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Speech Manuscript
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- Part II -

Chart "Highlights"

Ladies and Gentlemen,

I, too, would like to welcome you to Hamburg.

Today's Annual General Meeting looks back on a successful fiscal year 2006. At more than 5.7 million vehicles sold worldwide in 2006, we beat the previous year's record by 9.4 percent, an achievement which we see as proof that we succeeded in meeting the expectations of our customers the world over. What we find particularly encouraging is that our deliveries to customers grew at a faster pace than global demand for passenger cars, and that our share of the global market improved from 9.1 to 9.7 percent.

This shows that we are on the right track with our products. Equally, though, this growth is reflected positively in the financial data. For example, operating profit before special items rose by around 50 percent to €4.4 billion. You should also take into consideration when assessing this performance the quite considerable adverse external factors last year, such as continuing unfavorable exchange rate movements and a further increase in energy and raw materials prices. In particular the weakness of the Japanese yen versus the euro has now reached a level where it represents a massive competitive advantage for our Japanese competitors.

We can justifiably claim that – bolstered by our ForMotionplus performance enhancement program, among other things – we have succeeded in optimizing our

cost structures and processes. We therefore expect that we will generate a profit before tax of at least €5.1 billion in 2008.

Another key target in the Volkswagen Group is the liquidity of the Automotive Division. We were able to substantially increase cash flows from operating activities in 2006. Although cash flows from investing activities grew by 6.9 percent at the same time, this is mainly due to the acquisition of an interest in MAN. Actual investments in property, plant and equipment were reduced by 15.6 percent, cutting the capex/sales revenue ratio to 3.8 percent. Overall, our strict capital discipline led to a further dramatic improvement in both the net cash flow and the net liquidity of the Automotive Division.

Chart "Prior-Period Restatements"

Now to the consolidated financial statements themselves. As in the previous years, there were changes in presentation that required certain prior-year figures to be restated.

The first presentational change relates to the Europcar group. This business line was deconsolidated at the end of May 2006 after the antitrust authorities had approved its sale. Together with the income and expenses arising prior to the date of deconsolidation, the proceeds from this disposal are presented separately in the income statement as "Profit from discontinued operations", as required by International Financial Reporting Standards.

The second presentational change relates to the expected return on plan assets to fund pensions. To enhance external comparability, we have reclassified this from the functions in the income statement, and thus from operating profit, to the financial result.

Chart "Income Statement"

Ladies and Gentlemen,

I'd now like to give you a brief overview of the income statement as a whole. The structure depicted here shows the income statement line items after the elimination of special items.

We were able to increase sales revenue by 11.6 percent. By contrast, the cost of sales before special items increased by only 10.5 percent, which largely reflects the success of our highly disciplined cost management.

This in turn increased gross profit by 18.2 percent, so the gross margin rose by 0.8 percentage points to 14.2 percent of sales revenue. Distribution and administrative expenses before special items rose at a slower pace than sales revenue, while the net other operating result decreased by 20.4 percent, due among other factors to exchange rate effects from current account settlements and currency hedging. Overall, these figures result in operating profit before special items of €4.4 billion. The operating margin improved from 3.1 to 4.2 percent. This figure best reflects the actual earnings performance of the Volkswagen Group.

From this must be deducted special items, which lowered earnings by a net €2.4 billion. They consist firstly of restructuring expenses, mainly for Volkswagen AG's traditional plants and for Volkswagen Bruxelles S.A., and secondly of income generated from the sale of gedas AG and Volkswagen Bordnetze GmbH.

There was a significant increase in 2006 in the share of at equity accounted Group companies and in the interest result, due not least to the turnaround at our Chinese joint ventures, leading to an overall improvement in the financial result of 76.5 percent. This figure is negative, at minus €216 million, due to the interest cost of €714 million, in particular arising from our pension obligations.

