procurement right down to sales and human resources.

To achieve this, we have launched a major corporate quality initiative in the Group. I'd like to provide you with more details of three focus areas today:

- First: Earnings quality.
- Second: Development quality.
- And third: People quality.

The first of these focus areas is earnings quality. For us, qualitative growth means profitable growth. Our modular toolkits mean that we already hold the key to this in our hands.

- With the technology that is at the heart of the Modular Toolkit Strategy, namely the Modular Transverse Toolkit for vehicles with transverse-mounted engines.
- With the Modular Longitudinal Toolkit at Audi.
- With the New Small Family.
- And with the Modular Standard Toolkit for large saloons and sports cars with rear-wheel drive.
- In addition we are currently working on a further new toolkit for light commercial vehicles.

I'm convinced that rolling out the toolkit strategy across the Group in the coming years will be a unique success in the automotive industry – both technically and financially. We're working on this – at full speed but also with the necessary patience.

- We already delivered around one million vehicles built using the Modular Transverse Toolkit in 2013 – or about 10 percent of the total volume – and the first positive effects are already being felt.
- This figure will be around two million vehicles this year.
- And the number of vehicles built using the Modular Transverse Toolkit will rise towards the four million mark in 2016.

By then, the Modular Transverse Toolkit will already be deployed in more than 20 plants in 12 countries worldwide – from Germany to China, and from Mexico to Brazil. And you can be sure that, as volumes grow and new models are added, we will also see increasingly positive earnings effects.

Above and beyond this, we are successively leveraging the huge potential synergies in our Group of companies – in both the passenger cars and the commercial vehicles business.

- Take the example of Porsche, where we can point to extremely positive growth in cooperation in the fields of development, procurement, production, finance and distribution. We will achieve considerably greater synergies than previously assumed. Instead of €700 million a year, we are now anticipating mid-term synergies of more than €1 billion a year in the Group.
- Take the example of commercial vehicles: With the full takeover of Scania we are now taking the next consistent step on the way towards an integrated commercial vehicles group comprising Scania, MAN and Volkswagen Commercial Vehicles. The industrial rationale is obvious: This will allow us to further enhance the capabilities, efficiency and flexibility of our commercial vehicles business, for example by developing a dedicated modular toolkit strategy.

As a consequence of our successful offer, we are expecting an average long-term synergy potential of at least €650 million in operating profit per year – above and beyond the previously communicated synergies of over €200 million that we will be leveraging by the end of 2014.

You can see that we have the arguments on our side – and we are pleased that the required majority of Scania's minority shareholders have accepted our very attractive offer and that the Volkswagen Group will therefore become the owner of more than 90 percent of all Scania shares. This means all the conditions for completing the offer have been fulfilled. The remaining Scania minority shareholders are likewise invited to accept our offer.

There are some things we have made very clear right from the start:

- We are one hundred percent behind Scania's workforce and jobs.
- We are committed to Scania's plants, development centers and the headquarters in Södertälje.
- And we are also committed to Scania's very special corporate culture, which makes this brand so strong.

Not least, the success of this offer is good news for Scania's employees, as our agreement with Scania trade unions to safeguard jobs and locations in Sweden will now come into effect and will be implemented swiftly.

Ladies and gentlemen, the Volkswagen Group has frequently demonstrated how strong brands can be successfully integrated – while at the same time letting them have the necessary freedom and independence. Not least because of that, I am convinced that everybody will benefit from the integrated commercial vehicles group.

But let's get back to earnings quality. It goes without saying that we are continuing to ensure our extremely disciplined cost and investment management. However, we're not great fans of savings programs that run out of steam after a short while. At Volkswagen, a disciplined approach to investments and costs was, is, and will continue to be a permanent feature. Our focus is on:

- Even more synergies in our worldwide Group of companies.
- Even leaner internal processes.
- And our clear policy of implementing only those vehicle projects that will meet the relevant return requirements.

