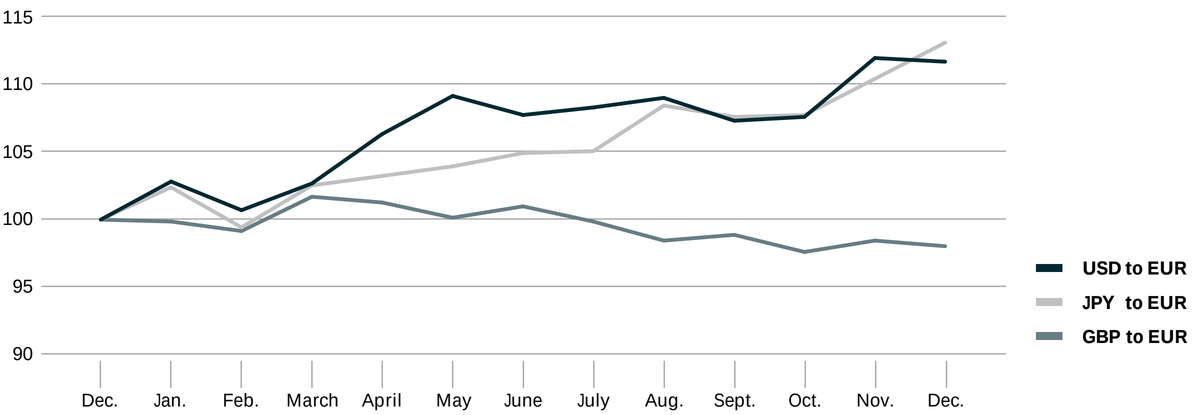
EXCHANGE RATE MOVEMENTS FROM DECEMBER 2005 TO DECEMBER 2006

INDEX IS BASED ON MONTH-END RATES, DEC. 31, 2005= 100



EUROPE

The upturn in Western Europe accelerated in 2006, with both exports and domestic demand, particularly for capital goods, providing impetus for growth. GDP growth increased to 2.6% (1.4%) in the euro zone. The average rate of unemployment decreased by 0.7 percentage points year-on-year to 7.9%. The euro strengthened against the US dollar and the yen. The very strong economic growth in Central and Eastern Europe continued, at 6.0% (5.7%).

GERMANY

In 2006, the German economy recorded a growth rate of 2.7% (0.9%), the highest for six years. In addition to exports as the key pillar of the economy, the upturn was also driven by rising domestic demand for capital goods. By contrast, there was only a hesitant increase in consumer spending in spite of the pull-forward effects owing to the increase in value added tax scheduled for January 1, 2007. Average unemployment fell to 10.8% (11.7%).

GLOBAL PASSENGER CAR SALES INCREASE AGAIN

Worldwide demand for passenger cars increased by 2.6% to 54.4 million vehicles in 2006. Above-average growth was recorded above all in the South American and Eastern Europe markets and in China and India. The number of new passenger car registrations fell in the USA, the world's largest market. Demand for passenger cars in Western Europe was slightly higher than the previous year. Global automotive production increased by 3.4% to 67.2 million units, of which 56.8 million were passenger cars (+3.4%).

