Audi

2012 Annual Report

My Audi | Pure passion.

Audi Group Key Figures

		2012	2011	Change in %
Production				
Automotive segment	Cars [1]	**1,469,205**	1,302,981	12.8
	Engines	**1,916,604**	1,884,157	1.7
Motorcycles segment	Motorcycles [2]	**15,734**	–	–
Deliveries to customers				
Automotive segment	Cars	**1,634,312**	1,512,014	8.1
Audi brand	Cars	**1,455,123**	1,302,659	11.7
Germany	Cars	**263,163**	254,011	3.6
Outside Germany	Cars	**1,191,960**	1,048,648	13.7
Lamborghini brand	Cars	**2,083**	1,602	30.0
Other Volkswagen Group brands	Cars	**177,106**	207,753	– 14.8
Motorcycles segment	Motorcycles [2]	**16,786**	–	–
Ducati brand	Motorcycles [2]	**16,786**	–	–
Workforce	Average	**67,231**	62,806	7.0
Revenue	EUR million	**48,771**	44,096	10.6
EBITDA [3]	EUR million	**7,297**	7,141	2.2
Operating profit	EUR million	**5,380**	5,348	0.6
Profit before tax	EUR million	**5,956**	6,041	– 1.4
Profit after tax	EUR million	**4,353**	4,440	– 2.0
Operating return on sales	Percent	**11.0**	12.1	
Return on sales before tax	Percent	**12.2**	13.7	
Return on investment	Percent	**30.9**	35.4	
Total capital investments [4]	EUR million	**6,416**	2,970	116.0
Capitalized development costs	EUR million	**923**	596	54.9
Depreciation and amortization	EUR million	**1,937**	1,793	8.0
Cash flow from operating activities	EUR million	**6,144**	6,295	– 2.4
Balance sheet total (Dec. 31)	EUR million	**40,425**	37,019	9.2
Equity ratio (Dec. 31)	Percent	**37.2**	34.9	

1) Including vehicles manufactured in China by the FAW-Volkswagen Automotive Company, Ltd., Changchun, joint venture since January 1, 2012. 333,465 (216,053) vehicles were manufactured by the joint venture in the 2012 fiscal year. The previous year's figure has been adjusted for ease of comparison.

2) Since acquisition of the Ducati Group in July 2012

3) EBITDA = operating profit + balance from impairment losses (reversals) on property, plant and equipment, capitalized development costs, leased assets, goodwill and long-term investments as per the Cash Flow Statement

4) In 2012 including the acquisition of interests in Volkswagen Group Services S.A., Brussels (Belgium), and in DUCATI MOTOR HOLDING S.P.A., Bologna (Italy)

Dear Readers,
Dear Shareholders,

Passion – what does that mean to you personally? Obviously we don't often come across such an emotionally charged word in business life. But at Audi it is part of our standard vocabulary, every day and all over the world.

For us, passion is the driving force behind our every action. Pure passion for cars – that is what spurs us on to achieve top performance on our way to becoming the number one premium manufacturer.

The notable success of the 2012 fiscal year demonstrates how effectively the Audi Group's over 68,000 employees managed to share their enthusiasm with every one of our customers. For that reason, we have chosen the motto "My Audi – Pure passion" for this Annual Report.

2012 will go down in the history of the Company as a year of significant growth and major successes – and also as a year of important strategic decisions.

We have become even more global, more innovative and more sustainable. We have ventured into the premium end of the motorcycle market through the acquisition of Ducati, the tradition-steeped manufacturer of fascinating, iconic motorcycles. And we have chosen San José Chiapa as the site of a new production location in Mexico. On top of that, we are extending our existing production network in China, India and Hungary. Equally, we have demonstrated our commitment to our German locations by investing further in them.

Our product range attracted more customers worldwide than ever before and helped Audi to a new sales record of over 1.45 million automobiles.

We are firmly convinced that anyone who believes so passionately in their company while exercising the virtues of commercial prudence will also be able to handle difficult times.

Passion breeds success and motivates in various ways. I hope that you will find the 2012 Annual Report an inspiring read and that the spark of our passion will ignite your enthusiasm, too.

I wish you an enjoyable read.

R. Stadler

Prof. Rupert Stadler
Chairman of the Board of Management

COVER GRAPHIC | TREEK/FOTOLIA PHOTO | AUDI AG

Prof. Dr. Dr. h. c. mult. Martin Winterkorn
Chairman of the Supervisory Board

Ladies and Gentlemen,
Dear Shareholders,

Global economic growth lost momentum in 2012. Many industrial nations in particular found themselves facing major economic challenges, while most emerging economies enjoyed relatively robust growth rates. Despite only moderate economic growth, worldwide sales of automobiles exhibited a steady upward trend – with dynamic demand in the United States, China and Russia acting as the principal driver.

The Audi brand delighted its customers with an extensive product range in the past fiscal year. 2012 saw the addition of attractive models such as the new-generation A3 and the compact five-door A1 Sportback. The year under review also brought major decisions concerning the strategic expansion of the Company. For example, Audi has revived its tradition as a motorcycle manufacturer through the takeover of the Italian brand Ducati. In constructing a new automotive plant in San José Chiapa (Mexico) where the successor to the Audi Q5 will be built from 2016, the Audi Group is also making the brand more international.

In 2012, the Audi brand delivered over 1.45 million vehicles worldwide – an increase of 11.7 percent on the previous year. Meanwhile the Audi Group further increased its revenue and achieved an operating profit on a par with the previous year's high level – despite higher spending on new products and technologies, the expansion of the manufacturing infrastructure and an intensive competitive environment. The Supervisory Board takes this opportunity to thank the management, the employees' elected representatives and the workforce for everything they did to make this outstanding achievement possible.

The Board of Management gave the Supervisory Board regular, up-to-date and comprehensive accounts of its actions; decisions of fundamental importance to the Company were discussed in depth by the Board of Management and Supervisory Board. The Supervisory Board considered the economic framework and the Company's business progress as well as its risk management and risk situation at ordinary quarterly meetings and by means of regular oral and written reports from the Board of Management, and consulted the Board of Management closely on these matters. At its meetings the Supervisory Board also discussed Audi's growth prospects in individual major markets such as the United States, China, India and Russia. In connection with the brand essence "Vorsprung durch Technik," the Supervisory Board was briefed at length on central areas of innovation such as lightweight construction and electric mobility. Other subject areas discussed were human resources issues with the focus on global assignments and the slowing demand in the major sales regions in the second half of the year. In approving the human resources, financial and investment plans, the Supervisory Board confirmed the Board of Management's strategic decisions and thus gave its backing to Audi's goal of becoming the world's leading premium brand. At its fourth ordinary meeting during the past fiscal year, the Supervisory Board approved the content of the annual Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG).

PHOTO | VOLKSWAGEN AG

The Supervisory Board met for two extraordinary meetings in 2012. At those meetings it approved the further streamlining of retail business within the Volkswagen Group, the construction of a plant in Mexico, the acquisition of all shares in DUCATI MOTOR HOLDING S.P.A and personnel changes on the Board of Management.

All Supervisory Board members were present at more than half of the meetings. The average attendance rate in the past fiscal year was 95.8 percent. The members of the Presiding Committee held full consultations before each meeting. The Negotiating Committee did not need to be convened in 2012.

There were the following changes on the Supervisory Board during the past fiscal year: With the close of the 123rd Annual General Meeting, Dr. Bruno Adelt and Dr. Franz-Josef Paefgen both left their positions on the Supervisory Board at their own request. Dr. Adelt had been on the Board for more than 15 years, and Dr. Paefgen for ten years. The opinions and judgments of both these members were always valued by the Board. The Supervisory Board is deeply grateful and indebted to both gentlemen for their contribution to the work of the Supervisory Board of AUDI AG.

On the recommendation of the Supervisory Board, last year's Annual General Meeting elected Secretary of State Dr. phil. Christine Hawighorst, Head of the State Chancellery of Lower Saxony, and Dr. Wolfgang Porsche, Chairman of the Supervisory Board of Porsche Automobil Holding SE and Chairman of the Supervisory Board of Dr. Ing. h. c. F. Porsche AG, as the successors to Dr. Adelt and Dr. Paefgen respectively for the remainder of their terms of office. Those terms of office end with this year's Annual General Meeting.

The Audit Committee met once per quarter in the past fiscal year. At its meetings, the committee considered the Annual and Consolidated Financial Statements for 2011 as well as other topics such as risk management and compliance work. The Audit Committee moreover scrutinized the 2012 Interim Financial Report prior to its publication and discussed its contents with the Board of Management and representatives of the auditing firm. The Audit Committee in addition advised on the independence of the auditor, the findings of additional audits commissioned and the current situation at the end of 2012.

Upon the proposal of the Supervisory Board, the Annual General Meeting of AUDI AG appointed PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft as auditor of the accounts for the 2012 fiscal year. The Supervisory Board awarded the audit assignment to the auditing firm after its election. The auditor of the accounts confirmed the Annual Financial Statements of AUDI AG and the Consolidated Financial Statements of the Audi Group, as well as the Management Reports for AUDI AG and the Audi Group for the 2012 fiscal year, and in each case issued its unqualified certification.

The members of the Audit Committee and Supervisory Board received the documentation for the Annual and Consolidated Financial Statements, together with the corresponding audit reports by the auditors, well in advance of their meeting on February 21, 2013. The auditing firm's representatives explained the key findings of their audit in detail at the meetings of the Audit Committee and Supervisory Board, and then answered queries from both bodies. According to information supplied by the auditing firm, there were no circumstances that might give cause for concern about the auditors' partiality.

Following examination of the audit documents received and in-depth discussions with the auditors' representatives, and based on its own conclusions, the Audit Committee recommended to the Supervisory Board that the Annual and Consolidated Financial Statements each be signed off. After appropriate discussions, the Supervisory Board accepted this recommendation and signed off the Annual and Consolidated Financial Statements prepared by the Board of Management. The Annual Financial Statements are thus established.

There were the following personnel changes on the Company's Board of Management during the past fiscal year, principally as a result of the reorganization of responsibilities within the Volkswagen Group: Ulf Berkenhagen, Michael Dick and Peter Schwarzenbauer left the Board of Management of AUDI AG with effect from August 31, 2012. The Supervisory Board would like to thank them for their contribution. The Supervisory Board appointed Wolfgang Dürheimer, with responsibility for the "Technical Development" Division, Dr. Bernd Martens, with responsibility for the "Procurement" Division, and Luca de Meo, with responsibility for the "Marketing and Sales" Division, as new members of the Board of Management of AUDI AG, in each case with effect from September 1, 2012.

The Board of Management has suitably taken account of the economic environment and future challenges when making its plans. Equipped with an attractive model range and innovative drive and mobility concepts, the Company will push ahead methodically with its current course of growth.

The Supervisory Board will continue to assist the Board of Management constructively with implementing this growth strategy.

Ingolstadt, February 21, 2013

Prof. Dr. Dr. h. c. mult. Martin Winterkorn
Chairman of the Supervisory Board

"More than any other motorcycle manufacturer, Ducati embodies those features that are at the very core of Audi's DNA: courage, passion, responsibility and the will to succeed."
Prof. Dr. Dr. h. c. mult. Martin Winterkorn

Prof. Rupert Stadler
Chairman of the Board of Management

Luca de Meo
Marketing and Sales

Dr. Bernd Martens
Procurement

PHOTOS | JIM RAKETE

Dr. Frank Dreves
Production

Wolfgang Dürheimer
Technical Development

Prof. h. c. Thomas Sigi
Human Resources

Axel Strotbek
Finance and Organization

Contents

STEFAN-WARTER.COM; ULRIKE MYRZIK; STEFANSCHUETZ.COM

PHOTOS | STEVE HERUD, JOHN TENNER; ANDREW MOLYNEUX; ANDRA/TANK MANAGEMENT;

Fuel consumption and emission figures at the end of the Annual Report

My Audi Moments

My Perfection

My View

My Passion

My Experience

My Inspiration

Finances

In 2012, the Audi Group continued successfully – amidst a challenging environment – along the path to becoming the world's leading premium brand.

Online

Annual Report online

The Audi 2012 Annual Report is a multimedia experience. Simply use your iPhone®, iPad®, Android smartphone or Android tablet, Windows 8 or visit the Audi website to access a wealth of entertaining and informative content.

Website

Every Annual Report article as well as many additional highlights such as interviews, sound files, photo galleries and videos are available on our website. Experience how production operates like clockwork at the Ingolstadt plant, how customers at Audi City London configure their Audi vehicles virtually on large monitors and look over the shoulders of the Audi modelers as they craft the Audi models of tomorrow. All of that awaits you at **www.audi.com/ar2012.**

Apps

The Annual Report to go: Simply download our app to your iPhone®, iPad®, Android smartphone or tablet for Android or Windows 8 – and navigate through the exciting content.

Even more Audi online: As well as the Audi Annual Report, you can also find the **Audi magazine** and other apps from the Audi brand (www.audi.com/apps).

QR code

You will see a **Quick Response code** (QR code) at the end of every Annual Report article. If an app which can read QR codes is installed on your smartphone, then you can access additional content for some articles in a matter of seconds – particularly videos. Simply open your QR app, scan the QR code and enjoy the content (connection charges as per mobile device contract).

Keep informed while on the go: The Audi 2012 Annual Report is available as an app for iPhone®, Android smartphones, iPad® and tablets and, for the first time, Windows 8.

Multimedia experience: The apps for smartphones and tablets allow you to access exclusive video material, for example of Eva Padberg in Paris.

PHOTOS | APPLE (4); ANDRA/TANK MANAGEMENT; FRANK SCHINSKI/OSTKREUZ; STEFAN-WARTER.COM; AUDI AG; SAMSUNG ELECTRONICS; HTC GERMANY; MICROSOFT

Digital highlights

Experience videos and an exclusive track from Viktoria Tolstoy's concert at the Audi Forum Neckarsulm. This Swedish musician presents extracts from her album "Letters to Herbie," featuring her very own interpretations of pieces by jazz legend Herbie Hancock – one of her great role models.

How does an Audi take shape? Join us on a virtual tour of the Audi production plant in Ingolstadt. 360-degree panoramic views and a host of videos will provide you with detailed insights into how an Audi is built – from the press shop through to final inspection.

Navigate the highlights of the multimedia Audi Annual Report. A version of the Multi Media Interface (MMI) customized for iPad® enables you to discover new possibilities more quickly, easily and conveniently than ever before.

My Audi Moments

Around the world with Audi

Dennis Wong
Vancouver +++ Canada +++
49° 15’ North, 123° 6’ West +++

Jackie Lefave
Los Angeles +++ USA +++
34° 3’ North, 118° 15’ West +++

Teresa Lopez
Santa Ana +++ Mexico +++
30° 32’ North, 111° 7’ West +++

Paulo Armani
Salvador da Bahia +++ Brazil +++
12° 59’ South, 38° 31’ West +++

Hormatollah M. Lamine
Tangier +++ Morocco +++
35° 47’ North, 5° 49’ West +++

Jesús Arroyo Fernández
Granada +++ Spain +++
37° 11’ North, 3° 36’ West +++

PHOTOS | GROENNING/FOTOLIA; STEVE HERUD, JOHN TENNER (9); RITESH UTTAMCHANDANI; ALEKSEY GORBUNKOV

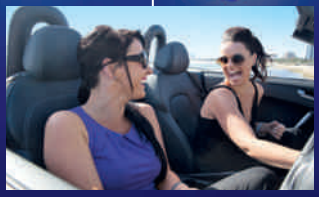
The photo expedition presents Audi customers and employees from Vancouver to Melbourne – and shows the passion people have for the four rings all over the world. Follow us on this journey through the Audi universe!

Maximilian So
Hong Kong +++ China +++
22° 16’ North, 114° 8’ East +++

Johannes Hendrikz
Cape Town +++ South Africa +++
33° 55’ South, 18° 25’ East +++

Ekaterina Stalmakova
St. Petersburg +++ Russia +++
59° 56’ North, 30° 16’ East +++

S. P. Balasubramanian
Mumbai +++ India +++
18° 58’ North, 72° 50’ East +++



Danielle Braniff
Melbourne +++ Australia +++
37° 48’ South, 144° 57’ East +++

My Audi

Maximilian So

Hong Kong, China

As a hotel manager, I deal with people from all over the world every day. Even if they come to Hong Kong for just a short stay, I want them to feel comfortable in our hotel. Everyone has a different definition of home and comfort. For me, they are both linked – my home zone starts in my car. My Audi is also my living room.

PHOTO | STEVE HERUD, JOHN TENNER

Hong Kong

My Audi

Danielle Braniff and Gabrielle Kiely

Melbourne, Australia

Danielle: I love my Audi TTS because it is pure driving fun. I enjoy driving to our beautiful beaches or the city's hottest bars with my friend and colleague Gabrielle from the Audi Center Melbourne. I find Audi to be a terrific brand – and a terrific employer. Gabrielle: Audi sets the standard for high-quality sportiness and advanced technology. I have a real passion for Audi because its visions and innovations make it such a fascinating company. To me, Audi is simply exciting.

PHOTO | STEVE HERUD, JOHN TENNER

Melbourne

My Audi

Jesús Arroyo Fernández
Granada, Spain

I'm really quite demanding when I'm buying any new product – and all the more so when I'm buying a car, of course. The Audi A3 has far exceeded my expectations. It's ideal for city traffic, but also for long drives. And its safety and assistance systems have already served me well once in a dangerous situation on a bad road. Of course, I much prefer driving where there is the kind of incredible view we have here at the world-famous Alhambra. The photo says it all: For me, Audi means pleasure.

Granada

PHOTOS | STEVE HERUD, JOHN TENNER (2); ALEKSEY CORBUNKOV

Fuel consumption and emission figures at the end of the Annual Report

Cape Town

My Audi

Johannes Hendrikz
Cape Town, South Africa

Good design excites me. On top of that, the A3 Cabriolet handles the road really well. I remember one trip from Cape Town to Namibia: My Audi was the secret star of that vacation; my girlfriend and I had never traveled so comfortably. For me, Audi means comfort.

