VOLKSWAGEN

AKTIENGESELLSCHAFT

Interim Report

January - September

2015

Key Figures

VOLKSWAGEN GROUP

Volume Data[1]	Q3 2015	Q3 2014	%	Q1–3 2015	Q1–3 2014	%
Deliveries to customers ('000 units)	2,392	2,476	–3.4	7,431	7,542	–1.5
of which: in Germany	303	302	+ 0.2	971	929	+ 4.6
abroad	2,089	2,174	–3.9	6,460	6,613	–2.3
Vehicle sales ('000 units)	2,350	2,439	–3.7	7,440	7,646	–2.7
of which: in Germany	300	295	+ 1.8	968	938	+ 3.2
abroad	2,050	2,144	–4.4	6,472	6,708	–3.5
Production ('000 units)	2,125	2,404	–11.6	7,438	7,638	–2.6
of which: in Germany	634	585	+ 8.4	2,029	1,898	+ 6.9
abroad	1,491	1,819	–18.1	5,410	5,740	–5.8
Employees ('000 on Sept. 30, 2015/Dec. 31, 2014)				613.9	592.6	+ 3.6
of which: in Germany				278.2	271.0	+ 2.6
abroad				335.7	321.5	+ 4.4

Financial Data (IFRSs), € million	Q3 2015	Q3 2014	%	Q1–3 2015	Q1–3 2014	%
Sales revenue	51,487	48,910	+ 5.3	160,263	147,718	+ 8.5
Operating profit before special items	3,206	3,230	–0.7	10,197	9,416	+ 8.3
as a percentage of sales revenue	6.2	6.6		6.4	6.4	
Special items	–6,685	–	x	–6,855	–	x
Operating profit	–3,479	3,230	x	3,342	9,416	–64.5
as a percentage of sales revenue	–6.8	6.6		2.1	6.4	
Profit before tax	–2,522	3,713	x	5,142	11,490	–55.2
as a percentage of sales revenue	–4.9	7.6		3.2	7.8	
Profit after tax	–1,673	2,971	x	3,990	8,687	–54.1
Profit attributable to Volkswagen AG shareholders	–1,731	2,928	x	3,827	8,509	–55.0
Cash flows from operating activities	5,121	5,171	–1.0	12,887	8,515	+ 51.3
Cash flows from investing activities attributable to operating activities	600	3,908	–84.6	7,593	10,144	–25.1
Automotive Division[2]						
EBITDA[3]	–390	5,794	x	11,470	16,746	–31.5
Cash flows from operating activities	7,420	6,556	+ 13.2	18,973	14,942	+ 27.0
Cash flows from investing activities attributable to operating activities[4]	459	3,929	–88.3	7,220	9,398	–23.2
of which: capex	2,688	2,904	–7.4	7,340	6,482	+ 13.2
as a percentage of sales revenue	6.1	6.8		5.3	5.0	
capitalized development costs[5]	1,122	1,003	+ 11.8	3,292	3,399	–3.2
as a percentage of sales revenue	2.5	2.4		2.4	2.6	
Net cash flow	6,962	2,627	x	11,753	5,544	x
Net liquidity at September 30				27,755	16,785	+ 65.4

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. 2014 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 €3,573 million (€3,845 million), Q1–3 €10,246 million (€9,694 million).
5 See table on page 38.

Key Facts

- **Volkswagen Group admits irregularities in the software used for certain diesel engines and launches internal and external investigations**
- **Initial exceptional charges of €6.7 billion recognized for diesel issue; earnings targets for 2015 to be adjusted**
- **Volkswagen Group deliveries to customers amount to 7.4 million (7.5 million) vehicles; declines in South America, Asia Pacific and Eastern Europe – higher demand in Western Europe in particular**
- **Group sales revenue up 8.5% on the prior-year figure at €160.3 billion; positive impact from exchange rate effects**
- **Operating profit of €3.3 billion (€9.4 billion); special items attributable to diesel issue in the area of passenger cars and restructuring measures (€0.2 billion) in the area of commercial vehicles**
- **Operating profit before special items rises by €0.8 billion to €10.2 billion**
- **Earnings before tax amount to €5.1 billion (€11.5 billion); equity-accounted profit of the Chinese joint ventures level year-on-year**
- **Cash flows from operating activities in the Automotive Division up €4.0 billion to €19.0 billion; ratio of investments in property, plant and equipment (capex) to sales revenue is 5.3% (5.0%)**
- **Net liquidity in the Automotive Division at €27.8 billion; successful placement of hybrid notes and sale of Suzuki shares strengthen Automotive Division's capital base**
- **Fascinating new models:**
  - **Volkswagen Passenger Cars celebrates the world premiere of the new Tiguan, the Group's first SUV based on the Modular Transverse Toolkit, at the IAA in Frankfurt**
  - **Audi unveils the new A4; the Audi e-tron quattro concept is the brand's first SUV with a purely electric drive**
  - **ŠKODA presents its spaciously elegant Superb Combi in Frankfurt**
  - **The SEAT Leon Cross Sport show car combines dynamic power and rugged looks**
  - **The Bentley Bentayga is the Group's first luxury-class SUV**
  - **Porsche debuts the new high-performance 911 Carrera; the Mission E concept car offers a sports car with an electric drive that is fully suited to everyday use**
  - **Lamborghini unveils the Huracán LP 610-4 Spyder**
  - **Volkswagen Commercial Vehicles showcases the offroad concept version of the new Multivan PanAmericana.**

Key Events

MOTOR SHOWS AND EVENTS

The Volkswagen Group brands presented their new products at a series of motor shows and events in the third quarter of 2015.

International Motor Show (IAA)

Volkswagen presented numerous new innovative models at the 66th International Motor Show (IAA) in Frankfurt am Main in September 2015. At the Volkswagen Group Night on the eve of the show, the Group also announced a further 20 electric and plug-in hybrid vehicles by 2020. New vehicle development is focusing on both electric traction and the digital future.

The highlight at the Volkswagen Passenger Cars stand was the presentation of the new Tiguan, the top-selling SUV in Germany. The second generation of the bestseller is the Volkswagen Group's first SUV to be based on the Modular Transverse Toolkit (MQB) and was on show in Frankfurt in three versions: Offroad, Onroad and R-Line. Compared to its predecessor, the new generation features a sportier and more dynamically proportioned body. The weight has been reduced by more than 50 kg. Boot space has been increased by 145 l to 1,655 l with the rear backrests folded down. The engines have also been given an efficiency boost. A wide range of eight Euro 6 engines is available. These produce between 85 kW (115 PS) and 176 kW (240 PS) and consume up to 24% less fuel than the previous generation. Front Assist with City Emergency Brake and Pedestrian Detection, Lane Assist and Automatic Post-Collision Braking System are fitted as standard. The vehicle takes online services to a new level. These include automatic accident notification, online traffic and parking space information and the vehicle health report. App-Connect and Media Control enable users to integrate smartphones and tablets into the infotainment system's functions. The Tiguan GTE – a study with a plug-in hybrid drive and system power output of 160 kW (218 PS) – gave an insight into the future development of the top-selling SUV. The Volkswagen Passenger Cars brand also presented the revised Golf Cabriolet. On the outside, the new model boasts sporty front and rear bumpers and distinctive side skirts. The interior features new seat designs and a new-generation steering wheel. An improved range of engines and innovative infotainment functions round off the vehicle. Also on display in Frankfurt were the sporty Golf Sportsvan R-Line and the limited special edition Polo Original model celebrating the Polo's fortieth birthday.

The Audi brand presented the following themes to IAA visitors in a dedicated building: Audi Sport, quattro, Audi Technologies and Audi ultra. The centerpiece was the brand's best-selling Audi A4 model. Like its predecessors, the new generation is available in Saloon and Avant models and is the first to integrate many of the technical highlights presented into a series vehicle: Matrix LED headlights, Adaptive Cruise Control with stop & go function including Traffic Jam Assist, the Audi virtual cockpit and a 3D sound system from Bang&Olufsen. The new A4, which is up to 120 kg lighter than the previous version, is the first vehicle to feature the highly efficient 2.0 TFSI ultra engine, which has a power output of 140 kW (190 PS). The petrol engine uses an innovative combustion method and is developed based on the "rightsizing" principle, i.e. the optimum combination of vehicle class, capacity, power output, torque and efficiency in everyday driving conditions. The most powerful member of the A4 family celebrated its world premiere in Frankfurt: the Audi S4 with 260 kW (354 PS). Audi also debuted its Audi e-tron quattro concept, giving visitors a detailed look at the brand's first mass-series vehicle with pure electric drive. Three electric motors in the SUV show car provide a total system power output of 320 kW (435 PS). With the overboost function, the driver can mobilize as much as 370 kW (503 PS) and maximum torque of over 800 Nm for short periods. Thanks to the latest battery technology, optimal integration of the battery into the vehicle and good aerodynamics, the Audi e-tron quattro concept can cover more than 500 km on a single battery charge.

The ŠKODA brand presented the new Superb Combi at a motor show for the first time. The dynamic and elegant mid-range estate is based on the Modular Transverse Toolkit (MQB) and combines exciting design with innovative technology and spaciousness. In terms of comfort, the all-rounder scores with Adaptive Dynamic Chassis Control (DCC). The infotainment system automatically connects with smartphones, enabling many functions to be used on the vehicle display. The Superb Combi impresses with a wealth of assistance systems fitted as standard, including Front Assist with City Emergency Brake, Multi Collision Brake and Tyre Pressure Monitoring System, as well as optional systems such as Adaptive Cruise Control and Lane Assist. The Superb SportLine on show for the first time set a decidedly sporty note and will be available in saloon and estate versions. Its special features include black alloy wheels, tinted rear windows, lowered sports suspension and exclusive sport seats. The Superb GreenLine makes a strong statement in terms of fuel consumption and emissions. Equipped with a 1.6 l TDI engine generating 88 kW (120 PS), the saloon covers 100 km on 3.7 l of fuel. CO_2 emissions are 95 g per km. ŠKODA rounded off its appearance at the motor show with the world premiere of the sporty Rapid Monte Carlo, the robust Rapid Spaceback ScoutLine, the Octavia RS 230 powerhouse and the Fabia R5 Combi show car.

At the SEAT brand's stand at the motor show, the Leon Cross Sport study proved a particular draw. The off-roader with coupé styling was on show for the first time. It combines the performance of a compact sports car with the versatility of a vehicle with all-wheel drive, making it a perfect fit for the Spanish brand and a young, diverse lifestyle. The vehicle features the latest infotainment system with online access as well as a wealth of assistance and safety systems. Other SEAT models were on display in Frankfurt alongside the show car. The 141 kW (192 PS) Ibiza CUPRA completes the popular Ibiza family. The limited version Mii by Mango was created in cooperation with the Spanish fashion company Mango and is equipped with exclusive accessories. The CONNECT models available across all series offer excellent connectivity and come with a smartphone included.

The world premiere of the new Bentayga series was the highlight of the Bentley brand's motor show appearance. The Bentayga is the Volkswagen Group's first luxury SUV and propels the SUV segment into new territory. It has a 12-cylinder TSI engine under the bonnet with 447 kW (608 PS) and 900 Nm of torque, giving the Bentayga a top speed of 301 km/h. The driver can choose from eight different modes depending on the terrain. On rough surfaces, the vehicle can automatically minimize roll using Bentley Dynamic Ride technology.

Porsche presented the successor of the 911 Carrera at the IAA. The Carrera has decades of history as a much-loved sports car and now features new turbocharged engines, optimized suspension and a completely new Porsche Communication Management system with online navigation. The three-liter Boxer engine generates 272 kW (370 PS) in the 911 Carrera, which is boosted to 309 kW (420 PS) in the 911 Carrera S version, thanks in part to an improved turbocharger. The new Carrera also has significantly increased torque while substantially lowering fuel consumption. Alongside the 911 Carrera, the Mission E concept study – unveiled for the first time– shows Porsche's vision of the electric sports car of the future. The four-door car with four-wheel drive features an exciting design and develops a total power output of more than 440 kW (600 PS) which offers the familiar Porsche driving dynamics. The Mission E has a range of more than 500 km. Thanks to Porsche's innovative Turbo Charging system, recharging the battery takes only slightly longer than a typical refueling stop today. The car can cover approximately 80% of its full range after little more than 15 minutes at a high-speed charging station.

Lamborghini presented the Huracán LP 610-4 Spyder in Frankfurt, the open-top version of the Huracán coupé. The luxurious comfort and purist, dynamic design make the Huracán convertible an iconic Lamborghini in its own right. The lightweight, electrohydraulic soft top can open or close in just 17 seconds and gives the Spyder a distinctive presence whether up or down. The 5.2 l V10 engine generates 449 kW (610 PS) and accelerates the super-sports car from 0 to 100 km/h in 3.4 seconds. Fuel consumption and emissions have been reduced by 14% compared to its predecessor, the Gallardo Spyder.

Bugatti celebrated the world premiere of its Vision Gran Turismo show car, where racing tradition meets the latest motor sport technology. The two-tone paintwork of light blue on dark blue exposed carbon is an homage to the 1937 Le Mans winner, the 57 G Tank.

Volkswagen Commercial Vehicles offered IAA visitors no fewer than two world premieres: the Multivan PanAmericana study and the new Caddy Alltrack. The Multivan PanAmericana combines the comfort of the sixth-generation Multivan with the off-road capabilities of an SUV, thanks to its 4MOTION permanent four-wheel drive system. The new Caddy Alltrack with off-road styling is based on the fourth-generation model and underscores its off-road credentials with black trim. Hill Start Assist comes as standard. The 4MOTION four-wheel drive is optional.

Caravan Salon Düsseldorf

Volkswagen Commercial Vehicles presented the new California, the best-selling motor home in its class, at the Caravan Salon in Düsseldorf. Equipped with innovative driver assistance systems, modern infotainment and an adaptive suspension, the new California makes traveling even safer, more comfortable and more fun than its predecessor. Powered by the new generation of TDI engines with BlueMotion Technology as standard, the California is more efficient than ever. Customers are impressed: the specialist journals "Reisemobil International" and "CamperVans" presented the new California with the "König Kunde Award 2015".

AWARDS

The Volkswagen and ŠKODA brands won several awards in the international brand and design competition "Automotive Brand Contest 2015" organized by the German Design Council. The Sport Coupé Concept GTE, the interior of the Passat series model and the ŠKODA Superb each won the top rating "Best of Best" in their respective categories. The "Special Mention" went to the Golf GTE in the Exterior Volume Brand category. Four further Volkswagen brand models received recognition as "Winners". The ŠKODA AUTO Deutschland publications "extratour", "Zeitung für ŠKODA Freunde" and "extraflotte" were well received in the Corporate Publishing category. The independent German Design Council is one of the world's leading centers of expertise for communication and knowledge transfer. The international expert jury for this year's competition comprised representatives from the media, the world of design, brand communication and academia. With eleven different award categories and four special categories, the competition covers the complete spectrum of design. The focus is on an integrated and consistent presentation of the brand across all media and products.

The new Touran from the Volkswagen Passenger Cars brand was awarded the maximum rating of five stars in the independent European NCAP safety tests. The overall safety rating is derived from the results in four categories: adult and child occupant protection, pedestrian protection and safety assist technologies. The Euro NCAP has been one of the most important benchmarks for vehicle safety in Europe since 1997.

No fewer than three Volkswagen Group brands won awards in the customer satisfaction survey by the market research company J.D. Power. The German survey by the renowned company saw wins for the up! from the Volkswagen Passenger Cars brand in the city car segment, the ŠKODA Fabia in the small car segment and the ŠKODA Superb in the midsize car segment. The results of the survey are based on an online survey of more than 14,000 vehicle keepers on their experiences with their vehicle over the past two years. Vehicle users reported the number of problems and weighted these according to their impact on satisfaction. The Porsche models Macan, Cayenne and Cayman took top place in their respective segments in the survey of US customers. Porsche was voted the most attractive brand in the survey for the eleventh time in a row. The US survey questioned some 84,000 owners of new vehicles registered between November 2014 and February 2015. Aspects such as driving dynamics, design, suitability for everyday use and comfort were examined based on 77 attributes in ten categories.

The specialist journal "AUTO TEST" chose the Golf Sportsvan from the Volkswagen Passenger Cars brand as its overall winner in 2015. Its sporty proportions and spacious, adjustable interior were among the qualities that impressed the editors. The ŠKODA Octavia Combi received the highest total number of points in the imported vehicles category. Volkswagen Group vehicles came out on top against some 500 competitors across all classes. In their tests, the editors considered criteria such as acceleration, braking distance, fuel consumption, vehicle quality, safety and operating costs.

No fewer than seven vehicles from three Volkswagen Group brands were crowned "family car of the year 2015" in the annual readers' prizes awarded by the specialist journal "AUTOStraßenverkehr" and "ELTERN" magazine. The Golf Sportsvan, Touran and Sharan from the Volkswagen Passenger Cars brand each received awards in their respective price categories. Three ŠKODA brand models also took first place: for cars up to €15,000, the ŠKODA Fabia Combi came top in the overall rating and imported vehicles category, while the ŠKODA Octavia Combi and ŠKODA Superb Combi were the best imported vehicles in their respective price categories. The Multivan from the Volkswagen Commercial Vehicles brand impressed readers in the up to €30,000 category. The competition sees readers and website users choose their favorites from a catalog of 150 vans, estate cars and SUVs with boot space of at least 400 liters. The vehicles are divided into seven price categories.

Audi proved the most successful brand in the "Auto connect Trophy 2015" readers' award presented by the "Auto Zeitung" magazine in cooperation with "connect" magazine. Audi took first place in all ten categories in which one of its systems was entered. The Audi Multi Media Interface (MMI) touch, for example, was voted the best control and display system. The Audi Q7 was chosen as the best networked vehicle, taking more than 40% of all votes.

PRODUCTION MILESTONE

Late July 2015 saw the eleven millionth vehicle roll off the production line at Volkswagen's Emden plant since the facility opened in 1964. The plant has been the main production location for the Passat since the mid-1970s and has developed into the region's largest industrial employers.

LOCATIONS

In September 2015, Volkswagen became the first foreign automobile manufacturer to open its own engine plant in Russia. The plant is located in Kaluga in direct proximity to the vehicle production facilities. Some 400 new jobs have been created in the region. The plant has an annual capacity of 150,000 units. The petrol engines are used in the Polo and ŠKODA Rapid models, as well as the Jetta and ŠKODA's Octavia and Yeti.

