Volkswagen Coaching Gesellschaft mbH
Wolfsburg

Group Annual Report as of December 31, 2010 and Group Management Report for the financial year 2010

Audit report

Table of contents Page

Volkswagen Coaching GmbH, Wolfsburg

Group Management Report for the financial year 2010

1. General Information

Volkswagen Coaching Group (hereinafter VW CG Group) comprises of Volkswagen Coaching Gesellschaft mbH, Wolfsburg (VW CG) as parent company and the two fully consolidated subsidiaries Volkswagen Qualifizierungsgesellschaft mbH, Wolfsburg (VW QG) and Volkswagen-Bildungsinstitut GmbH, Zwickau (VW BI).

VW CG is registered with the commercial register of the local court of Braunschweig under HRB 100261.

Subject of VW CG Group is the scheduling, the purchase, the performance and commercialization of qualification of services, especially the qualification of members of staff of establishments and individual persons. At the same time, prospects of employment including business start-ups are to be revealed, innovative business activities in the branch of production and service industry are to be attempted and advice and support is to be given to employment initiatives.

2. Business Development 2010

Because of the continuing repositioning and restructuring of the business segments, the intended reduction of the volume of orders of VW AG for general personnel training measures (order budget), could be partially compensated. For the further training the brand VW PKW has again allocated an additional, central, appropriated and division-neutral budget. In the recent financial year systematic staff and competence development as well as the introduction of new technology, especially launches of new models by VW, could be supported purposefully with the authorized project funds, too. The volume of classic qualification measures, such as seminars and training courses, was decreased by 6% to 1,398 thousand attendee lessons (previous year: 1,483 thousand attendee lessons).

Compared to the total turnover in the financial year 2009, which so far was the highest turnover achieved, the aggregate turnover in the segment further training along with the segment management and talent programmes has slightly decreased. We have been successful in further pursuing qualifications in the profession families of Volkswagen after founding the academy for tooling in Wolfsburg and Braunschweig as well as for purchasing in 2009. In 2010 we have established a basis for the foundation of more than ten other academies, inter alia, in the areas of e-traction, paint-shop and sales/distributions.

The trend towards qualification offers, which are individually tailored to customers' requirements continued. The expenses associated therewith were compensated by increased efficiency and quality. Stable margins were generated in these divisions once more.

The project of competence orientation in vocational training established a competence-based training model in the field of vocational training at VW CG, which fulfills the need of young specialists permanently and assures a high quality right from the beginning of vocational training at Volkswagen. For the time being this project covers the five core occupations, such as industrial mechanic, toolmaker, electronic technician for automation, automotive mechatronic engineer and mechatronic engineer. For this purpose competence standards have been set down across all locations specifying curricular and operational minimum requirements. Intended to document, test and certificate competencies in the vocational training, methods were developed, tested and implemented. The competence-orientated vocational training on the basis of minimum standards continued with the professions warehouse logistics specialists, merchant for office communication and cutting machine operator and was gradually introduced to all training occupations at Volkswagen.

In addition to this, so-called “groups of professionals” were introduced for these core occupations. These groups of professionals are composed of specialists from all locations for each core occupation. The aim of the groups of professionals is to implement agreed standards quickly and efficiently and to improve them continuously.

For 1,255 (previous year: 1,203) trainees at VW AG the vocational training came to a successful end and they were recruited with a permanent contract by VW AG. 1,273 (previous year: 1,251) trainees were newly employed by VW AG as of September 2010, 217 of which (previous year: 215) being participants of “Studium im Praxisverbund” (STIP) programme. The participants of the programme STIP complete their university education within the average duration of 7 semesters and obtain a certificate of proficiency at the same time. At year-end the number of trainees participating in an initial vocational training was 4,200 (previous year: 4,241) at VW AG, 584 of which STIPs (previous year: 579).

Furthermore, at year-end the number of trainees participating in an initial vocational training of group companies (with the exception of VW AG) was 387 (previous year: 408) and 430 (previous year: 466) of other companies.

On average, VW CG Group employed 667 (previous year: 673) employees loaned from VW AG under temporary employment agreements. In addition, on annual average VW CG Group employed 217 (previous year: 219) own employees, 79 (previous year: 94) of which are employed on a fixed-term basis.

In the second quarter of 2011, the management of the company has recognized the need to reevaluate the public fund projects of a subsidiary. Balance-sheet provisions were made; however, the investigations are still in progress. There were no further reportable events of material significance after December 31, 2010.