My Audi

Ekaterina Stalmakova
St. Petersburg, Russia

When I start my Audi A4, it thrills me every time I'm able to step on the gas. People who are not as crazy about their cars would say it's chic and modern. But it awakens the passion in me. My daughter and I feel so at home in this car. For me, Audi means zest for life!

St. Petersburg

My Audi

Subramanian Panchapakesan Balasubramanian

Mumbai, India

A few years ago I rode as a passenger in an Audi A8 in Germany. That's when I made up my mind: If I ever buy a sedan, then only an Audi! Now it's an A6 3.0 quattro – an absolute head-turner. I'll never forget the first time I drove my family out for dinner in it. The girls enjoyed it, but my wife simply loved it. Audi – for me, it's a dream come true.

PHOTO | RITESH UTTAMCHANDANI

Mumbai

My Audi

Jackie Lefave

Los Angeles, USA

My two favorite means of transportation are both white: my horse and my A4 allroad quattro. The Audi has so much power that I can easily handle many hindrances in traffic. It's just the way I like it: sporty, agile and elegant. For me, Audi means dynamics.

Los Angeles

PHOTOS | STEVE HERUD, JOHN TENNER

Hormatollah Mohamed Lamine

Tangier, Morocco

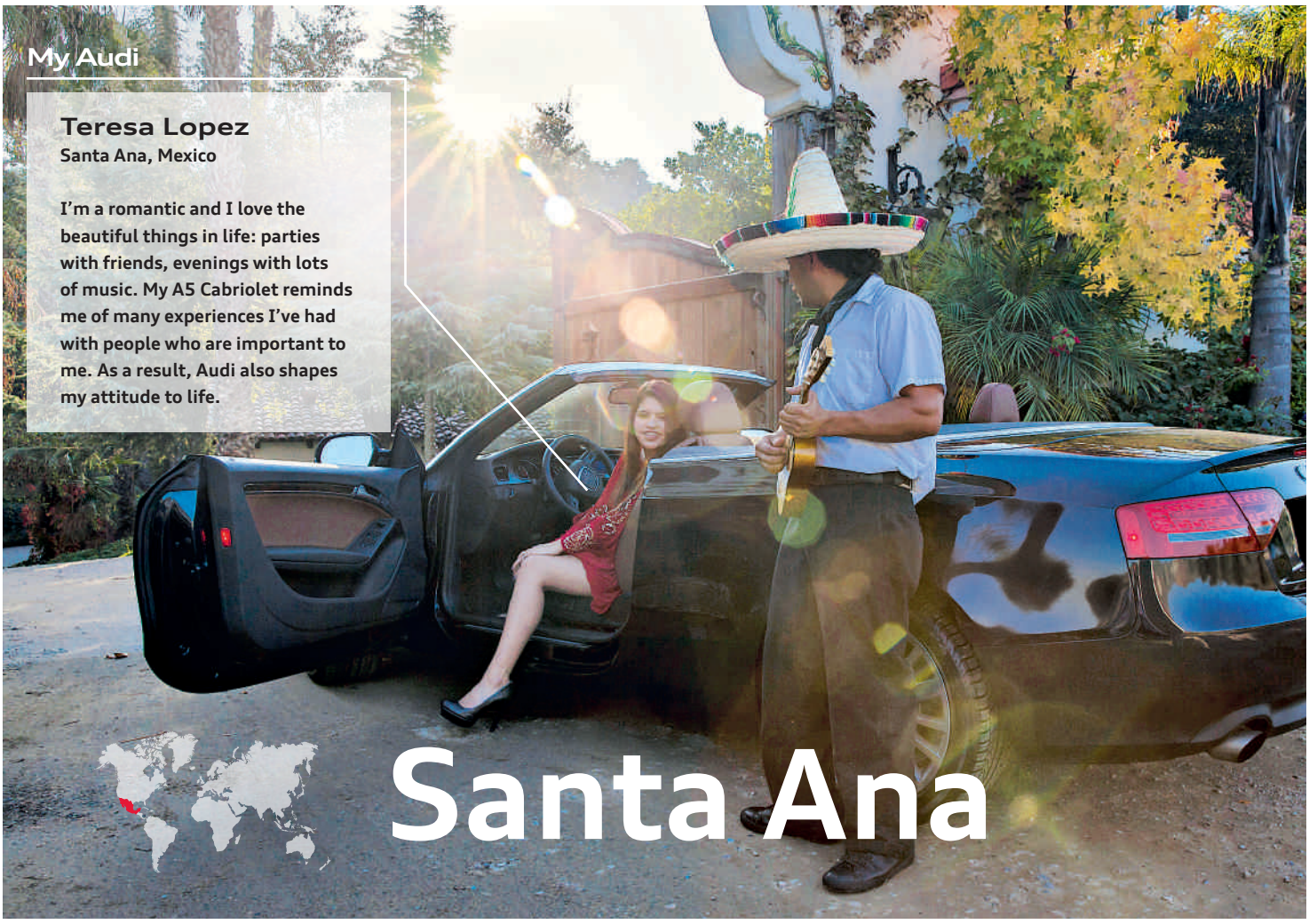
My daughters consider our Q5 to be an extension of their playroom, which I'm not always happy about. But on our trips and excursions together I don't mind turning a blind eye. Audi stands for quality.

Tangier

Teresa Lopez

Santa Ana, Mexico

I'm a romantic and I love the beautiful things in life: parties with friends, evenings with lots of music. My A5 Cabriolet reminds me of many experiences I've had with people who are important to me. As a result, Audi also shapes my attitude to life.



Santa Ana

My Audi

Paulo Armani

Salvador da Bahia, Brazil

When I'm driving in my A1 and traveling, for instance, with my family along the beaches near our city, many people turn and watch the car go by. I have to admit, I enjoy that a lot! In my eyes, Audi achieves the perfect balance between performance and luxury. The best part of my A1? That's the cockpit, where high tech and design are perfectly combined. For me, Audi is a brand without comparison.

PHOTO | STEVE HERUD, JOHN TENNER

Salvador da Bahia

My Audi

Dennis Wong
Vancouver, Canada

What I especially like about my TTS Roadster is its efficiency and its outstanding handling, even in city traffic. And I love the special combination of the Scuba Blue metallic color with the Madras Brown Baseball Optic Leather. I open the roof, put my favorite music on – and then I'm off for a drive along the Pacific Coast and over the Sea to Sky Highway to the Whistler ski resort and to Blackcomb Peak. There's nothing that compares to a sundown in the mountains with a view of the ocean. For me, Audi means individuality.

PHOTO | STEVE HERUD, JOHN TENNER

Vancouver

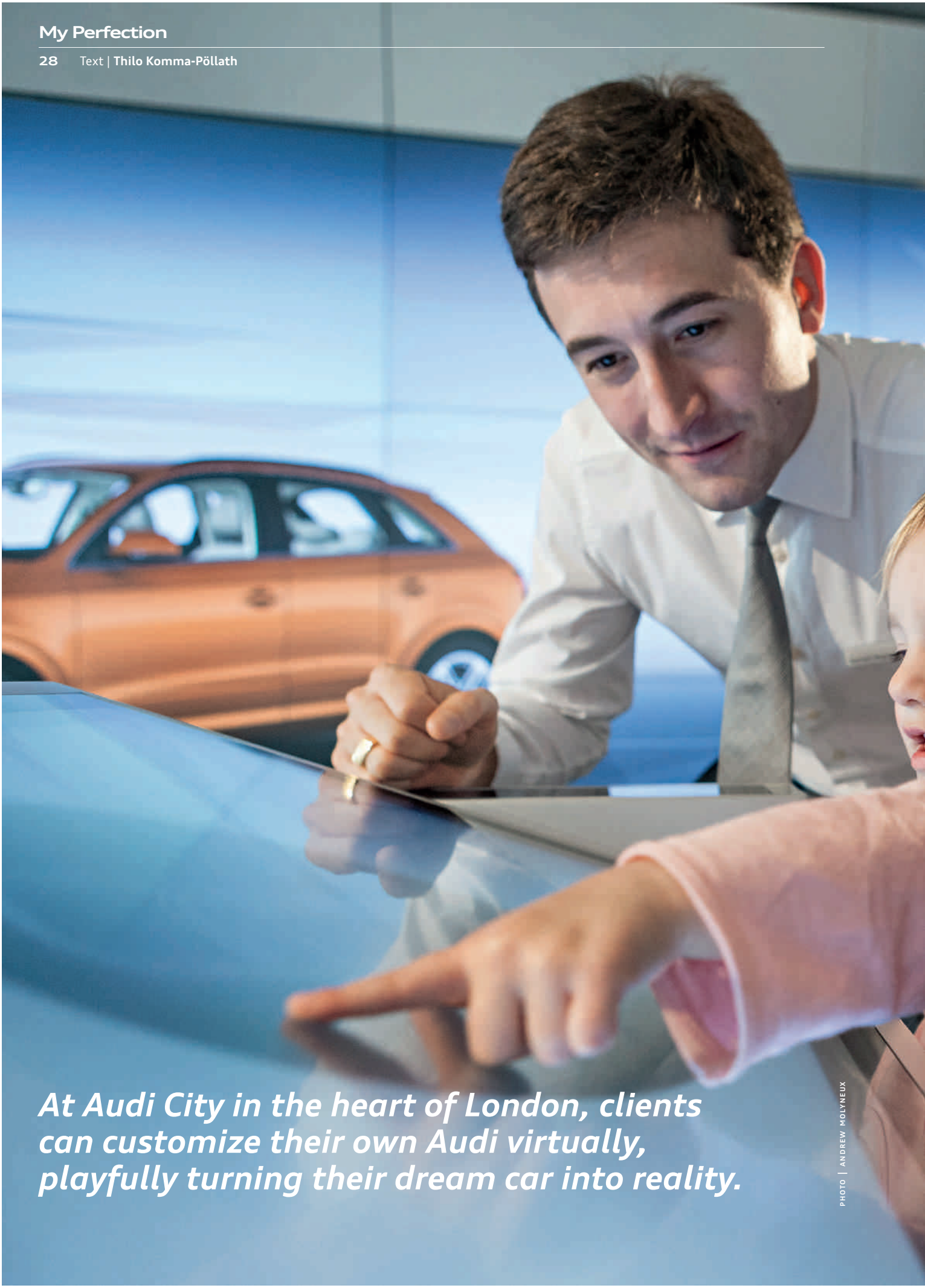
Defined by perfection: » Customers at Audi City London configure the smallest details of their Audi cars virtually on large display screens. » The modelers at the Audi Model Studio convert design sketches into three-dimensional figures. » And race engineer Leena Gade has led Audi racing drivers to victory at Le Mans for the second time.

My Perfection

PHOTO | MANFRED JARISCH ILLUSTRATION | THOMAS KAPPES


precise
individual
innovative

Text | **Thilo Komma-Pöllath**



At Audi City in the heart of London, clients can customize their own Audi virtually, playfully turning their dream car into reality.

PHOTO | ANDREW MOLYNEUX

Audi City London

A showroom for the senses

If it's really true that more and more often it is the wife who decides which car her husband is to buy, then Oliver Smith will need to take a back seat today. Not that he wouldn't fancy the 412 kW (560 hp) R8 GT Spyder in Suzuka Gray metallic, which his two-year old daughter Amber immediately clambered into. Quite the contrary. But Oliver came to Audi City with his wife Natasha to pick out a family car offering more space for Amber and maybe soon for her sibling-to-be, too. And he has pretty much made up his mind in favor of an Audi Q3. Oliver, a carpenter based in Chelmsford, northeast of London, had previously endured a nerve-wracking odyssey through traditional car dealerships. "Buying a new car can be fairly frustrating," says Smith. "They swamp you with brochures, driving between dealerships takes a lot of time, and in the end you'll still be unsure whether you're picking the right model."

Audi City should spare him this fate. The showroom directly opposite the venerable The Ritz London hotel is the car dealership of the future. This first cyberstore in automobile history has hardly any cars in it. Instead, Oliver Smith can use video walls 12 square meters in size, so-called powerwalls, to digitally configure and study each of the over 40 Audi models in full size. First, his image is captured on camera as he stands in front of the powerwall, then he is logged into the menu navigation. And immediately Smith is ready to take the Q3 for a spin on the screen, with the car's TFSI engine forcefully making itself heard via the 40,000 watt sound system. One step to the left, and the car swivels around its own axis. The couple is clearly impressed at watching its dream car come alive. "People buy all kinds of things online today. Clothing, shoes, TVs. So why not cars, too?" says Natasha. "I was skeptical at first, but the technology won me over. If Oliver agrees, we'll buy the car."

"Our customers come in with a pretty clear idea of what they want," says Romain Nogues, one of the Customer Relationship Managers at Audi City. "What they find here is that they can visualize what they configured beforehand on the Internet, and do so with an unprecedented level of detail." Oliver Smith, too, uses the touchscreens in front of the powerwalls to configure his dream car down to the last detail himself. What looks like an outsize tablet PC lets him select his preferred parameters with the swipe of a finger: Besides a Samoa Orange metallic paint finish, what he wants is a 155 kW (211 hp) TFSI engine, 19-inch wheels and an Alcantara/leather trim in Titanium Gray. More than three million configuration options are available for each of the over 40 Audi models. To work through all of them would take 44 years, says Nogues. Oliver Smith is done with his Q3 in less than 20 minutes – then he pushes the configured car from the touchscreen onto the powerwall using three fingers. "It is a magic moment when a customer sees their car in full size for the first time, with all the features they have chosen," says Nogues. "I call it the 'Minority Report' moment: a look into the future, like in that famous science-fiction movie."

To Head of Business Jim Leckie, Audi City is the biggest playground imaginable for his customers – whether it's the 72-year-old lady from The Ritz or the stylish banker in his early 30s. "This technology impresses everyone as it perfectly imparts the Audi brand's emotions to customers," says

Relaxed car shopping: At Audi City London, customer adviser Romain Nogues welcomes Natasha and Oliver Smith with their daughter Amber.

PHOTOS | ANDREW MOLYNEUX

Leckie. Sven Schuwirth, Head of Sales and Brand Development at AUDI AG, concurs: “Audi City fuses the virtual and the real world into one. What we do is to transfer the brand in an emotional way directly into our customers’ lives.” Jim Leckie has figures to back this up: Since opening in July 2012, Audi City has sold 65 percent more cars year on year than the former Audi Forum London, many of them going to first-time customers. For clients wishing to test-drive an Audi, Leckie’s staff will provide the required model within 24 hours.

“Audi City is a success story,” says Leckie, who sees his philosophy about the relationship between staff and customers as confirmed. “We do not

The Audi Key stores all the data of the dream car.

Intuitive touchscreen: Romain Nogues guides the Smiths through every step of the virtual configuration (top left). As her parents examine color and material samples (left), little Amber breaks for tea (top center).

Heading for the finish (below): In the Customer Private Lounge, the Smiths sign the contract for the Q3 with Romain Nogues (left) and Paul Weir (2nd from left), Senior Sales Executive at Audi City London.

PHOTOS | AUDI AG (1); ANDREW MOLYNEUX (3)

pressure anyone to buy a car. What we are aiming for is to establish a friendly long-term relationship, not short-term sales success. We want our customers to enjoy the brand. If they want to, they can spend all day playing around on our touchscreens."

Fittingly, Leckie has chosen a quote from writer George Bernard Shaw as the motto for the Audi City experience: "We don't stop playing because we grow old, we grow old because we stop playing." In this spirit, Leckie stresses that he makes sure any staff he hires has the right attitude. Amit Sood is a case in point. A native of India, he spent eight years at Apple as an IT manager. He does not have a classic automobile background, says Sood, adding that he doesn't need one, either. His job is to help customers on their way into the virtual car world even though they may find the experience unfamiliar at first. "This technology provides all the information anyone will need. My job is interactive education, not persuasion." Audi and Apple – might the two companies be more alike than one might think? Sood sees one main common point: "Both companies have the vision of always being one step ahead of others."

In the meantime, Oliver and Natasha have made up their mind and decided they want to buy their dream car here and now. Romain Nogues escorts them to the Customer Private Lounge to sign the contract. He hands over the Audi Key to Senior Sales Executive Paul Weir. This holds the data on the Q3; nobody is given a classic brochure here anymore. Weir calls up the configuration from the Audi Key onto his screen, then reaches behind him for material and color samples. Do the colors look as they did on screen? Might Oliver and Natasha want to make any last-minute changes? The four of them confer one more time and determine all the details. "This final conversation shows that our relationship with the customer is a mutual one aimed at jointly achieving the best possible outcome," says Weir. As Oliver signs the purchase contract, Romain Nogues mentions that the Q3 is Audi City's bestselling car. Its combination of design and functionality makes it ideal for a metropolis such as London. The Smiths seem to see it exactly that way, too. «

Audi City: Experience the possibilities of interactive vehicle configuration.

A friendly goodbye from the Audi City: Romain Nogues accompanies the Smiths to the door.

 Text | **Fred Sellin**

Perfectly shaped

A steady hand, an eye for detail and the unwavering will for precision: These traits characterize the clay modelers who take the ideas of the designers and CAD modelers and bring them into the third dimension.

PHOTO | MANFRED JARISCH

Is the line correct? The work on the clay model demands absolute concentration from modeler Joachim Müller (left).

Everything must be just right: Some details have to be revised again and again (top right). The modelers confer regularly with the Audi designers as they work (bottom left).

