

- Check against delivery -

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- Part 2 -

Chart "IAS accounting principles fully adopted"

Ladies and Gentlemen,

The consolidated financial statements of the Volkswagen Group for 2001 are presented in a new form. They are now based on the Rules of the International Accounting Standards Board – IAS for short - and incorporate the latest standards. These standards have also been applied retrospectively to the financial statements for the year 2000. As a result, the two sets of financial statements are fully comparable, and the analysis of the Company's balance-sheet and earnings development is not affected by the change in accounting methods.

As a consequence of the changeover, the transparency of the figures presented has been enhanced. The information presented in the management report and in the notes to the Annual Report is more detailed, segmental reporting has been expanded, and there is a focus on operating earnings.

Also, for the benefit of the capital markets and of our shareholders, the information content of key Value Reporting data has been significantly enhanced.

Chart "Income statement of Volkswagen Group"

Ladies and gentlemen,

Our results show that, despite unfavourable conditions in the automotive industry, the Volkswagen Group delivered an outstanding performance in the past financial year. Consequently, we are today able to look back on a successful year 2001, with improvements in profitability and in liquidity – the two cornerstones of our sound financial position.

Chart "Sales revenue"

Sales revenue increased by 6.5 percent to 88.5 billion €. The main drivers of the 5.4 billion € growth in revenues were volume and mix improvements totalling 2.5 billion €, the growth of the financial services business totalling 2.1 billion € and the sustainable effects of pricing measures.

Chart "Gross profit total"

The gross profit of the Group representing the difference between sales revenue and cost of sales rose by 8.1 percent. This is a clear sign of the improvement in our cost structures, and proof that we are successfully managing our costs.

Moreover, at all functional and business levels of our Group, it is absolutely clear that it is essential to continue with this cost management.

Chart "Improved cost structure"

We achieved substantial savings in material costs. Key factors in attaining these savings included the early integration of suppliers in the development process, our

global sourcing strategy and, above all, the deployment of modern communication technologies.

In the B2B field, our own dedicated supplier marketplace enabled us to make major improvements to external and internal processes. Progress included the holding of online negotiations on the Internet, the more widespread use of catalogue ordering, as well as a supplier information system extending to capacity management synchronized with our suppliers.

The proportion of personnel costs to total sales revenue decreased. The current level of 14.9 percent, based on our advantageous global multi-location structure, is competitive in international terms.

The reduction in the personnel cost ratio is the result of our ongoing efforts to improve productivity. The focus is on projects to improve workflow and process organization, as well as on shortening of throughput times based on improved quality and delivery compliance. We have also cut internal costs within the Group by assigning priority to capacity units with the most favourable site conditions. We benefit, for example, from the high proportion of diesel engines at our engine plants in Poland and Hungary.

With the launch in Western Europe of the new Polo class generation based on a unified platform for the Polo, the Fabia and the Ibiza, we were able to achieve progress in productivity which was fully implemented in 2001 and which will have long-term benefits.

We brought about a further long-term improvement in our personnel cost structure by converting our company pension system for VW AG and AUDI AG to a pension fund model.

In the past year we managed our vehicle production to deliver products at the right time and in keeping with specific market needs, aided by our flexible working time models. We reduced our worldwide vehicle stocks by 30 thousand units. Inventory thus remains at an optimum level for supply to our customers.

Chart "Administrative expenses and distribution costs"

The proportion of administrative expenses to total sales revenue is unchanged. Distribution costs in relation to sales revenue are also unchanged. All in all this is a highly pleasing outcome, in view of the intense fight for market share, which is based in many cases on financial incentives.

Chart "Operating profit"

Taking into account the improvements in the "Other operating result", in particular the reduced allocations to provisions in connection with the European Union End of Life Vehicles Directive, overall operating profit increased by a substantial 34.8 percent to 5.4 billion €. We include this performance indicator for the first time in our income statement. It is the starting point of our value-based business management and control system.

Let us now look at the contributions of the individual brands and regions to the operating result of the Group.

Chart "Operating result by division"

In the Automotive Division the brands and regions made positive contributions. The Rolls-Royce/Bentley brand again made a loss as a result of a product upgrade of current production models, though the loss was lower than the prior year.

The highest operating profit in absolute terms was generated by the Volkswagen Passenger Cars brand, at 2.2 billion €, an increase of 12.3 percent. The highest growth was achieved by the Audi brand, which improved its result by 283 million €, or 24.9 percent, to 1.4 billion €. Other major profit drivers were the North America and Asia-Pacific regions.

The profit of the Volkswagen Commercial Vehicles brand decreased, in particular as a result of a decline in unit sales, including in Turkey. The Škoda and SEAT brands improved on their prior year's performance.

In the South America/Africa Region, both Brazil and Argentina suffered losses from devaluation, amounting to some 300 million € in total, which placed a substantial burden on the overall Group performance.

The Financial Services Division achieved an operating result at the high level of the prior year; the return on equity was 15 percent.

Chart "Financial result"

The reduction in the financial result stems primarily from the effects of the devaluation of the Brazilian Real and the Argentinian Peso, from valuation losses on securities, from increased accumulation of interests on provisions, and from lower income from investments.

Chart "Profit before tax"

Overall, the Group reported a profit before tax of 4.4 billion €, the highest in its history, and 18.6 percent up on the prior year. At this point I would like to point out that the profit before tax in accordance with the German Commercial Code (HGB) would also have been up on the year 2000, by 8.2 percent.

