VOLKSWAGEN
AKTIENGESELLSCHAFT

Interim Report

January - September

2014

Key Figures

VOLKSWAGEN GROUP

Volume Data[1]	Q3 2014	Q3 2013	%	Q1–3 2014	Q1–3 2013	%
Deliveries to customers ('000 units)	2,476	2,386	+ 3.8	7,542	7,183	+ 5.0
of which: in Germany	302	278	+ 9.0	929	874	+ 6.3
abroad	2,174	2,108	+ 3.1	6,613	6,309	+ 4.8
Vehicle sales ('000 units)	2,439	2,368	+ 3.0	7,646	7,241	+ 5.6
of which: in Germany	295	265	+ 11.4	938	882	+ 6.4
abroad	2,144	2,103	+ 2.0	6,708	6,359	+ 5.5
Production ('000 units)	2,404	2,347	+ 2.4	7,638	7,232	+ 5.6
of which: in Germany	585	570	+ 2.5	1,898	1,823	+ 4.1
abroad	1,819	1,777	+ 2.4	5,740	5,409	+ 6.1
Employees ('000 on Sept. 30, 2014/Dec. 31, 2013)				590.8	572.8	+ 3.1
of which: in Germany				269.1	260.4	+ 3.3
abroad				321.8	312.4	+ 3.0

Financial Data (IFRSs), € million	Q3 2014	Q3 2013	%	Q1–3 2014	Q1–3 2013	%
Sales revenue	48,910	46,985	+ 4.1	147,718	145,673	+ 1.4
Operating profit	3,230	2,777	+ 16.3	9,416	8,557	+ 10.0
as a percentage of sales revenue	6.6	5.9		6.4	5.9	
Profit before tax	3,713	2,780	+ 33.6	11,490	9,399	+ 22.2
as a percentage of sales revenue	7.6	5.9		7.8	6.5	
Profit after tax	2,971	1,909	+ 55.6	8,687	6,702	+ 29.6
Profit attributable to Volkswagen AG shareholders	2,928	1,856	+ 57.7	8,509	6,714	+ 26.7
Cash flows from operating activities	5,171	5,613	–7.9	8,515	10,597	–19.6
Cash flows from investing activities attributable to operating activities	3,908	3,090	+ 26.5	10,144	8,859	+ 14.5
Automotive Division[2]						
EBITDA[3]	5,794	4,888	+ 18.5	16,746	15,003	+ 11.6
Cash flows from operating activities	6,556	6,281	+ 4.4	14,942	14,713	+ 1.6
Cash flows from investing activities attributable to operating activities[4]	3,929	3,063	+ 28.3	9,398	10,264	–8.4
of which: capex	2,904	2,512	+ 15.6	6,482	6,436	+ 0.7
as a percentage of sales revenue	6.8	6.0		5.0	5.0	
capitalized development costs[5]	1,003	923	+ 8.8	3,399	2,558	+ 32.9
as a percentage of sales revenue	2.4	2.2		2.6	2.0	
Net cash flow	2,627	3,218	–18.4	5,544	4,449	+ 24.6
Net liquidity at September 30				16,785	16,649	+ 0.8

1 Volume data including the unconsolidated Chinese joint ventures. These companies are accounted for using the equity method. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. 2013 deliveries updated to reflect subsequent statistical trends.
2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
3 Operating profit plus net depreciation/amortization and impairment losses/reversals of impairment losses on property, plant and equipment, capitalized development costs, lease assets, goodwill and financial assets as reported in the cash flow statement.
4 Excluding acquisition and disposal of equity investments: Q3 €3,845 million (€3,259 million), Q1–3 €9,694 million (€8,624 million).
5 See table on page 36.

Key Facts

- **Volkswagen Group increases deliveries to customers by 5.0% year-on-year to 7.5 million vehicles; continued growth in China and Europe**
- **Group sales revenue rises to €147.7 billion (€145.7 billion), impacted by negative exchange rate effects in particular in the first half of the year**
- **Operating profit improves by €0.9 billion to €9.4 billion in an ongoing difficult market environment**
- **Earnings before tax of €11.5 billion, €2.1 billion higher than in the previous year**
- **Cash flows from operating activities in the Automotive Division up €0.2 billion year-on-year at €14.9 billion; ratio of capex to sales revenue is 5.0% (5.0%)**
- **Net liquidity in the Automotive Division at €16.8 billion; acquisition of Scania shares and capital increase at Financial Services Division reduce liquidity, while capital increase from issuing new preferred shares and successful placement of hybrid notes strengthen Automotive Division's capital base**
- **Enthusiastic reception for Group models by customers worldwide:**
  - **Volkswagen Passenger Cars presents the eighth generation of the Passat for the first time; world premiere of the plug-in hybrid version at the Paris Motor Show**
  - **Audi showcases the efficient A6 ultra and the TT Sportback concept study in Paris**
  - **ŠKODA celebrates the debut of the new Fabia and the new Fabia estate**
  - **SEAT unveils the all-wheel drive Leon X-PERIENCE**
  - **Porsche presents the new Cayenne S E-Hybrid – the first premium SUV with a hybrid drive**
  - **Bentley impresses with its new Mulsanne Speed flagship**
  - **Volkswagen Commercial Vehicles offers a glimpse into the new generation of the Multivan/Transporter with the TRISTAR study at the IAA Commercial Vehicles show in Hanover**
  - **Scania focuses on sustainability and services in Hanover**
  - **MAN presents the top-of-the-range TGX D38 with efficiency technologies**

Key Events

MOTOR SHOWS AND EVENTS

The Volkswagen Group brands presented a wide range of models at the motor shows in Hanover and Paris in the third quarter and the beginning of the fourth quarter of 2014. The highlight was the world premiere of the new Passat in Potsdam.

World premiere of the new Passat

The Passat is one of the most popular mid-range models worldwide and the most successful company car in Europe. In July, the Volkswagen Passenger Cars brand unveiled the eighth generation of the bestseller, which is again available as a saloon and an estate, at the Volkswagen Design Center in Potsdam. This Passat heralds a new era for design, engines and drive systems, infotainment and assistance systems, as well as safety, convenience and driving pleasure. Its proportions are more dynamic than its predecessor's, with a lower body, longer wheelbase and larger wheels. Its weight has been reduced by up to 85 kilograms, helping make this new generation up to 20% more economical to drive. The efficient direct injection turbocharged petrol and diesel engines cover a range from 88 kW (120 PS) to 206 kW (280 PS). For the first time, the Passat is being offered with a plug-in hybrid drive with a system power output of 160 kW (218 PS). The interior boasts a fully digital Active Info Display and a head-up display, which displays information in the driver's line of vision. The new Passat also marks the debut of the innovative Trailer Assist feature, which automatically controls lateral guidance when reversing with a trailer. Volkswagen is the world's first automobile manufacturer to offer this function. Front Assist with City Emergency Braking and pedestrian recognition, Emergency Assist (vehicle stops in an emergency) and Traffic Jam Assist round off the range of assistance systems offered.

IAA Commercial Vehicles show in Hanover

"Work. Life. Solutions." was the exhibition slogan chosen by Volkswagen Commercial Vehicles for the show. The brand presented its full range of light commercial vehicles based on the Amarok, Caddy, Crafter and Multivan/Transporter series, which offers an unrivaled variety of mobility solutions for goods and passenger transport. Volkswagen Commercial Vehicles presented innovations in all model series with an emphasis on powerful drive systems with the highest possible fuel economy. The brand's first model in the electrification of its portfolio, the e-Load up!, attracted particular interest. This vehicle is especially suited to courier or service traffic on routes of up to 100 km. Visitors were also given an insight into the numerous passenger and goods transport solutions that will be offered by the next generation of Multivans/Transporters with the TRISTAR. The concept vehicle represents a successful combination of the best features of the current T model series. Its extreme off-road capability combined with flexible transport and storage solutions make the TRISTAR the perfect service, transport, or surfing vehicle.

The Scania brand's exhibition centered on sustainable innovations and new services and demonstrated how truck and bus companies can improve their profitability. Highlights included the economical 13-liter engine with SCR (selective catalytic reduction) exhaust gas aftertreatment and the improved Scania retarder (a key component of the integrated braking system) with a new fuel-saving freewheeling function. Buses and trucks can also save fuel with the new version of Scania's Eco-roll system, which now selects gears even more intelligently on downward slopes. Scania also demonstrated the further savings potential offered by the use of new low-viscosity oils with unique lubricating qualities. In the bus segment, visitors were particularly interested in the Scania Citywide LE featuring Scania's own hybrid technology. The brand's showing was rounded off by numerous new and improved services intended to enhance customers' overall profitability.

MAN also focused on efficiency technologies. The new MAN TGX EfficientLine, which is designed to reduce fuel consumption, is equipped with the GPS-based cruise control system EfficientCruise, offering fuel savings of up to 6%. The MAN TGM with a 206 kW (280 PS) CNG engine provided an insight into the potential offered by economical natural gas-powered engines in trucks. MAN celebrated the world premiere of its flagship TGX D38 with up to 471 kW (640 PS), which offers superior performance with low overall running costs thanks to its efficiency technologies. MAN also showed visitors the variety of drive systems available for buses, exhibiting the MAN Lion's City with CNG, hybrid and Euro 6 diesel engines. MAN Solutions, which focuses on the interweaving of services that provide the customer with valuable opportunities to reduce costs, also presented a host of innovations at the IAA Commercial Vehicles show.

Mondial de l'Automobile in Paris

After unveiling the eighth generation Passat in July 2014, the Volkswagen Passenger Cars brand exhibited the new Passat GTE with a plug-in hybrid system for the first time at the Paris Motor Show. A 115 kW (156 PS) 1.4 l TSI engine and an 85 kW (115 PS) electric motor combine to generate system power of 160 kW (218 PS). In all-electric driving, it can cover over 50 km, with a total range of more than 1,000 km. The premiere of the XL Sport study also caught visitors' attention. Powered by the world's most powerful two-cylinder engine with 147 kW (200 PS) from Ducati, this highly efficient sports car, which was designed based on the aerodynamic XL1, can reach a maximum speed of 270 km/h. The XL Sport is also the 200 millionth car to be produced by the Volkswagen Group. Paris also saw the debuts of the robust Golf Alltrack and sporty Polo GTI.

Audi impressed visitors in Paris with its Audi TT Sportback concept. Its high-performance 294 kW (400 PS) 2.0 TFSI engine takes the car from 0 to 100 km/h in less than 4 seconds. Inside, the Audi virtual cockpit – a 12.3-inch screen that replaces the traditional instruments and the MMI display – dominates. The brand also exhibited the efficiency champion of the premium class, the new Audi A6 ultra. It delivers the perfect combination of efficiency and performance: a powerful 140 kW (190 PS) engine, average fuel consumption of just 4.2 l over 100 km and low CO_2 emissions of 109 g/km. The brand's showing was rounded off by the new TTS Roadster. The two seater features an output of 228 kW (310 PS), making it 14% more powerful than its predecessor, and technological highlights such as matrix LED headlights.

The world premieres of the new generation Fabia and Fabia estate models were the highlight of the ŠKODA stand. The small car has been completely redeveloped for its third edition, which is most apparent in the design concept. Among other features, it is now possible to connect to the car's infotainment system with a smartphone. The new Fabia is also equipped with innovative assistance systems such as the multi-collision brake.

SEAT celebrated the debut of the Leon X-PERIENCE, a new and robust member of the Leon family, in Paris. Permanent all-wheel drive, powerful yet efficient TDI and TSI engines with up to 135 kW (184 PS) and a variety of assistance systems guarantee driving pleasure on any road.

Bentley showcased its new flagship model, the Mulsanne Speed, which is the very epitome of luxury and performance. The selectable sport mode and 395 kW (537 PS) performance offer drivers a particularly dynamic experience. The 6.75 l V8 engine takes the vehicle from 0 to 100 km/h in 4.9 seconds. Its top speed is 305 km/h.

Lamborghini presented its first concept car with plug-in hybrid technology, the Asterion LPI 910-4. Its 449 kW (610 PS) V10 engine, together with three electric motors with a combined output of 220 kW (300 PS), guarantee an exciting driving experience. The car's CO_2 emissions are a low 98 g/km and it can cover 50 km in all-electric city driving with zero emissions.

Porsche revealed its Cayenne S E-Hybrid to the world for the first time. It is the first premium SUV and the brand's third series model with a plug-in hybrid drive. The electric motor's output is more than twice that of the earlier Cayenne S Hybrid, up from 34 kW (47 PS) to 70 kW (95 PS). Total consumption has been reduced by almost 60% – from 8.2 l to 3.4 l per 100 km – and CO_2 emissions have been brought down from 193 g/km to 79 g/km.

Bugatti celebrated the conclusion of its "Les Légendes de Bugatti" edition, presenting the Veyron 16.4 Grand Sport Vitesse "Ettore Bugatti", which is dedicated to the automotive pioneer and company founder. The body of the vehicle is made of hand-polished aluminum and dark blue exposed carbon, while the interior is finished with platinum.

Ducati showcased its new retro bike in the French capital. The Scrambler model is available in four versions: Icon, Urban Enduro, Classic and Full Throttle. The motorcycle has an 803 cc engine that delivers 55 kW (75 PS).

AWARDS

Volkswagen celebrated a double victory at the Silvretta E-Auto Rally: the e-Golf was named overall winner for the third time, while the e-up! came first in the demanding efficiency rating for the second time in a row. In high alpine terrain, the Volkswagen Passenger Cars brand's electric cars proved their suitability for everyday use with a daily performance range of up to 134 kilometers.

Audi took first place in several categories in the first ever survey conducted by "auto motor und sport" and "CHIP", in which more than 42,500 readers chose the best connectivity features. The participants were particularly impressed by the Audi MMI navigation plus system, the Audi phone box and the Bang & Olufsen Sound System in the Audi S3. The Audi TT also took the prize for the best-connected car in the "Connected Cars" category. Connectivity is fast becoming a megatrend and describes the communication between a car and its environment – drivers, the Internet, infrastructure and other vehicles.

The Touran came out top in the van category in the reader road test organized by specialist journal "auto TEST". After three days of intensive testing, independent readers crowned the Touran the winner due to its flexibility, comfort and superior drive system, among other features.

The Golf was awarded the maximum rating of five stars in the Korean NCAP crash test. In addition to its crash performance in front, side and rear collisions, Volkswagen's bestseller also impressed with regard to pedestrian protection, rollover resistance and braking performance. Additional points were given for the seatbelt reminder system for drivers and passengers. The Audi A6 was also awarded the highest rating of five stars.

In August 2014, two Volkswagen Group brands won awards in the communication design category of the internationally renowned "Red Dot Awards" design competition. Volkswagen received the prize for the "Das Auto.Magazin" print publication and app, and the film "Paralympics". Audi also impressed the jury with its "Audi eKurzinfo" logbook app. This application allows customers to find operating information for their Audi using their smartphone.

Every year, the readers of "auto motor und sport" award the best new car design of the past twelve months with the "autonis" prize. This year, the Golf Sportsvan beat the competition in the vans category by a long way. The all-rounder, which has been available in Germany since the end of May, impressed with its space-oriented vehicle concept and sporty proportions.

Audi was voted the most sustainable company in the "Sustainability Image Score" sustainability rankings produced by consultancy Facit Research. The annual study is based on a survey of German consumers. In 2014, a representative sample of more than 8,000 consumers rated 104 companies in 16 industries. Audi led the rankings in all three aspects of sustainability – economic, environmental and social.

The Volkswagen Passenger Cars brand was also acknowledged for its economic, environmental and social responsibility, receiving the "Nachhaltigkeitspreis 2014" (Sustainability Prize 2014) with a "Gold" rating. The Germany-wide survey was conducted by "DEUTSCHLAND TEST", "FOCUS MONEY" and the consultancy Faktenkontor. Volkswagen received the highest rating of 37 automobile brands. It scored particularly highly for economic responsibility, meaning commitment to economic success and hence stable employment.

Volkswagen Passenger Cars' "Think Blue. Factory." environmental program won the "National Energy Globe Award Germany" in July 2014. The careful use of resources in production was one of the key factors in the program being voted the country's best environmental project. Since 1999, the annual prize has been awarded to regional, national and international environmental projects.

The Eastern Cape Exporters Club awarded Volkswagen Group South Africa its highest environmental prize, the "SJM Flex Environmental Award", for the third consecutive year. The continuous reduction of its carbon footprint and the considerable decline in the waste produced by the paint shop in Uitenhage helped Volkswagen Group South Africa stand out against other exporters.

The MAN Lion's City GL CNG received the "Bus of the Year 2015" award in the Bus Euro Test. The low-pollution, climate-friendly articulated bus with Euro 6 technology impressed the jury of European trade journalists. Fueled by biogas or e-gas, operation of the bus is almost carbon neutral. The vehicle concept also contributed to its high rating: as the only five-door on the market, it ensures optimal passenger flow and short stop times.

Volkswagen Commercial Vehicles won the "Deutscher Nutzfahrzeugpreis 2014" (German Commercial Vehicle Prize 2014) for the Amarok. The jury, which consisted of business- and tradespeople, compared the pickups available in Germany. Their evaluation took into account numerous factors, such as the driver's cab, load bed, environmental impact, workmanship, operation and safety.

ANNIVERSARIES

The Volkswagen Group celebrated a special anniversary at the Paris Motor Show: the production of its 200 millionth vehicle. As the anniversary vehicle, the XL Sport study was presented for the first time. Volkswagen is one of the few automobile manufacturers in the world to reach this impressive figure. Since 1999, the Group has doubled the number of vehicles it has produced.

On July 11, 2014 the world's six millionth Audi with quattro technology left the production facilities in Ingolstadt. Permanent all-wheel drive was launched in 1980 with the legendary Ur-quattro and has been a focus of the brand's success ever since. Today, almost every second Audi produced is fitted with quattro technology, which is available across all models. With around 170 quattro variants, Audi now offers the biggest selection of all-wheel drives of any premium manufacturer.