Light brown surfaces and taut lines. The vehicle in the hall looks at first glance almost like a chocolate car that has been removed from its packaging. But with the dimensions of the Audi crosslane coupé concept study corresponding to those of a midsize car – around 4.20 meters long, almost 1.90 meters wide and 1.50 meters tall – it is too big for that. But that is not the only perplexing thing at the Audi Model Studio in Ingolstadt. Instead of the computer workstations and high-tech equipment you would expect to see, you find handicraft. Fine handicraft, to be precise. The room seems almost like an artist's studio. But the people working here are ahead of the times – years ahead, in fact.

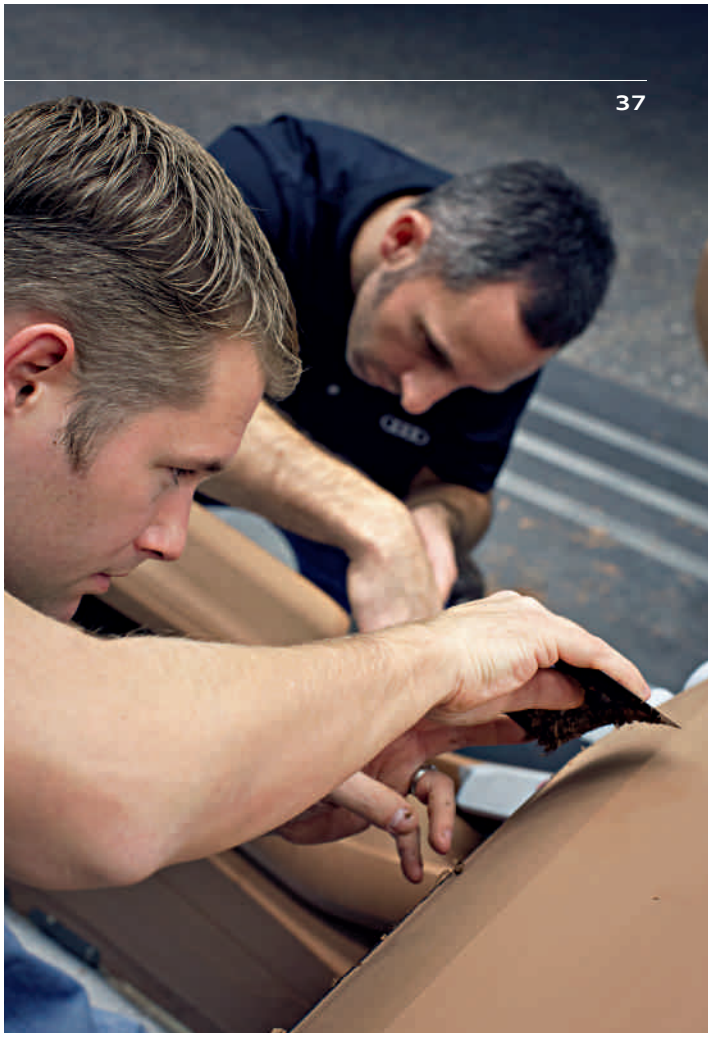
This is true for Andreas Sommer, for example, who like his colleague Thomas Walther works on the interior of future models. They are currently giving a dashboard a shape which is not seen in any current Audi, but could be in the future. Next door Joachim Müller and Volker Ried are working on larger surfaces as they shape the exterior. All four work with modeling knives and wire loops, delicate spatulas, planes and seam rollers. In other words, with tools that have been around for centuries – and that in an industry that revolves around high-tech and future technologies.

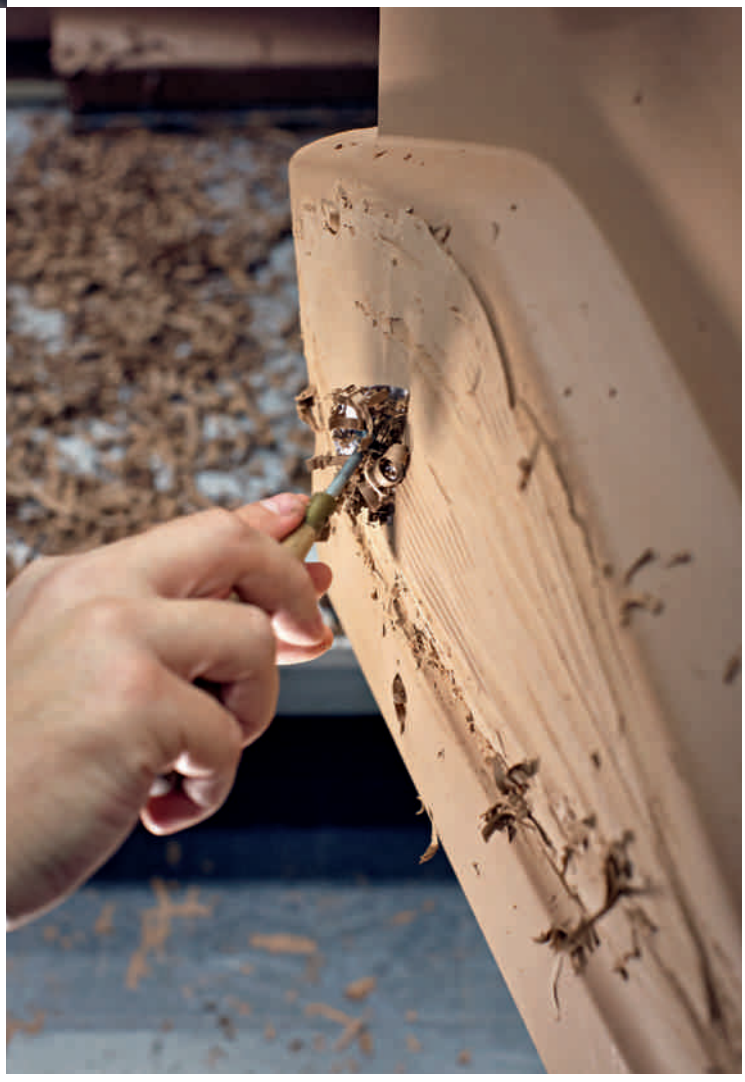
Sommer and his colleagues are involved from the very beginning of every new Audi model. Long before a drivable prototype is built, they form a 1:1-scale model out of industrial clay, a special plastiline comprising primarily wax, paraffin oil and microfine glass beads. It looks like a clay sculpture. There is a reason for the clay's special brown color: It is better than any other shade for enabling the designers and modelers to assess the harmony of the surfaces, lines, transitions and other forms.

And forms are the central focus here. Sommer, Walther and their colleagues are clay modelers. The designation denotes particular skills that these specialists have acquired over the years. "To a certain extent it's learning by doing, since nearly all of us come from some other field," explains Sommer. He originally worked in the porcelain industry, where he trained as a ceramics modeler. Walther was originally a model builder; other modelers are trained carpenters or even dental technicians. What they all have in common is a talent for handicraft, attention to detail, the will for precision, the endurance associated with this and, last but not least, a trained eye for aesthetics.

Designers supply the first draft models, and CAD simulations already give the viewer a pretty precise idea of how the finished vehicle might

PHOTOS | MANFRED JARISCH





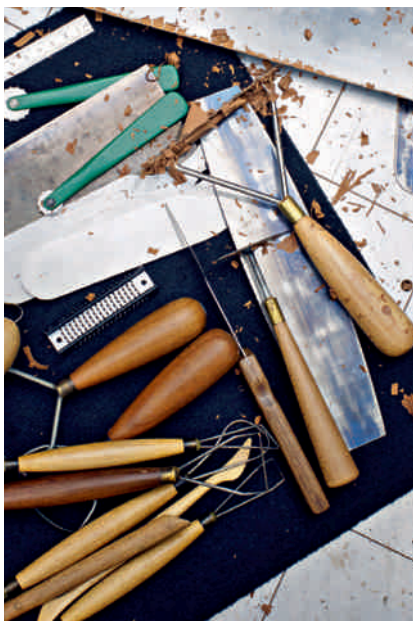
A practiced team: Interior specialists Andreas Sommer (left) and Thomas Walther work on a cockpit concept at the Audi Model Studio.

PHOTOS | MANFRED JARISCH

look. But it is only with the clay model that sketches and plans take on true three-dimensionality and the shapes, proportions and effects of lighting can be assessed realistically. “We give the idea a physical form, we make it tangible,” is how Müller describes the special aspect of his work. He considers himself a technical artist. “With sketch modeling, in particular, you only have a few sketches available to you initially. You need a feel for shapes – and imagination, of course.”

The initial work goes something like this: A framework of wood panels is mounted on a metal rack and covered with polyurethane foam, which is then shaped to resemble a car. Now comes the first of two layers of clay, which should not be more than 30 millimeters thick to prevent cracking. Prior to application, the clay mixture is heated in an oven to between 60 and 65 degrees Celsius, where it is most pliable. After the second layer of clay is applied – which is done by hand in several hours of intensive labor – the clay must then cool down to room temperature. Only then does it have the ideal consistency for the work of the clay modelers.

The great advantage of the industrial clay is that it is an organic material.



Finishing touches to the front end: Volker Ried (left) and Joachim Müller refine every detail to the very end.

It doesn't harden like normal clay, but rather can be heated again and again using an industrial dryer and remodeled. "This enables us to make corrections quickly and easily at any time," says Müller. The creation of the model is a process of constant changes in which the modelers and designers work in close collaboration from beginning to end. "We are in constant dialogue," adds Müller. "Tomorrow we may find a solution that is better than one we like today."

The exterior model is covered with between 500 kilograms and one metric ton of industrial clay. Four modelers spend two to three days working on it before the model takes on its initial, rough shape – despite the fact that they only model one side of the vehicle. This is then covered in measuring points and scanned millimeter by millimeter via the photogrammetry process. The data are used to program a milling machine that creates a complete mirror image of the shape on the unprocessed side of the model overnight.

Sommer says that modeling is the best part of his job, "partly because it comes with a certain amount of creative freedom. We can contribute our own ideas, even if it is just a matter of tiny details. But you take especially great pride in these. You can then stand in front of the finished vehicle and say there is a little bit of me in there." Exterior specialist Ried is also familiar with this triumph. "It is a special moment, particularly when an area was complicated and you spent a lot of time experimenting with it. The front fenders, for example, are a challenge. The concave and convex surfaces that meet there must be shaped in such a way that it looks homogeneous yet at the same time dynamic."

"Sometimes you get stuck. You model different variants, but none of them really fit," says Müller when describing the effort of his daily work. "In these cases, I like to come in on a Saturday because I am alone here and can tinker in peace. I usually also find a solution, and these are special moments for me."

These are surpassed only by the feeling that occurs when a model receives an enthusiastic response at a presentation following weeks of hard work. "By then at the latest you know that the sweat and overtime were worth it," says Müller, who has often experienced this. Until then, however, the clay modelers work behind the scenes, and generally on multiple pieces at the same time. Four, five or more clay models are created and refined step-by-step on the way to a new Audi. In the end, the final model is shaped inside and out so that visually it is almost indistinguishable from a real vehicle. Windows, radiator grille, instruments, even remote-controlled headlights perfect the illusion. The modelers report that at one presentation this has resulted in someone trying to open a door and ending up with the handle in their hand. In a way this is also a testament to the perfection down to the finest detail – a characteristic feature of all Audi models.

There is an average of two years between the initial idea and the decision whether a clay model will become a production vehicle. "That sounds like a long time," says Sommer in deep concentration as he draws a spatula through the modeling clay at the center console. "But what applies to fine wine also applies to our work: It needs time to mature." «

Visit to the Audi Model Studio: Experience the clay modelers at work.

PHOTOS | MANFRED JARISCH; JIM RAKETE

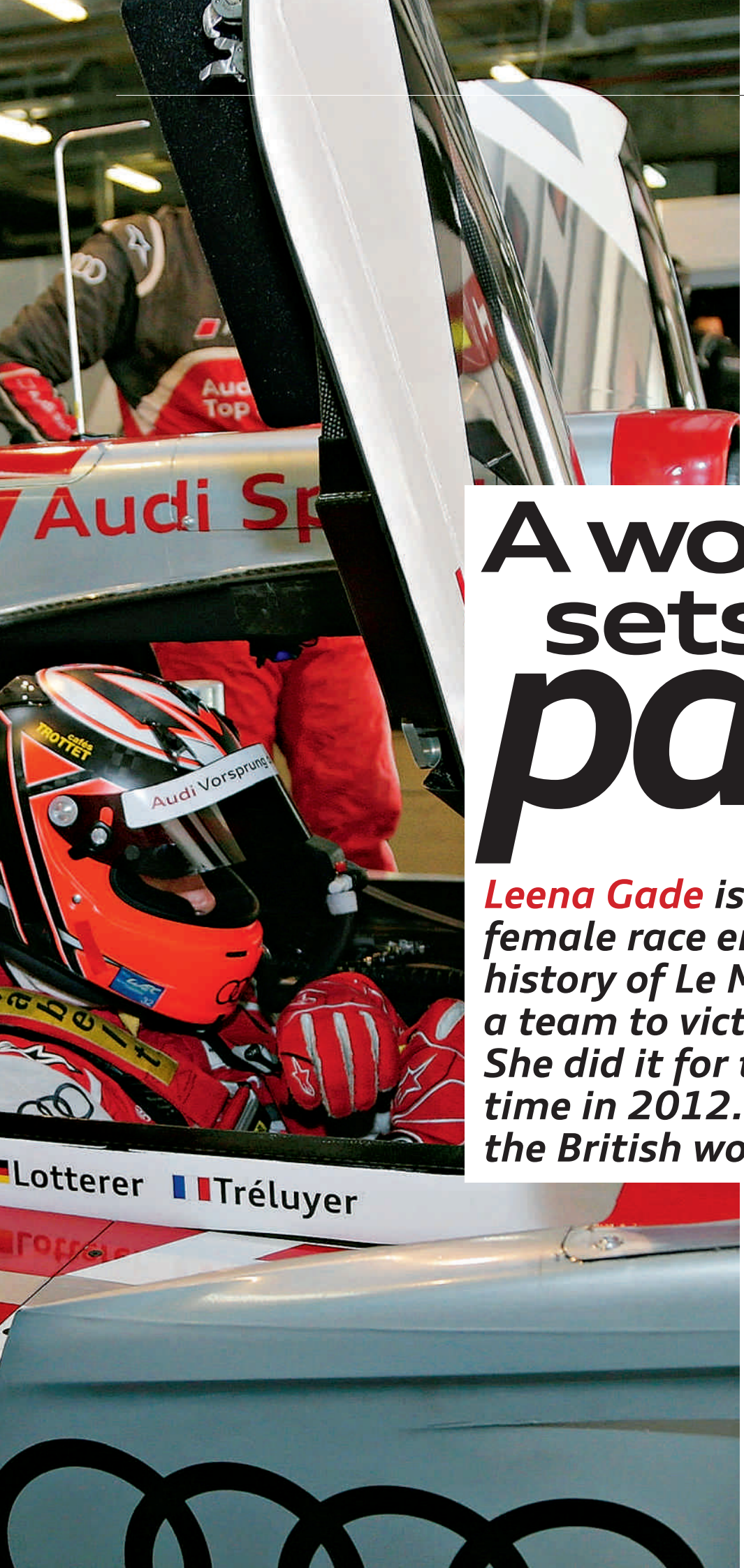
Dr. Bernd Martens
Member of the Board of Management for Procurement

Global procurement – centralized, yet individual

To provide each part to the right place at the right time in top quality and for a reasonable price – that is the task of Procurement. Our challenge is to exploit strategic cost advantages while as a premium brand placing great emphasis on individuality. Synergies within the Volkswagen Group enable us to do just that. Together we develop key technologies in the supplier network. Modular platforms give us huge procurement volumes in an overall portfolio of 12 brands and more than 220 models. Nevertheless, we are able to create differentiation in every Audi and thus gain a decisive advantage over our competitors. We dedicate ourselves to this goal every day with energy and passion.

42 Text | **Alexander von Wegner**

PHOTO | AUDI AG



A woman sets the *pace*

***Leena Gade** is the first female race engineer in the history of Le Mans to lead a team to victory – for Audi. She did it for the second time in 2012. What drives the British woman?*

“A few years ago I would never have dreamed that I would be working with such a high-tech vehicle.”

Leena Gade with reference to the Audi R18 e-tron quattro, the winning car at Le Mans in 2012.

Running the team on a laptop: Leena Gade monitors the performance of “her” boys at the 12 Hours of Sebring race in March 2012.

Technology and passion – a difficult pairing. Is it permissible for engineers to allow passion into their work? What should be used to determine processes – feelings? Or shouldn’t it rather be straight facts based on scientific principles that tip the scales?

Anyone who watches Leena Gade go about her work quickly comes to the opposite conclusion. Sound engineering expertise is the prerequisite for good work. Passion is the driving force.

On race weekends, she spends hour after hour in deep concentration in the Audi command post: for practice, for qualifying and during the endurance races. And she doesn’t lose focus in the intervals between, either. She questions her drivers Marcel Fässler, André Lotterer and Benoît Tréluyer in depth about how the Audi R18 e-tron quattro is driving. She plans workflows, talks with other engineers, instructs the mechanics, gives feedback to her drivers, looks after every detail. There seems to be 36 hours in her day, not 24.

But that is only one side of her work. In the past, Gade worked out and about for Audi primarily on race weekends. Since 2012, she has lived in Ingolstadt and is closely involved with the Audi Sport test team when not at a race. That is a fundamental difference from the position of a race engineer, who concentrates primarily on the season’s events. “Now I have an influence on the development of a race car from very early in the creation process. That requires a lot of understanding and empathy,” she says.

The 37-year-old British woman who comes across as very modest and grounded, almost seems to be a bit astonished at where life has taken her. “The Audi R18 e-tron quattro is an incredibly complex car. A few years ago, I would never have dreamed that I would be working with such a high-tech vehicle,” she says with respect when describing the eleventh Le Mans-winning Audi. Until 2008 she was involved in a race series in which all participants drive identical cars – no comparison with the first hybrid race car from Audi. For the last five years, she has placed her engineering expertise at the disposal of Audi.