Excluding the one-off expenses in connection with the End of Life Vehicles Directive, the adjusted profit before tax according to IAS totalled 4.5 billion €, 8.1 percent up on the prior year comparatives.

The result was in keeping with our forecasts and fulfilled the expectations of the capital markets.

Chart "Investments in tangible and other intangible assets and cash flows"

Ladies and gentlemen,

As a result of the positive business trend, the liquidity position of the Group has also improved in the past year.

In the Automotive Division, cash flow from operating activities increased by 21.5 percent to 8 billion €. Overall investing activity decreased by 1.3 billion € to 7.8 billion €. The reason for this was primarily the reduced expenditure on acquisition of investments. The prior year figure included the acquisition of an 18.7 percent investment in SCANIA AB, as well as taking over the remaining 30 percent of the shares of ŠKODA AUTO a. s. Investments in tangible assets rose by 13.4 percent to 6.5 billion €, and were comfortably covered by cash flow.

The focus of investments in tangible assets was on renewal of the product range and the associated modernization of components and production facilities. Major product development investments included the Polo, Phaeton, Touareg and New Beetle Cabrio models, the successor to the Transporter, the Audi A4 series, the SEAT Ibiza and the Škoda Superb. Over the next five years, annual average level of investment is planned to stabilize at the current level rather than increase. Based on the average of the last five years, this will mean a reduction of 8.1 percent to 6.7 percent, measured against the expected sales revenue of the Automotive Division.

Chart "Net liquidity by division"

The positive net liquidity in the core Automotive business was increased by 0.7 billion € to 6.5 billion €. In the Financial Services Division borrowings increased as a result of the expansion of business; its net liquidity was minus 36.6 billion €.

Chart "Capital ratios by division"

The capital ratios are comfortable. In the Automotive Division the ratio is just over a third of total assets; in the Group as a whole it has stabilized at 23 percent.

In the past year the rating agencies, Standard & Poor's and Moody's Investors Service, again rated the creditworthiness of Volkswagen highly. This provides the Group with the potential for securing outside financing at favourable terms.

Chart "Earnings per share - undiluted"

Ladies and gentlemen,

Based on to the average number of shares outstanding in the year, the Volkswagen Group achieved undiluted earnings per ordinary share of 7.66 €, an improvement of 20.7 percent. The reason for this substantial increase lies, partly, in the increase in profit itself but also in the reduction of the average number of shares in 2001, as a result of the share buy-back in the second half of the year 2000.

Chart "Return on investment - Automotive Division"

Ladies and gentlemen,

We are responding to the increased demands of the capital markets not only by reconfiguring our external financial public reporting in line with IAS. Our internal controls have also been further developed, with the aim of ensuring that every brand and region in the Automotive Division achieves at least the return on investment demanded by the capital markets as a minimum target. Only in this way will the Volkswagen share remain a solid, profitable and attractive investment over the long term.

The Automotive Division achieved a return on investment of 9.4 percent, significantly up on the prior year's level. We have thus generated more than the effective cost of capital, and have exceeded our internal target of 9 percent. Details of this are also presented in our Annual Report.

Chart "Value contribution - Automotive Division"

Since operating profit after tax comfortably covered our cost of capital, the Automotive Division achieved a positive value contribution totalling 453 million €. This is a key factor in increasing the value of the business.

Chart "Dialogue with shareholders and analysts"

Ladies and gentlemen,

We once again extended our contacts with investors and analysts in the past year, holding a total of more than 200 events worldwide. With the intensive participation of members of the Board of Management, we have given detailed presentations of the financial situation, strategic goals and future expectations of the Volkswagen Group on publication of the annual financial statements and of the interim reports.

We also publish comprehensive, continuously updated corporate information on the Internet. One of the benefits of this facility is that our private investors, who hold 41 percent of Volkswagen shares, are able to access the relevant information just as quickly and in just as much detail as the institutional investors, who hold 35 percent.

Chart "VOLKSWAGEN AG dividend history"

Ladies and gentlemen,

The Group's parent company, VOLKSWAGEN AG, also substantially increased its after-tax profit, by 11.4 percent to 918 million €.

Based on the positive business trend, the Board of Management and Supervisory Board propose to today's Annual General Meeting that the dividend be increased by 10 Cents per share to 1.30 € per ordinary share and to 1.36 € per preferred share. This means that Volkswagen is one of the few listed companies able, even in difficult times, to offer its shareholders not only a stable but an increasing dividend.

This means that between 1996 and 2001 our dividend per ordinary share has increased from 0.46 to 1.30 €, and the dividend per preferred share from 0.51 to 1.36 €.

Chart "Volkswagen share price development"

As a result of these efforts, our ordinary and preferred shares once again clearly outperformed the DAX (German Share Index) average over the past year. While the DAX fell by 7 percent in the 12-month period from April 2001 to March 2002, the value of the Volkswagen ordinary share increased in the same period by some 16 percent, and that of the preferred share even rose by more than 28 percent. The Company remains committed to retaining the preferred share.

Chart "Potential of Volkswagen share price"

The valuation of our Company by the capital market has already developed favourably, and we believe our share offers potential for further growth. Measured against a price/earnings ratio of 7.9 on March 31, 2002 based on the Group's 2001 consolidated earnings, the Volkswagen ordinary share is one of the most

undervalued stocks in the DAX; comparable competitor stocks in the automotive industry have P/E ratios of around 14, representing twice the valuation of Volkswagen.

Ladies and gentlemen,

The situation I have presented today and the sound financial health of the Company once again reinforces our belief that the Volkswagen share deserves your fullest confidence.

Thank you for your attention.