

- Check against delivery -

**Speech Manuscript
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- Part III -

Ladies and Gentlemen,

In 2007, we laid solid foundations for sustainable, profitable growth. However – despite record unit sales, record sales revenue and record profits – we are still a long way from our goal. At the Volkswagen Group, we're not satisfied with that. I promise you that we will continue our drive to reach the top of the international automotive industry, despite – or even because of – an environment that is particularly challenging.

We have what it takes to do it. Your Company, the Volkswagen Group, is already the most future-proof automaker in the world in many respects.

Who else so successfully manages eight strong, independent brands? Each of them an automotive gem! They will now be joined by a ninth brand in the shape of Scania, which fits in with the Group so well because it's an absolute front-runner in its segment. And who else offers the end-to-end automotive spectrum, from the clever subcompact through the super sports car down to the 44 tonner? With more than 160 passenger car and commercial vehicle models, the Volkswagen Group today has a diversity that's justifiably the envy of many competitors.

We will focus our efforts to move forward, starting from this extremely healthy basis. We will accelerate fast in three areas in particular:

- First: higher productivity and declining costs.
- Second: a product rollout that is tailored precisely to the needs of our customers.
- And third: the even more systematic exploitation of our global market opportunities.

Ladies and Gentlemen,

Increasing productivity at our plants every year by at least 10 percent remains our goal. The “Volkswagen Way” and the continuous improvement process are core instruments here.

The 2006 collective wage agreement negotiated by the then Board of Management with the Works Council laid the foundations for higher productivity and competitive costs. We have built systematically on these foundations.

Our teams throughout the Group are working tirelessly at further improving workflows. We conducted 4,600 workshops at our plants in 2007 to optimize products and processes. And we trained 475 cost reduction specialists at Volkswagen who ensure that all inefficiencies are systematically avoided. This is a strategy we intend to drive forward, for instance with a further 7,000 workshops this year.

Ladies and Gentlemen,

All of this strengthens our competitiveness. And it helps us to safeguard jobs in the Group for the long term. In order to do this, and at the same time achieve a substantial increase in productivity, we have to sell a lot more cars. That’s why we are investing selectively and judiciously in our future: And this future lies most definitely in highly innovative and desirable vehicles.

The Volkswagen Group will invest around €28.9 billion in the Automotive Division between 2008 and 2010. Investments in property, plant and equipment will account for €20.9 billion, more than half of which will be spent in Germany. At €13.8 billion, we will spend the bulk on modernizing and extending the product range. Our aim is to finance investments within the Automotive Division using internally generated funds. In other words: At Volkswagen, we will leverage our own financial strength to fund our growth.

Ladies and Gentlemen,

These investments in new vehicles today allow us to create the basis for tomorrow's success. If you want to see what happens if automobile manufacturers don't do that, just take a look at the USA. And what happens if you get it right is illustrated by the repeated unit sales and earnings records at Audi.

At the same time – and this is important – we are keeping a firm grip on costs. Our Group-wide modular platforms are a key to competitive costs despite a high level of model and brand diversity. At the Volkswagen brand, for example, everything – from the Polo to the Passat – will in future be based on a Modular Transverse Matrix platform. In the next few years, we will develop 43 Group models alone on this basis. This signifies a quantum leap in procurement and production. It also means massive cost reductions in development.

Ladies and Gentlemen,

We have set ourselves ambitious growth targets. To achieve them, we need first and foremost attractive new vehicles – vehicles that truly inspire our customers.

That's why the Volkswagen Group has initiated an unparalleled product rollout. We will launch more than 20 entirely new additional models by the end of 2010. One focus here will be on segments such as SUVs, vans and pickups. Plus, of course, the successors to existing series, such as the new Golf.

In the coming years, we will make the Volkswagen Group the world's most international automaker. The days of the "world car" are dead and buried. Our customers in China or India expect us – as a global player – to offer entirely different solutions than we do in the USA or Western Europe. And we will be tailoring our model portfolio precisely to these regional customer requirements.

Despite the difficult market situation for the automotive industry, we will ensure that fascinating automobiles again capture the imagination of the motoring public in Western Europe, Germany and the USA. And we will capture market share with an even more differentiated offering. At the same time, we will fill the gaps in the Group's map. Russia, India, China and the ASEAN region will be the focus here.

These markets offer enormous growth potential. There are 300 million people in China poised to buy their very first car; in Russia, there are 70 million. And in India, 250 million people aspire to motorized mobility. We will leverage this gigantic potential, through in-country production and local sourcing.

We opened our 48th plant worldwide in Russia last November. Starting in 2009, up to 150,000 fully locally manufactured vehicles a year will roll off the production line in Kaluga. At the same time, we are expanding the Volkswagen dealer network this year from the current figure of 70 dealers by a further 20.

