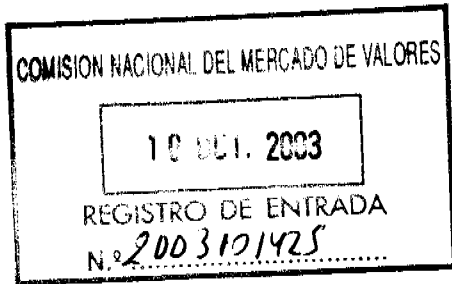
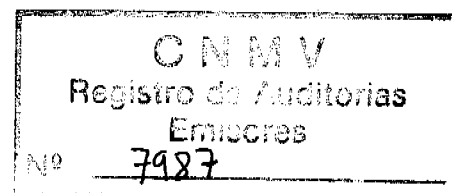


DECLARATION OF THE BOARD OF  
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The Board of Management of Volkswagen AG is responsible for drawing up the consolidated financial statements and the Group management report. Reporting is based on International Accounting Standards (IAS) and the interpretations of the Standing Interpretations Committee (SIC). The Group management report was produced in compliance with the regulations set out in the German Commercial Code (HGB). The conditions laid down in Section 292a HGB for exemption from the obligation to draw up consolidated financial statements in accordance with German commercial law are met. Assessment of the conditions is based on German Accounting Standard No. 1 (DRS 1) published by the German Accounting Standards Committee.

The accuracy of the consolidated financial statements and of the Group management report is safeguarded by internal monitoring systems, the implementation of uniform Group-wide directives and by employee education and training measures. Compliance with legal requirements and internal Group directives, and the reliability and functionality of the monitoring systems, is continuously reviewed Group-wide. The early-warning function stipulated by law is implemented by a Group-wide risk management system which enables the Board of Management to identify potential risks at an early stage and initiate appropriate countermeasures where necessary.



In accordance with the resolution passed by the Annual General Meeting, the independent auditors PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Hanover, have audited the consolidated financial statements and the Group management report, and have issued their unreserved certification as appended to the notes to the financial statements.

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

**GERMAN CORPORATE GOVERNANCE CODE**

On November 15, 2002 the Board of Management and Supervisory Board of Volkswagen AG issued their declaration of compliance with the "German Corporate Governance Code" as required by Section 161 of the German Corporation Act. The declaration was published for the benefit of the shareholders of Volkswagen AG on its website at "[www.volkswagen-ir.de](http://www.volkswagen-ir.de)".

On December 9, 2002 the Board of Management and Supervisory Board of AUDI AG likewise issued their declaration of compliance with the German Corporate Governance Code and published it for the benefit of the shareholders on the website "[www.audi.de](http://www.audi.de)".

**INCOME STATEMENT OF THE VOLKSWAGEN GROUP  
FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2002**

| million €  | Note | 2002            | 2001            |
|--|------|-----------------|-----------------|
| Sales revenue  | (1)  | 86,948          | 88,540          |
| Cost of sales  |      | 74,188          | 75,586          |
| <b>Gross profit Automotive Division*</b>   |      | <b>+ 12,760</b> | <b>+ 12,954</b> |
| <b>Gross profit Financial Services Division*</b>                                     | (2)  | <b>+ 1,238</b>  | <b>+ 1,328</b>  |
| Distribution costs   |      | 7,560           | 7,554           |
| Administrative expenses  |      | 2,155           | 2,154           |
| Other operating income   | (3)  | 4,137           | 4,118           |
| Other operating expenses   | (4)  | 3,659           | 3,268           |
| <b>Operating profit</b>  |      | <b>+ 4,761</b>  | <b>+ 5,424</b>  |
| Share of profits and losses of Group companies accounted for using the equity method | (5a) | + 534           | + 289           |
| Other income from investments  | (5b) | + 12            | + 62            |
| Interest result  | (6a) | - 478           | - 481           |
| Other financial result   | (6b) | - 843           | - 885           |
| <b>Financial result</b>  |      | <b>- 775</b>    | <b>- 1,015</b>  |
| <b>Profit before tax</b>   |      | <b>+ 3,986</b>  | <b>+ 4,409</b>  |
| Income tax expense   | (7)  | 1,389           | 1,483           |
| current  |      | 1,369           | 1,265           |
| deferred   |      | 20              | 218             |
| <b>Profit after tax</b>  | (8)  | <b>+ 2,597</b>  | <b>+ 2,926</b>  |
| Minority interests   | (9)  | - 13            | - 11            |
| <b>Net profit attributable to shareholders of Volkswagen AG</b>                      |      | <b>+ 2,584</b>  | <b>+ 2,915</b>  |
| <b>Earnings per ordinary share (€)</b>   | (10) | <b>+ 6.72</b>   | <b>+ 7.67</b>   |
| <b>Diluted earnings per ordinary share (€)</b>                                       | (10) | <b>+ 6.72</b>   | <b>+ 7.62</b>   |
| <b>Earnings per preferred share (€)</b>  | (10) | <b>+ 6.78</b>   | <b>+ 7.73</b>   |
| <b>Diluted earnings per preferred share (€)</b>                                      | (10) | <b>+ 6.78</b>   | <b>+ 7.68</b>   |

\* The result from operating leases is included in the gross profit of the Automotive Division.

**BALANCE SHEET OF THE VOLKSWAGEN GROUP  
AS AT DECEMBER 31, 2002**

| million €  | Note | Dec 31, 2002   | Dec 31, 2001   |
|--|------|----------------|----------------|
| <b>Assets</b>  |      |                |                |
| <b>Non-current assets</b>  |      |                |                |
| Intangible assets  | (11) | 7,736          | 6,596          |
| Tangible assets  | (12) | 22,842         | 21,735         |
| Investments in Group companies accounted for using the equity method | (13) | 3,397          | 3,398          |
| Other financial assets   | (13) | 888            | 601            |
|  |      | <b>34,563</b>  | <b>32,330</b>  |
| <b>Leasing and rental assets</b>                                     | (14) | <b>8,445</b>   | <b>7,284</b>   |
| <b>Current assets</b>  |      |                |                |
| Inventories  | (15) | 10,677         | 9,945          |
| Financial services receivables                                       | (16) | 37,512         | 36,087         |
| Trade receivables  | (17) | 5,747          | 5,141          |
| Other receivables and assets   | (18) | 4,055          | 3,938          |
| Securities   | (19) | 3,192          | 3,610          |
| Cash and cash equivalents  | (20) | 2,987          | 4,285          |
|  |      | <b>64,170</b>  | <b>63,006</b>  |
| <b>Deferred tax assets</b>   | (21) | <b>1,445</b>   | <b>1,426</b>   |
| <b>Prepayments and deferred charges</b>                              | (22) | <b>273</b>     | <b>378</b>     |
| <b>Total assets</b>  |      | <b>108,896</b> | <b>104,424</b> |
| <b>Equity and Liabilities</b>  |      |                |                |
| <b>Capital and reserves</b>  |      |                |                |
|  | (23) |                |                |
| Subscribed capital   |      | 1,089          | 1,087          |
| Capital reserve  |      | 4,451          | 4,415          |
| Revenue reserves   |      | 13,905         | 14,546         |
| Accumulated profits  |      | 5,189          | 3,947          |
|  |      | <b>24,634</b>  | <b>23,995</b>  |
| <b>Minority interests</b>  | (24) | <b>57</b>      | <b>53</b>      |
| <b>Provisions</b>  | (25) | <b>22,349</b>  | <b>21,782</b>  |
| <b>Deferred tax liabilities</b>                                      |      | <b>2,558</b>   | <b>2,299</b>   |
| <b>Liabilities</b>   |      |                |                |
| Non-current borrowings   | (26) | 19,488         | 12,750         |
| Current borrowings   | (26) | 26,113         | 30,044         |
| Trade payables   | (27) | 7,236          | 7,055          |
| Other payables   | (28) | 6,128          | 6,161          |
|  |      | <b>58,965</b>  | <b>56,010</b>  |
| <b>Deferred income</b>   | (29) | <b>333</b>     | <b>285</b>     |
| <b>Total equity and liabilities</b>                                  |      | <b>108,896</b> | <b>104,424</b> |

## DEVELOPMENT OF SHAREHOLDERS' EQUITY

|                           | Subscribed capital | Capital reserve | Revenue reserves | of which currency adjustment | of which reserve for cash flow hedges | Accumulated profits | Total   |
|---------------------------|--------------------|-----------------|------------------|------------------------------|---------------------------------------|---------------------|---------|
| million €                 |                    |                 |                  |                              |                                       |                     |         |
| at January 1, 2001        | 1,071              | 4,296           | 13,690           | - 275                        | 165                                   | 2,314               | 21,371  |
| Capital increase          | 16                 | 119             | -                | -                            | -                                     | -                   | 135     |
| Net profit for the period | -                  | -               | -                | -                            | -                                     | 2,926               | 2,926   |
| Allocation to reserves    | -                  | -               | 821              | -                            | -                                     | - 821               | -       |
| Dividend payments         | -                  | -               | -                | -                            | -                                     | - 465               | - 465   |
| Other changes             | -                  | -               | 35               | 136                          | - 278                                 | - 7                 | 28      |
| at December 31, 2001      | 1,087              | 4,415           | 14,546           | - 139                        | - 113                                 | 3,947               | 23,995  |
| Capital increase          | 2                  | 36              | -                | -                            | -                                     | -                   | 38      |
| Net profit for the period | -                  | -               | -                | -                            | -                                     | 2,597               | 2,597   |
| Allocation to reserves    | -                  | -               | 871              | -                            | -                                     | - 871               | -       |
| Dividend payments         | -                  | -               | -                | -                            | -                                     | - 509               | - 509   |
| Other changes             | -                  | -               | - 1,512          | - 1,177                      | - 76                                  | 25                  | - 1,487 |
| at December 31, 2002      | 1,089              | 4,451           | 13,905           | - 1,316                      | - 189                                 | 5,189               | 24,634  |

Explanatory notes for capital and reserves are provided in note (23).

**CASH-FLOW STATEMENT OF THE VOLKSWAGEN GROUP  
FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2002**

| million €   | 2002            | 2001            |
|---|-----------------|-----------------|
| <b>Cash and cash equivalents at beginning of period</b>                             | <b>4,285</b>    | <b>2,156</b>    |
| Profit before tax   | 3,986           | 4,409           |
| Income taxes paid   | - 1,376         | - 1,362         |
| Depreciation of tangible and intangible assets                                      | 4,898           | 4,668           |
| Amortization of capitalized development costs                                       | 980             | 917             |
| Depreciation of financial assets*   | 4               | 18              |
| Depreciation of leasing and rental assets*  | 1,418           | 1,159           |
| Change in provisions  | 968             | 620             |
| Loss on disposal of non-current assets  | 176             | 60              |
| Share of retained earnings of Group companies accounted for using the equity method | - 303           | - 170           |
| Other expenses/income not affecting cash flow                                       | 106             | 358             |
| Change in inventories   | - 921           | - 597           |
| Change in receivables (excluding financial services)                                | - 660           | - 169           |
| Change in liabilities (excluding borrowings)  | 1,184           | 127             |
| <b>Cash flows from operating activities</b>   | <b>10,460</b>   | <b>10,038</b>   |
| Acquisition of tangible and intangible assets                                       | - 6,827         | - 6,617         |
| Additions to capitalized development costs  | - 2,460         | - 2,180         |
| Acquisition of subsidiaries and other investments                                   | - 181           | - 82            |
| Investments in other financial assets   | - 78            | - 28            |
| Changes in leasing and rental assets (excluding depreciation)                       | - 3,205         | - 3,428         |
| Change in financial services receivables  | - 3,649         | - 3,396         |
| Proceeds from disposal of non-current assets (excluding leasing and rental assets)  | 384             | 540             |
| <b>Cash flows from investing activities</b>   | <b>- 16,016</b> | <b>- 15,191</b> |
| <b>Net cash flow</b>  | <b>- 5,556</b>  | <b>- 5,153</b>  |
| Change in investments in securities   | - 232           | 266             |
| <b>Investing activities including investments in securities</b>                     | <b>- 16,248</b> | <b>- 14,925</b> |
| Capital contributions   | 38              | 135             |
| Dividends paid  | - 509           | - 465           |
| Other changes in equity   | - 5             | - 345           |
| Take-up of bonds  | 9,285           | 4,319           |
| Repayment of bonds  | - 1,598         | - 3,232         |
| Change in other borrowings  | - 2,727         | 6,917           |
| Finance lease payments  | - 22            | - 27            |
| Change in loans to Group companies  | 161             | - 319           |
| <b>Cash flows from financing activities</b>   | <b>4,623</b>    | <b>6,983</b>    |
| Cash flows from changes to the scope of consolidation                               | 27              | 29              |
| Cash flows from exchange rate changes   | - 160           | 4               |
| <b>Change in cash and cash equivalents</b>  | <b>- 1,298</b>  | <b>2,129</b>    |
| <b>Cash and cash equivalents at end of period</b>                                   | <b>2,987</b>    | <b>4,285</b>    |
| Cash and cash equivalents   | 2,987           | 4,285           |
| Securities and loans  | 3,837           | 4,581           |
| <b>Gross liquidity</b>  | <b>6,824</b>    | <b>8,866</b>    |
| Total third-party borrowings  | - 45,602        | - 42,794        |
| <b>Net liquidity</b>  | <b>- 38,778</b> | <b>- 33,928</b> |

\* Offset against impairment reversals.

Explanatory notes on cash flow statement are provided in note (30).

**NOTES TO THE FINANCIAL STATEMENTS OF THE VOLKSWAGEN GROUP  
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2002**

**GENERAL**

Volkswagen AG has published its 2002 consolidated financial statements in accordance with International Accounting Standards (IAS) and the interpretations of the Standing Interpretations Committee (SIC). All mandatory International Accounting Standards were complied with. The previous year's figures are also based on those standards. The financial statements give a true and fair view of the net assets, financial position and earnings performance of the Volkswagen Group.

The consolidated financial statements were drawn up in Euros. Unless otherwise stated, all amounts are quoted in millions of Euros (million €).

The income statement was produced in accordance with the internationally accepted cost of sales method.

Preparation of the consolidated financial statements in accordance with IAS requires assumptions regarding a number of line items that affect the amounts entered in the consolidated balance sheet and income statement as well as the disclosure of contingent assets and liabilities.

The conditions laid down in Section 292a of the German Commercial Code (HGB) for exemption from the obligation to draw up consolidated financial statements in accordance with German commercial law are met. Assessment of the said conditions is based on German Accounting Standard No. 1 (DRS 1) published by the German Accounting Standards Committee. In order to ensure equivalence with consolidated financial statements produced in accordance with German commercial law, all disclosures and explanatory notes required by German commercial law beyond the scope of those required by IAS are published.

**ACCOUNTING, VALUATION AND CONSOLIDATION METHODS THAT DIFFER FROM THE  
GERMAN COMMERCIAL CODE**

- In accordance with IAS 38, development costs are capitalized as intangible assets provided it is likely that the manufacture of the developed products will be of future economic benefit to the Volkswagen Group.
- Pension provisions are determined according to the Projected Unit Credit Method as set out in IAS 19, taking account of future salary and pension increases.

- Provisions for deferred maintenance are not permitted.
- Medium- and long-term provisions are shown at their present value.
- Securities are generally recorded at their fair value, even if this exceeds cost, with the corresponding effect in the income statement.
- Deferred taxes are determined according to the balance sheet liability method. For losses carried forward, deferred tax assets are recognized, provided it is likely that they will be usable.
- Derivative financial instruments are recognized at their fair value, even if it exceeds cost. Gains and losses arising from the valuation of financial instruments serving to hedge future cash flows are recognized by way of a special reserve in equity. The profit or loss from such contracts is recorded in the income statement on the corresponding due date. In contrast, gains and losses arising from the valuation of derivative financial instruments used to hedge balance sheet items are recorded in the income statement immediately.
- Treasury shares are offset against capital and reserves.
- Receivables and payables denominated in foreign currencies are valued at the middle rate on the balance sheet date, and not according to the parity principle.
- Minority interests of shareholders from outside the Group are shown separately from capital and reserves.

#### SCOPE OF CONSOLIDATION

In addition to Volkswagen AG, whose registered office is in Wolfsburg under HRB 1200 (commercial register page), the consolidated Group companies comprise all major companies of which Volkswagen AG is able, directly or indirectly, to control the financial and commercial policies in such a way that the companies of the Group draw benefit from the said companies (subsidiaries). Consolidation begins at the point in time at which control is first possible, and ends when such control is no longer possible.

Subsidiaries whose business is dormant or low in volume, and that are of only minor importance in determining a true picture of the net assets, financial position and earnings performance of the Volkswagen Group, are not consolidated. They are recognized in the consolidated financial statements at the lower of cost or fair value. The total capital and reserves of these subsidiaries amounts to 0.7 % (previous year: 1.0 %) of Group capital and reserves. The total profit after tax of the said companies amounts to 0.1 % (previous year: 0.1 %) of the profit after tax of the Volkswagen Group.

Companies where Volkswagen AG is able, directly or indirectly, to exert significant influence over financial and commercial policy decisions (associates), as well as joint ventures, are accounted for using the equity method. Joint ventures also include companies where the Volkswagen Group holds the majority of voting rights, but for which the articles of association or partnership agreements stipulate that important decisions can only be made on a unanimous voting basis (Minority Protection).

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

|   | 2002       | 2001       |
|---|------------|------------|
| Volkswagen AG and fully consolidated subsidiaries |            |            |
| Germany   | 39         | 34         |
| abroad  | 137        | 122        |
| Subsidiaries carried at cost                      |            |            |
| Germany   | 45         | 57         |
| abroad  | 94         | 64         |
| Associates and joint ventures                     |            |            |
| Germany   | 38         | 34         |
| abroad  | 33         | 29         |
|   | <b>386</b> | <b>340</b> |

In the financial year Volkswagen AG acquired all the shares in Södertälje Bil Invest AB, Södertälje, thereby indirectly acquiring the remaining 50 % of the shares of Svenska Volkswagen AB, Södertälje/Sweden, at a purchase price of 95 million €. The acquisition brought the Volkswagen Group cash and cash equivalents totalling 19 million €. With the consent of the European Commission as part of its Merger Control procedure, Svenska Volkswagen AB was consolidated into the Group's financial statements with effect from June 1, 2002.

In 2002 the number of fully consolidated subsidiaries changed because of the first-time consolidation of five German and 16 foreign companies and the disposal of one foreign company. This change has no effect on the comparability of the consolidated financial statements.

The consolidated financial statements also include special securities funds and other special purpose entities whose net assets are attributable to the Group in commercial terms.

The major companies of the Volkswagen Group are listed at the end of the notes to the consolidated financial statements. A list detailing all investments held by the Volkswagen Group is deposited in the Wolfsburg register of companies under HRB 1200 (commercial register page). It can also be obtained direct from Volkswagen AG, Finanz-Analytik und -Publizität, Brieffach 1848-2, 38436 Wolfsburg, Germany.

The following fully consolidated German subsidiaries are exempted by their inclusion in the Group's consolidated financial statements from their obligation to produce financial statements in accordance with Section 264 subsection 3 or Section 264 b of the German Commercial Code (HGB):

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

#### CONSOLIDATION PRINCIPLES

The assets and liabilities of the German and foreign companies included in the consolidated financial statements are stated in accordance with the uniform accounting and valuation methods used within the Volkswagen Group. In the case of companies accounted for using the equity method, the same accounting and valuation methods are applied to determine the proportionate capital and reserves based on the last audited annual accounts of each company.

In the case of subsidiaries consolidated for the first time, assets and liabilities are valued at their fair value at the time of acquisition. Where the cost of the investment exceeds the Group share of the capital and reserves of the company concerned the goodwill arising is capitalized. Differences between the fair value and book value of the assets and liabilities acquired are depreciated or released with those assets and liabilities. Capitalized goodwill is amortized over its expected useful life using the straight line method.

Receivables and payables, and expenses and income between consolidated companies are eliminated on consolidation. Group inventories and non-current assets are adjusted to take account of interim results. Deferred taxes in respect of consolidation transactions chargeable to the income statement are recognized, with deferred tax assets and liabilities being offset where taxes are levied by the same tax authority and relate to the same tax period.

#### TRANSLATION OF CURRENCIES

Transactions in foreign currency are translated in the separate financial statements of Volkswagen AG and its consolidated subsidiaries at the rates prevailing on the date when they occur. Foreign currency monetary items are recorded in the balance sheet applying the middle rate on the balance sheet date. Foreign exchange gains and losses are recognized in the income statement.

Companies belonging to the Volkswagen Group outside Germany are generally autonomous entities whose annual financial statements are converted into Euros based on the functional currency concept. Asset and liability items are converted at the rate prevailing on the balance sheet date, while capital and reserves are converted at historical rates. The resultant exchange differences are not recorded in the income statement until disposal of the subsidiary concerned, and are shown as separate items in capital and reserves.