The world's two millionth Golf estate rolled off the production line in Zwickau on August 11, 2014. In 1993, production of the popular model variant started in Wolfsburg and Osnabrück with the third-generation Golf. The model also went into production in Bratislava and Puebla in the years that followed. Since 2013, the latest generation of the Golf estate has been produced exclusively in Zwickau.

Audi celebrated a special anniversary in September 2014: 25 years since the brand with the four-ring emblem first presented a TDI engine at the IAA in Frankfurt am Main. This efficiency technology was a pioneering achievement and has been a huge success on the road and racetrack since 1989. To date, Audi has sold around 7.5 million vehicles with TDI engines. At the legendary 24 Hours of Le Mans race, Audi cars with TDI engines have already crossed the finish line victorious eight times since 2006. Audi is continuously developing the TDI engine and is taking its next major step with the electrification of the drive system: thanks to the combination of a twin turbocharged V6 TDI engine and an additional electric turbocharger, the current Audi RS 5 TDI delivers an output of 283 kW (385 PS). The electric turbocharger builds power exceptionally quickly and smoothly even at low revs.

On September 22, 2014 the Wolfsburg production line delivered its 42 millionth vehicle since production began in 1945. The anniversary model was a Golf GTE with a plug-in hybrid drive system. The Golf, Golf Sportsvan, e-Golf, Golf GTE, Touran and Tiguan models are currently produced in Wolfsburg.

The SEAT brand is celebrating a special anniversary this year: the Ibiza is turning 30. This first car to be completely developed by SEAT debuted in 1984 and brought the brand worldwide fame. Since the compact model's market launch, around five million vehicles have been sold worldwide across four generations. The Ibiza is now available in three body types: the sporty three-door SC, the five-door all-rounder and the elegant ST estate.

CAPACITIES AND CAPABILITIES

The Volkswagen Group will expand its production capacities in China with the construction of two new plants in Qingdao and Tianjin. Together with our Chinese joint venture partner FAW we are investing around €2 billion in the new factories, which will help meet customer demand locally. The highly qualified workforce and the existing infrastructure in the region were key factors in choosing the cities, which are located on the east coast.

Due to the significant demand for the Porsche Cayenne, Volkswagen's Osnabrück plant will take over part of the final assembly of this model starting in summer 2015. The Cayenne is currently finished exclusively in the Leipzig plant. Relocating part of the final assembly from Leipzig to Osnabrück will optimize plant capacity utilization throughout the Group's production network.

At the end of 2016, the new midsize Volkswagen SUV developed specially for the North American market will start production at the Chattanooga location in the USA as the second model alongside the US Passat. The new vehicle, which is based on the CrossBlue study, will play a key role in the Volkswagen Group's presence in the USA. Volkswagen Group of America is investing a total of around USD 900 million in the construction of the additional production line and the establishment of an independent National Research & Development and Planning Center in Chattanooga. This will create 2,000 new jobs. The location will be further strengthened by around 200 qualified engineers, who will be responsible for project management for the North American market, ensuring customers' needs are optimally met.

Volkswagen India is investing €30 million in a new assembly line for a TDI engine specially developed for the Indian market at the Pune plant. The investment will create more than 260 jobs. Production, which will further improve the local value added, is due to start at the end of 2014.

To further expand its expertise and capabilities in the field of vehicle connectivity, the Volkswagen Group acquired BlackBerry's European research and development center in Bochum and established Volkswagen Infotainment GmbH in July 2014. Connectivity between vehicles, with infrastructure, drivers and the Internet will be a key feature of the car of the future, particularly where convenience and driving safety are concerned.

The Audi brand opened its high-tech complex in Neuburg an der Donau in August 2014, after a construction period of two years. The complex accommodates the Motorsport Competence Center, the Audi driving experience center and some of the brand's Technical Development functions under one roof.

VOLKSWAGEN'S RATING UPGRADED

On September 23, 2014, rating agency Standard & Poor's raised its short-term and long-term ratings for Volkswagen AG, Volkswagen Financial Services AG and Volkswagen Bank GmbH by one notch to A-1 (previously A-2) and A (previously A-). The outlook for all three companies is "stable". The upgrade reflects the ongoing improvement forecast in debt metrics, buoyed by higher profitability and rising cash flows in the Automotive Division. A stable rating, underpinned by solid financial key performance indicators, is essential to Volkswagen's financial flexibility in obtaining external financing in the capital markets.

VOLKSWAGEN LISTED IN DOW JONES SUSTAINABILITY INDICES

In its annual review of its sustainability rankings, rating agency RobecoSAM again selected the Volkswagen Group for listing in the Dow Jones Sustainability Index (DJSI) World and the DJSI Europe. Apart from Volkswagen, only one other automotive company qualified for both indices. In the industrial engineering sector, MAN is the only German company to be represented in the DJSI World and DJSI Europe for the third consecutive year. In this year's rankings, MAN improved its performance with regard to social factors and scored particularly highly in the areas of environmental management, risk management and compliance. The DJSI is an important benchmark on the performance of the most sustainably run companies worldwide.

DECLARATION ON INCLUSION ADOPTED

The Volkswagen Group's Board of Management, Works Council and the Representative Body for Disabled Employees signed a joint declaration on inclusion in July 2014, which lays out the objectives for the Group in Germany. Inclusion is thus now firmly anchored in the corporate culture. The valuable contribution that employees with restrictions on their ability to work make to our everyday activities is given equal recognition. Among other things, the agreement aims to ensure that people with disabilities are given tasks that allow them to make optimal use of their strengths and extend their capabilities. In addition, the training opportunities available to disabled young people within the Volkswagen Group are to be increased, so barriers in the application process are being further reduced.

Volkswagen invests continuously in accessibility, with new buildings generally constructed to ensure they are accessible to everybody. If necessary, buildings are remodeled and accessible workplaces are created.

GROUP BOARD OF MANAGEMENT MEMBER FOR PRODUCTION LEAVES VOLKSWAGEN

As of August 1, 2014 Dr. Michael Macht stepped down from his position as member of the Board of Management of Volkswagen Aktiengesellschaft with responsibility for Production by mutual agreement with the Supervisory Board of Volkswagen Aktiengesellschaft. Mr. Thomas Ulbrich, member of the Board of Management with responsibility for Production at the Volkswagen Passenger Cars brand, has taken over the responsibilities temporarily until a successor is appointed. Dr. Macht was appointed as member of the Group Board of Management with responsibility for Production in 2010. The Group Board of Management wishes to thank him for his service.

Volkswagen Shares

After a mixed first six months, international equity markets remained volatile overall in the third quarter of 2014 in light of the conflict between Russia and Ukraine and the tensions in the Middle East. Buoyed by positive labor market data from the USA and hopes that the European Central Bank would continue its expansionary monetary policy, prices initially rose for a short time, with the DAX reaching a new high at the beginning of July. Fears that the crisis in Ukraine and political tensions in the Middle East would escalate then led to a strong downward trend until mid-August. Capital market participants were also unsettled by concerns about payment problems at Portuguese banks and negative economic indicators from Europe. Prices were supported by hopes that the Federal Reserve would keep monetary policy loose; this combined with healthy corporate data from the USA to bring about a temporary recovery. Towards the end of the reporting period, weaker-than-expected macro data from the USA caused prices to fall.

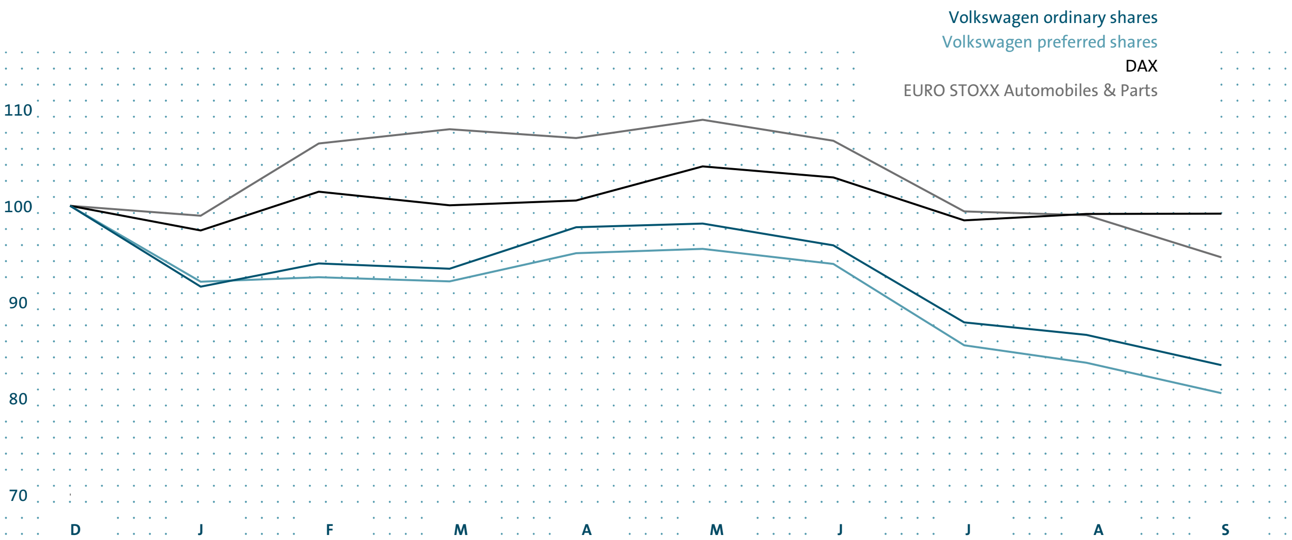
The DAX closed at 9,474 points on September 30, 2014, down 0.8% on the 2013 year-end level. The EURO STOXX Automobiles & Parts closed at 435 points, down 5.4% on the level at the end of 2013.

Volkswagen AG's preferred and ordinary share prices mirrored the volatile performance of the market as a whole in the third quarter of 2014. The price of ordinary shares grew at a faster pace than the preferred shares. Reports of slower economic growth in China and concerns that the economic recovery in Europe was coming to an end unnerved investors in the automotive industry, causing share prices to fall sharply until the beginning of August. Volkswagen shares rose as August progressed in line with the market trend. However, both classes of share fell again towards the end of the reporting period, underperforming the market as a whole, which also declined.

Volkswagen's preferred shares reached their highest daily closing price of the reporting period (€203.35) on January 17, 2014. They ended the first nine months at their low for the period of €164.40, down 19.5% on the 2013 closing price. Volkswagen AG's ordinary shares also hit their highest closing price in the first nine months of 2014 (€197.35) on January 17, 2014 and their lowest closing price (€164.25) on September 29, 2014. The ordinary shares ended the reporting period at €164.30, down 16.6% on the price at the end of 2013.

Information and explanations on earnings per share can be found in the notes to the interim consolidated 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 2013 TO SEPTEMBER 2014
Index based on month-end prices: December 31, 2013 = 100



Business Development

GENERAL ECONOMIC DEVELOPMENT

The global economy continued its slight recovery in the year to date, although its strength has been mixed in the different regions. The economic situation in many industrialized nations improved despite the continued presence of structural obstacles. Economic growth in a number of emerging economies was held in check by currency fluctuations and structural deficits.

Western Europe's economic recovery continued in the reporting period. Most northern European countries returned to a moderate growth path, while there were signs that the recession is coming to an end in most of the crisis-hit southern European countries.

After a strong first quarter, the upturn in the German economy eased slightly, but continues to be supported in particular by positive consumer sentiment and the stable situation on the labor market.

Economic growth was also positive in Central Europe in the first nine months of 2014. Sentiment in Eastern Europe deteriorated due to the conflict between Russia and Ukraine.

South Africa's economic situation continued to be impacted by structural deficits and social conflict in the first three quarters of 2014. GDP growth showed a further decline on the already low prior-year period level.

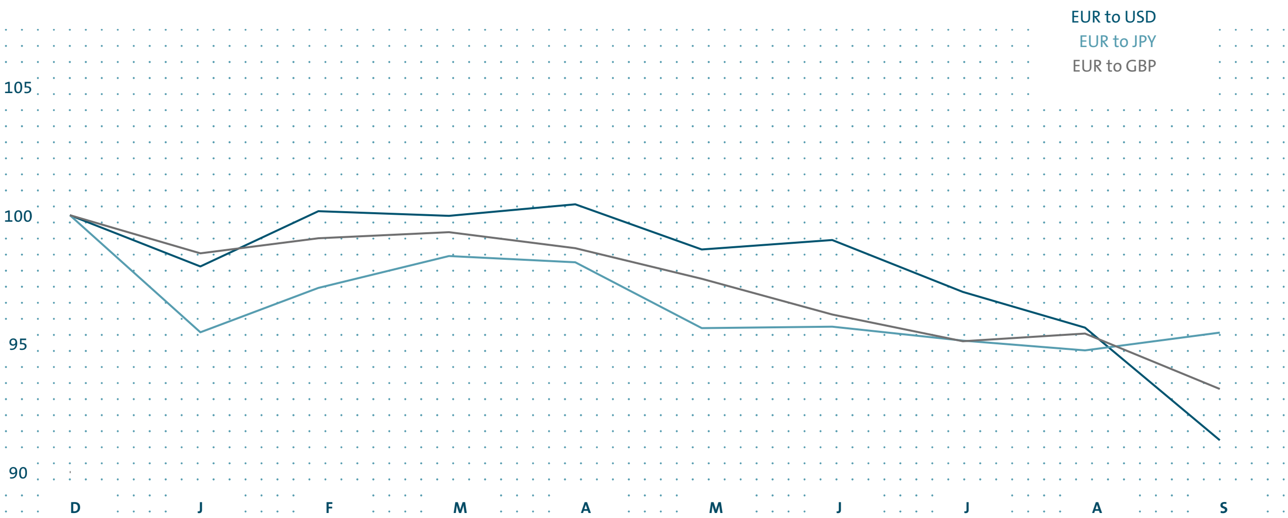
After a moderate start to the year due to the weather conditions, the US economy gained some momentum in the following months. The easing unemployment rate and positive consumer sentiment stimulated the economy. Economic growth in Mexico was positive, but still at lower rates than in previous years.

Growth in Brazil was sharply down on prior-year levels in the reporting period with weaknesses in the industrial sector in particular. Recessionary trends and sustained very high inflation impacted the situation in Argentina.

The Chinese economy continued to record robust growth over the first nine months of 2014, with slightly declining momentum. India's economy, on the other hand, delivered a slightly weaker performance, although there have been signs of a moderate upward trend since the new government took office in May 2014. The Japanese economy was held in check by the tax increase introduced in April of this year. Nevertheless, the economy expanded moderately overall in the year to date. In the months before the tax increase, the economy had been stimulated by monetary and fiscal policy measures.

EXCHANGE RATE MOVEMENTS FROM DECEMBER 2013 TO SEPTEMBER 2014

Index based on month-end prices: December 31, 2013=100



TRENDS IN THE PASSENGER CAR MARKETS

Global demand for passenger cars was higher year-on-year in the period from January to September 2014, but weakened slightly in the course of the year. The primary growth drivers were the Asia-Pacific region, North America, Western Europe and Central Europe. In South America and Eastern Europe, new passenger car registrations were much lower than in the prior-year period.

The passenger car market in Western Europe continued to stabilize in the first nine months of 2014, although market volumes were still down substantially on pre-crisis levels. While new passenger car registrations rose sharply in the United Kingdom, due mainly to sustained high demand from private customers, and in Spain, due in particular to the continuation of its government purchase incentive program, demand in France and Italy increased only slightly compared with the weak prior-year level.

In Germany, new passenger car registrations in the reporting period were up on the low prior-year figure. In addition to the positive economic environment, the slight growth was buoyed mainly by the sharp increase in demand for vehicles for business use.

In Central and Eastern Europe, market volumes in the period from January to September 2014 were noticeably lower than in the previous year. However, trends in the individual markets were mixed: while the sharp fall in Eastern Europe was attributable to poor sales in Russia and Ukraine due to the current political crisis, new passenger car registrations in Central Europe rose sharply overall.

The South African passenger car market is still suffering from a period of weakness primarily attributable to the economic downturn and higher mobility costs.

In North America, the reporting period saw a further rise in sales compared with the prior-year figure. After weak sales caused by the extreme weather conditions at the start of the year, the US market for passenger cars and light trucks almost reached the high volumes seen before the economic and financial crisis began, achieving its best sales performance since 2006. The positive trend was supported in particular by backlog effects, higher discounts and the robust state of the US economy. Demand was particularly strong for models in the SUV and pickup segments. The Canadian automotive market also recorded an increase and posted a sales record for the period from January to September. Market volumes in Mexico rose moderately due in particular to a positive trend in demand in the third quarter.

South America recorded the sharpest absolute market decline worldwide in the first nine months of 2014. In Brazil, new passenger car registrations decreased for the second consecutive year and were at the lowest level since 2008. In addition to the poor state of the economy, the weak demand was due mainly to the significant decline in consumer confidence. The market slump in Argentina compared with the record volumes in the prior-year period was mainly attributable to the tax increase on higher-value passenger car purchases at the beginning of the year, together with buyer reluctance due to decreasing real incomes and sharp increases in interest rates.

New passenger car registrations in the Asia-Pacific region rose sharply in the period from January to September 2014. The positive trend was buoyed by a double-digit rise in sales in the Chinese passenger car market. The world's largest automotive market recorded by far the largest absolute increase in passenger car market volumes. The primary contributor to the new record was the increase in sales of models in the SUV segment, which has been above average for a number of years. Passenger car sales in India were up slightly year-on-year. The recovery in the automotive market from May 2014 onwards was supported mainly by the cut in excise tax rates – for vehicles, among other things – which has been extended until the end of the year. In Japan, demand for passenger cars was higher year-on-year in the first nine months of 2014. However, the automotive market cooled noticeably from the second quarter onwards due to the VAT increase effective April 1, 2014.

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

Global demand for light commercial vehicles rose modestly year-on-year in the period from January to September 2014.

The light commercial vehicles market in Western Europe was up on the prior year in the period under review on the back of economic stabilization.

In Central and Eastern Europe, demand for light commercial vehicles in the first nine months of 2014 was weaker than in the previous year, although this varied from region to region. Demand declined in Russia and Ukraine due to political tensions and their economic impact.

