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**Report  
for the Year 1976**

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**VOLKSWAGENWERK  
Aktiengesellschaft  
Wolfsburg**

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**'76**

The Supervisory Board of Directors  
and the Board of Management of  
Volkswagenwerk Aktiengesellschaft  
present the Report for the Year 1976  
with their compliments.

Wolfsburg, May 1977

<b>VW Group</b>		1976	1975	Increase	%*
Sales	in million DM	21,423	18,857	2,566	13.6
Sales	number of vehicles	2,142,087	2,037,857	104,230	5.1
Production	number of vehicles	2,165,627	1,948,939	216,688	11.1
Labor Force	at year-end	183,238	176,824	6,414	3.6
Capital Investments	in million DM	1,141	941	200	21.3
Depreciation	in million DM	1,263	1,246	17	1.4
Cost of Materials	in million DM	11,598	10,066	1,532	15.2
Labor Cost	in million DM	6,413	5,550	863	15.5
Net earnings (net loss)	in million DM	1,004	(157)	1,161	×

\* Based on precise figures

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# Comparative Summary of Selected Data of the VW Group 1972-1976

	1976	1975	1974	1973	1972
Sales (Million DM)	21,423	18,857	16,966	16,982	15,996
Increase (Decrease) as compared to prior year in %	14	11	0	6	(3)
Domestic sales	8,068	6,552	5,161	5,364	5,035
Export sales	13,355	12,305	11,805	11,618	10,961
Export of domestic Group companies	8,744	7,142	8,547	8,965	7,718
Sales of foreign subsidiaries excluding deliveries of domestic Group companies	5,570	5,798	3,826	3,063	3,539
Sales (Thousand vehicles)	2,142	2,038	2,052	2,281	2,197
Increase (Decrease) as compared to prior year in %	5	(1)	(10)	4	(5)
In Germany	726	626	548	619	628
Abroad	1,416	1,412	1,504	1,662	1,569
Production (Thousand vehicles)	2,166	1,949	2,068	2,335	2,193
Increase (Decrease) as compared to prior year in %	11	(6)	(11)	7	(7)
In Germany	1,436	1,229	1,359	1,720	1,673
Abroad	730	720	709	615	520
Labor Force at year-end (Thousand employees)	183	177	204	215	192
Increase (Decrease) as compared to prior year in %	4	(13)	(5)	12	(5)
In Germany	124	118	142	161	149
Abroad	59	59	62	54	43
Capital Investments (Million DM)	1,141	941	1,902	1,556	1,573
Increase (Decrease) as compared to prior year in %	21	(51)	22	(1)	(19)
In Germany	657	594	1,313	928	1,183
Abroad	484	347	589	628	390

\* Where changes have taken place in the method of presentation we have adjusted the figures accordingly.  
\*\* Reduced by the allowance for doubtful trade acceptances and accounts

Structure of Balance Sheet December 31	1976	1975*	1974	1973	1972
	— Million DM —				
<b>Assets</b>					
Property, plant and equipment	5,474	5,810	6,263	5,697	5,261
Investments	560	524	636	554	585
<b>Property, Plant, Equipment and Investments</b>	<b>6,034</b>	<b>6,334</b>	<b>6,899</b>	<b>6,251</b>	<b>5,846</b>
Inventories and advance payments to suppliers**	3,267	2,949	4,117	3,489	2,338
Receivables and the like**	2,098	2,019	1,954	1,691	1,584
Liquid funds, trade acceptances**	2,888	1,619	472	1,151	1,038
Securities, own stock	173	48	54	414	354
<b>Current Assets</b>	<b>8,426</b>	<b>6,635</b>	<b>6,597</b>	<b>6,745</b>	<b>5,314</b>
<b>Total Assets</b>	<b>14,460</b>	<b>12,969</b>	<b>13,496</b>	<b>12,996</b>	<b>11,160</b>
<b>Liabilities, Reserves and Capital</b>					
Capital stock	900	900	900	900	900
Reserves of the VW Group***	2,903	2,032	2,170	2,878	2,677
Minority interest in consolidated subsidiaries****	198	186	188	230	209
<b>Stockholders' Equity</b>	<b>4,001</b>	<b>3,118</b>	<b>3,258</b>	<b>4,008</b>	<b>3,786</b>
Undetermined liabilities in respect of old-age pensions	1,754	1,143	1,035	878	730
Other undetermined liabilities*****	2,109	1,740	1,507	1,623	1,604
<b>Undetermined Liabilities</b>	<b>3,863</b>	<b>2,883</b>	<b>2,542</b>	<b>2,501</b>	<b>2,334</b>
Liabilities payable within more than 4 years	1,322	1,595	1,452	852	884
1 to 4 years	952	666	581	448	366
1 year	4,220	4,705	5,654	5,089	3,694
<b>Liabilities</b>	<b>6,494</b>	<b>6,966</b>	<b>7,687</b>	<b>6,389</b>	<b>4,944</b>
Outside capital share in net earnings after reserve transfers of Volkswagenwerk AG	90	—	—	81	81
Minority interest in earnings to be distributed	12	2	9	17	15
<b>Outside Capital</b>	<b>10,459</b>	<b>9,851</b>	<b>10,238</b>	<b>8,988</b>	<b>7,374</b>
<b>Total Capital</b>	<b>14,460</b>	<b>12,969</b>	<b>13,496</b>	<b>12,996</b>	<b>11,160</b>
<b>Statement of Earnings (Condensed)</b> Year ended December 31					
Gross performance	22,029	18,351	17,711	18,155	16,250
Cost of materials	11,598	10,066	10,068	9,850	9,098
Labor cost	6,413	5,550	5,718	5,309	4,463
Depreciation and write-down	1,263	1,246	1,148	1,056	992
Taxes — total	486	404	305	483	600
Taxes on income, earnings and property	438	347	241	432	562
Sundry expenses less sundry income	1,265	1,242	1,279	1,127	891
Net earnings (net loss)	1,004	(157)	(807)	330	206
Increase (Decrease) in reserves	211	(14)	(262)	235	110
Dividend of Volkswagenwerk AG	90	—	—	81	81

\*\*\* Including stockholders' equity in reserves for special purposes and that portion of the Volkswagenwerk AG's net earnings after reserve transfers or in 1974 and 1975 of the loss of Volkswagenwerk AG  
\*\*\*\* Excluding share in net earnings  
\*\*\*\*\* Including outside capital in reserves for special purposes

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## In Memory of Those Who Have Left Our Midst

The Board of Directors of the American Society of International Development (ASID) is pleased to announce the passing of a dear friend and colleague, [Name], who passed away on [Date]. [Name] was a dedicated member of the Board and a valued member of the ASID community. His contributions to the organization and the field of international development were significant and will be missed.

[Name] was born on [Date] in [Location]. He received his Bachelor's degree from [University] and his Master's degree from [University]. He spent the majority of his professional career at [Company], where he worked for [Number] years. He was a highly respected leader and a mentor to many.

He joined the ASID Board in [Year] and served as [Position] until [Year]. During his tenure, he was instrumental in [Achievements]. His leadership and vision were a source of inspiration for all who worked with him. He was a man of integrity, kindness, and unwavering commitment to the ASID mission.

He is survived by his wife, [Name], and his children, [Name] and [Name]. He is also survived by his parents, [Name] and [Name]. He will be missed by all who knew and loved him. His passing is a great loss to the ASID community and the field of international development.

The ASID Board and staff are grateful for the many contributions [Name] made to the organization and the field. We will miss his presence and his wisdom. His legacy will continue to inspire and guide us in our work. We will hold him in our hearts and memories forever.

Funeral services will be held on [Date] at [Location]. The service will begin at [Time]. Burial will take place at [Location]. In lieu of flowers, contributions to the [Organization] in [Name]'s memory would be appreciated. The ASID Board and staff will be attending the service.

The ASID Board of Directors is deeply saddened by the passing of [Name]. His contributions to the organization and the field of international development were significant and will be missed. His passing is a great loss to the ASID community and the field. His legacy will continue to inspire and guide us in our work. We will hold him in our hearts and memories forever.

The Board of Directors of the American Society of International Development (ASID) is pleased to announce the passing of a dear friend and colleague, [Name], who passed away on [Date]. [Name] was a dedicated member of the Board and a valued member of the ASID community. His contributions to the organization and the field of international development were significant and will be missed.

for the  
Annual Meeting of Stockholders  
of  
Volkswagenwerk Aktiengesellschaft  
to be held at 10:00 A. M. on Tuesday, July 5, 1977  
at the Stadthalle in Wolfsburg

1. Presentation of audited financial statements, the report of the Board of Management for 1976, together with the report of the Supervisory Board of Directors, the recommendations with respect to disposition of the current year's net earnings shown in the statement of earnings, the consolidated financial statements of the VW Group and related comments for the year 1976

2. Resolution with respect to disposition of the net earnings for the year shown on the balance sheet

The Board of Management and the Supervisory Board of Directors propose to distribute to the stockholders a dividend of DM 5.— on DM 50 par value of capital stock out of net earnings for the year of DM 92,984,097 and to carry forward the balance. This balance includes the sum which should have been distributed in respect of those shares held by the Company on the day of the annual meeting of stockholders and which in accordance with section 71, para. 6 of AktG cannot be distributed.

3. Resolution with respect to discharge of responsibility of the Board of Management for the year 1976

4. Resolution with respect to discharge of responsibility of the Supervisory Board of Directors for the year 1976

With respect to items 3 and 4, the Board of Management and the Supervisory Board of Directors propose to be discharged of responsibility.

5. Resolution with respect to amendments of the charter

On July 1, 1976 the law on workers' participation in management — law on codetermination — of May 4, 1976 (BGBI. 1 p. 1153) has become effective. This law makes it necessary to alter the charter of the Volkswagenwerk AG accordingly. The Supervisory Board of Directors and the Board of Management propose to the stockholders at the Annual Meeting that the charter in its version of July 1, 1971 be amended as follows:

Section 9: Transactions subject to approval

(1) The Board of Management must obtain prior approval from the Supervisory Board of Directors to effect the following transactions:

1.—3. unchanged

4. Investments included in investment programs to be regularly presented and not included in these investment programs, insofar as the costs exceed the limit to be laid down by the Supervisory Board of Directors;

5.—7. unchanged

8. deleted

9. unchanged

Section 11: Composition, election, resignation

(1) The Supervisory Board of Directors consists of twenty members.

(2) The members will be elected for the period up to the end of the annual meeting of stockholders which passes the resolution with respect to discharge of responsibility for the fourth business year after commencement of the term of office; the business year in which the term of office begins is not taken into account. If a member resigns during his term of office the successor to the office will only be elected for the remaining period of office of the member who has resigned.

(3) A member of the Supervisory Board of Directors may retire from office at any time by giving one month written notice to the Chairman of the Supervisory Board of Directors.

Section 13: Chairman of the Supervisory Board of Directors and voting

(1) Pursuant to section 27, paras. 1 and 2 of the law on codetermination of May 4, 1976 the Supervisory Board of Directors shall elect from its members the Chairman of the Supervisory Board of Directors and his deputy for the duration of the term of office (Sect. 11, para. 2).

(2) Immediately after the election of the Chairman of the Supervisory Board of Directors and his deputy the Supervisory Board of Directors shall set up the committee as laid down in section 27, para. 3 of the law on codetermination of May 4, 1976. The Supervisory Board of Directors may appoint members to take part in other committees for certain special tasks.

(3) A member of the Supervisory Board of Directors who is unable to attend a meeting of the Supervisory Board of Directors shall be entitled to have his written vote with regard to the various items of the agenda presented by another member of the Supervisory Board of Directors at the meeting.

Section 16: Resolutions

(1) A quorum of the Supervisory Board of Directors shall be present if at least ten members are present at the time when business is to be dealt with.

(2) The Chairman shall decide how voting is to be carried out. The Supervisory Board of Directors may pass resolutions by means of written, telegraphic or telephone voting if the Chairman so decides and if no member opposes against the method.

(3) Resolutions of the Supervisory Board of Directors must be passed by a majority of votes if nothing to the contrary is laid down in the charter. Abstention from voting shall be counted as no vote. If there is a parity

of votes at a Supervisory Board of Directors' meeting and if a revote is made on the same subject and this also results in a parity of votes the Chairman of the Supervisory Board of Directors shall have a casting vote. Section 13, para. 3 of the charter shall also apply to the casting vote. The deputy shall not be entitled to a casting vote.

- (4) Resolutions with respect to the erection and movement of production facilities must be passed by a two-third's majority of the members of the Supervisory Board of Directors.

#### Section 18: Compensation

In addition to the refunding of their expenses including the sales tax to be paid for their Board activities the members of the Supervisory Board of Directors shall receive a fixed compensation which is payable at the end of the business year and which amounts to 12,000.— Deutsche Mark for the individual members, 24,000.— Deutsche Mark for the Chairman and 18,000.— Deutsche Mark for the deputy and the members of a special body elected by the Supervisory Board of Directors.

#### Section 23: Management of meeting

- (1) The Chairman of the Supervisory Board of Directors shall take the chair at the annual meeting of stockholders or, if he is unable to do so, another member will be appointed by the Supervisory Board of Directors.

#### 6. Election of members of the Supervisory Board of Directors

In accordance with the law on codetermination the Supervisory Board of Directors will in future consist of twenty members made up of ten members of the Supervisory Board of Directors representing the employees and ten members of the Supervisory Board of Directors representing the stockholders (section 7, para. 1 of law on codetermination). Pursuant to section 12 of the charter of Volkswagenwerk AG in conjunction with section 101, para. 2 AktG included in the law on codetermination the Federal Republic of Germany and the State of Lower Saxony are each entitled to delegate two members of the Supervisory Board of Directors as long as they are in possession of company stock. The stockholders attending the annual meeting have, therefore, to elect six members of the Supervisory Board of Directors. They are not bound by the nominations submitted.

The Supervisory Board of Directors proposes to the stockholders attending the annual meeting to elect the following persons as members of the Supervisory Board of Directors:

Hans Birnbaum, Salzgitter  
Chairman of the Board of Management  
of Salzgitter AG

Dr. jur. F. Wilhelm Christians, Düsseldorf  
Member of the Board of Management  
of Deutsche Bank AG

Hans-Günter Hoppe, Berlin  
Former Member of the Berlin Senate

Walter Martius, Velbert  
Chairman of Schutzgemeinschaft  
der Kleinaktionäre e.V.

Hans L. Merkle, Gerlingen-Schillerhöhe  
Chairman of the Management  
of Robert Bosch GmbH

Karl Gustaf Ratjen, Frankfurt  
Chairman of the Board of Management  
of Metallgesellschaft AG

#### 7. Resolution with respect to the date and time of application of the law on codetermination

The Supervisory Board of Directors proposes to apply the law on codetermination (amendment of charter, end of term of office of present Supervisory Board of Directors, commencement of term of office of new Supervisory Board of Directors) in accordance with section 38, para. 1 of MitbestG (law on codetermination) in conjunction with section 97, para. 2 AktG with effect from the end of the annual meeting of stockholders held on July 5, 1977.

#### 8. Appointment of auditors for the year 1977

The Supervisory Board of Directors proposes to appoint, as in prior years, the TREUARBEIT Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft — Steuerberatungsgesellschaft, Hanover, as auditors for the year 1977.

# Supervisory Board of Directors (Aufsichtsrat)

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Hans Birnbaum, Salzgitter, Chairman  
Chairman of the Board of Management  
of Salzgitter AG

Walther Leisler Kiep, Hanover, since March 15, 1976  
Deputy Chairman since April 23, 1976  
Minister for Finance of Lower Saxony

Eugen Loderer, Frankfurt, Deputy Chairman  
Chairman of the Metal Worker Trade Union

Karl Otto Pöhl, Bonn, Deputy Chairman  
Secretary in the Federal Ministry of Finance

Dr. jur. F. Wilhelm Christians, Düsseldorf  
Member of the Board of Management  
of Deutsche Bank AG

Siegfried Ehlers, Wolfsburg  
Chairman of the Volkswagenwerk AG's Factory  
Council representing the Wolfsburg Plant

Walter Haefner, Zürich, Switzerland  
Businessman

Dr. phil. h. c. Walter Hesselbach, Frankfurt  
Chairman of the Board of Management  
of Bank für Gemeinwirtschaft AG

Heinz Hilbich, Wolfsburg  
Employee of the Volkswagenwerk AG

Hans-Günter Hoppe, Berlin  
Former Member of the Berlin Senate

Adolf Kracht, Hanover, since January 1, 1977  
Chairman of the Board of Management  
of Norddeutsche Landesbank Girozentrale

Erich Küpker, Hanover  
Deputy Chairman until April 23, 1976  
Minister for Economics and Transport of  
Lower Saxony

Hans L. Merkle, Gerlingen-Schillerhöhe  
Chairman of the Management  
of Robert Bosch GmbH

Karl Heinrich Mihr, Kassel  
Chairman of the Volkswagenwerk AG's Factory  
Council representing the Kassel Plant

Dr. rer. pol. h. c. Ludwig Poullain, Münster  
Chairman of the Board of Management  
of Westdeutsche Landesbank Girozentrale

Karl Gustaf Ratjen, Frankfurt  
Chairman of the Board of Management  
of Metallgesellschaft AG

Dr. jur. Horst Rheinfels, Cologne-Ehrenfeld

Erich Schilling, Ingolstadt  
Deputy Chairman of the  
AUDI NSU AUTO UNION AG's  
Factory Council representing the Ingolstadt Plant

Dr. rer. pol. Otto Schlecht, Bonn-Duisdorf  
Secretary in the Federal Ministry of Economics

Kurt Ernst Schmiedl, Emden  
Chairman of the Volkswagenwerk AG's Factory  
Council representing the Emden Plant

Josef Schuster, Wolfsburg  
Member of the Volkswagenwerk AG's Factory  
Council representing the Wolfsburg Plant

## **The following members of the Supervisory Board of Directors have resigned:**

Helmut Kasimier, Hanover, with effect from March 15, 1976  
former Minister of Lower Saxony

Kurt Hähnel, Hanover, with effect from September 30, 1976  
Chairman of the Board of Management  
of Norddeutsche Landesbank Girozentrale  
until June 30, 1976

During the year under review the Board of Management has kept the Supervisory Board of Directors currently informed as to the status of the Company's business activity and its financial position. The Board of Directors, which is subject to the approval of the Supervisory Board of Directors in accordance with the law and the Company's charter, was convened in detail at the meetings of the Supervisory Board of Directors and its committees before a resolution was passed. A continuous dialogue is maintained by the Supervisory Board of Directors on the conduct of the business with the written and oral reports from the Board of Management being used as a basis for this.

The Board of Directors has approved the financial statements and the annual statements of Volkswagen AG for the year ended 31.12.1977 as well as the annual report for 1977 before the Supervisory Board of Directors. The meeting of the Aufsichtsrat Volkswagenwerk AG (Supervisory Board of Directors - Vorstand) on 12.04.1978 has received the financial statements as well as the annual report and the accounts and has approved the financial statements of the financial statements of the Company.

The Supervisory Board of Directors notes that it has received the financial statements of Volkswagen AG and the annual report for 1977.

Toni Schmücker  
Chairman of the Board of Management

Horst Backsmann  
Public Relations, Questions of National Economy,  
Legal Matters and Auditing

Prof. Dr. techn. Ernst Fiala  
Research and Development

Dr. jur. Peter Freck  
Personnel and Social Matters

Günter Hartwich  
Production

Horst Münzner  
Purchasing and Material Administration

Dr. rer. pol. Werner P. Schmidt  
Sales

Gottlieb M. Strobl  
AUDI NSU AUTO UNION AG Division

Prof. Dr. rer. pol. Friedrich Thomée  
Finance and Business Administration

Wolfsburg, April 11, 1977

Chairman of the Supervisory  
Board of Directors



# Report of the Supervisory Board of Directors

During the year under review the Board of Management has kept the Supervisory Board of Directors currently informed as to the status of the Company, its business activity and its proposed business policy. The transactions which are subject to the approval of the Supervisory Board of Directors in accordance with the law and the Company's charter were discussed in detail at the meetings of the Supervisory Board of Directors and its committees before a resolution was passed. A continuous control was exercised by the Supervisory Board of Directors on the conduct of the business with the written and oral reports from the Board of Management being used as a basis for this.

The Group's consolidated financial statements and the financial statements of Volkswagenwerk AG as at December 31, 1976 as well as the annual report have been placed before the Supervisory Board of Directors. The auditors, the TREUARBEIT Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft - Steuerberatungsgesellschaft, Hanover have received these financial statements as well as the annual report and the accounts and have expressed unqualified approval of the financial statements of the Company.

The Supervisory Board of Directors states that its own review of the financial statements of Volkswagenwerk AG and the annual report disclosed no exceptions. The

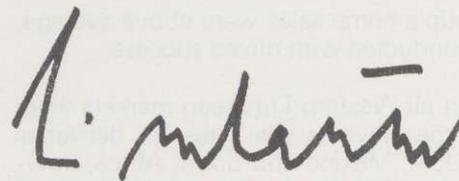
Supervisory Board of Directors concurs with the results of the audit and the auditors' report and has approved the yearly report prepared by the Board of Management, which is hereby confirmed. The proposal of the Board of Management concerning the distribution of a dividend of DM 5.— on DM 50 par value of capital stock has been approved by the Supervisory Board of Directors.

On March 15, 1976 the State of Lower Saxony delegated Mr. Walther Leisler Kiep, Minister for Finance of Lower Saxony to replace Mr. Helmut Kasimier, former Minister of Lower Saxony, as a member of the Supervisory Board of Directors. This was done in accordance with section 12 of the charter.

With effect from January 1, 1977 Mr. Adolf Kracht, Chairman of the Board of Management of Norddeutsche Landesbank Girozentrale was appointed to the Supervisory Board of Directors in accordance with section 104 AktG. He takes the place of Mr. Kurt Hänel, Hanover, Chairman of the Board of Management of Norddeutsche Landesbank Girozentrale until June 30, 1976 who resigned from the Supervisory Board of Directors with effect from September 30, 1976.

The Supervisory Board of Directors expresses its thanks to the members who have resigned for their services rendered and for their valuable counsel.

Wolfsburg, April 14, 1977



Chairman of the Supervisory Board of Directors

Production Trend within the Automobile Industry in millions of units (logarithmic scale)

In 1976, the economics of the major Western industrial nations recovered from the recession of 1974 and 1975.

However, this encouraging economic trend was unable to persuade companies to revise their basic investment policies, as many sectors of the economy still possessed considerable non-utilized technical capacity. The rise in booked orders thus led merely to the improved utilization of existing production facilities without encouraging investment for expansion purposes, which is an essential factor in the creation of additional jobs.

With a growth rate of 5.6 % in real terms, the Federal Republic of Germany was numbered in the report year among those countries which, with their stable currencies, contributed towards the world-wide economic recovery. This trend was however, rendered more problematical by the presence of industrial nations, which were forced to pursue a restrictive trade policy in order to combat inflation and relieve the burden on their balance of payments.

Motor vehicle construction was the leading industry in the Federal Republic of Germany's economic upswing. The high level of home-market demand proved to be a decisive factor. This was reflected by the need to satisfy postponed demand from the recession years of 1974 and 1975 coupled with model policy measures of the automobile manufacturers and by the customers' willingness to buy encouraged by increasing job security and low interest rates.

The total output of all West German automobile manufacturers of 3.87 million vehicles came close to equalling the figure of 3.98 million produced in the record-breaking year of 1971.

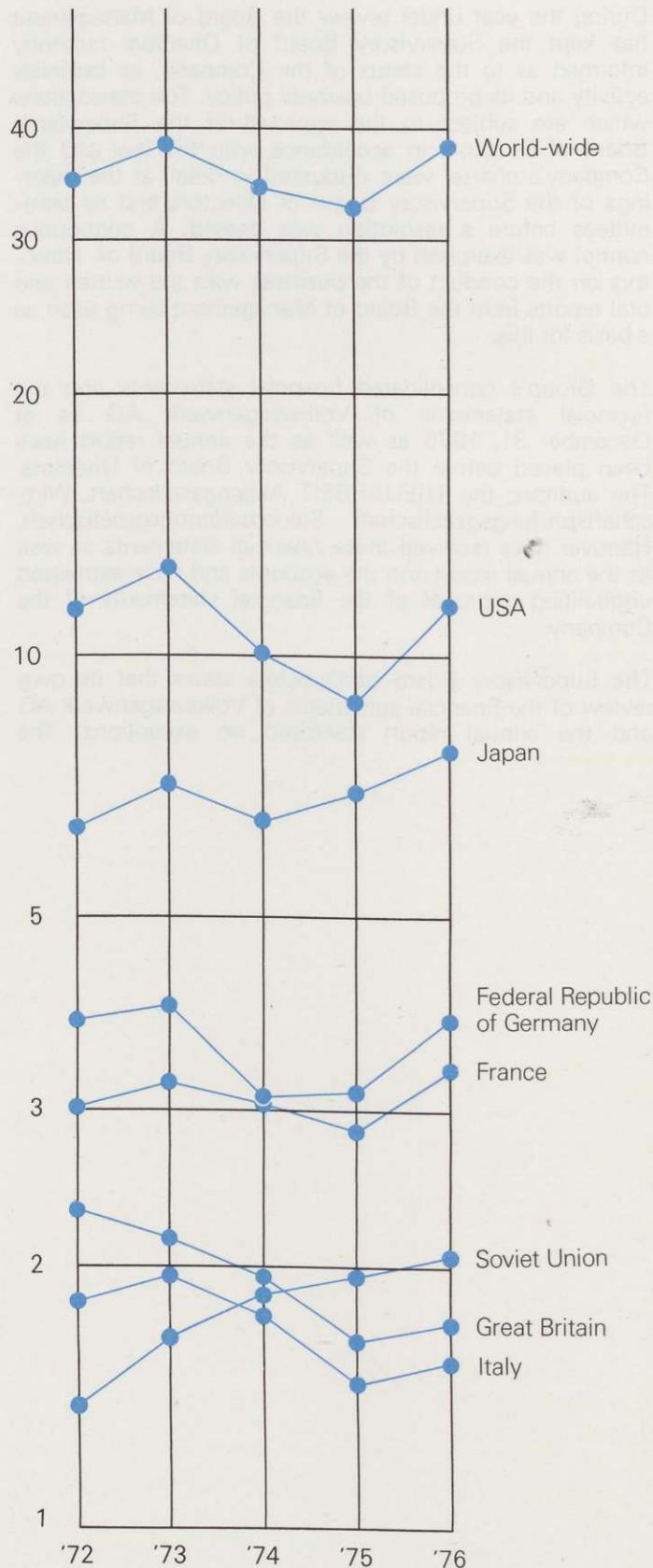
In the Federal Republic of Germany, record new-car registrations totalling 2.28 million passenger cars were achieved in 1976, a result 9.8 % better than in the previous year and 8.0 % above the peak 1971 figure.

