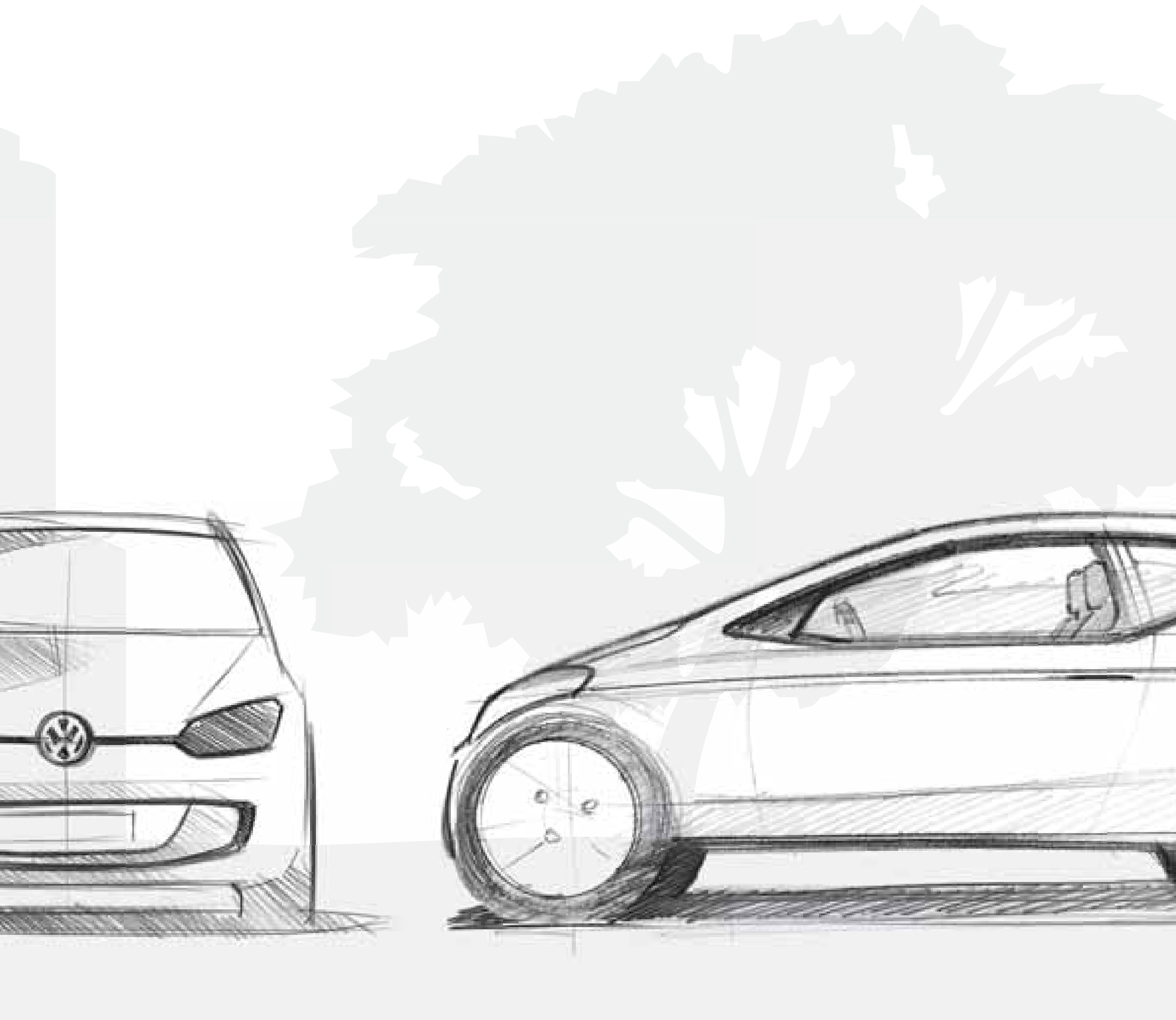
VOLKSWAGEN

AKTIENGESELLSCHAFT

ANNUAL REPORT 2007

Driving ideas.



Nutzfahrzeuge

VOLKSWAGEN FINANCIAL SERVICES

AKTIENGESELLSCHAFT

Key Figures

VOLKSWAGEN GROUP

Volume Data[1]	2007	2006	%
Vehicle sales (units)	6,191,618	5,720,096	+8.2
Production (units)	6,213,332	5,659,578	+9.8
Employees at Dec. 31	329,305	324,875	+1.4

Financial Data (IFRSs), € million	2007	2006	%
Sales revenue	108,897	104,875	+3.8
Operating profit before special items	6,151	4,383	+40.3
Special items	–	−2,374	x
Operating profit	6,151	2,009	x
Profit before tax from continuing operations	6,543	1,793	x
Profit from continuing operations	4,122	1,955	x
Profit from discontinued operations	–	795	x
Profit after tax	4,122	2,750	+49.9
Cash flows from operating activities	15,662	14,470	+8.2
Cash flows from investing activities	13,497	11,911	+13.3
Automotive Division[2]			
Cash flows from operating activities	13,675	11,745	+16.4
Cash flows from investing activities[3]	6,566	6,114	+7.4
of which: investments in property, plant and equipment	4,555	3,644	+25.0
as a percentage of sales revenue	4.6	3.8	
capitalized development costs	1,446	1,478	−2.2
as a percentage of sales revenue	1.5	1.5	
Net cash flow	7,109	5,631	+26.2
Net liquidity at Dec. 31	13,478	7,133	+89.0

Return ratios in %	2007	2006	
Return on sales before tax (continuing operations)	6.0	1.7	
Return on investment after tax (Automotive Division)	9.5	2.1	
Return on equity before tax (Financial Services Division)[4]	16.1	16.9	

1 Including volume data for the vehicle-production investments Shanghai-Volkswagen Automotive Company Ltd. and FAW-Volkswagen Automotive Company Ltd., which are accounted for using the equity method.
2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
3 Excluding acquisition and disposal of equity investments: € 5,660 million (€ 5,074 million).
4 Profit before tax as a percentage of average equity (continuing operations).

VOLKSWAGEN AG

Volume Data	2007	2006	%
Vehicle sales (units)	2,365,617	2,268,830	+4.3
Production (units)	1,075,997	953,131	+12.9
Employees at Dec. 31	90,468	94,000	−3.8

Financial Data (HGB), € million	2007	2006	%
Sales	55,218	53,036	+4.1
Net income	1,455	945	+54.0
Dividends (€)			
per ordinary share	1.80	1.25	
per preferred share	1.86	1.31	

This version of the Annual Report is a translation of the German original. The German text is authoritative.

What moves us worldwide

The Volkswagen Group employs over 329,000 people all over the world.

329,000 EMPLOYEES

175 Group companies that produce vehicles or offer related services are included in Volkswagen's consolidated financial statements.

175 GROUP COMPANIES

The Volkswagen Group has 48 production facilities in 19 countries worldwide.

48 PRODUCTION FACILITIES

In 2007, the Group delivered some 6.2 million vehicles to customers worldwide, exceeding the prior-year figure by 7.9 percent.

6.2 MILLION VEHICLES SOLD

The Group's vehicles are sold via importers and dealers in 154 countries.

154 COUNTRIES

8 brands from 6 European countries belong to the Group.

8 BRANDS

Report of the Supervisory Board

(in accordance with section 171(2) of the AktG)

Ladies and Gentlemen,

During the last fiscal year, the Supervisory Board dealt regularly and in detail with the situation and the development of the Volkswagen Group. In compliance with legal requirements and the German Corporate Governance Code, we provided advice and support to the Board of Management in questions relating to the running of the Company. The Supervisory Board was consulted directly with regard to all decisions of fundamental significance to Volkswagen. Current strategic considerations were discussed with the Board of Management at regular intervals.

The Board of Management provided the Supervisory Board with regular, complete and prompt verbal and written reports on all key issues for the Volkswagen Group relating to planning, the development of business, the position of the Group including the risk situation and risk management, and current matters. Documents relevant to our decisions were always made available to us in good time prior to each Supervisory Board meeting. Furthermore, the Board of Management provided us with detailed monthly reports on the current business position and a forecast for the year as a whole. The Board of Management explained any variations from the defined plans and targets in a comprehensive verbal or written account. Reasons for these variations were discussed in detail together with the Board of Management so that suitable countermeasures could be taken if required.

In 2007, the Supervisory Board held four ordinary meetings and three extraordinary meetings. In addition, the constituent meeting of the Supervisory Board took place on April 19, 2007. Average attendance was 95%. All members were present at more than half of the meetings. Resolutions regarding urgent business transactions were also adopted in writing by means of a circulated document.

COMMITTEE ACTIVITIES

In order to perform its duties, the Supervisory Board has established four committees: the Presidium and the Mediation Committee in accordance with section 27(3) of the Mitbestimmungsgesetz (MitBG – German Codetermination Act) as well as the Audit Committee and the Shareholder Business Relationships Committee (AfGA). The Presidium is composed of three shareholder representatives and three employee representatives. The remaining committees are each composed of two shareholder representatives and two employee representatives. Membership of the committees at the end of 2007 is indicated in the list on page 111.

In 2007, the Presidium of the Supervisory Board met eight times; in particular, it prepared the resolutions by the Supervisory Board and decided on issues relating to contracts with the Board of Management.

The Mediation Committee was not required to convene during the year.

Among other things, the Shareholder Business Relationships Committee supervises Volkswagen AG's and its Group companies' business relationships with Volkswagen AG shareholders who hold at least 5% of voting rights. Another of its key tasks is to monitor compliance with the business processes established by the Board of Management which were put in place to structure legal relationships with shareholders in accordance with agreements. The Committee met four times in the reporting period.

The Audit Committee met four times in 2007. It was primarily concerned with the consolidated financial statements, risk management and the establishment of a compliance organization introduced by the Board of Management. The Audit Committee also dealt with the interim reports, matters relating to financial reporting and the audit of the financial statements by the auditors.

TOPICS DISCUSSED BY THE SUPERVISORY BOARD

At its meeting on January 11, 2007, the Supervisory Board appointed Prof. Dr. Jochem Heizmann as a member of the Group Board of Management with responsibility for Production and agreed to the Board of Management's plans to place all individual Group brands on an equal, independent footing in future. In addition, we resolved to reject MAN AG's offer to acquire Scania and instructed the Board of Management to work towards an amicable merger of MAN and Scania.

At the Supervisory Board meeting on March 2, 2007, we thoroughly examined and subsequently approved the annual financial statements of Volkswagen AG and the consolidated financial statements prepared by the Board of Management for 2006.

At the extraordinary meeting on May 11, 2007, we examined in detail the public mandatory bid by Dr. Ing. h.c. F. Porsche Aktiengesellschaft (now Porsche Automobil Holding SE) of April 30, 2007. Following this, we published our statements in accordance with section 27 of the Wertpapiererwerbs- und Übernahmegesetz (German Securities Acquisition and Takeover Act). On the basis of various financial analyses that we considered, we satisfied ourselves that the fundamental valuation of Volkswagen shares is higher than the prices contained in the mandatory bid for Volkswagen AG's ordinary and preferred shares. In light of this valuation and of the higher quoted market prices for Volkswagen ordinary and preferred shares during the period of the mandatory bid, we concluded that we could not recommend acceptance of the mandatory bid to the shareholders of Volkswagen AG. To avoid any appearance of a conflict of interest and any possible influence being exerted during the resolution of this statement, the members of the Supervisory Board who are also members of the Board of Management of Porsche Automobil Holding SE and the Chairman of the Supervisory Board abstained from voting.

At its meetings on April 18, 2007, July 5, 2007, and September 7, 2007, the Supervisory Board concerned itself predominantly with strategic issues. In September 2007, the Board of Management informed the Supervisory Board of the status of talks with the Malaysian government concerning the possibility of a partnership or an investment in the Malaysian car manufacturer Proton. In November 2007, the decision was taken not to pursue these talks .

On November 16, 2007, we discussed in detail the Volkswagen Group's financial and investment planning for 2008 to 2010 and approved the Board of Management's plans.

CORPORATE GOVERNANCE AND DECLARATION OF CONFORMITY

The implementation of the German Corporate Governance Code at Volkswagen was the focus of our meeting on November 16, 2007. In this context, we also discussed in particular the new recommendations and suggestions published by the "Government Commission on the German Corporate Governance Code" on July 20, 2007. On December 20, 2007, together with the Board of Management, we issued the declaration required under section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) regarding compliance with the recommendations of the Code. The Board of Management and the Supervisory Board comply with all recommendations of the Code with one exception. The exception affects the recommended formation of a Nomination Committee. In the opinion of the entire Supervisory Board, such a Committee would only increase the number of committees without improving the work of the Supervisory Board. The suggestion of the Code to provide for a cap on severance payments when entering into Board of Management agreements will not be complied with. Doubt is cast in professional circles on the effectiveness of such contractual clauses and this reduces the ability of the Supervisory Board of Volkswagen AG to act without, on the other hand, offering significant advantages in view of the applicable legal situation. The joint declaration of conformity by the Board of Management and the Supervisory Board is permanently available on the Volkswagen AG website at www.volkswagenag.com/ir. Further information regarding the implementation of the recommendations and suggestions of the German Corporate Governance Code can be found in our Corporate Governance Report starting on page 96 and in the Notes to the Consolidated Financial Statements on page 257.

AUDIT OF ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The Annual General Meeting on April 19, 2007 appointed PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft as auditors for fiscal year 2007. The auditors audited the annual financial statements of Volkswagen AG, the consolidated financial statements of the Volkswagen Group and the combined management report. They issued unqualified audit reports on all of these documents. The auditors also assessed the risk management system, concluding that the Board of Management had taken the measures required by section 91(2) of the AktG to ensure early detection of any risks endangering the continued existence of the Company.

The documentation relating to the annual financial statements and the audit reports were made available to the members of the Audit Committee and the Supervisory Board in good time for the meetings on February 27, 2008 and February 29, 2008, respectively. At both meetings, the auditors reported extensively on the principal findings of their audit and were available to provide additional information if required.

Taking into consideration the audit reports and the discussion with the auditors as well as their own conclusions, the Audit Committee prepared the documents for our own review of the consolidated financial statements, the annual financial statements of Volkswagen AG and the combined management report and reported on this in our meeting on February 29, 2008. Furthermore, the Audit Committee recommended that we approve the annual financial statements. We reviewed the documents on the basis of this report and the audit report as well as in talks and discussions with the auditors. The assessment of the position of the Company and the Group presented by the Board of Management in the management report corresponds to the assessment by the Supervisory Board. At this meeting, we also discussed the question of whether a dependent company report must be prepared. A majority of Supervisory Board members resolved that no dependent company report must be prepared. At our meeting on February 29, 2008, we concurred with the auditors' findings and approved the annual financial statements prepared by the Board of Management and the consolidated financial statements. The annual financial statements are thus adopted. We reviewed the proposal on the appropriation of net profit submitted by the Board of Management, taking into account in particular the interests of the Company and its shareholders. We endorsed the proposal by the Board of Management due above all to the Company's positive earnings trend and liquidity development.

MEMBERS OF THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT

In the election of the employee representatives to the Supervisory Board on April 12, 2007, Peter Jacobs, Chairman of the Works Council of the Emden plant, was elected to Volkswagen AG's Supervisory Board for the first time as the successor to Andreas Blechner and Wolfgang Ritmeier, Chairman of the Volkswagen Management Association, was elected to Volkswagen AG's Supervisory Board for the first time as the successor to Ulrich Neß. The remaining employee representatives on the Supervisory Board were re-elected for a further term of office.

Following the 47th Annual General Meeting, the Supervisory Board elected Prof. Dr. Ferdinand Piëch as the Chairman of the Supervisory Board at its constituent meeting on April 19, 2007.

On August 3, 2007, Heinrich Söfjer, Chairman of the Works Council of Volkswagen Commercial Vehicles, was appointed by court order as a member of Volkswagen AG's Supervisory Board. He succeeded Günter Lenz, who resigned his membership of the Supervisory Board effective July 31, 2007.

Elke Eller left the Supervisory Board of Volkswagen AG on September 30, 2007. Babette Fröhlich was appointed by the court to succeed her as a member of the Supervisory Board effective October 25, 2007.

Dr. Wolfgang Bernhard left the Company effective January 31, 2007.

Prof. Dr. Folker Weißgerber, formerly a member of Volkswagen AG's Board of Management, died at the age of 66 on August 25, 2007. Folker Weißgerber worked for the Company for a total of 44 years and played a significant part in the global success of the Volkswagen Group. He was a member of the Group Board of Management from March 1, 2001 to June 30, 2005, where he was responsible for Production. We will honor his memory.

We would like to thank the members of the Board of Management, the Works Council, the management and all the employees of Volkswagen AG and its affiliated companies for their efforts and achievements over the past year.

Wolfsburg, February 29, 2008

Dr. Ferdinand K. Piëch,
Chairman of the Supervisory Board

Divisions

Brands and Business Fields

Fascinating brands and innovative financial services for our customers worldwide

GROUP STRUCTURE

The Volkswagen Group consists of two divisions: Automotive and Financial Services. The activities of the Automotive Division include the development of vehicles and engines, as well as the production and sale of passenger cars, commercial vehicles, trucks and buses, and the genuine parts business. The Financial Services Division's portfolio of services includes dealer and customer financing, leasing, banking and insurance activities, and fleet management.

We dissolved the former Volkswagen and Audi brand groups at the beginning of fiscal year 2007. The individual Group brands have now been placed on an equal, independent footing. On the following pages, we explain the key volume and financial data relating to the individual brands and to the Financial Services Division, reflecting the Group structure in 2007. Production figures and deliveries to customers are presented according to product line, while unit sales figures refer to vehicles sold by each brand company, including vehicles of other Group brands. To enhance comparability, the explanations of operating profit by brand and business field for 2006 are based on figures before special items.

In addition, we present the sales and sales revenue on our markets: Europe/Remaining markets, North America, South America/South Africa and Asia-Pacific.

KEY FIGURES BY MARKET

In fiscal year 2007, the Volkswagen Group increased its sales by 8.2% year-on-year to a total of just under 6.2 million vehicles. Sales revenue was €108.9 billion, up 3.8% on 2006.

In Europe/Remaining markets, sales in 2007 increased by 3.3% year-on-year to 3.7 million units. As a result, sales revenue rose by 3.9% to €77.7 billion.

VOLKSWAGEN GROUP

Division/ Segment	Automotive Division							Financial Services Division
Brand/Business Field	Volkswagen Passenger Cars	Audi	Škoda	SEAT	Bentley	Volkswagen Commercial Vehicles	Other	Dealer and customer financing Leasing Insurance Fleet business

In North America, we almost reached the previous year's sales in fiscal year 2007, with the Golf and Eos models recording encouraging growth rates. Overall, sales revenue fell by 9.5% year-on-year to €13.2 billion. This decline is due for the most part to unfavorable exchange rates and a modified model mix.

Sales growth in the South American/South African markets continued in 2007, increasing by a total of 19.1% to 0.9 million units. The most significant growth rates here were recorded in Brazil and Argentina. Sales revenue increased by 18.2% year-on-year to €10.4 billion. As well as higher sales, this can be attributed to the further increase in the external value of the Brazilian real.

Sales in the Asia-Pacific region – including our joint venture companies in China – were 1.1 million units, an increase of 27.7% on the previous year. Sales revenue increased by 12.8% to €7.5 billion. This figure does not include the sales of the joint ventures in China, as these are accounted for using the equity method.

KEY FIGURES BY BRAND AND BUSINESS FIELD

	Vehicle sales		Sales revenue		Sales to third parties		Operating result	
thousand vehicles/€ million	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Volkswagen Passenger Cars	3,664	3,451	73,944	70,710	60,201	58,839	1,940	918
Audi	1,200	1,139	33,617	31,720	21,078	20,521	2,705	2,054
Škoda	620	562	8,004	7,186	5,925	5,378	712	515
SEAT	411	419	5,899	5,874	4,375	4,433	8	– 159
Bentley	10	10	1,376	1,340	1,294	1,251	155	137
Commercial Vehicles	427	388	9,297	8,092	6,548	5,732	305	138
VW China[1]	930	694						
Other	– 1,070	– 943	– 33,385	– 28,918	750	743	– 631[2]	– 63[2]
Automotive Division	**6,192**	**5,720**	**98,752**	**96,004**	**100,171**	**96,897**	**5,194**	**3,540**
Financial Services Division			**10,145**	**8,871**	**8,726**	**7,978**	**957**	**843**
Group before special items			**108,897**	**104,875**	**108,897**	**104,875**	**6,151**	**4,383**
Special items							–	– 2,374
Volkswagen Group	**6,192**	**5,720**	**108,897**	**104,875**	**108,897**	**104,875**	**6,151**	**2,009**

1 The sales revenue and operating results of the joint venture companies in China are not included in the figures for the Group. The Chinese companies are accounted for using the equity method and recorded an operating profit (proportionate) of €294 million (€108 million).
2 Mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits.

KEY FIGURES BY MARKET

	Vehicle sales[1]		Sales revenue	
thousand vehicles/€ million	**2007**	**2006**	**2007**	**2006**
Europe/Remaining markets	3,743	3,624	77,703	74,755
North America	512	530	13,219	14,611
South America/South Africa	857	719	10,443	8,835
Asia-Pacific[2]	1,080	846	7,532	6,674
Volkswagen Group[2]	**6,192**	**5,720**	**108,897**	**104,875**

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
2 The sales revenue of the joint venture companies in China are not included in figures for the Group and the Asia-Pacific market.

Volkswagen Passenger Cars brand

Extended model range and cost optimization measures prove effective

The Volkswagen Passenger Cars brand made considerable progress in 2007 towards its goal of becoming the most innovative volume manufacturer, with the best quality in each vehicle class. Operating profit was more than double that of the previous year.

Tiguan

BUSINESS DEVELOPMENT

The Volkswagen Passenger Cars brand continued its positive development over the past fiscal year. In 2007, we set ourselves the target of becoming the most innovative volume manufacturer in the world within the space of a few years. The new brand slogan "Volkswagen – Das Auto" reaffirms this claim.

At 3.7 million, deliveries to customers in fiscal year 2007 were 7.8% higher than in the previous year; however, this varied from market to market. While deliveries to customers in Western Europe fell by 3.6%, we recorded a marked increase in sales in Central and Eastern Europe (+29.7%). The brand also achieved impressive growth rates in Brazil (32.4%) and China (24.5%). Demand in North America remained at the previous year's level.

Total unit sales were also 3.7 million vehicles; compared with the previous year, this is an increase of 6.2%, which is attributable above all to the improved market situation in Brazil. Demand increased worldwide for the Polo, Golf, Touran, Jetta, Passat and Eos models. Our new Golf Variant and Tiguan models met with a positive reception in the market.

The production volume of the Volkswagen Passenger Cars brand was 3.7 million units in 2007, an improvement of 12.0% on 2006. The most significant increases in production figures were recorded by the Wolfsburg and Zwickau plants, and by the production facilities in Mexico and Argentina.

Golf Variant

VOLKSWAGEN PASSENGER CARS BRAND

	2007	2006	%
Deliveries (thousand units)	3,663	3,396	+ 7.8
Vehicle sales	3,664	3,451	+ 6.2
Production	3,717	3,319	+ 12.0
Sales revenue (€ million)	73,944	70,710	+ 4.6
Operating profit	1,940	918	x
as % of sales revenue	2.6	1.3	

SALES REVENUE AND EARNINGS

In 2007, the Volkswagen Passenger Cars brand generated sales revenue of €73.9 billion, 4.6% more than in the previous year. Operating profit was €1.9 billion, a clear improvement on the previous year. This increase was primarily attributable to the successfully implemented restructuring measures, the systematic continuation of performance enhancement measures and the higher level of unit sales. The operating return on sales improved from 1.3% in 2006 to 2.6% in 2007. As part of its Strategy 2018, the Volkswagen Passenger Cars brand aims to generate sales of 6.6 million vehicles worldwide in approximately ten years, thereby increasing its global market share to 9%.

PRODUCTION

Vehicles	2007	2006
Golf	763,491	693,376
Passat/Santana	751,764	701,074
Jetta/Bora	630,355	533,499
Polo	449,602	401,551
Gol	320,604	278,051
Fox	206,125	201,888
Touran	197,941	178,122
Polo Classic/Sedan	86,861	67,237
Touareg	72,477	60,802
Eos	55,560	39,437
Suran	45,690	32,601
New Beetle	40,124	43,653
New Beetle Cabriolet	26,752	30,007
Parati	23,953	25,994
Sharan	23,807	26,852
Tiguan	16,272	0
Phaeton	5,711	5,024
	3,717,089	**3,319,168**

FURTHER INFORMATION
www.volkswagen.com

Audi brand

Our goal is to become the world's leading premium manufacturer

In 2007, the Audi brand won over many customers with the new Audi A5 series and set its twelfth consecutive delivery record. Lamborghini is also continuing its successful growth.

BUSINESS DEVELOPMENT

The Audi brand is one of the world's fastest-growing premium brands and aims to establish itself as the leader in this segment. 2007 was another successful year for Audi. Not only was a further model series launched – the Audi A5 – but the brand also presented its new Audi A4 saloon, a worthy successor to its best-selling model.

Audi A4

The positive response to the new models was one of the reasons why deliveries to customers increased by 6.5% year-on-year to a total of 967 thousand vehicles. The Audi brand recorded rising sales on virtually all key markets. Deliveries to customers in the US passenger car market were 3.8% higher than in 2006.

The Audi brand increased its unit sales by 5.4% year-on-year to 1,200 thousand units (of which 966 thousand were Audi and Lamborghini vehicles). Demand increased in particular for the Audi TT Coupé, Audi TT Roadster, Audi A6 allroad quattro and Audi Q7 models. With a total of 2,420 vehicles sold, Lamborghini was up 20.3% on the previous year.

In 2007, a total of 978 thousand Audi vehicles were produced (+6.0%). In May 2007, the Brussels plant started production of the Audi A3 Sportback. Starting in 2009, the new Audi A1 will also be produced there. At the beginning of 2008, the Audi brand also commenced production at Aurangabad in India. Lamborghini produced 2,580 vehicles (+23.2%). The increase in the number of Gallardo* and Murciélago Roadster* models produced was particularly encouraging.

*Consumption and emission data can be found on page 296 of this report.

Audi A5

SALES REVENUE AND EARNINGS

Owing primarily to the improved unit sales situation, sales revenue generated by the Audi brand increased by 6.0% to €33.6 billion in 2007. Operating profit amounted to €2.7 billion, thus exceeding the previous year's figure by 31.7%. The operating return on sales increased from 6.5% in 2006 to 8.0% in 2007. The figures for Lamborghini contained in those for the Audi brand also recorded positive growth.

AUDI BRAND

	2007	2006	%
Deliveries (thousand units)	967	907	+ 6.5
Vehicle sales	1,200	1,139	+ 5.4
Production	978	923	+ 6.0
Sales revenue (€ million)	33,617	31,720	+ 6.0
Operating profit	2,705	2,054	+ 31.7
as % of sales revenue	8.0	6.5	

PRODUCTION

Vehicles	2007	2006
Audi		
A4	289,806	312,786
A3	231,117	231,752
A6	227,502	217,183
Q7	77,395	72,169
TT Coupé	40,417	21,461
A5	25,549	487
Cabriolet	24,346	28,324
A8	22,182	22,468
TT Roadster	16,349	2,214
A6 allroad quattro	16,340	11,838
R8	4,125	164
Q5	162	0
	975,290	**920,846**
Lamborghini		
Gallardo Spyder	1,015	1,025
Gallardo	936	626
Murciélago	423	323
Murciélago Roadster	206	121
	2,580	**2,095**
Audi brand	**977,870**	**922,941**

FURTHER INFORMATION
www.audi.com

Škoda brand

“Simply clever” – Škoda brand vehicles are very popular all over the world

Škoda, a brand with one of the longest traditions in the automotive world, again generated record sales in 2007. The new Škoda Fabia is significantly more spacious than its predecessor.

Škoda Fabia

BUSINESS DEVELOPMENT

Škoda is one of the oldest automobile manufacturers in the world, with an impressive success story that goes back many years. In fiscal year 2007, the brand once again set new records for all key performance indicators, thanks to its strategy of designing “simply clever” vehicles. The new Škoda Fabia made its debut: a vehicle that boasts a more spacious design than its predecessor while retaining virtually the same external dimensions.

A record total of 630 thousand Škoda vehicles were delivered in fiscal year 2007, up 14.6% on the previous year. The brand recorded rising sales figures on all major markets. It also achieved impressive growth rates in France and Italy. In 2007, Škoda successfully launched its vehicle range in the Chinese passenger car market.

Škoda brand unit sales improved by 10.2% year-on-year to 620 thousand units. There was not only a marked increase in sales of the Octavia series, but also in particular of Škoda Roomster models. The new Škoda Fabia was well received by the market.

In fiscal year 2007, Škoda produced 661 thousand units, 18.8% more than in the previous year. In November 2007, the first Škoda vehicles were produced in Kaluga, Russia.

Škoda Roomster

SALES REVENUE AND EARNINGS

At €8.0 billion, sales revenue generated by the Škoda brand in fiscal year 2007 was 11.4% higher than in the previous year. This increase is mainly attributable to the record level of sales. Operating profit increased by €197 million to €712 million. This makes 2007 the most profitable year in the history of the brand. The operating return on sales was 8.9% (7.2%). In the future, Škoda will stay true to its proven recipe for success: developing “simply clever” vehicles that will continue the brand’s long-running success story.

ŠKODA BRAND

	2007	2006	%
Deliveries (thousand units)	630	550	+ 14.6
Vehicle sales	620	562	+ 10.2
Production	661	556	+ 18.8
Sales revenue (€ million)	8,004	7,186	+ 11.4
Operating profit	712	515	+ 38.4
as % of sales revenue	8.9	7.2	

PRODUCTION

Vehicles	2007	2006
Octavia	319,893	269,774
Fabia	243,576	240,051
Roomster	75,875	25,055
Superb	21,339	20,403
Fabia Praktik	0	1,064
	660,683	**556,347**

FURTHER INFORMATION
www.skoda-auto.com

SEAT brand

Growth through sporty and design-oriented models

The program introduced to improve earnings performance started taking effect: SEAT returned to profitability in fiscal year 2007. Further measures are now being implemented to deliver sustainable growth.

BUSINESS DEVELOPMENT

With its new Altea Freetrack model, SEAT struck out in a new direction in fiscal year 2007. The first all-road vehicle in the history of the Spanish company has joined the sporty and design-oriented model range, a move that met with a positive reception from the market. A foretaste of the brand's future emotional design line was given in fiscal year 2007 with the SEAT Tribu concept car. The recently constructed preproduction center at the Martorell plant will also play a key role in future product developments, as will the new SEAT Design Center.

SEAT Altea Freetrack

In spite of a difficult market environment, 431 thousand vehicles were delivered to customers in 2007, which was slightly above last year's level. SEAT recorded substantial growth rates on the French and UK markets, as well as in Central and Eastern Europe. Demand increased in particular for the SEAT Leon and SEAT Altea XL models.

Although significant destocking took place in the dealer organization in fiscal year 2007, sales to SEAT brand dealers almost reached the level of the previous year.

The number of vehicles produced in fiscal year 2007 was 413 thousand units, 2.3% fewer than in the previous year.

SEAT Altea XL

SEAT BRAND

	2007	2006	%
Deliveries (thousand units)	431	429	+ 0.4
Vehicle sales	411	419	– 2.0
Production	413	423	– 2.3
Sales revenue (€ million)	5,899	5,874	+ 0.4
Operating profit/loss	8	– 159	x
as % of sales revenue	0.1	– 2.7	

SALES REVENUE AND EARNINGS

In 2007, sales revenue for the SEAT brand was on a level with the previous year at €5.9 billion. Following an operating loss of €159 million in 2006, an operating profit of €8 million was generated in fiscal year 2007. This saw the SEAT brand returning to profitability a year earlier than expected and in turn illustrates the success of the program introduced to improve earnings performance. The operating return on sales improved from -2.7% in 2006 to 0.1% in 2007. With the help of further performance enhancement measures, SEAT is aiming to deliver sustainable growth which, among other things, will increase unit sales and ROI substantially.

PRODUCTION

Vehicles	2007	2006
Ibiza	172,206	183,848
Leon	120,630	126,511
Altea/Toledo	76,121	66,901
Cordoba	29,747	31,058
Alhambra	14,242	14,352
	412,946	**422,670**

FURTHER INFORMATION
www.seat.com

BENTLEY

Bentley brand

Customer deliveries top 10,000 vehicles for the first time

2007 was the best fiscal year in Bentley's history.
A third model – the Brooklands – was added to the Arnage series.

Bentley Brooklands

BUSINESS DEVELOPMENT

In fiscal year 2007, Bentley delivered over 10,000 vehicles to customers for the first time ever. This was a milestone in the history of Bentley and cemented its leading position in the premium vehicle segment. Sales increased by 6.7% year-on-year to 10,014 vehicles. Much of this success was attributable to continued high market acceptance of the Bentley Continental GT Cabriolet*. Over the past year, Bentley presented two impressive new vehicles. With the Bentley Brooklands*, a third model was added to the Arnage series. Another factor was the Continental GT Speed Coupé* – the most powerful Bentley ever produced.

Bentley enjoyed rising sales figures in virtually all major markets. Substantial growth rates were achieved in the passenger car markets in Western Europe and in the Asia-Pacific region, notably in China.

9,600 Bentley brand vehicles were sold in 2007. Demand was particularly strong for the Azure* and Continental GT Cabriolet* models. Owing to recent or planned model changes, there was a decline in unit sales of the Continental Flying Spur* and Continental GT Coupé*.

In fiscal year 2007, the Bentley brand produced a total of 9,972 vehicles, thus matching the high level achieved in the previous year.

*Consumption and emission data can be found on page 296 of this report.

Bentley Continental GT Speed Coupé

SALES REVENUE AND EARNINGS

The Bentley brand generated sales revenue of €1.4 billion in 2007, up 2.7% on the previous year. As a result, operating profit rose by 13.0% to €155 million. These improvements were mainly due to the model and cost structure. The operating return on sales was 11.2% (10.2%). In the future, Bentley will maintain its leading position in the premium vehicle segment.

BENTLEY BRAND

	2007	2006	%
Deliveries	10,014	9,387	+ 6.7
Vehicle sales	9,600	9,742	– 1.5
Production	9,972	10,036	– 0.6
Sales revenue (€ million)	1,376	1,340	+ 2.7
Operating profit	155	137	+ 13.0
as % of sales revenue	11.2	10.2	

PRODUCTION

Vehicles	2007	2006
Continental GT Cabriolet	4,847	1,742
Continental Flying Spur	2,270	4,042
Continental GT Coupé	1,547	3,611
Continental GT Speed Coupé	593	–
Arnage	357	464
Azure	350	177
Brooklands	8	0
	9,972	**10,036**

FURTHER INFORMATION
www.bentleymotors.com

Commercial Vehicles

Volkswagen Commercial Vehicles
Powerful versatility for all transport needs

60 years after the VW Bus was launched, the Volkswagen Commercial Vehicles Multivan is still enjoying great popularity. There was also strong demand for the Caddy and heavy commercial vehicles.

BUSINESS DEVELOPMENT

In fiscal year 2007, Volkswagen Commercial Vehicles continued the positive development of recent years. At 489 thousand vehicles, deliveries to customers worldwide during the reporting period were 10.7% higher than in 2006. Sales figures increased in the key markets of Europe and in South America. In Brazil, an impressive growth rate of 32.0% was achieved. At the end of 2007, the Caddy Maxi was added to the Volkswagen Commercial Vehicles model range.

Caddy Maxi

Sales to the dealer organization were 427 thousand units, up 10.1% on 2006.Sales of the Caddy and Multivan/Transporter models continued to increase in 2007, once again making a significant contribution to the success in the commercial vehicles business. Worldwide sales of the Caddy, which is available both as a commercial vehicle and as the Caddy Life, a passenger car, amounted to 145 thousand vehicles (+5.6%). A total of 213 thousand Caravelle/Multivan and Transporter models were sold, an increase of 5.3% compared with the previous year.

In 2007, worldwide sales of heavy commercial vehicles manufactured in Brazil increased to 47,206 units (+26.4%). A total of 39,409 trucks were sold in the 5 to 45 tonnes weight classes, 27.3% more than in the previous year. This enabled market leadership in Brazil to be maintained. Sales of buses were 7,314 (6,383) thousand units.

In fiscal year 2007, Volkswagen Commercial Vehicles produced 435 thousand units, an increase of 1.8% on the previous year. This figure does not include the Crafter models manufactured in the Daimler plants in Düsseldorf and Ludwigsfelde. The main production facility in Hanover manufactured a total of 162 thousand (170 thousand) units of the Caravelle/Multivan and Transporter models. At the Poznan plant in Poland, production was on a level with the previous year, despite the start-up of the Caddy Maxi. The Brazilian plant in Resende produced 47,082 heavy trucks and bus chassis, 33.7% more than in the previous year.

Multivan

VOLKSWAGEN COMMERCIAL VEHICLES

	2007	2006	%
Deliveries (thousand units)	489	441	+ 10.7
Vehicle sales	427	388	+ 10.1
Production	435	427	+ 1.8
Sales revenue (€ million)	9,297	8,092	+ 14.9
Operating profit	305	138	x
as % of sales revenue	3.3	1.7	

SALES REVENUE AND EARNINGS

In 2007, Volkswagen Commercial Vehicles generated sales revenue of €9.3 billion, thereby exceeding the previous year's figure by 14.9%. This growth was primarily attributable to further increases in the Caddy, Caravelle/Multivan and Transporter models and in heavy commercial vehicles.

As a result, operating profit increased to €305 million, an increase of €167 million on 2006. The operating return on sales improved from 1.7% in 2006 to 3.3% in 2007. In the coming years, the success of Volkswagen Commercial Vehicles will be continued with additional models.

PRODUCTION

Vehicles	2007	2006
Caravelle/Multivan, Kombi	119,535	119,583
Transporter	90,762	84,568
Caddy	79,830	69,736
Caddy Kombi	65,675	70,349
Trucks	39,083	28,624
Saveiro	31,221	26,574
Omnibus	7,771	6,444
Golf Pickup	812	916
LT	0	18,068
LT Kombi	0	2,316
	434,689	**427,178**

FURTHER INFORMATION
www.volkswagen-commercial-vehicles.com

Financial Services Division

Our full-service packages offer customers peace-of-mind mobility at predictable costs

With our focus on mobility packages, the wishes of our customers are now anchored firmly at the heart of our offering. Business volume and profitability increased compared with the previous year.

STRUCTURE OF THE FINANCIAL SERVICES DIVISION

The Financial Services Division's portfolio of services includes dealer and customer financing, leasing, banking and insurance activities, and fleet management business. Volkswagen Financial Services AG has been responsible for coordinating the Group's global financial services activities since 2006. Following recent reorganization measures, the Volkswagen Group's Latin American financial services companies are now the responsibility of Volkswagen Financial Services AG. This does not affect the legal independence of the North American subsidiaries. The Volkswagen Financial Services Group includes Volkswagen Financial Services AG, Volkswagen Bank GmbH and Volkswagen Leasing GmbH.

BUSINESS DEVELOPMENT

The successful mobility packages offered through Volkswagen Bank GmbH have once again established Volkswagen Financial Services AG as a trend-setter among the financial services companies operating in the automotive sector. The full-service packages, which consist of three-way financing at a 0.9% effective interest rate, insurance cover and an extended warranty, meet customers' need for peace-of-mind mobility at predictable costs. In 2007, it again led to a marked increase in the volume of business. After the offer – which was originally only available for Volkswagen Passenger Cars brand vehicles – was extended to further Group brands, there was an increased focus on implementing it in international markets in 2007. The mobility packages are now available to our customers in Poland and Italy, where they have met with a very positive reception. In the Netherlands, a pilot project was started during the reporting period.

As part of the reorganization of financial services activities in Latin America, Volkswagen Financial Services AG and HSBC Argentina entered into a cooperation in fiscal year 2007. This aims to offer customers of Volkswagen and Audi dealerships in Argentina a range of financial services relating to vehicle purchases. In fiscal year 2007, Volkswagen Financial Services AG was granted a license to operate its own automotive bank in Mexico. After receiving approval from the Mexican banking supervisory authorities, Volkswagen Bank Mexico will commence business in 2008 and assume a pioneering role in the Mexican market.

In 2007, rating agencies Moody's Investors Service and Standard & Poor's carried out their regular update of credit ratings. This confirmed last year's rating as well as the existing rating distinction between Volkswagen Bank GmbH and Volkswagen Financial Services AG and Volkswagen AG. For the second consecutive year, both agencies awarded Volkswagen Bank GmbH a credit rating one notch higher than Volkswagen Financial Services AG and Volkswagen AG.

A total of 2.4 million new finance, leasing and insurance contracts were signed in fiscal year 2007, thereby maintaining the high level of the previous year. The number of contracts as of December 31, 2007, increased by 0.5% year-on-year in the Customer

Financing/Leasing area and by 12.6% in the Service/Insurance area to a total of 6.6 million contracts. The share of vehicles leased or financed as a proportion of total delivery volumes in the Volkswagen Group matched the high level of the previous year, based on unchanged credit criteria. The direct banking business at Volkswagen Bank continued its positive development in fiscal year 2007. As of December 31, 2007, Volkswagen Bank *direct* managed around 973,199 accounts, a year-on-year increase of 10.2%. Deposits amounted to €9.6 billion (+9.0%).

In our fleet management business, the number of contracts recorded by our LeasePlan joint venture as of December 31, 2007, was 1.3 million, and was thus 4.5% higher than the figure at the end of 2006.

SALES REVENUE AND EARNINGS

In 2007, the Financial Services Division generated sales revenue of €10.1 billion, thereby exceeding the previous year's figure by 14.4%. Operating profit improved by €114 million to €957 million despite the negative impact of the crisis in the US mortgage market and increasing price competition. This means that the Division was again a major contributor to the Volkswagen Group's profit.

FURTHER INFORMATION
www.vwfsag.de

FINANCIAL SERVICES DIVISION

		2007	2006	%
Number of contracts	thousands	6,602	6,337	+ 4.2
Customer financing		3,097	3,155	– 1.8
Leasing		1,336	1,256	+ 6.3
Service/insurance		2,169	1,926	+ 12.6
Receivables[1] from	€ million			
Customer financing		28,002	26,718	+ 4.8
Dealer financing		10,565	9,623	+ 9.8
Leasing agreements		13,775	13,275	+ 3.8
Direct banking deposits	€ million	9,620	8,827	+ 9.0
Total equity and liabilities	€ million	68,603	64,518	+ 6.3
Equity	€ million	7,136	6,185	+ 15.4
Liabilities[2]	€ million	58,630	55,734	+ 5.2
Equity ratio	%	10.4	9.6	
Return on equity before tax[3]	%	16.1	16.9	
Leverage[4]		8.2	9.0	
Operating profit	€ million	957	843	+ 13.5
Profit before tax from continuing operations	€ million	1,069	1,019	+ 4.9
Employees at Dec. 31		7,298	7,154	+ 2.0

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Excluding provisions and deferred tax liabilities.
3 Profit before tax as % of average equity (continuing operations).
4 Liabilities as % of equity.

Corporate Governance

Corporate Governance Report
Responsibility and Transparency

The trust of our customers and investors is crucial for a sustainable increase in the value of our Company. Transparent and responsible corporate governance is the highest priority in our daily work. This is why the Board of Management and the Supervisory Board comply with the recommendations of the current German Corporate Governance Code as issued on June 14, 2007 with only one qualification.

CORPORATE MANAGEMENT IN LINE WITH THE RECOMMENDATIONS OF THE GERMAN CORPORATE GOVERNANCE CODE

The German Corporate Governance Code incorporates significant statutory provisions, together with internationally and nationally recognized standards of corporate governance elaborated and revised by the responsible Government Commission. Compliance with the recommendations and suggestions set out in the Code is designed to ensure good corporate governance and supervision. The recommendations of the German Corporate Governance Code therefore provide an important basis for the activity of the Board of Management and Supervisory Board of Volkswagen AG.

Responsible corporate governance and the trust of all interest groups help to continuously increase the value of the Company. We strengthen this trust by creating transparency and thus meet national and international investors' steadily increasing demands for information.

DECLARATION OF CONFORMITY

On December 20, 2007, the Board of Management and Supervisory Board of Volkswagen AG issued the statutory declaration of conformity with the German Corporate Governance Code as required by section 161 of the Aktiengesetz (AktG – German Stock Corporation Act). They declared that they had complied without qualification with the recommendations of the Government Commission on the German Corporate Governance Code as issued on June 12, 2006 until the release of the revised version on July 20, 2007.

In the declaration, the Board of Management and Supervisory Board of Volkswagen AG also declared that they complied and continue to comply with the recommendations of the Government Commission on the German Corporate Governance Code as revised and issued on June 14, 2007 with one exception. The exception relates to the formation of a Nomination Committee (article 5.3.3 of the Code). Volkswagen AG has a Supervisory Board with a Presidium, a Mediation Committee and an Audit Committee, as well as a Shareholder Business Relationships Committee. The Presidium of the Supervisory Board, which consists of six members, is responsible in particular for the preparation of the Supervisory Board's resolutions. This also includes in particular the proposal of suitable candidates for the Supervisory Board to recommend for election to the Annual General Meeting. In the opinion of the entire Supervisory Board, an additional Nomination Committee would only increase the number of committees without improving the work of the Supervisory Board.

The current joint declaration of conformity by the Board of Management and the Supervisory Board under section 161 of the AktG has been published on our website, www.volkswagenag.com/ir, under the heading "Corporate Governance", menu item "Declarations of Conformity".

In addition, the Volkswagen Group will largely comply with the suggestions of the Code. However, it still has no plans to implement the suggestion made in the Code to the effect that one-time variable components tied to business performance should be taken into account in setting the remuneration of the Board of Management (article 4.2.3, clause 3 of the Code) and that long-term performance should be taken into account in setting the remuneration of the Supervisory Board (article 5.4.7, clause 5 of the Code). We intended to continue pursuing the debate on this matter in professional circles. The Company also does not intend to comply with the suggestion to provide for a cap on payments of no more than two years' remuneration when entering into Board of Management agreements, and a cap of no more than 150% on payments in the event of premature termination of membership of the Board of Management (article 4.2.3, clauses 9 to 11 of the Code). Doubt is cast in professional circles on the effectiveness of such contractual clauses and this reduces the ability of the Supervisory Board of Volkswagen AG to act without, on the other hand, offering significant advantages in view of the applicable legal situation.

In their declaration of conformity on December 5, 2007, the Board of Management and Supervisory Board of AUDI AG declared that they largely complied with the recommendations of the Code as issued on June 12, 2006 until the release of the revised version on July 20, 2007. However, they included the qualifications that the remuneration paid to members of the Supervisory Board (article 5.4.7, subsection 3, sentence 1 of the Code) is not disclosed individually and that members are not elected to the Supervisory Board on an individual basis (article 5.4.3, sentence 1 of the Code). The Board of Management and the Supervisory Board of AUDI AG also declared that they complied and continue to comply with the recommendations as revised on June 14, 2007 and issued on July 20, 2007. However, the above-mentioned qualifications continued and continue to apply, as is the case with qualification that the Supervisory Board has not formed a Nomination Committee (article 5.3.3 of the Code). The declaration of conformity is published at www.audi.com

Additionally, the following reservations apply at AUDI AG with regard to the suggestions contained in the Code: The Annual General Meeting of AUDI AG is not broadcast on the Internet (article 2.3.4 of the Code). There is therefore no need to enable absent shareholders to contact the company's proxies (article 2.3.3, clause 3, subclause 2 of the Code) during the Annual General Meeting. In addition, all qualifications stated with regard to Volkswagen AG also apply to AUDI AG.

DECLARATION OF CONFORMITY OF VOLKSWAGEN AG
www.volkswagenag.com/ir

DECLARATION OF CONFORMITY OF AUDI AG
www.audi.com

COOPERATION BETWEEN THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

The Board of Management provided the Supervisory Board with regular, complete and prompt verbal and written reports on all key issues for the Volkswagen Group relating to planning, the development of business, the position of the Group including the risk situation and risk management. In the future, the Audit Committee will look at compliance issues even more intensively, as provided for in article 3.4 of the Code. A corresponding clarification has been made to the Audit Committee's rules of procedure by way of a resolution by the Supervisory Board.

COMPLIANCE

Compliance is defined in article 4.1.3 of the German Corporate Governance Code as follows: The Management Board ensures that all provisions of law and the enterprise's internal policies are abided by and works to achieve their compliance by Group companies. The conformity of our actions with both legal and internal requirements and ethical principles forms an integral part of Volkswagen's corporate culture. In order to ensure compliance with statutory requirements, the Company's internal rules and voluntary obligations, in 2007 we also initiated the establishment of a compliance organization and appointed a Chief Compliance Officer. His task is to implement a Compliance Office, to integrate appropriate preventive measures into the existing management system, and to manage and control these measures to ensure compliance. Furthermore, the Chief Compliance Officer advises the Board of Management on all compliance issues.

RISK MANAGEMENT

We pay particular attention to managing potential risks to the Company. Risks are identified and risk positions optimized through systematic risk management. The Volkswagen Group's risk management system is continually adapted in a dynamic process to reflect the changing environment. Detailed information on risk management can be found in the Risk Report chapter on pages 162 to 169.

The Supervisory Board has established an Audit Committee, which deals in particular with accounting issues, compliance and risk management. As recommended by the German Corporate Governance Code, the Chairman of the Audit Committee, Mr. Holger P. Härter, Chief Financial Officer and Deputy President of the Executive Board of Porsche Automobil Holding SE and of Dr. Ing. h.c. F. Porsche AG, has particular expertise and experience in applying accounting standards and internal control systems.

COMMUNICATION AND TRANSPARENCY

The Volkswagen Group publishes a financial calendar in its Annual Report, in the interim reports and on its website at www.volkswagenag.com/ir that also lists all important dates for our shareholders. At the Annual General Meeting, shareholders can exercise their voting rights in person, via an authorized Company proxy, or via a third-party proxy of their choice. Furthermore, we offer our shareholders the option of following the entire AGM on the Internet.

The Company's ad hoc releases are also published without delay on our website at www.volkswagenag.com/ir under the heading "Mandatory Publications", menu item "Ad-hoc releases". The website also provides further information relating to Volkswagen. All releases and other information are published in both English and German. A detailed list of all communications published in 2007 relating to the capital markets is included in the annual document required by section 10 of the Wertpapier–prospektgesetz (WpPG – German Securities Prospectus Act), which can also be accessed on this page under the heading "Mandatory Publications".

In fiscal year 2007, one notification regarding directors' dealings (section 15a WpHG) was received; this can be viewed on our website at www.volkswagenag.com/ir under the heading "Mandatory Publications", menu item "Directors' Dealings".

The notifications filed in accordance with sections 21 ff. of the WpHG in 2007 are also published on our website at www.volkswagenag.com/ir under the heading "Mandatory Publications", menu item "Reporting of voting rights according to WpHG".

On May 11, 2007, the Board of Management and the Supervisory Board of Volkswagen AG separately published statements on the mandatory public bid by Dr. Ing. h.c. F. Porsche AG (now Porsche Automobil Holding SE) in accordance with section 27 of the Wertpapiererwerbs- und Übernahmegesetz (German Securities Acquisition and Takeover Act). The detailed documents can also be accessed on our website at www.volkswagenag.com/ir under the heading "Mandatory Publications", menu item "Other legal issues".

The supervisory body offices held by Board of Management members and Supervisory Board members are presented on pages 108 to 111 of this Annual Report.

Since January 2006, Volkswagen AG has had a global anti-corruption system with independent lawyers as ombudsmen and an internal Anti-Corruption Officer. They can also be contacted by persons wishing to provide information on suspected instances of corruption within the Group. In 2007, the ombudsmen passed on information provided by persons who remained anonymous to Volkswagen AG's internal Anti-Corruption Officer in 46 cases. All information is followed up.

MANDATORY PUBLICATIONS OF VOLKSWAGEN AG
www.volkswagenag.com/ir

Remuneration Report

(Part of the Management Report)

This chapter details the individualized remuneration of the Board of Management and the Supervisory Board of Volkswagen AG, broken down into components, as well as individualized pension provision disclosures. In addition, the main elements of the remuneration system for the Board of Management and the structure of the stock option program are explained.

REMUNERATION OF THE BOARD OF MANAGEMENT

The remuneration of the members of the Board of Management conforms to the requirements of the Aktiengesetz (AktG – German Stock Corporation Act) as well as to the recommendations and, to a large extent, the suggestions set out in the German Corporate Governance Code. The remuneration system was most recently discussed by the Presidium of the Supervisory Board at its meeting on July 5, 2007; no changes were recommended to the Supervisory Board.

The members of the Board of Management receive a fixed remuneration of a total of €4,810,736 (previous year: €5,009,987). The fixed remuneration also includes differing levels of remuneration for the assumption of appointments at Group companies and non-cash benefits, which consist in particular of the use of company cars and the grant of insurance cover. Taxes due on the non-cash benefits were mainly borne by Volkswagen AG.

The fixed components of the package ensure a basic level of remuneration enabling the members of the Board of Management to perform their duties in the interests of the Company and to fulfill their obligation to act with proper business prudence without needing to focus on merely short-term performance targets.

REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT

€	Fixed	Variable	Stock options exercised	Total 2007	Total 2006
Martin Winterkorn	1,225,996	3,700,000	219,500[1]	5,145,496	1,926,083
Wolfgang Bernhard	146,417	–	398,150	544,567	3,109,773
Francisco Javier Garcia Sanz	848,926	1,800,000	219,500[1]	2,868,426	1,724,713
Jochem Heizmann[2]	838,936	1,750,000	–	2,588,936	–
Horst Neumann	873,472	1,800,000	–	2,673,472	1,735,527
Hans Dieter Pötsch	876,989	1,800,000	–	2,676,989	1,744,852
Members of the Board of Management who left in the previous year	–	–	–	–	3,525,989
	4,810,736	**10,850,000**	**837,150**	**16,497,886**	**13,766,937**

1 Automatic conversion after expiration of the conversion period.
2 From January 11, 2007.

On the other hand, variable components, dependent among other criteria on the financial performance of the Company, serve to balance the interests of the Board of Management and the other stakeholders.

The additional annual variable amount paid to each member of the Board of Management contains annually recurring components tied to the business success of the Company. It is primarily oriented on the results achieved and the financial position of the Company.

One-time variable components tied to business performance are not granted as part of the remuneration of the Board of Management.

Stock options serve as variable components of remuneration providing long-term incentives.

Until 2006, stock options were issued to the Board of Management, Group senior executives and the employees of Volkswagen AG.

Under this arrangement, all current members of the Board of Management were entitled to subscribe for convertible bonds, which continue to have an incentive effect. The conversion rights are linked to the development of the price of Volkswagen ordinary shares. As of December 31, 2007, conversion rights still existed from tranches 5 to 8. All tranches of the stock option plan entitled members of the Board of Management to subscribe for a maximum of 500 non-transferable convertible bonds at a price of €2.56 per bond, conveying the right to acquire a maximum of 5,000 ordinary shares. If a member of the Board of Management was a member of top management at the date of grant for each tranche, they could – like all other members of top management – subscribe for a maximum of 500 non-transferable convertible bonds at a price of €2.56 per bond, conveying the right to acquire a maximum of 5,000 ordinary shares. The precondition for participation in this stock option plan was a contribution of between €5,000 and €25,000 in Time Assets, depending on the number of convertible bonds being acquired. The stock option plan is essentially structured as follows: the basis for determining the conversion price (base conversion price) of a tranche is the average Xetra closing price of Volkswagen ordinary shares on the five trading days prior to the respective decision on the issue of convertible bonds. Conversion is possible for the first time after a vesting period of 24 months, and then for a period of five years as from the date of issue of the convertible bonds. The conversion price is initially set at 110% of the base conversion price, and then increases by five percenttage points each year. The members of the Board of Management may exercise their conversion rights only three times a year, within four-week windows beginning on public reporting dates of Volkswagen AG. The stock option plan is thus based on demanding, relevant comparative parameters as set out in the German Corporate Governance Code. Further details are contained in the agenda of the Annual General Meeting held on April 16, 2002, at which the authorization to implement the stock option plan was granted. The details of the stock option plan are explained in note 21 Equity.

STOCK OPTION GRANTS

	Brought forward Jan. 1	Contributed	Exercised	Returned	Held at Dec. 31	Fair value of options 2007 in €	Fair value of options 2006 in €
Martin Winterkorn	2,500	–	500*	–	2,000	2,010,600	508,950
Wolfgang Bernhard	1,000	–	500	500	–	–	192,000
Francisco Javier Garcia Sanz	2,500	–	500*	–	2,000	2,010,600	508,950
Jochem Heizmann	–	1,000	–	–	1,000	965,950	–
Horst Neumann	1,000	–	–	–	1,000	952,400	203,700
Hans Dieter Pötsch	2,000	–	–	–	2,000	2,010,600	415,400
	9,000	**1,000**	**1,500**	**500**	**8,000**	**7,950,150**	**1,929,950**

* Automatic conversion after expiration of the conversion period.

The stock option plan is designed to provide the members of the Board of Management – like all other employees – with an element of their total remuneration package that is oriented on an increase in the share price. In this way, it aims to enhance value added and enterprise value. Furthermore, the stock option plan is also a commonly employed instrument in recruiting and assuring the long-term loyalty of members of the Board of Management. There is no possibility of subsequently modifying the performance targets or comparative parameters underlying the stock option plan.

Inappropriate levels of payment arising from the stock options are not to be expected, because of their link to the development of the price of Volkswagen ordinary shares and the limitation of the number of stock options in each tranche. As recommended by the German Corporate Governance Code, the Supervisory Board will establish a cap on such payments in consultation with the members of the Board of Management in the event of extraordinarily high unforeseen increases.

POST-EMPLOYMENT BENEFITS

The members of the Board of Management are entitled to a pension and to a surviving dependents' pension as well as the use of company cars in the event of termination of their service on the Board of Management.

The old-age pension to be granted after leaving the Company is payable immediately if their membership of the Board of Management is terminated by the Company, and in other cases on reaching the age of 63. Any remuneration from other sources until the age of 63 is deductible from the benefit entitlement up to a certain fixed amount.

The old-age pension is calculated as a percentage of the fixed basic salary, which accounts for most of the fixed individual remuneration of the Board of Management shown in the table on page 100. Mr. Winterkorn and Mr. Garcia Sanz have an old-age pension entitlement of 70%, Mr. Heizmann of 62% and Mr. Neumann and Mr. Pötsch of 60% of their fixed basic salaries as of the end of 2007.

Starting at 50%, the individual percentage increases by 2 percentage points for each year of service up to the maximum of 70% defined by the Presidium of the Supervisory Board.

Members of the Board of Management are entitled to a six-month continuation of their normal remuneration in the case of illness and to their pension in the case of incapacity. Their surviving dependents receive a widows' pension of 66 2/3% and orphans' benefits of 20% of the former member of the Board of Management's pension.

Dr. Bernhard has received a total amount of €5.95 million in conjunction with his departure from the Board of Management. No further pension claims or surviving dependents' pension can be made against Volkswagen AG.

On December 31, 2007 the pension obligations for members of the Board of Management in accordance with IAS 19 amounted to €30,334,447 (previous year: €21,907,510). Current pensions are index-linked in accordance with the index-linking of the highest collectively agreed salary insofar as the application of section 16 of the Gesetz zur Verbesserung der betrieblichen Altersversorgung (BetrAVG – German Company Pension Act) does not lead to a larger increase.

Retired members of the Board of Management and their surviving dependents received €8,688,685 (previous year: €10,189,421). Obligations for pensions for this group were recognized in the amount of €107,971,788 (previous year: €118,976,976).

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the members of the Supervisory Board of Volkswagen AG amounts to €4,276,167 (previous year: €2,843,267) and is dependent on the dividend to be paid for fiscal year 2007. It is composed of fixed components (including attendance fees) of €307,192 (previous year: €306,142) and variable components of €3,968,975 (previous year: €2,537,125), in accordance with the provisions of the Articles of Association prevailing at the time.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

€	Fixed	Variable	Total 2007	Total 2006
Ferdinand K. Piëch	25,000	412,500	**437,500**	**295,000**
Jürgen Peters[1]	19,000	275,000	**294,000**	**199,000**
Andreas Blechner (until April 19, 2007)[1]	4,817	41,632	**46,449**	**103,000**
Elke Eller (until September 30, 2007)[1]	12,750	154,688	**167,438**	**142,800**
Michael Frenzel	16,000	206,250	**222,250**	**142,800**
Babette Fröhlich (since October 25, 2007)[1]	2,475	33,802	**36,277**	**–**
Hans Michael Gaul	16,000	206,250	**222,250**	**129,067**
Jürgen Großmann	12,000	137,500	**149,500**	**67,200**
Holger P. Härter	19,000	275,000	**294,000**	**121,333**
Walter Hirche[2]	13,000	137,500	**150,500**	**103,000**
Peter Jacobs (since April 19, 2007)[1]	7,183	95,868	**103,051**	**–**
Olaf Kunz[1]	13,000	137,500	**150,500**	**103,000**
Günter Lenz (until July 31, 2007)[1]	7,500	80,208	**87,708**	**103,000**
Peter Mosch[1]	13,000	137,500	**150,500**	**98,467**
Ulrich Neß (until April 19, 2007)	4,725	62,448	**67,173**	**143,800**
Roland Oetker	19,000	275,000	**294,000**	**184,600**
Bernd Osterloh[1]	16,000	206,250	**222,250**	**151,000**
Heinrich von Pierer	12,000	137,500	**149,500**	**103,000**
Wolfgang Ritmeier (since April 19, 2007)	10,275	143,802	**154,077**	**–**
Heinrich Söfjer (since August 3, 2007)[1]	4,467	56,527	**60,994**	**–**
Jürgen Stumpf[1]	12,000	137,500	**149,500**	**103,000**
Bernd Wehlauer[1]	16,000	206,250	**222,250**	**151,000**
Wendelin Wiedeking	16,000	206,250	**222,250**	**136,333**
Christian Wulff[2]	16,000	206,250	**222,250**	**151,000**
Supervisory Board members who retired in the prior year	–	–	**–**	**111,867**
Total	**307,192**	**3,968,975**	**4,276,167**	**2,843,267**

1 The employee representatives have stated that they will transfer their Supervisory Board remuneration to the Hans Böckler Foundation in accordance with the guidelines issued by the German Confederation of Trade Unions (DGB).

2 Under section 5(3) of the Niedersächsisches Ministergesetz (Act Governing Ministers of the State of Lower Saxony), the Supervisory Board members appointed by the State of Lower Saxony are obliged to transfer their Supervisory Board remuneration to the State of Lower Saxony, with the exception of an amount of €5,500 (and the non-transferable portion of the attendance fees amounting to €200 per meeting).

Structure and Business Activities

(Part of the Management Report)

The following section describes the legal and organizational structure of the Volkswagen Group and explains the material changes in 2007 with respect to equity investments. This is followed by the disclosures relating to takeover law in accordance with sections 289(4) and 315(4) of the HGB.

