

- The spoken word is valid -

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Speech held at the Annual General Meeting on April 22, 2004

- Part 1 -

Ladies and gentlemen,
Dear shareholders,

Welcome to the Annual General Meeting 2004 in Hamburg.

The financial year 2003 was a year of contrasts for the Volkswagen Group. It was a year in which the Group faced major challenges. On the one hand, the Group brought 12 new vehicles to the market and mastered 39 start-ups in 16 of the 31 vehicle manufacturing plants. This program was completed in spite of some difficulties. At the same time our earnings targets, which had already been reduced, could not be reached.

The economic upturn expected for last year failed to materialize, although all forecasts indicated otherwise. Regrettably, we had to face the fact that the economic growth in the most important automobile markets – contrary to several predictions – still has not gained momentum.

Chart “Key Data of the Volkswagen Group”

At our Annual Press Conference last year, we announced that we would be sticking to our target of 5 million vehicles delivered to customers – despite adverse economic conditions. As you already know, we did indeed meet this target. Our sales revenue also rose slightly compared with the previous year.

As announced at the Annual Press Conference and subsequently repeated on several occasions during the year, we also indicated that it would not be possible to match the 2002 operating profit because of the underlying economic conditions, particularly US Dollar developments. As you know, this was indeed the case. In fact, economic conditions deteriorated even further as the year progressed.

This deterioration extended from the exchange rate structure as well as the competitive environment and the competition for customers where our competitors fought with ever-larger discounts and daily registrations.

Chart “Passenger Car Market Shares of the VW Group 2002/2003”

Nevertheless, the Group recorded a slight increase in its world market share:

	<u>2002</u>	<u>2003</u>
Total world:	12.0 percent	12.1 percent
Western Europe:	18.4 percent	18.2 percent
Germany:	30.0 percent	30.4 percent
North America:	6.7 percent	6.5 percent
Asia-Pacific:	6.4 percent	7.6 percent

Chart “Key Data of the Volkswagen Group”

We more than met our target of realizing earnings enhancement measures totalling 1 billion €: we achieved earnings improvements of 1.2 billion € in 2003, primarily by cutting costs. Nevertheless, the operating profit before special items totalling 2.491 billion € was 47.7 percent down on the previous year – partly as a result of negative exchange rate effects.

The number of employees, however, increased despite headcount reductions in some business groups, primarily as a result of first-time consolidations and personnel

expansion in China. Furthermore, additional employees were recruited in Poland for the recent start-up of the Volkswagen Caddy.

In Brazil, we implemented the necessary restructuring measures last year. I will describe the success of our restructuring measures in Brazil during the second part of my presentation.

In the Chinese market we were able to defend our market leadership in 2003 and sold almost 700,000 vehicles for the first time. Present capacity at both joint ventures is therefore fully utilized. Our early presence on the Chinese market is paying off – we celebrate our 20th anniversary in China this year.

As I have already mentioned, 2003 was a year of model range renewal, which I would like to discuss next.

Chart “The new Golf”

For the Volkswagen brand, 2003 was the year of the new Golf, which celebrates its 30th birthday this year. Our team set out to build a car that once again sets new benchmarks in its class for technology, safety and quality. We have succeeded in doing just that, as is confirmed by several awards such as the “Goldenes Lenkrad” (Golden Steering Wheel) or the “Auto des Jahres 2003” (Car of the Year 2003). Production start-up set new standards in terms of volumes as well as product quality. This is impressively born out by independent customer surveys. The quality level of the Golf V in the start-up phase is already on a par with the level of the Golf IV in its phase-out. So it is hardly surprising that the new Golf has again overtaken all competitors in the registration statistics, too, even though press comments might make you think otherwise and even though we had envisaged greater plans. One equipment highlight is the DSG[®] direct-shift gearbox presented last year which no other automaker offers in a series-production vehicle. I will also discuss the market success of the Golf this year in the second part of my presentation.

Chart “Audi A3”**Chart “Volkswagen Touran”**

The new Audi A3 made a very good start last year. It will be followed by a five-door version this autumn. It did not take long for the Touran to become a market leader in its segment in Germany, either. Both models are also available with DSG®.

Chart “Volkswagen Multivan”**Chart “Volkswagen Caddy”**

The new generation of the Volkswagen Multivan has convinced consumers through its functionality, quality and outstanding technology. A few weeks ago, the new Caddy was added to the range of commercial vehicles. It is available both as a commercial van and a passenger vehicle.