Income statement items are converted into Euros at weighted average rates. The rates applied are presented in the following table:

|                            | 1 € = | Balance sheet<br>Middle rate on Dec 31 |          | Income statement<br>Average rate |          |
|----------------------------|-------|--|----------|----------------------------------|----------|
|                            |       | 2002                                   | 2001     | 2002                             | 2001     |
| Argentina                  | ARS   | 3.5268                                 | 1.4117   | 2.9779                           | 0.9400   |
| Australia                  | AUD   | 1.8556                                 | 1.7290   | 1.7362                           | 1.7321   |
| Brazil                     | BRL   | 3.7050                                 | 2.0469   | 2.7889                           | 2.1054   |
| Great Britain              | GBP   | 0.6505                                 | 0.6091   | 0.6287                           | 0.6220   |
| Japan                      | JPY   | 124.3900                               | 115.6900 | 118.0613                         | 108.7700 |
| Canada                     | CAD   | 1.6550                                 | 1.4101   | 1.4827                           | 1.3869   |
| Mexico                     | MXN   | 10.9589                                | 8.1476   | 9.1499                           | 8.3661   |
| Poland                     | PLN   | 4.0001                                 | 3.4963   | 3.8532                           | 3.6699   |
| Sweden                     | SEK   | 9.1528                                 | 9.3326   | 9.1582                           | 9.2528   |
| Switzerland                | CHF   | 1.4524                                 | 1.4804   | 1.4673                           | 1.5105   |
| Slovak Republic            | SKK   | 41.5030                                | 42.7600  | 42.6779                          | 43.3031  |
| South Africa               | ZAR   | 9.0094                                 | 10.4296  | 9.8992                           | 7.7165   |
| Czech Republic             | CZK   | 31.5770                                | 31.9800  | 30.8183                          | 34.0603  |
| USA                        | USD   | 1.0487                                 | 0.8823   | 0.9448                           | 0.8957   |
| People's Republic of China | CNY   | 8.6832                                 | 7.3026   | 7.8198                           | 7.4138   |

## ACCOUNTING AND VALUATION PRINCIPLES

### INTANGIBLE ASSETS

Intangible assets acquired for a consideration, primarily software, are capitalized at cost and amortized over their three-year useful life using the straight line method. In accordance with IAS 38, research costs are recognized as expenses when incurred.

Development costs for future products and other internally developed intangible assets are capitalized at purchase or production cost, provided the manufacture of the products is likely to bring the Volkswagen Group an economic benefit. If the conditions for capitalization are not met, the expenses are charged to the income statement in the year in which they are incurred.

Purchase or production costs include all costs directly attributable to the development process as well as appropriate portions of development-related overheads. Financing costs are not capitalized. The costs are amortized using the straight line method as from start of production over the scheduled life cycle of the models developed or component units – generally between 5 and 10 years.

Amortization charged during the year has been allocated under the relevant line items in the income statement.

Goodwill arising from consolidation is amortized using the straight line method over its scheduled useful life of between 5 and a maximum of 15 years. Similarly, negative goodwill arising is released over its scheduled useful life.

Amortization of capitalized goodwill is recognized as part of other operating expenses, while release of negative goodwill is included in other operating income.

#### TANGIBLE ASSETS

Tangible assets are valued at purchase or production cost less depreciation and – where necessary – impairments. Investment grants are generally deducted from cost. Cost is determined on the basis of the direct costs as well as proportionate material and production overheads, including depreciation. The cost of repairs and interest on borrowings are recorded as current expenses. Tangible assets are depreciated using the straight line method over their scheduled useful life.

Depreciation is based mainly on the following useful lives:

#### USEFUL ECONOMIC LIVES

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

Impairment of tangible assets is recognized in accordance with IAS 36, when the net selling price and value in use of the asset concerned have fallen below the carrying amount. If the reasons for impairments carried out in previous years no longer apply, the impairments are reversed accordingly.

In relation to the use of leased tangible assets, the conditions for classification as a finance lease as set out in IAS 17 are met if all major risks and rewards associated with ownership have been transferred to the Group company concerned. In such cases the tangible assets concerned are capitalized at purchase or production cost or at the present value of the minimum lease payments (if lower) and depreciated using the straight line method according to the asset's useful life, or over the term of the lease if this is shorter. The payment obligations arising from the future lease instalments are discounted and recorded as a liability on the balance sheet.

Where consolidated companies are the lessees of assets under operating leases, lease instalments and rental payments are recorded directly as expenses in the income statement.

**FINANCIAL INSTRUMENTS**

Financial instruments are contracts that give rise to a financial asset in one company and a financial liability or in an equity instrument in another. The regular purchase or sale of financial instruments is accounted for on the settlement date – that is, on the date on which the asset is delivered.

IAS 39 subdivides financial assets into the following categories: financial asset or liability held for trading purposes; held-to-maturity investments; loans and receivables originated by the enterprise; and available-for-sale financial assets.

- In the Volkswagen Group financial instruments are classified as loans and receivables originated by the enterprise, available-for-sale financial assets or held-to-maturity investments.
- Certain hedging instruments used by the Volkswagen Group on the basis of commercial criteria to hedge against interest or exchange rate changes, but not meeting the strict criteria of IAS 39, are classified as financial assets or liabilities held for trading purposes in IAS 39 terms. They include interest limiting instruments, options or portfolio hedges. If external interest rate hedges subsequently eliminated in the consolidated financial statements are entered into in respect of loans between Group companies, such financial instruments are also assigned to this category.

Financial instruments are accounted for in the balance sheet at amortized cost or at fair value.

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

- at which a financial asset or liability is valued when first recognized
- minus any repayments
- minus any write-down for impairment or uncollectability
- plus or minus the cumulative spread of any difference between the original amount and the amount repayable at maturity (premium), distributed using the effective interest method rather than the straight line method over the term of the financial asset or liability.

In relation to short-term receivables and payables, the amortized costs generally correspond to the nominal or repayment amount.

The fair value generally corresponds to the market value. If no active market exists, the fair value is determined using financial mathematics methods, such as by discounting the future cash flows at the market interest rate or using recognized option price models, and checked by confirmations from the banks that handle the transactions.

**PRIMARY FINANCIAL INSTRUMENTS**

Loans granted and receivables and liabilities as well as held-to-maturity investments are valued at amortized cost, unless connected with hedge instruments. These include in particular:

- loans and securities,
- receivables from financing business,
- trade receivables and payables,
- short-term other receivables and assets and liabilities, and
- short- and long-term financial liabilities.

Available-for-sale financial assets are recognized at fair value. These represent both non-current and current asset securities. Changes in the fair value are reflected in the income statement.

Shares in subsidiaries and other investments are also classified as available-for-sale financial assets. They are, however, generally shown at cost, since for those companies no active market exists and fair values cannot be reliably ascertained without unreasonable commitment of time and expense. Fair values are recognized if there are indicators that the fair value is less than cost.

**DERIVATIVE FINANCIAL INSTRUMENTS/HEDGE ACCOUNTING**

Volkswagen Group companies deploy derivative financial instruments to hedge balance sheet items and future cash flows.

In the case of hedging against the risk of change in value of balance sheet items (fair value hedges), both the hedge transaction and the hedged risk portion of the underlying transaction are recognized at fair value. Valuation changes are recorded in the income statement.

In the case of hedging of future cash flows (cash flow hedges), the hedge instruments are also valued at fair value. Changes in valuation are initially recognized in a special reserve and not recorded in the income statement, and are only recorded in the income statement later when the cash flow occurs.

**LEASING AND RENTAL ASSETS**

Vehicles leased out under operating leases are capitalized at purchase or production cost and depreciated using the straight line method over the term of the lease down to their estimated residual value.

Real estate and buildings held in order to obtain rental income (investment property) are recognized at amortized cost, with useful lives in keeping with those of the tangible assets used by the Company itself.

**INVENTORIES**

Under inventories, raw material and supplies, merchandize and work in progress and self-produced finished goods are valued at purchase or production cost. Production cost includes the direct costs and an appropriate apportionment of the necessary material and production overheads, as well as production-related depreciation directly attributable to the production process. Administrative expenses are recognized to the extent that they are attributable to production. Interest on borrowings is not capitalized. Inventories are valued at net realizable value where this is lower than cost at the balance sheet date. The valuation of homogenous inventories is derived using the weighted average cost method.

**RECEIVABLES FROM FINANCE LEASES**

As a lessor – generally of vehicles – in the case of finance leases, i.e. where essentially all risks and rewards in connection with ownership are transferred to the lessee, a receivable in the amount of the net investment in the lease is recognized.

**OTHER RECEIVABLES AND ASSETS**

Other receivables and assets are recognized at cost less any impairments. Discernible specific risks and general credit risks are taken into account by means of appropriate value adjustments.

**DEFERRED TAXES**

Deferred taxes arise from all temporary differences between the values recognized for tax purposes and those on the consolidated balance sheet. Deferred taxes from losses carried forward are also recognized, provided it is likely that they will be usable.

Deferred tax liabilities and assets are made in the amount of the expected tax burden or tax relief, as appropriate, over the following financial years, based on the rate of tax applicable at the time of realization. Tax consequences of dividend payments are not taken into account until the resolution on appropriation of earnings available for distribution is passed.

Where income of subsidiaries is free of tax because of specific local tax provisions, and the taxation effects when the period of temporary tax relief ends are not foreseeable, no deferred taxes are recognized.

Deferred tax assets that are unlikely to be realized are subject to value adjustments.

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

**PENSION PROVISIONS**

Actuarial valuation of pension provisions is based on the Projected Unit Credit Method in respect of post-employment benefits in accordance with IAS 19. The valuation is not only based on pension payments as known at the balance sheet date, but also includes future increases in salary and pensions.

**PROVISIONS FOR TAXES**

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

**OTHER PROVISIONS**

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

Provisions are made for warranty claims in accordance with IAS 37 based on losses to date and estimated future losses in respect of vehicles sold.

Provisions for distribution costs include discounts, bonuses and the like, to be paid after the balance sheet date, for which there is a legal or constructive obligation caused by sales made before the balance sheet date.

Provisions for personnel costs are mainly made for long-service awards, time credits, the part-time scheme for employees near to retirement, severance payments and similar obligations.

Other provisions are likewise made in accordance with IAS 37 corresponding to all discernible risks and uncertain obligations considering the probability of them occurring, and not offset against claims for recourse.

Provisions not resulting in an outflow of resources in the immediate year following are recognized at their settlement value discounted as per the balance sheet date. Discounting is based on market interest rates. The settlement value also includes the cost increases to be taken into account on the balance sheet date.

**LIABILITIES**

Short-term liabilities are recognized at their repayment or settlement value. Long-term liabilities are recorded on the balance sheet at amortized cost. Differences between historical cost and the repayment amount are taken into account by means of the effective interest method.

Liabilities from finance leases are shown at the present value of the leasing instalments.

**REALIZATION OF INCOME AND EXPENSES**

Sales revenue and other operating income are recognized only when the relevant service has been rendered or the goods delivered, i.e. when the risk has been transferred to the customer.

Income from assets for which a Group company has a buy-back obligation are only realized when the assets have definitively left the Group. Up to that point they are recognized in the balance sheet under inventories.

Cost of sales includes the costs incurred to generate the sales revenues and the cost of goods purchased for resale. This item also includes the costs of creating warranty provisions.

Research and development costs not eligible for capitalization in the period are likewise shown under cost of sales.

Distribution costs include personnel and material costs and depreciation applicable to the sales function, as well as the costs of shipping, advertising, sales promotion, market research and customer service.

Administrative expenses include personnel costs and overheads as well as the depreciation applicable to administrative functions.

Government grants are generally deducted from the cost of the relevant assets.

No personnel expenditure is recognized in respect of the issue of convertible bonds to employees with the right to purchase shares in Volkswagen AG.

Other taxes (204 million €, previous year: 240 million €) are allocated to the appropriate line items in the income statement.

Dividend income is generally recognized on the date on which the dividend is legally approved.

## SEGMENTAL REPORTING BY DIVISION

|  | Automotive |        | Financial Services |        | Consolidation |          | Volkswagen Group |
|--|------------|--------|--------------------|--------|---------------|----------|------------------|
| million €  | 2002       | 2001   | 2002               | 2001   | 2002          | 2001     | 2001             |
| Sales to third parties   | 77,503     | 80,072 | 9,445              | 8,468  | -             | -        | 88,540           |
| Inter-segment sales  | 470        | 363    | 14                 | 106    | - 484         | - 469    | -                |
| Segment sales  | 77,973     | 80,435 | 9,459              | 8,574  | - 484         | - 469    | 88,540           |
| Finance revenue  | 24         | 23     | 3,645              | 3,699  | - 380         | - 266    | 3,456            |
| Segment revenue  | 77,997     | 80,458 | 13,104             | 12,273 | - 864         | - 735    | 91,996           |
| Operating profit   | 3,875      | 4,625  | 721                | 552    | 165           | 247      | 5,424            |
| Share of profits and losses of Group companies accounted for using the equity method | 508        | 294    | 26                 | - 5    | -             | -        | 289              |
| Cash flows from operating activities   | 8,065      | 8,036  | 2,235              | 2,573  | 160           | - 571    | 10,038           |
| Segment assets   | 61,726     | 66,665 | 48,737             | 45,944 | - 6,998       | - 13,610 | 98,999           |
| Investments in Group companies accounted for using the equity method                 | 3,354      | 3,377  | 43                 | 21     | -             | -        | 3,398            |
| Segment liabilities  | 44,740     | 50,801 | 44,153             | 41,070 | - 8,663       | - 15,160 | 76,711           |
| Investments in tangible and other intangible assets                                  | 6,730      | 6,529  | 97                 | 88     | -             | -        | 6,827            |
| Capitalized development costs  | 2,460      | 2,180  | -                  | -      | -             | -        | 2,180            |
| Investments in leasing and rental assets   | 3          | 8      | 6,908              | 6,937  | -             | -        | 6,945            |
| Cash flows from investing activities according to cash flow statement                | 9,121      | 7,763  | 6,798              | 7,034  | 97            | 394      | 15,191           |

## SEGMENTAL REPORTING BY MARKET 2002

|   | Germany | Rest of Europe | North America | South America | Africa | Asia/Oceania | Consolidation | Total   |
|---|---------|----------------|---------------|---------------|--------|--------------|---------------|---------|
| million €   |         |                |               |               |        |              |               |         |
| Sales to third parties                              | 23,874  | 36,365         | 17,277        | 3,333         | 951    | 5,148        | 0             | 86,948  |
| Investments in tangible and other intangible assets | 4,555   | 1,794          | 327           | 250           | 62     | 27           | - 188         | 6,827   |
| Segment assets                                      | 57,657  | 33,073         | 18,896        | 3,338         | 351    | 2,111        | - 11,961      | 103,465 |

## SEGMENTAL REPORTING BY MARKET 2001

|   | Germany | Rest of Europe | North America | South America | Africa | Asia/Oceania | Consolidation | Total  |
|---|---------|----------------|---------------|---------------|--------|--------------|---------------|--------|
| million €   |         |                |               |               |        |              |               |        |
| Sales to third parties                              | 24,484  | 35,863         | 17,832        | 4,565         | 1,060  | 4,736        | 0             | 88,540 |
| Investments in tangible and other intangible assets | 3,402   | 2,146          | 466           | 531           | 28     | 44           | 0             | 6,617  |
| Segment assets                                      | 54,041  | 30,842         | 18,407        | 5,339         | 306    | 2,074        | - 12,010      | 98,999 |

The internal organizational and management structure and the internal reporting procedures to the Board of Management and the Supervisory Board form the basis for determining the primary format of segmental reporting within the Volkswagen Group, with the two divisions: Automotive and Financial Services. Financing and other companies are assigned to the Automotive Division. The secondary reporting format is geographically based.

Business transactions between the companies within the segments of the Volkswagen Group are, as a matter of principle, based on the same prices as are agreed with third parties.

# NOTES TO THE CONSOLIDATED INCOME STATEMENT

## (1) SALES REVENUE

### SALES REVENUE OF THE GROUP BY BUSINESS LINE

| million €                   | 2002          | 2001          |
|-----------------------------|---------------|---------------|
| Volkswagen passenger cars   | 34,813        | 37,729        |
| Audi                        | 17,558        | 17,471        |
| SEAT passenger cars         | 4,766         | 4,749         |
| Škoda passenger cars        | 4,432         | 4,339         |
| Rolls-Royce/Bentley         | 234           | 375           |
| Other passenger cars        | 809           | 933           |
| <b>Total passenger cars</b> | <b>62,612</b> | <b>65,596</b> |
| Commercial vehicles         | 4,296         | 4,633         |
| Genuine parts               | 5,829         | 5,472         |
| Rental and leasing business | 9,431         | 8,454         |
| EDP services                | 167           | 193           |
| Other sales                 | 4,613         | 4,192         |
|                             | <b>86,948</b> | <b>88,540</b> |

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

## (2) GROSS PROFIT FINANCIAL SERVICES DIVISION

| million €                                      | 2002         | 2001         |
|--|--------------|--------------|
| Interest income from dealer financing          | 419          | 499          |
| of which from subsidiaries                     | 1            | 2            |
| Interest income from customer financing        | 1,588        | 1,475        |
| Interest income from direct banking business   | 17           | 16           |
| Other interest and similar income              | 71           | 87           |
| of which from subsidiaries                     | 2            | 13           |
| Income from finance leases                     | 962          | 1,122        |
| Income from fixed-interest securities/loans    | 0            | 1            |
| Interest expenses from direct banking business | 167          | 156          |
| Other interest and similar expenses            | 1,652        | 1,716        |
| of which to subsidiaries                       | 10           | 1            |
|  | <b>1,238</b> | <b>1,328</b> |

**(3) OTHER OPERATING INCOME**

| million €   | 2002         | 2001         |
|---|--------------|--------------|
| Reversal of value adjustments to receivables and other assets | 186          | 200          |
| Reversal of provisions, accruals and liabilities              | 572          | 634          |
| Income from realized foreign currency hedging derivatives     | 302          | 308          |
| Foreign exchange gains  | 835          | 790          |
| Income from sale of promotional material                      | 223          | 210          |
| Income from rebilling   | 591          | 595          |
| Insurance broking commissions                                 | 209          | 174          |
| Other income from the Financial Services Division             | 37           | 96           |
| Income from investment property                               | 72           | 68           |
| Income from the release of negative goodwill                  | 4            | -            |
| Other operating income  | 1,106        | 1,043        |
|   | <b>4,137</b> | <b>4,118</b> |

Foreign exchange gains mainly comprise gains from changes in exchange rates between the dates of recognition and payment of receivables and liabilities denominated in foreign currencies as well as exchange rate gains resulting from valuation at the rate prevailing on the balance sheet date. Foreign exchange losses from these items are shown under other operating expenses.

**(4) OTHER OPERATING EXPENSES**

| million €  | 2002         | 2001         |
|--|--------------|--------------|
| Amortization of goodwill   | 143          | 126          |
| Value adjustments against receivables and other assets             | 806          | 629          |
| Realized losses from derivative currency hedging instruments       | 157          | 234          |
| Foreign exchange losses  | 972          | 821          |
| Expenses from rebilling  | 164          | 161          |
| Provision created because of the EU End of Life Vehicles Directive | -            | 83           |
| Other operating expenses   | 1,417        | 1,214        |
|  | <b>3,659</b> | <b>3,268</b> |

**(5a) SHARE OF PROFITS AND LOSSES OF GROUP COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD**

| million €   | 2002       | 2001       |
|---|------------|------------|
| Share of profits of Group companies accounted for using the equity method | 631        | 413        |
| of which from joint ventures  | 571        | 380        |
| associates  | 60         | 33         |
| Share of losses of Group companies accounted for using the equity method  | 97         | 124        |
| of which from joint ventures  | 4          | 27         |
| associates  | 93         | 97         |
|   | <b>534</b> | <b>289</b> |

**(5b) OTHER INCOME FROM INVESTMENTS**

| million €                                | 2002 | 2001 |
|--|------|------|
| Income from result transfer agreements   | 6    | 41   |
| Expenses from result transfer agreements | 2    | 65   |
| Other income from investments            | 15   | 90   |
| of which from subsidiaries               | 14   | 17   |
| other investments                        | 1    | 73   |
| Other expenses from investments          | 7    | 4    |
| of which from subsidiaries               | 5    | 4    |
| other investments                        | 2    | 0    |
|  | 12   | 62   |

Income and expenses from result transfer agreements relate exclusively to subsidiaries.

**(6a) INTEREST RESULT**

| million €   | 2002  | 2001  |
|---|-------|-------|
| Income from securities and loans  | 128   | 123   |
| of which from subsidiaries  | 0     | 4     |
| Other interest and similar income   | 390   | 460   |
| Other interest and similar expenses   | 608   | 901   |
| Income from valuation at fair value of ineffective hedging derivative financial instruments   | 43    | 26    |
| Income from valuation at fair value of hedged assets and liabilities                          | 189   | 122   |
| Expenses from valuation at fair value of ineffective hedging derivative financial instruments | 1     | 106   |
| Expenses from valuation at fair value of hedged assets and liabilities                        | 608   | 201   |
| Interest charge included in leasing instalments   | 11    | 4     |
|   | - 478 | - 481 |

Income and expenses from hedged items and the related hedging derivative financial instruments, in the sense of IAS 39, are recorded net under expenses and income from the valuation at fair value of ineffective hedging derivative financial instruments.

**(6b) OTHER FINANCIAL RESULT**

| million €                          | 2002  | 2001  |
|------------------------------------|-------|-------|
| Accumulation of pension provisions | - 681 | - 689 |
| Accumulation of other provisions   | - 162 | - 196 |
|                                    | - 843 | - 885 |

## (7) INCOME TAX EXPENSE

| COMPONENTS OF TAX EXPENDITURE                 |              |              |
|---|--------------|--------------|
| million €                                     | 2002         | 2001         |
| Current tax expenditure, Germany              | 881          | 990          |
| Current tax expenditure, abroad               | 547          | 485          |
| <b>Current tax expenditure</b>                | <b>1,428</b> | <b>1,475</b> |
| of which prior period                         | 45           | 1            |
| <b>Income from reversal of tax provisions</b> | <b>- 59</b>  | <b>- 210</b> |
| <b>Current taxes on income</b>                | <b>1,369</b> | <b>1,265</b> |
| Deferred tax expenditure, Germany             | 53           | 82           |
| Deferred tax income/expenditure, abroad       | - 33         | 136          |
| <b>Deferred tax expenditure</b>               | <b>20</b>    | <b>218</b>   |
| <b>Income tax expense</b>                     | <b>1,389</b> | <b>1,483</b> |

Current and deferred domestic taxes were valued at a tax rate of 38.3 % (previous year: 38.3 %), derived from corporation tax at 25 %, the 'solidarity surcharge' in connection with German reunification costs at 5.5 %, and the average state trade earnings tax applicable throughout the Group. In Germany, following the passing of the law relating to the reduction of tax rates and reform of business taxation, income from German investments and profits from the sale of investments in German corporations is not usually subject to tax as from January 1, 2002.