OUTLINE OF THE LEGAL STRUCTURE OF THE GROUP

Volkswagen AG is the parent company of the Volkswagen Group. It develops vehicles and components for the Group, but also produces and sells vehicles, in particular Volkswagen brand passenger cars and commercial vehicles. In its function as parent company, Volkswagen AG holds interests in AUDI AG, SEAT S.A., Volkswagen Financial Services AG and numerous other companies in Germany and abroad. An overview of the significant Group companies can be found in the Notes to the Consolidated Financial Statements on pages 258 to 260.

The Volkswagen AG Board of Management is the ultimate body responsible for managing the Group. The Supervisory Board appoints, monitors and advises the Board of Management and is consulted directly on decisions that are of fundamental significance for the Company.

Information on the remuneration structure for the Board of Management and the Supervisory Board can be found in the Remuneration Report on pages 100 to 103, in the Notes to the Volkswagen Consolidated Financial Statements on page 257 and in the Notes to the Annual Financial Statements of Volkswagen AG on pages 291 to 292.

ORGANIZATIONAL STRUCTURE OF THE GROUP

Volkswagen AG and the Volkswagen Group are managed by the Volkswagen AG Board of Management in accordance with the Volkswagen AG Articles of Association and the rules of procedure for the Volkswagen AG Board of Management issued by the Supervisory Board. Within the framework laid down by law, the Group Board of Management ensures that Group interests are taken into account in decisions relating to the Group's brands and companies. This body consists of Board members and selected top managers with Group management functions.

Each brand in the Volkswagen Group is managed by a senior brand manager. The Group targets and requirements laid down by the Board of Management of Volkswagen AG or the Group Board of Management must be complied with in accordance with the applicable legal framework. Matters that are of importance to the Group as a whole are submitted to the Group Board of Management for approval. The rights and obligations of the statutory supervisory bodies of the relevant brand companies remain unaffected.

The companies of the Volkswagen Group are managed separately by their respective managements. In addition to the interests of their own companies, each individual company management takes into account the interests of the Group and of individual brands in accordance with the framework laid down by law.

MAJOR CHANGES IN EQUITY INVESTMENTS

Effective as of January 1, 2007, Autogerma S.p.A was renamed Volkswagen Group Italia S.p.A.

Volkswagen India Private Limited was established on February 6, 2007. The initial purpose of the company is to set up a plant in Pune, India, that will produce Volkswagen brand vehicles from 2008 onwards. On March 7, 2007, Volkswagen Group Sales India Private Limited, head–quartered in Mumbai, India, was also established. It will sell both locally manufactured and imported Group vehicles in India.

Svenska Volkswagen Aktiebolag has been operating under the name of Volkswagen Group Sverige Aktiebolag since June 20, 2007.

Effective as of January 1, 2008, Volkswagen of America, Inc. was renamed Volkswagen Group of America, Inc. Volkswagen Canada, Inc. was renamed Volkswagen Group Canada, Inc. as of the same date.

In 2007, Volkswagen AG increased its equity interest in MAN AG to 29.9% of the voting rights and its equity interest in Scania AB to 37.4% of the voting rights. These equity interests are designed to safeguard the Group's strategic interest in the commercial vehicles business. At the beginning of 2007, Volkswagen AG's Supervisory Board rejected MAN's offer to acquire Scania and instructed the Board of Management to work towards an amicable merger of MAN and Scania in order to leverage the potential synergies associated with this move.

DISCLOSURES REQUIRED UNDER TAKEOVER LAW

The disclosures required under takeover law as specified by sections 289(4) and 315(4) of the Handelsgesetzbuch (HGB – German Commercial Code) are presented in the following.

Capital structure

On December 31, 2007, the share capital of Volkswagen AG amounted to €1,015,233,400.32 (previous year: €1,004,078,968.32); it was composed of 291,337,267 ordinary shares and 105,238,280 preferred shares. Each share conveys a notional interest of €2.56 in the share capital.

Shareholder rights and obligations

Shareholders have pecuniary and administrative rights.

The pecuniary rights include in particular the right to participate in profits (section 58(4) of the Aktiengesetz (AktG – German Stock Corporation Act)), to participate in liquidation proceeds (section 271 of the AktG) and preemptive rights on shares in the event of capital increases (section 186 of the AktG).

Administrative rights include the right to attend the Annual General Meeting and the right to speak there, to ask questions, to propose motions and to exercise voting rights. Shareholders can enforce these rights in particular through actions seeking disclosure and actions for avoidance.

Each ordinary share grants the holder one vote at the Annual General Meeting. The Annual General Meeting elects shareholder representatives to the Supervisory Board and elects the auditors; in particular, it resolves the appropriation of net profit, formally approves the actions of the Board of Management and the Supervisory Board, resolves amendments to the Articles of Association, capitalization measures, authorizations to purchase treasury shares and, if required, the conduct of a special audit; it also resolves premature removal of Supervisory Board members and the winding-up of the Company.

Preferred shareholders generally have no voting rights. However, in the exceptional case that preferred shareholders are granted voting rights by law (for example, when preferred share dividends were not paid in one year and not compensated for in full in the following year), each preferred share also grants the holder one vote at the Annual General Meeting. Furthermore, preferred shares entitle the holder to a €0.06 higher dividend than ordinary shares (further details on this right to preferred dividends are specified in Article 28(2) of the Articles of Association).

The Gesetz über die Überführung der Anteilsrechte an der Volkswagenwerk Gesellschaft mit beschränkter Haftung in private Hand (VW-Gesetz – Act on the Privatization of Shares of Volkswagenwerk Gesellschaft mit beschränkter Haftung) of July 21, 1960, as amended in 1970, and Volkswagen AG's Articles of Association include provisions in derogation of the Aktiengesetz (AktG – German Stock Corporation Act), for example on exercising voting rights by proxy (section 3 of the VW-Gesetz), on majority requirements (section 4(3) of the VW-Gesetz) and on restrictions on voting rights (section 2(1) of the VW-Gesetz) when resolutions are adopted by the Annual General Meeting. Furthermore, it includes provisions governing the right of the German federal government and the State of Lower Saxony to appoint shareholder representatives (section 4(1) of the VW-Gesetz).

On October 23, 2007, the European Court of Justice (ECJ) ruled that the Federal Republic of Germany had breached its obligations under Article 56(1) of the EC Treaty (restrictions on the movement of capital) by retaining section 4(1) and section 2(1) in conjunction with section 4(3) of the VW-Gesetz of July 21, 1960, in the version applicable to the legal dispute.

Following the ruling by the ECJ, the Federal Republic of Germany is obliged in accordance with Article 228 of the EC Treaty to remedy its breach of Community law. The German federal government has announced that it will amend the VW-Gesetz in line with the ruling in the near future. The current status of the legislative process can be ascertained from the publications by the legislature.

Shareholdings exceeding 10% of voting rights

Shareholdings in Volkswagen AG that exceed 10% of voting rights are shown in the Notes to the Annual Financial Statements of Volkswagen AG on pages 284 to 288 and the Notes to the Volkswagen Consolidated Financial Statements on pages 254 to 256.

Composition of the Supervisory Board

The Supervisory Board consists of 20 members, half of whom are shareholder representatives. In accordance with section 4 of the VW-Gesetz in conjunction with Article 12 of the Articles of Association, two of the shareholder representatives are appointed by the State of Lower Saxony. The remaining shareholder representatives are elected by the Annual General Meeting. The other half of the Supervisory Board consists of employee representatives elected by the employees in accordance with the Mitbestimmungsgesetz (German Codetermination Act). Seven of these employee representatives are Company employees; the other three employee representatives on the Supervisory Board represent the trade unions. The Chairman of the Supervisory Board, generally a shareholder representative on the Supervisory Board who is elected by his Supervisory Board colleagues, has a casting vote in the Supervisory Board, in accordance with the Mitbestimmungsgesetz (German Codetermination Act).

Statutory requirements and requirements of the Articles of Association with regard to the appointment and removal of Board of Management members and to amendments to the Articles of Association

The appointment and removal of Board of Management members are governed by sections 84 and 85 of the AktG, whereby Board of Management members are appointed by the Supervisory Board for a maximum of five years. Board of Management members may be reappointed or have their term of office extended for a maximum of five years in each case. In addition, Article 6 of the Articles of Association states that the number of Board of Management members is stipulated by the Supervisory Board and that the Board of Management must consist of at least three persons.

Powers of the Board of Management, in particular concerning the issue of new shares and the repurchase of treasury shares

According to German stock corporation law, the Annual General Meeting can, for a maximum of five years, authorize the Board of Management to issue new shares. It can also authorize the Board of Management, for a maximum of five years, to issue convertible bonds on the basis of which new shares are to be issued. The Annual General Meeting also decides the extent to which shareholders have preemptive rights for the new shares. The highest amount of authorized share capital or contingent capital available for these purposes is determined by Article 4 of the Articles of Association of Volkswagen AG, as amended.

The acquisition of treasury shares is governed by section 71 of the AktG. At the most recent Annual General Meeting in Hamburg on April 19, 2007, the Board of Management was authorized, in accordance with section 71(1) no. 8 of the AktG and with the consent of the Supervisory Board, to acquire ordinary shares and/or non-voting preferred shares of Volkswagen AG on one or more occasions, up to a maximum of 10% of the share capital – i.e. up to a maximum of 39,247,877 shares – via the stock market or by way of a public purchase offer to all shareholders. This authorization came into effect on November 4, 2007, and will apply until October 19, 2008, insofar as no other resolution is adopted by the Annual General Meeting prior to this date. Details on the issue of new shares and the retirement of treasury shares are shown in the notes on page 222.

Material agreements of the parent company that take effect in the event of a change of control following a takeover bid

On June 14, 2005, a banking syndicate granted Volkswagen AG a syndicated credit line of €12.5 billion, which was reduced to €10.0 billion in 2007. The credit line runs until June 2012. In the event of a change in control of Volkswagen AG (as defined in the EU Merger Regulation), the lenders may individually and independently terminate their proportion of the credit line with immediate effect, and if required, demand repayment of amounts lent. Such a termination entitlement is standard for the industry (see recommendation of the Loan Market Association).

Executive Bodies

(Part of the Notes to the Consolidated Financial Statements and the Annual Financial Statements of Volkswagen AG)

Members of the Board of Management and their Appointments

APPOINTMENTS: AS OF DECEMBER 31, 2007

PROF. DR. RER. NAT.
MARTIN WINTERKORN (60)
Chairman (since January 1, 2007),
Research and Development,
Sales
July 1, 2000*
Appointments:
○ FC Bayern München AG, Munich
○ Infineon Technologies AG, Munich
○ Salzgitter AG, Salzgitter
○ TÜV Süddeutschland Holding AG, Munich
⊙ Scania AB, Södertälje, Sweden

DR. RER. POL.
WOLFGANG BERNHARD (47)
February 1, 2005 – January 31, 2007*

FRANCISCO JAVIER
GARCIA SANZ (50)
Procurement
July 1, 2001*
Appointments:
⊙ Scania AB, Södertälje, Sweden

PROF. DR. RER. POL.
JOCHEM HEIZMANN (56)
Production
January 11, 2007*
Appointments:
○ Lufthansa Technik AG, Hamburg

DR. RER. POL.
HORST NEUMANN (58)
Human Resources and Organization
December 1, 2005*
Appointments:
○ Wolfsburg AG, Wolfsburg

HANS DIETER PÖTSCH (56)
Finance and Controlling
January 1, 2003*
Appointments:
○ Allianz Versicherungs-AG, Munich
○ BASF AG, Ludwigshafen
○ Bizerba GmbH & Co. KG, Balingen
⊙ Scania AB, Södertälje, Sweden

As part of their duty to manage and supervise the Group's business, the members of the Board of Management hold other offices on the supervisory boards of consolidated Group companies and other significant investees.

○ Membership of statutory supervisory boards in Germany.
● Group appointments to statutory supervisory boards.
⊙ Comparable appointments in Germany and abroad.

* The date signifies the beginning or period of membership of the Board of Management.

Members of the Supervisory Board and their Appointments

APPOINTMENTS: AS OF DECEMBER 31, 2007

**HON.-PROF. DR. TECHN. H.C.
DIPL.-ING. ETH
FERDINAND K. PIËCH (70)**
Chairman
April 16, 2002*
Appointments:
○ MAN AG, Munich (Chairman)
○ Dr. Ing. h.c. F. Porsche AG, Stuttgart
○ Porsche Automobil Holding SE, Stuttgart
⊙ Porsche Ges.m.b.H, Salzburg
⊙ Porsche Holding GmbH, Salzburg

JÜRGEN PETERS (63)
Deputy Chairman;
President International Metalworkers' Federation – IMF
November 1, 2003*
Appointments:
○ Salzgitter AG, Salzgitter (Deputy Chairman)

DR. JUR. KLAUS LIESEN (76)
July 2, 1987 – May 3, 2006*
Honorary Chairman of the Supervisory Board of Volkswagen AG (since May 3, 2006)

ANDREAS BLECHNER (50)
April 16, 2002 – April 19, 2007*

ELKE ELLER (45)
August 20, 2001 – September 30, 2007*

DR. JUR. MICHAEL FRENZEL (60)
Chairman of the Board of Management of TUI AG
June 7, 2001*
Appointments:
○ AWD Holding AG, Hanover
○ AXA Konzern AG, Cologne
○ Continental AG, Hanover
○ E.ON Energie AG, Munich
● Hapag-Lloyd AG, Hamburg (Chairman)
● Hapag-Lloyd Fluggesellchaft mbH, Hanover (Chairman)
● TUI Deutschland GmbH, Hanover (Chairman)
⊙ Norddeutsche Landesbank, Hanover
⊙ Preussag North America, Inc., Atlanta (Chairman)
⊙ TUI China Travel Co. Ltd., Beijing
⊙ TUI Travel PLC., Crawley

BABETTE FRÖHLICH (42)
IG Metall,
Member of Executive Committee 02 with responsibility for Codetermination and Sector Policy
October 25, 2007*
Appointments:
○ KION Group GmbH, Wiesbaden
○ KION Holding eins GmbH, Wiesbaden
○ MTU Aero Engines GmbH, Munich
○ MTU Aero Engines Holding AG, Munich

DR. JUR. HANS MICHAEL GAUL (65)
June 19, 1997*
Appointments:
○ Allianz Versicherungs-AG, Munich
○ DKV Deutsche Krankenversicherung AG, Cologne
○ Evonik Industries AG, Essen
○ HSBC Trinkaus & Burckhardt AG, Düsseldorf
○ IVG Immobilien AG, Bonn
○ VNG – Verbundnetz Gas AG, Leipzig

○ Membership of statutory supervisory boards in Germany.
● Group appointments to statutory supervisory boards.
⊙ Comparable appointments in Germany and abroad.

* The date signifies the beginning or period of membership of the Supervisory Board.

DR. ING. JÜRGEN GROSSMANN (55)
Chairman of the Board of Management
of RWE AG;
Partner, Georgsmarienhütte Holding GmbH
May 3, 2006*
Appointments:
○ BATIG Gesellschaft für Beteiligungen mbH, Hamburg
○ British American Tobacco (Germany) GmbH, Hamburg
○ British American Tobacco (Industrie) GmbH, Hamburg
○ Deutsche Bahn AG, Berlin
○ MTU Friedrichshafen GmbH, Friedrichshafen
○ Surteco AG, Buttenwiesen-Pfaffenhofen (Chairman)
● RWE Dea AG, Hamburg (Chairman)
● RWE Energy AG, Dortmund (Chairman)
● RWE Power AG, Essen (Chairman)
⊙ Ardex GmbH, Witten
⊙ Evonik Trading GmbH, Essen
⊙ Hanover Acceptances Ltd., London
⊙ Messer Group GmbH, Sulzbach

HOLGER P. HÄRTER (51)
Chief Financial Officer,
Deputy President of the Executive Board
of Porsche Automobil Holding SE;
Chief Financial Officer, Deputy Chairman of the
Executive Board of Dr. Ing. h.c. F. Porsche AG
May 3, 2006*
Appointments:
○ Boerse-Stuttgart, Stuttgart
○ EUWAX AG, Stuttgart
⊙ Porsche Cars Great Britain Ltd., Reading
⊙ Porsche Cars North America Inc., Wilmington
⊙ Porsche Enterprises Inc., Wilmington
⊙ Porsche Financial Services, Inc., Wilmington
⊙ Porsche Ibérica S.A., Madrid
⊙ Porsche Italia S.p.A., Padua
⊙ Porsche Japan K.K., Tokyo

WALTER HIRCHE (67)
Minister of Economic Affairs, Labor and
Transport for the Federal State of Lower
Saxony
April 8, 2003*
Appointments:
○ Deutsche Messe AG, Hanover (Chairman)

PETER JACOBS (50)
Chairman of the Works Council at
the Volkswagen AG Emden plant
April 19, 2007*
Appointments:
⊙ Volkswagen Coaching GmbH, Wolfsburg

OLAF KUNZ (48)
IG Metall – Executive Committee 01,
Head of the Office of Legal Counsel
April 16, 2002*
Appointments:
○ Bosch Sicherheitssysteme GmbH, Stuttgart

GÜNTER LENZ (48)
July 1, 1997 – July 31, 2007*

PETER MOSCH (36)
Chairman of the General Works
Council of AUDI AG
January 18, 2006*

ULRICH NEß (64)
July 1, 2004 – April 19, 2007*

ROLAND OETKER (58)
Managing Partner of ROI
Verwaltungsgesellschaft mbH;
President of Deutsche Schutzvereinigung für
Wertpapierbesitz e.V.
June 19, 1997*
Appointments:
○ Deutsche Post AG, Bonn
○ IKB Deutsche Industriebank AG, Düsseldorf
⊙ Dr. August Oetker KG-Gruppe, Bielefeld

○ Membership of statutory supervisory boards in Germany.
● Group appointments to statutory supervisory boards.
⊙ Comparable appointments in Germany and abroad.

* The date signifies the beginning or period of membership of the Supervisory Board.

BERND OSTERLOH (51)
Chairman of the Group and General Works Councils of Volkswagen AG
January 1, 2005*
Appointments:
○ Auto 5000 GmbH, Wolfsburg
○ Autostadt GmbH, Wolfsburg
○ Wolfsburg AG, Wolfsburg
⊙ Projekt Region Braunschweig GmbH, Braunschweig
⊙ Volkswagen Coaching GmbH, Wolfsburg

PROF. DR. JUR. DR.-ING. E.H. HEINRICH V. PIERER (67)
June 27, 1996*
Appointments:
○ Deutsche Bank AG, Frankfurt am Main
○ Hochtief AG, Essen
○ Münchener Rückversicherungs-Gesellschaft AG, Munich
○ ThyssenKrupp AG, Düsseldorf

WOLFGANG RITMEIER (59)
Chairman of the Board of Management of Volkswagen Management Association (VMA)
April 19, 2007*
Appointments:
⊙ Volkswagen Pension Trust e.V., Wolfsburg

HEINRICH SÖFJER (56)
Chairman of the Works Council Volkswagen Commercial Vehicles
August 3, 2007*

JÜRGEN STUMPF (53)
Chairman of the Works Council at the Volkswagen AG Kassel plant
January 1, 2005*

BERND WEHLAUER (53)
Deputy Chairman of the General and Group Works Councils of Volkswagen AG
September 1, 2005*
Appointments:
○ Wolfsburg AG, Wolfsburg
⊙ Volkswagen Pension Trust e.V., Wolfsburg

DR. ING. WENDELIN WIEDEKING (55)
Chairman of the Executive Board of Porsche Automobil Holding SE;
President and Chief Executive Officer of Dr. Ing. h. c. F. Porsche AG
January 28, 2006*
Appointments:
⊙ Novartis AG, Basel
⊙ Porsche Cars Great Britain Ltd., Reading
⊙ Porsche Cars North America Inc., Wilmington
⊙ Porsche Enterprises Inc., Wilmington
⊙ Porsche Ibérica S.A., Madrid
⊙ Porsche Italia S.p.A., Padua
⊙ Porsche Japan K.K., Tokyo

CHRISTIAN WULFF (48)
Prime Minister for the Federal State of Lower Saxony
April 8, 2003*

○ Membership of statutory supervisory boards in Germany.
● Group appointments to statutory supervisory boards.
⊙ Comparable appointments in Germany and abroad.

COMMITTEES OF THE SUPERVISORY BOARD AS OF DECEMBER 31, 2007

MEMBERS OF THE PRESIDIUM
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Jürgen Peters (Deputy Chairman)
Bernd Osterloh
Bernd Wehlauer
Dr. Ing. Wendelin Wiedeking
Christian Wulff

MEMBERS OF THE MEDIATION COMMITTEE IN ACCORDANCE WITH SECTION 27(3) OF THE MITBESTIMMUNGSGESETZ (GERMAN CODETERMINATION ACT)
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Jürgen Peters (Deputy Chairman)
Bernd Osterloh
Christian Wulff

MEMBERS OF THE AUDIT COMMITTEE
Holger P. Härter (Chairman)
Bernd Wehlauer (Deputy Chairman)
Elke Eller (until September 30, 2007)
Babette Fröhlich (since November 16, 2007)
Dr. jur. Hans Michael Gaul

MEMBERS OF THE SHAREHOLDER BUSINESS RELATIONSHIPS COMMITTEE
Roland Oetker (Chairman)
Wolfgang Ritmeier (Deputy Chairman, since April 19, 2007)
Elke Eller (until September 30, 2007)
Dr. jur. Michael Frenzel
Ulrich Neß (until April 19, 2007)
Bernd Wehlauer (since November 16, 2007)

* The date signifies the beginning or period of membership of the Supervisory Board.

Management Report

Business Development
Deliveries top 6 million vehicles for the first time

Global economic growth eased slightly in 2007. The Volkswagen Group benefited from the increased global demand for passenger cars, setting a new sales record by systematically continuing its model initiative.

GLOBAL ECONOMIC GROWTH SLOWS
The upturn in the global economy continued in 2007. However, it slowed in the second half of the year in many countries owing to the sustained high commodity and energy prices and the crisis on the US mortgage market. In total, global economic growth was 3.4%, compared with 3.7% in 2006.

North America
There was a marked decline in US economic growth, from 2.9% in 2006 to 2.2% in 2007. This was due above all to the crisis on the real estate market. The current account deficit remained high, although the dollar fell noticeably in value. Canada's gross domestic product (GDP) grew by 2.6% (2.8%). The expansion rate of the Mexican economy declined from 4.8% to 3.2% owing to its heavy dependence on the USA.

South America/South Africa
The strong growth continued in the two largest South American countries, Brazil and Argentina. Brazil recorded 5.2% (3.7%) growth in GDP with only a moderate increase in inflation. The Argentinian economy grew at a rate of 8.4% compared with 8.5% in 2006. The high inflationary pressure was only slightly reduced. The rate of expansion in South Africa was 5.0%, marginally lower than the previous year (5.4%).

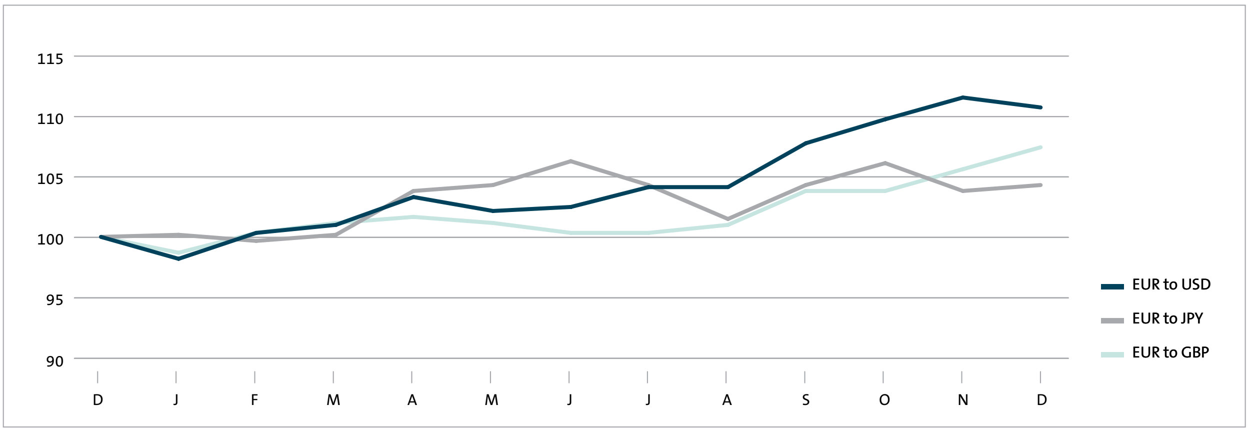
Asia-Pacific
Economic growth in the Asian emerging markets remained unabated in 2007. At 11.4%, China's growth was once again up on the previous year (11.1%). By contrast, in spite of the weak yen and the very low level of interest and inflation, Japan only recorded GDP growth of 2.1% (2.4%). India continued its strong economic expansion with a growth rate of 8.8% (9.4%).

Europe
Growth in Western Europe slowed in the course of 2007. However, growth (2.7%) remained only marginally below the previous year's level (2.9%). Average unemployment in the euro zone fell to 7.4% (8.3%). The euro reached new highs against the US dollar and the yen. The strong growth in Central and Eastern Europe continued (6.3%). Only Hungary recorded a sharp decline in its rate of expansion with 1.3% (3.9%).

Germany
The growth rate of the German economy declined from 2.9% to 2.5% in 2007. In spite of the strong euro, exports remained a key growth factor, while private consumption failed to gain momentum. Average unemployment fell significantly from 10.8% to 9.0%.

EXCHANGE RATE MOVEMENTS FROM DECEMBER 2006 TO DECEMBER 2007

Index is based on month-end rates, December 31, 2006 = 100



REGIONAL DIFFERENCES IN DEMAND FOR PASSENGER CARS

Global demand for passenger cars increased by 4.2% to 58.4 million vehicles in 2007. The South American, Central and Eastern European, and Asia-Pacific markets in particular recorded above-average growth rates. However, demand for passenger cars continued to fall in North America and especially in Japan. Overall, new passenger car registrations in Western Europe were on a level with the previous year. In the reporting period, global automotive production increased by 5.6% to 71.9 million units, of which 60.4 million were passenger cars (+ 5.5%).

North America

Demand on the North American market for passenger cars and light commercial vehicles was 2.1% lower in 2007 than in the previous year. Vehicle sales weakened above all in the US automotive market, which was affected by the crisis on the real estate market and other factors. Year-on-year losses were recorded by both the passenger car segment (– 2.6% to 7.6 million vehicles) and the light commercial vehicle segment (– 2.3% to 8.6 million units). In Canada, by contrast, sales increased by 3.0% to 1.7 million vehicles in 2007. On the Mexican market, sales volumes declined year-on-year for the first time since 2003, with demand falling by 3.5% to 1.1 million units.

South America/South Africa

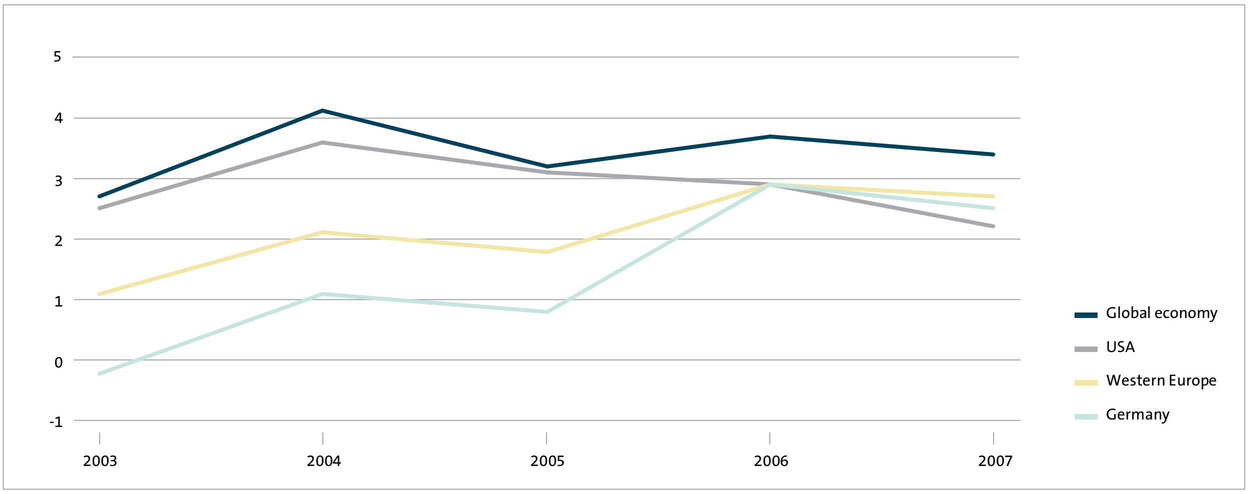
The positive development of the South American automotive markets continued in 2007 for the fourth year in a row. In Brazil, vehicle sales rose to a new record level. A total of 2.3 million passenger cars and light commercial vehicles were newly registered (+ 27.8%), well above the previous high from 1997 (1.9 million vehicles). Total unit sales in the truck segment were also up on the previous year, increasing by 31.9% to 100 thousand units. By contrast, a total of 787 thousand vehicles were exported, 6.6% fewer than the figure for 2006.Demand for passenger cars in Argentina also reached a new high in 2007, increasing by 28.9% to 402 thousand units. However, the South African passenger car market declined by 9.7% year-on-year with total sales of 435 thousand vehicles.

Asia-Pacific

The number of new passenger car registrations in the Asia-Pacific region continued to rise in 2007. By far the greatest increase in demand was recorded by the Chinese automotive market, which grew by 927 thousand units to 5.1 million. This means that China has advanced to become the world's second largest passenger car market, behind the US. In the world's third largest market – Japan – there was a substantial fall in the number of newly registered passenger cars. The sales volume of 4.4 million passenger cars was 5.2% less than in the previous year. The strong growth on the Indian automotive market continued, with passenger car sales increasing by 16.0% to 1.2 million units.

ECONOMIC GROWTH

Percentage change in GDP



Europe/Remaining markets

In 2007, demand for passenger cars in Western Europe remained flat at 14.9 million vehicles, just 0.2% up on the previous year's level. Further rises in fuel prices also led to an increase in the percentage of diesel vehicles sold, to 53.3% (51.3%). The Italian passenger car market benefited from the scrapping premium introduced at the beginning of the year. The other major markets recorded a mixed performance: while demand increased slightly in the UK and France, the volume of new car registrations in Germany and Spain fell year-on-year. By contrast, the number of new passenger cars registered in Central and Eastern Europe increased substantially. As was the case last year, there was strong market growth in Russia (+ 37.5%) and the Ukraine (+ 46.2%). The passenger car markets of Central European EU countries developed dynamically in 2007, notably in the two volume markets of Poland (+ 22.7%) and Romania (+ 23.3%). Sales of passenger cars in Turkey continued to weaken (– 4.2%).

Germany

Demand for automobiles in Germany decreased by 7.6% to 3.5 million vehicles in 2007. While there was an increase in both commercial vehicle and passenger car registrations by business customers, there was a marked fall in demand for passenger cars among private customers. The main reason for the negative trend in the entire passenger car market (– 9.2% to 3.1 million vehicles), besides general consumer reluctance, was the high number of vehicles purchased in the final months of 2006 prior to the VAT increase as of January 1, 2007. New registrations of trucks with a gross vehicle weight of up to six tonnes increased by 12.4% to 222 thousand units. Thanks to a record level of exports (+ 11.1% to 4.6 million vehicles), German manufacturers also reached a new production high of 6.2 million vehicles (+ 6.5%).

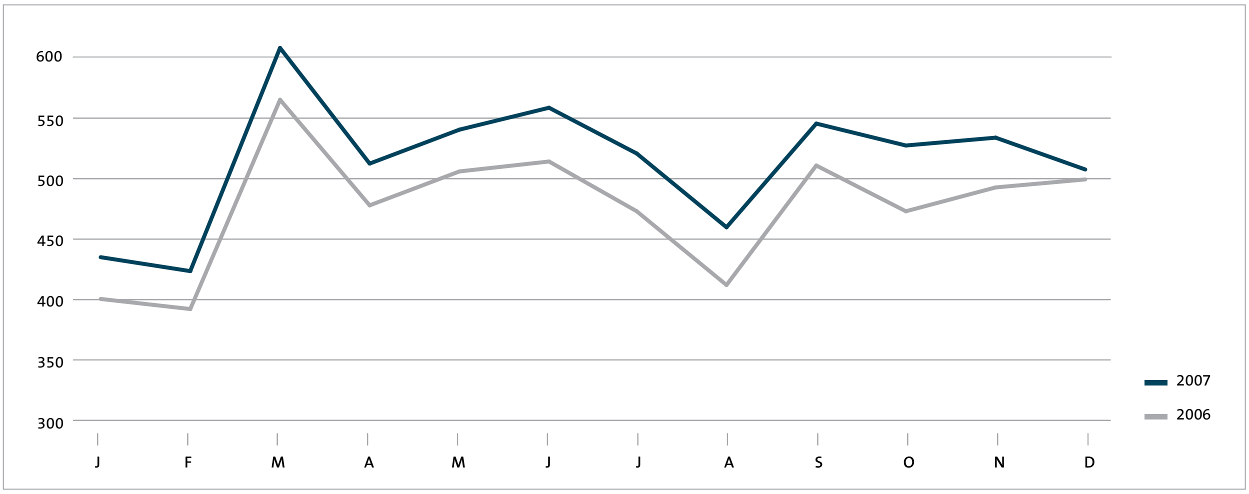
THE VOLKSWAGEN GROUP'S NEW MODELS IN 2007

In 2007, the Volkswagen Group again updated and expanded its model range. This now consists of well over 100 passenger car and commercial vehicle models in virtually all segments: from small cars to super sports cars in the passenger car sector, and from urban delivery vehicles to heavy trucks in the commercial vehicles sector. We will gradually move into new market segments, insofar as it is profitable to do so.

As regards the Volkswagen Passenger Cars brand, the most important new models launched in Europe over the past fiscal year were the "Cross" versions of the Touran and the Golf and, above all, the new Golf Variant and the Tiguan. The latter is set to assume a leading position in the rapidly expanding compact SUV class with its customer-oriented equipment features. In 2007, the Audi brand once again demonstrated its sporty side with the Audi R8, a sports car with a fascinating design, as well as with the new Audi A5 series.

VOLKSWAGEN GROUP DELIVERIES BY MONTH

Vehicles in thousands



In addition, Audi launched the impressive new Audi A4 saloon and Audi TT Roadster models. With the new Škoda Fabia Hatchback, Škoda presented a worthy successor to its successful volume model. SEAT premiered the SEAT Altea Freetrack, a vehicle with typical off-road qualities, as well as launching the sporty SEAT Leon Cupra*. This year also saw the Lamborghini brand showcase the Gallardo Superleggera*, which sets new standards in technology and sportiness. The Bentley brand presented the Bentley Continental GT Speed Coupé* – the world's fastest four-seater, with 610 PS (449 kW). With the Caddy Maxi and its longer wheelbase, Volkswagen Commercial Vehicles presented a superior, contemporary solution for many transport problems in professional and private life. With the highly successful mobility packages, which have been further developed a number of times, Volkswagen Financial Services AG once again demonstrated its innovative contribution to the Group's product range over the past fiscal year.

VEHICLE DELIVERIES WORLDWIDE

In fiscal year 2007, the Volkswagen Group delivered 6,188,959 vehicles to customers worldwide, thereby exceeding the 6 million sales mark for the very first time. This corresponds to a year-on-year increase of 7.9%. As can be seen from the chart shown on this page, the delivery figures for all twelve months of 2007 outperformed the same month in the previous year. All Group brands increased their sales figures ; with the exception of SEAT, they also set new records. Especially encouraging growth rates were achieved by the Škoda and Volkswagen Commercial Vehicles brands, with 14.6% and 10.7% respectively. As well as this, our Bentley, Lamborghini and Bugatti brands generated impressive growth rates in the premium vehicle segments. The table on page 118 gives an overview of deliveries to customers by market and the respective passenger car market share in fiscal year 2007. Sales trends in the individual markets are as follows.

Deliveries in Europe/Remaining markets

In Western Europe, deliveries to Group customers increased slightly year-on-year. The majority of our vehicles – 50.3% (54.2%) of the total delivery volume – were sold here. All Group brands, with the exception of the Volkswagen Passenger Cars and SEAT brands, exceeded their sales figures for 2006. Substantial growth rates were also recorded by the Eos, Phaeton, Audi TT Coupé, Audi A6 allroad quattro, Audi Q7 and Škoda Roomster models. Demand for the new Golf Variant, Audi A5, Audi TT Roadster, Škoda Fabia Hatchback and SEAT Altea XL models also increased. The Volkswagen Group's share of the entire Western European passenger car market almost reached the high level of the previous year with 19.5% (19.8%), thus making the Group the continued market leader.

* Consumption and emission data can be found on page 296 of this Report.

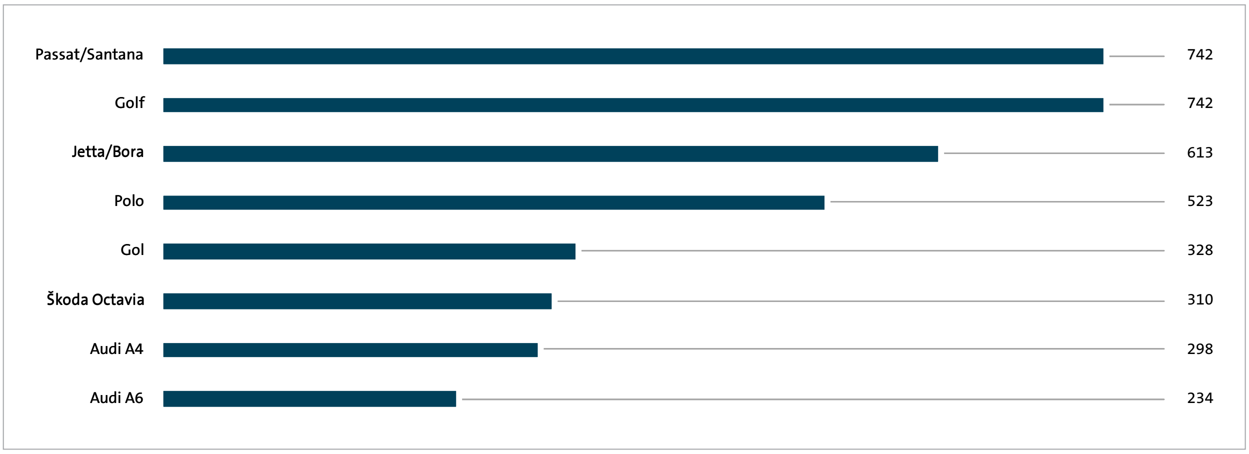
DELIVERIES TO CUSTOMERS BY MARKET[1]

	Deliveries (units)		Change (%)	Share of passenger car market (%)	
	2007	2006		2007	2006
Europe/Remaining markets	**3,760,296**	**3,667,973**	**+ 2.5**		
Western Europe	**3,111,830**	**3,107,321**	**+ 0.1**	**19.5**	**19.8**
of which: Germany	1,055,037	1,108,055	– 4.8	32.7	32.6
United Kingdom	403,158	376,614	+ 7.0	15.6	14.9
Spain	366,391	362,859	+ 1.0	21.4	21.1
Italy	280,459	275,648	+ 1.7	10.4	10.8
France	262,563	255,716	+ 2.7	12.0	11.8
Central and Eastern Europe	**496,430**	**410,588**	**+ 20.9**	**11.1**	**11.8**
of which: Czech Republic	86,881	85,019	+ 2.2	61.4	64.7
Russia	80,701	47,488	+ 69.9	3.2	2.6
Poland	71,876	56,710	+ 26.7	22.1	21.5
Remaining markets	**152,036**	**150,064**	**+ 1.3**		
of which: Turkey	69,387	73,914	– 6.1	11.8	11.3
North America[2]	**530,630**	**533,377**	**– 0.5**	**2.8**	**2.8**
of which: USA	329,234	330,162	– 0.3	2.0	2.0
Mexico	156,186	159,811	– 2.3	14.0	14.0
Canada	45,210	43,404	+ 4.2	2.7	2.7
South America/South Africa	**845,538**	**684,000**	**+ 23.6**	**18.8**	**18.4**
of which: Brazil	581,292	440,492	+ 32.0	24.9	24.1
Argentina	114,844	92,905	+ 23.6	25.8	26.8
South Africa	101,345	111,051	– 8.7	22.1	22.0
Asia-Pacific	**1,052,495**	**847,942**	**+ 24.1**	**7.3**	**6.3**
of which: China	910,494	711,378	+ 28.0	17.8	17.0
Japan	67,469	69,732	– 3.2	1.5	1.5
Worldwide	**6,188,959**	**5,733,292**	**+ 7.9**	**9.8**	**9.5**
Volkswagen Passenger Cars	3,662,595	3,396,098	+ 7.8		
Audi	964,151	905,188	+ 6.5		
Škoda	630,032	549,667	+ 14.6		
SEAT	431,024	429,355	+ 0.4		
Bentley	10,014	9,387	+ 6.7		
Lamborghini	2,406	2,095	+ 14.8		
Volkswagen Commercial Vehicles	488,656	441,457	+ 10.7		
Bugatti	81	45	+ 80.0		

1 Deliveries and market shares for 2006 have been updated to reflect subsequent statistical trends.
2 Overall markets in the USA, Mexico and Canada include passenger cars and light trucks.

WORLDWIDE DELIVERIES OF THE GROUP'S MOST SUCCESSFUL MODELS IN 2007

Vehicles in thousands



Our deliveries to customers in Central and Eastern Europe increased by 20.9% year-on-year. Particularly strong sales growth was recorded in Russia, Poland and Romania. The Golf, Touran, Jetta, Audi Q7 and SEAT Toledo models achieved the greatest growth rates in these markets. Demand for Group models in the Remaining markets was 1.3% higher than in the previous year.

Deliveries in Germany

In Germany, 1,055,037 vehicles were delivered to customers in the past fiscal year: a drop of 4.8% year-on-year. Besides general consumer reluctance, this decline was largely due to vehicle purchases pulled forward in the second half of 2006 prior to the VAT increase effective January 1, 2007. However, we recorded rising sales figures for the Eos, Phaeton, Audi Q7, Audi TT Coupé, Škoda Roomster and Škoda Superb models. The Golf, Passat, Audi TT, Touran and Multivan/Transporter models led the German registration statistics in their respective segments in 2007. The Golf continued to head the list of all new passenger car registrations in Germany. In total, we increased our market share to the record level of 32.7% (32.6%) during the reporting period, thereby further extending our market leadership.

Deliveries in North America

The Volkswagen Group's sales figures in the US passenger car market were down slightly year-on-year (– 0.3%). However, the Golf, Audi A4 Cabriolet and Audi Q7 models recorded positive growth. In addition, the sales figures for the new Eos, Audi TT Coupé and Audi R8 models developed positively. There was also increased demand for Bentley brand models. Deliveries to customers in the Canadian market increased by 4.2%. This was due above all to the high demand for Golf models. In Mexico, we sold 2.3% fewer vehicles than in the previous year. However, demand for the Fox MPV, New Beetle and Jetta models was higher than in 2006.

Deliveries in South America/South Africa

Deliveries to Group customers in the main South American passenger car markets continued to increase. In total, sales in these markets increased by 29.9%. Deliveries increased by 32.0% year-on-year in Brazil due to increased demand for the Fox, Polo and Gol models. Sales of the Saveiro and T2 light commercial vehicles, included in the total deliveries number, increased by 31.9% in total. Demand for the heavy trucks (in the 5 to 45 tonnes weight classes) that are produced in Brazil increased by 30.8%. In addition, we delivered 6,761 (4,906) buses in this market.

In Argentina, the Volkswagen Group's sales figures increased by 23.6% year-on-year, with the Fox, Gol, Jetta and Saveiro models recording the strongest growth rates. Although the Group's market share fell to 25.8% (26.8%), it remained market leader in Argentina. In the area of commercial vehicles, we sold 3,223 (2,917) heavy trucks and buses here.

Deliveries of Group models in the declining South African market fell by 8.7% year-on-year. Nonetheless, demand increased for the Audi TT Coupé, SEAT Ibiza and Multivan/Transporter models. The Volkswagen Group's market share therefore rose to 22.1%, further extending our market leadership.

Deliveries in the Asia-Pacific region

In the passenger car markets in the Asia-Pacific region, sales figures for Group models rose by 24.1% year-on-year. This sustained high level of demand for our vehicles was attributable above all to the Chinese passenger car market. The highest growth was recorded by the Polo, Jetta, Touran and Audi A6 models. In addition, the newly launched Škoda brand contributed to the success of the Group in China in 2007. Although the sales incentives by other manufacturers continued to put considerable competitive pressure in the Chinese market, the Volkswagen Group was able to extend its market leadership in 2007 with a market share of 17.8% (17.0%).

Deliveries to Group customers in Japan fell by 3.2% in total. Nonetheless, there was buoyant demand for the Touran and Eos models. Sales figures were mixed in the remaining markets in the Asia-Pacific region. In Australia, demand for Group models was especially high.

LEGAL FACTORS INFLUENCING BUSINESS

As with other international companies, Volkswagen companies are affected by numerous laws in Germany and abroad. In particular, there are legal requirements relating to development, production and distribution, but that also include for example tax, company, commercial and capital market law, as well as labor, banking and insurance regulations.

In particular, the VAT increase in Germany introduced at the beginning of 2007 had a negative effect on domestic vehicle sales in the fiscal year.

Reports on the investigations by the public prosecutor's office in Braunschweig and the legal proceedings in connection with the incidents (front companies, embezzlement) in relation to which Volkswagen had filed criminal charges at the end of June 2005 had no significant impact on business to date.

The European Commission plans to end design protection for visible vehicle parts. If this project is actually implemented, it could adversely affect the Volkswagen Group's genuine parts business.

ORDERS RECEIVED BY THE VOLKSWAGEN GROUP IN WESTERN EUROPE

In Western Europe (including Germany), demand for Group models in 2007 was far more muted than in the previous year, as was the case with the market as a whole. This is primarily due to the weak demand in Germany owing to the increase in value added tax as of January 1, 2007, and to the general reluctance of private consumers to purchase. This was also reflected in the level of orders received by the Group, which decreased by 2.3% compared with the previous year. Orders rose in the UK (+ 6.0%), Switzerland (+ 8.6%), Sweden (+ 7.7%) and Ireland (+ 7.3%).

In Western Europe (excluding Germany), there was a 2.0% rise in the level of orders for Group vehicles, with Volkswagen Commercial Vehicles (+ 11.8%) and Škoda (+ 7.1%) recording the highest growth rates.

At December 31, 2007, the Volkswagen Group held orders for 159,360 vehicles within Germany and for 276,490 units from the rest of Western Europe excluding Germany. This means that the level of orders was 12.1% higher than in the previous year.

SALES TO THE DEALER ORGANIZATION

In fiscal year 2007, the Volkswagen Group sold 6,191,618 vehicles to the dealer organization including the joint ventures in China, representing a year-on-year increase of 8.2%. The proportion of vehicles sold outside Germany increased from 80.9% in 2006 to 83.4% in 2007. This is for the most part attributable to the increased demand for Group models in China, Brazil and Central and Eastern Europe. In Germany, vehicle sales amounted to 1,030,113, a decline of 5.7% compared with the previous year.

At 745,488 units sold worldwide, the Golf was once again our biggest seller, accounting for 12.0% of Group sales. Substantial growth rates were also recorded by the following models: Suran (65.6%), Eos (60.9%), Audi A6 allroad quattro (52.8%) and Audi Q7 (25.9%).

In addition, the Golf Variant, Audi TT Coupé, Audi TT Roadster, Škoda Roomster and SEAT Altea models generated impressive growth rates, as did Lamborghini, Bentley and Bugatti brand models. Owing to recent or planned model changes and updates, there was a decline in sales of the Golf Plus, New Beetle, New Beetle Cabrio, Audi A4 saloon, Audi A4 Avant, Škoda Fabia Combi and SEAT Toledo.

PRODUCTION

In 2007, the Volkswagen Group produced 6,213,332 vehicles including the Chinese joint venture companies; this is an increase of 9.8% compared with the previous year. The efficiency of capacity utilization in our plants was improved above all by the strong demand for our new models. As a result of the positive volume sales growth in China, production figures for our Chinese joint ventures increased by 37.1% year-on-year to 956,002 vehicles. The production facilities of the Volkswagen Passenger Cars and Škoda brands also increased their output considerably. The share of vehicles manufactured in Germany fell slightly to 33.6% (34.2%). Average production per working day in our plants worldwide was 25,391 vehicles; this was 3.5% more units than the previous year. Production figures do not include the highly successful Crafter models produced in the Daimler plants in Dusseldorf and Ludwigsfelde.

INVENTORIES

Inventories held by Group companies and the dealer organization worldwide at the end of the reporting period were higher than at the end of 2006. This can be attributed for the most part to the increased business volume. Inventories were therefore at the level required to supply our customers.

NUMBER OF EMPLOYEES

In 2007, the Volkswagen Group, including the Chinese joint venture companies, employed an average of 328,594 people. A total of 175,206 employees worked in our companies in Germany, corresponding to 53.3% (52.9%) of the workforce. The Volkswagen Group had 310,156 active employees as of December 31, 2007. In addition, 9,847 employees were in the passive phase of their early retirement and 9,302 persons were in apprenticeships. The total number of people employed by the Volkswagen Group at the reporting date was 329,305. The 1.4% year-on-year increase is primarily due to volume-driven temporary hirings in Brazil, Mexico and China, and to initial consolidations (principally Autostadt GmbH and Din Bil Sverige Aktiebolag, Stockholm). A total of 168,737 people were employed in Germany (–0.1%).

SUMMARY OF BUSINESS DEVELOPMENT

In fiscal year 2007, the Volkswagen Group achieved all the goals it had set itself. It expanded its strong competitive position and delivered more than six million vehicles to customers for the first time in its history thanks to demand for Group models that exceeded the global automobile market trend. We also achieved our financial goals due to the positive market acceptance of our attractive model range and to the sustainable optimization of our cost structures.

The following table gives an overview of the targets for key figures in the reporting period and the extent to which they were achieved:

Measure	Forecast for 2007	Actual 2007
Deliveries	> 6 million	6.2 million
Sales revenue	> €104.9 billion	€108.9 billion
Operating profit	> €4.4 billion	€6.2 billion
Profit before tax	at least €5.1 billion	€6.5 billion
ROI	> or = cost of capital	9.5%
Capex/sales revenue	< 6%	4.6%

Detailed information on the key financial figures can be found in the chapter entitled “Net Assets, Financial Position and Results of Operations”, which begins on page 130.

Shares and Bonds
Volkswagen AG shares outperform the DAX again in 2007

Volkswagen AG shares more than doubled for a time in 2007. The prolonged favorable sales situation and the systematic continuation of measures to improve our earnings performance gave this positive development even more momentum.

GLOBAL EQUITY MARKETS

2007 was a varied but very positive year for global equity market investors. All key markets were on a steady growth path, with the exception of Japan, despite some turbulence caused primarily by the crisis on the US mortgage market and climbing energy prices. The key reasons for this were healthy corporate results, ongoing takeover speculation and the low level of inflation on the most important financial markets. The DAX ended 2007 at 8,067 points after exceeding the 8,000 point mark several times over the year. This represents a 22.3% year-on-year increase. On December 31, 2007, the DJ Euro STOXX Automobile was up 24.9% as against the 2006 year-end level, at 355 points.

DEVELOPMENT OF THE VOLKSWAGEN SHARE PRICE

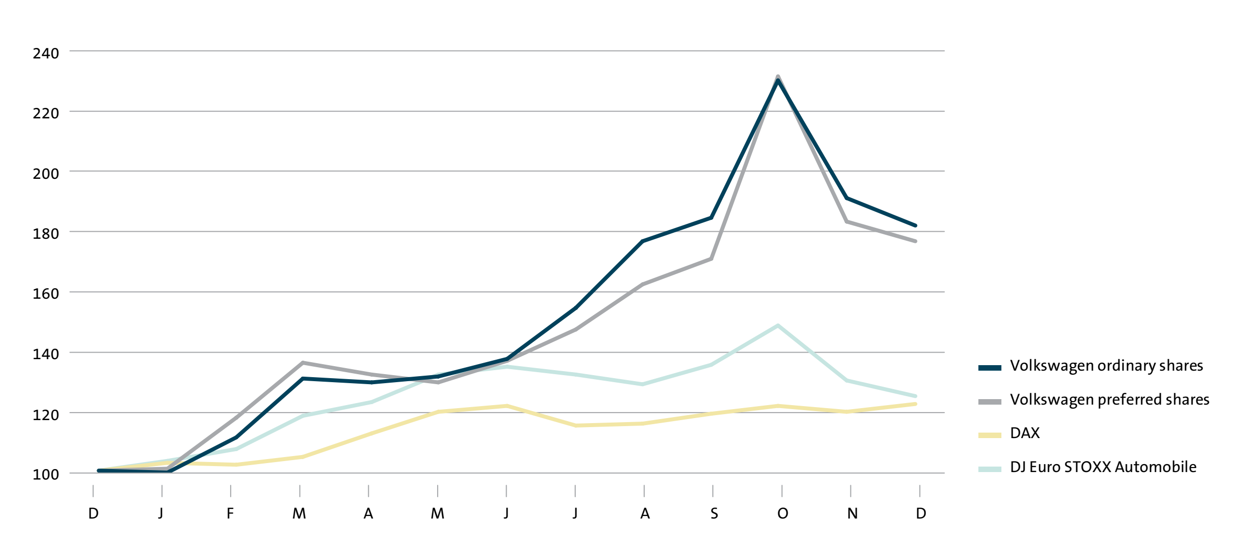
Volkswagen's shares hit record prices in 2007, clearly outperforming the positive trend on the global equity markets. The shares already significantly outperformed the market in the first quarter. This development was primarily driven by the success of the Volkswagen Group's performance enhancement and restructuring measures, as well as better than expected results for fiscal year 2006. The Volkswagen Group's sales figures in the second quarter exceeded capital market forecasts in some cases and investors were very upbeat about our future business development.

Volkswagen shares bucked the overall market trend in the third quarter to record further price increases. The forecast at the time of the publication of its half-yearly results that Volkswagen would achieve its 2008 earnings target a year earlier, together with the ongoing favorable sales situation, were the key reasons for market players' optimistic mood. Volkswagen AG ordinary shares were included in the DJ Euro STOXX 50 again effective October 10, 2007, which gave them an extra boost. The possible increase in the share of voting rights held by Dr. Ing. h.c. F. Porsche AG (now Porsche Automobil Holding SE) after the European Court of Justice's ruling on the VW Law on October 23, 2007 also fueled price speculation.

At the beginning of the fourth quarter, Volkswagen's ordinary shares at first continued to fly high, reaching their record high for the fiscal year of €199.70 on November 1. Profit taking and increasing fears that growth would weaken in key economies then led to a drop in the share price. For the year as a whole, Volkswagen's ordinary shares recorded the highest growth of all Western European automobile manufacturers and again outperformed the DAX.

SHARE PRICE DEVELOPMENT FROM DECEMBER 2006 TO DECEMBER 2007

Index based on month-end prices: December 31, 2006 = 100



Volkswagen AG's ordinary shares reached €197.90 per share on October 31, 2007, not only the highest daily closing price of the fiscal year, but also in the Company's entire history. The lowest price of the year was €82.60 on January 10, 2007. Volkswagen ordinary shares closed the year at €156.10, up 81.7% year-on-year.

Volkswagen AG preferred shares developed in a similar way in the reporting period: They reached their highest closing price of €131.00 on October 31, 2007, hitting their low of €54.14 on January 10, 2007. Volkswagen AG preferred shares stood at exactly €100.00 at the end of year, an increase of 76.8% over the last trading day of 2006.

DIVIDEND YIELD

Based on the dividend proposal for the reporting period, the dividend yield on Volkswagen AG ordinary shares is 1.2% (1.5%). The dividend yield on preferred shares is 1.9% (2.3%). Details of the current dividend proposal can be found in the chapter entitled Volkswagen AG (condensed, according to German Commercial Code) on page 143 of this Annual Report.

EARNINGS PER SHARE

Basic earnings per ordinary share were €10.43 in 2007. In accordance with IAS 33, the calculation is based on the average number of ordinary shares outstanding in the fiscal year (see also note 9 to the Volkswagen Consolidated Financial Statements).

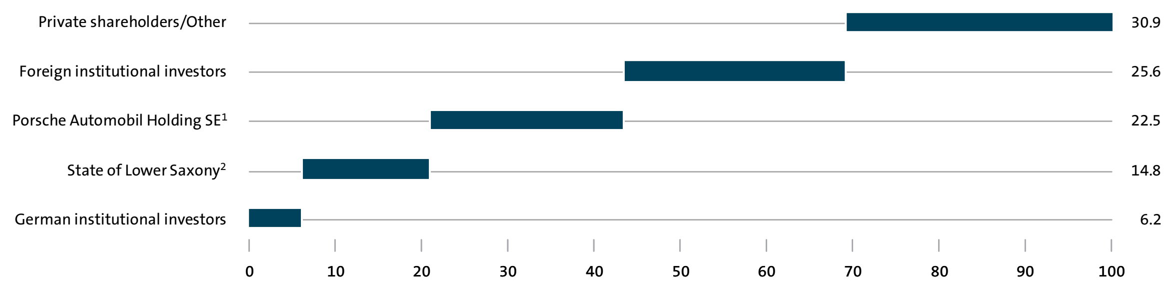
CONVERSION OF STOCK OPTIONS

Volkswagen's extremely encouraging share price performance in 2007 gave our employees another opportunity to convert previously subscribed convertible bonds into ordinary shares. Over the past year, some 59,000 employees exercised their conversion rights under the convertible bonds subscribed as part of the fourth, fifth, sixth and seventh tranches of the stock option plan. This resulted in the creation of 4,357,200 new ordinary shares, or €11.2 million in subscribed capital. Further details of our stock option plan can be found in the Notes to the Volkswagen Consolidated Financial Statements, starting on page 223.

FURTHER INFORMATION ON VOLKSWAGEN SHARES
www.volkswagenag.com/ir

SHAREHOLDER STRUCTURE AT DECEMBER 31, 2007

as a percentage of subscribed capital



1 In accordance with Annual Report 2006/2007 of Porsche Automobil Holding SE.
2 In accordance with notification dated January 28, 2008.

SHAREHOLDER STRUCTURE

The shareholder structure of Volkswagen AG as of December 31, 2007, is shown in the chart above.

Due to the excellent share price performance of Volkswagen shares, many bondholders took advantage of the opportunity to convert their bonds from our stock option plan in the reporting period. This resulted in the number of shares increasing significantly. At the end of 2007, the subscribed capital of Volkswagen AG comprised 291,337,267 ordinary shares and 105,238,280 preferred shares.

Dr. Ing. h.c. F. Porsche AG (now Porsche Automobil Holding SE) notified us as of March 28, 2007 that its share of voting rights in Volkswagen AG amounted to 30.93% on this date and thus exceeded the 30% threshold. This triggered a requirement to submit a mandatory bid to acquire the remaining Volkswagen shares.

Following the mandatory bid by Dr. Ing. h.c.F. Porsche AG on April 30, 2007, the Board of Management and Supervisory Board of Volkswagen AG separately issued their statements on this bid in accordance with section 27 of the Wertpapiererwerbs- und Übernahmegesetz (German Securities Acquisition and Takeover Act) on May 11, 2007. On the basis of various financial analyses that they considered, neither executive body could recommend acceptance of the mandatory bid to the shareholders of Volkswagen AG, as the fundamental valuation of Volkswagen shares was higher than the offer prices for Volkswagen AG's ordinary and preferred shares.

On June 4, 2007, Dr. Ing. h.c.F. Porsche AG announced that the offer had been accepted for a total of 172,218 ordinary shares and 68,262 preferred shares. This corresponded to approximately 0.06% of the ordinary shares and voting rights and 0.06% of the preferred shares and thus approximately 0.06% of the share capital.

This means that Porsche Automobil Holding SE is the largest single shareholder.

The State of Lower Saxony held 20.1% of the ordinary shares on December 31, 2007, corresponding to 14.8% of subscribed capital.

In the reporting period, the proportion of Volkswagen shares held by foreign institutional investors increased to 25.6% (previous year: 23.9%). German institutional investors held 6.2% (previous year: 5.8%).

Notifications of changes in voting rights in accordance with the Wertpapierhandelsgesetz (German Securities Trading Act) are published on our website www.volkswagenag.com/ir under the heading “Mandatory Publications”, menu item “Reporting of voting rights according to WpHG”.

VOLKSWAGEN SHARE KEY FIGURES

Dividend development		**2007**	**2006**	**2005**	**2004**	**2003**
Number of no-par value shares at Dec. 31						
Ordinary shares	thousands	291,337	286,980	321,930	320,290	320,290
Preferred shares	thousands	105,238	105,238	105,238	105,238	105,238
Dividend						
per ordinary share	€	1.80	1.25	1.15	1.05	1.05
per preferred share	€	1.86	1.31	1.21	1.11	1.11
Dividend paid[1]						
per ordinary share	€ million	524	359	322	292	292
per preferred share	€ million	196	138	128	117	117
Share price development[2]		**2007**	**2006**	**2005**	**2004**	**2003**
Ordinary shares						
Closing	€	156.10	85.89	44.61	33.35	44.15
Annual high	€	197.90	85.89	54.01	44.65	46.57
Annual low	€	82.60	45.10	31.88	30.71	28.66
Preferred shares						
Closing	€	100.00	56.55	32.50	24.41	28.75
Annual high	€	131.00	56.55	40.00	28.97	31.55
Annual low	€	54.14	32.85	24.00	21.20	21.05
Beta factor	factor	0.88	1.03	1.00	1.05	0.95
Market capitalization at Dec. 31	€ billion	56.0	30.6	15.9	11.9	15.3
Equity at Dec. 31	€ billion	31.9	26.9	23.6	22.6	23.8
Ratio of market capitalization to equity		1.75	1.14	0.67	0.52	0.65
Key figures per share		**2007**	**2006**	**2005**	**2004**	**2003**
Earnings per ordinary share[3]						
basic	€	10.43	7.07[4]	2.90	1.79	2.54
diluted	€	10.34	7.04[4]	2.90	1.79	2.54
Operating profit[5]	€	15.60	5.18	6.60	4.28	4.18
Cash flows from operating activities[5]	€	39.72	37.32	27.86	29.85	21.81
Equity[6]	€	80.38	68.59	55.25	53.19	55.83
Price/earnings ratio[7]	factor	14.96	12.1	15.4	18.6	17.4
Price/cash flow ratio[7]	factor	3.9	2.3	1.6	1.1	2.0
Dividend yield						
ordinary share	%	1.2	1.5	2.6	3.1	2.4
preferred share	%	1.9	2.3	3.7	4.5	3.9
Price development (excluding dividends)						
ordinary share	%	+ 81.7	+ 92.5	+ 33.8	– 24.5	+ 27.1
preferred share	%	+ 76.8	+ 74.0	+ 33.1	– 15.1	+ 15.0
Turnover on German stock exchanges[8]		**2007**	**2006**	**2005**	**2004**	**2003**
Turnover of Volkswagen ordinary shares	€ billion	103.1	50.5	30.9	24.3	23.9
	million shares	877.3	770.4	735.7	682.0	641.1
Shares per trading day (average)	million shares	3.5	3.0	2.9	2.7	2.5
Volkswagen share of total DAX turnover	%	5.3	3.9	3.3	3.1	3.2

1 Figures for the years 2003 to 2006 relate to dividends paid in the following year. For 2007, the figures relate to the proposed dividend.
2 Xetra prices.
3 See note 9 to the Consolidated Financial Statements (Earnings per share) for the calculation.
4 For 2006 from continuing and discontinued operations.
5 Based on the weighted average number of ordinary and preferred shares outstanding (basic).
6 Based on the total number of ordinary and preferred shares on December 31.
7 Using closing prices of the ordinary shares.
8 Order book turnover on German exchanges.

