

VOLKSWAGEN AG

Annual Report 2000



Key Figures

Volkswagen Group

Volume Data		2000	1999	%	
Vehicle Sales	Units	5,161,188	4,922,996	+ 4.8	
Production	Units	5,156,455	4,853,192	+ 6.2	
Workforce as per Dec. 31		324,402	306,275	+ 5.9	

Financial Data		2000	1999	%	2000	1999
		million DM	million DM		million €	million €
Sales Proceeds		167,331	147,013	+ 13.8	85,555	75,167
Pre-tax Profit		6,784	4,933	+ 37.5	3,469	2,522
Net Earnings		4,032	1,651	+144.2	2,062	844
Research & Development Expenditure		8,089	7,409	+ 9.2	4,136	3,788
Capital Investments		39,820	28,316	+ 40.6	20,360	14,478
Depreciation and Write-Down		17,385	14,480	+ 20.1	8,889	7,403
Cash Flow		23,180	16,771	+ 38.2	11,852	8,575
Automotive Division:						
Investments in Tangible Fixed Assets ¹⁾		12,052	10,695	+ 12.7	6,162	5,468
Depreciation and Write-Down		8,992	7,926	+ 13.4	4,597	4,052
Cash Flow		14,724	11,008	+ 33.8	7,528	5,628

Earnings according to IAS		2000		2000
Net Earnings	million DM	5,902	Mio. €	3,018
Earnings per Share	DM	14.42	€	7.37

Key Figures per Share		2000	1999	%	2000	1999
		DM	DM		€	€
Earnings according to HGB		9.67	3.96	+144.2	4.94	2.02
Cash Flow		55.56	40.20	+ 38.2	28.41	20.55
Dividend per Ordinary Share		2.35 ²⁾	1.51 ²⁾	+ 55.8	1.20	0.77
per Preferred Share		2.46 ²⁾	1.62 ²⁾	+ 51.8	1.26	0.83
Price of Ordinary Share at Dec. 31		110.60	109.53	+ 1.0	56.55	56.00

Returns		2000	1999
Return on Sales before Tax	%	4.1	3.4
Return on Investment after Tax ³⁾	%	7.0	6.9
Dividend Return	%	3.0	2.0

VOLKSWAGEN AG

Financial Data		2000	1999	%	2000	1999
		million DM	million DM		million €	million €
Sales Proceeds		84,975	78,417	+ 8.4	43,447	40,094
Net Earnings		1,612	1,276	+26.4	824	652
Dividend of VOLKSWAGEN AG		992 ²⁾	641 ²⁾	+54.8	507	327
of which Ordinary Shares		732 ²⁾	470 ²⁾	+55.9	374	240
Preferred Shares		260 ²⁾	171 ²⁾	+51.8	133	87

¹⁾ Excluding amounts carried forward in respect of companies consolidated for the first time.

²⁾ For information only; the distribution is made in Euro.

³⁾ In the Automotive Division.

VOLKSWAGEN AG

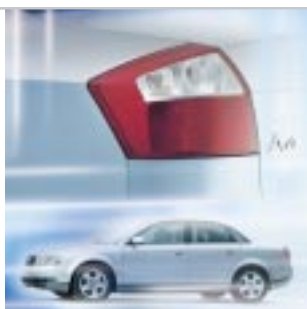
Annual Report 2000



Commercial
Vehicles



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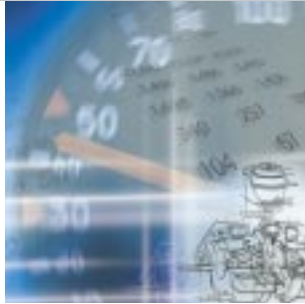
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		DAX® Deutsch	
		Wert	Er
BAR	33,50	TC 33,40/ 33,70)	7880
BAH	23,50	TC 23,35/ 23,55)	7827
BLN	43,40	TC 43,20/ 43,50)	7775
BRN	37,50	TC 37,40/ 37,60)	7722
CEO	39,20	TC 39,00/ 39,25)	
NUV2	327,50	TC 327,00/ 328,00)	
PRS	48,25	TC 48,15/ 48,40)	
RWE	36,10	TC 36,00/ 36,20)	
SAP3	912,00	TC 908,00/ 914,00)	
SCH	145,50	TC 145,00/ 146,00)	
SIE	162,50	TC 162,00/ 163,00)	
TKA	25,75	TC 25,70/ 26,00)	
VEB	48,10	TC 48,00/ 48,20)	
VIA	19,15	TC 19,10/ 19,30)	





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Report of the Supervisory Board



Dr. Klaus Liesen

The Supervisory Board convened at four scheduled meetings in the course of the year 2000, at which verbal and written reports from the Board of Management were received and reviewed and the position and development of the Volkswagen Group was discussed in detail. An additional extraordinary meeting of the Supervisory Board was convened on April 2, 2000, at which consultations were undertaken concerning an intended capital investment in the Scania AB corporation. The Board of Management also provided the Supervisory Board with monthly detailed reports on significant developments throughout the Group. These reports included the latest key volume and financial data of the Volkswagen Group as a whole, the brands, regions and divisions, set against budget and against the previous year, as well as updated forecasts through to the year-end. Written and verbal questions from the Supervisory Board were answered directly by the Board of Management.

The Presidium of the Supervisory Board, comprising four of its members, was convened prior to each scheduled meeting. The Balance Sheet and Personnel Committee and the Finance and Investment Committee each met once in the year 2000. They each comprise five representatives of the stockholders and five employee representatives. The Mediation Committee did not need to convene. Memberships of the respective committees are indicated in the "Organs of the Company" section.

In addition to the planned investment in Scania AB, major topics at the meetings of the Supervisory

Board were the Company's current business position and the future market positioning of the Volkswagen Group. The medium-term corporate planning for the years 2001 to 2005 was routinely presented, discussed in detail and approved at the autumn meeting. The Supervisory Board also approved the investment programme of VOLKSWAGEN AG for the year 2001.

Further topics of importance dealt with at Supervisory Board meetings in the past year were:

- The commercial vehicle strategy in the Volkswagen Group.
- The authorization of a share buyback scheme.
- Further capital measures as set out in the agenda to the 2000 Annual Meeting of Stockholders.
- The latest state of affairs relating to the EU End of Life Vehicle Directive.
- The full acquisition of ŠKODA AUTO a.s.
- The development of business at Europcar.
- Reporting on the South America Region.
- The VOLKSWAGEN AG humanitarian aid fund for former forced labourers.
- The expansion of Investor Relations activities.
- The implementation of the second tranche of the stock option plan.

The main items on the agenda of the Spring 2001 meeting of the Supervisory Board were the consolidated financial statements of the Group and of VOLKSWAGEN AG for 2000, as well as the accompanying management reports of the Group and of VOLKSWAGEN AG, which, together with the accounts, had previously been examined by the

auditors and approved without qualification. PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Hanover, had been appointed auditors for the fiscal year 2000 at the Annual Meeting of Stockholders held on May 23, 2000. The audit also covered the measures to be undertaken by the Board of Management to ensure early detection of any risk endangering the continued existence of the Company. The Supervisory Board accepted the results of the audit. The Supervisory Board's examination of the Group consolidated financial statements, the financial statements of VOLKSWAGEN AG, the associated management reports and the proposal regarding appropriation of net earnings available for distribution gave rise to no objections. The auditors were present at the relevant meeting of the Supervisory Board at which this item was reviewed, as well as at the preceding meeting of the Balance Sheet and Personnel Committee, and reported on the principal results of their audit. The Supervisory Board approved and thereby adopted the financial statements, and approved the proposal put forward by the Board of Management regarding appropriation of net earnings available for distribution.

At this meeting, the Supervisory Board also consented to the implementation of the third tranche of the stock option plan.

At its meeting on November 24, 2000 the Supervisory Board voted to appoint Dr. Folker Weißgerber as a member of the Board of Management of VOLKSWAGEN AG. With effect from March 1, 2001, Dr. Weißgerber took on responsibility for "Production" in addition to his role as member of the Volkswagen Brand Management Board with responsibility for "Production, Logistics".

Furthermore at its meeting on March 16, 2001 the Supervisory Board passed a resolution to appoint Mr. Francisco Javier Garcia Sanz to the Board of Management of VOLKSWAGEN AG. With effect from July 1, 2001, Mr. Garcia Sanz will take on responsibility for "Procurement" in addition to his responsibilities on the Volkswagen Brand Management Board.

On March 22, 2000, the former member of our Supervisory Board Mr. Hans-Günter Hoppe, Senator (ret.), passed away at the age of 77. Mr. Hoppe was a member of the Supervisory Board of VOLKSWAGEN AG between 1974 and 1992. His 18 years of membership on the Board were marked by a commitment of expertise and dynamism which was of lasting benefit to the wellbeing of the Company.

On September 22, 2000, the former member of our Supervisory Board Professor Hans L. Merkle (Dr. h. c.) passed away at the age of 87. Professor Merkle was a member of the Supervisory Board of VOLKSWAGEN AG for 13 years up to 1987. In that position he exhibited great initiative and outstanding commitment, and had a decisive influence on the successful development of the Company.

We shall treasure the memory of the deceased, to whose efforts and commitment VOLKSWAGEN AG owes so much.

The Supervisory Board would like to thank the members of the Board of Management, the Works Councils and all the employees of VOLKSWAGEN AG and its affiliated companies for their efforts and achievements.

Wolfsburg, March 16, 2001



Dr. Klaus Liesen
Chairman of the Supervisory Board

Letter to Stockholders



Dr. Ferdinand Piëch

Dear Stockholder,

The Volkswagen Group is able to look back on an outstanding year 2000. Deliveries to customers were up 3.9 % to 5,062,143 units. The resulting substantial increase in sales proceeds to 167.3 billion DM was accompanied by a disproportionately high increase in pre-tax profits to 6.8 billion DM (+ 37.5 %). As a result, the pre-tax return on sales rose from 3.4 % to 4.1 %. Net earnings increased by 144.2 % to 4.0 billion DM.

In view of these satisfying developments, the Board of Management and Supervisory Board propose to the Annual Meeting of Stockholders the payment of a significantly increased dividend of 1.20 € on each ordinary share and 1.26 € on each preferred share. At the end of the year 2000 the ordinary and preferred shares were each quoted at prices slightly above their 1999 closing prices, so that the shares of VOLKSWAGEN AG clearly outperformed the CDAX Automobile Index.

The continuous expansion of the model range of the Volkswagen Group enabled it for the first time to break through the five million units barrier in terms of deliveries to customers. All the brands gained new customers and contributed to this increase. Worldwide market share rose from the previous year's 12.0 % to 12.2 %. In Western Europe, Volkswagen confirmed its longstanding market leadership with a share of 18.7 (18.8) %. The German passenger car market was the only major market to see a decline in deliveries to customers. In all other regions deliveries to customers were increased. In this regard it should also be noted that the Volkswagen Group was not obliged to resort to

aggressive price discounting. Rather, the strategy of enhancing the long-term value of our products is proving highly successful.

In the past year we again consistently implemented our product development strategy, launching a large number of new models. Our brands set the standards with new products such as the Audi A4, the Škoda Fabia Combi, the Seat Alhambra and the Volkswagen Passat. All new vehicles provided an attractive enhancement of the range and opened up new potential sources of revenue. Our corporate strategy is the basis for the achievement of our targeted returns. We regard the key target figure for the Automotive Division as being a return on investment of between 9 and 11 % after tax.

In the past year the Volkswagen Group continued to increase the transparency and performance of its business activities and financial situation. A key focus was on the enhancement of investor relations activities and the improvement of communications with investors and analysts. An especially satisfying development in this context was the inclusion of the VOLKSWAGEN AG share in the EURO-STOXX-50 Index at the end of last year. As a further significant step in making the Company more open, we shall be bringing the accounting and reporting practices of the Volkswagen Group in line with International Accounting Standards (IAS). To this end, monthly financial statements according to the German Commercial Code (HGB) and in line with

IAS will be produced in parallel during the year 2001. The consolidated financial statements for the fiscal year 2001 will be presented fully in line with IAS standards. With effect from 2002 the consolidated financial statements will be prepared exclusively to IAS standards, meaning that Volkswagen will be well prepared for the mandatory compliance with IAS applicable to quoted companies in the European Union coming into force in 2005.

In order to ensure the long-term future profitability of the Company, the new corporate module strategy with which you will be familiar has been supplemented by an intelligent system for the deployment of common parts Group-wide. Eleven selected modules are fitted in vehicles across a number of different classes, thereby opening up new potential for synergies. The expected savings will come from lower development and investment costs and from economies of scale in relation to purchase prices for higher volumes, among other effects.

The current investment programme safeguards the success of our corporate strategy along with the continuous expansion and renewal of our product range. The Volkswagen Group plans to invest some 63 billion DM for that purpose in the period 2001 to 2005. The figure is slightly above that set out in last year's plan. The investment ratio will be lower because of the planned increase in sales. The major part of the capital investments – some two thirds – will be in products. Investments in the non-product sector will be spread across our global manufacturing facilities and in the increased deployment of e-commerce.

The Volkswagen Group will orientate its planned investments not only to the direct development, manufacture and sale of vehicles, but will also continue to pursue its activities as a full service provider in all areas connected with the automobile. The Autostadt automotive center of excellence in Wolfsburg, opened

on June 1, 2000, represents for Volkswagen a living symbol of its new service mentality. Visitors are able to experience the fascination and unique identity of the Group brands in conjunction with harmoniously conceived and excellent service. With over 1.25 million visitors in just six months, the Autostadt has been an outstanding success. The Volkswagen Group has established a further foundation for the provision of expanded services to its customers through its comprehensive leasing and finance packages from Volkswagen Financial Services AG, which also offers fleet management services in conjunction with the Europcar group.

We are convinced that Volkswagen, with the quality and lasting value of its products combined with the associated range of services, will in future continue to hold an outstanding position within the automotive industry. Building on the successes already achieved, we will continue to improve all our processes, methods and structures in order further to enhance the earning power and value of your investment. We therefore ask you once again to place your trust in us, as you have in the past.

Yours sincerely,



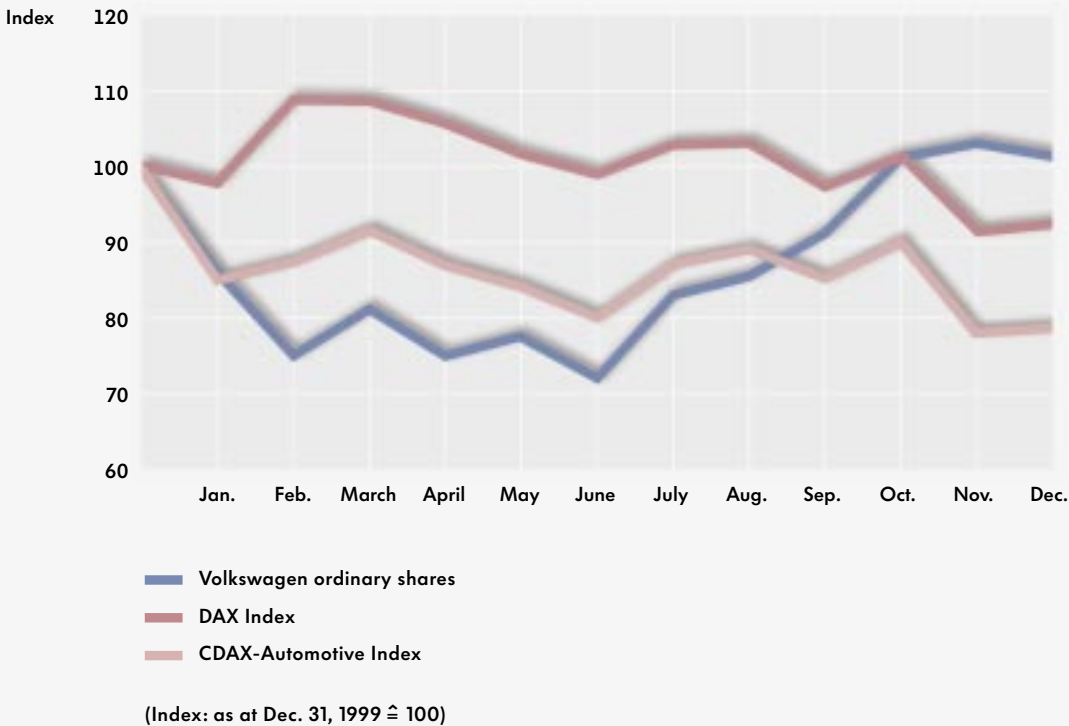
Ferdinand Piëch

Investor Relations

In 2000 Volkswagen stepped up efforts to enhance communications with its investors. In May the Investor Relations function was restructured under a newly appointed director with considerable experience in German and international capital markets. In addition to the office in Wolfsburg, a second office was established in London. This initiative facilitates stronger relations with investors and promotes close contact between the Group Management in Wolfsburg and international financial analysts.



Development of share price, January to December 2000





Enhancing relations with institutional investors and analysts and with private investors

In the past year, in connection with the publication of the annual and quarterly reports, members of the Board of Management attended a number of analyst meetings in Germany and abroad in order to present the current position and future prospects of the Group. We also intensified our direct contacts with analysts and with institutional and private investors worldwide. At over 100 one-on-one meetings we set out our corporate strategy and answered questions relating to the Group's financial position and market developments, thereby creating a basis of ongoing communication with financial analysts and investors. The launch of our Internet website is also intended to enhance contacts with our private investors. We will continue to increase these activities in the coming years.

Development of the Volkswagen share

In the first quarter of the year 2000 the German Share Index (the DAX) was on a steep upward climb, while the CDAX Automotive Index fell slightly. The overall development of automotive stocks was held back in the first months of the year 2000 by investor interest in the booming technology, media and telecoms sector. As Europe's leading automobile manufacturer, Volkswagen's share price also suffered.

In the second half of the year the Volkswagen share benefited as investors returned to the safe havens of traditional industrial stocks. At the same time, Volkswagen attracted investors with quarterly earnings above analysts' expectations and with impressive product developments. The share buyback scheme launched on September 15, and not least our efforts to enhance investor relations, led to an increase in confidence in the Volkswagen share. As a result, the Volkswagen share clearly outperformed the CDAX Automotive Index and the DAX in the second half of the year. At the year-end



the ordinary share was quoted at 56.55 €, a slight 1.0 % up on the price at the previous year-end. The price of the preferred share, 32.50 €, showed a similar increase.

Volkswagen share included in EURO-STOXX-50 Index

With effect from December 11, 2000 the Volkswagen share has been included in the EURO-STOXX-50 Index. The EURO-STOXX-50 covers the 50 top stocks in the Euro zone, and is in this context considered the key index. The decisive factor for inclusion in the index is market capitalization based on a company's Free Float. At the valuation date Volkswagen's market capitalization was over 14.5 billion €, placing it 48th in the index ranking with a weighting of approximately 0.7 %. The positive development of the share price which had bucked the generally weak recent market trend to increase by around 45 % in value between mid-year and December 11 played a significant role in contributing to the inclusion in the index.

Volkswagen share included in Dow Jones Sustainability Group Index

In the past two years the proportion of companies such as Volkswagen and others from the automotive sector quoted on the key stock indices has declined in favour of the emerging tech, media and telecoms stocks. Companies withdrawing from the indices as a result of takeovers, mergers, or for other reasons, were replaced by stocks from these new, fast-growing sectors. Volkswagen offers value-conscious investors healthy long-term prospects based on sound fundamentals and clearly defined commercial risk.

Against this background, we are pleased that Volkswagen has been included as one of the leading companies in the Dow Jones Sustainability Group Index (DJSGI). Corporate sustainability is a concept which generates long-term stockholder value by exploiting the opportunities arising from economic, ecological and social developments, while minimizing the risk. The DJSGI is the world's first global index, charting the performance of companies which meet the rating criteria for sustainability such as technology leadership, social and ecological sustainability, productivity and growth. We aim to maintain the leading position we attained in 2000 in the DJSGI over the long term, because the criteria applied are, after all, key to achieving a balance between economic, ecological and social goals.

Share buyback

In accordance with the authorization issued by the Annual Meeting of Stockholders held on May 23, 2000 to buy back shares in the Company, Volkswagen acquired ordinary shares amounting to 9.8 % of the share capital in 2000.

Corporate governance

In view of the convergence of global capital markets, we see the international standardization of the principles of good corporate governance as a positive development. We strongly support the OECD Principles adopted in 1999, and we are following the discussion relating to further development of the Principles with great interest. VOLKSWAGEN AG complies with the existing principles of corporate governance requirements. We are investigating implementation of the farther-reaching criteria under discussion based on an analysis of the Company's situation.

Earnings according to DVFA

In the fiscal year 2000 the earnings per share under the terms of the German Commercial Code increased to 9.67 (3.96) DM. Earnings according to the DVFA (German Association for Financial Analysis and Investment Consultancy), which express the net earnings adjusted by special effects, were 3.7 billion DM. Based on the average outstanding volume of 409.3 million no-nominal-value shares, this represented earnings of 9.10 (5.75) DM per share. Adjustments to earnings to produce the DVFA results relate primarily to extraordinary financial burdens arising from the European End of Life Vehicle Directive and from the use or release of provisions from previous years.

Key Figures of the Volkswagen Share

Development of dividends ¹⁾²⁾		1996	1997	1998	1999	2000
Number of no-nominal-value shares at Dec. 31						
Ordinary shares	in thousands	277,490	308,961	311,916	311,955	313,070 ³⁾
Preferred shares	in thousands	87,454	97,384	105,238	105,238	105,238
Dividend						
per ordinary share	€	0.46	0.61	0.77	0.77	1.20
per preferred share	€	0.51	0.66	0.82	0.83	1.26
Tax credit						
per ordinary share	€	0.20	0.26	0.33	0.33	0.51
per preferred share	€	0.22	0.29	0.35	0.36	0.54

Key figures per share ¹⁾		1996	1997	1998	1999	2000
Net earnings ⁴⁾	DM	1.98	3.45	5.52	3.96	9.67
Earnings acc. to DVFA/SG ⁵⁾ (new method)	DM			7.45	5.75	9.10
Earnings acc. to DVFA/SG ⁵⁾ (old method)	DM	5.50	8.15	9.50		
Cash flow ⁴⁾	DM	32.34	30.84	41.35	40.20	55.56
Stockholders' equity	DM	36.50	35.24	44.94	47.22	53.87
P/E ratio acc. to DVFA/SG ⁵⁾ (new method)	Factor			18.1	19.0	12.1
P/E ratio acc. to DVFA/SG ⁵⁾ (old method)	Factor	11.6	12.3	14.2		
Price/cash flow ratio	Factor	2.0	3.3	3.3	2.7	2.0
Dividend yield	%	2.0	1.7	1.6	2.0	3.0

Sales turnover on German stock markets		1996	1997	1998	1999	2000
Turnover in Volkswagen ordinary shares	billion DM	110.2	192.3	231.6	151.6	119.5
Volkswagen portion of DAX turnover	%	5.8	7.0	5.9	3.8	2.1

Development of the share price ¹⁾²⁾		1996	1997	1998	1999	2000
Ordinary share						
Closing	€	32.59	51.38	68.92	56.00	56.55
High	€	32.59	75.88	101.18	78.60	61.70
Low	€	24.55	32.33	49.34	46.48	39.10
Preferred share						
Closing	€	25.10	39.42	42.44	32.00	32.50
High	€	25.23	56.55	71.33	46.30	35.50
Low	€	17.73	24.85	31.85	26.10	22.35
Stock market valuation on Dec. 31	billion €	11.2	19.7	26.0	20.8	18.8 ⁶⁾

¹⁾ 1996-1998 adjusted at a ratio of 1:10 as a result of the conversion to no-nominal-value shares.

²⁾ Figures for years 1996 to 1998 converted into Euro at a rate of 1.95583 DM and rounded according to standard commercial practice.

³⁾ Including the 1,114,470 new no-nominal-value shares issued in connection with the exercise of option rights.

⁴⁾ Based on the capital stock carrying dividend rights.

⁵⁾ German Association for Financial Analysis and Investment Consultancy/Schmalenbach Society.

⁶⁾ Calculated excluding 41,719,353 treasury stock shares.

Earnings and

Stockholders' Equity according to IAS

Move to International Accounting Standards

In fiscal 2001 we shall for the first time publish full consolidated financial statements in accordance with International Accounting Standards (IAS) and the interpretations of the Standing Interpretations Committee (SIC) of the International Accounting Standards Committee (IASC). The consolidated financial statements are based on the financial statements of the individual Group companies, all of which are being brought into line with IAS.

For the year 2000 we have prepared an unaudited IAS balance sheet and statement of earnings as a basis for comparison. We have placed these provisional statements against the financial statements prepared in line with the German Commercial Code (HGB) for comparison purposes, and in the following text we present the key differences between them.

Key differences between HGB and IAS statements

In accordance with IAS 38, development costs for products which are likely to bring commercial gain in future are capitalized as intangible assets and amortized over their useful lives as from start of production.

The useful lives and depreciation methods applied to the tangible fixed assets in the financial statements in accordance with the German Commercial Code (HGB) largely correspond to tax practices in Germany, which are characterized by declining-balance depreciation, increased rates of depreciation in multi-shift operation, and the application of half-yearly depreciation rates. IAS 16 stipulates that tangible fixed assets are subjected to straight-line depreciation over their useful commercial lives.

In HGB financial statements, leased vehicles are capitalized and amortized by the declining-balance method. In IAS financial statements the leased vehicles are not capitalized; instead the expected future leasing income is capitalized as a receivable and discounted according to the effective yield method. Commissions paid for the conclusion of leasing agreements are no longer treated as immediately affecting profit and loss, but

Balance Sheet at December 31, 2000

million DM	HGB	IAS (prov.)	Difference
Assets	159,582	188,286	28,704
Fixed assets	69,308	72,608	3,300
Current assets	89,835	115,058	25,223
Prepaid and deferred charges	439	620	181
Stockholders' Equity and Liabilities	159,582	188,286	28,704
Stockholders' equity	22,534	43,507	20,973
Minority interest*	–	66	66
Provisions	44,728	51,317	6,589
Liabilities	89,203	92,913	3,710
Prepaid and deferred charges	3,117	483	– 2,634

* In the HGB financial statements, the minority interests are included in the stockholders' equity.

are distributed across the terms of the agreements. The book value of these discounted leasing receivables is higher than the book value of leasing and rental assets according to the HGB standard.

According to IAS 2, inventories are valued including attributable indirect costs and in HGB financial statements only at direct cost.