Whereas the VW Group's home sales were above average, trading abroad was conducted with mixed success.

Sales in Brazil and on all Western European markets were slightly in excess of the previous year's results, deliveries to customers in the USA, Mexico and South Africa, however, failed to reach the 1975 levels. The principal reason for this is to be sought in the high prices which must be asked for the Group's models, as a result of the DM revaluations in recent years.

In accordance with their business activities only the Group's domestic companies increased their labor force whereas the Group's companies abroad were generally able to maintain their previous year's employment level.

The Board of Management takes this opportunity of thanking all employees for their willingness and personal effort.



Responsible and successful collaboration between the Management and the Factory Councils provided a basis for effective mutual solutions to operating problems. The Board of Management wishes to express its thanks to the various bodies involved in internal company relationships for their cooperation in this respect.

For the VW Group, 1976 was a successful year. Despite the loss incurred in Mexico as a result of the severe devaluation of the Peso, it proved possible to terminate the business year with net earnings of DM 1,004 million.

This is the direct result of the parent company's positive earnings trend. A determined approach to model-range policy coupled with an encouraging pattern of demand and far-reaching measures designed to improve efficiency and reduce expenses, enabled the Volkswagenwerk AG to achieve net earnings for the year of DM 784 million.

Thus it was possible to recoup VW Group's and Volkswagenwerk AG's losses incurred in the two preceding years and to restore the equity to the level attained before the loss-making years intervened. At the same time, the net earnings for the year cover dividend payments to our stockholders and to the minority stockholders in our subsidiary companies.

When assessing these excellent results it should not be forgotten that the loss brought forward led to a relatively low taxation burden during 1976.

### **Proposed Distribution of Net Earnings for 1976**

The Board of Management proposes to use the net earnings of Volkswagenwerk AG which remain after balancing out of the loss brought forward and which amount to DM 92,984,097 for the distribution of a dividend of DM 5.— on DM 50 par value of capital stock.

The balance of DM 2,984,097 is to be carried forward. To this must be added the amount which should have been distributed in respect of those shares held by the Company on the day of the annual meeting of stockholders.

## Business Trends and Developments during 1976

### Sales

VW Group's deliveries to the dealer organization in 1976 totalled 2,142,087 vehicles, an improvement of 5.1 % on the equivalent figure a year previously.

World-wide the VW Group has delivered 2,113,150 vehicles to customers during the year under review, thus improving slightly the previous year's result of 2,109,045 vehicles despite serious shortfalls in USA and Mexico. In this connection it should be noted that certain potential sales opportunities were deliberately neglected. The VW Group has brought its production facilities into line with medium to long-term pattern of demand and the sudden demand peaks encountered during the year could only in part be satisfied by a combination of additional shifts and limited recruitment of new labor.

On the home market, 705,800 Volkswagen and AUDI NSU models were delivered to customers, 13.0 % more than in the previous year. As in 1975, the Golf was the top-selling model; 205,996 were registered. In the report year the VW Group obtained a share of the new passenger car registrations of 28.0 %, a slight improvement on the 27.3 % share in the previous year. The improvement was mainly due to the success of the Golf and Polo models and, during the second half of the year, the new Audi 80 and Audi 100.

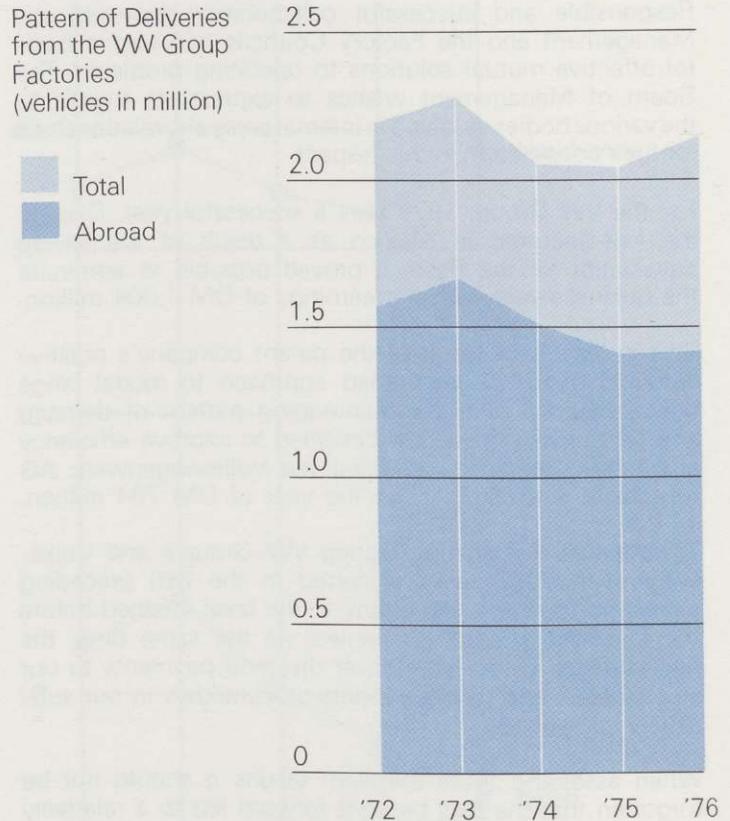
Our sales in the European countries were affected by the unstable economic situation in some of our markets. However, it was possible to deliver 412,918 vehicles to customers, thus surpassing the previous year's figure by 2.6 %.

The French market was the most important European market, with 26.5 % higher sales of VW and AUDI NSU models compared with the previous year. In the Netherlands, however, the Group's products found it difficult to compete on price with other makes, so that deliveries fell slightly. In Austria the previous year's figure was exceeded by 27.2 %. The Group's sales in Great Britain failed to keep pace with the more active overall market trend, but remained 14.5 % below the previous year's result on account of high prices caused by an unfavorable rate of exchange.

During the report year VW Group's sales once again dropped in the USA, with deliveries to customers falling by 91,418 compared with 1975 to a total of 238,167 vehicles. 112,056 of these were "Rabbit" models (American version of the Golf). The sales trend in the USA continued to be adversely affected by the difficulty in competing on price as a result of the relatively high production-cost level in the Federal Republic of Germany and the unfavorable DM-US dollar rate of exchange.

The increase in total new passenger car registrations was particularly marked during the first half of 1976 and

Pattern of Deliveries from the VW Group Factories (vehicles in million)



finished 16.9 % up on the previous year. Though the demand for imports dropped Japanese makes, however, defied this trend by again increasing their sales. The VW Group's share of the passenger car market fell from 3.6 % in 1975 to 2.3 % in 1976.

Sales of Volkswagen do Brasil again took an upturn as compared to the previous year. 527,808 vehicles were sold. Although our market share for passenger cars at 57.8 % was slightly lower than in the previous year, model improvements enabled our share of the light commercial vehicle market to rise from 44.7 % to 51.9 % in the year under review.

The situation facing Volkswagen de Mexico is very difficult. Inflationary tendencies led to a market change in the value of the Peso which in turn severely depressed the overall demand for automobiles. Due to this development our sales fell by 26.4 % compared with 1975.

A deterioration in the economic situation in South Africa during 1976 affected automobile sales. Thus deliveries to customers finished 20.5 % below the level achieved in the previous year.

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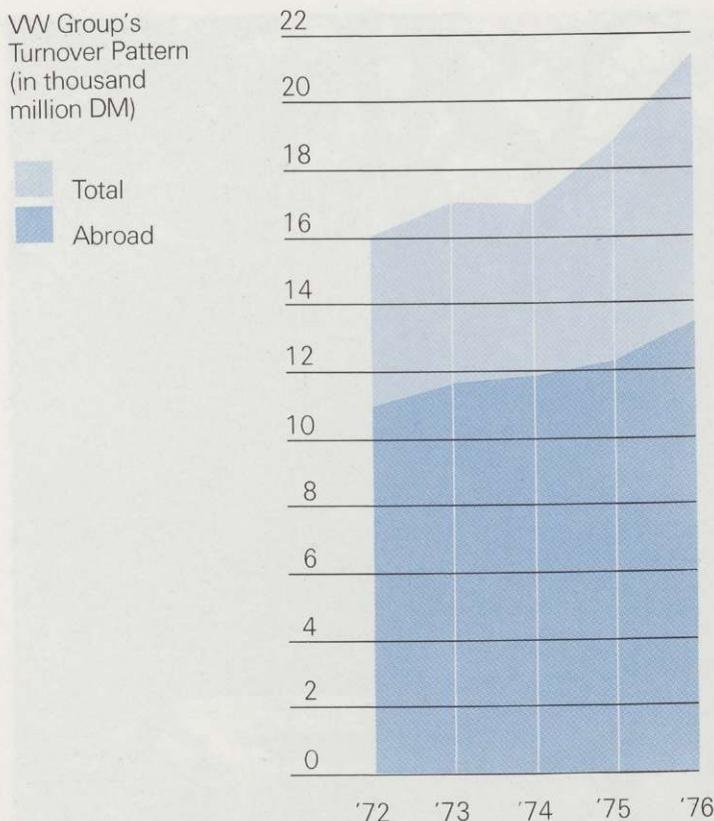
*This new model was produced in reponse to the wishes of a large number of customers. In addition to technical advantages it has a large separate luggage compartment.*

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## Business Trends and Developments during 1976

VW Group's Turnover Pattern (in thousand million DM)



### Turnover

The VW Group's sales proceeds totalled DM 21,423 million, thus exceeding the previous year's result by 13.6 %. The 23.1 % increase in home-market turnover to a total of DM 8,068 million was considerably higher than the turnover increase achieved abroad, which amounted to 8.5 % and a total turnover of DM 13,355 million. As a result, the proportion of total turnover derived from trading abroad fell once more, to 62.3 (1975: 65.3) %.

### Purchasing and Material Administration

Due to the considerable increase in demand and the introduction of additional new models the purchasing volume of the VW Group showed a large rise for the year 1976. This additional requirement could only be met with the assistance of and by the flexibility of our suppliers, which are qualities highly esteemed by the Volkswagenwerk AG.

During the year under review the prices for materials from our suppliers have increased due to higher wages and basic material costs as well as the inflationary development in Brazil and Mexico. The rate of increase did, however, not exceed that of the previous year.

### Production

The VW Group manufactured 2,165,627 vehicles world-wide during 1976, an increase of 11.1 % on the previous year's figure. 1,907,145 were passenger cars and 258,482 commercial vehicles.

Production at Volkswagenwerk AG rose by 17.3 % to 1,316,039 vehicles. This figure includes 53,536 Audi 50 cars produced in Wolfsburg and 1,176 Audi 80 models from the Emden plant.

At 260,017 vehicles, total production from the AUDI NSU AUTO UNION AG was 26.7 % above the previous year's figure.

VW Group's production at its companies abroad rose slightly in 1976. Although the output at Volkswagen do Brasil rose by 5.4 % to 529,636 vehicles, production at Volkswagen de Mexico had to be cut back on account of the unsatisfactory sales situation by 20.9 %, and totals only 84,562 vehicles. 37,485 vehicles were produced by Volkswagen of South Africa, in this case 24.9 % less than in 1975. Our Belgian subsidiary, Volkswagen Bruxelles, assembled 97,314 cars during the 1976 report year and thus exceeded the previous year's output figure by 29.4 %.

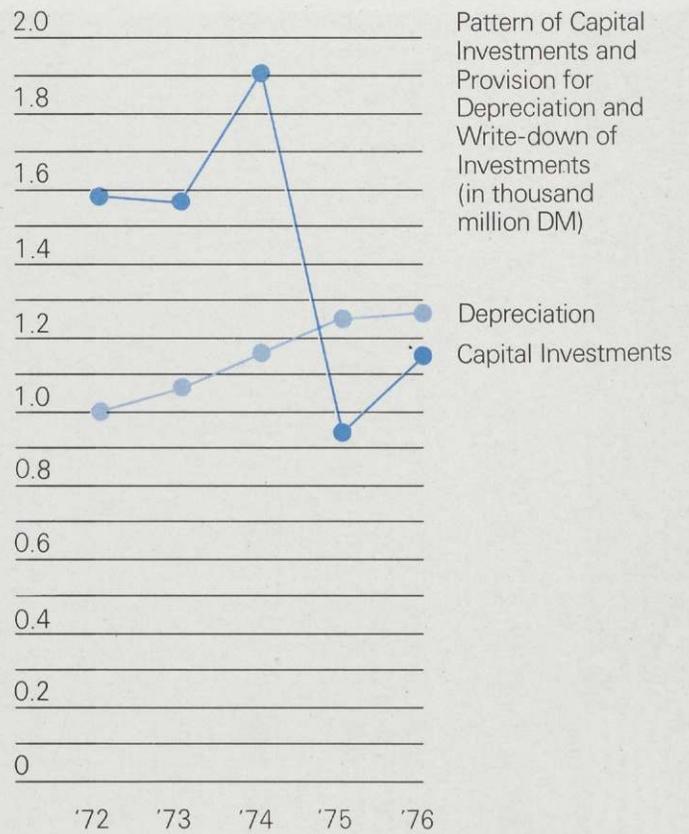
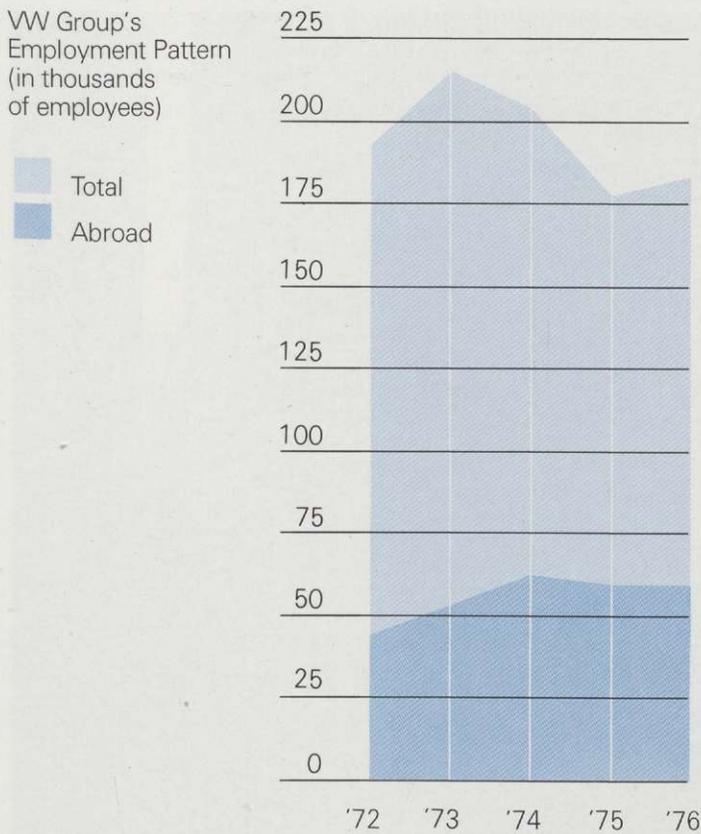
In 1976, the VW Group world-wide produced an average of 9,070 vehicles per working day, 3.6 % more than the previous year's average working day output of 8,757 vehicles. On average, 7,773 VW models were produced per working day and 1,297 AUDI NSU models.

The individual companies within the Group contributed as follows to total output:

	vehicles per working day
Volkswagenwerk AG	4,967*
Volkswagen do Brasil	2,103*
AUDI NSU AUTO UNION AG	1,036*
Volkswagen Bruxelles	419
Volkswagen de Mexico	364
Volkswagen of South Africa	181

\* excluding knocked-down vehicles delivered within the VW Group; excluding Porsche 924 vehicles produced by AUDI NSU AUTO UNION AG

A close-knit mutual exchange of deliveries and services is practised between the various companies of the VW Group, and manifests itself in the supply of finished products and production equipment.



### Labor Force

At the end of 1976 the VW Group employed 183,238 persons, 6,414 or 3.6 % more than a year previously.

Within the Federal Republic of Germany, the labor force grew by 6,565 or 5.6 % to 124,232 persons to keep pace with increased demand for our products. The total number of persons employed at Group factories abroad remained almost unchanged, at 59,006. Increases in the labor force at VW do Brasil and VW of America were effectively cancelled out by reductions at VW de Mexico and VW of South Africa.

The cost of labor within the VW Group for the 1976 business year was DM 6,413 million, 15.5 % higher than in the previous year. Contributing factors were a rise in the number of employees and increased wages and salaries both at home and abroad and payments for overtime and extra shifts, which must be seen against the short-time working necessary in the previous year at Volkswagenwerk AG and AUDI NSU AUTO UNION AG.

### Capital Investments

During 1976 the VW Group invested DM 1,141 million, a 21.3 % increase on the previous year's total. 91.3 % of the total was devoted to property, plant and equipment.

Within the Federal Republic of Germany, VW Group companies undertook DM 657 million of capital investment, 10.7 % more than in 1975. In addition to rationalization and plant upkeep costs most of this sum was devoted to converting production facilities for the new model year.

The VW Group's capital investments abroad were governed by differences in the economic growth of the countries involved. In all, capital investments abroad rose to DM 484 million and thus exceeded the unnaturally low 1975 figure by 39.3 %.

*The Rabbit, the mainstay of Volkswagenwerk AG in the USA will probably be produced in our US Westmoreland plant in the Spring of 1978. This will help to make the vehicle more competitive on the American market.*

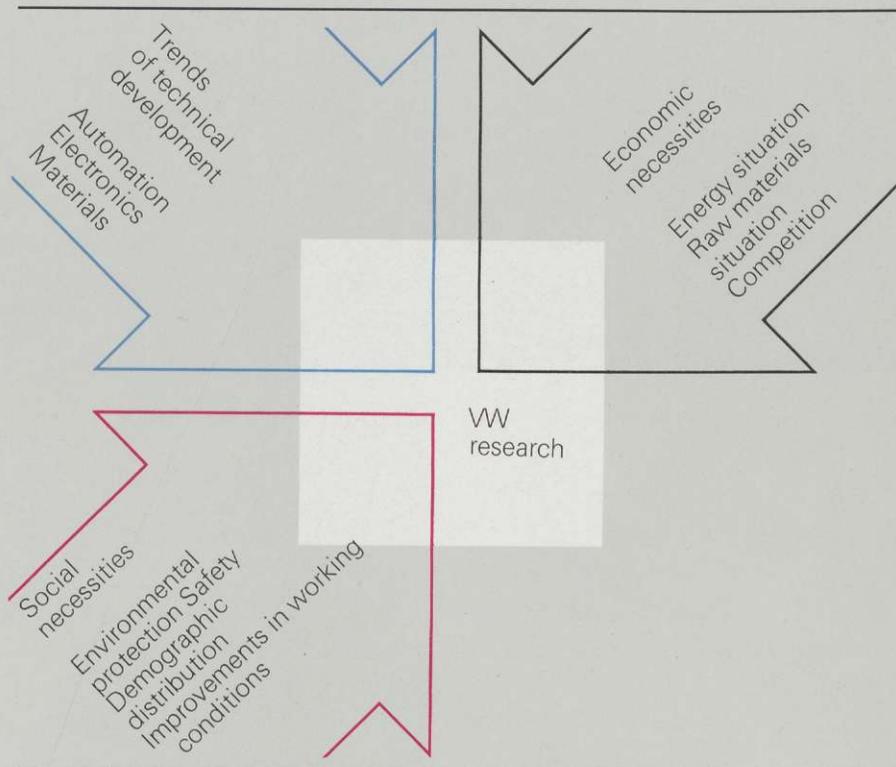


# Research to Safeguard the Future of the Enterprise

It is the duty of all large enterprises, and therefore of Volkswagen as well, to safeguard the future of their shareholders, of their employees, and of the economy in general through careful prognostication and farsighted development work.

We are aware of the fact that the future of transportation and the future of the automobile depends on and is influenced by a multitude of factors.

*Factors influencing research*



That is why we are actively engaged in the observation and evaluation of development trends. From this, we determine what tasks are to be performed and what solutions are to be found.

**Automotive Research**

The design of today's as well as of tomorrow's cars will be determined mainly by the requirements of safety. Nationally as well as internationally, the introduction by VW of its experimental vehicles ESVW I, ESVW II and RSVW has aroused much interest.

These three vehicles have demonstrated exactly where the introduction of safety features ceases to be reasonable, and which safety features

can be made to comply with the demands of large-scale production, of economy, and of aesthetics. Studies of this kind always yield valuable findings which are then applied step-by-step to the serial production of vehicles.

The new Audi 100 model features safety benefits resulting from rigorously applied technology developed by the VW concern.

*ESVW II    RSVW    ESVW I*



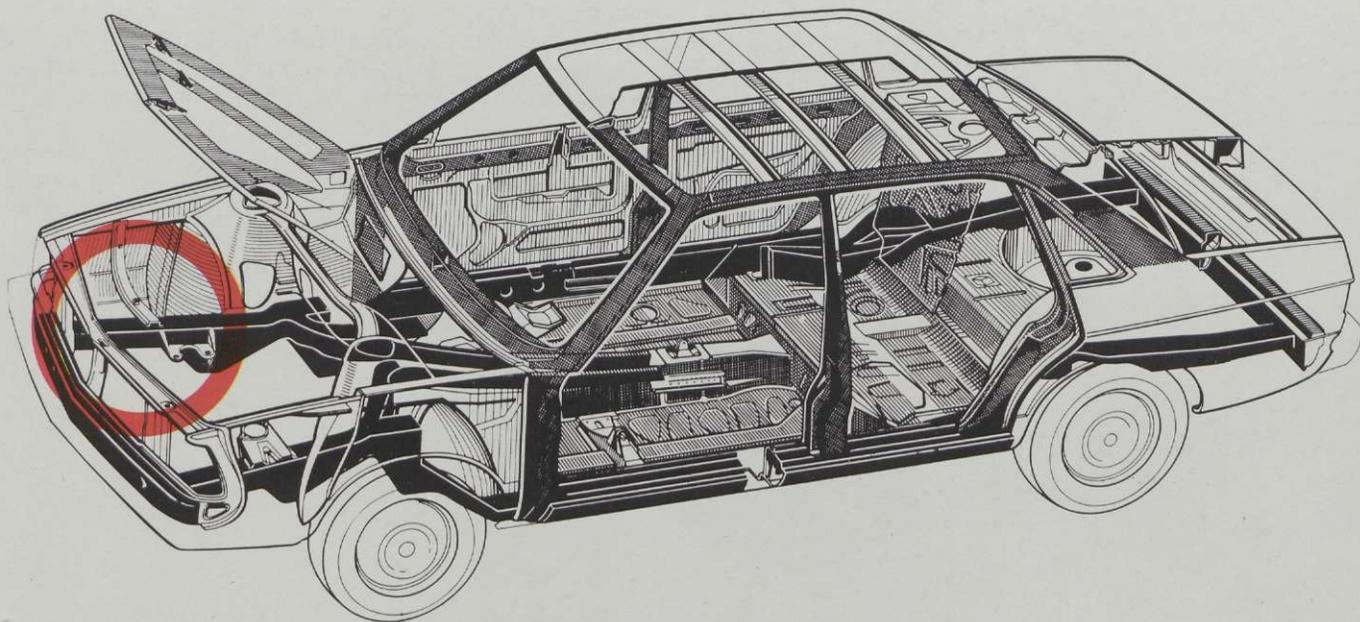
To ensure that passengers will enjoy optimum protection even in a vehicle built on the principle of light-weight construction, AUDI NSU developed an 'accordion buckling' concept of energy absorption. All vehicles have to absorb a certain amount of impact energy whenever an accident occurs. In the new Audi 100, energy is absorbed by frontal longitudinal buckling principle. They are light-weight, but designed to absorb an optimum amount of energy. Upon

impact, they buckle into accordion-pleated folds in the way shown in the figure below, thus materially increasing the protection of passengers in case of frontal collisions.



