

Prof. Dr. Martin Winterkorn
Speech at the
Annual General Meeting on May 5, 2015

– Check against delivery –

Ladies and Gentlemen,
Dear Shareholders,

A warm welcome to the Annual General Meeting of Volkswagen Aktiengesellschaft here in Hanover. A warm welcome to your Company.

The past couple of weeks have been eventful ones, to put it mildly. I know that many of you have been concerned about Volkswagen. About the company so close to all our hearts.

We have made Volkswagen into a solid, highly respected group over the past years. And this success story will continue.

This is why it is good that we have now returned to calmer waters. That we have clarity about our future direction. And, above all, that we can concentrate fully on our business.

I was very heartened by the fact that the team didn't miss a beat over the past few weeks. On the contrary: Everyone continued to work on putting the best cars on the road for our customers with the same dedication as before.

And this cannot and will not change: We will focus 100 percent on our vehicles and our technologies, on efficiency and our earnings strength.

At the same time, the Executive Committee and the Supervisory Board are working hard to swiftly resolve the remaining issues with regard to the composition of the supervisory bodies in the best possible manner.

May I take this opportunity to personally welcome our two new Supervisory Board members, Dr. Kiesling and Ms. Kuhn-Piëch. We are very much looking forward to working together with you.

Ladies and Gentlemen,

For me, the crucial factor is that Volkswagen will continue to stand for teamwork and a strong team performance in the future. This is a task for each and every one of us:

- You, our shareholders
- The Supervisory Board
- The Board of Management and managers
- And the entire workforce, right down to our vocational trainees.

Our overarching, common goal is to steer the Volkswagen Group towards a successful future. Everything else is secondary.

We cannot afford to be complacent in the future, either. The automotive industry is changing at breathtaking speed. We cannot and must not stand still. And this is the reason why we launched our forward-looking “Future Tracks” efficiency program a year ago. More on this later.

Ladies and Gentlemen,

It’s important for me at this point to thank Dr. Piëch – not only on behalf of all 600,000 employees, but also personally.

Over the past five decades, Ferdinand Piëch has shaped the automotive industry like no other – as an entrepreneur, as an engineer, as a courageous visionary. The Group and its people have much to thank Dr. Piëch for. This is something that will not change. And we and I have tremendous respect for this lifetime achievement.

Ladies and Gentlemen,

We have seen any number of interpretations, speculations and – unfortunately – even exaggerations over the past few weeks. It's important that you – as our shareholders – know that Volkswagen is a fundamentally sound, well positioned company.

- A company that we can be proud of.
- A company with very good business results, as well as future prospects that are at least as good.

This is what this Annual General Meeting should be about. So let's start by looking back at the past fiscal year.

I. Summing up 2014: The Volkswagen Group stands for real value and reliability

2014 put the entire automotive industry to the test.

- Key markets such as Brazil and Russia weakened massively.
- Volatile exchange rates have made things even more difficult for many companies.
- And, in addition, uncertainty about the future course of the global economy hasn't exactly been good for business.

Conditions were extremely tough, but your Company didn't lose its way. We ensured that 2014 was another successful year for the Volkswagen Group. Of the year's many highlights, four are particularly close to my heart:

Highlight no. 1: We launched a wide variety of compelling vehicles. The poster child for these is the new Volkswagen Passat. This was recently crowned "Car of the Year" – arguably the automotive industry's most important award.

And with more than 150,000 already ordered in Europe, it is also winning customers from premium competitors.

Highlight no. 2: We continued rolling out pioneering innovations. The Volkswagen Group is a technology leader, in particular when it comes to plug-in hybrids. We already have seven plug-in-hybrids in our range – from the A3 e-tron through the Golf GTE to the Cayenne S E-Hybrid.

Highlight no. 3: We have become even stronger in the high-margin premium segment. Audi's deliveries grew faster than those of its two main competitors. And Porsche, too, is speeding from record to record under the outstanding leadership of Matthias Müller, thanks not least to fascinating new models like the Macan.

And finally, highlight no. 4: We further strengthened our leading role in China. For example, we extended our partnership with FAW for a further 25 years. You will no doubt have heard that the Chinese market is changing. It is maturing and growth is not quite as dynamic as in the past. As the number one in China, we are also under close scrutiny from competitors. But we have many more plans for China. This is underscored by the fact that we aim to expand production capacity to over five million units a year by 2019.