ANNUAL GENERAL MEETING

Volkswagen AG's 47th Ordinary General Meeting was held in the Congress Center Hamburg on April 19, 2007. In total, 61.0% of voting capital was represented. Shareholders approved an amendment to the Articles of Association to ensure alignment with the Transparenzrichtlinie-Umsetzungsgesetz (German Transparency Directive Implementation Act), among other items. As in the previous year, shareholders were able to follow the entire AGM and issue instructions online. Many shareholders also took advantage of the opportunity to exercise their voting rights through an authorized proxy of Volkswagen AG. This service will also be offered to shareholders for the 48th Annual General Meeting on April 24, 2008. All shareholders of Volkswagen AG will receive further information together with their invitation to the AGM.

VOLKSWAGEN IN SUSTAINABILITY INDICES

The Volkswagen Group's shares are represented in the London FTSE4Good sustainability index, which evaluates corporate social and ecological responsibility in particular. Furthermore, Volkswagen shares are listed in the Advanced Sustainable Performance Index (ASPI), which reflects corporate sustainability performance.

Following a reassessment by Swiss asset management company SAM on behalf of Dow Jones, Volkswagen has been included again in the Dow Jones Sustainability World Index since September 24, 2007. Volkswagen is rated highly in all 20 criteria of the Corporate Sustainability Assessment, which evaluated such topics as environmental protection, working conditions and social responsibility. In particular the Company's activities in the areas of efficient diesel technology, fuel and drivetrain strategy, supplier relationships and corporate citizenship were positively rated.

The latest information on sustainability ratings can be found on our website at www.volkswagenag.com/nachhaltigkeit

ANNUAL DOCUMENT IN ACCORDANCE WITH SECTION 10 OF THE WPPG

The publications from fiscal year 2007 (and other years) in accordance with section 10(1) of the Wertpapierprospektgesetz (WpPG – German Securities Prospectus Act), can be accessed on our website at www.volkswagenag.com/ir. If it is not possible to access the document, a document in printed form can be requested.

FURTHER INFORMATION ON SUSTAINABILITY
www.volkswagenag.com/nachhaltigkeit

VOLKSWAGEN SHARE DATA

Securities identification codes	Market indices ordinary shares	Market indices preferred shares	Exchanges
Ordinary shares	DAX, HDAX, CDAX,	CDAX, Prime All Share,	Berlin, Bremen, Düsseldorf
ISIN: DE0007664005	Prime All Share,	Prime Automobile,	Frankfurt, Hamburg, Hanover
WKN: 766400	Prime Automobile,	Classic All Share	Munich, Stuttgart, Xetra,
Deutsche Börse/Bloomberg: VOW	DJ Euro STOXX 50,		London, Luxembourg, New York*,
	DJ Euro STOXX Automobile,		SWX Swiss Exchange
Reuters: VOWG.DE	FTST Eurotop 100 Index,		
	S&P Global 100 Index,		
Preferred shares	FTSE4Good Global Index,		
ISIN: DE0007664039	FTSE4Good Europe Index,		
WKN: 766403	DJ Sustainability World Index,		
Deutsche Börse/Bloomberg: VOW3	Advanced Sustainable		
Reuters: VOWG_p.DE	Performance Index		

* Traded in the form of "sponsored unlisted American Depositary Receipts" (ADRs). Five ADRs correspond to one underlying Volkswagen ordinary share.

INVESTOR RELATIONS ACTIVITIES

In 2007, our Investor Relations team again informed analysts and investors in all the major global financial centers about the business development and progress of the Volkswagen Group and its individual brands in a timely manner. In addition to the scheduled conference calls used to explain the quarterly results, which were also broadcast on the Internet, our Investor Relations department organized a total of around 500 roadshows, conferences, presentations and one-on-one discussions worldwide. Some events were held together with Group Treasury.

Some of the most important events of 2007 were our appearances at motor shows in Detroit, Geneva and Frankfurt, as well as the International Investor Conference in the Autostadt in Wolfsburg in the spring.

In 2007, our Investor Relations team also further expanded its activities with private investors: at numerous events, the team answered questions on issues relating to the Volkswagen Group and Volkswagen shares.

HIGHLIGHTS IN THE INVESTOR RELATIONS CALENDAR

The high points of the Investor Relations calendar for 2007 were the strategy and product presentation at Lamborghini in Italy and the analyst and investor conference as part of the 62nd International Motor Show in Frankfurt.

Numerous investors came to the strategy and product presentation on July 6, 2007 at the Lamborghini facilities in the Emilia-Romagna region of Italy. Volkswagen AG's Chairman of the Board of Management, Prof. Dr. Martin Winterkorn, took part as well as the Group CFO, the brand heads of Audi and Lamborghini, and the heads of development and Group design at Volkswagen AG, among others. Analysts were able to get a picture of the performance of the traditional Lamborghini business and the entire Group with a tour of the plant, a design presentation and numerous test drives of our models. Prof. Dr. Winterkorn also introduced the Group's strategic goals and unveiled two new Volkswagen models in the shape of the Scirocco and the Golf BlueMotion*. In the unanimous opinion of the participants, the key to the success of the event was the opportunity to talk in detail with the members of the Board of Management and the top management of the Volkswagen Group.

Another prominent event in the year was the Group and product presentation for analysts and investors on September 10, 2007 in the run-up to the International Motor Show in Frankfurt. Reports by the members of the Board of Management and the management of Volkswagen AG on the topics of financial and human resources strategy, productivity increases, and growth markets as well as sustainability in the areas of fuel and drivetrain strategy, met with a positive response from the 180 participants. The highlight of the day was at the end with the "Night of Driving Ideas" at the Ballsporthalle in Frankfurt. As part of this grand event, Prof. Dr. Martin Winterkorn and the brand heads demonstrated the Group's diversity and innovative power by presenting eight world premieres to the approximately 1,500 international analysts, investors and journalists present.

Investor Relations activities in 2008 will also focus on strategy and product presentations with the participation of the members of the Board of Management and the management of the Volkswagen Group.

All presentations that were given as part of events were published online at www.volkswagenag.com/ir shortly afterwards.

* Consumption and emission data can be found on page 296 of this Report.

NEW ISSUES

In 2007, the Volkswagen Group was active in the inter–national money and capital markets with a large number of transactions. We used our multi-faceted debt issuance programs when required and depending on the market situation. The main elements of the refinancing strategy are specified by Group Treasury and approved by the Board of Management on a regular basis.

Our Automotive Division expanded its already favorable liquidity position over the course of 2007. This created a high degree of flexibility for the Group in refinancing the Financial Services Division's growing capital requirements. In view of this, we also optimized the ratio between external and internal financing during the crisis on the capital markets in the second half of the year. The Financial Services Division issues its convertible bonds directly from the Financial Services companies' refinancing programs.

The following table lists the Group's debt issuance programs:

Programs	Authorized volume € billion	Amount utilized on Dec. 31, 2007 € billion
Commercial paper	17.1	4.5
Medium-term notes	53.9	22.2
Other capital market programs	8.0	0.6
Asset-backed securities	23.6	13.8

Volkswagen Bank GmbH, Volkswagen Leasing GmbH and Volkswagen Credit Inc. are the largest issuers in these debt issuance programs. In 2007, we issued an asset-backed security (ABS) for Volkswagen Bank of approximately €1.0 billion as well as two floaters amounting to approximately €2.25 billion from the Driver Program on the open market. Volkswagen Leasing received approximately €2.0 billion on the ABS market from its Volkswagen Car Lease program. In October, we also successfully placed a fixed-rate bond of €1.25 billion for the Company. In 2007, Volkswagen Credit Inc. sold a total of USD 1.2 billion worth of ABSs, issuing two bonds worth €300 million on the European capital market in its first appearance as an issuer. In Mexico, we issued our first bond of over 4.0 billion Mexican pesos for VW Leasing S.A. de CV to refinance its local financial services portfolios.

The existing network of confirmed credit lines was further streamlined due to the positive development of liquidity. In line with this, the Group's syndicated credit line was reduced by €2.5 billion to €10.0 billion due to equally decreased need for commercial paper program backup. The unused facility was also extended by another year to June 2012.

The cash holdings, short- and long-term credit lines and the available general credit facilities give the Volkswagen Group a very high degree of financial flexibility, thereby enabling it to cover its refinancing requirements and ensuring that it remains solvent at all times.

RATINGS

In 2007, rating agencies Moody's Investors Service and Standard & Poor's carried out their regular update of credit ratings for Volkswagen AG, Volkswagen Financial Services AG and Volkswagen Bank GmbH. The previous short- and long-term credit ratings for Volkswagen AG and Volkswagen Financial Services AG remained unchanged. It is particularly encouraging that these agencies recognized Volkswagen AG's improved financial data and business outlook, both of which will have a positive effect on the ratings going forward. The credit rating given to Volkswagen Bank GmbH by Moody's Investors Service and Standard & Poor's is one notch higher than that of Volkswagen AG and Volkswagen Financial Services AG. We are using this to our advantage in the refinancing of our financial services activities. The following table gives an overview of our current ratings and their development in past years.

OUR INVESTOR RELATIONS TEAM IS AVAILABLE FOR QUERIES AND COMMENTS.

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RATINGS

	Volkswagen AG			Volkswagen Financial Services AG			Volkswagen Bank GmbH		
	2007	2006	2005	2007	2006	2005	2007	2006	2005
Standard & Poor's									
short-term	A–2	A–2	A–2	A–2	A–2	A–2	A–1	A–1	A–2
long-term	A–	A–	A–	A–	A–	A–	A	A	A–
Outlook	stable	stable	negative	stable	stable	negative	stable	stable	stable
Moody's Investors Service									
short-term	P–2	P–2	P–2	P–2	P–2	P–2	P–1	P–1	P–1
long-term	A3	A3	A3	A3	A3	A3	A2	A2	A2
Outlook	stable	stable	stable	stable	stable	stable	stable	stable	stable

Net Assets, Financial Position and Results of Operations

Optimized cost structures deliver a sustainable increase in the Group's earnings power

In fiscal 2007, we not only achieved our 2008 earnings target, we even significantly exceeded it. We covered our cost of capital again for the first time since 2001 and generated a positive value contribution.

CONSOLIDATED BALANCE SHEET STRUCTURE

The Volkswagen Group's total assets increased by 6.4% to €145.4 billion in fiscal year 2007. The Automotive and Financial Services divisions contributed equally to this development.

The structure of the consolidated balance sheet at December 31, 2007 can be seen from the chart on page 132. The increase in equity to €31.9 billion lifted the Volkswagen Group's equity ratio to 22.0% (19.7%).

AUTOMOTIVE DIVISION BALANCE SHEET STRUCTURE

Total assets in the Automotive Division at the end of 2007 amounted to €76.8 billion, an increase of 6.5%.

Noncurrent assets were on the same level as at the end of 2006. Our continued disciplined investment strategy reduced property, plant and equipment included in this item by 4.9%. In contrast, receivables and other financial assets increased, due in particular to the acquisition of additional MAN and Scania shares as well as to higher deferred tax assets. Current assets were up by 14.4% compared with December 31, 2006, principally attributable to higher securities holdings and a rise in the level of inventories and receivables generated by volume-related factors.

The Automotive Division's equity at the balance sheet date was 19.4% higher than the year before. This was primarily due to positive earnings growth, higher fair values of hedging transactions (cash flow hedges) and the conversion of stock options. In addition, increased capital market interest rates resulted in lower actuarial losses on pension provisions recognized directly in equity than in the previous year. The equity ratio was 32.3% (28.8%). Current liabilities increased by 4.4%; however, trade payables and other liabilities included in this item rose as a result of volume-related factors.

Since the Automotive Division's figures also include the elimination of intra-Group transactions and the current financial liabilities of the Automotive Division were lower than the loans granted to the Financial Services Division, the reportable figure for the period was negative.

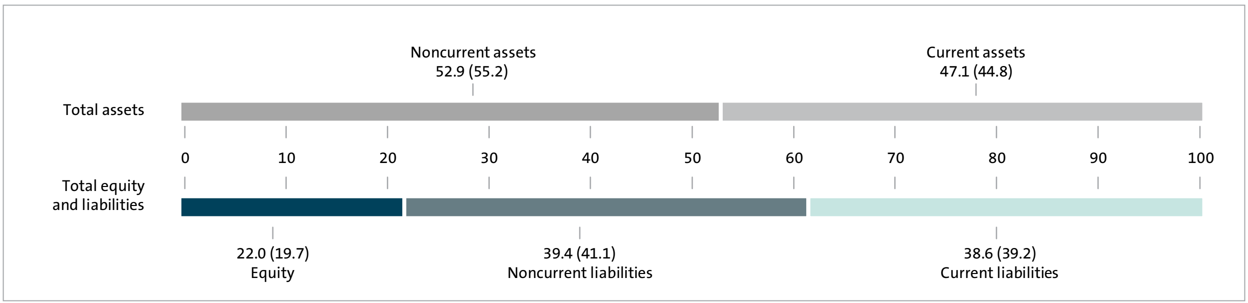
CONSOLIDATED BALANCE SHEET BY DIVISION AS OF DECEMBER 31

	Volkswagen Group		Automotive[1]		Financial Services	
€ million	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Assets						
Noncurrent assets	**76,841**	**75,374**	**37,564**	**37,817**	**39,277**	**37,557**
Intangible assets	6,830	7,193	6,736	7,110	94	83
Property, plant and equipment	19,338	20,340	19,151	20,148	187	192
Leasing and rental assets	8,179	7,886	75	61	8,104	7,825
Financial services receivables	27,522	26,450	–	322	27,522	26,128
Noncurrent investments and other financial assets[2]	14,972	13,505	11,602	10,176	3,370	3,329
Current assets	**68,516**	**61,229**	**39,190**	**34,268**	**29,326**	**26,961**
Inventories	14,031	12,463	13,319	12,377	712	86
Financial services receivables	24,914	23,426	231	179	24,683	23,247
Current receivables and other financial assets	12,844	10,882	10,002	8,571	2,842	2,311
Marketable securities	6,615	5,091	6,503	5,024	112	67
Cash and cash equivalents	10,112	9,367	9,135	8,117	977	1,250
Total assets	**145,357**	**136,603**	**76,754**	**72,085**	**68,603**	**64,518**
Equity and Liabilities						
Equity	**31,938**	**26,959**	**24,802**	**20,774**	**7,136**	**6,185**
Equity attributable to shareholders of Volkswagen AG	31,875	26,904	24,739	20,719	7,136	6,185
Minority interests	63	55	63	55	–	–
Noncurrent liabilities	**57,351**	**56,159**	**28,509**	**28,861**	**28,842**	**27,298**
Noncurrent financial liabilities	29,315	28,734	3,645	4,539	25,670	24,195
Provisions for pensions	12,603	13,854	12,481	13,719	122	135
Other noncurrent liabilities[3]	15,433	13,571	12,383	10,603	3,050	2,968
Current liabilities	**56,068**	**53,485**	**23,443**	**22,450**	**32,625**	**31,035**
Current financial liabilities	28,677	30,023	–1,139	1,759	29,816	28,264
Trade payables	9,099	8,190	8,202	7,288	897	902
Other current liabilities	18,292	15,272	16,380	13,403	1,912	1,869
Total equity and liabilities	**145,357**	**136,603**	**76,754**	**72,085**	**68,603**	**64,518**

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions, primarily intra-Group loans.
2 Including equity-method investments and deferred taxes.
3 Including deferred taxes.

CONSOLIDATED BALANCE SHEET STRUCTURE 2007

in percent



FINANCIAL SERVICES DIVISION BALANCE SHEET STRUCTURE

On December 31, 2007, total assets in the Financial Services Division amounted to €68.6 billion, up 6.3% as against the end of 2006. Noncurrent assets and current assets increased by 4.6% and 8.8% respectively. The Division's positive business development lifted both rental assets and financial services receivables. The Financial Services Division accounted for approximately 47% of the Volkswagen Group's total assets.

At the balance sheet date, the Financial Services Division's equity amounted to €7.1 billion, a 15.4% increase on December 31, 2006 due to the profit for the period. The equity ratio was 10.4% (9.6%). Both current and noncurrent financial liabilities rose year-on-year due to the expansion of business. Deposits at Volkswagen Bank *direct* increased by €0.8 billion to €9.6 billion. The debt/equity ratio remained unchanged at 8:1.

PRINCIPLES AND GOALS OF FINANCIAL MANAGEMENT

The financial management of the Volkswagen Group comprises the areas of liquidity management, currency, interest rate and commodity risk management, as well as credit and country default risk management. Financial management for all Group companies is carried out centrally by Group Treasury based on internal directives and risk parameters.

For more information on the principles and goals of the financial management, please refer to the Notes to the 2007 Consolidated Financial Statements on pages 240 to 249 of this Annual Report.

CASH FLOW STATEMENT BY DIVISION

	Volkswagen Group		Automotive[1]		Financial Services	
€ million	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Profit before tax from continuing operations	6,543	1,793	5,474	774	1,069	1,019
Income taxes paid	–1,172	–888	–1,290	–742	118	–146
Depreciation and amortization expense	9,238	9,398	7,429	7,762	1,809	1,636
Change in pension provisions	103	248	99	246	4	2
Other noncash income/expense and reclassifications[2]	–50	–517	190	–384	–240	–133
Gross cash flow	**14,662**	**10,034**	**11,902**	**7,656**	**2,760**	**2,378**
Change in working capital	**1,000**	**4,436**	**1,773**	**4,089**	**–773**	**347**
Change in inventories	–1,856	–147	–1,219	–118	–637	–29
Change in receivables	–942	736	–555	701	–387	35
Change in liabilities	2,244	700	2,092	431	152	269
Change in other provisions	1,554	3,147	1,455	3,075	99	72
Cash flows from operating activities	**15,662**	**14,470**	**13,675**[3]	**11,745**[3]	**1,987**	**2,725**
Cash flows from investing activities	**–13,497**	**–11,911**	**–6,566**	**–6,114**	**–6,931**	**–5,797**
of which: acquisition of property, plant and equipment	–4,638	–3,728	–4,555	–3,644	–83	–84
capitalized development costs	–1,446	–1,478	–1,446	–1,478	–	–
change in leasing and rental assets (excluding depreciation)	–2,763	–2,528	–80	–50	–2,683	–2,478
change in financial services receivables	–3,588	–3,563	251	–114	–3,839	–3,449
acquisition and disposal of equity investments	–1,261	–1,139	–906	–1,040	–355	–99
Net cash flow	**2,165**	**2,559**	**7,109**	**5,631**	**–4,944**	**–3,072**
Change in investments in securities	–1,742	–987	–1,733	–998	–9	11
Cash flows from financing activities	**178**	**–114**	**–4,503**	**–3,650**	**4,681**	**3,536**
Changes in cash and cash equivalents due to exchange rate changes and to changes in the consolidated Group structure	–54	–54	–53	–51	–1	–3
Net change in cash and cash equivalents	**547**	**1,404**	**820**	**932**	**–273**	**472**
Cash and cash equivalents at Dec. 31[4]	**9,914**	**9,367**	**8,937**	**8,117**	**977**	**1,250**
Securities and loans	9,178	7,097	7,047	5,314	2,131	1,783
Gross liquidity	**19,092**	**16,464**	**15,984**	**13,431**	**3,108**	**3,033**
Total third-party borrowings	–57,992	–58,757	–2,506	–6,298	–55,486	–52,459
Net liquidity	**–38,900**	**–42,293**	**13,478**	**7,133**	**–52,378**	**–49,426**

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Relate mainly to fair value measurement of financial instruments, application of the equity method and reclassification of gains/losses on disposal of noncurrent assets from continuing operations to investing activities.
3 Before consolidation of intra-Group transactions €13,897 million (€12,253 million).
4 Cash and cash equivalents comprise cash at banks, checks, cash-in-hand and call deposits.

FINANCIAL POSITION AND CASH AND CASH EQUIVALENTS IN THE GROUP

The financial position of the Volkswagen Group continued to improve in fiscal year 2007. The following sections give an overview of the Group's liquidity development and outline the operating factors by division.

The Volkswagen Group's gross cash flow increased by €4.6 billion year-on-year to €14.7 billion due to the profit for the period.

Cash flows from working capital increased by €1.0 billion (€4.4 billion). Cash flows from operating activities were €15.7 billion (€14.5 billion).

As net cash used in investing activities increased by 13.3% year-on-year to €13.5 billion, net cash flow fell by €0.4 billion to €2.2 billion.

The Volkswagen Group reported cash and cash equivalents of €9.9 billion (€9.4 billion) on December 31, 2007. At €19.1 billion, gross liquidity was up €2.6 billion on the previous year. Net liquidity in the Group improved by €3.4 billion year-on-year to €–38.9 billion.

FINANCIAL POSITION IN THE AUTOMOTIVE DIVISION

The Automotive Division recorded gross cash flow of €11.9 billion in 2007, an increase of 55.4% as against the previous year due to the higher profit for the period. Following the release of substantial funds tied up in working capital in 2006, the Division again recorded a cash inflow. At €1.8 billion, working capital was nevertheless €2.3 billion lower than in the previous year, when provisions were increased by the effects of the restructuring measures. Most of these funds were used in 2007. Working capital was also reduced by the increase in the level of receivables and inventories caused by volume-related factors. At €13.7 billion, cash flows from operating activities were 16.4% higher than in 2006.

While investments in property, plant and equipment in the Automotive Division were up 25.0% on the previous year to €4.6 billion, the ratio of investments in property, plant and equipment to sales revenue (capex) still remained well below the long-term average at 4.6% (3.8%). This clearly shows that we are continuing to pursue a policy of disciplined investment despite the renewal and expansion of our vehicle portfolio. We have invested mainly in new production sites in Russia and India as well as for models that we launched in 2007 or plan to unveil in 2008. Specifically, these are the Tiguan and the Audi Q5 as well as the successors to the Audi A4, Gol, Golf and SEAT Ibiza. In contrast to investments, capitalized development costs fell by 2.2% year-on-year to €1.4 billion. Taking the acquisition of equity interests into account, the net cash used in investing activities was, at €6.6 billion, €0.5 billion higher than in 2006, when the sale of equity interests had a positive effect. The net cash flow generated by the Automotive Division nevertheless rose by 26.2% year-on-year to €7.1 billion.

With regard to financing activities in the Automotive Division, the further reduction of debt resulted in an outflow of €4.5 billion (€3.7 billion). Cash and cash equivalents increased by €0.8 billion, amounting to a total of €8.9 billion (€8.1 billion) at the end of the reporting period. The net liquidity of the Automotive Division improved by a substantial €6.3 billion in fiscal year 2007. Including securities and loans and net of borrowings, it amounted to €13.5 billion on December 31, 2007.

FINANCIAL POSITION IN THE FINANCIAL SERVICES DIVISION

The Financial Services Division's gross cash flow rose by €2.8 billion in 2007, an increase of 16.1% year-on-year. The Division recorded a further increase of €0.8 billion in funds tied up in working capital, mainly through short-term vehicle rentals and receivables. As the increase in receivables from customer and dealer financing was higher than in the previous year due to the expansion of business, cash flows from investing activities rose to €6.9 billion (€5.8 billion). With regard to financing activities, the issue of bonds by Volkswagen Bank GmbH and Volkswagen Leasing GmbH generated a positive cash flow of €4.7 billion (€3.5 billion). Cash and cash equivalents amounted to €1.0 billion as of December 31, 2007. Including securities and loans, gross liquidity amounted to €3.1 billion (€3.0 billion). At €55.5 billion, third-party borrowings were €3.0 billion higher than as of December 31, 2006 on account of the expansion of business. The negative net liquidity – common to the industry – in the Financial Services Division thus rose by €3.0 billion to €–52.4 billion.

RESULTS OF OPERATIONS OF THE GROUP

The Volkswagen Group generated sales revenue of €108.9 billion in 2007, 3.8% more than in the previous year. The positive business development in European markets outside Germany, especially in Central and Eastern Europe, and in South America was the main driver of this success. Accordingly, the largest proportion of sales revenue was generated outside Germany with 75.3% (72.8%). The cost of sales increased at a slower pace of just 1.7% as a result of the optimized cost structures. This lifted the gross margin from 13.2% to 15.0%. At €6.2 billion, the Group's operating profit more than tripled compared with the operating profit after special items in the previous year. The operating return on sales increased significantly to 5.6% (1.9%).

CONSOLIDATED PROFIT

The Volkswagen Group generated profit before tax of €6.5 billion in fiscal year 2007 (€1.8 billion). This means that the target originally set for 2008 of profit before tax of at least €5.1 billion was not merely reached a year early, but in fact significantly exceeded. The return on sales before tax increased to 6.0% (1.7%). Profit from discontinued operations in the previous year contains the net gain on the disposal and the profit after tax of Europcar for the period January to May 2006. Although the prior-year result was boosted by extraordinary tax income, the Volkswagen Group's profit after tax was around 50% higher than in 2006 at €4.1 billion (€2.8 billion).

RESULTS OF OPERATIONS OF THE AUTOMOTIVE DIVISION

The sales revenue of the Automotive Division was €98.8 billion in the reporting period. This represents an improvement of 2.9% year-on-year that is mainly due to the increased sales volume. In addition to the higher sales revenue, the cost savings achieved lifted the gross margin to 14.3% (12.1%). The gross profit was €14.1 billion (€11.6 billion). At €8.8 billion, distribution expenses were 1.1% higher than in the previous year. Administrative expenses amounted to €2.0 billion.

The other operating result grew strongly from €46 million to €1.9 billion. While restructuring expenses negatively impacted earnings in 2006, currency hedging activities had a positive effect in the reporting period.

In total, the operating profit more than quadrupled to €5.2 billion compared with the operating profit after special items in the previous year. The ratio of operating profit to sales revenue was 5.3% (1.2%).

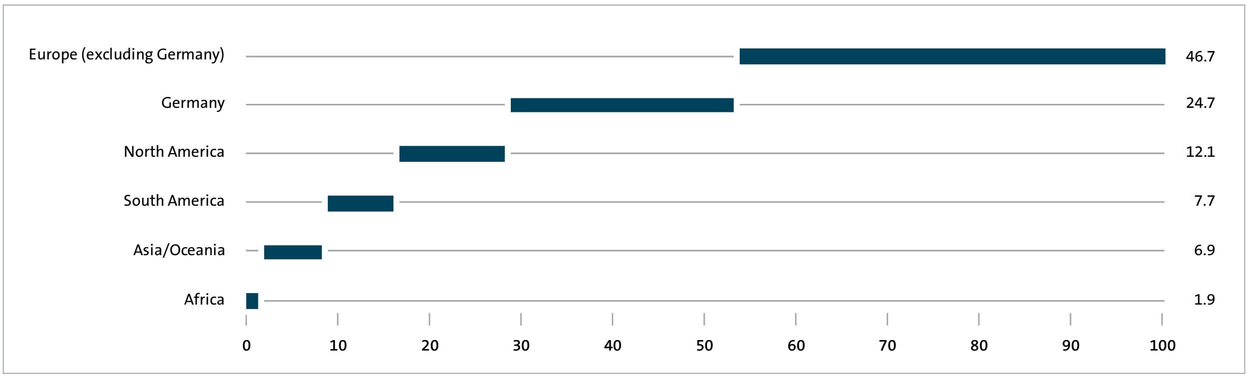
INCOME STATEMENT BY DIVISION

	Volkswagen Group		Automotive*		Financial Services	
€ million	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Sales revenue	**108,897**	**104,875**	**98,752**	**96,004**	**10,145**	**8,871**
Cost of sales	92,603	91,020	84,674	84,408	7,929	6,612
Gross profit	**16,294**	**13,855**	**14,078**	**11,596**	**2,216**	**2,259**
Distribution expenses	9,274	9,180	8,781	8,681	493	499
Administrative expenses	2,453	2,312	1,970	1,795	483	517
Net other operating income	1,584	–354	1,867	46	–283	–400
Operating profit	**6,151**	**2,009**	**5,194**	**1,166**	**957**	**843**
Financial result	392	–216	280	–392	112	176
Profit before tax from continuing operations	**6,543**	**1,793**	**5,474**	**774**	**1,069**	**1,019**
Income tax expense	2,421	–162	2,254	–513	167	351
Profit from continuing operations	**4,122**	**1,955**	**3,220**	**1,287**	**902**	**668**
Profit from discontinued operations	–	795				
Profit after tax	**4,122**	**2,750**				

* Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

SEGMENT REPORTING – SHARE OF SALES REVENUE BY MARKET 2007

in percent



The financial result improved by €0.7 billion to €0.3 billion, mainly due to the increase in investment income from joint ventures included in the consolidated financial statements using the equity method, as well as higher interest and securities income.

RESULTS OF OPERATIONS OF THE FINANCIAL SERVICES DIVISION

Sales revenue in the Financial Services division improved by 14.4% in the reporting period to €10.1 billion thanks to rental business and to dealer and customer financing. At €2.2 billion, gross profit fell marginally short of the high figure in the previous year as a result of the intense competitive pressure and higher refinancing costs.

Distribution expenses of €493 million and administrative expenses of €483 million were lower than in 2006, both in absolute terms and as a proportion of sales revenue. This clearly illustrates that we are also pursuing strict cost discipline in the Financial Services Division. At €–283 million, the other operating result improved by €117 million versus the previous year. In spite of tougher competition and higher refinancing costs as a result of the crisis in the US subprime market, the Financial Services Division improved its operating profit by 13.5% year-on-year to €957 million in fiscal year 2007, again making a significant contribution to the consolidated profit.

The return on equity before tax fell to 16.1% (16.9%).

KEY FINANCIAL FIGURES

%	2007	2006	2005	2004	2003
Volkswagen Group					
Gross margin	15.0	13.2	13.0	11.8	12.6
Personnel expense ratio	13.4	16.6	15.7	15.8	16.4
Return on sales before tax (continuing operations)	6.0	1.7	1.7	1.2	1.6
Return on sales after tax	3.8	2.6	1.2	0.8	1.2
Equity ratio	22.0	19.7	17.8	17.8	20.2
Dynamic gearing[1] (years)	0.3	0.2	0.2	0.2	0.2
Automotive Division[2]					
Change in unit sales[3]	+ 8.2	+ 10.2	+ 1.0	+ 2.5	+ 0.4
Change in sales revenue	+ 2.9	+ 12.0	+ 6.8	+ 5.0	– 1.4
Operating profit as a percentage of sales revenue	5.3	1.2	2.0	0.9	0.9
Return on investment after tax[4]	9.5	2.1	2.4	1.3	2.0
Cash flows from operating activities as a percentage of sales revenue	13.8	12.2	9.5	11.1	7.8
Cash flows from investing activities as a percentage of sales revenue	6.6	6.4	6.7	8.8	11.1
Investments in property, plant and equipment as a percentage of sales revenue	4.6	3.8	5.0	6.8	8.6
Ratio of noncurrent assets to total assets[5]	25.0	28.0	32.9	35.5	35.7
Ratio of current assets to total assets[6]	17.4	17.2	18.3	17.1	17.5
Inventory turnover	7.4	7.3	6.8	6.4	6.6
Equity ratio	32.3	28.8	25.3	26.1	30.2
Financial Services Division					
Increase in total assets	6.3	0.4	4.7	17.9	12.8
Return on equity before tax[7]	16.1	16.9	18.2	20.0	23.8
Equity ratio	10.4	9.6	9.7	8.8	7.5

1 Ratio of cash flows from operating activities to current and noncurrent financial liabilities.
2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
3 Including the vehicle-production investments Shanghai-Volkswagen Automotive Company Ltd. and FAW-Volkswagen Automotive Company Ltd. These companies are accounted for using the equity method.
4 For details, see Value-based management on page 140.
5 Ratio of property, plant and equipment to total assets.
6 Ratio of inventories to total assets.
7 Profit before tax as a percentage of average equity (continuing operations).

SUMMARY OF ECONOMIC POSITION

The economic position of the Volkswagen Group continued its positive trend in fiscal year 2007. The Group's earnings power and, consequently, its competitiveness improved sustainably thanks to the optimized cost structures. We achieved our objective of at least covering our cost of capital in the reporting period and also achieved the earnings target originally set for 2008 a year earlier. The higher net cash flow generated by the Automotive Division and a further sizeable increase in net liquidity are the proof of this success.

An overview of the development of the Volkswagen Group over the past five years can be found in the tables on pages 137 and 139. More information on the economic position of the Volkswagen Group by brand and business field can be found in the Divisions chapter starting on page 78.

VALUE ADDED STATEMENT

The value added statement indicates the added value generated in fiscal year 2007 by a company as its contribution to the gross domestic product of its home country, and how it is appropriated. In the reporting period, the added value generated by the Volkswagen Group increased by 6.3% year-on-year. Added value per employee was €83.8 thousand (+6.6%).

VALUE ADDED GENERATED BY THE VOLKSWAGEN GROUP

Source of funds in € million	2007		2006	
Sales revenue	108,897		104,875	
Other income	7,050		6,849	
Cost of materials	–72,340		–66,935	
Depreciation and amortization	–9,238		–9,398	
Other upfront expenditures	–9,289		–11,790	
Value added	**25,080**		**23,601**	

Appropriation of funds in € million	2007	%	2006	%
to shareholders (dividend)	720	2.9	497	2.1
to employees (wages, salaries, benefits)	14,549	58.0	17,400*	73.7
to the state (taxes, duties)	2,950	11.8	440	1.9
to creditors (interest expense)	3,459	13.7	3,011	12.8
to the Company (reserves)	3,402	13.6	2,253	9.5
Value added	**25,080**	**100.0**	**23,601**	**100.0**

* Excluding special items in the previous year: €14,943 million.

FIVE-YEAR REVIEW

	2007	2006	2005	2004	2003
Volume Data (thousands)					
Vehicle sales (units)	**6,192**	**5,720**	**5,193**	**5,143**	**5,016**
Germany	1,030	1,093	1,019	940	916
Abroad	5,162	4,627	4,174	4,203	4,100
Production (units)	**6,213**	**5,660**	**5,219**	**5,093**	**5,021**
Germany	2,086	1,935	1,913	1,832	1,740
Abroad	4,127	3,725	3,306	3,261	3,281
Employees (yearly average)	**329**	**329**	**345**	**343**	**335**
Germany	175	174	179	179	174
Abroad	154	155	166	164	161
Financial Data in € million					
Income Statement					
Sales revenue	**108,897**	**104,875**	**93,996**	**88,963**	**84,813**
Cost of sales	92,603	91,020	81,733	78,430	74,099
Gross profit	**16,294**	**13,855**	**12,263**	**10,533**	**10,714**
Distribution expenses	9,274	9,180	8,628	8,167	7,846
Administrative expenses	2,453	2,312	2,225	2,309	2,274
Net other operating expense/income	1,584	–354	1,128	1,585	1,011
Operating profit	**6,151**	**2,009**	**2,538**	**1,642**	**1,605**
Financial result	392	–216	–917	–554	–251
Profit before tax from continuing operations	**6,543**	**1,793**	**1,621**	**1,088**	**1,354**
Income tax expense	2,421	–162	571	391	351
Profit from continuing operations	**4,122**	**1,955**	**1,050**	**697**	**1,003**
Cost of materials	**72,340**	**66,935**	**62,620**	**58,239**	**53,849**
Personnel expenses	**14,549**	**17,400**	**14,796**	**14,038**	**13,878**
Balance Sheet at December 31					
Noncurrent assets	76,841	75,374	75,235	72,212	67,363
Current assets	68,516	61,229	57,846	55,391	50,783
Total assets	**145,357**	**136,603**	**133,081**	**127,603**	**118,146**
Equity	31,938	26,959	23,647	22,681	23,863
of which: minority interests	63	55	47	47	104
Noncurrent liabilities	57,351	56,159	56,125	56,230	46,270
Current liabilities	56,068	53,485	53,309	48,692	48,013
Total equity and liabilities	**145,357**	**136,603**	**133,081**	**127,603**	**118,146**
Cash flows from operating activities	**15,662**	**14,470**	**10,709**	**11,457**	**8,371**
Cash flows from investing activities	**13,497**	**11,911**	**10,365**	**15,078**	**15,464**
Cash flows from financing activities	**178**	**–114**	**–1,794**	**6,004**	**11,423**

VALUE CONTRIBUTION AS A CONTROL VARIABLE

The Volkswagen Group's financial target system focuses systematically on continuously and sustainably increasing the value of the Company. In order to maximize the use of resources in the Automotive Division and to measure the success of this, we have been using value contribution*, a control variable linked to the cost of capital, for a number of years.

The concept of value contribution not only allows overall performance to be measured in the Automotive Division, but also in the individual business units, projects and products. In addition, business units and product-specific investment projects can be managed operationally and strategically using the value contribution.

COMPONENTS OF VALUE CONTRIBUTION

The value contribution is calculated using operating profit after tax and the opportunity cost of invested capital. Operating profit reflects the economic performance of the Automotive Division. To derive a figure for profit after tax, we calculated an overall average tax rate of 35% based on the various international income tax rates of the relevant companies. The opportunity cost of capital is calculated by multiplying the invested capital by the cost of capital. Invested capital is defined as total operating assets (property, plant and equipment, intangible assets, inventories and receivables) less non-interest-bearing liabilities (trade payables and payments on account received).

DETERMINING THE CURRENT COST OF CAPITAL

The cost of capital is calculated as the weighted average of the required rates of return on equity and debt. The cost of equity is determined using the Capital Asset Pricing Model (CAPM), which uses the yield on long-term risk-free Bunds, increased by the risk premium attaching to investments in the equity market. The cost of debt is calculated on the basis of the average yield for long-term debt.

* The value contribution corresponds to the Economic Value Added (EVA®).
EVA® is a registered trademark of Stern Stewart & Co.

VALUE CONTRIBUTION AND RETURN ON INVESTMENT IN THE CURRENT FISCAL YEAR

The operating profit after tax of the Automotive Division was €3,567 million in the reporting period (€829 million). The year-on-year improvement is attributable above all to the sales growth, the further optimization of our cost structures and the non-recurrence of the restructuring expenses that had substantially impacted the prior-year result.

The cost of capital was reduced by €202 million year-on-year to €2,850 million, due exclusively to the further reduction in invested capital. This again underlines our disciplined approach to investments in property, plant and equipment and our successful working capital management. The current average cost of capital remained unchanged on the whole at 7.6%.

Consequently, we recorded a positive value contribution of €717 million (€–2,223 million) for the first time since 2001. The return on investment (ROI) was 9.5% in 2007 (previous year: 2.1% after special items, 5.9% before special items). We have therefore achieved our objective of at least covering our cost of capital in the reporting period and exceeded our minimum required rate of return on invested assets of 9%.

More information on the financial control variables is available on the Internet at www.volkswagenag.com/ir

COST OF CAPITAL AFTER TAX AUTOMOTIVE DIVISION

%	2007	2006
Risk-free rate	4.3	3.8
DAX market risk premium	6.0	6.0
Volkswagen-specific risk premium	–0.7	0.2
(Volkswagen beta factor)	(0.88)	(1.03)
Cost of equity after tax	**9.6**	**10.0**
Cost of debt	5.5	4.3
Tax (flat rate 35%)	–1.9	–1.5
Cost of debt after tax	**3.6**	**2.8**
Proportion of equity	66.7	66.7
Proportion of debt	33.3	33.3
Cost of capital after tax	**7.6**	**7.6**

VALUE CONTRIBUTION AUTOMOTIVE DIVISION[1]

€ million	2007	2006[2]
Operating profit	5,194	1,166
Share of operating profit of Chinese joint ventures	294	109
Tax expense (flat rate 35%)	–1,921	–446
Operating profit after tax	**3,567**	**829**
Invested capital	37,500	40,159
Return on investment (ROI) in %	**9.5**	**2.1**
Cost of capital in %	7.6	7.6
Cost of invested capital	**2,850**	**3,052**
Value contribution	**717**	**–2,223**

1 Including proportionate inclusion of vehicle-producing Chinese joint venture companies and allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Restated.

Volkswagen AG (condensed, according to German Commercial Code)

Stronger vehicle sales worldwide boost sales

NET INCOME FOR THE YEAR

In fiscal year 2007, Volkswagen AG's sales rose by 4.1% year-on-year to €55.2 billion. This increase was primarily due to stronger vehicle sales worldwide. The proportion of sales revenue generated outside Germany amounted to 61.5% (60.4%). The cost of sales fell by 1.1% compared with the previous year, which had recorded an increase due to restructuring measures. At €1.6 billion, gross profit was up significantly on 2006. Selling, general and administrative expenses declined by 2.9%. As a consequence, the ratio of selling, general and administrative expenses to sales fell. In addition to positive exchange rate effects relating to deliveries of goods and services, cost allocations to affiliated companies and to third parties caused the other operating result to increase by 11.3% to €1.3 billion. The financial result decreased by 6.2% to €3.8 billion. Higher income from investments and profit and loss transfer agreements as well as lower write-downs of financial assets were offset by lower other investment income. Gains on the sales of investments had a positive effect on the financial result in the previous year.

INCOME STATEMENT OF VOLKSWAGEN AG

€ million	**2007**	**2006**
Sales	55,218	53,036
Cost of sales	53,652	54,238
Gross profit on sales	**+1,566**	**– 1,202**
Selling, general and administrative expenses	3,863	3,979
Other operating result	+1,309	+1,175
Financial result*	+3,799	+4,051
Result from ordinary activities	**+2,811**	**+45**
Taxes on income	1,356	– 900
Net income for the year	**1,455**	**945**
Retained profits brought forward	10	11
Appropriations to revenue reserves	720	450
Net retained profits	**745**	**506**

* Including write-downs of financial assets.

BALANCE SHEET OF VOLKSWAGEN AG AS OF DECEMBER 31

€ million	**2007**	**2006**
Fixed assets	27,072	23,583
Inventories	3,189	2,785
Receivables	12,238	10,663
Cash and bank balances	5,933	8,571
Total assets	**48,432**	**45,602**
Equity	11,499	10,335
Long-term debt	8,901	8,348
Medium-term debt	6,892	6,088
Short-term debt	21,140	20,831

Volkswagen AG's result from ordinary activities rose to €2.8 billion in 2007 (€45 million). After deducting income taxes, net income amounted to €1.5 billion, an increase of 54.0% year-on-year.

NET ASSETS AND FINANCIAL POSITION

During the reporting period, Volkswagen AG's net assets increased by 6.2% to €48.4 billion. Investments in tangible assets were 17.9% higher than the low figure of the previous year. Investments were made primarily in new products and the construction of a third production line at the Wolfsburg plant. Financial investments decreased by 12.2% year-on-year. In 2006, the reorganization of our foreign shareholdings had increased the carrying amount of these investments. In total, fixed assets grew by 14.8% compared with December 31, 2006 to €27.1 billion.

Current assets decreased by 3.0% to €21.4 billion. Increased receivables and inventories were offset by lower cash due to debt repayments.

Due to the positive price performance of Volkswagen shares, many employees took advantage of the opportunity to convert their previously subscribed bonds into ordinary shares in the reporting period. Together with the higher net retained profits, this increased equity (including special tax-allowable reserves) by 11.3% to €11.5 billion. As a consequence, the equity ratio rose to 23.7% (22.7%). At the balance sheet date, provisions increased by 13.2% year-on-year to €21.3 billion. Liabilities fell by 5.0% to €15.6 billion, of which €11.0 billion (€12.0 billion) was interest-bearing.

DIVIDEND PROPOSAL

€720 million of the net income for the year was appropriated to other revenue reserves in accordance with section 58(2) of the Aktiengesetz (AktG – German Stock Corporation Act). The Board of Management and Supervisory Board are proposing to the Annual General Meeting to pay a dividend of €720 million from net retained profits, i.e. €1.80 per ordinary share and €1.86 per preferred share.

PROPOSAL ON THE APPROPRIATION OF NET PROFIT

€	2007
Dividend distribution on subscribed capital (€1,015 million)	720,150,281.40
thereof on: ordinary shares	524,407,080.60
preferred shares	195,743,200.80
Balance (carried forward to new account)	24,478,256.21
Net retained profits	**744,628,537.61**

EMPLOYEE PAY AND BENEFITS AT VOLKSWAGEN AG

€ million	2007	%	2006	%
Direct pay including cash benefits	3,957	57.4	6,126*	72.9
Social security contributions	919	13.3	898	10.7
Compensated absence	728	10.6	757	9.0
Old-age pensions	1,288	18.7	620	7.4
Total expense	**6,892**	**100.0**	**8,401**	**100.0**

* Including expenses for severance payments and partial retirement arrangements.

SALES TO THE DEALER ORGANIZATION

Volkswagen AG sold 2,365,617 vehicles to the dealer organization in 2007. This was 4.3% more than in the previous year. The percentage of vehicles sold outside Germany increased to 69.5% (66.5%).

PRODUCTION

Volkswagen AG's vehicle production plants (Emden, Hanover and Wolfsburg), including Auto5000 GmbH, which manufactures vehicles at the Wolfsburg plant, increased their output by 12.9% to a total of 1,075,997 vehicles. This was primarily due to the increased number of Golf saloon and Passat saloon models produced. The launch of the Tiguan in late 2007 was also a major contributory factor to this increase. Average daily production at Volkswagen AG increased by 1.6% to 4,473 units.

NUMBER OF EMPLOYEES

At December 31, 2007, a total of 90,468 people were employed at the sites of Volkswagen AG, excluding staff employed at subsidiaries. This included 4,434 apprentices. 5,135 employees were in the passive phase of their early retirement. The workforce was 3.8% smaller than during the previous year.

The percentage of female employees was 13.2% (13.3%) of the total headcount. The Company employed 2,303 part-time workers (2.5%). The percentage of foreign employees was 6.3% (6.4%). A total of 66.5% (64.9%) of employees held a vocational qualification in an area relevant to Volkswagen, while 11.2% (11.1%) were graduates. The average age of Volkswagen employees in the reporting period was 42.0 years.

RESEARCH AND DEVELOPMENT

Volkswagen AG's research and development costs according to the German Commercial Code rose by 9.1% year-on-year to €2.3 billion. On December 31, 2007, 8,561 people were employed in this area.

PURCHASING VOLUME

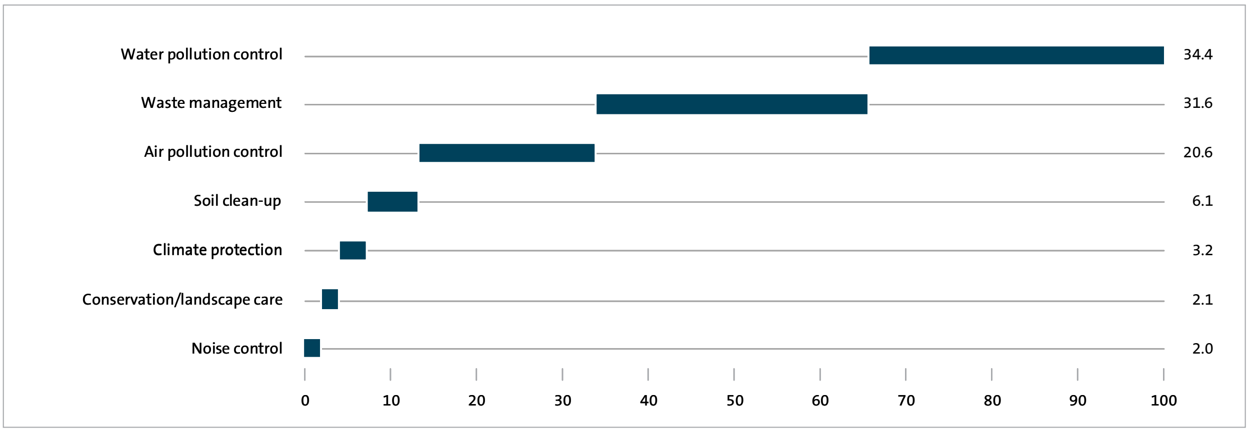
The purchasing volume across the six Volkswagen AG sites in Germany amounted to €19.6 billion in 2007, of which 75.0% (71.9%) was sourced from German suppliers. Of the total purchasing volume, €16.4 billion was spent on production materials and €3.2 billion on capital goods and services.

VOLKSWAGEN AG EXPENDITURE ON ENVIRONMENTAL PROTECTION

€ million	2007	2006	2005	2004	2003
Investments	20	19	27	16	24
Operating costs	177	170	194	202	195

OPERATING COSTS FOR ENVIRONMENTAL PROTECTION AT VOLKSWAGEN AG IN 2007

Share of environmental protection areas as percent



EXPENDITURE ON ENVIRONMENTAL PROTECTION

Investments for environmental protection consist of both product-related as well as production-related measures. The investments in product-related measures relate mainly to the reduction of exhaust emissions. Expenditures on water pollution control, waste management and air pollution control are the main focus of the investments for environmental protection in production.

Operating costs relating to environmental protection are broken down into expenditures for the operation of environmental protection equipment and expenditures not relating to such equipment. They relate mainly to production-related measures. Operating costs relating to environmental protection increased by 4.1% to €177 million in the reporting period.

BUSINESS DEVELOPMENT RISKS AT VOLKSWAGEN AG

The business development of Volkswagen AG is exposed to essentially the same risks as the Volkswagen Group. These risks are explained in the Risk Report on pages 162 to 169 of this Annual Report.

RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risks for Volkswagen AG arising from the use of financial instruments are the same as those to which the Volkswagen Group is exposed. An explanation of these risks can be found on page 168 of this Annual Report.

The Annual Financial Statements of Volkswagen AG (in accordance with the HGB) can be found on pages 264 to 295 of this Annual Report. They can also be accessed from the electronic companies register at www.unternehmensregister.de

Value-Enhancing Factors

Innovative products and efficient processes drive continued success

The Volkswagen Group's skilled and motivated employees develop and manufacture innovative products that offer exactly the sort of mobility our customers desire. The focus is on both the efficiency of the working processes and the responsible use of environmental resources.

The key financial indicators for the Volkswagen Group are explained in detail in the "Net assets, financial position and results of operations" chapter. However, even financial performance indicators do not illustrate the efficiency of a company's value drivers. The Volkswagen Group regards its processes in the areas of research and development, procurement, production, sales and quality assurance, as well as its dealings with its employees and its treatment of the environment as non-financial value drivers. Below, we explain how these value drivers contribute to the sustainable increase in our enterprise value.

RESEARCH AND DEVELOPMENT

In 2007, research and development activities mainly focused on expanding the product range and optimizing the functionality, quality, safety and environmental compatibility of Group products. The ideas contributed by our employees and the expertise of external partners played a key role here.

Innovative products for the automotive future

In the following paragraphs, we present the most important models, powertrains and systems launched last year.

For the Volkswagen Passenger Cars brand, one highlight of 2007 was the premiere of the new Tiguan. This compact SUV is the world's first volume model exclusively available with charged engines, in other words TDI and TSI engines. The Tiguan uses an electromechanical steering system that was developed entirely from scratch in-house together with the Braunschweig component plant and that is part of the latest generation of electromechanical steering systems. The Tiguan also offers customers innovative features such as the new touchscreen radio/navigation system, a swiveling trailer hitch and an impressive panoramic sliding sunroof, which made its debut in the new Golf Variant. In November 2007, the Tiguan HyMotion research vehicle, featuring an 80 kW fuel-cell system, was presented at the "Challenge Bibendum" environmental rally in Shanghai.

Following the success of the Polo BlueMotion*, the Volkswagen Passenger Cars brand presented a further seven members of the BlueMotion family last year. This family stands for fuel efficiency and environmental compatibility without compromising driving pleasure. With the addition of the BlueMotion variants of the Golf*, Golf Plus*, Golf Variant*, Passat*, Passat Variant*, Jetta* and Touran*, the eco-label became a definitive synonym for effective environmental protection. The Volkswagen Commercial Vehicles brand rounded off the BlueMotion offensive by presenting the Caddy BlueMotion study, which is close to series production.

In a similar vein to the successful BlueMotion models from the Volkswagen Passenger Cars brand, Škoda presented the environmentally-friendly and fuel-efficient GreenLine model range. The 'e' models at Audi and the "ECOMOTIVE" models at SEAT have the lowest fuel consumption and emission levels within their respective model ranges.

* Consumption and emission data can be found on page 296 of this Report.

In 2007, the Audi brand presented the new Audi A4 saloon, whose innovative transmission system improves axle load distribution and thus delivers better road-holding. The vehicle is also equipped with the Audi Drive Select system, which allows drivers to fine-tune the engine, automatic gearbox, steering and damper parameters to suit their needs.

Also last year, the Audi brand successfully launched the new Audi A5 series, which offers thrilling driving dynamics and innovative features. The vehicle has a completely new suspension combining agile handling with optimum safety. In the Audi R8, the brand presented the world's first headlights to use light emitting diode (LED) technology for all front-light functions – daytime running lights, indicators, dipped beam and main beam.

Last year's key innovations relating to the Group's powertrain offensive included the further development of the TSI engine family, which has already won multiple awards, the first seven-speed direct shift gearbox (DSG), and the 2.0 l CommonRail TDI engine.

The new 90 kW (122 PS) TSI petrol engine, which features a single-charge exhaust-driven turbocharger, combines maximum power with minimal fuel consumption. In contrast to the previous direct shift gearbox, the clutches of the new seven-speed DSG launched in early 2008 are dry rather than oil-bathed, which improves efficiency. Thanks to its new CommonRail injection system, the TDI engine offers a significant improvement in engine smoothness and acoustic comfort. In addition, it will be able to meet even the strictest of exhaust thresholds in future.

Innovative studies point the way to the future

In addition to the Volkswagen Group's many new models that have been launched in series production, the innovative concept cars and studies presented at international motor shows in 2007 also attracted the public's interest.

At the Frankfurt International Motor Show (IAA) in September 2007, Volkswagen gave the public its first glimpse of the New Small Family when it unveiled the up! small car study, a city car with a rear-mounted engine and high degree of functionality. The prototype was much praised and in November 2007 won the well-known "Concept Car Award 2007" in the UK. Just a few weeks after the IAA, at the end of October 2007, the Space up! was presented at the Tokyo Motor Show. With five doors, this minivan in the New Small Family is slightly longer than the up!. Thanks to the rear-mounted engine, it also offers a comparatively spacious interior.

Finally, the Space up! Blue, a further addition to the New Small Family, made its debut at the Los Angeles Auto Show in November. As well as being driven by a high-temperature fuel cell, this hybrid vehicle's battery can be charged via an electrical outlet. An integral part of the small car studies is an innovative human-to-machine interface, which shows how drivers will be able to operate their vehicles intuitively in the future. This interface includes features such as voice control for the telephone and navigation system, plus a touchscreen that is equipped with a proximity sensor and therefore responds to the driver's hand movements as well – after all, only when driving a vehicle is fun does it really become intuitive.

In Shanghai, the Audi brand presented the Audi Cross Coupé quattro, a compact SUV study. The vehicle meets the strictest emission standards and consumes just 5.9 liters per 100 kilometers. Further developments to the Audi drive select system, which allows the engine, transmission, steering and ride-damper parameters to be fine-tuned to suit the driver's individual requirements, were also made for this vehicle. The Audi A1 project quattro celebrated its stage debut at the Tokyo Motor Show. This latest study marks the Audi brand's entry into the young sub-compact segment. The vehicle combines a dynamic body line and optimum use of space with the highest quality. As a hybrid with a 30 kW electric motor positioned on the rear axle and offering a range of up to 100 km in pure battery mode, it opens up new possibilities.

The Škoda brand presented the Fabia Scout design concept, which is based on the recently unveiled Škoda Fabia Combi. This off-road style variant's special features include generous side molding and typical SUV equipment features.

The SEAT Tribu, a compact, three-door SUV with a sporty feel, celebrated its world premiere at the IAA in Frankfurt. This concept vehicle embodies the evolution of the brand's dynamic line and previews SEAT's future design philosophy. It features a full-length panoramic roof that blends with the windscreen. Drivers can also select the drive mode of their choice from "Urban", "Sport" and "Free-run" at the touch of a button, thereby changing the suspension, transmission and engine management parameters.

Improved use of synergies

The large number of new vehicles that we will develop for existing and future markets over the coming years demands a high degree of design efficiency. The Volkswagen Group's brands will therefore make even greater use of modular platforms in future, making it possible to increase synergies both between models in one series and across all series. For models with transversely mounted engines, there is a Modular Transverse Toolkit (MQB), while for models with longitudinally mounted engines, there is a Modular Longitudinal Toolkit (MLB). The Audi brand has already developed the new Audi A4 and the Audi A5 based on the MLB platform. The modular toolkit approach – the systematic extension of the cross-brand platform and modular strategy – will further reduce complexity, time and costs.

Employees file numerous patents

In 2007, 1,479 patent applications were filed on behalf of the Volkswagen Group, 1,180 of them in Germany and 299 abroad. The majority of these innovations related to drivetrain systems and electronic aids. Once again, the large number and the technological quality of the applications demonstrate our employees' innovative strength.

Pooling strengths through strategic alliances

Cooperation arrangements with other vehicle manufacturers are a particularly good way of tapping new market segments cost-effectively. A strategic alliance can keep development costs low by pooling skills and know-how and spreads investment costs across several partners. In 2007, we continued a number of successful joint projects, for example working with Dr. Ing. h.c.F. Porsche AG on the development and production of the Volkswagen Touareg, Audi Q7 and Porsche Cayenne models, and with Daimler AG on the production of the Volkswagen Crafter and Mercedes-Benz Sprinter models. In 2008, production of the Routan, a minivan for the US market, will start in cooperation with the Chrysler Group.

Volkswagen is also supporting the rapid market launch of SunFuel, a renewable second-generation biofuel. With this aim in mind, we are seeking to form cooperation arrangements with and make direct investments in companies that are dedicated to producing these fuels. Back in 2002, Volkswagen and CHOREN Industries decided to promote and drive forward the development of new fuels. In 2007, Volkswagen made a financial investment in CHOREN. The long-term aim of the cooperation arrangement is to produce SunDiesel in Germany in accordance with minimum sustainability standards. The first commercial plant, with an annual output of 15,000 tonnes, is scheduled to come on stream in 2008. Construction work is scheduled to start on the first large-scale plant, with an annual output of 200,000 tonnes, a year later.

In the area of biofuels, Volkswagen also has a long-standing partnership with IOGEN. The long-term aim of the cooperation arrangement is to produce cellulose ethanol in Germany. IOGEN is the world's leading producer of cellulose ethanol, a fully renewable second-generation biofuel.

Integrating external R&D know-how

In addition to its own development capacity, the Volkswagen Group also integrates the know-how of its suppliers into the development process. This cooperation ensures that projects can be successfully completed to the required standard and within reduced development times. The creative processes, virtual technologies and core competencies required to meet the challenges posed by coming megatrends are becoming increasingly important.

Using external know-how for support services, in downstream processes such as series production management and in activities that are not customer-related and generate improvements is particularly effective. We also draw on the expertise of the subsequent system suppliers when developing modules and components. As a general rule, we endeavor to increase the share of the development process accounted for by our own work.

Increase in capitalized development costs

In 2007, research and development costs in the Automotive Division increased by 16.0% year on year. As capitalized development costs rose at a lower rate, the capitalization ratio fell to 29.4% (34.9%). The ratio of research and development costs recognized in the income statement in accordance with IFRSs to sales revenue in the Automotive Division was 5.4% (4.8%).

The Research and Development function employed 21,677 people (+1.1%) Group-wide at December 31, 2007, corresponding to 6.6% of the total headcount. This figure also includes the staff at the vehicle production investments Shanghai-Volkswagen Automotive Company Ltd. and FAW-Volkswagen Automotive Company Ltd. These companies are accounted for using the equity method.

PROCUREMENT

In 2007, our procurement activities focused once again on supplier management, which we optimized further while also improving cooperation with our suppliers. In addition, we introduced a management system for procured components so as to better support vehicle start-ups.

Supplier and procured-component management

Increased cooperation with suppliers remains the central element of our procurement strategy. In 2007, we continued our successful partnerships with the aim of optimizing material costs, improving quality and increasing innovation management. To achieve our aim, we used the established platforms – the supplier workshop meetings, the Supplier Quality forum and the Innovation forum. At these events, Procurement, Technical Development and Quality Assurance employees come together with selected suppliers to identify the potential for improvements in processes, cost and quality. Compliance with the Volkswagen Group's environmental and sustainability standards is a key requirement. Together, the Group and its suppliers have thus worked out and successfully implemented approaches aimed at increasing competitiveness.

RESEARCH AND DEVELOPMENT COSTS IN THE AUTOMOTIVE DIVISION

€ million	2007	2006	2005
Total research and development costs	4,923	4,240	4,075
of which capitalized development costs	1,446	1,478	1,432
Capitalization ratio in %	29.4	34.9	35.1
Amortization of capitalized development costs	1,843	1,826	1,438
Research and development costs recognized in the income statement	**5,320**	**4,588**	**4,081**

The obvious benefits of these platforms in terms of cooperation with suppliers have prompted us to add a further building block in the form of a management system for procured components. Particularly during the early stage of vehicle development before production starts, our specialists concentrate on those system suppliers whose components require intensive management due to their technical complexity. The procured component management system is an effective tool for maintaining market success, especially given the rising number of product start-ups, reduced development times and more exacting quality requirements.