Chart “Bentley Continental GT Coupé”**Chart “Lamborghini Gallardo”**

The two newcomers to the Volkswagen Group’s offerings in the luxury segment have made a more than satisfactory début. The Bentley Continental GT Coupé is sold with firm deposits until the second half of next year. The Lamborghini Gallardo, combining finest technology with a sporting body, has also met with an enthusiastic reception from our customers and has quite lengthy delivery times.

Chart “Volkswagen Touareg”**Chart “Audi A8”**

The sales figures for the Touareg, where demand for the innovative V10 TDI engine in particular is high, and for the Audi A8 underline the success of the Volkswagen Group in the automobile premium segment.

The question has often been raised recently as to why the Volkswagen brand has entered the premium segment. The answer is that in order to have an equally strong presence in all relevant segments, the Volkswagen brand also needs models positioned above the Passat. Obviously, this commitment does not mean that the volume segment will be neglected. May I emphasize again that the motto of our model offensive for the Volkswagen brand is not “either/or”, but “as well as”. The fact that the Phaeton, the Audi A8, the Bentley Continental GT Coupé and the Lamborghini Gallardo have entered the market recently is a consequence of deliberate model planning. New models that do not belong to the luxury segment are in line for market launch in 2004 and 2005.

Chart “Volkswagen Polo Fun”

Chart “Volkswagen Fox (Volkswagen do Brasil)”

One such model is the Polo Fun, which has enjoyed a very warm welcome from the market. We also have a clear answer to the question of rounding off the product range in the lower price segment. In 2005, we will be introducing a vehicle in the price category well below 10,000 € in Europe. The Brazilian version of this vehicle is already a great success. Adapted to meet European standards and customers’ wishes, the Volkswagen brand will thus be offering a further product with an extremely attractive price-performance ratio.

The new, even more emotional styling language our designers have brought to the new Volkswagen Group models was much in evidence at the Geneva International Motor Show.

Chart “Volkswagen Cabriolet Concept C”**Chart “The new Golf GTI”**

The Volkswagen Cabriolet, a 4-seater open coupé with an innovative roof system unveiled there, together with the Golf GTI presented in Frankfurt last year, demonstrate where Volkswagen brand design is heading. The Golf GTI will be launched on the market this autumn and the Volkswagen Cabriolet in 2006.

Chart “SEAT Altea”**Chart “Škoda Octavia”**

The SEAT Altea represents a new vehicle concept, the multi sport vehicle. This is the new shape of “auto emoción”. The SEAT Altea and the Škoda Octavia show just what the modular strategy can achieve. Both models have a completely different vehicle architecture and target customer groups – but they nevertheless share a large number of the same modules.

Let me return to Audi and its design language:

Chart “Audi A6”

The grill of the Audi A6 is reminiscent of the Auto Union tradition. We are convinced that Audi will strengthen its competitive position in this key segment with the vehicle. The response at the launch was overwhelming. The Audi A6 will be in the dealer showrooms from tomorrow, waiting to take you on a test drive. Discover this vehicle for yourself.

You are cordially invited to take a look at some of the models I have just presented at the exhibition in the grounds of the Congress Centrum.

At Volkswagen, drivetrain and fuel strategy are a focus of sustainable success. A responsible commitment to environmental policy and a forward-looking approach to energy policy determine cooperation on development projects to produce and introduce SynFuel and SunDiesel with the aim of substantially reducing CO₂ emissions using the existing filling station infrastructure. One example of such projects is the cooperation with Shell and the American agricultural corporation Archer Daniels Midland to develop such clean, regenerative biogenic fuels and the most suitable engines.

Since last autumn, we have been offering the Passat with a diesel particulate filter. Step by step, other models will follow. The Euro IV emission standard for exhaust gas becomes mandatory at the beginning of next year. Over 70 percent of the vehicles we sell in Germany today already comply with this stringent standard. Buyers are thus benefiting from current tax incentives.

Our efforts over the last few years have led to a sustained improvement in the quality of our products. Thanks to our "Volkswagen Excellence" quality strategy, the reliability of our vehicles has risen further. This is confirmed by the excellent quality of the new Golf, as I mentioned earlier.

The range of automotive services is being systematically developed further, too. Last year, Financial Services and Europcar achieved a successful performance and increased earnings. In addition, we will be expanding our fleet business. I'll return to this later.

That concludes my short overview. Mr Pötsch will now give you the details of the financial year 2003.