3. Position of the company in relation to Assets, Financials and Earnings

Net Assets and Financial Positions

The group consolidated balance sheet as of December 31, 2010 shows in aggregated form and in comparison to the numbers as of the end of previous year's reporting period the following:

	December 31, 2010 T€	%	December 31, 2009 T€	%	Changes T€
Assets					
Fixed assets	2,133	8.4	1,630	7.4	503
Current assets					
Inventories	428	1.7	453	2.1	-25
Receivables and other assets	21,830	86.4	18,219	82.8	3,611
Other assets (including deferred income)	10	0.0	57	0.3	-47
Liquid funds	872	3.5	1,640	7.4	-768
	23,140	91.6	20,369	92.6	2,771
	25,273	**100.0**	**21,999**	**100.0**	**3,274**
Liabilities					
Equity					
Subscribed capital	5,115	20.2	5,115	23.2	0
Capital reserves	254	1.0	254	1.2	0
Difference arising from equity consolidation	490	2.0	490	2.2	0
	5,859	23.2	5,859	26.6	0
Short-term debts					
Provisions	14,510	57.4	13,149	59.8	1,361
Liabilities	3,873	15.3	1,816	8.3	2,057
Other liabilities (including deferred income)	1,031	4.1	1,175	5.3	-144
	19,414	76.8	16,140	73.4	3,274
	25,273	**100.0**	**21,999**	**100.0**	**3,274**

The increase of balance sheet volume by 14.9% has been caused by an increase in accounts receivables from goods and services against VW AG (assets) and, compared to the previous year, an increase of 10.4% in account provisions (liabilities). Compared to the previous year, receivables against affiliated companies and VW AG were increased by € 3,617 thousand (VW AG € 920 thousand). In addition, the short-term receivables from goods and services compared to the previous year increased by € 143 thousand.

Liabilities were increased against the previous year by € 2,210 thousand to cover outstanding invoices against the company (€ 4,804 thousand). Compensated with all other provisions in 2010, this resulted in a total amount of provisions in the amount of € 14,510 thousand (primarily for personnel cost of € 8,676 thousand). This is opposed by a deferred income decreased by € 184 thousand which has primarily been built up towards sponsors. In addition, the short-term receivables from goods and services towards third parties have decreased compared to the previous year effective date by € 139 thousand.

The net assets and financial position of the VW CG Group can only be assessed against the background of it being part of the Volkswagen-Group. The equity ratio has decreased due to the increase in balance sheet volume from 26.6% to 23.2% at the end of the reporting period. At the balance sheet date, cash and cash equivalents plus receivables from the cash pooling with VW AG cover 0.89% of all third party debt (previous year: 170.8%). Solvency was not an issue during the financial year and thereafter. With regard to the development of financial assets please refer to Group Cash Flow Statement.

Results of Operations

The business development of VW CG Group has impacted on the income statement for the financial year 2010 as follows (compared to previous year's figures):

	2010		**2009**		**Changes**
	T€	**%**	**T€**	**%**	**T€**
Sales	134,260	100.0	137,050	100.0	-2,790
Change in inventory and other own work capitalized	-1	0.0	204	0.2	-205
Provided service	134,259	100.0	137,254	100.2	-2,995
Other operating income	6,297	4.7	4,669	3.4	1,628
Total output	140,556	104.7	141,923	103.6	-1,368
Cost of materials	4,283	3.2	0	0.0	4,283
Personnel expenses	8,754	6.5	8,344	6.1	410
Depreciations	545	0.4	491	0.4	54
Other operating expenses	119,047	88.7	121,303	88.5	-2,256
Operating expenses	132,629	98.8	130,138	95.0	2,491
Operating income	**7,926**	**5.9**	**11,785**	**8.6**	**-3,859**

	2010		2009		Changes
	T€	%	T€	%	T€
Financial income	99	0.1	177	0.1	-78
Net operating income	**8,025**	**6.0**	**11,962**	**8.7**	**-3,937**
Extraordinary result	**-47**	**-0.1**	**0**	**0.0**	
Taxes on income	2,196	1.6	3,374	2.5	-1,178
Other taxes	38	0.0	31	0.0	7
Net income for the financial year before profit distribution	**5,744**	**4.3**	**8,557**	**6.2**	**-2,813**

The very high demand for systematic human resources and competence development by Volkswagen had a significant effect on the income statement, because of the resulting profit contribution as had the distinctive cost discipline. The result generated by ordinary business operations fell by 32.9% standing at € 8 million as a result of a re-evaluation of funding programs at VW AG in the reporting year.