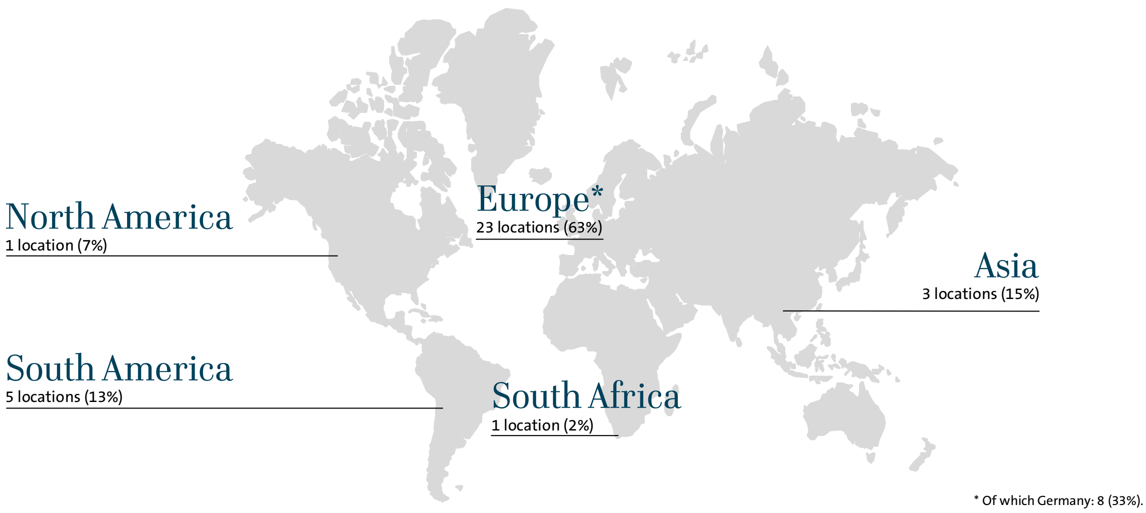
Parallel to the optimization of operating processes, we extended the analytical methods used in our procurement activities. With the help of a cost management tool, we increased transparency with regard to the cost efficiency of component unit costs across the Group. Regression analyses of costs, cost structure analyses and analytical calculations now assist our buyers in identifying procurement potential. In addition, the cost of changes to components or tools can now be calculated more precisely, ensuring more transparent negotiations with our suppliers.

Detailed supply-market analyses were carried out in India, Russia and the ASEAN countries with a view to tapping these markets as part of the global procurement strategy. Assisted by numerous supplier workshop meetings, these activities yielded extensive information on the local procurement markets. The large number of interested suppliers who participated in the events pointed to the enormous potential for cooperation with companies in these regions. These procurement markets will play an increasingly important role in future, both for local production and for exports to Europe and other regions.

Purchasing volume

In 2007, the purchasing volume in the Volkswagen Group increased by 4.7% year on year to €72.0 billion. The proportion attributable to German suppliers was 49.7% (52.1%).

VEHICLE PRODUCTION LOCATIONS OF THE VOLKSWAGEN GROUP
Share of total production 2007 in percent



PRODUCTION
In 2007, events in production were dominated once again by a large number of start-ups. At the same time, we continued to optimize production processes and upgrade production standards with a view to further improving efficiency.

Successful start-ups
In 2007, our model offensive again gave rise to numerous product start-ups. The most important of the year's new models under the Volkswagen Passenger Cars brand included the Golf Variant, the Passat BlueMotion* and the Tiguan. For the Audi brand, the principal start-ups were the Audi A5, the Audi S5 and the new Audi A4. The SEAT brand started to produce the Altea Freetrack and Leon Cupra* models, while Lamborghini launched production of the Gallardo Coupé "Superleggera"*. The start of production of the Caddy Maxi was one of the most important events of the year for Volkswagen Commercial Vehicles.

Flexible production locations
On November 28, 2007, the state-of-the-art Kaluga production plant started operation in Russia, an important future market. This means that the Volkswagen Group is now producing at 48 locations worldwide and manufacturing vehicles at 33 of them.

By enabling us to flexibly adapt production at key plants to suit demand, our turntable concept provides key advantages throughout the Group in terms of maintaining an efficient and competitive production system. Together with our modular strategy, which enables the same modules and subassemblies to be used in different vehicles, the turntable concept gives us the necessary flexibility to react to fluctuations in demand at any time.

Standardized production processes
We are constantly examining the production processes in the Volkswagen Group to determine the potential for improvement. Our aim here is to manufacture products that have been designed with a view to production in short throughput times and with a firm focus on value creation, while at the same time systematically ensuring that resources are used efficiently. Products need to be optimized and processes, equipment and operating structures standardized if this aim is to be achieved. This standardization of all production processes forms the basis of a Group-wide production system. In addition, we carry out benchmark analyses in production to identify best practice approaches within the Group. Any potential for optimization that is found is acted upon immediately. We strive to increase productivity by 10% a year on average. The actual degree of optimization varies depending on the vehicle model and location.

*Consumption and emission data can be found on page 296 of this Report.

Production milestones in 2007

On February 14, 2007, Volkswagen Sachsen GmbH's engine plant in Chemnitz produced the eight millionth engine. Volkswagen celebrated a special anniversary in March 2007, when the 25 millionth Golf, the Group's most important vehicle, rolled off the production line. Volkswagen Motor Polska produced its four millionth engine on May 31, 2007. Around four and a half years after production started, Auto5000 GmbH produced the 750,000th Touran in Wolfsburg at the end of June 2007. November 2007 proved to be a particularly eventful month in terms of production milestones: the Emden plant celebrated the 15 millionth Passat and Volkswagen Sachsen GmbH produced the three millionth vehicle in total in Zwickau.

SALES AND MARKETING

The Volkswagen Group has a range of exciting brands with a strong image, and we further optimized their positioning in 2007.

Intangible values and brand strength

Today, the Volkswagen Passenger Cars brand conveys quality, reliability and German engineering skills worldwide. This profile and the associated trust in the brand mean that, every year, it is the first choice of millions of customers purchasing a car. This is illustrated by the rising sales figures in all segments. In future, our brand management activities will continue to focus mainly on strengthening the Volkswagen Passenger Cars brand. With this aim in mind, we sharpened the global brand image in 2007 under the new "Volkswagen – Das Auto" slogan. The new brand mission for the long term is to be the most innovative volume manufacturer with the best quality in the relevant classes. The key differentiators in an increasingly competitive environment will be innovations that are both oriented towards customer requirements and affordable. The brand image combines the three core messages "innovative", "providing enduring value" and "responsible". A number of technical highlights, such as the pioneering TSI, FSI and TDI engines or the direct shift gearbox (DSG), and our BlueMotion model range, which demonstrates our keen awareness of our responsibility towards people and the environment, already express this brand image.

With its theme and slogan "Vorsprung durch Technik", the Audi brand is one of the strongest automotive brands in the premium segment. In its mission to become the market leader in this segment over the medium term, Audi is continuing to rely on its brand image centered around sportiness, high quality and progressiveness. This is clearly highlighted by the most recent awards for Audi models and the "Öko-Trend" Auto-Umwelt-Zertifikat awarded by the Institute for Environmental Research for compliance with high environmental standards. The brand also continues to set standards in terms of the latest engine technology: starting in mid-2008, the world's cleanest diesel technology will go into series production.

"Simply clever" – this is the core theme and slogan under which Škoda is growing into one of the most dynamic brands, particularly in Europe. The Škoda brand embodies a combination of intelligent concepts for the use of space, providing technically simple yet sophisticated and practical detailed solutions, plus attractive designs and extremely good value for money. This brand concept is gaining recognition: the vehicles bearing the logo with the winged arrow have received multiple awards for good design as well as sophisticated and innovative engineering.

Its core values "sporty", "lively" and "design-oriented" have put the SEAT brand back on the road to success. The Ibiza and Leon models and the vehicles in the Altea model range are particularly representative of its brand image and market success. Supported by targeted marketing activities, the "auto emoción" slogan is becoming increasingly powerful. The Altea Freetrack, which combines the sportiness typical of the brand with strong aesthetics, will in future mark a further milestone in the positioning of the SEAT brand.

Bugatti, Bentley and Lamborghini round off the wide range of Volkswagen Group brands. In particular, they embody exclusivity, elegance and power.

With a range of vehicles from light commercial vehicles, vans and motor homes through to heavy trucks and buses, Volkswagen Commercial Vehicles offers its customers a suitable and high-performance transport solution for all their needs.

Customer satisfaction and customer loyalty

We regularly measure customer satisfaction in a number of countries with the help of targeted surveys. When conducting these studies, we concentrate primarily on products and service. The results are analyzed and assessed so that appropriate measures can then be identified. In terms of satisfaction with the product, the Audi and Škoda brands take pole position, not only within the Group, but also when ranked against competitors. The other Group brands also achieve overall satisfaction scores in line with or above competitors' results.

Customer satisfaction provides the basis for customer loyalty. Loyal customers demonstrate their confidence in our brands, and this confidence is clearly reflected in the sales figures. Last year, Volkswagen was able not only to maintain brand loyalty at its already-high level, but also to increase it further. Škoda also ranks among the leaders in brand loyalty – as it has done for many years.

Key sales business processes

In 2007, we reorganized the Volkswagen Group's business processes in our sales operations. A key element of this reorganization was to achieve a reduction in distribution expenses. In this context, the IT systems were standardized further, and the number of systems used in Europe was reduced, at both the wholesale and the retail level. As a result, order and distribution processes will in future be standardized and the cost of system maintenance and monitoring substantially reduced. In wholesaling, we have also identified potential synergies at the business process level, which we will use to reduce the workload in processes that do not add value. In addition, we examined the extent to which processes can be amalgamated with the aim of further streamlining the support functions in wholesaling and retailing. The capacity that is freed up can be focused on processes that do add value and overheads can be reduced. In this way, we can make the dealership system more profitable and the sales system more attractive.

Fleet customer business

Volkswagen Group Fleet International, the business unit set up to serve as the central point of contact for the international fleet business, established a strong presence in the market in 2007. In addition to successful customer acquisitions, activities focused on introducing processing systems that significantly improve customer care. The Group's international fleet network was also strengthened. The aim of the activities was to satisfy customers' increasing calls for time and cost savings as well as cost transparency.

Sustainability through comprehensive remarketing

Vehicle depreciation is one of the main cost factors for any vehicle owner, and the resale value is a major factor influencing the competitiveness of our products. The Volkswagen Group has therefore developed a remarketing strategy to help ensure that the residual value of our used vehicles remains competitive. In order to ensure that our success extends beyond new car sales, our brands take into account factors relevant to the sale of the used car as soon as the product development process begins. In particular, these include the quality, durability, design and equipment features of the vehicles. In addition, we consistently provide our dealership partners with attractive used cars and offer customer-oriented services as part of our used car programs.

QUALITY ASSURANCE

The quality of our products and services has a decisive influence on customer satisfaction with and loyalty towards our Company. This applies not only to the actual product quality, but also to the development quality, which reflects the extent to which the product concept takes into account customer requirements. Service quality is another key factor in customer satisfaction, with every single interaction with the customer being relevant for us.

Product quality and warranties

The Volkswagen Group's aim is to always offer its customers the best quality in the vehicle class concerned. With this aim in mind, Quality Assurance launched the "Product Quality Forum" in 2005. The management criteria drawn up by the teams of representatives from Research and Development, Production and Quality Assurance include key indictors such as the number of repairs and the financial costs; these and their integration into an early warning system are now important tools for continually improving vehicle quality. In 2007, Quality Assurance also initiated a broad-based vehicle reliability program, which is being used to further improve the long-term quality of the vehicles and thus strengthen customers' confidence in the products. We are using this program, which is being implemented in cooperation with Customer Service and Research and Development, to help monitor and analyze repairs. For example, it offers customers a hotline to call in the event that their vehicle suddenly develops a fault.

Service quality

Whenever a customer requests services from a Volkswagen dealer, multiple interactions take place between the parties involved. Service quality therefore plays a key role in customer satisfaction. First and foremost, customers want quick, cost-efficient and faultless repairs. In order to be able to provide suitable repair and service solutions even faster in future, the Volkswagen Group last year reorganized functions relating to warranties, technical product support and vehicle operating costs in the Service area. These now report to Quality Assurance and are therefore more closely linked to the product development process.

EMPLOYEES

At December 31, 2007, the Volkswagen Group employed a total of 329,305 people worldwide. It is thanks to their input that the Group set another sales volume and production record last year. Innovative and highly motivated employees guarantee the ability to develop and produce top-quality, technically superior vehicles. In order to further improve the performance and expertise of the workforce and thus safeguard the company's long-term future, we have launched an extensive staff development initiative, the main emphasis of which is on vocational training processes, improved development paths for skilled workers and university graduates, and a substantial increase in technical expertise.

Qualified employees for the Volkswagen Group

Vocational training is a key element of Volkswagen's human resources work. The "Automotive Talent" works agreement that came into force in 2007 governs the entire process from the selection of apprentices through to their transfer to permanent employment at Volkswagen AG. The aim of the agreement is to attract young people who wish to employ their talents in the automotive industry and who identify strongly with Volkswagen. Volkswagen provides training in a total of 28 different vocations and selects applicants at its six Western German locations using a standardized computer-supported procedure. The apprentices in industrial/technical or commercial vocations are comprehensively assessed in terms of their quality awareness, customer focus, ability to work on their own initiative and team skills as well as in their area of expertise.

At the end of the year, a total of 9,302 young people worldwide were being trained as new additions to our outstanding team. The Volkswagen Group is expressly committed to fostering new talent and thus opening up future prospects for young people at all its locations.

At an international conference in Mladá Boleslav in October 2007, the Group's Board of Management presented the seventh "Best Apprentice Award" to its most outstanding apprentices worldwide. 20 apprentices from ten countries and three continents received a certificate in recognition of their excellent achievements.

Opportunities for further development are available to our young specialists through the "Wanderjahre" (years abroad) program, for example. This enables young employees to learn and work at a different Group location for a year after completing their training, thereby increasing mobility, strengthening international cooperation and boosting motivation.

In order to meet the company's constant demand for new specialist talent, Volkswagen has expanded the existing StIP integrated degree and traineeship scheme. Talented young people who have passed the school-leaving exam are trained in a vocational profession while studying at a university or university of applied technology close to their respective site. Following the addition of electrical engineering (in cooperation with the Braunschweig University of Technology) and information technology (in cooperation with the University of Magdeburg) in 2007, a total of 17 technical and commercial subjects are now on offer. In 2007, Volkswagen recruited 245 new employees through this program. The scope and nature of the subjects studied are agreed in close consultation with the line departments within the company. The training period is usually four years. The mix of practical experience and additional university education is a further success factor in implementing the Company's objectives, particularly those relating to productivity and process reliability.

The purpose of Volkswagen's talent development activities is to seek out, attract and retain and encourage highly qualified and motivated individuals. As an attractive employer, Volkswagen targets and recruits the best university talent by conducting marketing campaigns at universities. At the IAA in September 2007, it therefore launched a new image campaign aimed at these target groups, which supports the company's active search for talent.

The trainee programs offer university graduates and young professionals the opportunity to learn about the Company in detail and form networks. The main focus of the "StartUp Direct" trainee program is on the department in which, from day one, trainees assume personal responsibility for dealing with specialist topics. The "StartUp Cross" trainee program is the right choice for anyone wishing to experience the diverse world of Volkswagen. The trainees familiarize themselves with the Group's international locations during project placements in different Volkswagen departments.

Whether at universities or colleges, in Germany or abroad, Volkswagen is always in search of the best graduates. The Company's aim is to attract clever, ambitious and dedicated people to supplement its existing outstanding team.

With the help of the Student Talent Bank, Volkswagen attracts first-class future employees to the Group at an early stage. This program provides an opportunity for trainees with exceptional skills to undergo a special development program.

For those studying for a doctorate, we offer an extensive program at the AutoUni, which offers interdisciplinary training programs and seminars. For the doctorate students, the AutoUni also serves as a platform for networking across disciplines and specialist areas.

Recruitment in 2007 was driven in particular by the growth in the automotive business. Although the main focus overall was on technical subjects and natural sciences, business/economics and arts subjects were also represented. Last year, more than 300 talented individuals were recruited to bolster the workforce. In the future too, it will continue to be vitally important for us to attract the best graduates from German and European universities.

Training – an ongoing process

Due to the technological changes and the reorganization of working practices within the Company, it is essential that employees undergo continuing professional development. The scope and content of the training measures within the Group are very much determined by operational requirements and agreed individually in meetings between management and employees. In this context, intensive use is made of the extensive range of internal training programs. For example, some 3,600 events attended by around 38,000 participants in the different specialist areas take place each year at Volkswagen AG's six German locations. Education and work are closely interlinked at the Group.

Innovative methods are also used in training. Production employees at the Emden plant, for example, learn with the help of virtual-reality technology. This creates three-dimensional images of complex assembly operations in automotive manufacturing and makes all participants aware of critical assembly conditions early on.

In 2007, Bentley Motors Ltd. received the National Training Award, one of the UK's highest awards for staff development, for its talent development programs "Becoming a Bentley Manager" and "Team Leader Development".

The training officers regularly exchange the experience and extensive knowledge of staff development available throughout the Volkswagen Group worldwide with a view to further developing tried-and-tested concepts from individual plants and locations, standardizing these concepts by sharing best practice and establishing them throughout the Group. In November 2007, for example, 45 training officers came together at the international training managers' conference at Audi's Ingolstadt facility to discuss and assess the strategies and standards for staff development, skills management and vocational training.

In addition, “talent groups” ensure systematic personal and professional development for key employees at all levels. At Group level, the AutoUni offers training events in the form of lectures, conferences and comprehensive programs, plus study modules in cooperation with well-known universities.

Management development

In the course of the realignment of Volkswagen’s staff development activities, the opportunities for promotion to and career progression within management were optimized. We have significantly extended the tasks performed by management employees and the competencies necessary for those tasks. In future, we will prepare and support staff taking over management functions even more intensively.

In this context, the development programs and selection procedures for new leadership and management talent were revised, management levels re-defined and career development paths reorganized accordingly. This has resulted in more attractive career opportunities for line and project managers and management employees, thereby making Volkswagen considerably more attractive as an employer. By adopting a systematic international approach to talent management, we are ensuring transparency of succession planning for top positions throughout the entire Group and thus optimizing management development at Volkswagen.

Opinion survey shows employee satisfaction

We use an employee opinion survey to measure employee satisfaction within the Volkswagen Group. This takes the form of a structured survey that gathers employees’ opinions on important work-related issues. Employees complete a questionnaire and, following the evaluation phase, analyze the results with their superiors. Together, they then identify measures for improving processes within their organizational unit.

The opinion survey sets in motion an ongoing process that involves all employees and brings about targeted improvements in quality, productivity, information flows, management style and cooperation. Audi AG has been making successful use of this tool for some time already. Due to the positive results at Audi, we have established the opinion survey as a standard together with international human resources managers. There are plans to gradually introduce it throughout the entire Group in 2008.

Part-time scheme for employees near to retirement going according to plan

In 2007, 2,539 employees moved into the passive phase of their early retirement. By 2013, this number will successively increase by a further 9,000 or so employees.

Collective agreement on demographic change

In 2007, a collective agreement on demographic change was concluded in light of population trends. This agreement is the first step towards ensuring that challenging business objectives can still be attained as the age structure of the workforce changes. In addition to the guidelines that were agreed upon, it includes the stipulation that existing approaches already in place at Volkswagen AG be developed further and new approaches added where necessary. In a later step, the findings obtained following the completion of the evaluation phase are to be incorporated in a further collective agreement on demographic change.

“Pro Ehrenamt” volunteer initiative

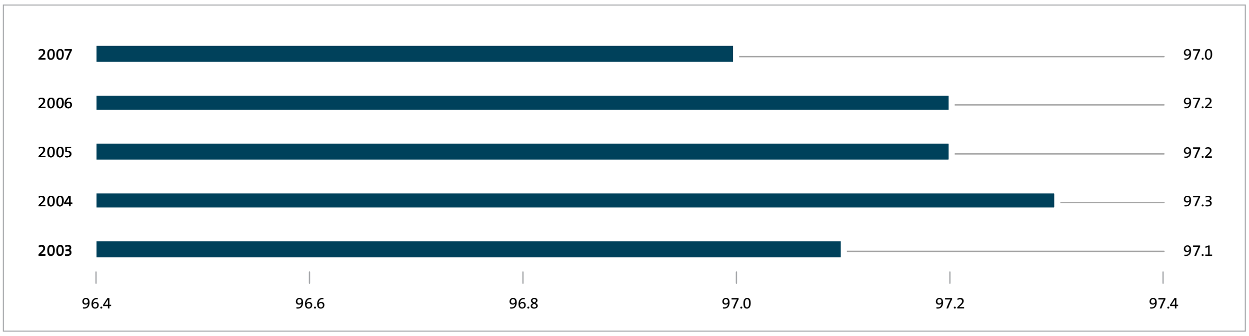
Volkswagen AG has launched an initiative in favor of volunteering under the motto “Ehrenamt ist Ehrensache” (It’s an Honor to Volunteer). In future, the Company will assist charitable organizations in their search for volunteers, use an image campaign to lend its support to social responsibility and make the topic a greater part of its ongoing human resources work.

Anti-discrimination agreement

In 2007, the “Partnerschaftliches Verhalten am Arbeitsplatz” (Partnership-based Conduct in the Workplace) works agreement came into force at Volkswagen AG against the background of the general equal opportunities legislation. The agreement states that any type of discrimination or harassment, particularly in the form of sexual and psychological harassment, severely upsets workplace relations and violates the personal rights of every individual. Above and beyond their legal right to complain, we offer employees an advisory service. The works agreement also specifies the consequences of misconduct and preventative measures in the area of training and communication. It marks the continuation of a long tradition at Volkswagen AG and underlines the Company’s goal of maintaining an environment of respect in which there is no discrimination

HEALTH STATUS OF MANUFACTURING PLANTS IN THE VOLKSWAGEN GROUP

as percent



Ideas bear fruit

In 2007, our employees in Europe submitted a total of 122,071 improvement ideas. Of these, 70,152 suggestions were implemented, thereby improving the quality of our products and the efficiency of our processes and reducing costs by a total of €325.2 million. Bonuses worth some €37.0 million were awarded to staff whose ideas were implemented as an acknowledgement of their creativity and active involvement.

The “Volkswagen Way”

The Human Resources function has given much attention to the preparation and implementation of the “Volkswagen Way”. The Company and the Central Works Council see the “Volkswagen Way” as a method of organizing and continuously improving future work so that vehicles can be developed and produced for customers to the highest level of quality and cost efficiency. It is based on four works agreements that were concluded with the Central Works Council and aim to increase the efficiency of all working processes within the Company. As a result of the “continuous improvement process” in particular, Volkswagen AG expects the “Volkswagen Way” to bring substantial increases in productivity that will enable it to master the tasks facing it in the future.

ENVIRONMENTAL MANAGEMENT IN THE GROUP

The Volkswagen Group pursues an integrated environmental protection strategy. In other words, in addition to considering the environmental compatibility of its products, it also takes into account, assesses and reduces the environmental impact of its production processes and logistics. Not least because of this strategy, all areas of production and all Group processes are subject to a systematic continuous improvement process.

We are continually extending and modifying our internal environmental management system. In addition, we are dedicating an increasing amount of time and effort to both road traffic as an overall system and conservation.

Events dedicated to environmental protection

Biodiversity is a valuable asset and nature a model for numerous technical solutions – including in the automotive industry. In order to highlight these facts, Volkswagen joined the “Jede Art hängt von anderen ab” (Every Species Depends on Others) campaign as a partner to the German federal government and in autumn 2007 sponsored a roadshow bearing the motto “Unterwegs für Vielfalt” (En Route to Diversity). In addition, the Chairman of the Board of Management of Volkswagen AG, Prof. Dr. Martin Winterkorn, is a member of “Naturallianz” (“Nature Alliance”) a biodiversity initiative founded by the federal environment minister, Sigmar Gabriel. Volkswagen is currently developing its own set of species conservation guidelines. For many years now, numerous nature and species conservation projects have been under way not only at Volkswagen AG’s locations in Germany, but also at the Group’s locations in Brazil, China and Mexico.

As a global player, the Volkswagen Group is addressing the challenges of global environmental protection and takes responsibility for its products and production locations. Between December 10 and 12, 2007, the Volkswagen Group's environmental experts came together at its third international environmental conference in Wolfsburg to exchange information face to face. The conference identified the strategic areas where action needs to be taken as well as the strategic challenges posed by environmental protection and then drew up appropriate recommendations.

Brand commitment to environmental protection

The success of the Volkswagen Group's integrated environmental protection policy is the result of the many and varied contributions made by the individual brands. This is illustrated by the following examples.

Environmentally-compatible production starts at the product development stage, as the design and the choice of materials have a major influence on the subsequent production and recycling processes. Last year, the Volkswagen Passenger Cars brand revised the environmental targets of its technical development function; these are based around the three main themes of climate protection, conservation of resources and health protection. The development processes are designed such that every new vehicle model has a better overall environmental profile than its predecessor. When developing a new vehicle, we consider its entire lifecycle. In addition, the environmental management system used by the technical development function has been audited annually for compliance with the ISO 14001 standard since 1996.

In 2007, the Volkswagen Passenger Cars brand developed the new "Umweltprädikat" (Environmental Rating) brochure, which provides customers with environmental and product information. In this brochure, we inform our customers, shareholders and other interested parties inside and outside the Company about how we are making products and processes more and more environmentally friendly and about our successes in doing so. The Passat and the Golf were the first models to receive the commendation, which is based primarily on the results of an environmental impact study certified by the German inspection organization TÜV Nord. Further models will follow.

The Audi brand has completed a further retention basin for rainwater in an effort to conserve valuable drinking water resources at its Ingolstadt location. There are now a total of five basins available, with a capacity of 13,000 cubic meters. The collected water is treated and fed into the process water network. By employing special recycling processes, the paintshop at our Slovakian location in Bratislava was able to reduce the use of rinsing agents in its process baths by 95% and thus cut water consumption significantly.

In order to reduce energy consumption and therefore CO_2 emissions during production, VW Kraftwerk GmbH and the Audi brand among others operate their power plants on the principle of combined heat and power. This system currently makes the best use of energy resources from both a technical and ecological perspective. Since April 2004, we have also been conducting internal energy audits in an effort to continually optimize our energy consumption. These audits use standardized criteria to assess the measures taken by the individual organizational units, thereby enabling us to identify any potential for improvement, define examples of best practice and transfer these examples to other areas.

Logistics is an area particularly relevant to the environment. All Group brands aim to significantly reduce the volume they transport by truck. The SEAT brand, for example, is shifting increasingly from transportation by road to transportation by rail, primarily in order to cut CO_2 emissions. This mainly affects new vehicles transported from the Martorell plant to the port of Barcelona and metal and components transported from the Zona Franca plant to Martorell.

In Brazil, Volkswagen Commercial Vehicles is participating on a voluntary basis in an afforestation project on the Atlantic coast in an effort to conserve nature. For every truck sold with an electronic engine management system, Volkswagen plants ten trees. Numerous other Volkswagen Group conservation projects are creating biotopes and habitats for a number of rare plant and animal species, including on a 100-hectare piece of land in front of the Wolfsburg plant.

In the area of waste management, we are developing a composting process for solid, biodegradable waste in cooperation with the University of São Paulo in Brazil. The aim is to reduce the total volume of waste at our manufacturing location in São Carlos by 70 tonnes a year – equating to around 100% of the organic waste – thereby helping to conserve local landfill space.

You can find information on additions to the range of environmentally-friendly vehicles offered by the individual brands in the “Research and development” section on page 146.

Fuel and drivetrain strategy

The Volkswagen Group’s fuel and drivetrain strategy is aimed at pointing the way to sustainable mobility. We wish to actively contribute to reducing global CO_2 emissions, local emissions such as nitrous oxides or soot particles as well as dependence on oil.

In addition to the use of primarily regenerative CO_2-neutral energy sources, we include conventional, oil-derived fuels in our strategic considerations. We concentrate on further optimizing their properties and thus reducing emissions.

As part of our drivetrain strategy, our use of TSI technology – a petrol direct injection with turbo- or supercharger – builds on the successful TDI engine concept. TSI engines have consumption levels of up to 20% less than other fuel injection engines while retaining the same exceptional driving dynamics. A further example of highly efficient drive technology is the direct shift gearbox (DSG), which is considerably more effective than conventional automatic gearboxes and reduces fuel consumption by 15%. The Touran-* and Caddy-EcoFuel* natural-gas models are also capable of running on petrol. In natural gas mode, they emit up to 25% less CO_2. Sulfur dioxide, soot and other particle emissions are almost completely eliminated.

Hybrid technology plays a central role in our drivetrain strategy in addition to petrol and diesel engines. Together with strategic partners and international universities, we are working intensively to integrate hybrid drives in future series products.

With regard to engine development, petrol and diesel engines are becoming increasingly similar. The introduction of direct injection in petrol engines marked a milestone in this area. Further developments in combustion processes also highlight the increasing similarity between the two technologies. On the diesel side, for example, work continues on homogeneous mixture formation as in petrol engines. Meanwhile, attempts are under way to make the spark plugs on petrol engines superfluous, at least in certain parts of the engine map, using a homogeneous compression ignition system. The result produced by combining the two combustion systems is referred to at Volkswagen as “CCS” and was developed based on today’s diesel engines. This combustion system allows limited pollutants such as nitrous oxides and soot particles to be reduced, while at the same time significantly improving efficiency. CCS therefore combines the benefits of diesel and petrol engines and may well prove to be one of the most important new engine concepts of the coming decades.

Over the long term, we expect locally emission-free mobility to gain ground, for example in the form of battery-operated electric vehicles or vehicles powered by fuel cells. Hydrogen-operated fuel-cell vehicles are currently the only emission-free system capable of providing an acceptable range. The Volkswagen Group’s research department has developed a unique high-temperature fuel cell: thanks to the use of electrodes permitting a higher operating temperature for fuel cells, the new system is smaller, more efficient and less expensive than any fuel cells to date. Although electric vehicles have the best energy rating, their range does not yet satisfy customer requirements:

* Consumption and emission data can be found on page 296 of this Report.

based on current storage technology, they can be expected to provide a maximum range of 50 km. Not until there have been significant advances in pure research into battery storage technology will pure electric traction become possible.

Our fuel strategy centers on diversifying energy sources and at the same time developing new fuels. The main focus here is on second-generation biofuels, which Volkswagen refers to collectively as "SunFuel". These harbor considerable potential in terms of reducing CO_2, do not represent competition for food production and are compatible with existing infrastructure. SunEthanol is one example of a biofuel optimized for petrol engines. It is derived from straw using a biochemical process developed by IOGEN. The equivalent fuel for diesel engines is called SunDiesel. This synthetic fuel can be manufactured from a number of different primary sources such as biomass or residual biomaterials. The quality and chemical composition of the end product do not depend on those of the primary energy used. Synthetic fuels can be used in both current and future combustion engines. They can also be adapted to the requirements of enhanced engine technology more easily than conventional fuels. At the same time, they offer considerable potential for reducing harmful emissions due to their purity of composition and the fact that their properties can be tailored. Furthermore, they can be ideally adapted to the new CCS combustion system, thereby further increasing this system's potential in terms of fuel consumption and exhaust emissions.

Fourth internal environmental award

The internal Volkswagen Environmental Award, which honors employees who take a proactive approach to environmental protection in their particular field of work, was presented for the fourth time in 2007.

For the first time, one of the award winners came from a product-related area: a technical development team was presented with an award for developing the world's first seven-speed direct shift gearbox (DSG). The DSG can increase performance compared with conventional automatic gearboxes and offer greater ease of use and a reduction in fuel consumption of up to 15% compared with manual gearboxes. It requires considerably less oil and no oil change throughout its entire lifecycle. In addition, the gearbox lacks specific oil-circuit components such as a suction filter and oil cooler. Due to the more compact design, it has also been possible to minimize the weight. The DSG has so far been used in models from the Polo to the Passat.

This award, which was originally presented nationally, will in future be offered annually across Europe, thus ensuring that the importance of our employees' commitment to the environment is recognized to a greater extent.

Mobility research

By carrying out research and development on road traffic as an integrated system, the Volkswagen Group is assuming responsibilities that extend beyond automotive manufacturing. Our aim in doing so is to find intelligent and sustainable mobility solutions by working together with partners in science, politics and industry.

Together with the Council for Technical Sciences of the Union of the German Academies of Sciences and Humanities, for example, we have prepared forecasts of traffic volumes in Germany for the period to 2020. Our main findings are that traffic volumes will rise significantly and that, due to the continuous increase in traffic density, solutions will need to be drawn up at various levels. Viable mobility solutions require sound infrastructure on a sufficient scale. They also require innovative traffic management methods that capture and quickly process traffic information nationwide, use that information to prepare route recommendations and offer optimized accident and roadworks management solutions.

This information is a precondition for intelligent vehicle technology to fulfill its potential. For example, the approach developed by the research function under the working title "Baustellen-Lotse" ("Roadworks Pilot") uses advanced systems technology such as adaptive cruise control and extends this to include a traffic assistance function: the vehicle helps its driver to adopt an optimal driving style in heavy traffic, thereby reducing traffic hold-ups, environmental impact and journey times and increasing road safety. At the same time, a reactive control strategy covering distance, speed and acceleration increases actual road capacity.

The key to greater efficiency in this area lies in a combination of intelligent roads, innovative traffic management, highly developed vehicle technology and sound infrastructure. The Volkswagen Group is participating in "Adaptive and Cooperative Technologies for Intelligent Traffic", a German research initiative that was launched in September 2006, with a view to further developing and improving these technologies.

Corporate social responsibility and sustainability

The Volkswagen Group is optimizing its CSR and sustainability management with its "Coordination CSR (Corporate Social Responsibility) and Sustainability" office set up in 2006. This reports to the CSR steering group, which includes all central Group functions and the Group Works Council. The Coordination office is tasked with networking internal units and improving exchange processes between the line departments. A cross-function CSR project team has been set up for this purpose.

The office is responsible for raising Volkswagen's profile with regard to sustainability ratings and rankings. Efforts are concentrated, among other things, on developing and introducing an indicator-based information system for CSR and sustainability. In addition to the office's internal advisory role, the main focus in coming years will be on active and transparent dialog with stakeholders.

Risk Report
A responsible approach to risk

Business success is based not least of all on a forward-looking approach to identifying and controlling risk. Our comprehensive risk management system guarantees the security we require in managing our activities.

In this chapter, we first explain how the Volkswagen Group updates the risk documentation it uses. The Group's risk situation is documented annually in accordance with the requirements of the Gesetz zur Kontrolle und Transparenz im Unternehmensbereich (KonTraG – German Act on Control and Transparency in Business); the adequacy of this documentation is also assessed. We then describe the risk management system - an operational element of our business processes that enables risks to be identified in a timely manner, the extent of those risks to be assessed and appropriate countermeasures to be introduced. In the Report on Expected Developments from page 170 to 176, we outline the opportunities arising from our activities.

UPDATING THE RISK DOCUMENTATION

The results of the standardized surveys by the risk managers of the individual divisions and the managing directors of investees provide an overall picture of the potential risk situation that is updated on an annual basis. Every risk that is identified is assessed to determine the likelihood of its occurrence; the probable extent of the loss in the event of its occurrence is then measured. In addition, guidelines and organizational instructions are assigned together with the countermeasures that are to be taken to manage the risk in question. The revision of the risk documentation is coordinated centrally by Group Controlling in conjunction with Group Internal Audit. With the auditors in overall charge, the plausibility and adequacy of the risk reports are examined on a test basis in detailed interviews with the divisions and companies concerned. Based on this information, the auditors assessed the effectiveness of our risk management system and established both that the risks identified were presented in a suitable manner and that measures and rules were assigned to the risks adequately and in full. This means that we conform to the requirements of the KonTraG. In addition, the Financial Services Division is subject to regular special audits by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – the German Federal Financial Supervisory Authority) in accordance with section 44 of the Gesetz über das Kreditwesen (KWG – German Banking Act) and controls by association auditors.

Workflow rules, guidelines, instructions and descriptions are systematically recorded and can for the most part be accessed online. Internal controls by the heads of the Group Internal Audit, Quality Assurance, Group Treasury, Brand Controlling and Group Controlling organizational units ensure that these rules are adhered to.

GOALS AND FUNCTIONING OF THE RISK MANAGEMENT SYSTEM

The purpose of the Group's risk management system is to identify potential risks at any early stage so that suitable countermeasures can be taken to avert the threat of loss to the Company, and any risks that might jeopardize its continued existence can be ruled out. By using an efficient risk management system, we are able to identify risks promptly, to assess them and to counter them.

The risk management system is an integral part of the Volkswagen Group's structure and workflows and is embedded in its daily business processes. Events that may entail a risk are identified and assessed on a decentralized basis in the divisions and at the investees. Countermeasures are introduced immediately, their effects are assessed and the information is incorporated into the plans in a timely manner. This means that the Board of Management always has access to an overall picture of the current risk situation through the documented reporting channels.

We are prepared to enter into transparent risks that are proportionate to the benefits expected from the business.

INDIVIDUAL RISKS

The following information on individual risks relates to the 2008 to 2010 planning period.

Macroeconomic risk

High energy and commodity prices, growing protectionism and ongoing imbalances in foreign trade pose significant risks to global economic growth. In particular, these factors could result in higher inflation rates, rising interest rates, sharper fluctuations in exchange rates and consequently a significant reduction in global economic growth. A possible recession in the USA would further exacerbate these trends. Changes in legislation, taxes or customs duties in individual countries may also result in significant risks for the Volkswagen Group. In the following sections on the individual risk categories, we explain how we manage these threats.

Sector-specific risk

In 2007, the growth drivers of the global passenger car markets were Asia, South America and Central and Eastern Europe. However, in some of the countries in these regions, there are high customs barriers or minimum local content requirements for domestic production. These factors make it difficult to achieve a larger increase in sales volumes. Our substantial market coverage in traditional markets entails risks that relate mainly to price levels. For example, massive discounts, mainly in the US automotive market, but also in Western Europe and China, continue to place the entire sector under pressure. Faced with these conditions, we felt compelled to maintain our sales promotion activities at the previous year's level. As a supplier of volume models, we would be particularly affected if competing manufacturers were to step up their sales incentives again. We continue to approve loans for vehicle finance on the basis of the same cautious principles applied in the past, taking into account regulatory requirements of section 25a(1) of the Kreditwesengesetz (KWG – German Banking Act).

We would be especially hard hit by a fall in demand or prices in Western Europe since we sell the majority of our vehicles in this market. We counter this risk with a clear, customer-oriented product and pricing policy. Overall however, our delivery volume outside Western Europe is widely diversified across the markets of North America, South America/South Africa, Asia Pacific and Central and Eastern Europe. We hold, or intend to attain, a leading position in a number of established and emerging markets. This means that we are well able to balance shifts in volumes between the individual markets. In addition, we are able to meet regional requirements by forming strategic partnerships.

Ever tougher lending conditions make it difficult for our dealerships and sales companies to finance their operations via bank loans. We have minimized the risk of their insolvency by setting up our own system of support, whereby we offer automotive dealers and outlets financing on attractive terms via our financial services companies.

Research and development risk

With the help of extensive trend analyses, customer surveys and scouting activities, we counter the risk that customers might not embrace our new products. By taking these measures, we ensure that trends can be recognized at an early stage and that their relevance for our customers is verified in good time.

Another risk is that products or modules cannot be developed in accordance with the specified deadlines, costs or quality standards. We therefore continuously and systematically monitor the progress of all projects and make changes to reflect the original targets. If there are deviations from targets, countermeasures can be taken in good time. Furthermore, our project organization supports all areas involved in the process, ensuring that they work together effectively. This enables requirements to be presented and activities planned in good time.

Risks are not concentrated on particular patents or licenses due to our wide variety of research and development activities.

Procurement risk

2007 saw a continuation of the global increase in commodity prices. In addition to the ongoing price inflation in individual commodities, price increases driven by speculative trading, particularly in exchange-traded commodities, also had a major impact. We counter these trends by means of targeted hedging strategies. The use of materials is continually being optimized in cooperation with Research and Development and Production. In addition, intensive studies are carried out to determine whether alternative or recycled materials can be used.

Our cooperation with suppliers can also give rise to risks. We are therefore organizing our portfolio of suppliers for the coming years strategically, bearing in mind local procurement opportunities in particular. These activities continue to focus on Asia and Eastern Europe. The installed risk management system, in which we record information on the creditworthiness of our suppliers, protects us against the effects of insolvency on the part of individual suppliers.

Production risks relating to demand

Changes in global demand for passenger cars can affect the number of vehicle types produced. If our production plants are working largely to capacity at a time of above-average demand, there is a risk of supply shortages, for example. We counter this risk by means of our flexible production management. This is achieved primarily through our turntable concept. Flexible working time models offer further opportunities to make adjustments.

Risks arising from changes in demand

Consumer demand depends not only on real factors such as disposable income, but also to a significant extent on psychological factors that are impossible to plan for. A combination of higher commodity prices and the uncertainty surrounding future CO_2 emission taxation may lead to unexpected consumer reluctance to spend, which may in turn be exacerbated by media reports. This is particularly the case in saturated markets such as Western Europe, where demand may plummet as a result of owners keeping their vehicles for longer periods. We attempt to counter this consumer reluctance to spend through our fuel and drivetrain strategy, by offering attractive new models and by maintaining an intense customer focus.

Furthermore, if the final details of a CO_2 tax for Europe are worked out, this may cause a shift in demand towards certain types of engine within the range and thus have a detrimental effect on our financial results.

In the rapidly expanding markets of Asia and Eastern Europe, risks can also arise due to government intervention when lending restrictions and tax increases have an adverse effect on private consumption.

Demand risks can also arise owing to further increases in oil prices. We counter these risks by developing fuel-efficient vehicles and alternative fuels as part of our fuel and drivetrain strategy.

Dependence on fleet customer business

The Volkswagen Group's share of the fleet customer segment, which is considerably less dependent on the macroeconomic environment than the private customer segment, remained unchanged at 44% in 2007. Fleet customer business therefore helped the Group to attain a record market share in Germany. Given the large number of new models, the positive trend in fleet customer business is expected to continue in 2008. With the Golf Variant available for the first time for the full twelve months of the year and the Audi A4 Avant available from spring 2008, we are in a good position going forward. In its activities in the corporate fleet segment, the Škoda brand succeeded for the first time in becoming one of the leading German importers in 2007.

Fleet customer business continues to be marked by increasing concentration and internationalization. Thanks to its extensive product range and target group-oriented customer care, the Volkswagen Group was also able overall to extend its market leadership in Europe. Default risks are not concentrated on individual corporate customers.

Quality risk

The ever increasing complexity of the vehicles and the introduction of new environmentally-friendly technologies such as hybrid drives present hitherto unknown challenges for the quality assurance function. In this context, new expertise and more extensive safety mechanisms are being developed and built up in close cooperation with Procurement and our suppliers, thereby minimizing quality-related risks from the outset.

Personnel risk

The Volkswagen Group has an established position in the global marketplace where it competes for specialist and management personnel. The knowledge and expertise of our employees constitute one of our most important success factors. There is a risk that knowledge – and therefore market advantages – will be lost as a result of employee turnover and the part-time scheme for employees near to retirement. Through intensive knowledge management, we are endeavoring to retain existing know-how in the company and to transfer it to other employees. We do so using suitable tools such as the "knowledge relay", whereby the practical knowledge of leaders and experts leaving the company is systematically transferred to their successors. In addition, we offer our employees, management and leaders a broad and tailored range of development programs and incentive systems. Our aim here is to position the Volkswagen Group as a top employer and build employee commitment. As well as this, our wide range of training ensures that we have highly skilled new employees.

Environmental protection regulations

On July 1, 2002, the European End-of-Life Vehicles Directive was transposed into German law by way of the Altfahrzeuggesetz (German End-of-Life Vehicles Act). This act guarantees that end-of-life vehicles will be disposed of free of charge through the collection points designated by manufacturers and importers. This initially applied only to vehicles registered after the law came into force, but as of January 2007, it was extended to all end-of-life vehicles. At present, we are unable to conclusively assess the impact of the EU's eastward enlargement on the collection of end-of-life vehicles. As a result, no clear forecast can be made regarding the likely financial burden on the Volkswagen Group in individual EU member states. We have reviewed our existing provisions. In addition, our systems and cooperation arrangements for disposing of end-of-life vehicles offer us the opportunity to manage this risk.

Conventional air conditioning systems still contain hydrochlorofluorocarbons (HCFCs) as a cooling agent. EU legislation stipulates that, as of January 1, 2010, only recycled material may be used in existing systems for the purpose of maintenance. Since there is no market for recycled cooling agents at the present time, bottlenecks may occur in Volkswagen AG's systems as of 2010. As of January 1, 2015, the use of all HCFCs will be prohibited in Europe. Without sufficiently early investment in alternatives, this could lead to production facilities being shut down temporarily, which in turn would lead to loss of production. In view of this, Volkswagen will develop and implement a program in the coming years in order to phase out the use of this agent. At the Group's environmental conference in December 2007, a working group elaborated the main elements of a phase-out strategy. The measures required to implement that strategy will be incorporated into future investment plans.

Chlorine-free fluorocarbon refrigerants (F gases), which were introduced in the past to replace the aforementioned HCFCs, are also subject to restrictions owing to their damaging effect on the earth's climate. As of 2007, there have been increased requirements for maintaining systems and verifying the absence of leaks. This means that, depending on their size, systems must be inspected several times a year by certified refrigeration specialists. In order to meet these requirements, "LEC" (Leakage and Energy Control) software was introduced at Volkswagen AG's plants, thereby enabling stationary air conditioning systems to be managed and controlled.

As regards emissions legislation, the EU decided on a wide range of stricter requirements, primarily affecting diesel technology. However, in the case of light and medium passenger cars, these requirements will be met by optimizing current technology. In the case of heavy passenger vehicles, the rules as they currently stand require that an aftertreatment system for nitrogen oxide be introduced. As the automotive industry has no experience of nitrogen oxide emissions aftertreatment for diesel vehicles and as the technology that must now be developed will require additional equipment and servicing, it is not possible to predict how customers will accept heavy passenger cars in future. The cost difference compared with petrol engines will also increase further. In future, diesel engines will also have to reposition themselves with regard to the obligation to add biofuels to fossil fuels, since diesel particulate filter technology does not permit any significant increase in the amount of biofuels added.

Reductions in greenhouse gas emissions are being intensively pursued by the global community and in particular by the EU and the Federal Republic of Germany. The climate and energy plan decided by the EU in March 2007 states that, by 2020, it aims to reduce greenhouse gas emissions by at least 20% compared with 1990 levels and to expand renewable energies to 20%. The Federal Republic of Germany aims to reduce greenhouse gas emissions by 40% over the same period. The key issues paper on an "Integrated climate and energy program" decided by the federal government in September 2007 lists individual measures that are intended to help increase energy efficiency and expand renewable energies. Key elements of this package, such as expanding renewable energies in the heat and electricity markets and updating the Energieeinsparverordnung (EnEV – German Energy Conservation Regulation), may lead to new requirements regarding the construction and renovation of buildings. In future, energy tax relief for industry is to be linked to the introduction and implementation of the planned energy efficiency improvement processes (energy management systems). There is also the risk of further price rises in the energy sector, for example as a result of supply shortages and tax increases to finance individual measures in the key issues paper. Volkswagen is using an energy management system and energy conversation programs to counteract the possible financial repercussions and risks to its image. Furthermore, there is a general risk of increased environmental protection regulations with a view to limiting global carbon dioxide emissions.

The Umweltschadensgesetz (USchG – German Environmental Damage Act), which came into force on November 14, 2007, increases the liability of companies for damage to flora and fauna, irrespective of whether the operator is guilty of any misconduct. Previously, liability extended only to incidents that caused third parties to suffer personal injury, damage to property or loss of financial assets. In order to assess the risk, the Group needs to establish which animal or plant species receiving special protection under EU law are native to the area of each of its European locations and under what conditions they might be at risk. This information will provide the basis for appropriate insurance protection. The investigation began in October 2007 with a pilot project at the Emden plant, which was successfully completed in the same month. These investigations will be rolled out to our other German locations in early 2008. The environmental management systems introduced and certified at all Volkswagen locations will help to reduce the risks.

Legal cases

In the course of their operating activities, Volkswagen AG and the companies in which it is directly or indirectly invested become involved in legal disputes and official proceedings in Germany and internationally. In particular, such proceedings may occur in relation to suppliers, dealers, customers, or investors.

For the companies involved, these may result in payment or other obligations. Particularly in cases where US customers assert claims for vehicle defects individually or by way of a class action, cost-intensive measures may have to be taken and substantial compensation or punitive damages paid.

Where transparent and economically viable, adequate insurance cover is taken out for these risks and appropriate provisions recognized for the remaining identifiable risks. The Company does not believe, therefore, that these risks will have a sustained effect on the economic position of the Group. However, as some risks cannot be assessed or can only be assessed to a limited extent, the possibility of loss or damage above and beyond the insured and recognized amounts cannot be ruled out.

The lawsuit challenging the resolutions adopted by the Annual General Meeting of Volkswagen AG on June 7, 2001 relating to approval of the actions of the then members of the Board of Management and of the Supervisory Board for fiscal year 2000 and to the authorization to acquire treasury shares issued on that occasion has been settled. The plaintiff, Liverpool Limited Partnership, Bermuda, and Volkswagen AG together notified the Braunschweig Regional Court on June 4, 2007 that the matter has been settled. The action to set aside the shareholder resolutions does not therefore affect the validity of the resolutions by the Annual General Meeting. This, together with the corresponding agreement between the parties, was published in the electronic Bundesanzeiger (Federal Gazette) on June 8, 2007.

The public prosecutor's office in Braunschweig has carried out investigations following criminal charges filed by Volkswagen AG in June 2005 relating to the establishment of front companies, false expenses claims and privileges for works council members. At the beginning of July 2005, Volkswagen AG had also commissioned auditors KPMG to conduct internal investigations. As not all of the investigations and legal proceedings have been completed with a final and non-appealable decision reached, it has not been possible to conclusively examine the possibility of recourse against the persons in question. Based on the findings in the KPMG report, Volkswagen AG had already received insurance settlements in the amount of €4.5 million in fiscal year 2006.

Risks arising from financial instruments

The Executive Committee for Liquidity and Foreign Currency approves risk limits, authorized financial instruments, hedging methods and horizons, and decides on the introduction of country risk limits. Risk management and control activities are the responsibility of Group Treasury. The Group Board of Management is informed of the current risk situation on a regular basis.

Our business activities entail financial risks that may arise from changes in interest rates, exchange rates, commodity prices and fund prices. We manage these risks by employing primary and derivative financial instruments. Financial transactions are only entered into with prime-rated counterparties. Interest rates and currencies are mainly managed centrally by Group Treasury. The Group guards against interest rate risk and risks arising from fluctuations in the value of financial instruments by means of interest rate swaps, cross-currency swaps and other interest rate contracts. Financing extended to subsidiaries within the Volkswagen Group is usually hedged by matching the amount and maturity of the refinancing.

We reduce currency risks primarily through natural hedging, that is to say through the flexible management of production capacity at our global locations. The remaining currency risk is hedged by means of financial hedging instruments such as currency forwards, currency options and cross-currency swaps. We use these transactions to limit the currency risk associated with forecasted cash flows from operating activities and intra-Group financing in currencies other than the respective functional currency. These contracts may have a term of up to five years. The transactions are mainly used to hedge the euro against the US dollar, the pound sterling, the Swiss franc, the Japanese yen, the Russian rouble and the Swedish krone. Together, these six currencies represent around 90% of our foreign currency risk from forecasted cash flows.

The purchasing of raw materials gives rise to risks relating to availability and price trends. We limit these risks by entering into forward transactions. We have used appropriate contracts to hedge some of our requirements for commodities such as aluminum, copper, platinum, rhodium and palladium over a period of up to 60 months.

Liquidity risks

By means of a liquidity forecast with a rolling planning horizon and the maintenance of sufficient liquidity reserves, we ensure that the Company is solvent at all times.

We cover the capital requirements of the growing financial services business mainly through borrowings at matching maturities raised in the national and international financial markets. This will remain our preferred financing option in future. Loan finance will be used only for short-term working capital requirements and as a backup for debt issuance programs. We manage risks arising from cash flow fluctuations through liquidity reserves and confirmed credit lines. This extensive range of options rules out the possibility of any liquidity risk to the Volkswagen Group.

A rating downgrade could adversely affect the terms attached to the Volkswagen Group's borrowings.

Since 2004, Volkswagen Bank GmbH has been given a separate rating by Moody's Investors Service. In 2006, we were also able to obtain a separate rating for Volkswagen Bank GmbH from Standard & Poor's. The rating given to Volkswagen Bank GmbH by both Standard & Poor's and Moody's Investors Service is one notch higher than that of Volkswagen AG and Volkswagen Financial Services AG. The ratings of both agencies are thus oriented more on Volkswagen Bank GmbH's own business and financial situation. This provides a good opportunity for Volkswagen Bank GmbH to secure attractive borrowing terms. For the current ratings of Volkswagen AG, Volkswagen Financial Services AG and Volkswagen Bank GmbH, plus information on our new issues in the capital market in fiscal year 2007, please see the Shares and Bonds chapter on page 128 of this report.

The Treasury department of Volkswagen Financial Services AG safeguards the liquidity of the Financial Services Division as well as managing credit, default and market risks. Risk Controlling is responsible for measuring, analyzing and monitoring market risk positions.

In the Notes on pages 240 to 249, we explain our hedging policy, the hedging rules and default and liquidity risks, quantify the hedging transactions mentioned and outline the market risks within the meaning of IFRS 7.

Residual value risk in the financial services business

In the financial services business, we agree to buy back selected vehicles at a residual value fixed at inception of the contract so that we are able to realize market opportunities. We evaluate these lease contracts at regular intervals. We take the necessary precautions in the event of potential risks.

IT risk

We use redundant firewall systems to protect our IT systems against unauthorized access from outside. Virus scanners and restricted physical and data access rights offer additional protection. We are constantly checking and updating the information security systems in use and back up all data resources daily. Thanks to the measures taken, we consider the likelihood of a threat to our information systems and the security of our data to be very low.

Other factors

In addition to the risks already outlined, there are other factors that cannot be predicted and are therefore difficult to manage. These could have an adverse effect on the further development of the Volkswagen Group. These factors include natural disasters, epidemics and terror attacks.

SUMMARY OF THE RISK SITUATION OF THE GROUP

The Company’s overall risk situation results from the individual risks described above. Our comprehensive risk management system ensures that these risks are controlled. Furthermore, taking into account all the information known to us at present, no risks exist which could pose a threat to the continued existence of the Volkswagen Group.

REPORT ON POST-BALANCE SHEET DATE EVENTS

No significant events other than those already mentioned occurred after the end of the fiscal year.

Report on Expected Developments
Additional models and new markets offer opportunities

The global economy and global automotive demand will both continue to grow in 2008. Thanks to its expanded model range and the new markets it has entered, the Volkswagen Group will exceed the previous year's delivery figures.

After presenting the significant risks to the Volkswagen Group's operating activities in the previous chapter, in the following we will explain the opportunities arising from expected future developments. The potential identified by the Group is quickly incorporated into its plans so that market opportunities can best be leveraged as they arise. These emerge mainly as a result of our moving into new markets, developing additional products and implementing technical innovations.

GENERAL ECONOMIC DEVELOPMENT

Our plans assume that global economic growth in 2008 will be lower than in 2007. Growth will continue to be slowed by persistently high commodity prices, particularly oil prices. The effects of the crisis in the US property market also pose a major threat. The fall in US property prices and the resulting credit risks could damage the North American economy and – as a result – other economies worldwide. We expect the strongest growth to be recorded in Asia, especially in China and India, in South America and in the countries of Central and Eastern Europe.

North America

US economic growth will continue to slow in 2008. Although this trend will also impact negatively on the economy in Canada and Mexico, high oil prices will have a positive effect here.

South America/South Africa

We are predicting lower growth than in 2007 for Brazil and a sharper fall in GDP growth in Argentina. Growth will also slow in South Africa.

Asia-Pacific

The Chinese economy is likely to experience double-digit growth again in 2008, while the Japanese economy will continue to weaken. India will maintain a fast pace of growth.

Europe

GDP growth in Western Europe is expected to be lower than in 2007. The Central and Eastern Europe economies will expand at an above average rate, but the growth rates will weaken compared with the previous year.

Germany

Real GDP growth in Germany is likely to drop below 2% in 2008 due to weakening exports and only moderate growth in domestic demand.

DEVELOPMENT OF AUTOMOTIVE MARKETS

The main automotive markets are likely to record mixed trends in 2008. While we expect double-digit increases in demand in Brazil, India and China, we anticipate a slight decline in new registrations in Western Europe and North America.

North America

In the USA, we expect the economic climate to cool, partly because of the crisis in the mortgage market. This, combined with high fuel prices, will impact negatively on demand for new vehicles. In the Canadian and Mexican markets for passenger cars and light commercial vehicles, we expect to see moderate growth.

South America/South Africa

The South American markets will continue to benefit from the positive economic trend. We expect strong growth rates here in 2008. The South African passenger car market has been affected by a sharp downturn since mid-2007 after the government imposed tighter restrictions on lending. We expect automotive demand to stagnate in 2008.

Asia-Pacific

In the markets in the Asia-Pacific region, we expect demand to continue growing in 2008, particularly in China and India. In Japan, the market as a whole is likely to remain on a level with the previous year.

Europe

In Western Europe (excluding Germany), we assume that demand for passenger cars will be slightly lower than in 2007 since none of the main markets is expected to grow. In Central and Eastern Europe, particularly in Russia, it is likely that new registrations will continue to rise.

Germany

Following a weak year in 2007, demand for passenger cars is expected to pick up slightly in Germany in 2008, although high fuel prices and economic uncertainty may have a negative impact.

DEVELOPMENT OF EXCHANGE RATES

Our planning for fiscal year 2008 regarding unit sales and factory capacity utilization is based on the estimates of economic institutes and capital market players regarding the development of exchange rates worldwide. The majority of them expect the US dollar and sterling to continue to weaken against the euro. The Russian rouble and the Chinese renminbi will strengthen against the euro, however.

DEVELOPMENT OF INTEREST RATES

In the euro zone, we expect minor fluctuations in interest rates in 2008. In the USA, interest rates are likely to continue falling.

DEVELOPMENT OF COMMODITY PRICES

We expect prices for commodities and steel to remain at a high level but fluctuate sharply in 2008. The supply situation will not ease very much. It will take several more years to build up new capacity in this sector.

FORWARD-LOOKING RESEARCH IN THE AUTOMOTIVE INDUSTRY

As part of our research work, we dedicate a considerable amount of time and energy to traffic-related megatrends that will affect our products and processes in the future. These include not only the increasing importance of environmental and climate protection aspects, but also the strong growth of megacities in some markets, which presents new challenges for infrastructure. At the same time, micromarkets will grow up alongside existing mass markets. A further point of focus is demographic change and the constant increase in the proportion of over-60s, who show a high degree of quality awareness, for example.

In addition, customer requirements are diverging across society as a whole due to growing differences in income levels. And tomorrow's world of work will be more flexible than is the case today with regard to the tasks performed, the way in which work is organized, working hours and places of work. As a result of all these trends, our products will be shaped to an even greater extent by intelligent and networked technology and ease of use by people. Driver assistance systems will bring increasing improvements in safety, while new vehicle materials will offer enhanced functionality and comfort.

NEW MODELS

A number of highlights will selectively complement the Volkswagen Group's model range in 2008.

The Volkswagen passenger cars brand will expand its range to include a dynamic coupé based on the Passat series. This vehicle boasts a sporty body line and delivers an appropriate level of performance without sacrificing the functionality typical of Volkswagen. The new Scirocco will also be available in 2008. This compact coupé offers above-average performance and emotional design at an attractive price. In the spring, Volkswagen will launch its model rollout for the US market by unveiling the Routan, its first model for the country's important minivan segment. The second half of the year will be dominated by the new Golf. Its unique combination of attributes, such as extremely economical engines, outstanding quality and excellent value for money, will enable the Golf to continue setting standards and extending its lead over others in its class.

Audi will launch three new models in the spring. In addition to the new Audi RS 6 Avant*, which combines comfort with a very sporty profile, the A4 series will be complemented by the new Audi A4 Avant. The Audi A3 Cabrio, which sets standards for compact convertibles with a traditional soft top, will also be presented to the public. A further highlight in the course of the year will be the presentation of the Audi Q5, which pushes the boundaries of driving dynamics and off-road capability.

Škoda will unveil the successor to the Superb, a hatchback with a roof-hinged lift gate.

In the small car segment, SEAT will present the new Ibiza series. Available in a family-friendly five-door version and a sporty three-door version, the new Ibiza will impress its customers with a number of innovations.

The Bentley brand will present the luxury Brooklands coupé*. The third Arnage model is a captivating vehicle offering the ultimate in sportiness and luxurious comfort.

The successful BlueMotion eco-label of the Volkswagen Passenger Cars brand is to be extended to the Volkswagen Commercial Vehicles brand. The Caddy, for example, will also be available in a BlueMotion version in 2008.

EXPECTED DELIVERIES TO CUSTOMERS AND MARKET SHARE

After we delivered more than 6 million vehicles to customers last year, we will continue to pursue our strategic objectives in 2008. Thanks to our successful model policy, we are well placed to achieve another year-on-year increase in deliveries to customers.

We intend to further increase our global market share by moving into additional segments and extending our presence in expanding markets. In Germany and the other Western European markets, we expect moderate increases in our market share despite the advanced stage of market saturation.

STRATEGIC FOCUS IN SALES

In addition to scaling back activities within the dealership system that do not add value, we will take measures in the European markets to enable us to respond to the changes to the Block Exemption Regulation expected in 2010. With its brands, the Volkswagen Group is preparing to exploit possible opportunities resulting from further European single market liberalization and to promptly identify and avert possible risks. In addition, the joint marketing activities of the Automotive and Financial Services Divisions will be more tightly interwoven and integrated so that we can continue to develop attractive and innovative products for our customers.

NEW MARKETS OFFER OPPORTUNITIES

Our future strategic focus will also include making greater use of opportunities in emerging markets. India, Russia and the ASEAN region harbor the greatest growth potential in the global automotive market.

* Consumption and emission data can be found on page 296 of this Report.

India is one of the most important emerging markets worldwide. Unit sales of vehicles (passenger cars and light commercial vehicles) will rise from around 1.3 million units a year at present to an estimated 3 million units in 2015. In less than ten years' time, therefore, India will become one of the five most important automotive markets, after the USA, China, Japan and Germany.

This presents particular growth opportunities for the Volkswagen Group since Škoda is so far the only brand to have established a foothold in the Indian market and further brands will be able to target additional customer segments. In 2007, the sales company Volkswagen Group Sales India P.L. was established with this in mind. We also started to expand the dealer network and to assemble semi-knocked down Volkswagen Passenger Cars and Audi models at Škoda's Aurangabad plant, where the Audi brand is assembling Audi A6 models in an exclusive area. By 2009, we will build a production plant in Pune with a view to producing a vehicle specially designed for the needs of Indian customers.