In July 2015, the Audi brand celebrated the topping out of a new paint shop at the company's base in Ingolstadt. The paint shop is due to begin operation in June 2016 and will use new technology to ensure optimum coating. It will also boast environmentally friendly features such as waste air purification. It is here that the series car bodies for the new Audi A4 will be painted.

The ŠKODA brand is boosting its development expertise and expanding the engine center it opened in Mlada Boleslav in 2014. ŠKODA is adding a new facility to measure emissions from vehicles with petrol and diesel engines and alternative drives. The aim of this measure is to continually reduce the fuel consumption and emissions of the new ŠKODA models as part of the brand's growth strategy. The opening of the new facility is planned for the second half of 2016.

The MAN brand began construction of a new cab paint shop at its Munich plant in September 2015. The benefits of the modern facility include not only the extremely efficient painting process, but among other things also innovative and resource-saving technologies that help to reduce energy consumption and emissions. The opening is planned for late 2017.

PARTNERSHIPS

In August 2015, AUDI AG, BMW Group and Daimler AG signed an agreement with Nokia Corporation to acquire Nokia's HERE maps and location services business. The move aims to make HERE's products and services available for the long term in the form of an open, independent and value-creating platform for cloud-based maps and mobility services. HERE's digital maps form the basis for the next generation of mobility and location services. These are the foundation for new assistance systems, all the way through to fully automated driving. Highly accurate digital maps are integrated with real-time vehicle data to increase road safety and enable innovative products and services. The three parties have each acquired an equal interest in HERE. AUDI AG's share of the purchase price will amount to approximately €0.85 billion. Pending approval by the competent antitrust authorities, the transaction is expected to close in the next six months.

In September 2015, Volkswagen AG, Allianz SE, BASF SE and Bayer AG announced their plan to create the German cybersecurity organization, DCSO. The company aims to serve as a competence center, accumulate specialist knowledge on cybersecurity and become the preferred service provider in this field to German business. Early warning systems and security audits, for example, are to help German companies improve the security architecture of their IT systems. It is hoped that close exchange of information with the Federal Ministry of the Interior (BMI) and the Federal Office for Information Security (BSI) will help compile an anonymized status report on national cybersecurity. Each of the four founding companies will hold a 25% stake in DCSO. Profits are to be reinvested in research and development and in strategic projects.

SALE OF SUZUKI SHARES

On August 29, 2015, an arbitration ruling was delivered to the parties in the proceedings between Suzuki Motor Corporation and Volkswagen AG. It found that Volkswagen had acted in accordance with the agreement. The arbitration court also confirmed that Suzuki was in breach of contract and, on the merits of this case, acknowledged that Volkswagen had a claim to damages. In addition, the arbitration court established that the parties had the right to give regular notice to terminate the cooperation agreement. It said that Suzuki had exercised this right, ending the partnership. According to the court, the agreements had to be interpreted in such a way that Volkswagen had to sell its equity investment in Suzuki on termination of the partnership. Volkswagen consequently sold its 19.9% equity investment in Suzuki to Suzuki on September 17, 2015 at the quoted market price of €3.1 billion. The sale of the shares generated income in the amount of €1.5 billion, which was recognized in the other financial result. Porsche Automobil Holding SE reached an agreement with Suzuki Motor Corporation in late September 2015 to acquire 1.5% of the ordinary shares of Volkswagen AG in an off-market transaction. This increased Porsche SE's share in the subscribed capital of Volkswagen AG to 32.4% at the time of acquisition.

SETTLEMENT WITH NONCONTROLLING INTEREST SHAREHOLDERS OF MAN SE

In the award proceedings regarding the appropriateness of the cash settlement to be paid to the noncontrolling interest shareholders of MAN SE, the Munich Regional Court ruled in the first instance at the end of July 2015 that the settlement payable to the shareholders should be increased from €80.89 to €90.29 per share. Both Volkswagen and a number of the applicants have appealed to the Higher Regional Court in Munich.

IRREGULARITIES IN THE SOFTWARE USED IN PARTICULAR VOLKSWAGEN GROUP DIESEL ENGINES

In September 2015, the California Air Resources Board (CARB) and the US Environmental Protection Agency (EPA) publicly announced that irregularities in relation to nitrogen oxide emissions had been discovered in emissions tests on vehicles with Volkswagen Group diesel engines and that violations of US environmental laws had occurred as a result.

In a statement issued on September 22, the Volkswagen Group announced that there are discrepancies in around 11 million vehicles worldwide with type EA 189 diesel engines. A difference between the figures achieved in testing and in real-life vehicle operation has been identified for this engine type. The difference is attributable to the engine management software. The vehicles remain technically safe and legal to drive.

Volkswagen is cooperating openly and fully with the responsible authorities in the US to clarify the matter completely, quickly and transparently. To this end, the company has ordered both an internal and an external investigation. The impartial investigation and full clarification of the issue involves lawyers in Germany and the US. The company has also filed a criminal complaint with the responsible public prosecutor's office in Braunschweig. In addition, the Supervisory Board of Volkswagen AG has formed a special committee to investigate the issue. The committee will report regularly to the Supervisory Board.

Volkswagen is working hard to resolve the irregularities with technical measures. The company is in contact with the responsible authorities and the Kraftfahrtbundesamt (German Federal Motor Transport Authority). Volkswagen presented a timetable and an action plan in early October 2015. Rectification of the vehicles is scheduled to begin in January 2016. This will be free of charge to customers. The technical solutions will cover software and in some cases hardware modifications, depending on the series and model year. The German Federal Motor Transport Authority ordered a recall of the affected vehicles in Germany in mid-October.

Risk provisions totaling €6.7 billion were recognized and charged to operating profit in the third quarter of 2015, primarily to cover the planned measures. In addition, legal risks exist in connection with the diesel issue that cannot be assessed at present. The ongoing investigations mean that assessment of the circumstances is subject to estimation risk. In particular, considerable financial charges may be incurred as the legal risks crystallize. The Group's earnings targets for 2015 have been adjusted, planned investments are being re-examined and the ongoing efficiency programs intensified.

RATINGS AND RANKINGS

As a result of the irregularities in the software used for certain diesel engines from the Volkswagen Group, rating agency Moody's Investor Services downgraded the outlook for Volkswagen AG and its subsidiaries from stable to negative on September 24, 2015.

Also in this connection, Standard & Poor's downgraded the short- and long-term ratings for Volkswagen AG, Volkswagen Financial Services AG and Volkswagen Bank GmbH by one notch each on October 12, 2015, to A–2 and A– respectively. Additionally, the long-term ratings for Volkswagen AG and Volkswagen Financial Services AG are on the watch list for a further potential downgrade. The outlook for Volkswagen Bank GmbH was changed to negative.

In sustainability rankings and indices such as the Dow Jones Sustainability Indices, CDP Carbon Disclosure Project, Sustainalytics and Oekom, where we held top positions before the diesel issue, Volkswagen's ratings have been downgraded or removed.

COMMERCIAL VEHICLES/POWER ENGINEERING IN DOW JONES SUSTAINABILITY INDICES

In its annual review of its sustainability rankings, the Swiss rating agency RobecoSAM selected MAN for listing in the Dow Jones Sustainability Index (DJSI) World and the DJSI Europe in the "Machinery and Electrical Equipment" sector. MAN is the only German company to be represented in both indices for the fourth consecutive year.

RESTRUCTURING AT VOLKSWAGEN GROUP

At its meeting on September 25, 2015, the Supervisory Board of Volkswagen AG passed resolutions for a restructuring of the Company. The Group and its brands are to have a new management structure, which will be implemented from the beginning of 2016. This is unconnected to the diesel issue. The main changes are as follows:

At Group level, the management structure will be based even more consistently on the modular toolkit system. Volkswagen Passenger Cars will be grouped with SEAT and ŠKODA as the volume brands, Audi, Lamborghini and Ducati will form a brand group and Porsche will be in a brand group with Bentley and Bugatti. The commercial vehicles holding will remain in place, as will the Power Engineering and Financial Services business areas.

In addition, Group functions will concentrate more closely on efficiency and topics for the future. Organizational units will be set up, among others, for Group product strategy, new business fields, partnerships and equity investments as well as for connected car technology and CO_2 management. Furthermore, a Chief Technology Officer will analyze and, if necessary, co-steer technical developments throughout the Group.

At the same time, existing corporate bodies, structures and processes will be streamlined at Group level, in particular by strengthening the individual brands and regional accountability. Responsibility for production in the Group Board of Management will be discontinued as responsibility moves to the brands and regions.

BOARD OF MANAGEMENT AND SUPERVISORY BOARD MATTERS

The Chairman of the Board of Management of Volkswagen AG, Prof. Dr. Martin Winterkorn, has taken responsibility for the irregularities that have emerged in relation to the software used in certain diesel engines. He stepped down on September 25, 2015.

The Supervisory Board of Volkswagen AG appointed Mr. Matthias Müller as the new Chairman of the Board of Management of Volkswagen AG with effect from September 26, 2015. Mr. Müller was already a member of the Group Board of Management in his role as Chairman of the Board of Management of Dr. Ing. h.c. F. Porsche AG.

Mr. Christian Klingler, member of the Board of Management of Volkswagen AG with responsibility for Sales and Marketing as well as member of the brand board of management for Volkswagen Passenger Cars responsible for Sales and Marketing, also stepped down with effect from September 25, 2015. The new Chairman of the Board of Management, Mr. Matthias Müller, will be responsible for Sales at Group level on a temporary basis until further notice.

Mr. Hans Dieter Pötsch was appointed by the court as a replacement member of the Supervisory Board of Volkswagen AG on October 7, 2015. Mr. Pötsch replaces Ms. Julia Kuhn-Piëch, who stepped down from the Supervisory Board with effect from October 1, 2015. At its meeting on October 7, 2015, the Supervisory Board elected Mr. Pötsch as its Chairman with immediate effect.

On October 7, 2015, the Supervisory Board appointed Mr. Frank Witter, previously Chairman of the Board of Management of Volkswagen Financial Services AG, as member of the Board of Management of Volkswagen AG with responsibility for Finance and Controlling, as the successor to Mr. Pötsch.

The Supervisory Board has also extended the contract of Mr. Francisco Javier Garcia Sanz, member of the Board of Management of Volkswagen AG with responsibility for Procurement, for a further five years.

With effect from January 1, 2016, Ms. Christine Hohmann-Dennhardt is to take up a newly created responsibility as member of the Board of Management of Volkswagen AG for Integrity and Legal Affairs.

Volkswagen Shares

In the third quarter of 2015, prices in the international equity markets continued the downward trend of the previous three months. The DAX, too, was impacted by concerns about China's economic slowdown in particular.

The uncertainty regarding the unresolved debt situation in Greece caused prices to fall at the beginning of the third quarter. As July progressed, the agreement on a further rescue package for Greece and the resulting prevention of national bankruptcy shored up prices in an environment dominated by considerable price falls on the Chinese stock markets. The devaluation of the Chinese currency by the central bank and the uncertainty regarding the slower growth of the Chinese economy notably contributed to a decline in prices in August. At the beginning of September prices stabilized temporarily, based on hopes of a key interest rate cut by China's central bank and positive macro data from Europe, before declining once again at the end of the month because of concerns regarding the slight slowdown in global economic growth.

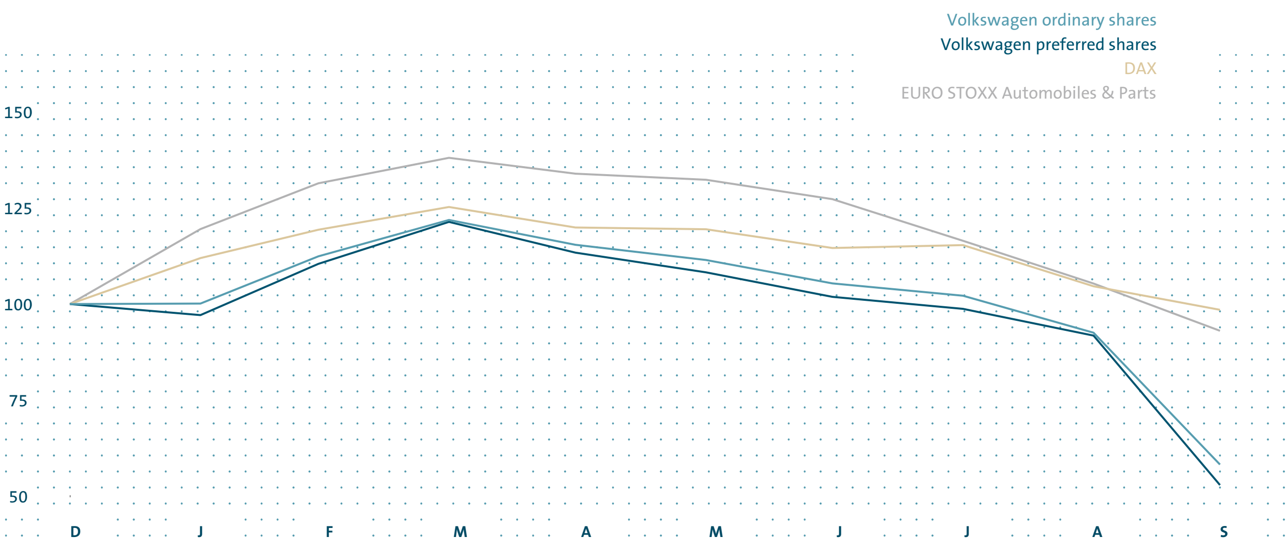
The DAX closed at 9,660 points on September 30, 2015, down 1.5% on the 2014 closing price. The EURO STOXX Automobiles & Parts ended the third quarter of 2015 on 446 points, down 6.9% on the 2014 year-end level.

Volkswagen AG's preferred and ordinary share prices also continued their downward trend in the third quarter of 2015, lagging significantly behind the market. This negative development, which set in at the beginning of July amid price swings, became more pronounced as the reporting period progressed. Investors focusing on the automotive industry were unsettled by weaker economic growth in China, among other factors. The emergence of the news about irregularities in the software used in certain diesel engines and the consequences expected as a result led to a considerable fall in both classes of share in mid-September.

Volkswagen AG's preferred shares recorded their highest daily closing price in the reporting period (€255.20) on March 16, 2015, and with it an all-time high. They hit their lowest closing price on September 29, 2015 (€95.20). The preferred shares ended the period from January to September 2015 at €97.75, down 47.1% on the 2014 closing price. Volkswagen's ordinary shares also reached their highest daily closing price in the first nine months of the year (€247.55) on March 16, 2015. They registered their lowest closing price on September 29, 2015 (€103.30). The ordinary shares recorded a daily closing price of €104.95 on September 30, 2015, down 41.7% on the closing price at the end of 2014.

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 2014 TO SEPTEMBER 2015
Index based on month-end prices: December 31, 2014 = 100



Business Development

GENERAL ECONOMIC DEVELOPMENT

The robust growth in the global economy weakened slightly during the course of 2015. While the pace of growth increased slightly in many industrialized nations, the majority of the emerging economies recorded below-average economic growth. Although the comparatively low energy and raw materials prices had a negative impact on individual countries' economies, their effect on the global economy as a whole was supportive.

Western Europe's economic recovery continued in the reporting period. The Northern European countries saw solid growth and many Southern European countries recorded increasing rates of expansion.

The German economy continued to benefit from positive consumer sentiment and the strong labor market; the pace of growth rose over the course of the year.

Economic growth was also positive in Central Europe in the first nine months of 2015. On the other hand, the conflict between Russia and Ukraine contributed substantially to the recessionary trend in both of these economies and had a negative impact on the situation in Eastern Europe overall. Moreover, falling energy prices hit the oil-producing countries in this region in particular.

Structural deficits and social conflict dominated the situation in South Africa in the year to date; growth remained at around the same level as the previous year.

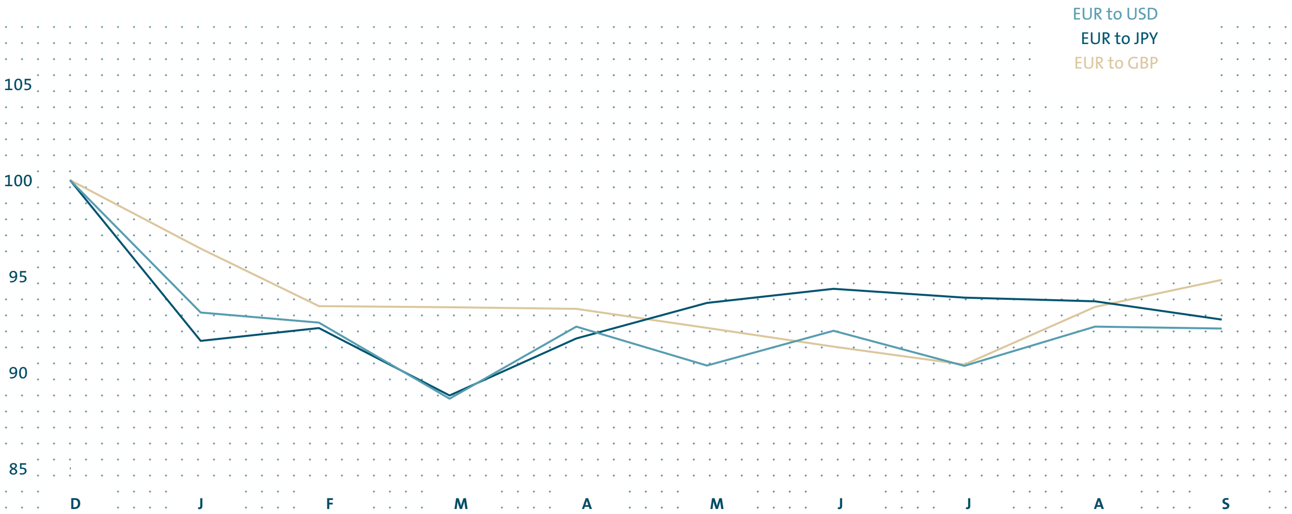
The US economy recorded solid growth on average in the reporting period. The decline in unemployment, continued positive consumer sentiment and the ongoing very loose monetary policy supported the economy. Economic growth in Mexico was positive, with a slight increase in the growth rate compared with the prior-year period.