In the financial year 2010 sales revenues of VW CG Group decreased slightly by 2.0% to € 134.3 million. As scheduled, orders are budgeted with € 39.8 million which is 3.8% below the figure of € 41.4 million from previous year. Third-party revenues (beyond order budget) with VW AG stayed unchanged compared to the previous year, reaching € 71.3 million. As such, VW AG accounted for a sales volume of € 111.0 million (previous year: € 112.6 million), which accounts for 82.7% (previous year: 82.2%) of the aggregate turnover.

The other sales revenues of € 23.2 million are € 1.2 million higher than the year before. Group entities accounted for 57.8% of these revenues (without VW AG). Despite of a low level of personnel capacity, external requests/demands outside of VW AG could be served, optimizing the existing resources.

The other operating income includes income relating to other periods from the release of provisions (€ 2.3 million; previous year: € 1.9 million), which had a positive effect on net results. The other operating expenses comprise primarily the charges by the shareholder and fell by 1.9% compared to the previous year to a total of € 119.0 million. This decrease results mainly from the expenses for fee based staff decreasing by € 1.6 million and expenses for employees loaned from the shareholder decreasing by € 2.2 million.

Because of the sales revenues in technical service stagnating (as expected) and due to an expected increase of fixed costs, it is necessary to maintain provisions in the vocational training for anticipated losses.

The annual result of € 5.7 million (previous year: € 8.6 million) was influenced by demands for higher provisions in the amount of € 1.4 million compared to the previous year as well as by a net result decreased by € 1.3 million from the subsidiary VW QG. The annual result is transferred to the shareholder under the profit and loss transfer agreement.

4. Risks

No specific risks endangering the continued existence have been identified. Due to the strong interdependence, the development of VW CG Group depends primarily on the development of VW AG. Because of their influence on fixed costs, interim reductions of the order volume for general training measures may have a reducing impact on the results. The development of the education market in Germany does not have a significant impact on sales and results.

Solvency was not an issue during the financial year and thereafter.

5. Expected Development

Pursuant to the sustainable establishment of financial resources which are division-neutral and independent of economic conditions at VW AG, which ensure “minimum standards” for ensuring competencies of the staff, a minimum utilization of capacity in the segment of vocational training and qualification measures is guaranteed. The budgeted orders in the financial year 2011 amount to € 39.7 million (effective December 2010), of which € 29.8 million relate to the vocational training. For the year 2012 the budget orders are expected to remain on a similar level.

The development of competencies is one of the core topics of VW CG Group. Within the scope of the profession families and competence profiles, work-related qualifications will continue to develop. Regarding these qualifications, the experts of segments or profession families are going to take an active role. Because of this new orientation at Volkswagen, the role of VW CG Group is going to change by further extending its professionalism leadership and establishing knowledge leadership. This will result in the already limited personnel resources being further tied up and will likely lead to another reduction of third-party revenues. On the other hand, the close cooperation provides new opportunities to increase revenues based on offers of qualification measures that are to be developed.

Taking into account the shortages imposed by VW AG under the program “Mach 18 plus” (their strategy program until 2018), VW CG Group plans sales revenues of € 121.8 million and a result generated in ordinary business operations of € 9.9 million for the financial year 2011. For the year 2012 sales revenues of € 123.3 million are expected and a result generated in ordinary business operations of € 10.5 million.

Disclaimer

The management report contains forward-looking statements relating to anticipated developments. These statements are based on current assessments and are by their very nature subject to risks and uncertainties. Actual outcomes may differ from those predicted in these statements.