*Energy Absorption by Accordion Buckling*

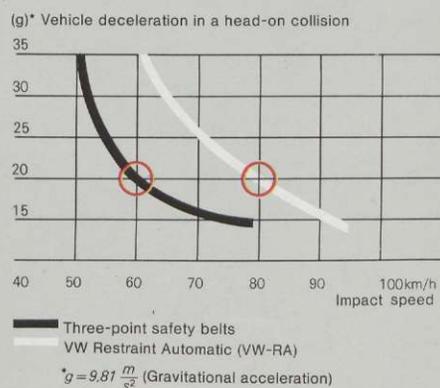
The introduction of energy-absorbing longitudinal members has increased passenger safety during frontal collisions: As in the Audi 100.



VW RA Automatic Restraint System

VW's automatic restraint system is a further result of purposeful research work on passenger safety. In this design, the shoulder belt is fastened to the door, restraining the passenger automatically as soon as the door is closed. In place of the lap belt is a knee pad which restrains the lower part of the body and the legs. The diagram below shows the true potential

*Comparison between three-point safety belts and VW Restraint Automatic*



of this automatic restraints system, which was developed from the results of a large number of tests in which restrained dummies were subjected to impacts at various velocities. The two curves in the diagram above indicate the critical limits for the VW automatic restraint system and three-point belts. When these limits are exceeded survival is no longer guaranteed. It is easy to see that the critical limit of the VW automatic restraint system is reached at a considerably higher speed.

## Power System Research

The supply of petroleum is dwindling. For how long can we be assured of sufficient availability of fuel for our automobiles? Our fuel supply might conceivably be extended by the introduction of fuels which can be economically produced from coal, waste materials, or organic substances, one of these being methanol.

In an experiment subsidized by the German Federal Ministry for Research and Technology, VW tested 45

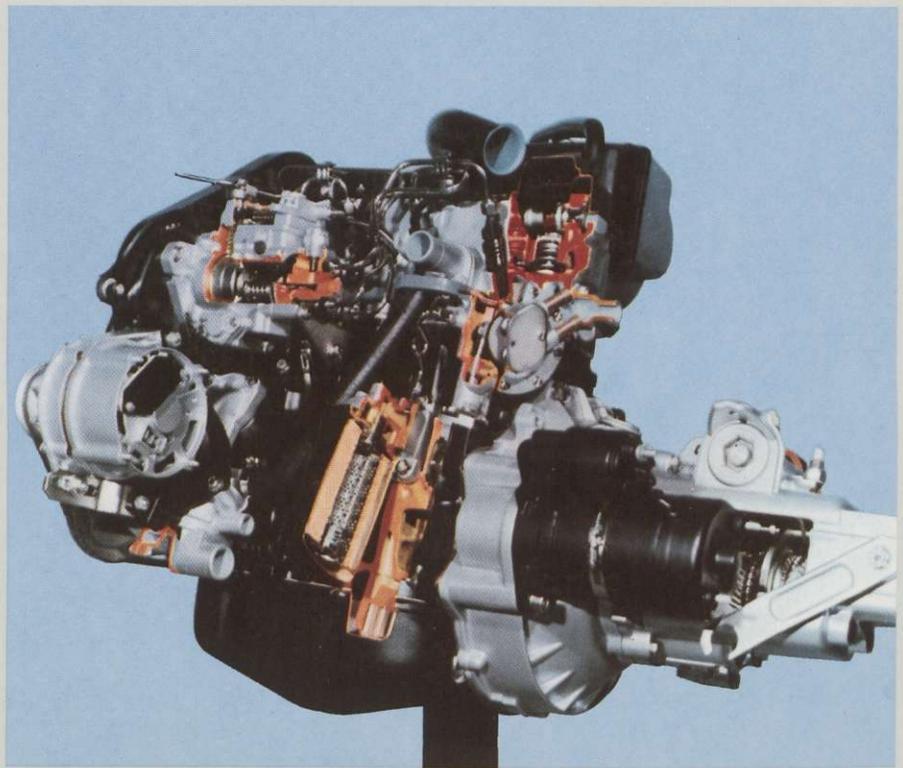
refitted vehicles running on a gasoline-methanol fuel mix. Some of these vehicles were used by the ADAC auto club in a large-scale test.

The results of this test confirmed the rightness of the methanol alternative.

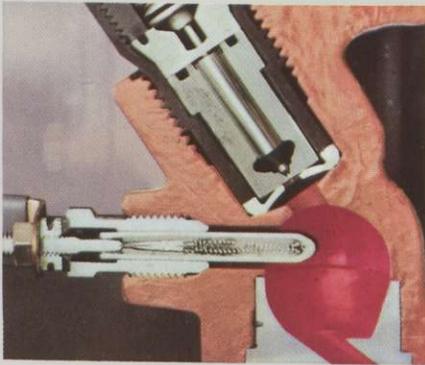
*The VW test fleet is handed over to the ADAC road patrol*



Our engine research department is investigating a variety of alternative power plants, one of them being the Diesel process. Our 50 bhp Diesel engine study blossomed into preliminary research, which grew into a fullblown development project. This project culminated in the serial production of a 50 bhp Diesel engine, revolutionizing all previous passenger car Diesel engine standards. Its major characteristics are: low weight, low emissions, good fuel economy, and a high specific power output.

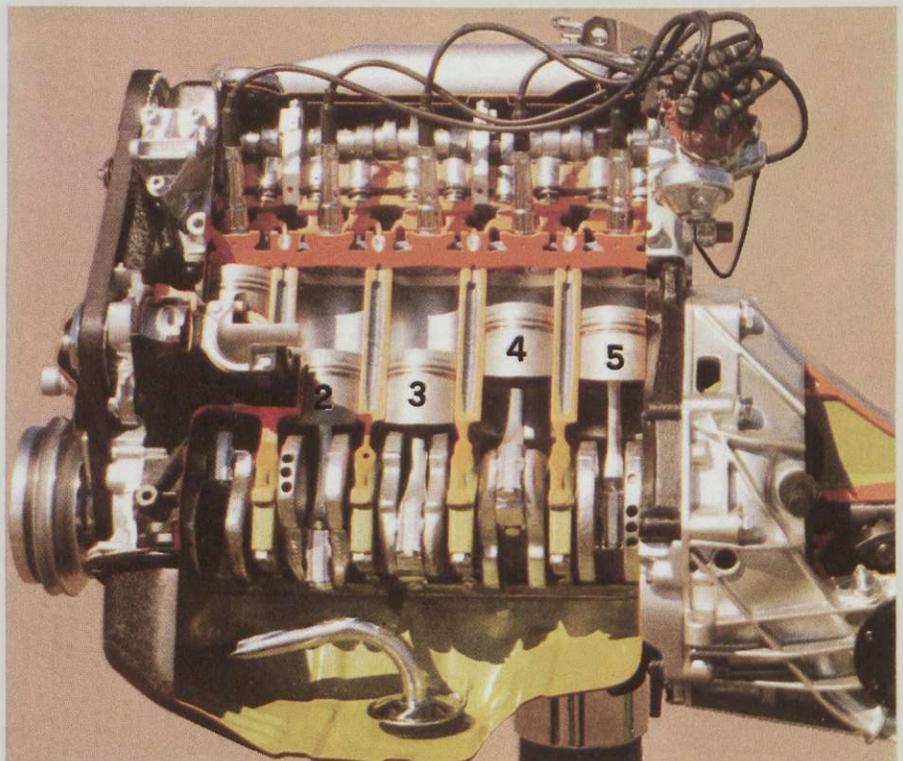


*Cross Section of a Swirl Chamber Showing Injection Nozzle (Top) and Heater Plug (Left)*



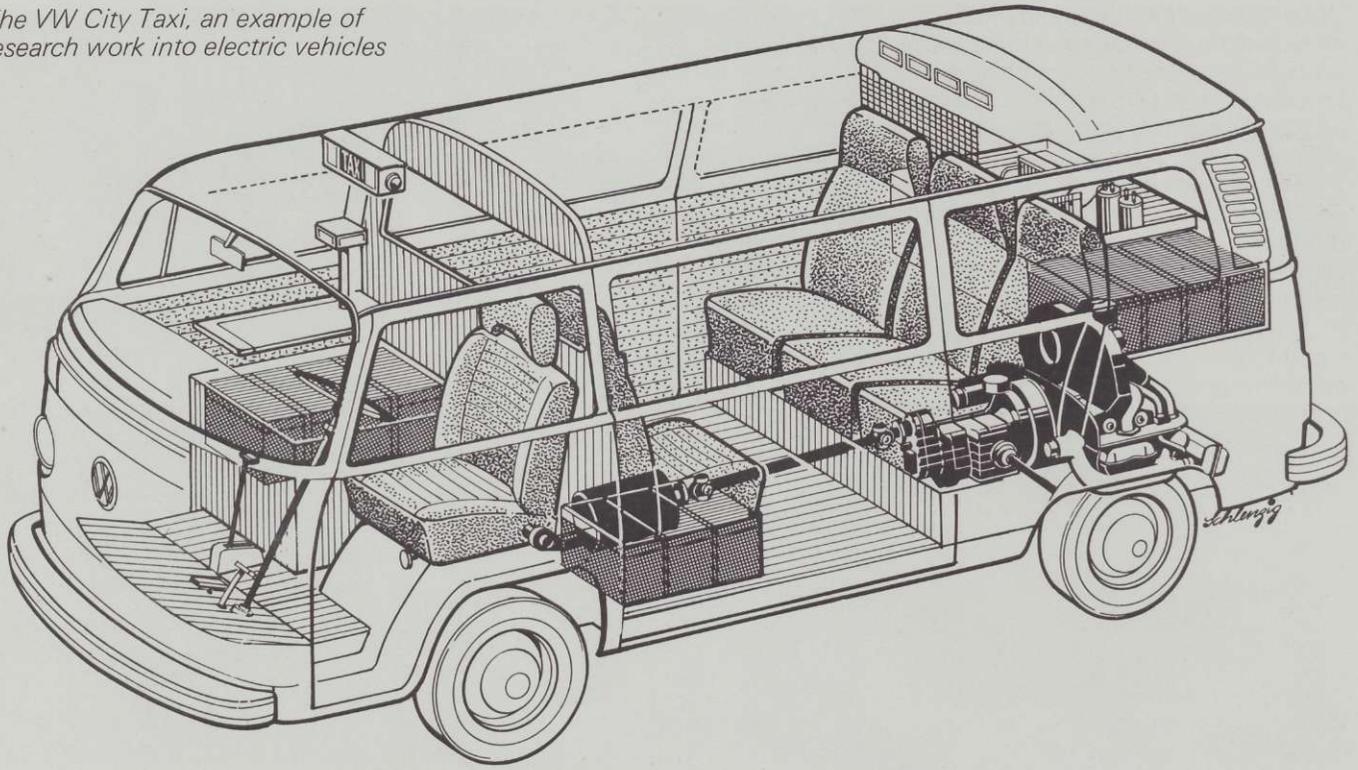
*Cross Section of the 50 bhp (37 kW) Diesel Engine Including Clutch, Gearbox, Starter, and Generator*

For the first time in the history of automotive engineering AUDI NSU AUTO UNION AG developed a high-speed in-line 5-cylinder spark-ignition engine. It was developed from the basis of the Audi 80 1.6 liter engine. Its capacity is 2.2 liters, its power output is 100 kW (136 bhp). A fuel injection system is used for carburation, which ensures excellent fuel economy as well as very low emissions. This engine, while offering the same comfort as a 6-cylinder power plant, is as economical as any 4-cylinder model.



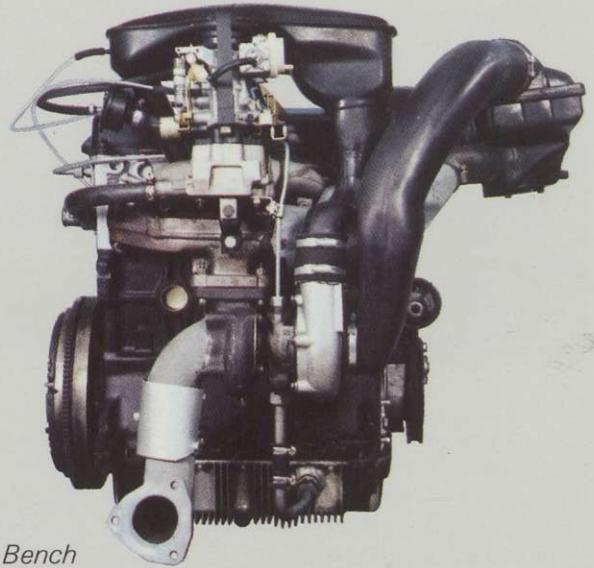
*The new 5-cylinder spark-ignition engine for the Audi 100*

*The VW City Taxi, an example of research work into electric vehicles*

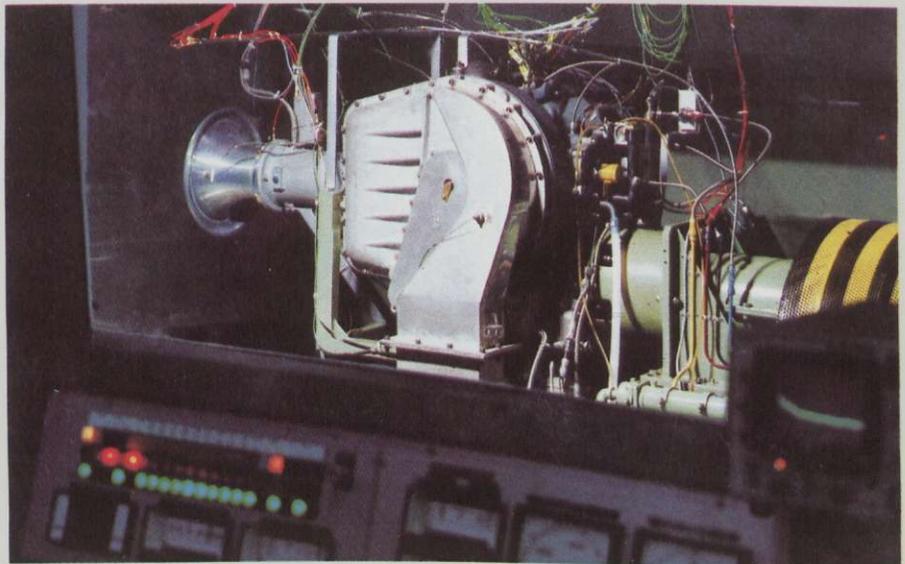


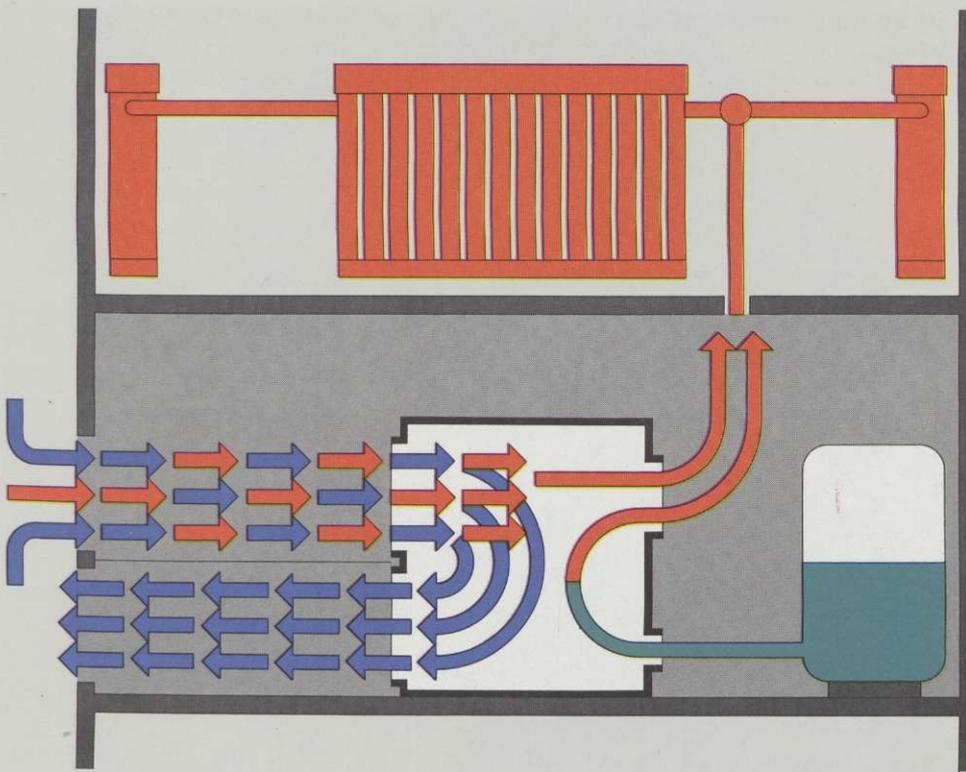
Our research work on electric vehicles is exemplified by the VW City Taxi shown above, which was put on display in an exhibition of the Museum of Modern Art in New York. Being equipped with an electric motor, it can be operated at minimum environmental pollution in urban areas, while in the suburbs it is powered by its internal combustion engine. The operating range of a hybrid drive of this kind is greater than that of a mere electric drive. Because of a number of favorable properties, gas turbines might develop in the future into interesting alternatives to present-day power plants. Yet much basic research is required before we can utilize gas turbines to their full advantage. VW participates in several projects on this subject. As this work is also in the public interest it is subsidized by the government. The use of ceramic materials is an aspect which is of great interest in gas turbine research, and which has already furnished some ideas as to the use of these materials in conventional engines. Moreover, the findings collected by our flow mechanics experts in the course of their research in this field produced promising results in another sector — that of turbocharging. A high-speed turbine, driven by exhaust gases produced by an internal combustion engine, powers a compressor which compresses the air conveyed into the engine for combustion. In this way, the power output of the engine is increased considerably.

*A 1.6 liter, 4-cylinder spark-ignition engine with turbocharger*



*VW Gas Turbine on a Test Bench*





Layout of heating system with VW engine (Heater pump)

The need to conserve energy drew the attention of Volkswagenwerk AG research engineers to the consumption of energy in the heating of buildings. Whereas in the Federal Republic of Germany only 11 % of primary energy is consumed for vehicle propulsion, domestic and small consumers used 26 % solely for heating.

Our research teams have been looking into ways of exploiting solar energy for this purpose, or more precisely how to make economical use of air as a heat store for space heating. This led to the notion of employing VW engines to drive heat pumps. In cooperation with the research staff of the Ruhrgas AG, we have now developed engines which run on natural gas, and are achieving worthwhile results with them.

Compared with previously known systems, the use of VW engines as drive units yields a considerable

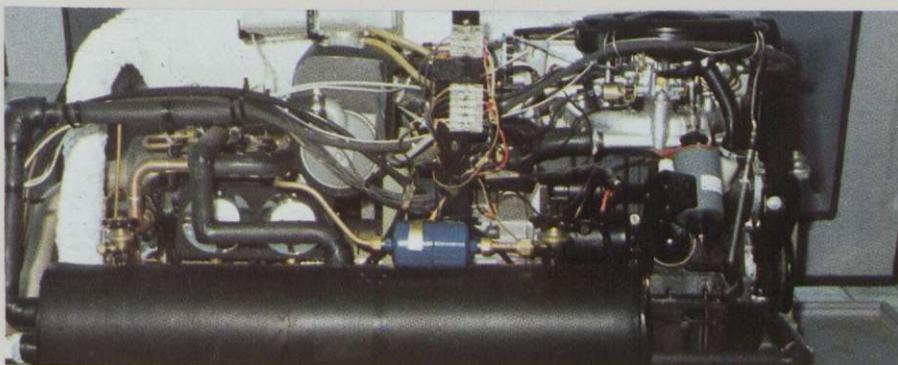
increase in efficiency. Together with the heat derived from the outside air by the heat pump, engine exhaust heat can also be used for heating. The operating energy consumption (heating oil or natural gas as a fuel) is some 50 % lower than on the conventional modern furnace heating installation.

The system functions as follows: the engine drives a compressor, which acts on a refrigerant in vapor form, compresses it and thus makes it warmer. The refrigerant passes in liquefied form to a heat exchanger, where it surrenders heat to the water circuit. Further along its circuit the refrigerant is allowed to expand and revert to its gaseous form, at which stage it cools down rapidly. The outside air is admitted to the area round the pipework at this point, and the refrigerant becomes warmer again, since it is at a lower temperature than the outside atmosphere in winter. The air drops by about 3°C in

temperature and returns to the outside of the building, while the refrigerant commences a fresh circuit through the compressor.

The VW engine also supplies heat to the hot water circuit. Together with the heat pump, it is contained within a housing filled with water to provide noise absorption. The noise of the system at work is equivalent to that of the conventional oil-burning furnace.

In principle, any of our vehicle power units could be used to drive the heat pump. The exhaust gas, as with an oil or gas burning heater, is expelled through the flue. A thermostat controls engine speed and running periods. The economic advantages of this system should result in high-volume sales.

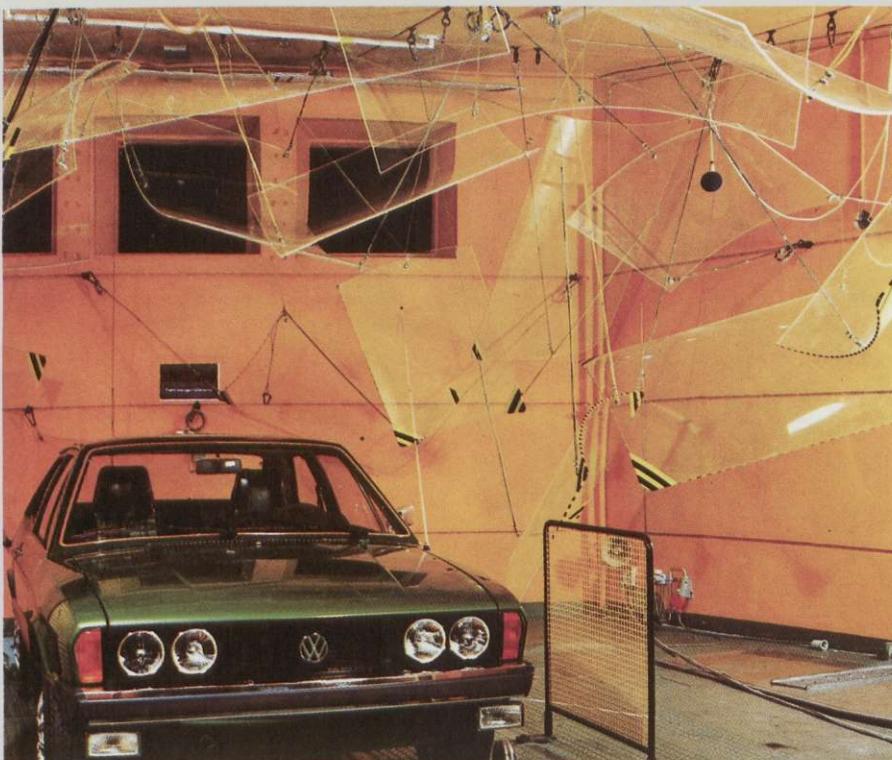


Heater pump with VW engine

## Modern measuring and test methods

The necessity to solve acoustic and vibration problems has had a considerable influence on the development of motor vehicles. Complicated test appliances and systems are required to cope with official requirements and to satisfy the customers desire for comfort and well-being.

*Anechoic chamber for acoustical experiments*



In an anechoic chamber, the acoustic and vibration aspects not only of models undergoing development but also of principles whose implications reach far into the future are studied. These studies often require the development of novel measuring procedures from scratch.

In a soundhardness chamber even distribution of sound is ensured by a number of irregularly curved acrylic sheets hung at random.

*Maximum acoustic inertia test chamber*



*The hologram camera developed by VW can even make sounds visible*

Formerly, sound (vibrations) could only be heard, and the tracking of sound waves inside a vehicle was a cumbersome and imperfect process. Today, the paths along which sound waves travel are rendered visible by VW physicists.

Sound waves are photographed by means of laser rays and a holographic camera developed by VW.

We sold the knowhow of this development under license to a company specializing in this kind of apparatus.



