German Automobile Industry in Japan

The Volkswagen Group in Japan
1. Key Figures of the Volkswagen Group

2. Car Market Japan

3. The Volkswagen Group Japan
   • Volkswagen Japan
   • Audi Japan
   • Bentley Motors Japan
   • Lamborghini Japan
   • Volkswagen Finance Japan
   • Volkswagen Group Technical Representative Tokyo
Key Figures of the Volkswagen Group
The brands of the Volkswagen Group

Volkswagen    Aus Liebe zum Automobil
Škoda        Simply clever!
Bentley      The Sporting Grand Tourer
Bugatti      The Masterpiece of the Automobile Engineer's Art
Audi         Vorsprung durch Technik
Seat         auto emoción
Lamborghini  The ultimate Sports Car
Key Figures of the Volkswagen Group
Key Figures 1999-2003

### Deliveries to customers
in thousand vehicles

<table>
<thead>
<tr>
<th>Year</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliveries</td>
<td>4,871</td>
<td>5,062</td>
<td>5,080</td>
<td>4,984</td>
<td>5,015</td>
</tr>
</tbody>
</table>

### Production
in thousand vehicles

<table>
<thead>
<tr>
<th>Year</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>4,853</td>
<td>5,156</td>
<td>5,106</td>
<td>5,023</td>
<td>5,021</td>
</tr>
</tbody>
</table>

### Market share
in %

<table>
<thead>
<tr>
<th>Year</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market share</td>
<td>12.0</td>
<td>12.2</td>
<td>12.4</td>
<td>12.0</td>
<td>12.1</td>
</tr>
</tbody>
</table>

### Workforce (as average over year)
in thousands

<table>
<thead>
<tr>
<th>Country</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>306</td>
<td>322</td>
<td>324</td>
<td>324</td>
<td>335</td>
</tr>
<tr>
<td>Abroad</td>
<td>159</td>
<td>163</td>
<td>167</td>
<td>168</td>
<td>174</td>
</tr>
<tr>
<td>Total (Germany + Abroad)</td>
<td>465</td>
<td>485</td>
<td>511</td>
<td>522</td>
<td>519</td>
</tr>
</tbody>
</table>
Key Figures of the Volkswagen Group
Total Passenger Car Market / Market Share 2003

North America
- 9.2 million vehicles
- 6.7 %

Western Europe
- 14.3 million vehicles
- 18.0 %

Eastern Europe
- 2.4 million vehicles
- 13.4 %

China
- 2.3 million vehicles
- 30.8 %

Asia *)
- 8.3 million vehicles
- 21.7 %

South America
- 1.7 million vehicles
- 17.9 %

South Africa
- 0.3 million vehicles
- 1.3 %

*) Excluding China.

2003 (million vehicles)
%-share of VW Group

Asano/Bruhn, DIJ Conference, Oct. 2004
Key Figures of the Volkswagen Group
Car Sales according to Groups, Worldwide 2003

<table>
<thead>
<tr>
<th>Manufacturer</th>
<th>Sales (million vehicles)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GM</td>
<td>8.10</td>
</tr>
<tr>
<td>Ford/Volvo</td>
<td>6.72</td>
</tr>
<tr>
<td>Toyota/Daihatsu</td>
<td>6.25</td>
</tr>
<tr>
<td>Volkswagen</td>
<td>5.02</td>
</tr>
<tr>
<td>DaimlerChrysler</td>
<td>4.36</td>
</tr>
<tr>
<td>PSA</td>
<td>3.29</td>
</tr>
<tr>
<td>Honda</td>
<td>2.89</td>
</tr>
<tr>
<td>Nissan</td>
<td>2.64</td>
</tr>
<tr>
<td>Renault</td>
<td>2.39</td>
</tr>
<tr>
<td>Fiat/Ferrari</td>
<td>1.85</td>
</tr>
<tr>
<td>BMW</td>
<td>1.10</td>
</tr>
</tbody>
</table>

Source: manufacturer's data, JAMA.
Key Figures of the Volkswagen Group
Profit before Tax - the 5 Largest Carmakers

Note: size of circles reflects profit before tax.

