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- Part 1 -

Ladies and Gentlemen,
Shareholders of Volkswagen AG,

I'd like to wish you a warm welcome to the 2006 Annual General Meeting of Volkswagen AG in Hamburg.

The Volkswagen Group can look back on an eventful 2005. The Volkswagen Group held its own in a difficult market environment. The level of earnings we achieved is in line with our targets, but remains unsatisfactory overall. I'd like to start my presentation by emphasizing some of the highlights of 2005:

Chart "Headline Figures"

1. Profit before tax rose by 58.2 percent to €1.7 billion. This development was driven primarily by our ForMotion performance enhancement program.

2. Net liquidity in the Automotive Division increased to a positive €706 million, corresponding to a year-on-year increase of €2.6 billion. At €2.39 billion, our net cash flow grew by 30.3 percent compared with the previous year.

3. It was possible to reduce cash flows from investing activities in the Automotive Division by 18.8 percent to a total of €5.7 billion without making any cuts in our

new product initiative. The ratio of investments in property, plant and equipment to sales revenue (capex/sales) was 5.0 percent.

4. The Group's new model initiative was successful. At 5.24 million vehicles, we posted a new record in deliveries to customers – this corresponds to an increase of 3.2 percent worldwide.

Ladies and Gentlemen,

These figures demonstrate that we met our forecast of achieving a better result than in the previous year – however, we still cannot be satisfied with what we have achieved. Competitive pressure in the global automotive markets remains high. The Volkswagen Group still has surplus capacity despite increasing unit sales. But as this also applies to most of our competitors, the level of price pressure in the markets is very high.

Chart "Sales Revenue per Vehicle – Volkswagen Group"

Despite this difficult market situation, we were able last year to increase average sales revenue per vehicle by five percent in the Group. This encouraging development is a result of our strategy. Because we offer our customers high-value products and strong brands, the Volkswagen Group was able to significantly increase the proportion of high-value models and equipment packages. This development is all the more remarkable if you consider the current market trend towards smaller vehicles. For the first time since 1999, the average new vehicle price in the German market did not increase in 2005, but declined by around 1 percent. We will continue to pursue our successful strategy in the future, but without at the same time ignoring the market trend towards attractively priced models.

There was no relief from persistently high commodity and oil prices.

The difficult environment prompted us to launch the ForMotion performance enhancement program in 2004.

Chart "ForMotion 2005"

The program has enabled us to achieve sustainable improvements in the performance of all of our Group companies with regard to cost and quality. We have systematically improved products and workflows across the Group in the seven focus areas of product costs, one-time expenditure, overheads and process optimization, improved sales performance, earnings improvement at Financial Services, Volkswagen Commercial Vehicles and foreign sales subsidiaries.

The goal we had set ourselves for 2005 was to improve Group earnings by €3.1 billion through ForMotion measures. With a total of €3.5 billion, we substantially exceeded this goal – without ForMotion, we would have slipped into a loss.

The implementation of ForMotion also led to greater cost-consciousness among all of our employees. For example, we cut both product costs and overheads by around €1 billion each. I would like to thank all the employees involved whose tremendous commitment contributed to the success of the program. Their high level of creativity and wealth of ideas generated thousands of suggestions for improvement that ensured a positive atmosphere, open to change, in the Company.

However, external developments – in particular price pressure in the market and exchange rates – dampened the net effect of ForMotion. We must therefore continue with unrelenting pressure to drive forward the optimization of costs and processes and have launched a follow-up program for ForMotion in 2006, "ForMotion plus". I will explain the details of this later.

Ladies and Gentlemen,

As I mentioned at the beginning, 2005 was an eventful year for the Volkswagen Group.

In September 2005, Porsche AG, Stuttgart, announced its intention to acquire approximately 20 percent of the voting capital of Volkswagen AG. Both the Supervisory Board and the Board of Management of Volkswagen AG expressly endorse the investment by Porsche AG. The two companies have been successful and profitable partners for some time in the development and production of vehicles, such as the Touareg/Cayenne project. Volkswagen welcomes the fact that this cooperation will now be supported through a financial investment. Porsche's shareholding will also give Volkswagen AG a stable shareholder structure, an aspect that is of major importance in the automotive business with its long-term orientation.

In this context, the Supervisory Board of Volkswagen AG instructed the Board of Management to negotiate a governing agreement with Porsche with the aim of ensuring a fair balance of interests for the future operational cooperation with Porsche. This agreement has now been concluded. It again expressly confirms that all relations between Porsche and Volkswagen are conducted on an arm's length basis, which corresponds with the requirement for equal treatment under German stock corporation law. It underscores Volkswagen AG's business freedom to decide on a case-by-case basis who will be the most financially attractive partner for future projects of Volkswagen AG. The specific wording of the governing agreement is: "The contracting parties are free to decide whether and with whom they wish to implement which projects". Agreement has also been reached with Porsche that all contracts will be subject to subsequent review by our auditors so as to obtain neutral assurance that all contracts have been entered into and are carried out on appropriate terms.

