

Management report

Volkswagen International Finance N.V. ('VIF' or 'the company') is one of the funding vehicles of Volkswagen AG, Wolfsburg (VWAG) and its subsidiaries. VIF raises funds from the capital markets by issuing notes and lends the proceeds on to group and joint venture companies. Basis for the issuing activities are the EUR 25 billion Debt Issuance Programme (DIP Programme) that adheres to the European Prospective Directive Standards and a EUR 10 billion Multi Currency Commercial Paper Programme (CP Programme). Both programmes are usually updated every year. All issues are guaranteed by VWAG. Therefore, the VIF rating by Moody's and Standard&Poor's is derived from the VWAG rating. According to Moody's, VWAG's rating is set to P-2 (short-term) and A3 (long-term) with a stable outlook. Standard&Poor's assessed VWAG's creditworthiness as A-2 (short-term) and A- (long-term) with a negative outlook.

The financing activities are carried out in different currencies and interest terms. To avoid currency and interest risks, the company concludes interest- and currency swaps.

Under the DIP-Programme VIF placed within the first six months of 2011 two issues with a total € equivalent of 214 million (first half of 2010: two issues totaling to a € equivalent of 150 million). For the first time the company issued a bond in Chinese currency. An amount of CNY 1.5 billion (€ equivalent: 164 million) has been placed with Hong Kong and Singapore investors. Under the CP Programme the company placed 15 issues with a total € equivalent of 310 million (first half of 2010: 23 issues totaling to € 630 million).

After the successful issue of bonds in August 2010 to qualified institutional buyers under the US 144A Rule (total volume: USD 1.75 billion) VIF issued in March 2011 again in total USD 2.7 billion.

The proceeds of all issues mentioned above were granted to Volkswagen group companies.

VIF redeemed one DIP issue with a € equivalent of 1.5 billion (first half of 2010: no redemptions) and eight CP-issues with a EUR equivalent of 300 million (first half of 2010: 45 issues totaling to EUR 1.2 billion).

The main business risks of VIF are the interest rate risk, currency risk, liquidity risk and the credit risk. The Supervisory Board has set limits to restrict those risks. VIF uses adequate tools to assess and to monitor them.

Within the first half year 2011 VIF realized earnings of EUR 1.085.6 million after taxes against EUR 985.6 million in the first half of 2010. The company generates income mainly from the holding- and the group financing business. Income from participations adds up to EUR 1.076.8 million (mainly dividend income) compared to EUR 980.3 million in 2010. The interest income from group financing activities amounts to EUR 14.1 million (2010: EUR 8.3 million). The improvement in interest result is due to higher average business volume and margin in the back to back financing business and higher average equity and average interest rates for the equity funded investments.

For the second half of the 2011 we expect business volume and interest result to be on a similar level as in the first half. No further dividend income is expected until the end of the year.

The Management Board declares that to the best of their knowledge:

1. the financial statements for the first half year of 2011 give a true and fair view of the assets, the liabilities, the financial position and the results of the company; and
2. the management report gives a true and fair view of the company's situation as at the balance sheet date, the events that occurred during the first half year and the risks to which the company is exposed.

Amsterdam, 20 July, 2011

Original has been signed by
Frank Mitschke, Managing Director

Financial statements

Balance sheet as at 30 June 2011

(unaudited)

| | | 30 June 2011 | | 30 June 2010 | |
|---|------|--------------|------------|--------------|------------|
| | Ref. | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| Assets | | | | | |
| Fixed assets | | | | | |
| Intangible fixed assets | | - | | - | |
| Tangible fixed assets | | 108 | | 100 | |
| Shares in participations | | 3,810,037 | | 3,469,467 | |
| Loans to Volkswagen group companies | | 9,410,980 | | 8,206,691 | |
| Loans to joint ventures of the Volkswagen group | | 71,446 | | 86,446 | |
| Total fixed assets | | | 13,292,571 | | 11,762,704 |
| Current assets | | | | | |
| Receivables due from Volkswagen group companies | | 4,010,266 | | 4,533,427 | |
| Receivables due from joint ventures of the Volkswagen group | | 96,999 | | 574 | |
| Other assets | | 26,633 | | 30,926 | |
| Prepayments and accrued income | | 45,875 | | 40,215 | |
| Deposits at banks | | 69,346 | | 389,687 | |
| Cash at banks and in hand | | 892 | | 272 | |
| Total current assets | | | 4,250,011 | | 4,995,101 |
| Total assets | | | 17,542,582 | | 16,757,805 |

(unaudited)

| | 30 June 2011 | | 30 June 2010 | |
|---|---------------------|------------|---------------------|------------|
| | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| <i>Shareholders' equity and liabilities</i> | | | | |
| Shareholders' equity | | | | |
| Issued and paid-up share capital | 103,035 | | 103,035 | |
| Share premium reserve | 2,102,155 | | 3,102,155 | |
| Retained earnings | 1,446,685 | | 309,277 | |
| Current earnings | 1,085,631 | | 985,560 | |
| Total shareholders' equity | | 4,737,506 | | 4,500,027 |
| Long-term liabilities | | | | |
| Bonds | 8,914,092 | | 7,771,349 | |
| Liabilities to Volkswagen group companies | 292,000 | | 389,706 | |
| Total long-term liabilities | | 9,206,092 | | 8,161,055 |
| Current liabilities | | | | |
| Bonds | 2,611,613 | | 3,250,000 | |
| Commercial papers | 159,812 | | 134,904 | |
| Liabilities to Volkswagen group companies | 532,068 | | 369,849 | |
| Other liabilities | 201,828 | | 256,410 | |
| Deferred income | 22,709 | | 1,382 | |
| Current income tax | 1,804 | | 382 | |
| Trade payables | 255 | | 4,056 | |
| Accrued liabilities | 68,895 | | 79,740 | |
| Total current liabilities | | 3,598,984 | | 4,096,723 |
| Total shareholders' equity and liabilities | | 17,542,582 | | 16,757,805 |

Income statement 30 June 2011

(unaudited)

| | 30 June 2011 | | 30 June 2010 | |
|--|--------------|-----------|--------------|-----------|
| | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| Income | | | | |
| Interest and similar income | 287,006 | | 300,273 | |
| Other operating income | 837 | | 842 | |
| | | | | |
| Total income | | 287,843 | | 301,115 |
| Expenses | | | | |
| Interest and similar expenses | (272,851) | | (291,933) | |
| Other operating expenses | (192) | | (152) | |
| General and administrative expenses | (2,520) | | (1,614) | |
| Amortisation and depreciation expenses | (15) | | (11) | |
| | | | | |
| Total expenses | | (275,578) | | (293,710) |
| | | | | |
| Result before taxation | | 12,265 | | 7,405 |
| Taxation | | (3,400) | | (2,136) |
| Result from participations | | 1,076,767 | | 980,291 |
| | | | | |
| Result after taxation | | 1,085,632 | | 985,560 |