

- The spoken word is valid -

Speech Manuscript
Prof. Dr. Martin Winterkorn
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- Part III -

Ladies and Gentlemen,
Shareholders of Volkswagen AG,

I'd now like to talk about the future of the Volkswagen Group. I am utterly convinced that we can hold our own as one of the largest and most successful automobile manufacturers in the world. And more than just that: we will bring the Group onto a new, higher, level in terms of content and technology, and will focus rigorously on our customers in the process. We will further extend our position in the global competitive environment profitably by safeguarding our position in existing markets and developing new ones. That's because we have a unique trump card: we offer mobility across all vehicle size classes, from subcompacts through to large saloons, and even heavy trucks. And that in turn is due above all to our brand diversity. We have state-of-the-art drivetrain systems and are already an innovation leader in many areas – a position that we will further extend in the future. This already brought us a unique position in the market in the past, and has created an almost incomparable potential for the future.

Ladies and Gentlemen,

The challenge now is to leverage this potential systematically. Each individual brand in the Volkswagen Group is strong, with its own characteristics, and will continue to support the Group – as the umbrella brand – going forward. I am convinced that each brand can be even more powerful and can develop even more successfully if it can operate more independently and thus focus more

closely on its own target groups. For this reason, the Supervisory Board agreed in January to my proposal to dissolve the former brand groups. Our independent, strong brands will also give the Group a new identity. We want to position ourselves as a company with a superlative brand portfolio and the ability to satisfy all customer wishes from a single source.

Ladies and Gentlemen,

As I explained in the first part of my speech, there's one thing that matters above all others when it comes to reaching our goals: improving our competitiveness. We've recently taken an important step in this direction with our agreements for the Brussels plant. At the end of February, we reached agreement on a fair compromise with the workforce and the trade union: over the next three years, we will manufacture 84,000 vehicles each year for the Volkswagen and Audi brands, in particular the future entry-level Audi model. Complete operational responsibility for the plant as a production facility will be transferred to Audi at the end of May and we will make it one of the most productive and state-of-the-art factories in the entire Group. We will do this through innovative work organization, more efficient structures and the introduction of the Audi production system with a continuous improvement process. Of course, this also includes adjusting wages to the Belgian average. That's why we believed that increasing working hours to a 38 hour week and the gradual reduction in labor costs by 20 percent were necessary.

We have also laid the foundations for a successful future for the SEAT brand in recent weeks. The Supervisory Board of Volkswagen AG has resolved an investment program for SEAT with an annual volume of around €450 million over the next five years. We will be investing primarily in the product assets of the brand and in new models. The Altea Freetrack will arrive on the market this year – a small, very sporting, youthful sport utility vehicle that celebrated its worldwide debut in Geneva. It will be followed next year by a notchback saloon that will round off the top end of SEAT's product range, attract new customer groups to the brand and prolong the brand loyalty of existing customers.

Ladies and Gentlemen,

What are the main issues we want to address this year?

We want to strengthen all of the Group's brands by giving them more responsibility. In particular the Volkswagen brand deserves our attention, and mine in particular. We want it to become more glamorous and have a sharper profile. Over the next ten years, we want it to develop into the most innovative volume manufacturer with the best quality in its class. Strategically, the Volkswagen brand is excellently positioned and offers unique growth potential with an unbeatable range of models.

As with the Group, our efforts at the Volkswagen brand will focus on leveraging this potential. To do this, we must start by systematically and proactively continuing the restructuring process that was successfully initiated last year. This means that we will continue to work intensively on productivity and quality. We will continue the product conventions and quality forums, develop new models and derivatives, and continuously reassess our orientation. This has one prime objective: a lasting reduction in costs and the long-term consolidation of technical diversity.

Above all, however, we want to further increase the passion of our workforce for building cars. Volkswagen brand models always had a tangible and an emotional value added. The "Made by Volkswagen" label is still appreciated all over the world, and stands for solid, precise, quality-driven, high-value vehicles. And it's precisely this potential that we have to leverage even more strongly in the future.

Ladies and Gentlemen,

Our sales efforts this year will concentrate on three main areas:

The first area is the markets in which we already have a leading position. You have already seen that we recorded excellent delivery figures and market shares in Germany and Western Europe in 2006. We want not just to hold onto this pole position, but to extend it still further using our steadily expanding, attractive product range. In addition, we want to move into existing attractive niches and thus gain additional market share.