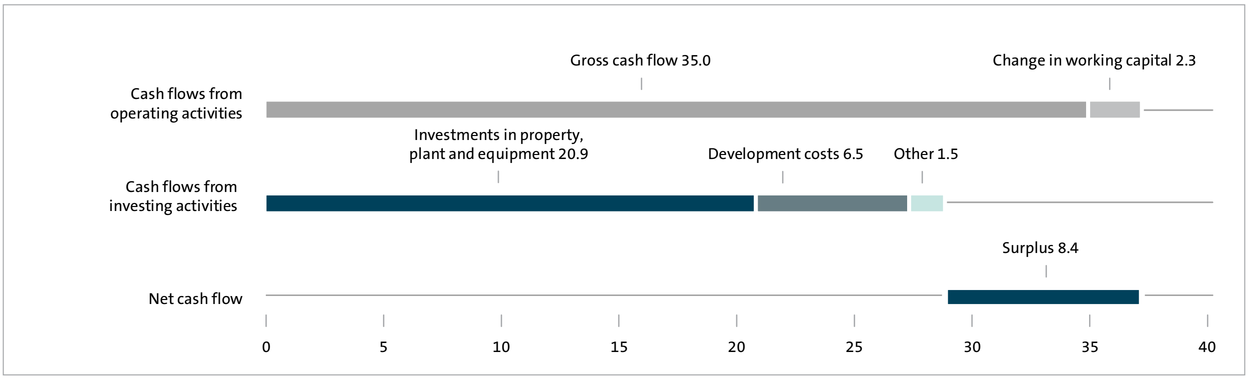
In Russia, unit sales of vehicles (passenger cars and light commercial vehicles) will rise from around 1.6 million units a year at present to over 3 million units in 2015, making it one of the ten most important automotive markets. Volkswagen AG is already importing and distributing all Group brands successfully via its own sales company. On November 28, 2007, the Volkswagen Group opened a plant in the town of Kaluga, 160 kilometers south west of Moscow, with a view to even better exploiting growth opportunities in the Russian market. At present, semi-knocked down Volkswagen Passenger Car and Škoda models are being assembled there. Parallel to this, a full production line for Volkswagen Passenger Car and Škoda models, including body shell production, painting and assembly facilities, is being installed at the same location and will become operational in the first half of 2009.

We also see substantial opportunities for significant additional sales volumes in the ASEAN region, whose countries impose import duties and other non-tariff trade barriers. Volkswagen aims to gain a sustained foothold in this economic area. With deliveries expected to reach around 2.4 million vehicles in 2015, the automotive markets in this region – in which the Volkswagen Group has hardly been represented so far – harbor enormous growth potential. The largest passenger car market in the ASEAN economic area is Malaysia. We therefore established a sales company in the capital, Kuala Lumpur, at the end of 2005. Due to the legal framework there, which may change at any time, it is only possible to gain a sustained foothold in the automotive market via a local assembly line for semi-knocked down vehicles. The situation is similar in the other large markets of Thailand and Indonesia. In this context, we are currently investigating how we can enter these markets without making substantial additional investments.

The growth markets mentioned above are undergoing a process of mass mobilization that has long since ended in saturated markets such as Europe, the USA and Japan. Over the coming years, hundreds of millions of people will try to gain the mobility provided by a car. Due to the low purchasing power per household in these countries, there will be a demand for basic mobility at extremely favorable prices. Automotive manufacturers able to offer fully functioning vehicles at prices of between €3,000 and €6,000, depending on size, will meet with very strong demand. This provides the opportunity to produce and sell in high volumes. However, entering a low-cost segment of the market also poses considerable risks, as a brand's positioning may suffer as a result.

Significant changes will be seen in the lower-cost market segments over the coming years. One thing is already apparent: it is impossible for any company with its sights on a leading role in the global automotive market to ignore these trends.

INVESTMENT AND FINANCIAL PLANNING 2008 TO 2010
AUTOMOTIVE DIVISION
in € billion



INVESTMENT AND FINANCIAL PLANNING 2008 TO 2010

Our investments in the Automotive Division will be €28.9 billion in the period 2008 to 2010. As well as investments in property, plant and equipment, this total amount also includes additions to capitalized development costs and investments in financial assets.

€20.9 billion is attributable to property, plant and equipment, of which more than half will be invested in Germany. Following the relatively low figure achieved in recent years, the ratio of investments in property, plant and equipment to sales revenue (capex) will rise to a competitive level averaging around 6% over the next three years as a result of upfront expenditures on new products, powertrains and production sites.

Most of the total amount invested in property, plant and equipment in the Automotive Division during the planning period (€13.8 billion) will be spent on modernizing and extending the product range. The main focus will be on new vehicles, successor models and derivatives in virtually all vehicle classes. Over the next three years, the Volkswagen Group will develop and launch a number of additional new models, thereby continuing its new model rollout and tapping other markets and segments. In powertrain production, the Group will launch new generations of petrol engines with improved performance, fuel efficiency and emission levels. In future, we will use common rail technology for our diesel engines. Capacity for automatic gearboxes will be adapted to meet the rising demand.

In addition, cross-product investments of €7.1 billion will be made over the next three years. Due to our challenging quality and cost targets, manufacturing the new products will require adjustments at the press shops, painting and assembly facilities. Apart from production, we will invest mainly in the areas of development, quality assurance, genuine parts supply and information technology. Planning also includes the construction of the new plants in Russia and India. It will thus be possible to supply the growing markets from local production.

Our aim is to finance investments within the Automotive Division using internally generated funds. For the planning period, we forecast cash flows from operating activities of €37.3 billion. The funds generated will thus exceed investment requirements for the Automotive Division by €8.4 billion and continue to improve the financial situation.

The joint venture companies in China are not consolidated and therefore not included in the figures given above. They will invest a total of €2.1 billion in the period 2008 to 2010, to be financed using the joint venture companies' own funds.

Investments in the amount of €21.4 billion are planned in the Financial Services Division for the period 2008 to 2010, with investments in leasing and rental assets (net of disposals) accounting for €9.7 billion, and the increase in receivables from leasing, customer and dealer financing accounting for €11.4 billion. As is common in the industry, the planned cash flows from operating activities of €8.6 billion will not be sufficient to finance these investments in full. The additional capital requirement of €12.8 billion will be financed mainly by debt issuance programs in the money and capital markets and by customer deposits from the direct banking business.

TARGETS OF VALUE-BASED MANAGEMENT

Based on long-term interest rates derived from the capital market and the target capital structure (fair value of equity to debt = 2:1), the minimum required rate of return on invested assets defined for the Automotive Division remains unchanged at 9%.

Having achieved our target of generating at least the cost of capital and exceeded the minimum required rate of return of 9% in 2007, we are aiming for a return on investment of more than 10% over the medium term based on current planning.

SUMMARY OF EXPECTED DEVELOPMENTS

Thanks to optimized cost structures and improved processes, we were able to further increase the Volkswagen Group's competitiveness and earnings power in 2007. We will systematically drive forward this development in 2008. Because we are adding new products to our model range and moving into new markets, we believe that we will exceed the previous year's key performance indicators in 2008.

This report contains forward-looking statements on the business development of the Volkswagen Group. These statements are based on assumptions relating to the development of the economic and legal environment in individual countries and economic regions, and in particular for the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given entail a degree of risk, and the actual developments may differ from those forecast. Consequently, any unexpected fall in demand or economic stagnation in our key sales markets, such as Western Europe (and especially Germany) or in the USA, Brazil, China, or Russia will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna. In addition, expected business development may vary if this report's assessments of value-enhancing factors and risks develop in a way other than we are currently expecting.

PROSPECTS FOR 2008

Global economic growth in 2008 is likely to be lower than in the previous year. Global automotive markets will also expand at a slower pace compared with 2007. We expect growth to be slowed primarily by further rises in the price of energy and commodities, particularly oil, as well as the current CO_2 debate. The repercussions of the crisis in the US property market will also impact negatively. We expect trends in the most important automotive markets to vary from region to region, with markets in Asia, particularly in China and India, expanding at the previous year's strong rates. Growth in South American markets will slow. The number of new registrations in Western Europe is likely to be lower year-on-year, while the Eastern European markets may record sharp increases again. We expect the situation in the North American market to remain difficult.

Its diverse range of brands gives the Volkswagen Group a critical competitive advantage. In 2008, almost all brands will again present attractive new models, enabling us to selectively complement the Group's product portfolio and move into further market segments. We therefore expect deliveries to customers to exceed the record set in 2007, with sales figures rising in the Asia-Pacific and Central and Eastern Europe regions in particular.

As a result of the expected increase in unit sales, the Volkswagen Group's sales revenue in 2008 will be higher year-on-year. The further optimization of our processes and continued systematic cost discipline will also have a positive impact on earnings development. As a result of upfront expenditures on new products, powertrains and locations, the ratio of investments in property, plant and equipment to sales revenue (capex) will be at a competitive level of around 6%.

Overall, we expect the Volkswagen Group's 2008 operating profit to exceed the 2007 level.

We also anticipate a positive net cash flow, which will further improve the Automotive Division's liquidity situation.

Wolfsburg, February 18, 2008
The Board of Management

Martin Winterkorn

Francisco Javier Garcia Sanz

Jochem Heizmann

Horst Neumann

Hans Dieter Pötsch

DECLARATION BY THE BOARD OF MANAGEMENT OF VOLKSWAGEN AG

The Board of Management of Volkswagen AG is responsible for preparing the consolidated financial statements and the Group management report. Reporting is governed by International Financial Reporting Standards (IFRSs) as adopted by the EU and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The Group management report was prepared in compliance with the provisions of the German Commercial Code (HGB). Volkswagen AG is required by section 315a of the HGB to prepare its consolidated financial statements in accordance with the standards issued by the International Accounting Standards Board (IASB).

The accuracy of the consolidated financial statements and of the Group management report is safeguarded by internal control systems, the implementation of uniform Group-wide directives and by employee training and continuing education measures. Compliance with legal requirements and internal Group directives, and the reliability and proper functioning of the control systems, are continuously reviewed across the Group.

The early-warning function stipulated by law is implemented by a Group-wide risk management system that enables the Board of Management to identify potential risks at an early stage and to initiate appropriate countermeasures where necessary.

In accordance with the resolution adopted by the Annual General Meeting, the independent auditors PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Hanover, have audited the consolidated financial statements and the Group management report, and have issued their unqualified auditors' report reproduced following the notes to the financial statements.

The consolidated financial statements, the Group management report, the audit report and the measures to be taken by the Board of Management to ensure early identification of going concern risks have been reviewed in detail by the Supervisory Board Audit Committee and by the Supervisory Board of Volkswagen AG in the presence of the auditors. The result of this review is presented in the report of the Supervisory Board.

Financial Statements 2007

Income Statement of the Volkswagen Group for the Period January 1 to December 31, 2007

€ million	Note	2007	2006
Sales revenue	**1**	**108,897**	**104,875**
Cost of sales	2	92,603	91,020
Gross profit		**+16,294**	**+13,855**
Distribution expenses		9,274	9,180
Administrative expenses		2,453	2,312
Other operating income	3	5,994	4,714
Other operating expenses	4	4,410	5,068
Operating profit		**+6,151**	**+2,009**
Share of profits and losses of equity-accounted investments	5	+734	+373
Finance costs	6	1,647	1,586
Other financial result	7	+1,305	+997
Financial result		**+392**	**−216**
Profit before tax from continuing operations		**+6,543**	**+1,793**
Income tax income/expense	8	2,421	−162
current		2,744	212
deferred		−323	−374
Profit from continuing operations		**+4,122**	**+1,955**
Profit from discontinued operations		–	+795
Profit after tax		**+4,122**	**+2,750**
Minority interests		+2	+1
Profit attributable to shareholders of Volkswagen AG		**+4,120**	**2,749**
Basic earnings per ordinary share in €	**9**	**10.43**	**7.07**
of which from: continuing operations	**9**	**10.43**	**5.03**
of which from: discontinued operations	9	–	2.04
Basic earnings per preferred share in €	**9**	**10.49**	**7.13**
of which from: continuing operations	**9**	**10.49**	**5.07**
of which from: discontinued operations	9	–	2.06
Diluted earnings per ordinary share in €	**9**	**10.34**	**7.04**
of which from: continuing operations	**9**	**10.34**	**5.00**
of which from: discontinued operations	9	–	2.04
Diluted earnings per preferred share in €	**9**	**10.40**	**7.10**
of which from: continuing operations	**9**	**10.40**	**5.05**
of which from: discontinued operations	9	–	2.05

Balance Sheet of the Volkswagen Group as of December 31, 2007

€ million	Note	Dec. 31, 2007	Dec. 31, 2006
Assets			
Noncurrent assets			
Intangible assets	10	6,830	7,193
Property, plant and equipment	11	19,338	20,340
Leasing and rental assets	12	8,179	7,886
Investment property	12	152	153
Equity-accounted investments	13	7,795	6,876
Other equity investments	13	548	410
Financial services receivables	14	27,522	26,450
Other receivables and financial assets	15	2,416	1,998
Noncurrent tax receivables	16	952	1,030
Deferred tax assets	16	3,109	3,038
		76,841	**75,374**
Current assets			
Inventories	17	14,031	12,463
Trade receivables	18	5,691	5,049
Financial services receivables	14	24,914	23,426
Other receivables and financial assets	15	6,653	5,572
Current tax receivables	16	500	261
Marketable securities	19	6,615	5,091
Cash and cash equivalents	20	10,112	9,367
		68,516	**61,229**
Total assets		**145,357**	**136,603**
Equity and Liabilities			
Equity	**21**		
Subscribed capital		1,015	1,004
Capital reserves		5,142	4,942
Retained earnings		25,718	20,958
Equity attributable to shareholders of Volkswagen AG		31,875	26,904
Minority interests		63	55
		31,938	**26,959**
Noncurrent liabilities			
Noncurrent financial liabilities	22	29,315	28,734
Other noncurrent liabilities	23	2,245	1,735
Deferred tax liabilities	24	2,637	2,154
Provisions for pensions	25	12,603	13,854
Provisions for taxes	24	2,275	2,586
Other noncurrent provisions	26	8,276	7,096
		57,351	**56,159**
Current liabilities			
Current financial liabilities	22	28,677	30,023
Trade payables	27	9,099	8,190
Current tax payables	24	98	34
Other current liabilities	22	7,084	6,333
Provisions for taxes	24	1,828	–
Other current provisions	26	9,282	8,905
		56,068	**53,485**
Total equity and liabilities		**145,357**	**136,603**

Statement of Recognized Income and Expense of the Volkswagen Group for the Period January 1 to December 31, 2007

€ million	**2007**	**2006**
Actuarial gains	1,427	318
Available-for-sale financial instruments (securities):		
Fair value changes taken directly to equity	123	225
Transferred to profit or loss	–498	–140
Cash flow hedges:		
Fair value changes taken directly to equity	1,572	1,108
Transferred to profit or loss	–577	–25
Foreign exchange differences	–228	–250
Deferred taxes	–740	–580
Share of profits and losses of equity-accounted investments recognized directly in equity, after tax	47	–
Income and expense recognized directly in equity	**1,126**	**656**
Profit after tax attributable to shareholders of Volkswagen AG	4,120	2,749
Total recognized income and expense for the period	**5,246**	**3,405**

Explanatory notes on equity are presented in note 21.

Cash Flow Statement of the Volkswagen Group for the Period January 1 to December 31, 2007

€ million	2007	2006
Cash and cash equivalents at beginning of period	**9,367**	**7,963**
Profit before tax from continuing operations	6,543	1,793
Income taxes paid	–1,172	–888
Depreciation and amortization expense*	5,435	5,932
Amortization of capitalized development costs	1,843	1,826
Impairment losses on equity investments*	180	35
Depreciation of leasing and rental assets and investment property*	1,780	1,605
Change in provisions	1,657	3,395
Gain/Loss on disposal of noncurrent assets	32	–324
Share of profit or loss of equity-accounted investments	–71	–206
Other noncash income/expense	–11	13
Change in inventories	–1,856	–147
Change in receivables (excluding financial services)	–942	736
Change in liabilities (excluding financial liabilities)	2,244	700
Cash flows from operating activities	**15,662**	**14,470**
Acquisition of property, plant and equipment, and intangible assets	–4,638	–3,728
Additions to capitalized development costs	–1,446	–1.478
Acquisition of subsidiaries and other equity investments	–1.275	–2.720
Disposal of equity investments	14	1.581
Issuance of bonds	–7	–19
Change in leasing and rental assets and investment property	–2.763	–2.528
Change in financial services receivables	–3.588	–3.563
Proceeds from disposal of noncurrent assets (excluding leasing and rental assets and investment property)	206	544
Change in investments in securities	–1.742	–987
Investing activities	**–15.239**	**–12.898**
Capital contributions	211	340
Dividends paid	–497	–451
Other changes	–11	–23
Proceeds from issue of bonds	9.516	7.955
Repayment of bonds	–8.484	–8.401
Change in other financial liabilities	93	229
Finance lease payments	–40	–17
Change in loans	–610	254
Cash flows from financing activities	**178**	**–114**
Changes in cash and cash equivalents due to changes in the consolidated Group structure	37	5
Effect of exchange rate changes on cash and cash equivalents	–91	–59
Net change in cash and cash equivalents	**547**	**1.404**
Cash and cash equivalents at end of period	**9.914**	**9.367**
Cash and cash equivalents	9.914	9.367
Securities and loans	9.178	7.097
Gross liquidity	**19.092**	**16.464**
Total third-party borrowings	–57.992	–58.757
Net liquidity	**–38.900**	**–42.293**

* Offset with impairment reversals.

Explanatory notes on the cash flow statement are presented in note 28.

Notes to the Consolidated Financial Statements of the Volkswagen Group for the Fiscal Year ended December 31, 2007

Basis of presentation

Volkswagen AG is domiciled in Wolfsburg and entered in the commercial register at the Braunschweig Local Court under no. HRB 100484. The fiscal year corresponds to the calendar year.

In accordance with Regulation No. 1606/2002 of the European Parliament and of the Council, Volkswagen AG has prepared its consolidated financial statements for 2007 in compliance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union. We have complied with all the IFRSs adopted by the EU and required to be applied for periods beginning on or after January 1, 2007. In addition, we have complied with all the provisions of German commercial law that we are also required to apply, as well as with the German Corporate Governance Code.

The consolidated financial statements were prepared in euros. Unless otherwise stated, all amounts are given in millions of euros (€ million).

The income statement was prepared using the internationally accepted cost of sales method.

Preparation of the consolidated financial statements in accordance with the above-mentioned standards requires management to make estimates that affect the reported amounts of certain items in the consolidated balance sheet and in the consolidated income statement, as well as the related disclosure of contingent assets and liabilities. The consolidated financial statements give a true and fair view of the net assets, financial position and results of operations as well as the cash flows of the Volkswagen Group.

Effects of new and amended IFRSs

Volkswagen AG applied IFRS 7 and the related amendment to IAS 1 for the first time in fiscal year 2007. IFRS 7 contains additional disclosure requirements for the Group's financial assets and liabilities. IAS 1 requires additional disclosures on the Group's capital management. The newly applicable provisions do not affect the classification or measurement of financial instruments.

The following interpretations were also required to be applied for the first time in fiscal year 2007:

- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
- IFRIC 8 Scope of IFRS 2
- IFRIC 9 Reassessment of Embedded Derivatives and
- IFRIC 10 Interim Financial Reporting and Impairment

The initial application of the interpretations had no effect or no material effect on the presentation of the consolidated financial statements.

New and amended IFRSs not applied

In its 2007 consolidated financial statements, Volkswagen AG did not apply the following accounting standards or interpretations that have already been adopted by the IASB but were not required to be applied for fiscal year 2007.

Standard/Interpretation*		Effective date	Adopted by the EU*	Expected effects
IFRS 8	Operating Segments	Jan. 1, 2009	Yes	Segment reporting
IAS 1	Presentation of Financial Statements	Jan. 1, 2009	No	Reclassification of components of the financial statements
IAS 23	Borrowing Costs	Jan. 1, 2009	No	Increase in carrying amount of qualifying assets
IFRIC 11	IFRS 2: Group and Treasury Share Transactions	Mar. 1, 2007	Yes	None
IFRIC 12	Service Concession Arrangements	Jan. 1, 2008	No	None
IFRIC 13	Customer Loyalty Programmes	July 1, 2008	No	None
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Jan. 1, 2008	No	Not significant

* On December 31, 2007.

Basis of consolidation

In addition to Volkswagen AG, the consolidated financial statements comprise all significant companies at which Volkswagen AG is able, directly or indirectly, to govern the financial and operating policies in such a way that they can obtain benefits from the activities of these companies (subsidiaries). The subsidiaries also comprise investment funds and other special purpose entities whose net assets are attributable to the Group under the principle of substance over form. Consolidation of subsidiaries begins at the first date on which control exists, and ends when such control no longer exists.

Subsidiaries whose business is dormant or of low volume and that are insignificant for the presentation of a true and fair view of the net assets, financial position and results of operations as well as the cash flows of the Volkswagen Group are not consolidated. However, they are carried in the consolidated financial statements at the lower of cost or fair value since no active market exists for those companies and fair values cannot be reliably ascertained without undue cost or effort. The aggregate equity of these subsidiaries amounts to 0.9% (previous year: 1.2%) of Group equity. The aggregate profit after tax of these companies amounts to 0.3% (previous year: 0.4%) of the profit after tax of the Volkswagen Group.

Significant companies where Volkswagen AG is able, directly or indirectly, to significantly influence financial and operating policy decisions (associates), or directly or indirectly shares control (joint ventures), are accounted for using the equity method. Joint ventures also include companies in which the Volkswagen Group holds the majority of voting rights, but whose articles of association or partnership agreements stipulate that important decisions may only be resolved unanimously. Insignificant associates and joint ventures are generally carried at the lower of cost or fair value.

The composition of the Volkswagen Group is shown in the following table:

	2007	**2006**
Volkswagen AG and consolidated subsidiaries		
Germany	42	39
International	133	123
Subsidiaries carried at cost		
Germany	63	64
International	77	72
Associates and joint ventures		
Germany	24	29
International	45	51
	384	**378**

INVESTMENTS IN ASSOCIATES

Volkswagen AG held 37.4% (previous year: 34%) of the voting rights and 20.6% (previous year: 18.7%) of the subscribed capital of Scania AB, Södertälje, Sweden, at the balance sheet date. The market value of this interest was €2,893 million at December 31, 2007 (previous year: €2,057 million).

29.9% (previous year: 24.8%) of the ordinary shares and 28.7% (previous year: 23.8%) of the subscribed capital of MAN AG were attributable to the Group at the balance sheet date. The market value of the Group's interest in MAN AG was €4,797 million at the balance sheet date (previous year: €2,397 million).

The following carrying amounts are attributable to the Volkswagen Group from its interest in the associates Scania and MAN (previous year also including YANASE Audi Sales Company):

€ million	2007	2006
Noncurrent assets	3,147	2,657
Current assets	3,480	2,818
Noncurrent liabilities	1,359	1,764
Current liabilities	3,242	2,274
Revenues	6,327	2,350
Profit of the period	540	174

INTERESTS IN JOINT VENTURES

The following carrying amounts are attributable to the Volkswagen Group from its proportionate interest in joint ventures:

€ million	2007	2006
Noncurrent assets	7,551	7,852
Current assets	6,528	5,496
Noncurrent liabilities	4,326	4,712
Current liabilities	6,861	5,664
Income	5,869	4,945
Expenses	5,437	4,731

FULLY CONSOLIDATED SUBSIDIARIES

Five foreign companies that were newly formed in fiscal year 2007 and nine foreign companies that had not been consolidated in 2006 as well as four German companies were initially consolidated in fiscal year 2007. The number of consolidated subsidiaries was also reduced by the merger of one German company and four foreign companies.

The sale of the Europcar group in fiscal year 2006 resulted in income from discontinued operations of €795 million.

The list of all shareholdings can be downloaded from the electronic companies register at www.unternehmensregister.de and from www.volkswagenag.com/ir under the heading “Mandatory Publications” and the menu item “Annual Reports”.

The following consolidated German subsidiaries with the legal form of a corporation or partnership meet the criteria set out in section 264(3) or section 264b of the Handelsgesetzbuch (HGB – German Commercial Code) and have exercised the option not to publish annual financial statements:

- Audi Vertriebsbetreuungsgesellschaft mbH, Ingolstadt
- Auto 5000 GmbH, Wolfsburg
- Automobilmanufaktur Dresden GmbH, Dresden
- Autostadt GmbH, Wolfsburg
- AutoVision GmbH, Wolfsburg
- Bugatti Engineering GmbH, Wolfsburg
- quattro GmbH, Neckarsulm
- Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, Braunschweig
- Volkswagen Business Services GmbH, Braunschweig
- Volkswagen Gebrauchtfahrzeughandels und Service GmbH, Langenhagen
- Volkswagen Individual GmbH, Wolfsburg
- VOLKSWAGEN Retail GmbH, Wolfsburg
- Volkswagen Sachsen GmbH, Zwickau
- Volkswagen Sachsen Immobilienverwaltungs GmbH, Zwickau
- Volkswagen Zubehör GmbH, Dreieich
- Kommanditgesellschaft "MTH" Motor-Technik-Handelsgesellschaft m.b.H. & Co., Hamburg
- Raffay GmbH & Co. KG, Hamburg
- Volkswagen Logistics GmbH & Co. OHG, Wolfsburg
- Volkswagen Original Teile Logistik GmbH & Co. KG, Baunatal
- VW Wohnungs GmbH & Co. KG, Wolfsburg

Consolidation methods

The assets and liabilities of the German and foreign companies included in the consolidated financial statements are recognized in accordance with the uniform accounting policies used within the Volkswagen Group. In the case of companies accounted for using the equity method, the same accounting policies are applied to determine the proportionate equity, based on the most recent audited annual financial statements of each company.

In the case of subsidiaries consolidated for the first time, assets and liabilities are measured at their fair value at the date of acquisition. Their carrying amounts are adjusted in subsequent years. Goodwill arises when the purchase price of the investment exceeds the fair value of identifiable net assets. Goodwill is tested for impairment once a year to determine whether its carrying amount is recoverable. If the carrying amount of goodwill is higher than the recoverable amount, an impairment loss must be recognized. If this is not the case, there is no change in the carrying amount of goodwill compared with the previous year. If the purchase price of the investment is less than the identifiable net assets, the difference is recognized in the income statement in the year of acquisition. Goodwill is accounted for at the subsidiaries in the functional currency of those subsidiaries.

Receivables and liabilities, and expenses and income, between consolidated companies are eliminated. Intercompany profits or losses are eliminated in Group inventories and noncurrent assets. Deferred taxes are recognized for consolidation adjustments recognized in the income statement, with deferred tax assets and liabilities offset where taxes are levied by the same tax authority and relate to the same tax period.

The consolidation methods and accounting policies applied in the previous year were retained, with the exception of the changes due to the new or amended Standards.

Currency translation

Transactions in foreign currency are translated in the single-entity financial statements of Volkswagen AG and its consolidated subsidiaries at the rates prevailing at the transaction date. Foreign currency monetary items are recorded in the balance sheet using the middle rate on the balance sheet date. Foreign exchange gains and losses are recognized in the income statement. The financial statements of foreign companies are translated into euros using the functional currency concept. Asset and liability items are translated at the closing rate. With the exception of income and expenses recognized directly in equity, equity is translated at historical rates. The resulting foreign exchange differences are taken directly to equity until disposal of the subsidiary concerned, and are presented as a separate item in equity.

Income statement items are translated into euros at weighted average rates using the modified closing rate method. The rates applied are presented in the following table:

		Balance sheet Middle rate on December 31,		Income statement Average rate	
	€1 =	2007	2006	2007	2006
Argentina	ARS	4.63638	4.04253	4.27103	3.86003
Australia	AUD	1.67570	1.66910	1.63557	1.66668
Brazil	BRL	2.61445	2.81522	2.66318	2.73362
Canada	CAD	1.44490	1.52810	1.46895	1.42422
Czech Republic	CZK	26.62800	27.48500	27.75824	28.33810
India	INR	57.85353	58.22720	56.39206	56.79643
Japan	JPY	164.93000	156.93000	161.24064	146.06235
Mexico	MXN	16.07430	14.26044	14.97495	13.68452
People's Republic of China	CNY	10.75240	10.27930	10.41860	10.00815
Poland	PLN	3.59350	3.83100	3.78314	3.89512
Republic of Korea	KRW	1,377.96000	1,224.81000	1,273.33290	1,198.14796
Russia	RUB	35.98600	34.68000	35.02037	34.11236
Slovak Republic	SKK	33.58300	34.43500	33.77502	37.21442
South Africa	ZAR	10.02980	9.21240	9.66135	8.52228
Sweden	SEK	9.44150	9.04040	9.25214	9.25331
United Kingdom	GBP	0.73335	0.67150	0.68455	0.68182
USA	USD	1.47210	1.31700	1.37064	1.25567

Accounting policies

INTANGIBLE ASSETS

Purchased intangible assets are recognized at cost and amortized over their useful life using the straight-line method. This relates in particular to software, which is amortized over three years.

In accordance with IAS 38, research costs are recognized as expenses when incurred. Development costs for future series products and other internally generated intangible assets are capitalized at cost, provided manufacture of the products is likely to bring the Volkswagen Group an economic benefit. If the criteria for recognition as assets are not met, the expenses are recognized in the income statement in the year in which they are incurred.

Capitalized development costs include all direct and indirect costs that are directly attributable to the development process. Borrowing costs are not capitalized. The costs are amortized using the straight-line method from the start of production over the expected life cycle of the models or powertrains developed – generally between five and ten years.

Amortization recognized during the year is allocated to the relevant functions in the income statement.

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least once a year; capitalized development costs and other intangible assets with finite useful lives are tested for impairment only if there are specific indications that they may be impaired. The Volkswagen Group generally applies the value in use of the relevant cash-generating unit to determine the recoverable amount of goodwill and indefinite-lived intangible assets. This is based on management's current planning. The planning period extends to a horizon of five years, with reasonable assumptions about future development being made for the subsequent years. The planning assumptions are adapted to reflect the current state of knowledge. They include reasonable assumptions on macroeconomic trends and historical developments. Estimation of cash flows is generally based on the expected growth trends for the automobile markets concerned. We apply country-specific discount factors of at least 9% when determining value in use for the purpose of impairment testing of intangible assets.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at cost less depreciation and – where necessary – write-downs for impairment. Investment grants are generally deducted from cost. Cost is determined on the basis of the direct and indirect costs that are directly attributable. Borrowing costs are recorded as current expenses. Property, plant and equipment is depreciated using the straight-line method over its estimated useful life. The useful lives of items of property, plant and equipment are reviewed at each balance sheet date and adjusted if required.

Depreciation is based mainly on the following useful lives:

	Useful life
Buildings	25 to 50 years
Site improvements	10 to 18 years
Technical equipment and machinery	6 to 12 years
Other equipment, operating and office equipment, including special tools	3 to 15 years

Impairment losses on property, plant and equipment are recognized in accordance with IAS 36 where the recoverable amount of the asset concerned has fallen below the carrying amount. Recoverable amount is the higher of value in use and fair value less costs to sell. We apply country-specific discount factors of at least 9% when determining value in use for the purpose of impairment testing of property, plant and equipment. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly.

Where leased items of property, plant and equipment are used, the criteria for classification as a finance lease as set out in IAS 17 are met if all material risks and rewards incidental to ownership have been transferred to the Group company concerned. In such cases, the assets concerned are recognized at cost or at the present value of the minimum lease payments (if lower) and depreciated using the straight-line method over the asset's useful life, or over the term of the lease if this is shorter. The payment obligations arising from the future lease payments are discounted and recorded as a liability in the balance sheet.

Where Group companies are the lessees of assets under operating leases, i.e. if not all material risks and rewards incidental to ownership are transferred, lease and rental payments are recorded directly as expenses in the income statement.

LEASING AND RENTAL ASSETS

Vehicles leased out under operating leases are recognized at cost and depreciated to their estimated residual value using the straight-line method over the term of the lease.

INVESTMENT PROPERTY

Real estate and buildings held in order to obtain rental income (investment property) are carried at amortized cost; the useful lives applied to depreciation correspond to those of the property, plant and equipment used by the Company itself. The fair value of investment property must be disclosed in the notes if it is carried at amortized cost. Fair value is estimated using an income capitalization approach.

FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to a financial asset of one company and a financial liability or an equity instrument of another. Regular way purchases or sales of financial instruments are accounted for at the settlement date – that is, at the date on which the asset is delivered.

IAS 39 classifies financial assets into the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity financial assets;
- loans and receivables; and
- available-for-sale financial assets.

Financial liabilities are classified into the following categories:

- financial liabilities at fair value through profit or loss; and
- financial liabilities carried at amortized cost.

We recognize financial instruments at amortized cost or at fair value.

The amortized cost of a financial asset or liability is the amount:

- at which a financial asset or liability is measured at initial recognition;
- minus any principal repayments;
- minus any write-down for impairment or uncollectibility;
- plus or minus the cumulative amortization of any difference between the original amount and the amount repayable at maturity (premium), amortized using the effective interest method over the term of the financial asset or liability.

In the case of current receivables and liabilities, amortized cost generally corresponds to the principal or repayment amount.

Fair value generally corresponds to the market or quoted market price. If no active market exists, fair value is determined using valuation techniques, such as by discounting the future cash flows at the market interest rate, or by using recognized option pricing models, and verified by confirmations from the banks that handle the transactions.

The fair value option is not used in the Volkswagen Group.

ORIGINATED FINANCIAL INSTRUMENTS

Loans, receivables and liabilities, as well as held-to-maturity investments, are measured at amortized cost, unless hedged. Specifically, these relate to:

- receivables from financing business;
- trade receivables and payables;
- other receivables and financial assets and liabilities; and
- financial liabilities.

Available-for-sale financial assets (securities) are carried at fair value. Changes in fair value are recognized directly in equity, net of deferred taxes.

Shares in unconsolidated subsidiaries and other equity investments that are not accounted for using the equity method are also classified as available-for-sale financial assets. However, they are generally carried at cost, since no active market exists for those companies and fair values cannot be reliably ascertained without undue cost or effort. Fair values are recognized if there are indications that fair value is lower than cost.

An impairment loss must be recognized if there is objective evidence of impairment, such as default over a certain period, initiation of enforcement measures, imminent insolvency or overindebtedness, applying for or opening bankruptcy proceedings. Impairment losses are recognized in profit or loss in the case of financial instruments recognized at amortized cost.

A significant or prolonged decline in fair value is objective evidence of the impairment of available-for-sale equity instruments. The cumulative loss is withdrawn from the reserve and recognized in profit and loss. Corresponding reversals of impairment losses are taken directly to equity.

DERIVATIVES AND HEDGE ACCOUNING

Volkswagen Group companies use derivatives to hedge balance sheet items and future cash flows (hedged items). Derivatives, such as swaps, forward transactions and options, are used as the primary hedging instruments. The criteria for the application of hedge accounting are that the hedging relationship between the hedged item and the hedging instrument is clearly documented and that the hedge is highly effective.

The accounting treatment of changes in the fair value of hedging instruments depends on the nature of the hedging relationship. In the case of hedges against the risk of change in the carrying amount of balance sheet items (fair value hedges), both the hedging instrument and the hedged risk portion of the hedged item are measured at fair value. Gains or losses from remeasurement are recognized in profit or loss. In the case of hedges of future cash flows (cash flow hedges), the hedging instruments are also measured at fair value. Gains or losses from remeasurement of the effective portion of the derivative are initially recognized in the reserve for cash flow hedges directly in equity, and are only recognized in the income statement when the hedged item is recognized in profit or loss; the ineffective portion of a hedge is recognized immediately in profit or loss.

Derivatives used by the Volkswagen Group for financial management purposes to hedge against interest rate, foreign currency, or price risks, but that do not meet the strict criteria of IAS 39, are classified as financial assets or liabilities at fair value through profit or loss. External hedges of intra-Group hedged items that are subsequently eliminated in the consolidated financial statements are also assigned to this category.

RECEIVABLES FROM FINANCE LEASES

Where a Group company is the lessor – generally of vehicles – a receivable in the amount of the net investment in the lease is recognized in the case of finance leases, in other words where substantially all the risks and rewards incidental to ownership are transferred to the lessee.

OTHER RECEIVABLES AND FINANCIAL ASSETS

Other receivables and financial assets (except for derivatives) are recognized at amortized cost. Appropriate valuation allowances take account of identifiable specific risks and general credit risks.

DEFERRED TAXES

Deferred tax assets are generally recognized for taxable temporary differences between the tax base of assets and their carrying amounts in the consolidated balance sheet, as well as on tax loss carryforwards and tax credits provided it is probable that they can be used in future periods. Deferred tax liabilities are generally recognized for all taxable temporary differences between the tax base of liabilities and their carrying amounts in the consolidated balance sheet.

Deferred tax liabilities and assets are recognized in the amount of the expected tax liability or tax benefit, as appropriate, in subsequent fiscal years, based on the expected enacted tax rate at the time of realization. The tax consequences of dividend payments are not taken into account until the resolution on appropriation of earnings available for distribution has been adopted.

Deferred tax assets that are unlikely to be realized within a clearly predictable period are reduced by valuation allowances.

Deferred tax assets and deferred tax liabilities are offset where taxes are levied by the same taxation authority and relate to the same tax period.

INVENTORIES

Raw materials, consumables and supplies, merchandise, work in progress and self-produced finished goods reported in inventories are carried at cost. Cost is determined on the basis of the direct and indirect costs that are directly attributable. Borrowing costs are not capitalized. The measurement of same or similar inventories is based on the weighted average cost method. Valuation allowances are recognized where the carrying amounts are no longer recoverable at the balance sheet date due to lower selling prices.

NONCURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Under IFRS 5, noncurrent assets or groups of assets and liabilities (disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such assets are carried at the lower of their carrying amount and fair value less costs to sell, and are presented separately in current assets and liabilities in the balance sheet.

Discontinued operations are components of an entity that have either been disposed of or are classified as held for sale. The assets and liabilities of operations that are held for sale represent disposal groups that must be measured and reported using the same principles as noncurrent assets held for sale. The income and expenses from discontinued operations are presented in the income statement as "profit or loss from discontinued operations" below the profit or loss from continuing operations. Corresponding disposal gains or losses are contained in the profit or loss from discontinued operations. The prior-year figures in the income statement are restated accordingly.

PENSION PROVISIONS

The actuarial valuation of pension provisions is based on the projected unit credit method in respect of defined benefit plans in accordance with IAS 19. The valuation is based not only on pension payments and vested entitlements known at the balance sheet date, but also reflects future salary and pension trends. Actuarial gains and losses are recognized directly in equity, net of deferred taxes.

PROVISIONS FOR TAXES

Tax provisions contain obligations resulting from current taxes. Deferred taxes are presented in separate items of the balance sheet and income statement.

OTHER PROVISIONS

In accordance with IAS 37, provisions are recognized where a present obligation exists to third parties as a result of a past event; where a future outflow of resources is probable; and where a reliable estimate of that outflow can be made.

Provisions not resulting in an outflow of resources in the year immediately following are recognized at their settlement value discounted to the balance sheet date. Discounting is based on market interest rates. A discount rate of 5.2% was used in Germany. The settlement value also reflects cost increases expected at the balance sheet date.

Provisions are not offset against claims for reimbursement.

As part of the Financial Services Division's newly launched insurance business, we recognize insurance contracts in accordance with IFRS 4. Reinsurance acceptances are accounted for on an accrual basis. Estimation techniques based on assumptions about future changes in claims are used to calculate the claims provision. Minority interests in provisions are reported under other assets.

LIABILITIES

Noncurrent liabilities are recorded at amortized cost in the balance sheet. Differences between historical cost and the repayment amount are amortized using the effective interest method.

Liabilities to members of partnerships from the provision of capital are carried at the fair value of the redemption amount at the balance sheet date.

Liabilities under finance leases are carried at the present value of the lease payments.

Current liabilities are recognized at their repayment or settlement value.

REVENUE AND EXPENSE RECOGNITION

Sales revenue, interest and commission income from financial services and other operating income are recognized only when the relevant service has been rendered or the goods delivered, that is, when the risk has passed to the customer. Income from assets for which a Group company has a buy-back obligation is recognized only when the assets have definitively left the Group. Prior to that time, they are carried as inventories.

Cost of sales includes the costs incurred to generate the sales revenues and the cost of goods purchased for resale. This item also includes the costs of additions to warranty provisions. Research and development costs not eligible for capitalization in the period and amortization of development costs are likewise carried under cost of sales. Reflecting the presentation of interest and commission income in sales revenue, the interest and commission expenses attributable to the financial services business are presented in cost of sales.

Distribution expenses include personnel and material costs, and depreciation and amortization applicable to the distribution function, as well as the costs of shipping, advertising, sales promotion, market research and customer service. Administrative expenses include personnel costs and overheads as well as depreciation and amortization applicable to administrative functions. Government grants are generally deducted from the cost of the relevant assets. Personnel expenses are recognized in respect of the issue of convertible bonds to employees conveying the right to purchase shares of Volkswagen AG. Dividend income is recognized on the date when the dividend is legally approved.

ESTIMATES AND ASSUMPTIONS BY MANAGEMENT

Preparation of the consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and income and expenses, as well as the related disclosure of contingent assets and liabilities of the reporting period. Such estimates and assumptions relate primarily to the assessment of the recoverability of intangible assets, the standard definition throughout the Group of useful lives of items of property, plant and equipment and of leasing and rental assets, the collectibility of receivables, and the recognition and measurement of provisions.

The estimates and assumptions are based on underlying assumptions that reflect the current state of available knowledge. Specifically, the expected future development of business was based on the circumstances known at the date of preparation of these consolidated financial statements and a realistic assessment of the future development of the global and sector-specific environment. Developments in this environment that differ from the assumptions and that cannot be influenced by management could result in amounts that differ from the original estimates. If actual developments differ from the expected developments, the underlying assumptions and, if necessary, the carrying amounts of the assets and liabilities affected are adjusted.

At the date of preparation of these consolidated financial statements, the underlying assumptions and estimates were not exposed to any material risks. At present, management does not therefore believe that there will be a requirement in the following fiscal year for any material adjustment to the carrying amounts of assets and liabilities reported in the consolidated balance sheet.

Estimates and assumptions by management were based on assumptions that are explained in the Report on Expected Developments.

Segment reporting

BY DIVISION

€ million	Automotive 2007	Automotive 2006	Financial Services 2007	Financial Services 2006	Consolidation 2007	Consolidation 2006	Volkswagen Group 2007	Volkswagen Group 2006
Sales to third parties	100,171	96,897	8,726	7,978	–	–	108,897	104,875
Intersegment sales revenue	2,357	1,663	1,419	893	−3,776	−2,556	–	–
Segment sales revenue	102,528	98,560	10,145	8,871	−3,776	−2,556	108,897	104,875
Impairment losses*	1,081	1,213	76	15	–	–	1,157	1,228
Reversals of impairment losses*	–	30	0	2	–	–	0	32
Operating profit	5,909	1,097	957	843	−715	69	6,151	2,009
Share of profits and losses of equity-accounted investments	580	240	154	133	–	–	734	373
Cash flows from operating activities	13,897	12,253	1,987	2,725	−222	−508	15,662	14,470
Segment assets	73,008	68,459	66,140	61,947	−6,839	−5,575	132,309	124,831
Equity-accounted investments	6,313	5,434	1,482	1,442	–	–	7,795	6,876
Segment liabilities	55,046	56,052	59,255	56,165	−7,721	−7,346	106,580	104,871
Investments in property, plant and equipment and other intangible assets	4,559	3,644	83	84	−4	–	4,638	3,728
Capitalized development costs	1,446	1,478	–	–	–	–	1,446	1,478
Investments in leasing and rental assets and investment property	76	55	5,119	4,789	–	–	5,195	4,844
Investing activities	8,818	6,937	6,940	5,786	−519	175	15,239	12,898

* Intangible assets, property, plant and equipment, leasing and rental assets, investment property and inventories.

BY MARKET 2007

€ million	Germany	Rest of Europe	North America	South America	Africa	Asia/ Oceania	Consoli- dation	Total
Sales to third parties	26,864	50,839	13,219	8,340	2,103	7,532	–	108,897
Investments in property, plant and equipment, and other intangible assets	2,792	1,243	205	296	20	40	42	4,638
Segment assets	77,932	44,048	17,671	8,501	1,095	2,908	–19,846	132,309

BY MARKET 2006

€ million	Germany	Rest of Europe	North America	South America	Africa	Asia/ Oceania	Consoli- dation	Total
Sales to third parties	28,544	46,211	14,611	6,409	2,426	6,674	–	104,875
Investments in property, plant and equipment, and other intangible assets	2,132	1,219	218	116	64	20	–41	3,728
Segment assets	74,208	47,699	19,863	5,692	1,116	2,988	–26,735	124,831

The internal organizational and management structure and the internal reporting lines to the Board of Management and the Supervisory Board form the basis for identifying the primary format of segment reporting within the Volkswagen Group by the two divisions Automotive and Financial Services. The secondary reporting format is geographically based.

As a matter of principle, business relationships between the companies within the segments of the Volkswagen Group are transacted at arm's length prices.

Income Statement Disclosures

1 Sales revenue

STRUCTURE OF GROUP SALES REVENUE

€ million	2007	2006
Vehicles	86,159	83,342
Genuine parts	6,512	6,235
Other sales revenue	7,714	7,669
Rental and leasing business	5,311	4,457
Interest and similar income from financial services business	3,201	3,172
	108,897	**104,875**

For segment reporting purposes, the sales revenue of the Group is presented by division and market.

2 Cost of sales

Cost of sales also includes interest expenses of €2,429 million (previous year: €2,147 million) attributable to the financial services business. This item includes impairment losses on intangible assets, property, plant and equipment, and leasing and rental assets. Impairment losses are based on updated impairment tests and reflect market risks, as well as the increased external value of the euro.

3 Other operating income

€ million	2007	2006
Income from reversal of valuation allowances on receivables and other assets	369	265
Income from reversal of provisions and accruals	877	942
Income from foreign currency hedging derivatives	1,390	370
Income from foreign exchange gains	1,093	649
Income from sale of promotional material	177	199
Income from cost allocations	903	864
Income from investment property	56	60
Gains on asset disposals	47	124
Miscellaneous other operating income	1,082	1,241
	5,994	**4,714**

Foreign exchange gains mainly comprise gains from changes in exchange rates between the dates of recognition and payment of receivables and liabilities denominated in foreign currencies, as well as exchange rate gains resulting from measurement at the closing rate. Foreign exchange losses from these items are included in other operating expenses.

4 Other operating expenses

€ million	2007	2006
Valuation allowances on receivables and other assets	610	595
Losses from foreign currency hedging derivatives	780	582
Foreign exchange losses	1,410	755
Expenses from cost allocations	202	277
Expenses for termination agreements	94	1,801
Miscellaneous other operating expenses	1,314	1,058
	4,410	**5,068**

5 Share of profits and losses of equity-accounted investments

€ million	2007	2006
Share of profits of equity-accounted investments	820	390
of which from: joint ventures	(443)	(271)
of which from: associates	(377)	(119)
Share of losses of equity-accounted investments	86	17
of which from: joint ventures	(86)	(5)
of which from: associates	(0)	(12)
	734	**373**

The share of profits and losses of equity-accounted investments also includes impairment losses on investments in joint ventures accounted for using the equity method in the Automotive Division.

6 Finance costs

€ million	2007	2006
Other interest and similar expenses	1,032	864
Interest cost included in lease payments	9	8
Interest expenses	**1,041**	**872**
Interest component of additions to pension provisions	579	553
Interest cost on other liabilities	27	161
Interest cost on liabilities	**606**	**714**
Finance costs	**1,647**	**1,586**

7 Other financial result

€ million	2007	2006
Income from profit and loss transfer agreements	17	13
Cost of loss absorption	16	12
Other income from equity investments	38	29
Other expenses from equity investments	182	100
Income from securities and loans*	505	226
Other interest and similar income	976	666
Gains and losses from fair value remeasurement and impairment of financial instruments	−49	25
Gains and losses from fair value remeasurement of ineffective derivatives	45	156
Gains and losses on hedges	−29	−6
Other financial result	**1,305**	**997**

* Including disposal gains/losses.

8 Income tax income/expense

COMPONENTS OF TAX INCOME AND EXPENSE

€ million	**2007**	**2006**
Current tax expense/income, Germany	1,873	–458
Current tax expense, abroad	1,000	795
Current tax expense	**2,873**	**337**
of which prior period expense/income	(148)	(–84)
Income from reversal of tax provisions	–129	–125
Current income tax expense	**2,744**	**212**
Deferred tax expense/income, Germany	104	–416
Deferred tax income/expense, abroad	–427	42
Deferred tax income	**–323**	**–374**
Income tax income/expense from continuing operations	**2,421**	**–162**
Income tax income/expense from discontinued operations	–	30
Income tax income/expense	**2,421**	**–132**

The statutory corporation tax rate in Germany for the 2007 assessment period was 25%. This resulted in an aggregate tax rate, including trade tax and the solidarity surcharge, of 38.3%.

The Group's tax burden will fall to 29.5% starting in 2008 as a result of the German business tax reform. This is mainly due to the reduction in the corporation tax rate from 25% to 15%. The reduction in the tax rate was already reflected in the calculation of the German companies' deferred tax assets and liabilities. This resulted in a deferred tax expense of €75 million. The change in deferred tax assets and liabilities to be recognized directly in equity increased retained earnings by €58 million.

The local income tax rates applied for companies outside Germany vary between 0% and 42%. In the case of split tax rates, the tax rate applicable to undistributed profits is applied.

The realization of tax benefits from tax loss carryforwards from previous years resulted in a reduction in current income taxes in 2007 by €405 million (previous year: €247 million).

Previously unused tax loss carryforwards amounted to €1,658 million (previous year: €3,104 million). Tax loss carryforwards amounting to €960 million (previous year: €1,598 million) can be used indefinitely, while €54 million (previous year: €277 million) must be used within the next ten years. There are additional tax loss carryforwards amounting to €645 million (previous year: €1,229 million) that can be used within a period of 15 to 20 years. Tax loss carryforwards of €483 million (previous year: €1,063 million) are estimated not to be usable.

The decrease in tax loss carryforwards estimated not to be usable amounting to €580 million resulted primarily from the tax position of the US and Brazilian companies.

Deferred taxes are recognized where income from subsidiaries was tax-exempt in the past due to specific local regulations, but the tax effects on discontinuation of the temporary tax exemption are foreseeable. Tax benefits amounting to €83 million (previous year: €141 million) were recognized because of tax credits granted by various countries to compensate for the loss of tax relief where the amounts involved were unlimited.

No deferred tax assets were recognized for tax credits of €313 million (previous year: €206 million).

Due to the change in the statutory provisions in Germany, a refund claim for corporate income tax was recognized as a current tax asset for the first time in fiscal year 2006. It was recognized in the balance sheet at a present value of €951 million. The present value of the refund claim was €989 million at the balance sheet date.

Deferred tax expenses resulting from changes in tax rates amounted to €76 million (previous year: deferred tax expenses of €22 million).

€144 million of the deferred taxes recognized in the balance sheet was charged to equity (previous year: €596 million credited to equity) without being recognized in the income statement. Recognition of actuarial gains or losses directly in equity in accordance with IAS 19 resulted in a decrease in equity from the recognition of deferred taxes of €610 million in 2007 (previous year: decrease by €116 million). Changes in deferred taxes on reserves for cash flow hedges decreased equity by €233 million (previous year: decrease by €449 million). The deferred taxes required to be recognized on the fair value measurement of securities increased equity by €103 million (previous year: decrease of €15 million).

DEFERRED TAXES CLASSIFIED BY BALANCE SHEET ITEM

The following recognized deferred tax assets and liabilities were attributable to recognition and measurement differences in the individual balance sheet items and to tax loss carryforwards:

	Deferred tax assets		Deferred tax liabilities	
€ million	**Dec. 31, 2007**	**Dec. 31, 2006**	**Dec. 31, 2007**	**Dec. 31, 2006**
Intangible assets	177	220	1,532	2,159
Property, plant and equipment, and leasing and rental assets	3,958	4,792	2,153	2,641
Noncurrent financial assets	178	189	1	6
Inventories	190	183	448	143
Receivables and other assets (including Financial Services Division)	413	575	4,862	5,703
Other current assets	43	17	41	66
Pension provisions	1,039	1,927	5	1
Other provisions	2,490	2,582	123	146
Liabilities	1,507	1,538	1,198	952
Tax loss carryforwards	313	646	0	0
Valuation allowances on deferred tax assets	0	0	0	0
Gross value	**10,308**	**12,669**	**10,363**	**11,817**
of which noncurrent	(7,134)	(9,085)	(6,653)	(8,215)
Offset	8,229	10,365	8,229	10,365
Consolidation	1,030	734	503	702
Amount recognized	**3,109**	**3,038**	**2,637**	**2,154**

In accordance with IAS 12, deferred tax assets and liabilities are offset if, and only if, they relate to income taxes levied by the same taxation authority and relate to the same tax period.

The tax expense from continuing operations of €2,421 million reported for 2007 (previous year: income of €162 million) was €85 million (previous year: €848 million) lower than the expected tax expense of €2,506 million that would have resulted from application of a tax rate applicable to undistributed profits of 38.3% to the profit before tax of the Group.

RECONCILATION OF EXPECTED TO EFFECTIVE INCOME TAX

€ million	2007	2006
Profit before tax	6,543	1,793
Expected income tax expense (tax rate 38.3%; previous year: 38.3%)	**2,506**	**686**
Reconciliation:		
Effect of different tax rates outside Germany	– 456	– 489
Proportion of taxation relating to:		
tax-exempt income	– 306	– 106
expenses not deductible for tax purposes	365	214
effects of loss carryforwards and tax credits	– 287	228
temporary differences for which no deferred taxes were recognized	486	290
Tax credits	– 85	– 1,081
Prior-period current tax expense	148	9
Effect of tax rate changes	– 76	22
Other taxation changes	126	65
Effective income tax income/expense from continuing operations	**2,421**	**– 162**
Effective tax rate from continuing operations (%)	37.0	–

9 Earnings per share

Basic earnings per share are calculated by dividing profit attributable to shareholders of Volkswagen AG by the weighted average number of ordinary and preferred shares outstanding during the reporting period. Earnings per share are diluted by potential shares. These include stock options, although these are only dilutive if they result in the issuance of shares at a value below the average market price of the shares. The fourth, fifth, sixth, seventh and eighth tranches of the stock option plan were dilutive.

		Ordinary		Preferred
Quantity	**2007**	**2006**	**2007**	**2006**
Weighted average number of shares outstanding – basic	289,099,603	282,525,488	105,238,280	105,238,280
Dilutive potential ordinary shares from the stock option plan	3,391,442	1,998,986	–	–
Weighted average number of shares outstanding – diluted	292,491,045	284,524,474	105,238,280	105,238,280

€ million	**2007**	**2006**
Profit after tax	4,122	2,750
Minority interests	2	1
Profit attributable to shareholders of Volkswagen AG	4,120	2,749
Basic earnings attributable to ordinary shares	3,016	1,998
of which from: continuing operations	3,016	1,420
of which from: discontinued operations	–	578
Basic earnings attributable to preferred shares	1,104	751
of which from: continuing operations	1,104	534
of which from: discontinued operations	–	217
Diluted earnings attributable to ordinary shares	3,025	2,002
of which from: continuing operations	3,025	1,423
of which from: discontinued operations	–	579
Diluted earnings attributable to preferred shares	1,095	747
of which from: continuing operations	1,095	531
of which from: discontinued operations	–	216

€	**2007**	**2006**
Basic earnings per ordinary share	10.43	7.07
of which from: continuing operations	10.43	5.03
of which from: discontinued operations	–	2.04
Basic earnings per preferred share	10.49	7.13
of which from: continuing operations	10.49	5.07
of which from: discontinued operations	–	2.06
Diluted earnings per ordinary share	10.34	7.04
of which from: continuing operations	10.34	5.00
of which from: discontinued operations	–	2.04
Diluted earnings per preferred share	10.40	7.10
of which from: continuing operations	10.40	5.05
of which from: discontinued operations	–	2.05

Additional Income Statement Disclosures in Accordance with IFRS 7 (Financial Instruments)

CLASSES OF FINANCIAL INSTRUMENTS

Financial instruments are divided into the following classes at the Volkswagen Group:

- Financial instruments measured at fair value,
- Financial instruments measured at amortized cost and
- Financial instruments not falling within the scope of IFRS 7.

Financial instruments not falling within the scope of IFRS 7 include in particular investments in associates and joint ventures accounted for using the equity method.

NET GAINS OR LOSSES FROM FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY UNDER IAS 39

€ million	2007	2006
Financial instruments at fair value through profit or loss	342	360
Loans and receivables	2,610	2,486
Available-for-sale financial assets	329	203
Financial liabilities measured at amortized cost	−3,268	−2,948
	13	**101**

Net gains and losses from financial instruments are composed of interest, fair value measurement gains and losses on financial instruments, gains and losses on currency translation, impairment losses and disposal gains/losses. Interest also includes interest income and expenses from the Financial Services Division's lending and leasing business. Financial instruments measured at fair value do not include any dividend income.

TOTAL INTEREST INCOME AND EXPENSES OF FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

€ million	**2007**	**2006**
Interest income	3,354	2,962
Interest expenses	3,386	2,974
	–32	**–12**

IMPAIRMENT LOSSES ON FINANCIAL ASSETS BY CLASS

€ million	**2007**	**2006**
Measured at fair value	–	–
Measured at amortized cost	818	624
	818	**624**

Impairment losses relate to write-downs of financial assets, such as valuation allowances on unconsolidated subsidiaries and on receivables. Interest income on impaired financial assets amounted to €83 million in fiscal year 2007 (previous year: €98 million).

€11 million was recognized in fiscal year 2007 as an expense for fees and commissions from trustee business (previous year: €8 million).

Balance Sheet Disclosures

10 Intangible assets

**CHANGES IN INTANGIBLE ASSETS
BETWEEN JANUARY 1 AND DECEMBER 31, 2006**

€ million	Concessions, industrial and similar rights, and licenses in such rights and assets	Goodwill	Capitalized costs for products under development	Capitalized development costs for products currently in use	Other intangible assets	Total
Cost						
Balance at Jan. 1, 2006	**63**	**238**	**1,715**	**9,540**	**1,283**	**12,839**
Foreign exchange differences	−2	8	5	0	−8	3
Changes in consolidated Group	25	−51	–	–	−136	−162
Additions	3	–	1,198	280	167	1,648
Transfers	2	–	−1,042	1,042	17	19
Disposals	28	–	4	716	37	785
Balance at Dec. 31, 2006	**63**	**195**	**1,872**	**10,146**	**1,286**	**13,562**
Amortization and impairment						
Balance at Jan. 1, 2006	**54**	**–**	**86**	**4,319**	**712**	**5,171**
Foreign exchange differences	−2	–	–	5	−6	−3
Changes in consolidated Group	25	–	–	–	−102	−77
Additions to cumulative amortization	5	–	–	1,363	174	1,542
Additions to cumulative impairment losses	1	–	31	432	50	514
Transfers	2	–	−1	1	2	4
Disposals	28	–	3	715	36	782
Balance at Dec. 31, 2006	**57**	**–**	**113**	**5,405**	**794**	**6,369**
Carrying amount at Dec. 31, 2006	**6**	**195**	**1,759**	**4,741**	**492**	**7,193**

Sensitivity analyses have shown that it is unnecessary to recognize impairment losses on goodwill and indefinite-lived intangible assets, including where realistic variations are applied to key assumptions.

CHANGES IN INTANGIBLE ASSETS BETWEEN JANUARY 1 AND DECEMBER 31, 2007

€ million	Concessions, industrial and similar rights, and licenses in such rights and assets	Goodwill	Capitalized costs for products under development	Capitalized development costs for products currently in use	Other intangible assets	Total
Cost						
Balance at Jan. 1, 2007	**63**	**195**	**1,872**	**10,146**	**1,286**	**13,562**
Foreign exchange differences	–3	6	7	–65	–12	–67
Changes in consolidated Group	–	5	–	–	2	7
Additions	5	–	1,135	311	193	1,644
Transfers	3	–	–1,042	1,042	22	25
Disposals	1	5	34	964	121	1,125
Balance at Dec. 31, 2007	**67**	**201**	**1,938**	**10,470**	**1,370**	**14,046**
Amortization and impairment						
Balance at Jan. 1, 2007	**57**	**–**	**113**	**5,405**	**794**	**6,369**
Foreign exchange differences	–2	–	–	–37	–6	–45
Changes in consolidated Group	–	–	–	–	2	2
Additions to cumulative amortization	7	–	–	1,428	154	1,589
Additions to cumulative impairment losses	–	5	175	240	3	423
Transfers	0	–	–18	18	1	1
Disposals	1	5	41	957	119	1,123
Balance at Dec. 31, 2007	**61**	**–**	**229**	**6,097**	**829**	**7,216**
Carrying amount at Dec. 31, 2007	**6**	**201**	**1,709**	**4,373**	**541**	**6,830**

Of the total research and development costs incurred in 2007, €1,446 million (previous year: €1,478 million) met the criteria for capitalization under IFRSs.

The following amounts were recognized as expenses:

€ million	2007	2006
Research and non-capitalized development costs	3,477	2,762
Amortization of development costs	1,843	1,826
Research and development costs recognized in the income statement	**5,320**	**4,588**

11 Property, plant and equipment

CHANGES IN PROPERTY, PLANT AND EQUIPMENT BETWEEN JANUARY 1 AND DECEMBER 31, 2006

€ million	Land, land rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Total
Cost					
Balance at Jan. 1, 2006	**13,897**	**24,525**	**31,120**	**1,330**	**70,872**
Foreign exchange differences	−38	−59	−180	−11	−288
Changes in consolidated Group	−61	−12	−261	−15	−349
Additions	338	585	1,439	1,234	3,596
Transfers	133	397	449	−997	−18
Disposals	128	898	1,256	23	2,305
Balance at Dec. 31, 2006	**14,141**	**24,538**	**31,311**	**1,518**	**71,508**
Depreciation and impairment					
Balance at Jan. 1, 2006	**6,820**	**17,865**	**23,303**	**0**	**47,988**
Foreign exchange differences	−32	−39	−127	0	−198
Changes in consolidated Group	−22	−6	−192	–	−220
Additions to cumulative depreciation	480	1,814	2,965	–	5,259
Additions to cumulative impairment losses	47	63	353	10	473
Transfers	−4	6	−3	−3	−4
Disposals	69	877	1,153	–	2,099
Reversal of impairment losses	−6	−25	0	–	−31
Balance at Dec. 31, 2006	**7,214**	**18,801**	**25,146**	**7**	**51,168**
Carrying amount at Dec. 31, 2006	**6,927**	**5,737**	**6,165**	**1,511**	**20,340**
of which assets leased under finance lease contracts Carrying amount at Dec. 31, 2006	203	1	16	–	220

CHANGES IN PROPERTY, PLANT AND EQUIPMENT BETWEEN JANUARY 1 AND DECEMBER 31, 2007

€ million	Land, land rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Total
Cost					
Balance at Jan. 1, 2007	**14,141**	**24,538**	**31,311**	**1,518**	**71,508**
Foreign exchange differences	2	−69	−48	−3	−118
Changes in consolidated Group	32	–	34	1	67
Additions	299	820	1,760	1,602	4,481
Transfers	120	563	532	−1,240	−25
Disposals	170	804	969	42	1,985
Balance at Dec. 31, 2007	**14,424**	**25,048**	**32,620**	**1,836**	**73,928**
Depreciation and impairment					
Balance at Jan. 1, 2007	**7,214**	**18,801**	**25,146**	**7**	**51,168**
Foreign exchange differences	−7	−29	−28	1	−63
Changes in consolidated Group	9	–	11	–	20
Additions to cumulative depreciation	472	1,730	2,628	–	4,830
Additions to cumulative impairment losses	2	24	414	–	440
Transfers	−2	−2	3	–	−1
Disposals	143	784	877	–	1,804
Reversal of impairment losses	–	–	0	–	0
Balance at Dec. 31, 2007	**7,545**	**19,740**	**27,297**	**8**	**54,590**
Carrying amount at Dec. 31, 2007	**6,879**	**5,308**	**5,323**	**1,828**	**19,338**
of which assets leased under finance lease contracts Carrying amount at Dec. 31, 2007	197	–	19	–	216

Government grants of €10 million (previous year: €47 million) were deducted from the cost of property, plant and equipment. Call options on buildings and plant leased under the terms of finance leases exist in most cases, and are normally exercised. Interest rates on the leases vary between 2.9% and 14%, depending on the market and the date of inception of the lease. Future finance lease payments due, and their present values, are shown in the following table:

€ million	2008	2009 – 2012	from 2013	Total
Finance lease payments	31	97	133	261
Interest component of finance lease payments	10	22	15	47
Carrying amount/present value	**21**	**75**	**118**	**214**

For assets leased under operating leases, payments recognized in the income statement amounted to €408 million in the year under review (previous year: €367 million).