Wolfsburg, May 30, 2011

Ralph Linde

Jürgen Haase

Group Annual Report for the financial year from January 1 to December 31, 2010

Volkswagen Coaching Gesellschaft mbH, Wolfsburg

Group Balance Sheet as of December 31, 2010

Assets

	December 31, 2010 **€**	**December 31, 2009** **€**
A. Fixed Assets		
I. Intangible assets		
Software	36,738.00	38,261.00
II. Tangible assets		
1. Vehicles	599,037.00	462,987.00
2. Other equipment, operating and office equipment	1,496,731.25	1,120,408.31
3. Advance payments and assets under construction	0.00	8,700.00
	2,095,768.25	1,592,095.31
	2,132,506.25	**1,630,356.31**
B. Current assets		
I. Inventories		
1. Consumables and supplies	179,669.61	153,087.20
2. Work in progress	245,080.62	274,667.95
3. Purchased merchandise	3,172.27	25,168.54
	427,922.50	452,923.69
II. Receivables and other assets		
1. Trade receivables	1,153,879.13	1,010,484.00
2. Receivables from affiliated companies	20,350,048.39	16,733,320.39
3. Other assets	326,004.28	475,449.87
	21,829,931.80	18,219,254.26
III. Bank balances	872,349.12	1,639,753.74
	23,130,203.42	**20,311,931.69**
C. Deferred income	**10,030.70**	**56,835.42**
	25,272,740.37	21,999,123.42

Equities and liabilities

	December 31, 2010 €	December 31, 2009 €
A. Equity		
I. Subscribed capital	5,115,000.00	5,115,000.00
II. Capital reserves	253,650.00	253,650.00
III. Difference arising from equity consolidation	0.00	490,155.35
	5,368,650.00	**5,858,805.35**
B. Difference arising from equity consolidation	**490,155.35**	**0.00**
C. Provisions		
Other provisions	**14,510,460.09**	**13,148,986.64**
D. Liabilities		
1. Advance payments received on account of orders	57,686.27	18,920.90
2. Trade payables	1,097,841.64	1,237,032.84
3. Liabilities to affiliated companies	2,244,120.01	119,154.65
4. Other liabilities	531,591.70	460,325.75
(thereof taxes € 173,370.00; previous year: € 164,711.19)		
(thereof social security € 5,209.54; previous year: € 3,437.69)		
	3,931,239.62	**1,835,434.14**
E. Deferred income	**972,235.31**	**1,155.897.29**
	25,272,740.37	21,999,123.42

Volkswagen Coaching Gesellschaft mbH, Wolfsburg

Group Income Statement for the period from January 1 to December 31, 2010

	2010 **€**	**2009** **€**
1. Sales	134,259,716.53	137,049,745.78
2. Changes in inventories of the raw materials	-29,587.33	196,190.05
3. Other own work capitalized	28,875.00	7,875.00
4. Other operating income	6,296,529.26	4,668,802.51
	140,555,533.46	141,922,613.34
5. Cost of materials	4,282,798.81	0.00
6. Personnel expenses		
a) Wages and Salaries	7,234,895.69	6,885,470.16
b) Social security and other pension costs (thereof in respect of old age pensions € 13,156.27; previous year: € 10,393.66)	1,519,261.50	1,458,480.81
	8,754.157.19	8,343.950.97
7. Depreciations of fixed intangible and tangible assets	545,310.64	491,060.15
8. Other operating expenses	119,046,979.43	121,302,302.96
	7,926,287.39	11,785,299.26
9. Other interest and similar income (thereof to affiliated companies € 105,991.17; previous year: € 175,430.14)	107,334.70	177,154.40
10. Interest and similar expenses (thereof to affiliated companies € 1,030.97; previous year: € 96.02)	8,338.72	260.25
Financial result	98,995.98	176,894.15
11. Net operating income	**8,025,283.37**	**11,962,193.41**
12. Extraordinary expenses	47,438.12	0.00
13. Extraordinary result	**-47,438.12**	**0.00**
14. Taxes on income (allocation to VW AG)	2,196,000.00	3,373,600.00
15. Other taxes	38,128.98	31,163.77
16. Expenses due to a profit and loss transfer agreement	5,743,716.27	8,557,429.64
17. Net income for the financial year	0.00	0.00