Of course we, too, are part of the world we live in. And, in the coming years, a lot of things in our industry will depend on how the economy and the markets evolve. But I'm convinced that the measures I have outlined will have a sustainably positive effect on our earnings quality. At any rate, we have certainly done everything we need to reach our target return of over eight percent by 2018 at the latest.

And now to our second focus area: Development and innovation quality. This is so crucial because, in our business, qualitative growth is driven first and foremost by superior products and technologies.

Today, the Volkswagen Group is already an innovation engine for the automotive industry.

- The Volkswagen ideas factory is running at full speed – we filed around 6,000 patent applications in 2013 alone.
- No other manufacturer spends more money on research and development. For the first time, we spent more than €10 billion last year.
- And no other manufacturer is working so systematically on the issue of sustainability. We already offer the largest fleet of efficient vehicles in the world, with 54 model variants alone below 100 grams CO₂/km.

Going forward, we will rev up this innovation engine even higher: With numerous technological developments and ideas that we will roll out even faster in even more brands and models. Our toolkits are evolving into a core innovation platform:

- They allow us to bring different model variants, technologies and innovations into series production rapidly and flexibly.
- And they help us tailor our vehicles even more flexibly and more precisely to the wishes of our customers all over the world.

For example, we will offer more and more models with the entire range of state-of-the-art drive technologies: From highly efficient diesel and petrol engines, through natural gas-powered vehicles, down to pure-play electric vehicles and plug-in hybrids. This means that we can offer customers the freedom to choose which model they want to have with which drive. To start with, we are offering this 100 percent package for the Golf this year. More models will follow.

Thanks to the toolkits, we are also in a position to respond quickly and flexibly at any time to market trends or shifts in demand. In our development activities just as much as in our production. In our Group, for example, electric cars aren't built at separate plants, but leave the same assembly lines bumper to bumper with diesel or petrol models. This means that we have room to "breathe" in our production and can respond more flexibly to customer wishes than many of our competitors. Our customers are the real winners of this innovation campaign.

- Take plug-in hybrids as an example: This technology allows us to meet three key customer wishes at the same time – emission-free e-mobility, a full range for long-distance driving and, not least, 100% dynamic performance and driving pleasure. The Porsche Panamera S E-Hybrid, the Volkswagen Golf GTE and the Audi A3 e-tron are already showing how much potential this side of e-mobility has to offer.
- Take the example of digitalization: Automobiles are increasingly evolving into data centers on wheels. We're not only researching into technologies of the future such as automatic driving or end-to-end networking, we're already getting them ready for incorporation in our series models. In the e-up!, for example, drivers can monitor and manage a range of functions using a smartphone app – from battery charging through the vehicle's parking location down to its air conditioning system.
- Take regional models, for instance: We are systematically expanding this tried-and-tested Volkswagen principle so that we can respond even more specifically to differing customer wishes. The Volkswagen up! model tailored specially for the Brazilian market is one example of this. And in the USA, the model portfolio is being reinforced by a new midsize SUV that will be built based on the Modular Transverse Toolkit.

We presented an especially sporty Volkswagen coupé for China at the Beijing Motor Show. We are also working on an entirely new Volkswagen saloon there that will also be available as a plug-in hybrid. This vehicle is another element of the electric model rollout that our Group is deploying to support sustainable mobility in China.

So you can see, Ladies and Gentlemen, that we are devoting our entire innovative power to serve our customers. And that's what lies at the heart of our quality campaign in the field of development. The "Future Tracks" initiative, which we launched at the Geneva Motor Show, shows that we're looking even further into the future.

I'm convinced that our industry will be facing a process of fundamental upheaval in the years to come.