The second area involves regions in the world with especially strong growth potential. We are currently focusing in particular on the markets of Russia and India, where we are establishing our own vehicle production capacity. We are working hard there to build a sound position in the market.

India is one of the fastest growing automotive markets worldwide. We are intent on playing a key role in shaping this growth. At present, we manufacture models from our Group Škoda brand in India and import Audi brand vehicles. We will also soon be more heavily involved in the Indian market with the Volkswagen brand. Because of the high tariffs on imported vehicles, however, we will only be able to build a satisfactory presence in India if we also manufacture there directly. That's why we will construct a production plant close to the city of Pune at which we will start producing various models, including a small car model that is tailored to the needs of our customers in the Indian market, beginning in 2009. For us, this means developing a model that we can sell at a highly attractive price but that is still a real Volkswagen with all the merits of this brand. In addition, we will soon establish an independent Indian distribution company that will take over distribution for locally manufactured and imported models. Audi has adopted a similar strategy: an independent distribution company has already been established, and CKD assembly will start this year in India.

We have also already laid the foundation stone for successful involvement in Russia: the new plant at Kaluga near Moscow will allow us to extend our position

in Russia considerably. Starting in the second half of 2007, we will assemble partly knocked-down Volkswagen and Škoda models there. As in India, our objective in Russia is a full manufacturing process. Once the bodyshop, paintshop and assembly line are ready, we will be able to start manufacturing Volkswagen and Škoda models in Russia in 2009. In the medium term, we also aim to produce a vehicle that has been designed for the Russian market.

The third area affects two regions in which we also have substantial potential: we must continue to recapture ground and regain our leadership position in the Chinese and US markets. Even though last year's delivery figures increased, we have to work still harder in these key markets.

In China, we continued our restructuring program last year and turned the corner with a positive result. At more than 700,000 vehicles, our volume sales figures in this region were higher than ever before. This figure corresponds to year-on-year growth of 24.3 percent and enabled us to stabilize our market share and retain our market leadership in the passenger car segment. Nevertheless, our objectives go beyond what we've already achieved. One of our other primary tasks is to leverage potential synergies between the Shanghai Volkswagen and FAW-Volkswagen joint ventures to a far greater extent. This includes a common procurement strategy, a harmonized powertrain strategy and overarching measures to cut costs. Last year, we went more than half way towards achieving our goal of reducing product costs in China by 40 percent between 2005 and 2008. We will also persist with our existing strategy of harmonizing the product and pricing policies of the two companies so as to avoid overlaps between FAW-Volkswagen and Shanghai Volkswagen. In addition, we will integrate China to an even greater extent in our global production and component supply network. We have already been able to reap the first benefits of our efforts: we increased our deliveries to customers in China and Hong Kong by 23 percent in the first quarter to around 203,000 vehicles.

We will tackle the US market proactively with new products, creative marketing ideas, quality enhancements and efficiency improvements in the dealer organization. In concrete terms, we have plans to launch the revised model

version of the Touareg and the Golf R32, and the new Jetta Wagon will make its debut on the market in the second half of the year. Above all, however, we will be able to score with the BLUETEC label used jointly by Volkswagen, Audi and DaimlerChrysler for the launch of diesel vehicles. The USA has the world's toughest emissions rules for diesel engines. However, our particularly low-consumption "Clean TDI" Volkswagen diesel engine meets even these standards – this will allow us to occupy a lucrative segment in the market with strong growth prospects and gain an edge over the competition. That this strategy is promising is shown by the awards with which we were recently honored: in the USA, we are number one in the J.D. Power environmental study, which rates us the most environmentally friendly automobile manufacturer. What's particularly encouraging about this rating is that our "Clean TDI" technology beat the Japanese hybrid passenger cars.

Ladies and Gentlemen,

This brings us to another important subject that has occupied the international automotive industry for a long time and has now resurfaced with even greater intensity: the debate about CO₂ emissions.