PHOTOS | AUDI AG

Total commitment for the No. 1 Audi: Leena Gade is constantly thinking about how to get the optimum out of the Audi R18 e-tron quattro, whether on the track in Bahrain (top left), at Le Mans (bottom left) or at Silverstone (bottom right).

Successful foursome: Leena Gade with the Le Mans winners Marcel Fässler, André Lotterer (standing, from left) and Benoît Tréluyer.

“Our passion for racing and the Audi brand is the deciding factor for our continuous success.”

Leena Gade on the decisive element for Audi’s racing triumphs

“I certainly planned on assuming higher-level responsibility at some point during my career. It just happened sooner than expected,” says Gade about the turn in her career that means above all one thing: much more work than previously. Not only does she travel to the eight races of the FIA World Endurance Championship (FIA WEC), which since 2012 have been held in North and South America, Europe, the Middle East and Eastern Asia to determine the FIA endurance world champion. She also pours a lot of work into all the testing that takes place on various continents. When asked how many days and weekends she spends on the road for Audi, she replies, “It is better if I don’t even begin to count.” But that is the rhythm of her life. “The ratio of speed to relaxation is 70:30,” she figures.

Adrenaline aside, you can sense Gade’s enthusiasm for working in one of the most fascinating disciplines in racing. A discipline where she just played a major role in its latest milestones: first hybrid race car; first victory for a hybrid in the 24 Hours of Le Mans, which has been held since 1923; first title in the FIA WEC World Championship for endurance racing, which was first held in 2012.

Does perfectionism help to master the complex tasks her job demands from her? “I wish I were a perfectionist – but I’m not,” admits Gade. “Otherwise I would have to keep lists of the things I notice. There is another word that better describes my attitude: I am obsessed.”

Gade leads her team through race weekends. As the race engineer responsible for the No. 1 Audi R18 e-tron quattro, she is the crew’s lynchpin. The drivers, the mechanics and technicians of the Audi Sport Team Joest plus the responsible parties at Audi Sport all provide her with information, technical recommendations and strategic suggestions. And they rely on the decisions that Gade then makes. The things the Audi racing designers in Ingolstadt and Neckarsulm have concocted are reviewed, adjusted and retuned again and again until they are perfect. And they have to improvise constantly, of course. Rain? Repairs? Tire damage? Penalty? Race stopped; safety car on the track? There are more pitfalls in racing than in any literary plot.

Despite all of the precision essential for a technical sport, Gade offers this surprising self-assessment: “I am 50 percent engineer and 50 percent psychologist. The drivers trust my decisions. The same applies to the other engineers who work with me and to the mechanics who take care of the car. You have to be very sensitive when dealing with people.” Nobody in racing expects to be asked politely to get to work, of course. On the contrary: Everyone knows exactly what has to be done, even under the constantly high time pressure and the tremendous corporate and media expectations that everyone in this world is subject to.

And yet an element of the unexpected remains. With a bit of luck, perfect performance leads to victory. Conversely, however, bad luck can obliterate the work of dozens of people in a matter of seconds. This special form of powerlessness must be a nightmare for engineers. “Each team prepares as well as possible for a race,” says Gade. “But our passion for racing and the Audi brand is the deciding factor for our continuous success.” «

Electrifying moments: The video shows the highlights of the 24 Hours of Le Mans.

PHOTOS | AUDI AG

In brief

Honors for Rupert Stadler

RECOGNITION The Association of German Magazine Publishers (VDZ) presented Prof. Rupert Stadler, Chairman of the Board of Management of AUDI AG, with the "Golden Victoria for the Entrepreneur of the Year" (VDZ press release, October 19, 2012). Back in May, WirtschaftsWoche had named Stadler "CEO of the Year" (issue 21/2012, p. 72 ff.). The performance of the CEOs of the 115 largest publically-traded companies in Germany was scrutinized.

A1 Sportback launched on the market

SMALL CAR Audi expanded its portfolio in 2012 with the A1 Sportback. The five-door version of the compact Audi offers more comfortable access to the rear and somewhat more headroom. The optional contrasting paint for the roof gives the Sportback an eye-catching look.

Audi A6 honored with the red dot award

DESIGN PRIZE Its design showcases the aesthetics of technology. Audi has received the coveted red dot award (www.red-dot.org/2791.html) for the outstanding design and styling of the Audi A6. Wolfgang Egger, Head of Audi Group Design: "The award validates our design language and recognizes our pursuit of the ultimate craftsmanlike quality and precision."

Construction starts on new driving experience center

GROUNDBREAKING Audi is building a driving experience center for customers and the new Audi Sport competence center in Neuburg an der Donau. A dynamic driving area, a handling track and an off-road area for traversing and steep-gradient driving are being created for the Audi driving experience center on a 47-hectare site. In the future, the Audi Sport engineers and mechanics will develop race cars and organize race entries throughout the world in Neuburg.

Audi models win prizes

AWARDS Audi models took first place in two categories in the voting for "The best cars of 2012" by the readers of auto motor und sport magazine: the A1 in the Small Car category and the A4/A5 in the Midsize Car category (issue 4/2012, p. 128 ff.). The readers of ADAC Motorwelt chose the Q3 as Germany's favorite car and thus the winner of the "Gelber Engel" award in the Automobile category (issue 2/2012, p. 26 ff.). And in the U.S. customer satisfaction survey J. D. Power APEAL, the A8 took top spot in the Large Premium Car segment (http://autos.jdpower.com/ratings/performance.htm).

Short Facts

3rd

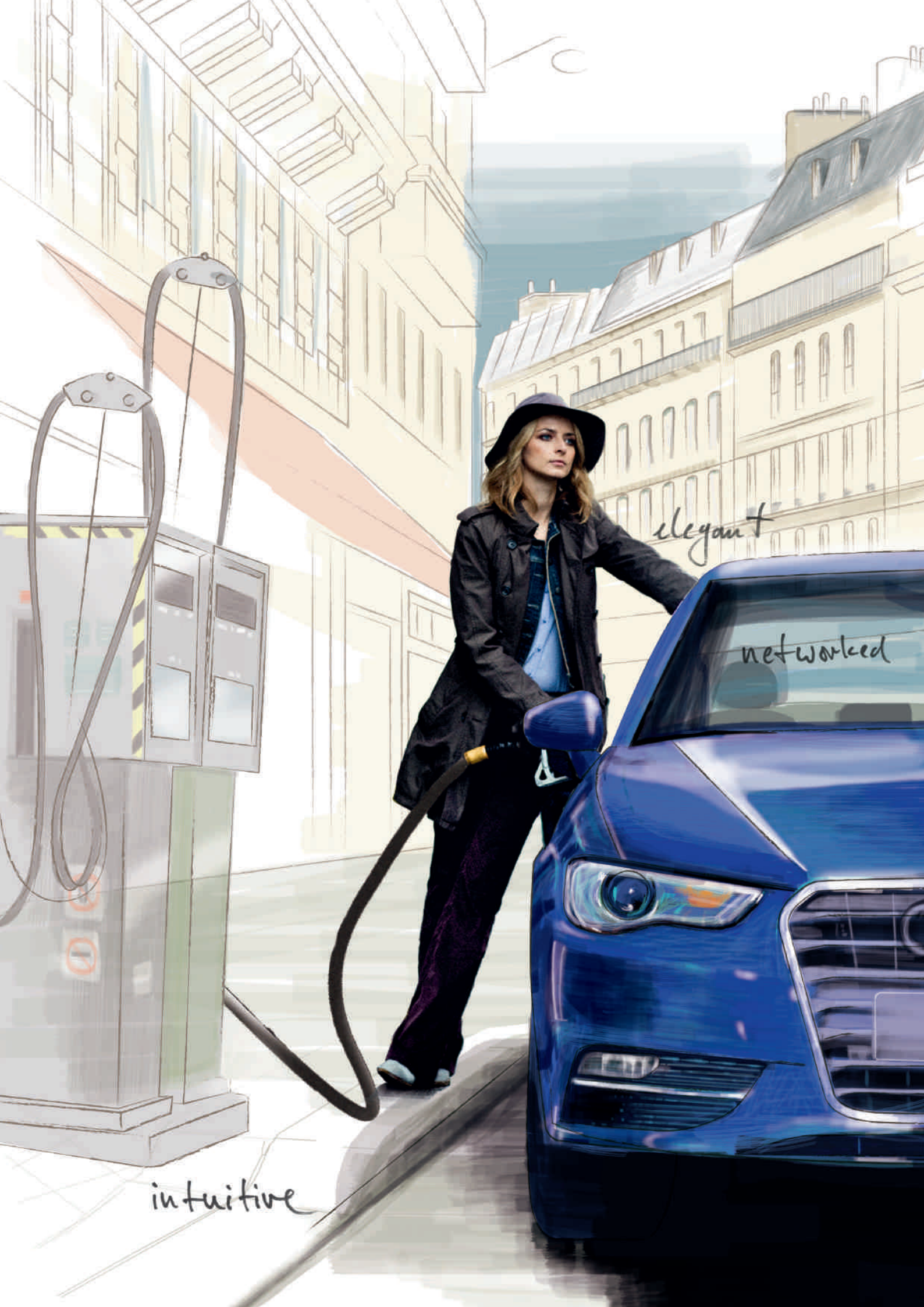
The Audi 2.5 TFSI engine has been named "International Engine of the Year" in the 2.0 to 2.5-liter category by a jury of 76 international motoring journalists for the third year in a row (www.ukipme.com/engineoftheyear/2_25.php#2).

They have their own perspective: »Top model Eva Padberg discovers Paris in the Audi A3 Sportback. » Mark Wigley and Rupert Stadler get together to outline urban visions. » Employees at the Audi Lightweight Design Center in their unceasing quest for new solutions. » And the architects who are planning the cities of the future as part of the Audi Urban Future Initiative.

My View

PHOTO | ANDRA/TANK MANAGEMENT ILLUSTRATION | THOMAS KAPPES

Fuel consumption and emission figures at the end of the Annual Report


elegant
networked
intuitive

50 Text | **Arne Gottmann**

PHOTO | ANDRA/TANK MANAGEMENT

Fuel consumption and emission figures at the end of the Annual Report

Eva's day in Paris

A day off in the French metropolis is a rare luxury for a very busy top model such as Eva Padberg. So she chose a knowledgeable companion to help her make the most of her day: the Audi A3 Sportback with MMI Navigation plus and Audi connect.

Relaxing break: Eva Padberg drinking tea in one of the Bastille neighborhood's charming cafés. The model then picks up her car key to continue her very own "Tour de Paris."

PHOTOS | ANDRA/TANK MANAGEMENT

A magnificent home to art and culture, the Grand Palais is impossible to overlook – once you have found it, that is. But Eva Padberg easily finds her way through the French capital thanks to MMI Navigation plus and Audi connect.

A restful moment: Eva Padberg in her Audi A3 Sportback. But as a pedestrian you need to be quick when confronted with heavy traffic on the boulevard.

A suitable companion at night, as well: top model Padberg in evening wear at the Place Dauphine.

PHOTOS | ANDRA/TANK MANAGEMENT

Eva Padberg has traveled the world. She has modeled for major campaigns and famous brands for years. She has worked with the industry's best photographers. Padberg helps charitable organizations such as UNICEF. She is also a welcome guest at galas and international events. Eva Padberg has jetted around the world umpteen times in her career. Surely this top model is intimately familiar with the world capital of fashion: Paris. Or is she?

"When I'm in Paris, I generally have to rush – from a photo shoot to a video shoot, for example. There's nothing relaxing about it. I rarely have time to really explore the city and enjoy its ambiance," says the 33-year-old. She therefore set aside an entire day during her latest trip to Paris to spend with a friend who knows the French metropolis like the back of his hand – and wants to show Padberg the best places away from catwalks and photo studios. Eva Padberg waits for him at Place de la Concorde. She is eager to get started and explore the city. But then the Paris insider has to cancel at the last minute.

"Tant pis!" as a French person would say. "What a pity!" concurs Eva Padberg. Yet she is unruffled as she has an ace up her sleeve: an Audi A3 Sportback. Thanks to its MMI Navigation plus and Audi connect services, it knows its way around Paris every bit as well as the friend who couldn't come. What's the best route to shops selling the latest fashions? Where is there an inspiring exhibition? Where was that wonderful little restaurant which Eva Padberg once visited but whose name escapes her? The Audi A3 Sportback's MMI, which now features a touch-sensitive control known as the touchwheel, has all the answers.

And that will prove handy right away! As soon as she gets in, Eva Padberg writes Rue Étienne Marcel with her finger on the touchwheel's surface. The MMI transcribes her handwriting into capital letters on the screen and, within seconds, the navigation system calculates the best route. And just like that, the top model is taking the shortest route to the street that is home to one designer shop and boutique after another.

But it would be a mistake to assume that Eva Padberg is headed for the prominent couturiers. She prefers to browse the elegant smaller shops, as to her a unique style is more important than big-name labels. Her quest is rewarded: a beautiful vintage dress and a pair of shoes. Padberg then yearns for a place nearby to relax after the hustle and bustle of shopping in the Les Halles neighborhood. The MMI once again comes to the rescue when the point-of-interest search function recommends Square Jean XXIII. Eva Padberg uses Google Street View™ to scout out the scene and deems it perfect. Situated on the Seine river island Île de la Cité, Square Jean XXIII is a small, idyllic park tucked away behind Notre Dame. This park affords visitors a view of the famous cathedral as well as a chance to catch their breath. Paris explorer Padberg decides to treat herself to a short break here before returning to the city's large boulevards in her Audi that afternoon. Her next destination is the Grand Palais. A majestic structure built for the 1900 World Fair, it is now one of the city's major museums.

An ideal way to end the day: Eva Padberg on her way to her favorite restaurant. And that wraps up a day's work for her tour guide with the four rings.

And it was Audi connect that inspired the model to go there. More specifically, it was the new City Events function. This online event guide provides information on attractions such as concerts, theatrical performances and artistic events in a given region. One such exhibition is an extensive retrospective at the Grand Palais devoted to the American realist Edward Hopper. "I admire Hopper's work. Thanks to the MMI, I can drive there right now to see many of his original pieces," says Eva Padberg with a smile. Before she drives to Grand Palais, she polishes up her knowledge of the painter with a bit of reading. And it is the MMI and Audi connect that make this possible.

Eva Padberg shows no sign of slowing down as evening approaches.

The Audi A3 Sportback's MMI supplies Eva Padberg with suggestions on where to go shopping, a recommendation for an exhibition and the address of this great little restaurant.

That is no surprise, as she is looking forward to good food in a great atmosphere. There is just one hitch. Though Padberg used her smartphone to take a photo of her favorite restaurant on a previous visit, she does not know its name. She once again turns to Audi connect, which saves the day with its Picturebook Navigation, another new feature. Eva Padberg transmits the picture – and its embedded GPS data – to something known as the Picture Box. A moment later, the screen displays her favorite restaurant as the destination. “Place Dauphine, of course!” she remembers. As she arrives in her Audi A3 Sportback at this triangular plaza near Pont Neuf, street lights are bathing the sandstone facades in a romantic light. Is she lonely without a companion? “Definitely not!” replies Eva Padberg, grinning. She locks the car and walks toward the restaurant. She declines to tell us whether she is meeting somebody for dinner. “Not even Audi connect could tell you!” she shouts out to us. Tant pis, Madame Padberg! Either way, the MMI also reliably guided her to her last destination on her day in Paris. «

Out and about with Eva Padberg: Join the top model as she tours Paris.

How the Multi Media Interface (MMI) works

MMI Navigation plus with MMI touch and additional Audi connect services ensure that onboard connectivity is better than ever.

Superb screen

When the MMI operating system starts up, the high-resolution screen automatically emerges from the instrument panel and then tilts slightly toward the driver. In the top-of-the-line version, MMI Navigation plus, the screen measures seven inches diagonally; the magnesium housing is a mere 11 millimeters thick.

Intuitive input

Thanks to the touchwheel, the MMI in the Audi A3 features an innovative means of operation. A single component, the touchwheel combines the conventional rotary pushbutton with MMI touch. The control knob boasts a touch-sensitive surface that recognizes letters and numbers that are written with the finger.

PHOTOS | ANDRA/TANK MANAGEMENT (4); LOUISE HEUSINKVELD/GETTY IMAGES; AUDI AG

Overview via Google services

Audi navigation with Google Earth™ mapping service ensures that you can find your way around, anywhere. The map display offers a realistic impression of a route zoomed to within 30 meters. And Google Street View™ delivers a 360-degree panoramic view of a destination prior to embarking on the journey.

Photos as destinations

Picturebook Navigation allows you to store as a destination any photo linked with GPS position data. Private photos can be used, as can images from Google Street View™ or other online sources.

Everything at a glance

The control menu of the MMI Navigation plus in the Audi A3 is clear and straightforward. It grants access to telephone functions, the navigation system, radio and media center. Audi connect services are combined in a menu of their own.

The *city advocates*

PHOTOS | DET KEMPKE/DOUBLE T PHOTOGRAPHERS

Audi and Columbia University are looking ahead to the year 2050. Prof. Rupert Stadler (left), Chairman of the Board of Management of AUDI AG, and urban planning expert Prof. Mark Wigley on cities and the mobility of the future.

A house with a garden near Church Street on Long Island, outside of New York. It sounds like the American dream, but there are some problems with the idyll. The daily drive to work or into the heart of the Big Apple isn't just long, it's also nerve-wracking. The highways are bustling with compact cars, light trucks and pickups with large engines. Traffic in metropolitan areas is extremely dense. The solution is a familiar one: multi-lane roads, often hours of stop-and-go traffic and a large thermos or cup of coffee on the way in to the office. Isn't there another way? Are there any ideas as to how the mobility needs of Americans can be organized better and more efficiently?