The situation in Brazil remained tense in the first nine months of 2015. Both the country's weak domestic demand and the low global commodity prices had a negative impact on performance. In the neighboring country of Argentina, economic output increased year-on-year, despite continuing very high inflation.

The comparatively high growth rate recorded in the Chinese economy weakened somewhat in the first three quarters of 2015 as a result of structural changes. The Japanese economy only expanded slightly. The economies in India and the ASEAN region registered predominantly stable growth.

EXCHANGE RATE MOVEMENTS FROM DECEMBER 2014 TO SEPTEMBER 2015

Index based on month-end prices: December 31, 2014 = 100



TRENDS IN THE PASSENGER CAR MARKETS

Global new passenger car registrations were up 2.4% year-on-year in the first nine months of 2015, although trends in demand varied by region. While demand for passenger cars rose in Western and Central Europe, North America and the Asia-Pacific region compared with the prior-year period, the drastic decline in the Eastern European and South American markets continued.

The passenger car market in Western Europe maintained its recovery in the reporting period. However, compared with the corresponding periods in the pre-crisis years up to 2007, the Western European market remains at a low level. The market upswing was mainly due to the improved macroeconomic environment, positive consumer sentiment and low fuel prices, as well as to the replacement demand resulting from this period. In Italy and Spain, new passenger car registrations recorded double-digit growth rates between January and September 2015, with the Spanish market continuing to benefit from government stimulus measures. The upward trend in the United Kingdom and France was comparatively restrained.

More passenger cars were also registered in Germany during the first nine months of 2015. The ongoing recovery was supported by lower fuel prices, low interest rates, positive consumer sentiment and the strong labor market. The increase in new passenger car registrations was limited to business customers, while new registrations for private customers decreased.

Demand for passenger cars in Central and Eastern Europe declined sharply overall in the reporting period. The individual markets registered considerable variations in performance: while Eastern Europe saw a slump in new passenger car registrations, primarily due to the ongoing difficult economic and political situation in Russia and Ukraine, the EU markets in Central Europe grew – the majority even recording double-digit rates of change.

The decline in the South African passenger car market continued in the first nine months of 2015. This was mainly due to weak economic growth, higher interest rates and a deteriorating consumer climate.

In North America, sales from January to September 2015 continued to increase year-on-year. The market volumes for passenger cars and light commercial vehicles (up to 6.35 tonnes) in the USA reached their highest level for a 9-month period in the past ten years. This was attributable in particular to high consumer confidence as well as to a rise in employment and income as well as favorable financing conditions. A decline in sales of passenger car models was offset by stronger growth in the SUV and pickup segments, which benefited from the low fuel prices in particular. Both the Canadian and Mexican automotive markets achieved new record figures in the reporting period.

The South American passenger car markets recorded a significant decline in the first three quarters of 2015. New vehicle registrations in Brazil fell to their lowest level over the past nine years. In addition to the tax increase on industrial products at the beginning of 2015, this was mainly due to the ongoing economic crisis and higher interest rates. The sharp downward trend in the Argentinian passenger car market since the beginning of the year slowed in the course of the reporting period. High passenger car taxation, the persistent shortage of foreign currency and falling real incomes continued to have a negative effect on demand.

In the Asia-Pacific region, the number of new passenger car registrations rose in the first nine months of 2015, although the market has stagnated since June. This was mainly attributable to the passenger car market in China, which cooled off markedly in the course of the reporting period due to the general economic slowdown. The persistently strong demand for attractively priced entry-level models in the SUV segment contributed to the overall increase. The decline in the Japanese passenger car market continued in the third quarter of 2015. In addition to pull-forward effects from the value added tax increase on April 1, 2014, which had a positive impact in the previous year, the tax increase on mini vehicles (up to 660 cc) effective April 1 had a negative effect on demand over the course of 2015. Growth in the Indian passenger car market was supported by a favorable consumer climate, as well as reduced interest rates and low fuel prices.

Passenger car sales in the ASEAN region were down on the prior-year period. This was mainly attributable to the passenger car market in Indonesia, which saw a decline on the back of high inflation and increased borrowing costs, among other factors.

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

Global demand for light commercial vehicles in the period from January to September 2015 was slightly down on the prior-year level.

Economic stabilisation resulted in a marked increase in registrations in Western Europe compared with the previous year.

In Central and Eastern Europe, new registrations of light commercial vehicles in the first three quarters of 2015 were down considerably year-on-year. Russia saw a significant drop in registration volumes due to the political tensions and their impact.

For North America, the light vehicle market is reported as part of the passenger car market, which includes both passenger cars and light commercial vehicles of up to 6.35 tonnes.

Sales in the South American markets in the first nine months of this year were down on the previous year due to the continuing difficult economic conditions. In Brazil and Argentina, the region's largest markets, vehicle sales remained below the prior-year figures.

Demand for light commercial vehicles did not reach the previous year's level in the Asia-Pacific region. The number of new vehicle registrations in China, the region's dominant market, was slightly above the prior-year figure. Demand in India saw a moderate drop compared with the previous year. Sales volumes in Japan were down significantly due to the pull-forward effects in the first quarter of the previous year in anticipation of the value added tax increase on April 1, 2014. In the months from January to September 2015, sales in the ASEAN region were lower than a year earlier.

In the first nine months of 2015, global demand for mid-sized and heavy trucks with a gross weight of more than six tonnes was noticeably down on the previous year.

In Western Europe, higher demand in the United Kingdom, the Netherlands, Spain and Italy – due for the most part to the low prior-year level and supported by positive economic momentum – resulted in an increase in new truck registrations. Registration volumes in Germany, the largest market in Western Europe, matched the previous year's level in the first three quarters of this year.

The number of new vehicle registrations fell significantly in Central and Eastern Europe. This was primarily due to the tense and uncertain political situation, as well as currency weakness and the difficult financing conditions in Russia.

Positive economic developments, underpinned by public and private expenditure in the construction and industrial sector as well as favourable financing conditions, were felt in North America, where demand was up on the previous year.

In the months from January to September 2015, vehicle sales in South America were significantly down on the comparable prior-year figure. In Brazil, the region's largest market, demand was considerably below the prior-year level as a result of declining economic output and more restrictive financing conditions. Argentina saw a slight rise in sales volume in the first nine months of 2015 due to pull-forward effects arising from the introduction of the Euro 5 emission standard from the beginning of 2016.

The number of trucks sold in the Asia-Pacific region (excluding the Chinese market) increased year-on-year. Demand in the Indian market recorded a significant increase due to replacement vehicles in the heavy truck segment, increased spending on infrastructure and a more favourable investment climate. Registrations in the world's largest truck market, China, failed to attain the level of the previous year due to slower economic growth and the pull-forward effects in 2014 from the introduction of the C4 emission standard in China.

Demand for buses, both globally and in the markets that are relevant for the Volkswagen Group, was lower than in the previous year in the period from January to September 2015.

TRENDS IN THE MARKETS FOR POWER ENGINEERING

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

In the first nine months of 2015, the marine market saw a continuation of the muted order activity that had already been noticeable during the course of 2014. Performance in the market segments was mixed in some areas. While demand for tankers, container and cruise ships recorded positive growth, demand for bulk carriers declined. Demand for ships for offshore applications also dropped as a result of the low oil prices. The marine market as a whole declined significantly compared with the prior-year period.

In energy generation, demand for energy solutions remained high, with a strong trend towards greater flexibility and decentralized availability. The shift away from oil-fired power plants towards dual-fuel and gas-fired plants continued. Order placements were delayed, in some cases significantly so, due to continuing muted economic growth in key emerging markets and developing countries, as well as the continuing difficult financing conditions for customers. This affected major projects in particular. Compared with the previous year, the market for energy generation as a whole was stable.

The market for the construction of turbomachinery is mainly dominated by contracts awarded in connection with global investment projects in oil and chemical facilities. Project volumes declined over the course of the year in the oil and gas industry due to the low oil prices, which led to another sharp increase in competitive pressure. Demand for turbomachinery in the processing industry was at a low level overall between January and September 2015, and here, too, competition increased.

Overall, the market for turbomachinery was at a low level, declining significantly compared with the previous year.

DEMAND FOR FINANCIAL SERVICES

Global demand for automotive-related financial services remained high in the first nine months of 2015.

Business with financial services products was buoyed by the good overall performance in Germany and signs of recovery in Western and Central Europe. These offset the negative effects from lower unit sales volumes in Russia and South America.

In the North American region, demand for automotive financial services continued to perform positively and overall was up on the previous year's level.

The South American automotive markets continued to decline, with the downward trend also reflected in sales volumes for financial services products.

Demand for automotive-related financial services continued to perform positively in the Asia-Pacific region, although the growth lost momentum because of China's weakening economy.

In the truck and bus business, demand for financial services products rose year-on-year despite lower overall demand for vehicles in the relevant markets. The significant decline in truck and bus unit sales in South America had a negative impact, particularly in the core Brazilian market. However, this was more than offset by positive business growth in Europe.

VOLKSWAGEN GROUP DELIVERIES

The Volkswagen Group delivered 7,430,794 vehicles to customers in the reporting period, which was slightly down on the previous year. The chart on page 12 shows the changes in deliveries by month. Separate details of deliveries of passenger cars and commercial vehicles are provided in the following.

VOLKSWAGEN GROUP DELIVERIES FROM JANUARY 1 TO SEPTEMBER 30*

	2015	2014	%
Passenger cars	6,980,066	7,075,089	−1.3
Commercial vehicles	450,728	466,698	−3.4
Total	**7,430,794**	**7,541,787**	**−1.5**

* Deliveries for 2014 have been updated to reflect subsequent statistical trends. Includes the Chinese joint ventures.

PASSENGER CAR DELIVERIES WORLDWIDE

The Volkswagen Group delivered 6,980,066 passenger cars to customers in the first three quarters of 2015. This figure was slightly down on the prior year. The market as a whole grew by 2.4% in the same period. The Audi (+3.8%), ŠKODA (+2.2%), Porsche (+27.6%) and Lamborghini (+71.7%) brands recorded new highs in the reporting period. Demand for Volkswagen Group passenger cars grew in Western Europe, Central Europe and North America. Deliveries in the Asia-Pacific region were slightly down on the previous year's level, while in South America and Eastern Europe they were considerably down on the prior-year figures in some cases.

The table on the next page provides an overview of passenger car deliveries to customers by market from January to September 2015.

Below we explain the trends in our sales figures in the individual markets.

Deliveries in Europe/Other markets

The recovery of the passenger car market in Western Europe continued during the reporting period. The Volkswagen Group delivered 6.3% more vehicles to customers here than in the previous year. Our sales figures rose in all major markets in this region. The Golf Sportsvan, Passat and Audi TT models recorded the greatest increases in demand. The Polo, Golf, Tiguan, Audi A3, ŠKODA Octavia and Porsche Macan models also proved very popular, and the Audi Q7 and ŠKODA Superb were successfully launched on the market. The Volkswagen Group's share of the passenger car market in Western Europe amounted to 24.6% (25.0%).

On the growing German passenger car market, we delivered 5.4% more vehicles to customers in the first three quarters of 2015 than in the prior year. The Golf Sportsvan, Passat, Audi TT, Audi Q7 and Porsche Macan models recorded the highest growth rates. Seven Group vehicles led the Kraftfahrtbundesamt (German Federal Motor Transport Authority) registration statistics in their respective segments: the up!, Polo, Golf, Tiguan, Passat, Audi TT and Audi A6. Once again, the Golf was the most popular passenger car in Germany in terms of registrations in the first nine months of 2015.

We handed over 9.0% fewer vehicles to customers in Central and Eastern Europe in the reporting period compared with the previous year. The market as a whole declined by 21.4% during this period. Our sales figures in Russia and Ukraine declined significantly as a result of the difficult economic and political situation in the two countries. In the Czech Republic, Hungary and Romania, meanwhile, we recorded strong growth. Demand for the Golf Sportsvan, Audi Q7, ŠKODA Fabia Combi, ŠKODA Rapid and SEAT Leon ST models increased. The Volkswagen Group increased its market share in this region to 20.1% (17.4%).

We sold fewer vehicles in South Africa's declining passenger car market in the first three quarters of 2015 than in the prior year (–10.8%).

Deliveries in North America

In North America, the number of Volkswagen Group vehicles delivered in the reporting period was up 5.8% year-on-year, giving the Group a market share of 4.5% (4.5%). The Jetta remained the Group's best-selling model in North America.

In the US market, we sold more vehicles in the period from January to September 2015 than in the previous year (+3.2 %). The market as a whole grew by 5.0% in the same period. Especially models in the SUV and pickup segments continued to prove popular with customers. The Group's Golf, Jetta, Passat, Audi A3 Saloon, Audi Q5 and Porsche Cayenne models were in particularly high demand.

Strong momentum in the Mexican market as a whole continued, with demand for the Volkswagen Group's vehicles in the reporting period up 11.4% year-on-year. The Vento, Jetta and SEAT Ibiza were especially popular.

In the Canadian market, which saw slight growth, we sold 10.7% more Group models in the reporting period than in the prior year. Above all the Golf, Audi A3 Saloon and Audi Q3 models saw strong increases in deliveries.

Deliveries in South America

Conditions in the highly competitive South American markets remained challenging in the first three quarters of 2015. Trends here were mixed: while the passenger car market in Brazil declined further, the downward trend eased in Argentina. The Volkswagen Group sold 23.8% fewer vehicles in this period than in the previous year. The Group's share of the passenger car market in this region declined to 16.2% (17.5 %).

In the sharply declining passenger car market in Brazil, demand for Volkswagen Group vehicles fell by 30.9% year-on-year from January to September 2015. The best-selling models were the up!, Fox, Gol, Voyage, Saveiro and Audi A3.

Our sales figures in Argentina continued to recover. The Group delivered 7.8% more vehicles to customers in the reporting period than in the prior year. The most sought-after Group model in Argentina was the Gol.

Deliveries in the Asia-Pacific region

In the Asia-Pacific region, we delivered fewer vehicles to customers from January to September 2015 than in the previous year (–4.2%). The market as a whole grew by 2.6% in the same period, giving us a market share of 12.6% (13.5%).

Momentum in the Chinese passenger car market weakened further in the reporting period. Attractively priced entry-level models in the SUV segment remained highly sought after. Sales of Volkswagen Group models fell by 5.2% compared with the first nine months of 2014. The Lavida, Jetta, Sagitar, Tiguan, Audi Q5, Audi A6, ŠKODA Octavia and Porsche Macan models proved popular. The Lamando and the ŠKODA Fabia were successfully launched on the market.

Our deliveries to customers in Japan fell by 5.2% year-on-year in the first three quarters of 2015. The market as a whole contracted by 10.7% in the same period. The Polo, Passat, Audi A3 and Audi Q3 models saw increased deliveries.

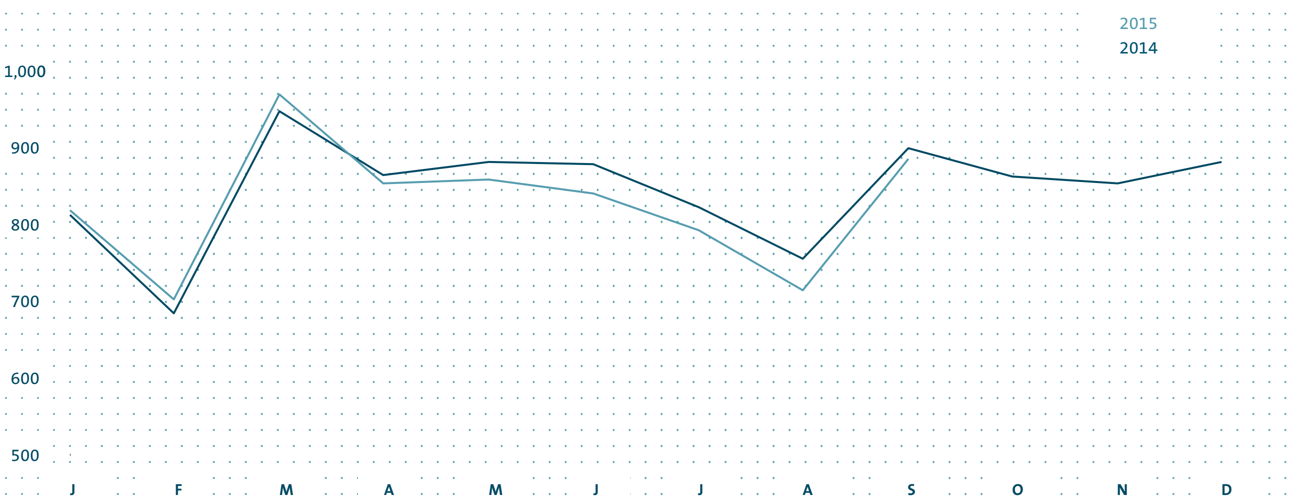
The Indian passenger car market continued to see moderate growth in the reporting period. Volkswagen Group sales in the country were up 7.1% year-on-year. The Polo saw the highest number of deliveries, while the Vento, ŠKODA Rapid and ŠKODA Octavia models were also in high demand.

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

	DELIVERIES (UNITS)		CHANGE
	2015	2014	(%)
Europe/Other markets	**3,052,633**	**2,939,702**	**+ 3.8**
Western Europe	**2,349,681**	**2,210,603**	**+ 6.3**
of which: Germany	867,488	823,411	+ 5.4
United Kingdom	423,972	405,400	+ 4.6
France	191,588	183,955	+ 4.1
Spain	184,141	157,439	+ 17.0
Italy	158,800	145,456	+ 9.2
Central and Eastern Europe	**412,718**	**453,308**	**–9.0**
of which: Russia	120,346	187,273	–35.7
Czech Republic	94,787	75,137	+ 26.2
Poland	77,201	72,852	+ 6.0
Other markets	**290,234**	**275,791**	**+ 5.2**
of which: Turkey	122,082	84,306	+ 44.8
South Africa	68,212	76,430	–10.8
North America	**686,640**	**649,212**	**+ 5.8**
of which: USA	453,518	439,576	+ 3.2
Mexico	152,140	136,511	+ 11.4
Canada	80,982	73,125	+ 10.7
South America	**387,459**	**508,404**	**–23.8**
of which: Brazil	281,063	406,871	–30.9
Argentina	78,610	72,907	+ 7.8
Asia-Pacific	**2,853,334**	**2,977,771**	**–4.2**
of which: China	2,573,561	2,715,138	–5.2
Japan	72,904	76,937	–5.2
India	54,276	50,667	+ 7.1
Worldwide	**6,980,066**	**7,075,089**	**–1.3**
Volkswagen Passenger Cars	4,349,598	4,563,365	–4.7
Audi	1,347,972	1,298,638	+ 3.8
ŠKODA	791,458	774,062	+ 2.2
SEAT	308,384	293,990	+ 4.9
Bentley	6,854	7,786	–12.0
Lamborghini	2,696	1,570	+ 71.7
Porsche	173,085	135,642	+ 27.6
Bugatti	19	36	–47.2

* Deliveries for 2014 have been updated to reflect subsequent statistical trends. Includes the Chinese joint ventures.

