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Abbreviated
Portfolio

Report to Management

In fiscal year 2005, the Supervisory Board dealt in detail with the current position 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 the running of the Company. We were consulted directly with regard to all decisions of fundamental significance to Volkswagen. The Board of Management provided us with regular, complete and prompt verbal and written reports on all key issues for the Volkswagen Group relating to the development of business, the current position of the Group including the risk situation, risk management and other matters. The Board of Management submitted detailed monthly reports on the current business position and the forecast for the year as a whole. It provided us with a verbal or written account of any variation from the defined plans and targets. Together with the Board of Management, we discussed the reasons for these variations so that effective measures could be taken. The Supervisory Board held four ordinary meetings and one extraordinary meeting in 2005. Average attendance by Supervisory Board members was 94%. All members attended more than half of the meetings. In addition, resolutions regarding urgent business transactions were adopted in writing by means of a circulated document.

Committee Activities

The Supervisory Board has established three committees, each composed of two shareholder representatives and two employee representatives. These committees are the President and the Mediation Committee in accordance with section 27(3) of the Mitbestimmungsgesetz (German Codetermination Act), as well as the Audit Committee. Membership of the committees at the end of 2005 is indicated in the list of Supervisory Board members on page 187. The President of the Supervisory Board was convened prior to each Supervisory Board meeting. The main topics discussed at these meetings were fundamental issues relating to corporate policy and management, as well as personnel changes on the Board of Management. The Audit Committee also dealt with the interim reports, matters relating to financial reports and their audit by the auditors. On July 25, 2005, the Audit Committee held a special meeting due to suspicions of corruption and fraud, in connection with which the Volkswagen Group dismissed two employees and called in the public prosecutor's office in Braunschweig. At this meeting, the Internal Audit Department, which had been tasked with clarifying the matters, and the external audit firm KPMG outlined how the investigation would be organized and what was known at that time. The Mediation Committee was not required to convene during the year.

Topics Discussed by the Supervisory Board

At our meeting on February 22, 2005, we thoroughly examined and subsequently approved the annual financial statements of Volkswagen AG and the consolidated financial statements of the Group prepared by the Board of Management for 2004. At the Supervisory Board meetings in February, April and September 2005, we considered the extent to which the Group strategy 2015 had been implemented. At the Supervisory Board meeting on September 23, 2005, we gave the Board of Management the task of reviewing all options for the wholly-owned subsidiaries Agip Aktiengesellschaft and Europac International S.A.S.L., ranging from strategic expansion through to an IPO or sale. The independent auditors from KPMG also gave us a verbal progress report on the status of the investigation into

irregularities at Volkswagen. We examined its results in detail. An extraordinary Supervisory Board meeting was held on October 10, 2005, at which we dealt with the investment by Dr. Ing. h.c. F. Porsche Aktiengesellschaft. The Supervisory Board welcomed its acquisition of around 20% of Volkswagen AG ordinary shares. In this context, we authorized the Board of Management to conclude a governing agreement on future operational cooperation with Porsche. To avoid any appearance of a conflict of interest and any possible influence on the decision concerning cooperation with Porsche AG, the Chairman of the Supervisory Board did not participate in the negotiations on the governing agreement between Volkswagen AG and Dr. Ing. h.c. F. Porsche Aktiengesellschaft at the Supervisory Board meeting on November 11, 2005. At our meeting on November 11, 2005, we discussed in detail the Volkswagen Group's financial and investment planning for 2006 to 2008 and approved the Board of Management's proposals. We also approved the investment program for Volkswagen AG. Another topic of this meeting was the written progress report on the investigation being conducted by the independent auditors at KPMG. This report described how individual employees tried to damage the Volkswagen Group, circumvent expense claim and other rules and procure benefits going as far as personal gain. According to the report, VW's functioning control system thwarted attempts to siphon off Company funds via four companies and hidden shareholding. The Company nevertheless suffered financial losses, partly as a result of the submission of so-called "internal receipts". The Supervisory Board is therefore pushing for events to be fully clarified. Volkswagen will also be using the events to demand for damages. As a result of these events, the Company has installed a Group-wide combustion system and equipped individual approval and control mechanisms.