In North America, the number of new registrations for light commercial vehicles rose year-on-year in the first nine months of 2014.

South America saw lower demand for light commercial vehicles amid ongoing difficult economic conditions. However, Brazil exceeded the 2013 figure thanks to higher demand for new SUVs, which are included in light commercial vehicles in this market. Despite the rise in the number of new SUVs registered in Argentina, demand for light commercial vehicles declined significantly as a result of the tax hike on higher-value vehicles at the beginning of the year.

Demand in China, the dominant market for light commercial vehicles in the Asia-Pacific region, rose significantly year-on-year. India suffered the effects of persistently high inflation, which eased slightly over the course of the year; demand was down significantly on the previous year. In Japan, pull-forward effects from a VAT increase as of April 1, 2014 saw demand increase as against the prior-year period. Sales were mixed in the ASEAN region: While a number of small markets saw strong growth, demand in Thailand declined significantly after government incentive programs expired.

In the first three quarters of 2014, global demand for mid-sized and heavy trucks with a gross weight of more than six tonnes was down on the previous year.

New vehicle registrations in the Western European market were down slightly year-on-year. Among other things, this was due to purchases pulled forward ahead of the introduction of the Euro 6 emission standard, which had lifted the prior-year figure.

Germany, the largest market in Western Europe, recorded an appreciable increase in new vehicle registrations in the period from January to September. New truck registrations in the period under review were lifted by the tangible increase in investment in machinery and equipment since January and the clearing of the investment backlog from 2013.

Demand for vehicles in the Central and Eastern European market declined significantly as against the previous year. This was mainly due to the still weak ruble and the more difficult financing conditions in Russia, the region's largest market, as a result of the tense political situation. A scrapping bonus was introduced again in the Russian truck market in September 2014.

In North America, in particular in the USA, new vehicle registrations significantly exceeded the prior-year figure in the first nine months of 2014. Momentum in the construction and energy sector, the labor market and ongoing high demand for replacement vehicles in the heavy truck segment led to higher demand in the truck market.

Sales in South America were much weaker in the first three quarters of 2014 than in the previous year. The negative trend in the Brazilian truck market was compounded by the further deterioration of the macroeconomic environment and more restrictive financing conditions. The high inflation and the recessionary trends in Argentina also contributed to the decline in new vehicle registrations.

Demand for mid-sized and heavy trucks in the Asia-Pacific region – excluding the Chinese market – declined slightly in the period under review. The Indian truck market was down significantly year-on-year on the back of weak economic growth, high interest rates, low industrial output and delays in implementing infrastructure projects. However, there have been signs of an increase in infrastructure projects since the new government took office.

Demand in the world's largest truck market, China, was significantly lower than in the previous year due to slower economic growth and the diminishing pull-forward effects seen previously from the successive introduction of the latest emission standard.

New bus registrations worldwide were down on the prior-year figure in the first three quarters of 2014.

TRENDS IN THE MARKETS FOR POWER ENGINEERING

The markets for power engineering are subject to differing regional and economic factors. Consequently, their business growth trends are generally independent of each other.

In the first three quarters of 2014, the market situation for large merchant ships – such as container and freight ships – continued to be tense due to overcapacity. Demand for four-stroke engines for merchant and special ships remained stable. Overall, the market for marine engines saw a slightly positive trend compared with the same period of the previous year.

In particular in developing countries and emerging markets, the need for energy generation facilities remained high, with a strong trend towards greater flexibility and decentralized availability. The global trend towards using gas as a fuel continued. Order placements were delayed for larger projects in particular, due to exchange rate fluctuations and difficult financing conditions for customers. Compared with the prior-year period, the market for power generation as a whole was stable.

The turbomachinery market is mainly dominated by contracts awarded in connection with global investment projects in oil and chemical facilities. Project volumes remained high in the oil and gas industry; however, competitive pressure rose as a result of the weak US dollar in the first half of the year and the devaluation of the Japanese yen. Demand for turbomachinery in the processing industry remained at a low level in the reporting period, further increasing the already strong competitive pressure due to currency-related factors. Overall, the market for turbomachinery declined slightly compared with the same period of the previous year.

DEMAND FOR FINANCIAL SERVICES

Global demand for automotive-related financial services remained strong in the first nine months of 2014.

Business with financial services products was buoyed by the good overall performance in Germany and the signs of recovery in Western and Central Europe. This compensated for declining demand on the back of lower vehicle sales in Eastern Europe.

In North America, demand for financial services was up slightly on the previous year.

Sales volumes for financial services were down moderately on the prior-year level in the declining South American automotive markets.

Demand for financial services in the Asia-Pacific region, and in China in particular, was higher than in the previous year – in some areas significantly so.

In the truck and bus business, demand for financial services products rose year-on-year despite lower deliveries. Positive business growth in Europe offset the significant decline in truck and bus sales in South America, in particular in the key Brazilian market, which had a corresponding negative effect on demand for financial services.

VOLKSWAGEN GROUP DELIVERIES

The Volkswagen Group delivered 7,541,982 vehicles in the period from January to September 2014, exceeding the prior-year figure by 358,993 units or 5.0%. The delivery figures were higher in all nine months of 2014 than in the same months of the previous year. Separate details of deliveries of passenger cars and commercial vehicles are provided in the following.

VOLKSWAGEN GROUP DELIVERIES FROM JANUARY 1 TO SEPTEMBER 30*

	2014	2013	%
Passenger cars	7,075,013	6,690,454	+ 5.7
Commercial vehicles	466,969	492,535	–5.2
Total	**7,541,982**	**7,182,989**	**+ 5.0**

* Deliveries for 2013 have been updated to reflect subsequent statistical trends. Includes the Chinese joint ventures. The Saveiro model is reported as a passenger car retrospectively as of January 1, 2013.

PASSENGER CAR DELIVERIES WORLDWIDE

The Volkswagen Group delivered 7,075,013 passenger cars to customers in the first three quarters of the year, exceeding the record prior-year level by 5.7%. The Volkswagen Passenger Cars (+ 3.0%), Audi (+ 10.0%), ŠKODA (+13.0%) and Porsche (+ 13.3%) brands recorded new highs. Since the market as a whole only grew by 4.2% in the same period, we were able to extend our market position and gain additional market share. Demand for Volkswagen Group passenger cars grew particularly in the Asia-Pacific region and in Western Europe.

The table on the next page provides an overview of passenger car deliveries to customers by market in the reporting period.

Sales trends in the individual markets are as follows.

Deliveries in Europe/Other markets

We delivered 2,210,559 vehicles in the growing passenger car market in Western Europe in the period from January to September of this year. This corresponds to an increase of 7.3% compared with the previous year. Demand for Group models was up year-on-year in all major markets in this region. The Polo, Golf, Tiguan, Audi A3 and ŠKODA Octavia models were particularly popular. The Volkswagen Group increased its share of the passenger car market in Western Europe to 25.0% (24.7%).

On the German passenger car market, the Volkswagen Group sold 6.3% more vehicles in the reporting period than in the previous year; the market as a whole grew by 2.9% in the same period. The Golf estate, Audi A3 Cabrio and ŠKODA Rapid models recorded encouraging growth rates. Seven Group vehicles led the Kraftfahrtbundesamt (KBA – German Federal Motor Transport Authority) registration statistics in their respective segments: the up!, Polo, Golf, Passat, Audi A6, Touran and Tiguan. Once again, the Golf was the most popular passenger car in Germany in terms of registrations in the first nine months of 2014.

The number of Volkswagen Group passenger cars delivered in Central and Eastern Europe in the reporting period was up 2.6% on the prior-year figure. While we recorded significant growth in Poland and the Czech Republic, among other areas, sales in Russia and Ukraine declined as a result of the political conflict. Demand for the Golf estate, Audi A3, ŠKODA Rapid, ŠKODA Superb and SEAT Leon models recorded particularly positive growth. The Group increased its share of the passenger car market to 17.6% (15.6%).

We sold fewer vehicles in the declining passenger car market in South Africa in the period from January to September 2014 than in the previous year (–5.5%). However, the Golf, Audi A3 and Audi Q3 models recorded increased demand.

Deliveries in North America

In North America, the number of Volkswagen Group vehicles delivered in the reporting period was down 1.8% year-on-year; the Group's market share was 4.5% (4.8)%. The Jetta remained the Group's bestselling model in North America.

The market as a whole in the USA grew by 5.5% in the first nine months of 2014. This increase mainly took place in the SUV segment, while most other segments stagnated. The Volkswagen Group delivered 5.1% fewer vehicles to customers than in the comparable prior-year period. Demand for the Audi Q5, Audi A6, Audi Q7, Porsche 911 Coupé and Porsche Panamera models recorded positive growth.

After a decline in the first quarter of 2014, our deliveries to customers in the Canadian market increased significantly, exceeding the prior-year figure in the reporting period by a total of 10.2%. The Tiguan and Audi A3 models recorded the strongest growth.

Group sales in Mexico exceeded the prior-year figure by 3.5% in the first nine months of 2014. Demand for the Gol, Audi A3, SEAT Leon and SEAT Toledo models and for the newly launched Vento was very encouraging.

Deliveries in South America

Conditions in the highly competitive South American markets increasingly deteriorated in the first nine months of 2014. Deliveries made to Volkswagen Group's customers decreased by 18.6% in this period compared with the previous year. The Volkswagen Group's share of the passenger car market in this region was 17.7% (19.0%).

In the Brazilian market, demand for Group vehicles fell by 12.8% year-on-year in the period from January to September 2014. The Saveiro, Golf, Audi A3 and Audi Q3 models saw increases. The up! was successfully launched in the market. The Gol remained the bestselling passenger car model in Brazil.

The Group's sales in Argentina were down 42.2% year-on-year in the reporting period. The Gol continued to record high demand.

Deliveries in the Asia-Pacific region

In the Asia-Pacific region, we delivered 13.9% more passenger cars to customers in the period from January to September of this year than in the same period of 2013. Since the market as a whole grew by a mere 8.2%, the Group's market share in this region increased to 13.4% (12.8%).

The Chinese passenger car market remained the growth driver in the Asia-Pacific region. The Volkswagen Group delivered 15.2% more vehicles to customers there in the reporting period than in the previous year. The Golf, Santana, Gran Lavida, Audi Q3 and ŠKODA Rapid models recorded the highest growth rates compared with the previous year.

In Japan, we delivered 5.7% more vehicles to customers in the period from January to September of this year than in 2013. The passenger car market as a whole grew by 5.8% during this period. The Polo, Golf, and Audi A3 models in particular saw increases.

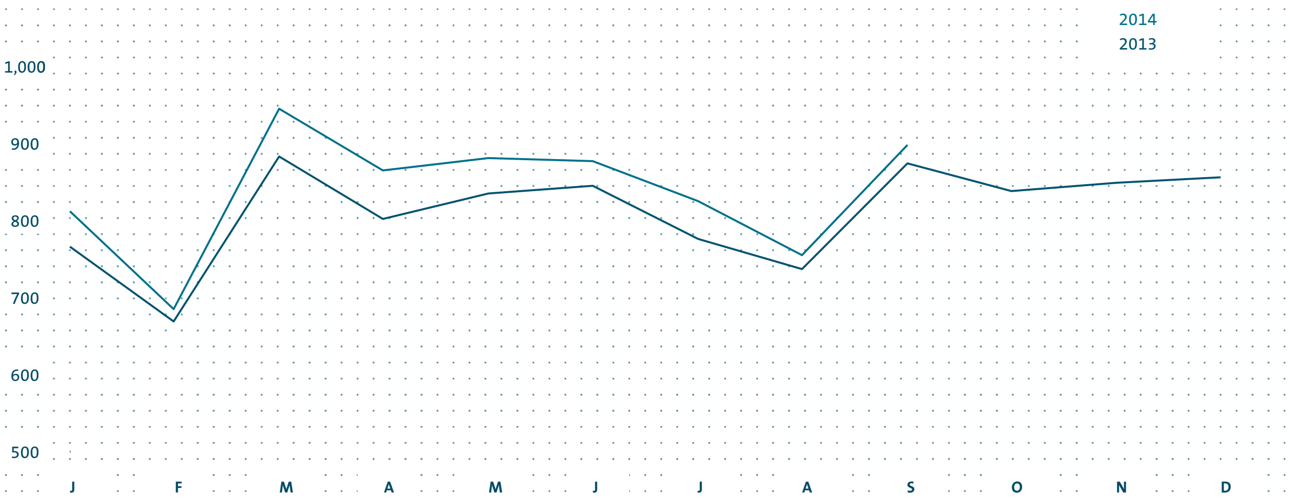
In the declining Indian passenger car market, the Volkswagen Group sold 28.3% fewer vehicles in the reporting period than in the previous year. The most sought-after Group model was the Polo; the Vento, Audi Q3 and ŠKODA Rapid models were also popular.

PASSENGER CAR DELIVERIES TO CUSTOMERS BY MARKET FROM JANUARY 1 TO SEPTEMBER 30*

	DELIVERIES (UNITS)		CHANGE
	2014	2013	(%)
Europe/Other markets	**2,939,653**	**2,789,116**	**+ 5.4**
Western Europe	**2,210,559**	**2,060,124**	**+ 7.3**
of which: Germany	823,411	774,933	+ 6.3
United Kingdom	405,329	361,443	+ 12.1
France	183,955	181,870	+ 1.1
Spain	157,463	133,776	+ 17.7
Italy	145,456	133,946	+ 8.6
Central and Eastern Europe	**453,306**	**441,800**	**+ 2.6**
of which: Russia	187,273	214,530	−12.7
Czech Republic	75,137	60,088	+ 25.0
Poland	72,852	55,215	+ 31.9
Other markets	**275,788**	**287,192**	**−4.0**
of which: Turkey	84,306	88,666	−4.9
South Africa	76,430	80,903	−5.5
North America	**649,212**	**661,395**	**−1.8**
of which: USA	439,576	463,186	−5.1
Mexico	136,511	131,831	+ 3.5
Canada	73,125	66,378	+ 10.2
South America	**508,378**	**624,444**	**−18.6**
of which: Brazil	406,871	466,784	−12.8
Argentina	72,907	126,079	−42.2
Asia-Pacific	**2,977,770**	**2,615,499**	**+ 13.9**
of which: China	2,715,138	2,357,228	+ 15.2
Japan	76,937	72,784	+ 5.7
India	50,667	70,688	−28.3
Worldwide	**7,075,013**	**6,690,454**	**+ 5.7**
Volkswagen Passenger Cars	4,563,260	4,430,669	+ 3.0
Audi	1,298,643	1,180,748	+ 10.0
ŠKODA	774,062	684,946	+ 13.0
SEAT	294,014	266,115	+ 10.5
Bentley	7,786	6,516	+ 19.5
Lamborghini	1,570	1,688	−7.0
Porsche	135,642	119,747	+ 13.3
Bugatti	36	25	+ 44.0

* Deliveries for 2013 have been updated to reflect subsequent statistical trends. Includes the Chinese joint ventures. The Saveiro model, which is sold mainly in South America, is reported in the Volkswagen Passenger Cars brand retrospectively as of January 1, 2013.

VOLKSWAGEN GROUP DELIVERIES BY MONTH
Vehicles in thousands



COMMERCIAL VEHICLE DELIVERIES

The Volkswagen Group delivered a total of 466,969 commercial vehicles worldwide in the first nine months of 2014, 5.2% fewer than in the prior-year period. Of this figure, 127,372 units (–6.9%) were trucks and 14,499 units (–16.2%) were buses. Sales by the Volkswagen Commercial Vehicles brand were down 3.9% on the prior-year figure, with 325,098 vehicles delivered. Scania delivered 56,193 vehicles to customers in the period from January to September, remaining on a level with the previous year. At MAN, the figure was 85,678 vehicles, 12.5% fewer than in the prior-year period.

The Volkswagen Group increased its deliveries in the Western European market by 5.2% in the first three quarters of 2014, to 260,759 commercial vehicles. This was due to the continued improvement in the economic environment. A total of 213,161 light commercial vehicles and 45,154 trucks were sold. The Caddy and the Transporter were in particularly high demand.

In Central and Eastern Europe, Volkswagen Group sales amounted to 46,214 units (–2.8%); of these, 27,827 were light commercial vehicles and 17,927 were trucks. Demand for the Transporter and the Caddy was also highest here. At 16,701 units (–18.3%), deliveries to customers in Russia were down on the prior-year period as a result of the political tensions.

In the Other markets, demand for Volkswagen Group commercial vehicles slightly exceeded the prior-year level, at 50,592 units. 32,872 light commercial vehicles, 15,888 trucks and 1,832 buses were delivered.

In North America, we delivered 1,532 more units to customers in the reporting period, a total of 5,932: 4,396 light commercial vehicles, 280 trucks and 1,256 buses.

The figure for deliveries of the Group's commercial vehicle brands in the South American market fell by 34.9% to a total of 77,948 units; of these, 30,022 were light commercial vehicles, 40,930 were trucks and 6,996 were buses. However, demand for the Amarok increased – an encouraging development. In Brazil, demand for commercial vehicles was negatively impacted by the further deterioration of the macroeconomic environment and the more difficult financing conditions. Sales there dropped by 38.1% to 56,683 units; of this figure, 13,889 were light commercial vehicles, 36,874 were trucks and 5,920 were buses.

In the Asia-Pacific region, the Group sold 25,524 commercial vehicles (+12.6%), of which 16,820 were light commercial vehicles and 7,193 were trucks. The Amarok and the Transporter were the most sought-after Group models.