In HGB financial statements, provisions are created for risks arising from forward foreign exchange contracts forming part of the derivative financial instruments, whereas unrealized gains are not taken into account because of the principle of imparity. In contrast, in IAS financial statements positive market values of derivative financial instruments on the balance-sheet date are also capitalized.

The treasury stock included in the HGB financial statements under “Current assets” is set off against the stockholders’ equity in the IAS financial statements.

In HGB financial statements we make use of the option to omit the asset-side overhang of deferred taxes. In IAS financial statements both deferred tax assets and deferred tax liabilities must be entered.

Special items with an equity portion are not entered in the IAS financial statements.

The pension provisions created in HGB financial statements are in accordance with Section 6a of the German Income Tax Act (EStG) but are based on the Projected Unit Credit Method in the IAS financial statements. Therefore according to IAS future wage and pension rises increase the amount of the provision.

Some items which HGB treats as provisions are treated as liabilities in IAS financial statements. Also, no provisions for expenses are permitted; in IAS financial statements long-term provisions must be discounted at the market interest rate. This results in a lower valuation of provisions.

In consolidated IAS financial statements, the statements of the consolidated foreign Group companies are translated according to the functional

Transition from HGB financial statements to provisional IAS financial statements 2000

million DM	Pre-tax profit
HGB financial statements	6,784
Capitalization of development cost (balanced against depreciation)	681
Depreciation on tangible fixed assets and other intangible assets	1,096
Valuation of leasing and rental contracts	1,254
Valuation of other receivables	– 215
Valuation of pension provisions	– 106
Change in other provisions	– 1,913
Other changes	– 53
IAS financial statements	7,528
Effective taxes	– 2,752
Deferred taxes as per IAS	1,126
Current business	– 74
One-off effect*	1,200
IAS net earnings	5,902

* One-off effect of reduction in tax rate pursuant to Tax Reduction Act dated October 23, 2000.

currency concept at the exchange rate on the balance-sheet date. Accordingly, the changes resulting from the development of the exchange rate in the course of the current year have no effect on profit and loss, and so are set off against the stockholders’ equity, whereas in HGB financial statements they are treated as affecting profit and loss.

The Group’s stockholders’ equity according to IAS of 43,507 million DM is almost double that under German commercial law. The IAS pre-tax profit is 744 million DM higher than the HGB pre-tax profit. The IAS after-tax earnings are 1,870 million DM higher than the HGB net earnings.





Management Report of the Volkswagen Group and of VOLKSWAGEN AG

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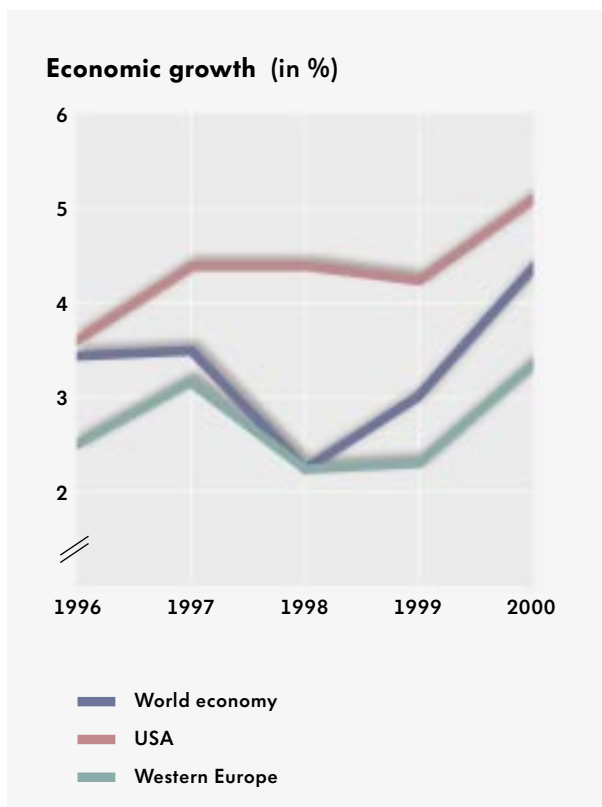
Economic Climate



Dynamic global economic growth

In the past fiscal year the global economy recorded strong growth of 4.4 (+ 3.0) %. The economies of the industrialized nations maintained their upward trend, which in turn led to a significant increase in production in most developing and threshold economies. World trade expanded by 12.0 %.

In the USA, the sustained impetus of domestic demand and the substantial improvement in productivity again resulted in growth: 5.1 % against 4.2 % in the previous year. The Mexican economy increased its gross domestic product by 7.2 (+ 3.7) % based on the strong expansion in North America and on rising oil exports. In Brazil growth was 4.0 (+ 1.0) %.



In addition to exports of industrial goods, private consumer demand increasingly boosted economic development. In Argentina the recovery did not match expectations; growth was 0.1 (- 3.1) %. The South African economy increased its gross domestic product by 3.1 (+ 1.2) %. China's economy grew by 8.0 (+ 7.1) %, primarily owing to the strong recovery of intra-Asian trade. In Japan, gross domestic product grew by only 2.0 (+ 0.2) %, despite the support to the economy provided by numerous state programmes and a very low interest rate level.

In Western Europe the growth rate increased to 3.3 (+ 2.3) %. However, the substantial rise in raw material prices and the continued weakness of the Euro resulted in higher inflation and interest rates. In the reformed countries of Central Europe, the positive development of the global economy and the strong increase in domestic demand produced a marked recovery. The upward trend was particularly dynamic in Poland and Hungary, while the Czech Republic and Slovakia recorded only moderate economic growth. With a growth rate of 3.1 (+ 1.6) %, Germany produced its best economic performance in 10 years, as a result of which there was also a substantial fall in unemployment. The increase in consumer demand was modest, compared to the dynamic growth of exports and capital investments.

Global automotive market continues to expand

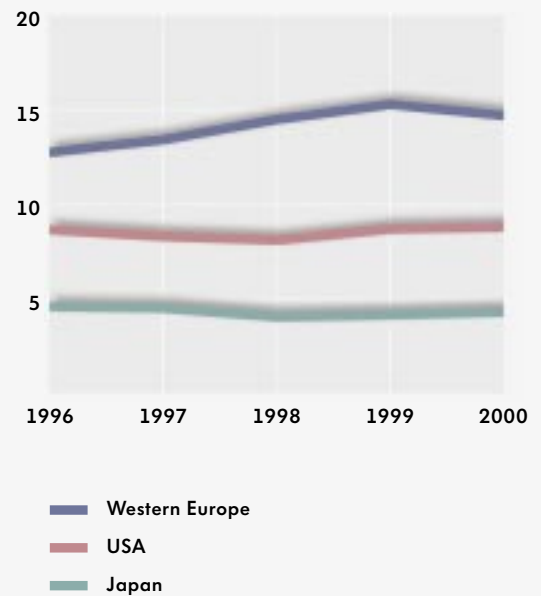
In the year 2000 the global automotive market was marked by a slight upward trend accompanied by more intensive competition. Demand developed differently in the various countries and regions. Falls in demand in Germany were more than compensated by increasing numbers of new vehicle registrations in North and South America and in Asia. New passenger car registrations worldwide totalled 37.3 million units, up 1.7 %. A total of 57.6 million vehicles were produced worldwide (+ 3.5 %), of which 40.5 million were passenger cars (+ 3.0 %).

New passenger car registrations in Western Europe fell slightly, by 2.2 %, to 14.7 million units. Of that figure, 11.4 million vehicles were registered in Western Europe outside Germany (+ 0.8 %). In Italy and Great Britain, new car registrations rose by 3.3 % and 1.1 % respectively.

In Central and Eastern Europe, new car registrations fell overall compared with the 1999 figure (– 4.9 %). While the passenger car markets in the Czech Republic, Hungary and Croatia grew, Poland, Slovenia and Slovakia recorded in some cases substantial falls.

The number of new car registrations in Germany fell by a substantial 10.5 % relative to the previous year. New vehicle registrations overall totalled 3,693,160 units, of which 3,378,343 (– 11.1 %) were passenger cars and 215,328 (– 3.2 %) were light trucks up to 6 tonnes gross vehicle weight. The reasons for this unsatisfactory market situation were a significant increase in fuel prices, higher interest rates and large stocks of nearly-new used vehicles. In contrast, domestic manufacturers' export business once again grew, primarily owing to rising sales to North and South America and Asia. The number of vehicles exported increased to 4,367,526 units (+ 7.9 %). Nonetheless, overall production in Germany declined by 2.8 % to 5,526,621 units.

The major world passenger car markets (million units)



Business Development



Deliveries at record level

Deliveries to customers by the Volkswagen Group totalled 5,062,143 vehicles (+ 3.9 %), a new record in the Company's history. World market share increased from 12.0 % in 1999 to 12.2 % in the year 2000, underlining the major success of our models. All product lines recorded increased sales, some of them substantial. The new vehicle deliveries of the various brands were as follows: Volkswagen

Passenger Cars 3,127,471 (+ 2.3 %); Volkswagen Commercial Vehicles 328,798 (+ 6.1 %); Audi 653,377 (+ 2.9 %); Seat 514,976 (+ 6.9 %); Škoda 435,403 (+ 13.0 %); Rolls-Royce/Bentley 1,822 (+ 31.0 %) and Lamborghini 296 (+ 11.7 %). The percentage of the Group's total vehicle sales outside Germany rose by 3.4 percentage points, to 79.7 %.

Key markets of the Volkswagen Group*

	Deliveries 2000 (units)	Change over 1999 (%)	Share of passenger car market 2000 (%)	Share of passenger car market 1999 (%)
Worldwide	5,062,143	+ 3.9	12.2	12.0
Western Europe	2,999,797	- 1.8	18.7	18.8
of which: Germany	1,025,857	- 11.2	29.8	29.7
Spain	338,252	+ 2.3	23.1	22.3
Italy	306,965	+ 2.3	11.8	12.2
France	271,208	+ 2.6	11.2	11.4
Great Britain	264,569	+ 4.8	11.2	10.7
Central/Eastern Europe	299,720	+ 3.5	13.7	12.5
of which: Czech Republic	95,544	+ 5.5	61.0	58.2
Poland	74,524	- 3.6	14.7	11.3
North America Region	657,394	+ 18.5	6.3	5.5
of which: USA (import market)	436,756	+ 14.2	10.4	9.9
Canada	49,138	+ 4.4	5.8	5.8
Mexico	171,500	+ 36.7	27.8	26.3
South America/Africa Region	534,557	+ 8.9	23.1	23.5
of which: Brazil	407,873	+ 10.0	29.9	31.3
Argentina	48,731	- 14.3	17.9	17.7
South Africa	51,122	+ 10.5	21.4	22.6
Asia-Pacific Region	430,163	+ 10.1	5.3	5.1
of which: China	335,708	+ 6.5	53.2	53.8
Japan (import market))	64,439	+ 23.5	26.4	21.8

* Deliveries and market shares for 1999 are updated based on statistical recording.

Inconsistent development in Europe

In Western Europe the Volkswagen Group made 2,999,797 deliveries to customers (– 1.8 %). The Volkswagen Group enjoyed a 18.7 % market share, around the level of the previous year (18.8 %). It was able to defend its clear market leadership. The individual product lines attained the following sales and market shares: with 1,598,657 units delivered (– 5.5 %) and a market share of 11.0 (11.5) %, Volkswagen Passenger Cars confirmed its market leadership; Volkswagen Commercial Vehicles sold 204,151 units (– 0.9 %); Audi sold 500,654 units (– 3.6 %) and attained a market share of 3.3 (3.4) %; Seat and Škoda both substantially increased their performance, attaining sales of 466,273 (+ 5.1 %) and 229,109 (+ 19.2 %) units and market shares of 2.9 (2.7) % and 1.5 (1.2) % respectively. Rolls-Royce/Bentley increased deliveries to 794 units (+ 39.8 %); Lamborghini sold 159 units (+ 67.4 %).

As a result of the weakness of the market, Group deliveries in Germany fell by a substantial 11.2 % to 1,025,857 units, though market share was increased slightly to 29.8 (29.7) %. The Volkswagen Group thus remained by far the leading seller on the market.

In Central and Eastern Europe the Volkswagen Group delivered a total of 299,720 vehicles (+ 3.5 %). While deliveries in Central Europe rose only slightly, by 1.9 %, to 267,746 units, Group sales in Eastern Europe underwent a strong 19.1 % growth, to 31,974 units. Market share in Central and Eastern Europe increased to 13.7 (12.5) %.

Selling successes in the North America Region

The US passenger car market once again grew in the year 2000, by 1.7 % to 8,849,929 units. The Volkswagen Group delivered 436,756 vehicles (+ 14.2 %), its best sales performance since 1973. Deliveries of the Volkswagen Jetta, Passat and Golf models increased significantly. Audi, too, recorded substantial sales growth in all current models, particularly the Audi A6 and the TT Coupé and Roadster models. The Group increased its share of

new imported car registrations to 10.4 (9.9) %.

With the Canadian passenger car market up 5.3 % to a total of 849,500 units, the Group delivered 49,138 units (+ 4.4 %) to customers. Increased sales were generated in particular by the Jetta, as well as the Audi models on offer. The market share of Volkswagen Canada Inc. remained unchanged at 5.8 % in the year 2000.

While the Mexican passenger car market grew by 30.4 % to 593,455 units overall, Volkswagen de Mexico, S.A. de C.V. achieved a major leap in sales of 36.7 %, to 171,500 units. Group market share increased by 1.5 percentage points to 27.8 %, building further on its existing market leadership in the year 2000.

North America Region

Units	2000	1999	%
Total deliveries	657,394	554,821	+ 18.5
Volkswagen Passenger Cars	558,333	472,159	+ 18.3
Volkswagen Commercial Vehicles	9,395	9,096	+ 3.3
Audi	88,753	72,757	+ 22.0
Rolls-Royce/Bentley	806	674	+ 19.6
Lamborghini	107	135	– 20.7

Upward trend in the South America/Africa Region

With a total of 407,873 units sold, the Volkswagen Group surpassed its previous year's performance in Brazil by 10.0 %. Since the total number of new car registrations increased by 13.4 %, the Group's market share fell to 29.9 (31.3) %, but market leadership on the passenger car market was nevertheless maintained. In the light trucks segment, 46,282 units (+ 11.5 %) were sold, generating a market share of 19.9 (21.9) %. In the heavy commercial vehicles segment from 7 to 35 tonnes, the Group delivered 16,419 Volkswagen trucks and buses (+ 44.1 %), attaining a market share in that segment of 21.8 (19.8) %.

The overall passenger car market in Argentina declined as a result of the country's economic problems (- 13.0 %). Volkswagen also recorded falls in sales, dropping 14.3 % to 48,731 units while maintaining a 17.9 (17.7) % share of the passenger car market. In the truck segment, Group trucks imported from Brazil attained a 6.9 (5.7) % market share.

In South Africa, Volkswagen of South Africa (Pty.) Ltd. increased its deliveries of Volkswagen and Audi models by 10.5 % to 51,122 units. The Volkswagen Group thereby attained a 21.4 (22.6) % share of the substantially increased overall passenger car market (+ 18.3 %).

South America/Africa Region

Units	2000	1999	%
Total deliveries	534,557	490,959	+ 8.9
Volkswagen Passenger Cars	431,239	406,266	+ 6.1
Volkswagen Commercial Vehicles	73,792	65,190	+ 13.2
Audi	18,582	12,026	+ 54.5
Seat	7,457	4,835	+ 54.2
Škoda	3,487	2,640	+ 32.1
Lamborghini	0	2	X

Asia-Pacific Region

Units	2000	1999	%
Total deliveries	430,163	390,788	+ 10.1
Volkswagen Passenger Cars	391,077	363,351	+ 7.6
Volkswagen Commercial Vehicles	6,434	6,439	- 0.1
Audi	30,766	18,806	+ 63.6
Seat	121	1,066	- 88.6
Škoda	1,602	1,000	+ 60.2
Rolls-Royce/Bentley	135	97	+ 39.2
Lamborghini	28	29	- 3.4

Increasing deliveries in the Asia-Pacific Region

Sales of the Group on the Chinese market underwent pleasing development in collaboration with the two joint venture partners in Shanghai and Changchun. The total of 335,708 deliveries to customers surpassed the previous year's figure by 6.5 %, primarily owing to successful new model launches (the Passat and Audi A6) and to the sustained high demand for the Jetta. The Group's 53.2 (53.8) % share of the passenger car market demonstrates its outstanding position of strength on the Chinese automobile market.

In Japan the overall passenger car market rose 2.6 % above the low level of the previous year, while the market for imported vehicles was only slightly above the comparable period (+ 0.9 %). Bucking the trend, Volkswagen increased sales by 23.5 % to 64,439 units. This positive development was driven in particular by the substantial increases in



sales of the New Beetle, the Bora and the Golf Variant. The Group's share of the imported passenger car market rose to 26.4 (21.8) %.

Overall passenger car demand in the other markets of the Asia-Pacific Region (primarily Australia and Taiwan) was 15.5 % up on the previous year's figure in the year 2000. The Volkswagen Group delivered a total of 30,016 units (+ 28.3 %) on those markets.

Positive development of unit sales

Demand on the various markets around the world developed very inconsistently in the year 2000. Whereas the overall domestic market volume declined, export demand grew substantially. Overall, the good level of international business outweighed the weakness on the domestic market, as a result of which the Volkswagen Group recorded an increase in worldwide sales to the dealer organization of 4.8 %, to 5,161,188 units. The proportion of those unit sales generated outside Germany rose to 80.3 (77.6) %. At 18.1 (17.9) %, the Golf remained the best seller. In

second place was the Passat, with 12.3 (13.8) %, followed by the Polo with 8.6 (8.5) % of unit sales. VOLKSWAGEN AG sold 2,243,567 units, 2.6 % up on the previous year, of which 67.4 (63.3) % were sold outside Germany.

Workforce expanded

The average number of employees in the Volkswagen Group in the year 2000 was 322,415 (+ 5.5 %). Of that total, 163,626 (+ 3.1 %) were employed by Group companies in Germany, corresponding to 50.8 (51.9) %. As of December 31, 2000 the workforce totalled 324,402 people, 5.9 % above the level at December 31, 1999. Over 11,600 new jobs were created within the Group, most significantly as a result of the increased personnel requirement arising from higher production and sales volumes and the further

Sales to the dealer organization by product line¹⁾

Units	2000	1999	%
Volkswagen Group	5,161,188	4,922,996	+ 4.8
Germany	1,018,923	1,104,221	- 7.7
Abroad	4,142,265	3,818,775	+ 8.5
Volkswagen Passenger Cars ²⁾	3,275,023	3,148,994	+ 4.0
Volkswagen Commercial Vehicles	215,788	203,178	+ 6.2
Audi	647,751	635,343	+ 2.0
Seat	525,866	503,319	+ 4.5
Škoda	444,406	371,095	+ 19.8
Rolls-Royce/Bentley	1,863	1,327	+ 40.4
Lamborghini	296	264	+ 12.1
Ford Galaxy	50,195	59,476	- 15.6
VOLKSWAGEN AG	2,243,567	2,187,689	+ 2.6

¹⁾ Including 333,340 (317,194) vehicles of the not fully consolidated vehicle-producing holdings Shanghai-Volkswagen, FAW-Volkswagen and Chinchun Motor (to January 26, 1999).

²⁾ Including 103,502 (96,347) light passenger-carrying utility vehicles from Volkswagen Commercial Vehicles.

expansion of research and development activities. Changes in the scope of affiliated companies consolidated within the Group also resulted in a net gain of 6,521 additional employees.

The number of people employed by VOLKSWAGEN AG as at the year-end rose by 0.5 % to 104,675. 12.4 % of the total workforce were women, at the same level as the previous year; 7.2 (7.3) % were non-German. The proportion of skilled technical personnel in the industrial workforce of VOLKSWAGEN AG fell slightly to 76.6 (77.0) %. 9.1 (8.6) % of the total workforce were university or college graduates.

Rise in production outside Germany

Production by the Volkswagen Group in the year 2000 rose by 6.2 % to 5,156,455 units. Major factors in this were the Golf and the new Seat León and Škoda Fabia models. The proportion of vehicles manufactured abroad increased to 64.5 (61.3) %. The average number of vehicles produced per working day in the

Group increased by 3.7 % to 20,905 units.

VOLKSWAGEN AG produced 1,170,411 vehicles (– 14.3 %). The decline resulted in particular from a change in supply flows. Owing to the reduction in material per vehicle supplied by VOLKSWAGEN AG for the production of the Golf at Volkswagen Bruxelles S.A. and the Polo at VOLKSWAGEN SLOVAKIA, a.s. to a level below 60 % of the total vehicle weight, with effect from January 1, 2000 those models are no longer included in the production figures of VOLKSWAGEN AG. The adjusted figure is only 3.4 % down on the previous year. The average number of vehicles produced per working day by VOLKSWAGEN AG stood at 4,716 units.

Production by product line¹⁾

Units	2000	1999	%
Volkswagen Group	5,156,455	4,853,192	+ 6.2
Germany	1,830,034	1,879,327	– 2.6
Abroad	3,326,421	2,973,865	+ 11.9
Volkswagen Passenger Cars ²⁾	3,262,094	3,076,430	+ 6.0
Volkswagen Commercial Vehicles	213,811	201,292	+ 6.2
Audi	657,703	630,136	+ 4.4
Seat	523,756	516,910	+ 1.3
Škoda	446,582	367,253	+ 21.6
Rolls-Royce/Bentley	1,938	1,440	+ 34.6
Lamborghini	291	252	+ 15.5
Ford Galaxy	50,280	59,479	– 15.5
VOLKSWAGEN AG	1,170,411	1,365,020	– 14.3

¹⁾ Including 332,131 (313,791) vehicles of the not fully consolidated vehicle-producing holdings Shanghai-Volkswagen, FAW-Volkswagen and Chinchun Motor (to January 26, 1999).

²⁾ Including 106,129 (97,274) light passenger-carrying utility vehicles from Volkswagen Commercial Vehicles.

Procurement

Volume of purchasing by brand and region

billion DM	2000	%
Volkswagen Group	111.9	100.0
Volkswagen Passenger Cars	46.8	41.8
Volkswagen Commercial Vehicles	4.8	4.3
Audi*	22.4	20.0
Seat	9.5	8.5
Škoda	6.3	5.6
Rolls-Royce/Bentley	0.3	0.3
North America Region	7.5	6.7
South America/Africa Region	7.4	6.6
Asia-Pacific Region	6.9	6.2

* Including Lamborghini.

New approaches to procurement

In its relations with suppliers Volkswagen continues to place its trust in an open and fair partnership in order to meet the future challenges on global markets. Suppliers must exhibit development and system expertise, and be willing to accept an extensive degree of responsibility throughout the product life cycle.

In the year under review the volume of purchasing by the Group increased by 16.6 % to 111.9 billion DM. This development resulted from the rise in production, and is also a consequence of our innovative, customer-oriented model and equipment specification philosophy. 57.5 (56.6) % of total purchasing volumes were purchased from German suppliers.

VOLKSWAGEN AG increased its volume of purchasing to 37.7 billion DM (+ 14.4 %), with 72.9 (73.0) % originating from German suppliers. Of the overall purchasing volume, 29.7 (25.9) billion DM was spent on production material and 8.0 (7.1) billion DM on capital goods and services.

The deployment of e-business in all areas of corporate operations also opens up new possibilities for the Group in the procurement function. In terms of process transparency and optimization in particular, Business-to-Business (B2B) offers additional potential for cutting costs. In this context, Volkswagen views its Virtual Marketplace, established in the year under review, as a further platform for closer partnership with suppliers. The pilot phase was successfully completed by the end of the year. In 2001 the focus will be on across-the-board implementation of e-business activities, including the integration of all brands and regions worldwide. B2B is thus an additional building block in the continuous development of the Group-wide procurement strategy, and is helping to safeguard our global competitiveness.

Research and Development, Quality

Innovative research and development

The object of Volkswagen's research and development activities is to set new standards in automotive engineering in terms of individuality, appeal, safety and environmental compatibility by means of innovative concepts and new models. In working towards this goal, the Group applies methods and techniques which have made it a technology leader in many areas of the competitive environment.

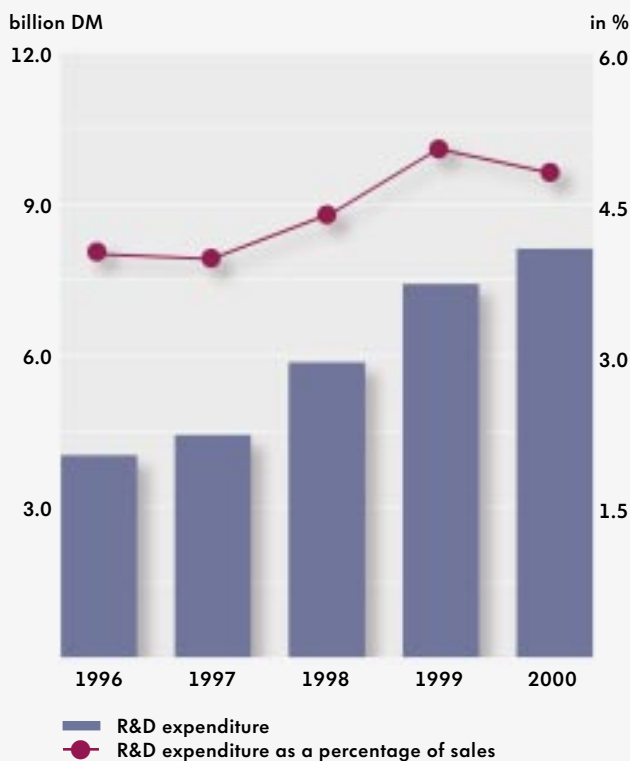
In the fiscal year 2000 the Volkswagen Group spent 8.1 billion DM (+ 9.2 %) on research and development. A major area of activity was the development of fuel-saving concepts, such as the updating of the TDI pump/nozzle assembly concept and the introduction of the FSI engine. Significant development activity was also undertaken in

relation to the W8 and W12 engines.

Further projects relating to that engine series are in progress. The focus in vehicle development was on the successor to the Polo, an MPV variant in the Golf class, and a luxury-class saloon. Other ongoing projects include the next-generation Transporter series and a Sports Utility Vehicle (SUV) being developed and built in cooperation with Porsche AG. The module strategy is being pursued and expanded in all projects. Intensive research and development is also being undertaken in the field of fuel cell drive systems and in the implementation of electronic systems and recycling-friendly overall design concepts. Research and development expenditure represented 4.8 (5.0) % of total Group sales proceeds. The research and development function employed 18,735 people (+ 6.6 %) Group-wide.