Profit before tax from continuing operations was €1.8 billion, so the return on sales before tax was unchanged versus the previous year at 1.7 percent. Our tax position

was positive in 2006, at €162 million. The background to this is the one-time tax income of €951 million attributable to a change in German corporation tax law.

Profit after tax from continuing operations was €2 billion. On top of this, there was around €800 million from discontinued operations, consisting of Europcar's profit up to the end of May 2006 and the proceeds from the sale of Europcar, producing total profit after tax of €2.75 billion.

That was my brief look at last year's income statement.

Chart "Sales Revenue"

Ladies and Gentlemen,

We generated total sales revenue of €105 billion in 2006. €10.3 billion of the €10.9 billion sales revenue growth is attributable to the automotive business. €8 billion of that amount is attributable to volume growth, €1.2 billion to improvements in the product mix and €0.9 billion to price increases. The Financial Services Division recorded sales revenue growth of €0.6 billion.

Chart "Sales Revenue – by Market"

The breakdown of sales revenue by market shows that the Volkswagen Group made good progress everywhere last year. Of course, we are particularly encouraged by our growth in both the South America/South Africa and Asia-Pacific regions, both of which we increased by more than twenty-five percent. However, the ten percent increase in Europe/Remaining markets is also striking, considering that the previous year's base level was already very high. And even in North America, we were still able to grow sales revenue by 6.5 percent.

The figure for the Asia-Pacific market contains only the component deliveries to our Chinese joint ventures, and not their own sales revenue in China.

Chart "Operating Profit – by Market"

The operating profit before special items for the various markets also improved, apart from Asia-Pacific. We recorded operating losses in both this market and in North America in 2006, primarily because of fiercer competitive pressure and continued unfavorable exchange rates.

By contrast, we were able to generate operating profits in Europe/Remaining markets and South America/South Africa whose rate of growth was actually considerably higher than the corresponding increase in sales revenue. In addition to the trend towards higher-value vehicles, the effects of the measures in our ForMotionplus global performance enhancement program were evident in Europe/Remaining markets. And in particular the high level of acceptance for our products coupled with the good market development helped us in South America/South Africa.

Chart "Operating Profit – by Business Line"

This chart shows operating profit by business line. Operating profit before special items in the Volkswagen brand group almost trebled, while at the Audi brand group, it rose by almost half, despite the continued unsatisfactory earnings situation at SEAT. The figures for both brand groups reflect the extraordinary market acceptance for our attractive models and the success of our sustainable cost and process optimization measures. However, it is still clear that within the Volkswagen brand group, the Volkswagen Passenger Cars brand has a way to go before it returns to the level of earnings it recorded in the past. The same applies to Commercial Vehicles, whose good sales figures produced higher earnings. However, considerable upfront expenditures were required for new products. The Financial Services Division again contributed a stable high level of earnings in 2006.

I would like to note at this point that I'm reporting here on the basis of the structure we used to manage the Volkswagen Group until the end of fiscal year 2006. We will

adapt our reporting to the new Group structure starting with the interim report for January to March 2007. From Q1 2007 we will report unit sales, sales revenue and operating profit separately for each of the major brands.

Chart "Change in Operating Profit"

Ladies and Gentlemen,

What I've explained so far is profit before special items, which we were able to improve by more than half. Operating profit after special items fell from €2.5 billion to €2.0 billion. This decrease is primarily attributable to the €2 billion rise in special items. However, the expenses for restructuring the Group contained in special items will ensure a sustainable increase in the Volkswagen Group's earnings power in future periods.

In addition, "fixed costs, depreciation and amortization" rose by approximately €900 million, due among other things to higher depreciation and amortization of property, plant and equipment and development costs recognized in previous years. Moreover, adverse exchange rates, especially for the US dollar and the Brazilian real, reduced our 2006 operating profit by a further half a billion euros year-on-year. By contrast, volume, product mix and price effects totaling €1.6 billion were positive factors. We were able to improve our product costs by €1.3 billion, due in particular to our ForMotionplus performance enhancement program.