The statutory corporation tax rate for the 2003 tax year was increased to 26.5 % (plus the 5.5 % 'solidarity surcharge') because of the legislation relating to solidarity with flood victims enacted on September 21, 2002. Consequently, deferred taxes of German Group companies reversing in the financial year 2003 are valued as per December 31, 2002 at a tax rate of 39.66 % (including state trade tax). This resulted in deferred tax expenditure in the financial year 2002 of 10 million €. The local income tax rates applied for companies outside Germany vary between 10 and 41 %. In the case of split tax rates, the tax rate applicable to undistributed profits is applied.

The realization of tax relief in respect of losses carried forward from previous years resulted in a reduction in current taxes on income of 96 million € (previous year: 110 million €) in 2002.

Previously unused losses carried forward amounted to 2,197 million € (previous year: 1,307 million €). Losses carried forward amounting to 1,766 million € (previous year: 848 million €) can be used over an unlimited period of time, while 431 million € (previous year: 459 million €) must be used within the next 10 years. It was estimated that losses carried forward of 138 million € (previous year: 141 million €) will not be usable.

The increase in unused losses carried forward results primarily from the use of special depreciation for tax reasons in the USA.

Deferred tax income resulting from changes in tax rates totalled 3 million € (previous year: income amounting to 0.5 million €).

65 million € (previous year: 40 million €) of the deferred tax balance recorded on the balance sheet relate to transactions which directly increased capital and reserves.

The proposed dividend for the financial year 2002 will entail income tax consequences totalling 75 million € (previous year: 92 million €).

If taxed and untaxed components of capital and reserves were to be fully distributed as dividends, there would be a claim for corporate income tax reduction of 1,101 million € (previous year: 1,173 million €) not recorded on the balance sheet.

The following deferred tax assets and liabilities recorded on the balance sheet are attributable to differences in recognition and valuation of the various balance sheet items concerned and to tax losses carried forward:

| million €   | Deferred<br>tax<br>assets<br>Dec 31, 2002 | Deferred<br>tax<br>liabilities<br>Dec 31, 2002 | Deferred<br>tax<br>assets<br>Dec 31, 2001 | Deferred<br>tax<br>liabilities<br>Dec 31, 2001 |
|---|---|--|---|--|
| Intangible assets   | 51  | 2,523  | 77  | 2,084  |
| Tangible assets and<br>leasing and rental assets                        | 3,472                                     | 2,512  | 3,642                                     | 1,875  |
| Financial assets  | 177                                       | 76   | 63  | 13   |
| Inventories   | 152                                       | 328  | 178                                       | 337  |
| Receivables and other assets<br>(including Financial Services Division) | 259                                       | 3,460  | 254                                       | 3,805  |
| Other current assets  | 178                                       | 3  | 97  | 7  |
| Pension provisions  | 957                                       | 1  | 953                                       | –  |
| Other provisions  | 1,604                                     | 8  | 1,307                                     | 67   |
| Liabilities   | 637                                       | 351  | 791                                       | 365  |
| Tax losses carried forward  | 717                                       | –  | 365                                       | –  |
| Value adjustments against<br>deferred tax assets                        | – 108                                     | –  | – 119                                     | –  |
| <b>Gross value</b>  | <b>8,096</b>                              | <b>9,262</b>                                   | <b>7,608</b>                              | <b>8,553</b>                                   |
| of which long-term  | 5,566                                     | 6,689  | 5,192                                     | 6,086  |
| Offset  | 7,089                                     | 7,089  | 6,474                                     | 6,474  |
| Consolidation   | 438                                       | 385  | 292                                       | 220  |
| <b>Balance sheet amount</b>   | <b>1,445</b>                              | <b>2,558</b>                                   | <b>1,426</b>                              | <b>2,299</b>                                   |

IAS 12 stipulates that deferred tax assets and liabilities should be offset if, and only if, they relate to income taxes levied by the same taxation authority and relate to the same tax period.

The tax expenditure shown for the year 2002 of 1,389 million € (previous year: 1,483 million €) was 138 million € (previous year: 206 million €) less than the expected tax expenditure of 1,527 million € which would have resulted from application of a tax rate applicable to undistributed profits of 38.3 % to the profit before tax of the Group.

**RECONCILIATION OF EXPECTED INCOME TAX EXPENSE  
TO INCOME TAX EXPENSE RECOGNIZED**

| million €   | 2002         | 2001         |
|---|--------------|--------------|
| Profit before tax   | 3,986        | 4,409        |
| <b>Expected income tax expense (tax rate 38.3 %)</b>                            | <b>1,527</b> | <b>1,689</b> |
| Reconciliation:   |              |              |
| Effect of different tax rates outside Germany                                   | - 247        | - 195        |
| Proportion of expected taxation relating to:                                    |              |              |
| income not subject to tax   | - 99         | - 87         |
| expenses not deductible for tax purposes  | 280          | 194          |
| temporary differences and losses<br>for which no deferred taxes were recognized | - 13         | - 102        |
| Tax credits   | - 124        | - 105        |
| Prior-period current tax expense  | 54           | 1            |
| Effect of tax rate changes  | - 3          | 1            |
| Other taxation effects  | 14           | 87           |
| <b>Income tax expense recognized</b>  | <b>1,389</b> | <b>1,483</b> |
| Effective tax rate (%)  | 34.9         | 33.6         |

**(8) PROFIT AFTER TAX**

Income in the amount of 1,231 million € (previous year: 1,195 million €) and expenses in the amount of 1,007 million € (previous year: 543 million €) are attributable to other financial years. The income is mainly included in other operating income, and relates primarily to income from the reversal of provisions and of receivables value adjustments as well as from tax refunds. The out-of-period expenses are for the most part included in cost of sales.

**(9) MINORITY INTERESTS**

| million €  | 2002 | 2001 |
|--|------|------|
| Share of subsidiaries' profits due to minority interests       | 13   | 11   |
| Share of subsidiaries' losses applicable to minority interests | 0    | 0    |
|  | 13   | 11   |

The profits due to minority shareholders are attributable primarily to shareholders in VW Versicherungsvermittlungs-GmbH, vw AUDI Vertriebszentrum GmbH & Co. Südbayern KG, AUDI SENNA Ltda. and ŠKODA AUTO Polska S.A.

**(10) EARNINGS PER SHARE**

The undiluted earnings per share are calculated by dividing the share in profit of the shareholders of Volkswagen AG by the weighted average number of ordinary and preferred shares traded in the course of the financial year.

A dilution of the earnings per share results from so-called potential shares. These include option rights that, however, only dilute earnings when they result in issue of shares at a value below the average market price of the share. The conversion rights from the second tranche of the share option plan and non-exercised option rights by the holders of the option bond issued in 1986 had a diluting effect in 2001. By contrast, there was no dilution in the financial year 2002. The reasons for this were the expiry of the option bond on August 1, 2001 and a fall in the share price. Consequently, at an average in the past financial year of 48.03 € (previous year: 51.93 €), the price of the VW ordinary share was just below the increased conversion price of 48.09 € for the exercise of conversion rights from the second tranche of the share option plan.

|  | Ordinary<br>2002 | Preferred<br>2002 | Ordinary<br>2001 | Preferred<br>2001 |
|--|------------------|-------------------|------------------|-------------------|
| <b>shares</b>  |                  |                   |                  |                   |
| Weighted average number of shares<br>outstanding – undiluted | 278,061,940      | 105,238,280       | 274,089,067      | 105,238,280       |
| Potential ordinary shares<br>with a diluting effect          |                  |                   |                  |                   |
| share option plan  | –                | –                 | 845,288          | –                 |
| option bonds   | –                | –                 | 1,868,854        | –                 |
| Weighted average number of<br>shares outstanding – diluted   | 278,061,940      | 105,238,280       | 276,803,209      | 105,238,280       |

| million €   | 2002  | 2001  |
|---|-------|-------|
| Profit after tax  | 2,597 | 2,926 |
| Minority interests  | 13    | 11    |
| Net profit attributable to shareholders<br>of Volkswagen AG | 2,584 | 2,915 |
| Undiluted earnings  |       |       |
| of which relating to – ordinary share                       | 1,870 | 2,102 |
| – preferred share   | 714   | 813   |
| Diluted earnings  |       |       |
| of which relating to – ordinary share                       | 1,870 | 2,107 |
| – preferred share   | 714   | 808   |

| €                              | 2002 | 2001 |
|--------------------------------|------|------|
| Earnings per share – undiluted |      |      |
| Ordinary share                 | 6.72 | 7.67 |
| Preferred share                | 6.78 | 7.73 |
| Earnings per share – diluted   |      |      |
| Ordinary share                 | 6.72 | 7.62 |
| Preferred share                | 6.78 | 7.68 |

## NOTES TO THE BALANCE SHEET

## (11) INTANGIBLE ASSETS

|  | Concessions,<br>industrial and<br>similar rights<br>and licences<br>in such rights | Goodwill/<br>negative<br>goodwill | Capitalized<br>costs for<br>products in<br>develop-<br>ment | Capitalized<br>develop-<br>ment<br>costs for<br>products<br>currently in<br>use | Other<br>intangible<br>assets | Payments<br>on<br>account | Total         |
|--|--|-----------------------------------|---|---|-------------------------------|---------------------------|---------------|
| million €  |  |                                   |   |   |                               |                           |               |
| <b>Purchase/production cost<br/>at January 1, 2002</b> | <b>40</b>  | <b>1,396</b>                      | <b>2,546</b>  | <b>6,048</b>  | <b>739</b>                    | <b>180</b>                | <b>10,949</b> |
| Exchange differences                                   | - 4  | - 1                               | - 63  | - 71  | - 27                          | 0                         | - 166         |
| Group changes  | 2  | -                                 | 17  | -   | 2                             | -                         | 21            |
| Additions  | 5  | - 20                              | 1,979   | 481   | 223                           | 30                        | 2,698         |
| Transfers  | - 1  | 4                                 | - 1,317   | 1,313   | 150                           | - 199                     | - 50          |
| Disposals  | 1  | -                                 | 76  | 663   | 81                            | 1                         | 822           |
| <b>at December 31, 2002</b>                            | <b>41</b>  | <b>1,379</b>                      | <b>3,086</b>  | <b>7,108</b>  | <b>1,006</b>                  | <b>10</b>                 | <b>12,630</b> |
| <b>Amortization<br/>at January 1, 2002</b>             | <b>28</b>  | <b>942</b>                        | <b>-</b>  | <b>2,910</b>  | <b>473</b>                    | <b>-</b>                  | <b>4,353</b>  |
| Exchange differences                                   | - 3  | - 1                               | -   | - 41  | - 17                          | -                         | - 62          |
| Group changes  | 0  | -                                 | -   | -   | 1                             | -                         | 1             |
| Amortization charge                                    | 4  | 131                               | -   | 969   | 150                           | -                         | 1,254         |
| Impairments  | -  | 13                                | -   | 11  | 1                             | -                         | 25            |
| Transfers  | - 2  | 2                                 | -   | 0   | 0                             | -                         | 0             |
| Disposals  | 0  | -                                 | -   | 598   | 79                            | -                         | 677           |
| Reversal of impairments                                | -  | -                                 | -   | -   | -                             | -                         | -             |
| <b>at December 31, 2002</b>                            | <b>27</b>  | <b>1,087</b>                      | <b>-</b>  | <b>3,251</b>  | <b>529</b>                    | <b>-</b>                  | <b>4,894</b>  |
| <b>Net book amount<br/>at December 31, 2002</b>        | <b>14</b>  | <b>292</b>                        | <b>3,086</b>  | <b>3,857</b>  | <b>477</b>                    | <b>10</b>                 | <b>7,736</b>  |
| <b>Net book amount<br/>at December 31, 2001</b>        | <b>12</b>  | <b>454</b>                        | <b>2,546</b>  | <b>3,138</b>  | <b>266</b>                    | <b>180</b>                | <b>6,596</b>  |

The additions to goodwill include negative goodwill of 37 million € scheduled to be released pro rata over a period of five years. A pro-rate release of 4 million € was made for 2002.

Of the total research and development costs incurred in 2002, an amount of 2,460 million € met the criteria for capitalization as stipulated by IAS.

The following amounts were charged to cost of sales:

| million €   | 2002         | 2001         |
|---|--------------|--------------|
| Research and non-capitalized development costs                            | 1,911        | 1,743        |
| Amortization of development costs   | 980          | 917          |
| <b>Research and development costs charged to the<br/>income statement</b> | <b>2,891</b> | <b>2,660</b> |

## (12) TANGIBLE ASSETS

|  | Land, land rights and buildings including buildings on land owned by others | Technical equipment and machinery | Other equipment and factory and office equipment | Payments on account and assets in the course of construction | Total         |
|--|---|-----------------------------------|--|--|---------------|
| million €  |   |                                   |  |  |               |
| <b>Purchase/production cost at January 1, 2002</b>   | <b>11,728</b>   | <b>20,106</b>                     | <b>21,920</b>                                    | <b>3,544</b>   | <b>57,298</b> |
| Exchange differences                                 | - 389   | - 777                             | - 844  | - 81   | - 2,091       |
| Group changes  | 63  | 0                                 | 17   | 1  | 81            |
| Additions  | 591   | 1,406                             | 2,912  | 1,839  | 6,748         |
| Transfers  | 500   | 1,291                             | 1,008  | - 2,740  | 59            |
| Disposals  | 191   | 976                               | 912  | 88   | 2,167         |
| <b>at December 31, 2002</b>                          | <b>12,302</b>   | <b>21,050</b>                     | <b>24,101</b>                                    | <b>2,475</b>   | <b>59,928</b> |
| <b>Depreciation at January 1, 2002</b>               | <b>5,254</b>  | <b>13,966</b>                     | <b>16,343</b>                                    | <b>-</b>   | <b>35,563</b> |
| Exchange differences                                 | - 150   | - 497                             | - 567  | -  | - 1,214       |
| Group changes  | 9   | 0                                 | 10   | -  | 19            |
| Depreciation charge                                  | 421   | 1,595                             | 2,431  | -  | 4,447         |
| Impairments  | 3   | 34                                | 114  | -  | 151           |
| Transfers  | 10  | - 1                               | 2  | -  | 11            |
| Disposals  | 122   | 930                               | 839  | 0  | 1,891         |
| Reversal of impairments                              | -   | -                                 | -  | -  | -             |
| <b>at December 31, 2002</b>                          | <b>5,425</b>  | <b>14,167</b>                     | <b>17,494</b>                                    | <b>0</b>   | <b>37,086</b> |
| <b>Net book amount at December 31, 2002</b>          | <b>6,877</b>  | <b>6,883</b>                      | <b>6,607</b>                                     | <b>2,475</b>   | <b>22,842</b> |
| <b>Net book amount at December 31, 2001</b>          | <b>6,474</b>  | <b>6,140</b>                      | <b>5,577</b>                                     | <b>3,544</b>   | <b>21,735</b> |
| of which assets leased under finance lease contracts |   |                                   |  |  |               |
| Book amount at December 31, 2002                     | 153   | -                                 | 45   | -  | 198           |
| Book amount at December 31, 2001                     | 75  | -                                 | 20   | -  | 95            |

Options to purchase buildings and plant leased under the terms of finance leases usually exist, and are normally exercised. Interest rates on the leases vary between 4.9 and 9.0 %, according to the market and the respective agreement start dates. The future finance lease payments due, and their present values, are shown in the following table:

| million €                                      | 2003      | 2004-2007 | from 2008  | Total      |
|--|-----------|-----------|------------|------------|
| Finance lease payments                         | 74        | 100       | 174        | 348        |
| Interest element of finance lease payments     | 3         | 31        | 73         | 107        |
| <b>Present value of finance lease payments</b> | <b>71</b> | <b>69</b> | <b>101</b> | <b>241</b> |

For assets leased under operating leases, payments reflected in the income statement totalling 229 million € (previous year: 248 million €) were made in the current year.

**(13) INVESTMENTS IN GROUP COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD  
AND OTHER FINANCIAL ASSETS**

| million €                              | Group<br>companies<br>accounted<br>for using<br>the equity<br>method | Shares in<br>subsidiaries | other<br>investments | subsidiaries | Loans to<br>joint<br>ventures,<br>associates<br>and other<br>investments | other<br>third<br>parties | Long-term<br>securities | Total        |
|--|--|---------------------------|----------------------|--------------|--|---------------------------|-------------------------|--------------|
| <b>Cost</b>                            |  |                           |                      |              |  |                           |                         |              |
| <b>at January 1, 2002</b>              | <b>3,618</b>   | <b>196</b>                | <b>140</b>           | <b>84</b>    | <b>31</b>  | <b>250</b>                | <b>5</b>                | <b>4,324</b> |
| Exchange differences                   | - 74   | - 5                       | 0                    | 0            | -  | - 2                       | - 2                     | - 83         |
| Group changes                          | 1  | 45                        | 1                    | 0            | 2  | 0                         | 3                       | 52           |
| Additions                              | 543  | 81                        | 0                    | 18           | 0  | 59                        | 1                       | 702          |
| Transfers                              | - 1  | 2                         | -                    | -            | -  | -                         | -                       | 1            |
| Disposals                              | 379  | 56                        | 0                    | 78           | 3  | 48                        | 3                       | 567          |
| Reversal of impairments                | -  | -                         | -                    | 0            | - 1  | -                         | -                       | - 1          |
| <b>at December 31, 2002</b>            | <b>3,708</b>   | <b>263</b>                | <b>141</b>           | <b>24</b>    | <b>29</b>  | <b>259</b>                | <b>4</b>                | <b>4,428</b> |
| <b>Depreciation</b>                    |  |                           |                      |              |  |                           |                         |              |
| <b>at January 1, 2002</b>              | <b>220</b>   | <b>39</b>                 | <b>58</b>            | <b>0</b>     | <b>-</b>   | <b>6</b>                  | <b>2</b>                | <b>325</b>   |
| Exchange differences                   | 0  | - 1                       | 0                    | -            | 0  | 0                         | - 1                     | - 2          |
| Group changes                          | -  | 29                        | 1                    | -            | -  | 0                         | -                       | 30           |
| Depreciation charge                    | 87   | -                         | -                    | -            | -  | -                         | -                       | 87           |
| Impairments                            | 4  | 2                         | 0                    | -            | 1  | 2                         | 0                       | 9            |
| Transfers                              | 0  | 0                         | -                    | -            | -  | -                         | -                       | 0            |
| Disposals                              | 0  | -                         | -                    | -            | -  | 1                         | 0                       | 1            |
| Reversal of impairments                | -  | 5                         | -                    | -            | -  | 0                         | -                       | 5            |
| <b>at December 31, 2002</b>            | <b>311</b>   | <b>64</b>                 | <b>59</b>            | <b>0</b>     | <b>1</b>   | <b>7</b>                  | <b>1</b>                | <b>443</b>   |
| <b>Net book amount</b>                 |  |                           |                      |              |  |                           |                         |              |
| <b>at December 31, 2002</b>            | <b>3,397</b>   | <b>199</b>                | <b>82</b>            | <b>24</b>    | <b>28</b>  | <b>252</b>                | <b>3</b>                | <b>3,985</b> |
| <b>Net book amount</b>                 |  |                           |                      |              |  |                           |                         |              |
| <b>at December 31, 2001</b>            | <b>3,398</b>   | <b>157</b>                | <b>82</b>            | <b>84</b>    | <b>31</b>  | <b>244</b>                | <b>3</b>                | <b>3,999</b> |
| <b>Fair value at December 31, 2002</b> |  |                           |                      | <b>24</b>    | <b>28</b>  | <b>252</b>                | <b>3</b>                |              |
| <b>Fair value at December 31, 2001</b> |  |                           |                      | <b>83</b>    | <b>31</b>  | <b>243</b>                | <b>2</b>                |              |

The shares in companies accounted for using the equity method include joint ventures in the amount of 1,873 million € (previous year: 1,808 million €).

Of the loans to joint ventures, associates and other investments, 7 million € (previous year: 7 million €) relate to loans to joint ventures, subject to interest rates of up to 4.5 % (previous year: 4.5 %).

The major joint ventures and associates are detailed in the listing of major Group companies at the end of the notes to the consolidated financial statements.

The loans to subsidiaries have terms of between 5 and 8 years and are subject to interest rates of between 4.3 and 5.3 %, corresponding to the market rates at the date of issue of the respective loan.

The loans to third parties are subject to fixed interest rates up to 6.0 %.

## (14) LEASING AND RENTAL ASSETS

| million €  | Movable<br>assets | Invest-<br>ment<br>property | Total         |
|--|-------------------|-----------------------------|---------------|
| <b>Purchase/production cost<br/>at January 1, 2002</b> | <b>8,476</b>      | <b>539</b>                  | <b>9,015</b>  |
| Exchange differences                                   | - 1,222           | - 17                        | - 1,239       |
| Group changes  | 756               | 20                          | 776           |
| Additions  | 6,840             | 71                          | 6,911         |
| Transfers  | 0                 | - 10                        | - 10          |
| Disposals  | 4,972             | 2                           | 4,974         |
| <b>at December 31, 2002</b>                            | <b>9,878</b>      | <b>601</b>                  | <b>10,479</b> |
| <b>Depreciation<br/>at January 1, 2002</b>             | <b>1,583</b>      | <b>148</b>                  | <b>1,731</b>  |
| Exchange differences                                   | - 255             | - 1                         | - 256         |
| Group changes  | 343               | 4                           | 347           |
| Depreciation charge                                    | 1,278             | 11                          | 1,289         |
| Impairments  | 131               | 2                           | 133           |
| Transfers  | 0                 | - 11                        | - 11          |
| Disposals  | 1,194             | 1                           | 1,195         |
| Reversal of impairments                                | 4                 | -                           | 4             |
| <b>at December 31, 2002</b>                            | <b>1,882</b>      | <b>152</b>                  | <b>2,034</b>  |
| <b>Net book amount at December 31, 2002</b>            | <b>7,996</b>      | <b>449</b>                  | <b>8,445</b>  |
| <b>Net book amount at December 31, 2001</b>            | <b>6,893</b>      | <b>391</b>                  | <b>7,284</b>  |

Assets leased out under the terms of operating leases and investment property are recorded under leasing and rental assets, in accordance with IAS 40.