In the past year VOLKSWAGEN AG spent 5.1 billion DM (+16.6 %) on research and development; the number of people it employed in this sector increased by 8.4 % to 9,822. Our ability to transform innovative ideas into reality was also demonstrated by the significant increase in the number of patents registered, to 1,697 (+ 21.1 %), of which 1,217 were in Germany (+ 17.8 %) and 480 abroad (+ 30.4 %).

Expenditure on research and development by the Volkswagen Group



Responsibility in environmental protection

Environmental protection is assigned a very high priority at Volkswagen. This is shown not only in our commitment to the development of environmentally friendly products, but also in terms of

environmentally compatible production methods. Volkswagen is also actively involved in dialogue with environmental organizations and in joint business initiatives, such as the German industry Sustainable Development Forum and the World Business Council for Sustainable Development (WBCSD), in ecological and social fields. In the year under review VOLKSWAGEN AG invested 53.0 million DM (- 36.1 %) in concrete environmental protection facilities. Integrated environmental protection reduces consumption of resources such as power and water as well as manufacturing material, and so reduces the costs of manufacture and disposal. At the same time ecologically damaging incidents are prevented, and cost-intensive recovery and restoration measures can be avoided. With expenditure totalling 18.0 million DM, the major portion of investments in environmental protection in the year 2000 was in clean air measures. Expenditure to protect water quality totalled 14.0 million DM. In addition to technical investments, our environmental management activities include the certification of our manufacturing plants and the deployment of in-house experts in preventive water protection operations.

The operation of environmental protection facilities and equipment at the plants of VOLKSWAGEN AG incurred costs totalling 372.2 million DM (+ 27.0 %).

Additional information on this subject is contained in the multi-award-winning Volkswagen Environment Report 1999/2000.

Quality needs commitment

The long-term commercial success of the Volkswagen Group is to a large extent determined by the satisfaction and loyalty of its customers. The goal of the quality management function must therefore be to safeguard customer satisfaction. A key element of this strategy is the outstanding quality to which the products of the Volkswagen Group aspire, in order to offer our customers sound value for money.

Customer satisfaction is a moving target, because demands are continually increasing. Consequently, the process of improving the quality of products and services must never stand still. In this context, quality assurance functions in all core business processes as the promoter of the customer's interests. In the development process the foundation stone for customer appeal is laid by the vehicle design concepts: characteristics such as handling, engine output, surface design and harmony of the overall vehicle are intended to captivate and win over customers. In production, the goal is 100 % repeat accuracy. In marketing, service and customer support by the dealers are decisive criteria which are just as influential in determining customer satisfaction as design quality.

Quality with this degree of perfection as its goal is attained by the commitment of Volkswagen's employees, who are aware of and work towards that goal in all the processes in which they are involved, from development through to marketing.



Employee development

Thanks to its longstanding and consistent commitment to the development of junior management staff in many countries of the world, the Volkswagen Group is well equipped to meet the challenges of the global economy confronted by international senior managers. Our trainee programme, the Junior Management Programme (JUMP), and our Group Junior Executive Programme (GJEP) are a firm basis for the development of a truly outstanding management team.

A new cross-site Mentoring Programme run by VOLKSWAGEN AG aims to place more women in senior technical and management posts. Under the stewardship of Management Board members, the programme has been successfully launched with three groups. A total of 53 senior managers have been trained as coaches and mentors to provide systematic support and assistance in the development of young female employees with top level potential. Another four groups will be extending the programme in 2001.

Vocational training at a high level

With the pilot project of a business and working process oriented vocational training model launched

in September 1999, Volkswagen's further development of the dual training system has had a substantial impact and been very positively received by the public. This form of qualification at the workplace or associated with it will in the future be primarily focussed on placing in the context of the working process, what students have learned, while at the same time continually opening up new sources of skills and knowledge.

As at December 31, 2000, VOLKSWAGEN AG employed a total of 4,110 apprentices. The positive trend of increasing numbers of female apprentices in skilled technical professions was further strengthened in the year 2000. As a result, the proportion of female apprentices has risen from 21.7 % in 1995 to its current level of 25.3 %. A total of 1,057 apprentices successfully passed their professional exams, all of whom were retained on unlimited employment contracts.

Employee pay and benefits at VOLKSWAGEN AG

million DM	2000	%	1999	%
Direct pay including fringe benefits in cash	8,142.3	63.0	7,920.0	64.0
Social insurance contributions	1,766.9	13.7	1,751.6	14.2
Payment for hours not worked	1,646.1	12.7	1,657.9	13.4
Pensions	1,368.3	10.6	1,044.2	8.4
Total	12,923.6	100.0	12,373.7	100.0
The total labour cost includes:				
Education and training	215.8	1.7	197.5	1.6
Welfare services	73.8	0.6	72.7	0.6



Development of the Time Asset, prospect of a pension fund

The "Time Asset" scheme, which offers employees the opportunity to structure their working lives according to their individual wishes, is highly appreciated by the workforce. In the fiscal year 2000, employees contributed 179 million DM in working hours credits or gross income to the Time Asset. The credits generate a return according to the value development of the special fund. The average return since the fund was created at the beginning of 1997 has been approximately 8.7 % p. a.

Building on the positive experience gathered with the Time Asset, the company pension scheme is to be restructured in the course of 2001. Instruments of financing new vested pension rights of employees under 50 years of age will in future include the operation of a pension fund. This will enable employees to participate in and benefit from the growth of the capital markets. The pension fund will provide long-term financial relief to the

Volkswagen Group in terms of payment obligations for future company pensions.

A million ideas

Ideas management is a key instrument of motivation at all the facilities of VOLKSWAGEN AG. Between 1949 and July 10, 2000, the employees of VOLKSWAGEN AG submitted one million ideas for improving company processes. A workforce with the courage to look for new roads and new solutions means a more cost-effective and productive operation, which in turn helps to safeguard the competitive edge for Volkswagen. In this way the Company has saved a total of some 2.2 billion DM to date. 25,942 suggestions were put into practice in the year 2000, resulting in the payment of cash prizes to employees totalling 45.2 million DM (+ 15.0 %).



Health promotion

For the first time, uniform minimum standards and defined practices in respect of health and safety were adopted throughout all the Group's locations. The average attendance rate at the productive facilities of the Volkswagen Group in the year under review was 96.7 (96.6) %; for VOLKSWAGEN AG the rate was 95.9 (95.7) %.

Stock option plan continued

The Board of Management of VOLKSWAGEN AG, with the consent of the Supervisory Board, has issued a second tranche of stock from the existing stock option plan. The subscription period within which the convertible bonds offered to the Board of Management and the workforce could be taken up ran from June 5 to July 13, 2000. Convertible bonds totalling 3.7 million DM were acquired, entitling the bearers to purchase up to 7.5 million ordinary shares in the period from July 14, 2002 to July 6, 2005.

Tariff negotiations successfully completed

In September 2000 new tariff agreements were concluded for VOLKSWAGEN AG. The two-stage collective pay agreement, running for a period of 24 months beginning in October 2000, includes a 3.0 % pay rise with effect from January 1, 2001 and a 2.1 % rise with effect from February 1, 2002. For the period from October to December 2000, payment of a one-off, across-the-board amount of 850 DM was agreed.

In addition, the terms of the bonus system and the tariff agreements relating to part-time working close to retirement age and to the contributory pension scheme were extended.

Sources and allocation of funds of the Volkswagen Group

Sources	million DM	2000	1999
Sales		167,331	147,013
plus other income		14,286	12,534
less expenditures		143,913	127,883
Added value		37,704	31,664

Appropriation	million DM	2000	%	1999	%
to stockholders	Dividend	992	2.6	641	2.0
to employees	Wages, salaries, fringe benefits	26,207	69.5	23,406	73.9
to the State	Taxes, levies	3,329	8.8	3,656	11.6
to creditors	Interest	4,136	11.0	2,950	9.3
to the company	Reserves	3,040	8.1	1,011	3.2
Added value		37,704	100.0	31,664	100.0

Miscellaneous Items

Major new companies and acquisitions

On March 27, 2000, VOLKSWAGEN AG signed a contract with the Investor AB corporation relating to the acquisition of a 18.7 % holding in the Swedish commercial vehicles manufacturer Scania AB. The holding entails 34.0 % of the voting rights. Volkswagen thereby extends its commitment to the commercial vehicles sector and gains access to the heavy truck market.

By contract dated May 22, 2000, VOLKSWAGEN AG acquired the remaining 30 % of shares in ŠKODA AUTO a.s. As a result, Volkswagen is now the sole stockholder in that company.

With effect from December 22, 2000, Groupe VOLKSWAGEN France s.a. established BUGATTI AUTOMOBILES S.A.S. as a 100 % wholly owned subsidiary.

gedas GmbH

The gedas GmbH company is the third largest German IT consulting company, and one of the leading system integrators for e-business solutions in Europe. The 100 % subsidiary of VOLKSWAGEN AG develops and implements custom system solutions in order to optimize customers' business processes.

The gedas group comprises 17 companies, 12 of them are fully consolidated. With a 27.2 % increase in its workforce, to a total of 3,808 people, sales of 949 million DM (+ 47.6 %) were generated in the year 2000.

Voluntary humanitarian aid for former forced labourers

The year 2000 saw a continuation of the payments begun in 1998 from the 20 million DM humanitarian fund established for the benefit of persons forced to work during World War II for the Volkswagen company existent at that time. By December 31, 2000 a total of 12.9 million DM had been paid out to 1,293 affected persons in 45 countries worldwide.

At the initiative of a group of German companies, of which VOLKSWAGEN AG formed part from the very beginning, an endowment foundation named "German Companies' Endowment Initiative: Remembrance, Responsibility and Future" was established with effect from August 12, 2000.

The memorial commemorating forced labour in Hall 1 of the Volkswagen plant in Wolfsburg, opened by VOLKSWAGEN AG in December 1999, was visited by many employees and other members of the public in the year 2000 – most pleasingly, including a large number of school groups. The memorial is thereby playing a major role in preserving the history of Volkswagen.

European Court of First Instance reduces fine

In the legal dispute between VOLKSWAGEN AG and the European Commission concerning the fine imposed as a result of alleged impairment of exports, the European Court of First Instance in its judgement of July 6, 2000 only partially affirmed the argumentation put forward by VOLKSWAGEN AG. It reduced the fine from the original 102 million € to 90 million €. Volkswagen lodged an appeal against the judgement at the European Court of Justice on September 14, 2000.

Overview of Assets



Asset position marked by business expansion

In the year 2000 the Group's fixed assets increased by 25.8 % to 69.3 billion DM, principally owing to the expansion of the financial services business. The increase in current assets to 90.3 billion DM (+ 18.5 %) resulted primarily from the growth in outstanding contracts based on increased volumes of customer vehicle financing. The liquid funds total of 12.2 (9.4) billion DM includes the 4.5 billion DM of treasury stock resulting from the share buyback programme. In consequence, the Group's balance-sheet total increased by 28.3 billion DM to 159.6 billion DM. Taking into account the dividend payment for 1999, the outstanding result achieved in the year 2000 led to an increase in stockholders' equity to 22.5 (19.7) billion DM. Mainly owing to the expansion of business in the banking and financing sector, outside capital increased by 25.5 billion DM to 137.0 billion DM; interest-bearing borrowings totalled 63.1 billion DM (+ 36.6 %).

In the Automotive Division, increased fixed and current assets resulted in a substantial increase in the balance-sheet total to 114.6 (97.7) billion DM. The receivables from affiliated companies in particular include intra-Group loans to member companies of the Financial Services and Financing divisions in the amount of 17.5 billion DM. The stockholders' equity of 28.5 billion DM was 2.7 billion DM up on the previous year-end figure; the equity ratio fell to 24.9 (26.5) %. The return on investment in the Automotive Division in fiscal 2000, calculated on the basis of the standardized operating profit after taxes and the average capital invested for the return, was 7.0 (6.9) %.

The assets of the Financial Services Division increased once again as a result of the expansion of business operations in

Balance-sheet structure by division

million DM	Volkswagen Group				Automotive*				Financial Services			
	2000	%	1999	%	2000	%	1999	%	2000	%	1999	%
Fixed assets	69,308	43.4	55,098	42.0	53,704	46.9	45,630	46.7	26,465	35.3	19,048	31.9
Current assets	90,274	56.6	76,173	58.0	60,905	53.1	52,087	53.3	48,432	64.7	40,570	68.1
Inventories	16,408	10.3	15,124	11.5	17,736	15.4	16,364	16.7	135	0.2	116	0.2
Receivables	61,695	38.7	51,672	39.4	32,186	28.1	26,684	27.3	46,840	62.5	38,879	65.2
Liquid funds	12,171	7.6	9,377	7.1	10,983	9.6	9,039	9.3	1,457	2.0	1,575	2.7
Total Assets	159,582	100.0	131,271	100.0	114,609	100.0	97,717	100.0	74,897	100.0	59,618	100.0
Stockholders' equity	22,534	14.1	19,702	15.0	28,548	24.9	25,863	26.5	2,995	4.0	2,776	4.7
Outside capital	137,048	85.9	111,569	85.0	86,061	75.1	71,854	73.5	71,902	96.0	56,842	95.3
long-term	21,803	13.7	16,881	12.9	18,044	15.8	14,345	14.6	2,859	3.8	1,563	2.6
medium-term	27,745	17.4	27,325	20.8	10,939	9.5	12,087	12.4	21,445	28.6	22,635	38.0
short-term	87,500	54.8	67,363	51.3	57,078	49.8	45,422	46.5	47,598	63.6	32,644	54.7
Total Capital	159,582	100.0	131,271	100.0	114,609	100.0	97,717	100.0	74,897	100.0	59,618	100.0

* Excluding Financing Division.

Key figures relating to the asset, financial and earnings position

	1996	1997	1998	1999	2000
Ratio of tangible fixed assets to total assets (%)	21.8	22.2	21.5	22.0	19.4
Inventory turnover rate	9.7	10.5	10.3	9.7	10.2
Equity ratio (%)					
Volkswagen Group	14.1	14.1	16.0	15.0	14.1
Automotive Division ¹⁾	20.5	20.8	23.1	26.5	24.9
Financial Services Division	7.0	7.8	6.0	4.7	4.0
Cash-flow as % of capital investments in tangible fixed assets ¹⁾	99.7	92.7	102.3	102.9	122.2
Cash-flow as % of sales proceeds ¹⁾	7.9	7.3	9.2	8.2	9.7
Capital investments in tangible fixed assets as % of sales proceeds ¹⁾	8.0	7.9	9.0	8.0	8.0
Return on sales before tax (%)	2.0	3.4	4.7	3.4	4.1
Return on sales after tax (%)	0.7	1.2	1.7	1.1	2.4
Return on equity after tax (%)	5.2	9.8	13.6	8.6	19.1
Return on investment after tax (%) ¹⁾²⁾		4.8	7.3	6.9	7.0

¹⁾ Automotive Division, from 1999 excluding Financing Division.

²⁾ Standardized operating profit after tax as percentage of average capital invested for the return (ROI or ROCE).

the Europe/Asia and North and South America regions. In addition, in the year 2000 the Europcar group was also fully consolidated for the first time and assigned to this Division. The balance-sheet total was 74.9 billion DM (+ 25.6 %), of which 4.2 billion DM was attributable to Europcar. The book value of the leasing and rental assets (in particular leased vehicles) contained in the Group's fixed assets rose by a substantial 39.8 % to 24.8 billion DM. The receivables as per the balance-sheet date in respect of customer and dealer financing and the rental business totalled 43.3 billion DM (+ 18.9 %). The stockholders' equity rose by 0.2 billion DM over the 1999 figure to 3.0 billion DM, resulting in an equity ratio of 4.0 % against 4.7 % in the previous year. The

reasons for the increase in stockholders' equity were a capital contribution by VOLKSWAGEN AG and improved earnings by the European companies. Of the outside capital stated, 17.7 billion DM (+ 8.1 %) relates to liabilities to banks. The liabilities to affiliated companies include intra-Group loans from companies in the Automotive Division in the amount of 16.0 billion DM. The "Other liabilities", "Provisions" and "Deferred income" items relating to the Financial Services Division together amount to 22.6 billion DM (+ 33.6 %).

Financial Overview



Financial position remains sound

In the year 2000 the Volkswagen Group generated a cash flow in the amount of 23.2 billion DM, 38.2 % up on the previous year's figure. Taking account of the tie-up of funds under "Other internal financing", the inflow of funds from current operations totalled 12.9 billion DM. Investment activity increased to – 28.5 billion DM, principally owing to the substantial increase in vehicle rental business. The financing operations also include the appropriation of funds for the share buyback programme. Overall, as per December 31, 2000 gross liquidity changed by – 1.3 billion DM to 11.9 billion DM. After deducting the borrowings of – 67.6 billion DM, the net liquidity of the Volkswagen Group was – 55.7 billion DM.

In the Automotive Division the cash flow increased to 14.7 billion DM (+ 33.8 %). In contrast, additions to tangible fixed assets increased by only 12.7 %, to 12.1 billion DM. The goal of financing

capital investments in our core business from our own resources was thus achieved. The major part – over two thirds – of capital investments in tangible fixed assets were directed into the modernization and expansion of the product range. Taking into account the investments in financial assets, balanced against the disposals of assets, there was a net outflow of funds arising from investment activities in the amount of 16.4 billion DM. "Other internal financing" (excluding the capital tie-up in the amount of 1.7 billion DM arising from intra-Group loans to companies in which participations were held) required funds totalling 2.9 billion DM. Adding in the inflow of funds from financing

Development of short-term liquidity 2000 (Condensed)

million DM	Volkswagen Group	Automotive ¹⁾	Financial Services
Cash flow	23,180	14,724	8,235
Other internal financing	– 10,259	– 2,866	– 5,508
Inflow of funds from current operations	12,921	11,858	2,727
Investment activity ²⁾	– 28,467	– 16,423	– 13,040
Inflow/outflow of funds from financing operations	14,216	4,374	10,195
Change in gross liquidity	– 1,330	– 191	– 118
Gross liquidity at end of period	11,872	29,058	1,457
Total third-party borrowings	– 67,610	– 18,241	– 62,967
Net liquidity	– 55,738	10,817	– 61,510

¹⁾ Excluding the capital tie-up arising from intra-Group loans to the Financial Services and Financing divisions.

²⁾ Investments balanced against disposals of fixed assets at net book values.



operations, overall gross liquidity increased to 29.1 billion DM. Total third-party borrowings were 18.2 billion DM, resulting in a net liquidity in the Automotive Division of 10.8 billion DM.

The Financial Services Division financed its additions to leasing and rental assets primarily by intra-Group loans and – as is common in the branch – by borrowings on domestic and international capital markets.

Refinancing concepts within the Group

The intensified efforts of the banks to improve their equity yield, combined with the ongoing global process of consolidation in the banking industry, meant that banks were increasingly reluctant to provide additional credit lines at the previously applicable terms during the period under review.

The trend, begun some years ago, toward the use of international capital markets with the establishment of short- and medium-term tap issue programmes gained further momentum in the period under review, and made a major contribution to the Group's liquidity.

Automotive and Financial Services division companies have continued to utilize the capital markets with regular issues of commercial paper and medium-term notes, and have established themselves as respected market players in the eyes of investors and of the banks.

With the successful issue of a three-tranche bond for ŠKODA AUTO a.s. on the Czech capital market and the sale of receivables by means of so-called Asset Backed Securities in the USA and Canada for our sales financing companies in those regions, alternative financing instruments have also been deployed and have enjoyed a high degree of market acceptance.

The diversification of sources of financing will be maintained in future. To this end, existing programmes have been updated and the volumes of the individual programmes adjusted to expected future financing requirements.

Investments in tangible fixed assets and cash flow in the Automotive Division (billion DM)



Changeover to the Euro

With effect from January 1, 2001, the internal and external presentation of financial data by the Group companies located in the Euro zone changed over from denomination in national currency to the Euro. National currency or the Euro may be optionally used in payment transactions with external business partners up to December 31, 2001. The preparations for the final abolition of national currencies and for the introduction of Euro notes and coins into circulation are running to schedule.

Overview of Earnings



Income at record level

The sales proceeds of the Volkswagen Group increased to 167.3 billion DM (+ 13.8 %), a new record in the Company's history. The main factors in this record success were volume increases outside Germany, positive effects of exchange rate fluctuations, higher sales of spares, and the consolidation of new Group companies including the Europcar group. Sales proceeds in Germany totalled 48.0 billion DM (+ 1.2 %), representing 28.7 (32.2) % of total sales. Sales outside Germany totalled 119.3 billion DM, or 71.3 (67.8) % of total sales. The main sales generators were the Golf with 14.6 (15.0) % and the Passat with 8.8 (10.1) %.

The disproportionately low increase in cost of sales (+ 12.1 %) resulted in a 26.9 % increase in gross profit to 21.1 billion DM. The weakness of the domestic market placed a strain on revenues. Nonetheless, the positive effects of the product development strategy enabled the Group to increase its gross return by 1.3 percentage points to 12.6 %.

The increase in selling and distribution costs resulted from the growth in volumes and from the increased logistical cost of freight and packaging.

Administration costs increased by 0.7 billion DM to 4.1 billion DM, of which 0.3 billion DM was attributable to the first-time consolidation of the Europcar group. The net balance of other operating income less other operating expenses was 2.8 (1.4) billion DM. This figure reflects the elimination of provisions and, especially, exchange rate profits and losses and the effects of exchange rate hedging. Adding in the 2.2 billion DM (+ 4.7 %) net gain from financial investments and financial services business, the Volkswagen Group generated earnings of 8,175 million DM from ordinary business activities in the year 2000, representing a substantial improvement of 65.7 %. Financial burdens imposed by the EU End of Life Vehicle Directive resulted in a pre-tax profit of 6,784 million DM (+ 37.5 %), 7.9 % higher than the previous record in 1998. The return on sales rose to 4.1 % from 3.4 % in the previous year.

Statement of Earnings of the Volkswagen Group (Condensed)

million DM	2000	%	1999	%
Sales	167,331	100.0	147,013	100.0
Gross profit	+ 21,150	12.6	+ 16,666	11.3
Selling and general administration expenses	18,023	10.7	15,278	10.4
Other operating income less other operating expenses	+ 2,838	1.7	+ 1,433	1.0
Financial results	+ 2,210	1.3	+ 2,112	1.5
Results from ordinary business activities	+ 8,175	4.9	+ 4,933	3.4
Extraordinary expenses	1,391	0.8	–	–
Pre-tax profit	+ 6,784	4.1	+ 4,933	3.4
Taxes	2,752	1.7	3,282	2.3
Net earnings	+ 4,032	2.4	+ 1,651	1.1

Details of the development of earnings within the Group's various divisions, brands and regions are presented in the "Segmental Reporting" section.

Net earnings well up

After deduction of taxes on income, the Group returned net earnings of 4,032 million DM (+ 144.2 %). The tax ratio fell by 25.9 percentage points relative to the previous year, to 40.6 %. The principal reasons for the fall were the elimination of one-off charges arising from the German tax reform, which had placed a significant strain on 1999 earnings, and the fact that the substantial increase in earnings in the North America Region was subject to a low level of taxation as a result of tax losses carried forward.

Dividend proposal for the fiscal year 2000

The net earnings of VOLKSWAGEN AG totalled 1,612 million DM, 336 million DM more than 1999 earnings. A substantially increased dividend per no-nominal-value share will be paid. The Board of Management and Supervisory Board, after transferring 625 million DM to free reserves, propose to the Annual Meeting of Stockholders the payment of a dividend of 1.20 € (0.77 €) per ordinary share and 1.26 € (0.83 €) per preferred share. Taking into account the tax credit of 0.51 € per share, eligible

Net earnings for the year and dividend per share (DM)*



* 1996–1998 adjusted to take account of the conversion to no-nominal-value shares at a ratio of 1:10.

holders of ordinary shares will receive a total of 1.71 € per no-nominal-value share. Holders of preferred shares will be entitled to 1.80 € per no-nominal-value share, including the tax credit.

Proposal on appropriation of net earnings available for distribution

	€	DM
Dividend distribution on subscribed capital – 1,071 million €* –	506,946,532.80	991,501,237.25
of which on ordinary shares	374,346,300.00	
on preferred shares	132,600,232.80	
Balance (carried forward)		2,460,185.49
Net earnings available for distribution		993,961,422.74

* 2.9 million € deriving from the exercising of option rights in the year under review carried no dividend rights for the fiscal year 2000.

Balance Sheet and Statement of Earnings of VOLKSWAGEN AG



Orders in hand situation of VOLKSWAGEN AG

In the year under review the orders received by VOLKSWAGEN AG in Germany fell relative to 1999 (– 9.2 %) owing to the generally weak demand in the automotive sector, while orders in Western Europe outside Germany almost reached the previous year's levels. Orders in hand in Germany at the year-end totalled 89,573 units (+ 3.0 %).

Net earnings of VOLKSWAGEN AG up

Higher sales on the European volume markets (apart from Germany) and in the Asia-Pacific and North America regions resulted in an 8.4 % increase in sales proceeds to 85.0 billion DM, 65.9 (61.4) % of which was generated by export business. The cost of sales increased by 9.5 % to 80.1 billion DM, resulting in a gross profit of 4.9 billion DM (– 6.9 %). Selling and distribution costs rose by a slight 2.9 %. Lower expenditure on advertising and sales promotion compensated almost entirely for higher overheads and increased freight costs resulting from higher volumes. The net balance of other operating income less other operating expenses was up on 1999,

primarily owing to the lower level of negative exchange rate effects. The major reason for the improved net financial result was a higher net income from participations. Earnings from ordinary business activities increased overall by 27.1 % to 4,770 million DM. The “Extraordinary expenses” item included the risk arising from the End of Life Vehicle Directive apportionable to VOLKSWAGEN AG. VOLKSWAGEN AG generated net earnings of 1,612 million DM, 26.4 % up on the previous year.