Professors Mark Wigley and Rupert Stadler are both hard at work on concepts for livable metropolitan areas of the future. As Dean of Columbia University's Graduate School of Architecture, Planning and Preservation in New York, Wigley is one of the forward thinkers of the American architectural scene. His focus is on ideas for tomorrow's urban living. Rupert Stadler, Chairman of the Board of Management of AUDI AG, would like to ensure the individual mobility of his customers far into the future. Mobility that is also fun.

Rupert Stadler knows what he is talking about. Three years ago, Audi launched the Audi Urban Future Initiative, a project delivering innovative ideas and concepts addressing gridlock, lack of space and pollution. "It may seem unusual at first for a carmaker to be pondering the future of cities and urban structures. But we have to start looking beyond the horizon of our own product world," says the Audi CEO.

"The networking of people and mobility systems is becoming increasingly important. It is only a matter of time before cars, buildings and roads communicate with one another." Prof. Rupert Stadler

More people already live in cities than in rural areas. "If I walk 100 meters in the countryside, I'll bump into one, maybe two people," says Professor Wigley in describing the situation. "But in a city, hundreds of people throng past me, thousands drive by and countless more are in the buildings above me." These numbers are expected to increase dramatically. In 2030, more than 60 percent of the world's population will live in metropolitan areas with more than eight million residents. And by 2050, the world's population is expected to reach nine billion. In Asia alone, the number of cities with at least one million residents will triple to roughly 650.

Today's cities are already overcrowded, however, resulting in a lot of wasted time. "In São Paulo, commuters spend on average 30 days a year stuck in traffic. That is time that could be put to better use," says Stadler. "Even in London, I'd rather take the Tube than drive." The average speed on the streets

PHOTOS | DET KEMPKE/DOUBLE T PHOTOGRAPHERS

of the British capital is just 16 kilometers per hour. That is roughly as fast as with a horse-drawn carriage 100 years ago.

Urban planning and architecture expert Wigley therefore considers the most important task to be to define a common thread for the road to the future. On what logical basis should the cities of tomorrow be organized? How might functioning mobility look? What benefits can be derived from new networking possibilities, and how might the relationship between "owning" and "using" change? What role can the automobile play here, and how might it be intelligently embedded into its environment?

Professor Wigley has a surprising answer. "I have the feeling that rather than becoming less important, the automobile will play an even more important role." However, the new functions and uses of the automobile have not yet been defined. "Cities will become denser. And greater density also means a greater need for mobility," he says. "The car of the future might simply be a living space that moves. Perhaps in the future, cars and buildings will not only communicate with one another, but even switch roles."

Rupert Stadler has very concrete ideas about the first steps here. For him the keyword is "piloted driving," and Audi is in pole position with the development of this technology. Test vehicles with innovative traffic jam assistants enabling the cars to drive fully automatically at speeds up to 60 kilometers per hour are already using public roads in Nevada, for example. "I also like to talk about 'computing while commuting'," adds the Audi CEO. "This means making efficient use of your time in a completely connected car that drives itself, i.e. writing e-mails, scheduling appointments or making conference calls." The assistance systems of tomorrow not only support the driver in key ways, they also enhance safety.

The car of tomorrow can also find its own parking space – the driver just has to leave it at the entrance to the parking garage. Garage Parking Pilot is what Audi calls this new technology currently undergoing testing. "This enables us to give a little quality of life back to our customers," says Stadler.

But the horizon extends far beyond that. To firm up ideas for the more distant future of mobility in metropolitan areas, the brand with the four rings last year tendered the second Audi

Professor Mark Wigley

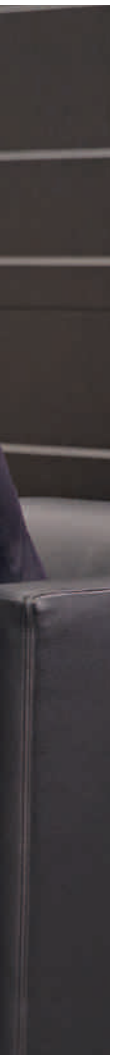
The native of New Zealand is an architect, author and one of the pioneers of deconstructivism. Wigley has taught at Columbia University since 2004. He has overall responsibility for the Experiments in Motion project, which is part of the Audi Urban Future Initiative.

Animated discussion: Professors Rupert Stadler and Mark Wigley talk in Ingolstadt.

Urban Future Award. Participants in the competition are tasked with designing concepts for mobility and urban living. Mark Wigley is taken with this idea. He considers the networking of people and mobility systems to be tremendously important. “If you look at the world’s large cities, mobility is becoming increasingly diverse and complex. Our lives do not run in a straight line from A to B. Today the car is essentially one of many different overlapping mobility systems,” he explains “These systems just aren’t networked.”

The university dean and the CEO agree that networking and communication, not just between people but also between things, are two of the critical keywords for the future. Cars, buildings and roads must be able to

PHOTO | DET KEMPKE/DOUBLE T PHOTOGRAPHERS



communicate with one another in the future. This intelligent networking can bring the fun back into everyday mobility.

Mark Wigley believes that this digital world presents the opportunity to establish new trends and lifestyles. “Today anyone wanting to learn, to progress, to shape things has to share and cooperate. These are megatrends, and one could even say that the city is a machine for both. In the city of the future, we therefore have to consider buildings and cars to be shared parts of the infrastructure, perhaps even the most important elements of a new, dynamic system.” Dynamic in this case means variable, diverse and shared. A system for sharing, in which no longer ownership but rather intelligent and convenient access is the key.

This is also the philosophy followed by the team from Höweler + Yoon Architecture in winning the 2012 Audi Urban Future Award. They studied the region between Boston and Washington – a chain of cities along the American East Coast with 50 million residents and New York at its center, connected primarily by the I-95 highway. “One of the architects’ ideas was ‘Last Mile Car’ – a car sharing system for the last five to ten kilometers to home,” explains Stadler. “The idea behind it is that people would only use their cars for the last part of the trip, thus avoiding city traffic.” In other words, the car would only be used in the outskirts of cities. Other mobility systems would be used in the crowded urban center. To do this, the infrastructure has to be intelligently networked, with optimized connections, individual destinations and also a high level of convenience.

Initial proposals have been defined, but the questions regarding the future of urban mobility have by no means been answered. A huge task for the automobile industry, architecture and science. “That’s why Columbia University is so interested in working with Audi to find the answers,” says the dean, who is looking forward to continuing the dialogue and the start of joint projects. “I find this symbiosis of a carmaker’s technical expertise and the philosophical contemplation of a university to be extremely exciting.”

Together with Columbia University, Audi is taking up the challenge of reshaping a world in transition. “We still don’t know exactly what this future will look like,” says Stadler, “but I am certain that we will experience cities as an intelligent, connected and learning system.” «

“In the city of the future, we have to consider buildings and vehicles as part of the basic infrastructure.” Prof. Mark Wigley

Dialogue on the future: video of the discussion between Rupert Stadler and Mark Wigley.

64 Text | **Thomas Ammann**

Every gram counts: The body of the Audi TT ultra concept represents the future of Audi lightweight construction.

The ultra

PHOTO | PICTURE+SERVICE GMBH

vision

Taking lightweight construction to the next dimension: The Audi TT ultra concept technology platform embodies Audi's intelligent composite construction in its ideal form. But the Audi lightweight construction strategy already pays off in series production, too – each new model should be lighter than its predecessor.

Lightweight construction can be reduced to a succinct formula: Less is more. Audi has an excellent grasp of this art. “Our engineers don’t consider lightweight construction to be a compulsory task; it is much more a part of the Audi DNA,” explains Dr.-Ing. Lutz-Eike Elend, Head of the Audi Lightweight Design Center in Neckarsulm. “We have a long tradition of lightweight construction extending back to racing in the 1930s.” The principle back then was no different than it is today. Components must be developed so that they fulfill the required function at the lowest possible weight.

The Audi TT ultra concept embodies the visionary expression of this classic Audi maxim down to the last detail. At just 163 kilograms, its body is a prime example of systematic lightweight construction. An additional 43 kilograms of weight have been trimmed compared with the already lightweight body of the production Audi TT.

The secret is intelligent composite construction. The steel components in the rear section have been largely replaced by lighter aluminum, and many structural components are made of carbon-fiber-reinforced polymer (CFRP). “With the Audi TT ultra concept, we want to demonstrate what is possible with the technologies of today, tomorrow and beyond,” says Heinz Hollerweger, Head of Total Vehicle Development at AUDI AG. “One goal was to drop below the magic threshold of 1,000 kilograms total weight.”

The engineers were therefore not content to put just the body on a diet. They also made changes to the chassis, drive system, electrical system, onboard electronics and interior equipment. This trimmed another 260 kilograms compared with the current production model, or more than 20 percent of the original weight. “The Audi TT ultra concept represents the cutting edge of lightweight construction,” says Peter Fromm, Head of Body Development at AUDI AG. “It includes technologies at varying degrees of maturity. Some are borrowed from the current production series; other elements anticipate future models.”

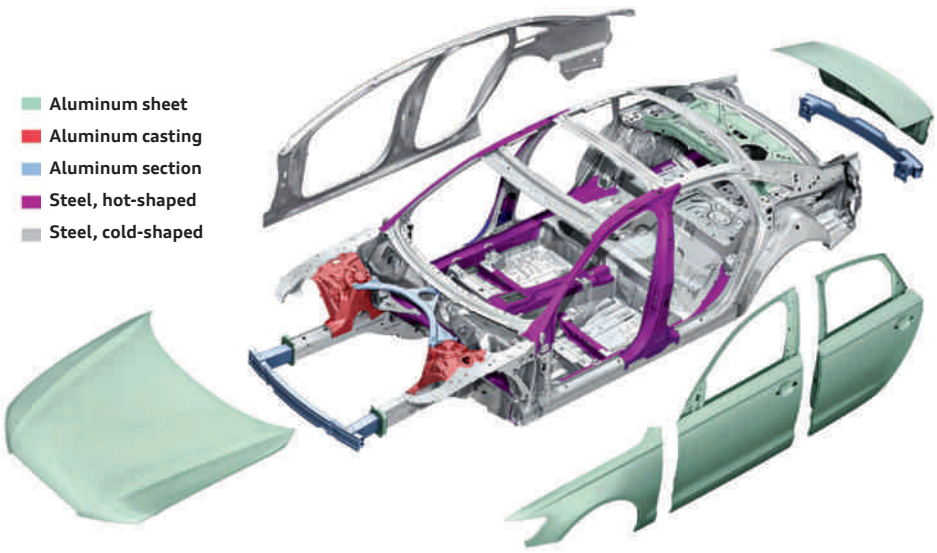
The technology platform also showcases lightweight technologies whose use in production vehicles lies far in the future. Instead of a heavy lead battery, there is a modern lithium-ion battery on board. The liners in the interior made of premium, high-gloss, exposed CFRP are reminiscent of Audi racing cars. “The greatest aspiration is to take high-end technologies that are initially reserved for racing and refine them to the point that they are suitable for high-volume production,” says Elend.

The results were obvious to the developers of the Audi TT ultra concept during the first test drives. “The low vehicle weight led to very good handling and outstanding performance,” reports Hollerweger. And that with much greater efficiency, as evidenced by the approximately 20 percent reduction in fuel consumption and correspondingly lower CO_2 emissions. “Furthermore, Audi ultra can also help to achieve improved emergency handling and shorter stopping distances.”

Many of the technologies showcased in the Audi TT ultra concept will be used in future Audi production vehicles across the entire model lineup. But the ultra lightweight construction strategy is already paying dividends for today’s customers. Depending on the version, the Audi A6 is up to 80 kilograms lighter than its predecessor. “What applies to the rest of our models also applies to the Audi A6: Every gram counts,” says Audi developer Fromm. “Each component is placed on the scale and improved.” The results are lower consumption and greater dynamics.

Previously it was almost a law of nature in carmaking that each model gained weight from generation to generation – an upshot of added comfort and safety or the integration of alternative drive systems. And this weight gain was not without consequences. The Audi developers refer to “secondary effects”: More weight requires greater engine power in order to keep performance constant. This leads to heavier-duty gearboxes and

The ultra concept in series production: the Audi A6

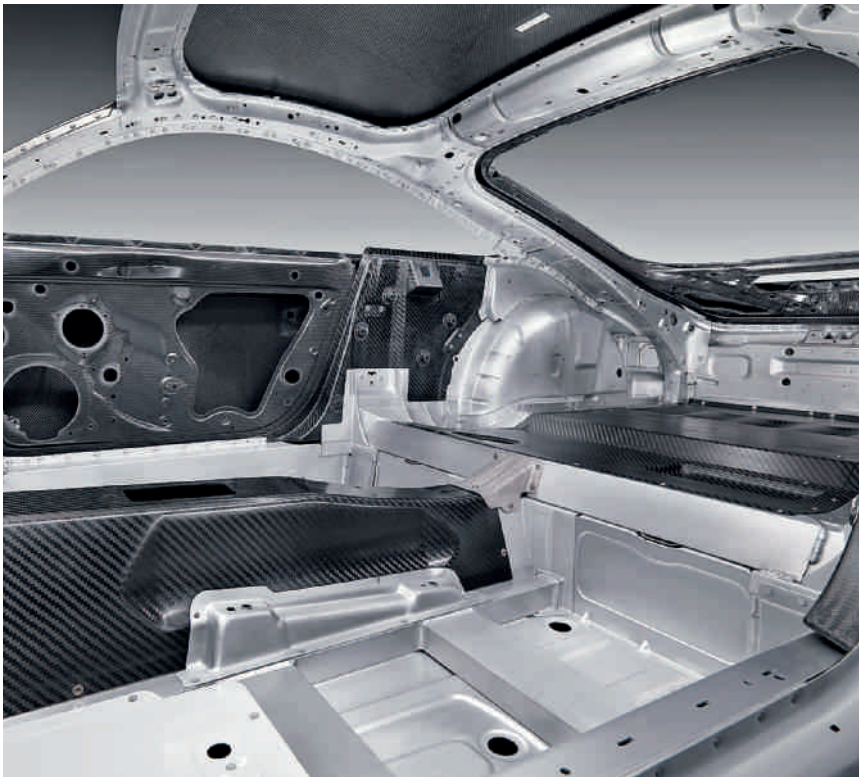


Steel, aluminum, CFRP: The body of the Audi TT ultra concept represents the ideal combination of the materials according to the ultra principle.

The body's steel-aluminum composite construction helps to reverse the weight spiral. It weighs around 15 percent less than comparable all-steel constructions. More than one-fifth of the body is made of aluminum, including the doors, engine hood, rear hatch and multiple cross-members and cross-bars. Hot-shaped, high-end steels also make up a large portion of the body. They are heated to nearly 1,000 degrees Celsius in a continuous furnace and then shaped in a water-cooled pressing tool at around 200 degrees Celsius. The change in temperature imparts the material with tremendous tensile strength despite its relatively low weight. The hot-shaped steels are used at the transition from the front end to the cabin, in the A- and B-pillars and as floor bracings. Joining technologies such as bonding, punch riveting or clinching – a technique which enables two pieces of sheet metal to be joined without additional components – are used in order to attach the materials together precisely and without corrosion.

Pioneers of lightweight construction at Audi: Peter Fromm, Head of Body Development (top left), Heinz Hollerweger, Head of Total Vehicle Development (top right) and Dr.-Ing. Lutz-Eike Elend, Head of the Audi Lightweight Design Center.

PHOTOS | PICTURE-SERVICE GMBH; AUDI AG (4)



Perfectly combined: The newest joining technologies are used in the multimaterial body of the Audi TT ultra concept.

brakes and a larger fuel tank, which further increase the weight and the process starts all over again.

Audi's response: Each new model is lighter than its predecessor. A weighty challenge for the developers at the Audi Lightweight Design Center in Neckarsulm, which was established in 1994. Here all of the departments required for the development of new lightweight technologies work together under one roof. That begins with design engineering and extends through functional layout and planning to quality assurance. "And this benefits us with Audi ultra, in particular," explains Elend, who has headed the Audi Lightweight Design Center since 2010.

For Audi, ultra means using the right amount of the right material in the right place. "The continuous competition among materials determines the composition of the material matrix," explains Dr. Karl Durst, one of the Lightweight Design Center's developers. Besides high- and ultra-high-strength steels, Audi also uses aluminum, magnesium and CFRP in its multimaterial construction without focusing on a certain material. Elend sees this as a strategic advantage. "This accelerates the development of various material technologies. After all, competition is good for business."

At the start of each new ultra development, we perform a detailed investigation of the materials available. The results are input into an analysis algorithm used to assign the optimal material for each component. "We know the strengths and weaknesses of the different lightweight materials," explains Durst, who developed the analysis algorithm. "Factors represent these in a scientifically derived computational model."

That sounds complicated, but the basic idea is simple. The goal of the intelligent mix is the most economically sensible lightweight construction solution for the respective car segment. The carbon footprint of the respective material and ecology are also considered, however, as this is the only way to achieve sustainable mobility. More energy is required for the production of aluminum and CFRP than for steel, for example. This is considered in the design.

The high art of carmaking when it comes to series production is the joining of the various materials. The conventional methods proven over decades often cannot be used or lead to corrosion at the points where the materials meet. Some materials cannot be welded together – they must be riveted, bonded or bolted. Audi has repeatedly broken new ground here and developed new joining technologies for many possible material combinations: self-tapping screws, semi-hollow punch rivets, new adhesives. According to Elend, they are the key to the ultra lightweight construction strategy because their use is now "fully automated, reliable and economical."

The Audi TT ultra concept is also a spearhead in ultra lightweight construction in this regard. According to Hollerweger, "production-ready solutions" to the technological challenges of multimaterial construction have also been found. The overall goal of the creators of the dynamic technology platform was to make "ultra lightweight construction come alive." With a total weight of under 1,000 kilograms, they have done that quite impressively. ««

The ultra concept in series production: The Audi A6 sets new standards.