Ladies and Gentlemen, as you may recall:

A year ago, I announced to you that the Volkswagen Group will increasingly focus on qualitative growth. This means that we don't just want to become larger and larger. Above all, we want to improve – our products and technologies, our customer and employee satisfaction, our environmental protection and of course our earnings strength. We're working on this at full speed and with great success.

- We delivered more than 10 million vehicles for the first time in 2014, four years earlier than actually planned.
- We generated sales revenue of more than €200 billion for the first time.
- And we recorded an operating profit of more than €12 billion for the first time, too. €12.7 billion, to be precise.

We increased our return on sales before tax by one percentage point to 7.3 percent. This means that we're on track for a figure of more than 8 percent – the target that we have set ourselves to achieve for the Group by 2018.

Net liquidity in the Automotive Division was well over €20 billion at the end of March. In other words: The Volkswagen Group is and will remain a company with rock-solid finances.

All of these successes are the result of a strong team performance. You – our shareholders – are an important part of this team and should naturally reap the rewards. This is why the Board of Management and the Supervisory Board are proposing a substantially higher dividend of €4.80 per ordinary share and €4.86 per preferred share to this Annual General Meeting. To put this into perspective: That is 80 cents or 20 percent more per share than last year.

Ladies and Gentlemen, as you can see:

- Volkswagen keeps its word and reliably delivers the results it has promised.
- We have a robust position that we can maintain even under the toughest conditions.

In a world full of uncertainties, in an industry characterized by ups and downs, your Company therefore represents something special: Real value and reliability.

2014 was more than just a snapshot in time. It was the latest chapter in an impressive, sustained success story. At this point, I'd like to glance back at 2007, when our Strategy 2018 was born.

- We have increased our deliveries by around 4 million vehicles since 2007.
- Since then, we increased our share of the global passenger car market by more than 3 percentage points. In other words: One in every eight new cars around the world today is from the Volkswagen Group.
- Since then, we have created more than 140,000 additional new jobs, including 55,000 here in Germany alone.

- Since then, the price of our preferred shares including dividends has increased almost five-fold. To put this into perspective: In the same period, the DAX did not even double.
- And since then, we have almost doubled our sales revenue while our operating profit has actually more than doubled.

In fact, we've actually done very much better than that – neither our sales revenue nor our operating profit include the contribution of our two Chinese joint ventures. That's because we've always accounted for the business of our joint ventures in China using the equity method, so it's only reported in the financial result.

The figures involved are substantial: In 2014, our share of the operating profit generated by the Chinese joint ventures was about €5.2 billion – that's around €900 million more than in the previous year. To correctly assess the Volkswagen Group's performance, you would in fact need to add this amount to consolidated operating profit.

As a Group, that would give us an operating profit of almost €18 billion. That puts Volkswagen among the best in the automotive industry.

As you can see, Ladies and Gentlemen:

The Volkswagen Group is in peak form in many ways. We are now harvesting the fruits of our hard work, as it were. And we are continuing to focus on areas where there's still room to improve.

Over the past few weeks, much has been written about alleged problem areas and improvements that need to be made. Ladies and Gentlemen: Please don't be fooled. Let me put it clearly: We know what we have to do in our large, global group. And we started doing it some time ago. The Supervisory Board has been a crucial supporter in every step of this journey.

Turning now to the Volkswagen Passenger Cars brand's return on sales: This firstly reflects the "China effect" I have just described.

As a result, the 2.7 million vehicles that we built and sold in China in 2014 are not included in the Volkswagen brand's operating profit. In other words: It's like a soccer match where the goals scored by a star striker don't count.

Independently of this, we are doing everything we can to ensure that the Volkswagen brand meets its financial targets. We launched a major efficiency program for the brand last July. And the other Group brands have taken similar measures. Our aim is to achieve a sustainable earnings effect of around €5 billion a year by 2017 at the Volkswagen brand alone. This will safeguard our target return of at least 6 percent in an extremely challenging market environment.

Our program is well underway. We have in the meantime identified opportunities for improvement that represent about half of our €5 billion target. And we expect that well over €1 billion will be reflected in our profit for the current year. We – and I – are not letting up.