Asset and financial position

At December 31, 2000 the balance-sheet total of VOLKSWAGEN AG was 61.2 billion DM, 10.3 billion DM up on the previous year's figure. Within the fixed assets, total capital investments increased by 44.1 % to 8,878 million DM. Investments in fixed assets including

Statement of Earnings of VOLKSWAGEN AG (Condensed)

million DM	2000	%	1999	%
Sales	84,975	100.0	78,417	100.0
Gross profit	+ 4,919	5.8	+ 5,285	6.7
Selling and general administration expenses	5,389	6.4	5,214	6.6
Other operating income less other operating expenses	+ 814	1.0	+ 539	0.7
Financial results	+ 4,426	5.2	+ 3,142	4.0
Results from ordinary business activities	+ 4,770	5.6	+ 3,752	4.8
Extraordinary expenses	695	0.8	–	–
Pre-tax profit	+ 4,075	4.8	+ 3,752	4.8
Taxes	2,463	2.9	2,476	3.2
Net earnings	+ 1,612	1.9	+ 1,276	1.6



Balance-sheet structure of VOLKSWAGEN AG

Assets	million DM	Dec. 31, 2000	%	Dec. 31, 1999	%
Fixed assets		30,924	50.5	25,276	49.7
Inventories		4,291	7.0	4,059	8.0
Receivables		19,220	31.4	18,974	37.2
Liquid funds		6,756	11.1	2,579	5.1
Total Assets		61,191	100.0	50,888	100.0

Stockholders' Equity and Liabilities	million DM	Dec. 31, 2000	%	Dec. 31, 1999	%
Stockholders' equity		18,214	29.8	17,215	33.8
Long-term liabilities		11,456	18.7	10,380	20.4
Medium-term liabilities		7,371	12.0	7,536	14.8
Short-term liabilities		24,150	39.5	15,757	31.0
Total Capital		61,191	100.0	50,888	100.0

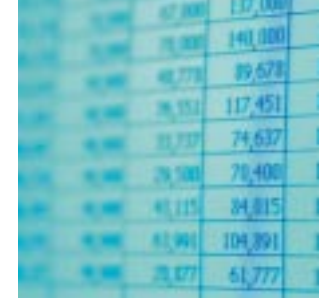
The financial statements of VOLKSWAGEN AG will be published in the "Bundesanzeiger" and submitted to the Register of Companies at the Wolfsburg District Court. Copies of the financial statements are available free of charge from VOLKSWAGEN AG, Finanz-Analytik und -Publizität, Brieffach 1848-2, D-38436 Wolfsburg.

intangible assets decreased to 3,361 million DM (– 8.0 %). They were primarily directed into new products and model facelifts, and to enhance our engine, gearbox and chassis programme. Financial investments totalled 5,517 million DM, principally relating to the acquisition of the 18.7 % holding in Scania AB, a capital contribution to Volkswagen Financial Services AG, the acquisition of the remaining 30 % of the shares in ŠKODA AUTO a.s. and the investment of employees' Time Asset credits in special securities funds. Overall, fixed assets increased by 22.3 % to 30.9 billion DM.

The liquid funds under "Current assets" include the treasury stock resulting from the share buyback programme. The percentage of the balance-sheet total represented by inventories decreased.

Stockholders' equity increased to 18.2 billion DM as a result of earnings development. An increase in short-term liabilities, in particular, led to an increase in outside capital.

Risk Report



Risk management system

Business practice not only offers opportunities, it also by its very nature presents risks. Identifying those risks and limiting them to a level which safeguards the Company from harm is a key management task. VOLKSWAGEN AG and its major subsidiaries have established organizational structures in which risk management is firmly embedded. The legal requirement for a corporate early-warning function is met by the establishment of a Group-wide risk management system which undergoes regular updating. Based on the principles of networked collaboration within the Group and organizational control of all process chains, a system for monitoring of risk-related occurrences has been created in the Company which permits possible risks to be identified, analyzed and thereby substantially reduced.

Economic background conditions

The commercial success or failure of the Volkswagen Group is to a major extent dependent on global – and in particular European – economic development. Consequently, it is vital to identify the economic trends and resultant fluctuations in demand, as well as to identify other market-related risks and incorporate the potential consequences into the corporate decision-making process. The assessment must include not only our own actions, but also those of other players on the market, in order to be able to respond promptly to changes in the competitive environment.

The change-over to the Euro will enhance market transparency in Europe and further intensify competition. The Volkswagen Group can most effectively meet the challenges posed by the resultant market conditions by virtue of its superior product range, based on its multi-brand strategy. This requires continuous product improvement and technical innovation, which is in turn dependent on the creativity and skills of the workforce. To locate and recruit people with such skills, and to gain and

maintain their loyalty, is one of the key tasks of human resources policy.

Industry-specific risks

The continuous expansion of the product range – including in niche markets – offers plenty of opportunity, but it also involves technological and commercial risk. The question of whether, and how, a new product is accepted on the market represents an investment and business risk, but is a risk which must be confronted in order to enable technical progress and so achieve lasting market success.

The multi-brand strategy provides us with greater security to introduce new technologies, and so helps us to exploit market developments successfully.

Business activities

The price of raw materials – and in particular the development of the price of oil – presents the automotive industry with a cost risk as well as additional market risks which will be further increased by the German Ecological Tax reform. We are countering these risks by a model range which offers outstanding fuel economy and by means of cost savings based in particular on the modular system of interlinked production. Although in future the vehicles will differ even more widely in technical terms, costs will be cut further based on use of a larger number of identical parts and components. Additional opportunities for cost-cutting are also presented by the incorporation of e-business solutions into our business practices.



Challenges are also presented by our business processes. They arise in cases such as production disturbance, bad debt and other liability risks, which for the most part can be covered by insurance. Extensive quality assurance measures throughout all business processes are designed to limit warranty claims.

Interest rate and currency management

The fiscal year 2000 was marked by a further weakening of the Euro against the major trading currencies. Currency hedging was undertaken only to a reduced extent, owing to the weak Euro. Our partners in these transactions are top-class national and international banks, whose credit ratings are continually assessed by the major rating agencies.

The system we employ in interest rate and currency management and the controls we

implement to safeguard internal working practices and processes are oriented to the minimum requirements of the German Federal Banking Supervisory Office in respect of banking transactions. Compliance with the spirit of those requirements remains a high priority for the Group.

The accounting valuation of forward foreign exchange and option transactions on the basis of the imparity principle has been continued.

At the year-end, the nominal values of the derivative financial instruments used within the Group were as follows:

Use of derivative financial instruments

million DM	Dec. 31, 2000	Dec. 31, 1999
Forward foreign exchange transactions	12,860	6,992
Interest swaps and combined interest/currency swaps*	30,781	23,347
Interest/currency options	3,476	3,328
Other forward transactions	0	501
Total	47,117	34,168

* Partly in connection with bond issues. Some of the said bonds include option elements. The obligations arising from the said options are covered by congruent claims against banks with first-class credit rating.

Legal background conditions

The framework European End of Life Vehicle Directive came into force in October 2000. It must be enacted in national law within 18 months. For new vehicles as from July 2002, and for existing vehicles as from January 2007, manufacturers and importers must bear the cost of the disposal of vehicles having a negative market value in full or in large part. The creation of national return and recycling systems under the conditions of a market economy, the clarification of models for provision of financial relief and the distribution of costs between the commercial entities involved is currently at a stage in which only provisional assumptions can be made as to the future financial burden which will be imposed on the Volkswagen Group. The provisions created in the year 2000 annual financial statements represent the current state of knowledge. Furthermore, implementation of the material restrictions will result in increases in product costs which cannot yet be estimated, since the development of components made from substitute materials is not yet complete.

The Block Exemption Regulation issued by the European Commission for selective distribution of automobiles expires in the year 2002. This Regulation enables manufacturers to select their – usually brand-exclusive – dealers based on qualitative and quantitative factors. This ensures the maintenance of a commercially sound, efficient sales and service network, to the benefit of customers. We expect further scenarios for the ongoing development of European automobile sales to be produced by the European Commission in 2001.

Based on intensive dialogue on key political developments of importance to the automotive industry, we input our specialist skills and knowledge into the decision-making processes in order to achieve compatibility between social and economic goals. In this way we aim to maintain stable background conditions and bring about an even greater social acceptance of our products.

Overall business situation

Taking into account all the information known to us, the Volkswagen Group currently faces no risks which may endanger the continued existence of the Company.

Follow-up report

No other matters of special note occurred after the end of the fiscal year, beyond those already cited.

Forecast

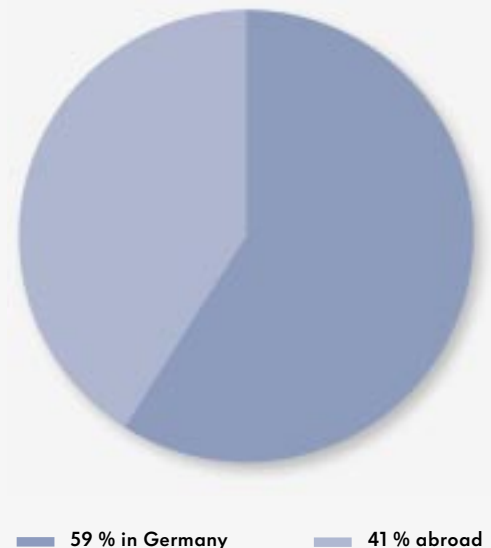
Economic background conditions

In the year 2001 the growth of the world economy will slow. The economic slowdown in the industrialized nations – especially in the USA and Japan – will also slow the rise in production in the developing and threshold countries. In Europe, lower inflation and interest rates and the stabilization of the Euro are again having a positive effect on demand and employment. For Germany, the forecast is stable economic growth, falling unemployment and higher consumer demand based on rising incomes.

Development of automotive markets in 2001

The growth in demand on global automotive markets will slow significantly in 2001. The slowdown will result in particular from the cooling of the US economy, although it should be borne in mind that unit sales will remain at a high level following on from the post-1995 sales boom. In Western Europe, a stagnation is expected over the full year 2001. After the heavy fall in sales in the year 2000, it is assumed that the German market will recover slightly. Factors benefiting domestic automotive business include the improvement in purchasing power based on the expected increase in employment and the assistance to private households provided by the tax reform. Further incentives to demand will stem from the launch of new volume models and the cutting of excessive used vehicle stocks. The introduction of the Ecological Tax and high fuel prices are expected to have a negative impact on sales. In 2001 the Asian markets will sustain their upward trend and will almost return to the historical sales records achieved prior to the Asian economic crisis. In South America, too, the recovery of the automotive business will be maintained in the course of 2001 following its emergence from previous lows. In Central and Eastern Europe, vehicle sales will undergo positive development in 2001 based on improved background conditions for the automotive industry.

Capital investments in tangible assets in the Automotive Division 2001–2005



Capital investment and financial planning 2001-2005

The investment policy of the Volkswagen Group remains a long-term one. For the period 2001-2005 we plan to make capital investments in tangible assets in the Automotive Division totalling 62.8 billion DM, of which 59 % will be made in Germany. The focus will again be on the expansion and modernization of the product range, with technical innovation and the increasing demand for comfort still dictating the trends on automobile markets. Electronic features such as driver assistance and multimedia systems will be key to developments. The current discussion concerning fuel prices is producing strong demand in all segments for diesel fuelled vehicles,



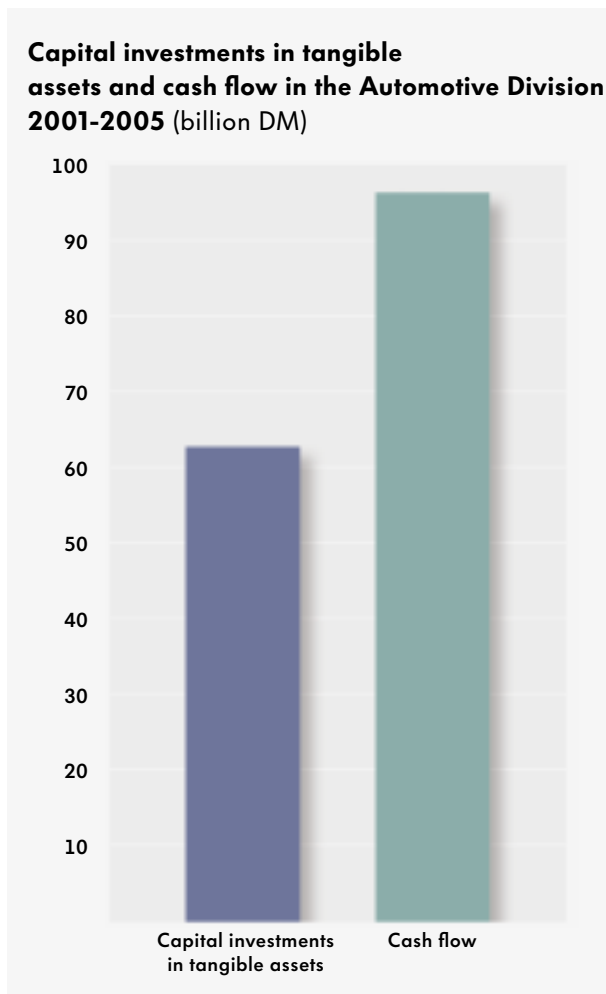
especially those featuring innovative power engines. Volkswagen has been developing and fitting such engines for years, and will continue to do so just as intensively.

Design and new-style models – such as the Sports Utility Vehicle developed jointly with Porsche – are key elements of the product strategy. The indications are that markets are opening up for more niche products. Consequently, major product developments are the Multi Purpose Vehicle (MPV) and the Golf class delivery van, the successor to the Transporter, a new model line for Bentley, and super-class sports cars for Lamborghini and Bugatti. Further capital investments are scheduled to

modernize production facilities and to enhance the Group's R&D, quality control and IT capabilities, including e-commerce systems in the purchasing and sales functions. Within these plans, the demand-oriented adjustment of capacities in vehicle and component manufacture will be continued. Starting with the presentation of the first petrol engine with direct injection (FSI) in the Lupo, the successive introduction of low-consumption petrol engines within the Volkswagen Group will be maintained. They, together with pump/nozzle assembly and common rail technology in diesel engines, will dictate the future engine range. Consequently, Group research and development expenditure will remain at a high level over the coming years.

In the planning period the capital investments in all brands and regions will be financed from internal funds. Overall, cash flow covers the capital investments in the Automotive Division with a surplus of 33.6 billion DM, or by more than 50 %.

In the Financial Services Division, additions to leasing and rental assets of approximately 96.7 billion DM are planned.





Investment and financial planning 2001–2005

billion DM	Capital investments in tangible assets	Cash flow
Automotive Division	62.8	96.4
of which: Volkswagen Passenger Cars	26.3	42.6
Volkswagen Commercial Vehicles	3.8	4.6
Audi	14.5	23.7
Seat	3.0	5.4
Škoda	3.9	5.5
Rolls-Royce/Bentley	0.7	1.2
North America Region	5.0	8.4
South America/Africa Region	4.4	5.6
Asia-Pacific Region*	0.2	0.5

* Excluding the Group companies in China, which will be investing approx. 3.3 billion DM in new models and engines.

The divisions

The Volkswagen Group is divided into three divisions: the Automotive Division; Financial Services; and Financing Division. The Automotive Division is in turn structured by brand and region. This organizational structure has proved successful in the past and will continue in future to form the operating base, fully utilizing synergies between the brands and regions for the benefit of the Group.

The volume of purchasing by the Volkswagen Group will increase further in the coming years, with the proportion of German suppliers remaining at a high level. The deployment of e-commerce systems will result in cost savings. The risk of rising raw material prices will be countered by long-term contracts.

The two-year tariff agreement concluded in the autumn of the year 2000 provides VOLKSWAGEN AG with planning security, and thus will act as a stabilizing factor. We will continue to reap the benefits of the flexibility provided by the “Volkswagen Week” (between 4 and 6 days) applied in production.

The year 2001 will also see a large number of new and updated models. This year we will be following up

the successful launch of the new A0 platform in the Škoda Fabia and the Audi A2 with new successors to the Polo and Ibiza models. Škoda will also be launching an additional model series. Volkswagen will be entering the luxury class segment with the D-Class, which will be built at the glass-walled showcase manufacturing plant in Dresden.

The Group’s goal in all regions and for all product lines is continuously to expand its market shares. Appropriate strategies will be developed and implemented to that end. On the basis of those measures we expect to see a continuous growth in global market share. This applies in particular to Western Europe, where in Germany specifically a slight recovery in demand is forecast to take effect in the course of 2001. This will be boosted by the high level of market performance of our products and the large number of new models.

Income prospectus

In the year 2001 sales and profits will further increase. This will require significant efforts to raise efficiency and to reduce costs, because we have only limited expectations of impetus from market growth and the company will also be affected by model changes. Benefits from the implementation of the module strategy will have a positive medium-term effect. We expect a qualitative improvement in earnings above all owing to the success of our new range of products, such as the new Volkswagen Passat and the new Audi A4.

Wolfsburg, March 16, 2001

The Board of Management

This Report contains forecasts of the future business development of the Volkswagen Group. The forecasts are based on assumptions relating to the development of the economies of individual countries, and in particular of the automotive business in those countries, 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 selling markets, such as Western Europe, especially Germany, or in the USA, Brazil or China, will impact on the development of our business and thus on our earnings expectations. The same applies in the event of a shift in current exchange rates relative to the US Dollar, the British Pound Sterling and the Japanese Yen.



Ferdinand Piëch



Bruno Adelt



Robert Büchelhofer



Peter Hartz



Jens Neumann



Bernd Pischetsrieder



Folker Weißgerber



Martin Winterkorn







Segmental Reporting

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Major

Group Companies

Automotive Division

Volkswagen Passenger Cars Brand

VOLKSWAGEN AG Passenger Cars Section
Volkswagen Sachsen GmbH
Volkswagen Bruxelles S.A.
VOLKSWAGEN SLOVAKIA, a.s.
Volkswagen Navarra, S.A.
AUTOEUROPA-AUTOMÓVEIS LDA.
Volkswagen Motor Polska Sp. z o. o.
VOLKSWAGEN Group United Kingdom Ltd.
Groupe VOLKSWAGEN France s.a.
Volkswagen Transport GmbH & Co. OHG
VW Kraftwerk GmbH

Volkswagen Commercial Vehicles Brand

VOLKSWAGEN AG Commercial Vehicles Section
Volkswagen Poznan Sp. z o. o.

Audi Brand

AUDI AG
AUDI HUNGARIA MOTOR Kft.
COSWORTH TECHNOLOGY LIMITED
Automobili Lamborghini Holding S.p.A.
AUTOGERMA S.p.A.

Seat Brand

SEAT, S.A.
Seat Deutschland GmbH
Gearbox del Prat, S.A.
Volkswagen-Audi España, S.A.

Škoda Brand

ŠKODA AUTO a.s.
ŠkodaAuto Deutschland GmbH
ŠKODA AUTO Slovensko s. r. o.
ŠKODA AUTO Polska, S.A.

Rolls-Royce/Bentley Brand



North America Region

VOLKSWAGEN OF AMERICA, INC.
Volkswagen Canada Inc.
Volkswagen de Mexico, S.A. de C.V.

South America/Africa Region

Volkswagen do Brasil Ltda.
Volkswagen Argentina S.A.
Volkswagen of South Africa (Pty.) Ltd.

Asia-Pacific Region

VOLKSWAGEN Group Japan K.K.
Fahren Tokyo K.K.
Audi Japan K.K.
Shanghai-Volkswagen Automotive
Company Ltd. (50 %)
FAW-Volkswagen Automotive
Company, Ltd. (40 %)
Volkswagen (China) Investment
Company Ltd.

Financial Services Division**Europe/Asia**

Volkswagen Financial Services AG
 Volkswagen Leasing GmbH
 Volkswagen Bank GmbH
 Volkswagen-Versicherungsdienst GmbH
 VOLKSWAGEN FINANCE, S. A., Spain
 Volkswagen Finance S.A., France
 FINGERMA S.p.A., Italy
 Volkswagen Financial Services (UK) Ltd.
 Volkswagen Financial Services N.V., Netherlands
 Volkswagen Financial Consultant Service K.K., Japan
 VOLKSWAGEN FINANCE JAPAN KK, Japan
 ŠkoFIN s. r. o., Czech Republic

North America

VW CREDIT, INC., USA
 Volkswagen Financial Services, S.A. de C.V., Mexico

South America

Financial services companies in Brazil
 Financial services companies in Argentina

Europcar Group**Financing Division**

Coordination Center Volkswagen S.A.,
 Belgium
 Volkswagen International Finance N.V.,
 Netherlands
 Volkswagen Investments Ltd., Ireland

Automotive Division

Volkswagen concentrates its activities on the automotive business, offering a broad and comprehensive range of products and services all along the added value chain through to the customer, including the Financial Services and Financing sectors. As a global player, the Volkswagen Group is represented on all the world's markets.

In Europe, operational control of the core automotive business is in the hands of the respective Management Boards of the Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, Audi, Seat, Škoda and Rolls-Royce/Bentley brands. In the North America, South America/Africa and Asia-Pacific regions the major companies are grouped into divisions, and are controlled by Steering Committees under the responsibility of a member of the Board of Management of VOLKSWAGEN AG.

The chart on the following page presents the worldwide production of the Volkswagen Group broken down by brand and region.



Production by brand and region – worldwide*

Volkswagen Passenger Cars	2000	1999	Seat	2000	1999	North America Region	2000	1999
Golf (incl. Cabrio)	818,955	791,969	Ibiza	199,279	194,245	Jetta	221,327	196,777
Passat	384,485	420,233	Cordoba	94,740	109,121	New Beetle	149,426	160,147
Polo	376,164	315,500	León	79,722	6,080	Beetle	41,260	36,446
Bora	123,027	125,158	Polo Classic/ Variant	56,670	56,951	Golf Cabrio	13,690	16,691
Lupo	97,403	89,757	Arosa	28,403	46,410		425,703	410,061
Toledo	59,480	100,759	Inca Kombi	5,534	8,573	South America/ Africa Region	2000	1999
Sharan	51,988	50,306	Caddy Kombi	4,493	5,702	Gol	312,400	279,270
Alhambra	23,924	27,440	Toledo	–	5,059	Golf	110,850	71,638
León	13,401	–	Caddy	32,098	36,059	Parati	48,187	39,564
Ford Galaxy	50,280	59,479	Inca	15,207	18,103	Polo Classic	30,329	38,086
	1,999,107	1,980,601		516,146	486,303	Passat/Santana	25,843	18,495
Volkswagen Commercial Vehicles	2000	1999	Škoda	2000	1999	Caravelle, Kombi	19,331	17,351
Caravelle, Kombi	78,465	71,199	Fabia	175,780	3,883	Audi A3	9,719	1,758
Felicia	24,318	33,843	Octavia	153,790	146,847	Jetta	7,126	2,513
Fabia	10,980	–	Felicia	98,635	198,008	Audi A4	2,951	3,143
Octavia	8,329	7,596	Pickup	18,183	18,488	Cordoba	2,945	4
LT Kombi	3,840	2,414	Caddy Pickup	4,522	4,204	Saveiro	29,726	24,243
Audi A6	1	217		450,910	371,430	VW trucks	14,689	10,660
Passat	–	4,416	Rolls-Royce/Bentley	2000	1999	Caddy	5,076	8,540
Polo	–	3,529	Rolls-Royce Silver Seraph	234	402	Omnibus	3,780	1,724
Cordoba	–	2,769	Rolls-Royce Corniche	206	6	Transporter	3,435	4,138
Transporter	84,234	77,687	Other Rolls-Royce	29	31	Inca	1,121	1,116
LT	35,524	33,036	Bentley Arnage	1,243	763	Golf Pickup	727	1,001
Škoda Pickup	1,403	1,059	Bentley Azure	131	128		628,235	523,244
Caddy, Inca	–	406	Bentley Continental	93	105	Asia-Pacific Region	2000	1999
	247,094	238,171	Other Bentley	2	5	Passat/Santana	221,524	230,947
Audi	2000	1999		1,938	1,440	Jetta	94,150	75,579
A4	229,558	248,428				Audi A6	16,457	6,657
A6	180,715	162,573				Caravelle	–	608
A3	136,141	143,505					332,131	313,791
A2	32,164	–						
TT Coupé	31,064	44,022						
TT Roadster	25,712	8,557						
A8	12,894	14,636						
Cabriolet	2,311	4,086						
Lamborghini	291	252						
	650,850	626,059						

* Including the not fully consolidated vehicle-producing holdings Shanghai-Volkswagen, FAW-Volkswagen and Chinchun Motor (to January 26, 1999).



The Volkswagen Passenger Cars brand, with a broad product range offering high levels of quality and value, sets the standard for volume manufacturers in the automotive industry. Innovative development and expansion of the product range ensures the Company's market position will be maintained and enhanced. The brand includes the passenger cars business of VOLKSWAGENAG, Volkswagen's European production and distribution companies, as well as support companies providing general services. The distributor AUTOGERMA S.p.A. was reassigned to the Audi brand in the year 2000.



Highlights of the year 2000

The high degree of acceptance of the Volkswagen Passenger Cars brand is highlighted by the selling success of the Golf, of which the 20 millionth unit rolled off the production line in Wolfsburg in September. The brand again reinforced its customer-oriented innovative strength with the fuel-saving FSI petrol injection system, deployed for the very first time in a production vehicle, the Lupo.

Unit sales, production and workforce

The growth in unit sales stemmed from the positive development of export business. In Germany the weakness of the automobile business slowed demand. The sales of 2,396 thousand units also included Audi, Seat, Škoda and Volkswagen Commercial Vehicles models totalling 219 thousand units which were sold through the European distributor subsidiaries belonging to the Volkswagen Passenger Cars brand.

Production increased by 0.9 % to 1,999 thousand units. The plants of the Volkswagen Passenger Cars brand also produced 97 thousand Toledo, León and Alhambra models for Seat and 50 thousand

Volkswagen Passenger Cars Brand

		2000	1999 ¹⁾	%
Vehicle sales	thousand units	2,396	2,382	+ 0.6
Production		1,999	1,981	+ 0.9
Workforce at Dec. 31	thousands	125.6	122.7	+ 2.3
Capital investments in tangible fixed assets ²⁾	million DM	4,420	4,689	- 5.7
Cash flow		6,911	5,676	+ 21.8
Sales proceeds		91,032	85,169	+ 6.9
Pre-tax profit		3,269 ³⁾	2,636	+ 24.0
Return on sales	in %	3.6	3.1	X

¹⁾ For greater comparability, the figures for fiscal 1999 are presented excluding AUTOGERMA S.p.A.

²⁾ Excluding amounts carried forward in respect of companies consolidated for the first time.

³⁾ Excluding extraordinary expenses (relating to the EU End of Life Vehicle Directive).



Galaxy models for Ford-Werke AG, all of which are also included in the unit sales figures of the Volkswagen Passenger Cars brand.

The increase in the number of employees relative to the previous year, to a total of 125.6 thousand people, resulted from volume-based growth at the production companies outside Germany and from the first-time inclusion of Volkswagen Motor Polska Sp. z o. o. and of SITECH Sp. z o. o. (manufacture of seats in Poland).

Capital investments in tangible fixed assets and cash flow

Capital investments in tangible fixed assets were attributable mainly to new models and components and to essential modification and modernization of production facilities. Totalling 4,420 million DM, capital investments in tangible fixed assets were 5.7 % below the previous year's figure, and were financed from the substantially increased cash flow; the cash flow represented 156 % of capital investments in tangible fixed assets.