Shares and Bonds

Global Equity Markets

In 2005, global equity markets recorded a positive overall result. This was driven by robust global economic growth and continuing low interest rates. Even uncertainty on the global and commodity markets was unable to hold back the positive trend for long. At the year-end, the IBCX closed at 3,880 points, up 27.1% on the prior year. The investment sector index IIF Euro STOXX Sustainable also developed positively, rising 20.1% in 2005 and ending the year at 272 points.

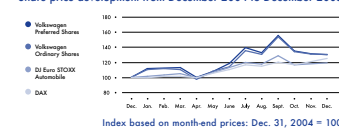
Development of the Volkswagen Share Price

Volkswagen AG shares continued to experience the positive market trend. This was due to improved cost structures and the success of the new models. In addition, the investment in Volkswagen AG by Dr. Ing. h.c. F. Porsche Aktiengesellschaft led to a share repurchase program in the Company's shares. Although the share price then dropped back slightly, it remained at an encouraging level. In the period, Volkswagen's ordinary shares rose 64.6% to a strong increase of 14.9% over the price on December 31, 2004. The ordinary shares peaked at €101.00 in January 2005 and reached an annual low of €73.00 on April 18, 2005. Volkswagen's preferred shares also rose sharply during the period. They ended 2005 up 21.1% at €22.50. During the year, the price of the preferred shares ranged between €19.00 and €24.00.

Dividend Yield

Based on the dividend proposal for fiscal year 2005, the dividend yield on Volkswagen AG ordinary shares is 2.0%, and the yield on the preferred shares 1.7%. Volkswagen shares therefore continue to be an attractive investment for both institutional and private investors. This particularly applies to the preferred shares. Details of the current dividend proposal can be found in the Volkswagen Multiple (goodwill, according to German Commercial Code) on page 72 of the Annual Report.

Share price development from December 2004 to December 2005



Index based on month-end prices; Dec. 31, 2004 = 100

Earnings Per Share

Basic earnings per ordinary share were €2.00. In accordance with IAS 33, calculation of basic earnings per share is based on the weighted average number of ordinary shares outstanding in the fiscal year (see also page 70 of the Volkswagen consolidated financial statements).

Shareholder Structure

The shareholder structure of Volkswagen AG as of December 31, 2005 is shown in the chart further down this page. As of December 31, 2005, the subscribed capital in Volkswagen AG comprised 512,000,000 ordinary shares and 105,250,000 preferred shares. As the largest single shareholder, Dr. Ing. h.c. F. Porsche Aktiengesellschaft held 18.0% of the voting shares at the balance sheet date. This corresponds to 14.9% of subscribed capital. The Bank of Lower Saxony held 18.1% of the ordinary shares or 13.4% of subscribed capital. As of December 31, 2005, Volkswagen AG held 41,719,333 ordinary treasury shares, corresponding to 1.0% of all ordinary shares or 0% of subscribed capital. A further number of shares to be held by institutional investors includes Schroder Investment Partners, LLC, Sun Diego, California, USA, which owned Volkswagen AG shares for the total proportion of ordinary shares held by its clients amounted to 0.20% of all ordinary shares on September 30, 2005. On October 11, 2005, investment management company The Capital Group Companies, Inc., Los Angeles, USA, held 1.50% of the voting capital of Volkswagen AG.

The proportion of subscribed capital held by foreign institutional investors, including Schroder Investment Partners, LLC and The Capital Group Companies, Inc., was 31.1% in total (previous year: 28.0%). German institutional investors held 7.0% (7.4%).

Seventh Tranche of Stock Option Plan

In the period under review, the Board of Management of Volkswagen AG, with the consent of the Supervisory Board, offered the seventh tranche of the stock option plan in 2005. Since 1999, six eligible employees covered by collective wage agreements and whose remuneration is not collectively

Innovations



Innovations With Added Value for Customers

New models and customer wishes, possibilities for new technologies, tougher legal requirements and the pursuit of sustainability – these are all reasons responsible for making the lives of customers. Volkswagen innovation should inevitably offer customers new added value in response to the needs for the innovations and new features and technologies that affect their own customer benefits and/or cost savings. Customers can always tell us their current wishes, but a longer-term goal must be the vehicle that customers will buy in the future. In the area of other customer targeting products with innovative technologies, Volkswagen will be launching the Group Strategy 2015 – defined four areas of focus that will be relevant to customer needs, and which have progress to be made:



Fuel Consumption and Lightweight Design

Driven by tougher exhaust emission standards and rising oil prices, the Volkswagen Group is taking various approaches to reducing fuel consumption and engine costs. Thanks to launching the highly dynamic and low-consumption TSI8 generation of engines and developing hybrid vehicles, Volkswagen is working on a new direct-actuator Combustion System. This leads to a significant reduction in emissions while saving fuel at the same time. In addition to more efficient drivetrains, lightweight design has great potential for fuel efficiency and driving pleasure. Lightweight and super-high-strength steel offer potential to significantly reduce the vehicle weight.