Investment property includes leased dealerships and apartments rented out, with a fair value of 839 million €. Operating costs totalling 54 million € were incurred for the maintenance of investment property in use. Expenses of 1 million € were incurred for unused investment property.

The following payments from non-cancellable leases and rental agreements are expected to be received over the coming years:

| million € | 2003  | 2004-2007 | from 2008 | Total |
|-----------|-------|-----------|-----------|-------|
|           | 1,195 | 1,548     | 17        | 2,760 |

**(15) INVENTORIES**

| million €                                | Dec 31, 2002  | Dec 31, 2001 |
|--|---------------|--------------|
| Raw materials and supplies               | 1,833         | 1,852        |
| Work in progress                         | 1,237         | 1,269        |
| Finished goods and purchased merchandize | 7,590         | 6,818        |
| Payments on account                      | 17            | 6            |
|  | <b>10,677</b> | <b>9,945</b> |

Of the total inventories, 1,377 million € is recognized at net realizable value (since this is lower than cost). The value adjustment relative to the gross value totalled 224 million €.

**(16) FINANCIAL SERVICES RECEIVABLES**

| million €  | within<br>one year | Falling due<br>after<br>one year | Book value<br>Dec 31, 2002 | Fair value<br>Dec 31, 2002 | within<br>one year | Falling due<br>after<br>one year | Book value<br>Dec 31, 2001 | Fair value<br>Dec 31, 2001 |
|--|--------------------|----------------------------------|----------------------------|----------------------------|--------------------|----------------------------------|----------------------------|----------------------------|
| Receivables from<br>financing business                 |                    |                                  |                            |                            |                    |                                  |                            |                            |
| customer financing                                     | 7,074              | 13,266                           | 20,340                     | 20,538                     | 6,548              | 11,857                           | 18,405                     | 18,461                     |
| dealer financing                                       | 6,390              | 490                              | 6,880                      | 6,882                      | 6,521              | 538                              | 7,059                      | 7,058                      |
| direct banking   | 28                 | –                                | 28                         | 28                         | 22                 | –                                | 22                         | 22                         |
|  | 13,492             | 13,756                           | 27,248                     | 27,448                     | 13,091             | 12,395                           | 25,486                     | 25,541                     |
| Other receivables due<br>from operating lease business | 196                | –                                | 196                        | 197                        | 281                | –                                | 281                        | 281                        |
| Receivables from<br>finance leases                     | 4,229              | 5,839                            | 10,068                     | 10,076                     | 4,147              | 6,173                            | 10,320                     | 10,516                     |
|  | <b>17,917</b>      | <b>19,595</b>                    | <b>37,512</b>              | <b>37,721</b>              | <b>17,519</b>      | <b>18,568</b>                    | <b>36,087</b>              | <b>36,338</b>              |

Long-term receivables from customer financing business are subject to mainly fixed interest rates of between 0.13 and 18.6 %, depending on the respective market. They have terms of up to 72 months. The long-term portion of dealer financing is provided at interest rates of between 3.0 and 11.0 %, depending on country.

The receivables from customer and dealer financing are secured on vehicles or real estate according to group policy.

The receivables from dealer financing include an amount of 22 million € (previous year: 28 million €) receivable from subsidiaries.

Receivables from financial services agreements pledged against asset-backed securities are detailed in note (26) relating to current and non-current borrowings.

The receivables from finance leases – almost entirely in respect of vehicles – are expected to generate the following cash flows:

| million €  | 2003         | 2004-2007    | from 2008 | Total        |
|--|--------------|--------------|-----------|--------------|
| Future payments receivable from finance leases                                       | 4,718        | 6,451        | 2         | 11,171       |
| Unearned finance income from finance leases (discounting)                            | 489          | 614          | 0         | 1,103        |
| Book value of receivables from finance leases  | 4,229        | 5,837        | 2         | 10,068       |
| Present value of unguaranteed residual values  | 242          | 366          | –         | 608          |
| <b>Present value of minimum lease payments outstanding at the balance sheet date</b> | <b>3,987</b> | <b>5,471</b> | <b>2</b>  | <b>9,460</b> |

Lease calculations are prepared on the basis of country-specific market interest rates of between 7 and 25 %.

Outstanding finance lease receivables are subject to value adjustments of 205 million €.

#### (17) TRADE RECEIVABLES

| million €   | within<br>one year | Falling due<br>after<br>one year | Book value<br>Dec. 31, 2002 | within<br>one year | Falling due<br>after<br>one year | Book value<br>Dec 31, 2001 |
|---|--------------------|----------------------------------|-----------------------------|--------------------|----------------------------------|----------------------------|
| Trade receivables due from                        |                    |                                  |                             |                    |                                  |                            |
| third parties                                     | 5,112              | 73                               | 5,185                       | 4,757              | 57                               | 4,814                      |
| subsidiaries                                      | 219                | 2                                | 221                         | 117                | 3                                | 120                        |
| joint ventures                                    | 260                | 0                                | 260                         | 144                | –                                | 144                        |
| associates  | 77                 | 0                                | 77                          | 55                 | –                                | 55                         |
| other companies<br>in which an investment is held | 4                  | –                                | 4                           | 8                  | –                                | 8                          |
|   | <b>5,672</b>       | <b>75</b>                        | <b>5,747</b>                | <b>5,081</b>       | <b>60</b>                        | <b>5,141</b>               |

The fair values of the trade receivables correspond to the book values. Value adjustments totalling 139 million € (previous year: 119 million €) were made.

**(18) OTHER RECEIVABLES AND ASSETS**

| million €  | within<br>one year | Falling due<br>after<br>one year | Book value<br>Dec 31, 2002 | Fair value<br>Dec 31, 2002 | within<br>one year | Falling due<br>after<br>one year | Book value<br>Dec 31, 2001 | Fair value<br>Dec 31, 2001 |
|--|--------------------|----------------------------------|----------------------------|----------------------------|--------------------|----------------------------------|----------------------------|----------------------------|
| Other receivables due from                               |                    |                                  |                            |                            |                    |                                  |                            |                            |
| subsidiaries   | 88                 | 6                                | 94                         | 92                         | 452                | 18                               | 470                        | 471                        |
| joint ventures   | 493                | 25                               | 518                        | 518                        | 154                | 315                              | 469                        | 467                        |
| associates   | 17                 | -                                | 17                         | 17                         | 8                  | -                                | 8                          | 8                          |
| other companies in which an investment is held           | 1                  | -                                | 1                          | 1                          | 11                 | -                                | 11                         | 11                         |
| Claims for refund of income taxes                        | 213                | -                                | 213                        | 213                        | 159                | -                                | 159                        | 159                        |
| Other claims in respect of taxes                         | 1,113              | 80                               | 1,193                      | 1,193                      | 1,155              | 103                              | 1,258                      | 1,258                      |
| Positive fair values of derivative financial instruments | 337                | 309                              | 646                        | 646                        | 102                | 154                              | 256                        | 256                        |
| Other assets   | 805                | 568                              | 1,373                      | 1,373                      | 735                | 572                              | 1,307                      | 1,307                      |
|  | <b>3,067</b>       | <b>988</b>                       | <b>4,055</b>               | <b>4,053</b>               | <b>2,776</b>       | <b>1,162</b>                     | <b>3,938</b>               | <b>3,937</b>               |

Other assets include plan assets for the financing of post-employment benefits in the amount of 98 million € (previous year: 137 million €).

No material restrictions of title or right of use exist in respect of other receivables and assets. Risk of loss was covered by means of value adjustments. A total of 287 million € (previous year: 289 million €) in value adjustments was recognized.

Short-term other receivables are predominantly non-interest-bearing. The derivative financial instruments have the following positive fair values:

| million €  | Dec 31, 2002 | Dec 31, 2001 |
|--|--------------|--------------|
| Transactions for hedging against                         |              |              |
| exchange risk from assets through fair value hedges      | 84           | 16           |
| exchange risk from liabilities through fair value hedges | 26           | 27           |
| interest risk through fair value hedges                  | 358          | 164          |
| interest risk through cash flow hedges                   | 3            | 2            |
| exchange risk from future cash flows (cash flow hedges)  | 115          | 43           |
| <b>Hedging transactions</b>                              | <b>586</b>   | <b>252</b>   |
| Assets arising from ineffective hedging derivatives      | 60           | 4            |
|  | <b>646</b>   | <b>256</b>   |

Further details on derivative financial instruments as a whole are given in note (31) Financial instruments.

**(19) SECURITIES**

The securities serve to safeguard liquidity. Securities classified as current assets are quoted, mainly short-term fixed-interest securities, and shares.

**(20) CASH AND CASH EQUIVALENTS**

| million €   | Dec 31, 2002 | Dec 31, 2001 |
|---|--------------|--------------|
| Cash at banks                                     | 2,894        | 4,116        |
| Cheques, cash on hand and funds payable on demand | 93           | 169          |
|   | <b>2,987</b> | <b>4,285</b> |

Cash at banks is held at various banks in different currencies.

**(21) DEFERRED TAX ASSETS**

The deferred tax assets result from the following future tax reliefs:

| million €   | Dec 31, 2002 | Dec 31, 2001 |
|---|--------------|--------------|
| Temporary differences between the tax balance sheet and the consolidated financial statements | 828          | 1,171        |
| Future tax savings resulting from losses carried forward                                      | 617          | 255          |
| <b>Balance sheet amount</b>   | <b>1,445</b> | <b>1,426</b> |

More details on the deferred taxes are given under note (7) Income tax expense.

**(22) PREPAYMENTS AND DEFERRED CHARGES**

| million €                    | Dec 31, 2002<br>Total | of which<br>falling due<br>within<br>one year | Dec 31, 2001<br>Total | of which<br>falling due<br>within<br>one year |
|------------------------------|-----------------------|---|-----------------------|---|
| Deferred leasing commissions | 94                    | 81  | 78                    | 68  |
| Other items                  | 179                   | 12  | 300                   | 18  |
|                              | <b>273</b>            | <b>93</b>                                     | <b>378</b>            | <b>86</b>                                     |

**(23) CAPITAL AND RESERVES**

The subscribed capital of Volkswagen AG is denominated in Euros. The shares are bearer shares without nominal value. One share represents a share of 2.56 € of the Company's capital. As well as ordinary shares, there are preferred shares that entitle the bearer to a 0.06 € higher dividend than the ordinary shares but have no voting rights.

Following the exercise of conversion rights from the second tranche of the share option plan, the issue of 819,860 ordinary shares, utilizing part of the existing authorized share capital, resulted in an increase in the subscribed capital by 2.1 million € (previous year: 16.4 million €). 36 million € (previous year: 119 million €) was allocated to the capital reserve.

The **subscribed capital** is now composed of 320,289,940 ordinary shares with no nominal value and 105,238,280 preferred shares, and totals 1,089 million € (previous year: 1,087 million €). There is an authorized share capital of 400 million € expiring on June 1, 2004. Based on the resolution of the Annual General Meeting on June 7, 2001, further authorized share capital of up to 130 million €, expiring on June 6, 2006, was approved for the issue of new ordinary bearer shares.

|                | 2002<br>shares | 2001<br>shares | 2002<br>€     | 2001<br>€     |
|----------------|----------------|----------------|---------------|---------------|
| at January 1   | 424,708,360    | 418,308,000    | 1,087,253,402 | 1,070,868,480 |
| Issued shares  | 819,860        | 6,400,360      | 2,098,841     | 16,384,922    |
| at December 31 | 425,528,220    | 424,708,360    | 1,089,352,243 | 1,087,253,402 |

Of the ordinary shares, 41,719,353 were held by the 100% subsidiary Volkswagen Beteiligungs-Gesellschaft mbH at December 31, 2002.

There is authorized share capital of 66.9 million € for the bearers of rights arising from convertible bonds issued by Volkswagen AG on the basis of the authorization given by the Annual General Meeting on June 19, 1997 for the purpose of share issues to the Board of Management, Group senior management and management, as well as employees of Volkswagen AG for whom remuneration is collectively agreed.

## SHARE OPTION PLAN

The Board of Management, with the consent of the Supervisory Board, utilized the authorization to implement a share option plan in the financial years 1999, 2000, 2001 and 2002. The plan entitles the beneficiaries to acquire options for the purchase of shares in Volkswagen AG based on their take-up of convertible bonds at a unit price of 2.56 €. Each bond is convertible into 10 ordinary shares.

The share options are not accounted for until the date the option is exercised. The conversion price then received for the new shares is recorded in subscribed capital or the capital reserve as appropriate.

The initial conversion price of the fourth tranche, reflecting the price of the Volkswagen share on the date the resolution was passed in 2002, was set at 51.52 € per Volkswagen ordinary share. It will increase in each of the following years by 5 percentage points. After a 24-month blocking period, the conversion rights can be exercised between June 19, 2004 and June 11, 2007. For the first conversion period starting on June 19, 2004 the conversion price will be 56.67 €.

The conversion prices and periods of the four tranches are shown in the following table:

| CONVERSION PRICES AND PERIODS<br>FOR EACH TRANCHE OF THE SHARE OPTION PLAN |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| in €   | 1st tranche   | 2nd tranche   | 3rd tranche   | 4th tranche   |
| Initial conversion price   | 69.48         | 41.82         | 59.43         | 51.52         |
| Conversion price   |               |               |               |               |
| as from June 11, 2001  | 76.43         |               |               |               |
| as from October 31, 2001   | 79.90         |               |               |               |
| as from July 14, 2002  |               | 46.00         |               |               |
| as from October 30, 2002   | 83.38         | 48.09         |               |               |
| as from July 14, 2003  |               |               | 65.37         |               |
| as from publication of quarterly<br>report as at September 30, 2003        | 86.85         | 50.18         | 68.34         |               |
| as from June 19, 2004  |               |               |               | 56.67         |
| as from publication of quarterly<br>report as at September 30, 2004        |               | 52.28         | 71.32         | 59.25         |
| as from publication of quarterly<br>report as at September 30, 2005        |               |               | 74.29         | 61.82         |
| as from publication of quarterly<br>report as at September 30, 2006        |               |               |               | 64.40         |
| Beginning of conversion period   | June 11, 2001 | July 14, 2002 | July 14, 2003 | June 19, 2004 |
| End of conversion period   | June 4, 2004  | July 6, 2005  | July 6, 2006  | June 11, 2007 |

The total value of the issued convertible bonds on December 31, 2002, at 2.56 € per convertible bond, was 6,126,515.20 € (= 2,393,170 bonds), entailing the right to purchase 23,931,700 ordinary shares. The liabilities from convertible bonds are recognized under other payables. In the financial year, 38,025 convertible bonds with a value of 97,344.00 € were returned by employees who have since left the Company. The development in the rights to share options granted is shown in the following table:

**DEVELOPMENT IN RIGHTS TO SHARE OPTIONS GRANTED  
(1ST TO 4TH TRANCHE)**

|                      | Nominal<br>value<br>of<br>convertible<br>bonds<br>€ | Number<br>of<br>conversion<br>rights<br>rights | Number<br>of<br>potential<br>shares<br>shares |
|----------------------|---|--|---|
| at January 1, 2002   | 5,384,607   | 2,103,362                                      | 21,033,620                                    |
| In financial year    |   |  |   |
| granted              | 1,049,136   | 409,819  | 4,098,190                                     |
| exercised            | 209,884   | 81,986   | 819,860                                       |
| returned             | 97,344  | 38,025   | 380,250                                       |
| at December 31, 2002 | 6,126,515   | 2,393,170                                      | 23,931,700                                    |

There is additional authorized share capital of 100 million € for the issue of up to 39,062,500 ordinary and/or preferred shares. This conditional capital increase will only occur to the extent that the bearers of the option and convertible bonds to be issued up to June 1, 2004 exercise their conversion rights.

There is also an authorized share capital of 39.7 million € for the issue of ordinary shares. This conditional capital increase will only occur to the extent that the bearers of the convertible bonds, issued after the authorization given by the Annual General Meeting on April 16, 2002 to implement a share option plan, exercise their conversion rights.

**RESERVES**

| million €                        | Dec 31, 2002 | Dec 31, 2001 |
|----------------------------------|--------------|--------------|
| Capital reserve                  |              |              |
| Premium on capital increases     | 4,232        | 4,196        |
| Premium on issue of option bonds | 219          | 219          |
|                                  | 4,451        | 4,415        |
| Revenue reserves                 |              |              |
| Statutory reserve                | 31           | 31           |
| Reserve for cash flow hedges     | - 189        | - 113        |
| Reserve for currency adjustment  | - 1,316      | - 139        |
| Other revenue reserves           | 17,664       | 17,052       |
| Bought-back shares               | - 2,285      | - 2,285      |
|                                  | 13,905       | 14,546       |

The capital reserve increased by 36 million € (previous year: 119 million €) because of the allocation of the premium on the increase in subscribed capital resulting from the exercise of conversion rights.

157 million € was allocated to the reserve for cash flow hedges in the current period (previous year: – 202 million €). 233 million € (previous year: 183 million €) was withdrawn from the reserve, with the corresponding effect on the income statement.

#### DIVIDEND PROPOSAL

In accordance with Section 58 subsection 2 of the German Stock Corporation Act (AktG), the dividend payment by Volkswagen AG is based on the accumulated profit shown in the financial statements of Volkswagen AG. Based on the financial statements of Volkswagen AG reserves of 565 million € are available for distribution. The Board of Management and Supervisory Board of Volkswagen AG propose to the Annual General Meeting that a dividend of 1.30 € per ordinary share and 1.36 € per preferred share, amounting in total to 505 million €, be paid, and that the remaining earnings of 60 million € be carried forward.

#### (24) MINORITY INTERESTS

The equity shares of minority shareholders are attributable primarily to shareholders in AUDI AG.

#### (25) PROVISIONS

| million €  | within<br>one year | Falling due<br>after<br>one year | Dec 31, 2002  | Dec 31, 2001  |
|--|--------------------|----------------------------------|---------------|---------------|
| Provisions for pensions<br>and similar obligations | 340                | 9,961                            | 10,301        | 9,984         |
| Provisions in respect of taxes                     | 494                | 980                              | 1,474         | 1,418         |
| Other provisions                                   | 5,931              | 4,643                            | 10,574        | 10,380        |
|  | <b>6,765</b>       | <b>15,584</b>                    | <b>22,349</b> | <b>21,782</b> |

#### PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Provisions for post-employment benefits are established for benefits payable in the form of retirement, invalidity and dependants' benefits. The benefits provided by the Group vary according to the legal, tax and economic circumstances of the country concerned, and usually depend on the length of service and remuneration of the employees.

Group companies provide post-employment benefits under defined contribution plans and defined benefit plans. In the case of defined contribution plans, the Company makes contributions to state or private pension schemes based on legal or contractual requirements or on a voluntary basis. Once the contributions have been paid, no further obligations exist for the Company. Current contributions (excluding contributions to the compulsory state pension system) are recognized as pension expenditure in the respective year. In 2002 they totalled 15 million € (previous year: 8 million €) in the Group.

Most pension plans are defined benefit plans, with a distinction made between unfunded plans and those funded externally.

The pension provisions for defined benefit plans are determined according to IAS 19 (Employee Benefits) in keeping with the internationally accepted Projected Unit Credit Method, whereby the future obligations are valued on the basis of the pro rata entitlements attributed as at the balance sheet date. The valuation incorporates assumptions as to trends in the relevant variables affecting the level of benefits. All defined benefit plans require actuarial calculations.

Owing to their benefit character, the obligations of the US Group companies, in particular, in respect of post-employment medical care are likewise shown under defined benefit plans. These obligations similar to pensions take into account the expected long-term rise in the cost of healthcare.

Since 1996 the pension scheme of the Volkswagen Group in Germany has been based on a specially developed pension model classified in accordance with IAS as a defined benefit plan. With effect from January 1, 2001 this model was further developed into a pension fund, with the annual remuneration-linked contributions being invested in funds by VW Pension Trust c.V. Based on fund investment, this model offers the possibility of increasing benefit entitlements while at the same time fully safeguarding them. For this reason almost all Group companies in Germany have now joined the fund. Since the fund investments held by the trust meet the preconditions of IAS 19 for classification as plan assets, they are deducted from the obligation.

The following amounts were recognized on the balance sheet for defined benefit plans:

| million €  | Dec 31, 2002  | Dec 31, 2001 |
|--|---------------|--------------|
| Present value of externally funded obligations                                   | 1,713         | 1,485        |
| Fair value of plan assets  | - 1,219       | - 1,372      |
| Deficit/surplus  | 494           | 113          |
| Present value of unfunded obligations  | 10,712        | 9,959        |
| Unrecognized actuarial losses  | - 1,028       | - 225        |
| Unrecognized past service cost   | 3             | -            |
| Amount not recognized as an asset because of the limit in IAS 19 paragraph 58(b) | 22            | -            |
| <b>Net liability in the balance sheet</b>  | <b>10,203</b> | <b>9,847</b> |

The net liability recognized on the balance sheet is included in the following items:

| million €                                       | Dec 31, 2002  | Dec 31, 2001 |
|---|---------------|--------------|
| Provisions for pensions and similar obligations | 10,301        | 9,984        |
| Other assets                                    | - 98          | - 137        |
| <b>Net liability in the balance sheet</b>       | <b>10,203</b> | <b>9,847</b> |

Actuarial gains/losses arise from census changes and changes in actual trends (e.g. in income and pension increases) relative to the assumptions on which calculations were based. In accordance with IAS 19, this amount is divided over the expected average remaining working lives of the employees and recognized as appropriate in the balance sheet and income statement if the actuarial gains or losses not recognized at the beginning of the financial year exceed 10 % of the higher of the defined benefit obligation or the fair value of the plan assets at the beginning of the financial year.