12 Leasing and rental assets and investment property

CHANGES IN LEASING AND RENTAL ASSETS AND INVESTMENT PROPERTY BETWEEN JANUARY 1 AND DECEMBER 31, 2006

€ million	Leasing and rental assets	Investment property	Total
Cost			
Balance at Jan. 1, 2006	**12,681**	**315**	**12,996**
Foreign exchange differences	−939	−1	−940
Changes in consolidated Group	−2,302	–	−2,302
Additions	4,839	5	4,844
Transfers	–	−1	−1
Disposals	3,801	18	3,819
Balance at Dec. 31, 2006	**10,478**	**300**	**10,778**
Depreciation and impairment			
Balance at Jan. 1, 2006	**2,799**	**148**	**2,947**
Foreign exchange differences	−245	0	−245
Changes in consolidated Group	−126	–	−126
Additions to cumulative depreciation	1,582	8	1,590
Additions to cumulative impairment losses	16	–	16
Transfers	–	0	0
Disposals	1,433	9	1,442
Reversal of impairment losses	−1	–	−1
Balance at Dec. 31, 2006	**2,592**	**147**	**2,739**
Carrying amount at Dec. 31, 2006	**7,886**	**153**	**8,039**

CHANGES IN LEASING AND RENTAL ASSETS AND INVESTMENT PROPERTY BETWEEN JANUARY 1 AND DECEMBER 31, 2007

€ million	Leasing and rental assets	Investment property	Total
Cost			
Balance at Jan. 1, 2007	**10,478**	**300**	**10,778**
Foreign exchange differences	−803	0	−803
Changes in consolidated Group	41	–	41
Additions	5,185	11	5,196
Transfers	–	0	0
Disposals	3,998	10	4,008
Balance at Dec. 31, 2007	**10,903**	**301**	**11,204**
Depreciation and impairment			
Balance at Jan. 1, 2007	**2,592**	**147**	**2,739**
Foreign exchange differences	−199	−1	−200
Changes in consolidated Group	8	–	8
Additions to cumulative depreciation	1,700	7	1,707
Additions to cumulative impairment losses	73	–	73
Transfers	–	–	–
Disposals	1,450	4	1,454
Reversal of impairment losses	0	–	0
Balance at Dec. 31, 2007	**2,724**	**149**	**2,873**
Carrying amount at Dec. 31, 2007	**8,179**	**152**	**8,331**

Leasing and rental assets include assets leased out under the terms of operating leases.

Investment property includes apartments rented out and leased dealerships, with a fair value of €402 million (previous year: €434 million). Operating expenses of €45 million (previous year: €48 million) were incurred for the maintenance of investment property in use. Expenses of €2 million (previous year: €2 million) were incurred for unused investment property.

The following payments from non-cancelable leases and rental agreements are expected to be received over the coming years:

€ million	2008	2009 – 2012	from 2013	Total
	1,235	1,240	41	2,516

13 Equity-accounted investments and other equity investments

CHANGES IN EQUITY-ACCOUNTED INVESTMENTS AND OTHER EQUITY INVESTMENTS BETWEEN JANUARY 1 TO DECEMBER 31, 2006

€ million	Equity-accounted investments	Other equity investments	Total
Cost			
Balance at Jan. 1, 2006	**4,388**	**520**	**4,908**
Foreign exchange differences	−30	0	−30
Changes in consolidated Group	–	−44	−44
Additions	3,022	160	3,182
Transfers	14	−14	–
Disposals	374	9	383
Reversal of impairment losses	–	0	0
Balance at Dec. 31, 2006	**7,020**	**613**	**7,633**
Impairment losses			
Balance at Jan. 1, 2006	**190**	**184**	**374**
Foreign exchange differences	−3	1	−2
Changes in consolidated Group	–	−17	−17
Additions to cumulative impairment losses	1	35	36
Transfers	–	–	–
Disposals	42	0	42
Reversal of impairment losses	−2	–	−2
Balance at Dec. 31, 2006	**144**	**203**	**347**
Carrying amount at Dec. 31, 2006	**6,876**	**410**	**7,286**

CHANGES IN EQUITY-ACCOUNTED INVESTMENTS AND OTHER EQUITY INVESTMENTS BETWEEN JANUARY 1 TO DECEMBER 31, 2007

€ million	Equity-accounted investments	Other equity investments	Total
Cost			
Balance at Jan. 1, 2007	**7,020**	**613**	**7,633**
Foreign exchange differences	−18	−1	−19
Changes in consolidated Group	–	0	0
Additions	1,904	438	2,342
Transfers	−10	10	–
Disposals	883	159	1,042
Reversal of impairment losses	–	–	–
Balance at Dec. 31, 2007	**8,013**	**901**	**8,914**
Impairment losses			
Balance at Jan. 1, 2007	**144**	**203**	**347**
Foreign exchange differences	−1	0	−1
Changes in consolidated Group	–	–	–
Additions to cumulative impairment losses	78	174	252
Transfers	−3	3	–
Disposals	–	27	27
Reversal of impairment losses	–	–	–
Balance at Dec. 31, 2007	**218**	**353**	**571**
Carrying amount at Dec. 31, 2007	**7,795**	**548**	**8,343**

Equity-accounted investments include joint ventures in the amount of €2,789 million (previous year: €2,859 million).

Significant joint ventures and associates are detailed in the listing of significant Group companies at the end of the notes to the consolidated financial statements.

14 Noncurrent and current financial services receivables

€ million	current	non-current	Carrying amount Dec. 31, 2007	Fair value Dec. 31, 2007	current	non-current	Carrying amount Dec. 31, 2006	Fair value Dec. 31, 2006
Receivables from financing business								
customer financing	9,531	18,471	28,002	28,196	9,245	17,473	26,718	26,911
dealer financing	9,791	774	10,565	10,565	8,897	726	9,623	9,763
direct banking	94	0	94	94	96	164	260	255
	19,416	19,245	38,661	38,855	18,238	18,363	36,601	36,929
Receivables from operating lease business	103	–	103	103	81	–	81	81
Receivables from finance leases	5,395	8,277	13,672	13,675	5,107	8,087	13,194	13,490
	24,914	**27,522**	**52,436**	**52,633**	**23,426**	**26,450**	**49,876**	**50,500**

Noncurrent receivables from the customer financing business mainly bear fixed interest at rates of between 0.1% and 19.5%, depending on the market concerned. They have terms of up to 84 months. The noncurrent portion of dealer financing is granted at interest rates of between 2% and 20%, depending on the country.

The receivables from customer and dealer financing are secured by vehicles or real property liens.

The receivables from dealer financing include an amount of €202 million (previous year: €162 million) receivable from affiliated companies.

The receivables from finance leases – almost entirely in respect of vehicles – are expected to generate the following cash flows:

€ million	2008	2009 – 2012	from 2013	Total
Future payments from finance lease receivables	5,919	8,985	14	14,918
Unearned finance income from finance leases (discounting)	– 524	– 721	– 1	– 1,246
Carrying amount of receivables from finance leases	5,395	8,264	13	13,672
Present value of unguaranteed residual values	0	–	–	0
Present value of minimum lease payments outstanding at the balance sheet date	**5,395**	**8,264**	**13**	**13,672**

15 Noncurrent and current other receivables and financial assets

€ million	current	non-current	Carrying amount Dec. 31, 2007	Fair value Dec. 31, 2007	current	non-current	Carrying amount Dec. 31, 2006	Fair value Dec. 31, 2006
Other receivables from								
affiliated companies	208	12	220	220	123	12	135	135
joint ventures	1,250	646	1,896	1,905	1,395	415	1,810	1,810
associates	9	–	9	9	14	–	14	14
other investees and investors	20	101	121	121	7	118	125	124
Recoverable income taxes	1,193	97	1,290	1,290	1,048	12	1,060	1,060
Positive fair values of derivatives	2,127	711	2,838	2,838	1,278	691	1,969	1,969
Other assets	1,846	849	2,695	2,698	1,707	750	2,457	2,457
	6,653	**2,416**	**9,069**	**9,081**	**5,572**	**1,998**	**7,570**	**7,569**

Other assets include plan assets to fund post-employment benefits in the amount of €101 million (previous year: €61 million). This item also includes the share of the technical provisions attributable to reinsurers amounting to €78 million.

There are no material restrictions on title or right of use in respect of other receivables and financial assets. Default risks are accounted for by means of valuation allowances.

Other receivables and financial assets include loans to joint ventures, associates and other equity investments, and bear interest at rates of up to 19.5% (previous year: 21.6%).

Other receivables from affiliated companies include loans with terms of up to 12 years, which were lent at interest rates of between 0.9% and 4.8%.

Current other receivables are predominantly non-interest-bearing.

The positive fair values of derivatives relate to the following items:

€ million	Dec. 31, 2007	Dec. 31, 2006
Transactions for hedging against		
foreign currency risk from assets using fair value hedges	52	26
foreign currency risk from liabilities using fair value hedges	39	47
interest rate risk using fair value hedges	135	237
interest rate risk using cash flow hedges	53	74
foreign currency risk from future cash flows (cash flow hedges)	1,914	1,080
Hedging transactions	**2,193**	**1,464**
Assets arising from ineffective hedging derivatives	645	505
	2,838	**1,969**

Further details on derivative financial instruments as a whole are given in note 29 Financial risk management and financial instruments.

16 Tax assets

€ million	current	noncurrent	Carrying amount Dec. 31, 2007	current	noncurrent	Carrying amount Dec. 31, 2006
Deferred tax assets	–	3,109	3,109	–	3,038	3,038
Tax receivables	500	952	1,452	261	1,030	1,291
	500	**4,061**	**4,561**	**261**	**4,068**	**4,329**

€ 1,782 million (previous year: €1.469 million) of the deferred tax assets are due within one year.

17 Inventories

€ million	Dec. 31, 2007	Dec. 31, 2006
Raw materials, consumables and supplies	2,225	2,061
Work in progress	1,365	1,343
Finished goods and purchased merchandise	10,425	9,050
Payments on account	16	9
	14,031	**12,463**

Of the total inventories, €1,770 million (previous year: €1,932 million) is recognized at net realizable value. At the same time as the relevant revenue was recognized, inventories in the amount of €84,512 million were included in cost of sales (previous year: €83,457 million). Valuation allowances recognized as expenses in the reporting period amounted to €221 million (previous year: €225 million). Vehicles amounting to €98 million (previous year: €77 million) were assigned as collateral for partial retirement obligations.

18 Trade receivables

€ million	Dec. 31, 2007	Dec. 31, 2006
Trade receivables from		
third parties	5,176	4,594
affiliated companies	175	210
joint ventures	329	194
associates	4	39
other investees and investors	7	12
	5,691	**5,049**

The fair values of the trade receivables correspond to the carrying amounts.

19 Marketable securities

The marketable securities serve to safeguard liquidity. Marketable securities are quoted, mainly short-term fixed-income securities, and shares.

20 Cash and cash equivalents

€ million	Dec. 31, 2007	Dec. 31, 2006
Bank balances	9,857	9,212
Checks, cash-in-hand and call deposits	255	155
	10,112	**9,367**

Bank balances are held at various banks in different currencies.

21 Equity

€ million	Subscribed capital	Capital reserves	Retained earnings						Equity attributable to shareholders of VW AG	Minority interests	Total equity
			Accumulated profit	Currency translation reserve	Reserve for actuarial gains and losses	Reserve for cash flow hedges	Fair value reserve for securities	Equity-accounted investments			
Balance at Jan. 1, 2006	**1,093**	**4,513**	**21,251**	**– 1,445**	**– 1,852**	**– 132**	**172**	**–**	**23,600**	**47**	**23,647**
Capital change	– 89	429	–	–	–	–	–	–	340	–	340
Dividend payment	–	–	450	–	–	–	–	–	450	1	451
Recognized income and expense	–	–	2,749	– 250	318	1,083	85	–	3,985	1	3,986
Deferred taxes	–	–	–	–	– 116	– 449	– 15	–	– 580	–	– 580
Other changes	–	–	– 1	–	10	–	–	–	9	8	17
Balance at Dec. 31, 2006	**1,004**	**4,942**	**23,549**	**– 1,695**	**– 1,640**	**502**	**242**	**–**	**26,904**	**55**	**26,959**
Balance before restatement Jan. 1, 2007	**1,004**	**4,942**	**23,549**	**– 1,695**	**– 1,640**	**502**	**242**	**–**	**26,904**	**55**	**26,959**
Reclassification of equity-accounted investments	–	–	– 17	423	–	–	–	– 406	–	–	–
Balance after restatement Jan. 1, 2007	**1,004**	**4,942**	**23,532**	**– 1,272**	**– 1,640**	**502**	**242**	**– 406**	**26,904**	**55**	**26,959**
Capital increase	11	200	–	–	–	–	–	–	211	–	211
Dividend payment	–	–	497	–	–	–	–	–	497	0	497
Recognized income and expense	–	–	4,120	– 228	1,427	995	– 375	47	5,986	2	5,988
Deferred taxes	–	–	–	–	– 610	– 233	103	–	– 740	–	– 740
Other changes	–	–	11	–	–	–	–	–	11	6	17
Balance at Dec. 31, 2007	**1,015**	**5,142**	**27,166**	**– 1,500**	**– 823**	**1,264**	**– 30**	**– 359**	**31,875**	**63**	**31,938**

The income and expense recognized directly in equity that are attributable to equity-accounted investments are reported in a separate column in equity due to their increased significance.

The subscribed capital of Volkswagen AG is denominated in euros. The shares are no-par value bearer shares. Each share has a notional value of €2.56. As well as ordinary shares, there are preferred shares that entitle the bearer to a €0.06 higher dividend than ordinary shares, but do not carry voting rights.

The subscribed capital is composed of 291,337,267 no-par value ordinary shares and 105,238,280 preferred shares, and amounts to €1,015 million (previous year: €1,004 million).

CHANGE IN ORDINARY AND PREFERRED SHARES AND SUBSCRIBED CAPITAL

	Shares		€	
	2007	2006	2007	2006
Balance at January 1	**392,218,347**	**427,168,080**	**1,004,078,968**	**1,093,550,285**
Retirement of ordinary treasury shares	–	41,719,353	–	106,801,544
Issued shares (stock option plan)	4,357,200	6,769,620	11,154,432	17,330,227
Balance at December 31	**396,575,547**	**392,218,347**	**1,015,233,400**	**1,004,078,968**

Based on the resolution by the Annual General Meeting on May 3, 2006, authorized capital of up to €90 million, expiring on May 2, 2011, was approved for the issue of new ordinary bearer shares. Additional authorized capital of up to €400 million was adopted by a resolution by the Annual General Meeting on April 22, 2004, expiring on April 21, 2009.

There is also contingent capital of €100 million for the issue of up to 39,062,500 ordinary and/or preferred shares. This contingent capital increase will be implemented only to the extent that the holders of convertible bonds to be issued before April 21, 2009 exercise their conversion rights.

The capital reserves comprise the share premium of a total of €4,816 million from the capital increases, the share premium of €219 million from the issue of bonds with warrants and an amount of €107 million appropriated on the basis of the capital reduction implemented in the previous fiscal year. Capital reserves rose by €200 million in fiscal year 2007 as a result of the share premium from the capital increase due to the exercise of convertible bonds under the stock option plan. No amounts were withdrawn from the capital reserves.

STOCK OPTION PLAN

The Board of Management, with the consent of the Supervisory Board, exercised the authorization given by the Annual General Meeting on April 16, 2002 to implement a stock option plan. Contingent capital of €16.5 million was created for this purpose. The contingent capital increase will only be implemented to the extent that the holders of convertible bonds issued on the basis of the authorization by the Annual General Meeting to establish a stock option plan exercise their conversion rights.

The stock option plan entitles the optionees – the Board of Management, Group senior executives and management, as well as employees of Volkswagen AG covered by collective pay agreements – to purchase options on shares of Volkswagen AG by subscribing for convertible bonds at a price of €2.56 each. Each bond is convertible into ten ordinary shares.

The convertible bonds are measured at fair value at the date of grant to the employees. The convertible bonds measured at fair value are recognized in personnel expenses and in equity.

The conversion prices and periods following the expiration of the first three tranches are shown in the following table. The information on the fourth tranche is presented as data for fiscal year 2007, although this tranche has now also expired.

CONVERSION PRICES AND PERIODS FOR EACH TRANCHE OF THE STOCK OPTION PLAN

€	4th tranche	5th tranche	6th tranche	7th tranche	8th tranche
Base conversion price per share	51.52	36.54	38.68	37.99	58.18
Conversion price					
as from June 19, 2004	56.67				
as from publication of interim report for Jan. – Sept. 2004	59.25				
as from July 12, 2005		40.19			
as from publication of interim report for Jan. – Sept. 2005	61.82	42.02			
as from July 10, 2006			42.55		
as from publication of interim report for Jan. – Sept. 2006	64.40	43.85	44.48		
as from July 9, 2007				41.79	
as from publication of interim report for Jan. – Sept. 2007		45.68	46.42	43.69	
as from July 8, 2008					64.00
as from publication of interim report for Jan. – Sept. 2008			48.35	45.59	66.91
as from publication of interim report for Jan. – Sept. 2009				47.49	69.82
as from publication of interim report for Jan. – Sept. 2010					72.73
Beginning of conversion period	June 19, 2004	July 12, 2005	July 10, 2006	July 9, 2007	July 8, 2008
End of conversion period	June 11, 2007	July 4, 2008	July 2, 2009	July 1, 2010	June 30, 2011

The total value at December 31, 2007 of the convertible bonds issued at €2.56 per convertible bond was €964,648.96 (= 376,816 bonds), conveying the right to purchase 3,768,160 ordinary shares. The liabilities from convertible bonds are recognized under other liabilities. In fiscal year 2007, 11,503 convertible bonds with a value of €29,447.68 were returned by employees who have since left the Company. 435,720 conversion rights from the fourth, fifth, sixth and seventh tranches with a nominal value of €1,115,443.20 have been exercised. 4,357,200 shares with a notional value of €11,154,432.00 were thus issued.

Changes in the rights to stock options granted (fifth to eighth tranches) are shown in the following table:

	Nominal value of convertible bonds	Number of conversion rights	Number of potential ordinary shares
	€	Rights	Shares
Balance at January 1, 2007	**2,109,539.84**	**824,039**	**8,240,390**
In fiscal year			
granted	–	–	–
exercised	1,115,443.20	435,720	4,357,200
returned	29,447.68	11,503	115,030
Balance at December 31, 2007	**964,648.96**	**376,816**	**3,768,160**

MEASUREMENT OF CONVERTIBLE BONDS IN THE FIFTH TO EIGHT TRANCHES

Those convertible bonds granted after publication of the draft IFRS 2 on November 7, 2002 were measured in accordance with the transitional provisions of IFRS 2.

The fair value of the convertible bonds is estimated using a binomial option pricing model based on the issuance and conversion conditions described above. In terms of the optionees' conversion behavior, it was assumed that they will convert when the share price is 50% higher than the conversion price. Historical and implied volatilities based on the expected remaining term of the conversion rights were used to estimate the fair value of the convertible bonds. The assumptions used and the fair value estimated are presented in the following table:

	5th tranche	6th tranche	7th tranche	8th tranche
Volatility (%)	27.50	27.50	27.50	27.50
Risk-free rate (%)	3.00	3.49	2.57	3.77
Dividends (%)	3.20	3.20	3.20	3.20
Fair value per convertible bond (€)	48.25	39.66	48.71	63.49

The fair value of the convertible bonds is recognized ratably as a personnel expense over the two-year vesting period. This produced expenses of €15 million in 2007.

Changes in the number of convertible bonds in issue and their exercise prices are shown in the following table:

	Average exercise price per convertible bond*	Convertible bonds
	€	Quantity
Balance at January 1, 2007	**519.72**	**703,074**
In fiscal year		
granted	–	–
returned	553.30	11,418
exercised	423.99	314,840
Balance at December 31, 2007	**603.70**	**376,816**
of which available for exercise	449.76	71,895

* Conversion price per ten shares.

For 404,410 convertible bonds, the average conversion price increased by €46.70 in 2007.

	Exercise price per convertible bond*	Convertible bonds
2007	€	Quantity
5th tranche	456.80	21,824
6th tranche	464.20	17,954
7th tranche	436.90	32,117
8th tranche	640.00	304,821
		376,816

* Conversion price per ten shares.

314,840 convertible bonds were converted in fiscal year 2007 at a weighted average share price on exercise of €1,331.21.

DIVIDEND PROPOSAL

In accordance with section 58(2) of the Aktiengesetz (AktG – German Stock Corporation Act), the dividend payment by Volkswagen AG is based on the net retained profits reported in the annual financial statements of Volkswagen AG. Based on the annual financial statements of Volkswagen AG, net retained profits of €745 million are eligible for distribution. The Board of Management and Supervisory Board of Volkswagen AG will propose to the Annual General Meeting that a dividend of €1.80 per ordinary share and €1.86 per preferred share be paid, for a total of €720 million, and that the remaining amount of €24.5 million be carried forward to new account.

MINORITY INTERESTS

The minority interests in equity are attributable primarily to shareholders of AUDI AG.

22 Noncurrent and current financial liabilities

The details of noncurrent and current financial liabilities are presented in the following table:

€ million	current	non-current	Carrying amount Dec. 31, 2007	current	non-current	Carrying amount Dec. 31, 2006
Bonds	6,943	20,364	27,307	7,492	19,177	26,669
Commercial paper and notes	6,924	2,901	9,825	8,153	3,310	11,463
Liabilities to banks	5,082	2,777	7,859	5,225	2,864	8,089
Deposits from direct banking business	8,421	1,199	9,620	7,713	1,114	8,827
Loans	1,058	1,881	2,939	1,267	2,069	3,336
Bills of exchange	0	–	0	0	–	0
Finance lease liabilities	21	193	214	16	200	216
Financial liabilities to						
affiliated companies	190	–	190	125	–	125
joint ventures	16	–	16	25	–	25
associates	6	–	6	4	–	4
other investees and investors	16	–	16	3	–	3
	28,677	**29,315**	**57,992**	**30,023**	**28,734**	**58,757**

Of the liabilities reported in the consolidated balance sheet, a total of €325 million (previous year: €389 million) is secured, for the most part by real estate liens.

Asset-backed securities transactions amounting to €13,015 million (previous year: €12,216 million) entered into to refinance the financial services business via special purpose entities are included in bonds, commercial paper and notes, and liabilities from loans. Receivables of €14,208 million (previous year: €13,867 million) from the customer financing and leasing businesses are pledged as collateral.

23 Noncurrent and current other liabilities

€ million	current	non-current	Carrying amount Dec. 31, 2007	current	non-current	Carrying amount Dec. 31, 2006
Payments on account received in respect of orders	1,215	21	1,236	938	18	956
Other liabilities to						
affiliated companies	71	0	71	34	0	34
joint ventures	31	–	31	0	–	0
associates	0	–	0	16	–	16
other investees and investors	1	–	1	1	–	1
Negative fair values of derivative financial instruments	419	258	677	353	310	663
Liabilities relating to						
other taxes	783	372	1,155	692	277	969
social security	232	30	262	203	20	223
wages and salaries	1,344	243	1,587	1,063	178	1,241
Miscellaneous liabilities	2,988	1,321	4,309	3,033	932	3,965
	7,084	**2,245**	**9,329**	**6,333**	**1,735**	**8,068**

The negative fair values of derivatives relate to the following items:

€ million	Dec. 31, 2007	Dec. 31, 2006
Transactions for hedging against		
foreign currency risk from assets using fair value hedges	5	22
foreign currency risk from liabilities using fair value hedges	243	227
interest rate risk using fair value hedges	47	46
interest rate risk using cash flow hedges	38	10
foreign currency risk from future cash flows (cash flow hedges)	201	223
Hedging transactions	**534**	**528**
Liabilities arising from ineffective hedging derivatives	143	135
	677	**663**

Further details on derivative financial instruments as a whole are given in note 29 Financial risk management and financial instruments.

24 Tax liabilities

€ million	current	noncurrent	Carrying amount Dec. 31, 2007	current	noncurrent	Carrying amount Dec. 31, 2006
Deferred tax liabilities	–	2,637	2,637	–	2,154	2,154
Provisions for taxes	1,828	2,275	4,103	–	2,586	2,586
Current tax payables	98	–	98	34	–	34
	1,926	**4,912**	**6,838**	**34**	**4,740**	**4,774**

€1,790 million (previous year: €1,368 million) of the deferred tax liabilities are due within one year.

25 Provisions for pensions and other post-employment benefits

Provisions for pensions are recognized for benefits in the form of retirement, invalidity and dependents' benefits payable under pension plans. The benefits provided by the Group vary according to the legal, tax and economic circumstances of the country concerned, and usually depend on the length of service and remuneration of the employees.

Group companies provide occupational pensions under both defined contribution and defined benefit plans. In the case of defined contribution plans, the Company makes contributions to state or private pension schemes based on legal or contractual requirements, or on a voluntary basis. Once the contributions have been paid, there are no further obligations for the Company. Current contributions are recognized as pension expenses of the period concerned. In 2007, they amounted to €785 million (previous year: €798 million) in the Volkswagen Group. Contributions to the compulsory state pension system in Germany amounted to €746 million (previous year: €763 million).

Most pension plans are defined benefit plans, with a distinction made between pensions financed by provisions and externally funded plans.

The pension provisions for defined benefits are measured using the internationally accepted projected unit credit method in accordance with IAS 19, under which the future obligations are measured on the basis of the ratable benefit entitlements earned as of the balance sheet date. Measurement reflects assumptions as to trends in the relevant variables affecting the level of benefits. All defined benefit plans require actuarial calculations. Actuarial gains or losses arise from changes in the number of beneficiaries and differences between actual trends (for example, in salary and pension increases or changes in interest rates) and the assumptions on which calculations were based. Actuarial gains and losses are taken directly to equity.

Owing to their benefit character, the obligations of the US Group companies in respect of post-employment medical care in particular are also carried under provisions for pensions and other post-employment benefits. These post-employment benefit provisions take into account the expected long-term rise in the cost of healthcare. A one percentage point increase or decrease in the assumed healthcare cost trends only marginally affects the amount of the obligations. €10 million was recognized in fiscal year 2007 as an expense for healthcare costs (previous year: €6 million). The related carrying amount was therefore €160 million as of December 31, 2007 (previous year: €185 million).

Since 1996, the occupational pension arrangements of the Volkswagen Group in Germany have been based on a specially developed expense-related pension model that is classified as a defined benefit plan under IAS 19. With effect from January 1, 2001, this model was further developed into a pension fund, with the annual remuneration-linked contributions being invested in funds by Volkswagen Pension Trust e.V. as the trustee. By investing in funds, this model offers an opportunity for increasing benefit entitlements, while at the same time fully safeguarding them. For this reason, almost all Group companies in Germany have now joined the fund. Since the fund investments held by the trust meet the criteria of IAS 19 for classification as plan assets, they are deducted from the obligation.

Where the foreign Group companies provide collateral for obligations, this mainly takes the form of shares, fixed-income securities and real estate. These do not include any financial instruments issued by companies of the Volkswagen Group, or any investment property used by Group companies.

The following amounts were recognized in the balance sheet for defined benefit plans:

€ million	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004
Present value of funded obligations	3,330	3,235	2,959	2,455
Fair value of plan assets	3,422	3,159	2,690	2,068
Funded status (net)	−92	76	269	387
Present value of obligations not externally financed	12,532	13,652	13,618	12,169
Unrecognized past service cost	31	23	39	−31
Amount not recognized as an asset because of the limit in IAS 19	31	42	47	33
Net liability recognized in the balance sheet	**12,502**	**13,793**	**13,973**	**12,558**
of which provisions for pensions and other post-employment benefits	12,603	13,854	14,003	12,633
of which other assets	101	61	30	75

The present value of the obligations is calculated as follows:

€ million	2007	2006
Present value of obligations at January 1	**16,887**	**16,577**
Current service cost	336	400
Interest cost	796	709
Actuarial losses	−1,522	−197
Employee contributions to plan assets	12	2
Pension payments from company assets	540	509
Pension payments from plan assets	97	77
Past service cost	10	16
Gains from plan curtailments and settlements	−25	−5
Changes in consolidated Group	37	−82
Other changes	56	118
Foreign exchange differences	−88	−65
Present value of obligations at December 31	**15,862**	**16,887**

Changes in the composition of the plan assets are shown in the following table:

€ million	2007	2006
Fair value of plan assets at January 1	**3,159**	**2,690**
Expected return on plan assets	217	156
Actuarial losses/gains	−95	121
Employer contributions to plan assets	281	326
Employee contributions to plan assets	12	2
Pension payments from plan assets	97	77
Changes in consolidated Group	2	−20
Other changes	37	23
Foreign exchange differences	−94	−62
Fair value of plan assets at December 31	**3,422**	**3,159**

Investment of the plan assets to cover future pension obligations resulted in actual gains in the amount of €122 million (previous year: €277 million).

The rate for the expected long-term return on plan assets is based on the long-term returns actually generated for the portfolio, historical overall market returns and a forecast of expected returns on the securities classes held in the portfolio. The forecasts are based on returns expected for comparable pension funds for the remaining period of service, as the investment horizon, as well as on the experience of managers of large portfolios and of experts in the investment industry.

Employer contributions to plan assets are expected to amount to €240 million next year.

Plan assets consist of the following components:

%	2007	2006
Equities	35.6	42.9
Fixed-income securities	52.4	48.3
Cash	5.0	4.6
Real estate	3.1	3.4
Other	3.9	0.8

The following amounts were recognized in the income statement:

€ million	**2007**	**2006**
Current service cost	336	400
Interest cost	796	709
Expected return on plan assets	217	156
Past service cost	10	16
Gains from plan curtailments and settlements	−25	−5
Gains/losses as a result of application of limit under IAS 19.58(b)	−8	5
Net income and expenses recognized in profit or loss	**892**	**969**

The above amounts are generally included in the personnel costs of the functions in the income statement. Interest cost on pension provisions and the expected return on plan assets are presented in finance costs (note 6).

The net liability recognized in the balance sheet has changed as follows:

€ million	**2007**	**2006**
Net liability recognized in the balance sheet at January 1	**13,793**	**13,973**
Changes in consolidated Group	35	−62
Net expense recognized in the income statement	892	969
Benefit payments from company assets and contributions to funds	821	835
Actuarial gains	−1,427	−318
Other changes	30	82
Foreign exchange differences	0	−16
Net liability recognized in the balance sheet at December 31	**12,502**	**13,793**

The experience adjustments, meaning differences between changes in assets and obligations expected on the basis of actuarial assumptions and actual changes in those assets and obligations, are shown in the following table:

	2007	2006	2005	2004
Differences between expected and actual developments:				
as % of fair value of the obligation	–0.48	0.03	0.25	2.63
as % of fair value of plan assets	–2.44	2.57	2.12	–0.27

Calculation of the pension provisions was based on the following assumptions:

	Germany		Abroad	
%	2007	2006	2007	2006
Discount rate at December 31	5.50	4.50	2.00 – 9.00	2.00 – 11.50
Expected return on plan assets	5.00	5.00	2.00 – 9.80	4.50 – 11.05
Salary trend	2.50	1.50 – 2.00	2.00 – 7.60	1.50 – 5.86
Pension trend	1.00 – 1.60	1.00 – 1.25	2.20 – 5.25	1.70 – 5.10
Employee turnover rate	0.75 – 1.40	1.00 – 2.00	3.00 – 5.25	3.00 – 7.00
Annual increase in healthcare costs	–	–	4.50 – 7.75	4.50 – 7.75

26 Noncurrent and current other provisions

€ million	Obligations arising from sales	Employee expenses	Other provisions	Total
Balance at January 1, 2006	**8,198**	**2,305**	**2,621**	**13,124**
Foreign exchange differences	–139	–14	–51	–204
Changes in consolidated Group	–2	–48	–76	–126
Utilized	4,004	849	695	5,548
Additions/New provisions	5,364	2,357	1,700	9,421
Interest cost	120	29	5	154
Reversals	385	100	335	820
Balance at January 1, 2007	**9,152**	**3,680**	**3,169**	**16,001**
Foreign exchange differences	–102	–5	5	–102
Changes in consolidated Group	0	6	99	105
Utilized	4,062	1,656	579	6,297
Additions/New provisions	5,445	1,093	2,011	8,549
Interest cost	41	–14	–4	23
Reversals	339	75	307	721
Balance at December 31, 2007	**10,135**	**3,029**	**4,394**	**17,558**

The obligations arising from sales contain provisions covering all risks relating to the sale of vehicles, components and genuine parts through to the disposal of end-of-life vehicles. They primarily comprise warranty claims, calculated on the basis of losses to date and estimated future losses. They also include provisions for discounts, bonuses and similar allowances incurred after the balance sheet date, but for which there is a legal or constructive obligation attributable to sales revenue before the balance sheet date.

Provisions for employee expenses are recognized for long-service awards, time credits, the part-time scheme for employees near to retirement, severance payments and similar obligations, among other things.

Other provisions relate to a wide range of identifiable risks and uncertain obligations and are measured in the amount of the expected settlement value.

Other provisions include technical provisions (insurance) amounting to €115 million.

53% of the other provisions are expected to result in cash outflows in the following year, 39% between 2009 and 2012, and 8% thereafter.

27 Trade payables

€ million	Dec. 31, 2007	Dec. 31, 2006
Trade payables to		
third parties	9,014	8,081
affiliated companies	39	64
joint ventures	30	29
associates	1	6
other investees and investors	15	10
	9,099	**8,190**

Additional Balance Sheet Disclosures in accordance with IFRS 7 (Financial Instruments)

CARRYING AMOUNT OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY UNDER IAS 39

€ million	Dec. 31, 2007	Dec. 31, 2006
Financial assets at fair value through profit or loss	1,522	829
Loans and receivables	47,053	44,245
Available-for-sale financial assets	16,398	14,544
Financial liabilities at fair value through profit or loss	143	135
Financial liabilities measured at amortized cost	60,345	60,758

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS

The following table shows the reconciliation of the balance sheet items to the relevant classes of financial instruments, broken down by carrying amount and fair value of the financial instruments.

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2006

	Measured at fair value	Measured at amortized cost		Not within scope of IFRS 7	Other	Balance sheet item at Dec. 31, 2006
€ million	**Carrying amount**	**Carrying amount**	**Fair value**	**Carrying amount**	**Carrying amount**	
Noncurrent assets						
Equity-accounted investments	–	–	–	6,876	–	6,876
Other equity investments	–	410	410	–	–	410
Financial services receivables	–	26,450	27,074	–	–	26,450
Other receivables and financial assets	691	636	636	–	671	1,998
Current assets						
Trade receivables	–	5,049	5,049	–	–	5,049
Financial services receivables	–	23,426	23,426	–	–	23,426
Other receivables and financial assets	1,278	1,879	1,879	–	2,415	5,572
Marketable securities	5,091	–	–	–	–	5,091
Cash and cash equivalents	9,367	–	–	–	–	9,367
Noncurrent liabilities						
Noncurrent financial liabilities	–	28,734	28,794	–	–	28,734
Other noncurrent liabilities	310	1	1	–	1,424	1,735
Current liabilities						
Current financial liabilities	–	30,023	30,023	–	–	30,023
Trade payables	–	8,190	8,190	–	–	8,190
Other current liabilities	353	751	751	–	5,229	6,333

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2007

	Measured at fair value	Measured at amortized cost		Not within scope of IFRS 7	Other	Balance sheet item at Dec. 31, 2007
€ million	Carrying amount	Carrying amount	Fair value	Carrying amount	Carrying amount	
Noncurrent assets						
Equity-accounted investments	–	–	–	7,795	–	7,795
Other equity investments	–	548	548	–	–	548
Financial services receivables	–	27,522	27,719	–	–	27,522
Other receivables and financial assets	711	828	828	–	877	2,416
Current assets						
Trade receivables	–	5,691	5,691	–	–	5,691
Financial services receivables	–	24,914	24,914	–	–	24,914
Other receivables and financial assets	2,127	1,771	1,771	–	2,755	6,653
Marketable securities	6,615	–	–	–	–	6,615
Cash and cash equivalents	10,112	–	–	–	–	10,112
Noncurrent liabilities						
Noncurrent financial liabilities	–	29,315	29,405	–	–	29,315
Other noncurrent liabilities	258	1	1	–	1,986	2,245
Current liabilities						
Current financial liabilities	–	28,677	28,677	–	–	28,677
Trade payables	–	9,099	9,099	–	–	9,099
Other current liabilities	419	716	716	–	5,949	7,084

CHANGES IN VALUATION ALLOWANCES ON FINANCIAL ASSETS

€ million	Specific valuation allowances	Portfolio-based valuation allowances	2007	Specific valuation allowances	Portfolio-based valuation allowances	2006
Balance at January 1	**1,259**	**590**	**1,849**	**978**	**749**	**1,727**
Additions	565	88	653	450	81	531
Utilization	261	0	261	209	–	209
Reversals	295	111	406	136	64	200
Reclassification/Other changes	–4	–4	–8	176	–176	0
Balance at December 31	**1,264**	**563**	**1,827**	**1,259**	**590**	**1,849**

Other Disclosures

28 Cash flow statement

Cash flows are presented in the cash flow statement classified into cash flows from operating activities, investing activities and financing activities, irrespective of the format of the balance sheet.

Cash flows from operating activities are derived indirectly from profit before tax. Profit before tax is adjusted to eliminate noncash expenses (mainly depreciation and amortization) and income. This results in cash flows from operating activities after accounting for changes in working capital.

Investing activities include additions to property, plant and equipment, and noncurrent financial assets, as well as to capitalized development costs. The changes in leasing and rental assets and in financial services receivables are also included here.

Financing activities include outflows of funds from dividend payments and redemption of bonds, as well as inflows from the issue of bonds and changes in other financial liabilities.

The changes in balance sheet items that are presented in the cash flow statement cannot be derived directly from the balance sheet, as the effects of currency translation and changes in the consolidated Group are noncash transactions and are therefore eliminated.

The changes in cash and cash equivalents due to changes in the consolidated Group structure relate to cash and cash equivalents of initially consolidated and deconsolidated companies.

In 2007, cash flows from operating activities include interest received amounting to €4,096 million (previous year: €3,879 million) and interest paid amounting to €2,934 million (previous year: €3,184 million). In addition, the share of profits and losses of equity-method investments (note 5) includes dividends amounting to €667 million (previous year €139 million). Dividends amounting to €497 million (previous year: €450 million) were paid to Volkswagen AG shareholders.

€ million	Dec. 31, 2007	Dec. 31, 2006
Cash and cash equivalents as reported in the balance sheet	10,112	9,367
Time deposit investments	198	–
Cash and cash equivalents as reported in the cash flow statement	9,914	9,367

29 Financial risk management and financial instruments

1. HEDGING GUIDELINES AND FINANCIAL RISK MANAGEMENT PRINCIPLES

The principles and responsibilities for managing and controlling the risks that could arise from financial instruments are defined by the Board of Management and monitored by the Supervisory Board. General rules apply to the Group-wide risk policy; these are oriented on the statutory requirements and the "Minimum Requirements for Risk Management by Credit Institutions".

Group Treasury is responsible for operational risk management and control. The Executive Committee for Liquidity and Foreign Currency is regularly informed about current financial risks. In addition, the Group Board of Management and the Supervisory Board are regularly updated on the current risk situation.

For more information, please see the Management Report on page 168.

2. CREDIT AND DEFAULT RISK

The credit and default risk arising from financial assets involves the risk of default by counterparties, and therefore comprises at a maximum the amount of the claims under positive fair value receivable from them. The risk arising from primary financial instruments is accounted for by recognizing bad debt losses. Cash and capital investments and derivatives are only entered into with prime-rated national and international counterparties. Risk is additionally limited by a limit system based on credit assessments by the international rating agencies.

There were no material concentrations of risk in fiscal year 2007 due to the global allocation of the Group's business activities and the resulting diversification.

CREDIT AND DEFAULT RISK RELATING TO FINANCIAL ASSETS BY GROSS CARRYING AMOUNT

€ million	Neither past due nor impaired	Past due and not impaired	Impaired	Dec. 31, 2007	Neither past due nor impaired	Past due and not impaired	Impaired	Dec. 31, 2006
Measured at amortized cost								
Financial services receivables	50,298	2,254	1,782	54,334	46,653	2,625	2,221	51,499
Trade receivables	4,747	873	286	5,906	4,232	762	282	5,276
Other receivables	14,402	205	406	15,013	14,158	220	276	14,654
Measured at fair value	8,882	–	–	8,882	4,725	–	–	4,725
	78,329	**3,332**	**2,474**	**84,135**	**69,768**	**3,607**	**2,779**	**76,154**

CREDIT RATING OF THE GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR IMPAIRED

€ million	Risk class 1	Risk class 2	Dec. 31, 2007	Risk class 1	Risk class 2	Dec. 31, 2006
Measured at amortized cost						
Financial services receivables	42,493	7,805	50,298	39,098	7,555	46,653
Trade receivables	4,747	0	4,747	4,232	–	4,232
Other receivables	14,401	1	14,402	14,158	0	14,158
Measured at fair value	8,882	–	8,882	4,725	–	4,725
	70,523	**7,806**	**78,329**	**62,213**	**7,555**	**69,768**

The Volkswagen Group performs a credit assessment of borrowers in all loan and lease agreements, using scoring systems for the high-volume business and rating systems for corporate customers and receivables from dealer financing. Receivables rated as good are contained in risk class 1. Receivables from customers whose credit rating is not good but have not yet defaulted are contained in risk class 2.

MATURITY ANALYSIS OF THE GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS THAT ARE PAST DUE AND NOT IMPAIRED

			past due by:	Dec. 31, 2006
€ million	up to 30 days	30 to 90 days	more than 90 days	
Measured at amortized cost				
Financial services receivables	2,231	387	7	2,625
Trade receivables	562	110	90	762
Other receivables	120	33	67	220
Measured at fair value	–	–	–	–
	2,913	**530**	**164**	**3,607**

€ million	up to 30 days	30 to 90 days	past due by: more than 90 days	Dec. 31, 2007
Measured at amortized cost				
Financial services receivables	1,898	351	5	2,254
Trade receivables	589	145	139	873
Other receivables	122	27	56	205
Measured at fair value	–	–	–	–
	2,609	**523**	**200**	**3,332**

CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS THAT WOULD OTHERWISE BE PAST DUE WHOSE TERMS HAVE BEEN RENEGOTIATED

€ million	Dec. 31, 2007	Dec. 31, 2006
Measured at amortized cost		
Financial services receivables	478	619
Trade receivables	12	12
Other receivables	–	–
Measured at fair value	–	–
	490	**631**

Collateral that met the recognition criteria under IFRSs was recognized in the balance sheet in the amount of €174 million in fiscal year 2007 (previous year: €186 million). This mainly relates to vehicles.

3. LIQUIDITY RISK

The solvency and liquidity of the Volkswagen Group is ensured at all times by rolling liquidity planning, a liquidity reserve in the form of cash, confirmed credit lines and globally available debt issuance programs.

The following overview shows the contractual undiscounted cash flows from financial instruments.

MATURITY ANALYSIS OF UNDISCOUNTED CASH FLOWS FROM FINANCIAL INSTRUMENTS

	Remaining contractual maturities:			2007	Remaining contractual maturities:			2006
€ million	under one year	within one to five years	over five years		under one year	within one to five years	over five years	
Financial liabilities	30,755	27,488	4,001	62,244	31,220	26,620	5,722	63,562
Trade payables	9,244	49	24	9,317	8,216	88	0	8,304
Other financial liabilities	2,367	868	806	4,041	2,369	1,023	436	3,828
Derivatives	21,912	6,205	660	28,777	21,854	7,334	279	29,467
	64,278	**34,610**	**5,491**	**104,379**	**63,659**	**35,065**	**6,437**	**105,161**

Derivatives comprise both cash flows from derivative financial instruments with negative fair values and cash flows from derivatives with positive fair values for which gross settlement has been agreed. The cash outflows from derivatives for which gross settlement has been agreed are matched in part by cash inflows. These cash inflows are not reported in the maturity analysis. If the cash inflows were recognized, the cash flows presented in the maturity analysis would be substantially lower.

4. MARKET RISK

4.1 HEDGING POLICY AND FINANCIAL DERIVATIVES

During the course of its general business activities, the Volkswagen Group is exposed to foreign currency, interest rate, commodity price and fund price risk. Corporate policy is to limit or eliminate such risk by means of hedging. All necessary hedging transactions are executed or coordinated centrally by Group Treasury.

The following table shows the gains and losses on hedges:

€ million	2007	2006
Hedging instruments used in fair value hedges	21	–361
Hedged items used in fair value hedges	–34	350
Ineffective portion of cash flow hedges	–16	5

The ineffective portion of cash flow hedges represents the income and expenses from changes in the fair value of hedging instruments that exceed the fair value of hedged items that are shown to be within the permitted range of 80% to 125% when measuring effectiveness. Such income or expenses are recognized directly in the financial result.

In 2007, €–485 million (previous year: €21 million) from the cash flow hedge reserve was transferred to the net other operating result and €–92 million (previous year: €–46 million) to the financial result.

The Volkswagen Group uses two different methods to present market risk from primary and derivative financial instruments in accordance with IFRS 7. A value-at-risk model is used to measure foreign currency and interest rate risk in the Financial Services Division, while market risk in the Automotive Division is determined using a sensitivity analysis. The value-at-risk calculation entails determining potential changes in financial instruments in the event of variations in interest and exchange rates using a historical simulation based on the last 250 trading days. Other calculation parameters are a holding period of 10 days and a confidence level of 99%. The sensitivity analysis calculates the effect on equity and profit by modifying risk variables within the respective market risks.

4.2 MARKET RISK IN THE FINANCIAL SERVICES DIVISION

Exchange rate risk in the Financial Services Division is mainly attributable to assets that are not denominated in the functional currency and from refinancing within operating activities. Interest rate risk relates to refinancing without matching maturities and the varying interest rate elasticity of individual asset and liability items. The risks are limited by the use of currency and interest rate hedges.

As of December 31, 2007, the value at risk for interest rate risk was €14 million (previous year: €25 million) and €24 million for foreign currency risk (previous year: €29 million).

The entire value at risk for interest rate and foreign currency risk at the Financial Services Division was €37 million (previous year: €36 million).

4.3 MARKET RISK IN THE AUTOMOTIVE DIVISION

4.3.1 Foreign currency risk

Foreign currency risk in the Automotive Division is attributable to investments, financing measures and operating activities. Currency forwards, currency options, currency swaps and cross-currency swaps are used to limit foreign currency risk. These transactions relate to the exchange rate hedging of all payments covering general business activities that are not made in the functional currency of the respective Group companies. The principle of matching currencies applies to the Group's financing activities.

As part of foreign currency risk management, hedging transactions in 2007 related primarily to the US dollar, sterling, the Swiss franc, the Japanese yen, the Swedish krone and the Russian rouble.

All non-functional currencies in which the Volkswagen Group enters into financial instruments are included as relevant risk variables in the sensitivity analysis in accordance with IFRS 7.

If the relevant functional currencies had been measured 10% higher than the other currencies as of December 31, 2007, the hedging reserve in equity and the fair value of the hedges would have been €1,385 million higher (previous year: €1,388 million). If the relevant functional currencies had been measured 10% lower than the other currencies as of December 31, 2007, the hedging reserve in equity and the fair value of the hedges would have been €1,272 million lower (previous year: €947 million).

If the relevant functional currencies had been measured 10% higher than the other currencies as of December 31, 2007, profit would have been €638 million lower (previous year: €346 million). If the relevant functional currencies had been measured 10% lower than the other currencies as of December 31, 2007, profit would have been €685 million higher (previous year: €188 million higher).

4.3.2 Interest rate risk

Interest rate risk in the Automotive Division results from changes in market interest rates, primarily for medium- and long-term variable interest receivables and liabilities. Interest rate swaps, cross-currency swaps and other types of interest rate contracts are entered into to hedge against this risk under fair value or cash flow hedges, depending on market conditions. Intra-Group financing arrangements are normally structured to match the maturities of their refinancing.

Interest rate risk within the meaning of IFRS 7 is calculated for the Automotive Division using sensitivity analyses. The effects of the risk variables in the form of market rates of interest on the financial result and on equity are presented here.

If market interest rates had been 100 bps higher as of December 31, 2007, equity would have been €81 million (previous year: €62 million) lower. If market interest rates had been 100 bps lower as of December 31, 2007, equity would have been €91 million higher (previous year: €66 million).

If market interest rates had been 100 bps higher (lower) as of December 31, 2007, profit would have been €105 million (previous year: €126 million) higher (lower).

4.3.3 Commodity price risk

Commodity price risk in the Automotive Division results from price fluctuations and the availability of non-ferrous metals and precious metals. Forward transactions are entered into to limit these risks. No hedge accounting in accordance with IAS 39 is used for commodity price risk.

Hedging relates to substantial volumes, such as the commodities aluminum and copper, as well as the precious metals platinum, rhodium and palladium.

Commodity price risk within the meaning of IFRS 7 is presented using sensitivity analysis. These show the effect on profit of changes in risk variables in the form of commodity prices.

If the commodity prices of the hedged metals had been 10% higher (lower) as of December 31, 2007, profit would have been €158 million (previous year: €201 million) higher (lower).

4.3.4 Fund price risk

The Spezialfonds (special funds) launched using surplus liquidity are subject in particular to equity and bond price risk, which can arise from fluctuations in quoted market prices, stock exchange indices and market rates of interest. The changes in bond prices resulting from variations in the market rates of interest are quantified in sections 4.3.1 and 4.3.2, as are the measurement of foreign currency and other interest rate risks arising from the special funds. As a rule, we counter the risks arising from the special funds by ensuring a broad diversification of products, issuers and regional markets when investing funds, as stipulated by our Investment Guidelines. In addition, we use exchange rate hedges in the form of futures contracts when market conditions are appropriate. The relevant measures are centrally coordinated by Group Treasury and implemented in operations by the special funds' risk management team.

As part of the presentation of market risk, IFRS 7 requires disclosures on how hypothetical changes in risk variables affect the price of financial instruments. Potential risk variables here are in particular quoted market prices or indices, as well as interest rate changes as bond price parameters.

If share prices had been 10% higher (lower) as of December 31, 2007, equity would have been €16 million (previous year: €178 million) higher (lower).

5. METHODS FOR MONITORING HEDGE EFFECTIVENESS

In the Volkswagen Group, hedge effectiveness is assessed prospectively using the critical terms match method and using statistical methods in the form of a regression analysis. Retrospective analysis of effectiveness uses effectiveness tests in the form of the dollar offset method or a regression analysis.

Under the dollar offset method, the changes in value of the hedged item expressed in monetary units are compared with the changes in value of the hedging instrument expressed in monetary units.

Where regression analysis is used, the change in value of the hedged item is presented as an independent variable, and that of the hedging instrument as a dependent variable. A hedge relationship is classified as effective if it has a coefficient of determination of $R^2 > 0.96$ and a slope factor b of between –0.80 and –1.25.

NOTIONAL AMOUNT OF DERIVATIVES

€ million	Remaining term under one year	within one to five years	over five years	Notional amount Dec. 31, 2007	Notional amount Dec. 31, 2006
Notional amount of hedging instruments used in cash flow hedges:					
Interest rate swaps	3,489	8,671	823	12,983	11,024
Currency forwards	14,453	6,467	–	20,920	20,215
Currency options	4,723	–	–	4,723	6,412
Currency swaps	316	245	–	561	35
Notional amount of other derivatives					
Interest rate swaps	10,411	23,099	584	34,094	30,654
Currency forwards	2,817	351	–	3,168	1,072
Currency swaps	2,039	–	–	2,039	2,119
Cross-currency swaps	1,702	979	8	2,689	2,239
Commodity futures contracts	613	889	–	1,502	1,839

The hedged items in cash flow hedges are expected to be realized in accordance with the maturity buckets of the hedges reported in the table.

The fair values of the derivatives are estimated using market data at the balance sheet date as well as by appropriate valuation techniques. The following term structures were used for the calculation:

in %	EUR	USD	GBP	JPY	RUB	CHF	SEK
Interest rate for six months	4.707	4.596	5.940	0.975	6.880	2.865	4.777
Interest rate for one year	4.745	4.224	5.744	1.052	5.480	2.977	4.777
Interest rate for five years	4.555	4.176	5.093	1.188	7.145	3.063	4.755
Interest rate for ten years	4.720	4.660	5.013	1.665	7.590	3.345	4.897

30 Capital management

The goal of capital management is to ensure that the Group can effectively achieve its goals and strategies in the interests of shareholders, employees and other stakeholders. In particular, management focuses on generating the minimum return on invested assets in the Automotive Division that is required by the capital markets, and on increasing the return on equity in the Financial Services Division. In doing so, it aims to achieve the highest possible growth in the value of the Group and its divisions for the benefit of all the Company's stakeholder groups.

The Volkswagen Group's financial target system focuses systematically on continuously and sustainably increasing the value of the Company. In order to maximize the use of resources in the Automotive Division and to measure the success of this, we have been using value contribution, a control variable linked to the cost of capital, for a number of years.

The concept of value contribution not only allows overall performance to be measured in the Automotive Division, but also in the individual business units, projects and products. In addition, business units and product-specific investment projects can be managed operationally and strategically using the value contribution.

31 Contingent liabilities

€ million	Dec. 31, 2007	Dec. 31, 2006
Liabilities from guarantees	76	56
Liabilities from warranty contracts	27	893
Pledges on company assets as security for third-party liabilities	12	12
Other contingent liabilities	369	192
	484	**1.153**

The previous contingent liabilities disclosed in connection with the disposal of the gedas Group no longer apply due to contractual changes with the purchaser.

In the course of the acquisition of a 100% equity interest in LeasePlan Corporation N.V., Amsterdam, and the subsequent sale of 50% of the shares to two co-investors, Volkswagen AG reached an agreement with the co-investors on put options entitling these investors to sell their shares to Volkswagen AG. These put options can be exercised (a) at any time or (b) under certain conditions within a fixed period. The price of the shares should be the higher of (a) the fair value of the shares as calculated by an expert using a standard valuation method, and (b) the co-investors' initial investment. The fair value of the put options is contained in Other liabilities.

The trust assets and liabilities of the savings and trust entities belonging to the South American subsidiaries not included in the consolidated balance sheet amount to €620 million (previous year: €591 million).

32 Litigation

Neither Volkswagen AG nor any of its Group companies is party to any legal or arbitration proceedings that may have a material effect on the economic position of the Group, or have had such an effect within the last two years. Equally, no such proceedings are foreseeable. Appropriate provisions are established by the Group company concerned for any potential costs arising from other legal or arbitration proceedings pending, or the company has adequate insurance cover.

33 Other financial obligations

€ million	Payable 2008	Payable 2009 – 2012	Payable from 2013	Total Dec. 31, 2007	Total Dec. 31, 2006
Purchase commitments in respect of					
property, plant and equipment	1,526	451	–	1,977	1,604
intangible assets	127	41	–	168	209
investment property	1	–	–	1	0
Obligations from					
irrevocable credit commitments	1,898	–	–	1,898	2,063
loan commitments to subsidiaries	71	–	–	71	84
long-term leasing and rental contracts	250	595	1,264	2,109	1,926
Other financial obligations	476	1,151	305	1,932	179

Starting in fiscal year 2007, other financial obligations also relate to purchase volumes contractually agreed for the next few years with the acquirer of the gedas group.

34 Auditors' fees recognized as expenses

Under the provisions of the German Commercial Code (HGB), Volkswagen AG is obliged to disclose the audit fees of the Group auditors in Germany that are recognized as expenses.

€ thousand	2007	2006
Audits of financial statements	4,751	4,401
Other assurance or valuation services	3,135	186
Tax advisory services	242	384
Other services	1,178	2,219
	9,306	**7,190**

35 Total expense for the period

€ million	2007	2006
Cost of materials		
Cost of raw materials, consumables and supplies, purchased merchandise and services	**72,340**	**66,935**
Personnel expenses		
Wages and salaries	11,722	14,240
Social security, post-employment and other employee benefit costs	2,827	3,160
	14,549	**17,400**

36 Average number of employees during the year

	2007	2006
Performance-related wage-earners	162,013	165,056
Salaried staff	137,095	135,046
	299,108	**300,102**
Apprentices	8,481	8,337
	307,589	**308,439**
Vehicle-producing investments not fully consolidated	21,005	20,160
	328,594	**328,599**

37 Events after the balance sheet date

There were no significant events up to February 18, 2008.

38 Related party disclosures in accordance with IAS 24

Related parties as defined by IAS 24 are natural persons and entities that Volkswagen AG has the ability to control or on which it can exercise significant influence, or natural persons and entities that have the ability to control or exercise significant influence on Volkswagen AG, or are influenced by another related party of Volkswagen AG.

On March 28, 2007, Dr. Ing. h.c. F. Porsche AG held 30.93% of the voting rights of Volkswagen AG and appointed two members of the Supervisory Board. All transactions with Dr. Ing. h. c. F. Porsche AG itself and with other companies affiliated with Dr. Ing. h.c. F. Porsche AG are conducted on an arm's length basis.

On January 20, 2007, the State of Lower Saxony held 20.26% of the voting rights of Volkswagen AG and also appointed two members of the Supervisory Board. Transactions with private companies owned by the State of Lower Saxony are conducted on an arm's length basis.

All transactions with unconsolidated subsidiaries, joint ventures, associates and other related parties are conducted on an arm's length basis.

Members of the Board of Management and Supervisory Board of Volkswagen AG are members of supervisory and management boards of other companies with which Volkswagen AG has relations in the normal course of business. All transactions with these companies are conducted on an arm's length basis.

The amounts of the supplies and services transacted between consolidated companies of the Volkswagen Group and related parties (unconsolidated subsidiaries, joint ventures, associates, Dr. Ing. h. c. F. Porsche AG and other related parties) are presented in the following table:

RELATED PARTIES

	Supplies and services rendered		Supplies and services received	
€ million	**2007**	**2006**	**2007**	**2006**
Supervisory Board members	0	0	0	0
Group Board of Management	0	0	–	0
Unconsolidated subsidiaries	1,124	1,217	411	470
Joint ventures	2,717	2,160	284	328
Associates	0	243	3	42
Pension plans	1	0	0	0
Other related parties	2	25	41	46
Porsche	5,528	4,183	178	142

	Receivables from		Payables to	
€ million	**2007**	**2006**	**2007**	**2006**
Supervisory Board members	0	0	4	3
Group Board of Management	–	0	13	10
Unconsolidated subsidiaries	446	418	109	88
Joint ventures	1,497	1,472	17	111
Associates	1	58	0	4
Pension plans	0	1	0	0
Other related parties	0	38	0	1
Porsche	407	343	46	12

The Board of Management and Supervisory Board of the Volkswagen Group are related parties within the meaning of IAS 24. The following benefits and remuneration were recorded for these persons:

€	**2007**	**2006**
Short-term benefits	19,936,903	16,063,254
Termination benefits	5,950,000	–
Post-employment benefits	1,647,415	2,846,554*
Other long-term benefits	–	–
Share-based payment	78,000	546,950
	27,612,318	**19,456,758**

* Adjusted.

There are outstanding balances for bonuses of the Board of Management members in the amount of €10,850,000 at the end of the fiscal year. The post-employment benefits relate to additions to pension provisions for current members of the Board of Management. The expenses shown above do not correspond to the definition of remuneration of members of the Board of Management and the Supervisory Board in accordance with the German Corporate Governance Code.

39 Notices and disclosure of changes regarding the ownership of voting rights in Volkswagen AG in accordance with the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act)

PORSCHE

Dr. Ing. h.c. F. Porsche Aktiengesellschaft (now: Porsche Automobile Holding SE), Stuttgart, Germany, notified us in accordance with section 21(1) of the WpHG that the share of voting rights held by Dr. Ing. h.c. F. Porsche Aktiengesellschaft in Volkswagen Aktiengesellschaft, Wolfsburg, Germany, exceeded the threshold of 30% on March 28, 2007 and amounted to 30.93% of the voting rights at this date (88,874,462 voting rights).

The following persons notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen AG in each case exceeded the threshold of 30% on March 28, 2007 and in each case amounted to 30.93% (88,874,462 voting rights) at this date.