As you know, we've been working hard for years on concepts to reduce fuel consumption and replace fossil fuels by alternative fuels. That's why we are relying firstly on the use of second-generation biofuels. We have already sent clear signals with SunFuel and SynFuel, and our natural gas-driven Volkswagen Touran and Caddy EcoFuel models. But that's just the start of our involvement in the field of alternative fuels. We are also increasingly looking at the use of hybrid drive vehicles – because we're convinced that hybrid technology can be used to cut fuel consumption, especially in inner-city environments, large cities and urban conurbations. We recently presented the very promising Touran "Highbrid" prototype equipped with a highly efficient combination of a TSI engine, an electric drive and a DSG gearbox. You can be sure that we will have a smaller hybrid system in the very near future for our compact class models, such as the Golf and

the Polo. As early as next year, we will be launching a hybrid version of the Audi Q7 and the Volkswagen Touareg in the market.

We are also in the process of developing an "A Triple 0" model, in other words a subcompact for our customers in urban conurbations and inner city districts that will also meet mobility requirements in emerging markets such as India and China. Fuel efficiency, attractiveness and affordability are the attributes that we want to build into the DNA of this vehicle.

However our commitment to the environment isn't just restricted to developing alternative fuel concepts. We have also set standards in the further development of traditional drivetrains: our BlueMotion series represents economical, environmentally responsible vehicles – and yet the driver doesn't have to sacrifice agility and driving pleasure. The latest model in this series is the Passat BlueMotion, which celebrated its world premiere at the International Motor Show in Geneva.

Other highlights this year are the Golf Variant, the Audi S5, the new Škoda Fabia and the SEAT Altea Freetrack. These and many other vehicles will continue our new model rollout to cover the markets and attractive market niches. The launch of the CrossGolf and the CrossTouran at the beginning of the year completed our Cross family.

Our model strategy is already paying off: the "Park Assist" in the Touran was awarded the "Yellow Angel" by the ADAC in the "Innovation" category in January. And our Audi A3, A6 and Q7 models, the Multivan and the Polo were rated "Best Cars 2007" by the "auto, motor und sport" magazine. And there's more: in addition to various prizes for our models, we were able to celebrate two marvelous anniversaries last quarter: we produced the eight millionth engine at our Chemnitz plant, and the 25 millionth Golf rolled off the production line in Wolfsburg at the end of March.

Ladies and Gentlemen,

These positive events make us confident that we will be able to increase deliveries to customers slightly this year and thus also exceed 2006 sales revenue. 2007 operating profit will probably be higher than 2006 operating profit before special items. We believe that profit before tax in 2008 will be at least €5.1 billion.

But one thing is certain: we'll get nothing for free. The macroeconomic environment for 2007 suggests that economic growth will probably be lower this year, following above-average growth rates in 2006. Oil and raw materials prices will remain high. In addition, we expect the US dollar to remain weak against the euro and the yen.

**Chart "Deliveries to Customers by Brand – Group
January-March 2007"**

As you can see from our current delivery figures, the Group got off to a good start to 2007. We were able to record positive results for all brands and increase our deliveries to customers without exception compared with the first quarter of 2006. As Mr. Pötsch already mentioned briefly, we increased deliveries by 7.9 percent to around 1.5 million vehicles. At a good 850,000 vehicles, the Volkswagen brand also delivered 6.8 percent more units in the first three months of this year compared with the prior-year period. Our involvement in the growth regions meant that we were able to significantly offset the negative effect of the VAT increase in Germany.

Ladies and Gentlemen,

It's particularly important that we work even harder to reach our goals. Let me round off my presentation by restating the position with absolute clarity: the Volkswagen Group's goals for this year have been clearly defined. We want cost-effectiveness and value enhancement. This means that we must achieve more

with fewer resources. This includes a clear increase in our productivity and in the capacity utilization at our plants. The systematic continuation of our restructuring program means that we are well on the way and have already achieved a great deal. Maximizing capacity utilization at our plants will also allow us to secure jobs at Volkswagen for the long term.

Ladies and Gentlemen,

The Volkswagen Group and all of its brands face challenging tasks this year. I'm sure that innovative products, competitive costs, efficient processes and an aggressive position in the markets will enable us to put the Company on an even better footing and demonstrate that we are well equipped to meet the challenges of the future.

Many thanks for your attention.