

**Report of the Board of Management of Volkswagen AG
in respect of item 7 of the agenda of the
Annual General Meeting at May 3, 2006**

In accordance with section 71(1) no. 8 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 7 of the agenda for the Annual General Meeting:

The authorization described in item 7 of this year's agenda is designed to allow Volkswagen AG to acquire own shares and to utilize them in accordance with the purposes outlined above, including the resale of such shares in compliance with the principle of equal treatment of all shareholders, provided that such resale is not performed for the purposes of trading in own shares.

The own shares may also be used for listing on stock exchanges on which the shares of Volkswagen AG are not yet listed. Volkswagen faces strong competition on the international capital markets. It may therefore also be necessary to list shares of Volkswagen AG on other stock exchanges outside Germany. To the extent that Volkswagen AG can utilize own shares for this purpose, this would support the listing of Volkswagen shares on further stock exchanges outside Germany.

The authorizations are also designed to enable Volkswagen to have own shares at its disposal to be able to offer and transfer them accordingly as consideration for business combinations or acquisitions of companies or equity interests in companies. The use of shares as an acquisition currency is becoming increasingly necessary in order to be able to compete internationally as a result of the globalization of the economy.

It is also designed to enable own shares acquired to be utilized to service bearer bonds with warrants and/or convertible bonds (with the exception of stock option plans for the Board of Management and employees) and to issue shares to employees of Group companies (employee shares). This avoids new shares being created if Volkswagen already has own shares available.

The purposes mentioned above justify the proposed exclusion of shareholders' pre-emptive rights.

Volkswagen AG will also be entitled to retire own shares without requiring a further resolution by the Annual General Meeting

The Board of Management will report to the Annual General Meeting on each occasion that the authorizations are exercised.

Shares may also be acquired, held and utilized in accordance with the other requirements mentioned in this resolution by other Group companies and/or by third parties for the account of Volkswagen AG or for the account of other Group companies.

As well as acquisition via the stock market, the Company will also be given the opportunity to acquire shares via a public purchase offer (tender procedure). With this option, every shareholder of Volkswagen AG who is willing to sell can decide how many shares to tender and, if a price range is established, at which price they wish to tender them. Should the amount of shares tendered

at the specified price exceed the number of shares required by Volkswagen AG, the acceptance of tenders must be allocated accordingly. The opportunity for the preferential acceptance of small tenders or small portions of tenders of up to a maximum of one hundred shares will be provided. This opportunity is designed to avoid fractions when determining the quotas to be acquired, as well as to avoid minor remaining amounts, and thus facilitate technical settlement.