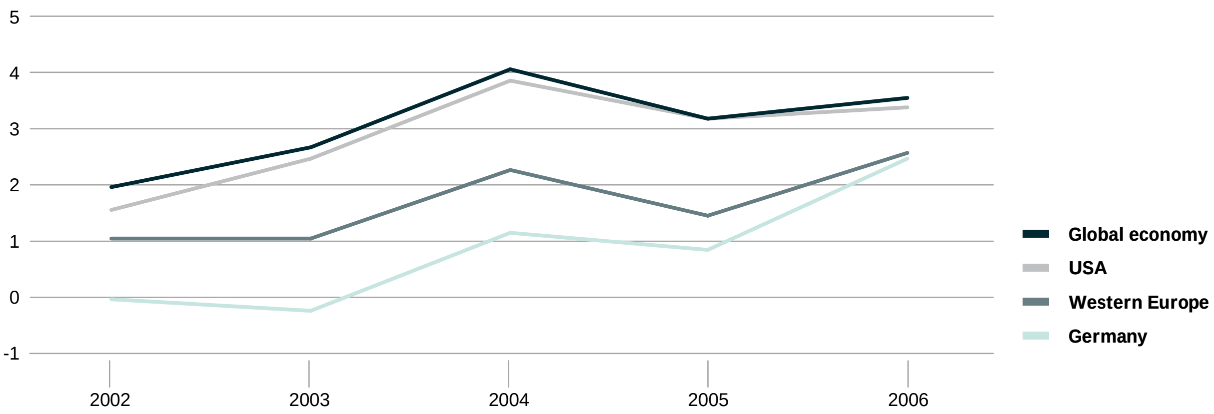
NORTH AMERICA

In North America, the market volume in 2006 as a whole was 2.5% below that of the previous year. As in previous years, the US market was characterized by sales promotion activities; nevertheless, demand declined on the whole in 2006. While demand for light commercial vehicles was lower, primarily due to high petrol prices, new passenger car registrations increased by 1.5% year-on-year to 7.8 million vehicles. In Canada, too, passenger car sales increased to 863 thousand units, 2.1% more than the previous year. In Mexico, by contrast, the number of new passenger car registrations fell by 4.8% to 680 thousand units.

SOUTH AMERICA/SOUTH AFRICA

New passenger car registrations in South America grew dynamically in 2006. In Brazil, 1.8 million passenger cars and light commercial vehicles were registered for the first time during the reporting period (+13.1%). This increase was partially offset by a fall of 5.1% in truck sales. A total of 845 thousand vehicles were exported, substantially less than the record levels of fiscal year 2005 (–5.8%). 312 thousand passenger cars were sold in Argentina, a 16.1% increase year-on-year. With sales of 482 thousand vehicles (+14.0%), the South African passenger car market as a whole attained record levels for the third year in a row.

ECONOMIC GROWTH
PERCENTAGE CHANGE IN GDP



ASIA-PACIFIC

The disproportionately high growth in demand in the Asia-Pacific region continued in 2006, largely due to the positive overall development in the Chinese and Indian markets. With an increase of 861 thousand to 4.2 million vehicles, the passenger car market in China once again recorded the world's highest absolute increase in demand. This means that China has advanced to become the world's third largest passenger car market, behind the US and Japan. The Japanese automotive market experienced a slight decrease in demand, primarily due to higher fuel prices. With sales of 4.6 million units, the passenger car market volume was 2.2% less than the previous year. In India – the second largest growth market in Asia – there was a 19.9% increase in vehicle sales year-on-year, owing above all to a cut in excise duty on small cars.

EUROPE/REMAINING MARKETS

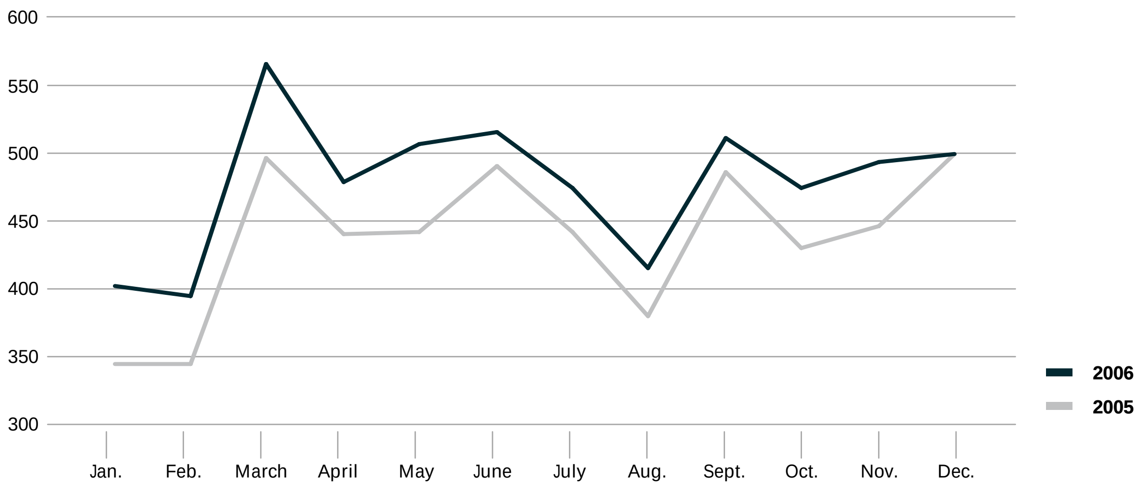
In 2006, demand for passenger cars in Western Europe was 14.7 million, only marginally (+0.7%) higher than the previous year's level. The share of new passenger car registrations attributable to diesel vehicles exceeded the 50% mark for the first time. While the number of new registrations increased year-on-year in the large Italian and German markets, it decreased in the UK, France and Spain, where demand was curbed by higher interest rates and even higher fuel prices than in 2005. In 2006, significantly more passenger cars were registered for the first time in Central and Eastern Europe than in the previous year. However, the high overall market growth is almost exclusively attributable to strong increases in the Ukraine (+39.7%), Russia (+26.6%) and Romania (+16.2%). Passenger car sales in Turkey fell significantly (–14.9%).