Where the foreign Group companies externally fund obligations, the investment is mainly in the form of real estate, shares and fixed-interest securities. These include no financial instruments issued by companies of the Volkswagen Group and no investment property used by Group companies.

In the financial year pensions totalling 402 million € (previous year: 374 million €) were paid.

The following amounts were recognized in the income statement:

| million €   | 2002       | 2001       |
|---|------------|------------|
| Current service cost  | 351        | 362        |
| Interest cost   | 679        | 689        |
| Expected return on plan assets  | - 107      | - 121      |
| Net actuarial gains and losses recognized for the year                  | 8          | -          |
| Losses/gains on curtailment and settlement                              | + 5        | 2          |
| <b>Amount of income and expenses recognized in the income statement</b> | <b>926</b> | <b>932</b> |

The above amounts are generally included in the personnel costs of the functional areas. Accumulation of pension provisions is shown under note (6b) Other financial result.

Investment of the plan assets to cover future pension obligations resulted in actual losses in the amount of 230 million € (previous year: 89 million €).

The net liability recognized in the balance sheet has changed as follows:

| million €  | 2002          | 2001         |
|--|---------------|--------------|
| <b>Net liability in the balance sheet at January 1</b>   | <b>9,847</b>  | <b>9,442</b> |
| Group changes (new pension plans)                        | 25            | 2            |
| Total expense recognized in the income statement         | 926           | 932          |
| Company benefit payments and contributions to funds      | - 599         | - 536        |
| Other changes  | 24            | -            |
| Exchange differences                                     | - 20          | 7            |
| <b>Net liability in the balance sheet at December 31</b> | <b>10,203</b> | <b>9,847</b> |

Calculation of the pension provisions was based on the following assumptions:

| in %   | 2002      | Germany<br>2001 | 2002      | Abroad<br>2001 |
|--|-----------|-----------------|-----------|----------------|
| Discount rate at December 31                     | 5.75      | 6.00            | 3.00-6.75 | 3.00-7.50      |
| Expected return on plan assets<br>at December 31 | 6.75      | 7.00            | 5.00-8.50 | 6.71-8.50      |
| Future salary increases                          | 2.75      | 3.00            | 1.50-5.00 | 1.50-6.00      |
| Future pension increases                         | 1.50-3.64 | 1.50-4.00       | 1.36-3.00 | 2.50-3.00      |
| Fluctuation rate                                 | 1.40      | 1.40            | 2.00-6.59 | 2.00-6.60      |
| Annual increase in healthcare costs              | -         | -               | 5.50-7.00 | 5.75-7.00      |

#### TAX PROVISIONS

Taxes are detailed under note (7) Income tax expense.

#### OTHER PROVISIONS

|                            | Warranties | Distribution<br>costs | Workforce<br>costs | EU End<br>of Life<br>Vehicles<br>Directive | Other<br>provisions | Total   |
|----------------------------|------------|-----------------------|--------------------|--|---------------------|---------|
| million €                  |            |                       |                    |  |                     |         |
| at January 1, 2002         | 3,884      | 1,667                 | 1,920              | 597  | 2,312               | 10,380  |
| Exchange differences       | - 178      | - 89                  | - 60               | - 5  | - 188               | - 520   |
| Changes to Group structure | 7          | -                     | -                  | 36   | 60                  | 103     |
| Consumption                | - 2,246    | - 1,205               | - 876              | -  | - 866               | - 5,193 |
| Increases/additions        | 2,808      | 1,544                 | 897                | 72   | 784                 | 6,105   |
| Accumulation of interest   | 139        | 1                     | 2                  | 13   | 3                   | 158     |
| Reversal                   | - 19       | - 126                 | - 42               | - 110                                      | - 162               | - 459   |
| at December 31, 2002       | 4,395      | 1,792                 | 1,841              | 603  | 1,943               | 10,574  |

Payments for which other provisions are made are expected to amount to 56 % in the following year, to 31 % in the years 2004 to 2007 and to 13 % thereafter.

**(26) CURRENT AND NON-CURRENT BORROWINGS**

The details of current and non-current borrowings are presented in the following table:

| million €  | Remaining term    |                             |                    | Book value<br>Dec 31, 2002 | Remaining term    |                             |                    | Book value<br>Dec 31, 2001 |
|--|-------------------|-----------------------------|--------------------|----------------------------|-------------------|-----------------------------|--------------------|----------------------------|
|  | under<br>one year | within one<br>to five years | over<br>five years |                            | under<br>one year | within one<br>to five years | over<br>five years |                            |
| Bonds  | 3,468             | 6,904                       | 2,623              | 12,995                     | 1,160             | 3,520                       | 797                | 5,477                      |
| of which convertible   | 51                | –                           | –                  | 51                         | 51                | –                           | –                  | 51                         |
| Commercial papers and notes  | 10,520            | 3,023                       | 3,388              | 16,931                     | 15,424            | 4,562                       | –                  | 19,986                     |
| Liabilities to banks   | 5,283             | 2,178                       | 753                | 8,214                      | 8,266             | 2,556                       | 855                | 11,677                     |
| Deposits from<br>direct banking business                                   | 5,284             | 234                         | 95                 | 5,613                      | 4,379             | 150                         | 16                 | 4,545                      |
| Loans  | 971               | 87                          | 134                | 1,192                      | 132               | 103                         | 134                | 369                        |
| Bills of exchange  | 292               | 17                          | –                  | 309                        | 262               | 35                          | –                  | 297                        |
| Liabilities for the capital<br>element of future finance<br>lease payments | 193               | 24                          | 25                 | 242                        | 70                | 14                          | 4                  | 88                         |
| Borrowings from  |                   |                             |                    |                            |                   |                             |                    |                            |
| subsidiaries   | 78                | –                           | 3                  | 81                         | 326               | –                           | 4                  | 330                        |
| joint ventures   | 15                | –                           | –                  | 15                         | 24                | –                           | –                  | 24                         |
| associates   | 2                 | –                           | –                  | 2                          | 1                 | –                           | –                  | 1                          |
| other companies in which an<br>investment is held                          | 7                 | –                           | –                  | 7                          | –                 | –                           | –                  | –                          |
|  | 26,113            | 12,467                      | 7,021              | 45,601                     | 30,044            | 10,940                      | 1,810              | 42,794                     |

Of the liabilities shown on the consolidated balance sheet, a total of 171 million € (previous year: 204 million €) are secured, for the most part, by charges on property.

The interest rates on bills of exchange payable vary between 2.0 and 7.0 %. The fair value of the bills of exchange payable is equal to the book value.

The amounts payable to subsidiaries and associates are subject to market interest rates of between 1.2 and 4.2 %.

Asset-backed securities transactions for refinancing in the financial services business amounting to 7,329 million € (previous year: 4,456 million €) are included in the bonds, notes and liabilities from loans. Financial services receivables totalling 8,888 million € (previous year: 5,006 million €) have been pledged as security.

The terms of the bonds, notes and liabilities to banks as well as loans, together with their book values and fair values, are shown in the following tables:

**BONDS**

| Data for underlying take-up of finance, excluding hedging instruments |          |                            |  |                           |  |              |              |               |
|---|----------|----------------------------|--|---------------------------|--|--------------|--------------|---------------|
| Interest terms  | Currency | Interest commitment ending | Weighted interest rate, based on book values | Notional amount million € | Book value as at Dec 31, 2002<br>Remaining term in million € |              |              |               |
|   |          |                            |  |                           | < 1 year   | 1-5 years    | > 5 years    | Total         |
| floating/fixed  | CZK      | < 1 year                   | 5.1 %  | 111                       | 32   | 79           | –            | 111           |
| floating/fixed  | EUR      | < 1 year                   | 4.0 %  | 3,988                     | 1,819  | 2,235        | –            | 4,054         |
| floating/fixed  | GBP      | < 1 year                   | 4.1 %  | 394                       | 393  | –            | –            | 393           |
| floating/fixed  | JPY      | < 1 year                   | 0.1 %  | 523                       | 489  | 32           | –            | 521           |
| floating/fixed  | NOK      | < 1 year                   | 7.5 %  | 110                       | 55   | 56           | –            | 111           |
| floating/fixed  | PLN      | < 1 year                   | 8.9 %  | 125                       | 99   | 28           | –            | 127           |
| floating/fixed  | USD      | < 1 year                   | 1.5 %  | 700                       | 175  | 524          | –            | 699           |
| fixed   | CZK      | 1-5 years                  | 7.3 %  | 158                       | –  | 158          | –            | 158           |
| fixed   | EUR      | 1-5 years                  | 4.3 %  | 1,857                     | 50   | 1,850        | –            | 1,900         |
| floating  | EUR      | 1-5 years                  | 3.4 %  | 368                       | –  | 368          | –            | 368           |
| fixed   | USD      | 1-5 years                  | 2.7 %  | 1,640                     | 234  | 1,423        | –            | 1,657         |
| fixed   | EUR      | > 5 years                  | 5.1 %  | 2,500                     | –  | –            | 2,560        | 2,560         |
| other   |          |                            |  | 283                       | 71   | 151          | 63           | 285           |
| <b>Total non-convertible bonds</b>                                    |          |                            |  | <b>12,757</b>             | <b>3,417</b>   | <b>6,904</b> | <b>2,623</b> | <b>12,944</b> |
| floating/fixed  | EUR      | < 1 year                   | 1.8 %  | 51                        | 51   | –            | –            | 51            |
| <b>Total convertible bonds</b>  |          |                            |  | <b>51</b>                 | <b>51</b>  | <b>–</b>     | <b>–</b>     | <b>51</b>     |
| <b>Fair value as at Dec 31, 2002</b>                                  |          |                            |  |                           |  |              |              | <b>12,995</b> |
| <b>Fair value as at Dec 31, 2001</b>                                  |          |                            |  |                           |  |              |              | <b>5,510</b>  |

**MEDIUM AND LONG-TERM NOTES**

| Data for underlying take-up of finance, excluding hedging instruments |          |                            |  |                           |  |              |              |               |
|---|----------|----------------------------|--|---------------------------|--|--------------|--------------|---------------|
| Interest terms  | Currency | Interest commitment ending | Weighted interest rate, based on book values | Notional amount million € | Book value as at Dec 31, 2002<br>Remaining term in million € |              |              |               |
|   |          |                            |  |                           | < 1 year   | 1-5 years    | > 5 years    | Total         |
| floating/fixed  | EUR      | < 1 year                   | 3.1 %  | 4,642                     | 4,613  | 20           | –            | 4,633         |
| floating/fixed  | GBP      | < 1 year                   | 4.0 %  | 693                       | 691  | –            | –            | 691           |
| floating/fixed  | JPY      | < 1 year                   | 0.1 %  | 1,141                     | 1,233  | 24           | –            | 1,257         |
| floating/fixed  | SEK      | < 1 year                   | 4.0 %  | 456                       | 453  | –            | –            | 453           |
| floating/fixed  | USD      | < 1 year                   | 3.5 %  | 5,362                     | 1,586  | 477          | 3,290        | 5,353         |
| fixed   | USD      | 1-5 years                  | 2.5 %  | 2,571                     | 95   | 2,490        | –            | 2,585         |
| fixed   | USD      | > 5 years                  | 1.3 %  | 1,708                     | 1,708  | –            | –            | 1,708         |
| other   |          |                            |  | 233                       | 141  | 12           | 98           | 251           |
| <b>Total</b>  |          |                            |  | <b>16,806</b>             | <b>10,520</b>  | <b>3,023</b> | <b>3,388</b> | <b>16,931</b> |
| <b>Fair value as at Dec 31, 2002</b>                                  |          |                            |  |                           |  |              |              | <b>16,844</b> |
| <b>Fair value as at Dec 31, 2001</b>                                  |          |                            |  |                           |  |              |              | <b>19,917</b> |

**LIABILITIES TO BANKS**

Data for underlying take-up of finance, excluding hedging instruments

| Interest terms                | Currency | Interest commitment ending | Weighted interest rate, based on book values | Notional amount million € | Book value as at Dec 31, 2002 |              |            | Total         |
|-------------------------------|----------|----------------------------|--|---------------------------|-------------------------------|--------------|------------|---------------|
|                               |          |                            |  |                           | < 1 year                      | 1-5 years    | > 5 years  |               |
| floating/fixed                | BRL      | < 1 year                   | 14.5 %                                       | 163                       | 163                           | –            | –          | 163           |
| floating/fixed                | CZK      | < 1 year                   | 2.9 %  | 189                       | 189                           | –            | –          | 189           |
| floating/fixed                | EUR      | < 1 year                   | 3.6 %  | 3,041                     | 2,496                         | 416          | 136        | 3,048         |
| floating/fixed                | GBP      | < 1 year                   | 4.6 %  | 384                       | 384                           | –            | –          | 384           |
| floating/fixed                | JPY      | < 1 year                   | 0.5 %  | 746                       | 684                           | –            | –          | 684           |
| floating/fixed                | SEK      | < 1 year                   | 4.1 %  | 114                       | 114                           | –            | –          | 114           |
| floating/fixed                | SKK      | < 1 year                   | 8.4 %  | 213                       | 213                           | –            | –          | 213           |
| fixed                         | BRL      | 1-5 years                  | 18.5 %                                       | 909                       | 464                           | 238          | 207        | 909           |
| fixed                         | CZK      | 1-5 years                  | 4.6 %  | 133                       | 83                            | 50           | –          | 133           |
| fixed                         | EUR      | 1-5 years                  | 4.4 %  | 948                       | 103                           | 835          | 11         | 949           |
| fixed                         | JPY      | 1-5 years                  | 0.6 %  | 344                       | 1                             | 341          | –          | 342           |
| fixed                         | MXN      | 1-5 years                  | 11.2 %                                       | 205                       | 111                           | 93           | –          | 204           |
| fixed                         | SKK      | 1-5 years                  | 8.5 %  | 113                       | –                             | 113          | –          | 113           |
| fixed                         | USD      | > 5 years                  | 9.3 %  | 223                       | –                             | –            | 202        | 202           |
| other                         |          |                            |  | 599                       | 278                           | 92           | 197        | 567           |
| <b>Total</b>                  |          |                            |  | <b>8,324</b>              | <b>5,283</b>                  | <b>2,178</b> | <b>753</b> | <b>8,214</b>  |
| Fair value as at Dec 31, 2002 |          |                            |  |                           |                               |              |            | <b>8,244</b>  |
| Fair value as at Dec 31, 2001 |          |                            |  |                           |                               |              |            | <b>11,683</b> |

The terms of the agreements are in some cases well beyond the stated period of interest commitment. The variable interest rates are based on local Inter Bank rates plus premium.

The **direct banking deposits** totalling 5,613 million € (previous year: 4,545 million €) are based on overnight and fixed-term deposits as well as savings certificates and savings plans. The interest rate on overnight accounts at the balance sheet date was 3.1 %. Fixed-term deposits, savings plans and savings certificates, with a maximum term of 30 years, carried interest rates of between 2.5 and 7.0 %. The fair values of the investments correspond to their book values.

**LOANS**

Data for underlying take-up of finance, excluding hedging instruments

| Interest terms                | Currency | Interest commitment ending | Weighted interest rate, based on book values | Notional amount million € | Book value as at Dec 31, 2002 |           |            | Total        |
|-------------------------------|----------|----------------------------|--|---------------------------|-------------------------------|-----------|------------|--------------|
|                               |          |                            |  |                           | < 1 year                      | 1-5 years | > 5 years  |              |
| floating/fixed                | GBP      | < 1 year                   | 4.1 %  | 923                       | 922                           | –         | –          | 922          |
| fixed                         | EUR      | > 5 years                  | 5.3 %  | 114                       | 29                            | 14        | 71         | 114          |
| other                         |          |                            |  | 153                       | 20                            | 73        | 63         | 156          |
| <b>Total</b>                  |          |                            |  | <b>1,190</b>              | <b>971</b>                    | <b>87</b> | <b>134</b> | <b>1,192</b> |
| Fair value as at Dec 31, 2002 |          |                            |  |                           |                               |           |            | <b>1,196</b> |
| Fair value as at Dec 31, 2001 |          |                            |  |                           |                               |           |            | <b>289</b>   |

**(27) TRADE PAYABLES**

| million €   | under<br>one year | Falling due<br>over<br>one year | Book value<br>Dec 31, 2002 | under<br>one year | Falling due<br>over<br>one year | Book value<br>Dec 31, 2001 |
|---|-------------------|---------------------------------|----------------------------|-------------------|---------------------------------|----------------------------|
| Trade payables owing to                           |                   |                                 |                            |                   |                                 |                            |
| third parties                                     | 7,095             | 10                              | 7,105                      | 6,883             | 10                              | 6,893                      |
| subsidiaries                                      | 62                | –                               | 62                         | 80                | –                               | 80                         |
| joint ventures                                    | 56                | –                               | 56                         | 67                | –                               | 67                         |
| associates  | 8                 | –                               | 8                          | 8                 | –                               | 8                          |
| other companies<br>in which an investment is held | 5                 | –                               | 5                          | 7                 | –                               | 7                          |
|   | <b>7,226</b>      | <b>10</b>                       | <b>7,236</b>               | <b>7,045</b>      | <b>10</b>                       | <b>7,055</b>               |

Fair values match the recognized book values.

**(28) OTHER PAYABLES**

| million €   | under<br>one year | within one<br>to five years | Falling due<br>over<br>five years | Book value<br>Dec 31, 2002 | under<br>one year | within one<br>to five years | Falling due<br>over<br>five years | Book value<br>Dec 31, 2001 |
|---|-------------------|-----------------------------|-----------------------------------|----------------------------|-------------------|-----------------------------|-----------------------------------|----------------------------|
| Payments on account received<br>in respect of orders        | 765               | 4                           | 0                                 | 769                        | 764               | 2                           | –                                 | 766                        |
| Other liabilities<br>due to                                 |                   |                             |                                   |                            |                   |                             |                                   |                            |
| subsidiaries  | 13                | 0                           | 0                                 | 13                         | 82                | –                           | –                                 | 82                         |
| joint ventures  | 21                | 1                           | –                                 | 22                         | 10                | –                           | –                                 | 10                         |
| associates  | 2                 | –                           | –                                 | 2                          | –                 | 2                           | –                                 | 2                          |
| other companies<br>in which an investment is held           | 2                 | –                           | –                                 | 2                          | 2                 | –                           | –                                 | 2                          |
| Liabilities relating to derivative<br>financial instruments | 343               | 204                         | 50                                | 597                        | 635               | 79                          | 25                                | 739                        |
| Liabilities relating to                                     |                   |                             |                                   |                            |                   |                             |                                   |                            |
| taxes on income   | 29                | –                           | –                                 | 29                         | 29                | –                           | –                                 | 29                         |
| other taxes   | 760               | 0                           | 162                               | 922                        | 573               | –                           | 274                               | 847                        |
| social security   | 357               | 5                           | 0                                 | 362                        | 365               | 4                           | –                                 | 369                        |
| wages and salaries  | 688               | 59                          | 9                                 | 756                        | 780               | 60                          | –                                 | 840                        |
| Other liabilities   | 2,102             | 320                         | 232                               | 2,654                      | 1,807             | 270                         | 398                               | 2,475                      |
|   | <b>5,082</b>      | <b>593</b>                  | <b>453</b>                        | <b>6,128</b>               | <b>5,047</b>      | <b>417</b>                  | <b>697</b>                        | <b>6,161</b>               |

Fair values match the recognized book values.

The derivative financial instruments have the following negative fair values:

| million €   | Dec 31, 2002 | Dec 31, 2001 |
|---|--------------|--------------|
| Transactions for hedging against                          |              |              |
| exchange risk from assets through fair value hedges       | 9            | 144          |
| exchange risk from liabilities through fair value hedges  | 153          | 243          |
| interest risk through fair value hedges                   | 50           | 53           |
| interest risk through cash flow hedges                    | 233          | 141          |
| exchange risk from future cash flows (cash flow hedges)   | 48           | 28           |
| <b>Hedging transactions</b>                               | <b>493</b>   | <b>609</b>   |
| Liabilities arising from ineffective hedging derivatives* | 164          | 130          |
|   | <b>597</b>   | <b>739</b>   |

\* Exchange and interest rate options (caps, collars, floors etc.).

Further details on the derivative financial instruments as a whole are given in note (31) Financial instruments.

#### (29) DEFERRED INCOME

| million €                                       | Dec 31, 2002<br>Total | of which<br>with a<br>remaining<br>term of<br>more than<br>one year | Dec 31, 2001<br>Total | of which<br>with a<br>remaining<br>term of<br>more than<br>one year |
|---|-----------------------|---|-----------------------|---|
| Special payments from operating lease customers | 129                   | 106   | 107                   | 107   |
| Other items                                     | 204                   | 167   | 178                   | 67  |
|   | <b>333</b>            | <b>273</b>  | <b>285</b>            | <b>174</b>  |

## OTHER INFORMATION

**(30) CASH FLOW STATEMENT**

The cash flow statement comprises only cash and cash equivalents shown in the balance sheet.

Cash flows are presented in the cash flow statement analysed into cash inflows and outflows from operating activities, investing activities and financing activities.

The cash flow from operating activities is derived indirectly from the profit before tax. The profit before tax is adjusted to take account of the expenses (mainly depreciation) and income with no cash impact. The cash flow from operating activities is then derived by taking the change in working capital into account.

Cash flows from investing activities includes additions to tangible assets and long-term financial assets as well as to capitalized development costs. The changes in leasing and rental assets and in financial services receivables are also shown here.

Cash flows from financing activities includes outflows of funds resulting from dividend payments and redemption of bonds as well as inflows from the issue of bonds and from the change in other financial liabilities.

The changes in balance sheet items presented in the cash flow statement cannot be derived directly from the balance sheet, as the effects of currency translation and changes in the scope of consolidation have no cash impact and are stripped out.