30.93% of this (88,874,462 voting rights) is attributable to each of them in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The names of the controlled companies via which the voting rights are actually held and whose attributable share of the voting rights amounts to 3% or more are given in brackets:

- Porsche GmbH, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany; Hans-Michel Piëch GmbH, Grünwald/Germany (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany),
- Louise Daxer-Piëch GmbH, Stuttgart/Germany; Ferdinand Alexander Porsche GmbH, Stuttgart/Germany; Gerhard Porsche GmbH, Stuttgart/Germany (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany),
- Hans-Peter Porsche GmbH, Stuttgart/Germany; Wolfgang Porsche GmbH, Stuttgart/Germany (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stuttgart/Germany),
- Louise Daxer-Piëch GmbH, Salzburg/Austria (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany; Louise Daxer-Piëch GmbH, Stuttgart/Germany),
- Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany; Ferdinand Alexander Porsche GmbH, Stuttgart/Germany),
- Gerhard Anton Porsche GmbH, Salzburg/Austria (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany; Gerhard Porsche GmbH, Stuttgart/Germany),
- Ing. Hans-Peter Porsche GmbH, Salzburg/Austria (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stuttgart/Germany; Hans-Peter Porsche GmbH, Stuttgart/Germany),
- Mag. Josef Ahorner, Austria; Mag. Louise Kiesling, Austria; Prof. Ferdinand Alexander Porsche, Austria; Prof. Ferdinand Alexander Porsche, Austria; Mark Philipp Porsche, Austria; Kai-Alexander Porsche, Austria; Dr. F. Oliver Porsche, Austria; Gerhard Anton Porsche, Austria (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany; Louise Daxer-Piëch GmbH, Stuttgart/Germany; Ferdinand

Alexander Porsche GmbH, Stuttgart/Germany; Gerhard Porsche GmbH, Stuttgart/Germany; Louise Daxer-Piëch GmbH, Salzburg/Austria; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Gerhard Anton Porsche GmbH, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Ferdinand Porsche Privatstiftung, Salzburg/Austria),

- Hans-Peter Porsche, Austria; Peter Daniell Porsche, Austria
(Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stuttgart/Germany; Hans-Peter Porsche GmbH, Stuttgart/Germany; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Familie Porsche Privatstiftung, Salzburg/Austria),
- Dr. Wolfgang Porsche, Germany
(Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stuttgart/Germany; Wolfgang Porsche GmbH, Stuttgart/Germany; Hans-Peter Porsche GmbH, Stuttgart/Germany; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Familie Porsche Privatstiftung, Salzburg/Austria),
- Ferdinand Porsche Privatstiftung, Salzburg/Austria
(Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany; Louise Daxer-Piëch GmbH, Stuttgart/Germany; Ferdinand Alexander Porsche GmbH, Stuttgart/Germany; Gerhard Porsche GmbH, Stuttgart/Germany; Louise Daxer-Piëch GmbH, Salzburg/Austria; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Gerhard Anton Porsche GmbH, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria),
- Ferdinand Porsche Holding GmbH, Salzburg/Austria
(Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany; Louise Daxer-Piëch GmbH, Stuttgart/Germany; Ferdinand Alexander Porsche GmbH, Stuttgart/Germany; Gerhard Porsche GmbH, Stuttgart/Germany; Louise Daxer-Piëch GmbH, Salzburg/Austria; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Gerhard Anton Porsche GmbH, Salzburg/Austria),
- Familie Porsche Privatstiftung, Salzburg/Austria
(Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stuttgart/Germany; Hans-Peter Porsche GmbH, Stuttgart/Germany; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria),
- Familie Porsche Holding GmbH, Salzburg/Austria
(Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stuttgart/Germany; Hans-Peter Porsche GmbH, Stuttgart/Germany; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria),
- Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria
(Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany),
- Dr. Hans Michel Piëch GmbH, Salzburg/Austria
(Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Hans Michel Piëch GmbH, Grünwald/Germany) and

- Dr. Ferdinand Piëch, Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria).

The following persons notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen AG in each case also exceeded the threshold of 30% on March 28, 2007 and in each case amounted to 30.93% (88,874,535 voting rights) at this date. 30.93% of this (88,874,535 voting rights) is attributable to each of them in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The names of the controlled companies via which the voting rights are actually held and whose attributable share of the voting rights amounts to 3% or more are given in brackets:

- Porsche GmbH, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Porsche GmbH, Stuttgart/Germany) and
- Porsche Holding Gesellschaft m.b.H., Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Porsche GmbH, Stuttgart/Germany; Porsche GmbH, Salzburg/Austria).

Dr. Hans Michel Piëch, Austria, notified us in accordance with section 21(1) of the WpHG that his share of the voting rights in Volkswagen AG also exceeded the threshold of 30% on March 28, 2007 and amounted to 30.94% (88,886,932 votes) at this date. Of this, 30.93% of the voting rights (88,874,462 voting rights) is attributable to him in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The voting rights attributable to him are held via the following companies controlled by him, whose share of the voting rights in Volkswagen AG amounts to 3% or more in each case:

- Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Hans Michel Piëch GmbH, Grünwald/Germany; Dr. Hans Michel Piëch GmbH, Salzburg/Austria.

STATE OF LOWER SAXONY

Hannoversche Beteiligungsgesellschaft mbH, Hanover, Germany, notified us in accordance with section 41(4a) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) that it held 20.19% of the voting rights (corresponding to 57,953,870 voting shares) of Volkswagen AG, Wolfsburg, Germany, on January 20, 2007.

The State of Lower Saxony, Hanover, Germany, notified us in accordance with section 41(4a) of the WpHG (German Securities Trading Act) that it held 20.26% of the voting rights (corresponding to 58,155,310 voting shares) of Volkswagen AG, Wolfsburg, Germany, on January 20, 2007. Of this amount, 20.19% (corresponding to 57,953,870) of the voting rights are attributable to the State of Lower Saxony via Hannoversche Beteiligungsgesellschaft mbH, Hanover, Germany, in accordance with section 22(1) sentence 1 no. 1 of the WpHG.

The State of Lower Saxony also notified us on January 28, 2008 that it held a total of 58,522,310 ordinary shares as of December 31, 2007. It held 440 VW ordinary shares directly and 58,521,870 ordinary shares indirectly via Hannoversche Beteiligungsgesellschaft mbH (HanBG), which is owned by the State of Lower Saxony.

40 German Corporate Governance Code

On December 20, 2007, the Board of Management and Supervisory Board of Volkswagen AG issued their declaration of conformity with the German Corporate Governance Code as required by section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) and made it permanently available to the shareholders of Volkswagen AG on the Company's website at www.volkswagen.com/ir

On December 5, 2007, the Board of Management and Supervisory Board of AUDI AG likewise issued their declaration of conformity with the German Corporate Governance Code and made it permanently available to the shareholders at www.audi.com

41 Remuneration of the Board of Management and the Supervisory Board

€	2007	2006
Board of Management remuneration		
Non-performance-related remuneration	4,810,736	5,009,987
Performance-related remuneration	10,850,000	8,210,000
Stock options exercised or subscribed	837,150	546,950
Fair value of stock options held at reporting date	7,950,150	1,929,950
Supervisory Board remuneration		
Fixed remuneration components	307,192	306,142
Variable remuneration components	3,968,975	2,537,125
Loans to Supervisory Board members	21,218	18,160

The fixed remuneration also includes differing levels of remuneration for the assumption of appointments at Group companies as well as non-cash benefits, which consist in particular of the use of company cars and the grant of insurance cover. The additional annual variable amount paid to each member of the Board of Management contains annually recurring components tied to the business success of the Company. It is primarily oriented on the results achieved and the financial position of the Company.

On December 31, 2007 the pension provisions for members of the Board of Management amounted to €30,334,447 (previous year: €21,907,510). Current pensions are index-linked in accordance with the index-linking of the highest collectively agreed salary insofar as the application of section 16 of the Gesetz zur Verbesserung der betrieblichen Altersversorgung (BetrAVG – German Company Pension Act) does not lead to a larger increase. The members of the Board of Management are entitled to the retirement pension in the event of disability, and to payment of their normal remuneration for six months in the event of illness. Surviving dependents receive a widow's pension of 66 2/3% and 20% orphan's pension per child based on the pension of the former member of the Board of Management.

Retired members of the Board of Management and their surviving dependents received €8,688,685 (previous year: €10,189,421). Provisions for pensions for this group of people were recognized in the amount of €107,971,788 (previous year: €118,976,976).

Loans of €21,218 have been granted to members of the Supervisory Board (amount redeemed in 2007: €17,778). The loans generally bear interest at a rate of 4.0% and have an agreed term of up to 12.5 years.

The individual remuneration of the members of the Board of Management and the Supervisory Board is explained in the Remuneration Report in the Management Report (see page 100).

Significant Group Companies

Automotive Division

Name, location	Equity interest in %
VOLKSWAGEN AG, Wolfsburg	
Volkswagen Sachsen GmbH, Zwickau	100.00
AUDI BRUSSELS S.A., Brussels/Belgium	100.00
VOLKSWAGEN SLOVAKIA, a.s., Bratislava/Slovak Republic	100.00
SITECH Sitztechnik GmbH, Wolfsburg	100.00
Volkswagen Navarra, S.A., Arazuri (Navarra)/Spain	100.00
AUTOEUROPA-AUTOMÓVEIS LDA., Quinta do Anjo/Portugal	100.00
Volkswagen Motor Polska Sp.z o.o., Polkowice/Poland	100.00
Volkswagen-Audi España, S.A., El Prat de Llobregat (Barcelona)/Spain	100.00
Volkswagen Original Teile Logistik GmbH & Co. KG, Baunatal	52.76
VOLKSWAGEN Group United Kingdom Ltd., Milton Keynes/United Kingdom	100.00
Groupe VOLKSWAGEN France s.a., Villers-Cotterêts/France	100.00
Volkswagen Logistics GmbH & Co. OHG, Wolfsburg	100.00
VW Kraftwerk GmbH, Wolfsburg	100.00
Automobilmanufaktur Dresden GmbH, Dresden	100.00
Volkswagen Poznan Sp.z o.o., Poznan/Poland	100.00
Volkswagen Group Sverige Aktiebolag, Södertälje/Sweden	100.00
Auto 5000 GmbH, Wolfsburg	100.00
VOLKSWAGEN GROUP OF AMERICA, INC., Auburn Hills, Michigan/USA	100.00
Volkswagen Group Canada Inc., Ajax, Ontario/Canada	100.00
VOLKSWAGEN Group Japan K.K., Toyohashi/Japan	100.00
Volkswagen Tokyo K.K., Tokyo/Japan	100.00
VOLKSWAGEN GROUP AUSTRALIA PTY LTD., Botany/Australia	100.00
VOLKSWAGEN Group RUS OOO, Kaluga/Russia	100.00
OOO VOLKSWAGEN Rus, Kaluga/Russia	80.10
AUDI AG, Ingolstadt	99.14
AUDI HUNGARIA MOTOR Kft., Györ/Hungary	100.00
Audi Volkswagen Korea Ltd., Seoul/Korea	100.00
Audi Volkswagen Middle East FZE, Dubai	100.00
Automobili Lamborghini Holding S.p.A., Sant'Agata Bolognese/Italy	100.00
VOLKSWAGEN GROUP ITALIA S.P.A. , Verona/Italy	100.00
Audi Japan K.K., Tokyo/Japan	100.00
Audi Canada Inc., Ajax, Ontario/Canada	100.00
Audi of America, LLC, Auburn Hills, Michigan/USA	100.00

Automotive Division

Name, location	Equity interest in %
SEAT, S.A., Martorell, Barcelona/Spain	100.00
SEAT Deutschland GmbH, Mörfelden-Walldorf	100.00
Gearbox del Prat, S.A., El Prat de Llobregat (Barcelona)/Spain	100.00
ŠKODA AUTO a.s., Mladá Boleslav/Czech Republic	100.00
ŠkodaAuto Deutschland GmbH, Weiterstadt	100.00
ŠKODA AUTO Slovensko s.r.o., Bratislava/Slovak Republic	100.00
ŠKODA AUTO INDIA PRIVATE LIMITED, Aurangabad/India	100.00
ŠKODA AUTO Polska, S.A., Poznan/Poland	51.00
BENTLEY MOTORS LIMITED, Crewe/United Kingdom	100.00
Volkswagen de Mexico, S.A. de C.V., Puebla/Pue./Mexico	100.00
Volkswagen do Brasil Ltda., São Bernardo do Campo, SP/Brazil	100.00
Volkswagen Argentina S.A., Buenos Aires/Argentina	100.00
Volkswagen of South Africa (Pty.) Ltd., Uitenhage/South Africa	100.00
Shanghai-Volkswagen Automotive Company Ltd., Shanghai/P.R. China[1]	50.00
FAW-Volkswagen Automotive Company, Ltd., Changchun/P.R. China[1]	40.00
Volkswagen (China) Investment Company Ltd., Beijing/ P.R. China	100.00
Volkswagen Group Services S.A., Brussels/Belgium	100.00
Volkswagen International Finance N.V., Amsterdam/The Netherlands	100.00
MAN Aktiengesellschaft, Munich[2]	28.67
SCANIA Aktiebolag, Södertälje/Sweden[3]	20.59

1 Joint ventures are accounted for using the equity method.
2 The interest in MAN conveys 29.9% of the voting rights and thus differs from the equity interest. The company is accounted for using the equity method.
3 The interest in SCANIA conveys 37.44% of the voting rights and thus differs from the equity interest. The company is accounted for using the equity method.

Financial Services Division

Name, location	Equity interest in %
VOLKSWAGEN FINANCIAL SERVICES AG, Braunschweig	100.00
Volkswagen Leasing GmbH, Braunschweig	100.00
Volkswagen Bank GmbH, Braunschweig	100.00
Volkswagen Reinsurance AG, Braunschweig	100.00
Volkswagen-Versicherungsdienst GmbH, Wolfsburg	100.00
VOLKSWAGEN FINANCE, S.A., Alcobendas (Madrid)/Spain	100.00
Volkswagen Finance S.A., Villers-Cotterêts/France	100.00
Volkswagen Financial Services (UK) Ltd., Milton Keynes/United Kingdom	100.00
Volkswagen Financial Services N.V., Amsterdam/The Netherlands	100.00
VOLKSWAGEN FINANCIAL SERVICES JAPAN LTD., Tokyo/Japan	100.00
ŠkoFIN s.r.o., Prague/Czech Republic	100.00
Global Mobility Holding B.V., Amsterdam/The Netherlands[1, 2]	50.00
LeasePlan Corporation N.V., Amsterdam/The Netherlands	–
Volkswagen Pon Financial Services B.V., Amersfoort/The Netherlands[1]	60.00
VW CREDIT, INC., Wilmington, Delaware/USA	100.00
VOLKSWAGEN LEASING SA DE CV, Puebla/Mexico	100.00
Financial services companies in Brazil, São Paulo/Brazil	100.00
Financial services companies in Argentina, Buenos Aires/Argentina	100.00

1 Joint ventures are accounted for using the equity method.
2 Global Mobility Holding B.V., Amsterdam, holds all shares of LeasePlan Corporation N.V., Amsterdam.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Wolfsburg, February 18, 2008

Volkswagen Aktiengesellschaft

The Board of Management

Martin Winterkorn

Francisco Javier Garcia Sanz

Jochem Heizmann

Horst Neumann

Hans Dieter Pötsch

Auditors' Report

On completion of our audit, we issued the following unqualified auditors' report dated February 19, 2008. This report was originally prepared in German. In case of ambiguities, the German version takes precedence:

"Auditors' report

We have audited the consolidated financial statements prepared by VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, comprising the income statement, the balance sheet and the statements of recognized income and expense and cash flows as well as the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the Company for the business year from January 1 to December 31, 2007. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the Company's Board of Management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Article 315a paragraph 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Hanover, February 19, 2008

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Norbert Winkeljohann
Wirtschaftsprüfer

Harald Kayser
Wirtschaftsprüfer

Balance Sheet of Volkswagen AG as of December 31, 2007

€ million		Note	Dec. 31, 2007	Dec. 31, 2006
Assets				
Fixed assets		**1**		
Intangible assets			210	243
Tangible assets			3,956	4,666
Long-term financial assets			22,906	18,674
			27,072	**23,583**
Current assets				
Inventories		2	3,189	2,785
Receivables and other assets		3	12,184	10,641
Securities		4	1,343	2,378
Cash-in-hand and bank balances			4,590	6,193
			21,306	**21,997**
Prepaid expenses			**54**	**22**
Total assets			**48,432**	**45,602**
Equity and Liabilities				
Equity				
Subscribed capital		5	1,015	1,004
Ordinary shares	746			
Preferred shares	269			
Contingent capital	116			
Capital reserves		6	5,142	4,942
Revenue reserves		7	4,522	3,802
Net retained profits			745	506
			11,424	**10,254**
Special tax-allowable reserves		**8**	**75**	**81**
Provisions		**9**	**21,336**	**18,849**
Liabilities		**10**	**15,595**	**16,418**
Deferred income			**2**	**–**
Total equity and liabilities			**48,432**	**45,602**

Income Statement of Volkswagen AG for the Period January 1 to December 31, 2007

€ million	Note	2007	2006
Sales	**11**	**55,218**	**53,036**
Cost of sales		53,652	54,238
Gross profit on sales		**+1,566**	**–1,202**
Selling expenses		3,226	3,377
General and administrative expenses		637	602
Other operating income	12	3,443	2,844
Other operating expenses	13	2,134	1,669
Financial result	14	+4,185	+5,216
Write-downs of long-term financial assets and securities classified as current assets		386	1,165
Result from ordinary activities		**+2,811**	**+45**
Taxes on income		1,356	–900
Net income for the year		**1,455**	**945**

Notes to the Annual Financial Statements of Volkswagen AG for the Period ended December 31, 2007

Financial statements in accordance with the German Commercial Code

The annual financial statements of Volkswagen AG have been prepared in accordance with the provisions of the Handelsgesetzbuch (HGB – German Commercial Code) and comply with the provisions of the Aktiengesetz (AktG – German Stock Corporation Act).

To enhance the clarity of presentation, we have combined individual items of the balance sheet and the income statement. These items are disclosed separately in the notes. The income statement uses the cost of sales (function of expense) format to enable better international comparability.

Volkswagen AG is a vertically integrated energy company within the meaning of section 3 no. 38 of the Energiewirtschaftsgesetz (EnWG – German Energy Industry Act) and is therefore subject to the provisions of the EnWG. In the electricity sector, both Volkswagen AG and a subsidiary carry out the functions of generation and sales as well as electricity distribution. To prevent discrimination and cross-subsidies, separate accounts must as a rule be maintained for these functions in accordance with section 10(3) of the EnWG. In addition, a balance sheet and income statement that comply with the provisions contained in section 10(1) of the EnWG must be prepared for each area of activity. (Unbundling requirement in internal accounting systems). As Volkswagen AG's electricity distribution activities (site network) do not serve the purpose of general provision and are also extremely insignificant, Volkswagen AG has not reported these activities separately and has limited itself to preparing a separate presentation of its other activities within the electricity sector in accordance with the purpose of the EnWG to prevent discrimination and cross-subsidies.

The list of all shareholdings can be downloaded from the electronic companies register at www.unternehmensregister.de and from www.volkswagenag.com/ir under the heading "Mandatory Publications" and the menu item "Annual Reports".

Declaration on the German Corporate Governance Code in accordance with section 161 of the AktG/section 285 no. 16 of the HGB

The Board of Management and Supervisory Board of Volkswagen AG issued the declaration of conformity in accordance with section 161 of the AktG on December 20, 2007.

The declaration of conformity has been made permanently available at www.volkswagenag.com/ir

Significant events in the fiscal year

As part of the continued realignment of our foreign equity investments, we contributed the shares in the subsidiaries Škoda and VW Group Rus at their fair values amounting to a total of €924 million to our intermediate holding company in the Netherlands. This generated a book gain of €69 million, which was reported in other income from investments.

In the course of the restructuring of our equity investments in Brazil, the Truck & Bus division was spun off from VW do Brasil and contributed at its fair value of €496 million to the newly formed VW Caminhões e Ônibus. The attributable gross book value and the write-down recognized in previous years were recorded as disposals.

In addition, the financial services activities in Brazil were restructured and bundled together in VW Financial Services.

Our equity investment in the Belgian company VW Group Services was increased by €1,150 million.

A further €840 million was invested in long-term investments.

Accounting policies

In most cases, the accounting policies applied in the previous year were retained. Any changes in specific instances are individually addressed in the following.

Intangible assets are carried at cost and amortized over three to five years using the straight-line method. Grants paid for third-party assets are capitalized as purchased rights to use and amortized over five years.

Tangible assets are carried at cost and reduced by depreciation. Investment grants are deducted from cost.

Production costs are recognized on the basis of directly attributable material and labor costs, as well as proportionate indirect material and labor costs, including depreciation and amortization. Administrative cost components are not included.

Depreciation is based primarily on the following useful lives derived from the official tax depreciation tables:

> Buildings:	25 – 50 years
> Leasehold improvements:	10 – 25 years
> Technical equipment and machinery:	5 – 12 years
> Operating and office equipment (including special tools and devices):	3 – 14 years

To the extent allowed by tax law, depreciation of movable items of tangible assets is initially charged using the declining balance method, and subsequently using the straight-line method, and also reflects the use of assets in multi-shift operation.

Additions of movable assets are depreciated ratably in the year of acquisition.

Low-value assets are written off in full in the year of acquisition and derecognized. In addition, certain items of operating and office equipment with individual purchase costs of up to €1,500 are treated as disposals when their standard useful life has expired.

The differences between the carrying amounts required by the HGB and the lower carrying amounts allowed under tax law are recorded in the special tax-allowable reserves presented between equity and liabilities in the balance sheet.

Shares in affiliated companies and other equity investments are carried at the lower of cost and net realizable value.

Long-term investments are carried at cost.

Non- or low-interest-bearing loans are carried at their present value; other loans are carried at their principal amount.

Raw materials, consumables and supplies, and merchandise, carried in inventories are measured at the lower of average cost and replacement cost.

In addition to direct materials and direct labor costs, the carrying amount of work in progress also includes proportionate indirect materials and labor costs, including depreciation in the amount required under tax law.

Adequate valuation allowances take account of all identifiable storage and inventory risks.

Receivables and other assets are carried at their principal amounts. Valuation allowances are recognized for identifiable specific risks.

Receivables due after more than one year are carried at their present value at the balance sheet date by applying an interest rate to match the maturity.

Receivables denominated in foreign currencies are translated at the exchange rate prevailing at the date of initial recognition. A lower exchange rate at the balance sheet date results in the remeasurement of the receivable at a lower carrying amount, with the difference recognized in the income statement; higher exchange rates at the balance sheet date (remeasurement gains) are not recognized. Hedged receivables are not remeasured at the closing rate.

Purchased foreign currency and interest rate options are carried at the lower of cost or fair value until maturity.

Securities classified as current assets are carried at the lower of cost or fair value.

Adequate provisions are recognized for identifiable risks and uncertain obligations on the basis of prudent business judgment. Provisions cover all identifiable risks of future settlement.

Provisions for pensions and similar obligations are carried at the actuarial present value computed using the German entry age normal method and reflect current mortality tables. A discount rate of 5.5% was used for the first time in 2007. The previous discount rate was 6%. This change in the discount rate, which reflects current market developments, reduced earnings by €495 million in the fiscal year.

Since fiscal year 2001, pension obligations relating to employees covered by collective wage agreements have been linked to a pension fund model.

Provisions for jubilee payments are discounted at 5.5% per annum, reflecting tax recognition and measurement provisions.

Provisions for obligations under partial retirement arrangements are discounted to the present value at a real discount rate of 3.2%.

Provisions for warranty obligations are recognized on the basis of the historical or estimated probability of claims affecting vehicles delivered.

Currency forwards are measured by comparing the agreed rate with the forward rate for the same maturity at the balance sheet date. A provision is recognized for any resulting unrealized loss. Any positive gains (remeasurement gains) are not recognized. Gains and losses are not offset. Measurement gains or losses are discounted to the present value.

Liabilities are carried at their redemption or settlement amount.

Liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the date of initial recognition. A higher exchange rate at the balance sheet date results in the remeasurement of the receivable at a higher carrying amount, with the difference recognized in the income statement. Lower exchange rates at the balance sheet date (remeasurement gains) are not recognized.

The amount of contingent liabilities disclosed corresponds to the liable amount.

In the income statement, the allocation of expenses to the cost of sales, selling and general and administrative functions is based on cost accounting principles.

Cost of sales contains all expenses relating to the purchase of materials and the production function, the costs of merchandise, the cost of research and development, and warranties and product liability expenses.

Selling expenses include personnel and non-personnel operating costs of our sales and marketing activities, as well as shipping, advertising, sales promotion, market research and customer service costs.

General and administrative expenses include personnel and non-personnel operating costs of the administrative functions.

Other taxes are allocated to the consuming functions.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rates prevailing at the transaction dates or at agreed exchange rates. Expected exchange rate losses at the balance sheet date are reflected in the measurement of the items. Equity investments are translated at the rate prevailing at the date of acquisition.

To hedge future cash flows – primarily from expected future sales, purchases of materials and credit transactions – against currency and interest rate fluctuations, Volkswagen AG uses derivatives such as currency forwards and options, including structured options, as well as interest-rate hedges, such as caps. Such transactions are measured in accordance with the imparity principle (under which expected or unrealized losses must be recognized, but the recognition of unrealized gains is prohibited). Assets or liabilities hedged by cross-currency swaps and currency forwards are translated at the contractually agreed rates at the time of initial recognition.

Balance Sheet Disclosures

(1) FIXED ASSETS

The classification of the assets combined in the balance sheet and their changes during the year are presented on pages 272 to 273. The carrying amount of fixed assets is €27,072 million at the balance sheet date. Fixed assets are composed of intangible assets, tangible assets and long-term financial assets.

Capital expenditures amounted to:

€ million	2007	2006
Intangible assets	53	74
Tangible assets	1,058	869
Long-term financial assets	6,841*	7,796
Total	7,952	8,739

* including €1,848 million of additions relating to the contribution of further shares in affiliated companies via Volkswagen International Finance N.V. to Global Automotive C.V., Amsterdam, our intermediate holding company for our foreign equity investments. A further €834 million relates to the restructuring of our equity investment in Brazil.

Depreciation, amortization and write-downs were charged on:

€ million	2007	2006
Intangible assets	87	84
Tangible assets	1,742	1,940
Long-term financial assets	364	1,165
Total	2,193	3,189

As well as the above-mentioned restructuring measures, the additions to shares in affiliated companies and other equity investments primarily relate to capital contributions at VW Group Services S.A., VW Financial Services AG, AUDI AG and VW of America, the purchase of shares in MAN AG and Scania AB as well as newly formed companies in India and Russia.

Most of the disposals of shares in affiliated companies result from the contribution of companies to the Dutch intermediate holding company and from the restructuring in Brazil.

Volkswagen AG invested a further €840 million in long-term investments in 2007.

Long-term investments also include bonds issued by an affiliated company in the amount of €1 million. They also include the shares in securities investment funds held by Volkswagen Pension Trust e. V. in trust for Volkswagen AG amounting to €1,865 million. These represent the values of employee Time Assets transferred to the Pension Trust and the contribution of the annual benefit expense to the pension fund.

Reversals of write-downs of long-term financial assets relate almost exclusively to the carrying amount of the investment in VW do Brasil.

STATEMENT OF CHANGES IN FIXED ASSETS OF VOLKSWAGEN AG

	Gross carrying amounts				
	Cost Jan. 1, 2007	Additions	Transfers	Disposals	Cost Dec. 31, 2007
€ million					
Intangible assets					
Concessions, industrial and similar rights and assets and licenses in such rights and assets	500	53	1	20	534
	500	**53**	**1**	**20**	**534**
Tangible assets					
Land, land rights and buildings and buildings on third-party land	4,454	24	6	7	4,477
Technical equipment and machinery	9,590	245	86	371	9,550
Other equipment, operating and office equipment	13,057	542	86	429	13,256
Payments on account and assets under construction	236	247	–179	8	296
	27,337	**1,058**	**–1**	**815**	**27,579**
Long-term financial assets					
Shares in affiliated companies	13,258	5,067*	0	2,638*	15,687
Loans to affiliated companies	138	21	–	2	157
Other equity investments	4,587	913	0	101	5,399
Loans to other investees and investors	7	0	–	0	7
Long-term investments	2,773	840	–	30	3,583
Other loans	79	–	–	0	79
	20,842	**6,841**	**–**	**2,771**	**24,912**
Total fixed assets	**48,679**	**7,952**	**–**	**3,606**	**53,025**

* Thereof from the transfer to Global Mobility Holding: additions €1,848 million, disposals €1,779 million.

Depreciation, amortization and write-downs						Carrying amounts	Carrying amounts
Cumulative depreciation, amortization and write-downs Jan. 1, 2007	Depreciation, amortization and write-downs in current year	Disposals	Transfers	Reversals of write-downs	Cumulative depreciation, amortization and write-downs Dec. 31, 2007	Dec. 31, 2007	Dec. 31, 2006
257	87	21	1	–	324	210	243
257	**87**	**21**	**1**	**–**	**324**	**210**	**243**
3,293	103	4	–2	–	3,390	1,087	1,161
8,664	439	366	0	–	8,737	813	926
10,714	1,200	419	1	–	11,496	1,760	2,343
–	–	–	–	–	–	296	236
22,671	**1,742**	**789**	**–1**	**–**	**23,623**	**3,956**	**4,666**
2,000	364	154	–	372	1,838	13,849	11,258
0	–	–	–	0	0	157	138
166	–	–	–	–	166	5,233	4,421
2	–	0	–	0	2	5	5
–	–	–	–	–	–	3,583	2,773
0	–	0	–	0	0	79	79
2,168	**364**	**154**	**–**	**372**	**2,006**	**22,906**	**18,674**
25,096	**2,193**	**964**	**–**	**372**	**25,953**	**27,072**	**23,583**

(2) INVENTORIES

€ million	Dec. 31, 2007	Dec. 31, 2006
Raw materials, consumables and supplies	554	506
Work in progress	637	552
Finished goods and merchandise	1,939	1,718
Payments on account	59	9
	3,189	**2,785**

(3) RECEIVABLES AND OTHER ASSETS

€ million	Dec. 31, 2007	Dec. 31, 2006
Trade receivables	1,143	1,118
due after more than one year	(–)	(0)
Receivables from affiliated companies	8,429	7,031
thereof trade receivables	(1,121)	(952)
due after more than one year	(1,483)	(811)
Receivables from other investees and investors	319	305
thereof trade receivables	(166)	(69)
due after more than one year	(–)	(15)
Other assets	2,293	2,187
due after more than one year	(1,093)	(1,133)
	12,184	**10,641**

In addition to trade receivables, receivables from affiliated companies are composed primarily of receivables relating to profit distributions, including income tax allocations, and short- and medium-term loans.

Other assets primarily include tax and cost reimbursements that are not yet due (€1,480 million and €210 million respectively), rights from foreign currency option transactions entered into (€93 million) and deferred interest receivables (€20 million).

(4) SECURITIES

€ million	Dec. 31, 2007	Dec. 31, 2006
Other securities	1,343	2,378
	1,343	**2,378**

(5) SUBSCRIBED CAPITAL

The subscribed capital of Volkswagen AG is composed of no-par value bearer shares with a notional value of €2.56 each.

Because of the capital increase implemented in fiscal year 2007 due to the exercise of conversion rights from the fourth, fifth, sixth and seventh tranches of the stock option plan, the subscribed capital increased by a total of €11 million to €1,015 million.

The subscribed capital is composed of 291,337,267 no-par value ordinary shares and 105,238,280 preferred shares.

The Annual General Meeting on May 3, 2006 resolved to create authorized capital of up to €90 million, expiring on May 2, 2011, to issue new no-par value ordinary bearer shares. According to the resolution adopted by the Annual General Meeting on April 22, 2004, further authorized capital of up to €400 million has been created that expires on April 21, 2009.

There is also contingent capital of €100 million to issue up to 39,062,500 ordinary and/or preferred shares. This contingent capital will only be implemented to the extent that the holders of convertible bonds issued up to April 21, 2009 exercise their conversion rights.

Stock option plan

The Board of Management, with the consent of the Supervisory Board, exercised the authorization given by the Annual General Meeting on April 16, 2002 to implement a stock option plan. Contingent capital of €16.5 million was created for this purpose. The contingent capital increase will only be implemented to the extent that the holders of convertible bonds issued on the basis of the authorization by the Annual General Meeting to establish a stock option plan exercise their conversion rights.

The stock option plan entitles the optionees – the Board of Management, Group senior executives and management, as well as employees of Volkswagen AG covered by collective pay agreements – to purchase options on shares of Volkswagen AG by subscribing for convertible bonds at a price of €2.56 each. Each bond is convertible into ten ordinary shares.

The stock options are not accounted for until the exercise date. The conversion price then received for the new shares is credited to subscribed capital or capital reserves.

The conversion prices and periods following expiration of the first three tranches are shown in the following table. The information on the fourth tranche is presented as data for fiscal year 2007, although this tranche has now also expired.

€	4th tranche	5th tranche	6th tranche	7th tranche	8th tranche
Base conversion price per share	51.52	36.54	38.68	37.99	58.18
Conversion price					
as from June 19, 2004	56.67				
as from publication of interim report for Jan. – Sept. 2004	59.25				
as from July 12, 2005		40.19			
as from publication of interim report for Jan. – Sept. 2005	61.82	42.02			
as from July 10, 2006			42.55		
as from publication of interim report for Jan. – Sept. 2006	64.40	43.85	44.48		
as from July 9, 2007				41.79	
as from publication of interim report for Jan. – Sept. 2007		45.68	46.42	43.69	
as from July 8, 2008					64.00
as from publication of interim report for Jan. – Sept. 2008			48.35	45.59	66.91
as from publication of interim report for Jan. – Sept. 2009				47.49	69.82
as from publication of interim report for Jan. – Sept. 2010					72.73
Beginning of conversion period	June 19, 2004	July 12, 2005	July 10, 2006	July 9, 2007	July 8, 2008
End of conversion period	June 11, 2007	July 4, 2008	July 2, 2009	July 1, 2010	June 30, 2011

The total value at December 31, 2007 of the convertible bonds issued at €2.56 per convertible bond was €964,648.96 (= 376,816 bonds), conveying the right to purchase 3,768,160 ordinary shares. The liabilities from convertible bonds are recognized under other liabilities. In fiscal year 2007, 11,503 convertible bonds with a value of €29,447.68 were returned by employees who have since left the Company. 435,720 conversion rights from the fourth, fifth, six and seventh tranches with a nominal value of €1,115,443.20 have been exercised. 4,357,200 shares with a notional value of €11,154,432.00 were thus issued.

Changes in the rights to stock options granted (fifth to eighth tranches) are shown in the following table:

	Nominal value of convertible bonds	Number of conversion rights	Number of potential ordinary shares
	€	Rights	Shares
Balance at Jan. 1, 2007	**2,109,539.84**	**824,039**	**8,240,390**
Exercised in the fiscal year	1,115,443.20	435,720	4,357,200
Returned in the fiscal year	29,447.68	11,503	115,030
Balance at Dec. 31, 2007	**964,648.96**	**376,816**	**3,768,160**

(6) CAPITAL RESERVES

€ million	Dec. 31, 2007	Dec. 31, 2006
	5,142	**4,942**

The capital reserves comprise the share premium of a total of €4,816 million from the capital increases, the share premium of €219 million from the issue of bonds with warrants, and an amount of €107 million appropriated on the basis of the capital reduction implemented in the previous fiscal year. The share premium from the capital increase resulting from the exercise of conversion rights from the stock option plan increased the capital reserves by €200 million in fiscal year 2007. No amounts were withdrawn from the capital reserves.

(7) REVENUE RESERVES

€ million	Dec. 31, 2007	Dec. 31, 2006
Legal reserve	31	31
Other revenue reserves	4,491	3,771
	4,522	**3,802**

In accordance with section 58(2) of the AktG, a total of €720 million was appropriated from net income for the year to other revenue reserves.

(8) SPECIAL TAX-ALLOWABLE RESERVES

€ million	Dec. 31, 2007	Dec. 31, 2006
Tax-free reserves	0	–
Accelerated tax depreciation	75	81
	75	**81**

The accelerated tax depreciation at Volkswagen AG relates to write-downs in accordance with section 3(2) of the Zonenrandförderungs-Gesetz (German Zonal Border Development Act), section 6b of the Einkommensteuergesetz (EStG – German Income Tax Act)/section 35 of the Einkommensteuerrichtlinien (EStR – German Income Tax Regulations), section 7d of the EStG and section 82d of the Einkommensteuer-Durchführungsverordnung (EStDV – German Income Tax Implementing Order).

There is a small amount of tax-free reserves in accordance with section 6b of the EStG and section 35 of the EStR.

(9) PROVISIONS

€ million	Dec. 31, 2007	Dec. 31, 2006
Provisions for pensions and similar obligations	8,850	8,019
Provisions for taxes	3,077	2,067
Other provisions	9,409	8,763
	21,336	**18,849**
thereof: short-term (up to 1 year)	5,902	4,914
medium-term	6,593	5,628
long-term (over 5 years)	8,841	8,307
	21,336	**18,849**

Among other items, other provisions include provisions for warranties (€2.9 billion), personnel expenses (€2.6 billion mainly for long-service jubilees, partial retirement arrangements, obligations under Time Assets and other workforce costs) and other selling expenses (€1.4 billion).

(10) LIABILITIES

€ million	Due within 1 year	Total Dec. 31, 2007	Total Dec. 31, 2006	Due within 1 year
Type of liability				
Liabilities to banks	122	122	129	129
Payments received on account of orders	88	88	50	50
Trade payables	1,367	1,367	1,209	1,209
Liabilities to affiliated companies	12,993	13,119	14,397	14,102
Liabilities to other investees and investors	62	62	50	50
Other liabilities	604	837	583	378
thereof: taxes	(62)	(62)	(8)	(8)
social security	(8)	(8)	(8)	(8)
	15,236	**15,595**	**16,418**	**15,918**

€1,828 million (previous year: €2,089 million) of the liabilities to affiliated companies and €29 million (previous year: €21 million) of the liabilities to other investees and investors relate to trade payables. €11,020 million (previous year: €11,973 million) of the liabilities is interest-bearing. €60 million (previous year: € – million) of other liabilities relates to liabilities due after more than five years. Standard retention of title applies to the liabilities from deliveries of goods contained in the amounts shown above.

Contingencies and commitments

Contingent liabilities

€ million	Dec. 31, 2007	Dec. 31, 2006
Contingent liabilities from guarantees	129	124
Contingent liabilities from warranties	13,000	17,628
of which relating to affiliated companies	(21)	(21)
Granting of security for third-party liabilities	127	171
Total	**13,256**	**17,923**

Contingent liabilities from warranties relate primarily to guarantees given to creditors of subsidiaries for bonds issued by these subsidiaries and related swap transactions entered into.

Other financial commitments

Loan commitments to subsidiaries result in financial obligations of approximately €2.3 billion until no longer than 2012.

The financial obligations resulting from rental and leasing agreements amount to a total of €555 million (previous year: €628 million), of which €106 million is due in 2008. Agreements with a term of up to five years – with expenditures in 2008 amounting to €61 million (including €16 million to affiliated companies) – are expected to account for a total of €135 million (including €43 million to affiliated companies). For agreements with terms of up to 21 years, the financial obligations over the entire remaining contractual term amount to approximately €420 million, including €89 million to affiliated companies (€44 million in 2008, including €11 million to affiliated companies).

Around 38 hectares of land (carrying amount €3 million) are encumbered by heritable building rights.

In conjunction with the acquisition of a 100% interest in LeasePlan Corporation N.V. and the subsequent sale of 50% of the interest to two co-investors, Volkswagen has granted the co-investors put options that entitle the co-investors to sell their interests to Volkswagen. These put options may be exercised (a) at any time and (b) if certain events occur within a defined period. The price agreed for the interests was the greater of (a) the fair value of the interests as determined by an expert using recognized valuation models, and (b) the original acquisition price paid by the co-investors. The value of the option is determined using a recognized option pricing model. The following key parameters were assumed: volatility (22%), risk-free rate (4.1%) and growth factors derived from projections. It amounted to €–26 million as of December 31, 2007.

In the course of the formation of VW Rus, the co-investors were granted a put option that entitles them to return their interest to VW Rus at cost plus an appropriate return after 6 years. The option had a negative fair value of €–30 million as of December 31, 2007. This amount was recognized in other provisions due to the potential exercise of the option.

Sales guarantees totaling €1.7 billion up to 2013 were entered into in the course of the sale of the gedas group; €0.4 billion of these relates to 2008.

In accordance with Art. 5(10) of the statutes of the Einlagensicherungsfonds (deposit protection fund), Volkswagen AG has given an undertaking to indemnify Bundesverband deutscher Banken e.V., Cologne, against any losses incurred that are attributable to measures taken by it in favor of a majority-owned bank.

Volkswagen AG has liabilities from its investments in commercial partnerships.

The purchase commitment for capital expenditure projects is within the normal levels.

Derivatives

€ million	Notional amount		Fair value	
Type and volume	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2006
Interest rate swaps	2	2		
negative fair values			0	0
Currency futures contracts	15,680	15,242	1,177	355
thereof: currency purchases	1,818	2,515		
thereof: positive fair values			7	10
negative fair values			–134	–51
Currency sales	13,862	12,727		
thereof: positive fair values			1,326	518
negative fair values			–22	–122
Currency option contracts	4,470	6,412		
Positive fair values			323	337
Commodity futures contracts	1,502	1,839		
thereof: positive fair values			219	231
negative fair values			–8	–29

MEASUREMENT METHODS

The fair values of derivatives are determined on the basis of the market data provided by recognized financial information service providers.

Balance sheet items and carrying amounts

Derivatives are contained in the following balance sheet items at the amounts shown:

€ million		Carrying amount	
Type	**Balance sheet item**	**Dec. 31, 2007**	**Dec. 31, 2006**
Option premiums	Other assets	93	156
Expected losses from open currency forwards	Other provisions	156	173
Expected losses from open commodity future contracts	Other provisions	8	29
Deferred interest from interest rate swaps	Bank balances/ Liabilities to banks	0	0

Income Statement Disclosures

(11) SALES

€ million	2007	%	2006	%
by region				
Germany	21,254	38.5	21,022	39.6
Europe (excl. Germany)	26,498	47.9	24,805	46.8
North America	3,092	5.6	2,997	5.7
South America	372	0.7	323	0.6
Africa	1,039	1.9	1,063	2.0
Asia-Pacific	2,963	5.4	2,826	5.3
Total	**55,218**	**100.0**	**53,036**	**100.0**
by segment				
Vehicle sales	38,584	69.9	37,094	70.0
Genuine parts	3,889	7.0	3,780	7.1
Other sales	12,745	23.1	12,162	22.9
Total	**55,218**	**100.0**	**53,036**	**100.0**

Other sales relate primarily to intra-Group deliveries to our subsidiaries and to sales of components and parts to third parties.

(12) OTHER OPERATING INCOME

€ million	2007	2006
Other operating income	3,443	2,844
thereof income from the reversal of special tax-allowable reserves	(7)	(7)

Other operating income relates primarily to cost allocations (€1.6 billion), exchange rate gains relating to our deliveries of goods and services (€1.0 billion) and income from the reversal of provisions (€0.4 billion).

(13) OTHER OPERATING EXPENSES

€ million	2007	2006
Other operating expenses	2,134	1,669
thereof appropriations to special tax-allowable reserves	(1)	(0)

Other operating expenses primarily relate to exchange rate losses from our deliveries of goods and services, including the measurement of our foreign currency hedging transactions – in accordance with the strict imparity principle (under which expected or unrealized losses must be recognized, but the recognition of unrealized gains is prohibited) – (€0.9 billion) after elimination against the provisions recognized in the previous year, and expenses for subsidiaries that are allocated to these companies (€0.9 billion).

The insignificant amount of accelerated tax depreciation contained in appropriations to the special tax-allowable reserves relates to fixed assets.

(14) FINANCIAL RESULT

€ million	2007	2006
Income and expenses from investments	4,321	5,472
Interest income and expense	−484	13
Other financial result	348	−269
	4,185	**5,216**

Income from investments primarily comprises income from Scania AB, VW Group Services S.A., VW China Investment, VW Logistics GmbH & Co. OHG, Volkswagen Group UK and our Chinese joint ventures. Income from profit and loss transfer agreements (primarily from AUDI AG, AutoVision GmbH, the VW Sachsen companies and VW Kraftwerk GmbH) also include allocations of income-related taxes.

Other investment income relates almost exclusively to reversals of write-downs of the carrying amount of the investment in VW do Brasil Ltda., income from the transfer of companies to Global Mobility Holding B.V. and the reversal of a provision for guarantees from the sale of the gedas group that was no longer required.

Other investment expenses mainly comprise provisions for expected obligations under a profit and loss transfer agreement and for the possible exercise of a put option granted to the co-investors.

Interest income and expense

€ million	2007	2006
Income from other investments and long-term loans	14	127
thereof from affiliated companies	(6)	(19)
Other interest and similar income	713	651
thereof from affiliated companies	(271)	(190)
Interest and similar expenses	1,211	765
thereof to affiliated companies	(701)	(596)
	–484	**13**

Interest income and expense includes expenses from the factoring business (financing of non-interest-bearing trade receivables), primarily with our Group company Volkswagen Group Services S. A. This item also includes income and expenses from interest rate hedges and reversals of write-downs of the carrying amount of long-term investments and securities classified as current investments.

Other financial result

€ million	2007	2006
Discount on tax credit	–	–254
Gain/loss on sales of securities	348	–15
	348	**–269**

Other taxes

The other taxes allocated to the consuming functions amounted to €31 million (previous year: €31 million). They relate mainly to land and vehicle taxes.

NOTICES AND DISCLOSURE OF CHANGES REGARDING THE OWNERSHIP OF VOTING RIGHTS IN VOLKSWAGEN AG IN ACCORDANCE WITH SECTION 21 AND SECTION 26 OF THE WERTPAPIERHANDELSGESETZ (WPHG – GERMAN SECURITIES TRADING ACT)

Porsche

Dr. Ing. h.c. F. Porsche Aktiengesellschaft (now: Porsche Automobile Holding SE), Stuttgart, Germany, notified us in accordance with section 21(1) of the WpHG that the share of voting rights held by Dr. Ing. h.c. F. Porsche Aktiengesellschaft in Volkswagen Aktiengesellschaft, Wolfsburg, Germany, exceeded the threshold of 30% on March 28, 2007 and amounted to 30.93% of the voting rights at this date (88,874,462 voting rights).

The following persons notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen AG in each case exceeded the threshold of 30% on March 28, 2007 and in each case amounted to 30.93% (88,874,462 voting rights) at this date.

30.93% of this (88,874,462 voting rights) is attributable to each of them in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The names of the controlled companies via which the voting rights are actually held and whose attributable share of the voting rights amounts to 3% or more are given in brackets:

- Porsche GmbH, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany; Hans-Michel Piëch GmbH, Grünwald/Germany
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany),
- Louise Daxer-Piëch GmbH, Stuttgart/Germany; Ferdinand Alexander Porsche GmbH, Stuttgart/Germany; Gerhard Porsche GmbH, Stuttgart/Germany
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany),
- Hans-Peter Porsche GmbH, Stuttgart/Germany; Wolfgang Porsche GmbH, Stuttgart/Germany
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stuttgart/Germany),
- Louise Daxer-Piëch GmbH, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany; Louise Daxer-Piëch GmbH, Stuttgart/Germany),
- Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany; Ferdinand Alexander Porsche GmbH, Stuttgart/Germany),

- Gerhard Anton Porsche GmbH, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany; Gerhard Porsche GmbH, Stuttgart/Germany),
- Ing. Hans-Peter Porsche GmbH, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stuttgart/Germany; Hans-Peter Porsche GmbH, Stuttgart/Germany),
- Mag. Josef Ahorner, Austria; Mag. Louise Kiesling, Austria; Prof. Ferdinand Alexander Porsche, Austria; Prof. Ferdinand Alexander Porsche, Austria; Mark Philipp Porsche, Austria; Kai-Alexander Porsche, Austria; Dr. F. Oliver Porsche, Austria; Gerhard Anton Porsche, Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany; Louise Daxer-Piëch GmbH, Stuttgart/Germany; Ferdinand Alexander Porsche GmbH, Stuttgart/Germany; Gerhard Porsche GmbH, Stuttgart/Germany; Louise Daxer-Piëch GmbH, Salzburg/Austria; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Gerhard Anton Porsche GmbH, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Ferdinand Porsche Privatstiftung, Salzburg/Austria),
- Hans-Peter Porsche, Austria; Peter Daniell Porsche, Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stuttgart/Germany; Hans-Peter Porsche GmbH, Stuttgart/Germany; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Familie Porsche Privatstiftung, Salzburg/Austria),
- Dr. Wolfgang Porsche, Germany
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stuttgart/Germany; Wolfgang Porsche GmbH, Stuttgart/Germany; Hans-Peter Porsche GmbH, Stuttgart/Germany; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Familie Porsche Privatstiftung, Salzburg/Austria),
- Ferdinand Porsche Privatstiftung, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany; Louise Daxer-Piëch GmbH, Stuttgart/Germany; Ferdinand Alexander Porsche GmbH, Stuttgart/Germany; Gerhard Porsche GmbH, Stuttgart/Germany; Louise Daxer-Piëch GmbH, Salzburg/Austria; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Gerhard Anton Porsche GmbH, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria),

- Ferdinand Porsche Holding GmbH, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany; Louise Daxer-Piëch GmbH, Stuttgart/Germany; Ferdinand Alexander Porsche GmbH, Stuttgart/Germany; Gerhard Porsche GmbH, Stuttgart/Germany; Louise Daxer-Piëch GmbH, Salzburg/Austria; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Gerhard Anton Porsche GmbH, Salzburg/Austria),
- Familie Porsche Privatstiftung, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stuttgart/Germany; Hans-Peter Porsche GmbH, Stuttgart/Germany; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria),
- Familie Porsche Holding GmbH, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stuttgart/Germany; Hans-Peter Porsche GmbH, Stuttgart/Germany; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria),
- Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany),
- Dr. Hans Michel Piëch GmbH, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Hans Michel Piëch GmbH, Grünwald/Germany) and
- Dr. Ferdinand Piëch, Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria).

The following persons notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen AG in each case also exceeded the threshold of 30% on March 28, 2007 and in each case amounted to 30.93% (88,874,535 voting rights) at this date. 30.93% of this (88,874,535 voting rights) is attributable to each of them in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The names of the controlled companies via which the voting rights are actually held and whose attributable share of the voting rights amounts to 3% or more are given in brackets:

- Porsche GmbH, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Porsche GmbH, Stuttgart/Germany) and
- Porsche Holding Gesellschaft m.b.H., Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Porsche GmbH, Stuttgart/Germany; Porsche GmbH, Salzburg/Austria).

Dr. Hans Michel Piëch, Austria, notified us in accordance with section 21(1) of the WpHG that his share of the voting rights in Volkswagen AG also exceeded the threshold of 30% on March 28, 2007 and amounted to 30.94% (88,886,932 votes) at this date. Of this, 30.93% of the voting rights (88,874,462 voting rights) is attributable to him in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The voting rights attributable to him are held via the following companies controlled by him, whose share of the voting rights in Volkswagen AG amounts to 3% or more in each case:

- Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Hans Michel Piëch GmbH, Grünwald/Germany; Dr. Hans Michel Piëch GmbH, Salzburg/Austria.

State of Lower Saxony

Hannoversche Beteiligungsgesellschaft mbH, Hanover, Germany, notified us in accordance with section 41(4a) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) that it held 20.19% of the voting rights (corresponding to 57,953,870 voting shares) of Volkswagen AG, Wolfsburg, Germany, on January 20, 2007.

The State of Lower Saxony, Hanover, Germany, notified us in accordance with section 41(4a) of the WpHG (German Securities Trading Act) that it held 20.26% of the voting rights (corresponding to 58,155,310 voting shares) of Volkswagen AG, Wolfsburg, Germany, on January 20, 2007. Of this amount, 20.19% (corresponding to 57,953,870) of the voting rights are attributable to the State of Lower Saxony via Hannoversche Beteiligungsgesellschaft mbH, Hanover, Germany, in accordance with section 22(1) sentence 1 no. 1 of the WpHG.

The State of Lower Saxony also notified us on January 28, 2008 that it held a total of 58,522,310 ordinary shares as of December 31, 2007. It held 440 VW ordinary shares directly and 58,521,870 ordinary shares indirectly via Hannoversche Beteiligungsgesellschaft mbH (HanBG), which is owned by the State of Lower Saxony.

RECONCILIATION OF NET INCOME TO NET RETAINED PROFITS

€ million	2007	2006
Net income for the year	1,455	945
Retained profits brought forward	10	11
Income from capital reduction	–	107
Appropriations to revenue reserves		
to other revenue reserves	–720	–450
Appropriation to capital reserves under the provisions governing the simplified capital reduction	–	–107
Net retained profits	**745**	**506**

TOTAL EXPENSE FOR THE PERIOD

Cost of materials

€ million	2007	2006
Cost of raw materials, consumables and supplies, and of purchased merchandise	42,683	40,317
Cost of purchased services	2,195	2,082
	44,878	**42,399**

Personnel expenses

€ million	2007	2006
Wages and salaries	4,686	6,883
Social security and other pension costs	2,206	1,518
thereof in respect of old age pensions	(1,288)	(621)
	6,892	**8,401**

OTHER DISCLOSURES

The tax expense is attributable to the result from ordinary activities.

Net income for the year improved as a result of tax measures in 2007 and in previous years. These relate primarily to the reversal of special reserves for accelerated tax depreciation. Without these measures, net income would have been approximately €4 million lower. In the following year, the planned reversal of special reserves will probably result in a positive effect on net income amounting to approximately €5 million. Expenses attributable to other fiscal years, primarily for warranties, amounted to €355 million (previous year: €403 million). Prior-period income amounts to €481 million (previous year: €539 million). This relates in particular to income from the reversal of provisions recognized in previous years and contained in other operating income.

WRITE-DOWNS

€ million	2007	2006
of tangible assets	–	45
of long-term financial assets		
affiliated companies	364	1,164
other equity investments	–	1
	364	**1,210**

AVERAGE NUMBER OF EMPLOYEES OF VOLKSWAGEN AG DURING THE YEAR

	2007	2006
by group		
Performance-related wage-earners	45,477	50,896
Time-rate wage-earners	19,967	19,410
Salaried employees	27,000	27,454
	92,444	97,760
Apprentices	4,011	4,052
	96,455	**101,812**
by plant		
Wolfsburg	49,436	51,676
Hanover	13,108	14,447
Braunschweig	5,734	6,099
Kassel	13,861	14,543
Emden	7,946	8,382
Salzgitter	6,370	6,665
	96,455	**101,812**

AUDITORS' FEES

The following amounts were recognized as expenses in fiscal year 2007 for:

€	2007
Audit services	1,756,017
Other assurance or valuation services	2,115,278
Tax advisory services	120,729
Other services	273,017
	4,265,041

Information about the composition of the Board of Management and the Supervisory Board, on changes in these executive bodies and on the memberships of members of the Board of Management and the Supervisory Board of other statutory supervisory boards and comparable supervisory bodies is contained on pages 108 to 111 of this report.

REMUNERATION OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

€	2007	2006
Board of Management remuneration		
Non-performance-related remuneration	4,810,736	5,009,987
Performance-related remuneration	10,850,000	8,210,000
Stock options exercised or subscribed	837,150	546,950
Fair value of stock options held at reporting date	7,950,150	1,929,950
Supervisory Board remuneration		
Fixed remuneration components	307,192	306,142
Variable remuneration components	3,968,975	2,537,125
Loans to Supervisory Board members	21,218	18,160

The fixed remuneration of the Board of Management also includes differing levels of remuneration for the assumption of appointments at Group companies, as well as non-cash benefits, which consist in particular of the use of company cars and the grant of insurance cover. The additional annual variable amount paid to each member of the Board of Management contains annually recurring components that are tied to the business success of the Company. It is primarily oriented on the results achieved and the financial position of the Company.

On December 31, 2007 the pension provisions for members of the Board of Management amounted to €19,815,224 (previous year: €13,577,681). Current pensions are index-linked in accordance with the index-linking of the highest collectively agreed salary insofar as the application of section 16 of the Gesetz zur Verbesserung der betrieblichen Altersversorgung (BetrAVG – German Company Pension Act) does not lead to a larger increase.

Retired members of the Board of Management and their surviving dependents received €8,688,685 (previous year: €10,189,421). Provisions for pensions for this group of people were recognized in the amount of €88,203,403 (previous year: €87,049,172). The members of the Board of Management are entitled to the retirement pension in the event of disability, and to payment of their normal remuneration for six months in the event of illness. Surviving dependents receive a widow's pension of 66 2/3% and 20% orphan's pension per child – but no more than a maximum of 100% – based on the pension of the former member of the Board of Management.

The individual remuneration of the members of the Board of Management and the Supervisory Board is explained in the Remuneration Report in the Management Report (see page 100).

Loans totaling €21,218 (redemption in 2007: €17,778) have been granted to members of the Supervisory Board. The loans generally bear interest at 4%; the agreed term is up to 12.5 years.

Wolfsburg, February 18, 2008

Volkswagen Aktiengesellschaft

The Board of Management

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Volkswagen AG, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Wolfsburg, February 18, 2008

Volkswagen Aktiengesellschaft

The Board of Management

Martin Winterkorn | Francisco Javier Garcia Sanz | Jochem Heizmann

Horst Neumann | Hans Dieter Pötsch

Auditors' Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report, which is combined with the group management report of VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, for the business year from January 1 to December 31, 2007. As required by Article 10 (4) EnWG ("Energiewirtschaftsgesetz", "German Energy Industry Law"), the audit also included the company's observance of obligations for the unbundling of internal accounting pursuant to Article 10 (3) EnWG. The maintenance of the books and records and the preparation of the annual financial statements and the combined management report in accordance with German commercial law as well as the observance of the obligations pursuant to Article 10 (3) EnWG are the responsibility of the Company's Board of Management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, [and the combined management report],and on the internal accounting pursuant to Article 10 (3) EnWG based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the combined management report are detected with reasonable assurance and to obtain reasonable assurance about whether, in all material respects, the obligations pursuant to Article 10 (3) EnWG have been observed. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the combined management report, as well as in the internal accounting pursuant to Article 10 (3) EnWG are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Board of Management, as well as evaluating the overall presentation of the annual financial statements and the combined management report, and assessing whether the amounts stated and the classification of accounts in the internal accounting pursuant to Article 10 (3) EnWG are appropriate and comprehensible and whether the principle of consistency has been observed. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The combined management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

The audit of the observance of obligations for the unbundling of internal accounting pursuant to Article 10 (3) EnWG has not led to any reservations.

Hanover, February 19, 2008

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Norbert Winkeljohann
Wirtschaftsprüfer

Harald Kayser
Wirtschaftsprüfer

Consumption and Emission Data

Model	Output kW (PS)	Fuel consumption (l/100km) urban	extra-urban	combined	CO_2 emissions (g/km)
Audi RS 6 Avant	426 (580)	20.4	10.3	14.0	333
Bentley Azure	336 (456)	28.8	14.1	19.5	465
Bentley Brooklands	395 (537)	28.8	14.1	19.5	465
Bentley Continental Flying Spur	411 (560)	26.2	11.9	17.1	410
Bentley Continental GT Coupé	412 (560)	25.3	11.6	16.6	396
Bentley Continental GT Cabrio	411 (560)	26.2	11.9	17.1	410
Bentley Continental GT Speed Coupé	449 (610)	25.3	11.6	16.6	396
Lamborghini Gallardo Coupé	382 (520)	24.8	12.4	17.0	400
Lamborghini Gallardo Spyder	382 (520)	24.8	12.4	17.0	400
Lamborghini Gallardo Superleggera	390 (530)	24.8	12.4	17.0	400
Lamborghini Murciélago LP 640	471 (640)	32.3	15.0	21.3	495
Lamborghini Murciélago LP 640 Roadster	471 (640)	32.6	15.1	21.3	500
SEAT Leon Cupra R	177 (240)	11.4	6.5	8.3	199
VW Caddy EcoFuel	80 (109)	8.2*	4.7*	6.0*	157
VW Polo BlueMotion	59 (80)	4.9	3.2	3.8	99
VW Golf BlueMotion	77 (105)	5.8	3.8	4.5	119
VW Golf Plus BlueMotion	77 (105)	6.1	4.1	4.8	127
VW Golf Variant BlueMotion	77 (105)	5.9	3.9	4.6	122
VW Jetta BlueMotion	77 (105)	5.9	3.9	4.6	122
VW Touran BlueMotion	77 (105)	7.0	4.7	5.4	144
VW Touran EcoFuel	80 (109)	8.1*	4.5*	5.8*	155
VW Passat BlueMotion	77 (105)	6.7	4.2	5.1	136
VW Passat Variant BlueMotion	77 (105)	6.8	4.4	5.2	137

* In kg/100 km.

Glossary

SELECTED TERMS AT A GLANCE

Adaptive Cruise Control (ACC)
Enhanced cruise control system incorporating a distance control function that uses radar sensors. ACC additionally identifies potential accident risks and activates the brakes as a precaution.

ASEAN
(Association of Southeast Asian Nations) An international organization established on August 8, 1967 consisting of Southeast Asian states with political, economic and cultural objectives.

Benchmarking
Comparative analysis of the products, services, processes, or financial data of a company with those of the leading competitors in an industry.

CCS
An efficient drivetrain and fuel system that combines the advantages of diesel and petrol engines and uses the newest generation of fuels.

Corporate Governance
International term for responsible corporate management and supervision driven by long-term value added.

Direct shift gearbox (DSG)
Gearbox that consists of two gearboxes with a dual clutch and so combines the agility, driving pleasure and low consumption levels of a manual gearbox with the comfort of an automatic.

Fair value
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Hybrid drive
Drive combining two different types of engine and energy storage system (usually an internal combustion engine and an electric motor).

Modular Longitudinal (MLB) platform
The use of a modular strategy in vehicle platforms in which the drivetrain is mounted longitudinally to the direction of travel. This modular arrangement of all components enables maximal synergies to be achieved between the vehicle families.

Modular Transverse Matrix (MBQ) platform
The use of a modular strategy in vehicle platforms in which the drivetrain is mounted transversely to the direction of travel.

Rating
Systematic evaluation of companies in terms of their creditworthiness. Ratings are expressed by means of rating classes, which are defined differently by the individual rating agencies.

SUV
Sports Utility Vehicle

Turntable concept
Concept of flexible manufacturing enabling the production of different models in variable daily volumes within a single plant, as well as offering the facility to vary daily production volumes of one model between two or more plants.

Value drivers
Factors and measures that determine the earnings and value of a company. The efficiency of a company's value drivers can be measured by means of financial and non-financial performance indicators.