*Pictures taken with the hologram camera*

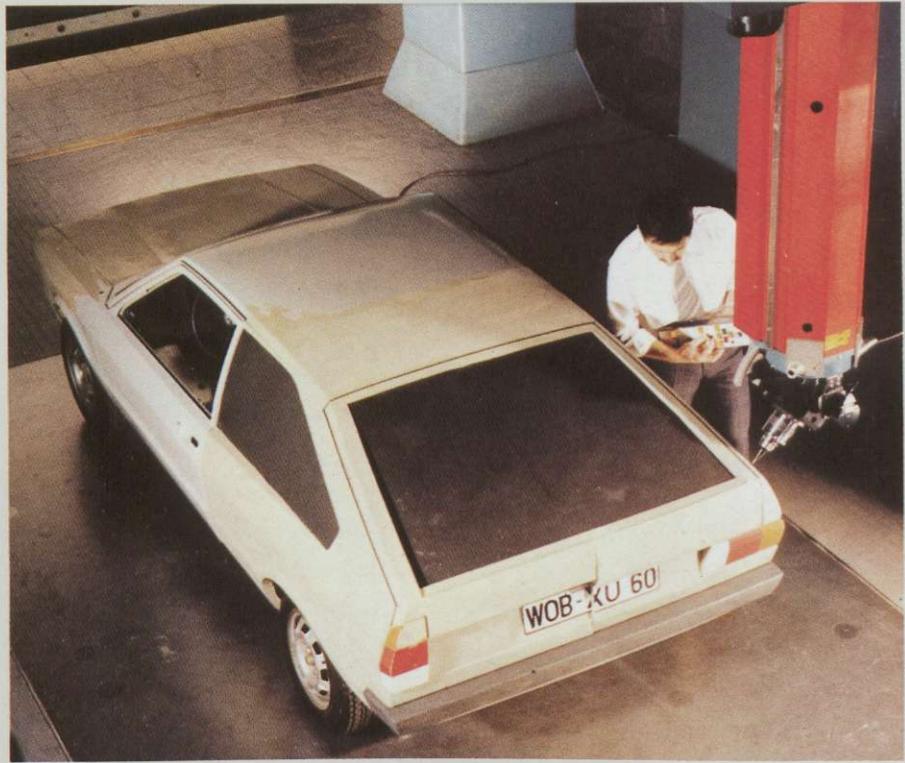
*Vibrations of a wheel*



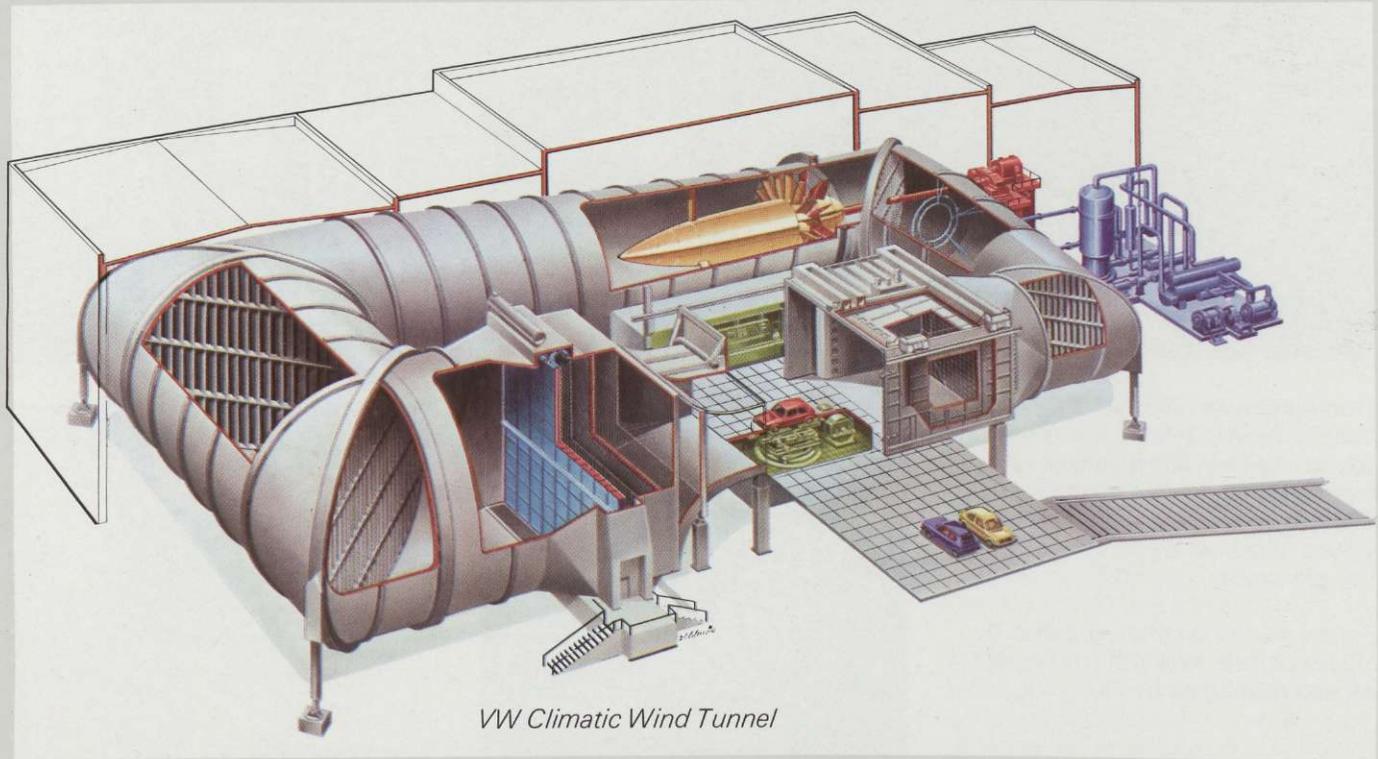
*Vibrations of a Disc Brake*

In the future, large computers will increasingly be used for a number of time-consuming calculations and design processes.

In a body plotting unit a feeler tracks the contours of the model. Sectional design drawings are then produced by computer. Design engineers can study these computer drawings on a screen and modify them by feeding new input data into the computer.



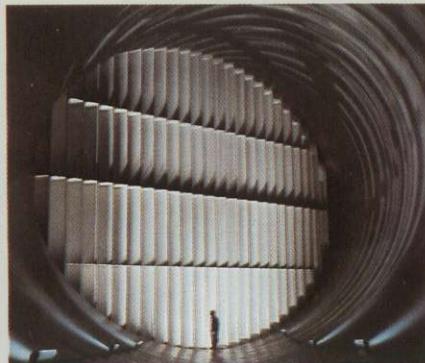
*A styling model in the body contour sensing rig*



*VW Climatic Wind Tunnel*

In the VW Research Division's climatic wind tunnel we ensure that the Group's vehicles have the best possible aerodynamics. We investigate the way in which the shape of a vehicle or of certain details can influence its performance and operating characteristics.

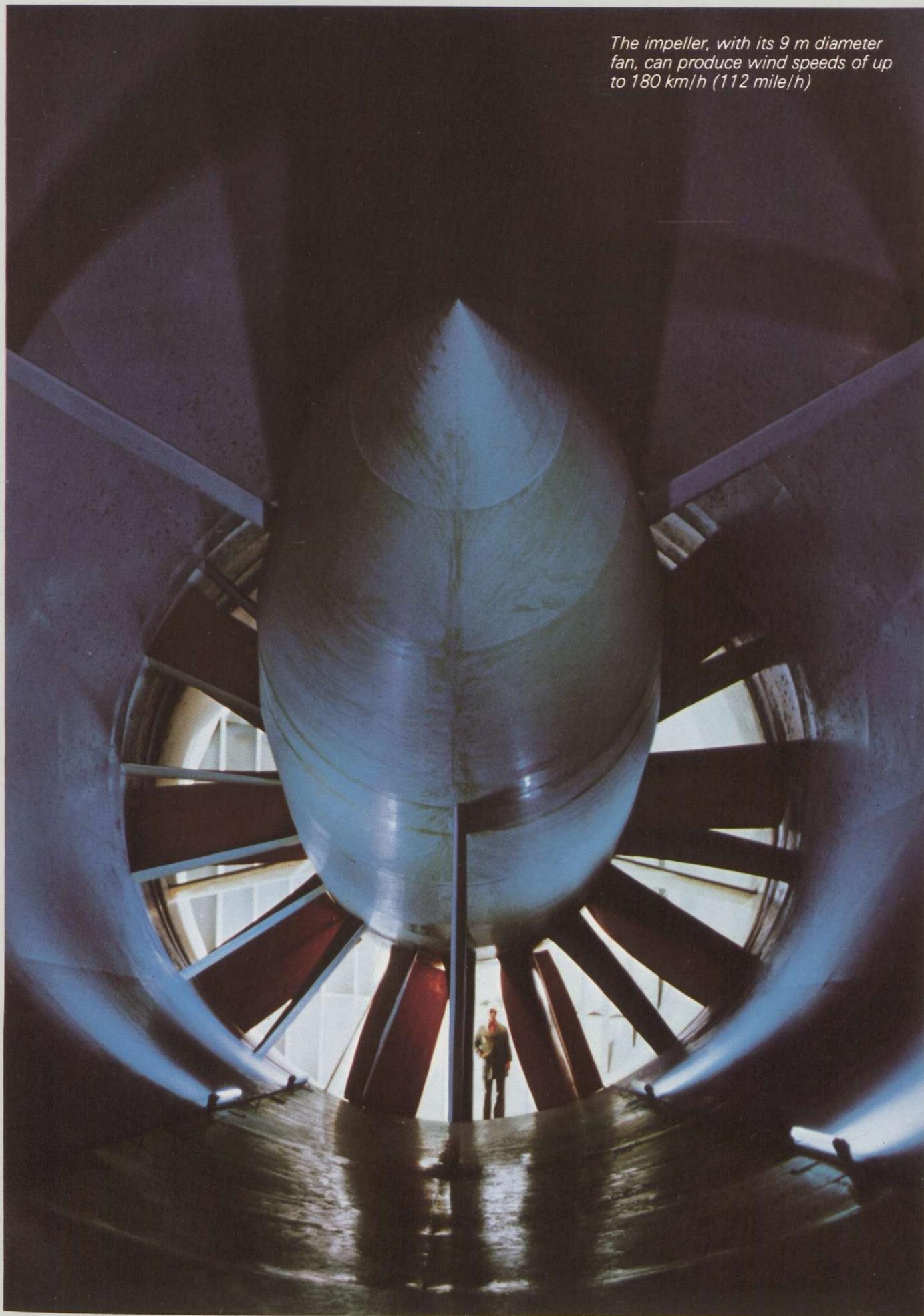
Fuel consumption and top speed, for example, are both decisively affected by the drag coefficient of the car. We establish the car's behavior



patterns at high speeds and the effect of side winds; we use the wind tunnel to investigate engine cooling and interior heating and ventilation in various climates and under all the load conditions likely to be incurred on the road. From these results the most suitable compromise values are adopted for the production cars.

*Air deflector plates guide the airstream into the wind tunnel tubes*

*The impeller, with its 9 m diameter fan, can produce wind speeds of up to 180 km/h (112 mile/h)*



Initial wind tunnel testing uses small-scale styling models. These are sprayed with an oil emulsion containing fluorescent additives. When examined under ultra-violet light, our engineers can draw preliminary conclusions on the airflow over the new body and thus its effective drag. Strands of wool secured to the outer skin of the finished body with adhesive reveal the path of airstream to our experimental engineers and enable areas of turbulence to be localized.

Scientists from VW Research maintain contact throughout the world with colleges of advanced technology and research institutes, and contribute to the exchange of knowledge and experience by means of numerous lectures, papers and publications. Since 1973, our Research Division has been awarded commissions to a total value of DM 18.8 million from the governments of the Federal Republic of Germany and the USA.

Participation in public projects by the specialists and scientists of VW Research enables the public authorities to avoid expensive errors in new legislation and also permits us to adapt our development programs in good time to suit forthcoming legal requirements. Some 70 patent applications per year — in many cases for new fields of activity entirely — are another way in which the company's future is rendered more secure.

*Prototype styling study, scale 1 : 4*

*The Derby in VW's climatic wind tunnel*





## Selected Data of Companies within the VW Group\*

	DM Sales		
	1976	1975	Increase (Decrease)
	- Million DM -		%
<b>Producing Companies</b>			
Volkswagenwerk AG	16,914	11,370	48.8
AUDI NSU AUTO UNION AG	3,030	3,429	(11.6)
Volkswagen do Brasil S. A.***	3,570	3,294	8.4
Volkswagen de Mexico, S. A. de C. V.***	801	933	(14.1)
Volkswagen of South Africa (PTY) Ltd.***	437	523	(16.4)
Volkswagen Bruxelles S. A.	773	522	47.9
<b>Distributing Companies</b>			
Volkswagen of America, Inc.***	3,270	3,477	(6.0)
Volkswagen France S. A.***	747	559	33.5
Volkswagen Canada Ltd.***	352	309	13.8

\* Where changes have taken place in the method of presentation the previous year's figures have been adjusted accordingly.  
 \*\* To the dealer organization  
 \*\*\* Includes its subsidiaries  
 \*\*\*\* 1976 sales to the Volkswagenwerk AG. 1975 including the Audi 50

	Unit Sales**			Capital Investments			Labor Force		
	1976	1975	Increase (Decrease)	1976	1975	Increase (Decrease)	1976	1975	Increase (Decrease)
	- vehicles -		%	- Million DM -		%	- at year-end -		%
Volkswagenwerk AG	1,561,506	1,356,707	15.1	332	374	(11.4)	97,422	93,026	4.7
AUDI NSU AUTO UNION AG	246,253****	309,189	(20.4)	158	87	81.0	25,363	23,280	8.9
Volkswagen do Brasil S. A.***	527,808	502,501	5.0	143	202	(29.2)	39,467	38,722	1.9
Volkswagen de Mexico, S. A. de C. V.***	71,741	97,524	(26.4)	30	57	(47.1)	8,683	9,653	(10.0)
Volkswagen of South Africa (PTY) Ltd.***	38,631	47,818	(19.2)	27	16	61.7	4,675	5,231	(10.6)
Volkswagen Bruxelles S. A.	97,305	75,169	29.4	4	8	(46.9)	2,960	2,773	6.7
Volkswagen of America, Inc.***	230,137	300,005	(23.3)	113	15	x	2,152	1,863	15.5
Volkswagen France S. A.***	71,195	55,667	27.9	84	33	x	519	495	4.8
Volkswagen Canada Ltd.***	23,803	23,729	0.3	4	2	x	311	312	(0.3)

## Producing Companies

### Volkswagenwerk AG, Wolfsburg

For the Volkswagenwerk AG, the year 1976 can be regarded as a successful year. Production and sales both rose considerably as a result of a healthy automobile market. The net earnings achieved are sufficient after balancing out of the loss brought forward to permit the payment of a dividend after two years in which this was not possible.

#### Sales

During 1976 the Volkswagenwerk AG sold 1,561,506 vehicles to its dealer organization. The total includes all the 297,684 AUDI NSU models. As a result of increased home-market demand for VW vehicles and continuing poor sales in the USA, the proportion of exports fell slightly to 53.7 % compared with the 1975 figure of 54.2 %. The VW AG sales alone increased by 20.6 % to 1,263,822 units.

Deliveries of Volkswagens (excluding AUDI NSU vehicles) to customers in the Federal Republic of Germany rose by 15.4 % to 528,341 vehicles. Almost all models recorded sales increases.

*The City Bus – a new vehicle for passenger transportation, based on the LT. It is economical and has excellent handling characteristics.*

The passenger car market in the Federal Republic of Germany increased by 9.8 % and VW's share in this market rose from 19.4 to 20.2 % as compared to the previous year, an increase primarily achieved by the "Golf" and "Polo" models. On the light commercial vehicle market, the VW Commercial held its own with a 62.6 % market share. The new light goods vehicles VW LT introduced in 1975 and offered in the 2.8 to 3.5 metric ton gross weight classes, had a very successful year and secured a 46.3 % share of their specific sector of the market.

On other European markets, deliveries to customers in 1976 totalled 331,653 Volkswagens, a 6.7 % improvement on the 1975 result. A particular contribution was made by the "Golf" and also by the new "Polo" and "LT" models, which were launched on all these markets at the beginning of the year. The strongest market was France, followed by the Netherlands, Austria and Italy.

The demand for Volkswagen automobiles in the USA fell again in 1976, despite improved general demand for automobiles, and was 26.6 % below the previous year's result. A welcome note is struck by sales of the "Rabbit", which were running at an average of 9,338 per month during 1976 despite the drawback of competing with other suppliers' models at often considerably lower prices.



### Turnover

The Volkswagenwerk AG's sales proceeds of DM 16,914 million cannot be compared with the figures of previous years because these also include the proceeds from the sale of AUDI NSU products by the parent company.

### Production

During 1976, the work of converting production plant for the new model range was largely completed. The Salzgitter plant, which has produced only engines since 1975, started to manufacture the Diesel engine and the new 5-cylinder engine.

During the year under review the Volkswagenwerk AG manufactured 1,261,327 Volkswagens and 53,536 Audi 50s. In addition, the Emden plant began to turn out the US version of the Audi 80 in the last quarter of 1976. The company's total vehicle output rose to 1,316,039 units and was thus 17.3 % above the 1975 level.

### Labor Force

Heavy demand for our products made extra shifts and the recruitment of new personnel necessary in our production departments during the past business year. The total labor force rose by 4,396 or 4.7 % to 97,422 persons at the end of 1976. The proportion of foreign employees in the total remained constant at 7.5 %.

The new flexible adaptation policy, which represents a careful balance between fluctuation replacement, extra shifts, overtime working and new recruitment is an attempt to improve long-term job security.

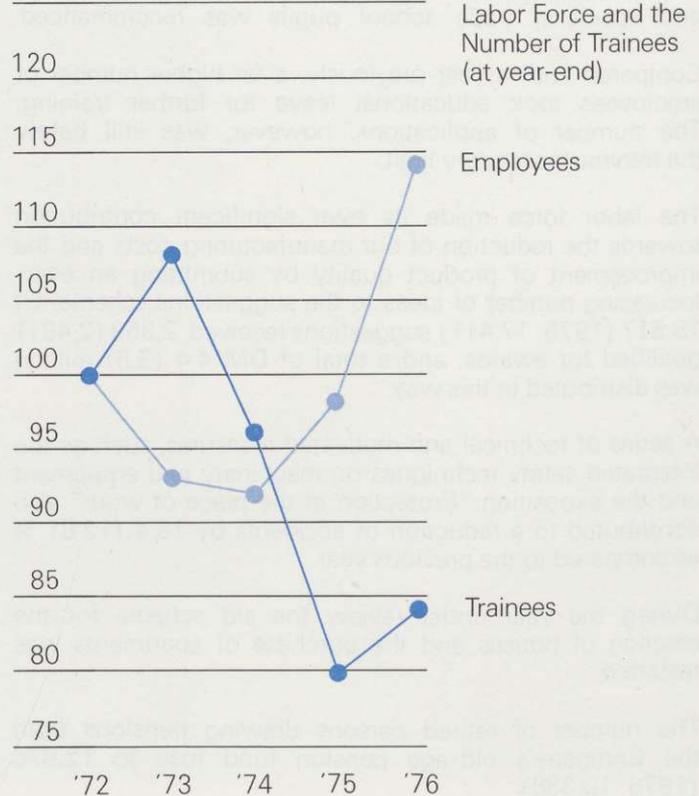
In the year under review we continued our efforts towards the achievement of a more "humane" working environment.

One research project, state-aided, is currently in hand with a view to establishing the potential and limitations of new working structures and the prospects for reducing the burden on working personnel by the introduction of automated handling equipment such as the VW Robot.

Additional humane working environment projects are concentrated in a program for the ergonomic design and layout of work areas. This now includes measures such as job rotation, job enlargement and job enrichment.

There remain limits to the introduction of new work structures. Work area changes cannot take place abruptly but must first be accepted by the personnel involved. Even in future it will be impossible to dispense with the assembly line, particularly since it has a vital function as a conveyor of vehicles and assemblies.

Index: 1972 = 100



The difficult social problem of youth unemployment made it necessary for the Volkswagenwerk to review the possibilities of additional training capacity. The company decided to take on a further 862 apprentices in the report year; 51 of these, however, were only able to start their training at the beginning of 1977. This is an increase of 32 % as compared to the previous year. By the end of 1976, 2,091 apprentices were receiving instruction in 22 career categories. Since 1974, the Volkswagenwerk AG has considerably expanded the number of trainee positions it offers in relation to the size of the total labor force. This policy, which is clearly illustrated by the graph, is to be maintained in future. Having finished their training it will, however, not always be possible to offer these people employment as qualified tradesmen.

As in the previous year, the company cooperated with the official labor offices in organizing various special campaigns for junior employees. In conjunction with the inspectors of Trade Supervisory Offices and with particular regard for the provisions of the youth employment and protection laws, a limited number of additional jobs were provided for young people on vehicle assembly shift work.

In 1976, the systematic personnel initial and further training program for our employees was continued. In accordance with the company's requirements, 3,535 employees took part in a total of 235 job and management training events.

## Producing Companies

Towards the end of the year, the training of college and specialist trade school pupils was recommenced.

Compared with a year previously, a far higher number of employees took educational leave for further training. The number of applications, however, was still below the minimum statutory limit.

The labor force made its own significant contribution towards the reduction of our manufacturing costs and the improvement of product quality by submitting an ever-increasing number of ideas to the suggestions scheme. Of 18,517 (1975: 17,411) suggestions received, 2,959 (2,481) qualified for awards, and a total of DM 4.4 (3.5) million was distributed in this way.

A series of technical and motivated measures, such as the integrated safety techniques on machinery and equipment and the exposition "Protection at the place of work" also contributed to a reduction of accidents by 16.4 (12.8) % as compared to the previous year.

During the year under review the aid scheme for the erection of houses and the purchase of apartments was restarted.

The number of retired persons drawing pensions from the Company's old-age pension fund rose to 12,676 (1975: 10,338).

The wage agreements which came into effect on February 1, 1976 foresaw average increases of 5.4 % in wages and salaries, and a rise in payments to trainees. The last agreement settled in February 1977 resulted in a further improvement of payments to trainees and in increases of 6.9 % in wages and salaries.

Negotiations following the termination of the collective bargaining agreement had resulted in the following partial settlements by the end of the year:

An additional day's paid holiday was granted to persons between 19 and 30 years of age from 1976 onwards. From 1977 onwards, employees over 30 years of age are also to receive an additional day's paid holiday.

On May 1, 1976 agreements came into effect regarding wage compensation and bonus per shift for those handicapped or unable to work at normal levels of efficiency, and also a wage guarantee for older employees.

As a means of reducing hardship resulting from internal transfers of labor, an agreement concerning wage adjustment in such circumstances came into force on the same date.

Volkswagenwerk AG's cost of labor rose in 1976 by 19.4 % to DM 4,291 million. The increase is mainly due to the wage settlement negotiated early in the year, the cessation

of short-time working, the introduction of some overtime working and additional shifts and the building up of the old-age pension fund.

## Development of the Labor Force

	Dec. 31, 1976	Dec. 31, 1975	Increase (Decrease) in figures	%
Volkswagenwerk AG	97,422	93,026	4,396	4.7
Wolfsburg	48,899	46,097	2,802	6.1
Hanover	17,347	16,867	480	2.8
Brunswick	5,200	4,925	275	5.6
Kassel	13,884	13,732	152	1.1
Emden	6,507	6,111	396	6.5
Salzgitter	5,585	5,294	291	5.5
Wage earners	83,611	79,143	4,468	5.6
Salaried personnel	13,811	13,883	(72)	(0.5)
Female employees	10,958	10,261	697	6.8
Foreign employees	7,304	6,913	391	5.7
Trainees	2,197	1,934	263	13.6
		1976	1975	
Average age of VW employees		39.4	39.7 years	
Employees' average length of service		12.5	12.4 years	
Absenteeism due to sickness		6.4	5.3 %	

### Capital Investments

At DM 332 million, capital investments during the business year just completed were 11.4 % below the 1975 figure. Some DM 235 million were spent on property, plant and equipment and DM 97 million on investments in subsidiaries and affiliates.

Investments in property, plant and equipment were primarily devoted to improving efficiency and the upkeep of plant and equipment.

Investments in subsidiaries and affiliates centered mainly round the increase in the capital stock of the VW KREDIT BANK the contribution to the capital stock of the Volkswagen Manufacturing Corporation of America and the payments in respect of stockholdings in the Volkswagen de Mexico and the VW-Audi sales centers in the Federal Republic of Germany.

*Press reports on the Golf Diesel call it an economical and technically progressive automobile. The orders received to date are in excess of our total production level.*



*The new Audi 100 has been received very well by the public as can be seen not only in the sales figures. The readers of an automobile magazine have voted it into the first place in its class under the heading of "Practical Cars".*



**AUDI NSU AUTO UNION AG,  
Neckarsulm**

As from January 1, 1976, all AUDI NSU vehicles were disposed of to Volkswagenwerk AG, this amounted to 246,253 units in the report year.

1976 was the year of model changes for AUDI NSU AUTO UNION AG. The keen interest shown by the customers for the new models together with the overall high level of replacement buying after the weak economic conditions of previous years ensured increasingly good utilization of available producing capacity and rendered extra shifts necessary. The sales of the Audi 80 increased by 17.2 % and in the case of the Audi 100 model 41,876 units were delivered to the parent company from the time of its introduction in September 1976 to the end of the year.

The AUDI NSU models including the Audi 50 produced by the Volkswagenwerk AG had a share of the West German passenger car market of 7.8 (7.9) %.

During the review period, the company produced 240,905 vehicles, an increase of 17.4 % compared with 1975. In addition 19,112 Porsche 924 cars were manufactured under contract for Porsche AG. Average output per working day rose from 933 to 1,119 cars.

The increased demand made it necessary to engage new personnel, primarily for assembly work. This increased the share of wage earners in the total labor force. At the end of the year AUDI NSU employed 25,363 persons, 8.9 % more than at the end of 1975. The proportion of foreign nationals on the labor force fell to 15.2 (16.2) %.