VOLKSWAGEN GROUP DELIVERIES BY MONTH
Vehicles in thousands



COMMERCIAL VEHICLE DELIVERIES

The Volkswagen Group delivered a total of 450,728 commercial vehicles worldwide between January and September 2015, 3.4% fewer than in the prior-year period. Of these, 117,449 were trucks (–7.8%) and 11,931 were buses (–17.7%). Volkswagen Commercial Vehicles delivered 321,348 vehicles, a year-on-year decrease of 1.1%. In the reporting period, the Scania brand delivered 54,935 vehicles to customers (–2.2%). In the period between January and September of this year, MAN delivered 74,445 units, which was down 13.1% on the previous year.

In the Western European markets, the economic recovery led to a year-on-year increase of 4.6%, to 272,598 units, in the Volkswagen Group's sales of commercial vehicles in the first three quarters of 2015. Of the vehicles delivered, 212,534 were light commercial vehicles, 56,776 were trucks and 3,288 were buses. The Caddy and the Transporter were the most sought-after Group models.

In Central and Eastern Europe, the Volkswagen Group's commercial vehicle brands delivered 38,907 units (–15.5%) to customers. Of these, 21,777 were light commercial vehicles, 16,539 were trucks and 591 were buses. Particularly strong demand was recorded there for the Caddy and the Transporter. Due to the tense and uncertain political situation, the low oil prices as well as the persistent currency weakness and the difficult financing conditions in Russia, deliveries fell to 6,960 vehicles, a year-on-year decline of 58.3%.

In the Other markets, sales increased by 9.8% to 55,562 units in the first three quarters of 2015; of this figure, 37,707 were light commercial vehicles, 15,919 were trucks and 1,936 were buses.

At 6,471 units, deliveries of commercial vehicles in North America were 9.1% higher than in the previous year. This total included 4,789 light commercial vehicles, 340 trucks and 1,342 buses.

In the South American markets, the Volkswagen Group's commercial vehicle brands sold a total of 52,279 units (–32.9%): 27,698 light commercial vehicles, 21,258 trucks and 3,323 buses. The Amarok was especially sought after. Demand for commercial vehicles in Brazil suffered due to further deterioration in the macroeconomic environment and the more difficult financing conditions. Between January and September 2015, sales fell by 51.4% to 27,524 vehicles.

In the Asia-Pacific region, the Volkswagen Group delivered 24,911 units (–2.4%) to customers, of which 16,843 were light commercial vehicles, 6,617 were trucks and 1,451 were buses. The Amarok and the Transporter were particularly popular there.

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

	DELIVERIES (UNITS)		CHANGE
	2015	2014	(%)
Europe/Other markets	**367,067**	**357,296**	**+ 2.7**
Western Europe	272,598	260,641	+ 4.6
Central and Eastern Europe	38,907	46,042	−15.5
Other markets	55,562	50,613	+ 9.8
North America	**6,471**	**5,932**	**+ 9.1**
South America	**52,279**	**77,948**	**−32.9**
of which: Brazil	27,524	56,683	−51.4
Asia-Pacific	**24,911**	**25,522**	**−2.4**
of which: China	4,673	4,823	−3.1
Worldwide	**450,728**	**466,698**	**−3.4**
Volkswagen Commercial Vehicles	321,348	324,827	−1.1
Scania	54,935	56,193	−2.2
MAN	74,445	85,678	−13.1

* Deliveries for 2014 have been updated to reflect subsequent statistical trends.

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 period from January to September 2015, sales revenue in the Power Engineering segment was largely driven by Engines & Marine Systems and Turbomachinery, which together generated nearly three-quarters of overall sales revenue.

GROUP FINANCIAL SERVICES

The Financial Services Division combines the Volkswagen Group's dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility offerings. The division comprises Volkswagen Financial Services and the financial services activities of Scania, Porsche and Porsche Holding Salzburg.

Demand for the Financial Services Division's products and services remained strong in the months from January to September 2015. A total of 4.2 million new finance, leasing, service and insurance contracts were signed worldwide, 3.3% more than in the same period of the previous year. As of September 30, 2015, the total number of contracts was 13.9 million, up 4.2% on the figure at the end of 2014. The ratio of leased or financed vehicles to Group deliveries (penetration rate) in the Financial Services Division's markets stood at 31.2% at the end of the reporting period (30.4%).

In the Europe/Other markets region, 3.0 million new contracts were signed in the period January to September of this year, an increase of 8.1% on the prior-year figure. On September 30, 2015, the total number of contracts outstanding was 9.9 million, 6.1% more than at the end of 2014. The Customer Financing/Leasing area accounted for 5.3 million contracts (+3.0%).

The number of contracts in North America amounted to 2.0 million at the end of the reporting period, down 2.7% on the figure recorded on December 31, 2014. This included 1.7 million contracts in the Customer Financing/Leasing area, an increase of 5.7% compared with the end of 2014. In the first three quarters of 2015, the number of new contracts signed declined by 1.3% year-on-year to 604 thousand.

In South America, 198 thousand new contracts were signed (–10.9%). The total number of contracts as of September 30, 2015 was 783 thousand, 5.4% fewer than at the end of 2014. The contracts mainly related to the Customer Financing/Leasing area.

In the period from January to September 2015, the number of new contracts signed in the Asia-Pacific region declined by 13.5% year-on-year to 378 thousand. The total number of contracts amounted to 1.2 million at the end of the reporting period, up 8.0% on the figure recorded on December 31, 2014. This included 956 thousand contracts in the Customer Financing/Leasing area, an increase of 10.9% compared with the end of 2014.

SALES TO THE DEALER ORGANIZATION

From January to September 2015, the Volkswagen Group's unit sales to the dealer organization (including the Chinese joint ventures) amounted to 7,439,879 vehicles, a decline of 2.7% on the prior-year period. The increase in demand for Group models in Western Europe, Central Europe and North America was not enough to offset the declines in the Chinese, Brazilian and Russian markets. Unit sales outside Germany decreased by 3.5%, while in the German market they grew by 3.2%. As a consequence, vehicles sold in Germany as a proportion of overall sales rose to 13.0% (12.3%).

PRODUCTION

The Volkswagen Group produced 7,438,400 vehicles in the first three quarters of 2015, which represented a decline of 2.6 % year-on-year. Production in Germany rose by 6.9% to 2,028,693 units. The proportion of vehicles produced in Germany increased to 27.3% (24.9%).

INVENTORIES

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

EMPLOYEES

The Volkswagen Group had 588,902 active employees at the end of the reporting period. A further 6,342 employees were in the passive phase of their partial retirement and 18,685 young people were in vocational traineeships. As of September 30, 2015, the Volkswagen Group had a total of 613,929 employees worldwide, up 3.6% on the number at December 31, 2014. The expansion of the workforce was primarily attributable to the recruitment of specialists and experts, the transfer of temporary workers to permanent contracts and the expansion of the production facilities in China, Mexico and Poland. The number of employees in Germany increased by 2.6% compared to year-end 2014 and totaled 278,187. This represented 45.3% (45.7%) of the Group's total workforce.

Results of Operations, Financial Position and Net Assets

In September 2015, irregularities in the software used for certain diesel engines became public. In its press release dated September 22, the Volkswagen Group announced that vehicles with type EA 189 diesel engines were affected worldwide, around eleven million vehicles exhibited discrepancies. Initial exceptional charges in particular for the planned measures for the diesel engines affected led to negative special items of €6.7 billion being charged to operating profit in the third quarter. In addition, legal risks exist in connection with the diesel issue that cannot be assessed at present. Volkswagen is driving forward clarification of this issue by conducting internal and external investigations.

In August 2015, the arbitration ruling in the proceedings between Suzuki Motor Corporation and Volkswagen AG was delivered to the parties. Volkswagen subsequently sold its 19.9% equity investment in Suzuki to Suzuki on September 17, 2015 at the quoted market price of €3.1 billion. The sale of the shares generated income in the amount of €1.5 billion, which was recognized in the other financial result.

In the award proceedings regarding the appropriateness of the cash settlement to be paid to the noncontrolling interest shareholders of MAN SE, the Munich Regional Court ruled in the first instance at the end of July 2015 that the settlement payable to the shareholders should be increased from €80.89 to €90.29 per share. Both Volkswagen and a number of the applicants have appealed to the Higher Regional Court in Munich. Remeasurement of the put options and compensation rights resulted in an expense of €0.4 billion, which was recognized in the other financial result.

RESULTS OF OPERATIONS OF THE GROUP

In the period from January to September 2015, the Volkswagen Group's sales revenue was 8.5% higher than in the previous year, at €160.3 billion. The rise was primarily due to positive mix effects, a favorable trend in exchange rates and the positive business development in the Financial Services Division. The proportion of the Group's sales revenue generated outside Germany was 79.8% (80.1%).

Gross profit in the reporting period amounted to €26.5 billion, down €0.7 billion year-on-year; the charges in connection with the diesel issue are primarily included in cost of sales. The gross margin was 16.5% (18.4%), or 20.1% before special items.

Despite lower vehicle volumes and higher fixed costs, the Volkswagen Group's operating profit before special items improved to €10.2 billion (€9.4 billion) in the first nine months of 2015 due to optimized product costs as well as to more favorable exchange rate and mix effects; the operating return on sales before special items was 6.4% (6.4%) Charges in the passenger cars area relating to the diesel issue and restructuring measures in the trucks business resulted in total special items of €–6.9 billion in the reporting period. As a result, operating profit declined sharply to 3.3 billion (€9.4 billion). The operating return on sales fell to 2.1% (6.4%).

At €5.1 billion, profit before tax was down €6.3 billion year-on-year. Profit after tax declined to €4.0 billion (€8.7 billion).

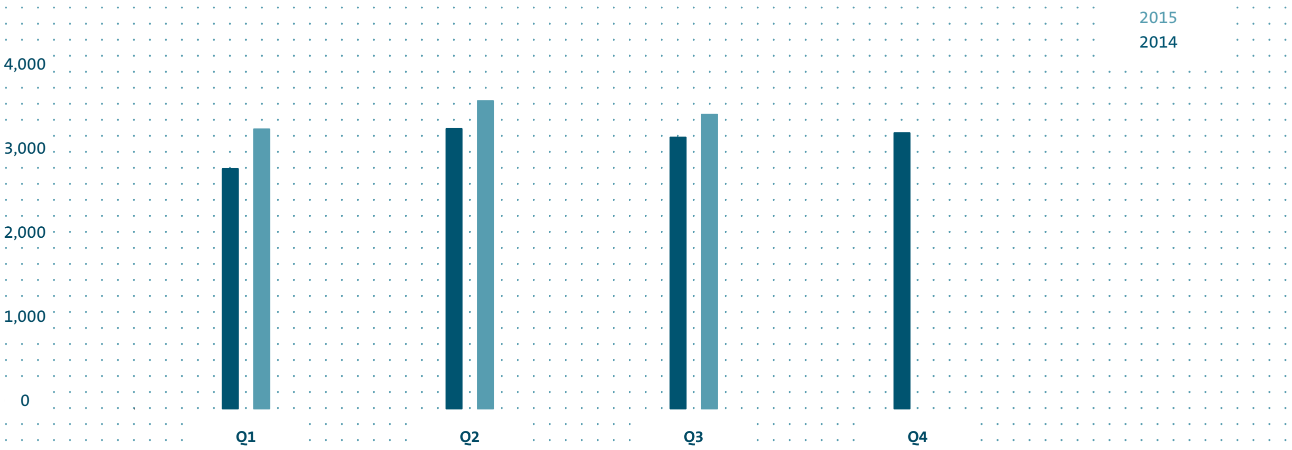
Results of operations in the Automotive Division

The Automotive Division generated sales revenue of €138.3 billion in the first three quarters of 2015, surpassing the prior-year figure by €8.7 billion. Mix effects and the exchange rate trend had a particularly positive effect. Sales revenue in both the Passenger Cars Business Area and the Commercial Vehicles/Power Engineering Business Area exceeded the prior-year figures. As our Chinese joint ventures are accounted for using the equity method, the Group's business performance in the Chinese passenger car market is mainly reflected in the Group's sales revenue only by deliveries of vehicles and vehicle parts.

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

€ million	2015	2014
Passenger Cars		
Sales revenue	113,325	105,152
Gross profit	18,339	19,318
Operating profit	1,203	7,295
Operating return on sales (%)	1.1	6.9
Commercial Vehicles/Power Engineering		
Sales revenue	24,977	24,467
Gross profit	4,083	3,812
Operating profit	523	685
Operating return on sales (%)	2.1	2.8

OPERATING PROFIT BEFORE SPECIAL ITEMS BY QUARTER
Volkswagen Group in € million



Cost of sales was negatively impacted by increased depreciation charges as a result of high capital expenditures, higher research and development costs (particularly for new drive concepts), and exchange rate effects. Other items recognized here largely comprised the charges in relation to the diesel issue. Improved product costs had a positive effect. Overall, the ratio of cost of sales to sales revenue increased, while gross profit in the Automotive Division was lower year-on-year at €22.4 billion (€23.1 billion).

Distribution expenses rose by 8.4% in the reporting period, due among other things to exchange rate changes and the special items relating to the diesel issue in the passenger cars area; the ratio of distribution expenses to sales revenue also increased. Although administrative expenses were up 6.6% on the prior-year period, the ratio of administrative expenses to sales revenue remained unchanged. Net other operating income declined by €4.1 billion to –1.3 billion due primarily to negative exchange rate effects, special items relating to the diesel issue in the passenger cars area and restructuring measures in the trucks business.

In the first nine months of 2015, operating profit in the Automotive Division amounted to €1.7 billion, down €6.3 billion year-on-year; the decline is due to the special items in the passenger cars area and the trucks business. The operating return on sales fell to 1.2% (6.2%). Excluding the special items, operating profit amounted to €8.6 billion (€8.0billion). Optimized product costs, positive exchange rate effects and an improved mix all had a favorable effect. Since the profit recorded by the Chinese joint venture companies is accounted for in the financial result using the equity method, the business performance of our 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 fell by €0.3 billion to €1.7 billion. The income from the sale of the shares in Suzuki was offset by expenses from the measurement of derivative financial instruments at the reporting date and negative remeasurement effects relating to the put options and compensation rights in the context of the control and profit and loss transfer agreement with MAN SE. Income from the Chinese joint ventures was on a level with the previous year.

Results of operations in the Financial Services Division

Sales revenue in the Financial Services Division in the period from January to September 2015 was 21.3% higher than in the previous year, at €22.0 billion; this is mainly attributable to higher business volumes and positive exchange rate effects.

At €4.0 billion, gross profit was on a level with the previous year.

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

€ million	2015	2014
Passenger Cars		
Gross cash flow	10,345	13,715
Change in working capital	6,376	1,253
Cash flows from operating activities	16,721	14,968
Cash flows from investing activities attributable to operating activities	–5,709	–8,676
Net cash flow	11,012	6,292
Commercial Vehicles/Power Engineering		
Gross cash flow	2,305	1,518
Change in working capital	–53	–1,544
Cash flows from operating activities	2,252	–26
Cash flows from investing activities attributable to operating activities	–1,511	–723
Net cash flow	741	–749

Both distribution and administrative expenses increased, due to higher volumes and, above all, compliance with regulatory requirements; the ratios of both to sales revenue declined.

At €1.6 billion, operating profit was up 12.5% year-on-year; the operating return on sales amounted to 7.4% (7.9)%.

FINANCIAL POSITION OF THE GROUP

The Volkswagen Group's gross cash flow declined by €0.6 billion year-on-year in the first three quarters of 2015 to €19.3 billion. At €6.4 billion, funds tied up in working capital were down €5.0 billion on the previous year. As a result, cash flows from operating activities rose to €12.9 billion (€8.5 billion).

The sale of the shares in Suzuki led to a decline in the investing activities attributable to the Volkswagen Group's operating activities to €7.6 billion (€10.1 billion). Within this item, investments in property, plant and equipment, investment property and intangible assets, excluding capitalized development costs (capex) increased, while capitalized development costs declined.

Cash inflows from financing activities at Group level amounted to €2.0 billion (€1.2 billion).

The Group's net liquidity amounted to €–92.8 billion on September 30, 2015, compared with €–96.5 billion as of year-end 2014.

Financial position in the Automotive Division

In the reporting period, the Automotive Division generated gross cash flow of €12.7 billion; the decline of €2.6 billion compared with the previous year was primarily due to the special items in the passenger cars area and the trucks business, which were partially offset by the strong earnings performance and higher dividend payments by the Chinese joint ventures. The charges related to the diesel issue, which have not yet been recognized in cash flow, led to a change in working capital of €6.3 billion (€–0.3 billion). Cash flows from operating activities increased by €4.0 billion to €19.0 billion.

At €7.2 billion (€9.4 billion), investing activities attributable to operating activities were down year-on-year. Capex rose to €7.3 billion (€6.5 billion), producing a capex ratio of 5.3% (5.0%). We invested primarily in our production facilities and in models to be launched this year and next year, as well as in the ecological focus of the model range. At €3.3 billion (€3.4 billion), capitalized development costs were lower than in the prior-year period. The sale of the Suzuki shares resulted in a cash inflow of €3.1 billion.

At €11.8 billion, the Automotive Division's net cash flow was up €6.2 billion year-on-year in the reporting period.

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 from financing activities of €1.1 billion. In May, a dividend of €2.3 billion in total, €0.4 billion higher than in the previous year, was distributed to Volkswagen AG shareholders. Conversely, the successful placement of dual-tranche hybrid notes with an aggregate principal amount of €2.5 billion via Volkswagen International Finance N.V. in March resulted in a cash inflow. These consist of a €1.1 billion note that carries a coupon of 2.5% and has a first call date after seven years, and a €1.4 billion note that carries a coupon of 3.5% and has a first call date after 15 years. Both tranches are perpetual and increase equity by the full amount, net of transaction costs. €2.5 billion of the hybrid notes was classified as a capital contribution, which increased net liquidity. Overall, cash outflows from financing activities amounted to €5.5 billion (€6.5 billion). In the previous year, the figure included the acquisition of Scania shares, a capital increase and the issuance of hybrid notes.