PHOTOS | PICTURE-SERVICE GMBH; JIM RAKETE

Wolfgang Dürheimer
Member of the Board of Management for Technical Development

Develop – and win – with passion

“You have to try the impossible to achieve the possible.” I embraced this idea from Hermann Hesse a long time ago, and it drives us developers to peak performance day in and day out. With our passion and courage, we are pushing the limits of what’s possible: with conventional drives, with the Audi e-tron with its focus on plug-in hybrids, with Audi ultra with an emphasis on the lightweight multimaterial mix and with Audi connect with infotainment and assistance systems that support drivers without denying them control. We are a strong team pursuing its goals with ambition, discipline and a passion for winning. These principles from racing apply in particular to Technical Development. The result is highly efficient, emotionally appealing and technically advanced automobiles that give us a decisive lead.

70 Text | **Dorothea Sundergeld**

Audi Urban Future Award

Mission: Future

Germany's highest endowed prize for architecture has been awarded in the city where Europe and Asia meet: Istanbul. Five architectural firms were invited to compete for the second Audi Urban Future Award with their urban planning solutions for the year 2030.

PHOTOS | AUDI AG
ILLUSTRATION | AUDI AG

Visionary elegance: the plan by Höweler + Yoon that was honored with the Audi Urban Future Award. The prize was presented in the Turkish metropolis of Istanbul (above).

A prizewinner in the spotlight: Eric Höweler (left) with Prof. Rupert Stadler, Chairman of the Board of Management of AUDI AG.

Dynamic, chaotic, magnificent Istanbul! One of the most heavily populated cities in the world welcomes new arrivals with a maze of express highways and skyscrapers, with pulsating vibrancy, but also with heavy street traffic. On the drive from the airport to downtown, the visitor gets a first glimpse at what makes mobility a central issue here: Movement is soon disrupted; at the bridge over the Bosporus the car is brought to a complete standstill. The view of the strait where Europe and Asia meet is stunning – but at this point it also becomes clear how traffic shapes the day-to-day life of a megacity.

Mobility is the essence of the city – it's most basic, elemental requirement. It represents quality of life, communication and development. The more people living in megacities – by 2030 it is likely to be 70 percent of the world population – the more urgent it becomes to improve urban mobility. "We have to understand the city in order to construct the mobility of the future," says Prof. Rupert Stadler, Chairman of the Board of Management of AUDI AG. This is what prompted Audi to launch the Audi Urban Future Initiative – with research projects, workshops and the Audi Urban Future Award, which is presented every two years. The architecture prize was awarded for the first time in 2010 and went to Berlin architect Jürgen Mayer H.

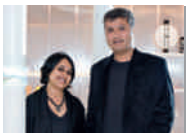
Five architectural firms from five major cities were invited to participate in the latest edition of the Audi Urban Future Award, with prize money of 100,000 euros. There could be no more fitting location for the award ceremony and exhibit of the designs than Istanbul. The results of the competition were exhibited in October 2012 in the Hasköy Spinning Factory. The nominated firms from Boston/Washington, Istanbul, Mumbai, the Pearl River Delta and São Paulo were to deal with urban planning issues in their region while incorporating societal

Visions for metropolitan areas

The concepts from the other four competitors

How can urban mobility develop in the congested areas of India, China, Turkey and Brazil? In addition to the winning architects at Höweler + Yoon, four other contestants also submitted fascinating concepts.

CRIT, Mumbai



Rupali Gupte and Prasad Shetty (from left) created "Being Nicely Messy," a planning guide for a mobility system in Mumbai that incorporates aspects such as migration and urban renovation in addition to transportation routes.

NODE, Pearl River Delta

Doreen Heng Liu wants to relieve the traffic burden endured by the 42 million residents of China's Pearl River Delta. Her plan calls for separating the flows of goods and people: By running logistics underground, street capacity above ground can be reclaimed for people.

Superpool, Istanbul

Selva Gürdoğan and Gregers Tang Thomsen (from right) designed the "Park" transport system. In the future this will give residents of Istanbul the chance to decide on communal use of public spaces through a social media tool.

Urban-Think Tank, São Paulo

Hubert Klumpner (left) and Alfredo Brillembourg developed "Urban Parangolé," a system that provides for innovative mobility concepts along three-dimensional corridors – such as cable cars.

The jury for the Audi Urban Future Award: Jürgen Mayer H., Diana Barco, Harish Hande (front row, from left), Christian Gärtner, Prof. Rupert Stadler, Yeşim Ustaoğlu, Adam Greenfield (second row, from left), John Thackara, Wang Lu (third row, from left).

and social dimensions. "The visions demonstrate that we should view developments in the megacities as an opportunity," says Nadine Endress from Audi Brand and Sales Development. Endress is on the Audi Insight Team that incorporates external input into the company. "The architects have shown how mobility can function in densely populated centers in the future, for example by intelligently combining various means of transport or the development of transport hubs."

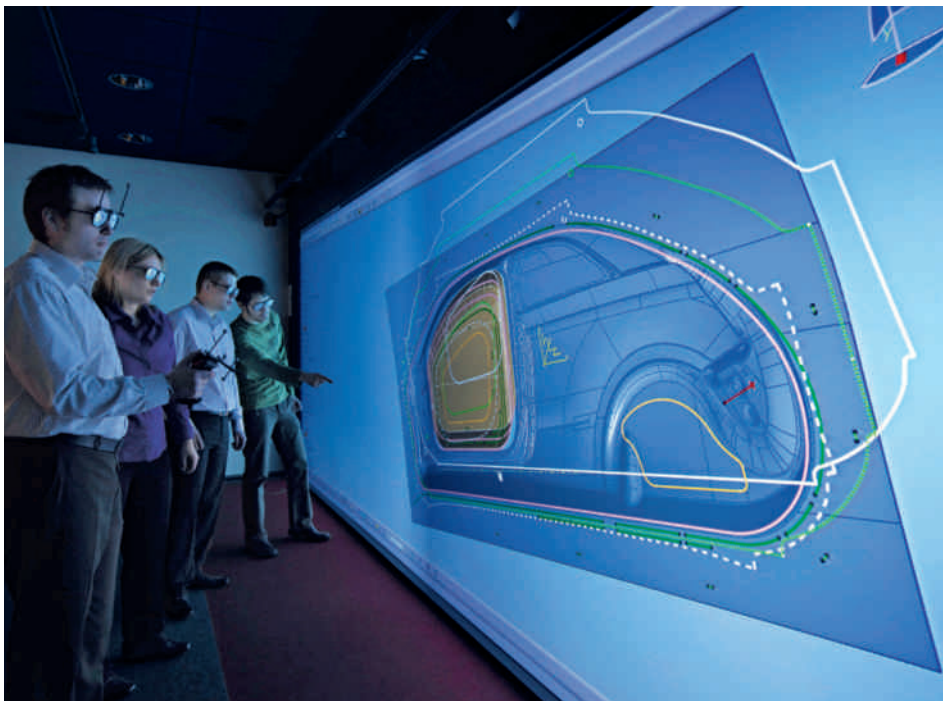
In 2012 the prize went to Boston-based architects Eric Höweler and J. Meejin Yoon. Their design came especially close to the intentions underlying the Audi Urban Future Award: The competition is meant to identify ways that the development of major cities will impact forms of mobility and how individual means of transportation will be integrated into the transport network of the future. The approach taken by Höweler and Yoon considers these issues. They developed a thoroughly mobile society for the densely populated Boston/Washington region (known as "BosWash"), where about 50 million people live. Their "Shareway" concept combines a main traffic artery with individual transport and a mobility platform on the Internet. The core idea is to share cars as well as real estate in 2030 as community property, rather than individual property. "Our plan is an optimistic vision that counters the American dream of having your own home and car in the suburbs with an updated version," says Höweler.

"In our view, this plan incorporated the objective most concretely and offers high potential for implementation," explained design theorist and Jury Chairman John Thackara. Prof. Rupert Stadler offered his assessment: "The winning proposal is a document that sets out what is required for cities of the future. This city dossier will be a specific set of instructions on how to plan or remodel a metropolitan region, in order to tackle increasing density problems." Audi will work with the architects to implement some of the ideas as part of a pilot project. «

Be inspired by the mobility concepts of the future.

PHOTOS | AUDI AG

In brief



Top employer among young job-seekers

CAREERS Audi claims yet another double victory: Graduates in engineering and business administration have again selected the Ingolstadt company as Germany's most attractive employer. This was the result of surveys performed by consulting institutes trendence ("trendence Graduate Barometer," April 20, 2012) and Universum ("The Universum German Student Survey," April 30, 2012). The number of new hires demonstrates Audi's attractiveness as an employer. More than 2,200 experts and specialists were brought on board in 2012.

A pioneer in the compact class

LIGHTWEIGHT CONSTRUCTION Audi demonstrates its technical expertise once again with the A3 and A3 Sportback models. Lightweight construction enables these new premium compact cars to feature extraordinarily low weights. The A3 1.4 TFSI weighs 1,175 kilograms – one of the lightest in this class! This also explains why its fuel consumption is 12 percent lower on average than that of its predecessor.

Stakeholder forum discussed

RESPONSIBILITY Corporate responsibility is the focus of the Audi Stakeholder Forum. In four groups, Audi experts discuss the transformation of mobility with representatives from businesses as well as from civic, environmental and aid organizations. Prof. h. c. Thomas Sigi, Member of the Board of Management of AUDI AG for Human Resources, stressed to the participants: "Companies are an important part of society. This is why we strive in all important decisions for balance between social responsibility, environment and economy. We do this through open interaction with the public, our employees and our other stakeholders."

Short Facts

139,310

Audi of America reported a new sales record for 2012: Thanks to high demand above all for luxury-class models like the A7, 139,310 cars were delivered in the United States.

Audi promotes integration

COMMITMENT Together with German Chancellor and patron Dr. Angela Merkel, AUDI AG and other supporters of the "startsocial" competition honor exemplary initiatives. Dr. Peter F. Tropschuh, Head of Corporate Responsibility at AUDI AG, presented a prize to the Hamburg project "Switch – around the world in 4 days," which brings together children from extremely different backgrounds.

Their passion drives them: » Fans of the motorcycle brand Ducati meet for World Ducati Week. » Audi employees craft cars with the highest quality standards. » International artists perform at the anniversary gala as part of Audi's cultural sponsorship.

My Passion

PHOTO | STEFAN-WARTER.COM ILLUSTRATION | THOMAS KAPPES


sophisticated
motivated
flexible

Text | **Ulf Böhringer**

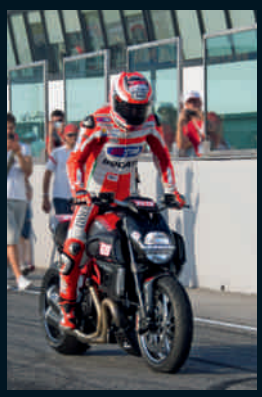
»La Rossa«

Festival of the *Reds*

Things are crazy on the Adriatic coast. Every two years, tens of thousands of enthusiasts the world over pour in for World Ducati Week – a four-day festival celebrating their love of the Italian motorcycle brand.

PHOTO | ARMIN ZOGBAUM/GALLERYSTOCK.COM

Absurd acceleration, then daring drifts: The drag races attract visitors to World Ducati Week like magic. Fans can barely contain their excitement when the riders perform their stunts.



PHOTOS | MIRCO LAZZARI/GETTY IMAGES

The air shimmers over the Misano World Circuit near Rimini. Thousands of Ducati motorcycles are parked tightly spaced along the race track in a line stretching almost to the horizon. Their owners have come to World Ducati Week to spend four unforgettable days among kindred spirits, to talk shop and engage in heated discussions to an accompaniment of roaring two-cylinder engines and booming club sounds. As if it weren't already hot enough this June weekend. Many Ducatisti therefore drift repeatedly into the range of the water cannons mounted on a pedestal among the motorcycles and spraying what is intended to be a refreshing fog of droplets over the area. But there is one thing the water cannot hope to cool off: the passion of the fans for La Rossa, the iconic Italian motorcycle brand the 65,000 people have come to the Adriatic coast to honor.

Some of them have traversed continents on their journey to Misano Adriatico. Sundeep "Sunny" Gajjar from India, for example. He climbed onto the saddle of a Ducati Multistrada in Dubai and spent a month riding to Italy. Or Paolo Pirozzi, who must have gasoline – red, of course – flowing through his veins. Ducati is the only brand of motorcycle he has ever owned. "There are motorcycles, and then there is Ducati," says the Neapolitan, neatly summarizing his philosophy. "Take the rattling dry clutch, for instance – its sound is music to my ears. It is the music of my life, the beat of the drum to which I move." He recently rode around the world on a Ducati Multistrada. "Around the World in 80 DOC" was the motto for his trip. Pirozzi's goal was to visit 80 Desmo Owners Clubs all over the world. He was on the road for a year, finding lodging with Ducati fans in Moscow, Melbourne and Miami. But he also spent many lonely nights in his tent, was stuck in the jungle of Panama for several days and in China had to take an extra test for a motorcycle license before he was allowed to continue his journey.

After crossing the finish line for the drag races, the riders perform daring drifts and turn their tires into white rubber dust.

Scenes from Misano Adriatico: Ducati fans at an autograph session (top left), one of the youngest fans (top right), a Ducati polished to a bright shine for the WDW (right).

Pirozzi is a small legend in the Ducati universe, but the true idols of the Ducatisti are the professional Ducati riders who compete for the World Championship on the world's race tracks. Men like the American MotoGP rider Nicky Hayden and the Spaniard Carlos Checa, the 2011 World Champion in the Superbike class. Their autograph sessions are like audiences. Large clusters of fans endure hours in the heat for the chance to exchange a few words with the stars or get their names scribbled on a helmet or a poster. After the small talk, Hayden, Checa and half a dozen other riders put on a spectacular show: They hop onto Ducati Diavel for drag races. The distance is 400 meters. The singular objective of the head-to-head races is to accelerate the 119 kW (162 hp) machines as quickly as possible. The tension felt by the riders before the start could be cut with a knife. But their playful side comes out once they

Snapshots: Demonstration ride on the race track (top), world traveler Paolo Pirozzi (bottom left), evening cavalcade (bottom right).

cross the finish line. They thrill the crowd with daring drifts, draw black donuts on the asphalt with their bikes and pulverize their tires into white rubber dust.

One of the favorite tricks of many Ducatisti is the wheelie, in other words, to lift the front wheel off the ground while driving. Not everyone can do this, but visitors can practice wheelies on a simulator at the Ducati Germany stand. The rear wheel of a Ducati Monster is fixed and a steel cable secures the front wheel to prevent the rider from being thrown off if the machine suddenly bucks. Ducati employee Michael Threin is there to help and reveals the secret of how to work the clutch and accelerator in order to pull a wheelie. Several novices succeed with Threin's help.

At the Misano World Circuit, gasoline-fueled action and a relaxed, informal atmosphere are not contradictory. While some take the opportunity to do a few test laps on the new Ducati Panigale superbike, others expand their knowledge of the tradition-rich brand at the Heritage Galaxy experience. Or they admire some of the most beautiful motorcycles ever built at the Ducati Vintage Contest. But the four Audi R8 models provided by Audi driving experience as race taxis are also a powerful draw. Many Ducatisti leap at the chance to experience a few minutes of race feeling in the sports car. The rides are completely booked up. Neither Ducati CEO Gabriele Del Torchio nor Alexandra Casagranda, a member of the DOC Ducati Club Linz, can pass up this opportunity. She climbs into the R8 with shining eyes and climbs out again with weak knees two laps later. "Unbelievable," is all she can say.

New highlights await each evening at World Ducati Week. On Friday evening, the Speed Show held at a sand track in Misano Adriatico built just for this event thrills the spectators. There, stunt riders on Ducati Diavel with spiked tires throw up the sand in meter-high rooster tails. When the races are over, the enthusiastic spectators on their own motorcycles fill the night with the rhythmic sounds of revving engines. This evening, the region trembles at the power of the engines; 24 hours later it is the thunder of guitars. Saturday evening in Riccione, the Ducati All Stars rattle the windows of the buildings lining the Piazzale Roma to the joy of thousands of rock fans.

The four Audi R8 models turning laps on the race track are not the only indication that Ducati is soon to change owners this summer. Ducati CEO Gabriele Del Torchio tells the press that he is looking forward to joining Audi. It is not the first change of ownership in the history of Ducati. But Del Torchio says that the brand has never felt itself to be in such good hands as now. He expects there to be at least one new model per year in the future and ensures that "Ducati will lose none of its passion and red conviction." The assembled media representatives applaud spontaneously when they hear this, which certainly is not the norm for a press conference. «

Action and lush sound: Experience all this in the video of the four-day Ducatisti meet.

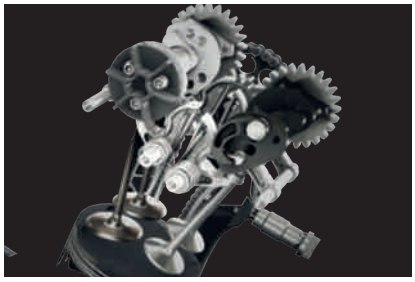
PHOTOS | MIRCO LAZZARI/GETTY IMAGES (3); DUCATI (3)

The origins of the *desmodromic* legend

Around 1,200 employees produce six Ducati model series at the main plant in Bologna.