Sales proceeds dropped by 11.6 % to DM 3,030 million. The reduction is explained by the fact that in 1976 the Audi 50, which is manufactured by Volkswagenwerk AG, and the proceeds from wholesale parts trading are no longer included in the AUDI NSU turnover.

Capital investments must be seen in the light of the model changes. A total of DM 158 (87) million was invested, predominantly for tooling for the new Audi 100 and modernization of the paint shop at the Ingolstadt plant.

In the WANKEL engine sector, negotiations with the largest-selling licensee Toyo Kogyo for an extension of that company's manufacturing and marketing rights could be concluded. It was also agreed to intensify technical consultation between the two companies. With a view to satisfying the exhaust emission limits which the USA will probably introduce in 1980, forthcoming research work is to be concentrated on the question of reducing exhaust emission levels.

World-wide sales of rotary piston engines in the 1976 business year were 78,881 (114,617) units.

The company's earnings situation improved noticeably compared with the previous year. Apart from adjustments to the labor force and to engineering capacity to suit anticipated long-term demand, the rise in the sales figures formed the principal basis for company profits amounting to DM 55.2 million. Of this sum, DM 3.8 million were to be made available for payments to holders of participating certificates. In accordance with the intercompany agreement, DM 20.0 million were transferred to other reserves and DM 31.9 million taken over by the parent company.

### **Volkswagen do Brasil S. A., São Bernardo do Campo**

The continued declining rate of economic growth in Brazil during 1976 permitted only a slight expansion of the passenger car market compared with the previous year, and sales of light commercial vehicles even fell slightly.

VW do Brasil increased its total home-market sales by 4.2 % to 461,814 vehicles. However, increasingly severe competition led to the company's share of the passenger car market dropping to 57.8 (59.0) %. As a result of improvements to the Commercial, that model's share of the relevant market sector rose considerably to 51.9 (44.7) %.

In compliance with the export commitments agreed to with the Brazilian authorities, exports were increased by 11.5 % to 65,994 vehicles. These went principally (either complete or in CKD form) to South and Central American countries and to Africa.

Total vehicle sales by Volkswagen do Brasil in 1976 were 527,808 vehicles, an increase of 5.0 % on the previous year's result.

During the year under review, sales proceeds rose by 8.4 % to DM 3,570 (3,294) million. Apart from the increased volume of vehicles sold, this is explained by price increases needed in order to keep pace with inflation and the sale of more expensive models.

Average production per working day during the year was 2,180 (2,116) vehicles. Total output rose by 5.4 % to 529,636 units. Production was started at the new Taubaté plant.

The total labor force was enlarged by 1.9 % to 39,467 (38,722). The increase in personnel did not entirely keep pace with the increased vehicle output.

Capital investments totalled DM 143 million, 29.2 % below the previous year's figure.

During the year, the capital stock of Volkswagen do Brasil was increased by Cr\$ 921,503,700 to Cr\$ 2,797,625,000 in consequence of the inflation.

The company's profit for the year under review was an improvement on the previous year's result.

### **Volkswagen Manufacturing Corporation of America, Forest Hills, Pa., USA**

The company was set up on July 6, 1976. Of its authorized capital stock of \$ 40 million, Volkswagenwerk AG had paid in \$ 10.5 million as sole stockholder by December 31, 1976.

In the year under review, the business activities of Volkswagen Manufacturing consisted of preparing for assembly.

The company is to supply the North American market with the Rabbit (the American version of the Golf) through the marketing organizations Volkswagen of America and Volkswagen Canada. Assembly is due to start in the Spring of 1978 and to be increased in stages until 200,000 cars are being produced per year.

Factory facilities already erected but not yet equipped were taken over in Westmoreland County, Pennsylvania, for assembly of the Rabbit. The plant is owned by the Westmoreland County Industrial Development Authority, a state body, with which a leasing contract with purchase option has been concluded. The contract forms part of an agreement for the settlement of new industries which has been signed with the State of Pennsylvania.

With effect from February 1, 1977 a fully operative press shop was taken over in South Charleston, West Virginia and the company was assigned a leasing agreement with regard to land and buildings. Plant and equipment were purchased separately.

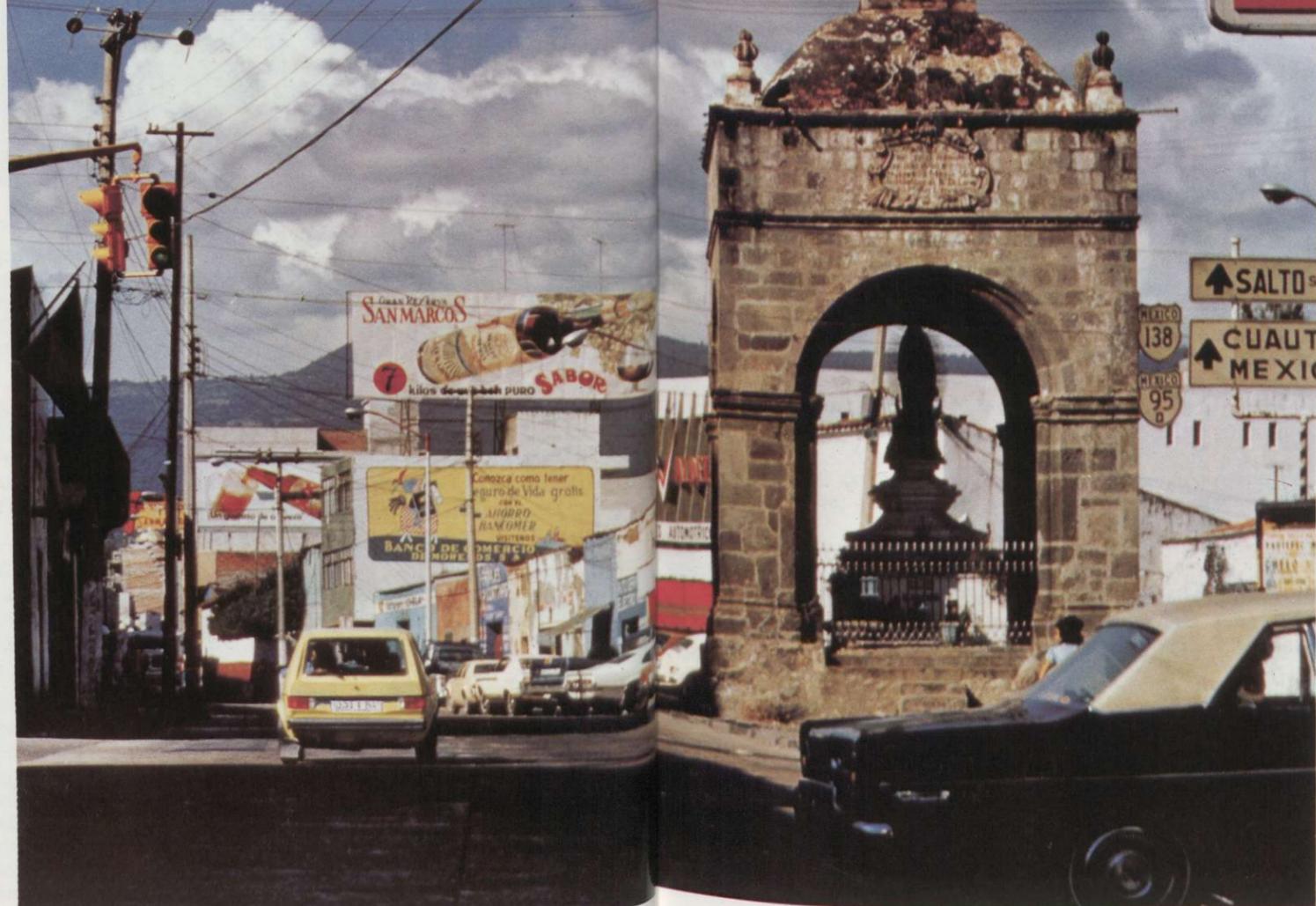
### **Volkswagen de Mexico, S. A. de C. V., Puebla/Pue.**

After 22 years at an unchanged parity with the US dollar, the Mexican Peso was allowed to "float" on September 1, 1976. General loss of confidence led to an unnaturally high devaluation.

This seriously affected the business activities of VW de Mexico. Sales to the dealer organization dropped by 26.4 % to 71,741 (97,524) vehicles. The company's sales proceeds fell by 14.1 % to DM 801 (933) million. Official price controls delayed and limited the passing on of increases in import costs due to devaluation to customers.

Vehicle output was matched to the changed pattern of demand with a reduction of 20.9 % compared with the previous year, to 84,562 vehicles. In 1976 the product range was extended by the inclusion of the Basic Commercial.

By the end of the year the total labor force had been reduced by 10.0 % to 8,683 employees and thus it could not be brought fully into line with the recessive pattern



of trading. In the Spring of 1977 further personnel reductions were effected and the introduction of single-shift working became necessary.

The company made a considerable loss in the 1976 business year which will fully affect the Group's results.

**Volkswagen of South Africa (PTY) Ltd.,  
Uitenhage, C. P.**

The recession which affected most industrial countries during 1974 and 1975 was countered by the South African Government by the granting of large-scale state contracts to various sectors of the economy, a measure rendered possible by the rise in the price of gold during 1974. However, a drop in the gold price led to an economic collapse at the end of 1975, which continued during the year under review.

As a result of this development the South African passenger car market decreased considerably in 1976. The new vehicle registrations totalled only 185,132 vehicles, 19.2 % below the volume of new cars registered a year previously and almost as low a figure as that reached during the recession of 1972. Despite tough competition and a slightly reduced (15.6 %) share of the passenger car market, Volkswagen of South Africa was able to maintain its position as market leader. The light commercial vehicle market in South Africa fell less markedly during the report year; in this case the company secured a 14.6 (16.6) % share of total sales on this market sector.

In the year under review the company assembled and produced 37,485 (49,885) vehicles. The product range comprises the Beetle, Passat, Audi 80, Audi 100 and the Commercial.

On account of the unfavorable market situation, sales of VW and Audi automobiles to dealers fell back by 19.2 % in 1976 to a total of 38,631 vehicles. The relatively slight drop in sales proceeds of 16.4 % to a total of DM 437 million after currency conversion can, however, be primarily attributed to price increases and satisfactory parts trading.

During 1976 the company invested DM 27 million mainly for model refinements.

Despite the drop in sales, VW of South Africa succeeded in making a profit in the 1976 business year.

**Volkswagen Bruxelles S. A.,  
Brussels, Belgium**

In 1976 Volkswagen Bruxelles increased its total assembly figure of Passat vehicles by 29.4 % to 97,314 units. This considerable increase is due to a higher level of public demand.

The company made a profit in the 1976 business year.

**Volkswagen of Nigeria Ltd.,  
Lagos**

In 1976 Volkswagen of Nigeria assembled 16,244 vehicles.

Although total new passenger car sales in Nigeria were no higher than in the previous year, sales of VW and Audi vehicles increased by 84.2 % to a total of 17,224 units. The company's share of the market rose to 23.5 (13.1) %.

On the commercial vehicle market Volkswagen consolidated its position with a 16.8 % market share.

In December the company took over the importing of VW commercial vehicles from the previous importer.

The 1975/1976 business year (April 30) still showed evidence of the burden of initial costs. Overall this led to a slightly negative result.

**TAS Tvorica Automobila Sarajevo,  
Vogosca, Yugoslavia**

This company, established jointly with the former VW importer UNIS in 1972, delivered 951 imported and 9,108 assembled vehicles to customers during the report year. At the end of the year, the VW 1200 assembly lines were converted to produce the Golf.

The company made a profit in the 1976 business year.

**P. T. German Motor Manufacturing,  
Jakarta, Indonesia**

This company, in which Volkswagenwerk AG, Daimler-Benz AG and an Indonesian partner have equal holdings, produced 5,898 vehicles in 1976, and thus was able to assemble and dispose of almost the same number of vehicles as in 1975.

The proportion of Volkswagen vehicles among the total number assembled rose by 44.7 % to 3,317 units.

The company made a profit in the 1976 business year.

**Compañía Hispano Alemana de Productos  
Mercedes-Benz y Volkswagen S. A. (MEVOSA),  
Madrid, Spain**

At the end of July 1976 the Volkswagenwerk AG's holding in MEVOSA (26.84 %) was sold to the Instituto Nacional de Industria (INI) and to Daimler-Benz AG. The transaction appeared desirable in view of the fact that MEVOSA now manufactures only Daimler-Benz vehicles.

Despite the sale of our financial interest, the company continues to hold the agency for Volkswagen and Audi products in Spain.

**Motor Producers Ltd.,  
Melbourne, Australia**

With effect from March 31, 1976, Volkswagenwerk AG sold its Australian subsidiary Motor Producers Ltd. to the Japanese automobile concern Nissan Motor Company Ltd.

Up to the end of 1976 the assembly of VW products under contract was continued by Motor Producers Ltd. After that only fully built-up Volkswagen and Audi models will be imported. These vehicles will be marketed by an importer who is independent of the VW Group, as done hitherto.

During the year under review 15,781 vehicles were sold, comprising 9,968 (8,635) passenger cars and 5,813 (6,750) commercials. The passenger car and light commercial vehicle market shares were 2.2 (2.1) % and 5.5 (7.5) % respectively.

## Distributing Companies

### **Volkswagen of America, Inc., Englewood Cliffs, N. J., USA**

Sales of passenger cars in the USA rose during 1976 by 16.9 % to 10.1 million units. However, the pattern of American manufacturers' and imported car sales differed. Recovering demand for large automobiles led to sales of American cars rising by 21.8 %, whereas total sales of imports dropped by 5.5 %. In addition, sales of sub-compacts built by US manufacturers slumped badly.

VW of America delivered 238,167 Volkswagen, Audi and VW-Porsche cars to customers during the year under review, 27.7 % less than a year previously. VW and Audi suffered equally from this downward trend. 11,011 Porsche 911/912 and 924 cars were also supplied, the latter model being new to the US market.

VW of America's share of the US passenger car market fell to 2.3 %, compared with 3.6 % a year previously.

The serious drop in sales can be primarily attributed to the high level of prices we are obliged to charge for our products. Apart from increased production costs in the Federal Republic of Germany, the drop in the dollar exchange rate was a contributing factor.

The capital investments of Volkswagen of America mainly pertain to the take-over of distributorships.

Sales proceeds of our American subsidiary fell in 1976 by 6.0 % to DM 3,270 million. Price increases helped to keep the percentage drop in turnover lower than the reduced sales to the dealer organization would otherwise have occasioned.

The company made a profit during the 1976 business year.

### **Volkswagen France S. A., Paris, France**

In 1976, the French automobile market underwent a distinct upswing, which, however, slackened off noticeably towards the end of the year as the government's credit restrictions, designed to reduce inflation, began to be felt. VW France benefited from the generally positive pattern of trading with sales totalling 71,195 vehicles (55,473 Volkswagen, 15,722 Audi vehicles) to the dealer organization, a 27.9 % rise compared with 1975. The Golf was the top-selling individual Group model, followed by the Passat. However, total new vehicle sales in France grew at a slightly faster rate than the company's sales, so that the share of the passenger car market secured by Volkswagen France fell slightly to 3.5 (3.6) %.

The company was able to make a profit during the 1976 business year.

### **Volkswagen Canada Ltd., Toronto**

The Canadian automobile market demonstrated a slightly falling trend during the year under review. The company, however, was able to raise its deliveries to customers by 7.4 % to 24,067 vehicles compared with 1975. A high level of Rabbit sales contributed greatly to this result.

The share secured by VW, Audi and Porsche cars on the Canadian passenger car market rose in 1976 to 2.4 (2.1) %.

Increased sales and price increases resulted in the sales proceeds rising by 13.8 % to DM 352 million compared with the previous year.

The company made a profit during the 1976 business year.

### **Svenska Volkswagen AB, Södertälje, Sweden**

A high level of new car business was maintained on the Swedish automobile market throughout 1976. This was to some extent explained by the embargo on price increases for new passenger cars and spare parts – including those of foreign origin – imposed by the Swedish government halfway through the year.

Delivery bottlenecks meant that Svenska Volkswagen AB was not entirely able to satisfy the demand for its vehicles. By taking over the importation of Audi vehicles at the beginning of the year the company sold a total of 38,081 units (30,994 Volkswagen and 7,087 Audi) to the dealer organization during 1976, thus surpassing the figure achieved in the previous year. As on other European markets the Golf was the most sought-after model.

In comparison with the expansion on the entire market the small increase in our sales resulted in a reduction of the company's share of the passenger car market including Audi vehicles to 11.2 (13.8) %.

The company concluded the year under review with a profit.

### **WESER-EMS Vertriebsgesellschaft mbH, Bremen**

As a result of restructuring within the VW-Audi marketing organization, the WESER-EMS Vertriebsgesellschaft acquired the function of a holding and participating company as from January 1, 1976, and from the same date assigned its marketing operations to a newly established company, VW-Audi Vertriebszentrum WESER-EMS GmbH + Co. KG, in Bremen. The WESER-EMS Vertriebsgesellschaft holds 58.6 % of the capital stock of the new company.

The good result is derived from the sale of property, plant and equipment, the letting of property to the new sales center and income from the company's financial interest in the new venture. Profits are thus above those for the previous year.

The profit was taken over by the Volkswagenwerk AG in accordance with the Profit and Loss Assumption Agreement.

### **VW-Audi Sales Centers in the Federal Republic of Germany**

The Volkswagenwerk AG has a 26 % holding in 22 VW-Audi sales centers, set up at the beginning of 1976 in the Federal Republic of Germany to perform distributing functions for the VW Group. The high level of home-market demand for the VW Group's cars and for parts enabled the various sales centers to show profitable results from their 1976 business activities.

*The new styling of the Audi 80 is very popular with customers and sales figures are still going up.*



## Other Companies

### **VOTEX, Inc., Englewood Cliffs, N. J., USA**

The company's name was changed in 1976 to VOTEX, Inc. from Volume Export & Trading Corporation.

During the report year, VOTEX was able to expand its sales proceeds by 17.5 % to DM 83 million. The turnover in accessories was only slightly above the previous year's figure, the growth mentioned was for the most part achieved in other trading activities.

The company and its subsidiaries broke even in the year under review.

### **Volkswagen Leasing GmbH, Wolfsburg**

The company was able to further improve its market position during 1976. Both the number of customers and the number of vehicles leased showed a marked increase.

Turnover which also included the proceeds from the leasing of servicing equipment to members of the German VW Group organization amounted to DM 163 million and was 14.5 % above the previous year's figure.

The good results of the previous year showed further improvement. After transfers to reserves, the remaining profit was taken over by the Volkswagenwerk AG in accordance with the Profit and Loss Assumption Agreement.

### **interRent Autovermietung GmbH, Hamburg**

This company hires out passenger cars and trucks for short-term self-drive in the Federal Republic of Germany. In Belgium these activities are carried out by a subsidiary, whereas in the remaining countries of Europe and in many other countries, interRent Autovermietung has negotiated independent license agreements with local companies.

The increase in demand noted since the late Summer of 1975 continued and indeed grew further in the year under review, with the mild economic boom in particular encouraging business travel. This, together with increased business in supplying vehicles temporarily to those involved in accidents, were the main sources of the company's increased volume of trade. Turnover rose to DM 119 million compared with DM 94 million in the previous year.

The company ended the business year with good results. Profits after transfers to reserves were taken over by Volkswagenwerk AG in accordance with the Profit and Loss Assumption Agreement.

### **Wolfsburger Transportgesellschaft mbH, Wolfsburg**

This company undertakes sea and air transportation and all associated transactions for the VW Group.

During the year under review a total of 619,000 (577,000) vehicles was shipped by sea routes. On account of the reduced volume of business in the USA, the company had only 23 vessels on charter at the end of 1976 (compared with 30 a year before).

Despite the general pattern of increased cost, the company succeeded in achieving a good result once again in 1976. The profit was taken over by the Volkswagenwerk AG in accordance with the Profit and Loss Assumption Agreement.

### **VW KREDIT BANK GmbH, Wolfsburg**

This company provides credit facilities as a means of encouraging VW Group automobile sales on the home market. It finances vehicles sold to customers and the purchase of vehicles and parts by the German VW-Audi sales organization.

Despite the keen competition provided by other finance houses, the volume of credit sale dealings was increased. The amount of credit advanced for the purchase of vehicles for stock also grew on account of the improved sales of vehicles achieved by dealers on the home market.

On May 1, 1976 the VW KREDIT BANK increased its capital stock by DM 30 million to DM 52.5 million.

The company achieved a good result for the 1976 business year. The profit was taken over by the Volkswagenwerk AG in accordance with the existing Profit and Loss Assumption Agreement after transfer had been made to reserves.

### **VW-Wohnungsbau Gemeinnützige Gesellschaft mbH, Wolfsburg**

During the report year, the company concentrated its efforts on the modernization and upkeep of existing, older accommodation.

The sale of apartments reduced the number owned by the company slightly during 1976, by 26 units. At the end of the year, the total was 7,167 apartments and 132 units of accommodation in hostels.

**VW-Siedlungsgesellschaft mbH,  
Wolfsburg**

After terminating its new construction work in the previous year, the company concentrated on the servicing, administration and upkeep of the existing dwellings, which at the end of 1976 comprised 5,384 apartments and 608 accommodation units in hostels.

The loss incurred during the report year resulted from the write-off of asset values allowed under tax laws and was absorbed by the Volkswagenwerk AG in accordance with the Profit and Loss Assumption Agreement.

**HOLAD Holding & Administration AG,  
Basle, Switzerland**

HOLAD has a 10 % share of the capital stock of the Wolfsburger Transportgesellschaft, 25.2 % of the capital stock of the French financing company Société Volkswagen de Financement S. A., Paris, 70 % of the capital stock of Vorelco Ltd., Toronto, a company which finances sites for the Canadian VW organization. HOLAD also holds 100 % of the capital stock of VOTEX Inc., Englewood Cliffs, USA.

As in previous years, dividends from HOLAD's holdings were reinvested within the Group as a whole.

**Deutsche Automobilgesellschaft mbH,  
Hanover**

During 1976 the company, which is jointly owned by Daimler-Benz AG and Volkswagenwerk AG, continued its research work on electrically powered automobile construction in accordance with tasks laid down by the two controlling companies.

The profit was taken over equally by the two partners in accordance with the existing Profit and Loss Assumption Agreement.

**VW-Versicherungsvermittlungs-GmbH,  
Wolfsburg**

The company was established on August 4, 1976 in order to handle a uniform insurance program for the VW Group.

The company started its business activities early in 1977.

Other Companies

After a good year for the automobile industry in 1976 there is reason to assume that demand in 1977 will remain stable at the high level now reached. As a result of its model policy decisions, which are to be pursued with the same consequence as hitherto, the VW Group is confident that it will be able to consolidate its position.

Although we expect to increase our sales in the USA during 1977, we can hardly hope to enjoy any significant recovery in our share of the market in view of the disadvantage we incur on price compared with our competitors until Rabbit production reaches the expected figure at the Westmoreland plant.

As growth rates level off in future, the demand for automobiles will be exposed to more severe fluctuations. The VW Group is attempting to adapt to this situation in all sectors by pursuing a middle-of-the-road approach. As regards the Personnel Division this consists of bringing the total labor force in line numerically with the sales pro-

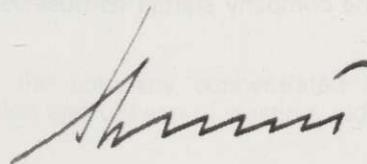
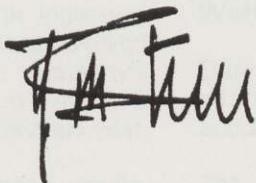
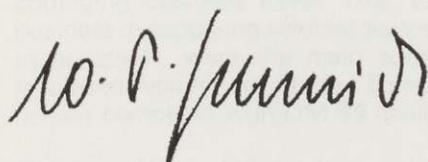
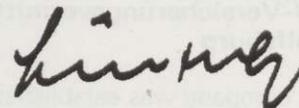
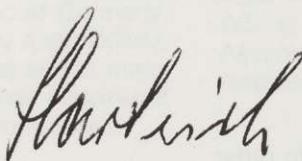
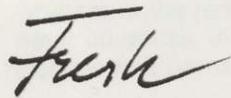
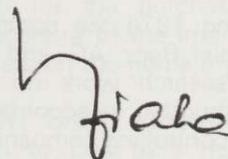
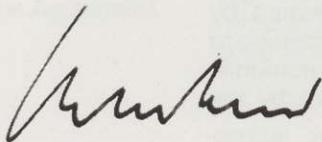
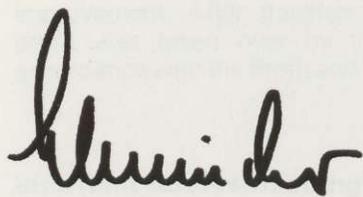
spects which can be regarded as reasonably secure on a long- or medium-term basis, without sacrificing a sufficient degree of flexibility to enable additional demand to be satisfied within delivery periods acceptable to the customer, by means of a combination of limited new recruitment and overtime.

For 1977, we anticipate another good trading result. This assumes, however, that the pattern of trade discernible so far does not seriously deteriorate.