Product Diversification

Our middle strategy enables us to manufacture diversified products as competitive costs, thereby allowing us to maintain their individuality. New construction methods are necessary, for example, frame-type construction for low-production volumes and lightweight steel construction for high-production volumes. In further vehicle innovation projects, innovative active materials or nanotechnology give components new functions or enable low-cost integration within components. Examples of this are active vibration dampers or the self-healing epoxy resin that allows damage to the windshield on an individual auto-glass or sun protection, or simply to give them added privacy.



Increased User-Friendliness for Customers

The range of functions and the level of automation features in our vehicles will increase, and there will also be a growing customer demand for greater user-friendliness. By providing information, dashboards and offering intuitive input options, we can ensure that technology will be understood and used by all. In the research phase, the customer benefits of new information and networking strategies are already calculated by a comprehensive user group.

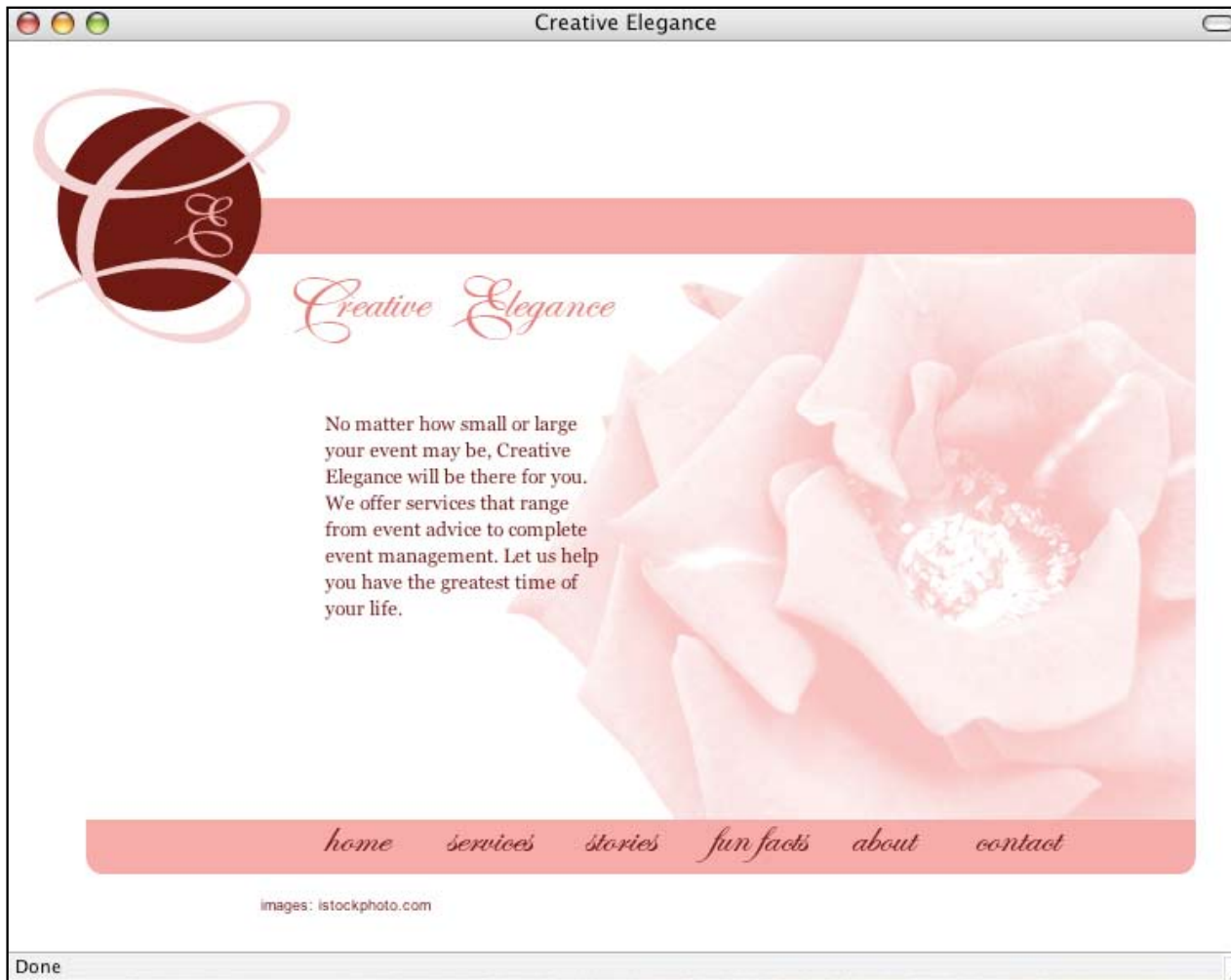
Accident Prevention and Information Networking