Škoda has been manufacturing in Aurangabad, India, since 2001. Production of the Audi A6 and Volkswagen Passat also started there recently, and production of the Jetta will be launched in mid-2008. In addition, another major plant for up to 110,000 vehicles a year is being built in Pune, 180 kilometers from Mumbai. We will start producing the Škoda Fabia there in 2009, followed by a small car based on the Polo in 2010.

We also want to build a forward-looking production and distribution basis in Southeast Asia. We broke off talks with Proton in Malaysia last year. We are currently examining in detail various options for entering into markets in the ASEAN region without the need for substantial additional investments.

Chart "New Small Family"

Ladies and Gentlemen,

Going forward, the Volkswagen Group will focus to a greater extent on small, environmentally friendly and attractive vehicles. One project that we think is extremely promising is our New Small Family. We have plans to launch one version of the up! for urban drivers in the West, as well as another version tailored to the emerging markets. In the long term, this will bring us an additional sales volume of at least 500,000 cars per year.

Ladies and Gentlemen,

China is and will remain a core market for the Volkswagen Group. In 2007, we set a new delivery record there of 910,500 vehicles. We are extremely optimistic about selling more than a million vehicles in China for the first time this year. The New Bora and the Laida, which we presented at the Beijing Auto Show last weekend, will help us achieve this. Both of these completely new Volkswagen models were developed in China, for China.

In 2008, Volkswagen Group China will complete the restructuring program it launched three years ago. Among other things, this features a 40 percent reduction in product costs and an increase in locally sourced content to more than 80 percent. The acquisition of the Fiat plant in Nanjing in the east of the country also underscores that we have ambitious plans for China. This will be the Group's seventh plant in China, and will produce around 60,000 vehicles a year.

Volkswagen has set itself the goal of becoming the most environmentally friendly automaker in China. That's why we will cut the fuel consumption and emissions of the models produced there by more than 20 percent by 2010. To do this, we are using state-of-the-art engines, gearboxes and lightweight construction in all Volkswagen, Audi and Škoda models.

Ladies and Gentlemen,

In June 2004, Volkswagen resolved to become a national partner of the Beijing Olympic Games.

The Olympic ideal stands for peace, dialog and international understanding. This ideal and these values are beyond doubt. The Olympics offer China and its people a unique opportunity not only to continue their economic development, but above all to further open up their society. We hope and firmly believe that our Chinese partners will seize this unique opportunity. We have stressed this hope in many talks with those in positions of responsibility in Beijing.

Ladies and Gentlemen,

The US market was our problem child for a long time. That's why we hit the reset button there in 2007. We fundamentally restructured Volkswagen Group of America: A leaner organization, a more powerful dealer network and the relocation of our US headquarters to the East Coast – all this will help us keep closer to our customers in the future.

We intend to sell a million vehicles a year in the world's most important automobile market by 2018. Around 800,000 of them will be Volkswagen brand vehicles, with 200,000 coming from Audi. However, to allow us to grow profitably, we must produce significantly more vehicles in the dollar area. I can tell you that the high – and still rising – euro/dollar exchange rate is hurting us. That's why we are currently examining in detail various options to develop additional production capacity.

To capture the hearts of our customers in the USA, what we need more than anything else is a model program whose design, equipment levels, quality and price are exactly what the market wants. The Volkswagen brand is showing its colors, with five new products in 2008 alone. In the coming years, the next generation of the Jetta and a new midsize sedan of about the same size as the Passat will follow.

We are launching extremely clean, environmentally friendly diesel models in the US market this year in the shape of Volkswagen's BlueTDI models and the ultra low emission system in the Audi Q7. I'm convinced that these vehicles will give a boost to the market for diesel-powered cars in the USA.

Ladies and Gentlemen,

Protecting the environment has the highest priority for the Volkswagen Group – and not just since the issue started being discussed in the public arena. For years, we have been working with great success to make our vehicles ever more economical and cleaner. At the same time, we are pursuing the goal of reducing dependence on fossil fuels.

We are achieving this by further optimizing the TDI and TSI engines, or the TFSI technology at Audi. We can obtain substantial fuel consumption benefits, especially in combination with our innovative direct shift gearboxes. Model series such as BlueMotion at Volkswagen, the e-models at Audi, ECOMOTIVE at SEAT, or GreenLine at Škoda stand for considerably lower CO₂ emissions and fuel consumption, without sacrificing driving pleasure. None of these vehicles are pipedreams. They are already an affordable reality today.

At the same time, we are working hard towards bringing alternative drive technologies to series readiness. Examples of these include hybrid technologies, fuel cells, or plug-in electric drives. At the Geneva Motor Show, we showcased a Golf TDI hybrid concept that uses only 3.4 liters of diesel per 100 kilometers. And we're also investing heavily in second-generation biofuels. These can cut the carbon footprint by up to 90 percent and don't compete with food production. That's because they convert otherwise unusable vegetable matter such as wood or straw. Since 2007, Volkswagen has therefore been a minority shareholder of CHOREN Industries in Saxony. And we also have a stake in the Canadian biofuel producer Iogen.