The Automotive Division recorded net liquidity of €27.8 billion as of September 30, 2015; at year-end 2014, it was €17.6 billion.

Financial position in the Financial Services Division

In the period from January to September 2015, the Financial Services Division's gross cash flow amounted to €6.7 billion; the increase of €1.9 billion compared with the previous year was due to the improved earnings quality. Funds tied up in working capital rose to €12.7 billion (€11.1 billion). At €0.4 billion (€0.7 billion), investing activities attributable to operating activities were significantly lower than the prior-year figure, which reflected the intragroup acquisition of MAN Finance International GmbH from MAN SE.

The Financial Services Division's negative net liquidity, which is a common feature in the industry, amounted to €–120.5 billion on September 30, 2015, after €–114.1 billion at the end of December, 2014.

CONSOLIDATED BALANCE SHEET STRUCTURE

The Volkswagen Group's total assets at the end of the reporting period amounted to €371.4 billion, an increase of 5.8% on the figure as of December 31, 2014. The Group's equity rose to €93.6 billion (€90.2 billion) and the equity ratio was 25.2% (25.7%).

Automotive Division balance sheet structure

Property, plant and equipment in the Automotive Division increased slightly compared with December 31, 2014, while intangible assets remained almost unchanged. While equity-accounted investments declined as a result of the dividend distributions resolved by the Chinese joint ventures, other equity investments declined due to the sale of the shares in Suzuki. In total, noncurrent assets declined by 0.8% as of September 30, 2015 compared with their 2014 year-end value. Current assets rose by 14.9%; within this item, inventories increased for production-related reasons. Marketable securities as of the reporting date amounted to €11.9 billion (€9.2 billion), while cash and cash equivalents at the Automotive Division amounted to €19.8 billion (€16.5 billion).

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

€ million	Sept. 30, 2015	Dec. 31, 2014
Passenger Cars		
Noncurrent assets	100,235	101,459
Current assets	62,540	52,869
Total assets	**162,776**	**154,328**
Equity	60,498	58,708
Noncurrent liabilities	54,755	54,366
Current liabilities	47,522	41,254
Commercial Vehicles/Power Engineering		
Noncurrent assets	26,946	26,772
Current assets	16,917	16,311
Total assets	**43,863**	**43,083**
Equity	13,751	14,107
Noncurrent liabilities	12,132	12,072
Current liabilities	17,980	16,904

The Automotive Division's equity as of September 30, 2015 was €74.2 billion, 2.0% higher than at the 2014 year-end. It was positively impacted by a healthy earnings performance before special items, the hybrid notes issued in March and lower actuarial losses from the measurement of pension provisions. This was partially offset by charges resulting from the diesel issue in the passenger cars area, amounts recognized in other comprehensive income due to the measurement of derivatives and the dividend payment to Volkswagen AG shareholders. The noncontrolling interests are mainly attributable to RENK AG and AUDI AG. Since these were lower overall than the noncontrolling interests attributable to the Financial Services Division, the figure for the Automotive Division, where the deduction was recognized, was negative.

Noncurrent liabilities increased by 0.7% compared with December 31, 2014; the other financial liabilities contained within this item were higher due to negative effects from the measurement of derivatives. Pension provisions decreased due to the change in the discount rate. At €65.5 billion, current liabilities were 12.6% higher than at the end of December 2014. The measurement of derivatives and provisions in connection with the diesel issue in the passenger cars area led to a rise in other liabilities. 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. The item was adjusted to €4.0 billion (€3.7 billion) due to the increase in the cash settlement made in the first instance of the award proceedings.

At €206.6 billion as of September 30, 2015, the Automotive Division's total assets were higher than at December 31, 2014 (€197.4 billion).

Financial Services Division balance sheet structure

Total assets for the Financial Services Division at the end of the reporting period amounted to €164.8 billion, 7.1% more than at the 2014 year-end.

Lease assets and noncurrent financial services receivables increased due to the positive business performance and exchange rate factors. Overall, noncurrent assets rose by 8.3% compared with December 31, 2014. Higher volumes also led to a 5.5% increase in current assets. The Financial Services Division accounted for 44.4% of the Volkswagen Group's assets at the end of the reporting period.

At €19.4 billion as of September 30, 2015, the Financial Services Division's equity was 11.5% higher than at December 31, 2014. In addition to earnings growth, this rise was due to the capital increase implemented by Volkswagen AG at the beginning of the year in order to finance the growth in business and meet regulatory capital requirements. The division's equity ratio rose to 11.8% (11.3%). Noncurrent liabilities increased by 7.5% and current liabilities by 5.8% compared with December 31, 2014. Both of these increases were attributable to the funding of volume growth.

At €24.3 billion (€25.3 billion), deposits from direct banking business were lower at the end of September 2015 than at December 31, 2014.

REPORT ON EXPECTED DEVELOPMENTS, RISKS AND OPPORTUNITIES

We have adjusted our expected deliveries to customers due to weaker global economic growth, the tense situation in the Chinese, Brazilian and Russian vehicle markets and the diesel issue. The exceptional charges relating to the diesel issue, which are subject to estimation risks due to the ongoing investigations, have resulted in a downward revision to the earnings forecasts for the Passenger Cars Business Area and the Group. As a result, the return on investment (RoI) for the Automotive Division will also be substantially less than the figure for the previous year. We expect the net cash flow for the Automotive Division to be up slightly year-on-year at the end of 2015 due to the sale of the shares in Suzuki.

Beyond this, the following additions have been made in the reporting period compared with the disclosures on the Volkswagen Group's expected development in fiscal year 2015 contained in the "Report on Risks and Opportunities" chapter of the 2014 Annual Report.

Liquidity risk

As a result of the irregularities in the software used for certain diesel engines from the Volkswagen Group, rating agency Moody's Investor Services downgraded the outlook for Volkswagen AG and its subsidiaries from stable to negative on September 24, 2015.

Also in this connection, Standard & Poor's downgraded the short- and long-term ratings for Volkswagen AG, Volkswagen Financial Services AG and Volkswagen Bank GmbH by one notch each on October 12, 2015, to A–2 and A– respectively. Additionally, the long-term ratings for Volkswagen AG and Volkswagen Financial Services AG are on the watch list for a further potential downgrade. The outlook for Volkswagen Bank GmbH was changed to negative.

The ability to access our established capital market programs may be temporarily restricted due to the current uncertainties regarding the effects of the diesel issue on the Volkswagen Group.

Litigation

The US Environmental Protection Agency (EPA) published a notice of violation on September 18, 2015. This alleged that Volkswagen had used specialized engine control units in the four cylinder diesel engines fitted in certain model years to circumvent nitrogen oxide emissions standards in test conditions to comply with homologation requirements. According to the EPA's findings, this affects approximately 482,000 vehicles in the USA.

Volkswagen's reaction was highly comprehensive and the Company is working intensively to clarify the irregularities in the software used. This includes a review of all technical concepts. The investigations have not been completed at the present time. In addition to an internal inquiry, an official external investigation by US law firm Jones Day was commissioned for this purpose. This will be wide-ranging and comprehensive, and will address all of the issues currently in question. The Supervisory Board will ensure that Jones Day can carry out its clarification work independently. Jones Day will update the Supervisory Board about the results of its investigation on an ongoing basis.

The Supervisory Board of Volkswagen AG has formed its own committee to support the independent external investigation and to closely manage and supervise the internal investigation. It will report regularly to the Supervisory Board on the progress made.

As the investigations stand at present, the issue affects approximately 11 million vehicles worldwide fitted with certain diesel engines. The vast majority of these are Type EA 189 Euro 5 engines.

Based on decisions dated October 15, 2015, the Kraftfahrtbundesamt (KBA – German Federal Motor Transport Authority) ordered the Volkswagen Passenger Cars, Volkswagen Commercial Vehicles and SEAT brands to recall all of the diesel vehicles that had been issued with vehicle type approval by the KBA from among the 11 million affected. The recall concerns the member states of the European Union (EU28). The timetable and action plan forming the basis for the recall order correspond to the proposals presented in advance by Volkswagen. The KBA's recall order includes retrospective additional requirements relating to the type approvals issued, which otherwise remain in force. Depending on the technical complexity of the remedial actions, this means that the affected vehicles, of which there are around 8.5 million in total in the EU28, will be recalled to the service workshops from January 2016. Based on current knowledge, the remedial actions will differ in scope depending on the engine variant involved. The technical solutions will cover software and in some cases hardware modifications, depending on the series and model year. The details of the remedial actions will be agreed in close cooperation with the KBA, which must approve them in advance. Discussions are currently underway with the authorities in the other EU member states with the aim of ensuring that no legal actions above and beyond this will be taken in this connection by public authorities in the other member states. In addition, Group brands SEAT and ŠKODA are currently holding talks and consultations with the same objective with their respective type approval authorities, Spain's Ministry of Industry, and the Vehicle Certification Agency (VCA) in the UK. Moreover, EC/ECE type approval is often used as the basis for the corresponding national type approval in non-EU countries such as Switzerland, Australia, Turkey and others. We are also in close contact with the authorities in these countries to coordinate the consequences and actions. In addition, there is an intensive exchange of information with the authorities in the USA, where Volkswagen's planned actions will also have to be approved.

Various legal risks can have potential consequences for Volkswagen's results of operations, financial position and net assets.

1. Criminal proceedings worldwide (excluding the USA/Canada)
Criminal investigations have been opened or announced in some countries in addition to the approval processes with the competent registration authorities. It is too early to gauge whether this will result in fines for the Company, and if so what their amount might be. It must be taken into consideration that the core issue is being investigated by the public prosecutor's office in Braunschweig.

2. Product-related lawsuits worldwide (excluding the USA/Canada)
In principle, it is possible that customers in the affected markets will file civil lawsuits against Volkswagen AG and other Volkswagen Group companies involved in the sales process. In addition, it is possible that non-Group importers and dealers could assert claims against Volkswagen AG, e.g. through recourse claims. As well as individual lawsuits, class action lawsuits are possible in various jurisdictions (albeit not in Germany). It is too early to estimate how many customers will take advantage of the option to file lawsuits. Volkswagen is working intensively to develop the above-mentioned

remedial actions, to coordinate them with the competent authorities and to obtain approval for them. Volkswagen AG is examining the legal situation for potential claims in the relevant markets. It is also currently unclear whether customers will be faced with a reduction in the value of or adverse changes to their vehicles following the planned remedial actions. As a result, it is too early to estimate the prospect of success for any lawsuit.

3. Lawsuits filed by investors worldwide (excluding the USA/Canada)
Investors have announced that they are examining the possibility of pursuing claims for damages against Volkswagen AG due to the movements in Volkswagen AG's share price following publication of the EPA's notice of violation. In October, Volkswagen AG had already been served with three lawsuits from private investors that claim damages due to alleged misconduct in communications surrounding the emissions issue. An application was simultaneously made to instigate proceedings in accordance with the Kapitalanlage-Musterverfahrensgesetz (Capital Markets Model Case Act). Volkswagen is of the opinion that it properly complied with its capital market obligations.

4. USA/Canada
The US and Canadian authorities have launched investigations. Volkswagen is cooperating with the authorities, and has acknowledged irregularities in the US emissions concepts. There are five distinct areas.

a. Civil and administrative investigations by the EPA and US Department of Justice (DoJ)/Environmental Canada
The EPA is currently investigating violations of US environmental law in connection with the circumvention of emissions standards. It is likely that Environmental Canada will also open an investigation. Due to the complexity of the individual factors and the large number of open questions, it is currently impossible to estimate potential financial penalties due to the ongoing uncertainty.

b. Criminal investigations by the US Department of Justice (DoJ)
The DoJ has also opened a criminal investigation. This focuses on allegations that various federal law criminal offenses were committed. It is too early in the investigation to provide a sufficiently reliable estimate of the potential financial penalties.

c. Class action lawsuits by customers in the USA and Canada
A large number of motions for leave to file class action lawsuits by affected customers have been announced, both in the USA and in Canada. Although some of these have already been served on the local companies, none have yet been served on Volkswagen AG. The claims primarily relate to compensation for material damage caused to the affected customers, and are specifically based on consumer fraud and unjust enrichment. In particular, compensation for alleged loss of value is being claimed or has been announced in addition to the performance of remedial actions. Claims for punitive damages are also being asserted. It will only be possible to reliably estimate the outcome of these proceedings once the complaints have been served and the alleged circumstances and legal arguments presented in them have been thoroughly examined and assessed.

d. Investigations by the attorney generals of various US states
The attorney generals are investigating whether Volkswagen Group of America inappropriately advertised clean diesels and whether customers were misled into purchasing Volkswagen diesel vehicles as a result. It is not yet possible to reliably estimate the conceivable consequences since these investigations are also still in their early stages.

e. Class action lawsuits by investors
In addition to product-related class action lawsuits, it is possible that purchasers of American Depository Receipts (ADRs) could potentially file claims for damages in the USA and Canada against Volkswagen AG and its subsidiaries due to alleged price losses. Although according to publicly available information a small number of these class action lawsuits have been filed with US courts to date, Volkswagen has not yet been served with these. It will only be possible to reliably estimate the outcome of these proceedings once the complaints have been served and the alleged circumstances and legal arguments presented in them have been thoroughly examined and assessed. Volkswagen is of the opinion that it properly complied with its capital market obligations.

It is currently impossible to assess the legal risks connected with the diesel issue due to the early stage of the comprehensive and exhaustive investigations, the complexity of the individual factors and the large number of open questions. As a consequence, corresponding provisions have not been recognized in the interim financial statements.

Outlook

The robust growth in the global economy has weakened slightly in the course of 2015. Although momentum increased somewhat in many industrialized nations, economic growth was below average in most emerging economies. The Volkswagen Group's Board of Management expects the global economy to record the same level of growth in 2015 as 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. The emerging economies in Asia will probably record the highest growth rates. While we expect to see an economic upturn in the major industrialized nations, the rates of expansion will remain moderate.

In the first nine months of 2015, global new passenger car registrations were up year-on-year, although demand varied from region to region. We also expect trends in the passenger car markets in the individual regions to be mixed for the full year. Overall, growth in global demand for new vehicles will probably be slower than in the previous year. We anticipate a slight increase in demand for automobiles in Western Europe and expect to see slight growth in the German market as well. The Central and Eastern European markets are likely to be down sharply year-on-year due primarily to the substantial fall in demand in Russia. In North America, we expect last year's positive trend to continue at a noticeably weaker pace. We assume that the South American passenger car markets will fall appreciably short of the prior-year level. The markets in the Asia-Pacific region that are strategically important for the Volkswagen Group will probably continue to grow at a slower pace.

Global demand for light commercial vehicles will probably be on a level with the previous year in 2015. We expect trends to vary from region to region.

In the markets for trucks and buses that are relevant for the Volkswagen Group, new registrations in 2015 will probably be noticeably lower than in the previous year.

We expect automotive financial services to continue to grow in importance worldwide in 2015.

The Volkswagen Group is optimally positioned to deal with the mixed developments in the global automotive markets. The Company's strengths include in particular its unique brand portfolio, its diverse range of models, its steadily growing presence in all major world markets and its wide selection of financial services. We offer an extensive array of attractive, environmentally friendly, cutting-edge, high-quality vehicles for all markets and customer groups. This ranges from motorcycles through compact, sports and luxury cars to heavy trucks and buses, and covers almost all segments. The Volkswagen Group's brands will continue to press ahead with their product initiative in the remaining months of 2015, modernizing and expanding their offering by introducing new models. Our goal is to offer all customers the products and innovations they need, sustainably strengthening our competitive position in the process.

We expect the Volkswagen Group's deliveries to customers in 2015 to be on a level with the previous year in a challenging market environment.

In addition to the diesel issues, challenges include the difficult market environment and fierce competition, as well as interest rate and exchange rate volatility and fluctuations in raw materials prices. We anticipate a positive effect from the efficiency programs implemented by all brands and, increasingly, from the modular toolkits.

Depending on the economic conditions, we expect 2015 sales revenue for the Volkswagen Group and its business areas to increase by up to 4% above the prior-year figure. However, economic trends in Latin America and Eastern Europe will need to be continuously monitored in the Commercial Vehicles/Power Engineering Business Area.

Because of charges related to the irregularities in the software used for certain diesel engines, we expect 2015 operating profit for both the Group and the Passenger Cars Business Area to be down significantly year-on-year. In terms of operating profit before special items, we are anticipating an operating return on sales of between 5.5% and 6.5% for the Group, and between 6.0% and 7.0% for the Passenger Cars Business Area. The operating return on sales in the Commercial Vehicles/Power Engineering Business Area will probably be in the 2.0% to 4.0% range. For the Financial Services Division, we are forecasting an operating profit at the prior-year level. We will step up our disciplined cost and investment management and the continuous optimization of our processes. More than ever, these are 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 actual developments may differ from those forecast. Any changes in significant parameters relating to our key sales markets, or any significant shifts in exchange rates relevant to the Volkswagen Group, will have a corresponding effect on the development of our business. 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 2014 Annual Report and in the Interim Report January to September 2015 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

At €160.3 billion (€147.7 billion), the Volkswagen Group's sales revenue between January and September 2015 exceeded the prior-year figure by 8.5%. Special items in the passenger car area and the trucks business of €–6.9 billion in total resulted in a declining operating profit of €3.3 billion (€9.4 billion). Excluding these items, the operating profit improved by €0.8 billion to €10.2 billion.

The Volkswagen Passenger Cars brand sold 3.3 million (3.4 million) vehicles in the reporting period. The Sportsvan, Golf and new Passat models were in particularly high demand. At €80.0 billion, sales revenue exceeded the prior-year figure by 9.0%. Operating profit before special items increased to €2.2 billion (€1.7 billion). Positive effects from exchange rates, from sales revenue and cost optimization and from the efficiency program more than offset negative impacts from the markets in South America and Russia. Charges in connection with the diesel issue resulted in special items of €–6.7 billion in the third quarter of 2015.