In addition, at its meeting on February 24, 2006, the Supervisory Board established a "Shareholder Business Relationships Committee". The task of this committee is to supervise the business relations of Volkswagen AG and its Group companies with shareholders of Volkswagen AG who hold 5% or more of the voting power. The

Supervisory Board oriented this towards the shareholder notification requirements under the *Wertpapierhandelsgesetz* (German Securities Trading Act). The rules of procedure for this committee ensure that it is composed only of members of the Supervisory Board who have no close relationship with the relevant shareholder. The Board of Management will provide this committee with comprehensive information about business relations with its major shareholders. The members of this committee are: Elke Eller, Dr. Michael Frenzel, Ulrich Neß and Roland Oetker.

At the same meeting, the Supervisory Board approved the retirement of around 41.7 million treasury shares previously held by Volkswagen AG. The share capital of Volkswagen AG will be reduced accordingly. We decided to take this move firstly because of the significantly improved liquidity position, and secondly because there are no plans at present to acquire companies or parts of companies. This transaction did not have any effect on the proportional voting power, as the retirement did not change the number of voting shares: the treasury shares did not carry voting rights.

Ladies and Gentlemen,

I have already touched on the difficult operating environment in the automotive industry. That is why it is especially important for the Volkswagen Group to focus on its core areas of competence.

Against this background, we sold our wholly-owned gedas AG subsidiary to T-Systems AG, a subsidiary of Deutsche Telekom AG, effective January 1, 2006. We believe that T-Systems is a strong, reliable partner. T-Systems' attractive services portfolio, supplemented by the excellent automotive expertise of gedas, will provide optimum IT support for Volkswagen, and also cements the position of gedas as the Group's preferred IT service provider.

In the same context, Volkswagen Bordnetze GmbH, a joint venture of Volkswagen AG and Siemens VDO Automotive, has been acquired by the Japanese Sumitomo group. The new Japanese owner intends to use this acquisition to extend its presence in the field of wiring harness systems in Europe and to gain new customers in the automotive industry. The expansion of the potential customer base establishes a basis for dynamic growth and for safeguarding jobs.

In addition, we sold our wholly-owned Europcar subsidiary this year to the French investment group Eurazeo for a gross sum of €3.32 billion. The purchase price confirms Europcar's strong performance. I will examine the reasons that led to the sale of our vehicle hire company at a later point.

At its meeting on April 20, 2006, the Supervisory Board authorized the Board of Management to sell the shares of Volkswagen Mechatronic GmbH & Co. KG in Stollberg/Saxony to Siemens VDO. Mechatronic currently produces piezo unit injectors. Volkswagen will switch to common rail injection systems for its diesel models starting in 2007, and from 2008, will equip up to 50 percent of all four-cylinder diesel engines in the Group with injector systems from Siemens VDO Automotive.

Going forward, we will continue to subject all activities in the Company to a thorough review of their competitiveness and will take decisions in individual cases that will help reduce complexity and enhance our performance.

And now back to 2005.

Chart "Deliveries to Customers – by Brand Worldwide, Full-Year 2005"

Ladies and Gentlemen,

In a few minutes, Mr. Pötsch will explain our financial data in detail. Before I hand over to him, I would like to say a few words about the highlights of the individual brands and regions in 2005.

With a total of 18 new models and model derivatives in Europe alone, the Group brands again kicked off a new model rollout in 2005. This reinforced our market position worldwide. At the same time, the large number of new vehicles underscores the Volkswagen Group's innovative strength.

The Volkswagen Passenger Cars brand delivered 3.09 million vehicles to customers worldwide, corresponding to an increase of 0.8 percent. In comparison, the global passenger car market grew by 3.9 percent in 2005. These figures demonstrate that the Volkswagen Passenger Cars brand grew at a slower pace than the market as a whole. Another reason for this is that key volume models were only launched during the course of the year.

With a growth rate of more than 20 percent, the Volkswagen Commercial Vehicles brand recorded a strong increase in deliveries to customers, reaching more than 400,000 vehicles for the first time.

Škoda is one of the oldest automobile manufacturers in the world. The company celebrated one hundred years of automobile production in 2005. This is a success story that is attributable to concentrating on the essentials – designing intelligent vehicles. The brand's positive development is also reflected in 2005: at approximately 492,000 vehicles, the Škoda brand recorded a significant 9.0 percent increase in deliveries. This improvement gave rise to the eleventh consecutive record level of registrations for the Škoda brand.

The Bentley brand increased the number of deliveries to customers by 31.2 percent to 8,600 vehicles. This is a new record for the British luxury brand. Bentley is thus by far the most successful player in the top-of-the-range luxury market segment, and contributed significantly to the fact that last year, virtually every second 12-cylinder vehicle in the world came from the Volkswagen Group.

The Audi brand also achieved a record result in 2005, with approximately 829,000 vehicles delivered to customers worldwide; this is an increase of 6.4 percent. Audi was thus able to celebrate its tenth year in succession of record deliveries and make a decisive contribution to consolidated earnings.

The SEAT brand delivered approximately 422,000 vehicles last year, falling short of the previous year's level by 4.5 percent. Although we are not satisfied with the current results from the SEAT brand, the success of the new Leon is a pointer in the right direction. Auto emoción is more than a slogan, it's the soul of the SEAT brand. Sportiness and emotion run through the entire model range and drive the future of the SEAT brand.