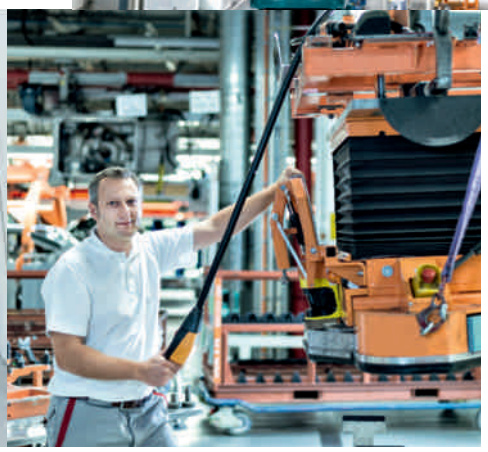
Ducati has been building motorcycles for over 65 years, and the name Ducati has epitomized particularly sporty motorcycles with unique technology since at least the mid-1980s. This also marks the start of a steady stream of victories on the race track. Ducati introduced the Monster in 1993, and the 916 established the brand's superbike tradition in 1994. At present, some 1,200 employees build six model series in modern production facilities at the company's headquarters in the Borgo Panigale neighborhood of Bologna. Ducati sells its motorcycles in more than 80 countries around the world. The tradition-steeped brand was acquired by the Audi Group in July 2012 and delivered 16,786 motorcycles between then and the close of the fiscal year.

The enthusiasm of Ducati owners around the world is not due solely to the high performance of the two-cylinder engines, however. The Ducatisti's passionate reverence of their brand also has to do with the desmodromic valve (desmo dromos is Greek for "controlled motion"). Refined by Ducati in the 1950s, this special valve control system does not use a spring to close the valve as in conventional engines. Instead there are two cam-actuated rocker arms per valve. One arm opens the valve, the other closes it. This prevents valve flutter at very high revs, thus making the engine particularly reliable. This is also the reason for a "Duc's" typical sound: a heartbeat unlike that of any other motorcycle. Yet another thing that Ducati drivers simply adore about their machines. «



Inseparably linked with Ducati: the desmodromic valve (top) – a component of every motorcycle produced at the plant in Borgo Panigale.

Text | Jörn Kengelbach and Wolfgang Koser



The fascination of carmaking

PHOTOS | STEFAN-WARTER.COM

How does an Audi take shape? With meticulous planning, ultra-modern production technologies and employees who give top priority to quality every time – as a visit to the Ingolstadt plant shows.

It's early morning, and the Audi plant in Ingolstadt is unexpectedly quiet – at least for people who still think car manufacturing is a hectic, deafening business and who have probably never seen a modern automobile plant from the inside.

The first surprise is in the press shop, when visitors see steel sheet being delivered – currently the most important material used in Audi car production. Every day, the Ingolstadt plant processes 1,700 tons of it to make 530,000 individual stampings. But the sheet metal, which arrives as man-high coils, is first allowed to recover from its journey. It is unrolled and suspended over looping pits as much as 12 meters deep, so that it can "relax" before processing starts.

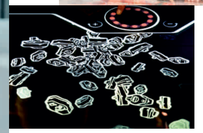
The press shop is also where the factory tour begins. On this particular morning, visitor guide Sabine Mayer has welcomed rather more than two dozen guests. In the next two hours they will be given a close-up of how Ingolstadt builds more than 2,500 A3, A4, A5, and Q5 models every day. They will see in detail how this mighty complex runs, with the two assembly lines for the A4, A5 and Q5 models and their derivatives as examples.

The first evidence of production work in progress is at one of the 18 press lines. This is where the sheet metal blanks that have previously been trimmed to size are shaped by mechanical presses, as tall as the average house. Up to 16 times a minute, they exert a force equivalent to 70,000 kilonewtons on the blanks placed inside them. If scarcely any of this enormous force can be felt it is because each press rests on giant shock absorbers that cushion the impact almost completely.

The press shop is a key production area, where the dimensions of all the body sections are determined with great accuracy, so that all the subsequent stages can take place at the same high quality standard. How does Marco Reischl, a group spokesperson in the press shop, sum up the demands he has to satisfy in his job? "The art is to produce consistently high quality, while continually optimizing the processes and performing ongoing maintenance." The participants are clearly impressed by what they see. Judith Jankowiak, a student who is touring the plant with her partner Andreas Frode, marvels: "It's not just the sheer precision that's

Teamwork in an 88-second cycle: All the production processes come together in the final assembly area. The add-on parts arrive at the line just before they are installed.

PHOTOS | STEFAN-WARKO.COM



The day's final stations: interactive entertainment for the smallest visitors (above), final inspection for the completed cars (below).

system that helps to identify the parts selections that belong together. Each selection is then conveyed to the correct final assembly work station according to a carefully planned transport schedule.

Now comes the final assembly stage where everything the car needs is attached or installed. The assembly lines are governed by the "pull" principle: The sequence of bodies is determined by the sequence in which customers' orders are received by the plant. The employees at all work stations operate according to an 88-second cycle, which means that parts and systems have to arrive at their installation points in a well-planned sequence. Two to three hours before their installation, the data carrier on the body initiates the specific customer order, but the logistics employees only deliver the components needed to complete the car to the assembly line a few minutes before they have to be installed.

The respective employees first remove the doors, for easier access to the interior. Assembly work is planned systematically according to ergonomic principles: The bins holding the materials are located at a comfortable working height; our employees use hydraulic lifting aids to install heavy assemblies, while wooden floors absorb movement and help prevent back injuries. When she installs the roof module, Simone Rehm moves inside the car on an ergonomic assembly seat (the "EMS"). This young member of the assembly team declares: "The EMS makes the job so much easier. I don't have to climb in and out of the car all the time, and I can avoid strain on my knees and back."

While her colleagues continue to add the interior features of the car at their respective work stations, the engine, axles, shock absorbers and transmission are put together simultaneously to form the chassis. Then the big moment arrives: the "marriage," when the body and chassis are joined. Here, the employees have to make more than 50 threaded connections. Then the 88-second cycle takes over once more: Battery, front-end module, wheels and interior trim are added, after which the doors are reintroduced to the assembly line and attached to the body again. A robot adds fuel to the tank once the car has been lowered onto its wheels for the first time. But is it finished? Not yet by any means. Not until the quality assurance employees have subjected it to the ultimate tough test that no Audi can avoid: the final inspection. A vibration test on the roller rig is followed by electronic checks, a leak test and the final quality assurance inspection in the light tunnel.

Sabine Mayer and her guests are now back at reception and everyone is visibly thrilled, the many new experiences having left a lasting impression. Judith Jankowiak: "We had no real conception of how cars are made. It's all the more impressive when you see how the individual work stages fit together so smoothly." Her boyfriend Andreas Frode reaches a similar conclusion: "Your feelings toward the car are quite different when you see for yourself how much close attention and technical effort goes into every detail. But there's no sense of stress – you could even say it's relaxed!" That's no surprise you could say: Almost the first thing we saw was the sheet steel coils being unrolled to allow them to "relax." ‹‹

Virtual factory tour: Employees explain how an Audi takes shape.

PHOTOS | STEFAN-MARTIN.COM (3); JIM RAKETE

Impressions from the production shop: Sabine Wittmann checks the strength of the body-in-white spot welds with an ultrasonic device (top left). Factory tour guide Sabine Mayer explains how a car's body is built (top right). Simone Rehm uses the ergonomic assembly seat when installing the roof module (below, center).

fascinating. I always associated a car plant with pools of oil, dirt and lots of noise – but here it couldn't be more different."

The pleasant surprise that many visitors experience in the press shop usually continues when they reach the body shop. Sabine Mayer can scarcely refrain from laughing when she sees how completely her guests are taken by surprise. "This is where many of them realize for the first time what "high-tech" really means in car manufacturing." More than 1,600 welding and bonding robots are in action here, assembling up to 320 components that go into a car's body. The key stage in the process, where the substructure and internal side panels are combined with the outer skin of the body, is known as "framing." "This calls for accuracy down to a few hundredths of a millimeter," Sabine Mayer explains, "especially when the side panel frame is joined to the roof. But thanks to our Plasmatron brazing process, we can produce "zero-joint gaps," and don't need the molding along the roof seam that many carmakers still have to use."

Such accurate methods have to be accompanied by very strict quality control. In the ultrasonic test zone, production mechanic Sabine Wittmann performs random tests on bodies-in-white taken from various models' production lines. "I scan the spot welds with the head of the ultrasonic tester, to make sure that they are strong enough," she explains. Every single day, the quality and strength of approximately 5,000 weld spots is checked for all A4, A5 and Q5 models.

After the doors, engine hoods and trunk lids have been added to the body with millimeter precision, a surface finish is applied. Only bodies with flawless finishes are transported to their next destination, the paint shop. Here, they are plunged into an immersion bath of basecoat, 40 meters long. Group leader Arnold Edler explains how this machine works: "The contents of the immersion bath are electrically charged at 380 volts. This attracts the paint onto the body – even into very small cavities that would otherwise be difficult to reach." After this "dip coating," the filler, topcoat and a clear lacquer are added one after the other, using high-speed rotary heads that atomize the paint into a fine spray. Electricity is at work here too, as application mechanic Mario Sikorski explains: "We use a 70,000 volt electrostatic process. The paint is attracted so strongly onto the body surfaces that effectively no spray losses can occur." Since each body is accompanied by a data carrier with details of the paint finish the customer has ordered, the automatic machines can identify the required color and switch over to it within only ten seconds. After spraying, the bodies are dried in a kind of oven for 30 minutes before being transferred to a storage and sorting unit that holds 800 bodies.

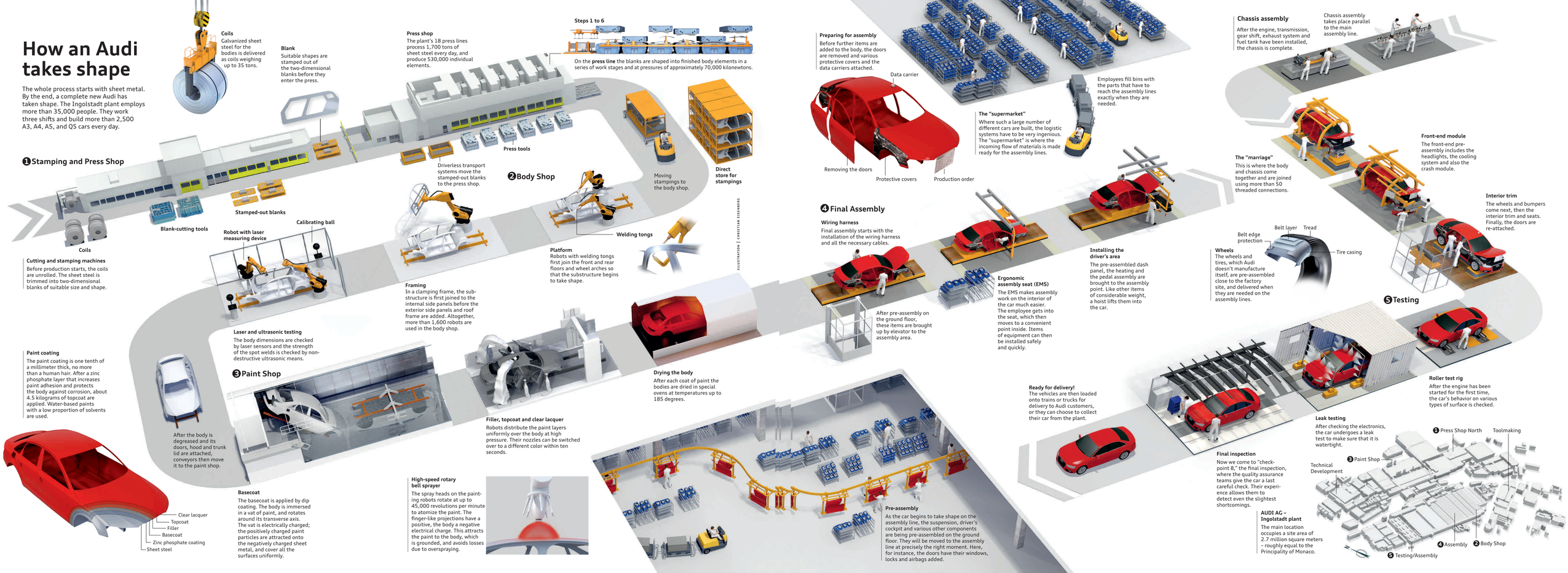
By now, factory tour guide Sabine Mayer and her group have reached the "supermarket." Here, dozens of employees load material bins with the parts needed on the final assembly lines. This work calls for a high level of concentration. "Every center console in a car needs 120 components, and these can be combined in up to 480 different ways," says Melanie Sandbichler, who loads the part bins for this particular assembly. Melanie and her colleagues are aided by a color visualization

High pressure painting: The spray heads that apply the paint to the body rotate at up to 45,000 revolutions per minute.

PHOTO | STEFAN-MARTIN.COM

How an Audi takes shape

The whole process starts with sheet metal. By the end, a complete new Audi has taken shape. The Ingolstadt plant employs more than 35,000 people. They work three shifts and build more than 2,500 A3, A4, A5, and Q5 cars every day.



Dr. Frank Dreves
Member of the Board of Management for Production

Pure passion in production

More than 1.46 million cars produced in 2012 – once again a production record for Audi, achieved by our workforces at nine production locations throughout the world. But statistics don't tell the whole story: For me, there is more behind this figure – more than 1.46 million times pure passion. The desire for top performance and perfection is a renewed incentive every day. With dedication and creative ideas we improve our manufacturing processes wherever we can, and make them even more efficient. Visit any of our locations and you will meet people who are always willing to go a step further than might be expected of them. We fully identify with what we do and with the four rings. Audi is in our blood. This is what I mean by pure passion in production; it's there, and it's boundless.

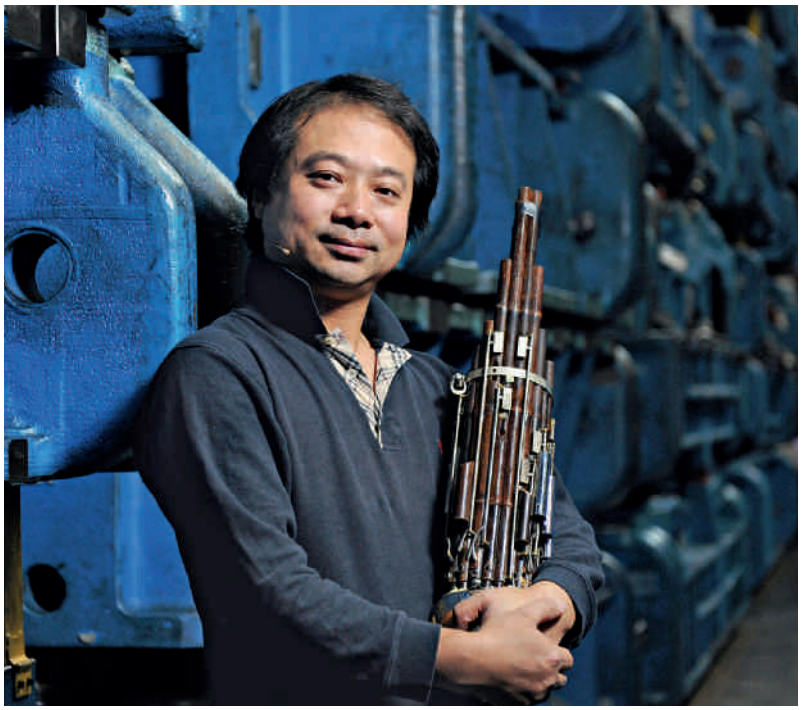
Text | Andrea von Treuenfeld

Grand musical gala: To celebrate "50 Years of Culture at Audi," a number of VIP guests joined together with Audi employees in Ingolstadt to experience a spectacular jubilee festival featuring a host of artists.

Culture in the press shop

Starring on the piano: Olga Scheps captivated gala guests with her musicality – and charm.

PHOTOS | TOBIAS HASE/PICTURE-ALLIANCE; ENRICO NAWRATH



The renowned artists who thrilled the audience included jazz trumpeter Till Brönner (below), multipercussionist Martin Grubinger (bottom right) and sheng soloist Wu Wei (top right). The virtuoso Chinese mouth organ player believes "cultural sponsorship is the way forward, because music brings together people of different cultures."

"We wanted to create a symbiosis between the technical location and the stagecraft so that we could use lighting elements to narrate a fabulous story. It really worked!"

Katharina Wagner, Director of the Bayreuth Festival, on the gala

Getting in the swing: The Audi Philharmonic Wind Orchestra opened the jubilee evening with a performance of Leonard Bernstein's Overture to "Candide."

Hall N58 on the AUDI AG factory site in Ingolstadt has never seen anything like it: The heavy press tools that each day process 500 metric tons of steel and aluminum for the manufacture of various Audi models have given way to a stage with grand piano and elaborate lighting technology. Giant pipes, containers and switchgear provide a striking backdrop to the cultural spectacle – an exciting platform for performances by more than 150 artists from all over the world.

Among them is Olga Scheps, the 27-year-old pianist from Cologne with Russian roots. When she starts playing Brahms, the guests – including the many Audi employees who won a ticket in the ballot – listen spellbound. Just a few moments ago, the talented musician earned thundering applause from the audience for her rendition of Rachmaninoff accompanied by the Audi Philharmonic Wind Orchestra. As the final note of her solo piece fades away, presenter Ulrich Meyer pays tribute to the orchestra. Its 60 or so musicians are really the people celebrating on this occasion, which Director Katharina Wagner has put together as her "birthday present to Audi." Because when the Philharmonic Wind Orchestra started out in 1962, it launched a tradition that is the reason behind the evening's celebrations: "50 Years of Culture at Audi."

Much has changed over the past five decades. Under the umbrella term "ArtExperience," Audi supports numerous cultural institutions – regional ones such as the RockPop Festivals in Ingolstadt and Neckarsulm, national ones such as the Bavarian State Opera, and international ones such as the Salzburg Festival. Audi's aim is to make art and culture accessible to all, whether employees, customers or the general public. The carmaker is steadily widening this commitment. Ventures that span boundaries – creative and geographical alike – are expressly encouraged.