COMMERCIAL VEHICLE DELIVERIES TO CUSTOMERS BY MARKET FROM JANUARY 1 TO SEPTEMBER 30*

	DELIVERIES (UNITS)		CHANGE
	2014	2013	(%)
Europe/Other markets	**357,565**	**345,726**	**+ 3.4**
Western Europe	260,759	247,921	+ 5.2
Central and Eastern Europe	46,214	47,541	−2.8
Other markets	50,592	50,264	+ 0.7
North America	**5,932**	**4,400**	**+ 34.8**
South America	**77,948**	**119,744**	**−34.9**
of which: Brazil	56,683	91,520	−38.1
Asia-Pacific	**25,524**	**22,665**	**+ 12.6**
of which: China	4,823	3,575	+ 34.9
Worldwide	**466,969**	**492,535**	**−5.2**
Volkswagen Commercial Vehicles	325,098	338,429	−3.9
Scania	56,193	56,224	−0.1
MAN	85,678	97,882	−12.5

* Deliveries for 2013 have been updated to reflect subsequent statistical trends. The Saveiro model, which is sold mainly in South America, is reported in the Volkswagen Passenger Cars brand retrospectively as of January 1, 2013.

DELIVERIES IN THE POWER ENGINEERING SEGMENT

Orders in the Power Engineering segment are usually part of major investment projects. Lead times typically range from just under one year to several years, and partial deliveries as construction progresses are common. Accordingly, there is a time lag between incoming orders and sales revenue from the new construction business.

In the first nine months of 2014, sales revenue in the Power Engineering segment was largely driven by Engines & Marine Systems and Turbomachinery, which together generated a good two-thirds of overall sales revenue.

GROUP FINANCIAL SERVICES

Demand for Volkswagen Financial Services' products and services remained strong in the reporting period. The financial services business of MAN Finance International GmbH has also been included in this division since January 1, 2014; the prior-year figures were adjusted accordingly. The number of new financing, leasing, service and insurance contracts signed worldwide rose to 3.6 million, exceeding the comparable prior-year figure by 17.4%. The total number of contracts grew to 12.0 million as of September 30, 2014, 14.6% higher than at the reporting date in the previous year.

In Europe, 2.5 million new contracts were signed in the first nine months of the year. This corresponds to an increase of 20.9% compared with the prior-year period. At the end of September, the total number of contracts signed was 8.2 million (+11.0%), with customer finance and leasing contracts accounting for 4.6 million of this figure (+8.6%).

The number of contracts in North America grew by 15.3% year-on-year to 2.0 million as of the end of the third quarter of 2014. Of this figure, 1.5 million were customer finance and leasing contracts (+10.9%). At 597 thousand, the number of new contracts signed exceeded the prior-year figure by 9.3%.

In South America, the number of new contracts in the reporting period dropped by 58.8%, to 113 thousand; this resulted in particular from lower sales figures in Brazil. In addition, higher interest rates there had a negative impact on customer financing. At 0.8 million, the total number of contracts as of September 30, 2014 was down 0.2% on the prior-year reporting date. The contracts were mainly attributable to the Customer Financing/Leasing area.

In the period from January to September 2014, 433 thousand (214 thousand) new contracts were signed in the Asia-Pacific region, more than double the prior-year figure. The total number of contracts grew by 79.1% to 1.0 million at the end of the third quarter of 2014. The Customer Financing/Leasing area accounted for 799 thousand contracts (+70.8%).

SALES TO THE DEALER ORGANIZATION

In the reporting period, the Volkswagen Group's unit sales to the dealer organization – including the Chinese joint ventures – amounted to 7,645,947 vehicles, exceeding the prior-year figure by 5.6%. As a result of the high demand for Group models in China and in other European countries, the number of vehicles sold outside Germany rose by 5.5%. In the German market, sales climbed by 6.4%; vehicles sold in Germany as a proportion of overall sales slightly exceeded the prior-year figure, at 12.3% (12.2%).

PRODUCTION

The Volkswagen Group produced 7,638,082 vehicles in the period from January to September of this year, surpassing the prior-year figure by 5.6%. 1,898,189 vehicles were produced in Germany, exceeding the figure for the same period in the previous year by 4.1%. The proportion of vehicles produced in Germany declined to 24.9% (25.2%).

INVENTORIES

Global inventories at Group companies and in the dealer organization were higher on September 30, 2014 than at year-end 2013 and at September 30, 2013.

NUMBER OF EMPLOYEES

At the end of the third quarter of 2014, the Volkswagen Group had 564,590 active employees; a further 7,671 employees were in the passive phase of their partial retirement. An additional 18,553 young people were in vocational traineeships. The Volkswagen Group had a total of 590,814 employees worldwide at the end of September 2014, up 3.1% on the number as of December 31, 2013. The expansion of the workforce is a result of increased production and the recruitment of specialists and experts. The number of employees in Germany was 269,051, up 3.3% on the end of 2013. At 45.5%, the proportion of employees in Germany was at the same level as the previous year.

Results of Operations, Financial Position and Net Assets

On March 14, 2014, Volkswagen AG made a voluntary tender offer to Scania for all shares not previously held by Volkswagen either directly or indirectly. 36.93% of all Scania shares were acquired on the successful completion of the offer. Volkswagen held 99.57% of Scania's share capital at the end of the reporting period; this corresponded to 99.66% of the voting rights. Volkswagen has initiated a squeeze-out for the remaining Scania shares. The transaction reduced equity by €6.7 billion. €6.5 billion was paid for the shares acquired in 2014; a liability was recognized in the balance sheet without affecting profit or loss for the shares to be acquired in the squeeze-out.

To partially fund the transaction, the Company resolved and implemented a capital increase in June 2014, under which new preferred shares were issued from authorized capital against cash contributions, while disapplying shareholders' preemptive rights. This increased the share capital by a notional €26.8 million and generated gross proceeds totaling €2.0 billion.

RESULTS OF OPERATIONS OF THE GROUP

The Volkswagen Group generated sales revenue of €147.7 billion in the first nine months of this year, slightly exceeding the prior-year figure (€145.7 billion). The clearly negative exchange rate effects seen in the first half of the year in particular were offset by higher volumes and improvements in the mix. The proportion of sales revenue generated outside of Germany was 80.1% (80.7%).

Gross profit in the reporting period was €0.1 billion higher than in the previous year, at €27.2 billion. The gross margin was 18.4% (18.6%). While optimized product costs had a positive impact, exchange rate deterioration, increased depreciation charges resulting from significant capital expenditures and higher upfront investments in new products weighed on profit. Prior-year profit was impacted by contingency reserves.

The Volkswagen Group's operating profit for the period from January to September 2014 was €9.4 billion, €0.9 billion higher than a year earlier. The operating return on sales was 6.4% (5.9%).

Profit before tax rose by 22.2% year-on-year to €11.5 billion. Profit after tax was €2.0 billion higher than in 2013, at €8.7 billion.

RESULTS OF OPERATIONS IN THE AUTOMOTIVE DIVISION

The Automotive Division generated sales revenue of €129.6 billion (€129.2 billion) in the first three quarters of 2014. The clearly negative exchange rate effects seen in the first half of the year in particular were offset by positive volume and mix effects. Sales revenue exceeded the prior-year figure in the Passenger Cars Business Area while declining in the Commercial Vehicles/Power Engineering Business Area, mainly due to the difficult conditions in South America. As our Chinese joint ventures are accounted for using the equity method, the Group's positive business growth in the Chinese passenger car market is mainly reflected in the Group's sales revenue only by deliveries of vehicles and vehicle parts.

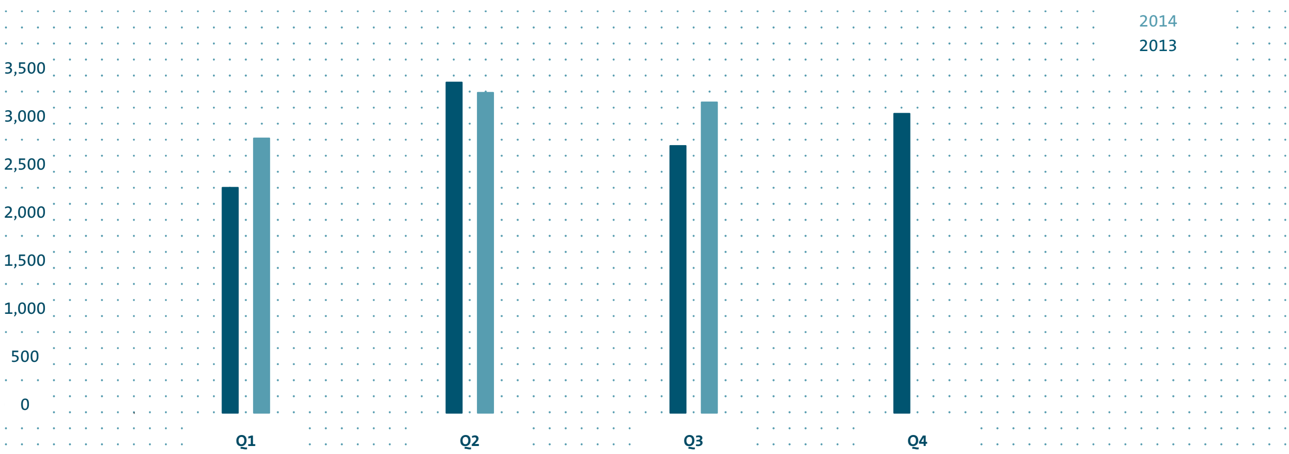
Gross profit in the Automotive Division was slightly lower than a year earlier at €23.1 billion (€23.3 billion). It was depressed by unfavorable exchange rate trends, increased depreciation charges as a result of high capital expenditures, greater fixed costs due to growth factors and higher research and development costs, in particular for new drive concepts. Improved product costs had a positive effect. The prior year had been impacted by contingency reserves in the areas of passenger cars and power engineering.

Distribution expenses increased by 3.2% in the reporting period. The ratio of distribution expenses to sales revenue also rose slightly. Administrative expenses and the ratio of administrative expenses to sales revenue were on a level with the prior-year period. Other operating income improved year-on-year to €2.8 billion (€1.4 billion), mainly due to currency-related factors.

The Automotive Division posted an operating profit of €8.0 billion for the first nine months of 2014. This represented a year-on-year increase of €0.8 billion, while profit was reduced in the first half of the year by negative exchange rate effects. The operating return on sales was 6.2% (5.6%). Since the profit recorded by the joint venture companies is accounted for in the financial result using the equity method, the positive business growth of our Chinese joint ventures is mainly reflected in the Group's operating profit only by deliveries of vehicles and vehicle parts as well as license revenue.

The financial result rose by €1.3 billion to €2.0 billion. The rise was due primarily to income from the measurement of derivative financial instruments at the reporting date, as well as income from the Chinese joint ventures, which was up on the high prior-year figures. In addition, the previous year was impacted by expenses in connection with the control and profit and loss transfer agreement with MAN SE.

OPERATING PROFIT BY QUARTER
Volkswagen Group in € million



RESULTS OF OPERATIONS IN THE PASSENGER CARS BUSINESS AREA AND COMMERCIAL VEHICLES/POWER ENGINEERING BUSINESS AREA FROM JANUARY 1 TO SEPTEMBER 30

€ million	2014	2013
Passenger Cars		
Sales revenue	105,152	103,849
Gross profit	19,318	19,976
Operating profit	7,295	6,835
Operating return on sales (%)	6.9	6.6
Commercial Vehicles/Power Engineering		
Sales revenue	24,467	25,321
Gross profit	3,812	3,296
Operating profit	685	390
Operating return on sales (%)	2.8	1.5

RESULTS OF OPERATIONS IN THE FINANCIAL SERVICES DIVISION

Mainly as a result of higher business volumes, sales revenue in the Financial Services Division was up 9.7% on the 2013 figure to €18.1 billion in the period from January to September 2014.

Gross profit rose by €0.3 billion year-on-year to €4.0 billion.

The higher volumes and compliance with regulatory requirements pushed up distribution and administrative expenses in the reporting period. While the ratio of administrative expenses to sales revenue increased, the ratio of distribution expenses to sales revenue declined.

Operating profit was 7.8% higher than in the previous year at €1.4 billion and the operating return on sales stood at 7.9% (8.1%).

FINANCIAL POSITION OF THE GROUP

The Volkswagen Group's gross cash flow in the reporting period was €1.2 billion higher than a year earlier at €20.0 billion. Funds tied up in working capital increased by 40.6% to €11.4 billion due to volume-related factors and a stronger performance by the financial services business. Cash flows from operating activities amounted to €8.5 billion (€10.6 billion).

The Volkswagen Group recorded investing activities attributable to operating activities of €10.1 billion in the first three quarters of 2014, an increase of €1.3 billion on the previous year. Both capex (investments in property, plant and equipment, investment property and intangible assets, excluding capitalized development costs) and, in particular, capitalized development costs rose.

Cash inflows from financing activities amounted to €1.2 billion (€6.8 billion). Net liquidity was increased by the hybrid notes successfully placed in March 2014 (€3.0 billion) and the capital increase implemented in June 2014 by issuing new preferred shares in the amount of €2.0 billion. Dividend payments and the increase in the interest in Scania, on the other hand, resulted in a cash outflow.

The Group's net liquidity amounted to €–92.4 billion as of September 30, 2014; at year-end 2013, it was €–82.3 billion.

FINANCIAL POSITION IN THE AUTOMOTIVE DIVISION

The gross cash flow generated by the Automotive Division in the period from January to September 2014 was €0.7 billion higher than in the previous year, at €15.2 billion, due to earnings-related factors. Funds tied up in working capital amounted to €0.3 billion, whereas in the previous year funds of €0.1 billion were released from working capital. Cash flows from operating activities climbed to €14.9 billion (€14.7 billion).

FINANCIAL POSITION IN THE PASSENGER CARS BUSINESS AREA AND THE COMMERCIAL VEHICLES/POWER ENGINEERING BUSINESS AREA FROM JANUARY 1 TO SEPTEMBER 30

€ million	2014	2013
Passenger Cars		
Gross cash flow	13,715	12,996
Change in working capital	1,253	495
Cash flows from operating activities	14,968	13,490
Cash flows from investing activities	−8,676	−9,407
Net cash flow	6,292	4,083
Commercial Vehicles/Power Engineering		
Gross cash flow	1,518	1,576
Change in working capital	−1,544	−354
Cash flows from operating activities	−26	1,222
Cash flows from investing activities	−723	−857
Net cash flow	−749	365

Investing activities attributable to operating activities were down year-on-year to €9.4 billion (€10.3 billion) in the reporting period. Capex increased slightly to €6.5 billion (€6.4 billion); the capex ratio was 5.0% (5.0%). We invested primarily in our production facilities and in models to be launched in 2014 and 2015, as well as in the ecological focus of our model range. Capitalized development costs rose to €3.4 billion (€2.6 billion). Investment activities in the first nine months of 2014 included the sale of MAN Finance International GmbH to Volkswagen Financial Services AG by MAN SE; in the previous year, they included the intragroup acquisition of the interest in LeasePlan Corporation N.V.

The Automotive Division's net cash flow was up €1.1 billion on the prior-year figure to €5.5 billion in the reporting period.

Cash outflows from financing activities amounted to €6.5 billion, of which €1.9 billion was attributable to the dividend paid out to the shareholders of Volkswagen AG. A capital increase carried out by Volkswagen AG at Volkswagen Financial Services AG at the beginning of the year in order to finance the growth in business volumes and meet regulatory capital requirements resulted in outflows of €2.3 billion. The purchase price for the Scania shares acquired – reported as a capital transaction with noncontrolling interests – was recognized in the amount of €6.5 billion. The successful placement of dual-tranche hybrid notes with an aggregate principal amount of €3.0 billion via Volkswagen International Finance N.V. in March resulted in a cash inflow. They consist of a €1.25 billion note that carries a coupon of 3.75% and has a first call date after seven years, and a €1.75 billion note that carries a coupon of 4.625% and has a first call date after twelve years. Both tranches are perpetual and increase equity by the full amount, net of transaction costs. €3.0 billion of the hybrid notes was classified as a capital contribution, which increased net liquidity. The capital increase implemented in June by issuing new preferred shares in the amount of €2.0 billion also had a positive impact.

The Automotive Division recorded net liquidity of €16.8 billion as of September 30, 2014; at year-end 2013, it had amounted to €16.9 billion.

FINANCIAL POSITION IN THE FINANCIAL SERVICES DIVISION

Gross cash flow in the Financial Services Division was €0.6 billion higher than a year earlier at €4.7 billion in the reporting period. Funds tied up in working capital climbed to €11.1 billion (€8.3 billion) due to growth in business volumes. Mainly because of the intragroup acquisition of MAN Finance International GmbH from MAN SE, investing activities attributable to operating activities recorded a cash outflow of €0.7 billion. In the previous year, the sale of the interest in LeasePlan to Volkswagen AG had led to a cash inflow.

The Financial Services Division's negative net liquidity, which is common in the industry, amounted to €–109.2 billion at the end of September 2014, after €–99.2 billion at December 31, 2013.

CONSOLIDATED BALANCE SHEET STRUCTURE

The Volkswagen Group's total assets amounted to €347.3 billion at the end of the third quarter of this year, an increase of 7.1% on the 2013 year-end figure. The Group's equity was up slightly on the figure as of December 31, 2013 to €91.0 billion (€90.0 billion). The equity ratio declined to 26.2% (27.8%).

Noncontrolling interests declined to €0.2 billion (€2.3 billion) following the increase in the interest in Scania; these are now largely attributable to shareholders of RENK AG and AUDI AG.

AUTOMOTIVE DIVISION BALANCE SHEET STRUCTURE

As of September 30, 2014, intangible assets and property, plant and equipment in the Automotive Division were slightly higher than at December 31, 2013. The equity-accounted investments contained in the other noncurrent assets item increased, partly as a result of the positive business growth of the Chinese joint ventures. Noncurrent assets rose by a total of 2.8% compared with the 2013 year-end figure. Current assets were 6.4% higher than at the end of December 2013 due to the growth in business and the related rise in inventories and trade receivables. Cash and cash equivalents in the Automotive Division amounted to €19.6 billion (€20.5 billion) at the reporting date.