Sales proceeds and earnings

The sales proceeds of the Volkswagen Passenger Cars brand increased by 6.9 % to 91,032 million DM. The key

positive factors in this performance were increased volumes in intra-Group business with other brands and regions, pricing measures and exchange rate developments. As in the previous year, the Volkswagen Passenger Cars brand was again a major contributor to Group earnings in the year 2000. Earnings from ordinary business activities increased from 2,636 million DM in 1999 to 3,269 million DM in 2000. Burdens imposed as a result of changes in market structures and arising from upfront expenditure for product-specific measures were more than compensated by volume growth and exchange rate profits. The return on sales increased from 3.1 % to 3.6 %.

Prospects

The Volkswagen Passenger Cars brand will further consolidate its high level of unit sales with updates and new additions to its product range in 2001, and will target further improvements in earnings and returns by means of revenue and cost optimization programmes.

Volkswagen

Commercial Vehicles Brand



The Volkswagen Commercial Vehicles brand offers the optimum solution for all transportation needs: from the basic Transporter, to complete industry-specific vehicle outfitting, through to the fully equipped multimedia Officemobile. The consistent and customer-oriented implementation of this philosophy has brought the brand its present leading position in the light commercial and leisure vehicle segment in Germany and Europe as a whole. On January 1, 2000 the brand was also assigned industrial control of and responsibility for the commercial vehicles operation in Brazil (Resende plant), consolidated into the South America/Africa Region.

Highlights of the year 2000

In March the brand celebrated the 50th anniversary of Transporter production in Hanover. The Transporter has been continually updated to meet the increasing demands of its customers, and has repeatedly set new standards in its class. Over four generations, a total of more than 8.5 million Transporter units were produced up to the end of the year 2000. On June 15, 2000 Volkswagen Commercial Vehicles opened a new customer center at the Hanover facility, serving specifically as a marketplace for the products of the brand.



Unit sales, production and workforce

In the past fiscal year unit sales totalled 289 thousand light commercial vehicles, minivans, leisure and recreational vehicles. Business development outside Germany was particularly positive.

Volkswagen Commercial Vehicles produced a total of 247 thousand units (+ 3.7 %) in the year 2000. The Hanover main plant produced 178 thousand Transporter, Caravelle, Multivan and LT models (+ 8.0 %) as well as 23 thousand vehicle parts kits (CKD) for Volkswagen Poznan Sp. z o. o. In Poznan the brand produced 24 thousand Volkswagen commercial vehicles and a further 45 thousand passenger cars for other Group brands.

At the year-end the brand employed a total of 18 thousand people. As a result of the healthy orders in hand situation, 371 people on short-term contracts in Hanover were taken on as permanent employees.

Volkswagen Commercial Vehicles Brand

	2000	1999	%
Vehicle sales thousand units	289	284	+ 1.5
Production	247	238	+ 3.7
Workforce at Dec. 31 thousands	18.0	17.5	+ 2.8
Capital investments in tangible fixed assets million DM	505	395	+ 27.8
Cash flow	711	452	+ 57.3
Sales proceeds	8,923	8,503	+ 4.9
Pre-tax profit	504*	487	+ 3.5
Return on sales in %	5.7	5.7	X

* Excluding extraordinary expenses (relating to the EU End of Life Vehicle Directive).



Capital investments in tangible fixed assets and cash flow

In the past year the brand continued the extensive restructuring measures at its Hanover facility, providing the ideal foundation for production of the new Transporter generation – the T5. The installation of the largest high-capacity suction press in the Group will enhance the quality of large-area Transporter panels beginning in 2001 and further improve productivity. The extension of the Poznan plant is running to schedule. Capital investments in tangible fixed assets totalled 505 million DM, and were financed from the cash flow of 711 million DM (up 57.3 %).

Sales proceeds and earnings

The positive development of unit sales – in particular owing to the good level of international business – resulted in a 4.9 % increase in sales proceeds from European production, to 8,923 million DM, in the year 2000. At 504 million DM (including Resende 514 million DM), the good level

of earnings of the previous year was again exceeded, although the upfront expenditures for the T5 reduced earnings from ordinary business activities. The Poznan facility also made a positive contribution to brand earnings.

Prospects

There is still major potential for growth in the light commercial vehicles segment. With its planned capital investments, the brand is installing state-of-the-art technologies as the foundation for the production of a new competition-beating generation of the successful Volkswagen Transporter. Based on the new T5, models will also be produced for the fast-growing leisure vehicle market, in order to consolidate and strengthen the Company's position as a supplier of utility and leisure vehicles.

Audi Brand



Audi sees itself as an ambassador for change. Following the famous brand motto: "Vorsprung durch Technik" (Progress through Technology), the brand develops sporty, progressive, high-grade automobiles, aiming to meet the most discerning needs in terms of its products and in customer support and service. In the year under review, Automobili Lamborghini Holding S.p.A. took over AUTOGERMA S.p.A., the Italian distributor. AUTOGERMA S.p.A. has thereby become part of the Audi Group.



Highlights of the year 2000

The year 2000 was marked for the Audi brand by numerous new model launches and model facelifts: in May Audi presented the allroad quattro, which combines the comfort and dynamism of the luxury class with the rugged power and versatility of an offroader. In June, the Audi RS4 was launched. The new Audi A2, the first large-scale production car with a complete aluminium body, was presented to

customers in June. The A3 reappeared in September with a restyled front and rear end design and a much more upmarket interior. With the new A4, launched in November, Audi has once again set a new standard in the premium mid-range segment.

Audi Brand

	2000	1999 ¹⁾	%
Vehicle sales thousand units	912	877	+ 3.9
Production	651	626	+ 4.0
Workforce at Dec. 31 thousands	50.2	46.9	+ 7.2
Capital investments in tangible fixed assets ²⁾ million DM	3,791	2,963	+ 27.9
Cash flow	2,882	2,347	+ 22.8
Sales proceeds	39,024	35,938	+ 8.6
Pre-tax profit	1,862 ³⁾	1,682	+ 10.7
Return on sales in %	4.8	4.7	X

¹⁾ For greater comparability, the figures for fiscal 1999 are presented including AUTOGERMA S.p.A.

²⁾ Excluding amounts carried forward in respect of companies consolidated for the first time.

³⁾ Excluding extraordinary expenses (relating to the EU End of Life Vehicle Directive).

Unit sales, production and workforce

In the year 2000 the Audi Group sold 912 thousand vehicles, of which 643 thousand were Audi, 296 Lamborghini and – as a result of the takeover of AUTOGERMA S.p.A. – 268 thousand were models of other Group brands. The main motor of unit sales growth was the good level of international business, while sales in Germany fell as a result of the market situation.

Vehicle production increased by 4.0 % to 651 thousand units. In Ingolstadt Audi produced 136 thousand A3 and 227 thousand A4 models. 228 thousand vehicles rolled off the production line in Neckarsulm, where the A6 and the aluminium A8 and A2 models were built, as well as the allroad



quattro and the RS4. AUDI HUNGARIA MOTOR Kft. in Győr, Hungary, produced 31 thousand TT Coupé and 26 thousand TT Roadster models in a joint manufacturing network with Ingolstadt. Audi also produced 1,188 thousand engines, of which 1,061 thousand were built in Győr.

Primarily as a result of the new product startups, the workforce increased to 50.2 thousand people (+ 7.2 %).

Capital investments in tangible fixed assets and cash flow

In the past year, Audi increased its capital investments in tangible fixed assets by 27.9 % to 3,791 million DM. The company invested almost 120 million DM in the new tooling shop at the Ingolstadt site. Using state-of-the-art technologies and logistics concepts, it produces press tools, body construction machinery and assembly jigs for the manufacture of body panels and component assemblies. With a cash flow of 2,882 million DM, some 76 % of the capital investments in tangible fixed assets were financed from own funds.

Sales proceeds and earnings

Sales proceeds in the year 2000 were up 8.6 % on the previous year, to 39,024 million DM. The reasons were the increase in unit sales and the favourable exchange rates for exports to countries outside the Euro zone. Earnings from ordinary business activities of 1,862 million DM were slightly up on the previous year's earnings figure. As a result, the brand attained a return on sales of 4.8 (4.7) %.

Prospects

For the year 2001 Audi expects to see an increase in demand and to see sales proceeds and earnings around the previous year's level. The primary goal is to build on the Company's competitive position and to safeguard its business success on a lasting basis. The models launched in the year 2000 as part of the product offensive form a solid foundation to the achievement of that goal.

Seat
Brand



Within the Volkswagen Group, the Spanish Seat brand stands for automobiles with clearly defined attributes, characterized by its new motto: "Seat auto emoción". This motto is also reflected in the brand's distinctive design and sporty, innovative character. In this new role, Seat will in future embody emotion and affordable sportiness.



Highlights of the year 2000

In the year 2000 Seat continued the complete redesign of its model range, underlining the dynamism of the company which, this year celebrated its 50th anniversary. At the Geneva Motor Show the Seat Salsa concept car was presented.

In May, the launch of the León 4 saw the first Seat four-wheel drive model on the market. The new Seat Alhambra was presented at the Madrid and Lisbon Motor Shows. In September at the Paris Motor Show,

the Seat stand featured the new Arosa which – with a more striking front-end design – now embodies the typical character of all Seat models. Other new models featured were the high-performance Cupra models of the Ibiza, Cordoba and León and a more advanced version of the Salsa concept car, the Salsa emoción. The new Ibiza Cupra R, developed by SEAT SPORT, S.A., was presented by Seat in October at the Birmingham Motor Show.

Seat Brand

		2000	1999	%
Vehicle sales	thousand units	765	751	+ 1.8
Production		516	486	+ 6.1
Workforce at Dec. 31	thousands	18.3	17.4	+ 5.3
Capital investments in tangible fixed assets	million DM	600	778	- 22.9
Cash flow		702	857	- 18.1
Sales proceeds		17,608	16,310	+ 8.0
Pre-tax profit		415*	382	+ 8.6
Return on sales	in %	2.4	2.3	X

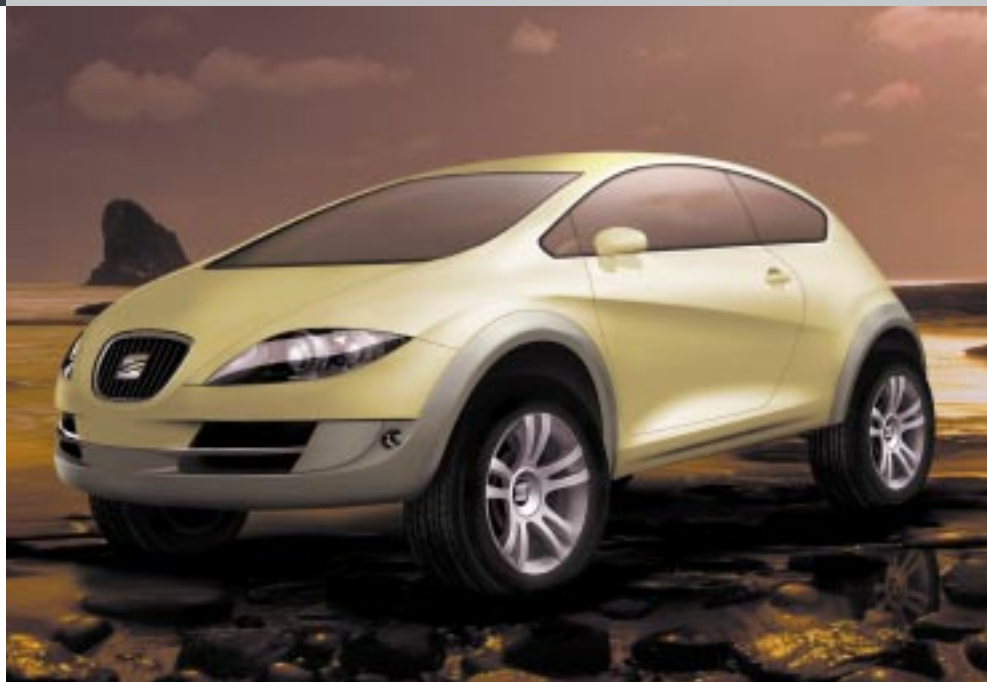
* Excluding extraordinary expenses (relating to the EU End of Life Vehicle Directive).

Unit sales, production and workforce

In the year 2000 Seat sold a total of 765 thousand vehicles (+ 1.8 %), of which 326 thousand units (- 2.6 %) were sold on the Spanish market. The slight fall on that market relative to the previous year primarily resulted from a decline in the overall market. The unit sales figure includes 524 thousand Seat vehicles and a further 241 thousand models from other Group brands.

The Martorell plant produced 516 thousand vehicles over the year as a whole, 6.1 % up on the previous year. In addition to 423 thousand Arosa, Ibiza, Cordoba, Cordoba Vario, Inca and León models, Seat also produced 93 thousand Volkswagen models.





Based on the pleasing development of business – which has seen unit sales rise by 50.4 % in the last five years and led to the creation of some 2,700 new jobs in the same period – the company employed a total of 18,3 thousand people as of December 31, 2000.

Capital investments in tangible fixed assets and cash flow

The successful market launches of the new Seat models are not least the result of substantial upfront investments, which represent the best guarantee of success for the company's future. For adjustments to the production process Seat made capital investments in tangible fixed assets totalling 600 million DM in the year 2000. These expenditures were financed in full from the cash flow of 702 million DM.

Sales proceeds and earnings

In the past fiscal year the Seat brand recorded a slight increase in sales proceeds, by 8.0 %, to 17,608 million DM. Earnings from ordinary business activities totalled 415 million DM, 33 million DM up on the previous year.

The year 2000 earnings of the Seat brand were also boosted by the attributable import business of Volkswagen-Audi España, S.A.

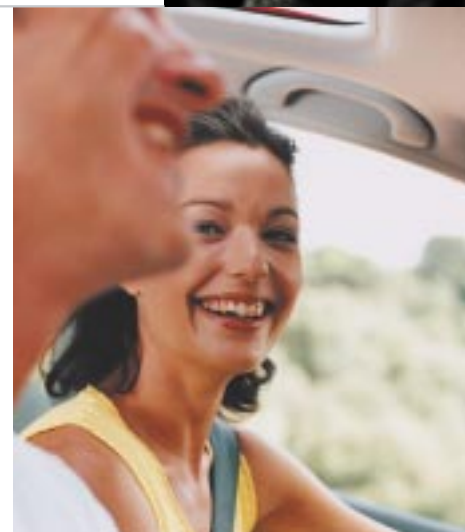
Prospects

It is planned to transfer production of the Seat models at present manufactured in Belgium to Spain in the course of the year 2001. The models concerned are the Seat Toledo and, to a lesser extent, the Seat León. Seat also intends to build on the strategy represented by its new motto in order to enhance its recognition levels on markets outside Spain too. Key future selling targets in particular will be the growth markets of Central and South America. With this in view, from March 2001 the business operations of the brand will be extended to cover the Mexican market. By these measures, Seat considers itself well equipped to meet the competitive challenges of the future.

Škoda Brand



The Škoda brand is characterized by creative functionality and top quality at attractive prices, and delivers value in appealing design. The current product range presents the Czech company against the background of its 100-year tradition as a manufacturer of high-quality vehicles. The brand thus embodies a symbiosis of innovative power and living tradition.



Škoda Brand

	2000	1999	%
Vehicle sales thousand units	451	375	+ 20.4
Production	451	371	+ 21.4
Workforce at Dec. 31 thousands	23.9	21.5	+ 11.5
Capital investments in tangible fixed assets ¹⁾ million DM	744	581	+ 28.1
Cash flow	600	513	+ 17.0
Sales proceeds	7,986	6,079	+ 31.4
Pre-tax profit	218 ²⁾	176	+ 23.9
Return on sales in %	2.7	2.9	X

¹⁾ Excluding amounts carried forward in respect of companies consolidated for the first time.

²⁾ Excluding extraordinary expenses (relating to the EU End of Life Vehicle Directive).

Highlights of the year 2000

The year 2000 was marked by a continuous product offensive climaxing in the presentation at the Paris Motor Show of the first lifestyle estate car from Škoda: the Fabia Combi. The Fabia – the first Volkswagen Group model built on the new compact platform – has established itself firmly on its key markets over the past 12 months. The Octavia model series, too, has been thoroughly revised and updated. The Octavia RS is Škoda's representative in the sporty dynamic segment. And Škoda is enjoying motorsport success in international rallying with the Octavia WRC.

Unit sales, production and workforce

Sales increased in the past fiscal year to 451 thousand units – the best sales performance in the Company's history – 20.4 % up on 1999. In the Czech



Republic, Škoda remained the unassailable market leader, with a 52.6 % share.

In the year 2000 production was increased by 21.4 % to 451 thousand units. Key factors in this were the smooth production startup of the Fabia and the integration of the Fabia Combi. Consequently, production output increased from 1,563 to 1,810 units per day.

At December 31, 2000 Škoda employed 23.9 thousand people. The increased production volumes resulted in a substantial 11.5 % increase in the workforce relative to the previous year.

Capital investments in tangible fixed assets and cash flow

Capital investments in tangible fixed assets in the past fiscal year totalled 744 million DM. Škoda invested in new products and in the expansion and upgrading of manufacturing capacities, particularly in engine and gearbox manufacture. Cash flow totalling 600 million DM covered over 80 % of capital investments in tangible fixed assets.

Sales proceeds and earnings

In the fiscal year 2000 sales proceeds totalled 7,986 million DM, up 31.4 % on the previous year. Vehicle sales represented 92.6 % of the total, and sales of spares, accessories and intra-Group supplies 7.4 %. In Western Europe, sales proceeds rose by 34.7 % to 4,719 million DM. On the Czech home market sales totalled 1,425 million DM (+ 22.6 %). The Škoda brand increased its earnings from ordinary business activities by 23.9 % to 218 million DM.

Prospects

Škoda is developing an additional model series in order to be present in all volume market segments. Supported by the successful launch of the Fabia models and the upgrading of the Octavia, the positive trend will be continued.

Rolls-Royce/Bentley

Brand



The long-established British Rolls-Royce brand is a byword for enduring high-grade automobiles, and is an icon of luxury. Bentley embodies the symbiosis of sportiness and luxury. Its imposing road presence and impressive performance features, combined with its superb hand-made interior, make Bentley a brand with a strong contemporary identity.



Highlights of the year 2000

At the beginning of the year 2000 the Rolls-Royce Corniche Convertible was launched with great success. This vehicle, with its luxurious standard outfitting and ultra-safe design features, imparts an air of true authority. The new Bentley Arnage Red Label and Rolls-Royce Silver Seraph models likewise enjoyed a positive market response, and as a result will have a favourable effect on the future sales figures of the brand.

Unit sales, production and workforce

Both Rolls-Royce and Bentley improved substantially on their sales performance in the year 2000. New models and favourable market conditions, supported by communication and marketing activities, saw unit sales increase in the course of the year by 40.4 % to 1,863 units.

Rolls-Royce/Bentley Brand

		2000	1999	%
Vehicle sales	units	1,863	1,327	+ 40.4
Production		1,938	1,440	+ 34.6
Workforce at Dec. 31	thousands	2.5	2.3	+ 10.6
Capital investments in tangible fixed assets	million DM	81	62	+ 30.2
Cash flow		- 238	- 180	- 32.2
Sales proceeds		818	511	+ 60.0
Pre-tax profit		- 314	- 433	+ 27.5
Return on sales	in %	- 38.4	- 84.7	X



Bentley increased its sales by 51.8 % to 1,406 units; Rolls-Royce sold 457 units, 14.0 % more than in 1999.

Based on increased demand, production also rose well above the previous year's figures in the year 2000. The Crewe plant produced 1,938 vehicles (1999: 1,440 vehicles), an increase of 34.6 %.

The workforce at December 31, 2000 totalled 2,518 people (+ 10.6 %). The new employee recruitment – mainly in production, technical development, sales and marketing – resulted from the increased requirements for the development and launch of the new models.

Capital investments in tangible fixed assets and cash flow

In the fiscal year 2000 the Rolls-Royce/Bentley brand invested 81 million DM. The major part of that figure was attributable to adaptation of the company's operations to a new product range and new special tooling for current and future products. The cash flow, totalling – 238 million DM, remains negative.

Sales proceeds and earnings

Sales proceeds rose by 60.0 % relative to 1999, to 818 million DM. The higher unit sales resulting from the successful launch of the Bentley Arnage Red Label, Rolls-Royce Silver Seraph and Rolls-Royce Corniche models were the key factors.

The 314 million DM loss arose mostly as a result of the essential expenditures for the development of new products. However, increased unit sales meant the loss was a substantial 119 million DM less than in the previous year.

Prospects

The pursuance of the strategy recently entered into will bring further increases in sales and earnings in future. In preparation for higher unit sales, the dealer network will be further expanded.

North America Region



The Automotive Division of the North America Region underwent highly positive development in the year 2000. Particular highlights were the market launch of the Audi TT Roadster in March and of the Audi allroad in October. Volkswagen achieved its highest unit sales since 1973, while Audi even achieved the best sales performance in its history to date.

North America Region

	2000	1999	%
Vehicle sales thousand units	728	649	+ 12.2
Production	426	410	+ 3.8
Workforce at Dec. 31 thousands	18.0	17.5	+ 2.8
Capital investments in tangible fixed assets million DM	705	450	+ 56.7
Cash flow	1,890	1,314	+ 43.8
Sales proceeds	30,236	22,612	+ 33.7
Pre-tax profit	1,337	727	+ 83.9
Return on sales in %	4.4	3.2	X

Unit sales, production and workforce

Underpinned by the sustained selling success of its volume models (the Jetta, Passat and Audi A6), the Group again substantially increased its unit sales in the region. With 728 thousand Volkswagen and Audi models sold, a strong overall growth of 12.2 % was achieved.

As a consequence of the healthy development of demand in Mexico and the high levels of exports, in particular to the USA, Volkswagen de Mexico, S.A. de C.V. increased its vehicle production (of the Jetta, New Beetle, Golf Cabrio and Beetle) by 3.8 % to 426 thousand units. In addition, components (mainly engines and cylinder heads) to a total value of some 636 million DM (+ 10.1 %) were supplied in intra-Group trading.

The increase in production and the handling of Group development work resulted in an increase in the workforce of Volkswagen de Mexico, S.A. de C.V. to 16.8 thousand people (+ 2.4 %). Including VOLKSWAGEN OF AMERICA, INC. and Volkswagen Canada Inc., the automotive division of the North America Region employed a total of 18.0 thousand people (+ 2.8 %) at December 31, 2000.



Capital investments in tangible fixed assets and cash flow

Capital investments in tangible fixed assets totalled 705 million DM, up 56.7 % on the previous year. Capital investments were mainly committed to model updates and the modernization of production facilities, as well as restructuring of the dealer network in the USA in order to safeguard future sales targets. Cash flow improved as a result of the positive development to 1,890 million DM (+ 43.8 %), and consequently was able to finance the capital investments in full.

Sales proceeds and earnings

In the past fiscal year the North America Region increased its sales proceeds by 33.7 % to 30,236 million DM. The key factors in the increased sales proceeds were the higher unit sales and exchange rate effects resulting from the strength of the US

Dollar. With a pre-tax profit of 1,337 million DM (+ 83.9 %), the high earnings level of the previous year was again surpassed. Consequently, the North America Region remained a major earnings generator for the Group.

Prospects

For the year 2001 a further increase in unit sales in the region is planned, depending on the extent and duration of the slowdown in the US economy. Positive impetus is expected, in particular, from the launch of the new Passat and the Jetta Variant. We expect margins to come under increased pressure, but nonetheless expect satisfactory earnings from the North America Region.

South America/Africa

Region

The South America/Africa Region overcame its downward trend to grow its business substantially, especially in Brazil. In the year 2000 Volkswagen do Brasil Ltda. sold 293 thousand units of the Gol model, making it the bestselling vehicle in Brazil for 14 unbroken years. The Company became the first automobile manufacturer in Brazil to export vehicles to the USA and Canada. Volkswagen Argentina S.A. became the general importer for Seat and began to develop a dealer network. It also began local production of the Seat Cordoba. Volkswagen of South Africa (Pty.) Ltd. remained the largest automobile manufacturer in Africa.



South America/Africa Region

	2000	1999	%
Vehicle sales thousand units	643	552	+ 16.5
Production	628	523	+ 20.1
Workforce at Dec. 31 thousands	36.8	37.3	- 1.3
Capital investments in tangible fixed assets million DM	705	580	+ 21.6
Cash flow	628	- 70	X
Sales proceeds	13,747	9,951	+ 38.1
Pre-tax profit	- 8*	- 710	X
Return on sales in %	- 0.1	- 7.1	X

* Including Financial Services a positive result was achieved.

Unit sales, production and workforce

The South America/Africa Region sold a total of 643 thousand vehicles (+ 16.5 %). The recovery of the Brazilian market in particular generated increased sales and compensated for the drop in unit sales in Argentina.

The disproportionately high increase in exports from South America to the USA, Canada and Mexico meant the number of vehicles produced rose substantially relative to the previous year, to 628 thousand units (+ 20.1 %).

At the end of the year 2000, the Automotive Division in the South America/Africa Region employed 36.8 thousand people (- 1.3 %), of which 30.8 thousand were employed in the South American companies (- 1.2 %) and 6.0 thousand in South Africa (- 1.6 %).





Capital investments in tangible fixed assets and cash flow

Capital investments in tangible fixed assets in the past fiscal year totalled 705 million DM (+ 21.6 %). The main areas of investment in Brazil were the completion of the new factory in Curitiba and product investments in the latest models. In addition, the main plant in Anchieta is being prepared for the production of a new product family for the South American market to slot into the price segment between the Gol and the Golf. In Argentina the major part of capital investments were made in the transmission plant in Cordoba. In South Africa the focus of capital investments was primarily on product facelifting and optimization of processes. Cash flow improved significantly over the previous year, and was the major source of financing of capital investments in the South America/Africa Region.

Sales proceeds and earnings

The sales proceeds generated in the region increased by a substantial 38.1 % over the previous year to 13,747 million DM. In comparison with the crisis year 1999, increased vehicle sales and wide-ranging cost-cutting measures in particular, along with support from the parent company, produced a significant improvement in earnings, so the loss in the automotive division was cut to 8 million DM.

