

**Report of the Board of Management of Volkswagen AG
in respect of item 6 of the agenda of the
Annual General Meeting at May 3, 2006**

In accordance with section 203(2) sentence 2 in conjunction with section 186(4) sentence 2 of the *Aktiengesetz* (AktG - German Stock Corporation Act), the Board of Management hereby submits the following **report** in relation to item 6 of the agenda for the Annual General Meeting:

The authorized capital currently provided for by Article 4(5) of the Articles of Association of Volkswagen AG expires on June 6, 2006. However, it may be necessary in the coming years to safeguard the growth of the Volkswagen Group by ensuring that it has adequate capital resources. Volkswagen AG operates in a globally competitive environment. It must be in a position at all times to act quickly and flexibly in the international and regional markets in the interests of its shareholders. This includes acquiring companies and interests in companies to improve its competitive position.

Recent developments in the global economy illustrate clearly that ever larger entities are involved in mergers and acquisitions. In many cases, the consideration that has to be paid is very high. In other cases, the seller of equity interests is particularly interested in acquiring shares of the purchaser or of an affiliated company of the purchaser within the meaning of section 15 of the AktG (German Stock Corporation Act) as consideration for the sale of its equity interest. For this reason, the consideration in such cases is paid in whole or in part in shares of the acquiring company. This requires the disapplication of shareholders' pre-emptive rights.

Capital increases resolved by the Annual General Meeting are not possible at short notice when such potential acquisitions arise, or would not ensure the flexibility needed for acquisitions or purchases of equity interests.

The authorization being proposed here is therefore designed to give the Volkswagen Group the flexibility it needs to exploit opportunities that arise to acquire companies or interests in companies quickly and flexibly. The Board of Management therefore believes that it is necessary to create corresponding authorized capital that gives the Board of Management, following the prior consent of the Supervisory Board, the ability to issue ordinary shares against cash and/or non-cash contributions.

The Board of Management will also be authorized to disapply shareholders' pre-emptive rights in cases where the stipulated subscription ratio gives rise to fractions; fractions result from the amount of the issue volume in question and the elaboration of a practicable subscription ratio. Disapplying shareholders' pre-emptive rights in such cases allows a round, manageable subscription ratio and the settlement of fractions. Fractions will be settled at best, and at a minimum at the subscription price.

The disapplication of pre-emptive rights in favor of holders of options and conversion rights replaces the reduction in the option or conversion price using the antidilutive formula.