BALANCE SHEET STRUCTURE IN THE PASSENGER CARS BUSINESS AREA AND THE COMMERCIAL VEHICLES/POWER ENGINEERING BUSINESS AREA

€ million	Sept. 30, 2014	Dec. 31, 2013
Passenger Cars		
Noncurrent assets	98,892	94,873
Current assets	55,558	50,146
Total assets	**154,450**	**145,019**
Equity	58,567	60,494
Noncurrent liabilities	54,317	52,900
Current liabilities	41,567	31,625
Commercial Vehicles/Power Engineering		
Noncurrent assets	26,944	27,565
Current assets	17,120	18,174
Total assets	**44,064**	**45,739**
Equity	15,087	15,490
Noncurrent liabilities	11,495	12,390
Current liabilities	17,482	17,859

All of the outstanding Scania shares – with the exception of 0.43% of the share capital – were acquired following the fulfillment of all of the conditions for Volkswagen AG's voluntary tender offer to acquire all Scania shares in May. The transaction reduced equity by €6.7 billion. €6.5 billion was paid for the Scania A and B shares already acquired; a liability was recognized for the shares to be acquired in the squeeze-out. This did not affect liquidity. The noncontrolling interests are mainly attributable to RENK AG and AUDI AG. These were lower overall than the noncontrolling interests attributable to the Financial Services Division, so the figure for the Automotive Division, where the deduction was recognized, was negative.

The Automotive Division's equity was €73.7 billion at the end of September 2014, 3.1% lower than at year-end 2013. It was pushed up by healthy earnings growth, the hybrid notes issued in March and the capital increase implemented in June by issuing new preferred shares from authorized capital. The reduction in equity as a result of the acquisition of all outstanding Scania shares, higher actuarial losses from the measurement of pension provisions and the dividend paid out to the shareholders of Volkswagen AG had an offsetting effect. The equity increase implemented in the Financial Services Division also decreased equity in the Automotive Division, where the deduction was recognized.

Within noncurrent liabilities, which were on a level with December 31, 2013, pension provisions increased due to the change in the discount rate. Reclassifications from noncurrent to current liabilities, in particular due to shorter remaining maturities, led to an increase in current financial liabilities. Overall, current liabilities rose by 19.3% compared with year-end 2013. The figures for the Automotive Division also contain the elimination of intragroup transactions between the Automotive and Financial Services divisions. As the current financial liabilities for the primary Automotive Division were lower than the loans granted to the Financial Services Division, a negative amount was disclosed for the reporting period. The item "Put options and compensation rights granted to noncontrolling interest shareholders" primarily comprises the liability for the obligation to acquire the shares held by the remaining free float shareholders of MAN and the Scania shares to be acquired in the squeeze-out.

At €198.5 billion, the Automotive Division's total assets as of September 30, 2014 were higher than at December 31, 2013 (€190.8 billion).

FINANCIAL SERVICES DIVISION BALANCE SHEET STRUCTURE

At €148.8 billion, the Financial Services Division's total assets at the end of September exceeded the 2013 year-end figure by 11.4%.

Noncurrent assets rose by 11.9% compared with December 31, 2013 due mainly to the increase in lease assets and noncurrent financial services receivables resulting from business growth. The 10.6% rise in current assets was also attributable to higher volumes. The Financial Services Division accounted for approximately 42.8% of the Volkswagen Group's assets at the end of the reporting period.

The Financial Services Division's equity was 23.4% higher than at year-end 2013 at €17.3 billion due to earnings-related factors and in particular the capital increase carried out by Volkswagen AG at the beginning of the year in order to finance the growth in business and meet regulatory capital requirements. The equity ratio was 11.7% (10.5%). Noncurrent liabilities increased by 20.1% due mainly to higher noncurrent financial liabilities entered into to fund the growth in volumes. Overall, current liabilities rose by 2.6% compared with December 31, 2013.

Deposits from direct banking business increased to €25.4 billion (€23.3 billion); of this figure, €23.5 billion was attributable to the direct banking operations of Volkswagen Bank.

REPORT ON EXPECTED DEVELOPMENTS, RISKS AND OPPORTUNITIES

In the reporting period, there were no significant changes compared with the disclosures on the Volkswagen Group's expected development in fiscal 2014 in the "Report on Expected Developments" and "Report on Risks and Opportunities" chapters of the 2013 Annual Report.

Outlook

The global economy continued its slight recovery in the first nine months of 2014, although its strength has been mixed in the different regions. The Volkswagen Group's Board of Management expects the global economy to record slightly stronger growth in 2014 than in the previous year, despite some uncertainties. The financial markets still entail risks resulting above all from the strained debt situation of many countries. In addition, growth prospects are being hurt by geopolitical tensions and conflicts. While the industrialized nations will probably record moderate rates of expansion, we continue to anticipate that growth will be strongest in the emerging economies of Asia.

Global demand for passenger cars continued to rise in the reporting period, albeit at a slightly slower pace; however, the markets varied from region to region. We expect trends in the passenger car markets in the individual regions to again be mixed in fiscal year 2014. Overall, growth in global demand for new vehicles will probably be somewhat slower than in 2013. We anticipate a slight recovery in demand for automobiles in Western Europe, and volumes in the German market are also likely to increase again somewhat in 2014. The passenger car markets in Central and Eastern Europe will be clearly below the prior-year level. The upward trend in North America will probably weaken, while the South American passenger car markets will be down significantly on the previous year. We anticipate further growth in 2014 for the markets in the Asia-Pacific region that are strategically important for the Volkswagen Group, although momentum there is expected to be lower than in the previous year.

The global markets for light commercial vehicles will probably experience slight growth overall in 2014, with the individual regions recording mixed trends.

We anticipate that the overall volume in the markets for trucks and buses that are relevant for the Volkswagen Group will see a decrease in 2014 as against the previous year due to the increasingly difficult conditions in South America and Eastern Europe.

We expect demand for automotive financial services to grow worldwide again in 2014.

The Volkswagen Group is well positioned to deal with the mixed developments in the automotive markets. Our strengths include our unique brand portfolio covering almost all segments, from motorcycles through subcompact cars to heavy trucks and buses, our steadily growing presence in all major world markets and our wide range of financial services. We offer an extensive range of environmentally friendly, cutting-edge, high-quality vehicles for all markets and customer groups that is unparalleled in the industry. The Volkswagen Group will continue to press ahead with its product initiative across all brands in the remaining months of 2014, and we will modernize and expand our offering by introducing attractive new vehicles. We are pursuing the goal of offering all customers the mobility and innovation they need, sustainably strengthening our competitive position in the process.

We expect that the Volkswagen Group will moderately increase deliveries to customers year-on-year in 2014 in a still challenging market environment.

Challenges for the Volkswagen Group will come from the difficult market environment and fierce competition, as well as interest rate and exchange rate volatility and fluctuations in raw materials prices. The modular toolkit system, which we are continuously expanding, will have an increasingly positive effect on the Group's cost structure.

Depending on the economic conditions, we expect 2014 sales revenue for the Volkswagen Group and its business areas to move within a range of 3% around the prior-year figure.

In terms of the Group's operating profit, we are expecting an operating return on sales of between 5.5% and 6.5% in 2014 in light of the challenging economic environment, and the same range also applies to the Passenger Cars Business Area. The Commercial Vehicles/Power Engineering Business Area is likely to moderately exceed the 2013 figure. The operating return on sales in the Financial Services Division is expected to be between 8.0% and 9.0%. Disciplined cost and investment management and the continuous optimization of our processes remain integral elements of the Volkswagen Group's Strategy 2018.

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), 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 exchange rates, mostly against the euro and primarily in Australian dollars, Brazilian real, sterling, Chinese renminbi, Japanese yen, Canadian dollars, Mexican pesos, Polish zloty, Russian rubles, Swedish kronor, Swiss francs, South African rand, South Korean won, Czech koruna, Hungarian forints and US dollars. In addition, expected business development may vary if the assessments of the factors influencing sustainable value enhancement, as well as risks and opportunities presented in the 2013 Annual Report develop in a way other than we are currently expecting, or additional risks and opportunities or other factors emerge that affect the development of our business.

Brands and Business Fields

SALES REVENUE AND OPERATING PROFIT BY BRAND AND BUSINESS FIELD

The Volkswagen Group generated sales revenue of €147.7 billion (€145.7 billion) between January and September 2014, a slight increase on the prior-year figure (+1.4%). Exchange rate effects had a negative impact, especially in the first half of the year. At €9.4 billion, operating profit was up 10.0% year-on-year.

Unit sales by the Volkswagen Passenger Cars brand were down 3.2% year-on-year in the reporting period, at 3.4 million vehicles. This decrease was primarily due to the declining South American markets. There was increased customer demand for the Golf, Golf estate and up! models. Sales revenue decreased by 1.1% to €73.4 billion as a result of lower sales figures and negative exchange rate effects. Operating profit decreased by €421 million year-on-year to €1.7 billion. Lower volumes, negative exchange rate effects in the first half of the year, as well as higher upfront expenditures for new technologies had a negative impact, while lower material costs and mix had a positive effect.

The Audi brand sold 1.1 million vehicles worldwide in the first nine months of 2014, 7.8% more than in the previous year. In addition, a further 373 thousand (309 thousand) Audi vehicles were sold by the FAW-Volkswagen Chinese joint venture. The A3 family, the luxury A8 model and the Q5 and Q3 SUV models in particular recorded growth in demand. Audi saw a significant increase in unit sales volumes, primarily in Asia and North America. As a result, sales revenue rose by 6.3% to €39.3 billion. At €3.8 billion, operating profit exceeded the prior-year figure by 2.3%. The increased volumes and lower material costs had a positive impact on earnings growth, while high upfront investments in new products and technologies, as well as in the expansion of the international production network, had an adverse effect. The financial key performance indicators for the Audi brand also include the Lamborghini and Ducati brands. Unit sales for the Ducati brand amounted to 38,347 motorcycles in the reporting period (+0.3%).

The ŠKODA brand lifted unit sales by 16.7% to 612 thousand vehicles in the first three quarters of 2014. Demand increased for the Octavia family, the Rapid and the Yeti models. At €8.8 billion, sales revenue exceeded the prior-year figure by 19.3%. Positive volume and mix effects were the key drivers behind the increase in operating profit, which rose by 75.5% to €651 million.

The SEAT brand sold 365 thousand vehicles between January and September 2014, up 9.0% year-on-year. This figure includes the Q3 manufactured for Audi. Demand for the Leon family and the Alhambra model was very encouraging. Sales revenue rose by 12.1% year-on-year to €5.6 billion. Positive effects from mix, volume and product costs helped the operating loss narrow by 11.3% to €82 million. Increased development costs for new products had a negative impact.

Unit sales by the Bentley brand increased by 22.1% to 8,026 vehicles in the reporting period, and sales revenue rose by 17.7% year-on-year to €1.3 billion. The increased sales figures more than offset the negative effects of exchange rates and mix, and as a result operating profit rose by 27.8% to €125 million.

VOLKSWAGEN GROUP

Division	Automotive										Financial Services
Brand/ Business Field	Volkswagen Passenger Cars	Audi	ŠKODA	SEAT	Bentley	Porsche	Volkswagen Commercial Vehicles	Scania	MAN	Other	Dealer and customer financing Leasing Direct bank Insurance Fleet business Mobility offerings

The Porsche brand sold 134 thousand vehicles worldwide in the first three quarters of the year, an increase of 17.2% compared with the prior-year period. The brand's sales revenue amounted to €12.2 billion, up 17.5% year-on-year. The higher volume provided a boost to operating profit, which rose by 1.8% to €1.9 billion. By contrast, increased development costs and higher fixed costs from the development of structures for the Macan had a negative impact. There was strong customer demand for the new Macan and the Panamera in particular.

At 325 thousand (325 thousand) vehicles, unit sales at Volkswagen Commercial Vehicles between January and September 2014 remained level with the previous year. Customer demand for the Multivan/Transporter was very encouraging. Sales revenue amounted to €7.0 billion (€7.0 billion). Operating profit was up 10.5% to €378 million on the back of lower material costs and positive mix effects.

The Scania brand sold 56 thousand (56 thousand) trucks and buses in the reporting period (–0.1%). Demand for services increased in comparison with the prior-year period. Scania Financial Services recorded healthy business growth. Sales revenue increased by 2.0% to €7.5 billion. Operating profit rose by 1.4% to €700 million.

The MAN brand sold 86 thousand vehicles in the first nine months of 2014, down 12.5% year-on-year. Sales revenue declined by 9.9% to €10.2 billion. MAN generated an operating profit of €304 million, compared with €47 million in the prior-year period. The improvement is largely attributable to the Power Engineering segment, which had recognized project-specific contingency reserves in the previous year.

Operating profit at Volkswagen Financial Services increased to €1.2 billion between January and September 2014, up 7.9% year-on-year. The growth in volumes, particularly in Europe and China, more than compensated for the increased costs of compliance with regulatory requirements.

KEY FIGURES BY BRAND AND BUSINESS FIELD FROM JANUARY 1 TO SEPTEMBER 30[1]

	VEHICLE SALES		SALES REVENUE		SALES TO THIRD PARTIES		OPERATING RESULT	
thousand units/€ million	2014	2013	2014	2013	2014	2013	2014	2013
Volkswagen Passenger Cars	3,388	3,499	73,390	74,233	50,643	53,899	1,696	2,117
Audi	1,083	1,004	39,300	36,965	26,305	25,554	3,831	3,743
ŠKODA	612	524	8,784	7,365	4,459	3,694	651	371
SEAT	365	335	5,622	5,017	2,455	2,211	−82	−93
Bentley	8	7	1,259	1,069	823	691	125	98
Porsche[2]	134	115	12,241	10,419	11,289	9,647	1,927	1,893
Volkswagen Commercial Vehicles	325	325	6,976	7,011	3,510	3,525	378	342
Scania[2]	56	56	7,511	7,365	7,511	7,365	700	691
MAN[3]	86	98	10,214	11,342	10,091	11,253	304	47
VW China[4]	2,697	2,294	–	–	–	–	–	–
Other	−1,109	−1,017	−33,637	−29,370	16,013	14,756	−1,329[5]	−1,777[5]
Volkswagen Financial Services[3]	–	–	16,058	14,258	14,619	13,078	1,215	1,126
Volkswagen Group	**7,646**	**7,241**	**147,718**	**145,673**	**147,718**	**145,673**	**9,416**	**8,557**
Automotive Division	7,646	7,241	129,619	129,171	131,227	130,507	7,980	7,225
of which: Passenger Cars Business Area	7,179	6,761	105,152	103,849	110,541	109,070	7,295	6,835
Commercial Vehicles/Power Engineering Business Area	467	480	24,467	25,321	20,687	21,437	685	390
Financial Services Division	–	–	18,099	16,502	16,491	15,166	1,436	1,333

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
2 Including financial services.
3 MAN Finance International GmbH has been reported within Volkswagen Financial Services since its acquisition by Financial Services AG as of January 1, 2014. The prior-year figures have not been adjusted.
4 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 €3,920 million (€3,530 million).
5 Mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of purchase price allocation for Scania, Porsche Holding Salzburg, MAN and Porsche.

UNIT SALES AND SALES REVENUE BY MARKET

We recorded a 6.0% increase in unit sales in the Europe/Other markets region to 3.3 million vehicles in the period from January to September 2014. Sales revenue rose by 4.7% to €90.5 billion due to volume-related factors; deteriorations in exchange rates had an offsetting effect.

Volkswagen Group sales in the North American market decreased by 4.3% year-on-year to 633 thousand vehicles. Sales revenue declined by 3.3% to €19.7 billion; positive mix effects were more than offset by a decline in volumes and negative exchange rate effects.

The highly competitive South American markets saw a continuation of the significant negative trend in demand in the first nine months of the year. The Volkswagen Group sold 575 thousand vehicles, a decrease of 21.8% year-on-year. The lower sales and negative exchange rate effects are reflected in sales revenue, which dropped 23.3% to €10.1 billion.

The Volkswagen Group was able to benefit disproportionately from the healthy market growth in the Asia-Pacific region. Including the Chinese joint ventures, 3.1 million vehicles were sold between January and September 2014, 14.9% more than in the prior-year period. Sales revenue increased by 6.9% to €27.5 billion due to volume-related factors. This figure does not include our Chinese joint ventures, which are accounted for using the equity method.

KEY FIGURES BY MARKET FROM JANUARY 1 TO SEPTEMBER 30[1]

	VEHICLE SALES		SALES REVENUE	
thousand units/€ million	2014	2013	2014	2013
Europe/Other markets	3,295	3,109	90,451	86,431
North America	633	661	19,670	20,330
South America	575	735	10,148	13,233
Asia-Pacific[2]	3,143	2,736	27,450	25,678
Volkswagen Group[2]	**7,646**	**7,241**	**147,718**	**145,673**

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 is not included in the figures for the Group and the Asia-Pacific market.

VOLKSWAGEN FINANCIAL SERVICES

The period from January to September 2014 saw continued strong customer demand for Volkswagen Financial Services' innovative products along the automotive value chain.

Volkswagen Finance China marked its tenth anniversary in September 2014, giving it an opportunity to look back on a decade of successful growth. This wholly-owned subsidiary of Volkswagen Financial Services AG was established in 2004 and provides customers and dealers with tailored financial services for Volkswagen Group brands. Customer demand for vehicle financing in particular is increasing in China.

Long-term partners Volkswagen Financial Services AG and the German Nature and Biodiversity Conservation Union (NABU) joined forces for the fifth time in September to present the "GRÜNE FLOTTE" environmental prize, which recognizes particularly environmentally-friendly fleet management among businesses of varying sizes from a range of industries. At the awards ceremony, both partners' commitment to sustainability was also acknowledged for their protection of wetlands: the environmental program received the "United Nations Decade on Biodiversity" award, presented by the United Nations to projects that confront the decline in biodiversity.

The diversified funding strategy employed by Volkswagen Financial Services comprises in particular unsecured bonds placed on the capital markets, deposits from direct banking business and auto asset-backed securities (ABS) transactions. Volkswagen Financial Services Korea Limited placed its first bond on the South Korean capital markets in July 2014, with a volume equivalent to approximately €72 million. The business has grown successfully since its market entry in 2010, and the placement of its first bond will provide sustainable support for this process. It met with considerable investor demand.