GERMANY

Demand for automobiles in Germany increased by 4.4% to 3.8 million vehicles in 2006. Thanks partly to an increase in new passenger car registrations and a marked turnaround in the commercial vehicle market, 2006 saw the best total market performance of the last seven years. In addition to the variety of new models launched in 2006, the 3.8% rise in demand for passenger cars to 3.5 million vehicles is also attributable to advance purchases ahead of the increase in value added tax on January 1, 2007. New registrations of trucks with a gross vehicle weight of up to six tonnes increased by 12.3% to 204 thousand units. Last year, German manufacturers produced 5.8 million automobiles (+1.1%), of which 4.2 million were exported (+2.4%); both of these figures were record levels.

VOLKSWAGEN GROUP DELIVERIES BY MONTH

VEHICLES IN THOUSANDS



NEW MODELS IN 2006

The Volkswagen Group's worldwide offering consists of over 100 passenger car and commercial vehicle models. Passenger cars range from the Fox to the Bugatti Veyron, and commercial vehicles from the Caddy to the Constellation heavy truck series. Volkswagen Financial Services AG supplements this offering with a wide range of products and services relating to automobility.

The most important new models launched by the Volkswagen brand group in 2006 include: the Eos – the world's first four-seater convertible with a five-section CSC roof –, the Golf GT, the CrossPolo and the Škoda Roomster, as well as the Bentley Continental GTC and Bentley Azure convertibles. The Audi brand group launched the premium Q7 SUV and the successor to the Audi TT Coupé, a sports car with a clear, uncompromising form and advanced engineering. Other new models included the SEAT Altea XL and the Lamborghini Gallardo Spyder. The Commercial Vehicles business line presented the Crafter, the successor to the LT. In 2006, Volkswagen Financial Services AG also launched its innovative "Volkswagen Carefree Package": for a competitive monthly flat rate, customers are not only provided with financing and insurance, but also receive a comprehensive range of further services.

VEHICLE DELIVERIES WORLDWIDE

In fiscal year 2006, the Volkswagen Group increased deliveries to customers by 9.4% to a record sales level of 5,733,600 vehicles. The chart above shows that the delivery figures in all months of 2006, with the exception of December, outperformed the same month in the previous year. Apart from SEAT, all Group brands achieved record delivery figures, thereby increasing the Group's share of the global passenger car market to 9.7% (9.1%).

The table on page 56 gives an overview of the delivery figures in our key markets and our share of the local passenger car market. The following sections describe the particular factors affecting the individual markets.

DELIVERIES IN EUROPE/REMAINING MARKETS

In 2006, we again delivered the largest proportion of our vehicles – 54.2% (56.0%) – to customers in Western European markets, including Germany. All Volkswagen Group brands exceeded their sales figures from the previous year relating to these markets. In particular, the Fox, Jetta, Passat Variant and SEAT Leon models recorded above-average growth rates. In addition, there was greater demand for the Audi A3, Audi A4 Cabriolet, Audi A6, Škoda Octavia and Caddy models.