Volkswagen Coaching Gesellschaft mbH, Wolfsburg

Group Cash Flow Statement for the period from January 1 to December 31, 2010

	2010 €	2009 €
Net income for the financial year (prior profit distribution)	5,743,716.27	8,557,429.64
Depreciations on fixed assets	545,310.64	491,060.15
In-/decrease in inventories, receivables from goods and services and other assets which are not allocated to investment or financing activities	-13,061,365.98	3,721,420.12
Decrease of short-term provisions	1,361,473.45	-737,790.47
Earnings/Expenses from disposals of fixed assets	4,060.00	-733.80
In-/decrease in liabilities from goods and services and other liabilities which are not allocated to investment or financing activities	4,725,856.87	-327,934.49
Cash flow from operating activities	**-680,948.75**	**11,703,451.15**
Cash outflow for investments in tangible assets	-1,034,426.74	-490,979.21
Cash outflow for investments in immaterial assets	-17,093.84	-15,757.25
Cash flow from investment activity	**-1,051,520.58**	**-506,736.46**
Cash outflow from profit transfers in the previous year	-8,557,429.64	-7,203,013.79
Cash flow from financing activities	**-8,557,429.64**	**-7,203,013.79**
Rise/Reduction of cash and cash equivalents	**-10,289,898.97**	**3,993,700.90**
Cash and cash equivalents at the beginning of the financial year (of which from the cash-pool VW AG € 25,925,195.38 (previous year: € 21,852,883.24))	**27,564,949.12**	**23,571,248.22**
Cash and cash equivalents at the end of the financial year (thereof from the cash-pool VW AG € 16,402,701.03 (previous year: € 25,925,195.38)) as well as € 872,349.12 (previous year: € 1,639,753.74) cash balance at banks)	**17,275,050.15**	**27,564,949.12**

Volkswagen Coaching Gesellschaft mbH, Wolfsburg

Group Statement of Changes in Equity as of December 31, 2010

	Share Capital €	Capital Reserves €	Difference from Capital Consolidation €	**Group Equity** **€**
December 31, 2008	**5,115,000.00**	**253,650.00**	**490,155.35**	**5,858,805.35**
Group net income for the financial year 2009	0.00	0.00	0.00	0.00
December 31, 2009	**5,115,000.00**	**253,650.00**	**490,155.35**	**5,858,805.35**
Reclassification of the difference in value resulting from capital consolidation	0.00	0.00	-490,155.35	-490,155.35
Group net income for the financial year 2010	0.00	0.00	0.00	0.00
December 31, 2010	**5,115,000.00**	**253,650.00**	**0.00**	**5,368,650.00**

Volkswagen Coaching Gesellschaft mbH, Wolfsburg

Notes for the financial year 2010

Consolidation group

In addition to Volkswagen Coaching Gesellschaft mbH, Wolfsburg, (VW CG) as parent company, the consolidated financial statement in accordance with sec. 290 and 294 of the *Handelsgesetzbuch* (HGB – German Commercial Code) includes two other companies (Volkswagen-Bildungsinstitut GmbH, Zwickau, (VW BI) with an equity of € 255,650.00 and Volkswagen Qualifizierungsgesellschaft mbH, Wolfsburg, (VW QG) with an equity of € 502,938.35) of which VW CG is the sole shareholder. Neither VW CG nor the subsidiaries included hold any other participations.

Bases of consolidation

The consolidation is based on the individual final statements of the individual companies. All companies included in the consolidated financial statement were audited by PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft and were granted an unqualified audit opinion.

Pursuant to sec. 298 para. 1 HGB the consolidated balance sheet is structured according to sec. 266 HGB and the consolidated income statement is structured according to sec. 275 para. 2 HGB. For all the companies included in the consolidated financial statement, the financial year is the calendar year.

The **capital consolidation** of the subsidiaries included in the consolidated financial statement was undertaken using the book value method pursuant to sec. 301 HGB (old version). Accordingly, the equity of the subsidiaries to be consolidated is stated as the amount, which corresponds to the commercial book value of the assets and liabilities at the relevant allocation date. The initial consolidation of both subsidiaries was carried out as of January 1, 2007. The difference of € 490,155.35 due to the recognition of carrying amounts is capitalized as difference arising on capital consolidation pursuant to sec. 301 para. 3 sentence 1 HGB as amended by the German Accounting Law Reform Act (BilMoG).

Consolidation of intercompany balances is drawn up in accordance with sec. 303 para. 1 HGB by eliminating accounts receivable with the corresponding accounts payable between the companies included in the consolidated financial statement.

Consolidation of income and expenses is carried out in accordance with sec. 305 para. 1 HGB by offsetting assets and liabilities between the companies included in the consolidated financial statement.

An **elimination of interim results** was not required.