- E-mobility is changing the heart of the automobile: The drive. Whether it's a pure-play electric vehicle, a plug-in hybrid or, potentially in the future, a vehicle powered by a fuel cell – we're at the dawn of a new era when it comes to drive concepts.
- Digitalization will have similar far-reaching consequences – end-to-end networking not only heralds entirely new functions in vehicles, but also entirely new players – especially IT companies.
- And we are also sensing at a much deeper level that what people worldwide expect from individual mobility is evolving faster and faster and is becoming increasingly differentiated.

Our aspiration, the Volkswagen Group's aspiration, is to be the engine of this change. That's also what we mean when we talk about qualitative growth. And that's why we have to spend a lot of time today thinking about what the automotive world will look like the day after tomorrow: How we'll develop, plan and build our vehicles then. And what sort of automotive services the market will expect.

- How can we shorten existing standard model cycles and make them considerably more flexible in the interests of our customers? It might make sense, for example, to launch a completely new model rather than designing a successor or making a major upgrade.
- How can we consistently create even more added value for our customers – independently of new models? For example with software updates in the owner's garage.
- How can we offer our customers even greater freedom of choice through entirely new designs, body variants, or mobility offerings?
- And how do we ensure that automobiles remain attractive in today's megacities? For young and older people alike.

Our “Future Tracks” initiative brings together the best experts and thought leaders in the Group from all relevant specialist areas to provide answers to these urgent questions. And of course we also gather ideas from outside the Group, for example through dialog with other industries such as IT and, not least, through close cooperation with researchers and academics.

You can see that “Future Tracks” is not an event designed for just a handful of people, but a broadly based strategic project that we are anchoring in all brands, regions and key Group bodies. For me, “Future Tracks” therefore incorporates many of the essential elements for taking our Strategy 2018 to a new level. Or to put it another way: “Future Tracks” is allowing us to chart the path beyond 2018 today.

Essentially, what we’re seeking is even greater flexibility, an even more pronounced spirit of innovation and, above all, an even closer relationship with our customers. I’m convinced that this is the development quality that we need in the automotive industry.

Finally, let me turn to our third focus area: The quality of our people. It is the basis for and a condition of the quality growth path we are pursuing.

For years now, the Volkswagen Group and its brands have been attracting the best brains in the industry. Another outstanding individual who will soon be coming to Wolfsburg is Andreas Renschler. He will play a major role in continuing the successful work done by Leif Östling and will lead our commercial vehicles business to pole position in the industry.

The renowned “trends Graduate Barometer” has just confirmed how attractive the Volkswagen Group is for young engineers: Audi is in pole position, with Porsche and Volkswagen in places three and four as the preferred employer for around 43 percent of budding engineers in Germany. And our Group is also one of the top employers of choice for business and economics graduates.

Whether it’s our management, our graduate trainees, or our skilled workers: We are laying the groundwork for further quantitative and qualitative growth at all levels in the Group.

Last year alone, we created 23,000 new jobs, including around 5,300 temporary workers who were offered permanent employment at our German locations. I believe that this sends the right signal to these employees – and their families as well – who have proven their worth to the Group and are making an important contribution to our success.

The number of jobs will continue growing in the period up to 2018 – especially in China, but also here in Germany. In total, we will then be a company with more than 600,000 highly qualified, committed employees. The expertise and knowledge of all these people is our greatest asset. And we want to safeguard this asset, to build on it and, above all, to purposely hand it on to the next generation.

Enhancing people quality therefore means in particular increasing knowledge transfer. To do this, we will further expand and internationalize the dual vocational training model. Today, our Group is already training more than 20,000 young men and women worldwide, including more than 7,000 outside Germany. This is a key investment in your Company, but also in society and in the future of the next generation.

Of course I'm aware that "knowledge transfer" is a quite an abstract topic. Nevertheless, it's still close to my heart and its strong social relevance extends far beyond Volkswagen. This is why I'd like to explain our approach using two examples.

- First: The Volkswagen Group Academy. Over the years, we have developed an innovative Group-wide training and education system. The whole thing functions like a massive "learning factory": from sales, through production, down to procurement, each function has its own faculty. With around 90,000 participants each year, we are now the world's largest "automotive university".