Prospects

The year 2001 in Brazil is expected to see a consolidation of the upward trend, although with a clear shift within the passenger car market segments towards entry-level models generating lower margins. It is still unclear at present to what extent world economic factors will impact on this development. In Argentina the situation remains difficult, as no positive indicators of an overall upturn in economic conditions are as yet being seen. The focus is on adjustment of capacities and cost structures in the automotive and component supply industries to the reduced overall market volumes, which will continue to place a strain on earnings in the coming years. The objectives in South Africa for the year 2001 are a reduction in the production complexity of locally manufactured vehicles and additions to the already extensive import range.

Asia-Pacific Region

The importance of the Asia-Pacific Region to the Volkswagen Group increased further in the year 2000. In China, Volkswagen and Audi maintained their market leadership with a 53 % share. Since the Volkswagen Group's initial commitment to China, a total of over 2 million Volkswagen and Audi vehicles have been manufactured. In order to exploit the market potential more effectively, a joint venture company was established with the partner company Shanghai Automotive Industry Corporation, which had previously been the exclusive distributor in the country. VOLKSWAGEN Group Japan K.K. launched the Golf Variant and the new Polo onto the Japanese market. In Thailand, the importer began assembling the Passat and the Audi A6, and also established a marketing company. In Australia, the importer VOLKSWAGEN GROUP AUSTRALIA PTY LTD was established in order to serve the market under the company's direct control.

Asia-Pacific Region*

	2000	1999	%
Vehicle sales thousand units	394	367	+ 7.5
Production	332	314	+ 5.8
Workforce at Dec. 31 thousands	17.0	15.9	+ 6.7
Capital investments in tangible fixed assets million DM	270	397	- 32.1
Cash flow	924	623	+ 48.3
Sales proceeds	8,405	6,139	+ 36.9
Pre-tax profit	625	475	+ 31.6
Return on sales in %	7.4	7.7	X

* Volume data 100 %; financial data proportionate to holding (pro rata).



Unit sales, production and workforce

In the Asia-Pacific Region the Volkswagen Group sold 394 thousand vehicles, 7.5 % more than in the previous year. Substantial increases in sales were recorded by the Volkswagen New Beetle, Jetta and Passat models and by the Audi A6.

Production volumes at our Chinese joint venture company rose by 5.8 % from 314 thousand to 332 thousand units. Part of those volumes involved production by the FAW-Volkswagen Automotive Company Ltd. of the Jetta and also of the Audi A6, which was successfully launched onto the market in a stretched version at the beginning of the year. In the spring, the Shanghai-Volkswagen Automotive Company Ltd. also started production of a stretched Chinese version of the Passat, with an initial production volume of 30,000 units.

By December 31, 2000, the workforce of the Volkswagen Group in the Asia-Pacific Region had increased by 6.7 % over the previous year-end figure, and totalled 17.0 thousand people. Of those, 16.3 thousand people (+ 6.2 %) were employed in China.





Capital investments in tangible fixed assets and cash flow

Capital investments in tangible fixed assets remained at a high level, totalling 270 million DM (pro rata figure). The focus of investment activity was on upfront expenditures for new models and the new development center of the Shanghai-Volkswagen Automotive Company Ltd. All capital investments were covered by cash flow.

Sales proceeds and earnings

In the past fiscal year pro rata sales proceeds in the Asia-Pacific Region totalled 8,405 million DM, up by 2,266 million DM, or 36.9 %, on the previous year. The pre-tax profit of 625 million DM (pro rata) was well above the previous year's figure. The Chinese companies contributed to the improvement in earnings in particular as a result of their expanded product range, increases in volumes and positive exchange rate effects.

Prospects

China's entry into the World Trade Organization (WTO) will intensify regional competition. We are responding to this challenge with the new models

from FAW-Volkswagen Automotive Company Ltd. and Shanghai-Volkswagen Automotive Company Ltd. and by the expansion of our product range in order to secure our market leadership in China. In Japan, with effect from 2001 Volkswagen and Audi models will be sold through separate dealer networks, in order to enhance sales opportunities for both brands.

The Asia-Pacific Region, with a total volume of 8.0 million units, is the world's third largest automobile market, and offers substantial potential for growth. The Volkswagen Group currently holds a 5.3 % market share, with deliveries of 430 thousand units. The medium-term target is to increase the proportion of total Group unit sales generated in the Asia-Pacific Region from its current level of 8 % to over 10 %.

Financial

Services Division

The Financial Services Division of the Volkswagen Group handles dealer and customer finance and leasing operations. It also operates fleet management services, agency business for insurance and commercial papers, as well as savings accounts. The core function of the Division is to promote and support the sale of Group vehicle products and to consolidate customer loyalty to the Group brands. With effect from January 1, 2000 the Division also incorporates the Group's car rental business (the Europcar group) and insurance business (Volkswagen-Versicherungsdienst GmbH). The Division is subdivided into the regions of Europe/Asia, North America and South America, and the Europcar group.

Financial Services Division

		2000*	1999	%
New contracts	thousands			
Vehicle business		1,347	1,246	+ 8.1
Service/agency business		318	17	X
Outstanding contracts				
Vehicle business		3,357	3,001	+ 11.9
Service/agency business		1,036	32	X
Capital investments in leasing and rental assets	million DM	22,700	13,575	+ 67.2
Receivables in respect of				
Customer financing		29,548	25,099	+ 17.7
Dealer financing		11,934	9,412	+ 26.8
Direct bank deposits		6,671	5,195	+ 28.4
Balance-sheet total		74,897	59,618	+ 25.6
Pre-tax profit		368	371	- 0.8
Workforce at Dec. 31	thousands	10.1	4.2	X

* Including Europcar Group and Volkswagen-Versicherungsdienst GmbH.



Financial Services worldwide

The Financial Services Division once again increased its business; both new contract and outstanding contract volumes were above the previous year's figures. 27.3 (26.6) % of all new vehicles delivered by the Group were leased or financed. Deposits in Volkswagen Bank *direct* totalled 6,671 million DM (+ 28.4 %) at the end of the year under review, thanks to the successful expansion of direct banking business. The balance-sheet total as per December 31, 2000 rose by a substantial 25.6 % to 74,897 million DM. In the year 2000, the companies belonging to the financial holding group, and Volkswagen Bank GmbH as an individual company, complied with the requirements of the German Credit Act (Kreditwesengesetz). Pre-tax profit totalled 368 million DM (- 0.8 %). The slight fall in earnings results principally from valuation measures in connection with the increased leasing and rental assets.



International strategy and product portfolio

The Financial Services Division pursues a unified international strategy aimed at exploiting market potential in the financial services sector for all Group brands. Volkswagen Financial Services AG is directly responsible for the financial services business in Europe and Asia. In the North and South America regions, guidelines are in place which ensure close cooperation with the local financial services companies.

By its extensive and customer-oriented range of products, Volkswagen Financial Services AG with its domestic and international subsidiaries again made a substantial contribution to the promotion of vehicle sales and of customer loyalty in the year 2000. Following the incorporation of the insurance and car rental business, and together with the successful banking and leasing operations, the product portfolio of the Financial Services Division now covers the full spectrum of financial services required by automobile customers.

Europcar:

Worldwide mobility offer

The companies of the Europcar group were fully consolidated into the Group financial statements for the first time with effect from January 1, 2000, assigned to the Financial Services Division. Leasing and rental business was increased by 11.0 % to 27.5 million rental days. A pre-tax profit was achieved in fiscal 2000. With the expansion of its worldwide car rental network to include Australia, Hong Kong and Thailand, the Europcar group now delivers its customer-oriented service in a total of 90 countries.

Prospects

The Financial Services Division is responding to the challenges and ever increasing demands of its customers and markets by means of product innovations and service – an approach which is reaping benefits, as seen in the growth of the Division's member companies. The process of globalization is being pursued both in economic and strategic terms.

Financing

Divison

A fundamental factor in the success of any financing policy operated on a global scale is that the sources of financing, too, should be internationally spread and should be as innovative as possible. International financing means diversification of capital funding and a broad liquidity base. It opens up access to international capital markets, frees the Group from dependency on the economically, structurally and in part politically based fluctuations of the domestic credit and capital market, and enables funds to be acquired in foreign currencies and permits utilization of international money and capital markets.



Financing Division

	2000	1999	%
Factoring receivables million DM	8,039	8,060	- 0.3
Intra-Group finance	7,454	6,453	+ 15.5
Employee finance	637	620	+ 2.7
Balance-sheet total	16,514	15,444	+ 6.9
Pre-tax profit	342	288	+ 18.8
Workforce at Dec. 31	72	70	+ 2.9

Business development in 2000

The development of the Financing Division is largely determined by the factoring and intra-Group finance operations. Pre-tax profit totalled 342 million DM, 18.8 % up on the 1999 figure. The main reasons for this increase were higher volumes of business in factoring and intra-Group finance, the favourable development of exchange rates and higher interest income from the appropriation of own funds. The balance-sheet total of the Financing Division increased by 6.9 % to 16,514 million DM. At the end of the year under review the Division employed 72 (70) people.



Coordination Center Volkswagen S.A., Brussels

The main activities of this finance company, founded in 1986 in Brussels, Belgium, were in the financing of vehicle and parts supplies by the major European producing Group companies to importers within the Volkswagen Group. It also issued loans to Group companies, particularly to European financial services companies. The range of consulting services offered by Coordination Center Volkswagen S.A. to other Group companies was further expanded in the year under review.

In addition to the utilization of bank loans, business operations were increasingly funded by the issue of Commercial Paper and the appropriation of own funds. The sales successes of the products of the Volkswagen Group, especially on Western European export markets and in the USA, have had a positive effect on the company's business development.

Volkswagen International Finance N.V., Amsterdam

Volkswagen International Finance N.V. was founded in 1977 in Amsterdam, Netherlands, in order to source finance for the Group at favourable terms worldwide on international capital markets. The company makes use of primary and derivative financial instruments. Any resultant interest and exchange rate risks are monitored by means of an efficient risk management system.

Volkswagen Investments Ltd., Dublin

Founded in 1989 in the International Financial Services Centre (IFSC) in Dublin, Ireland, Volkswagen Investments Ltd. provides the Group companies with loans which are refinanced on an international scale by equity capital or by Group or capital market funds. The company also provides finance for the purchase of Group vehicles by employees and performs service functions for its subsidiary.

Prospects

For the fiscal year 2001 the Financing Division expects to generate stable earnings at the level of the year 2000.



On June 1, 2000, on the same day as the start of the EXPO exhibition in Hanover, the Autostadt in Wolfsburg opened its gates to the public. Some 850 million DM has been invested in this 25 Hectare site, to create an event and competence centre providing the Volkswagen Group with a new and unique platform for its service and communication activities. In collaboration with the dealership organization, the Autostadt is an instrument of customer marketing and loyalty building.



Center of Excellence

As a Center of Excellence the Autostadt is the foundation for a new level of service quality and a new service awareness for the Company, and thereby embodies the high standards which the Group sets itself. Future-oriented, unconventional and innovative, the Autostadt

represents the concept of a Learning Community: open to change, to the new and unknown, it develops new ideas for the future and so provides support to the internal innovation processes.

New in the history of the automotive industry

Never before has a motor company realized such a concept: a center which employs multimedia presentation and demonstration techniques to provide its visitors with an insight into the full spectrum of the Company's technological expertise, the multiplicity of its brands and the quality of its products, while also captivating their emotions and offering them a highly memorable experience. As such, the Autostadt provides the Volkswagen Group with a new instrument of communication, which will allow it to attract and win



the loyalty of customers from entirely new areas of the population, and so gain a further competitive edge on automotive markets: by November 1, 2000 the Autostadt had already welcomed its one millionth visitor.

Furthermore, over 2,000 people are employed in and by the Autostadt, providing the city of Wolfsburg with a major employment boost and underlining the Group's commitment to the area as its central corporate location.

Brand pavilions: Exciting variety

The Autostadt consists of three major blocks: the Group Forum, the Customer Center and the History Building. The trademark sights of the Autostadt are its two 48 meter high glass vehicle towers, able to hold up to 800 new vehicles waiting for handover to Volkswagen customers. The brands marketed under the umbrella of the Volkswagen Group are presented in seven individually designed event pavilions within attractively landscaped grounds. Each pavilion is a world in its own right, in which the mentality, character and individual design of the specific brand determines the style and content. Technical versatility, creativity and architectural distinction characterize the individual buildings, each of which reveals a world of experience which encourages visitors to enjoy and participate:

- The Audi pavilion invites visitors to stroll through 10 different rooms, retelling the history of the Company, the story of the creation of the A2 and the vision of a new dream car.
- The Bentley pavilion demonstrates the outstanding characteristics of the two luxury brands Bentley and Rolls-Royce: strength and nobility.
- The Lamborghini brand presents itself with an image of wild, untamed passion.
- "Think young, open your mind" is the motto in the Seat pavilion.

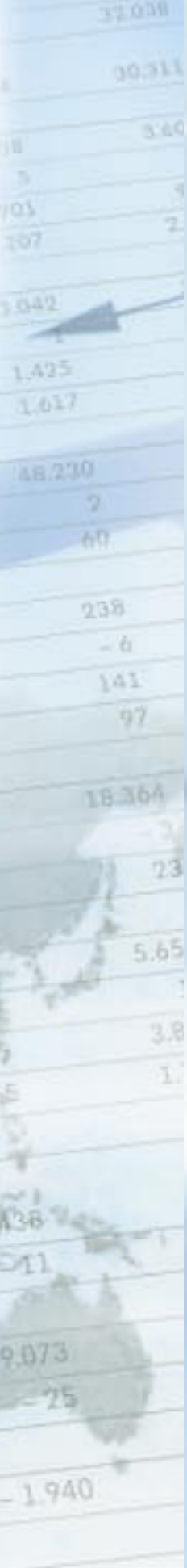


- In the central Škoda pavilion the visitor is taken on a journey through the world of Bohemian fairytale and the tradition of Czech car making.
- The Volkswagen pavilion is a beacon of clarity and authenticity. The cube-shaped structure houses a giant sphere, standing as a symbol of the striving for perfection.
- In a 1,000 square meter pavilion, Volkswagen Commercial Vehicles presents the whole world of commercial and leisure vehicles.





	17	19.508	42.260	973
	10.860	45.895	26.797	27.098
	30.955	37.834		
	28.093		23.104	26
	18.809	15.412		
	2.242		2.962	
	2.030	3.237	2.435	
	3	7	6	-14
	445	1.244	1.211	914
	2.085	1.973	2.222	2.048
	3.058	3.238	3.500	3.019
	4	6	8	14
	1.816	1.814	1.929	1.608
	1.242	1.424	1.571	
	40.469	47.039	54.817	47.530
	8	16	17	-13
	59	62	64	62
	261	277	273	253
	4		-1	-7
	160	167	164	150
	95	10	109	103
	17.056	18.672	20.753	18.887
	6	11	10	-9
	25	25	24	25
			9.254	4.840
			7	-4
			4.853	2.67
			4.401	2.16
				5
			6.139	
			24	
			1.510	12.079
			17	5
			114	147



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Balance Sheet

Balance sheet of the Volkswagen Group at Dec. 31, 2000 – million DM –

	Note	Dec. 31, 2000	Dec. 31, 1999
Assets			
Fixed assets	(1)		
Intangible assets		1,888	903
Tangible assets		31,016	28,888
Financial assets		11,640	7,592
Leasing and rental assets		24,764	17,715
		69,308	55,098
Current assets			
Inventories	(2)	16,408	15,124
Receivables and other assets	(3)	61,256	51,502
Securities	(4)	7,967	3,500
Cash on hand, deposits at German Federal Bank and cash in banks		4,204	5,877
		89,835	76,003
Prepaid and deferred charges	(5)	439	170
Balance-sheet total		159,582	131,271
Stockholders' Equity and Liabilities			
Stockholders' equity			
Subscribed capital of VOLKSWAGEN AG	(6)	2,094	2,089
Ordinary shares	1,567		
Non-voting preferred shares	527		
Potential capital	363		
Capital reserve	(7)	8,402	8,361
Revenue reserves	(8)	10,482	7,708
Net earnings available for distribution		994	646
Minority interests		66	385
		22,038	19,189
Special items	(9)	496	513
Provisions	(10)	44,728	42,184
Liabilities	(11)	89,203	65,578
Deferred income	(12)	3,117	3,807
Balance-sheet total		159,582	131,271

Statement of Earnings

Statement of earnings of the Volkswagen Group for the fiscal year ended December 31, 2000 – million DM –

	Note	2000	1999
Sales	(13)	167,331	147,013
Cost of sales		146,181	130,347
Gross profit		+ 21,150	+ 16,666
Selling and distribution expenses		13,967	11,944
General administration expenses		4,056	3,334
Other operating income	(14)	9,330	7,471
Other operating expenses	(15)	6,492	6,039
Results from participations	(16)	+ 976	+ 854
Interest results	(17)	+ 1,321	+ 1,299
Write-down of financial assets		87	40
Results from ordinary business activities		+ 8,175	+ 4,933
Extraordinary expenses	(18)	1,391	–
Pre-tax profit		+ 6,784	+ 4,933
Taxes on income		2,752	3,282
Net earnings	(19)	+ 4,032	+ 1,651

Development of Short-Term Liquidity

Development of short-term liquidity of the Volkswagen Group from January 1 to December 31, 2000

million DM	Automotive Division	Financial Services	Volkswagen Group
Net earnings before extraordinary expenses	5,577	146	5,423
Depreciation and write-up of fixed assets ¹⁾	8,935	157	9,131
Depreciation and write-up of leasing and rental assets	–	7,870	8,198
Change in medium and long-term provisions	644	73	871
Other expenses and income not affecting payments	– 432	– 11	– 443
Cash flow	14,724	8,235	23,180
Change in short-term provisions	1,226	69	98
Change in inventories and trade receivables	– 6,582	– 6,915	– 10,267
Change in liabilities (excluding credit liabilities)	797	1,338	– 90
Other internal financing	– 4,559	– 5,508	– 10,259
Inflow of funds from current operations	10,165	2,727	12,921
Disposals of fixed assets and leasing and rental assets	233	7,714	8,022
Capital investments in tangible fixed assets ¹⁾	– 12,284	– 293	– 11,935
Capital investments in financial assets ²⁾	– 4,689	– 76	– 4,026
Additions to leasing and rental assets	–	– 20,604	– 20,603
Adjustments resulting from consolidation	317	190	507
Inpayments/outpayments for acquisition of consolidated companies	–	29	– 432
Capital investments	– 16,423	– 13,040	– 28,467
Net cash flow	– 6,258	– 10,313	– 15,546
Capital increases	46	750	46
Share buyback	– 4,469	–	– 4,469
Dividends/profit transfers	– 913	– 1,159	– 644
Capital repayment to retired stockholders	– 348	–	– 348
Other equity changes	– 226	376	– 204
Change in financial liabilities	10,284	10,228	19,835
Inflow/outflow of funds in respect of financing operations	4,374	10,195	14,216
Change in gross liquidity	– 1,884	– 118	– 1,330
Gross liquidity at start of period	13,486	1,575	13,202
Gross liquidity at end of period	11,602	1,457	11,872
Liquid funds	3,475	982	4,204
Securities (excluding treasury stock)	3,403	475	3,499
Long-term financial investments	4,724	–	4,169
Total third-party borrowings	– 18,241	– 62,967	– 67,610
Net liquidity	– 6,639	– 61,510	– 55,738

¹⁾ Including intangible assets.

²⁾ Excluding part of the long-term financial investments and excluding equity valuation of the companies not fully consolidated into the Group financial statements.

Note: The development of short-term liquidity is for the first time presented according to the DRS 2 breakdown as specified by the German Accounting Standards Committee (DRS).

Notes on the Financial Statements

Notes on the financial statements of the Volkswagen Group for the fiscal year ended December 31, 2000

Financial statements in accordance with commercial law

The consolidated financial statements of the Volkswagen Group have been prepared in accordance with the provisions of the German Commercial Code, with due regard to the provisions of the Corporation Act.

In order to improve clarity, we have combined certain items in the balance sheet and statement of earnings. These items are shown separately in the notes on the financial statements. In the interest of improved international comparability, the statement of earnings has been prepared according to the cost of sales method.

Scope of consolidation

The fully consolidated Group companies comprise all companies in which VOLKSWAGEN AG has a direct or indirect interest of over 50 %. Apart from VOLKSWAGEN AG, this involves 31 German Group companies and 112 foreign Group companies.

With effect from January 1, 2000, Volkswagen Beteiligungs-Gesellschaft mbH, Wolfsburg, acquired the remaining shares in the former joint venture company EUROPCAR INTERNATIONAL S.A., based in St. Quentin-Yvelines, France. As a result, two German and nine foreign Group companies forming part of the Europcar group are fully consolidated into the financial statements of the Volkswagen Group.

One affiliated company in Germany and one abroad formerly valued on the basis of the proportionate stockholders' equity, as well as one affiliated company in Germany and five abroad formerly entered at acquisition cost, are now fully consolidated as a result of the expansion of business. Two affiliated companies in Germany and four abroad have been formally removed from the scope of consolidation.

Four newly established companies located abroad were consolidated for the first time.

The changes in the scope of consolidation result in no substantial changes to the asset, financial and earnings positions of the Volkswagen Group.

Furthermore, one former joint venture company in Germany is now consolidated into the Volkswagen Group as an affiliated company based on the proportionate stockholders' equity as a result of the acquisition of the remaining shares in its parent company. One subsidiary in Germany previously consolidated on the basis of the proportionate stockholders' equity is now valued at acquisition cost, and one affiliated company abroad previously consolidated at acquisition cost is now valued according to the proportionate stockholders' equity.

48 German and 74 foreign affiliated companies are not consolidated. The companies in question are subsidiaries which are omitted under the provisions of Section 296 subsection 1, no. 2, and subsection 2 of the German Commercial Code.

Three joint ventures in Germany and six abroad are included in the consolidated financial statements on the basis of the proportionate stockholders' equity. Ten further joint ventures abroad are valued at acquisition cost.

29 German and nine foreign companies in which participations are held and on which VOLKSWAGEN AG or other Group companies exert a significant influence are included in the consolidated financial statements as associated companies.

By their inclusion in the consolidated financial statements, the following fully consolidated affiliated companies are exempt from their duty to disclose annual financial statements pursuant to Section 264b of the German Commercial Code:

EUROPCAR INTERNATIONAL S.A. und Co. OHG,
Hamburg
VW Wohnungs GmbH & Co. KG, Wolfsburg
Volkswagen Transport GmbH & Co. OHG, Wolfsburg
VW AUDI Vertriebszentrum GmbH & Co.,
Südbayern KG, Munich
VW AUDI Vertriebszentrum Westfalen GmbH & Co. KG,
Unna.

Furthermore, the companies VW AUDI Vertriebszentrum Südbayern Verwaltungs-GmbH, Munich, and VW AUDI Vertriebszentrum Westfalen GmbH, Unna, are exempt from their duty to prepare consolidated financial statements pursuant to Section 291 subsection 2 of the German Commercial Code.

A list detailing all interests held by the Volkswagen Group is deposited in the Wolfsburg register of companies under HRB 215. It can also be obtained direct from VOLKSWAGEN AG*.

Consolidation principles

The assets and liabilities of the German and foreign companies included in the consolidated financial statements are shown in accordance with the uniform accounting and valuation methods used within the Volkswagen Group. In the case of the associated companies, their own accounts and valuations are used as the basis for determining the proportionate stockholders' equity, except in cases where the figures for foreign Group companies have to be adjusted to bring them into line with German accounting regulations.

Capital consolidation for the companies included in the consolidated financial statements for the first time and determination of figures for associated companies are carried out at the time of acquisition on the basis of the revaluation method.

Receivables, liabilities, expenses and income arising between the individual consolidated companies are eliminated. Group inventories are adjusted to eliminate intra-Group profits and losses. Interim balances on intra-Group sales of tangible fixed assets are not eliminated, as they are undertaken at market terms.

Consolidation operations affecting results are subject to apportionment of deferred taxes. Deferred tax liabilities in connection with consolidation operations are set off against the assets-side balance of deferred taxes from the individual companies' financial statements, although these last-mentioned deferred taxes are not shown in the balance sheets.

The methods of consolidation applied in the previous year were retained.

* The full address is given on the last page of the Annual Report.

Translation of currencies

For the purpose of the consolidated financial statements, additions to intangible assets and tangible fixed assets and to long-term leasing and rental assets in the individual financial statements of foreign companies, and the amounts brought forward in respect of those items for companies consolidated for the first time, are translated at the average rates for the months of acquisition. Depreciation and disposals are translated at weighted middle rates of the amounts carried forward plus the additions of the current year (historical average rates).

With the exception of loans, financial assets are translated at the rates applying on the date of acquisition and are carried forward on that historical basis. Loans are translated at the middle rate on the balance-sheet date.

Short-term leasing and rental assets, together with the related liabilities, are translated at the middle rate on the balance-sheet date.

In order to secure our foreign currency cash flows – principally from expected future sales, material purchases and credit transactions – against exchange rate and interest rate fluctuations, derivative financial instruments including forward foreign exchange and option transactions as well as interest rate transactions such as caps are deployed, mainly on a centralized basis by VOLKSWAGEN AG. These transactions are valued on a strict imparity basis. Assets or liabilities backed by combined interest/currency swaps (cross currency interest swaps) and forward foreign exchange transactions are translated at contractually agreed rates.

The other assets and liabilities are translated at the middle rate on the balance-sheet date.

The change in currency translation differences which results from the exchange rate development in the current year is treated as having an effect on the result.

Average monthly rates are used for the most part in the statement of earnings. However, write-downs of financial assets are taken over on a historical basis. Depreciation of intangible and tangible fixed assets which is included in cost of sales, selling and distribution expenses and general administration expenses is likewise translated at historical rates. The net earnings/losses of foreign subsidiaries are determined by translating the relevant amounts in local currency at the rate applying on the balance-sheet date, taking into account the balance-sheet currency translation affecting results.

Accounting and valuation principles

The accounting and valuation methods used in the previous year have been retained.

Intangible assets are shown at acquisition cost, with regular depreciation charged over a three-year period using the straight-line method. Newly acquired goodwill is written off over a period of five to 15 years, beginning in the year of acquisition.

Tangible assets and leasing and rental assets are valued at acquisition or manufacturing cost minus depreciation. Investment grants are deducted. Manufacturing cost is determined on the basis of the directly attributable cost of materials and labour cost as well as proportionate material overheads and production overheads including depreciation. Administration expenses are not taken into account.

The regular depreciation is based mainly on the following useful lives:

- Buildings 25 – 50 years
- Building and site utilities 10 – 18 years
- Technical equipment and machinery 5 – 10 years
- Power generators 15 years
- Factory and office equipment (including special tools, jigs and fixtures) 3 – 14 years

To the extent permitted by tax law, regular depreciation is charged in the Volkswagen Group on movable assets using the declining-balance method with a scheduled changeover to the straight-line method at a later date, taking account of multi-shift operation. The straight-line method is applied to assets on which special depreciation is charged.