Also in July 2014, Volkswagen Financial Services completed its first sale of securitized Chinese auto loans, with a volume equivalent to around €96 million. The Driver China One ABS transaction expanded the ABS program into a new currency area, and also provided a new refinancing source for the rapidly expanding business in China. China is the eleventh country where Volkswagen Financial Services has placed ABS transactions.

Volkswagen Financial Services placed the Driver UK two securitized transaction in September 2014, with a volume equivalent to approximately €1.5 billion. The second sterling-denominated ABS transaction is also currently the largest placement in this currency, and demand among investors was high. It underscored Volkswagen Financial Services' leading position in the European auto ABS market.

MAN Financial Services presented its leasing portfolio for long-haul and distribution transport at IAA Commercial Vehicles show 2014. The portfolio is based on short- and long-term leasing of tractor units, semitrailers/trailers, and distribution and specialist vehicles. It also includes service components such as ProTelematik. MAN Financial Services takes into consideration the fact that the transport and logistics industry is increasingly in need of flexible, segment-specific and price-efficient mobility solutions. For this reason, the focus remains on total cost of ownership, the lowest possible CO_2 emissions and cutting-edge telematics solutions.

The number of new financing, leasing, service and insurance contracts signed in the reporting period was 3.6 million, 18.0% more than in the prior-year period (excluding MAN Finance International GmbH, which was acquired on January 1, 2014). As at September 30, 2014, the number of contracts was up 12.0% on the figure as of December 31, 2013. This included 7.7 million contracts in the Customer Financing/Leasing area, where the figure was 10.8% higher than as at the end of the year. In the Service/Insurance area, the number of contracts rose by 14.3% to 4.3 million. Based on unchanged credit eligibility criteria, the share of leased or financed vehicles increased from 28.5% of total Group deliveries worldwide in the previous year, to 30.2%. Compared with December 31, 2013, receivables relating to dealer financing were up 4.8% as of September 30, 2014.

Volkswagen Bank's direct banking business had approximately 1.4 million accounts at the end of the reporting period, 0.5% fewer than at the end of 2013, although the volume of deposits grew. Volkswagen Financial Services had 12,707 employees as of September 30, 2014. The 16.1% increase in the headcount as against December 31, 2013, is primarily attributable to the acquisition of MAN Finance International GmbH and the consolidation of foreign subsidiaries.

Interim Consolidated Financial Statements (Condensed)

INCOME STATEMENT FOR THE PERIOD JANUARY 1 TO SEPTEMBER 30

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2014	2013	2014	2013	2014	2013
Sales revenue	**147,718**	**145,673**	**129,619**	**129,171**	**18,099**	**16,502**
Cost of sales	−120,547	−118,625	−106,488	−105,898	−14,059	−12,727
Gross profit	**27,171**	**27,048**	**23,131**	**23,273**	**4,040**	**3,775**
Distribution expenses	−14,751	−14,255	−13,933	−13,497	−818	−758
Administrative expenses	−5,082	−4,858	−3,983	−3,956	−1,099	−902
Other operating income/expense	2,077	623	2,764	1,406	−687	−783
Operating profit	**9,416**	**8,557**	**7,980**	**7,225**	**1,436**	**1,333**
Share of profits and losses of equity-accounted investments	3,057	2,834	3,029	2,774	28	60
Other financial result	−982	−1,992	−995	−2,004	13	12
Financial result	**2,075**	**842**	**2,034**	**769**	**41**	**72**
Profit before tax	**11,490**	**9,399**	**10,013**	**7,994**	**1,477**	**1,405**
Income tax expense	−2,804	−2,698	−2,431	−2,390	−373	−308
Profit after tax	**8,687**	**6,702**	**7,582**	**5,605**	**1,105**	**1,097**
of which attributable to						
Noncontrolling interests	79	−18	49	−35	30	17
Volkswagen AG hybrid capital investors	99	5	99	5	–	–
Volkswagen AG shareholders	8,509	6,714	7,434	5,635	1,074	1,080
Basic earnings per ordinary share (€)[2]	**17.18**	**13.81**				
Diluted earnings per ordinary share (€)[2]	**17.18**	**13.81**				
Basic earnings per preferred share (€)[2]	**17.24**	**13.87**				
Diluted earnings per preferred share (€)[2]	**17.24**	**13.87**				

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Explanatory information on earnings per share is presented in note 4. Prior-year figures adjusted to reflect application of IAS 33.26.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD JANUARY 1 TO SEPTEMBER 30

€ million	2014	2013
Profit after tax	**8,687**	**6,702**
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	−4,567	2,256
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	1,345	−659
Pension plan remeasurements recognized in other comprehensive income, net of tax	−3,222	1,597
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	−3	−4
Items that will not be reclassified to profit or loss	**−3,225**	**1,593**
Exchange differences on translating foreign operations		
Unrealized currency translation gains/losses	1,252	−1,415
Transferred to profit or loss	1	–
Exchange differences on translating foreign operations, before tax	1,253	−1,415
Deferred taxes relating to exchange differences on translating foreign operations	0	0
Exchange differences on translating foreign operations, net of tax	1,253	−1,415
Cash flow hedges		
Fair value changes recognized in other comprehensive income	−3,815	1,659
Transferred to profit or loss	−308	−89
Cash flow hedges, before tax	−4,123	1,570
Deferred taxes relating to cash flow hedges	1,225	−457
Cash flow hedges, net of tax	−2,897	1,113
Available-for-sale financial assets		
Fair value changes recognized in other comprehensive income	785	−128
Transferred to profit or loss	−69	−27
Available-for-sale financial assets, before tax	716	−155
Deferred taxes relating to available-for-sale financial assets	−26	−8
Available-for-sale financial assets, net of tax	690	−163
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	217	−82
Items that may be reclassified subsequently to profit or loss	**−737**	**−546**
Other comprehensive income, before tax	−6,507	2,170
Deferred taxes relating to other comprehensive income	2,545	−1,124
Other comprehensive income, net of tax	**−3,962**	**1,046**
Total comprehensive income	**4,725**	**7,748**
of which attributable to		
Noncontrolling interests	17	−67
Volkswagen AG hybrid capital investors	99	5
Volkswagen AG shareholders	4,609	7,810

INCOME STATEMENT FOR THE PERIOD JULY 1 TO SEPTEMBER 30

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2014	2013	2014	2013	2014	2013
Sales revenue	**48,910**	**46,985**	**42,575**	**41,656**	**6,335**	**5,329**
Cost of sales	−40,472	−38,331	−35,471	−34,264	−5,001	−4,068
Gross profit	**8,438**	**8,654**	**7,104**	**7,392**	**1,334**	**1,262**
Distribution expenses	−4,612	−4,638	−4,370	−4,376	−242	−263
Administrative expenses	−1,655	−1,591	−1,260	−1,310	−394	−281
Other operating income/expense	1,058	353	1,243	564	−185	−211
Operating profit	**3,230**	**2,777**	**2,717**	**2,270**	**513**	**507**
Share of profits and losses of equity-accounted investments	913	993	901	984	12	9
Other financial result	−430	−990	−387	−991	−42	0
Financial result	**483**	**3**	**514**	**−7**	**−30**	**9**
Profit before tax	**3,713**	**2,780**	**3,231**	**2,264**	**482**	**516**
Income tax expense	−743	−871	−623	−854	−120	−17
Profit after tax	**2,971**	**1,909**	**2,608**	**1,410**	**363**	**499**
of which attributable to						
Noncontrolling interests	4	48	−2	41	6	7
Volkswagen AG hybrid capital investors	39	5	39	5	–	–
Volkswagen AG shareholders	2,928	1,856	2,571	1,364	356	492
Basic earnings per ordinary share (€)[2]	**5.84**	**3.78**				
Diluted earnings per ordinary share (€)[2]	**5.84**	**3.78**				
Basic earnings per preferred share (€)[2]	**5.85**	**3.79**				
Diluted earnings per preferred share (€)[2]	**5.85**	**3.79**				

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Explanatory information on earnings per share is presented in note 4. Prior-year figures adjusted to reflect application of IAS 33.26.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD JULY 1 TO SEPTEMBER 30

€ million	2014	2013
Profit after tax	**2,971**	**1,909**
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	–1,910	560
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	566	–167
Pension plan remeasurements recognized in other comprehensive income, net of tax	–1,344	392
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	0	0
Items that will not be reclassified to profit or loss	**–1,344**	**393**
Exchange differences on translating foreign operations		
Unrealized currency translation gains/losses	1,102	–422
Transferred to profit or loss	1	–
Exchange differences on translating foreign operations, before tax	1,103	–422
Deferred taxes relating to exchange differences on translating foreign operations	0	0
Exchange differences on translating foreign operations, net of tax	1,103	–422
Cash flow hedges		
Fair value changes recognized in other comprehensive income	–2,597	711
Transferred to profit or loss	–175	–78
Cash flow hedges, before tax	–2,772	632
Deferred taxes relating to cash flow hedges	822	–175
Cash flow hedges, net of tax	–1,950	457
Available-for-sale financial assets		
Fair value changes recognized in other comprehensive income	355	126
Transferred to profit or loss	–91	–27
Available-for-sale financial assets, before tax	263	99
Deferred taxes relating to available-for-sale financial assets	3	–9
Available-for-sale financial assets, net of tax	266	91
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	320	–101
Items that may be reclassified subsequently to profit or loss	**–261**	**25**
Other comprehensive income, before tax	–2,996	768
Deferred taxes relating to other comprehensive income	1,392	–351
Other comprehensive income, net of tax	**–1,605**	**417**
Total comprehensive income	**1,366**	**2,326**
of which attributable to		
Noncontrolling interests	4	79
Volkswagen AG hybrid capital investors	39	5
Volkswagen AG shareholders	1,323	2,242

BALANCE SHEET AS OF SEPTEMBER 30, 2014 AND DECEMBER 31, 2013

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE*		FINANCIAL SERVICES	
€ million	2014	2013	2014	2013	2014	2013
Assets						
Noncurrent assets	**215,051**	**202,141**	**125,835**	**122,438**	**89,216**	**79,704**
Intangible assets	59,882	59,243	59,640	59,007	242	236
Property, plant and equipment	43,742	42,389	41,839	40,632	1,903	1,757
Lease assets	26,474	22,259	2,835	2,642	23,639	19,617
Financial services receivables	56,566	51,198	−1,030	−602	57,596	51,800
Investments, equity-accounted investments and other equity investments, other receivables and financial assets	28,388	27,053	22,551	20,759	5,836	6,294
Current assets	**132,256**	**122,192**	**72,679**	**68,320**	**59,577**	**53,872**
Inventories	31,959	28,653	28,942	25,580	3,017	3,073
Financial services receivables	43,008	38,386	−970	−844	43,978	39,229
Other receivables and financial assets	26,035	23,483	18,074	16,458	7,961	7,025
Marketable securities	8,881	8,492	7,021	6,675	1,861	1,817
Cash, cash equivalents and time deposits	22,373	23,178	19,612	20,450	2,761	2,728
Total assets	**347,308**	**324,333**	**198,514**	**190,758**	**148,793**	**133,576**
Equity and Liabilities						
Equity	**91,003**	**90,037**	**73,654**	**75,984**	**17,348**	**14,053**
Equity attributable to Volkswagen AG shareholders	85,806	85,730	68,698	72,100	17,109	13,630
Equity attributable to Volkswagen AG hybrid capital investors	5,002	2,004	5,002	2,004	–	–
Equity attributable to Volkswagen AG shareholders and hybrid capital investors	90,809	87,733	73,700	74,103	17,109	13,630
Noncontrolling interests	194	2,304	−46	1,881	240	423
Noncurrent liabilities	**126,314**	**115,672**	**65,812**	**65,290**	**60,502**	**50,382**
Financial liabilities	66,832	61,517	11,942	15,913	54,890	45,604
Provisions for pensions	26,526	21,774	26,156	21,481	370	293
Other liabilities	32,957	32,380	27,714	27,896	5,242	4,484
Current liabilities	**129,991**	**118,625**	**59,048**	**49,484**	**70,943**	**69,141**
Put options and compensation rights granted to noncontrolling interest shareholders	3,690	3,638	3,690	3,638	–	–
Financial liabilities	64,026	59,987	−563	−3,981	64,590	63,968
Trade payables	19,876	18,024	17,824	16,582	2,052	1,441
Other liabilities	42,398	36,976	38,097	33,245	4,301	3,731
Total equity and liabilities	**347,308**	**324,333**	**198,514**	**190,758**	**148,793**	**133,576**

* Including allocation of consolidation adjustments between the Automotive and Financial Services divisions, primarily intragroup loans.

STATEMENT OF CHANGES IN EQUITY

€ million	Subscribed capital	Capital reserves	Retained earnings	OTHER RESERVES Currency translation reserve
Balance at Jan. 1, 2013	**1,191**	**11,509**	**64,596**	**−539**
Profit after tax	–	–	6,714	–
Other comprehensive income, net of tax	–	–	1,543	−1,313
Total comprehensive income	**–**	**–**	**8,257**	**−1,313**
Capital increase	0	1,149	–	–
Dividend payment	–	–	−1,639	–
Capital transactions involving a change in ownership interest[1]	–	–	−1,398	39
Other changes	–	–	−10	–
Balance at Sept. 30, 2013	**1,191**	**12,658**	**69,807**	**−1,813**
Balance at Jan. 1, 2014	**1,191**	**12,658**	**72,341**	**−2,799**
Profit after tax	–	–	8,509	–
Other comprehensive income, net of tax	–	–	−3,213	1,306
Total comprehensive income	**–**	**–**	**5,295**	**1,306**
Capital increase[2]	27	1,959	–	–
Dividend payment	–	–	−1,871	–
Capital transactions involving a change in ownership interest[1]	–	–	−4,484	−45
Other changes[3]	–	–	−121	0
Balance at Sept. 30, 2014	**1,218**	**14,616**	**71,160**	**−1,539**

1 The capital transactions involving a change in ownership interest are attributable in the previous year to the derecognition of the noncontrolling interests in the equity of MAN SE and the interest in Scania AB attributable to those noncontrolling interest shareholders and, in the reporting period, to the derecognition of the noncontrolling interests in the equity of Scania AB.

2 Volkswagen AG recorded an inflow of cash funds amounting to €3,000 million, less a discount of €29 million and transaction costs (€19 million), from the hybrid capital issued in March 2014. Additionally, there are noncash effects from the deferral of taxes amounting to €13 million. The hybrid capital is required to be classified as equity instruments granted. Volkswagen AG recorded an inflow of cash funds amounting to €2,000 million, less transaction costs (€20 million), from the capital increase implemented in June 2014 by issuing new preferred shares. Additionally, there are noncash effects from the deferral of taxes amounting to €6 million.

3 The other changes in retained earnings are primarily a result of exchange rate movements between the dates of publication and completion of the offer to acquire all shares of Scania in conjunction with the measurement of the liability originally recognized outside profit or loss in March 2014.

Cash flow hedges	Available-for-sale financial assets	Equity-accounted investments	Equity attributable to Volkswagen AG hybrid capital investors	Equity attributable to Volkswagen AG shareholders and hybrid capital investors	Noncontrolling interests	Total equity
360	**624**	**−59**	**–**	**77,682**	**4,313**	**81,995**
–	–	–	5	6,719	−18	6,702
1,114	−163	−85	–	1,096	−49	1,046
1,114	**−163**	**−85**	**5**	**7,815**	**−67**	**7,748**
–	–	–	1,976	3,125	–	3,125
–	–	–	–	−1,639	−209	−1,848
−8	0	1	–	−1,366	−1,759	−3,125
–	–	1	–	−8	9	0
1,466	**461**	**−142**	**1,981**	**85,609**	**2,286**	**87,895**
1,845	**724**	**−229**	**2,004**	**87,733**	**2,304**	**90,037**
–	–	–	99	8,608	79	8,687
−2,897	690	214	–	−3,900	−62	−3,962
−2,897	**690**	**214**	**99**	**4,708**	**17**	**4,725**
–	–	–	2,965	4,951	–	4,951
–	–	–	−87	−1,958	−4	−1,962
2	–	0	–	−4,527	−2,123	−6,650
–	–	1	22	−99	0	−99
−1,049	**1,414**	**−13**	**5,002**	**90,809**	**194**	**91,003**

CASH FLOW STATEMENT FOR THE PERIOD JANUARY 1 TO SEPTEMBER 30

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2014	2013	2014	2013	2014	2013
Cash and cash equivalents at beginning of period	**22,009**	**17,794**	**19,285**	**14,788**	**2,724**	**3,005**
Profit before tax	11,490	9,399	10,013	7,994	1,477	1,405
Income taxes paid	−3,185	−2,494	−2,785	−2,158	−401	−336
Depreciation and amortization expense	12,153	10,660	8,767	7,778	3,386	2,883
Change in pension provisions	203	177	195	169	8	9
Other noncash income/expense and reclassifications[2]	−710	985	−957	789	247	196
Gross cash flow	**19,950**	**18,729**	**15,233**	**14,572**	**4,717**	**4,157**
Change in working capital	**−11,435**	**−8,132**	**−291**	**141**	**−11,144**	**−8,273**
Change in inventories	−2,503	−1,764	−2,575	−1,837	73	73
Change in receivables	−2,723	−1,552	−2,180	−1,089	−542	−463
Change in liabilities	5,766	2,772	4,090	2,297	1,676	476
Change in other provisions	1,121	1,161	1,057	990	63	171
Change in lease assets (excluding depreciation)	−6,353	−4,984	−582	−102	−5,771	−4,882
Change in financial services receivables	−6,743	−3,765	−100	−118	−6,643	−3,647
Cash flows from operating activities	**8,515**	**10,597**	**14,942**	**14,713**	**−6,427**	**−4,116**
Cash flows from investing activities attributable to operating activities	**−10,144**	**−8,859**	**−9,398**	**−10,264**	**−746**	**1,405**
of which: Investments in intangible assets (excluding capitalized development costs), property, plant and equipment, and investment property	−6,773	−6,630	−6,482	−6,436	−291	−193
capitalized development costs	−3,399	−2,558	−3,399	−2,558	–	–
acquisition and disposal of equity investments	−172	−85	296	−1,640	−469	1,555
Net cash flow[3]	***−1,628***	***1,738***	***5,544***	***4,449***	***−7,172***	***−2,711***
Change in investments in securities and loans	−869	−2,388	−362	−2,026	−507	−362
Cash flows from investing activities	**−11,013**	**−11,247**	**−9,760**	**−12,290**	**−1,252**	**1,043**
Cash flows from financing activities	**1,151**	**6,768**	**−6,492**	**3,588**	**7,643**	**3,180**
of which: capital transactions with noncontrolling interests	−6,535	0	−6,535	0	–	–
capital contributions/capital redemptions	4,932	3,067	2,670	3,036	2,262	30
Effect of exchange rate changes on cash and cash equivalents	322	−272	248	−201	73	−72
Net change in cash and cash equivalents	**−1,025**	**5,845**	**−1,062**	**5,810**	**37**	**35**
Cash and cash equivalents at Sept. 30	**20,984**	**23,639**	**18,223**	**20,598**	**2,761**	**3,041**
Securities, loans and time deposits	17,434	16,758	9,940	10,162	7,493	6,596
Gross liquidity	**38,418**	**40,397**	**28,164**	**30,761**	**10,255**	**9,636**
Total third-party borrowings	−130,858	−121,139	−11,379	−14,111	−119,479	−107,028
Net liquidity at Sept. 30	**−92,440**	**−80,743**	**16,785**	**16,649**	**−109,225**	**−97,392**
For information purposes: at January 1	−82,318	−85,517	16,869	10,573	−99,186	−96,090

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 These relate mainly to the 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 Net cash flow: cash flows from operating activities, net of cash flows from investing activities attributable to operating activities.