In 2002 cash flows from operating activities includes interest received totalling 3,251 million € and interest paid totalling 2,261 million €. Also, the share of profits and losses of Group companies accounted for using the equity method, note (5a), includes dividends totalling 179 million €.

**(31) FINANCIAL INSTRUMENTS****1. HEDGING POLICY AND FINANCIAL DERIVATIVES**

In conducting its business operations the Volkswagen Group is exposed, in particular, to fluctuations in exchange rates and interest rates. Corporate policy is to eliminate or limit such risk by means of hedging. All hedging operations are either centrally co-ordinated or carried out by Group Treasury.

**2. HEDGING RULES**

The international business operations of the Volkswagen Group expose it to fluctuations in exchange rates as well as fluctuations in interest rates on the international money and capital markets.

General rules apply to Group-wide exchange and interest rate hedging policy, oriented to the Minimum Requirements for Credit Institutions for the Performance of Trading Transactions issued by the Federal Banking Supervisory Authority.

Partners in these financial transactions are top-class national and international banks, whose credit worthiness is continually assessed by the leading rating agencies.

**2.1 EXCHANGE RATE RISK**

To hedge against exchange rate risk, foreign exchange forward contracts, foreign exchange options and cross-currency interest rate swaps are used. These transactions relate to the exchange rate hedging of all cash flows in foreign currency arising from operating activities (in particular sales revenue) as well as to the establishment of currency congruence for financing transactions.

The Volkswagen Group hedges planned sales revenues and material purchases in foreign currency on a net basis, according to market estimates, over a period of up to 18 months by means of foreign exchange forward contracts and foreign exchange options. In 2002 hedging related primarily to the US Dollar, the British Pound and the Japanese Yen.

**2.2 INTEREST RATE RISK**

An interest rate risk – that is, possible fluctuations in value of a financial instrument resulting from changes in market interest rates – is posed primarily in respect of medium- and long-term fixed-interest receivables and payables. To hedge against this risk, interest rate swaps, cross-currency interest rate swaps and other types of interest rate contracts are entered into.

In the Volkswagen Group the differing instruments are used depending on market conditions. If financial resources are passed on to subsidiaries within the Volkswagen Group, such resources are structured congruent to their refinancing.

**NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS**

| million €  | under<br>one year | within one<br>to five years | Remaining<br>term<br>over<br>five years | Dec 31, 2002<br>Notional<br>amount<br>Total | Remaining<br>term<br>over<br>one year | Dec 31, 2001<br>Notional<br>amount<br>Total |
|--|-------------------|-----------------------------|---|---|---------------------------------------|---|
| Interest rate swaps <sup>1)</sup>                | 5,259             | 11,145                      | 3,969                                   | 20,373                                      | 8,921                                 | 10,718                                      |
| Interest rate option contracts                   | 351               | 3,360                       | 0                                       | 3,711                                       | 0                                     | 1,091                                       |
| Cross-currency interest rate swaps <sup>2)</sup> | 2,305             | 406                         | 112                                     | 2,823                                       | 387                                   | 4,248                                       |
| Foreign exchange forward contracts               | 5,689             | 58                          | 0                                       | 5,747                                       | 2                                     | 3,101                                       |
| Foreign currency swaps                           | 110               | 27                          | 0                                       | 137   | 27                                    | 52  |

<sup>1)</sup> In view of the development of interest rates in Europe and the USA, in particular, Group companies are now converting variable interest rate positions into fixed rate positions.

<sup>2)</sup> Partly in conjunction with issues of notes and bonds as part of the tap issue programs.

The market values of the above derivative financial instruments are determined on the basis of market information as per the balance sheet date as well as by appropriate valuation methods. The discounting as per December 31, 2002 was based on the following interest rate structures:

| in %                         | EUR   | USD   | GBP   | JPY   | CAD   |
|------------------------------|-------|-------|-------|-------|-------|
| Interest rate for six months | 2.720 | 1.250 | 3.870 | 0.000 | 2.780 |
| Interest rate for one year   | 2.670 | 1.350 | 3.870 | 0.000 | 2.660 |
| Interest rate for five years | 3.660 | 3.135 | 4.515 | 0.320 | 4.075 |
| Interest rate for ten years  | 4.380 | 4.214 | 4.770 | 0.880 | 4.949 |

**2.3 MARKET RISK**

A market risk is posed when price changes on the financial markets positively or negatively affect the value of financial instruments.

**3. LIQUIDITY RISK**

A liquidity forecast with a fixed planning horizon, unused lines of credit and globally available tap issue programs within the Volkswagen Group safeguard liquidity at all times.

**4. RISK OF DEFAULT**

The risk of default arising from financial assets involves the risk of defaulting by a contract partner, and therefore as a maximum amounts to the positive fair values receivable from them. It is believed that the accounting risk arising from primary financial instruments is covered by value adjustments for bad debts. Since derivative financial instruments are only entered into with top-class banks, and the risk management system imposes trading limits per partner, the actual risk of default is negligible.

**5. CASH FLOW RISK FROM FINANCIAL INSTRUMENTS**

The cash flow risk is limited by a flexible exchange and interest rate hedging strategy.

**(32) CONTINGENT LIABILITIES**

| million €   | Dec 31, 2002 | Dec 31, 2001 |
|---|--------------|--------------|
| Liabilities from guarantees                                       | 311          | 531          |
| Liabilities from warranty contracts                               | 214          | 208          |
| Pledges on company assets as security for third party liabilities | 11           | 22           |
| Other potential liabilities                                       | 14           | 1            |
|   | <b>550</b>   | <b>762</b>   |

The trust assets and liabilities of the savings and trust entities belonging to the South American subsidiaries not included on the consolidated balance sheet amount to 487 million € (previous year: 932 million €).

**(33) LEGAL ACTION**

Neither Volkswagen AG nor any of its Group companies is party to any legal or arbitration proceedings that may have a material effect on the economic position of the company or the Group, or has had such an effect within the last two years. Nor are any such proceedings foreseeable. Appropriate provisions are made by the Group company concerned for any potential financial burdens arising from other legal or arbitration proceedings pending, otherwise the company has adequate insurance cover.

**(34) OTHER FINANCIAL OBLIGATIONS**

| million €                              | Payable<br>2003 | Payable<br>2004–2007 | Payable<br>from 2008 | Total<br>Dec 31, 2002 | Total<br>Dec 31, 2001 | Payable<br>from 2003 |
|--|-----------------|----------------------|----------------------|-----------------------|-----------------------|----------------------|
| Capital commitments in respect of      |                 |                      |                      |                       |                       |                      |
| tangible assets                        | 1,220           | 511                  | –                    | 1,731                 | 1,941                 | 471                  |
| intangible assets                      | 88              | 23                   | –                    | 111                   | 171                   | 60                   |
| investment property                    | 0               | 29                   | –                    | 29                    | 27                    | 26                   |
| Obligations from                       |                 |                      |                      |                       |                       |                      |
| agreed loans                           | 341             | –                    | –                    | 341                   | 57                    | 0                    |
| long-term leasing and rental contracts | 213             | 388                  | 538                  | 1,139                 | 835                   | 629                  |
| Other financial obligations            | 1,229           | 148                  | 160                  | 1,537                 | 950                   | 324                  |

**(35) TOTAL EXPENDITURE FOR THE PERIOD**

| million €   | 2002          | 2001          |
|---|---------------|---------------|
| <b>Cost of materials</b>  |               |               |
| Raw materials and supplies,<br>purchased goods and purchased services | <b>56,563</b> | <b>58,144</b> |
| <b>Labour cost</b>  |               |               |
| Wages and salaries  | 10,836        | 10,696        |
| Social insurance,<br>pension costs and benefits                       | 2,477         | 2,517         |
|   | <b>13,313</b> | <b>13,213</b> |
|   | <b>69,876</b> | <b>71,357</b> |

**(36) AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR**

|   | 2002           | 2001           |
|---|----------------|----------------|
| Performance-related wage-earners                        | 158,419        | 161,323        |
| Time-rate wage-earners                                  | 49,613         | 51,393         |
| Salaried staff  | 90,946         | 87,886         |
|   | <b>298,978</b> | <b>300,602</b> |
| Apprentices   | 7,493          | 7,317          |
|   | <b>306,471</b> | <b>307,919</b> |
| Vehicle-producing investments<br>not fully consolidated | 17,394         | 16,494         |
|   | <b>323,865</b> | <b>324,413</b> |

**(37) POST BALANCE SHEET EVENTS**

There were no significant events up to February 19, 2003 (the date of release for publication).

**(38) RELATED PARTY DISCLOSURES IN ACCORDANCE WITH IAS 24**

Related parties under the terms of IAS 24 are parties that the reporting enterprise has the ability to control or exercise significant influence over, or parties which have the ability to control or exercise significant influence over the reporting enterprise.

The State of Lower Saxony holds 18.2 % of the voting rights of Volkswagen AG and is represented by two delegate members on the Supervisory Board. Transactions with private companies owned by the State of Lower Saxony are conducted under standard market terms.

All business transactions with non-consolidated subsidiaries, joint ventures and associates are conducted under standard market terms.

Members of the Board of Management and Supervisory Board of Volkswagen AG are members of supervisory and management boards of other companies with which Volkswagen AG has relations in the normal course of business activities. All transactions with the said companies are conducted at terms that are also standard in relation to third parties.

Most of the supplies and services transacted between fully consolidated member companies of the Volkswagen Group and related parties (non-consolidated subsidiaries, joint ventures and associates) are presented in the following table:

| RELATED COMPANY   | Share<br>in % | Supplies and services<br>rendered |       | Supplies and services<br>received |      |
|---|---------------|-----------------------------------|-------|-----------------------------------|------|
|   |               | 2002                              | 2001  | 2002                              | 2001 |
| million €   |               |                                   |       |                                   |      |
| Raffay GmbH + Co, Hamburg   | 100.00        | 245                               | 300   | 81                                | 140  |
| Volkswagen Coaching Gesellschaft mbH, Wolfsburg                         | 100.00        | 91                                | 84    | 109                               | 126  |
| FAW-Volkswagen Automotive Company, Ltd.,<br>Changchun                   | 40.00         | 1,203                             | 1,006 | 2                                 | 11   |
| Shanghai-Volkswagen Automotive Company Ltd.,<br>Shanghai                | 50.00         | 218                               | 713   | 1                                 | 1    |
| VOLKSWAGEN DOĞUS TÜKETİCİ FİNANSMANI<br>ANONİM ŞİRKETİ, Maslak-Istanbul | 51.00         | 52                                | 0     | 0                                 | 0    |
| Volkswagen Bordnetze GmbH, Wolfsburg                                    | 50.00         | 5                                 | 1     | 421                               | 313  |
| IAV GmbH Ingenieurgesellschaft Auto und Verkehr,<br>Berlin              | 50.00         | 2                                 | 2     | 162                               | 188  |
| Wolfsburg AG, Wolfsburg   | 50.00         | 3                                 | 3     | 47                                | 87   |

#### REMUNERATION OF THE BOARD OF MANAGEMENT AND OF THE SUPERVISORY BOARD

The remuneration of the members of the Board of Management for the financial year 2002 totalled 16,469,831 € (previous year: 17,615,655 €), of which 11,754,263 € was variable. As part of the fourth tranche of the share option plan, the members of the Board of Management subscribed to a further 4,000 convertible bonds entailing the right to purchase ordinary shares in Volkswagen AG. In total, the members of the Board of Management hold rights to purchase 260,000 ordinary shares in Volkswagen AG.

On December 31, 2002 the pension provisions for current members of the Board of Management totalled 20,622,607 €.

The details of the share option plans are explained in note (23) Capital and reserves.

Retired members of the Board of Management and their surviving dependants received 7,190,756 € (previous year: 7,024,611 €). Provisions for pensions for this group of people were recorded totalling 84,958,333 € (previous year: 67,164,307 €).

The remuneration of the members of the Supervisory Board of Volkswagen AG amounted to 2,343,000 € (previous year: 2,331,669 €).

Loans totalling 70,437 € have been granted to members of the Supervisory Board (amount redeemed in 2002: 34,608 €). The loans have an interest rate of 4.0 % and an agreed term of up to 12.5 years.

Wolfsburg, February 19, 2003

Volkswagen Aktiengesellschaft  
The Board of Management

## MAJOR GROUP COMPANIES

| Name, location   | Share of capital* in % |
|--|------------------------|
| <b>Automotive Division</b>   |                        |
| Volkswagen AG, Wolfsburg   |                        |
| Volkswagen Sachsen GmbH, Mosel                                       | 100.00                 |
| Volkswagen Bruxelles S.A., Brussels/Belgium                          | 100.00                 |
| VOLKSWAGEN SLOVAKIA, a.s., Bratislava/Slovak Republic                | 100.00                 |
| Volkswagen Navarra, S.A., Arazuri (Navarra)/Spain                    | 100.00                 |
| AUTOEUROPA-AUTOMÓVEIS LDA., Palmela/Portugal                         | 100.00                 |
| Volkswagen Motor Polska Sp.z o.o., Polkowice/Poland                  | 100.00                 |
| Volkswagen-Audi España, S.A., El Prat de Llobregat (Barcelona)/Spain | 100.00                 |
| VOLKSWAGEN Group United Kingdom Ltd., Milton Keynes/Great Britain    | 100.00                 |
| Groupe VOLKSWAGEN France s.a., Villers-Cotterêts/France              | 100.00                 |
| Volkswagen Transport GmbH & Co. OHG, Wolfsburg                       | 100.00                 |
| VW Kraftwerk GmbH, Wolfsburg   | 100.00                 |
| Automobilmanufaktur Dresden GmbH, Dresden                            | 100.00                 |
| Volkswagen Poznan Sp.z o.o., Poznan/Poland                           | 100.00                 |
| Svenska Volkswagen Aktiebolag, Södertälje/Sweden                     | 100.00                 |
| Auto 5000 GmbH, Wolfsburg  | 100.00                 |
| AUDI AG, Ingolstadt  | 99.13                  |
| AUDI HUNGARIA MOTOR Kft., Győr/Hungary                               | 100.00                 |
| COSWORTH TECHNOLOGY LIMITED, Northampton/Great Britain               | 100.00                 |
| Automobili Lamborghini Holding S.p.A., Sant'Agata Bolognese/Italy    | 100.00                 |
| AUTOGERMA S.p.A., Verona/Italy                                       | 100.00                 |
| SEAT, S.A., Barcelona/Spain  | 100.00                 |
| Seat Deutschland GmbH, Mörfelden-Walldorf                            | 100.00                 |
| Gearbox del Prat, S.A., El Prat de Llobregat (Barcelona)/Spain       | 100.00                 |
| ŠKODA AUTO a.s., Mladá Boleslav/Czech Republic                       | 100.00                 |
| ŠkodaAuto Deutschland GmbH, Weiterstadt                              | 100.00                 |
| ŠKODA AUTO Slovensko s.r.o., Bratislava/Slovak Republic              | 100.00                 |
| ŠKODA AUTO Polska, S.A., Poznan/Poland                               | 51.00                  |

\* Voting rights correspond to the capital share.

| MAJOR GROUP COMPANIES  |                        |
|--|------------------------|
| Name, location   | Share of capital* in % |
| <b>Automotive Division</b>   |                        |
| BENTLEY MOTORS LIMITED, Crewe/Great Britain                          | 100.00                 |
| VOLKSWAGEN OF AMERICA, INC., Auburn Hills, Michigan/USA              | 100.00                 |
| Volkswagen Canada Inc., Ajax, Ontario/Canada                         | 100.00                 |
| Volkswagen de Mexico, S.A. de C.V., Puebla/Pue./Mexico               | 100.00                 |
| Volkswagen do Brasil Ltda., São Bernardo do Campo, SP/Brazil         | 100.00                 |
| Volkswagen Argentina S.A., Buenos Aires/Argentina                    | 100.00                 |
| Volkswagen of South Africa (Pty.) Ltd., Uitenhage/South Africa       | 100.00                 |
| VOLKSWAGEN Group Japan K.K., Toyohashi/Japan                         | 100.00                 |
| Volkswagen Tokyo K.K., Tokyo/Japan                                   | 100.00                 |
| Audi Japan K.K., Tokyo/Japan   | 100.00                 |
| Shanghai-Volkswagen Automotive Company Ltd., Shanghai/PR of China ** | 50.00                  |
| FAW-Volkswagen Automotive Company, Ltd., Changchun/PR of China **    | 40.00                  |
| Volkswagen (China) Investment Company Ltd., Beijing/ PR of China     | 100.00                 |
| VOLKSWAGEN GROUP AUSTRALIA PTY LTD., Sydney/Australia                | 100.00                 |
| Coordination Center Volkswagen S.A., Brussels/Belgium                | 100.00                 |
| Volkswagen International Finance N.V., Amsterdam/Netherlands         | 100.00                 |
| Volkswagen Investments Ltd., Dublin/Ireland                          | 100.00                 |
| gedas group, Berlin  | 100.00                 |
| VW Versicherungsvermittlungs-GmbH, Wolfsburg                         | 66.67                  |
| SCANIA Aktiebolag, Södertälje/Sweden***                              | 18.70                  |

\* Voting rights correspond to the capital share.

\*\* Joint ventures are accounted for using the equity method.

\*\*\* The holding in SCANIA carries 34.0 % of the voting rights with it, differing from the share of capital.  
The company is accounted for using the equity method.

## MAJOR GROUP COMPANIES

| Name, location   | Share of capital* in % |
|--|------------------------|
| <b>Financial Services Division</b>                                   |                        |
| VOLKSWAGEN FINANCIAL SERVICES AG, Braunschweig                       | 100.00                 |
| Volkswagen Leasing GmbH, Braunschweig                                | 100.00                 |
| Volkswagen Bank GmbH, Braunschweig                                   | 100.00                 |
| Volkswagen-Versicherungsdienst GmbH, Wolfsburg                       | 100.00                 |
| VOLKSWAGEN FINANCE, S.A., Alcobendas (Madrid)/Spain                  | 100.00                 |
| Volkswagen Finance S.A., Villers-Cotterêts/France                    | 100.00                 |
| FINGERMA S.P.A., Verona/Italy  | 100.00                 |
| Volkswagen Financial Services (UK) Ltd., Milton Keynes/Great Britain | 100.00                 |
| Volkswagen Financial Services N.V., Amsterdam/Netherlands            | 100.00                 |
| Volkswagen Financial Consultant Service K.K., Tokyo/Japan            | 100.00                 |
| VOLKSWAGEN FINANCE JAPAN K.K., Tokyo/Japan                           | 100.00                 |
| ŠKOFIN s.r.o., Prague/Czech Republic                                 | 100.00                 |
| VW CREDIT, INC., Auburn Hills, Michigan/USA                          | 100.00                 |
| Volkswagen Financial Services, S.A. de C.V., Puebla/Pue./Mexico      | 100.00                 |
| Financial services companies in Brazil, São Paulo/Brazil             | 100.00                 |
| Financial services companies in Argentina, Buenos Aires/Argentina    | 100.00                 |
| Europcar International S.A., St. Quentin-en-Yvelines/France          | 100.00                 |
| EUROPCAR INTERNATIONAL S.A. und Co. OHG, Hamburg                     | 100.00                 |
| EUROPCAR ITALIA S.P.A., Rome/Italy                                   | 100.00                 |
| EUROPCAR IB, S.A., Madrid/Spain                                      | 100.00                 |

\* Voting rights correspond to the capital share.

## INDEPENDENT AUDITORS' REPORT

"We have audited the consolidated financial statements of VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, consisting of the balance sheet, the income statement, the statement of changes in equity, the cash flow statement as well as the notes to the financial statements for the business year from January 1 to December 31, 2002. The preparation and the content of the consolidated financial statements according to the International Accounting Standards of the IASB (IAS) are the responsibility of the Company's Board of Management. Our responsibility is to express an opinion, based on our audit, as to whether the consolidated financial statements are in accordance with IAS.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations and generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. The evidence supporting the amounts and disclosures in the consolidated financial statements are examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Board of Management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the consolidated financial statements give a true and fair view of the net assets, financial position, results of operations and cash flows of the Group for the business year 2002 in accordance with IAS.

Our audit, which according to German auditing regulations also extends to the group management report, combined with the management report of the Company, prepared by the Board of Management for the business year from January 1 to December 31, 2002, has not led to any reservations. In our opinion, on the whole the combined management report provides a suitable understanding of the Group's position and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the combined management report for the business year from January 1 to December 31, 2002 satisfy the conditions required for the Company's exemption from its duty to prepare consolidated financial statements and the Group management report in accordance with German accounting law."

Hanover, February 20, 2003

PwC Deutsche Revision  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Winkeljohann  
Wirtschaftsprüfer

Gadesmann  
Wirtschaftsprüfer

## BOARD OF MANAGEMENT

**Mandates** (as per December 31, 2002)**DR.-ING. E. H. BERND PISCHETSRIEDER (55)**

Chairman (from April 17, 2002)

Group Quality,

Research and Development

July 1, 2000\*

**Mandates:**

- Dresdner Bank AG, Frankfurt am Main
- Metro AG, Düsseldorf
- Münchener Rückversicherungs-Gesellschaft AG, Munich
- ▲ Tetra Laval Group, Pully, Board Member

**DR. RER. POL. H. C. BRUNO ADELT (63)**

Controlling and Accounting

January 1, 1995\*

**Mandates:**

- Dresdner Bank Lateinamerika AG, Hamburg
- Gerling-Konzern Allgemeine Versicherungs-AG, Cologne

**DR. ROBERT BÜCHELHOFFER (60)**

Sales and Marketing

April 1, 1995\*

**Mandates:**

- ▲ Generali Holding Vienna AG, Vienna

**FRANCISCO JAVIER GARCIA SANZ (45)**

Procurement

July 1, 2001\*

**Mandates:**

- ThyssenKrupp Serv AG, Düsseldorf

**DR. RER. POL. H. C. PETER HARTZ (61)**

Human Resources

October 1, 1993\*

**DR. JUR. JENS NEUMANN (57)**

Group Strategy, Treasury, Legal Matters, Organization  
January 1, 1993\*

**Mandates:**

- ESSO Deutschland GmbH, Hamburg
- ExxonMobil Central Europe Holding GmbH, Hamburg
- Frankfurter Versicherungs-AG, Frankfurt am Main
- Hapag-Lloyd AG, Hamburg
- ING BHF-Bank AG, Frankfurt am Main
- ING BHF Holding AG, Frankfurt am Main

**DR.-ING. H. C. MULT. FOLKER WEIBGERBER (61)**

Production  
March 1, 2001\*

**DR. RER. NAT. MARTIN WINTERKORN (55)**

Chairman of the Board of Management of AUDI AG  
July 1, 2000\*

**Mandates:**

- Infineon Technologies AG, Munich
- Salzgitter AG, Salzgitter

The former Chairman **Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch** retired from the Board of Management on conclusion of the Annual General Meeting on April 16, 2002, and since that date has been Chairman of the Supervisory Board of Volkswagen AG. His mandates are listed on page 140 of the Annual Report under "Supervisory Board Mandates".