Ladies and Gentlemen,

The Volkswagen Group invested around €4.9 billion in research and development in 2007. And we are investing huge amounts of effort and money into sustainable mobility in particular. We expressly endorse demanding limits stipulated by environmental policy. However, a sense of proportion must be applied to any targets. We need targets that make economic and ecological sense.

The European Commission's proposal to cut CO₂ emissions is a far cry from this. Exaggerated penalties for larger vehicles are not only hostile to innovation. They also jeopardize the competitiveness of the German automobile industry.

Ladies and Gentlemen,

This isn't tilting at windmills. This is about the existence of Germany as an economic powerhouse. And about a fair framework for business. Every automobile manufacturer, every vehicle must make its contribution towards climate protection. That's something worth fighting for.

Ladies and Gentlemen,

The Volkswagen Group can look to the future with great confidence. This is due above all to our 332,000 employees. They are among the best in the automotive industry. And together, they are shaping the future of the automobile.

The Volkswagen Group wants to offer them secure, sustainable jobs. And we want to open up prospects for young people in particular. Our goal is to recruit the best brains in the automotive industry. That's why in Germany alone, we offered permanent employment to 1,200 trainees who completed their apprenticeships and recruited around 500 graduates in 2007.

Where other companies are shedding employees, Volkswagen is bucking the trend. This year, we will hire 8,500 new employees worldwide, half of them at our German facilities. I'm encouraged that your Company is again becoming a prime destination for young engineers who are itching to put what they've learned into practice. Worldwide, we will recruit around 2,700 graduates and 2,800 apprentices this year. Here in Germany alone, we will take on 1,300 graduates and 2,200 apprentices. And that, ladies and gentlemen, is not only a clear commitment to Germany as a business location, but also a strong signal for the Volkswagen Group's forward-looking approach.

Ladies and Gentlemen,

Based on our current planning, we will launch no fewer than 39 new models and product enhancements in 2008. The new Passat CC, the Scirocco and the Audi Q5 are examples of new models that we presented in the past few weeks with great success. These cars not only strengthen the attractiveness of our brands. They also allow us to appeal very selectively to new customers in new vehicle segments.

The successors to our existing models demonstrate that we can make good things even better. This is what the Audi A4 Avant, the Škoda Superb and the SEAT Ibiza stand for. And it also applies to the most important car in the entire Group: the Golf. The new version will arrive this fall. And I can promise you today that the Golf VI will write the next chapter in the history of the world's most successful automobile.

**Chart "Deliveries to Customers by Brand
– Volkswagen Group January to March 2008"**

Ladies and Gentlemen,

The product pipeline is well and truly full. We have a whole lot of outstanding ideas. And we have the strength and the means to put these ideas into practice. We are therefore planning to sell 8 million vehicles a year in the Group by 2011.

We know that these targets are very ambitious. But I am convinced that we can and will reach them. Among other things, the strong demand in the first months of this year gives us reason to be optimistic. We can look back at the best first quarter in the Company's history. With around 1.57 million deliveries, we beat the prior-year result by 7 percent. This means that we grew around four times faster than the global market. This strong trend continued in April. 2008 is the first year in which the Volkswagen Group delivered more than two million vehicles to its customers in the first fourth months.

Ladies and Gentlemen,

What's also clear is that nothing, nothing whatsoever, is being handed to us on a plate: The automotive industry is sailing in rough seas. Global economic growth is expected to be slower in 2008 than in the previous year. The persistently high commodity and energy prices, and especially the high price of oil, are also having a negative impact. In addition, there are risks to global economic growth from the current financial market and credit crisis. For the automotive industry, we are predicting double-digit growth in Russia, India and China. In Western Europe and the USA, on the other hand, we expect new registrations to be flat and down slightly, respectively.

We are keeping a watchful eye on all of these factors. However, driven by falling costs, improved processes and our new model rollout, we expect the Volkswagen Group to again beat the previous year's record figures for deliveries, sales revenue and operating profit in 2008.

Ladies and Gentlemen,

The Volkswagen Group is facing both big challenges and promising opportunities. We are excellently positioned to address them.

Let me sum up as follows:

- We are one of the most fascinating and future-proof automobile manufacturers in the world. And together with Porsche, we have an opportunity to advance into an entirely new league.
- Our nine unique brands have no need to shy away from any comparison. Each of them has the ability to lead the field in its segment.
- And with 20 additional vehicles in the period up to 2010 alone, we are powering forward at a fast pace with our product rollout.

Ladies and Gentlemen,

The Volkswagen Group will continue accelerating towards pole position with strength and energy. We are delighted that you will remain committed to your Company while we do this. Thank you for your confidence. We will not disappoint you!

Many thanks.