Notes to the Interim Consolidated Financial Statements

Accounting in accordance with International Financial Reporting Standards (IFRSs)

In accordance with Regulation No. 1606/2002 of the European Parliament and of the Council, Volkswagen AG prepared its consolidated financial statements for 2013 in compliance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. These Interim Consolidated Financial Statements for the period ended September 30, 2014 were therefore also prepared in accordance with IAS 34 and are condensed in scope compared with the consolidated financial statements.

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

In addition to the reportable segments, the Automotive and Financial Services divisions are presented in the condensed interim group financial report for explanatory purposes alongside the income statement, balance sheet and cash flow statement for the Volkswagen Group. This supplemental presentation is not required by IFRSs. Eliminations of intragroup transactions between the Automotive and Financial Services divisions are allocated to the Automotive Division.

The accompanying interim consolidated financial statements were reviewed by auditors in accordance with section 37x(3) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act).

Accounting policies

Volkswagen AG has applied all accounting pronouncements adopted by the EU and effective for periods beginning on or after January 1, 2014.

The pronouncements contained in the "consolidation package" must be applied effective January 1, 2014. These relate to the new standards IFRS 10, IFRS 11 and IFRS 12, as well as amendments to IAS 28. IFRS 10 (Consolidated Financial Statements) defines the basis of consolidation and the principles for including subsidiaries in the consolidated financial statements. All entities that Volkswagen AG can control directly or indirectly must be included in the basis of consolidation. The switch from IAS 27 to IFRS 10 did not require the Volkswagen Group to make any adjustments because the parent/subsidiary relationships and other control relationships are attributable almost entirely to voting rights majorities. There was therefore no requirement to consolidate additional entities or deconsolidate existing ones. Equally, because all significant special purpose entities/structured entities are consolidated in the Volkswagen Group, no adjustments were required for these entities.

IFRS 11 governs the definition of and accounting for "joint arrangements" in the consolidated financial statements. Joint arrangements are classified into "joint ventures" and "joint operations". Because all entities that are jointly controlled by Volkswagen AG or one of its subsidiaries are required to be classified as joint ventures, there were no effects from applying IFRS 11.

IFRS 12 governs all disclosures on interests in other entities and thus combines all of the information required to be disclosed in the notes on subsidiaries, joint arrangements, associates, and consolidated and unconsolidated structured entities. The scope of the information to be disclosed was expanded in some cases. IFRS 12 does not result in any additional disclosure requirements in the interim financial reports.

Only the equity method in accordance with IAS 28 may be applied to joint ventures and associates effective January 1, 2014. The option to include these entities in the consolidated financial statements using proportionate consolidation was eliminated. Because proportionate consolidation was not used in the past in the Volkswagen Group, the elimination of this option did not result in any adjustments.

The other accounting pronouncements required to be applied for the first time in fiscal year 2014 are insignificant for the presentation of the Volkswagen Group's net assets, financial position and results of operations in its interim consolidated financial statements. A detailed breakdown of these accounting pronouncements is provided in the notes to the consolidated financial statements in the 2013 Annual Report.

A discount rate of 2.7% (December 31, 2013: 3.7%) was applied to German pension provisions in the accompanying interim consolidated financial statements. The reduction in the discount rate increased the actuarial losses for pension provisions that are recognized in retained earnings.

The income tax expense for the interim reporting period was calculated on the basis of the average annual tax rate that is expected for the entire fiscal year, in accordance with IAS 34, Interim Financial Reporting.

In other respects, the same accounting policies and consolidation methods that were used for the 2013 consolidated financial statements are generally applied to the preparation of the interim consolidated financial statements and the measurement of the prior-year comparatives. A detailed description of the policies and methods applied is published in the notes to the consolidated financial statements in the 2013 Annual Report. This can also be accessed on the Internet at www.volkswagenag.com/ir.

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 German and non-German subsidiaries, including structured entities, that are controlled directly or indirectly by Volkswagen AG. This is the case if Volkswagen AG obtains power over the potential subsidiaries directly or indirectly from voting rights or similar rights, is exposed, or has rights to, positive or negative variable returns from its involvement with the subsidiaries, and is able to influence those returns.

CONSOLIDATED SUBSIDIARIES

On March 14, 2014, Volkswagen AG published an offer to the shareholders of Scania Aktiebolag, Södertälje, ("Scania") to acquire all Scania A and Scania B shares. Each Scania A share conveys one vote at the general meeting, while each Scania B share conveys one-tenth of a vote. There are no other legal differences between Scania A and B shares. Volkswagen AG offered SEK 200 for each Scania share, regardless of share class. One of the conditions of the offer was that it resulted in the Volkswagen Group holding more than 90 percent of the total number of Scania shares. When the offer to the Scania shareholders was published, the present value of the put options granted amounting to approximately €6.7 billion was recognized as a current liability without affecting profit or loss. The Group's retained earnings declined by the same amount.

Starting on May 7, 2014, Volkswagen acquired a total of 2.4 million Scania shares outside the offer (10,941 A shares and 2,400,679 B shares). This corresponds to 0.30% of Scania shares and 0.06% of the voting rights.

The condition for the Volkswagen Group to hold more than 90% of the total number of Scania shares was satisfied on May 13, 2014, and Volkswagen initiated a squeeze-out for the Scania shares that were not tendered in the course of the offer.

At the end of the second extended acceptance period on June 5, 2014, the number of shares tendered under the terms of the offer, together with the shares already held by Volkswagen either directly or indirectly, amounted to a total of 796.6 million Scania shares, comprising 398.7 million A shares and 397.8 million B shares. This corresponds to 99.57% of Scania shares and 99.66% of the voting rights.

On completion of the offer, the equity interest in Scania previously attributable to noncontrolling interest shareholders amounting to €2,123 million was required to be reclassified from noncontrolling interests to the reserves attributable to the shareholders of Volkswagen AG. The difference of €4,527 million reduced the retained earnings attributable to the shareholders of Volkswagen AG by the same amount.

The changes in the carrying amount of the liability of €96 million that was recognized when the offer was published, which were due primarily to exchange rate movements, were recognized in the financial result in profit or loss.

Net of exchange rate effects, the shares already tendered resulted in a cash outflow of €6,535 million as of the reporting date. This amount is reported within financing activities in the cash flow statement as an outflow from capital transactions with noncontrolling interests. A liability of €78 million from put options and compensation rights granted to noncontrolling interest shareholders was recognized for the remaining shares that are subject to the squeeze-out.

INTERESTS IN JOINT VENTURES

The Volkswagen Group holds a 50% indirect interest in the joint venture LeasePlan Corporation N.V., Amsterdam, the Netherlands, via its 50% stake in the joint venture Global Mobility Holding B.V., Amsterdam, the Netherlands. Volkswagen agreed with Fleet Investments B.V., Amsterdam, the Netherlands, an investment company belonging to the von Metzler family, that Fleet Investments would become the new co-investor in Global Mobility Holding in 2010. The previous co-investors were instructed by Volkswagen AG to transfer their shares to Fleet Investments B.V. on February 1, 2010 for the purchase price of €1.4 billion. In fiscal year 2013, the agreement was prolonged by two years until January 2016. Volkswagen AG granted the new co-investor a put option on its shares. If this option is exercised, Volkswagen must pay the original purchase price plus accumulated pro rata preferred dividends or the higher fair value. The put option is accounted for at fair value.

In addition, Volkswagen has pledged claims under certificates of deposit with Bankhaus Metzler in the amount of €1.4 billion to secure a loan granted to Fleet Investments B.V. by Bankhaus Metzler. This pledge does not increase the Volkswagen Group's risk arising from the above-mentioned short position.

INVESTMENTS IN ASSOCIATES

Dr. Ing. h.c. F. Porsche AG, Stuttgart, increased its interest in Bertrandt AG, Ehningen, by just under 4% on July 2, 2014. Following this acquisition, Volkswagen indirectly holds just under 29% of the voting shares of Bertrandt. There has been no change in the intention not to exercise any influence on Bertrandt AG's supervisory board or management board. Bertrandt AG has been included in the Volkswagen Group's consolidated financial statements as an equity-accounted associate from the date on which the additional shares were acquired. In this connection, the amounts resulting from the fair value measurement of the shares amounting to €148 million that had previously been recognized in the other reserves in other comprehensive income were recognized in profit or loss in the other financial result.

DISCLOSURES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. Sales revenue

STRUCTURE OF GROUP SALES REVENUE

	Q1–3	
€ million	2014	2013
Vehicles	98,148	99,957
Genuine parts	10,117	10,148
Used vehicles and third-party products	7,429	5,941
Engines, powertrains and parts deliveries	7,424	6,270
Power Engineering	2,640	2,739
Motorcycles	386	386
Rental and leasing business	11,609	10,431
Interest and similar income	4,819	4,653
Other sales revenue	5,145	5,147
	147,718	**145,673**

2. Cost of sales

Cost of sales includes interest expenses of €1,459 million (previous year: €1,589 million) attributable to the financial services business.

In addition to depreciation and amortization expenses, cost of sales also includes impairment losses on intangible assets, items of property, plant and equipment, and lease assets. The impairment losses identified on the basis of updated impairment tests amount to a total of €218 million (previous year: €189 million).

3. Research and development costs in the Automotive Division

	Q1–3		
€ million	2014	2013	%
Total research and development costs	9,619	8,431	14.1
of which: capitalized development costs	3,399	2,558	32.9
Capitalization ratio in %	35.3	30.3	
Amortization of capitalized development costs	2,129	1,740	22.4
Research and development costs recognized in the income statement	**8,350**	**7,613**	**9.7**

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.

During the reporting period, Volkswagen AG implemented a capital increase from authorized capital against cash contributions, with existing shareholders' preemptive rights disapplied, by issuing preferred shares. Since their admission to the regulated market on June 12, 2014, these new preferred shares have been included in the calculation of earnings per share.

In 2012 and 2013, Volkswagen AG placed two mandatory convertible notes with identical features and an aggregate principal amount of €3.7 billion via a subsidiary, Volkswagen International Finance N.V. Amsterdam/the Netherlands (issuer). Both mandatory convertible notes mature on November 9, 2015. The current minimum conversion price is €147.61, and the corresponding maximum conversion price is €177.13. The conversion price will be adjusted if certain events occur. The convertible notes will be settled by issuing new preferred shares no later than at maturity. The issuer is entitled to convert the mandatory convertible notes at any time at the minimum conversion price. The note terms and conditions also provide for early conversion options. This discretionary conversion right was exercised in the reporting period, with a total of €4 million of the notes being converted into 22,103 newly created preferred shares at the effective maximum conversion price at the conversion date.

IAS 33.23 sets out that all potential shares that will be issued upon the conversion of a mandatory convertible note must be accounted for as issued shares and included in the calculation of basic and diluted earnings per share. The number of outstanding preferred shares is therefore increased by the potential preferred shares that would be issued if the mandatory convertible notes issued were actually to be converted. The average number of preferred shares not yet converted that have to be included is calculated based on the maximum conversion ratio resulting from the current minimum conversion price of €147.61. The terms and conditions require the minimum conversion price to be adjusted following the distribution of dividends. The number of potential preferred shares was calculated retrospectively at the new minimum conversion price in accordance with IAS 33.26, including for the previous year. The finance costs associated with the mandatory convertible notes are not included in the calculation of consolidated profit because the interest component was recognized in other comprehensive income when the note was issued, and interest expense arises only from the amount of compound interest. Since the number of basic and diluted shares is identical, basic earnings per share also correspond to diluted earnings per share. In total, the existing mandatory convertible notes still entitle the holders to subscribe for a maximum of 25,032,179 no-par value preferred shares of Volkswagen AG, based on the current maximum conversion ratio.

		Q3		Q1–3	
		2014	2013*	2014	2013*
Weighted average number of shares outstanding					
Ordinary shares: basic	million	295.1	295.1	295.1	295.1
diluted	million	295.1	295.1	295.1	295.1
Preferred shares: basic	million	205.7	195.2	199.4	190.2
diluted	million	205.7	195.2	199.4	190.2
Profit after tax	€ million	2,971	1,909	8,687	6,702
Noncontrolling interests	€ million	4	48	79	–18
Profit attributable to Volkswagen AG hybrid capital investors	€ million	39	5	99	5
Profit attributable to Volkswagen AG shareholders	€ million	2,928	1,856	8,509	6,714
Earnings per share					
Ordinary shares: basic	€	5.84	3.78	17.18	13.81
diluted	€	5.84	3.78	17.18	13.81
Preferred shares: basic	€	5.85	3.79	17.24	13.87
diluted	€	5.85	3.79	17.24	13.87

* Prior-year figures adjusted to reflect application of IAS 33.26.

5. Noncurrent assets

CHANGES IN SELECTED NONCURRENT ASSETS BETWEEN JANUARY 1 AND SEPTEMBER 30, 2014

€ million	Carrying amount at Jan. 1, 2014	Additions/ Changes in consolidated Group	Disposals/ Other changes	Depreciation and amortization	Carrying amount at Sept. 30, 2014
Intangible assets	59,243	3,608	9	2,960	59,882
Property, plant and equipment	42,389	6,635	−166	5,448	43,742
Lease assets	22,259	10,909	3,026	3,669	26,474

6. Inventories

€ million	Sept. 30, 2014	Dec. 31, 2013
Raw materials, consumables and supplies	4,013	3,716
Work in progress	3,472	3,096
Finished goods and purchased merchandise	20,292	18,284
Current lease assets	4,020	3,418
Payments on account	163	140
	31,959	**28,653**

There was no requirement to recognize or reverse significant impairment losses on inventories in the reporting period.

7. Current other receivables and financial assets

€ million	Sept. 30, 2014	Dec. 31, 2013
Trade receivables	12,784	11,133
Miscellaneous other receivables and financial assets	13,251	12,350
	26,035	**23,483**

In the period January 1 to September 30, 2014, impairment losses and reversals of impairment losses on noncurrent and current financial assets reduced operating profit by €365 million (previous year: €541 million).

8. Equity

Following the approval by the Annual General Meeting of MAN SE of the conclusion of the control and profit and loss transfer agreement between MAN SE and Truck & Bus GmbH on June 6, 2013, Volkswagen is obliged to pay a cash settlement to the remaining noncontrolling interest shareholders of MAN SE. For this reason, the noncontrolling interests in the equity of MAN SE and the interest in Scania AB attributable to those noncontrolling interest shareholders were derecognized from Group equity as of this date. At the same time, a liability was recognized in accordance with the cash settlement offer for the obligation to acquire the shares. MAN SE's profit or loss is attributed in full to the shareholders of Volkswagen AG. As of September 30, 2014, a total of 342,960 ordinary shares and 115,348 preferred shares had been tendered.

On March 14, 2014, Volkswagen AG published an offer to the shareholders of Scania Aktiebolag, Södertälje, ("Scania") to acquire all Scania shares. The offer was completed on May 13, 2014 and Volkswagen initiated a squeeze-out for the Scania shares that were not tendered in the course of the offer. Scania shares were delisted from the NASDAQ OMX Stockholm at the end of June 5, 2014. The Group's retained earnings were reduced by the total value of the offer amounting to €6,650 million as a capital transaction with noncontrolling interest shareholders recognized directly in equity. At the same time, the equity interest in Scania previously attributable to the noncontrolling interest shareholders in Scania amounting to €2,123 million was reclassified from noncontrolling interests to the reserves attributable to the shareholders of Volkswagen AG. The remaining noncontrolling interests are largely attributable to shareholders of RENK AG and AUDI AG. For information on the acquisition of the noncontrolling interests in Scania, see also the disclosures on the basis of consolidation.

In March 2014, Volkswagen AG placed unsecured subordinated hybrid notes with an aggregate principal amount of €3 billion via a subsidiary, Volkswagen International Finance N.V. Amsterdam/the Netherlands (issuer). The perpetual hybrid notes were issued in two tranches and can be called by the issuer. The first call date for the first tranche (€1.25 billion and a coupon of 3.750%) is after seven years, and the first call date for the second tranche (€1.75 billion and a coupon of 4.625%) is after twelve years. Under IAS 32, the hybrid notes must be classified in their entirety as equity. The capital raised was recognized in equity, less a discount and transaction costs and net of deferred taxes. The interest payments payable to the noteholders will be recognized directly in equity, net of income taxes.