The new Eos, Škoda Roomster, Audi Q7, Audi TT Coupé and Crafter models also met with a very positive response from the market. By increasing its share of the passenger car market to 19.9% (18.9%), the Volkswagen Group further extended its market leadership in Western Europe.

In Central and Eastern Europe, demand for Group models in individual markets varied significantly. While sales declined in Hungary owing to overall market developments, there were marked increases in deliveries to customers in Russia and Romania. All in all, sales figures in these markets increased by 16.7%. In particular, more Polo, Jetta, Passat saloon, Passat Variant, Touareg, Škoda Octavia and Audi A6 models were delivered to customers.

Demand for Group models on the Remaining markets increased by 5.7% year-on-year.

DELIVERIES IN GERMANY

The Volkswagen Group was able to profit disproportionately from the slight increase in demand in Germany, recording a 7.3% rise in sales compared with the previous year. Accordingly, our market share increased to 32.6% (30.8%). This growth was largely attributable to the success of the new Fox, Jetta, Passat Variant, Audi A4 Cabriolet and SEAT Leon models. In addition, the Golf Plus, Touran, Škoda Fabia, Škoda Octavia and Audi A3 models recorded above-average growth rates. In 2006, Group models led the German registration statistics in seven out of eleven segments – namely the Fox, Polo, Golf, Passat, Audi A6, Touran and Multivan/Transporter models. The Golf again headed the list of all newly registered passenger cars in Germany.

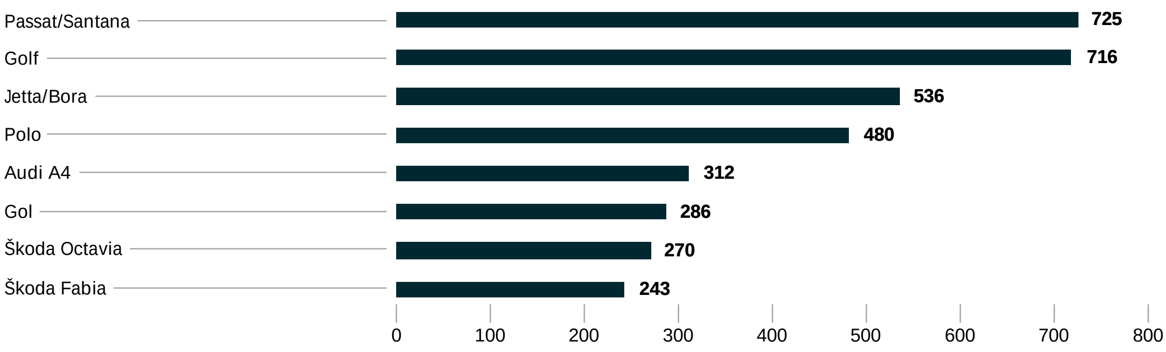
DELIVERIES TO CUSTOMERS BY MARKET[1]

	Deliveries (units)		Change (%)	Share of passenger car market (%)	
	2006	2005		2006	2005
Europe/Remaining markets	**3,668,161**	**3,431,011**	**+6.9**		
Western Europe	**3,107,322**	**2,937,088**	**+5.8**	**19.9**	**18.9**
of which: Germany	1,108,055	1,032,804	+7.3	32.6	30.8
United Kingdom	376,614	357,931	+5.2	14.8	13.8
Spain	362,859	352,988	+2.8	22.5	21.8
Italy	275,648	265,414	+3.9	10.8	11.1
France	255,716	243,632	+5.0	11.9	11.0
Central and Eastern Europe	**410,813**	**351,951**	**+16.7**	**12.0**	**12.1**
of which: Czech Republic	85,019	84,362	+0.8	64.7	62.5
Poland	56,710	54,316	+4.4	21.5	20.7
Remaining markets	**150,026**	**141,972**	**+5.7**		
of which: Turkey	73,914	82,415	–10.3	11.3	11.3
North America	**534,140**	**525,573**	**+1.6**	**2.9[2]**	**2.8[2]**
of which: USA	330,162	311,653	+5.9	2.0[2]	1.8[2]
Mexico	160,574	174,937	–8.2	22.0	23.1
Canada	43,404	38,983	+11.3	4.9	4.5
South America/South Africa	**683,365**	**594,676**	**+14.9**	**18.5**	**18.6**
of which: Brazil	440,484	382,761	+15.1	24.1	24.0
Argentina	92,905	80,048	+16.1	26.8	27.1
South Africa	110,424	94,329	+17.1	22.0	21.5
Asia-Pacific	**847,934**	**691,947**	**+22.5**	**6.3**	**5.5**
of which: China	711,186	572,301	+24.3	17.1	17.3
Japan	69,732	68,986	+1.1	1.5	1.5
Worldwide	**5,733,600**	**5,243,207**	**+9.4**	**9.7**	**9.1**
Volkswagen brand group	3,954,526	3,588,690	+10.2		
Audi brand group	1,337,393	1,252,955	+6.7		
Commercial Vehicles	441,681	401,562	+10.0		