Information networks help to make traffic safer and more secure and reduce the risk of an accident. In addition to ABS and ESP, our study developed systems help to make the possible, such as the first stage of the active Roadblock Support Distance sensor (BSD) in combination with Adaptive Lane Control (ALC), which can be used as an example in the Passat. A first for a vehicle in the world. While ALC is a driver function that can be switched on and off as well, BSD is constantly vigilant and activates the brake system when there is a risk of a crash. In the near future, we will be able to use the technology, thereby reducing the system reaction time. This helps to reduce and/or reduce the severity of accidents. By the year 2010, we will be able to use the technology. This system helps driver change lanes by measuring the area behind and behind the vehicle and the information the driver has a signal as the driver notices when a driver another vehicle in the rear lane. Although all of these systems are still under research, individual functions, the future will see them merging to become an overall environment-sensing system. The way of future technical possibilities was demonstrated impressively by the Volkswagen "Pony" which will return to the Grand Challenge – a race for autonomous cars over more than 100 km. For anticipatory driving, the possible, the vehicle is 200 km.

Intangible Innovations

At Volkswagen, we are our automotive services as innovations. Here, we are focusing on the growing customer interest in the possibility of mobile payment services that offer an extensive range of services at a fixed monthly rate. Since 2005, we have offered transit-pass services contracts that combine financing, car insurance and extended warranty. We use new techniques to ensure how additional service agreements can be incorporated in these packages. In order to reap a new dynamic in our insurance business, we signed a cooperation agreement with Allianz AG in September 2005 in which we revised our insuring concept.

Changing mobility requirements drive our innovations. In addition to "autobility", we offer our customers innovative financial solutions, thereby increasing their financial mobility as well.



Web Design
 Creative Elegance - Wedding Planning Company
 Logo, Home Page, Services, Client Stories



"Yes...I finally blend in!"

My name is Alice and I have alopecia areata. I don't have any hair but, thanks to Locks of Love, I do now. I never wanted to go play with my friends or see my family because everyone looked at me as the girl with no hair. With the hairpiece I got from Locks of Love, I can be just like everyone else.

We take donations of many kinds. Our children need you. Please help.
888.896.1588 • locksoflove.org

LOCKS OF LOVE



"Finally I'm just another face in the crowd. And I like it!"

My name is Julie and I have alopecia areata. We don't know why my hair keeps falling out but it does. I was embarrassed to go to school or even my best friends house. With the hairpiece I got from Locks of Love, I don't feel uncomfortable around other kids anymore. Now I can play and go to school with confidence.

We take donations of many kinds. Our children need you. Please help.
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LOCKS OF LOVE

Sample Copy

My name is Alice and I have alopecia areata. I didn't have any hair but, thanks to Locks of Love, I do now. I never wanted to go play with my friends or see my family because everyone looked at me as the girl with no hair. With the hairpiece I got from Locks of Love, I can be just like everyone else.

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Not for Profit Campaign
Locks of Love
2 Newspaper B/W Ads, Donation Thank You Cards



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Thank you for your donation today. This is an amazing gesture and we appreciate it so much. Please pass on our stories and again...thank you!