This is most certainly not a case of across-the-board cuts. We do things differently: Intelligently and sensibly, together with our employees and not against them. To cite just a few examples:

- We are optimizing plant utilization across our global production network. Among other things, we will also be building the Tiguan in Mexico in the future.
- We are discontinuing models that no longer match demand and our return expectations. For example, the market for compact two-door vehicles is shrinking fast. As a result, we decided to only build a four-door Polo in the future. This alone produces savings in the triple-digit millions.
- Our approach to engines is similar: We will discontinue the 1.4 liter three-cylinder TDI engine earlier than planned, for example. The savings here are also in the double-digit millions.

Let me turn now to the USA. It is true that, after some major successes, the Volkswagen brand has lost momentum there. The reasons for this have been clearly identified. And – above all – we have taken the appropriate action.

We have drawn up a dedicated master plan for the USA, which we are now implementing step by step.

- For example, we will update and replace our models at significantly shorter intervals. Among other things, the facelifted US Passat will be launched in the second half of the year.
- We no longer ship the Golf 7 – the “North American Car of the Year” – from Germany to North America. Instead, we are building it locally in Mexico.
- Crucially, we have launched the brand’s largest-ever SUV offensive: The new Volkswagen Midsize SUV will start rolling off the production line in Chattanooga at the end of 2016. This will be followed in 2017 by a Tiguan with a long wheelbase, which we will produce locally in Puebla. And: We have many more good ideas for our American customers.

The Volkswagen brand is going on the offensive again in the USA. I’m committed to that.

The “budget car” has also been the subject of much discussion and even more speculation. I can confirm that we are working hard on an attractively priced offering in the particularly low-cost entry-level segment. And we are well on the way to launching a car like this in the Chinese market in cooperation with our joint venture partners. But we will take the time we need for this. What matters is having the right vehicle, in the right segment. We are not just interested in additional sales – first and foremost, it has to be economically feasible for the Group. Let me say this clearly: The budget car also has to generate an appropriate return on sales. The Supervisory Board shares this view. And it is in the interests of both Company and shareholders.

And finally, to our commercial vehicles. You are no doubt aware that, for legal reasons, we had to move quite slowly with developing our truck and bus business. Now that we have acquired all shares of Scania, the way is clear for close collaboration between our brands.

We intend making our commercial vehicles business into the global champion of the industry. I’ll come back to this later.

We have been able to recruit exactly the right man for this important job, in the shape of Andreas Renschler. I would like to take this opportunity to again welcome him to Volkswagen and to the podium here today.

As you can see, Ladies and Gentlemen:

We are systematically implementing our Strategy 2018. Our aim is to make Volkswagen the best automotive group in the world – in both economic and environmental terms. To do this, we're increasing the Group's capability step by step. In all brands, regions and areas.

This can only be achieved with a strong team that's 100 percent motivated. Our almost 600,000 employees worldwide do a magnificent job – day in, day out. And I am sure that I speak on your behalf when I take this opportunity to say a big "thank you" to our entire workforce.

Vehicles are at the heart of Volkswagen. But equally, our employees are at the heart of Volkswagen. At Volkswagen, people build cars for people. That has made the Company strong. We know this. And I can promise you that this will not change in the future, either.

That's all from me for the moment. Thank you for your attention.

Mr. Pötsch will now give you some information required under capital markets law.

II. Outlook 2015: The next step on the way to the top

Ladies and Gentlemen,

This brings us to our look into the future. Or put it another way: What can you expect from us in the coming months? Our goal is clear: We intend to keep growing. And this means in particular: We want to get better and better in every respect.

For fiscal year 2015, we are expecting:

- A moderate increase in our deliveries.
- An increase in sales revenue of up to four percent, depending on macroeconomic developments.
- And an operating return on sales in the Group of between 5.5 percent and 6.5 percent. We have lifted our forecast for the Passenger Cars Business Area slightly and expect an operating return on sales there of between 6 and 7 percent.

We freely admit that we're being deliberately rather more cautious than others with these goals. However, Ladies and Gentlemen, despite excellent figures, Volkswagen always has a good grip on reality. We do not close our eyes to the many international political and macroeconomic trouble spots. This global uncertainty has effectively become the "new normal" in the automotive business. I need only remind you of the extremely tense situation in many truck markets, or the situation in South America and Russia. In Russia alone, the automotive market has dropped by almost 40 percent in the space of a year. Volkswagen is not alone in facing these problems. They affect the entire industry. And for this reason there are large question marks hanging over 2015.