Lamborghini stands for no-compromise sports cars. The Italian sports car manufacturer Lamborghini delivered 1,600 vehicles to customers worldwide last year.

The Bugatti brand came full circle in September 2005: after almost 50 years without a new Bugatti from Molsheim in the Alsace, production of the Bugatti Veyron 16.4 started at a site steeped in historical tradition. The fastest series vehicle in the world, it is already a classic. The Veyron is currently sold out until the second quarter of 2007.

Ladies and Gentlemen,

Finally, let me turn to our Volkswagen Financial Services Division. Financial services play an extremely important role in the automotive value chain and are the Volkswagen Group's second core competency along with automobile manufacturing. Financial services products are an integral component of our vehicle offering and help build long-term customer loyalty. The financial services companies offer tailored financing, leasing and insurance products as part of our comprehensive automotive services, and work together closely with the sales organizations of the individual brands. For example, the portion of vehicles leased or financed in relation to total delivery volumes in the Volkswagen Group was 30.3 percent. This makes us the largest automotive financial services provider in Europe. The combination of our attractive product, services and finance offerings from a single source allows us to increase the number of our customer contacts and thus establish a basis for a high level of customer loyalty and satisfaction. This is also reflected in the medium and long term in the high residual values of our vehicles.

Establishing our own reinsurance company allows us to leverage additional growth potential. In cooperation with Allianz Versicherungs-AG, this allows Volkswagen Financial Services AG to exert greater influence on products and pricing in the field of automotive insurance and to offer its customers tailored insurance products. For example, installation of safety technology in the vehicle has a positive effect on the level of the insurance premium. We will therefore continue our successful strategy of combined finance, leasing and insurance products.

The Financial Services Division plays a central role in our development into a comprehensive mobility services provider. In this connection, we have also reviewed our activities in the area of fleet management and short-term rentals. Our experience has convinced us that we can also achieve our goals as a mobility services provider without owning the vehicle hire company Europcar. In addition, selling Europcar ties up less capital. By contrast, we believe that fleet management remains an extremely important element of our business strategy. That is why we sold the foreign companies of multibrand fleet manager Europcar Fleet Services, a wholly-owned subsidiary of Volkswagen Financial Services AG, to LeasePlan Corporation in 2005. LeasePlan thus has more than 1.2 million vehicles under contract and is Europe's largest fleet manager.

LeasePlan Corporation has developed well financially, and generated higher than expected earnings last year. On the back of its strong market position, we expect increased earnings contributions from LeasePlan going forward.

We anticipate a further improvement in earnings contributions from the reorganization of Volkswagen Financial Services AG. Volkswagen Financial Services AG has been responsible for coordinating Volkswagen's global financial services activities since the beginning of 2006. A main objective of this reorganization is to apply uniform global management principles in this, our second core division, to encourage knowledge transfer and thus identify further growth potential.

Chart "Deliveries to Customers – by Market Volkswagen Group, Full-Year 2005"

Ladies and Gentlemen, Shareholders of Volkswagen AG,

The total global market for passenger cars increased by 3.9 percent to 53 million vehicles in 2005, although growth varied widely between the different regions. I would now like to examine the development of these regions.

Impressively the Group was able to extend its leading market position in Western Europe. 2.94 million vehicles were delivered to customers last year (up 6.7 percent). We achieved this increase in what is an overall flat market, and the increase was driven by all Group brands with the exception of SEAT. The Volkswagen brand again leads the new registration statistics in Western Europe in 2005. With an increase of 8.2 percent, the Group surged ahead of the one million vehicle mark in Germany to reach a market share of 30.8 percent.

The South America/South Africa region also developed positively, where the Group recorded an 11.5 percent increase to around 594,700 vehicles delivered.

In Brazil, the Group increased its deliveries by 5.9 percent year-on-year. Despite the restructuring measures implemented in Brazil in recent years, the results of the Brazilian company are still not at a satisfactory level. This is because of the strong real and the resulting export losses. Capacity has to be adjusted to reflect this situation.

In China, the Group defended its market leadership in the passenger car market despite a decline to around 572,300 vehicles delivered (down 11.7 percent). As such our deliveries were far short of expectations in an overall market which grew by 25.1 percent. The Chinese market is suffering from high price pressure, new competitors and shifts in customer structures. For this reason, we have agreed upon the "Olympic Program", a comprehensive package of measures for the Chinese market that I will address later.

At 311,653 deliveries (down 7.6 percent), the Group was unable to repeat the previous year's level in the USA. The US market was dominated by a continued high level of incentives in which the Volkswagen Group did not participate to the same extent as our competitors. Following the model changes for our two best-selling models, the Volkswagen Jetta and the Volkswagen Passat, the situation eased a little towards the end of the year. As in 2004, we were not satisfied with the financial result in the USA. The Board of Management has therefore initiated a variety of measures for the US market as well, which I will discuss later.

That brings me to the end of this report on the individual brands and markets. Mr. Pötsch will now explain the figures for 2005 in greater detail.