The members of the Board of Management hold other mandates on the supervisory boards of consolidated Group companies and major investment holdings as part of their duty to manage and supervise the Group's business.

- Memberships of statutory supervisory boards in Germany.
- ▲ Comparable mandates in Germany and abroad.

\* The date signifies the beginning of membership of the Board of Management.

## SUPERVISORY BOARD

**Mandates** (as per December 31, 2002)**DR. TECHN. H. C. DIPL.-ING. ETH FERDINAND K. PIËCH (65)**

Chairman

April 16, 2002\*

**Mandates:**

- Dr. Ing. h. c. F. Porsche AG, Stuttgart
- ▲ Porsche Ges.m.b.H, Salzburg
- ▲ Porsche Holding GmbH, Salzburg
- ▲ SCANTIA AB, Södertälje

**KLAUS ZWICKEL (63)**

Deputy Chairman

1st Chairman of the Metalworkers Union

October 21, 1993\*

**Mandates:**

- Vodafone AG, Düsseldorf (Dep. Chairman)

**HEINRICH ALLER (55)**

Finance Minister of the State of Lower Saxony

April 16, 2002\*

**Mandates:**

- ▲ Bremer Landesbank, Bremen
- ▲ Norddeutsche Landesbank, Hanover (Chairman)

**ANDREAS BLECHNER (45)**

Chairman of the Works Council of the Volkswagen AG Salzgitter Plant

April 16, 2002\*

**DR. JUR. GERHARD CROMME (59)**

Chairman of the Supervisory Board of ThyssenKrupp AG

June 19, 1997\*

**Mandates:**

- Allianz AG, Munich
- Axel Springer Verlag AG, Berlin
- Deutsche Lufthansa AG, Cologne
- E.ON AG, Düsseldorf
- Ruhrgas AG, Essen
- ThyssenKrupp AG (Chairman)
- ▲ Suez S.A., Paris

**ELKE ELLER-BRAATZ (40)**

Head of the Social Policy Department of the Metalworkers Union

August 20, 2001\*

**Mandates:**

- DASA DaimlerChrysler Aerospace AG, Munich

**DR. RER. POL. PETER FISCHER (61)**

Minister (ret.)

November 19, 1998 – April 16, 2002\*

**DR. JUR. MICHAEL FRENZEL (55)**

Chairman of the Board of Management of TUI AG

June 7, 2001\*

**Mandates:**

- AXA Group AG, Cologne
- Continental AG, Hanover
- Deutsche Bahn AG, Berlin (Chairman)
- E.ON Energie AG, Munich
- ING BHF-Bank AG, Frankfurt
- ING BHF Holding AG, Frankfurt
- Hapag-Lloyd AG, Hamburg (Chairman)
- Hapag-Lloyd Flug GmbH, Hanover (Chairman)
- TUI Germany GmbH, Hanover (Chairman)
- ▲ Norddeutsche Landesbank, Hanover
- ▲ Preussag North America, Inc., Greenwich (Chairman)

**SIGMAR GABRIEL (43)**

Minister President of the State of Lower Saxony

January 28, 2000\*

**DR. JUR. HANS MICHAEL GAUL (60)**

Member of the Board of Management of E.ON AG  
June 19, 1997\*

**Mandates:**

- Allianz Versicherungs-AG, Munich
- Deutsche Krankenvers. AG, Cologne
- RAG AG, Essen
- STEAG AG, Essen
- Degussa AG, Düsseldorf
- E.ON Energie AG, Munich
- Viterro AG, Essen (Chairman)
- ▲ E.ON North America Inc., New York
- ▲ LG&E Energy Corp., Louisville
- ▲ Powergen plc., London

**GERHARD KAKALICK (56)**

Chairman of the Works Council of the Volkswagen AG Kassel Plant  
June 3, 1993\*

**WOLFGANG KLEVER (62)**

Chairman of the Works Council of the Volkswagen AG  
Braunschweig Plant  
October 1, 1995 – April 16, 2002\*

**DR. RER. POL. JÜRGEN KRUMNOW (58)**

Member of the Advisory Board of Deutsche Bank AG  
June 1, 1994 – April 16, 2002\*

**OLAF KUNZ (43)**

Head of Corporate and Co-determination Policy on the Executive  
Committee of the Metalworkers Union  
April 16, 2002\*

**Mandates:**

- Bosch Sicherheitssysteme GmbH, Stuttgart

**GÜNTER LENZ (43)**

Chairman of the Works Council of the Business Line  
Commercial Vehicles  
July 1, 1999\*

**DR. JUR. KLAUS LIESEN (71)**

Chairman of the Supervisory Board (to April 16, 2002)  
July 2, 1987\*

**Mandates:**

- Allianz AG, Munich (Chairman)
- E.ON AG, Düsseldorf (Chairman)
- Ruhrgas AG, Essen (Chairman)
- TUI AG, Hanover

**XAVER MEIER (58)**

Chairman of the General Works Council of AUDI AG  
July 1, 1999\*

**Mandates:**

- AUDI AG Ingolstadt (Dep. Chairman)
- ▲ BRG-Jahreswagenvermittlung e.G., Ingolstadt

**ROLAND OETKER (53)**

President Deutsche Schutzvereinigung für Wertpapierbesitz e. V.  
(German Shareholders' Association)  
June 19, 1997\*

**Mandates:**

- Degussa AG, Düsseldorf
- IKB Deutsche Industriebank AG, Düsseldorf
- Mulligan BioCapital AG, Hamburg (Chairman)
- ▲ Gamma Holding, N.V., Helmond
- ▲ Dr. August Oetker KG Group, Bielefeld
- ▲ Scottish Widows Pan European Smaller Companies OEIC,  
London

**DR. JUR. DR.-ING. E. H. HEINRICH V. PIERER (62)**

Chairman of the Board of Management of Siemens AG  
June 27, 1996\*

**Mandates:**

- Bayer AG, Leverkusen
- Hochtief AG, Essen
- Münchener Rückversicherungs-Gesellschaft AG, Munich
- Siemens AG, Austria

**DR. RER. POL. ALBERT SCHUNK (61)**

Head of the International Department on the Executive Committee  
of the Metalworkers Union

July 5, 1977 – April 16, 2002\*

**THE LORD DAVID SIMON OF HIGHBURY, CBE (63)**

April 16, 2002\*

**Mandates:**

- ▲ Advisory Director, Fortis, Brussels
- ▲ Advisory Director, Morgan Stanley Dean Witter (Europe)
- ▲ Director, Suez Group, Paris
- ▲ Director, Unilever plc., London
- ▲ Director, Unilever N.V., Rotterdam

**BERND SUDHOLT (56)**

Deputy Chairman of the Group and  
General Works Councils of Volkswagen AG

July 2, 1992\*

**Mandates:**

- Autostadt GmbH, Wolfsburg
- VOLKSWAGEN FINANCIAL SERVICES AG, Braunschweig  
(Dep. Chairman)
- ▲ Neuland Wohnungsgesellschaft mbH, Wolfsburg (Chairman)
- ▲ VfL Wolfsburg-Fußball GmbH, Wolfsburg

**DR. RER. POL. H. C. KLAUS VOLKERT (60)**

Chairman of the Group and General Works  
Councils of Volkswagen AG

July 2, 1990\*

**Mandates:**

- Autostadt GmbH, Wolfsburg
- Wolfsburg AG, Wolfsburg
- ▲ VfL Wolfsburg-Fußball GmbH, Wolfsburg
- ▲ Volkswagen Coaching GmbH, Wolfsburg
- ▲ Volkswagen Immobilien Service GmbH, Wolfsburg

**DR. RER. POL. BERND W. VOSS (63)**

Member of the Supervisory Board of Dresdner Bank AG

July 22, 1993 – April 16, 2002\*

**DR. RER. POL. EKKEHARDT WESNER (63)**

Senior Executive of Volkswagen AG

June 18, 1996\*

**Mandates:**

- ▲ VW Kraftwerk GmbH, Wolfsburg

- Memberships of statutory supervisory boards in Germany.
- Group mandates on statutory supervisory boards.
- ▲ Comparable mandates in Germany and abroad.

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

**COMMITTEES OF THE SUPERVISORY BOARD**

**Members of the Presidium and Mediation Committee as per Section 27 subsection 3 of the Co-determination Act**

Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)  
Klaus Zwickel  
Sigmar Gabriel  
Dr. rer. pol. h. c. Klaus Volkert

**Members of the Finance and Investment Committee (to November 15, 2002)**

Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)  
Andreas Blechner  
Dr. jur. Michael Frenzel  
Sigmar Gabriel  
Dr. jur. Hans Michael Gaul  
Gerhard Kakalick  
Günter Lenz  
Dr. jur. Dr.-Ing. E. h. Heinrich von Pierer  
Dr. rer. pol. h. c. Klaus Volkert  
Klaus Zwickel

**Members of the Balance Sheet and Personnel Committee (to November 15, 2002)**

Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)  
Heinrich Aller  
Dr. jur. Gerhard Cromme  
Elke Eller-Braatz  
Olaf Kunz  
Xaver Meier  
Roland Oetker  
The Lord David Simon of Highbury, CBE  
Bernd Sudholt  
Dr. rer. pol. Ekkehardt Wesner

**Members of the Audit Committee (from November 15, 2002)**

Dr. jur. Klaus Liesen (Chairman)  
Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch  
Dr. rer. pol. h. c. Klaus Volkert  
Bernd Sudholt

**GERMAN COMMERCIAL CODE**

|  | 1993          | 1994          | 1995          | 1996          | 1997          | 1998          | 1999          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Volume Data (thousands)</b>                                   |               |               |               |               |               |               |               |
| <b>Vehicle sales (units)</b>                                     | <b>2,962</b>  | <b>3,108</b>  | <b>3,607</b>  | <b>3,994</b>  | <b>4,250</b>  | <b>4,748</b>  | <b>4,923</b>  |
| Germany  | 914           | 901           | 937           | 958           | 993           | 1,153         | 1,104         |
| Abroad   | 2,048         | 2,207         | 2,670         | 3,036         | 3,257         | 3,595         | 3,819         |
| <b>Production (units)</b>  | <b>3,019</b>  | <b>3,042</b>  | <b>3,595</b>  | <b>3,977</b>  | <b>4,291</b>  | <b>4,823</b>  | <b>4,853</b>  |
| Germany  | 1,411         | 1,425         | 1,526         | 1,591         | 1,619         | 1,983         | 1,879         |
| Abroad   | 1,608         | 1,617         | 2,069         | 2,386         | 2,672         | 2,840         | 2,974         |
| <b>Workforce (yearly average)</b>                                | <b>253</b>    | <b>238</b>    | <b>257</b>    | <b>261</b>    | <b>275</b>    | <b>294</b>    | <b>306</b>    |
| Germany  | 150           | 141           | 143           | 139           | 144           | 153           | 159           |
| Abroad   | 103           | 97            | 114           | 122           | 131           | 141           | 147           |
| <b>Financial Data in million €</b>                               |               |               |               |               |               |               |               |
| <b>Income Statement</b>  |               |               |               |               |               |               |               |
| <b>Sales revenue</b>   | <b>39,158</b> | <b>40,924</b> | <b>45,055</b> | <b>51,192</b> | <b>57,901</b> | <b>68,637</b> | <b>75,167</b> |
| Cost of sales  | 36,362        | 37,181        | 41,261        | 46,274        | 51,603        | 60,111        | 66,646        |
| <b>Gross profit</b>  | <b>2,796</b>  | <b>3,743</b>  | <b>3,794</b>  | <b>4,918</b>  | <b>6,298</b>  | <b>8,526</b>  | <b>8,521</b>  |
| Distribution costs   | 3,019         | 3,242         | 3,624         | 4,244         | 4,615         | 5,515         | 6,107         |
| Administrative expenses  | 1,213         | 1,250         | 1,211         | 1,360         | 1,422         | 1,589         | 1,705         |
| Other operating income less other operating expenses             | 400           | 672           | 1,100         | 883           | 639           | 844           | 732           |
| Financial result   | 200           | 313           | 510           | 811           | 1,066         | 949           | 1,080         |
| <b>Profit or loss before tax</b>                                 | <b>- 836</b>  | <b>236</b>    | <b>569</b>    | <b>1,008</b>  | <b>1,966</b>  | <b>3,215</b>  | <b>2,522</b>  |
| Income tax expense   | 156           | 159           | 397           | 661           | 1,270         | 2,068         | 1,678         |
| <b>Profit or loss after tax</b>                                  | <b>- 992</b>  | <b>77</b>     | <b>172</b>    | <b>347</b>    | <b>696</b>    | <b>1,147</b>  | <b>844</b>    |
| <b>Cost of materials</b>   | <b>24,302</b> | <b>24,660</b> | <b>26,672</b> | <b>31,463</b> | <b>34,862</b> | <b>43,116</b> | <b>46,250</b> |
| <b>Labour cost</b>   | <b>9,657</b>  | <b>9,389</b>  | <b>9,717</b>  | <b>10,588</b> | <b>10,577</b> | <b>11,482</b> | <b>11,967</b> |
| <b>Balance Sheet at December 31</b>                              |               |               |               |               |               |               |               |
| <b>Non-current assets</b>  | <b>16,900</b> | <b>16,040</b> | <b>16,288</b> | <b>18,480</b> | <b>20,204</b> | <b>23,466</b> | <b>28,171</b> |
| of which: leasing and rental assets                              | 3,843         | 4,210         | 5,265         | 6,196         | 6,547         | 7,068         | 9,058         |
| <b>Current assets</b>  | <b>23,427</b> | <b>25,264</b> | <b>26,572</b> | <b>29,733</b> | <b>31,667</b> | <b>36,473</b> | <b>38,860</b> |
| Prepayments and deferred charges                                 | 218           | 154           | 128           | 139           | 95            | 63            | 87            |
| <b>Total assets</b>  | <b>40,545</b> | <b>41,458</b> | <b>42,988</b> | <b>48,352</b> | <b>51,966</b> | <b>60,002</b> | <b>67,118</b> |
| <b>Capital and reserves</b>                                      | <b>7,915</b>  | <b>7,280</b>  | <b>6,470</b>  | <b>6,810</b>  | <b>7,322</b>  | <b>9,584</b>  | <b>10,073</b> |
| Provisions   | 13,249        | 14,520        | 16,229        | 18,420        | 19,134        | 20,674        | 21,569        |
| Liabilities  | 18,880        | 19,071        | 19,339        | 21,472        | 24,022        | 28,227        | 33,529        |
| Deferred income  | 501           | 587           | 950           | 1,650         | 1,488         | 1,517         | 1,946         |
| <b>Total equity and liabilities</b>                              | <b>40,545</b> | <b>41,458</b> | <b>42,988</b> | <b>48,352</b> | <b>51,966</b> | <b>60,002</b> | <b>67,118</b> |
| <b>Capital investments (excluding leasing and rental assets)</b> | <b>2,475</b>  | <b>2,889</b>  | <b>3,509</b>  | <b>4,470</b>  | <b>5,033</b>  | <b>7,114</b>  | <b>7,537</b>  |
| <b>Additions to leasing and rental assets</b>                    | <b>2,780</b>  | <b>2,956</b>  | <b>3,721</b>  | <b>3,906</b>  | <b>3,954</b>  | <b>5,313</b>  | <b>6,941</b>  |
| <b>Cash flow</b>   | <b>4,639</b>  | <b>6,032</b>  | <b>5,317</b>  | <b>5,669</b>  | <b>6,228</b>  | <b>8,592</b>  | <b>8,575</b>  |

| IAS  |               |                |                |
|--|---------------|----------------|----------------|
|  | 2000          | 2001           | 2002           |
| <b>Volume Data (thousands)</b>                       |               |                |                |
| <b>Vehicle sales (units)</b>                         | <b>5,165</b>  | <b>5,107</b>   | <b>4,996</b>   |
| Germany  | 1,019         | 969            | 908            |
| Abroad   | 4,146         | 4,138          | 4,088          |
| <b>Production (units)</b>                            | <b>5,156</b>  | <b>5,108</b>   | <b>5,023</b>   |
| Germany  | 1,830         | 1,886          | 1,781          |
| Abroad   | 3,326         | 3,222          | 3,242          |
| <b>Workforce (yearly average)</b>                    | <b>322</b>    | <b>324</b>     | <b>324</b>     |
| Germany  | 163           | 167            | 168            |
| Abroad   | 159           | 157            | 156            |
| <b>Financial Data in million €</b>                   |               |                |                |
| <b>Income Statement</b>                              |               |                |                |
| <b>Sales revenue</b>                                 | <b>83,127</b> | <b>88,540</b>  | <b>86,948</b>  |
| Cost of sales  | 71,130        | 75,586         | 74,188         |
| <b>Gross profit Automotive Division</b>              | <b>11,997</b> | <b>12,954</b>  | <b>12,760</b>  |
| <b>Gross profit Financial Services Division</b>      | <b>1,213</b>  | <b>1,328</b>   | <b>1,238</b>   |
| Distribution costs                                   | 7,080         | 7,554          | 7,560          |
| Administrative expenses                              | 2,001         | 2,154          | 2,155          |
| Other operating income less other operating expenses | - 105         | 850            | 478            |
| <b>Operating profit</b>                              | <b>4,024</b>  | <b>5,424</b>   | <b>4,761</b>   |
| Financial result                                     | - 305         | - 1,015        | - 775          |
| <b>Profit before tax</b>                             | <b>3,719</b>  | <b>4,409</b>   | <b>3,986</b>   |
| Income tax expense                                   | 1,105         | 1,483          | 1,389          |
| <b>Profit after tax</b>                              | <b>2,614</b>  | <b>2,926</b>   | <b>2,597</b>   |
| <b>Cost of materials</b>                             | <b>57,578</b> | <b>58,144</b>  | <b>56,563</b>  |
| <b>Labour cost</b>                                   | <b>12,691</b> | <b>13,213</b>  | <b>13,313</b>  |
| <b>Balance Sheet at December 31</b>                  |               |                |                |
| Non-current assets                                   | 29,297        | 32,330         | 34,563         |
| Leasing and rental assets                            | 4,783         | 7,284          | 8,445          |
| Current assets <sup>2)</sup>                         | 58,186        | 64,432         | 65,615         |
| Prepayments and deferred charges                     | 299           | 378            | 273            |
| <b>Total assets</b>                                  | <b>92,565</b> | <b>104,424</b> | <b>108,896</b> |
| Capital and reserves                                 | 21,371        | 23,995         | 24,634         |
| Minority interests                                   | 49            | 53             | 57             |
| Provisions <sup>2)</sup>                             | 23,223        | 24,081         | 24,907         |
| Liabilities  | 47,718        | 56,010         | 58,965         |
| Deferred income                                      | 204           | 285            | 333            |
| <b>Total equity and liabilities</b>                  | <b>92,565</b> | <b>104,424</b> | <b>108,896</b> |
| <b>Cash flows from operating activities</b>          | <b>9,210</b>  | <b>10,038</b>  | <b>10,460</b>  |
| <b>Cash flows from investing activities</b>          | <b>14,563</b> | <b>15,191</b>  | <b>16,016</b>  |
| <b>Cash flows from financing activities</b>          | <b>4,751</b>  | <b>6,983</b>   | <b>4,623</b>   |

<sup>1)</sup> The financial statements drawn up in accordance with International Accounting Standards (IAS) are not comparable with figures prepared in accordance with the German Commercial Code (HGB).

<sup>2)</sup> Including deferred taxes.

## SELECTED TERMS AT A GLANCE

**ADR (American Depositary Receipts)**

Stock certificates issued by US banks in respect of the non-American stocks deposited with them. The certificates are traded on US exchanges in place of the actual stocks.

**Asset Backed Securities**

Asset Backed Securities are securities on which the payment claim is backed by receivables of the same kind (such as loan, lease or mortgage receivables), thereby providing the investors with collateral.

**Customer Relationship Management**

The consistent alignment of all potential and existing business processes to the customers, with the aim of identifying and responding to their individual needs and expectations.

**Corporate Governance**

The system by which companies are responsibly directed and controlled by the Management and Supervisory Boards, towards achieving long-term enhancement of value.

**DJSI (Dow Jones Sustainability World Index)**

Index established jointly by Dow Jones & Company and the Swiss rating agency SAM Sustainable Asset Management for companies that are sector leaders in terms of economic, ecological and social sustainability.

**eCAP (electronic Capacity Management)**

eCAP is an electronic capacity management system providing continuous matching of supplier capacities to Volkswagen demand.

**ESL (Electronic Supplier Link)**

Internet tool by which the Volkswagen Group issues inquiry packages in respect of all sourcing items in digital form to registered suppliers.

**FSI (Fuel Stratified Injection)**

Petrol direct injection technique developed by Volkswagen and Audi enabling improved performance and higher torque combined with fuel economy and lower emissions.