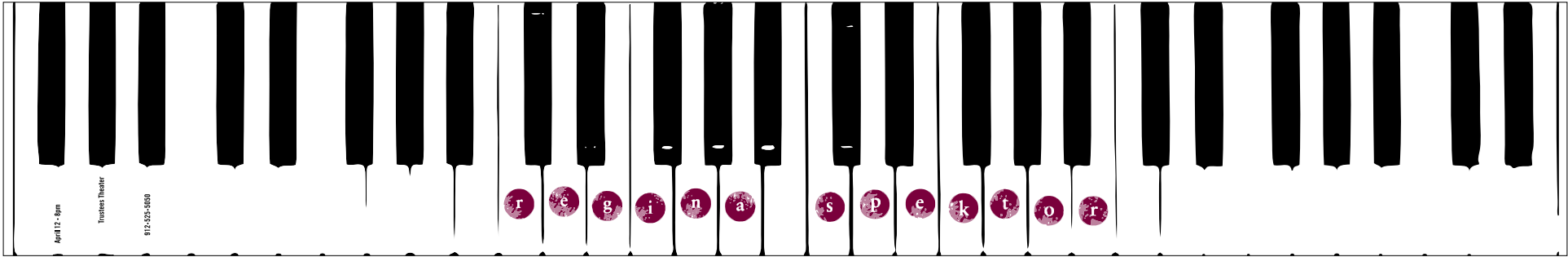
LOCKS OF LOVE .org



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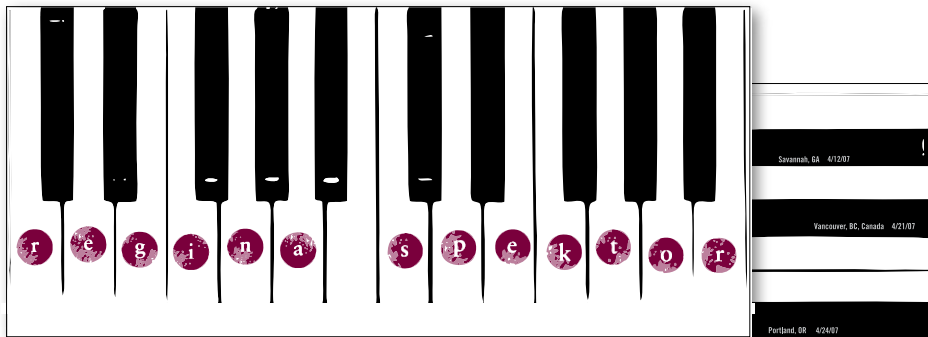
Thank you for your donation today. This is an amazing gesture and we appreciate it so much. Please pass on our stories and again...thank you!

LOCKS OF LOVE .org



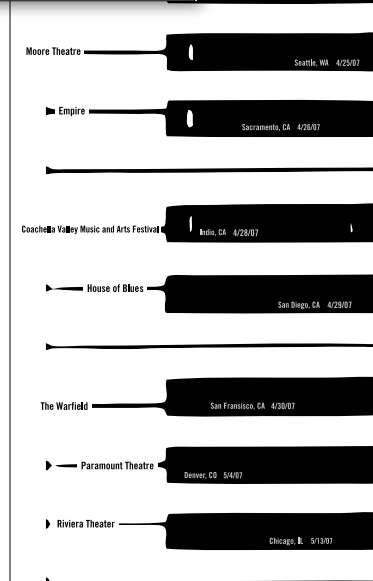
poster

newspaper ad

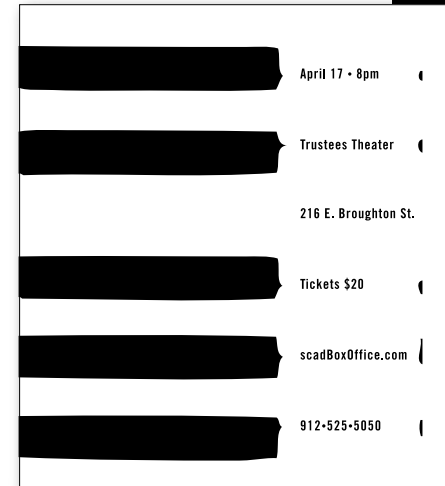


front

postcard back



close-up



Music Promotion
 Regina Spektor Concert
 3/17/2007 Savannah, GA
 Poster Design



Corporate Identity
Eos - Animal Foster Organization
Logo, Stationary, Poster, Folder/Info Kit



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Thank You
for your consideration