The Audi brand's unit sales of 1.2 million (1.1 million) vehicles worldwide in the first nine months of 2015 exceeded the prior-year figure by 7.0%. In addition, a further 365 thousand (373 thousand) Audi vehicles were sold by the FAW-Volkswagen Chinese joint venture. The compact models in the A3 family, the SUV models and the new TT were in especially high demand. At €43.7 billion, sales revenue was up by €4.4 billion year-on-year. Operating profit rose by 5.0% to €4.0 billion. In addition to growth of unit sales, there were also positive mix effects and exchange rate trends. High upfront expenditures for new products and technologies and the expansion of the international production network had a negative impact on earnings. The financial key performance indicators for the Audi brand also include the Lamborghini and Ducati brands. A total of 46,458 Ducati motorcycles were sold in the first nine months of 2015 (+21.2%).

The ŠKODA brand's unit sales remained level with the prior-year figure in the reporting period at 605 thousand (612 thousand) vehicles. The Octavia and the new Fabia were especially popular. Sales revenue increased by 5.7% to €9.3 billion. The 12.7% increase in operating profit to €734 million is primarily attributable to positive mix effects, optimized material costs and more advantageous exchange rates.

At 404 thousand vehicles in the first three quarters of 2015, the SEAT brand's unit sales were up 10.6% on the previous year. This figure includes the Q3 manufactured for Audi. Demand for the Leon family models and the Ibiza was high. Sales revenue improved by 13.6% to €6.4 billion. SEAT's operating profit of €12 million was up by €94 million on the previous year, primarily as a result of higher volumes, positive exchange rate effects and cost optimization.

The Bentley brand sold 7,375 vehicles between January and September this year. This was 8.1% fewer than in the previous year. Nevertheless, sales revenue rose by 8.4% to €1.4 billion due to exchange rate effects. Operating profit decreased to €57 million (€125 million). Positive exchange rate effects and cost reductions were unable to compensate for the impact of lower volumes and increased upfront expenditures for new products.

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

Unit sales by the Porsche brand grew by 25.7% year-on-year in the first nine months of 2015 to 169 thousand vehicles worldwide. At €16.5 billion, sales revenue exceeded the figure for the same period of 2014 by 34.6%. Operating profit increased to €2.5 billion (€1.9 billion) due to higher volumes and more favorable exchange rates. Mix effects, increased structural costs and higher development costs for future projects and technologies had a negative effect on the result. The Macan, Cayenne and new 911 models were highly popular with customers.

Volkswagen Commercial Vehicles sold 335 thousand (325 thousand) vehicles in the reporting period. The Multivan/Transporter and Caddy proved especially popular. Sales revenue improved by 8.0% to €7.5 billion (€7.0 billion). Operating profit declined by 17.1% to €313 million: a year-on-year increase in costs for the renewal of the product range had a negative impact, while a positive impact came from higher volumes and more favorable exchange rates.

The Scania brand recorded unit sales of 56 thousand (56 thousand) vehicles from January to September 2015. Volumes in Western Europe saw positive growth, while difficult economic conditions had a negative impact in Brazil and Russia. At €7.7 billion (€7.5 billion), sales revenue slightly exceeded the prior-year figure. Operating profit increased by 6.8% to €748 million (€700 million) due to expansion of the service business and positive exchange rate effects.

The MAN brand sold 74 thousand vehicles in the reporting period. This was 13.1% fewer than in the previous year. At €10.0 billion (€10.2 billion), sales revenue was slightly down year-on-year. Operating profit before special items was weighed down by the negative trend in the commercial vehicles business in South America, and declined to €271 million (€304 million). Restructuring measures resulted in special items of €–170 million.

At €1.4 billion, operating profit at Volkswagen Financial Services in the first three quarters of 2015 exceeded the prior-year figure by 13.7% on the back of positive volume and exchange rate effects.

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	2015	2014	2015	2014	2015	2014	2015	2014
Volkswagen Passenger Cars	3,343	3,388	79,972	73,390	53,848	50,643	2,229	1,696
Audi	1,158	1,083	43,695	39,300	28,625	26,305	4,024	3,831
ŠKODA	605	612	9,280	8,784	4,367	4,459	734	651
SEAT	404	365	6,388	5,622	2,688	2,455	12	−82
Bentley	7	8	1,364	1,259	939	823	57	125
Porsche[2]	169	134	16,471	12,241	15,126	11,289	2,546	1,927
Volkswagen Commercial Vehicles	335	325	7,537	6,976	3,581	3,510	313	378
Scania[2]	56	56	7,686	7,511	7,686	7,511	748	700
MAN	74	86	9,981	10,214	9,797	10,091	271	304
VW China[3]	2,492	2,697	–	–	–	–	–	–
Other	−1,204	−1,109	−41,516	−33,637	15,910	16,013	−2,118[4]	−1,329[4]
Volkswagen Financial Services	–	–	19,403	16,058	17,696	14,619	1,381	1,215
Volkswagen Group before special items	**–**	**–**	**–**	**–**	**–**	**–**	**10,197**	**9,416**
Special items	–	–	–	–	–	–	−6,855	–
Volkswagen Group	**7,440**	**7,646**	**160,263**	**147,718**	**160,263**	**147,718**	**3,342**	**9,416**
Automotive Division[5]	7,440	7,646	138,302	129,619	140,259	131,227	1,726	7,980
of which: Passenger Cars Business Area	6,974	7,179	113,325	105,152	119,644	110,541	1,203	7,295
Commercial Vehicles/Power Engineering Business Area	466	467	24,977	24,467	20,615	20,687	523	685
Financial Services Division	–	–	21,961	18,099	20,004	16,491	1,615	1,436

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
2 Including financial services.
3 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 a proportionate operating profit of €3,777 million (€3,920 million).
4 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.
5 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

UNIT SALES AND SALES REVENUE BY MARKET

The Volkswagen Group sold 3.4 million vehicles in the Europe/Other markets region in the reporting period, an increase of 3.2% year-on-year. Sales revenue rose by 10.0% to €99.5 billion thanks to volume, mix and exchange rate effects.

On the North American market, the Volkswagen Group's unit sales from January to September 2015 increased by 10.4% year-on-year to 699 thousand vehicles. Sales revenue rose by 35.1% to €26.6 billion, primarily as a result of higher volumes, the stronger US dollar and positive mix effects.

On the South American markets, the economic environment remained negative in the first nine months of 2015. The Volkswagen Group sold 424 thousand vehicles in this region, a decrease of 26.3% year-on-year. Sales revenue dropped by 22.0% to €7.9 billion. The decline was primarily attributable to lower volumes and the unfavorable exchange rate trend.

In light of a sharp decline in momentum in the Chinese passenger car market, the Volkswagen Group's unit sales in the Asia-Pacific region were lower from January to September 2015 than in the same period of the previous year. Including the Chinese joint ventures, we sold 2.9 million vehicles in the region (–7.2%). Sales revenue fell by 4.4% to €26.3 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	2015	2014	2015	2014
Europe/Other markets	3,399	3,295	99,523	90,451
North America	699	633	26,570	19,670
South America	424	575	7,919	10,148
Asia-Pacific[2]	2,918	3,143	26,250	27,450
Volkswagen Group[2]	**7,440**	**7,646**	**160,263**	**147,718**

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

Volkswagen Financial Services supported the Volkswagen Group brands' vehicle sales from January to September 2015 with its innovative products and services along the entire automotive value chain.

In the 2015 automotive trade awards presented by the industry newspaper "Automobilwoche", Volkswagen Financial Services was presented with a Triple A Award in the volume segment category. It also received a special prize in the financing and leasing category. The awards were based on consultations and product presentations during more than 740 secret test visits conducted in 50 dealerships for each one of the 15 vehicle brands included.

Volkswagen Financial Services further developed its private leasing in the third quarter of 2015, doing even more to meet the changing needs of many customers for more flexible, hassle-free mobility. It focused on the DEKRA-certified vehicle return process and the "RückgabeschutzPlus" return protection to cover possible damage to the vehicle in excess of normal wear and tear.

In order to expand its mobility services product portfolio, Volkswagen Financial Services AG has acquired 92.5% of the shares in the innovative mobility services provider sunhill technologies. The German company is a pioneer in cashless payment methods and a leading partner to the parking industry. The sunhill technologies cashless payment system currently has more than two million users at over 150 locations across Europe.

Volkswagen Financial Services expanded its digital information campaign in the third quarter of 2015 with online videos featuring well-known presenters. The "really simple" campaign offers practical tips on cars and financing and informs younger target groups about finance and mobility.

Volkswagen Financial Services uses unsecured bonds placed on the capital markets, auto asset-backed securities (ABS) transactions and deposits from the direct banking business as its main sources of refinancing. Volkswagen Financial Services further expanded its ABS program in the reporting period. It marketed the second transaction involving securitized financing agreements in China (Driver China two) with a volume of approximately €283 million, as well as Driver Master issued by Volkswagen Bank GmbH and Driver UK three with transaction volumes of €708 million and around €525 million respectively. Unsecured transactions were successfully placed in the form of two Volkswagen Leasing GmbH bonds of €750 million each and in Australia with a volume of approximately €165 million.

The number of new financing, leasing, service and insurance contracts signed in the reporting period rose by 2.3% year-on-year to 3.8 million. The total number of contracts increased in the reporting period by 0.8 million or 6.7% to 12.8 million. At 8.1 million, the number of contracts in the Customer Financing/Leasing area was up 3.3% compared with year-end 2014. In the Service/Insurance area, the number of contracts at the end of the third quarter of 2015 was 3.9% higher than at December 31, 2014. The ratio of leased or financed vehicles to Group deliveries (penetration rate) increased to 31.0% (30.2%) in Volkswagen Financial Services' markets in the first three quarters of 2015, with credit quality requirements remaining unchanged.

Volkswagen Bank's direct banking business had approximately 1.4 million accounts at the end of the third quarter of 2015.

Volkswagen Financial Services had 13,321 employees as of September 30, 2015, up 3.9% on year-end 2014.

Interim Consolidated Financial Statements (Condensed)

INCOME STATEMENT FOR THE PERIOD JANUARY 1 TO SEPTEMBER 30

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2015	2014	2015	2014	2015	2014
Sales revenue	**160,263**	**147,718**	**138,302**	**129,619**	**21,961**	**18,099**
Cost of sales	−133,799	−120,547	−115,880	−106,488	−17,919	−14,059
Gross profit	**26,464**	**27,171**	**22,422**	**23,131**	**4,042**	**4,040**
Distribution expenses	−16,024	−14,751	−15,109	−13,933	−915	−818
Administrative expenses	−5,411	−5,082	−4,246	−3,983	−1,165	−1,099
Other operating income/expense	−1,687	2,077	−1,340	2,764	−347	−687
Operating profit	**3,342**	**9,416**	**1,726**	**7,980**	**1,615**	**1,436**
Share of profits and losses of equity-accounted investments	3,128	3,057	3,102	3,029	25	28
Other financial result	−1,327	−982	−1,355	−995	28	13
Financial result	**1,800**	**2,075**	**1,747**	**2,034**	**53**	**41**
Profit before tax	**5,142**	**11,490**	**3,474**	**10,013**	**1,669**	**1,477**
Income tax expense	−1,152	−2,804	−597	−2,431	−555	−373
Profit after tax	**3,990**	**8,687**	**2,876**	**7,582**	**1,114**	**1,105**
of which attributable to						
Noncontrolling interests	8	79	−12	49	20	30
Volkswagen AG hybrid capital investors	155	99	155	99	–	–
Volkswagen AG shareholders	3,827	8,509	2,733	7,434	1,094	1,074
Basic earnings per ordinary share (€)[2]	**7.61**	**17.16**				
Diluted earnings per ordinary share (€)[2]	**7.61**	**17.16**				
Basic earnings per preferred share (€)[2]	**7.67**	**17.22**				
Diluted earnings per preferred share (€)[2]	**7.67**	**17.22**				

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	2015	2014
Profit after tax	**3,990**	**8,687**
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	2,219	−4,567
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	−666	1,345
Pension plan remeasurements recognized in other comprehensive income, net of tax	1,553	−3,222
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	−3	−3
Items that will not be reclassified to profit or loss	**1,550**	**−3,225**
Exchange differences on translating foreign operations		
Unrealized currency translation gains/losses	276	1,252
Transferred to profit or loss	0	1
Exchange differences on translating foreign operations, before tax	276	1,253
Deferred taxes relating to exchange differences on translating foreign operations	0	0
Exchange differences on translating foreign operations, net of tax	276	1,253
Cash flow hedges		
Fair value changes recognized in other comprehensive income	−4,927	−3,815
Transferred to profit or loss	2,802	−308
Cash flow hedges, before tax	−2,124	−4,123
Deferred taxes relating to cash flow hedges	628	1,225
Cash flow hedges, net of tax	−1,497	−2,897
Available-for-sale financial assets		
Fair value changes recognized in other comprehensive income	367	785
Transferred to profit or loss	−1,726	−69
Available-for-sale financial assets, before tax	−1,359	716
Deferred taxes relating to available-for-sale financial assets	60	−26
Available-for-sale financial assets, net of tax	−1,299	690
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	395	217
Items that may be reclassified subsequently to profit or loss	**−2,124**	**−737**
Other comprehensive income, before tax	−595	−6,507
Deferred taxes relating to other comprehensive income	21	2,545
Other comprehensive income, net of tax	**−574**	**−3,962**
Total comprehensive income	**3,417**	**4,725**
of which attributable to		
Noncontrolling interests	9	17
Volkswagen AG hybrid capital investors	155	99
Volkswagen AG shareholders	3,253	4,609

INCOME STATEMENT FOR THE PERIOD JULY 1 TO SEPTEMBER 30

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2015	2014	2015	2014	2015	2014
Sales revenue	**51,487**	**48,910**	**44,209**	**42,575**	**7,278**	**6,335**
Cost of sales	−46,721	−40,472	−40,453	−35,471	−6,268	−5,001
Gross profit	**4,765**	**8,438**	**3,756**	**7,104**	**1,010**	**1,334**
Distribution expenses	−5,593	−4,612	−5,290	−4,370	−302	−242
Administrative expenses	−1,786	−1,655	−1,429	−1,260	−357	−394
Other operating income/expense	−866	1,058	−1,010	1,243	145	−185
Operating profit	**−3,479**	**3,230**	**−3,974**	**2,717**	**495**	**513**
Share of profits and losses of equity-accounted investments	887	913	881	901	6	12
Other financial result	70	−430	81	−387	−11	−42
Financial result	**957**	**483**	**962**	**514**	**−5**	**−30**
Profit before tax	**−2,522**	**3,713**	**−3,011**	**3,231**	**490**	**482**
Income tax expense	848	−743	1,006	−623	−157	−120
Profit after tax	**−1,673**	**2,971**	**−2,006**	**2,608**	**332**	**363**
of which attributable to						
Noncontrolling interests	1	4	−7	−2	8	6
Volkswagen AG hybrid capital investors	57	39	57	39	–	–
Volkswagen AG shareholders	−1,731	2,928	−2,055	2,571	324	356
Basic earnings per ordinary share (€)[2]	**−3.45**	**5.84**				
Diluted earnings per ordinary share (€)[2]	**−3.45**	**5.84**				
Basic earnings per preferred share (€)[2]	**−3.45**	**5.84**				
Diluted earnings per preferred share (€)[2]	**−3.45**	**5.84**				

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	2015	2014
Profit after tax	**−1,673**	**2,971**
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	446	−1,910
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	−143	566
Pension plan remeasurements recognized in other comprehensive income, net of tax	303	−1,344
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	**303**	**−1,344**
Exchange differences on translating foreign operations		
Unrealized currency translation gains/losses	−1,553	1,102
Transferred to profit or loss	0	1
Exchange differences on translating foreign operations, before tax	−1,553	1,103
Deferred taxes relating to exchange differences on translating foreign operations	0	0
Exchange differences on translating foreign operations, net of tax	−1,553	1,103
Cash flow hedges		
Fair value changes recognized in other comprehensive income	2,662	−2,597
Transferred to profit or loss	560	−175
Cash flow hedges, before tax	3,222	−2,772
Deferred taxes relating to cash flow hedges	−949	822
Cash flow hedges, net of tax	2,273	−1,950
Available-for-sale financial assets		
Fair value changes recognized in other comprehensive income	−221	355
Transferred to profit or loss	−1,544	−91
Available-for-sale financial assets, before tax	−1,765	263
Deferred taxes relating to available-for-sale financial assets	10	3
Available-for-sale financial assets, net of tax	−1,755	266
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	−77	320
Items that may be reclassified subsequently to profit or loss	**−1,113**	**−261**
Other comprehensive income, before tax	272	−2,996
Deferred taxes relating to other comprehensive income	−1,082	1,392
Other comprehensive income, net of tax	**−810**	**−1,605**
Total comprehensive income	**−2,484**	**1,366**
of which attributable to		
Noncontrolling interests	1	4
Volkswagen AG hybrid capital investors	57	39
Volkswagen AG shareholders	−2,541	1,323

BALANCE SHEET AS OF SEPTEMBER 30, 2015 AND DECEMBER 31, 2014

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE*		FINANCIAL SERVICES	
€ million	2015	2014	2015	2014	2015	2014
Assets						
Noncurrent assets	**226,652**	**220,106**	**127,182**	**128,231**	**99,470**	**91,875**
Intangible assets	60,125	59,935	59,895	59,697	230	237
Property, plant and equipment	47,226	46,169	44,932	44,080	2,294	2,089
Lease assets	31,042	27,585	2,859	2,815	28,184	24,770
Financial services receivables	61,599	57,877	–	–	61,599	57,877
Investments, equity-accounted investments and other equity investments, other receivables and financial assets	26,661	28,541	19,496	21,639	7,165	6,902
Current assets	**144,759**	**131,102**	**79,457**	**69,180**	**65,301**	**61,923**
Inventories	34,299	31,466	31,056	28,269	3,243	3,197
Financial services receivables	45,791	44,398	−573	−464	46,365	44,862
Other receivables and financial assets	27,039	25,254	17,238	15,677	9,801	9,577
Marketable securities	14,647	10,861	11,941	9,197	2,706	1,664
Cash, cash equivalents and time deposits	22,981	19,123	19,795	16,499	3,187	2,624
Total assets	**371,411**	**351,209**	**206,639**	**197,411**	**164,772**	**153,798**
Equity and Liabilities						
Equity	**93,612**	**90,189**	**74,249**	**72,815**	**19,364**	**17,374**
Equity attributable to Volkswagen AG shareholders	85,901	84,950	66,830	67,828	19,071	17,122
Equity attributable to Volkswagen AG hybrid capital investors	7,504	5,041	7,504	5,041	–	–
Equity attributable to Volkswagen AG shareholders and hybrid capital investors	93,405	89,991	74,334	72,870	19,071	17,122
Noncontrolling interests	207	198	−85	−55	293	253
Noncurrent liabilities	**135,539**	**130,314**	**66,888**	**66,438**	**68,651**	**63,876**
Financial liabilities	72,502	68,416	10,660	10,643	61,842	57,773
Provisions for pensions	27,847	29,806	27,428	29,361	419	445
Other liabilities	35,190	32,092	28,800	26,434	6,391	5,658
Current liabilities	**142,259**	**130,706**	**65,502**	**58,158**	**76,757**	**72,547**
Put options and compensation rights granted to noncontrolling interest shareholders	3,960	3,703	3,960	3,703	–	–
Financial liabilities	65,710	65,564	−4,515	−847	70,225	66,411
Trade payables	19,909	19,530	17,523	17,838	2,386	1,692
Other liabilities	52,680	41,909	48,535	37,465	4,145	4,444
Total equity and liabilities	**371,411**	**351,209**	**206,639**	**197,411**	**164,772**	**153,798**