Return on sales (%)

Revenues (bn €)
Key Figures of the Volkswagen Group
Structure of the Volkswagen Group (1)

BOARD OF MANAGEMENT OF VOLKSWAGEN AG

VOLKSWAGEN brand group
AUDI brand group
Commercial Vehicles
Financial Services
Europcar
other group companies
Key Figures of the Volkswagen Group
Structure of the Volkswagen Group (2)
Key Figures of the Volkswagen Group

The Group’s Strategy

Volkswagen
- the global player -

coordinated multi-brand strategy

affirmative model policy

innovative product development strategy with one module strategy across vehicle classes

concentration on core competence products and services
Key Figures of the Volkswagen Group
Multi-Brand Strategy

level of demand

luxury-automobiles

Audi

commercial vehicles

niche products

utility

emotion

small car segment

Volkswagen Group

Bugatti

SEAT

Multi-Brand Strategy

level of demand

utility

emotion

small car segment
Key Figures of the Volkswagen Group
Concentration on Core Competence

innovative products

plus services

Europcar  gedas  your IT partner

Europcar Fleet Services

Volkswagen Bank
Volkswagen Leasing
Car Market Japan
Japan’s motor vehicle production and sales 2003 compared to the world production

Domestic sales in 2003 total 5.83 million vehicles

### Passenger cars
- **3.17 Mio. units**
  - Small passenger cars (661 cc to 2000 cc engine): 2,399,348
  - Standard passenger cars (over 2001 cc engine): 768,847

### Buses
- 21,256

### Trucks
- 1,346,908

### Mini cars (up to 660cc engine)
- 1,291,824

### Car Market Japan

<table>
<thead>
<tr>
<th>Region</th>
<th>2003 (Mio)</th>
<th>2002 (Mio)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA 1)</td>
<td>17.60</td>
<td>(31.1%)</td>
</tr>
<tr>
<td>Japan 2)</td>
<td>18.57</td>
<td>(28.0%)</td>
</tr>
<tr>
<td>Germany 3)</td>
<td>12.46</td>
<td>(21.9%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>59.01</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Passenger cars**
- **3.17 Mio. units**
  - USA: 2,910,855 (2002: 3,038,202)
  - Japan: 8,49 Mio (8.62 Mio)
  - Germany: 1.80 Mio (1.64 Mio)
  - **10.29 Mio** (10.26 Mio)

**NAR**
- **3.50 Mio** (3.38 Mio)

**Europe**
- Cars: 1.31 Mio (1.15 Mio)

**Asia (except Japan)**
- Cars & C.V.: 2.72 Mio (2.38 Mio)

**ROW**
- 0.75 Mio (0.74 Mio)

**<Total:** **18.57 Mio>** (17.91 Mio)

1) American manufacturer’s production worldwide
2) Japanese manufacturer’s production worldwide
3) German manufacturer’s production worldwide
Car Market Japan
Domestic car sales by manufacturers (Jan.- Jun. 2004 vs 2003)

Source:
JADA (Japan Automobile Dealers Association)
Japan Mini Vehicles Association
Car Market Japan
Japanese Passenger Car Market Situation (excluding Mini-cars)

Year

Registration

0 500,000 1,000,000 1,500,000 2,000,000 2,500,000 3,000,000 3,500,000 4,000,000 4,500,000


Sedan
RV
Japanese RV Market Trend (RV=MPV+SUV+Wagon)

Year


Units

0 200,000 400,000 600,000 800,000 1,000,000 1,200,000 1,400,000 1,600,000

MPV
SUV
Wagon

Car Market Japan
Car Market Japan
Japan’s Position - Car Park

Car Park in Major Countries

- USA
- Japan
- Germany
- Italy
- France
- Britain
- Russia
- Spain
- China
- Brazil

Source: JAMA

Japan’s Car Park is 2nd biggest following USA.

