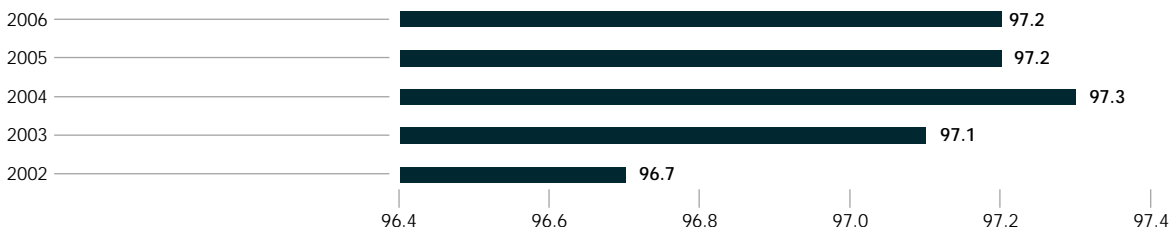


- Business Development
- Net Assets, Financial Position and Results of Operations
- Volkswagen AG (condensed, according to German Commercial Code)
- Value-Enhancing Factors
- Risk Report
- Report on Expected Developments

HEALTH STATUS OF MANUFACTURING PLANTS IN THE VOLKSWAGEN GROUP AS PERCENT



In addition, we had increased the length of this part-time scheme to up to seven years at the end of 2005. In 2006, 2,013 employees moved into the passive phase of their early retirement. A total of 6,189 employees born between 1952 and 1954 have already signed binding early retirement agreements under this scheme. These employees will leave the company by 2013 and begin the passive stage of their early retirement.

FLEXIBLE DEPLOYMENT OF PERSONNEL

With the internal job re-deployment agency PEB-B, the Volkswagen Group has established a flexible tool for matching available positions with employee potential. This turntable approach enables us to relocate employees to new areas of activity, both internal and external. We will continue to develop this instrument in order to meet changing requirements.

INTERNATIONAL RESTRUCTURING PROGRAMS

Restructuring programs for improving competitiveness have also been implemented at our international locations.

Owing to surplus capacity in Europe, it was necessary to scale down operations at our Brussels plant. To this end, we offered employees termination agreements, for which there was great demand, meaning that prospects for the remaining employees were good, including for the bridging period 2007 and 2008. Furthermore, older employees were offered the option of taking voluntary early retirement.

The aim of the restructuring program which began in fall 2005 and was continued in 2006 at Shanghai Volkswagen is to increase productivity in both production and administrative areas. The main focus of this program is on training measures for production employees and workshops for continually improving processes. In the administrative area, the aim is to increase productivity to the "best in class" level. With personnel adjustment

measures and the optimization of personnel structure by means of outsourcing, important progress had already been made by the end of 2006. The restructuring program is nearly complete and has contributed to the turnaround of Shanghai Volkswagen.

At Volkswagen do Brasil, a far-reaching restructuring agreement was reached with unions last summer for the largest locations, Anchieta and Taubaté. This agreement forms the basis for a sustainable restructuring of the company. The agreement ends the job guarantee given in 2001, thereby allowing the workforce to be adjusted by over 4,000 employees by the end of 2008. In addition, the agreement covers the basis for cost savings through new remuneration structures, flexible working time accounts and newly defined employee benefits. Employees have also agreed to contribute to substantial productivity increases.

ENVIRONMENTAL MANAGEMENT IN THE GROUP

Our Group environmental policy is characterized by an integrated approach that determines the impact of products and production processes on the environment in advance and takes these into account in the early planning stage. Our overriding objective is to develop solutions that are economically and ecologically sound, thereby minimizing the use of resources and reducing costs in the long term.

The Group's environmental principles take into account our strategic guidelines as well as technical specifications, for example in the area of production. This ensures that comparable environmental standards exist in the Group's production processes worldwide. All brands are responsible for implementing these standards in their respective locations.