* 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, 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[1]	27	1,959	–	–
Dividend payment	–	–	−1,871	–
Capital transactions involving a change in ownership interest[2]	–	–	−4,484	−45
Other changes	–	–	−121	0
Balance at Sept. 30, 2014	**1,218**	**14,616**	**71,160**	**−1,539**
Balance at Jan. 1, 2015	**1,218**	**14,616**	**71,197**	**−1,777**
Profit after tax	–	–	3,827	–
Other comprehensive income, net of tax	–	–	1,553	275
Total comprehensive income	**–**	**–**	**5,381**	**275**
Capital increase[1]	0	0	–	–
Dividend payment	–	–	−2,294	–
Capital transactions involving a change in ownership interest	–	–	0	–
Other changes	–	–	−7	–
Balance at Sept. 30, 2015	**1,218**	**14,616**	**74,276**	**−1,502**

1 Volkswagen AG recorded an inflow of cash funds amounting to €3,000 million, less a discount of €29 million and transaction costs of €19 million, from the hybrid capital issued in March 2014. Additionally, there were 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 were noncash effects from the deferral of taxes amounting to €6 million. Volkswagen AG recorded an inflow of cash funds amounting to €2,500 million, less a discount of €29 million and transaction costs of €14 million, from the hybrid capital issued in March 2015. Additionally, there were noncash effects from the deferral of taxes amounting to €11 million. The hybrid capital is required to be classified as equity instruments granted.

2 The capital transactions involving a change in ownership interest in 2014 were attributable to the derecognition of the noncontrolling interests in the equity of Scania AB.

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
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**
−1,715	**1,263**	**148**	**5,041**	**89,991**	**198**	**90,189**
–	–	–	155	3,982	8	3,990
−1,497	−1,299	393	–	−574	1	−574
−1,497	**−1,299**	**393**	**155**	**3,408**	**9**	**3,417**
–	–	–	2,469	2,469	–	2,469
–	–	–	−215	−2,509	−6	−2,515
–	–	–	–	0	0	0
–	–	–	54	46	7	54
−3,212	**−36**	**541**	**7,504**	**93,405**	**207**	**93,612**

CASH FLOW STATEMENT FOR THE PERIOD JANUARY 1 TO SEPTEMBER 30

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2015	2014	2015	2014	2015	2014
Cash and cash equivalents at beginning of period	**18,634**	**22,009**	**16,010**	**19,285**	**2,624**	**2,724**
Profit before tax	5,142	11,490	3,474	10,013	1,669	1,477
Income taxes paid	−2,615	−3,185	−2,498	−2,785	−118	−401
Depreciation and amortization expense[2]	14,463	12,153	9,743	8,767	4,720	3,386
Change in pension provisions	282	203	270	195	12	8
Other noncash income/expense and reclassifications[3]	2,034	−710	1,661	−957	373	247
Gross cash flow	**19,306**	**19,950**	**12,650**	**15,233**	**6,655**	**4,717**
Change in working capital	**−6,419**	**−11,435**	**6,323**	**−291**	**−12,741**	**−11,144**
Change in inventories	−2,731	−2,503	−2,702	−2,575	−29	73
Change in receivables	−2,069	−2,723	−1,251	−2,180	−818	−542
Change in liabilities	3,897	5,766	2,990	4,090	907	1,676
Change in other provisions	7,860	1,121	7,785	1,057	75	63
Change in lease assets (excluding depreciation)	−7,649	−6,353	−581	−582	−7,068	−5,771
Change in financial services receivables	−5,727	−6,743	81	−100	−5,808	−6,643
Cash flows from operating activities	**12,887**	**8,515**	**18,973**	**14,942**	**−6,086**	**−6,427**
Cash flows from investing activities attributable to operating activities	**−7,593**	**−10,144**	**−7,220**	**−9,398**	**−373**	**−746**
of which: Investments in intangible assets (excluding capitalized development costs), property, plant and equipment, and investment property	−7,644	−6,773	−7,340	−6,482	−303	−291
capitalized development costs	−3,292	−3,399	−3,292	−3,399	–	–
acquisition and disposal of equity investments	2,923	−172	3,026	296	−103	−469
Net cash flow[4]	***5,294***	***−1,628***	***11,753***	***5,544***	***−6,459***	***−7,172***
Change in investments in securities and loans	−3,680	−869	−3,167	−362	−513	−507
Cash flows from investing activities	**−11,273**	**−11,013**	**−10,387**	**−9,760**	**−886**	**−1,252**
Cash flows from financing activities	**2,046**	**1,151**	**−5,481**	**−6,492**	**7,526**	**7,643**
Effect of exchange rate changes on cash and cash equivalents	152	322	155	248	−3	73
Net change in cash and cash equivalents	**3,812**	**−1,025**	**3,261**	**−1,062**	**551**	**37**
Cash and cash equivalents at Sept. 30	**22,446**	**20,984**	**19,271**	**18,223**	**3,175**	**2,761**
Securities, loans and time deposits	22,983	17,434	14,630	9,940	8,353	7,493
Gross liquidity	**45,429**	**38,418**	**33,901**	**28,164**	**11,528**	**10,255**
Total third-party borrowings	−138,213	−130,858	−6,145	−11,379	−132,067	−119,479
Net liquidity at Sept. 30	**−92,784**	**−92,440**	**27,755**	**16,785**	**−120,539**	**−109,225**
For information purposes: at Jan. 1	−96,453	−82,318	17,639	16,869	−114,092	−99,186

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Net of impairment reversals.
3 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 and equity investments to investing activities.
4 Net cash flow: cash flows from operating activities, net of cash flows from investing activities attributable to operating activities.

Explanatory notes on the cash flow statement are presented in note 12.

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 2014 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, 2015 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, 2015.

A number of amendments to International Financial Reporting Standards resulting from the Annual Improvements Project 2013 became effective on January 1, 2015. These relate to changes to IFRS 1, IFRS 3, IFRS 13 and IAS 40, and do not materially affect the Volkswagen Group's net assets, financial position and results of operations.

IFRIC 21 has also been required to be applied since January 1, 2015. IFRIC 21 governs the accounting for levies that do not fall within the scope of IAS 12 "Income Taxes". In particular, it provides guidance on when a liability has to be recognized for payment of a levy. This Interpretation also does not materially affect the Volkswagen Group's net assets, financial position and results of operations.

A discount rate of 2.7% (December 31, 2014: 2.3%) was applied to German pension provisions in the accompanying interim consolidated financial statements. The increase in the discount rate decreased pension provisions and deferred taxes attributable to pension provisions and also decreased 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 2014 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 2014 Annual Report. This can also be accessed on the Internet at www.volkswagenag.com/ir.

Key events

In the USA, the California Air Resources Board (CARB) and the Environmental Protection Agency (EPA) publicly announced that irregularities had been discovered in relation to emissions tests on Volkswagen Group diesel vehicles, and that violations of US environmental laws had occurred as a result. As the investigations stand at present, the issue affects approximately 11 million vehicles worldwide fitted with certain diesel engines. The vast majority of these are Type EA 189 Euro 5 engines. Based on current knowledge, the remedial actions will differ in scope depending on the engine variant involved. The technical solutions will cover software and in some cases hardware modifications, depending on the series and model year. Consequently, the Volkswagen Group recognized provisions for risks in the total amount of €6.7 billion in the third quarter, which were charged to operating profit. This primarily entailed recognizing provisions for field activities (service measures and recalls) in the amount of €5.3 billion, as well as impairment of assets and allocations to provisions in the amount of €1.3 billion. As far as possible, the provisions are measured based on past experience and on estimates, depending on the technical complexity of the remedial actions concerned. The expenses for allocations to provisions and impairment of assets are mainly recognized in cost of sales, distribution expenses and other operating income. Please refer to the "Litigation" section for a discussion of the legal risks associated with the diesel issue, which cannot be estimated at the current time. The ongoing investigations mean that assessment of the circumstances is subject to estimation risk. In particular, considerable financial charges may be incurred as the legal risks crystallize.

In addition, internal risk regulations required hedging transactions to be discontinued in this context. In accordance with IAS 39.101(b), the cumulative gain or loss on the hedging instrument that has been recognized from the period when the hedge was effective remains separately in equity until the forecast transaction occurs.

In July 2015, the Munich Regional Court ruled in the first instance that the amount of the cash settlement payable to the noncontrolling interest shareholders of MAN should be increased from €80.89 to €90.29; at the same time, the amount of the cash compensation was confirmed. The ruling is not yet legally effective, and both parties to the proceedings have since appealed. The appropriateness of the original valuation was confirmed by the audit firms engaged and by the court-appointed auditor of the agreement. The liability to noncontrolling interest shareholders was remeasured in line with the ruling in the first instance, resulting in an expense of €0.4 billion in the third quarter, which was recognized in the other financial result.

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.

INVESTMENTS IN ASSOCIATES

In August 2015, AUDI AG, BMW Group and Daimler AG signed an agreement with Nokia Corporation to acquire Nokia's HERE maps and location services business. The move aims to make HERE's products and services available for the long term in the form of an open, independent and value-creating platform for cloud-based maps and mobility services. HERE's digital maps form the basis for the next generation of mobility and location services. These are the foundation for new assistance systems, all the way through to fully automated driving. Highly accurate digital maps are integrated with real-time vehicle data to increase road safety and enable innovative products and services. The three parties have each acquired an equal interest in HERE. AUDI AG's share of the purchase price will amount to approximately €0.85 billion. Pending approval by the competent antitrust authorities, the transaction is expected to close in the next six months. The investment will be recognized as an equity-accounted investment in the consolidated financial statements.

INTERESTS IN JOINT VENTURES

Through its 50% interest in the joint venture Global Mobility Holding B.V., Amsterdam, the Netherlands (GMH), the Volkswagen Group holds a 50% indirect stake in the joint venture's subsidiary, LeasePlan Corporation N.V., Amsterdam, the Netherlands (LeasePlan). 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. Volkswagen AG has granted the new co-investor a put option on its shares. If this option is exercised, Volkswagen must pay the original purchase price, less purchase price reductions, plus accumulated pro rata preferred dividends. Additionally, Volkswagen AG has a preemptive right of purchase at any applicable 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 €1.3 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. In fiscal year 2013, the put option and the certificates of deposit were prolonged by two years until January 2016.

On July 23, 2015, GMH sold its 100% interest in LeasePlan to a consortium of international investors. The legal transfer of the shares is subject to the condition precedent that the necessary official approvals are issued during the further course of the sale. The total value of the transaction is approximately €3.7 billion. It is expected that a gain in the low triple-digit millions of euros will be reported in the Volkswagen Group's financial result.

Volkswagen AG did not grant additional credit lines either to the consortium of investors or to LeasePlan in connection with the intended sale of the indirect interest in LeasePlan. On completion of the transaction, the existing credit line of €1.3 billion provided by the Volkswagen Group will be terminated and replaced by a facility commitment by a banking syndicate.

OTHER EQUITY INVESTMENTS

On August 29, 2015, an arbitration ruling was delivered to the parties in the proceedings between Suzuki Motor Corporation and Volkswagen AG. It found that Volkswagen had acted in accordance with the agreement. The arbitration court also confirmed that Suzuki was in breach of contract and, on the merits of this case, acknowledged that Volkswagen had a claim to damages. In addition, the arbitration court established that the parties had the right to give regular notice to terminate the cooperation agreement. It said that Suzuki had exercised this right, ending the partnership. According to the court, the agreements had to be interpreted in such a way that Volkswagen had to sell its equity investment in Suzuki on termination of the partnership. Volkswagen consequently sold its 19.9% equity investment to Suzuki on September 17, 2015 at the quoted market price of €3.1 billion. The sale of the shares generated income in the amount of €1.5 billion, which was recognized in the other financial result.

DISCLOSURES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. Sales revenue

STRUCTURE OF GROUP SALES REVENUE

€ million	Q1–3 2015	Q1–3 2014
Vehicles	105,724	98,148
Genuine parts	10,929	10,117
Used vehicles and third-party products	8,159	7,429
Engines, powertrains and parts deliveries	6,349	7,424
Power Engineering	2,754	2,640
Motorcycles	468	386
Leasing business	15,217	11,609
Interest and similar income	5,091	4,819
Other sales revenue	5,572	5,145
	160,263	**147,718**

2. Cost of sales

Cost of sales includes interest expenses of €1,423 million (previous year: €1,459 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 €1,141 million (previous year: €218 million). The lower value in use of Volkswagen Group products, due among other things to expected declines in volumes, is used as the basis for calculating impairment losses. Please also refer to the "Key Events" section for further information on the increase in impairment losses.

3. Research and development costs in the Automotive Division

€ million	Q1–3 2015	Q1–3 2014	%
Total research and development costs	9,941	9,619	3.3
of which: capitalized development costs	3,292	3,399	−3.2
Capitalization ratio in %	33.1	35.3	
Amortization of capitalized development costs	2,381	2,129	11.8
Research and development costs recognized in the income statement	**9,030**	**8,350**	**8.2**

4. Earnings per share

Basic earnings per share are calculated by dividing profit attributable to shareholders of Volkswagen AG by the weighted average number of ordinary and preferred shares outstanding during the reporting period.

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 (issuer). Both mandatory convertible notes mature on November 9, 2015. The current minimum conversion price is €144.50, and the corresponding maximum conversion price is €173.40. 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 voluntary conversion right was exercised in the reporting period, with a total of €100 thousand of the notes being converted into 564 newly created preferred shares at the effective maximum conversion price at the conversion date. In addition, conversion notices for a total of €4.6 million of the notes were submitted at the end of the reporting period. These conversions will lead to the creation in October of 26,527 new 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 €144.50. 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, as of September 30, 2015, the existing mandatory convertible notes still entitled the holders to subscribe for a maximum of 25,570,242 no-par value preferred shares of Volkswagen AG, based on the current maximum conversion ratio.

		Q3		Q1–3	
		2015	2014*	2015	2014*
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	206.2	206.2	206.2	200.0
diluted	million	206.2	206.2	206.2	200.0
Profit after tax	€ million	−1,673	2,971	3,990	8,687
Noncontrolling interests	€ million	1	4	8	79
Profit attributable to Volkswagen AG hybrid capital investors	€ million	57	39	155	99
Profit attributable to Volkswagen AG shareholders	€ million	−1,731	2,928	3,827	8,509
Earnings per share					
Ordinary shares: basic	€	−3.45	5.84	7.61	17.16
diluted	€	−3.45	5.84	7.61	17.16
Preferred shares: basic	€	−3.45	5.84	7.67	17.22
diluted	€	−3.45	5.84	7.67	17.22

* 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, 2015

€ million	Carrying amount at Jan. 1, 2015	Additions/ Changes in consolidated Group	Disposals/ Other changes	Depreciation and amortization	Carrying amount at Sept. 30, 2015
Intangible assets	59,935	3,561	225	3,145	60,125
Property, plant and equipment	46,169	7,459	224	6,178	47,226
Lease assets	27,585	13,274	4,683	5,133	31,042

6. Inventories

€ million	Sept. 30, 2015	Dec. 31, 2014
Raw materials, consumables and supplies	4,253	3,941
Work in progress	3,911	3,552
Finished goods and purchased merchandise	21,675	20,156
Current lease assets	4,300	3,679
Prepayments	161	139
	34,299	**31,466**

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, 2015	Dec. 31, 2014
Trade receivables	11,877	11,472
Miscellaneous other receivables and financial assets	15,162	13,782
	27,039	**25,254**

In the period January 1 to September 30, 2015, impairment losses and reversals of impairment losses on noncurrent and current financial assets reduced operating profit by €575 million (previous year: €365 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 Volkswagen Truck & Bus GmbH (formerly 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, 2015, a total of 360,739 ordinary shares and 125,085 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.

In March 2015, Volkswagen AG placed unsecured subordinated hybrid notes with an aggregate principal amount of €2.5 billion via a subsidiary, Volkswagen International Finance N.V. Amsterdam (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 (€1.1 billion and a coupon of 2.50%) is after seven years, and the first call date for the second tranche (€1.4 billion and a coupon of 3.50%) is after 15 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.

In the reporting period, Volkswagen AG issued 564 newly created preferred shares (notional value: €1,443.84) resulting from the exercise of mandatory convertible notes. The subscribed capital is composed of 295,089,818 no-par value ordinary shares and 180,642,042 preferred shares, and amounts to €1,218 million (December 31, 2014: €1,218 million).

Volkswagen AG paid a dividend of €2,294 million in the reporting period (previous year: €1,871 million). €1,416 million of this amount (previous year: €1,180 million) was attributable to ordinary shares and €878 million (previous year: €691 million) to preferred shares.