Index

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This Annual Report is published in English and German.
Both versions of the Report are available on the Internet at:
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PHOTOGRAPHY | PICTURE CREDITS

acatech study "Mobility 2020" (p. 30)

Corbis (p. 33, p. 64-65)

PHOTO FINDER (p. 60)

Getty Images (p. 33, p. 50-51, p. 53, p. 58, p. 60, p. 62-63)

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Volkswagen AG

PRINTER

druckpartner Druck- und Medienhaus, Essen

PAPER

Heaven 42, Papierfabrik Scheufelen, Lenningen

FSC

Mixed Sources

Product group from well-managed forests and other controlled sources

www.fsc.org Cert no. IMO-COC-027827

ISSN 0944-9817 / 858.809.505.20

Printed in Germany

Scheduled dates 2008

MOTOR SHOWS

> **MARCH 6 – 16**
International Motor Show, Geneva

> **APRIL 5 – 13**
Auto Mobil International, Leipzig

> **APRIL 24 – 28**
Auto China, Beijing

> **MAY 24 – JUNE 1**
Salón Internacional del Automóvil, Madrid

> **JULY 13 – 22**
Changchun Car Show, Changchun

> **AUGUST 30 – SEPTEMBER 7**
Caravan Salon, Düsseldorf

> **SEPTEMBER 16 – 21**
Automechanika, Frankfurt

> **SEPTEMBER 25 – OCTOBER 2**
IAA Commercial Vehicles, Hanover

> **OCTOBER 4 – 19**
Paris Motor Show, Paris

> **NOVEMBER 21 – 30**
Los Angeles Auto Show, Los Angeles

> **NOVEMBER 29 – DECEMBER 7**
Essen Motor Show, Essen

> **DECEMBER 6 – 14**
Bologna Motor Show

FINANCIAL CALENDAR

> **MARCH 13, 2008**
Volkswagen AG Annual Press Conference

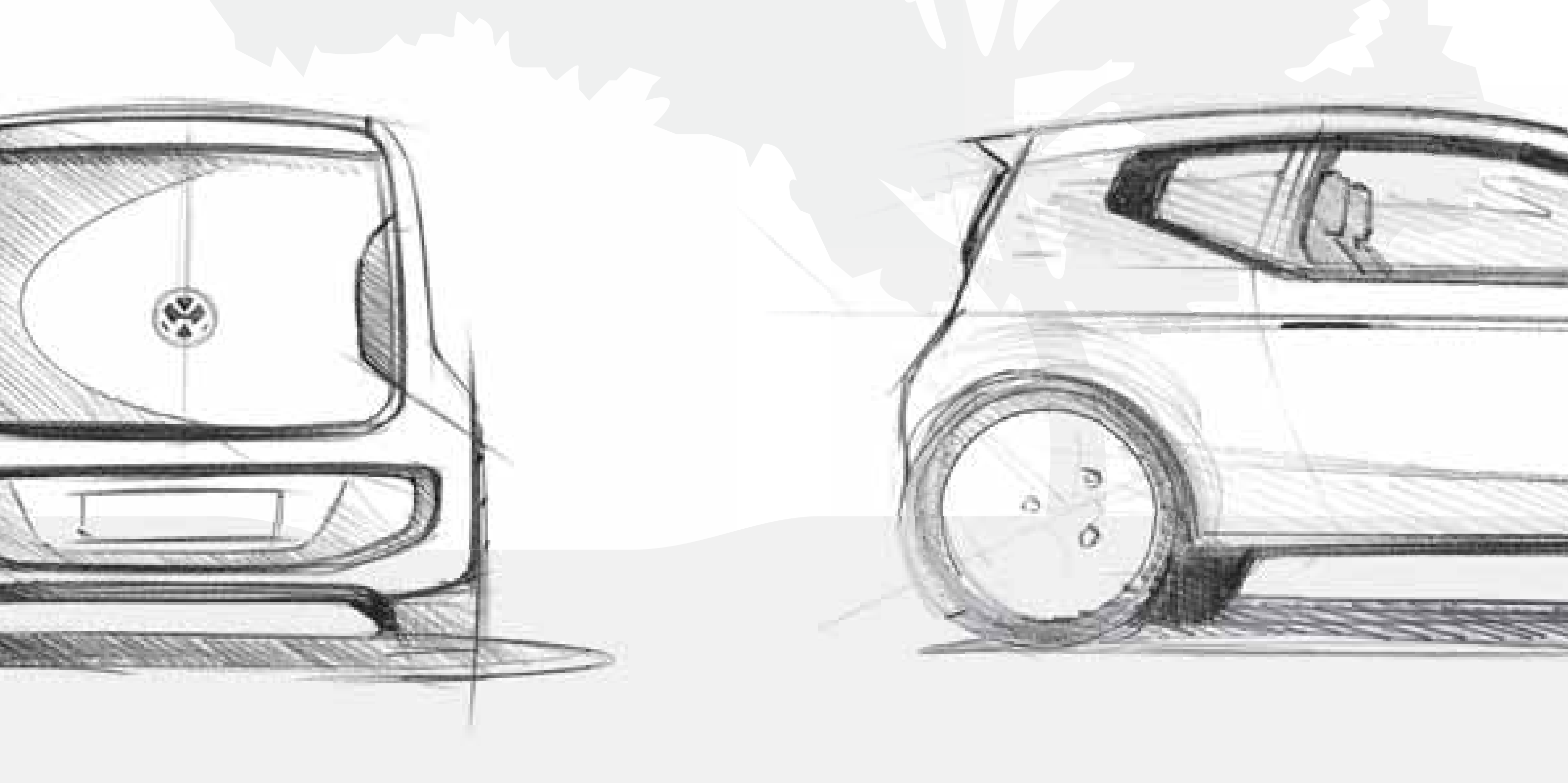
> **MARCH 13, 2008**
International Investor Conference

> **APRIL 24, 2008**
Volkswagen AG Annual General Meeting
(Congress Center Hamburg)

> **APRIL 30, 2008**
Interim Report January – March

> **JULY 23, 2008**
Interim Report January – June

> **OCTOBER 30, 2008**
Interim Report January – September



Chronicle 2007

JANUARY

January 18

Volkswagen scores in ADAC readers' "2007 Golden Angel" award

The Volkswagen Group receives awards in the "Car", "Innovation" and "Brand" categories.

January 22

Volkswagen and Motor Distributors Ltd. agree to set up new import company "Volkswagen Group Ireland"

Volkswagen AG and their importer in Ireland, Motor Distributors Ltd. (MDL), agree to transfer responsibility to the Volkswagen Group.

FEBRUARY

February 1

Group vehicles successful in "Best Cars of 2007" vote

The readers of the magazine "auto motor und sport" choose the "Best Cars of 2007". The Volkswagen Group collects five out of ten awards.

February 14

8 million Volkswagen engines from Chemnitz

The eight millionth Volkswagen engine from Saxony rolls off the production line in Chemnitz. The engine plant has built state-of-the-art engines, including FSI and TDI engines, since series production began in 1988.

MARCH

March 6

International Motor Show, Geneva

Volkswagen presents one of the most fuel-efficient mid-range vehicles: the Passat BlueMotion. The new Audi A5 series makes its debut. Škoda presents the world premiere of the new Fabia.

March 14

Volkswagen Bank GmbH is the "best automotive bank"

The readers of "auto motor und sport" vote Volkswagen Bank GmbH as the "best automotive bank of the year". It is Europe's largest automotive bank and has a full banking license.

APRIL

April 20

"Flotten-Award 2007" (2007 Fleet Awards): 10 gold medals for Volkswagen

With ten first places, the Volkswagen Group was once again the most successful company at the 2007 Fleet Awards. Well over 5,000 readers of the industry journal "Autoflotte" cast their vote.

April 27

New TSI engine and new direct shift gearbox

At the International Vienna Motor Symposium, Volkswagen continues its powertrain offensive by presenting a new TSI petrol engine and the world's first seven-speed direct shift gearbox in the compact and mid-size ranges.

MAY

May 9

Volkswagen and Audi win the "International Engine of the Year Awards 2007"

A jury composed of around 60 motor industry journalists from over 25 countries again single out Volkswagen's TSI engine and Audi's TFSI engine for praise.

May 16

Volkswagen Group Awards

Volkswagen honors the Group's top 25 suppliers in the categories: development expertise, logistics, product quality, environmental protection and business performance.

JUNE

June 3

25 millionth Golf celebrations

The production of the 25 millionth Golf is celebrated in style with an employee festival at the plant in Wolfsburg, events in the Autostadt and a huge Golf Gala in the Volkswagen Arena.

June 8

25 years of Volkswagen in China

The signature of a trial assembly contract on June 8, 1982 marked the beginning of the Volkswagen Group's involvement in China.

June 9

SEAT world premiere at the International Motorshow in Barcelona

The SEAT brand presents the new SEAT Altea Freetrack at the International Motorshow in Barcelona.

June 18

Volkswagen receives certificate for pioneering environmentally responsible strategy

This award means that Volkswagen is the first automobile manufacturer in the world to offer a series vehicle certified by the German Federal Bureau of Motor Vehicles and Drivers (KBA) featuring a minimum of 85 % recyclability and 95 % overall recoverability.

JULY

July 9

Autostadt in Wolfsburg delivers one millionth Volkswagen

Opened in June 2000, the Autostadt in Wolfsburg welcomes Volkswagen customers from throughout Germany and neighboring countries. One in three Volkswagen customers in Germany now collects their new car here.

AUGUST

August 27

ÖkoGlobe 2007: Volkswagen has “the best disposal strategy”

Insurance company DEVK awards Volkswagen the “ÖkoGlobe 2007” for its end-of-life vehicle recycling program, which is particularly environmentally- and resource-friendly.

SEPTEMBER

September 7

Volkswagen returns to the Dow Jones Sustainability World Index

Volkswagen qualifies for the Dow Jones Sustainability World Index. In particular, activities in the areas of efficient diesel technology, fuel and drivetrain strategy, as well as supplier relationships and corporate citizenship, are positively rated.

September 15

Autostadt welcomes 15 millionth visitor

The Volkswagen Group’s theme park welcomes its 15 millionth visitor since it opened in 2000.

September 28

Volkswagen at the IAA: Product rollout with eight world premieres

In addition to the new Tiguan and the up! study, Volkswagen presents six new BlueMotion models at the Frankfurt International Motor Show.

OCTOBER

October 5

“60 years of the VW Bus” at Volkswagen Commercial Vehicles

Volkswagen Commercial Vehicles celebrates the 60th anniversary of the legendary VW Bus, which in its numerous variants has already been sold more than ten million times all over the world.

October 11

Volkswagen acquires an interest in biofuel company CHOREN

Volkswagen AG and Daimler AG acquire a minority interest in Freiberg-based CHOREN Industries GmbH. The aim of the cooperation is to sustainably produce second-generation biofuels in Germany.

October 12

Award for the best apprentices

The Volkswagen Group presents its “Best Apprentice Award 2007” in Mladá Boleslav to its best apprentices worldwide.

October 24

World premiere of the space up! study at the Tokyo Motor Show

Just six weeks after the world premiere of the up! at the IAA in Frankfurt, Volkswagen unveils the next member of the “New Small Family” at the Tokyo Motor Show: the space up! study.

NOVEMBER

November 7

Golden Steering Wheel award for Tiguan, Audi A4 and Škoda Fabia

The “Bild am Sonntag” jury awards three Group models the 2007 Golden Steering Wheel award: the Volkswagen Tiguan, the Audi A4 and the Škoda Fabia.

November 9

Volkswagen celebrates 15 millionth Passat

The 15 millionth Passat built worldwide rolls off the production line in Emden and is donated to the organizers of the German bone marrow donation registry (DKMS).

November 14

Los Angeles Motor Show with numerous world-exclusive Volkswagen innovations

At the Los Angeles Motor Show, Europe’s largest automobile manufacturer presents, among others, the third concept car in the New Small Family – the first member of this family with an electric drive system.

November 30

World premiere of the Audi A3 Cabriolet in Hungary

The Audi A3 Cabriolet is now the third model rolling off the production line at Audi Hungaria. Hungarian Prime Minister Ferenc Gyurcsány was also on stage at the presentation of the sporty vehicle with a classic fabric top.

DECEMBER

December 10

Group Environment Conference

Over 100 environmental experts from the Volkswagen Group brands meet in Wolfsburg to exchange experiences. “Corporate success through environmental protection” is the motto of the 3rd Group Environment Conference.

Anteilsbesitz
gem. §§ 285 und 313 HGB
für die
Volkswagen AG
und den Volkswagen Konzern
zum 31.12.2007

VOLKSWAGEN AG

Name und Sitz des Unternehmens	Währung	Kurs Mengennot. (1 Euro =) 31.12.2007	Höhe des Anteils der VW AG am Kapital in % direkt	indirekt	Gesamt	Eigenkapital in Tsd. Landeswährung	Ergebnis in Tsd. Landeswährung	Jahr
I. MUTTERUNTERNEHMEN								
Volkswagen AG, Wolfsburg								
II. TOCHTERUNTERNEHMEN								
A. Vollkonsolidierte Gesellschaften								
1. I n l a n d								
AUDI AG, Ingolstadt	EUR		99,14	-	99,14	2.437.899	1)	2007
Audi Retail GmbH, Ingolstadt	EUR		-	100,00	100,00	39.400	1)	2007
Audi Zentrum Hannover GmbH, Hannover	EUR		-	100,00	100,00	2.359	532	2007
Audi Vertriebsbetreuungsgesellschaft mbH, Ingolstadt	EUR		-	100,00	100,00	100	1)	2007
quattro GmbH, Neckarsulm	EUR		-	100,00	100,00	100	1)	2007
Automobilmanufaktur Dresden GmbH, Dresden	EUR		100,00	-	100,00	80.090	1)	2007
Autostadt GmbH, Wolfsburg	EUR		100,00	-	100,00	50	1)	2007
AutoVision GmbH, Wolfsburg	EUR		100,00	-	100,00	35.630	1)	2007
Auto 5000 GmbH, Wolfsburg	EUR		-	100,00	100,00	10.000	1)	2007
Volkswagen Individual GmbH, Wolfsburg	EUR		-	100,00	100,00	2.400	1)	2007
LOCATOR Grundstücksvermietungsgesellschaft mbH und Volkswagen AG in Gesellschaft bürgerlichen Rechts, Eschborn	EUR		-	-	-	-	-	
SITECH Sitztechnik GmbH, Wolfsburg	EUR		-	100,00	100,00	50.012	9.264	2007
SkodaAuto Deutschland GmbH, Weiterstadt	EUR		-	100,00	100,00	7.824	3.712	2007
SEAT Deutschland GmbH, Mörfelden-Walldorf	EUR		-	100,00	100,00	18.448	388	2007
VOLKSWAGEN FINANCIAL SERVICES AG, Braunschweig	EUR		100,00	-	100,00	3.351.495	1)	2007
Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, Braunschweig	EUR		-	100,00	100,00	26	1)	2007
Volkswagen Bank GmbH, Braunschweig	EUR		-	100,00	100,00	2.979.125	1)	2007
Volkswagen Business Services GmbH, Braunschweig	EUR		-	100,00	100,00	26	1)	2007
Volkswagen Leasing GmbH, Braunschweig	EUR		-	100,00	100,00	219.123	1)	2007
Volkswagen Reinsurance AG, Braunschweig	EUR		-	100,00	100,00	32.055	1)	2007
Volkswagen-Versicherungsdienst GmbH, Wolfsburg	EUR		-	100,00	100,00	36.396	18.684	2007
VW Versicherungsvermittlungs-GmbH, Wolfsburg	EUR		-	100,00	100,00	22.434	12.008	2007
Volkswagen Gebrauchtfahrzeughandels und Service GmbH, Langenhagen	EUR		100,00	-	100,00	100	1)	2007
Volkswagen Gewerbegrund GmbH, Wolfsburg	EUR		100,00	-	100,00	100.270	14.258	2007
VW Wohnungs GmbH & Co. KG, Wolfsburg	EUR		-	100,00	100,00	83.865	13.092	2007
Volkswagen Immobilien Service GmbH, Wolfsburg	EUR		51,00	49,00	100,00	5.177	480	2007
Volkswagen Logistics GmbH, Wolfsburg	EUR		100,00	-	100,00	543	81	2007
Volkswagen Logistics GmbH & Co. OHG, Wolfsburg	EUR		81,00	19,00	100,00	511	132.898	2007
Volkswagen Original Teile Logistik Beteiligungs-GmbH, Baunatal	EUR		46,80	3,80	50,60	29	0	2007
Volkswagen Original Teile Logistik GmbH & Co. KG., Baunatal	EUR		48,89	3,87	52,76	50.529	37.559	2007
VOLKSWAGEN Retail GmbH, Wolfsburg	EUR		100,00	-	100,00	135.234	1)	2007
Bugatti Engineering GmbH, Wolfsburg	EUR		-	100,00	100,00	25	1)	2007
Kommanditgesellschaft "MTH" Motor-Technik-Handelsgesellschaft m. b. H. & Co., Hamburg	EUR		-	100,00	100,00	45.480	31.848	2007
Raffay GmbH & Co. KG, Hamburg	EUR		-	100,00	100,00	11.790	36.296	2007
Raffay Versicherungsdienst G.m.b.H., Hamburg	EUR		-	100,00	100,00	153	1)	2007
Raffay Verwaltungs- und Beteiligungsgesellschaft m.b.H., Hamburg	EUR		-	100,00	100,00	191	-144	2007
"MTH" Motor-Technik-Handelsgesellschaft m. b. H., Hamburg	EUR		-	100,00	100,00	168	-13	2007
Volkswagen Sachsen GmbH, Zwickau	EUR		100,00	-	100,00	515.718	1)	2007
Volkswagen Sachsen Immobilienverwaltungs GmbH, Zwickau	EUR		100,00	-	100,00	76.695	1)	2007
Volkswagen Zubehör GmbH, Dreieich	EUR		100,00	-	100,00	8.969	1)	2007

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VW Kraftwerk GmbH, Wolfsburg	EUR		100,00	-	100,00	42.914	1)	2007
2. A u s l a n d								
Audi Australia Pty Ltd., Botany	AUD	1,6757	-	100,00	100,00	17.389	2.468	2007
Audi Brasil Distribuidora de Veiculos Ltda., São Paulo	BRL	2,6145	-	100,00	100,00	15.832	1.172	2007
AUDI BRUSSELS S.A./ N.A., Brüssel	EUR		99,99	0,01	100,00	214.939	10.380	2007
AUDI DO BRASIL E CIA., Curitiba	BRL	2,6145	-	100,00	100,00	178.346	14.329	2007
AUDI HUNGARIA MOTOR Kft., Györ	EUR		-	100,00	100,00	3.809.860	556.227	2007
Audi Japan K.K., Tokio	JPY	164,9300	-	100,00	100,00	6.427.611	797.588	2007
Audi Volkswagen Korea Ltd., Seoul	KRW	1.377,9600	-	100,00	100,00	16.437.896	4.767.100	2007
Audi Volkswagen Middle East FZE, Dubai	USD	1,4721	-	100,00	100,00	21.240	7.741	2007
AUTOEUROPA-AUTOMÓVEIS LDA., Quinta do Anjo	EUR		50,00	50,00	100,00	374.979	13.965	2007
Automobili Lamborghini Holding S.p.A., Sant´ Agata Bolognese	EUR		-	100,00	100,00	765.000	43.000	2007
Automobili Lamborghini S.p.A., Sant´ Agata Bolognese	EUR		-	100,00	100,00	3) 351.561	3) 42.169	2007
Lamborghini ArtiMarca S.p.A., Sant´ Agata Bolognese	EUR		-	100,00	100,00	3) 11.483	3) 3.929	2007
MML S.p.A., Sant´ Agata Bolognese	EUR		-	100,00	100,00	3) 5.924	3) 984	2007
VOLKSWAGEN GROUP ITALIA S.P.A., Verona	EUR		-	100,00	100,00	262.154	17.803	2007
VOLKSWAGEN GROUP FIRENZE S.P.A., Florenz	EUR		-	100,00	100,00	6.654	-5.837	2007
AutoVision S. A., Brüssel	EUR		-	100,00	100,00	724	656	2006
BUGATTI INTERNATIONAL S.A., Luxemburg	EUR		100,00	-	100,00	2.249	716	2007
Global Automotive C.V., Amsterdam	EUR		99,99	0,01	100,00	2.913.743	28	2007
Volkswagen International Finance N.V., Amsterdam	EUR		-	100,00	100,00	3.209.687	339.852	2007
Import Volkswagen Group s.r.o., Prag	CZK	26,6280	-	100,00	100,00	585.409	164.762	2007
SKODA AUTO a.s., Mladá Boleslav	CZK	26,6280	-	100,00	100,00	66.532.002	15.891.990	2007
SKODA AUTO India Private Limited, Aurangabad	INR	57,8535	-	100,00	100,00	3.238.881	584.362	2007
SKODA AUTO Polska, S.A., Poznan	PLN	3,5935	-	51,00	51,00	34.816	11.967	2007
SKODA AUTO Slovensko s.r.o., Bratislava	SKK	33,5830	-	100,00	100,00	310.066	23.344	2007
Södertälje Bil Invest Aktiebolag, Södertälje	SEK	9,4415	-	100,00	100,00	307.000	156.569	2006
Din Bil Sverige Aktiebolag, Stockholm	SEK	9,4415	-	100,00	100,00	242.338	59.669	2006
Aktiebolaget Tönseth & Co, Södertälje	SEK	9,4415	-	100,00	100,00	8.080	-508	2006
Din Bil Fastigheter Malmö AB, Stockholm	SEK	9,4415	-	100,00	100,00	607	0	2006
Din Bil Helsingborg Aktiebolag, Stockholm	SEK	9,4415	-	100,00	100,00	13.203	103	2006
Din Bil Stockholm Norr Aktiebolag, Stockholm	SEK	9,4415	-	100,00	100,00	8.403	262	2006
Din Bil Stockholm Söder Aktiebolag, Stockholm	SEK	9,4415	-	100,00	100,00	22.804	767	2006
Volkswagen Group Sverige Aktiebolag, Södertälje	SEK	9,4415	-	100,00	100,00	666.395	230.340	2006
Europeisk Biluthyrning Aktiebolag, Stockholm	SEK	9,4415	-	100,00	100,00	333.875	8)	2006
PSE Sverige Aktiebolag, Södertälje	SEK	9,4415	-	100,00	100,00	600	8)	2006
Volkswagen IT Service Sverige Aktiebolag, Södertälje	SEK	9,4415	-	100,00	100,00	6.591	8)	2006
Volkswagen Parts Logistics Sverige Aktiebolag, Södertälje	SEK	9,4415	-	100,00	100,00	7.116	8)	2006
VOLKSWAGEN Group RUS OOO, Kaluga	RUB	35,9860	0,01	99,99	100,00	2.022.906	929.762	2006
VOLKSWAGEN Group Japan K.K., Toyohashi	JPY	164,9300	-	100,00	100,00	27.487.384	1.040.991	2007
Volkswagen Tokyo K.K.,Tokio	JPY	164,9300	-	100,00	100,00	775.135	242.978	2007
Volkswagen International Payment Services N.V., Amsterdam	EUR		-	100,00	100,00	304.713	2.682	2007
VOLKSWAGEN SLOVAKIA, a.s., Bratislava	SKK	33,5830	-	100,00	100,00	48.647.380	7.606.311	2007
Global VW Automotive B.V., Amsterdam	EUR		100,00	-	100,00	101	71	2007
Groupe VOLKSWAGEN France s.a., Villers-Cotterêts	EUR		100,00	-	100,00	341.486	115.712	2007
BUGATTI AUTOMOBILES SAS, Molsheim	EUR		-	100,00	100,00	10.724	-700	2006
OOO VOLKSWAGEN Rus, Kaluga	RUB	35,9860	50,10	30,00	80,10	4) 601.782	4) 5.467	2006

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SEAT, S. A., Martorell, Barcelona	EUR		100,00	-	100,00	1.274.154	169.703	2007
Asturias Motor, S.A., Gijón (Asturias)	EUR		-	100,00	100,00	788	6	2007
Castellana Motor, S.A., Madrid	EUR		-	100,00	100,00	191	-1.244	2007
Catalunya Motor, S.A., Barcelona	EUR		-	100,00	100,00	5.467	-425	2007
CENTRO TÉCNICO DE SEAT, S.A., Martorell, Barcelona	EUR		-	100,00	100,00	178.534	5.433	2007
Gearbox del Prat, S.A., El Prat de Llobregat, Barcelona	EUR		-	100,00	100,00	93.935	981	2007
Huelva Motor, S.A., Huelva	EUR		-	100,00	100,00	1.210	453	2007
Leioa Motor, S.A., Leioa (Vizcaya)	EUR		-	100,00	100,00	3.000	271	2007
Levante Motor, S.A., Valencia	EUR		-	100,00	100,00	3.355	439	2007
Marineda Motor, S.A., La Coruña	EUR		-	100,00	100,00	1.134	37	2007
SEAT PORTUGAL, UNIPESSOAL LDA, Lissabon	EUR		-	100,00	100,00	1.001	106	2007
Sevilla Motor, S.A., Sevilla	EUR		-	100,00	100,00	2.339	162	2007
Valderribas Motor, S.A., Madrid	EUR		-	100,00	100,00	576	-60	2007
Valladolid Motor, S.A., Valladolid	EUR		-	100,00	100,00	2.417	185	2007
Volkswagen Argentina S.A., Buenos Aires	ARS	4,6364	-	100,00	100,00	778.120	90.240	2007
Volkswagen Compañía Financiera S.A., Buenos Aires	ARS	4,6364	-	100,00	100,00	30.324	1.570	2007
Volkswagen S.A. de Ahorro para Fines Determinados, Buenos Aires	ARS	4,6364	-	100,00	100,00	20.845	2.741	2007
Volkswagen-Audi España, S.A., El Prat de Llobregat Barcelona	EUR		-	100,00	100,00	267.310	91.294	2007
Astur Wagen, S.A., Gijón (Asturias)	EUR		-	100,00	100,00	3.788	548	2007
Barna Wagen, S.A., Barcelona	EUR		-	100,00	100,00	1.207	681	2007
Castellana Wagen, S.A., Madrid	EUR		-	100,00	100,00	6.204	294	2007
Catalunya Wagen, S.A., Barcelona	EUR		-	100,00	100,00	5.900	418	2007
Leioa Wagen, S.A., Leioa (Vizcaya)	EUR		-	100,00	100,00	3.143	1.130	2007
Levante Wagen, S.A., Valencia	EUR		-	100,00	100,00	4.455	1.243	2007
Málaga Wagen, S.A., Málaga	EUR		-	100,00	100,00	3.357	619	2007
Sevilla Wagen, S.A., Sevilla	EUR		-	100,00	100,00	6.714	3.072	2007
Valladolid Wagen, S.A., Valladolid	EUR		-	100,00	100,00	2.994	840	2007
Vallehermoso Wagen, S.A., Madrid	EUR		-	100,00	100,00	3.521	518	2007
VOLKSWAGEN FINANCE, S.A. - ESTABLECIMIENTO FINANCIERO DE CRÉDITO, Alcobendas (Madrid)	EUR		-	100,00	100,00	290.612	22.252	2007
SERVILEASE, S.A., Alcobendas (Madrid)	EUR		-	100,00	100,00	12.733	475	2007
Volkswagen Navarra, S.A., Polígono de Landaben, s/n, Arazuri (Navarra)	EUR		-	100,00	100,00	633.026	69.693	2007
SITECH Sp. z o. o., Polkowice	PLN	3,5935	100,00	-	100,00	354.838	66.925	2007
ŠkoFIN s.r.o., Prag	CZK	26,6280	-	100,00	100,00	1.677.961	487.134	2007
Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., São Paulo	BRL	2,6145	100,00	-	100,00	1.009.991	24.589	2007
Volkswagen Canada Inc., Ajax, Ontario	CAD	1,4449	70,68	29,32	100,00	174.300	29.779	2006
Audi Canada Inc., Ajax, Ontario	CAD	1,4449	-	100,00	100,00	1.441	3.480	2007
Volkswagen (China) Investment Company Limited, Peking	CNY	10,7524	100,00	-	100,00	3.497.651	933.606	2007
VOLKSWAGEN IMPORT CO. LTD., Tianjin	CNY	10,7524	-	100,00	100,00	77.090	24.103	2006
Volkswagen de Mexico, S.A. de C.V., Puebla/Pue.	MXN	16,0743	100,00	-	100,00	19.239.300	-855.030	2007
Volkswagen do Brasil Indústria de Veículos Automotores Ltda., São Bernardo do Campo, SP	BRL	2,6145	100,00	-	100,00	1.533.961	589.949	2007
VOLKSWAGEN FINANCE BELGIUM S.A., Brüssel	EUR		-	100,00	100,00	3.193	2.455	2007
VOLKSWAGEN FINANCIAL SERVICES AUSTRALIA PTY LIMITED, Botany	AUD	1,6757	-	100,00	100,00	29.275	3.175	2006
VOLKSWAGEN FINANCIAL SERVICES JAPAN LTD., Tokio	JPY	164,9300	-	100,00	100,00	4.236.514	1.053.909	2007
Volkswagen Financial Services N.V., Amsterdam	EUR		-	100,00	100,00	18.229	4.158	2007
Volkswagen Financial Services (UK) Ltd., Milton Keynes	GBP	0,7334	-	100,00	100,00	154.313	12.490	2007
Volkswagen Financial Services (UK) (March) Ltd., Milton Keynes	GBP	0,7334	-	100,00	100,00	5)	5)	2007

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Volkswagen Financial Services (UK) (June) Ltd., Milton Keynes	GBP	0,7334	-	100,00	100,00	5)	5)	2007
Volkswagen Financial Services (UK) (September) Ltd., Milton Keynes	GBP	0,7334	-	100,00	100,00	5)	5)	2007
Volkswagen Finans Sverige AB, Södertälje	SEK	9,4415	-	100,00	100,00	147.225	67.206	2007
VOLKSWAGEN GROUP AUSTRALIA PTY LTD., Botany, Sydney	AUD	1,6757	100,00	-	100,00	40.046	14.418	2007
Volkswagen Group of America , Inc., Auburn Hills, Michigan	USD	1,4721	100,00	-	100,00	510.503	86.127	2006
Audi of America, LLC., Auburn Hills (USA)	USD	1,4721	-	100,00	100,00	63.671	69.773	2007
BENTLEY MOTORS, INC., New York	USD	1,4721	-	100,00	100,00	46.136	8.093	2006
LION AIR SERVICES, INC., George Town	USD	1,4721	-	99,99	99,99	31.431	5.215	2006
VW CREDIT, INC., Wilmington, Delaware	USD	1,4721	-	100,00	100,00	1.098.131	104.184	2006
VOLKSWAGEN AUTOMOTIVE FINANCE, L.L.C., Wilmington, Delaware	USD	1,4721	-	100,00	100,00	43.451	357	2006
Volkswagen Auto Lease Entity, LLC, Wilmington, Delaware	USD	1,4721	-	100,00	100,00	120.994	253	2006
VOLKSWAGEN AUTO LEASE UNDERWRITTEN FUNDING, LLC, Wilmington, Delaware	USD	1,4721	-	100,00	100,00	429.408	13.873	2006
VOLKSWAGEN AUTO LOAN VEHICLE, L.L.C., Wilmington, Delaware	USD	1,4721	-	100,00	100,00	42.873	1.241	2006
VOLKSWAGEN AUTO SECURITIZATION TRANSACTION, L.L.C., Wilmington, Delaware	USD	1,4721	-	100,00	100,00	33.909	-842	2006
Volkswagen Bank USA, L.L.C., Salt Lake City, Utah	USD	1,4721	-	100,00	100,00	132.571	16.205	2006
VOLKSWAGEN DEALER FINANCE, L.L.C., Wilmington, Delaware	USD	1,4721	-	100,00	100,00	96.499	14.730	2006
VOLKSWAGEN INDEPENDENT BORROWING ENTITY, L.L.C, Wilmington, Delaware	USD	1,4721	-	100,00	100,00	47.542	712	2006
VOLKSWAGEN OPERATING LEASE TRANSACTION, L.L.C, Wilmington, Delaware	USD	1,4721	-	100,00	100,00	81.958	-3.822	2006
Volkswagen Public Auto Loan Securitization, L.L.C., Wilmington, Delaware	USD	1,4721	-	100,00	100,00	48.991	-13.600	2006
VW CREDIT CANADA INC., St. Laurent, Quebec	CAD	1,4449	-	100,00	100,00	117.938	22.356	2006
VW CREDIT LEASING Ltd., Wilmington, Delaware	USD	1,4721	-	100,00	100,00	100	0	2006
Volkswagen Group Services S.A., Brüssel	EUR		99,99	0,01	100,00	1.559.869	84.754	2006
VOLKSWAGEN Group United Kingdom Ltd., Milton Keynes	GBP	0,7334	100,00	-	100,00	753.400	116.400	2006
Bentley Motor Cars International S.A., Lausanne	CHF	1,6547	-	99,90	99,90	2.740	155	2006
Bentley Motors Limited, Crewe	GBP	0,7334	-	100,00	100,00	-	52.700	2006
BENTLEY MOTOR CARS EXPORT LIMITED, Crewe	GBP	0,7334	-	100,00	100,00	5)	5)	2006
BENTLEY MOTORS CANADA, LTD., Montréal	CAD	1,4449	-	100,00	100,00	1.103	318	2006
CREWE GENUINE LIMITED, Crewe	GBP	0,7334	-	100,00	100,00	5)	5)	2007
James Young Limited, Crewe	GBP	0,7334	-	100,00	100,00	12.474	5)	2006
Volkswagen Group Insurance and Risk Management Services (UK) Limited, Milton Keynes	GBP	0,7334	-	100,00	100,00	43	0	2006
VOLKSWAGEN HOLDING FINANCIÈRE S.A., Villers-Cotterêts	EUR		-	100,00	100,00	78.558	87	2007
VOLKSWAGEN FINANCE S.A., Villers-Cotterêts	EUR		0,31	99,69	100,00	88.108	-3.922	2007
VOLKSWAGEN LEASING SA DE CV, Puebla	MXN	16,0743	-	100,00	100,00	290.648	280.029	2007
Volkswagen Motor Polska Sp. z o.o., Polkowice	PLN	3,5935	100,00	-	100,00	618.432	107.289	2007
Volkswagen of South Africa (Pty.) Ltd., Uitenhage	ZAR	10,0298	100,00	-	100,00	5.145.474	1.240.562	2007
Volkswagen Participações Ltda., São Paulo	BRL	2,6145	-	100,00	100,00	1.141.415	40.742	2007
Banco Volkswagen S.A., São Paulo	BRL	2,6145	-	100,00	100,00	746.009	108.717	2007
Consórcio Nacional Volkswagen - Administradora de Consórcio Ltda., São Paulo	BRL	2,6145	-	100,00	100,00	77.446	13.561	2007
Volkswagen Leasing S.A. Arrendamento Mercantil, São Paulo	BRL	2,6145	-	100,00	100,00	889.754	26.495	2007
Volkswagen Serviços Ltda., São Paulo	BRL	2,6145	-	100,00	100,00	14.911	26.229	2007
Volkswagen Poznan Sp. z o.o., Poznan	PLN	3,5935	100,00	-	100,00	1.999.942	368.978	2007
Volkswagen-Versicherungsdienst Gesellschaft m.b.H., Wien	EUR		-	100,00	100,00	6.876	4.228	2007

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B. Nicht konsolidierte Gesellschaften								
1. I n l a n d								
Audi Akademie GmbH, Ingolstadt	EUR		-	100,00	100,00	780	1)	2007
Audi Qualifizierungsgesellschaft mbH, Ingolstadt	EUR		-	100,00	100,00	25	1)	2007
Audi Electronics Venture GmbH, Gaimersheim	EUR		-	100,00	100,00	13.360	1)	2007
AUDI Immobilien GmbH & Co. KG, Ingolstadt	EUR		-	100,00	100,00	-	3	2007
AUDI Immobilien Verwaltung GmbH, Ingolstadt	EUR		-	100,00	100,00	39	7	2007
Audi Zentrum Berlin-Charlottenburg GmbH & Co. KG, Berlin	EUR		-	100,00	100,00	1.966	-545	2006
Audi Zentrum Berlin-Charlottenburg Verwaltungs-GmbH, Berlin	EUR		-	100,00	100,00	25	1	2006
Audi Zentrum Frankfurt GmbH, Frankfurt am Main	EUR		-	100,00	100,00	8.025	1)	2007
Audi Zentrum Hamburg GmbH, Hamburg	EUR		-	100,00	100,00	25	6)	2007
Audi Zentrum Stuttgart GmbH & Co. KG, Stuttgart	EUR		-	100,00	100,00	1.000	-1.000	2007
Audi Zentrum Stuttgart Verwaltungs-GmbH, Stuttgart	EUR		-	100,00	100,00	40	15	2007
Autohaus Mann Zehlendorf GmbH, Berlin	EUR		-	100,00	100,00	4) 1.221	4) 296	2006
Autohaus Staamann GmbH & Co. KG, Berlin	EUR		-	100,00	100,00	3.596	263	2006
Autohaus Staamann Verwaltungs GmbH, Berlin	EUR		-	100,00	100,00	25	0	2006
Automobile Rhein-Neckar GmbH, Mannheim	EUR		-	100,00	100,00	3.806	-895	2006
Auto Union GmbH, Ingolstadt	EUR		-	100,00	100,00	354	1)	2007
AVG Automobil Vertriebsgesellschaft mbH, Hannover	EUR		-	100,00	100,00	-	-	2006
AZU Autoteile und -zubehör Vertriebs GmbH, Dreieich	EUR		-	100,00	100,00	57	0	2007
Brandenburgische Automobil-GmbH, Potsdam	EUR		-	100,00	100,00	2.321	267	2006
Carmeq GmbH, Berlin	EUR		-	100,00	100,00	3.100	1)	2006
CC WellCom GmbH, Potsdam	EUR		-	100,00	100,00	25	1)	2007
Eduard Winter Automobilbetriebe GmbH & Co. KG, Berlin	EUR		-	100,00	100,00	4.702	644	2006
Eduard Winter Automobilbetriebe Verwaltungsgesellschaft mbH, Berlin	EUR		-	100,00	100,00	27	1	2006
Eduard Winter Importauto GmbH & Co. KG, Berlin	EUR		-	100,00	100,00	271	-691	2006
Eduard Winter Importauto Verwaltungsgesellschaft mbH, Berlin	EUR		-	100,00	100,00	27	1	2006
Eduard Winter Service GmbH & Co. KG, Berlin	EUR		-	100,00	100,00	200	58	2006
Eduard Winter Service Verwaltungs-GmbH, Berlin	EUR		-	100,00	100,00	26	0	2006
Fahr- und Sicherheitstraining FuS GmbH, Ingolstadt	EUR		-	27,45	27,45	56	812	2007
Groupe Volkswagen France S.A. + Co. OHG, Wolfsburg	EUR		-	100,00	100,00	6)	6)	2006
Groupe Volkswagen France Grundstücksgesellschaft mbH, Wolfsburg	EUR		-	100,00	100,00	7)	7)	2006
Selbstfahrer Union GmbH & Co. KG, Wolfsburg	EUR		-	100,00	100,00	25.554	1.178	2006
Hahn + Lang Automobile GmbH & Co. KG, Stuttgart	EUR		-	100,00	100,00	4.375	-6.492	2006
Hahn + Lang Automobile Verwaltungs-GmbH, Stuttgart	EUR		-	100,00	100,00	32	-1	2006
Hönigsberg & Düvel Datentechnik GmbH, Wolfsburg	EUR		-	87,10	87,10	2.989	390	2006
ISIM International School of Integrated Management GmbH, Braunschweig	EUR		100,00	-	100,00	-	-1	2006
Karosserie- und Lackierzentrum Potsdam GmbH & Co., Potsdam	EUR		-	100,00	100,00	125	213	2006
Karosserie- und Lackierzentrum Potsdam Verwaltungs-GmbH, Potsdam	EUR		-	100,00	100,00	39	1	2006
Kunden Club GmbH des Volkswagen-Konzerns, Wolfsburg	EUR		100,00	-	100,00	144	1)	2006
MMI Marketing Management Institut GmbH, Braunschweig	EUR		100,00	-	100,00	512	1)	2006
NSU GmbH, Neckarsulm	EUR		-	100,00	100,00	326	1)	2007
Osterkamp Automobile GmbH, Aurich	EUR		-	100,00	100,00	-	-1.195	2006
SEAT Deutschland Niederlassung GmbH, Frankfurt am Main	EUR		-	100,00	100,00	113	2	2006
stop+go Systemzentrale GmbH, Unna	EUR		-	100,00	100,00	3.000	1)	2006
UNA 152. Equity Management GmbH, Frankfurt am Main	EUR		-	100,00	100,00	25	7)	2007
Vehicle Trading International (VTI) GmbH, Braunschweig	EUR		-	100,00	100,00	2.927	1.330	2006

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VfL Wolfsburg-Fußball GmbH, Wolfsburg	EUR		100,00	-	100,00	3) 1.882	3) 113	2007
Volkswagen Chemnitz GmbH, Chemnitz	EUR		-	100,00	100,00	5.206	-442	2007
Volkswagen Coaching Gesellschaft mbH, Wolfsburg	EUR		100,00	-	100,00	5.369	1)	2007
rkn GmbH, Wolfsburg	EUR		-	100,00	100,00	503	1)	2007
Volkswagen-Bildungsinstitut GmbH, Zwickau	EUR		-	100,00	100,00	256	1)	2007
Volkswagen Design Center Potsdam GmbH, Potsdam	EUR		-	100,00	100,00	2.521	1)	2006
Volkswagen Insurance Brokers GmbH, Wolfsburg	EUR		-	100,00	100,00	1.193	395	2006
Volkswagen Klassik GmbH, Wolfsburg	EUR		-	100,00	100,00	6)	1)	2006
Volkswagen Motorsport GmbH, Hannover	EUR		-	100,00	100,00	2.034	1)	2006
Volkswagen Motorsport Verwaltungs GmbH, Hannover	EUR		-	100,00	100,00	6)	6)	2007
Volkswagen Procurement Service GmbH, Wolfsburg	EUR		-	100,00	100,00	100	1)	2007
Volkswagen Retail Leipzig GmbH, Leipzig	EUR		-	100,00	100,00	12.383	683	2006
Volkswagen Retail Rhein-Main GmbH, Frankfurt am Main	EUR		-	100,00	100,00	4) 7.200	4) -800	2006
Volkswagen Vertriebsbetreuungsgesellschaft mbH, Chemnitz	EUR		100,00	-	100,00	815	363	2006
Volkswagen Zentrum Bochum Verwaltungsgesellschaft mbH, Bochum	EUR		-	100,00	100,00	3.025	0	2005
Volkswagen Zentrum Bochum GmbH, Bochum	EUR		-	100,00	100,00	5)	5)	2007
WESER-EMS Vertriebsgesellschaft mbH, Bremen	EUR		81,25	-	81,25	5.502	1.487	2007
ZENDA Dienstleistungen GmbH, Würzburg	EUR		-	100,00	100,00	364	325	2006
2. A u s l a n d								
1998, LTD., Springfield, Virginia	USD	1,4721	-	100,00	100,00	14.598	2.328	2006
Apolo Administradora de Bens S/C Ltda., São Bernardo do Campo, SP	BRL	2,6145	-	100,00	100,00	5)	5)	2006
Audi Akademia Hungaria Kft., Györ	EUR		-	100,00	100,00	383	-13	2007
AUDI AUSTRALIA RETAIL OPERATIONS PTY LTD, Botany (Australien)	AUD	1,6757	-	100,00	100,00	6)	6)	2007
Audi Japan Sales K.K., Tokio	JPY	164,9300	-	100,00	100,00	3) 186.800	3) 137.209	2007
Audi Real Estate S.L, Barcelona	EUR		-	100,00	100,00	4) 14.371	4) -129	2007
Audi Tooling Barcelona, S.L., Barcelona	EUR		-	100,00	100,00	2.180	244	2006
Automobiles Villers Services S.A.S., Villes Cotterets	EUR		-	100,00	100,00	6)	6)	2007
Automobili Lamborghini America, LLC, Wilmington, Delaware	USD	1,4721	-	100,00	100,00	59	9	2007
Automotive Components International RUS OOO, Kaluga	RUB	35,9860	-	100,00	100,00	6)	6)	2007
AUTOVISÃO BRASIL DESENVOLVIMENTO DE NEGÓCIOS LTDA., São Bernardo do Campo	BRL	2,6145	-	100,00	100,00	134	33	2006
AutoVize s.r.o., Mladá Boleslav	CZK	26,6280	-	100,00	100,00	2)	2)	2007
A-VISION - PRESTACAO DE SERVICOS À INDÚSTRIA AUTOMÓVEL, UNIPESSOAL LDA, Palmela	EUR		-	100,00	100,00	287	154	2006
BENTLEY INSURANCE SERVICES LIMITED, Crewe	GBP	0,7334	-	100,00	100,00	270	6	2006
Bentley Motor Cars, Inc., New York	USD	1,4721	-	100,00	100,00	5)	5)	2007
BENTLEY MOTOR EXPORT SERVICES LIMITED, Crewe	GBP	0,7334	-	100,00	100,00	5)	5)	2007
CENTRE AUTOMOBILE DE LA RIVIERA CAR SAS, Nice	EUR		-	100,00	100,00	7)	7)	2006
Centro Usato Sangallo S.r.l., Florenz	EUR		-	100,00	100,00	25	10	2007
HAMLIN SERVICES LLC, Wilmington, Delaware	USD	1,4721	-	100,00	100,00	5)	5)	2007
H.J.Mulliner & Co. Limited, Crewe	GBP	0,7334	-	100,00	100,00	5)	5)	2007
HOLAD Holding & Administration AG, Basel	CHF	1,6547	100,00	-	100,00	13.532	0	2007
CARIVIERA SAS, Nice	EUR		-	100,00	100,00	7)	7)	2006
INIS International Insurance Service s.r.o., Mladá Boleslav	CZK	26,6280	-	100,00	100,00	44.787	39.593	2006
INIS International Insurance Service s.r.o., Bratislava	SKK	33,5830	-	100,00	100,00	11.944	7.544	2006
Instituto para Formación y Desarrollo Volkswagen, S.C., Puebla/Pue.	MXN	16,0743	-	100,00	100,00	5.476	-1.258	2006
InterRent Biluthyrning Aktiebolag, Södertälje	SEK	9,4415	-	100,00	100,00	360	5)	2007
LES CARROSSERIES DU CONCESSIONNAIRE SAS, Villers-Cotterêts	EUR		-	100,00	100,00	7)	7)	2006

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Limited Liability Company Volkswagen Financial Services RUS, Moskau	RUB	35,9860	-	100,00	100,00	6)	6)	2007
NIRA Dynamics AB, Linköping	SEK	9,4415	-	90,69	90,69	4.041	-7.067	2006
Park Ward & Co. Limited, Crewe	GBP	0,7334	-	100,00	100,00	5)	5)	2007
PARK WARD MOTORS INC., Wilmington, Delaware	USD	1,4721	-	100,00	100,00	5)	5)	2007
Picardie Auto Services S.A.S., Villers-Cotterêts	EUR		-	100,00	100,00	273	-211	2006
PUTT ESTATES (PROPRIETARY) LIMITED, Upington	ZAR	10,0298	-	100,00	100,00	3) 541	3) 378	2007
RIVIERA TECHNIC SAS, Mougins	EUR		-	99,99	99,99	7)	7)	2006
SEAT Nordic AB, Södertälje	SEK	9,4415	-	100,00	100,00	162	17	2006
SEAT Center Arrábida Automóveis Lda., Setúbal	EUR		-	100,00	100,00	545	1	2007
SEAT Saint Martin S.A.S., Paris	EUR		-	100,00	100,00	149	-323	2006
SEAT SPORT, S.A., Martorell, Barcelona	EUR		-	100,00	100,00	3.298	284	2007
SERVICES AUTOMOBILES INFORMATISES SAS, Villeres-Cotterêts	EUR		-	100,00	100,00	7)	7)	2006
SOCIETE IMMOBILIERE AUDI SARL, Paris	EUR		-	100,00	100,00	750	41	2007
SOCIETE NOUVELLE LE CHATAIGNIER SAS, Antibes	EUR		-	99,96	99,96	7)	7)	2006
VILLERS SERVICES CENTER SAS, Paris	EUR		-	100,00	100,00	606	-228	2006
Volksprop Halfway House (Pty.) Ltd., Uitenhage	ZAR	10,0298	-	100,00	100,00	-	158	2006
Volkswagen Automatic Transmission (Dalian) Co., Ltd, Dalian	CNY	10,7524	-	100,00	100,00	6)	6)	2007
VOLKSWAGEN BANK SA INSTITUCION DE BANCA MULTIPLE, Puebla	MXN	16,0743	-	100,00	100,00	6)	6)	2007
Volkswagen Finance (China) Co., Ltd., Peking	CNY	10,7524	-	100,00	100,00	420.197	-38.275	2006
VOLKSWAGEN FINANCIAL SERVICES ASIA-PACIFIC PTE. LTD., Singapur	SGD	2,1163	-	100,00	100,00	100	0	2006
VOLKSWAGEN FINANCIAL SERVICES SINGAPORE LTD., Singapur	SGD	2,1163	-	100,00	100,00	1.993	81	2006
Volkswagen Financial Services Taiwan LTD., Taipei	TWD	47,7650	-	100,00	100,00	130.915	27.519	2006
Volkswagen Group Finanz OOO, Moskau	RUB	35,9860	-	100,00	100,00	73.455	29.915	2006
Volkswagen Group Latin America, Inc., Miami, Florida	USD	1,4721	-	100,00	100,00	617	-47	2006
Volkswagen Group Malaysia Sdn. Bhd, Kuala Lumpur	MYR	4,8682	100,00	-	100,00	11.154	-15.945	2006
VOLKSWAGEN GROUP MILANO S.R.L., Milano (Italien)	EUR		-	100,00	100,00	10	6)	2007
Volkswagen Group Pension Scheme Trustee Limited, Milton Keynes	GBP	0,7334	-	100,00	100,00	5)	5)	2007
VOLKSWAGEN GROUP SALES INDIA PRIVATE LIMITED, Pune	INR	57,8535	91,00	9,00	100,00	6)	6)	2007
Volkswagen Group Singapore Pte. Ltd., Singapur	SGD	2,1163	51,00	49,00	100,00	11.249	692	2006
VOLKSWAGEN INDIA PRIVATE LIMITED, PUNE	INR	57,8535	91,00	9,00	100,00	6)	6)	2007
Volkswagen Insurance Company Ltd., Dublin	EUR		-	100,00	100,00	31.124	5.742	2006
VOLKSWAGEN INSURANCE SERVICE LTD., Milton Keynes	GBP	0,7334	-	100,00	100,00	378	273	2006
VOLKSWAGEN INSURANCE SERVICES, CORREDURIA DE SEGUROS, SL., Barcelona	EUR		-	100,00	100,00	3.313	2.922	2006
Volkswagen Investments Ltd., Dublin	EUR		100,00	-	100,00	5)	5)	2007
Volkswagen Investment Limited Partnership, Cayman Islands	USD	1,4721	99,90	0,10	100,00	5)	5)	2007
VOLKSWAGEN SARAJEVO, d.o.o., Vogosca	EUR		58,00	-	58,00	17.695	974	2006
VOLKSWAGEN SERVICIOS DE ADMINISTRACION DE PERSONAL S.A. de C.V.,Puebla	MXN	16,0743	-	100,00	100,00	136	5)	2006
VOLKSWAGEN SERVICIOS SA DE CV, Puebla	MXN	16,0743	-	100,00	100,00	6)	6)	2007
Volkswagen - Versicherungsdienst AG, Wallisellen	CHF	1,6547	-	100,00	100,00	926	29	2006
VVD VOLKSWAGEN CORRETAGEM DE SEGUROS LTDA., São Paulo	BRL	2,6145	-	100,00	100,00	-	875	2006
ASSIVALO PRESTAÇÃO DE SERVIÇOS AUXILIARES DO SETOR DE SEGUROS LTDA., São Paulo	BRL	2,6145	-	70,00	70,00	1.424	24	2006
MULTIMARCAS CORRETORA DE SEGOROS S/C LTDA., São Paulo	BRL	2,6145	-	100,00	100,00	17	-2	2006
VVS Verzekerings-Service N.V., Amsterdam	EUR		-	60,00	60,00	10) 3.079	10) 2.852	2006
AMER ASSURANTIEN B.V., Amersfoort	EUR		-	100,00	100,00	11)	11)	2006
V.V.S. ASSURADEUREN B.V., Diemen	EUR		-	100,00	100,00	11)	11)	2006
V.V.S. VERZEKERINGEN B.V., Diemen	EUR		-	100,00	100,00	11)	11)	2006

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VWFS Real Estate Corporation, Tokio	JPY	164,9300	-	100,00	100,00	61.829	13.232	2006
VWT PARTICIPAÇÕES LTDA., São Bernardo do Campo, SP	BRL	2,6145	-	100,00	100,00	4.391	2.249	2006
VOLKSWAGEN LOGISTICS PRESTAÇÃO DE SERVIÇOS DE LOGÍSTICA E TRANSPORTE LTDA., São Bernardo do Campo, SP	BRL	2,6145	-	100,00	100,00	7.210	3.760	2006
ZAO Evroavto, Sergiev Posad	RUB	35,9860	-	100,00	100,00	100	5)	2006
III. GEMEINSCHAFTSUNTERNEHMEN								
A. At Equity bewertete Unternehmen								
1. I n l a n d								
IAV GmbH Ingenieurgesellschaft Auto und Verkehr, Berlin	EUR		50,00	-	50,00	43.085	6.339	2006
2. A u s l a n d								
Dead Sea Magnesium Ltd., Sodom	USD	1,4721	35,00	-	35,00	-	-51.479	2006
FAW-Volkswagen Automotive Company, Ltd., Changchun	CNY	10,7524	20,00	20,00	40,00	12) 13.497.349	12) 5.034.651	2007
Global Mobility Holding B.V., Amsterdam	EUR		-	50,00	50,00	2.104.961	79.233	2006
LeasePlan Corporation N.V., Amsterdam	EUR		-	-	9)	1.371.972	210.804	2006
Shanghai-Volkswagen Automotive Company Ltd., Shanghai	CNY	10,7524	40,00	10,00	50,00	17.478.954	2.288.543	2006
Shanghai Volkswagen Powertrain Company Ltd., Shanghai	CNY	10,7524	-	60,00	60,00	12) 676.200	12) -9.488	2007
VDF Servis Holding A.Ş., Istanbul	TRY	1,7170	-	51,00	51,00	6)	6)	2007
VDF SIGORTA ARACILIK HIZMETLERI A.Ş., Istanbul	TRY	1,7170	-	99,99	99,99	453	347	2006
VOLKSWAGEN BANK POLSKA S.A., Warschau	PLN	3,5935	-	60,00	60,00	189.626	37.094	2006
VOLKSWAGEN SERWIS UBEZPIECZENIOWY SP. Z O.O., Warschau	PLN	3,5935	-	100,00	100,00	12.781	12.731	2006
VOLKSWAGEN DOĞUŞ TÜKETICI FINANSMANI ANONIM ŞIRKETI, Maslak-Istanbul	TRY	1,7170	-	51,00	51,00	39.458	18.344	2006
VOLKSWAGEN FAW Engine (Dalian) Co. Ltd., Dalian	CNY	10,7524	-	60,00	60,00	995.094	-117.720	2006
Volkswagen FAW Platform Company Ltd., Changchun	CNY	10,7524	-	60,00	60,00	413.682	2.289	2006
VOLKSWAGEN Finančnè služby Slovensko s.r.o., Bratislava	SKK	33,5830	-	58,00	58,00	743.366	90.195	2006
Volkswagen Leasing Polska Sp. z o.o., Warschau	PLN	3,5935	-	60,00	60,00	13.192	7.233	2006
Volkswagen Pon Financial Services B.V., Amersfoort	EUR		-	60,00	60,00	10) 156.230	10) 26.103	2006
Autolease Zeeland Beheer B.V., Goes	EUR		-	100,00	100,00	11)	11)	2006
DutchLease Goes B.V., Goes	EUR		-	100,00	100,00	11)	11)	2006
DFM N.V., Amersfoort	EUR		-	100,00	100,00	11)	11)	2006
DFM Autofinanciering B.V., Amersfoort	EUR		-	100,00	100,00	11)	11)	2006
DutchLease Amsterdam B.V., Amsterdam	EUR		-	100,00	100,00	11)	11)	2006
DutchLease Rotterdam B.V., Rotterdam	EUR		-	100,00	100,00	11)	11)	2006
DutchLease Utrecht B.V., Utrecht	EUR		-	100,00	100,00	11)	11)	2006
Lease + Balans B.V., Amersfoort	EUR		-	100,00	100,00	11)	11)	2006
Lease + B.V., Amersfoort	EUR		-	100,00	100,00	11)	11)	2006
Midland Beheer B.V., Amersfoort	EUR		-	100,00	100,00	11)	11)	2006
Volkswagen Leasing B.V., Amersfoort	EUR		-	100,00	100,00	11)	11)	2006
VOLKSWAGEN Transmission (Shanghai) Company Ltd., Shanghai	CNY	10,7524	-	60,00	60,00	276.656	46.233	2006
B. At Cost bewertete Unternehmen								
1. I n l a n d								
August Horch Museum Zwickau GmbH, Zwickau	EUR		-	50,00	50,00	591	99	2006
AUTOMEILE Ausstellungsgesellschaft m.b.H., Hamburg	EUR		-	50,00	50,00	29	5)	2006
Deutsche Automobilgesellschaft mbH, Braunschweig	EUR		50,00	-	50,00	2)	2)	2007
LGI Logistikzentrum im Güterverkehrszentrum Ingolstadt Betreibergesellschaft mbH, Ingolstadt	EUR		-	50,00	50,00	1.928	549	2006
Objekt Audi Zentrum Berlin-Charlottenburg Verwaltungsgesellschaft mbH, Berlin	EUR		-	50,00	50,00	57	7	2007

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Objektgesellschaft Audi Zentrum Berlin-Charlottenburg mbH & Co. KG, Berlin	EUR		-	50,00	50,00	15.000	-408	2007
PMDTechnologies GmbH, Siegen	EUR		-	50,00	50,00	6.669	105	2007
Wolfsburg AG, Wolfsburg	EUR		50,00	-	50,00	27.573	2.676	2006
2. A u s l a n d								
Krupp Módulos Automotivos do Brasil Ltda., São José dos Pinhais, PR	BRL	2,6145	-	49,00	49,00	17.635	-1.354	2006
SAIC-Volkswagen Sales Company Ltd., Shanghai	CNY	10,7524	-	40,00	40,00	606.811	55.606	2006
SITECH Dongchang Automotive Seating Technology Ltd., Shanghai	CNY	10,7524	-	60,00	60,00	35.867	1.008	2006
STURUPS BILSERVICE AB, Sturup	SEK	9,4415	-	33,40	33,40	271.060	3.854	2006
Trio Bilservice Aktiebolag, Västeras	SEK	9,4415	-	33,30	33,30	130.952	87	2006
Volkswagen Beijing Center Co.,Ltd., Peking	CNY	10,7524	-	70,00	70,00	31.508	1.609	2006
VOLKSWAGEN Finančnè služby Maklérska s.r.o., Bratislava	SKK	33,5830	-	58,00	58,00	46.978	46.758	2006
IV. ASSOZIIERTE UNTERNEHMEN								
A. At Equity bewertete assoziierte Unternehmen								
1. I n l a n d								
Autoport Emden GmbH, Emden	EUR		-	33,33	33,33	172	20	2006
MAN Aktiengesellschaft, München	EUR		28,67	-	28,67	2.012.823	334.080	2006
2. A u s l a n d								
SCANIA Aktiebolag, Södertälje	SEK	9,4415	20,59	-	20,59	13) 21.972	13) 10.520	2006
B. At Cost bewertete assoziierte Unternehmen								
1. I n l a n d								
Abgaszentrum der Automobilindustrie GbR, Weissach	EUR		-	-	-	-	-	
ALC Auto-Lackier-Center GmbH, Chemnitz	EUR		-	20,00	20,00	579	140	2006
Extessy AG, Wolfsburg	EUR		-	24,90	24,90	12	-304	2006
Fahrzeugteile Service-Zentrum Mellendorf GmbH, Wedemark (Mellendorf)	EUR		26,00	23,70	49,70	3.515	2.287	2006
GIF Gewerbe- und Industriepark Bad Friedrichshall GmbH, Bad Friedrichshall	EUR		-	30,00	30,00	1.750	179	2006
GVZ Entwicklungsgesellschaft Wolfsburg mbH, Wolfsburg	EUR		-	30,80	30,80	999	260	2006
LivingSolids GmbH, Magdeburg	EUR		-	24,90	24,90	-	-828	2006
PDB - Partnership for Dummy Technology and Biomechanics GbR, Ingolstadt	EUR		-	-	-	-	-	
Theater der Stadt Wolfsburg GmbH, Wolfsburg	EUR		25,40	-	25,40	3) 124	3) 0	2007
VW AUDI Vertrieb GmbH, Berlin	EUR		26,00	-	26,00	2)	2)	2007
2. A u s l a n d								
e4t electronics for transportation s.r.o., Prag	CZK	26,6280	-	49,00	49,00	18.925	6.012	2006
Servicios Especiales de Ventas Automotrices, S.A. de C.V., México, D.F.	MXN	16,0743	-	25,00	25,00	49.544	-252	2006
SKO-ENERGO s.r.o., Mladá Boleslav	CZK	26,6280	-	46,00	46,00	55.275	35.429	2006
Smart Material Corp., Sarasota	USD	1,4721	-	24,90	24,90	1.054	-63	2006
TAS Tvornica Automobila Sarajevo d.o.o., Vogosca	EUR		50,00	-	50,00	5)	5)	2007
TTTech Computertechnik AG, Wien	EUR		-	24,99	24,99	5.604	129	2006
Volkswagen of Nigeria Ltd., Lagos	NGN	174,3703	40,00	-	40,00	5)	5)	2007
Yontrakit Volkswagen Marketing Limited Co., Bangkok	THB	43,8000	-	45,00	45,00	5)	5)	2007
V. BETEILIGUNGEN								
1. I n l a n d								
GKH-Gemeinschaftskraftwerk Hannover GmbH, Hannover	EUR		-	15,30	15,30	10.226	1)	2006
NEULAND Wohnungsgesellschaft mbH, Wolfsburg	EUR		-	20,00	20,00	73.883	8.338	2006
Niedersächsische Gesellschaft zur Endablagerung von Sonderabfall mbH, Hannover	EUR		10,00	-	10,00	11.404	994	2006

Name und Sitz des Unternehmens	Währung	Kurs Mengennot. (1 Euro =) 31.12.2007	Höhe des Anteils der VW AG am Kapital in % direkt	indirekt	Gesamt	Eigenkapital in Tsd. Landeswährung	Ergebnis in Tsd. Landeswährung	Jahr
2. Ausland								
ŠKO-ENERGO FIN s.r.o., Mladá Boleslav	CZK	26,6280	-	10,00	10,00	658.394	207.511	2006

1) Ergebnisabführungsvertrag

2) in Liquidation

3) Abweichendes Geschäftsjahr

4) Rumpfgeschäftsjahr

5) zurzeit keine Geschäftstätigkeit

6) Neugründung

7) Neuerwerb

8) sonstige Ergebnisabführung

9) Die Global Mobility Holding B.V., Amsterdam hält 100% der Anteile an der LeasePlan Corporation N.V., Amsterdam

10) Konsolidierter Abschluss

11) Werte sind im konsolidierten Abschluss der Muttergesellschaft enthalten

12) Zahlen gemäß IFRS

13) Angabe in Mio. Landeswährung

Bei den folgenden Gesellschaften ist die VOLKSWAGEN AG unbeschränkt haftender Gesellschafter:

1. Abgaszentrum der Automobilindustrie GbR, Weissach

2. LOCATOR Grundstücksvermietungsgesellschaft mbH und Volkswagen AG in Gesellschaft bürgerlichen Rechts, Eschborn

3. PDB - Partnership for Dummy Technology and Biomechanics GbR, Ingolstadt

4. Volkswagen AG Preussen Elektra AG OHG, Wolfsburg

5. Volkswagen Logistics GmbH & Co. OHG, Wolfsburg

Herausgeber:

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38426 Wolfsburg
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ISSN 0944-9817/858.809.507.00