*Passenger / commercial classification is not available in China
Car Market Japan
Industry Trend (Total Vehicle Market / Total Passenger / Registered Passenger / Mini Car)


Source: JADA (Number base) & Mini Car association

Only registered passenger car (small sized + standard sized) showed negative growth. Mini car has been growing stably since Mini car regulation change in Oct. 1998.
In comparison with each segment including Mini, Mini car segment as a 1\textsuperscript{st} position and A0 segment as a 2\textsuperscript{nd} position occupied about 50\% of passenger car market.
<table>
<thead>
<tr>
<th>Ranking</th>
<th>Ranking vs. 2003</th>
<th>Maker</th>
<th>Model</th>
<th>Category</th>
<th>Volume</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>← (1)</td>
<td>Toyota</td>
<td>Corolla</td>
<td>Small</td>
<td>119,588</td>
<td>5%</td>
</tr>
<tr>
<td>2</td>
<td>↑ (4)</td>
<td>Nissan</td>
<td>Cube</td>
<td>Small</td>
<td>104,389</td>
<td>5%</td>
</tr>
<tr>
<td>3</td>
<td>↓ (2)</td>
<td>Honda</td>
<td>Fit (Jazz)</td>
<td>Small</td>
<td>95,188</td>
<td>4%</td>
</tr>
<tr>
<td>4</td>
<td>↓ (3)</td>
<td>Toyota</td>
<td>Wish* (Jan 2003)</td>
<td>Small</td>
<td>91,106</td>
<td>4%</td>
</tr>
<tr>
<td>5</td>
<td>↑ (17)</td>
<td>Toyota</td>
<td>Crown</td>
<td>Standard</td>
<td>84,178</td>
<td>4%</td>
</tr>
<tr>
<td>6</td>
<td>↓ (5)</td>
<td>Nissan</td>
<td>March (Micra)</td>
<td>Small</td>
<td>77,223</td>
<td>3%</td>
</tr>
<tr>
<td>7</td>
<td>↑ -</td>
<td>Honda</td>
<td>Odyssey</td>
<td>Small</td>
<td>73,708</td>
<td>3%</td>
</tr>
<tr>
<td>8</td>
<td>↓ (6)</td>
<td>Toyota</td>
<td>Ist * (May 2002)</td>
<td>Small</td>
<td>61,425</td>
<td>3%</td>
</tr>
<tr>
<td>9</td>
<td>← (9)</td>
<td>Toyota</td>
<td>Alphard</td>
<td>Standard</td>
<td>58,161</td>
<td>3%</td>
</tr>
<tr>
<td>10</td>
<td>↓ (8)</td>
<td>Mazda</td>
<td>Demio</td>
<td>Small</td>
<td>54,220</td>
<td>2%</td>
</tr>
<tr>
<td>11</td>
<td>↓ (7)</td>
<td>Toyota</td>
<td>Noah (Town Ace)</td>
<td>Small</td>
<td>47,746</td>
<td>2%</td>
</tr>
<tr>
<td>12</td>
<td>↑ -</td>
<td>Toyota</td>
<td>Sienta* (Sep 2003)</td>
<td>Small</td>
<td>47,586</td>
<td>2%</td>
</tr>
<tr>
<td>13</td>
<td>↑ (14)</td>
<td>Subaru</td>
<td>Legacy</td>
<td>Standard</td>
<td>44,560</td>
<td>2%</td>
</tr>
<tr>
<td>14</td>
<td>↑ (11)</td>
<td>Toyota</td>
<td>Vitz (Yaris)</td>
<td>Small</td>
<td>43,324</td>
<td>2%</td>
</tr>
<tr>
<td>15</td>
<td>↑ -</td>
<td>Toyota</td>
<td>Prius</td>
<td>Standard</td>
<td>42,822</td>
<td>2%</td>
</tr>
<tr>
<td>16</td>
<td>↓ (10)</td>
<td>Toyota</td>
<td>Estima</td>
<td>Standard</td>
<td>40,187</td>
<td>2%</td>
</tr>
<tr>
<td>17</td>
<td>↓ (12)</td>
<td>Honda</td>
<td>Mobilio</td>
<td>Small</td>
<td>38,713</td>
<td>2%</td>
</tr>
<tr>
<td>18</td>
<td>↓ (16)</td>
<td>Toyota</td>
<td>Voxy (Town Ace)</td>
<td>Small</td>
<td>35,175</td>
<td>2%</td>
</tr>
<tr>
<td>19</td>
<td>↓ (15)</td>
<td>Honda</td>
<td>Step Wagon</td>
<td>Small</td>
<td>32,140</td>
<td>1%</td>
</tr>
<tr>
<td>20</td>
<td>↑ -</td>
<td>Toyota</td>
<td>Passo (Jun 2004)</td>
<td>Small</td>
<td>30,716</td>
<td>1%</td>
</tr>
</tbody>
</table>