9. Noncurrent financial liabilities

€ million	Sept. 30, 2015	Dec. 31, 2014
Bonds, commercial paper and notes	59,170	56,639
Liabilities to banks	11,106	9,692
Deposit business	801	980
Other financial liabilities	1,426	1,105
	72,502	**68,416**

10. Current financial liabilities

€ million	Sept. 30, 2015	Dec. 31, 2014
Bonds, commercial paper and notes	29,300	29,639
Liabilities to banks	12,411	11,109
Deposit business	23,499	24,353
Other financial liabilities	500	463
	65,710	**65,564**

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 2014 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 put options and compensation rights granted to noncontrolling interest shareholders is calculated using a present value model based on the contractually agreed cash settlement, including cash compensation, as well as the minimum statutory interest rate and a risk-adjusted discount rate for a matching maturity.

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, 2014	Level 1	Level 2	Level 3
Noncurrent assets				
Other equity investments	2,922	2,922	–	–
Other financial assets	2,047	–	2,023	24
Current assets				
Other financial assets	1,551	–	1,543	9
Marketable securities	10,861	10,861	–	–
Noncurrent liabilities				
Other noncurrent financial liabilities	2,390	–	2,216	174
Current liabilities				
Other current financial liabilities	2,991	–	2,916	75

€ million	Sept. 30, 2015	Level 1	Level 2	Level 3
Noncurrent assets				
Other equity investments	129	129	–	–
Other financial assets	2,598	–	2,577	21
Current assets				
Other financial assets	2,662	–	2,656	6
Marketable securities	14,647	14,647	–	–
Noncurrent liabilities				
Other noncurrent financial liabilities	3,976	–	3,782	194
Current liabilities				
Other current financial liabilities	4,685	–	4,382	303

The allocation of fair values to the three levels in the fair value hierarchy is based on the availability of observable market prices. Level 1 is used to report the fair value of financial instruments for which a price is directly available in an active market. 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 using market-based valuation techniques. In particular, the inputs used include exchange rates, yield curves and commodity prices that are observable in the relevant markets and obtained through pricing services. Level 3 fair values are calculated using valuation techniques that incorporate inputs that are not directly observable in active markets. In the Volkswagen Group, long-term commodity futures are allocated to Level 3 because the prices available on the market must be extrapolated for measurement purposes. This is done on the basis of observable inputs obtained for the different commodities through pricing services. Options on equity instruments and residual value protection models are also reported in Level 3. Equity instruments are measured primarily using the relevant business plans and entity-specific discount rates. The significant inputs used to measure fair value for the residual value protection models include forecasts and estimates of used vehicle residual values for the appropriate models.

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, 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

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2015	**32**	**249**
Foreign exchange differences	0	0
Total comprehensive income	0	351
recognized in profit or loss	0	342
recognized in other comprehensive income	0	9
Additions (purchases)	–	–
Sales and settlements	−5	−66
Transfers into Level 2	0	−36
Balance at Sept. 30, 2015	**27**	**498**
Total gains or losses recognized in profit or loss	**0**	**−342**
Net other operating expense/income	–	–
of which attributable to assets/liabilities held at the reporting date	–	–
Financial result	0	−342
of which attributable to assets/liabilities held at the reporting date	0	−85

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, 2015, profit after tax would have been €8 million higher (lower) and equity would have been €2 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 after tax.

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

If the prices for the used cars covered by the residual value protection model had been 10% higher as of September 30, 2015, profit after tax would have been €214 million higher. If the prices for the used cars covered by the residual value protection model had been 10% lower as of September 30, 2015, profit after tax would have been €214 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. In the reconciliation presented in the following tables, equity instruments recognized at their carrying amount are allocated to Level 3 of the fair value hierarchy.

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2014

	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT DEC. 31, 2014
€ million	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-accounted investments	–	–	–	9,874	9,874
Other equity investments	2,922	761	761	–	3,683
Financial services receivables	–	57,877	60,052	–	57,877
Other financial assets	2,047	4,451	4,496	–	6,498
Current assets					
Trade receivables	–	11,472	11,472	–	11,472
Financial services receivables	–	44,398	44,398	–	44,398
Other financial assets	1,551	6,141	6,141	–	7,693
Marketable securities	10,861	–	–	–	10,861
Cash, cash equivalents and time deposits	–	19,123	19,123	–	19,123
Noncurrent liabilities					
Noncurrent financial liabilities	–	68,416	70,238	–	68,416
Other noncurrent financial liabilities	2,390	1,564	1,568	–	3,954
Current liabilities					
Put options and compensation rights granted to noncontrolling interest shareholders	–	3,703	3,822	–	3,703
Current financial liabilities	–	65,564	65,564	–	65,564
Trade payables	–	19,530	19,530	–	19,530
Other current financial liabilities	2,991	4,652	4,652	–	7,643

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF SEPTEMBER 30, 2015

	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT SEPT. 30, 2015
€ million	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-accounted investments	–	–	–	9,023	9,023
Other equity investments	129	887	887	–	1,016
Financial services receivables	–	61,599	62,921	–	61,599
Other financial assets	2,598	4,740	4,768	–	7,338
Current assets					
Trade receivables	–	11,877	11,877	–	11,877
Financial services receivables	–	45,791	45,791	–	45,791
Other financial assets	2,662	5,927	5,927	–	8,589
Marketable securities	14,647	–	–	–	14,647
Cash, cash equivalents and time deposits	–	22,981	22,981	–	22,981
Noncurrent liabilities					
Noncurrent financial liabilities	–	72,502	73,732	–	72,502
Other noncurrent financial liabilities	3,976	1,849	1,854	–	5,825
Current liabilities					
Put options and compensation rights granted to noncontrolling interest shareholders	–	3,960	3,701	–	3,960
Current financial liabilities	–	65,710	65,710	–	65,710
Trade payables	–	19,909	19,909	–	19,909
Other current financial liabilities	4,685	5,786	5,786	–	10,471

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, 2015	Sept. 30, 2014
Cash, cash equivalents and time deposits as reported in the balance sheet	22,981	22,373
Time deposits	−536	−1,389
Cash and cash equivalents as reported in the cash flow statement	**22,446**	**20,984**

Cash inflows and outflows from financing activities are presented in the following table:

	Q1–3	
€ million	2015	2014
Capital contributions	2,457	4,932
Dividends paid	−2,515	−1,962
Capital transactions with noncontrolling interest shareholders	0	−6,535
Other changes	−5	7
Proceeds from issuance of bonds	16,551	19,908
Repayment of bonds	−16,779	−16,635
Change in other financial liabilities	2,357	1,446
Lease payments	−20	−11
	2,046	**1,151**

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 (operating segments) 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. Segment reporting comprises four reportable segments: Passenger Cars, Commercial Vehicles, Power Engineering and Financial Services. The operating segments are combined into reportable segments based on similar economic characteristics (in particular the nature of the products or services, integration in the development, production and sales processes, and similar customer groups).

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 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

REPORTING SEGMENTS: Q1–3 2015

€ million	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	119,519	17,861	2,754	20,004	160,138	125	160,263
Intersegment sales revenue	11,836	4,360	1	1,957	18,154	–18,154	–
Total sales revenue	131,354	22,221	2,756	21,961	178,292	–18,030	160,263
Segment profit or loss (operating profit or loss)	2,559	489	34	1,615	4,698	–1,356	3,342

RECONCILIATION

€ million	Q1–3 2015	Q1–3 2014
Segment profit or loss (operating profit or loss)	**4,698**	**10,489**
Unallocated activities	127	104
Group financing	37	–11
Consolidation	–1,520	–1,167
Operating profit	**3,342**	**9,416**
Financial result	**1,800**	**2,075**
Consolidated profit before tax	**5,142**	**11,490**

14. Related party disclosures

Porsche SE reached an agreement with Suzuki Motor Corporation at the end of September 2015 to acquire 1.5% of Volkswagen AG's ordinary shares via an off-market transaction. At 52.2%, Porsche SE held the majority of the voting rights in Volkswagen AG as of September 30, 2015.

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 cannot 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	2015	2014	2015	2014
Porsche SE	8	14	3	5
Supervisory Board members	5	5	3	3
Unconsolidated subsidiaries	751	690	541	477
Joint ventures and their majority interests	10,359	12,842	898	902
Associates and their majority interests	90	135	523	284
State of Lower Saxony, its majority interests and joint ventures	4	4	2	2

	RECEIVABLES (INCLUDING COLLATERAL) FROM		LIABILITIES (INCLUDING OBLIGATIONS) TO	
€ million	Sept. 30, 2015	Dec. 31, 2014	Sept. 30, 2015	Dec. 31, 2014
Porsche SE	340	356	11	14
Supervisory Board members	0	0	171	218
Unconsolidated subsidiaries	955	673	1,264	815
Joint ventures and their majority interests	6,512	6,295	2,230	2,127
Associates and their majority interests	57	69	507	168
State of Lower Saxony, its majority interests and joint ventures	1	0	1	1

The supplies and services received from joint ventures and associates in the first nine months do not include resolved dividend distributions amounting to €4,612 million (previous year: €2,939 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 liability compensation for guarantees.

Obligations to members of the Supervisory Board amounting to €171 million relate primarily to interest-bearing bank balances of Supervisory Board members that were invested at standard market terms and conditions at Volkswagen Group companies.

Obligations to joint ventures and their majority interests contain miscellaneous financial obligations under an irrevocable credit commitment in the amount of €1.3 billion to LeasePlan with a term until December 2018.

15. Litigation

The US Environmental Protection Agency (EPA) published a notice of violation on September 18, 2015. This alleged that Volkswagen had used specialized engine control units in the four cylinder diesel engines fitted in certain model years to circumvent nitrogen oxide emissions standards in test conditions to comply with homologation requirements. According to the EPA's findings, this affects approximately 482,000 vehicles in the USA.

Volkswagen's reaction was highly comprehensive and the Company is working intensively to clarify the irregularities in the software used. This includes a review of all technical concepts. The investigations have not been completed at the present time. In addition to an internal inquiry, an official external investigation by US law firm Jones Day was commissioned for this purpose. This will be wide-ranging and comprehensive, and will address all of the issues currently in question. The Supervisory Board will ensure that Jones Day can carry out its clarification work independently. Jones Day will update the Supervisory Board about the results of its investigation on an ongoing basis.

The Supervisory Board of Volkswagen AG has formed its own committee to support the independent external investigation and to closely manage and supervise the internal investigation. It will report regularly to the Supervisory Board on the progress made.

As the investigations stand at present, the issue affects approximately 11 million vehicles worldwide fitted with certain diesel engines. The vast majority of these are Type EA 189 Euro 5 engines.

Based on decisions dated October 15, 2015, the Kraftfahrtbundesamt (KBA – German Federal Motor Transport Authority) ordered the Volkswagen Passenger Cars, Volkswagen Commercial Vehicles and SEAT brands to recall all of the diesel vehicles that had been issued with vehicle type approval by the KBA from among the 11 million affected. The recall concerns the member states of the European Union (EU28). The timetable and action plan forming the basis for the recall order correspond to the proposals presented in advance by Volkswagen. The KBA's recall order includes retrospective additional requirements relating to the type approvals issued, which otherwise remain in force. Depending on the technical complexity of the remedial actions, this means that the affected vehicles, of which there are around 8.5 million in total in the EU 28, will be recalled to the service workshops from January 2016. Based on current knowledge, the remedial actions will differ in scope depending on the engine variant involved. The technical solutions will cover software and in some cases hardware modifications, depending on the series and model year. The details of the remedial actions will be agreed in close cooperation with the KBA, which must approve them in advance. Discussions are currently underway with the authorities in the other EU member states with the aim of ensuring that no legal actions above and beyond this will be taken in this connection by public authorities in the other member states. In addition, Group brands SEAT and ŠKODA are currently holding talks and consultations with the same objective with their respective type approval authorities, Spain's Ministry of Industry, and the Vehicle Certification Agency (VCA) in the UK. Moreover, EC/ECE type approval is often used as the basis for the corresponding national type approval in non-EU countries such as Switzerland, Australia, Turkey and others. We are also in close contact with the authorities in these countries to coordinate the consequences and actions. In addition, there is an intensive exchange of information with the authorities in the USA, where Volkswagen's planned actions will also have to be approved.

Various legal risks can have potential consequences for Volkswagen's results of operations, financial position and net assets.

1. Criminal proceedings worldwide (excluding the USA/Canada)
Criminal investigations have been opened or announced in some countries in addition to the approval processes with the competent registration authorities. It is too early to gauge whether this will result in fines for the Company, and if so what their amount might be. It must be taken into consideration that the core issue is being investigated by the public prosecutor's office in Braunschweig.

2. Product-related lawsuits worldwide (excluding the USA/Canada)
In principle, it is possible that customers in the affected markets will file civil lawsuits against Volkswagen AG and other Volkswagen Group companies involved in the sales process. In addition, it is possible that non-Group importers and dealers could assert claims against Volkswagen AG, e.g. through recourse claims. As well as individual lawsuits, class action lawsuits are possible in various jurisdictions (albeit not in Germany). It is too early to estimate how many customers will take advantage of the option to file lawsuits. Volkswagen is working intensively to develop the above-mentioned remedial actions, to coordinate them with the competent authorities and to obtain approval for them. Volkswagen AG is examining the legal situation for potential claims in the relevant markets. It is also currently unclear whether customers will be faced with a reduction in the value of or adverse changes to their vehicles following the planned remedial actions. As a result, it is too early to estimate the prospect of success for any lawsuit.

3. Lawsuits filed by investors worldwide (excluding the USA/Canada)
Investors have announced that they are examining the possibility of pursuing claims for damages against Volkswagen AG due to the movements in Volkswagen AG's share price following publication of the EPA's notice of violation. In October, Volkswagen AG had already been served with three lawsuits from private investors that claim damages due to alleged misconduct in communications surrounding the emissions issue. An application was simultaneously made to instigate proceedings in accordance with the Kapitalanlage-Musterverfahrensgesetz (Capital Markets Model Case Act). Volkswagen is of the opinion that it properly complied with its capital market obligations.

4. USA/Canada
The US and Canadian authorities have launched investigations. Volkswagen is cooperating with the authorities, and has acknowledged irregularities in the US emissions concepts. There are five distinct areas.

a. Civil and administrative investigations by the EPA and US Department of Justice (DoJ)/Environmental Canada
The EPA is currently investigating violations of US environmental law in connection with the circumvention of emissions standards. It is likely that Environmental Canada will also open an investigation. Due to the complexity of the individual factors and the large number of open questions, it is currently impossible to estimate potential financial penalties due to the ongoing uncertainty.

b. Criminal investigations by the US Department of Justice (DoJ)
The DoJ has also opened a criminal investigation. This focuses on allegations that various federal law criminal offenses were committed. It is too early in the investigation to provide a sufficiently reliable estimate of the potential financial penalties.

c. Class action lawsuits by customers in the USA and Canada

A large number of motions for leave to file class action lawsuits by affected customers have been announced, both in the USA and in Canada. Although some of these have already been served on the local companies, none have yet been served on Volkswagen AG. The claims primarily relate to compensation for material damage caused to the affected customers, and are specifically based on consumer fraud and unjust enrichment. In particular, compensation for alleged loss of value is being claimed or has been announced in addition to the performance of remedial actions. Claims for punitive damages are also being asserted. It will only be possible to reliably estimate the outcome of these proceedings once the complaints have been served and the alleged circumstances and legal arguments presented in them have been thoroughly examined and assessed.

d. Investigations by the attorney generals of various US states

The attorney generals are investigating whether Volkswagen Group of America inappropriately advertised clean diesels and whether customers were misled into purchasing Volkswagen diesel vehicles as a result. It is not yet possible to reliably estimate the conceivable consequences since these investigations are also still in their early stages.

e. Class action lawsuits by investors

In addition to product-related class action lawsuits, it is possible that purchasers of American Depository Receipts (ADRs) could potentially file claims for damages in the USA and Canada against Volkswagen AG and its subsidiaries due to alleged price losses. Although according to publicly available information a small number of these class action lawsuits have been filed with US courts to date, Volkswagen has not yet been served with these. It will only be possible to reliably estimate the outcome of these proceedings once the complaints have been served and the alleged circumstances and legal arguments presented in them have been thoroughly examined and assessed. Volkswagen is of the opinion that it properly complied with its capital market obligations.

It is currently impossible to assess the legal risks connected with the diesel issue due to the early stage of the comprehensive and exhaustive investigations, the complexity of the individual factors and the large number of open questions. As a consequence, corresponding provisions have not been recognized in the interim financial statements (IAS 37.26).

16. Contingent assets and liabilities

There were no significant changes as of September 30, 2015 in the contingent assets and liabilities described in the 2014 Annual Report. Please refer to the "Litigation" section for information on potential exceptional changes relating to legal risks.

17. Other financial obligations

The other financial obligations decreased by €113 million compared with the 2014 consolidated financial statements to €27,173 million, due in particular to a decrease 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 2015.

Wolfsburg, October 28, 2015

Volkswagen Aktiengesellschaft

The Board of Management

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 to 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, 2015, 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 IFRS 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 Managing Directors. 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.

Except for the matter described in the following paragraph, 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 IFRS 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.

As the investigation of the irregularities related to steering software has not been completely brought to a termination and therefore not all details, underlying causes as well as the roles of the individuals involved could be clarified, it could not be determined whether any adjustments of the provisions for this matter, including indemnity claims and penalties (legal risks), were necessary.

Based on our review, except for the possible effects previously mentioned, 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 IFRS 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 28, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Norbert Winkeljohann
Wirtschaftsprüfer
(German Public Auditor)

Frank Hübner
Wirtschaftsprüfer
(German Public Auditor)

Contact Information

PUBLISHED BY

Volkswagen AG
Financial Publications
Letterbox 1848-2
38436 Wolfsburg
Germany
Phone +49 (0) 5361 9-0
Fax +49 (0) 5361 9-28282

INVESTOR RELATIONS

Volkswagen AG
Investor Relations
Letterbox 1849
38436 Wolfsburg
Germany
Phone +49 (0) 5361 9-86622 IR hotline
Fax +49 (0) 5361 9-30411
E-mail investor.relations@volkswagen.de
Internet www.volkswagenag.com/ir

FINANCIAL CALENDAR

March 10, 2016
Volkswagen AG Annual Media Conference and Investor Conference

April 21, 2016
Volkswagen AG Annual General Meeting

April 28, 2016
Interim Report January – March 2016

July 28, 2016
Half-Yearly Financial Report 2016

October 27, 2016
Interim Report January – September 2016

This Interim Report is also available on the Internet, in German and English, at: www.volkswagenag.com/ir

This version of the Interim Report is a translation of the German original. The German takes precedence.

Printed in Germany
558.809.561.20