

Proposition of the balance sheet profit's application by the executive board (agenda item 1)

By way of resolution the executive board has, on 5 May 2011, adopted its proposition of the balance sheet profit's application dated 28 February 2011 as follows:

The executive board proposes to use the balance sheet profit of € 439,527,668.81 realized in the short fiscal year from 1 August 2010 until 31 December 2010 as follows:

Distribution to the shareholders:

Distribution of a dividend of EUR 0,50 per preferred share, on the basis of 153.125.000 preferred shares	€ 76.562.500,00
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Allocation to the revenue reserves	€
	362.965.168,81

Balance sheet profit	€
	439.527.668,81

Stuttgart, May 5, 2011

Prof. Dr. Martin Winterkorn

Thomas Edig

Matthias Müller

Hans Dieter Pötsch

**Proposition of the balance sheet profit's application by the executive board
dated 5 May 2011**

The executive board proposes to use the balance sheet profit of € 439,527,668.81 realized in the short fiscal year from 1 August 2010 until 31 December 2010 as follows:

Distribution to the shareholders:

Distribution of a dividend of EUR 0,184 per ordinary share, on the basis of 87.500.000 ordinary shares € 16.100.000,00

Distribution of a dividend of EUR 0,19 per preferred share, on the basis of 87.500.000 preferred shares € 16.625.000,00

Allocation to the revenue reserves € 406.802.668.81

Balance sheet profit € 439.527.668,81

This proposition on the profits' application is based on the number of ordinary and preferred shares presently issued, which are entitled for dividends for the short fiscal year 2010. Due to the capital increase resolved upon at the General Shareholders' Meeting of the Company on 30 November 2010, the number of ordinary and preferred shares entitled for dividends for the short fiscal year 2010 will probably increase until the ordinary General Shareholders' Meeting.

In such a case, the executive board will adapt the proposition on the profits' application subsequently. At the same time, the maximum amount payable for dividends on ordinary and preferred shares shall not exceed EUR 33.000.000 in total. Consequently, the proposed dividend amounts per ordinary and per preferred share will have to be decreased due to an increased number of ordinary and preferred shares entitled for dividends. In case of such a decrease, the requirements of § 4 para. 4 and para. 5 of the articles of association have to be considered and, to the extent possible, the dividend amount per preferred share

shall be determined to a full cent amount. In any case, an increase of dividends per ordinary and per preferred share is not intended.

Stuttgart, February 28, 2011

Board of Directors

Prof. Dr. Martin Winterkorn

Thomas Edig

Matthias Müller

Hans Dieter Pötsch