- Second: Our exchange with universities and research institutes. We are not only driving forward knowledge transfer within the company, but also outside the factory gates, for example on topics such as battery research and automatic driving. Today, the Volkswagen Group is already working together with more than 280 universities and research institutes worldwide – a figure that is increasing. This means we are setting an example for collaboration between researchers and industry in the search for solutions to the big questions of tomorrow – from mobility through energy supply down to the world of work in the future.

Ladies and Gentlemen: Sharing knowledge leads to new, additional knowledge – this to my mind very topical idea is increasingly becoming one of Volkswagen's hallmarks. Because it enables us to secure our technology leadership and business success in the future as well.

III. Outlook: The Volkswagen Group offers excellent prospects

Dear Shareholders,
Ladies and Gentlemen,

Even higher earnings quality, even greater development quality and even better people quality – that is our roadmap for the next few years.

We are devoting a lot of energy, expertise and money to achieving it: In the period up to 2018, the Volkswagen Group will be investing approximately €84 billion in plants, products and technologies in the Automotive Division. Our joint ventures in China will be adding more than €18 billion on top – financed from their own cash flow.

The message of this €100 billion program is clear: We are fully committed to driving forward our Strategy 2018.

For our customers, employees and business partners but naturally also for you, our shareholders and investors, this means: The Volkswagen Group continues to offer excellent prospects. We want to – and we will – achieve our goals by 2018 at the latest. 2014 will definitely be one of the particularly challenging stages on our way towards achieving this.

- The uncertain geopolitical situation, especially with a view to eastern Europe.
- The continued high risks to the global economy.
- The emerging – but still modest – uptick in the European automotive market.
- And the growing headwinds in some emerging economies – all of these factors will put the automotive industry to the test.

By contrast, China will remain the engine of growth – for us and for our industry as a whole.

In light of the uncertainties I have outlined, our forecast for 2014 is comparatively cautious.

- We are expecting a moderate increase in deliveries.
- We expect the Group's sales revenue to move within a range of three percent around the prior-year figure.
- And we're expecting an operating return on sales in the Group of between 5.5 percent and 6.5 percent.

It's important for me to emphasize here that the Volkswagen Group has never been satisfied with just achieving the minimum. Our forthcoming new product initiative is additional proof of this. In 2014 and 2015, we will be launching more than 100 new models, successors and product enhancements. These include models such as:

- The new Passat.
- The Audi A4 and Q7.
- The Porsche Macan and the plug-in hybrid version of the Cayenne.
- The ŠKODA Fabia and the Superb.
- As well as the new SEAT Ibiza.

As you can see, the Volkswagen Group and its brands are keeping up the pace. Both technically and economically. This is illustrated among other things by our key figures for the first quarter.

We saw a truly impressive start to the year.

- Deliveries grew by 5.6 percent to over 2.4 million vehicles.
- Sales revenue rose to €47.8 billion despite negative currency effects.
- Operating profit grew by over 20 percent to €2.9 billion.
Once again, this figure does not contain the share of operating profit attributable to the Chinese joint ventures, which amounted to over €1.2 billion in the first quarter.
- And, with a return before tax of seven percent, we have made further progress towards our strategic goal of eight percent by 2018.

I think that this successful start to the year will spur us on to do even better! And we are doing better: As of April, the Volkswagen Group's deliveries had risen again by more than six percent, topping the figure of 3.2 million vehicles worldwide for the first time.

Ladies and Gentlemen,

Your Company – the Volkswagen Group – has established a strong position.

We want to and we will grow further in the coming years – including and above all at a qualitative level.

This is why I'm convinced that, this time next year, we will already be able to say that the Volkswagen Group has again become a whole lot stronger and, above all, better.

I would ask you for your trust and support on this journey.

Many thanks for your attention.