For the purpose of simplification – in Germany – depreciation on additions to movable assets during the first half of the year is based on the full annual rate and depreciation on additions during the second half of the year is based on half the annual rate. Low-value assets are fully depreciated and written off in the year of acquisition.

Differences between the values required under commercial law and those permitted under tax law are shown under the special items with an equity portion on the “Stockholders’ Equity and Liabilities” side of the balance sheet.

Holdings in affiliated and associated companies – if not valued on the basis of the equity method – and other **participations** are shown at acquisition cost or the lower applicable value.

Long-term financial investments of German Group companies are shown at acquisition cost or at the lower applicable stock market price; those of Group companies outside Germany are shown at the retained lower stock market price from the balance-sheet date of the previous year.

Interest-free and low-interest-bearing **loans** are stated at cash value; other loans at the nominal value.

Within **inventories**, raw materials and supplies as well as merchandise are valued at average acquisition cost or the lower replacement cost.

Work in progress and finished goods are stated at the minimum applicable value allowed by commercial law; that is to say, direct materials and labour minus value adjustments.

Provision is made for all discernible storage and inventory risks by way of adequate value adjustments.

Receivables and other assets are stated at the nominal amount. Provision is made for discernible individual risks and general credit risks by way of appropriate value adjustments. In contrast to the principle applied in the financial statements of VOLKSWAGEN AG, receivables in foreign currencies are valued at the middle rates applying on the balance-sheet date or the rates agreed in respect of these receivables.

Acquired foreign exchange and interest option rights are stated at acquisition cost or at lower market values up to their due date.

Securities classified as current assets are stated at acquisition cost or the lower applicable value on the balance-sheet date, unless in the case of Group companies outside Germany it is permissible to retain lower values from previous years.

Provisions for pensions and similar obligations of German Group companies are based on actuarial computation based on the going-value method in accordance with Section 6a of the Income Tax Act, taking into account the latest guide tables; those for Group companies outside Germany are based on comparable principles.

In order to establish more effective provision for the future financial burden arising from pension payments, an interest rate of 5 % – in contrast to the principle applied in the financial statements of VOLKSWAGEN AG – is applied. Provisions for long-service gratuities in Germany are discounted at 5.5 %, taking account of regulations governing accounting and valuation for tax purposes, likewise utilizing the new graduated life tables.

The **provisions** for warranty obligations are based on historical and estimated loss in relation to vehicles sold.

Allowance is made, on the basis of reasonable commercial judgement, for discernible risks and uncertain liabilities by way of adequate allocations to provisions.

For the valuation of forward foreign exchange transactions, the agreed rate for the transaction is compared against the corresponding forward rate on the same due date as of the balance-sheet date. Provisions are made for any unrealized losses. Positive differences (book profits) are not taken into account. Profits and losses are not set off.

Liabilities are shown at the amount at which they must be repaid or the amount required for fulfillment of the obligation in question. Bonds with a higher agreed repayment amount are entered at their issue price plus pro rata interest. In contrast to the principle applied in the financial statements of VOLKSWAGEN AG, liabilities in foreign currencies are valued at the middle rates applying on the balance-sheet date or the rates agreed in respect of these liabilities.

The figures given for **contingent liabilities** correspond to the extent of the liability.

In the statement of earnings, expenses are allocated to the fields of production, selling/distribution and general administration on the basis of cost-accounting rules.

Cost of sales comprises all expenses relating to production and material procurement, all expenses relating to merchandise, research and development costs and expenses in connection with warranties and product liability. The difference between full cost and the lower limit for commercial balance sheet entry in valuation of inventories is also stated here.

Selling and distribution expenses comprise labour cost and cost of materials for our selling and distribution departments as well as costs in connection with freight, advertising, sales promotion, market research and service.

General administration expenses comprise the labour cost and cost of materials for the administration departments.

Other taxes in the amount of 577 million DM (previous year: 375 million DM) are allocated to the individual functional areas.

Notes on the Balance Sheet

Development of fixed assets of the Volkswagen Group – million DM –

	Gross book values					Acquisition or manufacturing cost Dec. 31, 2000
	Acquisition or manufacturing cost Jan. 1, 2000	Amounts brought forward in respect of companies consolidated for the first time	Additions	Transfers	Disposals	
Intangible Assets						
Concessions, industrial and similar rights and licences in such rights	597	105	295	53	52	998
Goodwill	1,784	51	881	–	38	2,678
Payments on account	202	0	159	– 30	1	330
	2,583	156	1,335	23	91	4,006
Tangible Assets						
Land, land rights and buildings incl. buildings on land owned by others	20,964	108	1,108	882	84	22,978
Technical equipment and machinery	34,905	152	2,000	1,439	950	37,546
Other equipment and factory and office equipment	36,866	148	4,197	790	1,521	40,480
Payments on account and construction in progress	3,902	6	3,448	– 3,214	65	4,077
	96,637	414	10,753	– 103	2,620	105,081
Financial Assets						
Holdings in affiliated companies	1,182	129	199	– 348	610	552
Loans to affiliated companies	118	63	351	–	63	469
Holdings in associated companies	2,295	143	3,967	348	340	6,413
Participations	146	–	0	0	15	131
Loans to associated companies and companies linked through participation	0	–	10	54	–	64
Long-term financial investments	3,850	7	357	–	18	4,196
Other loans	580	1	69	– 54	81 ¹⁾	515
Other financial assets	45	3	0	–	11	37
	8,216	346	4,953	–	1,138	12,377
	107,436	916	17,041	– 80	3,849	121,464
Leasing and Rental Assets	28,449	2,776	20,183	80	12,969²⁾	38,519

¹⁾ Including exchange rate differences in the amount of – 4 Mio. DM.

²⁾ Including exchange rate differences in the amount of – 826 Mio. DM.

³⁾ Including exchange rate differences in the amount of – 226 Mio. DM.

Value Adjustments								
Accumulated depreciation	Amounts brought forward in respect of companies consolidated for the first time	Depreciation current year	Transfers	Disposals	Write-ups	Accumulated depreciation	Book values	Book values
Jan. 1, 2000						Dec. 31, 2000	Dec. 31, 2000	Dec. 31, 1999
358	49	186	0	51	–	542	456	239
1,322	49	243	–	38	–	1,576	1,102	462
–	–	–	–	–	–	–	330	202
1,680	98	429	0	89	–	2,118	1,888	903
11,031	20	796	– 5	17	7	11,818	11,160	9,933
28,291	14	3,318	87	973	–	30,737	6,809	6,614
28,425	86	4,521	– 81	1,442	0	31,509	8,971	8,441
2	–	0	– 1	0	–	1	4,076	3,900
67,749	120	8,635	0	2,432	7	74,065	31,016	28,888
23	49	7	0	1	1	77	475	1,159
–	–	–	–	–	–	–	469	118
347	1	102	0	0	42	408	6,005	1,948
114	–	–	–	–	–	114	17	32
0	–	–	4	–	0	4	60	0
24	–	3	–	0	–	27	4,169	3,826
80	–	12	– 4	6	11	71	444	500
36	–	–	–	–	–	36	1	9
624	50	124	–	7	54	737	11,640	7,592
70,053	268	9,188	–	2,528	61	76,920	44,544	37,383
10,734	259	8,198	–	5,436³⁾	–	13,755	24,764	17,715
							69,308	55,098

(1) Fixed assets

The book value of the Volkswagen Group's fixed assets, totalling 69,308 million DM, comprises intangible, tangible, financial and leasing and rental assets.

Additions to fixed assets were as follows::

million DM	2000	1999
Business start-up and expansion expenses	–	87
Intangible assets	1,393	936
Tangible assets	11,047	11,714
Financial assets	5,249	2,004
Leasing and rental assets	22,700	13,575
	40,389	28,316
Adjustments from initial consolidation	– 569	–
	39,820	28,316

The additions to fixed assets also include the amounts carried forward in respect of companies consolidated for the first time, less amounts already stated as additions to financial assets in previous periods in connection with the said companies.

Increases in value of associated companies valued on the basis of the proportionate stockholders' equity are shown in the "Additions" column. The increases include the acquisition of the goodwill of an associated company in the amount of 2,632 million DM.

Extraordinary depreciation was charged as follows:

million DM	2000	1999
Business start-up and expansion expenses	–	14
Intangible assets	–	14
Tangible assets	74	74
Holdings in affiliated and associated companies and other participations	74	24
Long-term financial investments and loans	14	18
	162	130
	162	144

Extraordinary depreciation on tangible assets was charged on devaluation of real estate and on decommissioned production facilities. Under "Financial assets", value adjustments were required on the book values of an investment in a joint venture company and resulting from the valuation of non-consolidated affiliates at equity.

(2) Inventories

million DM	Dec. 31, 2000	Dec. 31, 1999
Raw materials and supplies	3,984	3,659
Work in progress	2,142	2,135
Finished goods and merchandise	10,238	9,270
Payments on account	44	60
	16,408	15,124

(3) Receivables and other assets

million DM	Dec. 31, 2000	Dec. 31, 1999
Trade receivables	9,888	7,124
– of which amounts due in more than one year	(2)	(1)
Receivables from affiliated companies	934	940
– of which trade receivables	(146)	(740)
– of which amounts due in more than one year	(106)	(338)
Receivables from companies in which participations are held	828	511
– of which trade receivables	(314)	(190)
– of which amounts due in more than one year	(263)	(–)
Other assets	49,606	42,927
– of which amounts due in more than one year	(21,322)	(18,393)
	61,256	51,502

Significant items of “Other assets” are the receivables relating to financing and leasing operations in the amount of 43.9 billion DM.

(4) Securities

million DM	Dec. 31, 2000	Dec. 31, 1999
Treasury stock	4,469	5
Other securities	3,498	3,495
	7,967	3,500

VOLKSWAGEN AG holds treasury stock in the form of 41,719,353 ordinary shares with an arithmetic total nominal value of 106,801,543.68 € (= 208,885,663.18 DM) = 9.97 % of the subscribed capital. This corresponds to 13.33 % of the ordinary shares.

Of that total, 764,670 ordinary shares of treasury stock with an arithmetic total nominal value of 1,957,555.20 € (= 3,828,645.19 DM) = 0.18 % of the subscribed capital were acquired in 1971 in connection with a conversion offer to Audi stockholders on the occasion of a capital increase.

On authorization from the Annual Meeting of Stockholders held on May 23, 2000, 40,954,683 ordinary shares of treasury stock with an arithmetic total nominal value of 104,843,988.48 € (= 205,057,017.99 DM), corresponding to 9.79 % of the subscribed capital, were acquired in the fiscal year through the stock market at an average price of 55.72 € (= 108.98 DM) for a total of 2,282,035,914.96 € (= 4,463,274,303.52 DM). The purchase is intended to enable the stock to be offered, or the acquired shares to be introduced onto foreign stock exchanges on which they were not previously traded, as part of a merger or acquisition deal, or to call in the acquired shares without further resolution by the Annual Meeting of Stockholders.

The reserve required by law for treasury stock exists in the amount of the relevant balance-sheet value. The transfer in the fiscal year in the amount of the bought-back ordinary shares totalling 2,282,035,914.96 € (= 4,463,274,303.52 DM) was made directly from the existing other revenue reserves.

“Other securities” comprise readily cash-convertible capital-market papers, including bonds, as well as shares in special securities funds held by various Group companies.

(5) Prepaid and deferred charges

In addition to those amounts not yet dissolved and charged to interest expenses in respect of contra items to the transfers to the capital reserve totalling 6 million DM (previous year: 16 million DM) made in connection with the issue of warrants with low-interest bonds, this item comprises for the most part an Alternative Minimum Tax in North America payable this year and eligible for offsetting in the following years.

(6) Subscribed capital

With effect from fiscal year 1999 the share capital of VOLKSWAGEN AG is quoted in Euro. Each share held entitles the bearer to a nominal share in the Company capital of 2.56 €. The shares are no-nominal-value bearer shares.

Following the capital increase effected in the fiscal year – utilizing part of the existing potential capital stock – through the issue of 1,114,470 ordinary shares (2.8 million € = 5.6 million DM) based on the exercising of options, the subscribed capital as of the year-end now amounts to 1,071 million € (2,094 million DM).

The subscribed capital is composed of 313,069,720 no-nominal-value ordinary shares and 105,238,280 preferred shares. In addition, there is an authorized capital stock of 400 million € (782 million DM), expiring on June 1, 2004.

A potential capital stock of 69.0 million € (135.0 million DM) exists for the bearers of rights arising from convertible bonds issued by VOLKSWAGEN AG on the basis of the authorization passed by the Annual Meeting of Stockholders on June 19, 1997 for the purpose of issue to the Board of Management, Group senior management and the management and standardrate employees of VOLKSWAGEN AG.

The Board of Management has utilized this authorization and, with the consent of the Supervisory Board, established the second tranche of a stock option plan in 2000. The plan entitles the beneficiaries by subscribing to convertible bonds to acquire options for the purchase of shares in VOLKSWAGEN AG at a unit price of 5 DM. The initial conversion price, reflecting the price of the VW share at the beginning of March 2000, was set at 41.82 € per VW ordinary share. It will increase by 5 percentage points per year in the following years. After a 24-month embargo, the conversion rights can be exercised between July 14, 2002 and July 6, 2005. For the first

conversion period starting on July 14, 2002 the conversion price will be 46.00 €. It will then increase on publication of each quarterly report for the period January to September 2002 to 48.09 €, for January to September 2003 to 50.18 € and for January to September 2004 to 52.28 €.

The second tranche of convertible bonds was structured for a volume of up to 7.7 million DM. Each bond securitizes the right of conversion into 10 ordinary shares.

The subscription rights arising from the first tranche in 1999 can be exercised beginning on June 11, 2001 at a price of 76.43 €. In such case the conversion price will increase by the end of the subscription period on June 4, 2004 to 86.85 €.

The value of the total convertible bonds issued as per December 31, 2000 is 7,045,125 DM (= 1,409,025 bonds), entitling the bearers to purchase 14,090,250 ordinary shares. The liabilities arising from convertible bonds are entered under "Other liabilities". In the fiscal year, 3,654 convertible bonds to a value of 18,270 DM were returned by employees who have since left the Company.

Development of share options issued (1st-2nd tranche):

	Nominal value of convertible bonds	Number of convertible rights	Number of convertible ordinary shares
	DM	Quantity	Quantity
Year opening	3,337,235	667,447	6,674,470
issued in fiscal year	3,726,160	745,232	7,452,320
exercised	–	–	–
returned	18,270	3,654	36,450
Year closing	7,045,125	1,409,025	14,090,250

In addition, a potential capital stock of 16.4 million € (32.1 million DM) can be utilized by August 1, 2001 by the bearers of the warrants attaching to the option bond issued in 1986. Of the resultant 30,000 warrants for the purchase of every 10 shares, the 30,000 warrants for the purchase of every 70 shares, and the 12,000 warrants for the purchase of every 800 shares (together 12,000,000 option rights), a total of 5,579,750 option rights had been exercised by December 31, 2000. The warrants still in circulation thus entail option rights for the purchase of 6,420,250 no-nominal-value shares.

There is an additional potential capital stock of 100 million € arising from the issue of up to 39,062,500 ordinary and/or preferred shares. This potential capital increase will only be carried out to the extent that the bearers of the option bonds and convertible bonds to be issued up to June 1, 2004 exercise their conversion rights.

(7) Capital reserve

million DM	Dec. 31, 2000	Dec. 31, 1999
	8,402	8,361

The capital reserve increased by 41 million DM as a result of allocation of the premium on the increase in subscribed capital arising from the exercising of options. It comprises the premium of 7,973 million DM from the capital increases and the premium on the issue of option bonds totalling 429 million DM.

No amounts were withdrawn from the capital reserve.

(8) Revenue reserves

million DM	Dec. 31, 2000	Dec. 31, 1999
Legal reserve	60	60
Reserve for treasury stock	4,469	5
Other revenue reserves	5,953	7,643
	10,482	7,708

The reserve for treasury stock was topped up in the amount of the bought-back shares (4,463 million DM) directly from the other revenue reserves.

A total of 625 million DM was transferred from the net earnings of the parent company to the other revenue reserves in accordance with Section 58 subsection 2 of the German Corporation Act.

(9) Special items

million DM	Dec. 31, 2000	Dec. 31, 1999
Reserves for tax purposes	30	54
Depreciation for tax purposes	409	402
Fund for general banking risks	50	50
Special item for investment subsidies	7	7
	496	513

The Volkswagen Group has tax-free reserves in accordance with Section 6b of the Income Tax Act/Section 35 of the Income Tax Guidelines and Section 52 subsection 16 of the Income Tax Act.

Depreciation for tax purposes comprises value adjustments in accordance with Section 3 subsection 2 of the Border Area Promotion Act, Section 6b of the Income Tax Act/Section 35 of the Income Tax Guidelines, Section 14 of the Berlin Promotion Act, Section 7d of the Income Tax Act, Section 82d of the Income Tax Directive, Section 82a of the Income Tax Directive and Section 4 of the Development Area Act.

Two foreign companies have created special items with an equity portion on the basis of corresponding national regulations.

To safeguard against general banking risks, a company in Germany has created a special item in accordance with Section 340g of the Commercial Code totalling 50 million DM.

The special item for investment subsidies stems from the financial statements of three foreign companies and one German company.

(10) Provisions

million DM	Dec. 31, 2000	Dec. 31, 1999
Provisions for pensions and similar obligations	17,593	16,493
Provisions in respect of taxes	2,869	2,550
Other provisions	24,266	23,141
	44,728	42,184
of which: short-term	16,561	16,345
medium-term	11,035	11,277
long-term	17,132	14,562

The provisions for expenses made in previous years' consolidated financial statements in accordance with Section 249 subsection 2 of the German Commercial Code were used in the year under review.

"Other provisions" includes warranty provisions (7.8 billion DM), personnel provisions (4.5 billion DM for early retirement, long-service awards and other workforce-related costs), provisions for selling and distribution expenses (3.4 billion DM) and provisions to cover risks in connection with the EU End of Life Vehicle Directive (1.4 billion DM).

(11) Liabilities

"Other liabilities" include loans totalling 28.1 billion DM taken up by way of commercial papers, medium-term notes and unquoted bonds, among others. Liabilities also exist in the amount of 6.7 billion DM arising from deposits from the direct-banking operations of Volkswagen Bank GmbH.

The liabilities in the amount of 63,102 million DM (previous year: 46,199 million DM) bear interest.

Of the liabilities shown in the consolidated balance sheet, a total of 440 million DM (previous year: 932 million DM) is secured, for the most part, through charges on real estate. In the case of supply of goods, the usual retention of title exists.

Liabilities

million DM	Payable within up to 1 year	Payable after 5 years	Dec. 31, 2000	Dec. 31, 1999	Payable within up to 1 year
Bonds	5,210	559	7,105	3,740	1,575
– of which convertible	(855)	(559)	(1,414)	(833)	(100)
Liabilities to banks	18,258	413	25,019	26,879	19,312
Payments on account received	1,168	0	1,172	1,401	1,401
Trade payables	13,060	0	13,088	11,623	11,565
Notes payable	640	0	668	1,170	1,109
Amounts payable to affiliated companies	405	7	412	203	203
Amounts payable to companies in which participations are held	272	0	273	212	212
Other liabilities	30,736	3,692	41,466	20,350	14,238
– of which taxes	(1,258)	(449)	(1,707)	(1,885)	(1,564)
– of which in respect of social security	(672)	(0)	(685)	(637)	(636)
	69,749	4,671	89,203	65,578	49,615

(12) Deferred income

The deferred income in the amount of 3,117 million DM (previous year: 3,807 million DM) mainly comprises values arising from the forfeiting of future leasing instalments and from the special payments made by leasing customers at the beginning of their contract terms.

Contingencies and commitments

million DM	Dec. 31, 2000	Dec. 31, 1999
Contingent liabilities in respect of guarantees	912	363
Contingent liabilities in respect of warranties	375	425
Pledges on company assets to secure other party's liabilities	761	45
	2,048	833

The trust assets and liabilities not included in the consolidated balance sheet in respect of the savings associations and trust companies belonging to the South American subsidiaries amount to 2,368 million DM (previous year: 2,316 million DM).

Other financial obligations

million DM	Dec. 31, 2000	Dec. 31, 1999
Obligations in respect of capital contributions	–	4
Obligations in respect of agreed loans	66	–
Annual obligations in respect of long-term leasing and rental contracts	349	366

The obligations in respect of capital investment projects have remained at the usual level.

Notes on the statement of earnings

(13) Sales

	2000		1999	
	million DM	Share in %	million DM	Share in %
Germany	47,970	28.7	47,390	32.2
Europe (excl. Germany)	66,652	39.8	61,467	41.8
North America	33,108	19.8	24,206	16.5
South America	9,943	6.0	7,731	5.3
Africa	2,063	1.2	1,586	1.1
Asia-Pacific	7,595	4.5	4,633	3.1
Total	167,331	100.0	147,013	100.0
of which:				
Volkswagen vehicles	73,550	44.0	66,048	44.9
Audi vehicles	30,375	18.2	27,859	18.9
Commercial vehicles	9,900	5.9	8,912	6.1
Seat vehicles	9,843	5.9	8,873	6.0
Škoda vehicles	7,256	4.3	5,520	3.8
Ford vehicles	1,572	0.9	1,727	1.2
Bentley vehicles	540	0.3	327	0.2
Rolls-Royce vehicles	202	0.1	118	0.1
Lamborghini	103	0.1	78	0.0
Spares	9,794	5.9	8,675	5.9
Leasing and rental business	16,294	9.7	12,907	8.8
Other sales	7,902	4.7	5,969	4.1

(14) Other operating income

million DM	2000	1999
Other operating income	9,330	7,471
– of which income from elimination of special items with an equity portion	(35)	(49)

Other operating income resulted from the elimination of provisions (2.8 billion DM) and from exchange rate changes in respect of supplies and services (1.4 billion DM). Also included is income from the rebilling of overheads (0.5 billion DM), from the elimination of value adjustments on receivables (0.5 billion DM) and from the sale of promotional material (0.4 billion DM).

(15) Other operating expenses

million DM	2000	1999
Other operating expenses	6,492	6,039
– of which transfers to special items with an equity portion	(18)	(12)

Other operating expenses include in particular expenses from exchange rate changes in respect of supplies and services, including valuation of our forward currency transactions on a strict imparity basis (1.8 billion DM), depreciation of current assets (0.8 billion DM) and expenses for various risks. Depreciation for tax purposes was charged in the amount of 3 million DM (previous year: 3 million DM), solely in respect of fixed assets.

(16) Results from participations

million DM	2000	1999
Income from participations	1,178	892
– of which from affiliated companies	(388)	(47)
– of which from associated companies	(330)	(138)
– of which from valuation of holdings in associated companies	(456)	(701)
– of which other income from participations	(4)	(6)
Income from profit assumption agreements	42	3
Write-down of holdings in associated companies	36	0
Expenses from participations	16	3
– of which losses from disposal of holdings in affiliated companies	(14)	(–)
– of which other expenses in respect of participations	(2)	(–)
– of which losses from disposal of holdings in associated companies	(–)	(3)
Expenses from loss assumptions	192	38
	976	854

(17) Interest results

million DM	2000	1999
Income from other securities and long-term loans	481	203
Other interest and similar income	4,976	4,054
– of which from affiliated companies	(45)	(16)
Interest and similar expenses	4,136	2,958
– of which to affiliated companies	(6)	(4)
	1,321	1,299

(18) Extraordinary expenses

“Extraordinary expenses” include the expenditure in respect of the creation of provisions for the return of

end of life vehicles with effect from January 1, 2007.

The allocation is in connection with the publication of the End of Life Vehicle Directive 2000/53/EC in October of the year under review, and takes account of the foreseeable risk arising for the Volkswagen Group from the vehicles registered in the European Union up to the end of the year 2000.

(19) Net earnings

The difference between the net earnings and the net earnings available for distribution has been absorbed in the consolidated revenue reserves. The consolidated net earnings available for distribution consequently correspond to the parent company's net earnings available for distribution.

The net earnings have been influenced by expenses attributable to other fiscal years amounting to 1,468 million DM (previous year: 972 million DM) and income not relating to the period under review totalling 4,143 million DM (previous year: 2,704 million DM). Of the out-of-period income, 2,834 million DM relates to the elimination of provisions.

Tax measures have had only a minor effect on the net earnings of the Volkswagen Group.

Net earnings include minority interests in profit totalling 15 million DM (previous year: 45 million DM) and minority shares in losses totalling 5 million DM (previous year: 0).

Total expenses for the period

million DM	2000	1999
Cost of materials		
Raw materials and supplies, purchased goods and purchased services	104,123	90,458
Labour cost		
Wages and salaries	20,199	18,122
Social insurance, pension costs and benefits	6,008	5,284
– of which in respect of pensions	(1,896)	(1,482)
	26,207	23,406

Segmental reporting by division, brand and region

For segmental reporting purposes, the operations of the Volkswagen Group are divided into the Automotive, Financial Services and Financing divisions.

The Automotive Division is further subdivided into the Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, Audi, Seat, Škoda and Rolls-Royce/Bentley brands, and the North America, South America/Africa and Asia-Pacific regions. With effect from January 1, 2000, AUTOGERMA S.p.A. was assigned to the Audi brand (previously assigned to Volkswagen Passenger Cars). For greater comparability, the previous years' figures have been adjusted accordingly. The segmental reporting process thus follows the breakdown of Group operations for internal control and monitoring purposes. For the sake of greater transparency of business volumes in the Asia-Pacific Region, in addition to the fully consolidated Japanese companies the companies

from the region consolidated only at their proportionate stockholder's equity are also included on a pro rata basis, with the applicable accounting and valuation practices being subject to the principles of commercial law.

The Financial Services Division includes vehicle leasing operations, credit financing for customers and dealers and, from January 1, 2000, the Europcar group and Volkswagen Versicherungsdienst GmbH.

The Financing Division primarily comprises Coordination Center Volkswagen S.A., Brussels, Volkswagen International Finance N.V., Amsterdam, and Volkswagen Investments Ltd., Dublin.