However, Ladies and Gentlemen, you know us well enough: Our desire is to master these challenges, and we will do so. Our goal is to achieve further growth in our unit sales, our sales revenue and our operating profit. And we are convinced that the Volkswagen Group has what it takes to do so.

- We have three profitable Business Areas: Passenger Cars, Commercial Vehicles/Power Engineering and Financial Services.
- We have twelve fascinating brands that meet almost all customer wishes and needs worldwide.
- We can count on the innovative abilities of more than 46,000 developers and 11,000 IT specialists.
- We have the necessary liquidity and financial solidity.
- And we have a strategy that has proven its worth even when times are tough.

These strengths make Volkswagen what it is. And we will specifically leverage and extend them. I'd like to discuss three focus areas in greater detail today.

Focus No. 1: We are making our product range even younger and more attractive. All in all, we will be bringing 50 new models, successors and upgrades to customers this year.

- ŠKODA has unveiled the new Superb. The brand's flagship model is now also based on the Modular Transverse Toolkit – our most important platform.
- At SEAT, the refreshed Ibiza is on the starting blocks. The second core model after the Leon will provide further impetus for SEAT. Incidentally, SEAT is proof that patience pays off. The brand returned to profit in the first quarter.
- Audi is relaunching its bestseller: The next generation of the A4 will hit the streets in the fourth quarter of the year. And the new Q7 is already making headlines: With 325 kilos shaved off its weight, it is a pioneer in lightweight construction.
- The Porsche team is revamping its most important model, THE iconic sports car, the 911.
- Bentley is launching an upgrade to the Continental GT; Lamborghini is presenting the new Huracan Spyder.
- Two important new models will be launched at Volkswagen Commercial Vehicles: The Caddy and the T6 make up around two thirds of sales.

- Finally, the Volkswagen Passenger Cars brand has unveiled the new Touran. And we are working hard on the next generation Tiguan, which will be launched in 2016. It will set new standards in design, technology and quality thanks to the Modular Transverse Toolkit.

That brings us to Focus No. 2: We are driving forward our modular toolkit strategy. Experts tell us that the Volkswagen Group is years ahead of the competition in this area. But the economic advantages are only gradually having an impact. That's because the positive effects also grow as volumes increase.

- This year, the Group will already produce 2.7 million vehicles based on the Modular Transverse Toolkit – the MQB.
- And we will already hit the seven million unit mark in 2018.

The speed at which the advantages make themselves felt will vary. At the Volkswagen brand, for instance, we are currently only producing around 20 percent of the volume using the MQB. But at ŠKODA, for example, the share is already almost double that figure. This is something that's also reflected in the brand's outstanding earnings. And the MQB effect is also evident at SEAT.

The massive upfront expenditures for the modular toolkit strategy will pay off not only in terms of technology, but also in terms of profitability. For the vehicles and also for the plants. We are currently operating 18 plants on the basis of our toolkits. And we will convert a further 11 plants by the end of 2016. This, too, will make our Group even more agile and even more robust.

Moving on to Focus No. 3. We have also set ourselves ambitious targets for commercial vehicles. With our strong truck brands, we have what it takes to achieve these targets, too.

Now we are gradually laying the necessary groundwork: Yesterday, the Supervisory Board resolved to combine our mid-sized and heavy commercial vehicles business under Truck & Bus GmbH.

In the future, this holding company will bring the management of the MAN Truck & Bus, MAN Latin America and Scania brands together under one roof.

We are creating a powerful commercial vehicles organization – with its own governing bodies, rapid decision-making processes and great proximity to the operating business. The brand CEOs will be represented in the holding company's management, which will coordinate key functions such as development and procurement across the brands. What do we expect from this step?

- Significantly closer cooperation between our brands to leverage the full synergy potential.
- A more flexible and quicker decision-making process.
- And above all: Even better products, technologies and services for our customers.

It is important that MAN and Scania are and will remain strong, independent brands. With their own identities, own headquarters, own development, production, procurement and sales.