The successful results achieved in 1976 must not be regarded in isolation. A medium-period examination of the VW Group's rate of earnings on total turnover, covering the past five years, shows this to average only 0.6 percent. This is a thoroughly unsatisfactory figure. Our objective must, therefore, be to effect a distinct and lasting improvement in our profitability compared with that of our competitors within the Federal Republic of Germany and abroad.

Wolfsburg, March 15, 1977

The Board of Management





# The Major Companies within the VW Group

December 31, 1976

- Producing Companies
- Distributing Companies
- Other Companies

Companies included in consolidated financial statements of the VW Group\*

Volkswagenwerk AG		Plant Locations: Wolfsburg		Salzgitter		Hanover		Brunswick		Kassel		Emden																																									
Capital Stock DM 900,000,000																																																					
<input type="checkbox"/> AUDI NSU AUTO UNION AG Neckarsulm DM 215,000,000 99%	<input type="checkbox"/> Volkswagen do Brasil S.A. São Bernardo do Campo Brazil Cr \$ 2,797,625,000 80%	<input type="checkbox"/> Volkswagen of South Africa (PTY) Ltd. Uitenhage, C.P., South Africa R 2,428,572 99% 1% VW of America	<input type="checkbox"/> Volkswagen Manufacturing Corporation of America Forest Hills, Pa., USA US \$ 10,501,000 100%	<input type="checkbox"/> Volkswagen of America, Inc. Englewood Cliffs, N.J. USA US \$ 45,000,000 100%	<input type="checkbox"/> Volkswagen France S.A. Paris, France FF 22,000,000 100%	<input type="checkbox"/> interRent Autovermietung GmbH Hamburg DM 1,860,000 100%	<input type="checkbox"/> Volkswagen Leasing GmbH Wolfsburg DM 10,000,000 100%	<input type="checkbox"/> AWD Automobilwirt- schaftsdienst GmbH Ingolstadt DM 20,000 100%	<input type="checkbox"/> Financiadora Volkswagen S.A. São Bernardo do Campo Brazil Cr \$ 65,600,000 100%	<input type="checkbox"/> South African Motor Acceptance Corp. (PTY) Ltd. (SAMAC), Uitenhage, C.P. South Africa R 10,000 100%	<input type="checkbox"/> Volkswagen of Nigeria Ltd. Lagos, Nigeria N 3,000,000 40%	<input type="checkbox"/> VICO Corporation Delaware, USA US \$ 2,685,157 41.9%	<input type="checkbox"/> Soci�t� Volkswagen de Financement S.A. Paris, France FF 17,500,000 72.1% 25.2% HOLAD	<input type="checkbox"/> Selbstfahrer Union GmbH Hamburg DM 20,000 100%	<input type="checkbox"/> Deutsche Automobil- gesellschaft mbH Hanover DM 5,000,000 50%	<input type="checkbox"/> AUDI NSU A/S Odense, Denmark dkr 100,000 100%	<input type="checkbox"/> Distrivols S.A. S�o Paulo, Brazil Cr \$ 6,500,000 100%	<input type="checkbox"/> Volkswagen Bruxelles S.A. Brussels, Belgium bfrs 425,000,000 100%	<input type="checkbox"/> TAS Tvornica Automobila Sarajevo Vogosca, Yugoslavia Din 149,275,000 49%	<input type="checkbox"/> Volkswagen Products Corporation Fort Worth, Texas, USA US \$ 1,000 100%	<input type="checkbox"/> Svenska Volkswagen AB S�dert�lje, Sweden skr. 42,000,000 33.3%	<input type="checkbox"/> DIRANUS Versicherungs- Vermittlungs-GmbH Hamburg DM 30,000 100%	<input type="checkbox"/> VW-Wohnungsbau Gemeinnutzige Gesellschaft mbH Wolfsburg DM 2,000,000 100%	<input type="checkbox"/> AUDI NSU AUSTRIA Ges.m.b.H. Salzburg, Austria S 100,000 51%	<input type="checkbox"/> Forjaria S�o Bernardo S.A. S�o Bernardo do Campo Brazil Cr \$ 54,900,000 33.3%	<input type="checkbox"/> P.T. German Motor Manufacturing Jakarta, Indonesia Rp 1,043,165,466 33.3%	<input type="checkbox"/> Vorelco, Inc. Englewood Cliffs, N.J. USA US \$ 18,500,000 100%	<input type="checkbox"/> Volkswagen i Stockholm AB Stockholm, Sweden skr. 6,000,000 100%	<input type="checkbox"/> interRent S.A. Brussels, Belgium bfrs 20,000,000 99.9%	<input type="checkbox"/> VW-Siedlungs- gesellschaft mbH Wolfsburg DM 20,000,000 100%	<input type="checkbox"/> Compagnie de Commerce et Commission S.A. Paris, France FF 300,000 100%	<input type="checkbox"/> Trans-Trading Brasil Exportadora S.A. S�o Bernardo do Campo Brazil Cr \$ 20,000,000 100%	<input type="checkbox"/> Volkswagen de Mexico, S.A. de C.V. Puebla/Pue., Mexico mex \$ 1,132,952,000 100%	<input type="checkbox"/> Vorelco of California, Inc. Culver City, Ca., USA US \$ 5,000 100%	<input type="checkbox"/> WESER-EMS Vertriebs- gesellschaft mbH Bremen DM 8,000,000 81.3%	<input type="checkbox"/> interRent Location de Voitures S.A.R.L., i.L. Paris, France FF 13,000,000 100%	<input type="checkbox"/> HOLAD Holding & Administration AG Basle, Switzerland sfrs. 110,000 100%	<input type="checkbox"/> AUDI NSU FRANCE S.A. Paris, France, i.L. FF 2,000,000 65% 35% AUDI NSU AUTO UNION AG	<input type="checkbox"/> Companhia Vale do Rio Cristalino S.A. Santana do Araguaia, Par� Brazil Cr \$ 86,293,241 74.7% 19.9% Transalme	<input type="checkbox"/> Volkswagen Comercial, S.A. de C.V. Puebla/Pue., Mexico mex \$ 80,000,000 100%	<input type="checkbox"/> Volkswagen Canada Ltd. Toronto, Ontario, Canada Can \$ 500,000 100%	<input type="checkbox"/> VW-Audi Vertriebszentrum WESER-EMS GmbH Bremen DM 50,000 58.6% 26% VW AG	<input type="checkbox"/> Wolfsburg Transport- gesellschaft mbH Wolfsburg DM 500,000 90% 10% HOLAD	<input type="checkbox"/> VOTEX, Inc. Englewood Cliffs, N.J. USA US \$ 2,100,000 100%	<input type="checkbox"/> Cons�rcio Nacional Volkswagen Ltda. S�o Paulo, Brazil Cr \$ 2,000,000 100%	<input type="checkbox"/> VW Leasing, S.A. de C.V. Mexico/D.F., Mexico mex \$ 15,000,000 51%	<input type="checkbox"/> Vorelco Ltd. Toronto, Ontario, Canada Can \$ 10,000,000 30% 70% HOLAD	<input type="checkbox"/> VW-Audi Vertriebszentrum WESER-EMS GmbH + Co. KG, Bremen DM 5,250,000 58.6% 26% VW AG	<input type="checkbox"/> VW KREDIT BANK GmbH Wolfsburg DM 52,500,000 100%	<input type="checkbox"/> VOTEX Warenhandels- gesellschaft mbH Sprendlingen DM 500,000 100%	<input type="checkbox"/> Transalme Sociedade de Representa�es Administra- �o e Organiza�o Ltda. S�o Bernardo do Campo Brazil Cr \$ 35,000 100%	<input type="checkbox"/> VW-Versicherungsver- mittlung-GmbH Wolfsburg DM 500,000 66.7%	<input type="checkbox"/> VOTEX de Mexico, S.A. de C.V. Mexico/D.F., Mexico mex \$ 1,250,000 90% 10% VW de Mexico
<input type="checkbox"/> AUDI NSU A/S Odense, Denmark dkr 100,000 100%	<input type="checkbox"/> Distrivols S.A. S�o Paulo, Brazil Cr \$ 6,500,000 100%	<input type="checkbox"/> Volkswagen Bruxelles S.A. Brussels, Belgium bfrs 425,000,000 100%	<input type="checkbox"/> TAS Tvornica Automobila Sarajevo Vogosca, Yugoslavia Din 149,275,000 49%	<input type="checkbox"/> Volkswagen Products Corporation Fort Worth, Texas, USA US \$ 1,000 100%	<input type="checkbox"/> Svenska Volkswagen AB S�dert�lje, Sweden skr. 42,000,000 33.3%	<input type="checkbox"/> DIRANUS Versicherungs- Vermittlungs-GmbH Hamburg DM 30,000 100%	<input type="checkbox"/> VW-Wohnungsbau Gemeinnutzige Gesellschaft mbH Wolfsburg DM 2,000,000 100%	<input type="checkbox"/> AUDI NSU AUSTRIA Ges.m.b.H. Salzburg, Austria S 100,000 51%	<input type="checkbox"/> Forjaria S�o Bernardo S.A. S�o Bernardo do Campo Brazil Cr \$ 54,900,000 33.3%	<input type="checkbox"/> P.T. German Motor Manufacturing Jakarta, Indonesia Rp 1,043,165,466 33.3%	<input type="checkbox"/> Vorelco, Inc. Englewood Cliffs, N.J. USA US \$ 18,500,000 100%	<input type="checkbox"/> Volkswagen i Stockholm AB Stockholm, Sweden skr. 6,000,000 100%	<input type="checkbox"/> interRent S.A. Brussels, Belgium bfrs 20,000,000 99.9%	<input type="checkbox"/> VW-Siedlungs- gesellschaft mbH Wolfsburg DM 20,000,000 100%	<input type="checkbox"/> Compagnie de Commerce et Commission S.A. Paris, France FF 300,000 100%	<input type="checkbox"/> Trans-Trading Brasil Exportadora S.A. S�o Bernardo do Campo Brazil Cr \$ 20,000,000 100%	<input type="checkbox"/> Volkswagen de Mexico, S.A. de C.V. Puebla/Pue., Mexico mex \$ 1,132,952,000 100%	<input type="checkbox"/> Vorelco of California, Inc. Culver City, Ca., USA US \$ 5,000 100%	<input type="checkbox"/> WESER-EMS Vertriebs- gesellschaft mbH Bremen DM 8,000,000 81.3%	<input type="checkbox"/> interRent Location de Voitures S.A.R.L., i.L. Paris, France FF 13,000,000 100%	<input type="checkbox"/> HOLAD Holding & Administration AG Basle, Switzerland sfrs. 110,000 100%	<input type="checkbox"/> AUDI NSU FRANCE S.A. Paris, France, i.L. FF 2,000,000 65% 35% AUDI NSU AUTO UNION AG	<input type="checkbox"/> Companhia Vale do Rio Cristalino S.A. Santana do Araguaia, Par� Brazil Cr \$ 86,293,241 74.7% 19.9% Transalme	<input type="checkbox"/> Volkswagen Comercial, S.A. de C.V. Puebla/Pue., Mexico mex \$ 80,000,000 100%	<input type="checkbox"/> Volkswagen Canada Ltd. Toronto, Ontario, Canada Can \$ 500,000 100%	<input type="checkbox"/> VW-Audi Vertriebszentrum WESER-EMS GmbH Bremen DM 50,000 58.6% 26% VW AG	<input type="checkbox"/> Wolfsburg Transport- gesellschaft mbH Wolfsburg DM 500,000 90% 10% HOLAD	<input type="checkbox"/> VOTEX, Inc. Englewood Cliffs, N.J. USA US \$ 2,100,000 100%	<input type="checkbox"/> Cons�rcio Nacional Volkswagen Ltda. S�o Paulo, Brazil Cr \$ 2,000,000 100%	<input type="checkbox"/> VW Leasing, S.A. de C.V. Mexico/D.F., Mexico mex \$ 15,000,000 51%	<input type="checkbox"/> Vorelco Ltd. Toronto, Ontario, Canada Can \$ 10,000,000 30% 70% HOLAD	<input type="checkbox"/> VW-Audi Vertriebszentrum WESER-EMS GmbH + Co. KG, Bremen DM 5,250,000 58.6% 26% VW AG	<input type="checkbox"/> VW KREDIT BANK GmbH Wolfsburg DM 52,500,000 100%	<input type="checkbox"/> VOTEX Warenhandels- gesellschaft mbH Sprendlingen DM 500,000 100%	<input type="checkbox"/> Transalme Sociedade de Representa�es Administra- �o e Organiza�o Ltda. S�o Bernardo do Campo Brazil Cr \$ 35,000 100%	<input type="checkbox"/> VW-Versicherungsver- mittlung-GmbH Wolfsburg DM 500,000 66.7%	<input type="checkbox"/> VOTEX de Mexico, S.A. de C.V. Mexico/D.F., Mexico mex \$ 1,250,000 90% 10% VW de Mexico																
<input type="checkbox"/> Compagnie de Commerce et Commission S.A. Paris, France FF 300,000 100%	<input type="checkbox"/> Trans-Trading Brasil Exportadora S.A. S�o Bernardo do Campo Brazil Cr \$ 20,000,000 100%	<input type="checkbox"/> Volkswagen de Mexico, S.A. de C.V. Puebla/Pue., Mexico mex \$ 1,132,952,000 100%	<input type="checkbox"/> Vorelco of California, Inc. Culver City, Ca., USA US \$ 5,000 100%	<input type="checkbox"/> WESER-EMS Vertriebs- gesellschaft mbH Bremen DM 8,000,000 81.3%	<input type="checkbox"/> interRent Location de Voitures S.A.R.L., i.L. Paris, France FF 13,000,000 100%	<input type="checkbox"/> HOLAD Holding & Administration AG Basle, Switzerland sfrs. 110,000 100%	<input type="checkbox"/> AUDI NSU FRANCE S.A. Paris, France, i.L. FF 2,000,000 65% 35% AUDI NSU AUTO UNION AG	<input type="checkbox"/> Companhia Vale do Rio Cristalino S.A. Santana do Araguaia, Par� Brazil Cr \$ 86,293,241 74.7% 19.9% Transalme	<input type="checkbox"/> Volkswagen Comercial, S.A. de C.V. Puebla/Pue., Mexico mex \$ 80,000,000 100%	<input type="checkbox"/> Volkswagen Canada Ltd. Toronto, Ontario, Canada Can \$ 500,000 100%	<input type="checkbox"/> VW-Audi Vertriebszentrum WESER-EMS GmbH Bremen DM 50,000 58.6% 26% VW AG	<input type="checkbox"/> Wolfsburg Transport- gesellschaft mbH Wolfsburg DM 500,000 90% 10% HOLAD	<input type="checkbox"/> VOTEX, Inc. Englewood Cliffs, N.J. USA US \$ 2,100,000 100%	<input type="checkbox"/> Cons�rcio Nacional Volkswagen Ltda. S�o Paulo, Brazil Cr \$ 2,000,000 100%	<input type="checkbox"/> VW Leasing, S.A. de C.V. Mexico/D.F., Mexico mex \$ 15,000,000 51%	<input type="checkbox"/> Vorelco Ltd. Toronto, Ontario, Canada Can \$ 10,000,000 30% 70% HOLAD	<input type="checkbox"/> VW-Audi Vertriebszentrum WESER-EMS GmbH + Co. KG, Bremen DM 5,250,000 58.6% 26% VW AG	<input type="checkbox"/> VW KREDIT BANK GmbH Wolfsburg DM 52,500,000 100%	<input type="checkbox"/> VOTEX Warenhandels- gesellschaft mbH Sprendlingen DM 500,000 100%	<input type="checkbox"/> Transalme Sociedade de Representa�es Administra- �o e Organiza�o Ltda. S�o Bernardo do Campo Brazil Cr \$ 35,000 100%	<input type="checkbox"/> VW-Versicherungsver- mittlung-GmbH Wolfsburg DM 500,000 66.7%	<input type="checkbox"/> VOTEX de Mexico, S.A. de C.V. Mexico/D.F., Mexico mex \$ 1,250,000 90% 10% VW de Mexico																															
<input type="checkbox"/> Cons�rcio Nacional Volkswagen Ltda. S�o Paulo, Brazil Cr \$ 2,000,000 100%	<input type="checkbox"/> VW Leasing, S.A. de C.V. Mexico/D.F., Mexico mex \$ 15,000,000 51%	<input type="checkbox"/> Vorelco Ltd. Toronto, Ontario, Canada Can \$ 10,000,000 30% 70% HOLAD	<input type="checkbox"/> VW-Audi Vertriebszentrum WESER-EMS GmbH + Co. KG, Bremen DM 5,250,000 58.6% 26% VW AG	<input type="checkbox"/> VW KREDIT BANK GmbH Wolfsburg DM 52,500,000 100%	<input type="checkbox"/> VOTEX Warenhandels- gesellschaft mbH Sprendlingen DM 500,000 100%	<input type="checkbox"/> Transalme Sociedade de Representa�es Administra- �o e Organiza�o Ltda. S�o Bernardo do Campo Brazil Cr \$ 35,000 100%	<input type="checkbox"/> VW-Versicherungsver- mittlung-GmbH Wolfsburg DM 500,000 66.7%	<input type="checkbox"/> VOTEX de Mexico, S.A. de C.V. Mexico/D.F., Mexico mex \$ 1,250,000 90% 10% VW de Mexico																																													

\* The following companies which have been included in the consolidation, do not appear in this table: Volkswagen Properties (PTY) Ltd., Uitenhage and its subsidiaries Volksprop Algoa Road and Volksprop Halfway House.

## Comments on the Consolidated Financial Statements of the VW Group

### Basis of Consolidation

#### Scope of Consolidation

The consolidated financial statements principally include all subsidiaries and affiliates in which the Volkswagenwerk AG holds a direct or indirect investment of more than 50 %. In addition to Volkswagenwerk AG 14 domestic and 30 foreign subsidiaries and affiliates were consolidated. These companies are shown in the illustration on page 48.

For the first time the following companies were consolidated in 1976:

VW-Audi Vertriebszentrum WESER-EMS GmbH,  
Bremen,

VW-Audi Vertriebszentrum WESER-EMS GmbH +  
Co. KG, Bremen,

Volkswagen Manufacturing Corporation of America,  
Forest Hills, Pennsylvania, USA,

Consórcio Nacional Volkswagen Ltda., São Paulo.

The Consórcio Nacional Volkswagen Ltda. which was established on January 16, 1976 will be responsible for the administration of the Brazilian vehicle purchasing companies after receiving ministerial permission.

The scope of consolidation does not include 2 domestic and 21 foreign subsidiaries and affiliates of which 10 dealerships are in the USA and Canada. The ones mainly concerned are as follows:

VW-Versicherungsvermittlungs-GmbH, Wolfsburg,

Auto Union GmbH, Munich,

VW Automotive Industries (Australia) PTY. Ltd.,  
Melbourne/Australia,

Compagnie de Commerce et Commission S.A. (CCC),  
Paris,

AUDI NSU FRANCE S.A., Paris, (in liquidation),

VODECO, Inc., Detroit/Michigan.

The VW-Versicherungsvermittlungs-GmbH, Wolfsburg which had been established on August 4, 1976 did not commence its business activities before January 1, 1977 and was not consolidated because the volume of business at the balance sheet date was immaterial in comparison with the consolidated balances.

The VODECO was founded on May 12, 1976 as a company for the preparation and establishing of the Manufacturing Corporation of America. The company was dissolved after completion of its tasks during the report year.

The volume of business of the other companies not included in the consolidated financial statements is immaterial in comparison to the consolidated balances. In some cases there was no business at all. The exclusion of these companies from the consolidated financial statements does not affect the VW Group's sales and earnings situation.

#### Compliance with Standard German Practices of Accounting

The individual financial statements of the subsidiaries and affiliates which are consolidated have been prepared in accordance with the legal requirements and the accounting practices of the countries concerned and certified. In one case, however, the financial statements of certain Group companies were checked in order to find out if they comply with standard practices of accounting. Where the individual financial statements were presented in a manner not in keeping with standard German practices of accounting as laid down in the German stock corporation law the appropriate adjustments were made prior to consolidation. Where the values shown were at variance with German accounting principles, we have adjusted such items making particular use of the concept of prudence and the cost of acquisition method.

#### Conversion Rate

The values for property, plant, equipment and investments were converted at the average rates of exchange for the respective year of acquisition or production of the various items (former rates) and for the subscribed capital stock and the other reserves the rates of exchange valid at the date of transfer were used. The conversion rate used for all other balance sheet items was an average of the buying and selling rates of exchange valid on the balance sheet date. We have converted the expenditures and income items shown in the statement of earnings at a rate which constituted an average for the year; an exception was made with regard to the ascertaining of the provision for depreciation of physical plant and the write-down of financial investments which was also based on the rates of exchange for the year of acquisition. For the periods before and after devaluation of the Mexican Peso different average rates of exchange have been used.

The differences of rates of exchange incurred by converting balance sheet items are shown as adjustment items arising from conversion. They have not affected the net earnings for the report year. Other differences of rates of exchange incurred by converting the items shown in the statement of earnings were eliminated before assessing the net earnings and thus they could not influence the net earnings.

#### Method of Presentation

The consolidated financial statements were prepared in accordance with the requirements of German stock corpo-

ration law and the consolidated balance sheet shows the change which took place in property, plant, equipment and investments. Changes in the method of presentation which had proved necessary from the Group's point of view were effected. The amounts provided for the distribution to the holders of participating certificates in the AUDI NSU AUTO UNION AG are now shown under liabilities. We have taken due account of the legal restrictions placed on the capital stock of a non-profit company in the consolidated financial statements by including the reserves and the non-distributed part of the net earnings of this company in consolidated undetermined liabilities shown in the consolidated balance sheet. The consolidated statement of earnings is prepared in detail and includes the subsidiaries involved in consolidation.

### **Adjustment Items arising from Consolidation**

**Capital Consolidation** was effected for the first time by differentiation of adjustment items arising from the initial and consecutive consolidation. When using this method of capital consolidation the acquisition costs of the interests in consolidated companies are set off against the capital stock at the time of acquisition of the interest and included in the consolidated financial statements. The adjustment items resulting from initial consolidation were shown on the assets side between property, plant, equipment and investments and current assets or on the liabilities separately under consolidated reserves.

The adjustment items resulting from the consecutive consolidation – insofar as they are reserves set aside for capital stock increases from company funds which originated from profits earned by the consolidated company during the period of inclusion in consolidated financial statements – are consolidated with the parent company's unappropriated earned surplus and shown as reserves arising from earnings in the consolidated balance sheet.

When changing over from the German method of consolidation at the balance sheet date to the method of capital consolidation by differentiation of the initial and consecutive consolidation items more detailed findings of the consolidated financial statements are attained.

The **Reserve from Capital Stock Surplus** includes the premium amounts in the legal reserve of Volkswagenwerk AG which have been reduced by the adjustment items arising from conversion.

The **Reserve for the Share-the-Burden Property Levy** shown includes the reserve of the Volkswagenwerk AG and the Group's share of AUDI NSU AUTO UNION AG in this reserve.

The **Reserves of the Group arising from Earnings** include other reserves as well as part of the legal reserve of the Volkswagenwerk AG, the Group's share in the reserves of the companies included in consolidation, capital stock

increases of subsidiaries and affiliates from company funds and all other amounts which in previous years were shown separately as other adjustment items. These are differences from offsetting arising from consolidation which were determined in accordance with the principles used hitherto and intercompany gains which must be eliminated.

The remaining net earnings of the subsidiaries and affiliates which were not set aside for distribution to an outside stockholder or holders of participating certificates and also the losses of the consolidated companies were included under the reserves of the Group arising from earnings. If dividends were distributed to the parent company these have been shown in the consolidated statement of earnings as transfers from this item. In consequence the net earnings shown in the consolidated financial statements are identical with those published in the Volkswagenwerk AG's financial statements.

When ascertaining the **Minority Interest in Consolidated Subsidiaries**, in the case of financial statements of foreign companies the individual financial statements which were brought into line according to the principle dictated by normal accounting practice in Germany and converted into DM were taken as a basis. The differences resulting from conversion and incurred in the course of consolidation were percentually assigned to the minorities.

### **Statement of Earnings**

Intercompany expenditures and income have been eliminated. Consolidated transactions have influenced the business results.

Taxes, which have to be paid subsequently on earnings within the Group by consolidated companies, are taken into account in the year of distribution.

## Financial Position

In the year under review the financial position reflected a good earnings situation. The net earnings of the VW Group made it possible to balance out the losses incurred in the last two business years and influenced the cash

flow\* in a positive manner. Since the investments made in the report year only increased slightly as compared to the previous year the cash flow exceeded the investments by DM 1,914 million or 168 %.

	Dec. 31, 1976		Dec. 31, 1975	
	– Million DM –			
<b>Assets</b>				
Property, Plant, Equipment and Investments	6,034	42 %	6,334	49 %
Current Assets	8,426**	58 %	6,635**	51 %
	<u>14,460**</u>	<u>100 %</u>	<u>12,969**</u>	<u>100 %</u>
<b>Liabilities</b>				
Stockholders Equity	4,001	28 %	3,118	24 %
Liabilities payable within more than 4 years	3,036	21 %	2,704	21 %
1 to 4 years	1,761	12 %	1,129	9 %
1 year	5,662	39 %	6,018	46 %
	<u>14,460**</u>	<u>100 %</u>	<u>12,969**</u>	<u>100 %</u>

In the report year balance sheet totals increased by DM 1,491 million to DM 14,460 million as compared to the prior year. As in the previous year investments were lower than depreciation and this resulted in a further reduction of property, plant, equipment and investments. In consequence the property, plant, equipment and investment's share in balance sheet totals dropped. The increase of the current assets resulted from higher inventories on the one hand and from the improved liquidity position on the other.