**Global Compact**

The Global Compact is an initiative of the United Nations in which multinational companies voluntarily commit to ecologically and socially sustainable globalization. The aim is to further the implementation of new principles in the fields of human rights, working conditions and practices, and environmental protection worldwide.

**Group Junior Executive Program (GJEP)**

The aim of the Group Junior Executive Program is to develop the best executives in the Group with the potential for senior management.

**Job Family Concept**

With the Job Family Concept employees are interlinked in a human resources network throughout the product creation, production and marketing process chain beyond the usual boundaries of hierarchies, brands, regions and countries.

**JUMP (Junior Management Program)**

In a combination of project work, Group-wide qualification modules and individual skills development, both on and off the job, junior management staff are prepared to take up future management and supervisory roles.

**MPV**

Multi Purpose Vehicle.

**SUV**

Sports Utility Vehicle.

**Sun-Fuel**

Renewable energy based synthetic designer fuel produced from hydrocarbons and containing no sulphur or aromatic compounds.

## NOTA DE CONFIRMACIÓN DEL CENSOR DE CUENTAS

Hemos verificado el Cierre del Grupo de VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, el cual consta del Balance, de la Cuenta de Pérdidas y Ganancias, de la Cuenta de Modificaciones del Capital Propio, de la Cuenta de Flujo de Capitales y del Anexo correspondiente, todo ello para el Ejercicio comprendido entre el 1 de enero y el 31 de diciembre 2002. La redacción y la rectitud de datos contenidos en el Cierre del Grupo recaen, según las disposiciones de las normas International Accounting Standards del IASB (IAS), bajo la responsabilidad del Consejo de Dirección de la sociedad. Nuestra labor consiste en juzgar si el Cierre del Grupo se corresponde con la normativa IAS, basándonos para ello en la auditoría que hemos practicado.

La verificación del Cierre del Ejercicio del Grupo la hemos realizado observando la normativa alemana de auditoría, así como de verificación del Cierre del Ejercicio establecidas por el Institut der Wirtschaftsprüfer in Deutschland e. V. (IDW). Según estos principios, la auditoría ha de planificarse y realizarse de modo tal, que pueda juzgarse con seguridad suficiente si el Cierre del Grupo está exento de vicios esenciales. En el marco de esta verificación se realizan pruebas aleatorias con el fin de comprobar los justificantes de valoraciones practicadas y de los datos incluidos en el Cierre del Grupo. Esta verificación comprende la evaluación de los principios contables aplicados en el Balance y de las apreciaciones esenciales del Consejo de Dirección, así como de la presentación global del Cierre del Ejercicio. Creemos que nuestros trabajos de verificación constituyen una base suficientemente segura como para poder emitir un juicio fundado.

Basándonos en la auditoría practicada, estamos convencidos de que el Cierre del Grupo refleja fielmente, de acuerdo con la normativa IAS, la situación patrimonial, financiera y de beneficios del Grupo, así como del transcurso y trayectoria de los pagos del Ejercicio.

Nuestra auditoría que, según las normas alemanas de auditoría también ha comprendido el Informe de Situación del Grupo emitido por el Consejo de Dirección y referente al Ejercicio comprendido entre el 1 de enero y el 31 de diciembre 2002, no ha dado lugar a objeción alguna. Según nuestro convencimiento, el Informe de Situación del Grupo ofrece, en su totalidad, una imagen verídica de la situación del Grupo y presenta de forma real los riesgos en evoluciones futuras. Asimismo, confirmamos que el Cierre del Grupo y el Informe resumido de Situación del Grupo para el Ejercicio comprendido entre el 1 de enero y el 31 de diciembre 2002 cumple con los requisitos previos para eximir a la sociedad de la obligación de extender adicionalmente el Cierre y el Informe de Situación del Grupo según las normas HGB (Código Mercantil Alemán).

Hannóver, el 20 de febrero 2003

PwC Deutsche Revision  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

|                        |                   |
|------------------------|-------------------|
| Prof. Dr. Winkeljohann | Gadesmann         |
| Censor de cuentas      | Censor de cuentas |

**CIERRE DEL EJERCICIO DEL GRUPO VOLKSWAGEN  
(EXTRACTO)**

**CUENTA DE PÉRDIDAS Y GANANCIAS DEL GRUPO VOLKSWAGEN  
DESDE EL 1 DE ENERO AL 31 DE DICIEMBRE 2002**

| mill. de €   | 2002            | 2001            |
|--|-----------------|-----------------|
| <b>Ingresos por Ventas</b>   | <b>86.948</b>   | <b>88.540</b>   |
| Costes de los Ingresos por Ventas  | 74.188          | 75.586          |
| <b>Resultado Bruto Sector Automóviles del Grupo*</b>                     | <b>+ 12.760</b> | <b>+ 12.954</b> |
| <b>Resultado Bruto Sector Servicios Financieros del Grupo*</b>           | <b>+ 1.238</b>  | <b>+ 1.328</b>  |
| Costes de Distribución   | 7.560           | 7.554           |
| Costes Generales de Administración                                       | 2.155           | 2.154           |
| Otros Ingresos de la Explotación   | 4.137           | 4.118           |
| Otros Gastos de la Explotación   | 3.659           | 3.268           |
| <b>Resultado Operativo</b>   | <b>+ 4.761</b>  | <b>+ 5.424</b>  |
| Resultado de Participaciones Valoradas at Equity                         | + 534           | + 289           |
| Resultado de Otras Participaciones                                       | + 12            | + 62            |
| Resultado de Intereses   | - 478           | - 481           |
| Resultado de Otros Conceptos Financieros                                 | - 843           | - 885           |
| <b>Resultado Financiero</b>  | <b>- 775</b>    | <b>- 1.015</b>  |
| <b>Resultado antes de Impuestos</b>                                      | <b>+ 3.986</b>  | <b>+ 4.409</b>  |
| Impuestos sobre la Renta y los Beneficios                                | 1.389           | 1.483           |
| reales   | 1.369           | 1.265           |
| diferidos  | 20              | 218             |
| <b>Resultado después de Impuestos</b>                                    | <b>+ 2.597</b>  | <b>+ 2.926</b>  |
| Participación de Socios Ajenos en el Resultado                           | - 13            | - 11            |
| <b>Participación de los Accionistas de Volkswagen AG en el resultado</b> | <b>+ 2.584</b>  | <b>+ 2.915</b>  |
| <b>Resultado por Acción Ordinaria (€)</b>                                | <b>+ 6,72</b>   | <b>+ 7,67</b>   |
| <b>Resultado diluido por Acción Ordinaria (€)</b>                        | <b>+ 6,72</b>   | <b>+ 7,62</b>   |
| <b>Resultado por Acción Preferencial (€)</b>                             | <b>+ 6,78</b>   | <b>+ 7,73</b>   |
| <b>Resultado diluido por Acción Preferencial (€)</b>                     | <b>+ 6,78</b>   | <b>+ 7,68</b>   |

\* El Resultado de los contratos de leasing operando está contenido en el Resultado Bruto del Sector Automóviles del Grupo.

**CIERRE DEL EJERCICIO DEL GRUPO VOLKSWAGEN  
(EXTRACTO)**

**BALANCE DEL GRUPO VOLKSWAGEN  
AL 31 DE DICIEMBRE 2002**

| mill. de €                                     | 2002           | 2001           |
|--|----------------|----------------|
| <b>Activo</b>                                  |                |                |
| <b>Inmovilizado</b>                            |                |                |
| Valor Patrimonial Inmaterial                   | 7.736          | 6.596          |
| Inmovilizado Material                          | 22.842         | 21.735         |
| Participaciones valoradas at Equity            | 3.397          | 3.398          |
| Inmovilizado Financiero Restante               | 588            | 601            |
|  | <b>34.563</b>  | <b>32.330</b>  |
| <b>Bienes Arrendados</b>                       | <b>8.445</b>   | <b>7.284</b>   |
| <b>Circulante</b>                              |                |                |
| Existencias                                    | 10.677         | 9.945          |
| Cuentas a Cobrar de Servicios Financieros      | 37.512         | 36.087         |
| Cuentas a Cobrar por Suministros y Servicios   | 5.747          | 5.141          |
| Otras Cuentas a Cobrar y Valores Patrimoniales | 4.055          | 3.938          |
| Valores  | 3.192          | 3.610          |
| Medios de pago                                 | 2.987          | 4.285          |
|  | <b>64.170</b>  | <b>63.006</b>  |
| <b>Impuestos Activos Diferidos</b>             | <b>1.445</b>   | <b>1.426</b>   |
| <b>Cuentas de Periodificación</b>              | <b>273</b>     | <b>378</b>     |
| <b>Suma del Balance</b>                        | <b>108.896</b> | <b>104.424</b> |
| <b>Pasivo</b>                                  |                |                |
| <b>Capital Propio</b>                          |                |                |
| Capital Suscrito                               | 1.089          | 1.087          |
| Reservas de Capital                            | 4.451          | 4.415          |
| Reservas de Ganancias                          | 13.905         | 14.546         |
| Beneficio del Balance del Grupo                | 5.189          | 3.947          |
|  | <b>24.634</b>  | <b>23.995</b>  |
| <b>Participación de Socios Ajenos</b>          | <b>57</b>      | <b>53</b>      |
| <b>Provisiones</b>                             | <b>22.349</b>  | <b>21.782</b>  |
| <b>Impuestos Pasivos Diferidos</b>             | <b>2.558</b>   | <b>2.299</b>   |
| <b>Obligaciones</b>                            |                |                |
| Deudas Financieras a Largo Plazo               | 19.488         | 12.750         |
| Deudas Financieras a Corto Plazo               | 26.113         | 30.044         |
| Obligaciones por Suministros y Servicios       | 7.236          | 7.055          |
| Otros Obligaciones                             | 6.128          | 6.161          |
|  | <b>58.965</b>  | <b>56.010</b>  |
| <b>Cuentas de Periodificación</b>              | <b>333</b>     | <b>285</b>     |
| <b>Suma del Balance</b>                        | <b>108.896</b> | <b>104.424</b> |

**CIERRE DEL EJERCICIO DEL GRUPO VOLKSWAGEN**  
(EXTRACTO)

**EVOLUCIÓN DEL CAPITAL PROPIO DEL GRUPO VOLKSWAGEN**

| mill. de €                   | Capital<br>Suscrito | Reservas<br>de Capital | Reservas<br>de<br>Ganan-<br>cias | de ellos:<br>Reservas<br>por<br>Conversión<br>de Divisas | de ellos:<br>Reservas<br>para<br>Cash-flow<br>Hedges | Beneficio<br>del<br>Balance<br>del Grupo | Total         |
|------------------------------|---------------------|------------------------|----------------------------------|--|--|--|---------------|
| <b>Estado: al 01.01.2001</b> | <b>1.071</b>        | <b>4.296</b>           | <b>13.690</b>                    | <b>(- 275)</b>   | <b>(165)</b>   | <b>2.314</b>                             | <b>21.371</b> |
| Aumento de Capital           | 16                  | 119                    | -                                | -  | -  | -  | 135           |
| Resultado del Grupo          | -                   | -                      | -                                | -  | -  | 2.926                                    | 2.926         |
| Asignación a Reservas        | -                   | -                      | 821                              | -  | -  | - 821                                    | -             |
| Distribución de Dividendos   | -                   | -                      | -                                | -  | -  | - 465                                    | - 465         |
| Otras Modificaciones         | -                   | -                      | 35                               | (136)  | (- 278)  | - 7                                      | 28            |
| <b>Estado: al 31.12.2001</b> | <b>1.087</b>        | <b>4.415</b>           | <b>14.546</b>                    | <b>(- 139)</b>   | <b>(- 113)</b>                                       | <b>3.947</b>                             | <b>23.995</b> |
| Aumento de Capital           | 2                   | 36                     | -                                | -  | -  | -  | 38            |
| Resultado del Grupo          | -                   | -                      | -                                | -  | -  | 2.597                                    | 2.597         |
| Asignación a Reservas        | -                   | -                      | 871                              | -  | -  | - 871                                    | -             |
| Distribución de Dividendos   | -                   | -                      | -                                | -  | -  | - 509                                    | - 509         |
| Otras Modificaciones         | -                   | -                      | - 1.512                          | (- 1.177)  | (- 76)   | 25                                       | - 1.487       |
| <b>Estado: al 31.12.2002</b> | <b>1.089</b>        | <b>4.451</b>           | <b>13.905</b>                    | <b>(- 1.316)</b>   | <b>(- 189)</b>                                       | <b>5.189</b>                             | <b>24.634</b> |

**CIERRE DEL EJERCICIO DEL GRUPO VOLKSWAGEN  
(EXTRACTO)**

**FLUJO DE CAPITAL DEL GRUPO VOLKSWAGEN  
DESDE EL 1 DE ENERO AL 31 DE DICIEMBRE**

| mill. de €   | 2002            | 2001            |
|--|-----------------|-----------------|
| <b>Existencia Inicial Medios de Pago</b>   | <b>4.285</b>    | <b>2.156</b>    |
| Resultado antes de Impuestos   | 3.986           | 4.409           |
| Pagos de Impuestos sobre Beneficios  | - 1.376         | - 1.362         |
| Amortizaciones sobre Inmovilizado Material y Valores Patrimoniales Inmateriales  | 4.898           | 4.668           |
| Amortizaciones sobre Costes Activados de Desarrollo                              | 980             | 917             |
| Amortizaciones sobre Inmovilizado Financiero*                                    | 4               | 18              |
| Amortizaciones sobre Bienes Arrendados*  | 1.418           | 1.159           |
| Modificación de las Provisiones  | 968             | 620             |
| Resultado de la Salida de Objetos del Inmovilizado                               | 176             | 60              |
| Resultado de la Valoración at Equity   | - 303           | - 170           |
| Otros Ingresos y Gastos sin Carácter de Pago                                     | 106             | 358             |
| Variación de Existencias   | - 921           | - 597           |
| Variación de las Cuentas a Cobrar (sin el Sector Servicios Financieros)          | - 660           | - 169           |
| Modificación de Obligaciones (sin Deudas Financieras)                            | 1.184           | 127             |
| <b>Cash-flow de los Negocios en curso</b>  | <b>10.460</b>   | <b>10.038</b>   |
| Inversiones en el Inmovilizado Material y los Valores Patrimoniales Inmateriales | - 6.827         | - 6.617         |
| Entradas de Costes Activados de Desarrollo                                       | - 2.460         | - 2.180         |
| Adquisición de Sociedades Afiliadas y Participaciones                            | - 181           | - 82            |
| Inversiones en Inmovilizado Financiero Restante                                  | - 78            | - 28            |
| Variación de los Bienes Arrendados (sin Amortizaciones)                          | - 3.205         | - 3.428         |
| Variación de las Cuentas a Cobrar de Servicios Financieros                       | - 3.649         | - 3.396         |
| Ingresos por la Salida de Objetos del Inmovilizado (sin Bienes Arrendados)       | 384             | 540             |
| <b>Actividad Inversora de los Negocios en curso</b>                              | <b>- 16.016</b> | <b>- 15.191</b> |
| <b>Cash-flow neto</b>  | <b>- 5.556</b>  | <b>- 5.153</b>  |
| Variación de los Depósitos en Valores  | - 232           | 266             |
| <b>Actividad Inversora incl. Depósitos en Valores</b>                            | <b>- 16.248</b> | <b>- 14.925</b> |
| Ingresos de Capital  | 38              | 135             |
| Pago de Dividendos   | - 509           | - 465           |
| Otras Modificaciones del Capital Propio  | - 5             | - 345           |
| Ingreso de Empréstitos   | 9.285           | 4.319           |
| Reintegro de Empréstitos   | - 1.598         | - 3.232         |
| Variación de las Otras Deudas Financieras  | - 2.727         | 6.917           |
| Pagos de Leasing   | - 22            | - 27            |
| Variación de los Préstamos a Sociedades del Grupo                                | 161             | - 319           |
| <b>Actividad de Financiación</b>   | <b>4.623</b>    | <b>6.983</b>    |
| Variación de los Medios de Pago de Modificaciones en el Círculo del Grupo        | 27              | 29              |
| Variación de los Medios de Pago de Modificaciones de las Tasas de Cambio         | - 160           | 4               |
| <b>Variación de los Medios de Pago</b>   | <b>- 1.298</b>  | <b>2.129</b>    |
| <b>Existencia Final de los Medios de Pago</b>                                    | <b>2.987</b>    | <b>4.285</b>    |
| Medios de Pago   | 2.987           | 4.285           |
| Valores y préstamos  | 3.837           | 4.581           |
| <b>Líquidez Bruta</b>  | <b>6.824</b>    | <b>8.866</b>    |
| Situación de Créditos  | - 45.602        | - 42.794        |
| <b>Líquidez Neta</b>   | <b>- 38.778</b> | <b>- 33.928</b> |

\* Saldado con asientos de entrada.

**CIERRE DEL EJERCICIO DEL GRUPO VOLKSWAGEN**  
(EXTRACTO)

**INFORME POR SEGMENTOS SEGÚN SECTORES DEL GRUPO**

|   | Automóviles |        | Servicios<br>Financieros |        | Consolidación |          | Grupo<br>Volkswagen |        |
|---|-------------|--------|--------------------------|--------|---------------|----------|---------------------|--------|
| mill. de €  | 2002        | 2001   | 2002                     | 2001   | 2002          | 2001     | 2002                | 2001   |
| Ingresos por Ventas a Terceros  | 77.503      | 80.072 | 9.445                    | 8.468  | -             | -        | 86.948              | 88.540 |
| Ingresos por Ventas entre Sectores del Grupo  | 470         | 363    | 14                       | 106    | - 484         | - 469    | -                   | -      |
| Ventas por Segmentos  | 77.973      | 80.435 | 9.459                    | 8.574  | - 484         | - 469    | 86.948              | 88.540 |
| Ingresos Financieros  | 24          | 23     | 3.645                    | 3.699  | - 380         | - 266    | 3.289               | 3.456  |
| Ingresos por Segmentos  | 77.997      | 80.458 | 13.104                   | 12.273 | - 864         | - 735    | 90.237              | 91.996 |
| Resultado Operativo   | 3.875       | 4.625  | 721                      | 552    | 165           | 247      | 4.761               | 5.424  |
| Resultado de Participaciones Valoradas at Equity                                      | 508         | 294    | 26                       | - 5    | -             | -        | 534                 | 289    |
| Cash-flow de los Negocios en curso  | 8.065       | 8.036  | 2.235                    | 2.573  | 160           | - 571    | 10.460              | 10.038 |
| Patrimonio por Segmentos  | 61.726      | 66.665 | 48.737                   | 45.944 | - 6.998       | - 13.610 | 103.465             | 98.999 |
| Participaciones Valoradas at Equity   | 3.354       | 3.377  | 43                       | 21     | -             | -        | 3.397               | 3.398  |
| Deudas por Segmentos  | 44.740      | 50.801 | 44.153                   | 41.070 | - 8.663       | - 15.160 | 80.230              | 76.711 |
| Inversiones en Inmovilizado Material (incl. Otros Valores Patrimoniales Inmateriales) | 6.730       | 6.529  | 97                       | 88     | -             | -        | 6.827               | 6.617  |
| Costes Activados de Desarrollo  | 2.460       | 2.180  | -                        | -      | -             | -        | 2.460               | 2.180  |
| Inversiones en Bienes Arrendados  | 3           | 8      | 6.908                    | 6.937  | -             | -        | 6.911               | 6.945  |
| Actividad Inversora de los Negocios en curso según Flujo de Capital                   | 9.121       | 7.763  | 6.798                    | 7.034  | 97            | 394      | 16.016              | 15.191 |

**INFORME POR SEGMENTOS SEGÚN MERCADOS 2002**

|   | Alemania | Resto de Europa | América del Norte | Sud-américa | Africa | Asia/Oceanía | Consolidación | Total   |
|---|----------|-----------------|-------------------|-------------|--------|--------------|---------------|---------|
| mill. de €  |          |                 |                   |             |        |              |               |         |
| Ingresos por Ventas a Terceros  | 23.874   | 36.365          | 17.277            | 3.333       | 951    | 5.148        | 0             | 86.948  |
| Inversiones en Inmovilizado Material y Valores Patrimoniales Inmateriales | 4.555    | 1.794           | 327               | 250         | 62     | 27           | - 188         | 6.827   |
| Patrimonio por Segmentos  | 57.657   | 33.073          | 18.896            | 3.338       | 351    | 2.111        | - 11.961      | 103.465 |

**INFORME POR SEGMENTOS SEGÚN MERCADOS 2001**

|   | Alemania | Resto de Europa | América del Norte | Sud-américa | Africa | Asia/Oceanía | Consolidación | Total  |
|---|----------|-----------------|-------------------|-------------|--------|--------------|---------------|--------|
| mill. de €  |          |                 |                   |             |        |              |               |        |
| Ingresos por Ventas a Terceros  | 24.484   | 35.863          | 17.832            | 4.565       | 1.060  | 4.736        | 0             | 88.540 |
| Inversiones en Inmovilizado Material y Valores Patrimoniales Inmateriales | 3.402    | 2.146           | 466               | 531         | 28     | 44           | 0             | 6.617  |
| Patrimonio por Segmentos  | 54.041   | 30.842          | 18.407            | 5.339       | 306    | 2.074        | - 12.010      | 98.999 |

La estructura interna de organización y gestión, así como los informes internos al Consejo de Dirección y al Consejo de Vigilancia forman la base para la determinación del formato primario del informe por segmentos del Grupo Volkswagen; después se divide el Grupo Volkswagen en los Sectores Automóviles y Servicios Financieros del Grupo. Las sociedades de financiación y las otras sociedades han sido asignadas al Sector Automóviles. El formato secundario del Informe se orienta según puntos de vista geográficos.

Las relaciones comerciales entre las sociedades de los segmentos del Grupo Volkswagen se manejan básicamente con precios que también han sido acordados con terceros.