**Top 20 total**: 1,222,155 54%

**Total (CY2004 Jan.-Aug.):** 2,263,637

*JADA base

**A0 Segment**

**MPV Segment**

In registered passenger car market, A0 and MPV segments are still major player.
Pure import market has been in decline since Jan. 2003 consecutively. For the time being, Pure import is staying around 243,000 level as annualized volume.
Pure import market is dominated by VW, Mercedes, BMW. However, small volume brands have been increasing gradually their volume year by year.
<table>
<thead>
<tr>
<th>Ranking</th>
<th>Ranking vs. 2003</th>
<th>Maker</th>
<th>Model</th>
<th>Volume</th>
<th>Y-to-Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(4)</td>
<td>VW</td>
<td>Golf</td>
<td>10,789</td>
<td>+41.3%</td>
</tr>
<tr>
<td>2</td>
<td>(1)</td>
<td>VW</td>
<td>Polo</td>
<td>8,398</td>
<td>-15.6%</td>
</tr>
<tr>
<td>3</td>
<td>(3)</td>
<td>BMW</td>
<td>MINI</td>
<td>8,392</td>
<td>+9.7%</td>
</tr>
<tr>
<td>4</td>
<td>(2)</td>
<td>BMW</td>
<td>3 Series Sedan</td>
<td>6,984</td>
<td>-14.2%</td>
</tr>
<tr>
<td>5</td>
<td>(11)</td>
<td>BMW</td>
<td>5 Series Sedan</td>
<td>5,953</td>
<td>+83.1%</td>
</tr>
<tr>
<td>6</td>
<td>(5)</td>
<td>MB</td>
<td>E Class</td>
<td>5,949</td>
<td>-6.1%</td>
</tr>
<tr>
<td>7</td>
<td>(9)</td>
<td>Volvo</td>
<td>V70</td>
<td>4,517</td>
<td>-1.4%</td>
</tr>
<tr>
<td>8</td>
<td>(8)</td>
<td>MB</td>
<td>C Class</td>
<td>4,318</td>
<td>-16.9%</td>
</tr>
<tr>
<td>9</td>
<td>(6)</td>
<td>VW</td>
<td>New Beetle</td>
<td>4,047</td>
<td>-32.9%</td>
</tr>
<tr>
<td>10</td>
<td>(7)</td>
<td>VW</td>
<td>Golf Wagon</td>
<td>3,780</td>
<td>-32.3%</td>
</tr>
</tbody>
</table>
The Volkswagen Group Japan
Organization - Tokyo and Toyohashi Division

VW Japan (VGJ)
Mr. Umeno

Audi Japan (AJ)
incl. Lamborghini
Mr. de Nysschen

Bentley Motors Japan (BMJ)
Mr. Mackinlay

VOLKSWAGEN Finance Japan (VFJ)
Mr. Yokose

VOLKSWAGEN Group Technical Repres.
Tokyo (VTT)
Mr. Bruhn

General Administration
incl. Accounting, Controlling,
Treasury, HR
Mr. Schuelke

VPC & After Sales
Homologation
Mr. Sanbongi

green: Tokyo location
blue: Toyohashi location
The Volkswagen Group Japan
The advanced Toyohashi Import Center
The Volkswagen Group Japan
Volkswagen Japan – Company Profile (1)