Accounting and valuation principles

The annual report and the consolidated financial statement of VW CG for the financial year 2010 was prepared as of December 31, 2010 in accordance with sec. 290 ff. HGB and with the stipulations of the Gesetz betreffend die Gesellschaften mit beschränkter Haftung (GmbHG – German Limited Liability Companies Act). For the group´s income statement the total cost method pursuant to sec. 298 para. 1 HGB in conjunction with sec. 275 para. 2 HGB was applied. The standards of the Deutsche Rechnungslegungs Standard Committee e.V. which go beyond the statutory requirements were not applied.

The companies included in the consolidated financial statement apply uniform accounting and valuation principles. The changes in accounting and valuation pursuant to the German Accounting Law Modernisation Act (BilMoG) were applied for the first time as of January 1, 2010. The previous-year figures were not adjusted.

Changes in valuation in relation to the previous year have only been conducted to the extent such changes were necessary to comply with the BilMoG. Respective changes of the accounting policy are in each case indicated in the notes on the balance sheet and income statement.

The **intangible and tangible assets** are accounted for at costs of acquisition and production less depreciation and amortization. The costs of acquisition of the intangible assets and tangible assets are partly reduced by investment grants received from the Sächsische Aufbaubank – Förderbank, Dresden (SAB). Intangible assets are depreciated on a linear basis. The declining balance depreciations (for acquisitions until December 31, 2007 and additions in 2009) or linear depreciations (for additions in 2008 as well as of January 1, 2010), which are carried out as planned on the tangible assets, are based on customary terms of use approved for tax purposes. In deviation of this principle, shorter useful life is assumed for tangible assets in educational institutions of VW BI. A change from the declining balance method to the linear method is carried out as scheduled once this leads to higher depreciations. Additions are depreciated pro rata temporis in line with tax rules. Assets in the acquisition year 2009 worth more than € 150.00 and less than € 1,000.00 were carried as a collective item in the acquisition year and have depreciated on a linear basis over five years.

The **commodities** and the **raw materials, auxiliary materials and energy supplies** are also accounted for at the acquisition cost or as lower replacement costs. Appropriate write-downs are made for declines in value on an individual basis. The **work in progress** is valued using the retrograde valuation method and applying an appropriate profit margin.

Receivables and other assets are valued at nominal value. General risks are taken into account by appropriate value adjustment.

Deferred income is built up for expenditures in the financial year, which are accounted for as expenses only the following years.

Provisions take account of all uncertain debt, losses and risks identified by the balance sheet reference date for the past financial year. The provisions are booked as liabilities at the projected settlement value as assessed in a commercially reasonable manner. A provision for contingent losses has been set up in relation to the current deficit concerning the training obligation of apprentices.

Liabilities were booked as liabilities at their settlement value.

The **deferred income** contains payments received in advance, which are to be booked as revenue within in a specific time frame after the balance sheet reference date.

Foreign currency transactions are converted based on exchange rates at the date of the transaction. At the balance sheet reference date, a conversion is made based on the average spot exchange rate.

VW CG has exercised the option pursuant to sec. 274 para. 1 sentence 2 and sec. 298 para. 1 HGB and renounced on the recognition of **deferred tax assets**. As of the balance sheet reporting date there exist asset discrepancies between the commercial and the tax balance sheet amounting to € 1,520 thousand (previous year: € 1,740 thousand).

Explanatory notes on the Group balance sheet

1. Fixed assets

The classification of the assets summarised in the balance sheet and their development during the reporting year are shown in the “summary of fixed assets” which is an enclosure to the notes.

2. Receivables and other assets

Of the year-end 2010 receivables from affiliated companies, coming in at € 20,350 thousand (previous year: € 16,733 thousand), € 15,768 thousand (previous year: € 14,848 thousand) were attributable to VW AG and result from:

	December 31, 2010 T€	T€	December 31, 2009 T€	T€
Trade				
Trade receivables	7,317		417	
Trade payables	-592		-123	
		6,725		**294**
Other				
Receivables from the cash-pool	16,403		25,925	
Tax claim (value added tax)	580		559	
Remaining other receivables	0		0	
Liabilities related to the profit transfer (incl. distribution of the tax burden)	-7,940		-11,931	
		9,043		**14,554**
		15,768		14,848

The remaining receivables against affiliated companies (€ 4,582 thousand; previous year: € 1,885 thousand) result exclusively from trade and services.

As far as permitted, receivables and payables of the same maturity and kind as well as involving the same debtor/creditor were netted and shown in the balance sheet on a net basis.

The other assets include inter alia receivables from funding providers (€ 163 thousand, previous year: € 350 thousand) and input tax refund claims (European states) of € 114 thousand (previous year: € 82 thousand).