[1] Deliveries and market shares for 2005 have been updated to reflect subsequent statistical trends.
[2] Overall US market, includes passenger cars and light trucks.

Business Development
Net Assets, Financial Position and Results of Operations
Volkswagen AG (condensed, according to German Commercial Code)
Value-Enhancing Factors
Risk Report
Report on Expected Developments

WORLDWIDE DELIVERIES OF THE GROUP´S MOST SUCCESSFUL MODELS IN 2006
VEHICLES IN THOUSANDS



DELIVERIES IN NORTH AMERICA

In the US passenger car market, which is characterized by sales promotion activities, we succeeded in increasing our customer deliveries by 5.9% year-on-year. However, there was a downturn towards the end of the reporting period, as the market launch and success of the new Passat in 2005 had led to a high sales volume, and therefore to a turning point in our sales situation. Demand was particularly strong for the Golf and Audi A3 models. Bentley and Lamborghini models also enjoyed a marked increase in demand. Moderate growth was recorded for the Passat, New Beetle and Audi A4. On the Canadian passenger car market, we delivered 11.3% more units than in 2005. This is attributable above all to our Jetta, Golf and Audi A3 models. Our sales in the declining passenger car market in Mexico fell by 8.2%. While our Fox, New Beetle, Jetta and Passat models experienced growth here, sales of the Gol and Polo models decreased.

DELIVERIES IN SOUTH AMERICA/SOUTH AFRICA

In fiscal year 2006, the key passenger car markets of South America/South Africa continued the positive development of previous years. Volkswagen Group deliveries increased by 14.9%.

The most popular Group model in Brazil remained the entry level Fox, with a share of 27.0% of the total delivery volume. In total, sales figures for Group models increased by 15.1% in this market. Sales of the Saveiro and T2 light commercial vehicles, included in the total deliveries number, increased by 38.7%. Demand for heavy commercial vehicles manufactured in Brazil (trucks in the 5 to 45 tonnes weight classes) fell by 4.0%. Sales of buses increased to 4,906 (3,499) units.

Group deliveries to the Argentinian passenger car market were 16.1% above the previous year's level. The Fox, Jetta, Passat saloon and Audi A3 models recorded above-average growth rates. With a market share of 26.8%, the Group maintained its leading position in the Argentinian market, where it also delivered 2,917 (3,251) heavy trucks and buses in 2006.

In South Africa, the Volkswagen Group delivered 17.1% more units to customers than in the previous year. This enabled us to increase our market share to 22.0% and to preserve our market leadership. The highest growth was recorded by the Polo, Jetta, Passat and Audi A3 models.

DELIVERIES IN THE ASIA-PACIFIC REGION

In the passenger car markets in the Asia-Pacific region, deliveries by the Volkswagen Group rose by 22.5% year-on-year in 2006. This positive development was due above all to the more buoyant demand for Group models on the Chinese passenger car market. The Polo, Jetta Sagitar, Passat Lingyu, Audi A4 and Audi A6 models recorded the highest growth rates here. Despite sustained competitive pressure owing to greater sales incentives offered by other manufacturers, the Volkswagen Group retained its leadership of the Chinese passenger car market with a share of 17.1%. Our sales in the Japanese passenger car market increased by 1.1% year-on-year. The Polo, Jetta, Passat, Audi A3 and Bentley Continental GT models accounted for most of this sales growth. In the other Asia-Pacific