1. History

1983  Establishment of Volkswagen Asia Ltd.

1989  Change of name to Volkswagen Audi Nippon K.K. (VAN)

1992  Transfer of head office from Tokyo to Toyohashi

1996  Change of name to VOLKSWAGEN Group Japan K.K. (VGJ)

1998  Establishment of Audi Japan K.K. (AJ)

1998  Establishment of Volkswagen Audi Parts Center (VAPC)
2. Number of Employees
   305 persons (as of Sep. 2004)

3. Business Field
   • Import, export and sale of automobiles and their component parts and spare parts after sales service
   • Agency business for the above and related goods

4. Affiliated Company
   • Audi Japan K.K. (AJ)
   • Volkswagen Audi Parts Center (VAPC)
   • VOLKSWAGEN Finance Japan KK (VFJ)
   • Bentley Motors Japan (BMJ)
Volkswagen Japan – Dealer Network

VW Exclusive Dealer Network
241 outlets (as of Aug. 2004)

VW channel: 104 outlets
DUO channel: 137 outlets

The Volkswagen Group Japan
Volkswagen Japan – VW Registration by model
1. History
   1998  Establishment of Audi Japan K.K.
   2001  Establishment of Audi own exclusive dealer network

2. Number of Employees
   73 persons (as of Sep. 2004)

3. Business Field
   Import and distribute of Audi Automobiles in the area of premium & sporty cars, and after sales service, etc.

4. Audi Exclusive Dealer Network
   95 outlets  (as of Sep. 2004)

   Yanase channel: 25 outlets
   Audi channel: 70 outlets
The Volkswagen Group Japan
Audi Japan - Japanese Passenger Car Market Overview

Registration Result in 2003

Passenger Car Market
3.16 Mio Units
Excl. 1.3 mio Mini Car units

Import Car Market
243,997 Units

Premium Import
114,930 Units

Other Import
129,067 Units

Premium Import Car Market
114,930 Units

Audi share in
Passenger: 0.4%

Audi share in
Pure Import: 5.4%

Audi share in
Premium Import: 11.5%

Japanese Brands
2.92 Mio Units

Import Brands
0.24 Mio Units

92%
8%

Audi Japan - Japanese Passenger Car Market Overview

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Import Brands
0.24 Mio Units

92%
8%
The Volkswagen Group Japan
Audi Japan - Pure Import Market 1996 - 2003

Unit: (Thousand)
The Volkswagen Group Japan
Lamborghini Japan – Company Profile & Dealer Network

1. History
   Since Oct. 2001 as importer in Japan

2. Number of Employees
   5 persons as of Sep. 2004

3. Business Field
   Import and wholesale of Lamborghini cars, After sales service

4. Dealer Network

<table>
<thead>
<tr>
<th>Dealer</th>
<th>Start date</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lamborghini Roppongi</td>
<td>Feb. 2002</td>
<td>Mizwa Motors Corp.</td>
</tr>
<tr>
<td>Lamborghini Edogawa</td>
<td>Aug. 2003</td>
<td>RPM, Co., Ltd.</td>
</tr>
<tr>
<td>Lamborghini Nagoya</td>
<td>Dec. 2002</td>
<td>Kato Motors</td>
</tr>
<tr>
<td>Lamborghini Osaka</td>
<td>May 2003</td>
<td>Mitsuoka Jidousha</td>
</tr>
<tr>
<td>Lamborghini Fukuoka</td>
<td>Mar. 2003</td>
<td>RPM Co., Ltd.</td>
</tr>
</tbody>
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The Volkswagen Group Japan
Lamborghini Japan – Lamborghini Registration 1990-2004.08

Bar chart showing the number of Lamborghini registrations from 1990 to 2004. The chart displays the number of parallel and genuine Lamborghinis registered each year. The numbers are as follows:

- 1990: 47, 49
- 1991: 38, 0
- 1992: 7, 6
- 1993: 10, 5
- 1994: 41, 12
- 1995: 54, 44
- 1996: 42, 12
- 1997: 28, 1
- 1998: 36, 16
- 1999: 55, 36
- 2000: 71, 16
- 2001: 43, 22
- 2002: 33, 23
- 2003: 44, 101
- 2004: 22, 101
1. The Bentley brand origins:
The Bentley brand was firmly established in racing and engineering during the 1920's with a series of outstanding victories at Le Mans.

2. The Bentley brand:
This racing tradition continues today with an exclusive range of sporting ‘grand-tourers’ offering a unique combination of performance, refinement, luxury and craftsmanship.

3. Brand marketing:
Marketing and sale through a selective franchise network to discerning customers. Communicating and raising awareness of the Bentley brand through highly targetted marketing event activities.

4. Franchise:
Representation targeted in major upper luxury market sector prefectures plus strategic representation in Fukuoka. Selective retail locations with an emphasis on providing exemplary customer satisfaction in sales and after sales activities.

Demand led growth and increasing market penetration of the luxury sector in Japan driven with a series of new product introductions and an experienced dealer network.
1. Historical Development of Bentley in Japan
   - 1964: Start of Bentley business in Japan through Cornes & Co importer
   - 2001: Transfer of importership from Cornes & Co. to Bentley Motors c/o VGJ KK
   - 2001: Franchise appointments in Tokyo, Osaka and Nagoya
   - 2003: Franchise appointments in Hiroshima and Fukuoka
   - 2004: Launch of new Bentley Continental GT

2. Brand and product offering
   - Upper luxury market sector positioning:
   - Bentley Arnage Limousine model range
     - (launch 1999 sales 2004 f/c 50)
   - Bentley Continental GT coupe model
     - (launch 2004 sales 2004 f/C 200)

3. Number of Employees
   - 10 persons as of Aug. 2004
The Volkswagen Group Japan
Volkswagen Finance Japan – Company Profile (1)

1. History

1990   Joint Venture between VW (51%) & Nippon Shinpan (49%) “VANS”
1996   VW FSAG acquired the 49% stake from Nippon Shinpan
1997   Rename to Volkswagen Finance Japan (VFJ)
1997   Acquisition of the remaining 51% from Volkswagen Group Japan (VGJ)

2. Number of Employee

65 persons as of Aug. 2004

3. Financial Product

- MC Private Customer
  Classic Loan, RV Loan, Balloon Loan, Auto Leasing
- MC Corporate Customer
  Stock Finance, Demo Car Leasing, Equipment Leasing
1. Utilization of finance
Approx. 70% of customers require financing in Japan

2. Core products
Japanese society is ownership oriented, i.e. most cars are acquired by private customers through “hire purchase” rather than leasing.

3. Pricing
Substantial usage of campaign terms in the Importers market on new vehicles; during non-campaign periods, some dealers carry own or utilize non-captives to a higher degree.

**Participants of the Automotive Finance Market**
- Automotive Captives
- Non-Automotive Captives
- Finance companies (Shinpans)
- Dealers (Using Service Provider)
- Banks
The Volkswagen Group Japan
Volkswagen Group Technical Representative Tokyo (VTT)

1. History

1 Establishing “Janson Incorporated” in Tokyo
   - Audi Tokyo Representative Office -

2 VW-co-operation with Nissan (B2/B3-project)
   Establishing the “Technische Verbindungsstelle Nissan” (TVN)
   at the Nissan Technical Center (NTC) in Atsugi

3 Establishing the “VOLKSWAGEN Group Liaison Office, Tokyo” (VLT)
   Market Monitoring, Visitors Service

4 Co-operation with Nissan ended

1993 Establishing “VOLKSWAGEN Group Technical Representative, Tokyo”
(VTT) Vehicle Testing, Market Monitoring, Purchasing, Visitors Service