We intend to make Volkswagen a global champion of the commercial vehicles industry. In terms of profitability, technology, innovation, and most of all, our customers' satisfaction. We are now defining the next milestone in pursuit of this goal. And Mr. Renschler and his team have our, and my, full support along the way.

Ladies and Gentlemen,

as you can see, the Volkswagen Group is once again increasing the pace. In 2015, we intend to take the next step towards the top. And we have made a good start to the year, despite the strong headwinds:

- Our Group delivered around 2.5 million vehicles to customers between January and March. This is an increase of 1.8 percent.
- Sales revenue was up more than 10 percent to €52.7 billion.
- Our operating profit rose by 16.6 percent: At over €3.3 billion in the first quarter, this is the best ever start to a year in the Company's history.

III. Future Tracks: The basis for long-term success

Ladies and Gentlemen,

We have now covered the main points of a CEO's speech to the Annual General Meeting. The standard program, as it were. But it is becoming increasingly clear that the standard program is no longer enough. Our world is undergoing a fundamental shift. Also and especially in the automotive industry. And only the strongest and most future-ready companies will successfully navigate this change.

So how do we ensure that your Company will remain successful in the long term? One thing is clear: Today's recipes are no guarantee of tomorrow's success.

- We need to be finely tuned to wider social change: To what people – our customers – care about. To what they expect from mobility and a company like ours in the future.
- Above all, we also need to be prepared to constantly question what we are doing and explore new directions – in alternative drives, in digitization and in new automotive-related services and business areas.

At Volkswagen, we have got the message. And for this reason I will say it again: We have no room for complacency.

Our goal is to be at the forefront of the automotive industry – in five, ten and fifteen years' time as well. And – specifically – not just in terms of volume.

- This is why we invest more in research and development than any other company in the world – €11.5 billion in 2014 alone.
- This is why we employ the largest development team in the industry.
- And this is why we launched “Future Tracks” last year.

And another thing: The Volkswagen Group was recently again named the world’s most innovative automotive company. I think that is a wonderful and well-deserved acknowledgement for our team.

Our forward-looking efficiency program is not only preparing the Group for the technological challenges of the automotive world of tomorrow. It is also laying the foundations for long-term economic success, for key investments in the future and for future generations at Volkswagen. In other words, “Future Tracks” is our compass for sustainable and profitable, in short for qualitative growth.

We are driven by a fascinating vision – in the long term, we want to shape Volkswagen from an automaker into a global mobility provider, the number one mobility enabler. In doing so, we are once again speeding up the pace of innovation in core areas that are critical to our future.

The first such future area is e-mobility. Demand for electric cars has been slow to get off the ground. But our strategy is not driven by short-term trends or current oil prices.

- We firmly believe in e-mobility.
- We need it to comply with worldwide CO₂ targets.
- And we are confident that it will become established in the long term.

This is why we already offer the widest range of electric vehicles in the automotive industry:

- From pure-play electric cars like the e-up! and the e-Golf,
- Through plug-in hybrids such as the A3 e-tron, the Passat GTE, or the Panamera S E-Hybrid,
- To technological trailblazers such as the XL1 and the Porsche 918 Spyder.

As a result, we moved into pole position in Germany's electric car market in the past year. And this is just the beginning. We believe that plug-in hybrids offer the greatest opportunities in the medium term.

They represent the best of both worlds: Purely electric driving in urban areas, and a combustion engine for full flexibility over long distances. As a result, we will offer this technology in almost all of our large vehicles: The Q7, the A7 and the A8 for example will be added at Audi. And the Touareg and the Phaeton at Volkswagen.

We will also take pure-play electric cars to the next level: The new Audi R8 e-tron will come with a range of around 450 kilometers. And I can reveal to you that we are already working hard on electric vehicles with a range of over 500 kilometers.

What is really important is that we have a solid, viable business model for e-mobility. And here, too, the logic behind our toolkits comes into play.

- It enables us to electrify up to 40 models quickly and with no major additional effort.
- It enables us to flexibly integrate fuel cells into our vehicles as soon as the technology and the infrastructure are market-ready.
- And our electric cars aren't built at separate plants, but leave the same assembly lines bumper to bumper with vehicles with classic drives.

This saves a lot of money. And above all means that we are extremely flexible. Whatever the market and our customers require from us: We are ready. Because we can flexibly adapt our models and our plants like no other manufacturer.