The accounted receivables have a residual term of less than a year.

3. Equity

The share capital of € 5,115,000.00 and the capital reserves of € 253,650.00 form the equity of the group. Sole shareholder of VW CG is VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg (VW AG).

4. Other Provisions

	December 31, 2010 T€	December 31, 2009 T€
Provisions for personnel expenses	8,676	9,171
thereof for personnel secondment	*4,467*	*4,474*
Provisions for outstanding statements of accounts	4,804	2,594
Pension provisions	776	962
Other provisions	254	422
	14,510	**13,149**

5. Liabilities

All liabilities have a residual term of up to one year.

Liabilities towards VW AG have been netted with receivables as of the balance sheet reference date.

6. Deferred income items

Deferred income concerns VW AG in the amount of € 459 thousand (previous year: € 119 thousand). The deferral in relation to funding providers amounts to € 492 thousand (previous year: € 1,034 thousand).

Explanatory notes on the Group income statement

7. Sales revenue

Of the total sales revenue (€ 134.3 million; previous year: € 137.0 million) € 130.2 million (previous year: € 134.2 million) were achieved in Germany. € 111.0 million = 82.7% (previous year: € 112.6 million = 82.2%) of the sales revenues were generated with VW AG.

8. Other operating income

The other operating income includes earnings from previous periods resulting from the release of provisions in the amount of € 2.3 million (previous year: € 1.9 million).

9. Cost of material

The cost of material includes expenses for raw materials and supplies related to technical services in the vocational training and to kitchen goods consumed in “House Rhode”. In the previous year these costs were accounted for as other operating expenses. The balance sheet positions insofar are not comparable.

10. Other operating expenses

Other operating expenses mainly consist of the charges by VW AG in the total amount of € 79.9 million (previous year: € 72.9 million). Thereof € 53.6 million relate to cost for personnel secondment (previous year: € 51.4 million) and € 7.7 million relate to cost for leases of buildings (previous year: € 7.7 million). Expenses for fee workers amount to € 25.4 million (previous year: € 27.0 million).

11. Taxes on income and expense

This item contains tax compensations amounting to € 2.2 million (previous year: € 3.4 million) relating to the profit and loss transfer agreement with VW AG.

12. Profit and loss transfer agreement

As a result of the profit and loss transfer agreement between VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, as controlling company and Volkswagen Coaching Gesellschaft mbH as controlled, the annual income of € 5,744 thousand (previous year: € 8,557 thousand) of the company was transferred to VW AG.

Other disclosures

In the financial year 2010, on average 217 **own staff** were employed (79 of which on a temporary basis) (previous year: 219 staff 94 of which on a temporary basis). The permanent staff is lent from VW AG.

Further financial obligations amounting to € 9.3 million exist towards affiliated companies resulting from rental contracts. The obligations arising from additional rental and leasing contracts towards third persons amount to € 0.3 million.

VW CG and VW AG form a commercial, trade and corporate **tax unit**.

All services of VW CG with related companies and persons are charged at customary arms-length terms.

The total billed remuneration of the auditor for the financial year for the audit of the three included financial statements as well as the consolidated financial statement amounted to:

	2010 T€	**2009** T€
Audit services	74	67
Other assurance services	0	0
Tax advisory services	0	0
Other services	0	0
Total	**74**	**67**

VW CG is a non-consolidated subsidiary of VW AG whose consolidated financial statement is submitted to the operator of the electronic Bundesanzeiger (Federal Official Gazette).

Sole shareholder of VW CG is VW AG with which a domination and profit and loss transfer agreement exists.

Executive Board of Volkswagen Coaching Gesellschaft mbH

In the financial year the executive board consisted of the following members:

Ralph Linde (spokesman)
Segment: Administration, Personnel- and Competency Development, Management- und Talent-Programmes

Jürgen Haase
Segment: Vocational Training and Professional Development

The members of the Executive Board do not receive any remuneration from the company.