Chart "Automotive Division ROI after Tax"

The Automotive Division's return on investment after special items fell by 0.4 percentage points to 2.0 percent. Eliminating special items from the return on investment after tax produces a 2.9 percentage point increase to 5.8 percent. Although this still does not cover the cost of capital, the adjusted figures document that we have made a significant step in this direction.

Chart "Financial Services Division ROE"

The Financial Services Division recorded a slight increase on the already high prior-year result. Because of the higher average equity base of continuing operations, however, the return on equity before taxes decreased from 18.2 to 16.9 percent.

Chart "Equity Ratio by Division"

And now to the consolidated balance sheet. The equity base improved by €3.3 billion in 2006 to €27 billion. Because total equity and liabilities only rose slightly, the Group's equity ratio improved by 1.9 percentage points to 19.7 percent.

The Automotive Division's equity was strengthened by the positive earnings development, including the one-time gain of €1 billion from the corporation tax credit already mentioned that is contained in earnings. Other factors were the positive development in the fair value of hedging transactions and the exercise of convertible bonds from several tranches of our stock option plan. As a result, the Automotive Division's equity ratio rose by 3.5 percentage points to reach 28.8 percent.

In the Financial Services Division, the disposal of the Europcar business line reduced the division's equity. The equity ratio remained virtually unchanged.

Chart "Provisions"

Group provisions rose by €3 billion or 10.4 percent to €32.4 billion. This enabled us to continue to take adequate account of all identifiable risks. Provisions for pensions, the main component, fell slightly to €13.9 billion.

The overall increase in provisions is due to additions relating to the restructuring of the Group. They include severance arrangements, partial retirement agreements and product- and capacity-related measures.

Chart "Automotive Division Net Liquidity"

Ladies and Gentlemen,

Net cash flow and net liquidity are the clearest evidence in all of our financial data of the impressive progress we have made in the Automotive Division thanks to our disciplined management of costs and investments.

Net cash flow in the Automotive Division increased by €3.2 billion last year, more than doubling year-on-year to €5.6 billion. The key factor in this was the €3.6 billion improvement in cash flows from operating activities. However, the provisions recognized for the restructuring will result in outflows of funds in 2007 and the following years.

Although cash flows from investing activities rose somewhat, this was due primarily to the acquisition of an interest in MAN. The sale of Europcar, gedas and Volkswagen Bordnetze generated cash inflows here. Investments in property, plant and equipment fell by just under €700 million to €3.6 billion, which also reduced the ratio of capex to sales from 5.0 to 3.8 percent. The programs to modernize and expand our model range due to start in 2007 will increase this ratio, despite our continued disciplined management of capital expenditures. In the medium term, we expect a ratio of capex to sales revenue in the Automotive Division at a competitive level of just under 6 percent.

Chart "Net Liquidity – by Division"

Overall, we thus succeeded in increasing net liquidity in the Automotive Division by €6.4 billion in 2006 to €7.1 billion.

Because of the nature of the financing and leasing business, net liquidity in the Financial Services Division is structurally negative. Due to the expansion of business activities, the negative net liquidity of this division increased by €520 million to

€49.4 billion. Overall, net liquidity in the Group thus improved by €5.9 billion to minus €42.3 billion, which – together with the positive earnings development – contributed to an improvement in our rating.

Chart "Earnings per Ordinary Share"

Ladies and Gentlemen,

Including the discontinued operations of the Europcar business line and the corporation tax credit, profit after tax was €2.75 billion. This produced basic earnings of €7.07 per ordinary share.

Based on continuing operations, in other words without the Europcar effects, 2006 basic earnings per ordinary share were €5.03.

The Board of Management and Supervisory Board are proposing to you, our shareholders, today to pay a dividend of €1.25 per ordinary share and €1.31 per preferred share.

Thank you for your attention.