The Annual General Meeting on April 19, 2012 resolved to create authorized capital of up to €110 million, expiring on April 18, 2017, for the issue of new ordinary bearer shares or preferred shares based. In June 2014, Volkswagen AG issued 10,471,204 new preferred shares (with a notional value of €27 million), with the result that the remaining authorized capital amounts to €83 million. Volkswagen AG recorded a cash inflow of €2,000 million from the capital increase, less transaction costs of €20 million.

In January 2014, Volkswagen AG issued 22,103 newly created preferred shares (notional value: €56,583.68) resulting from the exercise of mandatory convertible bonds. The subscribed capital is composed of 295,089,818 no-par value ordinary shares and 180,641,478 preferred shares, and amounts to €1,218 million (December 31, 2013: €1,191 million).

Volkswagen AG paid a dividend of €1,871 million in the reporting period (previous year: €1,639 million). €1,180 million of this amount (previous year: €1,033 million) was attributable to ordinary shares and €691 million (previous year: €606 million) to preferred shares.

9. Noncurrent financial liabilities

€ million	Sept. 30, 2014	Dec. 31, 2013
Bonds, commercial paper and notes	56,691	51,630
Liabilities to banks	7,988	7,659
Deposit business	1,011	1,015
Other financial liabilities	1,140	1,213
	66,832	**61,517**

10. Current financial liabilities

€ million	Sept. 30, 2014	Dec. 31, 2013
Bonds, commercial paper and notes	28,915	25,926
Liabilities to banks	10,215	11,305
Deposit business	24,406	22,310
Other financial liabilities	491	446
	64,026	**59,987**

11. Fair value disclosures

The principles and techniques used for fair value measurement remained unchanged year-on-year. Detailed explanations of the measurement principles and techniques can be found in the 2013 Annual Report.

Fair value generally corresponds to the market or quoted market price. If no active market exists, fair value is determined using valuation techniques, such as by discounting the future cash flows at the market interest rate, or by using recognized option pricing models.

Assets and liabilities measured at fair value through profit or loss consist of derivatives or components of derivatives that are not included in hedge accounting. These relate primarily to the interest component of currency forwards used to hedge sales revenue, commodity futures and currency forwards relating to commodity futures.

Available-for-sale financial assets (marketable securities) are carried at fair value. Changes in fair value are recognized directly in equity, net of deferred taxes.

Shares in unconsolidated subsidiaries and other equity investments that are not accounted for using the equity method are also classified as available-for-sale financial assets. They are recognized at cost in the consolidated financial statements if there is no active market for those companies and fair values cannot be reliably ascertained without undue cost or effort. Fair values are recognized if there are indications that fair value is lower than cost. There is currently no intention to sell these financial assets.

Uniform valuation techniques and inputs are used to measure fair value. The fair value of Level 2 and 3 financial instruments is measured in the individual divisions on the basis of Group-wide specifications. The fair value of the put options and compensation rights granted to noncontrolling interest shareholders is calculated using a present value model that is based on the expected cash settlement entitlement of the free float MAN and Scania shareholders. Risk-adjusted discount rates for matching maturities were applied. The calculation was also based on any cash compensation that might be payable and a minimum statutory interest rate.

The following table contains an overview of the financial assets and liabilities measured at fair value:

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE BY LEVEL

€ million	Dec. 31, 2013	Level 1	Level 2	Level 3
Noncurrent assets				
Other equity investments	2,666	2,666	–	–
Other financial assets	2,414	–	2,400	14
Current assets				
Other financial assets	1,680	–	1,662	18
Marketable securities	8,492	8,410	83	–
Noncurrent liabilities				
Other noncurrent financial liabilities	1,169	–	1,033	136
Current liabilities				
Other current financial liabilities	1,070	–	988	82

€ million	Sept. 30, 2014	Level 1	Level 2	Level 3
Noncurrent assets				
Other equity investments	3,054	3,054	–	–
Other financial assets	1,861	–	1,830	31
Current assets				
Other financial assets	1,120	–	1,108	12
Marketable securities	8,881	8,877	5	–
Noncurrent liabilities				
Other noncurrent financial liabilities	1,786	–	1,642	143
Current liabilities				
Other current financial liabilities	2,396	–	2,330	66

The allocation of fair values to the three levels in the fair value hierarchy is based on the availability of observable market prices in an active market. Level 1 is used to report the fair value of financial instruments for which a quoted price is available. Examples include marketable securities and other equity investments measured at fair value. Fair values in Level 2, for example of derivatives, are measured on the basis of market inputs such as exchange rates or yield curves using market-based valuation techniques. Level 3 fair values are calculated using valuation techniques that incorporate inputs that are not directly observable in active markets. In the Volkswagen Group, Level 3 fair values comprise long-term commodity futures because the prices available on the market must be extrapolated for measurement purposes. Options on equity instruments and residual value protection models are also reported in Level 3.

CHANGES IN BALANCE SHEET ITEMS MEASURED AT FAIR VALUE BASED ON LEVEL 3

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2013	**119**	**60**
Foreign exchange differences	0	0
Total comprehensive income	−64	−134
recognized in profit or loss	−59	−122
recognized in other comprehensive income	−5	−12
Additions (purchases)	1	1
Sales and settlements	−6	15
Transfers into Level 2	−9	−17
Balance at Sept. 30, 2013	**41**	**164**
Total gains or losses recognized in profit or loss	**−59**	**−122**
Net other operating expense/income	−59	−156
of which attributable to assets/liabilities held at the reporting date	59	156
Financial result	0	35
of which attributable to assets/liabilities held at the reporting date	3	−35

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2014	**32**	**218**
Foreign exchange differences	0	0
Total comprehensive income	37	34
recognized in profit or loss	24	34
recognized in other comprehensive income	12	1
Additions (purchases)	–	–
Sales and settlements	−8	−33
Transfers into Level 2	−17	−10
Balance at Sept. 30, 2014	**43**	**209**
Total gains or losses recognized in profit or loss	**24**	**−34**
Net other operating expense/income	–	–
of which attributable to assets/liabilities held at the reporting date	–	–
Financial result	24	−34
of which attributable to assets/liabilities held at the reporting date	16	−28

The transfers between the levels of the fair value hierarchy are reported at the respective reporting dates. The transfers out of Level 3 into Level 2 comprise commodity futures for which observable quoted prices are now available for measurement purposes due to the decline in their remaining maturities; consequently, no further extrapolation is required. There were no transfers between other levels of the fair value hierarchy.

Commodity prices are the key risk variable for the fair value of commodity futures. Sensitivity analyses are used to present the effect of changes in commodity prices on profit after tax and equity.

If commodity prices for commodity futures classified as Level 3 had been 10% higher (lower) as of September 30, 2014, profit would have been €25 million higher (lower) and equity would have been €8 million higher (lower).

The key risk variable for measuring options on equity instruments held by the Company is the relevant enterprise value. Sensitivity analyses are used to present the effect of changes in risk variables on profit.

If the assumed enterprise values had been 10% higher, profit would have been €1 million higher. If the assumed enterprise values had been 10% lower, profit would have been €2 million lower.

Residual value risks result from hedging agreements with dealers under which earnings effects caused by market-related fluctuations in residual values that arise from buy-back obligations under leases are borne in part by the Volkswagen Group.

The key risk variable influencing the fair value of the options relating to residual value risks is used car prices. Sensitivity analyses are used to quantify the effects of changes in used car prices on earnings after tax.

If the prices for the used cars covered by the residual value protection model had been 10% higher as of September 30, 2014, profit after tax would have been €191 million higher. If the prices for the used cars covered by the residual value protection model had been 10% lower as of September 30, 2014, profit after tax would have been €191 million lower.

Reconciliation of balance sheet items to classes of financial instruments

The following table shows the reconciliation of the balance sheet items to the relevant classes of financial instruments, broken down by the carrying amount and fair value of the financial instruments.

The fair value of financial instruments measured at amortized cost, such as receivables and liabilities, is calculated by discounting using a market rate of interest for a similar risk and matching maturity. For reasons of materiality, the fair value of current balance sheet items is generally deemed to be their carrying amount.

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2013

€ million	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT DEC. 31, 2013
	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-accounted investments	–	–	–	7,934	7,934
Other equity investments	2,666	1,274	1,274	–	3,941
Financial services receivables	–	51,198	53,200	–	51,198
Other financial assets	2,414	4,626	4,593	–	7,040
Current assets					
Trade receivables	–	11,133	11,133	–	11,133
Financial services receivables	–	38,386	38,386	–	38,386
Other financial assets	1,680	4,911	4,911	–	6,591
Marketable securities	8,492	–	–	–	8,492
Cash, cash equivalents and time deposits	–	23,178	23,178	–	23,178
Noncurrent liabilities					
Noncurrent financial liabilities	–	61,517	62,810	–	61,517
Other noncurrent financial liabilities	1,169	1,136	1,153	–	2,305
Current liabilities					
Put options and compensation rights granted to noncontrolling interest shareholders	–	3,638	3,563	–	3,638
Current financial liabilities	–	59,987	59,987	–	59,987
Trade payables	–	18,024	18,024	–	18,024
Other current financial liabilities	1,070	3,456	3,456	–	4,526

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF SEPTEMBER 30, 2014

	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT SEPT. 30, 2014
€ million	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-accounted investments	–	–	–	8,774	8,774
Other equity investments	3,054	808	808	–	3,862
Financial services receivables	–	56,566	58,819	–	56,566
Other financial assets	1,861	4,398	4,392	–	6,259
Current assets					
Trade receivables	–	12,784	12,784	–	12,784
Financial services receivables	–	43,008	43,008	–	43,008
Other financial assets	1,120	5,323	5,323	–	6,442
Marketable securities	8,881	–	–	–	8,881
Cash, cash equivalents and time deposits	–	22,373	22,373	–	22,373
Noncurrent liabilities					
Noncurrent financial liabilities	–	66,832	68,582	–	66,832
Other noncurrent financial liabilities	1,786	1,220	1,248	–	3,006
Current liabilities					
Put options and compensation rights granted to noncontrolling interest shareholders	–	3,690	3,755	–	3,690
Current financial liabilities	–	64,026	64,026	–	64,026
Trade payables	–	19,876	19,876	–	19,876
Other current financial liabilities	2,396	3,410	3,410	–	5,806

12. 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, bills, cash-in-hand and call deposits.

€ million	Sept. 30, 2014	Sept. 30, 2013
Cash, cash equivalents and time deposits as reported in the balance sheet	22,373	26,400
of which: time deposits and restricted cash	−1,389	−2,761
Cash and cash equivalents as reported in the cash flow statement	**20,984**	**23,639**

Cash inflows from financing activities in the current year are attributable primarily to the issuance of bonds in the amount of €19,908 million (previous year: €16,352 million), inflows from the issuance of hybrid notes in the amount of €2,952 million (previous year: €1,967 million; see note 8), the issuance of new preferred shares amounting to €1,980 million (previous year: issuance of a mandatory convertible note in the amount of €1,099 million) and the change in other financial liabilities amounting to €1,446 million (previous year: €–786 million). They are offset mainly by cash outflows from the repayment of bonds amounting to €16,635 million (previous year: €9,999 million), the acquisition of shares of Scania AB amounting to €6,535 million and dividend payments (including payments to hybrid capital investors) amounting to €1,962 million (previous year: €1,848 million).

13. Segment reporting

Segments are identified on the basis of the Volkswagen Group's internal management and reporting. In line with the Group's multibrand strategy, each of its brands is managed by its own board of management. The Group targets and requirements laid down by the Board of Management of Volkswagen AG or the Group Board of Management must be complied with to the extent permitted by law. Segment reporting comprises four reportable segments: Passenger Cars, Commercial Vehicles, Power Engineering and Financial Services.

The activities of the Passenger Cars segment cover the development of vehicles and engines, the production and sale of passenger cars, and the corresponding genuine parts business. As a rule, the Volkswagen Group's individual passenger car brands are combined on a consolidated basis into a single reportable segment.

The Commercial Vehicles segment primarily comprises the development, production and sale of light commercial vehicles, trucks and buses, the corresponding genuine parts business and related services.

The activities of the Power Engineering segment consist of the development and production of large-bore diesel engines, turbo compressors, industrial turbines and chemical reactor systems, as well as the production of gear units, propulsion components and testing systems.

The activities of the Financial Services segment comprise dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility services.

In the segment structure, purchase price allocation for companies acquired is allocated directly to the corresponding segments.

At Volkswagen, segment profit or loss is measured on the basis of operating profit or loss.

The reconciliation contains activities and other operations that by definition do not constitute segments. It also includes the unallocated Group financing activities. Consolidation adjustments between the segments are also contained in the reconciliation.

As a matter of principle, business relationships between the companies within the segments of the Volkswagen Group are transacted at arm's length prices.

REPORTING SEGMENTS: Q1–3 2013

€ million	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	108,720	18,698	2,739	15,166	145,323	349	145,673
Intersegment sales revenue	7,430	3,881	3	1,336	12,650	−12,650	–
Total sales revenue	116,150	22,579	2,742	16,502	157,973	−12,301	145,673
Segment profit or loss (operating profit or loss)	7,907	692	−302	1,333	9,629	−1,071	8,557

REPORTING SEGMENTS: Q1–3 2014

€ million	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	110,190	18,046	2,639	16,491	147,367	351	147,718
Intersegment sales revenue	9,612	3,779	3	1,608	15,002	−15,002	–
Total sales revenue	119,802	21,825	2,642	18,099	162,369	−14,650	147,718
Segment profit or loss (operating profit or loss)	8,368	662	23	1,436	10,489	−1,074	9,416

RECONCILIATION

	Q1–3	
€ million	2014	2013
Segment profit or loss (operating profit or loss)	**10,489**	**9,629**
Unallocated activities	104	100
Group financing	−11	−11
Consolidation	−1,167	−1,161
Operating profit	**9,416**	**8,557**
Financial result	**2,075**	**842**
Consolidated profit before tax	**11,490**	**9,399**

14. Related party disclosures

At 50.73%, Porsche SE holds the majority of the voting rights in Volkswagen AG.

The creation of rights of appointment for the State of Lower Saxony was resolved at the Extraordinary General Meeting of Volkswagen AG on December 3, 2009. As a result, Porsche SE can no longer appoint the majority of the members of Volkswagen AG's Supervisory Board for as long as the State of Lower Saxony holds at least 15% of Volkswagen AG's ordinary shares. However, Porsche SE continues to have the power to participate in the operating policy decisions of the Volkswagen Group.

	SUPPLIES AND SERVICES RENDERED Q1–3		SUPPLIES AND SERVICES RECEIVED Q1–3	
€ million	2014	2013	2014	2013
Porsche SE	14	7	5	10
Supervisory Board members	5	1	3	2
Unconsolidated subsidiaries	690	587	477	451
Joint ventures and their majority interests	12,842	10,107	902	903
Associates and their majority interests	135	200	284	218
State of Lower Saxony, its majority interests and joint ventures	4	6	2	1

	RECEIVABLES (INCL. COLLATERAL RECEIVED) FROM		LIABILITIES (INCL. OBLIGATIONS) TO	
€ million	Sept. 30, 2014	Dec. 31, 2013	Sept. 30, 2014	Dec. 31, 2013
Porsche SE	354	361	215	419
Supervisory Board members	0	0	209	165
Unconsolidated subsidiaries	554	1,172	575	587
Joint ventures and their majority interests	6,305	5,758	2,197	2,064
Associates and their majority interests	53	26	109	73
State of Lower Saxony, its majority interests and joint ventures	0	2	1	0

The supplies and services received from joint ventures and associates in the first nine months do not include resolved dividend distributions amounting to €2,939 million (previous year: €2,774 million).

The receivables from Porsche SE comprise a receivable under a loan agreement and receivables from land transfer taxes. The obligations to Porsche SE consist mainly of term deposits and interest payable.

Obligations to members of the Supervisory Board relate primarily to interest-bearing bank balances of Supervisory Board members amounting to €206 million that were invested at standard market terms and conditions at Volkswagen Group companies.

Obligations to joint ventures contain miscellaneous financial obligations under an irrevocable credit commitment in the amount of €1.3 billion to LeasePlan Corporation N.V., Amsterdam, the Netherlands, a Volkswagen Group joint venture, with a term until December 2015.

15. Litigation

Volkswagen AG's Annual Report for fiscal year 2013 contains detailed information on litigation and other legal proceedings. The antitrust proceedings opened in 2011 by the Korean Fair Trade Commission against several truck manufacturers, including local subsidiaries of MAN and Scania, were brought to a close at the end of fiscal year 2013 with decisions to impose administrative fines on all manufacturers involved. MAN and Scania have lodged appeals at the competent court against the administrative fines imposed on them.

There have been no other significant changes since the publication of the 2013 Annual Report.

16. Contingent assets and liabilities

There were no significant changes as of September 30, 2014 in the contingent assets and liabilities described in the 2013 Annual Report.

17. Other financial obligations

The other financial obligations increased by €4,384 million compared with the 2013 consolidated financial statements to €28,754 million, due in particular to an increase in purchase commitments for items of property, plant and equipment, and intangible assets, because of initiated or planned investment projects.

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, AUDI AG, MAN SE and RENK AG are permanently available on the Internet at www.volkswagenag.com/ir, www.audi.com/cgk-declaration, www.corporate.man.eu/en and www.renk.biz/corporated-governance.html respectively.

Significant events after the balance sheet date

There were no significant events after the end of the first nine months of 2014.

Wolfsburg, October 30, 2014

Volkswagen Aktiengesellschaft

The Board of Management

Review Report

This report was originally prepared in German. In case of ambiguities the German version shall prevail:

Review Report

To VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg

We have reviewed the condensed consolidated interim financial statements – comprising the condensed income statement and condensed statement of comprehensive income, condensed balance sheet, condensed statement of changes in equity, condensed cash flow statement and selected explanatory notes – and the interim Group management report of VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, for the period from January 1 to September 30, 2014, which are part of the quarterly financial report pursuant to § (Article) 37x Abs. (paragraph) 3 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to interim financial reporting, as adopted by the EU, and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports is the responsibility of the parent Company's Board of Management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim Group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting, as adopted by the EU, and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting, as adopted by the EU, nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports.

Hanover, October 30, 2014

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Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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