	Unit sales		Production		Workforce Dec. 31	
	2000	1999	2000	1999	2000	1999
Automotive						
Volkswagen Passenger Cars	2,395,879	2,382,303	1,999,107	1,980,601	125,556	122,721
Volkswagen Commercial Vehicles	288,688	284,459	247,094	238,171	18,022	17,538
Audi	911,646	877,297	650,850	626,059	50,213	46,852
Seat	764,649	751,296	516,146	486,303	18,318	17,391
Škoda	451,428	374,947	450,910	371,430	23,925	21,465
Rolls-Royce/Bentley	1,863	1,327	1,938	1,440	2,518	2,277
North America Region	728,446	649,207	425,703	410,061	17,964	17,477
South America/Africa Region	642,678	551,829	628,235	523,244	36,782	37,255
Asia-Pacific Region	394,222	366,861	332,131	313,791	17,003	15,937
Financial Services	–	–	–	–	10,114	4,194
Financing	–	–	–	–	72	70
Consolidation/Other	– 1,418,311	– 1,316,530	– 95,659	– 97,908	3,915	3,098
Volkswagen Group	5,161,188	4,922,996	5,156,455	4,853,192	324,402	306,275

million DM	External sales		Sales with other segments, brands and regions		Total sales	
	2000	1999	2000	1999	2000	1999
Automotive						
Volkswagen Passenger Cars	60,293	57,379	30,739	27,790	91,032	85,169
Volkswagen Commercial Vehicles	6,015	6,118	2,908	2,385	8,923	8,503
Audi	22,011	20,756	17,013	15,182	39,024	35,938
Seat	13,325	12,361	4,283	3,949	17,608	16,310
Škoda	6,391	4,465	1,595	1,614	7,986	6,079
Rolls-Royce/Bentley	818	510	–	1	818	511
North America Region	28,056	20,742	2,180	1,870	30,236	22,612
South America/Africa Region	10,897	8,124	2,850	1,827	13,747	9,951
Asia-Pacific Region (pro rata)	8,405	6,139	–	–	8,405	6,139
Financial Services	16,306	12,888	34	10	16,340¹⁾	12,898¹⁾
Financing	–	–	–	–	–¹⁾	–¹⁾
Consolidation/Other	– 5,186	– 2,469	– 61,602	– 54,628	– 66,788	– 57,097
Volkswagen Group	167,331	147,013	–	–	167,331	147,013

million DM	Pre-tax profit ²⁾		Cash flow		Investments in tangible fixed assets ³⁾	
	2000	1999	2000	1999	2000	1999
Automotive						
Volkswagen Passenger Cars	3,269	2,636	6,911	5,676	4,420	4,689
Volkswagen Commercial Vehicles	504	487	711	452	505	395
Audi	1,862	1,682	2,882	2,347	3,791	2,963
Seat	415	382	702	857	600	778
Škoda	218	176	600	513	744	581
Rolls-Royce/Bentley	– 314	– 433	– 238	– 180	81	62
North America Region	1,337	727	1,890	1,314	705	450
South America/Africa Region	– 8	– 710	628	– 70	705	580
Asia-Pacific Region (pro rata)	625	475	924	623	270	397
Financial Services	368	371	8,235	6,334	20,470⁴⁾	13,790⁴⁾
Financing	342	288	332	275	2	3
Consolidation/Other	– 443	– 1,148	– 397	– 1,370	– 22	184
Result from ordinary business activities	8,175	4,933				
Extraordinary expenses (EU End of Life Vehicle Directive)	– 1,391	–				
Volkswagen Group	6,784	4,933	23,180	16,771	32,271⁴⁾	24,872⁴⁾

¹⁾ Excluding income from financing; only sales proceeds according to German Commercial Code (HGB).

²⁾ Before balance-sheet currency translation differences. Brands before extraordinary expenditure for EU End of Life Vehicle Directive provision.

³⁾ Including intangible assets; excluding amounts carried forward in respect of companies consolidated for the first time.

⁴⁾ Including additions to leasing and rental assets.

Other particulars

Average number of employees during the year

	2000	1999
Performance-linked wage-earners	163,661	159,458
Time-rate wage-earners	52,443	51,784
Salaried staff	83,101	72,197
	299,205	283,439
Apprentices	7,212	6,999
	306,417	290,438
Not fully consolidated vehicle-producing holdings	15,998	15,229
	322,415	305,667

The members of the Board of Management and the Supervisory Board are listed in the "Organs of the Company" section.

The remuneration of the members of the Board of Management for the fiscal year 2000 totalled 23,304,962 DM. As part of the second tranche of the stock option plan, the members of the Board of Management subscribed to a further 4,000 convertible bonds entailing the right to purchase 40,000 ordinary shares in VOLKSWAGEN AG. The members of the Board of Management thus hold entitlements to purchase 80,000 ordinary shares in VOLKSWAGEN AG.

Retired members of the Board of Management and their surviving dependants received 12,876,209 DM. Pension payments to this group of people are covered by provisions amounting to 143,813,698 DM.

The remuneration of the members of the Supervisory Board amounted to 4,264,199 DM.

Loans totalling 273,500 DM have been granted to members of the Supervisory Board (amount redeemed in 2000: 36,000 DM). The loans have an interest rate of 4 % and an agreed term of up to 12.5 years.

Wolfsburg, March 16, 2001

VOLKSWAGEN AKTIENGESELLSCHAFT
The Board of Management

Auditor's Report

"We have audited the consolidated financial statements and the Group management report prepared by VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, for the fiscal year ending December 31, 2000. The preparation of the consolidated financial statements and the Group management report in accordance with German commercial law is the responsibility of the Company's Board of Management. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated annual financial statements in accordance with Section 317 of the German Commercial Code and the generally accepted standards for the auditing of financial statements promulgated by the German Institute of Auditors (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 German principles of proper accounting and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessment of the annual financial statements of the companies included in consolidation, the

determination of the companies 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 evaluation of the overall presentation of the consolidated financial statements and the Group 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, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with German principles of proper accounting. On the whole the Group management report provides a suitable understanding of the Group's position and suitably presents the risks of future development.

We issue this confirmation pursuant to our statutory audit conducted on February 23, 2001 and our supplementary audit conducted in respect of the changes to the 'other revenue reserves', the 'provisions for tax purposes' and the 'taxes on income', and in respect of the information presented in the notes to the financial statements and in the management report. The supplementary audit did not lead to any reservations."

Hanover, February 23/March 16, 2001

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Eichner	Dr. Heine
Wirtschaftsprüfer	Wirtschaftsprüfer

Supervisory Board

Supervisory Board

Dr. jur.

Klaus Liesen (69)¹⁾²⁾³⁾

Essen

Chairman

July 2, 1987*

Klaus Zwickel (61)¹⁾²⁾

Frankfurt

Deputy Chairman

Chairman of the Metalworkers Union

October 21, 1993

Dr. jur.

Gerhard Cromme (58)³⁾

Düsseldorf

Chairman of the Board of Management
of ThyssenKrupp AG

June 19, 1997

Dr. rer. pol.

Peter Fischer (59)³⁾

Cuxhaven

Member of the Parliament of the State
of Lower Saxony

Minister (ret.)

November 19, 1998

Sigmar Gabriel (41)¹⁾²⁾

Hanover

Minister President of the State
of Lower Saxony

January 28, 2000

Dr. jur.

Hans Michael Gaul (59)²⁾

Düsseldorf

Member of the Board of Management
of E.ON AG

June 19, 1997

Wilhelm Hemer (57)³⁾

Frankfurt

Secretary to the Executive Committee
of the Metalworkers Union

May 3, 1989

Gerhard Kakalick (54)²⁾

Kassel

Chairman of the Works Council of the
VOLKSWAGEN AG Kassel Plant

June 3, 1993

Wolfgang Klever (60)²⁾

Braunschweig

Chairman of the Works Council of the
VOLKSWAGEN AG Braunschweig Plant

October 1, 1995

Dr. rer. pol.

Jürgen Krumnow (56)²⁾

Frankfurt

Member of the Advisory Board
of Deutsche Bank AG

June 1, 1994

Günter Lenz (41)²⁾

Hanover

Chairman of the Works Council of
Volkswagen Commercial Vehicles

July 1, 1999

Xaver Meier (56)³⁾

Ingolstadt
Chairman of the General Works Council
of AUDIAG
July 1, 1999

Roland Oetker (51)³⁾

Düsseldorf
President Deutsche Schutzvereinigung
für Wertpapierbesitz e.V.
(German Stockholders' Association)
June 19, 1997

Dr. jur.

Heinrich v. Pierer (60)²⁾

Munich
Chairman of the Board
of Management of Siemens AG
June 27, 1996

Dr.-Ing. E. h.

Günther Saßmannshausen (70)

Hanover
July 2, 1987

Dr. rer. pol.

Albert Schunk (59)³⁾

Frankfurt
Head of the International Department
on the Executive Committee
of the Metalworkers Union
July 5, 1977

Bernd Sudholt (54)³⁾

Wolfsburg
Deputy Chairman of the Group and
General Works Councils of
VOLKSWAGEN AG
July 2, 1992

Klaus Volkert (58)¹⁾²⁾

Wolfsburg
Chairman of the Group and General
Works Councils of VOLKSWAGEN AG
July 2, 1990

Dr. rer. pol.

Bernd W. Voss (61)³⁾

Frankfurt
Member of the Board of Management
of Dresdner Bank AG
July 22, 1993

Dr. rer. pol.

Ekkehardt Wesner (61)³⁾

Wolfsburg
Senior Executive
of VOLKSWAGEN AG
June 18, 1996

¹⁾ Member of the Presidium and Mediation Committee in accordance with Section 27 subsection 3 of the German Co-Determination Act.

²⁾ Member of the Finance and Investment Committee.

³⁾ Member of the Balance Sheet and Personnel Committee.

* The date indicates the effective date of appointment to the Supervisory Board.

Board of Management of VOLKSWAGEN AG

Board of Management of VOLKSWAGEN AG

Dr. techn. h. c. Dipl.-Ing. ETH

Ferdinand Piëch (63)

Chairman

January 1, 1993*

Research and Development

December 1, 1995 to June 30, 2000

Production Optimization and

Procurement

November 30, 1996 to February 28, 2001

Procurement

March 1, 2001

Member of the Board of Management

April 10, 1992

Bruno Adelt (61)

Controlling and Accounting

January 1, 1995

Dr. Robert Büchelhofer (58)

Sales and Marketing

April 1, 1995

Dr. rer. pol. h. c. Peter Hartz (59)

Human Resources

October 1, 1993

Dr. jur. Jens Neumann (55)

Group Strategy, Treasury, Legal Matters,
Organization

January 1, 1993

Dr. Bernd Pischetsrieder (53)

Group Quality and SEAT,

Chairman of the Board of Management

July 1, 2000

Dr.-Ing. E. h. Folker Weißgerber (59)

Production

March 1, 2001

Dr. rer. nat. Martin Winterkorn (53)

Research and Development

July 1, 2000

Plenipotentiaries of VOLKSWAGEN AG

Dr. Hans-Viggo von Hülsen

General Counsel

Head of Legal Department

Reinhold Kopp

Head of Corporate

Government Relations

Dr. Rutbert Reisch

Chief Financial Officer

Head of Group Treasury

* The date signifies the beginning or the period of membership of the respective management body.

In accordance with Section 285 subsection 10 of the German Commercial Code, details of the memberships of the members of the Board of Management and the Supervisory Board on other statutory supervisory boards and comparable supervisory bodies are listed in the notes to the separate financial statements of VOLKSWAGEN AG, which are available free of charge from the address given on the last page of this Report.

Brands, Regions, Divisions

Volkswagen Brand

Dr. techn. h. c. Dipl.-Ing. ETH

Ferdinand Piëch

Chairman of the Brand Management
Board

Francisco Javier Garcia Sanz

Procurement

Dr. rer. pol. h. c. Peter Hartz

Human Resources

Dr. phil. Klaus Kocks

Communications

Dr. jur. Jens Neumann

Organization and Systems

Lothar Sander

Controlling and Accounting

Dr.-Ing. E. h.

Folker Weißgerber

Production, Logistics

Dr. rer. nat.

Martin Winterkorn

Technical Development

Detlef Wittig

Sales and Marketing

Volkswagen

Commercial Vehicles Brand

Bernd Wiedemann

Speaker of the Brand Management
Board

Daniel Coppens

Sales and Marketing

Joseph M. Lefave

Production

Erwin Pape

Product Creation

Jochen Schumm

Human Resources

Audi Brand

Dr.-Ing.

Franz-Josef Paefgen

Chairman of the Board of Management

Peter Abele

Finance and Organization

Dr. jur. Georg Flandorfer

Marketing and Sales

Dr.-Ing. Jochem Heizmann

Production

Dr.-Ing. Werner Mischke

Technical Development

Dr. h. c. Andreas Schleef

Human Resources

Erich Schmitt

Purchasing

Seat Brand

Dr. Bernd Pischetsrieder
Chairman of the Board of Management

Dr. Winfried Burgert
Research and Development

Wolfgang Dolg
Finance

Josef Anton Habla
Production

Rodrigo Navarro
Human Resources

Lars-Henner Santelmann
Sales and Marketing

Škoda Brand

Vratislav Kulháněk
Chairman of the Board of Management

Wilfried Bockelmann
Technical Development

Karl-Günter Büsching
Production and Logistics

Detlev Schmidt
Sales and Marketing

Dr. Helmuth Schuster
Human Resources

Klaus Wulf
Commercial Affairs

Rolls-Royce/Bentley Brand

Anthony Gott
Chairman of the Board

Douglas Dickson
Production

Christine Gaskell
Human Resources

Adrian Hallmark
Sales and Marketing

Hans-Georg Melching
Finance and Systems

*Dr. Hans-Joachim
Rothenpieler*
Technical Development

North America Region

Dr. Gerd Klauss
 President VOLKSWAGEN
 OF AMERICA, INC,
 Volkswagen Canada Inc.

Bernd Leißner
 President
 Volkswagen de Mexico, S.A. de C.V.

South America/Africa Region

Dr. Herbert Demel
 Chairman of the
 Board of Management
 Volkswagen do Brasil Ltda.

Dr. h. c. Viktor Klima
 President
 Volkswagen Argentina S.A.

Hans-Christian Maergner
 Managing Director
 Volkswagen of South Africa (Pty.) Ltd.

Asia-Pacific Region

Peter Nochar
 President VOLKSWAGEN Group Japan K.K

Hong Jiming
 Managing Director
 Shanghai-Volkswagen Automotive
 Company, Ltd.

Lu Linkui
 President
 FAW-Volkswagen Automotive
 Company, Ltd.

Volkswagen Financial Services AG

Norbert M. Massfeller
 Chairman of the Board of Management
 Controlling, Accounting, Human
 Resources

Roland Gleisner
 Private Customers, Risk Management,
 Legal Matters, Debt Collection,
 Treasury

Klaus Kaminsky
 Insurance

*Dr. Hans-Peter
 Lützenkirchen*
 Fleet Customers,
 Organization and IT

EUROPCAR INTERNATIONAL S.A.

Dr. Michael Kern
 Chief Executive Officer

gedas GmbH

Robert Stauf
 Speaker of the Board of Management

Ten-year Charts



Volkswagen Group	1991 million DM	1992 million DM	1993 million DM	1994 million DM	1995 million DM	1996 million DM
Sales	76,315	85,403	76,586	80,041	88,119	100,123
Change on previous year in %	12	12	- 10	5	10	14
Domestic	36,360	39,508	34,326	32,907	34,504	36,419
Abroad	39,955	45,895	42,260	47,134	53,615	63,704
Vehicle Sales (thousand units)¹⁾	3,237	3,433	2,962	3,108	3,607	3,994
Change on previous year in %	7	6	- 14	5	x	11
Domestic	1,264	1,211	914	901	937	958
Abroad	1,973	2,222	2,048	2,207	2,670	3,036
Production (thousand units)¹⁾	3,238	3,500	3,019	3,042	3,595	3,977
Change on previous year in %	6	8	- 14	1	x	11
Domestic	1,814	1,929	1,411	1,425	1,526	1,591
Abroad	1,424	1,571	1,608	1,617	2,069	2,386
Workforce (thousand employees)¹⁾²⁾	277	273	253	238	257	261
Change on previous year in %	6	- 1	- 7	- 6	x	1
Domestic	167	164	150	141	143	139
Abroad	110	109	103	97	114	122
Cost of Materials	47,039	54,817	47,530	48,230	52,166	61,536
Change on previous year in %	16	17	- 13	2	8	18
As % of sales	62	64	62	60	59	61
Labour Cost	18,872	20,753	18,887	18,364	19,005	20,708
Change on previous year in %	11	10	- 9	- 3	3	9
As % of sales	25	24	25	23	22	21
Capital Investments³⁾	9,910	9,254	4,840	5,651	6,863	8,742
Change on previous year in %	84	- 7	- 48	17	21	27
Domestic	6,311	4,853	2,675	3,899	4,053	6,098
Abroad	3,599	4,401	2,165	1,752	2,810	2,644
Additions to Leasing and Rental Assets	4,961	6,139	5,438	5,781	7,278	7,639
Change on previous year in %	12	24	- 11	6	26	5
Cash Flow	11,510	12,079	9,073	11,797	10,400	11,088
Change on previous year in %	17	5	- 25	30	- 12	7
Net Earnings	1,114	147	- 1,940	150	336	678
Dividend of VOLKSWAGEN AG	369	66	67	107	207	315
Ordinary shares	297	54	54	81	162	250
Preferred shares	72	12	13	26	45	65

¹⁾ The volume data of the not fully consolidated vehicle-producing holdings Shanghai-Volkswagen, FAW-Volkswagen, Chinchun Motor (to January 26, 1999) and AUTOEUROPA (1995-1998; since January 1, 1999 AUTOEUROPA is consolidated) have been included as from 1995.

²⁾ Workforce (excluding apprentices) as average over year; as from 1995 including apprentices as average over year.

³⁾ Capital investments excluding additions to leasing and rental assets.

⁴⁾ For information only; the distribution is made in Euro.

1997 million DM	1998 million DM	1999 million DM	2000 million DM		1999 million €	2000 million €
113,245	134,243	147,013	167,331	Sales	75,167	85,555
13	19	10	14	Change on previous year in %		
39,191	46,744	47,390	47,970	Domestic	24,231	24,527
74,054	87,499	99,623	119,361	Abroad	50,936	61,028
4,250	4,748	4,923	5,161	Vehicle Sales (thousand units)¹⁾		
6	12	4	5	Change on previous year in %		
993	1,153	1,104	1,019	Domestic		
3,257	3,595	3,819	4,142	Abroad		
4,291	4,823	4,853	5,156	Production (thousand units)¹⁾		
8	12	1	6	Change on previous year in %		
1,619	1,983	1,879	1,830	Domestic		
2,672	2,840	2,974	3,326	Abroad		
275	294	306	322	Workforce (thousand employees)¹⁾²⁾		
5	7	4	6	Change on previous year in %		
144	153	159	163	Domestic		
131	141	147	159	Abroad		
68,184	84,327	90,458	104,123	Cost of Materials	46,250	53,237
11	24	7	15	Change on previous year in %		
60	63	62	62	As % of sales		
20,686	22,457	23,406	26,207	Labour Cost	11,967	13,399
– 0	9	4	12	Change on previous year in %		
18	17	16	16	As % of sales		
9,843	13,913	14,741	17,120	Capital Investments³⁾	7,537	8,754
13	41	6	16	Change on previous year in %		
7,048	8,778	9,466	12,018	Domestic	4,840	6,145
2,795	5,135	5,275	5,102	Abroad	2,697	2,609
7,734	10,391	13,575	22,700	Additions to Leasing and Rental Assets	6,941	11,606
1	34	31	67	Change on previous year in %		
12,181	16,804	16,771	23,180	Cash Flow	8,575	11,852
10	38	– 0	38	Change on previous year in %		
1,361	2,243	1,651	4,032	Net Earnings	844	2,062
483	619	641 ⁴⁾	992 ⁴⁾	Dividend of VOLKSWAGEN AG	327	507
369	463	470 ⁴⁾	732 ⁴⁾	Ordinary shares	240	374
114	156	171 ⁴⁾	260 ⁴⁾	Preferred shares	87	133

Volkswagen Group	1991 million DM	1992 million DM	1993 million DM	1994 million DM	1995 million DM	1996 million DM
Balance-Sheet Structure December 31						
Assets						
Intangible assets	372	631	646	101	91	120
Tangible assets	21,126	24,050	23,067	20,429	18,271	20,631
Financial assets	2,655	2,747	1,823	2,608	3,198	3,274
Leasing and rental assets	6,293	7,393	7,517	8,234	10,297	12,118
Fixed Assets	30,446	34,821	33,053	31,372	31,857	36,143
Inventories	9,049	9,736	11,026	9,246	9,392	10,368
Receivables and other assets	19,011	21,394	22,943	24,554	27,498	31,478
Securities	2,329	1,497	1,119	2,595	2,156	3,499
Liquid funds	9,255	7,836	11,157	13,317	13,174	13,080
Current Assets	39,644	40,463	46,245	49,712	52,220	58,425
Total Assets	70,090	75,284	79,298	81,084	84,077	94,568
Stockholders' Equity and Liabilities						
Subscribed capital	1,656	1,664	1,671	1,674	1,714	1,825
Reserves of the Group	12,098	11,800	9,521	9,202	8,595	9,324
Minority interests	164	859	905	733	490	449
Net earnings available for distribution	373	71	71	111	209	318
Minority interests in net earnings	12	68	98	1	– 18	19
Special items with an equity portion	3,823	3,659	3,191	2,498	1,649	1,374
Other special items ²⁾	19	18	23	20	15	11
Stockholders' Equity	18,145	18,139	15,480	14,239	12,654	13,320
Provisions for pensions	8,089	9,113	9,553	10,160	11,531	13,651
Provisions for taxes	2,032	1,773	1,784	1,762	1,902	2,188
Other provisions	10,161	11,323	14,575	16,476	18,309	20,187
Provisions	20,282	22,209	25,912	28,398	31,742	36,026
Liabilities payable after 5 years	3,813	4,557	4,289	4,426	2,293	1,939
within 1 to 5 years	3,900	6,222	8,707	9,271	11,782	11,991
up to 1 year	23,950	24,157	24,910	24,750	25,606	31,292
Liabilities	31,663	34,936	37,906	38,447	39,681	45,222
Outside Capital	51,945	57,145	63,818	66,845	71,423	81,248
Total Capital	70,090	75,284	79,298	81,084	84,077	94,568
Statement of Earnings (Condensed) January-December						
Sales	76,315	85,403	76,586	80,041	88,119	100,123
Cost of sales	69,472	79,155	71,117	72,720	80,699	90,504
Selling and general administration expenses	7,599	7,977	8,278	8,786	9,457	10,961
Other operating income less other operating expenses	1,302	1,612	782	1,315	2,152	1,727
Financial results	1,239	719	391	611	998	1,587
Results from Ordinary Business Activities	1,785	602	– 1,636	461	1,113	1,972
Extraordinary expenses	–	–	–	–	–	–
Pre-tax Profit / Loss	1,785	602	– 1,636	461	1,113	1,972
Taxes on income	671	455	304	311	777	1,294
Result after Taxes	1,114	147	– 1,940	150	336	678

¹⁾ Reduced by uncalled outstanding capital contributions totalling 112.5 million DM.

²⁾ As from 1998 including fund for general banking risks as well as special items for investment subsidies.

1997 million DM	1998 million DM	1999 million DM	2000 million DM		1999 million €	2000 million €
Balance-Sheet Structure December 31						
Assets						
111	190	903	1,888	Intangible assets	462	965
22,594	25,270	28,888	31,016	Tangible assets	14,770	15,859
4,006	6,611	7,592	11,640	Financial assets	3,881	5,951
12,804	13,824	17,715	24,764	Leasing and rental assets	9,058	12,662
39,515	45,895	55,098	69,308	Fixed Assets	28,171	35,437
10,827	13,078	15,124	16,408	Inventories	7,733	8,389
34,801	43,468	51,672	61,695	Receivables and other assets	26,420	31,544
3,880	3,244	3,500	7,967	Securities	1,789	4,074
12,613	11,668	5,877	4,204	Liquid funds	3,005	2,149
62,121	71,458	76,173	90,274	Current Assets	38,947	46,156
101,636	117,353	131,271	159,582	Total Assets	67,118	81,593
Stockholders' Equity and Liabilities						
1,919 ¹⁾	2,086	2,089	2,094	Subscribed capital	1,068	1,071
10,421	15,135	16,069	18,884	Reserves of the Group	8,216	9,655
301	326	341	58	Minority interests	174	30
487	625	646	994	Net earnings available for distribution	330	508
22	24	45	8	Minority interests in net earnings	23	4
1,161	492	455	439	Special items with an equity portion	233	224
9	57	57	57	Other special items ²⁾	29	29
14,320	18,745	19,702	22,534	Stockholders' Equity	10,073	11,521
14,578	15,559	16,493	17,593	Provisions for pensions	8,433	8,995
2,619	3,344	2,550	2,869	Provisions for taxes	1,304	1,467
20,226	21,532	23,141	24,266	Other provisions	11,832	12,407
37,423	40,435	42,184	44,728	Provisions	21,569	22,869
2,035	2,044	2,319	4,671	Liabilities payable after 5 years	1,186	2,389
12,108	13,867	16,049	16,710	within 1 to 5 years	8,205	8,544
35,750	42,262	51,017	70,939	up to 1 year	26,085	36,270
49,893	58,173	69,385	92,320	Liabilities	35,476	47,203
87,316	98,608	111,569	137,048	Outside Capital	57,045	70,072
101,636	117,353	131,271	159,582	Total Capital	67,118	81,593
Statement of Earnings (Condensed) January-December						
113,245	134,243	147,013	167,331	Sales	75,167	85,555
100,926	117,568	130,347	146,181	Cost of sales	66,646	74,741
11,809	13,894	15,278	18,023	Selling and general administration expenses	7,811	9,215
1,250	1,650	1,433	2,838	Other operating income less other operating expenses	732	1,451
2,086	1,856	2,112	2,210	Financial results	1,080	1,130
3,846	6,287	4,933	8,175	Results from Ordinary Business Activities	2,522	4,180
-	-	-	1,391	Extraordinary expenses	-	711
3,846	6,287	4,933	6,784	Pre-tax Profit / Loss	2,522	3,469
2,485	4,044	3,282	2,752	Taxes on income	1,678	1,407
1,361	2,243	1,651	4,032	Result after Taxes	844	2,062

Scheduled Dates,

Contacts

Scheduled dates:

Interim Report January to March 2001:	Beginning of May
Annual Meeting of Stockholders 2001: (Congress Centrum Hamburg)	June 7
Dividend payment 2001:	June 8
Interim Report January to June 2001:	End of July
Interim Report January to September 2001:	End of October
Annual Meeting of Stockholders 2002:	April 16

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