Stockholders' equity rose as a result of the favorable earnings situation and in consequence the proportion of stockholders' equity in balance sheet totals increased. Liabilities went up by DM 608 million. The further regrouping in favor of long-term liabilities resulted in an increase in the long- and medium-term liabilities and in a decrease in the short-term liabilities by DM 356 million.

\* The following items as shown hereunder are included in the cash flow:

	Net earnings/net loss
+	Provision for depreciation of physical plant and write-down of investments
-	Write-ups and accumulation of discount
+	Decrease in property, plant, equipment and investments
+	Increase in provision for old-age pensions
+/-	Increase/Decrease of stockholders' equity in reserves for special purposes
	<u>= Cash flow</u>

\*\* Current assets and balance sheet totals were decreased by the amount shown under liabilities as allowance for doubtful trade acceptances and accounts.

<b>General situation regarding short-term liquidity</b>	Dec. 31, 1976	Dec. 31, 1975	Increase
	– Million DM –		
Liquid funds, trade acceptances*	2,888	1,619	1,269
Securities, own stock	173	48	125
Short-term receivables and loans (advance payments not included)*	1,699	1,607	92
Short-term liabilities and undetermined liabilities (including liabilities in reserves for special purposes)**	5,560	6,016	456
			<u>1,942</u>
			<u><u>1,942</u></u>
	In 1976 the increase (decrease) in the liquidity position resulted from the following (Million DM):		
<b>from current business</b>			
Net earnings		1,004	
Provision for depreciation of physical plant and write-down of investments (net of accumulated discount and write-ups) and decrease in property, plant, equipment and investments		1,441	
Increase in provision for old-age pensions		611	
Decrease in stockholders' equity in reserves for special purposes		(1)	3,055
<b>from financial transactions</b>			
Dividend payments to minorities in 1976		(6)	
Increase in long- and medium-term liabilities		356	
Decrease in other items shown on the liabilities side		(12)	338
<b>from uses of funds</b>			
Increase in physical plant		(1,041)	
Increase in investments		(100)	
Increase in inventories and advance payments*		(318)	
Decrease in long- and medium-term receivables*		8	(1,451)
<b>Increase in the liquidity position</b>			<u><u>1,942</u></u>

\* Reduced by the allowance for doubtful trade acceptances and accounts shown on the liabilities side  
 \*\* Not including the amounts available for distribution

## Group's Assets in Germany and Abroad

The following breakdown of the capital invested by the VW Group shows assets and liabilities according to regions. Thus the bulk of VW Group's net assets is invested in Europe.

### Breakdown of the Consolidated Balance Sheet of the VW Group according to Regions\*

	Europe	North America	Latin America	Africa	Consolidated Balance Sheet of the VW Group
	– Million DM –				
<b>Property, Plant, Equipment and Investments</b>					
Property, plant and equipment	3,876	344	1,150	104	5,474
Investments (including adjustment items arising from initial consolidation)	390	81	87	2	560
	4,266	425	1,237	106	6,034
<b>Current Assets</b>					
Inventories (including advance payments to suppliers)	1,760	672	680	155	3,267
Trade accounts receivable	1,487	96	391	124	2,098
Liquid funds	2,530	228	303	0	3,061
	5,777	996	1,374	279	8,426
<b>Liabilities</b>	7,818	876	1,524	241	10,459
<b>Net Worth</b>	2,225	545	1,087	144	4,001

\* Current assets were decreased by the amounts shown under liabilities as allowance for doubtful trade acceptances and accounts.

## Balance Sheet

### Assets

In the year under review the book value of **Property, Plant, Equipment and Intangible Assets** decreased by DM 336 million to DM 5,474 million. The original cost of property, plant and equipment is the purchase or production cost. Expendable equipment was subject to regular depreciation; in addition to this, there were minor additional depreciations due to the economic situation.

The total sum invested in property, plant and equipment was DM 138 million above that of the previous year and amounted to DM 1,041 million. 22 % of these investments pertain to Volkswagenwerk AG, 15 % each to Volkswagen Leasing and AUDI NSU AUTO UNION AG and 10 % to Volkswagen do Brasil. The major part of the additions concerns plant and office equipment and deals with leasing and rented vehicles. The deductions in respect of property, plant and equipment included the grants made from public funds for additions of previous years, the sales of used plant and equipment, mainly of vehicles used for leasing and car hiring activities, and disposals of property, plant and equipment due to scrapping.

The book value of **Investments** increased by DM 58 million to DM 299 million. The additions to **Investments in Subsidiaries and Affiliates** referred almost exclusively to Volkswagenwerk AG's investments in the domestic sales centers. In addition this balance sheet item includes mainly Volkswagenwerk AG's investments in the Svenska Volkswagen AB, the TAS Tvoronica Automobila Sarajevo and the Volkswagen of Nigeria as well as Volkswagen of America's investments in the VICO Corp.

**Other Investment Securities** consist mainly of securities held by Volkswagen do Brasil.

The additions to **Long-term Loans Receivable with an Initial Term of Four Years or Longer** pertain to 90 % to a loan granted by Vorelco Inc. In addition this item mainly pertain to loans granted by Volkswagenwerk AG. Interest-free and low interest-bearing loans have been discounted to reflect present values. Amounts of interest to be deducted or added are shown under write-downs and write-ups respectively.

**Other Investments** consist of investments of Volkswagen do Brasil associated with tax benefits and of a compulsory loan by Volkswagen of South Africa.

**Adjustment Items arising from Initial Consolidation** mainly concern the AUDI NSU AUTO UNION AG, the Volkswagen Bruxelles and the interRent Autovermietung. These adjustment items represent the values in addition to those assets of the companies shown at the time of effecting these investments. In order to take into account value reductions the write-downs of VW AG's investments in AUDI NSU AUTO UNION AG by Volkswagenwerk AG were deducted from these adjustment items.

As compared to the previous year **Inventories** increased by DM 323 million or 11 % to DM 3,261 million. The decrease in inventories held by Volkswagen do Brasil and Volkswagen de Mexico was offset by the increases mainly by the Volkswagenwerk AG, the Volkswagen of America and the Volkswagen France.

In the year under review **Trade Accounts Receivable** decreased by DM 90 million to DM 523 million. 70 % of the total trade accounts receivable pertain to domestic subsidiaries and affiliates and 30 % to foreign subsidiaries and affiliates.

**Trade Acceptances** which were mainly held by the Volkswagen Comercial in Mexico and the Volkswagen France decreased by a total of DM 28 million to DM 149 million.

**Cash in Banks** amounting to DM 2,702 million almost doubled. The increase was mainly due to a rise in such funds in Volkswagenwerk AG, Volkswagen of America and AUDI NSU AUTO UNION AG.

The increase in VW Group's portfolio of **Securities** by DM 125 million to DM 152 million resulted from the short-term investment of liquid funds by Volkswagen do Brasil.

**Own Stock** was shown unchanged as against the previous year. The method of valuation was maintained.

**Receivables from Subsidiaries and Affiliates** were in the main an outstanding balance of AUDI NSU AUTO UNION AG due from a foreign company and receivables of Volkswagen of America due from its own dealerships.

**Miscellaneous Other Current Assets** increased by DM 181 million to DM 1,518 million as compared to the previous year. 80 % of this item consists of claims of the financing companies resulting from financing of sales and items purchased. Miscellaneous other current assets also include tax refunds, prepayments of taxes and interest receivable.

**Prepaid and Deferred Expenses** shown on the assets side pertain primarily to deferred commissions of the Volkswagen Leasing GmbH and discounted long-term loans of Volkswagenwerk AG and VW-Siedlungsgesellschaft mbH.

## Liabilities

The **Consolidated Reserves** include the reserve from capital stock surplus, the reserve for the Share-the-Burden Property Levy, the reserves of the Group arising from earnings and the adjustment items arising from initial consolidation.

The premium amounts resulting from an increase in capital stock and which were included in the legal reserve of Volkswagenwerk AG amounting to DM 234 million have been allocated to the **Reserve from Capital Stock Surplus**.

The **Reserves of the Group arising from Earnings** include other reserves of the Volkswagenwerk AG as well as the remaining part of the legal reserve of the parent company and the Group's share in the reserves of the companies included in consolidation of which DM 334 million were changed into subscribed capital stock. The adjustment items arising during consolidation are also included in the reserves of the Group arising from earnings. Write-downs in respect of a consolidated foreign company were eliminated during consolidation and are reflected as an increase.

The **Adjustment Items arising from Initial Consolidation** resulted from the initial consolidation of Volkswagen of South Africa. This amount represents the difference between the net assets of the company and the acquisition costs of the interest at the time of effecting this investment.

**Minority Interest in Consolidated Subsidiaries** represents in the main minority interest in the Volkswagen do Brasil, the AUDI NSU AUTO UNION AG and a subsidiary of Volkswagen de Mexico. Minority interest in earnings resulted from Volkswagen do Brasil and the WESER-EMS Vertriebsgesellschaften. Two smaller companies in Mexico and Brazil in which minority interest exists incurred losses.

Virtually all **Reserves for Special Purposes** originated from the financial statements of Volkswagenwerk AG.

The **Allowance for Doubtful Trade Acceptances and Accounts** serves as security for covering the general credit risks.

Of the total **Undetermined Liabilities** 45 % are long-term liabilities, 20 % are of a medium-term nature and 35 % are short-term liabilities.

**Undetermined Liabilities in respect of Old-Age Pensions** arise from the domestic sector within the Group. The so-called "Teilwertverfahren" was used for the computation. Only AUDI NSU AUTO UNION AG made use of a provisional tax regulation, in this case the full "Teilwert" will be built up in 1977.

**Undetermined Liabilities for Maintenance not Performed during Current Year** pertain to the Volkswagenwerk AG and AUDI NSU AUTO UNION AG.

**Undetermined Liabilities for Warranties without Legal Obligation** originated in the main from the financial statements of Volkswagenwerk AG and AUDI NSU AUTO UNION AG.

**Other Undetermined Liabilities** consist primarily of warranty and distribution costs, personnel costs and taxes.

**Liabilities with an Initial Term of Four Years or Longer** were shown practically unchanged as against the previous year.

64 % of **Trade Accounts Payable** pertained to domestic subsidiaries and affiliates and 36 % was due from foreign companies within the VW Group.

**Liabilities resulting from the Acceptance of Bills Drawn and the Issuing of Promissory Notes** were shown in the main in the financial statements of Volkswagen do Brasil, Volkswagen of South Africa and Volkswagen de Mexico.

**Liabilities Due to Banks** decreased by DM 392 million to DM 2,107 million as a result of the favorable liquidity position.

**Prepayments by Customers** represent mainly advance payments shown by Volkswagenwerk AG, Volkswagen de Mexico and Volkswagen do Brasil.

**Miscellaneous Other Liabilities** pertain, for the most part, to payroll accruals, interest, taxes and customs duties.

In addition to the **Contingent Liabilities** shown on the balance sheet, other contingent liabilities which must be reported amounted to DM 4.2 million in connection with the purchase of shares of two domestic subsidiaries and affiliates and one foreign subsidiary and affiliated company.

Other contingent liabilities amounted to DM 92,000 in connection with the additional capital contribution to be made to a cooperative association in Germany and DM 28 million in connection with business transactions abroad. Of the total securities shown under current assets DM 2 million par value bonds were pledged by Volkswagenwerk AG.

Intercompany items have been excluded from the above details.

## Statement of Earnings

In the year under review **Sales** of the VW Group could be increased by DM 2,566 million or 13.6 % to DM 21,423 million. The ratio of sales abroad to total sales decreased still further to 62.3 (65.3) %.

The **Increase in Inventories** of DM 344 million was particularly marked for Volkswagenwerk AG, Volkswagen of America and Volkswagen do Brasil.

**Material, Wages and Overhead Capitalized as Additions to Plant and Equipment** amounted to DM 262 million.

The **Gross Performance** increased more than sales by DM 3,678 million or 20.0 % to DM 22,029 million as compared to the previous year because stocks were higher than in 1975.

**Expenditures for Raw Materials, Supplies and Other Materials** increased by DM 1,532 million to DM 11,598 million. This rise was mainly due to the increased production.

**Income from Profit Assumption Agreements** resulted from the transfer of a proportionate share of the 1976 profit of Deutsche Automobilgesellschaft mbH to Volkswagenwerk AG.

**Income from Investments in Unconsolidated Subsidiaries and Affiliates** was primarily received by Volkswagenwerk AG from the domestic sales centers, Motor Producers, TAS Tvoronica Automobila Sarajevo and Svenska Volkswagen AB.

**Income from Other Financial Investments** represented in the main amortization of discount on long-term loans previously discounted to reflect present values and interest on loans granted. This income was contributed by Volkswagenwerk AG, Vorelco, Inc. and Volkswagen do Brasil in connection with investments associated with tax benefits.

The large increase in **Other Interest and Similar Income** was due to the rise in liquid funds of Volkswagen do Brasil and Volkswagenwerk AG and to income from financing activities of the financing companies of the VW Group.

**Gain on Disposal of Property, Plant, Equipment and Investments and Write-ups** resulted from the sale of used vehicles belonging to Volkswagen Leasing GmbH and interRent Autovermietung GmbH. In addition the sale of a company led to a large increase when compared with the previous year.

**Elimination of Reserves for Undetermined Liabilities no Longer Required** was due to lower amounts required to cover warranty obligations and other distribution costs and to lower requirements for personnel costs and taxes.

**Other Income** pertains, for the most part, to income from rebilling of advertising material and sales promotion costs, income from rents paid, profits from foreign exchange transactions in respect of trade accounts and revenues from cafeteria sales.

**Wages and Salaries** increased by DM 245 million to DM 4,996 million because of additions to the labor force in domestic companies and of new wage and salary agreements.

In the year under review **Social Expenditures – Compulsory** rose by DM 90 million to DM 736 million.

The large increase in **Pension Expenditures and Voluntary Payments** by DM 527 million to DM 680 million resulted primarily from the building up of the undetermined liabilities in respect of old-age pensions by Volkswagenwerk AG and AUDI NSU AUTO UNION AG.

**Loss on Disposal of Property, Plant, Equipment and Investments** was mainly due to the disposal of property, plant and equipment in Germany.

The decline in **Interest Expense and Similar Charges** by DM 100 million to DM 440 million resulted mainly from the decrease in loans granted to almost all companies within the Group.

**Taxes on Income, Earnings and Property** increased by DM 91 million to DM 438 million as a result of the improved earnings situation. Of the total taxes paid, DM 392 million were in respect of the report year and DM 46 million in respect of the previous years.

**Other Taxes** pertained in the main to taxes paid on sales and assembly by our foreign producing companies and on the conclusion of financing contracts in Brazil.

**Other Expenses** consisted mainly of costs of repair and maintenance of property, plant and equipment, advertising and sales promotion costs, shipping costs, rent and insurance costs. In the report year other expenses increased by DM 376 million to DM 1,948 million as compared to the previous year.

After two years in which losses had incurred the VW Group achieved **Net Earnings** amounting to DM 1,004 million in the year under review. Thus it was able to balance out the losses of previous years. Due to the losses brought forward the 1976 result was, however, levied with relatively low taxes on earnings.

## Comments on the Financial Statements of Volkswagenwerk AG

### Balance Sheet

#### Assets

The investments in **Property, Plant and Equipment** which amounted to DM 235 million were DM 88 million less than in the previous year.

The additions to land, buildings, machinery and equipment, including transfers from construction in progress and advance payments to vendors and contractors, amounted to DM 213 million – compared to DM 414 million in 1975. At year-end the original cost of property, plant and equipment increased to DM 9,551 million. After deduction of the accumulated depreciation totalling DM 7,178 million the book value shown, on the balance sheet amounted to DM 2,373 million.

The original cost of property, plant and equipment is the purchase or the production cost plus the use tax, where applicable, in accordance with section 30 of UStG (investment tax). The original purchase or production costs were determined in accordance with the principles set out in the report for 1974. Grants made from public funds for additional investments for the prior year reduced the purchase or production cost. They have been shown in the balance sheet as decrease in property, plant and equipment. Advance payments to vendors and contractors were listed with the amounts disbursed.

Regular depreciation on plant and equipment was determined using the same methods and estimated useful life referred to in the annual report for 1974. In the year under review we made again use of the possibility allowed by the tax authorities to effect depreciation on additions to movable property within the first six months at a full year's rate and on additions within the second half year at a half year's rate.

The following summary shows details of the regular and additional depreciation provision on additions during 1976:

	Real estate and land rights		Buildings on leased real estate	Machinery and fixtures	Plant and office equipment
	with office, factory and other buildings	without buildings			
	– Thousand DM –				
Additions during 1976*	13,384	23	184	88,177	90,313
Depreciations on additions during 1976	872	23	17	10,575	18,897

\* Additions to construction in progress which are subject to regular depreciation and transfers from advance payments to vendors and contractors on machinery and equipment (not including special tools not yet used in operations, but including additions to real estate for which additional depreciation is allowed under section 6b EStG).

Additional depreciation was provided for a partially unused factory building and also to take full advantage of existing tax benefits (primarily in accordance with section 7d EStG).

The additions to **Investments in Subsidiaries and Affiliates** shown under the caption **Investments** totalling DM 97 million consisted of contributions

due to the increase of capital stock of VW KREDIT BANK GmbH DM 30 million

to the capital stock of Volkswagen Manufacturing Corporation of America which was established in 1976 DM 26 million

to the capital stock of VW-Audi sales centers which had been established in 1975 and 1976 DM 20 million

and due to the increases of capital stock of Volkswagen de Mexico S.A. de C.V. DM 18 million

The balance of approximately DM 3 million represented the contribution to the capital stock of TAS Tvoronica Automobila Sarajevo, the purchase of stock of a Brazilian company, the purchase of additional stock of AUDI NSU AUTO UNION AG, the contribution to the capital stock of VW-Versicherungsvermittlungs-GmbH and of VODECO Inc., a U.S. company which had been established to do preparatory work for the Volkswagen Manufacturing Corporation of America as well as the purchase of stock of Volkswagen Bruxelles S.A. and of Hessische Industriemüll GmbH.

The reduction resulted from the sale of the Motor Producers Ltd., Melbourne/Australia and of our interest in the Compañía Hispano Alemana de Productos Mercedes-Benz y Volkswagen S.A. (MEVOSA), Madrid/Spain.

It became necessary to make write-downs and adjustments of value to our investment in a domestic company in order to take a lower value into consideration at the balance sheet date.

With regard to investments in foreign companies full use was made of the possibilities allowed under the developing countries tax law and the law on investments abroad. In order to cover the financial risks affecting the VW de Mexico as a result of the Peso devaluation in the report year write-downs and adjustments of value were made. These write-downs and adjustments of value together with the amounts which must be shown as reserves for special purposes in accordance with the developing countries and development aid tax law were sufficient to cover the risk inherent in this investment.

**Other Investment Securities** consist of 5 % West German Government Bonds for the Promotion of Developing Countries. The last repayment on the bonds, amounting to DM 2.5 million, was received in 1976.

**Long-term Loans Receivable with an Initial Term of Four Years or Longer** were almost exclusively granted to housing construction companies and employees. Interest-free and low interest-bearing loans had been discounted to reflect present values. The discounting effected is shown under write-downs. All other loans have been accounted for in the balance sheet at face value. The decrease in loans resulted from repayments due or made ahead of time. Of the loan made in accordance with section 89 of AktG DM 9,400,961 represent loans made to an unaffiliated housing construction company, located in Wolfsburg, in which Volkswagenwerk holds a minority interest.

The book value of **Inventories** increased by DM 219 million to DM 1,403 million. This increase resulted mainly from the growth in production and sales, the fact that after restructure of the marketing organization AUDI NSU vehicles were included in the finished products and from rises in wages and prices of materials. Inventories were valued based on the principles as indicated in the report for the year 1974.

**Trade Accounts Receivable** represent DM 205 million due from customers in foreign countries and DM 125 million due from customers located in the Federal Republic of Germany. Nearly all material amounts were collected when due.

The increased book value of **Cash in Banks** shows an improvement of the earnings situation and a decrease in expenditures for investments as compared to previous years.

The portfolio of **Securities** decreased by DM 20 million due to the sale of debenture bonds. DM 2 million par value of these bonds were pledged as collateral in favor of the Customs Authorities in Hanover as security for the continuous processing of imported goods.

The book value shown on prior year's balance sheet for the unchanged number of **Own Stock** of a par value of DM 15,060,300 was listed again.

**Receivables from Subsidiaries and Affiliates** increased by DM 581 million, this being due to the granting of short-term loans to domestic companies, the increase in trade accounts receivable due from foreign subsidiaries and affiliates and resulting from the Profit and Loss Assumption Agreements concluded. Where appropriate, lower valuations were placed on receivables in view of the inherent risks relating to the rate of exchange and currency transfers.

**Miscellaneous Other Current Assets** are mainly derived from interest receivable, the cash surrender value of old-age insurance, the participation in profit of sales centers, sales bonus payments and sales tax refunds. Where collection was likely to be difficult such doubtful accounts were written off.

## Liabilities

The **Reserve for the Share-the-Burden Property Levy** represents the discounted amount of this liability as of December 31, 1976.

Despite the increase in the reserve for investment in developing countries in accordance with section 1 of the tax law, the transfers to the reserve for price increases and the setting up of a reserve in accordance with section 3 of the law on investments abroad and according to section 6b EStG the **Reserves for Special Purposes** decreased due to the elimination of reserves as required by the law. The reserves for special purposes relating to our interest in VW de Mexico are in the form of write-downs and adjustments of value.

The increase in the **Allowance for Doubtful Trade Acceptances and Accounts** is due to the rise in trade receivables and trade acceptances. This allowance was determined in the same manner as in the prior year.

**Undetermined Liabilities in respect of Old-Age Pensions** were based on actuarial computations in accordance with section 6a EStG and the so-called "Teilwertverfahren" was used. The increase is mainly attributable to the premature building up of the full "Teilwert". As in the previous year we made use of the possibility allowed by the tax authorities to make allotments of one fifth, thus complying with the amended law. In addition allotments had to be made as a result of changes in the company pension plan.

**Other Undetermined Liabilities** mainly consist of undetermined liabilities in respect of distribution costs, taxes, personnel costs and risks inherent in investments abroad. The increase as compared to the previous year resulted particularly from the necessary transfer to undetermined liabilities in respect of distribution costs, risks inherent in investments abroad and taxes.

The relatively slight decrease in **Liabilities with an Initial Term of Four Years or Longer** is due to repayments being made as planned.

The increase in **Trade Accounts Payable** resulted from the rise in production and purchases.

The decrease in the liabilities **Due to Banks** arose from the repayment of a temporarily executed loan.

**Accounts Payable to Subsidiaries and Affiliates** decreased because lower advance payments were received from foreign subsidiaries.

**Miscellaneous Other Liabilities** pertain mainly to payroll accruals.

## Statement of Earnings

Since with effect from January 1, 1976 all vehicles produced by AUDI NSU AUTO UNION AG are sold by the Volkswagenwerk AG, some of the items of the statement of earnings cannot be compared with those of the previous year. This applies in particular to the sales proceeds, the gross performance and the expenditures for raw materials, supplies and other materials. In addition to this the individual relationships are no longer comparable with the turnover.

The calculation of the added value shows up in the value increase in the company and its distribution to the company's employees, the issuers of a loan, the stockholders, the company and the state.

In the year under review the Volkswagenwerk AG achieved a total performance of DM 17,800 million. Sales proceeds were the largest proportion of this with 95 %. The remaining 5 % originated from material, wages and overhead capitalized as additions to plant and equipment and income received by the Volkswagenwerk AG from investments or interest.