Supervisory Board of Volkswagen Coaching Gesellschaft mbH

In the financial year the Supervisory Board consisted of the following members:

Prof. Dr. Horst Neumann	Member of the Management Board of VW AG - Chairman of the board
Bernd Osterloh	Chairman of the General and Group Works Council of VW AG - Vice chairman
Uwe Fritsch	Chairman of the General Works Council of VW AG, Braunschweig
Peter Jacobs	Chairman of the General Works Council of VW AG, Emden

Prof. Dr. Werner Neubauer	Member of the Brand Management Board of VW AG
Gerardo Scarpino	Member of the General Works Council of VW AG, Wolfsburg
Thomas Sigi	Member of the Management Board of AUDI AG (since October 1, 2010)
Dr. Werner Widuckel	Member of the Management Board of AUDI AG (since October 1, 2010)

The members of the Supervisory Board do not receive any remuneration from the company.

Publication of the consolidated financial statement

As the parent company of the consolidated group, the Volkswagen Coaching Gesellschaft mbH, Wolfsburg, prepares the consolidated financial statement. The financial statement of VW CG and the consolidated financial statement are published in the electronic Bundesanzeiger.

Wolfsburg, May 30, 2011

Ralph Linde

Jürgen Haase

Statement of Changes in Group fixed assets in the financial year 2010

Volkswagen Coaching Gesellschaft mbH, Wolfsburg

Statement of Changes in Group fixed assets in the financial year 2010

	Historical costs					
	January 1, 2010 €		**Additions €**	**Transfers €**	**Disposals €**	**December 31, 2010 €**
I. Intangible assets						
Software	478,792.00		17,093.84	0.00	136,770.58	359,115.26
	478,792.00		17,093.84	0.00	136,770.58	359,115.26
II. Tangible assets						
1. Vehicles	1,721,853.88		328,898.89	0.00	14,116.15	2,036,636.62
2. Other equipment, operating and office equipment	5,321,834.69		705,527.85	8,700.00	95,363.64	5,940,698.90
3. Advance payments and assets under construction	8,700.00		0.00	-8,700.00	0.00	0.00
	7,052,388.57		1,034,426.74	0.00	109,479.79	7,977,335.52
	7,531,180.57		**1,051,520.58**	**0.00**	**246,250.37**	**8,336,450.78**

	Cumulative depreciations					
		January 1, 2010 €		**Additions €**	**Disposals €**	**December 31, 2010 €**
I. Intangible assets						
Software		440,531.00		18,616.84	136,770.58	322,377.26
		440,531.00		18,616.84	136,770.58	322,377.26
II. Tangible assets						
1. Vehicles		1,258,866.88		192,848.89	14,116.15	1,437,599.62
2. Other equipment, operating and office equipment		4,201,426.38		333,844.91	91,303.64	4,443,967.65
3. Advance payments and assets under construction		0.00		0.00	0.00	0.00
		5,460,293.26		526,693.80	105,419.79	5,881,567.27
		5,900,824.26		**545,310.64**	**242,190.37**	**6,203,944.53**

	Carrying amounts	
	December 31, 2010 **€**	**December 31, 2009** **€**
I. Intangible assets		
Software	36,738.00	38,261.00
	36,738.00	38,261.00
II. Tangible assets		
1. Vehicles	599,037.00	462,987.00
2. Other equipment, operating and office equipment	1,496,731.25	1,120,408.31
3. Advance payments and assets under construction	0.00	8,700.00
	2,095,768.25	1,592,095.31
	2,132,506.25	**1,630,356.31**

Audit Report

We have audited the annual report – comprising the balance sheet, income statement and the notes – among the accounting and management report of Volkswagen Coaching Gesellschaft mbH, Wolfsburg, for the financial year from January 1 to December 31, 2011. The accounting and the preparation of the annual and management report in accordance with the German Commercial code (HGB) and the additional requirements of the articles of association are the responsibility of the managing directors of the company. Our responsibility is to express an opinion on the annual and management report based on our audit, while taking into account the accounting.

We conducted our audit of the annual report in accordance with Section 317 HGB and German generally accepted standards for the audit 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 audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual report in accordance with the applicable financial reporting framework and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting policies and significant estimates made by the managing directors, as well as evaluating the overall presentation of the annual and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based upon the findings of our audit, the annual report complies with the legal regulations and the additional requirements of the articles of association, and gives a true and fair view on the net assets, financial position and results of operation of the group in accordance with these requirements. The management report is consistent with the annual report and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Hannover, July 14, 2011

PricewaterhouseCoopers
AKTIENGESELLSCHAFT
Wirtschaftsprüfungsgesellschaft

Martin Schröder, Wirtschaftsprüfer

ppa. Jan Seiffert, Wirtschaftsprüfer