That takes me to the second key future area: The influence of the digital world on the automobile is the hot topic at the moment. Few manufacturers have been working on digitization for so long and in so much detail as Volkswagen.

As a Group, we already have the largest networked vehicle fleet on the road worldwide. And we aim to offer all of our new vehicles with Internet access by 2020.

Equally, automated – or piloted – driving is not a passing fashion for us either:

- We have been one of the pioneers of this technology for 15 years, for example with the “Stanley” research vehicle that won the prestigious DARPA challenge in 2005.
- We were the first car manufacturer to be allowed to test automated vehicles on public roads in the USA.
- And we will also be among the first to successfully market this technology with Audi and Volkswagen.

The new Passat, for example, comes with a Traffic Jam Assist function that automatically accelerates, brakes and keeps the vehicle in its lane in stop-and-go traffic.

We will take the next big step with the upcoming Audi A8: This car will be able to drive at a speed of up to 60 km/h in fully automated mode. Later software updates will increase this to up to 140 km/h. And before the current decade is out, our cars will also then independently look for their own parking spaces in a networked parking garage once the driver has got out.

At the same time, we are driving forward the fully networked “Industry 4.0” in our plants. A good example is human-robot cooperation. Up to now, robots have been kept in protective cages for safety reasons. In the future, they will work side-by-side, indeed hand-in-hand, with employees. We already do this in Ingolstadt and Salzgitter, and further plants will follow. I’m convinced that, used intelligently, automation makes work more efficient, easier and more ergonomic. And this is good for the Company and for our employees.

We make full use of data-based applications in all other areas, too. These range from internal customer analyses to innovative services and business models for everything related to the car.

For example, we established our own data lab in Munich, which specifically deals with the use of large data volumes. Computer scientists, computational linguists and statisticians there are working on new, intelligent solutions. We will also establish such creative centers for the digital age in Berlin, China and the USA.

Our “Intelligent Mobility” project specifically demonstrates the added value of IT services for our customers. The project was recently launched in the Wolfsburg region. We are equipping 500 vehicles with data boxes that will communicate with the city’s traffic management systems, among other things. The swarm data gained from this will then be used in real time to create personalized routes or to direct the driver to the nearest free parking space. Everyone benefits: Time saved and less stress for drivers, lower traffic volumes in the city, and significant cuts in consumption and emissions.

And by the way, our commercial vehicle brands demonstrate how to earn good money with services like these. Scania and MAN have for a long time offered their customers the option of continuously monitoring and analyzing telematics data.

- Specific tips on how to drive more efficiently can cut fuel consumption by up to 10 percent.
- Forward-looking, scheduled maintenance can reduce the average time spent in the workshop. Both of these save our customers hard cash.

In other words, intelligent automotive IT solutions provide real added value. And offer the prospect of new earnings opportunities – also in the passenger cars business.

Ladies and Gentlemen,
Dear Shareholders,

The automotive industry is currently experiencing extremely challenging, but also extremely exciting times. Our industry is facing radical changes that can only be called historic.

We know this. And this is why, with “Future Tracks”, we do not just have our sights set on the second half of the game. At Volkswagen, we are already looking far ahead, to the next season. This is most certainly not a case of “old world” versus “new world”. It is not about Silicon Valley versus Stuttgart, Ingolstadt, or Wolfsburg. It is about engineers and IT professionals working together to make automobiles even more intelligent, even safer and even more efficient – including and in particular for the “iPhone generation”. We can and we should be learning from each other.

But one thing is also clear: We are doing everything we can today to make sure that the “Car of the Year 2025” is also a Volkswagen Group vehicle.

- Our Group will invest over €85 billion in products, technologies and plants over the next five years.
- On top of this, our joint ventures in China will invest €22 billion.

This 107-billion program sends a clear message: This Group offers excellent prospects. For our customers and our employees, for future generations at Volkswagen, for the society in which we live and work, and for you as our shareholders.

This is our goal. And our common mission. And I am sure you can sense that the Volkswagen team – that we – are passionate about this mission.

I would ask this of you – our shareholders: Please continue to support us on this journey in the future.

Your trust in Volkswagen will pay off. In every respect.

Many thanks for your attention.