In particular the expenditures for raw materials, supplies and other materials provided and the depreciations as a proportionate value for investments previously made have been deducted from the company's gross performance. The amount shown after this subtraction represents the added value of the Volkswagenwerk AG. In the report

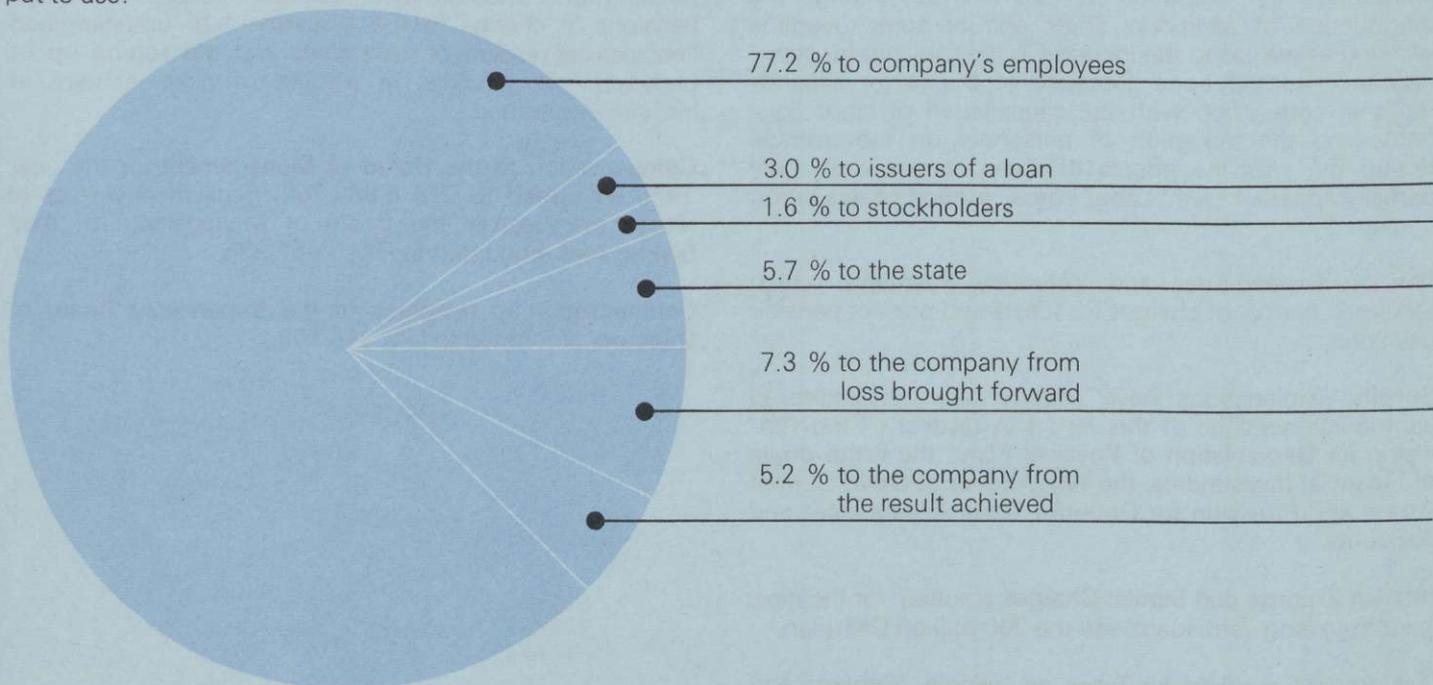
year it amounted to DM 5,600 million of which DM 694 million or 12.5 % was retained by the company – DM 404 million or 7.3 % of this latter sum resulted from tax benefits based on the loss brought forward. The amount was used to balance out the loss brought forward.

In 1976, Sales amounted to DM 16,914 million and showed an increase of DM 5,544 million (48.8 %) compared with the previous year. This was mainly due to the fact that the vehicles produced by AUDI NSU AUTO UNION AG were sold by the Volkswagenwerk AG. Further causes of this increase were the favorable sales situation on the domestic market and abroad and the price increases effected. Total sales in the Federal Republic of Germany rose by 46.8 % whilst export sales increased by 50.7 %. 79.2 % of total sales were in respect of vehicles and 9.2 % represented parts sales.

**Expenditures for Raw Materials, Supplies and Other Materials** increased by DM 3,891 million, this rise being due to the sale of vehicles produced by AUDI NSU AUTO UNION AG, the higher production and sales and increased costs of materials.

**Income from Profit Assumption Agreements** resulted from the transfer of the profits of the domestic subsidiaries Wolfsburg Transportgesellschaft mbH, AUDI NSU AUTO UNION AG, Volkswagen Leasing GmbH, interRent Autovermietung GmbH, VW KREDIT BANK GmbH, WESER-EMS

The following graph illustrates how the added value was put to use:



Vertriebsgesellschaft mbH and Deutsche Automobilgesellschaft mbH.

**Income from Investments in Subsidiaries and Affiliates** was primarily received in the form of distribution of dividends for 1975 from Volkswagen do Brasil and of a proportionate share in the 1976 profits from the domestic sales centers.

**Income from Other Financial Investments** resulted mainly from amortization of discount on long-term loans previously discounted to reflect present values and from interest on loans granted.

**Other Interest and Similar Income** consisted primarily of income from bank balances and overdrafts granted.

**Gain on Disposal of Property, Plant, Equipment and Investments** resulted in the main from the sale of an investment and from machinery and special tools' sales to subsidiaries.

**Elimination of Reserves for Undetermined Liabilities no Longer Required** resulted primarily from lower requirements for sales risks.

**Other Income** consisted, for the most part, of revenues from the sale of catering goods, from billing of services and warranty costs and also of foreign exchange profits on accounts payable transactions.

Expenditures for **Wages and Salaries** and **Social Expenditures – Compulsory** were above those of the prior year. This increase was mainly due to the wage settlement negotiated, the cessation of short-time working, the introduction of additional shifts and of some overtime working as well as to the increase in the top limit for social insurance contributions. Because of the lower expenditures in connection with the cancellation of labor contracts and the reduction of personnel on the average during the year the effects of these factors were only partially apparent (see "Labor Force" section of this report on page 33).

**Pension Expenditures and Voluntary Payments** which increased consist of charges for future and present pension payments.

Specific explanations have already been presented in appropriate sections of this report in respect of the **Provision for Depreciation of Physical Plant**, the **Write-down of Financial Investments**, the **Write-down of Other Current Assets** and **Provision for Doubtful Trade Acceptances and Accounts**.

**Interest Expense and Similar Charges** resulted, for the most part, from long-term loans and the 300 million DM-loan.

The amount required for **Taxes on Income, Earnings and Property** exceeded that of the previous year by DM 71

million, and this increase is primarily due to the payments made for trade profit tax and corporation tax brought about by the improved earnings situation.

**Expenditures under Loss Assumption Agreements** were incurred by assuming the operating loss of VW-Siedlungsgesellschaft mbH and VW-VersicherungsvermittlungsgmbH.

**Other Expenses** consisted mainly of distribution costs for our products, such as shipping costs, advertising and sales promotion costs, of costs to cover the risks inherent in investments abroad and of plant maintenance costs.

The **Net Earnings** of DM 784 million were sufficient to balance out the loss brought forward. In addition it enables us to distribute a dividend of 10 % to the stockholders. When making an economic assessment of the net earnings it should be taken into account that due to the loss brought forward taxes were only levied on a part of the net earnings.

Additional details:

We were contingently liable for DM 14,125,000 in connection with the purchase of shares of domestic companies with limited liability. This sum is in addition to the **Contingent Liabilities** shown on the balance sheet.

In the year under review the difference which must be reported in accordance with section 160, para. 2, sentence 5 of AktG and which reduces the net earnings amounted to DM 176,688,978. This sum resulted mainly from the building up of undetermined liabilities in respect of old-age pensions, a change in the assessment of undetermined liabilities in respect of warranties and the setting up of undetermined liabilities in respect of risks inherent in investments abroad.

**Compensation to the Board of Management** for the year 1976 amounted to DM 6,885,452. Pension payments to retired members of the Board of Management or their beneficiaries amounted to DM 3,661,935.

**Compensation to members of the Supervisory Board of Directors** amounted to DM 316,109.

## Consolidated Balance Sheet of the VW Group December 31, 1976

(Thousand DM)

Assets									Liabilities			
	Jan. 1, 1976	Additions	Deductions	Transfers	Write-ups and Accu- mulation of Discount	Provision for Depreciation	Dec. 31, 1976	Dec. 31, 1975*			Dec. 31, 1976	Dec. 31, 1975*
<b>Property, Plant, Equipment and Investments</b>									<b>Capital Stock of Volkswagenwerk AG</b>		900,000	900,000
A. Property, plant, equipment and intangible assets									<b>Consolidated Reserves</b>			
Real estate and land rights									Reserve from capital stock surplus	161,407		127,249
with office, factory and other buildings	2,440,230	80,112	15,289	40,879	—	170,038	2,375,894	2,440,230	Reserve for the Share-the-Burden Property Levy	7,109		10,049
with residential buildings	489,042	6,482	1,170	—	—	17,878	476,476	489,042	Reserve of the Group arising from earnings	2,665,049		2,396,524
without buildings	121,474	21,613	8,199	(4,339)	—	653	129,896	121,474	Adjustment items arising from initial consolidation	14,037		14,037
Buildings on leased real estate	22,438	1,186	151	(157)	—	3,485	19,831	22,438			2,847,602	2,547,859
Machinery and fixtures	1,365,917	134,145	9,614	96,448	—	504,336	1,082,560	1,365,917	<b>Minority Interest in Consolidated Subsidiaries</b>		210,215	187,903
Plant and office equipment	1,034,430	585,434	109,821	82,740	—	528,708	1,064,075	1,034,430	in net earnings			
Construction in progress and advance payments to vendors and contractors	335,914	212,610	7,903	(215,571)	—	100	324,950	335,914	in loss	12,221		
Trademarks and similar rights	401	4	3	—	—	212	190	401		4,696		
	5,809,846	1,041,586	152,150	—	—	1,225,410	5,473,872	5,809,846	<b>Reserves for Special Purposes</b>			
B. Investments									Reserve for investment in developing countries in accordance with section 1 of the tax law	129,805		138,339
Investments in subsidiaries and affiliates	74,038	22,284	12,081	9,778	—	931	93,088	74,038	Reserve for price increases in accordance with section 74 of EStDV	36,190		35,931
Other investment securities	45,818	6,954	2,580	296	—	288	50,200	45,818	Reserve in accordance with section 1 of law on investments abroad	738		783
Long-term loans receivable with an initial term of four years or longer	97,783	50,500	14,378	—	3,258	1,377	135,786	97,783	Reserve in accordance with section 3 of law on investments abroad	5,114		—
Face value at Dec. 31, 76									Reserve in accordance with section 6 b EStG	1,836		—
200,913									Reserve in accordance with subsection V of the regulation on collective adjustments of value by credit institutions	690		1,035
including secured by mortgages	144,655								Reserves involving investments in accordance with French legislation	550		249
loans in accordance with section 89 AktG	10,369										174,923	176,337
loans in accordance with section 115 AktG	1										41,657	40,083
	23,359	20,113	112	(10,074)	—	12,878	20,408	23,359	<b>Allowance for Doubtful Trade Acceptances and Accounts Undetermined Liabilities</b>			
Other investments	240,998	99,851	29,151	—	3,258	15,474	299,482	240,998	Old-age pensions	1,754,554		1,143,323
	6,050,844	1,141,437	181,301	—	3,258	1,240,884	5,773,354	6,050,844	Other undetermined liabilities			
									Maintenance not performed during current year	9,449		6,081
									Warranties without legal obligations	11,793		20,275
									Other	1,965,076		1,713,463
											3,740,872	2,883,142
C. Adjustment items arising from initial consolidation							260,940	282,830	<b>Liabilities with an Initial Term of Four Years or Longer</b>			
<b>Current Assets</b>							6,034,294	6,333,674	Loans	300,000		300,000
A. Inventories						3,260,629		2,937,394	including secured by mortgages			
B. Other current assets									Due to banks	1,638,226		1,652,102
Advance payments to suppliers						6,181		12,274	including secured by mortgages	920,856		
Trade accounts receivable						522,803		612,597	Other liabilities	228,191		200,730
including amounts due in more than one year		71,403							including secured by mortgages	159,063		2,152,832
Trade acceptances						148,967		177,037	including amounts due within four years	844,434		
including acceptances discountable at German Federal Bank		11,338							<b>Other Liabilities</b>			
Checks on hand						37,413		30,217	Trade accounts payable	1,152,172		1,084,773
Cash on hand, including German Federal Bank and post office checking account balances						2,354		2,711	Liabilities resulting from the acceptance of bills drawn and the issuing of promissory notes	436,781		586,500
Cash in banks						2,702,493		1,412,235	Due to banks	2,106,928		2,499,324
Securities						152,312		26,852	Prepayments by customers	46,225		47,940
Own stock						21,235		21,235	Accounts payable to subsidiaries and affiliates including trade accounts payable	17		
par value as at Dec. 31, 76		15,060							Miscellaneous other liabilities	572,631		582,463
Receivables from subsidiaries and affiliates including amounts for goods and services rendered		7,488				18,179		27,520			4,314,947	4,802,457
Loans receivable in accordance with section 89 AktG						8		14	<b>Deferred Income</b>		12,272	11,187
Miscellaneous other current assets						1,518,295		1,336,942	<b>Net Earnings</b>		92,984	—
<b>Prepaid and Deferred Expenses</b>							8,390,869	6,597,028	Contingent liabilities with respect to trade acceptances	30,658		
Discount on loans payable						27,232		31,878	Contingent liabilities with respect to guarantees	31,229		
Other						49,494		45,881	Other contingent liabilities	44,760		
							76,726	77,759	Contingent liabilities with respect to warranty contracts	12,220		
<b>Loss</b>							—	693,339			14,501,889	13,701,800
							14,501,889	13,701,800				

\* Where changes have taken place in the method of presentation the figures have been adjusted accordingly



## Consolidated Statement of Earnings of the VW Group

Year ended December 31, 1976  
(Thousand DM)

	1976		1975			1976	1975
<b>Sales</b>	21,422,506		18,857,329				
Increase (Decrease) in inventories	344,262		(785,495)		Balance brought forward	1,004,438	(157,058)
Material, wages and overhead capitalized as additions to plant and equipment		21,766,768	18,071,834		Volkswagenwerk AG's (loss) brought forward	(693,339)	(550,699)
		262,430	279,576				
<b>Gross Performance</b>		22,029,198	18,351,410			311,099	(707,757)
Expenditures for raw materials, supplies and other materials		11,597,896	10,065,920		Change in consolidated reserves		
<b>Excess of Gross Performance over Expenditures for Raw Materials, etc.</b>		10,431,302	8,285,490				
Income from profit assumption agreements		345	360		Transferred from reserves	28,018	28,450
Income from investments in unconsolidated subsidiaries and affiliates		33,674	994		Transferred to reserves	238,608	14,327
Income from other financial investments		10,268	16,231				
Other interest and similar income		389,126	260,388		Minority interest in net earnings of consolidated subsidiaries	12,221	1,635
Gain on disposal of property, plant, equipment and investments and write-ups		106,070	57,986				
Elimination of reserves for undetermined liabilities no longer required		95,011	120,023		Minority interest in losses of consolidated subsidiaries	4,696	1,930
Elimination of reserves for special purposes no longer required		9,247	17,371				
Other income		533,186	456,131				
including extraordinary income	92,657				<b>Net Earnings after Reserve Transfers and Minority Interests (1975 Loss)</b>	<b>92,984</b>	<b>(693,339)</b>
		1,176,927	929,484				
		11,608,229	9,214,974				
Wages and salaries		4,996,337	4,751,018				
Social expenditures — compulsory		736,220	646,236				
Pension expenditures and voluntary payments		680,044	152,513				
Provision for depreciation of physical plant and fixed intangible assets		1,225,410	1,229,163				
Write-down of financial investments		37,474	16,603				
Write-down of other current assets and provision for doubtful trade acceptances and accounts		32,878	44,463				
Loss on disposal of property, plant, equipment and investments		13,357	15,616				
Interest expense and similar charges		440,091	539,906				
Taxes							
a) on income, earnings and property	438,373		347,397				
b) other	44,622		53,442				
Share-the-Burden Property Levy		482,995	400,839				
Expenditures under loss assumption agreements		3,324	3,324				
Additions to reserves for special purposes		51	—				
Other expenses		8,006	95				
		1,947,604	1,572,256				
		10,603,791	9,372,032				
<b>Net Earnings (1975 Net Loss)</b>							
		1,004,438	(157,058)				
Balance carried forward		1,004,438	(157,058)				

Wolfsburg, March 15, 1977

**Volkswagenwerk Aktiengesellschaft**

The Board of Management

According to our audit, made in conformity with our professional duties, the consolidated financial statements and the report of the Board of Management for the Group comply with German law.

Hanover, March 31, 1977

**TREUARBEIT**  
**Aktiengesellschaft**  
**Wirtschaftsprüfungsgesellschaft**  
**Steuerberatungsgesellschaft**

Prof. Dr. Forster  
WirtschaftsprüferDr. Tubbesing  
Wirtschaftsprüfer



## Volkswagenwerk AG Balance Sheet December 31, 1976

Assets									Liabilities				
	Jan. 1, 1976	Additions	Deductions	Transfers	Accu- mulation of Discount	Provision for Depreciation	Dec. 31, 1976	Dec. 31, 1975				Dec. 31, 1976	Dec. 31, 1975
	DM	DM	DM	DM	DM	DM	DM	Thousand DM		DM	DM	DM	Thousand DM
<b>Property, Plant, Equipment and Investments</b>									<b>Capital Stock</b>			900,000,000	900,000
A. Property, plant and equipment									<b>Reserves</b>				
Real estate and land rights with office, factory and other buildings	1,408,583,500	11,273,039	1,529,159	2,978,100	—	122,166,461	1,299,139,019	1,408,583	Legal reserve		233,799,000	233,799	
with residential buildings	9,557,530	—	1,343	—	—	441,013	9,115,174	9,557	Reserve for the Share-the-Burden Property Levy				
without buildings	38,584,838	49,163	1,838,422	(866,660)	—	23,262	35,905,657	38,585	Jan. 1, 1976	8,346,116			
Buildings on leased real estate	12,889,539	183,090	11,736	936	—	1,523,996	11,537,833	12,890	Transfer to statement of earnings	2,441,892			
Machinery and fixtures	862,040,988	67,866,291	5,785,827	20,365,157	—	319,034,583	625,452,026	862,041	Other reserves		5,904,224	8,346	
Plant and office equipment	499,344,653	102,396,353	8,104,638	9,070,303	—	265,016,532	337,690,139	499,345	Reserves for Special Purposes		1,184,125,578	1,184,126	
Construction in progress	31,392,957	49,485,674	2,609,493	(27,970,396)	—	—	50,298,742	31,393	Reserve for investments in developing countries in accordance with section 1 of the tax law				138,339
Advance payments to vendors and contractors	4,448,543	3,559,314	871,103	(3,577,440)	—	—	3,559,314	4,449	Reserve for price increases in accordance with section 74 EStDV				33,295
									Reserve in accordance with sections 1 and 3 of the law on investments abroad				783
									Reserve in accordance with section 6b EStG				—
B. Investments	2,866,842,548	234,812,924	20,751,721	—	—	708,205,847	2,372,697,904	2,866,843	<b>Allowance for Doubtful Trade Acceptances and Accounts</b>			1,423,828,802	1,426,271
Investments in subsidiaries and affiliates	1,061,928,323	96,569,167	1,133,133	—	—	47,219,178	1,110,145,179	1,061,928	<b>Undetermined Liabilities</b>				
Other investment securities	2,206,251	—	2,206,250	—	—	—	1	2,206	Old-age pensions		1,506,470,565	973,821	
Long-term loans receivable with an initial term of four years or longer	101,089,329	226,500	13,189,722	—	7,187,261	167,429	95,145,939	101,090	Other undetermined liabilities				
Face value at Dec. 31, 1976									Maintenance not performed during current year		8,000,000	5,000	
DM 219,156,296									Warranties without legal obligation		4,812,661	4,882	
including secured by mortgages									Other		1,785,912,782	1,252,586	
DM 215,901,890									<b>Liabilities with an Initial Term of Four Years or Longer</b>			3,305,196,008	2,236,289
subsidaries and affiliates									Loans				300,000
DM 136,045,641									secured by mortgages				300,000
loans in accordance with section 89 AktG									Due to banks				1,200,000
DM 10,184,856									including secured by mortgages	DM	650,000,000		1,200,000
	1,165,223,903	96,795,667	16,529,105	—	7,187,261	47,386,607	1,205,291,119	1,165,224	Other liabilities		53,333,241	53,956	
	4,032,066,451	331,608,591	37,280,826	—	7,187,261	755,592,454	3,577,989,023	4,032,067	including amounts due within four years	DM	649,263,248	1,553,333,241	1,553,956
<b>Current Assets</b>									<b>Other Liabilities</b>				
A. Inventories									Trade accounts payable		549,850,333	472,920	
Raw materials and supplies					427,790,864			361,586	Due to banks		59,695,950	89,573	
Work in progress					518,171,076			441,336	Prepayments by customers		20,149,608	10,569	
Finished products					457,006,247			380,629	Accounts payable to subsidiaries and affiliates		31,074,142	538,864	
						1,402,968,187		1,183,551	including trade accounts payable	DM	24,535,064		
B. Other current assets									advance payments received	DM	686,011		
Advance payments to suppliers						1,748,115		4,444	Miscellaneous other liabilities		257,450,126	207,238	
Trade accounts receivable						330,484,182		282,625	<b>Deferred Income</b>			918,220,159	1,319,164
including amounts due in more than one year	DM	71,376,712						2,504	<b>Net Earnings after Reserve Transfer</b>			296,723	265
Trade acceptances						5,465,615		410	Share-the-Burden Property Levy			92,984,097	—
including acceptances discountable at German Federal Bank	DM	—						1,090,143	Present discounted amount	DM	5,904,224		
Cash on hand, including post office checking account balances						719,292		25,044	Quarterly installment	DM	689,021		
Cash in banks						2,136,921,964		21,235	Contingent liabilities with respect to trade acceptances	DM	514,354,086		
Securities						4,931,890		197,477	Contingent liabilities with respect to guaranty obligations	DM	34,352,913		
Own stock (par value DM 15,060,300)						21,234,776		68,335	Contingent liabilities with respect to warranty contracts	DM	1,111,019,438		
Receivables from subsidiaries and affiliates						778,756,874						8,382,254,957	7,622,838
including amounts for goods and services rendered	DM	357,124,988											
Miscellaneous other current assets						102,990,187							
							3,383,252,895	1,692,217					
<b>Prepaid and Deferred Expenses</b>								2,875,768					
Discount on loans								17,956,789					
Other items								88,063					
<b>Loss</b>								21,664					
								693,339					
								18,044,852					
								—					
								8,382,254,957					
								7,622,838					



## Statement of Earnings of Volkswagenwerk AG

Year ended December 31, 1976

	1976		1975		1976	1975
	DM	DM	Thousand DM		DM	Thousand DM
<b>Sales</b> (excluding sales tax)	16,914,334,491		11,369,725	Balance brought forward	783,881,243	(144,977)
Increase (Decrease) in inventories	83,191,361		(142,325)		(693,339,038)	(550,699)
Material, wages and overhead capitalized as additions to plant and equipment		16,997,525,852	11,227,400		90,542,205	(695,676)
		106,006,002	99,507			
<b>Gross Performance</b>		17,103,531,854	11,326,907			
Expenditures for raw materials, supplies and other materials		10,204,459,587	6,313,387	Transfer from the reserve for the Share-the-Burden Property Levy	2,441,892	2,337
<b>Excess of Gross Performance over Expenditures for Raw Materials, etc.</b>		6,899,072,267	5,013,520	<b>Net Earnings after Reserve Transfer (1975 Loss)</b>	92,984,097	(693,339)
Income from profit assumption agreements	96,020,933		49,682			
Income from investments in subsidiaries and affiliates	59,247,544		27,105			
Income from other financial investments	8,443,274		13,103			
Other interest and similar income	116,186,542		54,535			
Gain on disposal of property, plant, equipment and investments	77,639,059		25,609			
Elimination of reserves for undetermined liabilities no longer required	59,343,993		61,991			
Elimination of reserves for special purposes no longer required	8,901,679		16,791			
Other income	275,499,598		335,939			
including extraordinary income of DM 30,221,474						
		701,282,622	584,755			
		7,600,354,889	5,598,275			
Wages and salaries	3,275,663,510		3,120,199			
Social expenditures — compulsory	440,458,302		388,395			
Pension expenditures and voluntary payments	574,654,705		84,395			
Provision for depreciation of physical plant	708,205,847		699,029			
Write-down of financial investments	47,386,607		314			
Write-down of other current assets and provision for doubtful trade acceptances and accounts	18,225,339		8,634			
Loss on disposal of property, plant, equipment and investments	3,414,027		4,569			
Interest expense and similar charges	166,195,261		197,465			
Taxes						
a) on income, earnings and property	DM 310,477,955		239,527			
b) other	DM 1,160,892		1,643			
Share-the-Burden Property Levy	311,638,847		241,170			
Expenditures under loss assumption agreements	2,756,085		2,756			
Additions to reserves for special purposes	5,900,401		86,405			
Other expenses	6,950,183		—			
	1,255,024,532		909,921			
		6,816,473,646	5,743,252			
<b>Net Earnings (1975 Net Loss)</b>		783,881,243	(144,977)			
Balance carried forward		783,881,243	(144,977)			

(Loss) brought forward from previous year

Transfer from the reserve for the Share-the-Burden  
Property Levy**Net Earnings after Reserve Transfer (1975 Loss)**During 1976 pension payments amounted to DM 28,213,175;  
payments during the next five years will approximate  
115, 124, 131, 138, 145 % of this amount.

Wolfsburg, March 15, 1977

**Volkswagenwerk Aktiengesellschaft**

The Board of Management

According to our audit, made in conformity with our  
professional duties, the accounting, the annual financial  
statements and the report of the Board of Management  
comply with German law and the Company's statutes.

Hanover, March 31, 1977

**TREUARBEIT  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft**Prof. Dr. Forster  
WirtschaftsprüferDr. Tubbesing  
Wirtschaftsprüfer







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