Precisely that is evident in this evening's program: The Chinese virtuoso musician Wu Wei plays the sheng, a wind instrument made from 37 bamboo pipes, from which he produces up to 20 different notes at the same time. By way of a contrast, the Georgian Chamber Orchestra and the Audi Youth Choir Academy perform a Bach cantata.

Moving on to Hungary, the Ballet Company of Győr produces a rousing interpretation of music by the legendary rock band Queen. After the main course of the dinner, jazz trumpeter Till Brönner delights the guests with an inspiring medley. The highlight of a musical tour around the world comes when Austrian percussionist Martin Grubinger plays a furiously fast Japanese composition on the marimbaphone, an instrument resembling the xylophone. The man has hall N58 rocking!

Once the applause has died down, guests and artists concur that this has been a fantastic evening – in the most unconventional of settings! Overnight, the press shop is restored to its primary function. But the sounds of this grand cultural tour reverberate on. «

Gala dinner: 500 guests took their places at the elegantly decorated tables.

Salzburg, Bayreuth, Bavarian State Opera: Audi is a reliable partner for cultural events.

PHOTOS | TOBIAS HASE/PICTURE-ALLIANCE (2); AUDI AG (3)

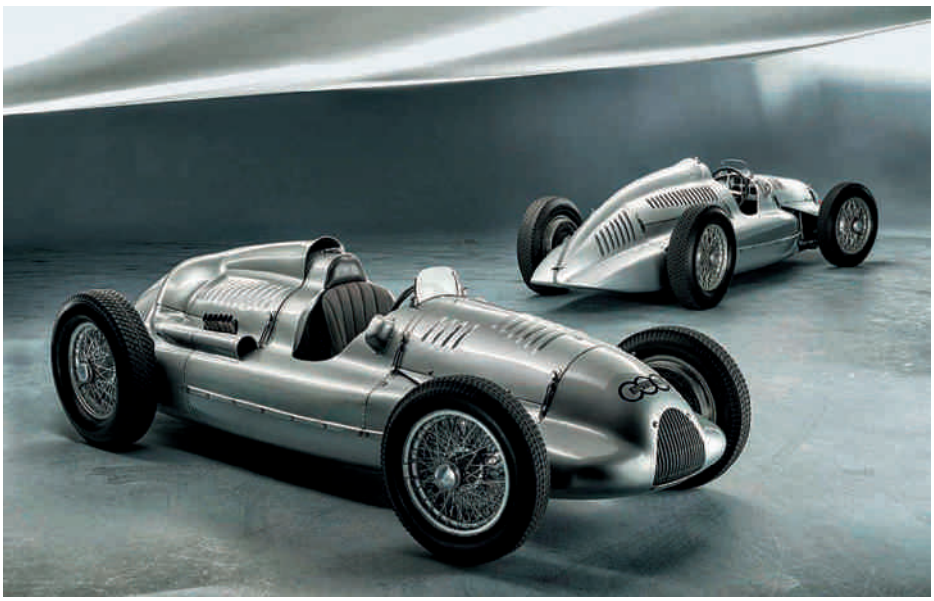
In brief

Premiere for Q5 and SQ5 TDI

INTRODUCTION In revising the Q5, Audi has sharpened the profile of its performance SUV and improved one of its best-selling models in a variety of respects. The new top-of-the-range model – the SQ5 TDI – celebrated its debut at the 24 Hours of Le Mans in June. Three-time Le Mans winner Marco Werner was not the only one to be delighted. And no wonder: The SQ5 TDI is powered by a 3.0 V6 diesel biturbo developing 230 kW (313 hp), but averages just 7.2 liters of fuel per 100 km.

Audi stands for sportiness

SURVEY The Audi brand is perceived as the brand with the sportiest image. The trade journal AUTO ZEITUNG asked its readers which brands they associate with successful motorsport (issue 9/2012, p. 51). Top spot, with 58.7 percent of the vote, went to Audi.



Missing Silver Arrow returns to Germany

CAR LEGEND Audi managed to buy back an Auto Union Type D Dual Compressor racing car built in 1939 (front). That was the year in which the Auto Union Grand Prix car was a leading contender in competitive racing in Europe. After the war, there was just one known surviving Auto Union racing car in the whole of Western Europe. All others were believed to have been lost – until American collector Paul Karassik tracked down the remains of two racing cars in the former USSR in the late 1970s and had them reconstructed. The recently purchased Type D means that three out of the five original Auto Union Silver Arrow cars now belong to AUDI AG.

Audi triumph on the Nürburgring

ENDURANCE RACE Capricious weather, tough competition, bitter setbacks, but rewarded with victory in the end: After a roller-coaster of emotions, Audi secured its first ever overall victory in the 24 Hours race at the Nürburgring. The two quartets of drivers even clinched a one-two win in the Audi R8 LMS ultra in the 40th-anniversary race of this classic, set in the Eifel region of Germany. Audi can boast an impressive track record in endurance races in 2012. On top of its successes on the Nürburgring and at Le Mans, the brand also won the 24 Hours races at Spa and Zolder.

Audi becomes partner of Chelsea FC

ALLIANCE There has been a top-ranking addition to the Audi soccer family: AUDI AG has sealed a partnership with a London club steeped in tradition – Chelsea FC. Audi is now involved in four of Europe's top clubs: Along with Chelsea FC, these are FC Bayern Munich, FC Barcelona and Real Madrid C.F.

Short Facts

749

apprentices and participants of combined study/training programs started their working life at Audi in 2012.

New experiences expand horizons: » Axel Strotbek and Dr. Werner Brandt talk about the challenges of globalization and increasing connectivity. » Audi employees who contribute time and effort to social projects produce lasting changes in the lives of other people. » When Audi designers discuss vehicle studies with trend-conscious consumers, they open up prospects for the mobility of tomorrow.

My Experience

PHOTO | ULRIKE MYRZIK ILLUSTRATION | THOMAS KAPPES


sustainable
visionary
progressive

PHOTOS | ENNO KAPITZA

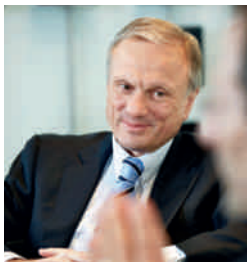
Axel Strotbek (left), Member of the Board of Management for Finance and Organization at AUDI AG, and Dr. Werner Brandt, Chief Financial Officer of SAP AG, discuss opportunities and risks in a turbulent global economy, special customer wishes and the car as a mobile terminal device on wheels.

“Vorsprung durch Technik needs to be continually advanced if it is to remain just as successful in the future.” Axel Strotbek

Axel Strotbek: I’m delighted we’re able to meet here at our Neckarsulm plant, in the production shop where we build our R8 sports car. I think this is quite an impressive illustration of our “Vorsprung durch Technik” motto and our ambition to build the best cars in the world.

Dr. Werner Brandt: I’m a real car enthusiast. I have a fascination for everything to do with mobility and speed – as a private individual, but also in my

PHOTOS | ENNO KAPITZA



Dr. Werner Brandt

is a member of the Executive Board and Global Managing Board and Chief Financial Officer of SAP AG. He is in charge of all financial activities as well as the administration of the German company. SAP is the world's largest supplier of business software.

Exchanging ideas: Dr. Werner Brandt and Axel Strotbek discuss future trends in their industries.

professional capacity at SAP. These days, companies have to handle huge volumes of data that only have any value if they can be processed in real time, wherever you are – mobility and speed are the top priority today. Our HANA in-memory technology can process millions of pieces of information in a matter of seconds, up to 100,000 times faster than before. We can also provide an infrastructure for exchanging this information on the move. Employees of companies all over the world send 1.8 billion text messages over SAP servers every day.

Strotbek: Mobility and speed – those two words encapsulate what today's global economy is all about. There can rarely have been a time of such dramatic, fast-moving change. It's becoming more and more difficult to make reliable forecasts. I view that as a major challenge. On the one hand there are critical markets, for instance here in Europe. On the other hand there are markets that offer opportunities, such as in Asia and South America. In Audi's opinion the opportunities balance out the risks. Do you view your industry similarly?

Dr. Brandt: I have to admit Europe is very much dominated by uncertainty. As well as the sovereign debt crisis, we have a banking crisis on our hands. In my opinion it is exacerbated by a crisis spreading throughout the entire economy, at least in the countries experiencing problems – and it has been triggered by a lack of competitiveness of those countries' major enterprises. As a result, Europe is expected to show only slight overall economic growth in 2013 compared with 2012. On the other hand, worldwide growth is running at some three percent, driven mainly by the emerging markets and newly industrialized countries. North America's performance is roughly the average for industrial nations, at 1.5 percent. Much will depend on the BRIC countries, but also on the emerging markets in Latin America and Asia – SAP is focusing very strongly on those markets.

Strotbek: We can echo that. We are also placing the focus on growth markets. China is already our biggest single market worldwide, with over 400,000 vehicles sold each year. We are in the process of building a new plant there with a capacity of 200,000 units, and will soon be ramping up our capacity in China to 700,000 cars annually. But we are also expanding capacity in Europe, and from 2016 we will have a new manufacturing location in North America. From then on, all Q5 models sold worldwide will be built in Mexico. That's a huge step for us in internationalization, and obviously a challenge to keep our flows of currency and goods in equilibrium.

Dr. Brandt: We believe the emerging countries are not just markets to sell our products – we are also able to recruit highly talented people there. As a globally active company with 20,000 of our 64,000 employees working in development, an international, diverse pool of talent is extremely important. We have 14 strategic development locations – Bangalore in India is already the second-biggest after Germany, then come Palo Alto, Shanghai and São Leopoldo in Brazil. In other words, we use talented people all over the world to develop our software in a way that fulfills the needs of our customers in each individual region, thus generating maximum added value for our customers.

Strotbek: We're very familiar with that challenge of satisfying the specific preferences of a rapidly growing customer base in places such as China and North America. We run design and development centers in each of those regions, mainly so that we can identify changing market trends rapidly. In our target markets we've also set up what we call product clinics, where we present new models, designs and technologies to selected or potential customers at a very early stage of the development process. That way, we very quickly obtain feedback that we can then act on in the product development process.

Dr. Brandt: That's very interesting. Are you able to identify typical regional or national differences?

Strotbek: In Europe, the people who buy our large models usually drive

"Design thinking speeds up our development cycles and boosts customer satisfaction, because the user is closely involved in the development process." Dr. Werner Brandt

them themselves, so driver assistance systems are especially important. In China, those customers normally have a chauffeur. So they are more interested in how comfortable the rear compartment is. One option we offer them is business class seats like those you'd find on an aircraft, that you can recline electrically. The entertainment options are obviously very important, too: video, TV, hotspots for the computer, smartphones and consoles. In the United States, on the other hand, our customers really appreciate ease of operation, plus the very sophisticated, wide-ranging features of our assistance systems.

Dr. Brandt: That's yet more clear evidence of how customer requirements are changing. In our industry, as well as optimized processes customers nowadays want to be able to evaluate business-relevant data and initiate processes whenever they wish and wherever they are. Our innovations make that possible. In an effort to develop optimum solutions for our customers, for some time now we have been using what is called the design thinking method. Interdisciplinary teams observe the user's needs and develop solutions hand in hand with them so as to build, test and improve prototypes to the point where they are operational. This approach speeds up our development cycles and boosts customer satisfaction, because the user is closely involved in the development process.

Strotbek: I firmly believe anyway that development is what drives our industry. In 2011 we spent around 2.8 billion euros on development, and the figure was more than 3.4 billion euros in 2012. That dynamic growth underlines how important this activity is to us. "Vorsprung durch Technik" needs to be continually advanced if it is to remain just as successful in the future. We achieve this with our effective team and by working in partnership with a large number of outstandingly well-qualified service providers. We even go so far as to integrate some of them when we want to build their expertise into the development processes for our core technologies.

Dr. Brandt: Our industry does something similar. At SAP we have what we call our partner ecosystem, which spans partners from the hardware, technology and implementation areas. In our experience, when we recruit one employee, that creates ten new jobs throughout our ecosystem worldwide.

Strotbek: That's interesting, because it illustrates very well how economic systems and also major corporations are deeply interconnected on a global scale.

Dr. Brandt: I think interconnection is one of the key ideas here, and the prerequisite of future viability. Connectivity is becoming ever more important. Our world is more connected than ever. Against the

PHOTOS | ENNO KAPITZA

backdrop of internationalization, how connected a company is will also critically determine how competitive it is. We address that issue through our Ariba network, which has over 800,000 member companies. But this issue isn't limited to companies; connectivity applies to people and machines, too. There are already more mobile terminal devices on the planet than people. And let's be honest, from a professional perspective a car is nothing other than a mobile terminal device on wheels.

Strotbek: Yes, I think that's a valid point of view. In its early days the car was already a form of communication in that it got people from A to B, and so enabled them to talk to other people. Each one of our vehicles is now an intelligent communication system in its own right. So not only can Audi drivers be permanently online when they are in their car, and use navigation systems, Twitter®, Facebook® and Google®, have their e-mails read out or dictate them. That is just one aspect of the digitalization of the automobile. The next step will be piloted driving. In other words, cars that drive themselves. All the driver has to do is enter the destination. We have just become the first car manufacturer in the world to secure a permit to trial piloted driving in the U.S. State of Nevada. We will now find out in practice how the system works.

Dr. Brandt: We are involved in a permanent exchange of ideas with your industry on the topic of connected cars. We participate in the development of intelligent connectivity and are helping vehicles to communicate directly with each other. One benefit of this machine-2-machine communication, for example, is that a car automatically brakes before a bend because other cars have warned it that there's a tailback coming up. Finding a parking space is another example. Studies have shown that about 30 percent of all congestion in urban areas is caused by drivers looking for a parking space. If the system knows where the vacant parking spaces are, it can guide drivers straight to them. And with the vehicle becoming increasingly a mobile terminal device, it will soon be able to submit a sales representative's travel expenses claim automatically and – linked to the company's IT network – allow the driver to process work assignments while out and about. Those are visions for the future that combine technology and mobility.

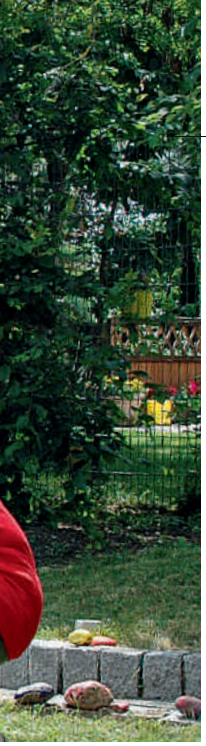
Strotbek: Many of those applications already exist today, so in our industry the future has already begun. But just like you, we are always thinking ahead. At the moment, for example, we are developing mobility concepts for the megacities of the future, hand in hand with architects and urban planners. Anyone who has ever sat in a traffic jam in Shanghai, Beijing or São Paulo knows just how important such proposals are. Those are important markets for us, and we have to respond with utterly new concepts if we want people to continue enjoying living and driving there – and of course, buying our cars. «

"Each one of our vehicles is an intelligent communication system. But that is just one aspect of the digitalization of the automobile. The next step will be piloted driving." Axel Strotbek

Find out more:
Axel Strotbek on the development of the Audi Group.

Small talk next to a supercar: Axel Strotbek and Dr. Werner Brandt in the R8 Lounge of the Neckarsulm plant.

PHOTOS | AUDI AG



Whether it is community projects near Audi sites or contributing to non-profit projects abroad, Audi fulfills its social responsibility worldwide. And Audi employees always have their role to play in supporting these projects.

Voluntary good deeds

Audi Volunteer Days

Combining a commitment to helping others with Audi expertise: This was the goal of the Volunteer Days in Ingolstadt and Neckarsulm. A total of just under 600 Audi volunteers completed 73 projects, entailing everything from manual labor to community services.

The "Audi Volunteers" initiative provides AUDI AG employees with opportunities to perform volunteer work on community projects. On the first-ever Audi Volunteer Day in June 2012, 330 helpers from all divisions at Audi's Ingolstadt site volunteered for a full day on a remarkable variety of projects. As would be the case several weeks later at Volunteer Day in Neckarsulm, Audi provided organizational assistance and logistical support. Based largely on suggestions from Audi staff, 150 organizations were contacted during the planning stage in Ingolstadt und Neckarsulm. In the end, 73 projects met the criteria for implementation.

In one project, Audi volunteers set up a herb garden for the Alzheimer Society in Ingolstadt. The residents use the fresh herbs not only for cooking, but also for various aromatherapy purposes. "Several weeks after the Volunteer Day, I returned to show the project to my family. It was nice to chat at length with the people there, and to see that they enjoy the herbs and use them regularly," says Frank Pfeffer from the development department for Body Electronics in Ingolstadt.

Helpers on the "Dream of a Lifetime" project at Neckarsulm's Volunteer Day treated disabled people and their family members to excursions in Audi vehicles. It was a special experience for all involved. "We were able to bring true joy to people often overlooked in our society," explains project mentor Thomas Degenhard, who works in VIP Relations at Audi. Other "Audi Volunteers" spent the day repairing a hut in a vineyard near Neckarsulm. It will serve as a tool shed for a school whose students help run the vineyard under the supervision of teachers. "This will save the school time and energy, as the tools will be securely stored here on site instead of having to haul them here time and again," emphasizes project mentor Jörg Spindler. Though building materials had been prepared, the Audi volunteers nevertheless had to apply a lot of expertise, commitment and work as a dedicated team to transform a mere frame into a tool shed.

"It is the dedication of our staff and their willingness to aid others that

Audi Volunteer Day in Ingolstadt

Helping others is its own reward: 330 Audi employees took part in Volunteer Day in Ingolstadt, which kicked off the "Audi Volunteers" initiative in June 2012.

makes such days of action possible. And they impressively demonstrated just how eager they are to help," says Dr. Gunther Bös, Head of Social Responsibility at AUDI AG.

Projects such as Volunteer Days in Ingolstadt and Neckarsulm help create special memories and realize long-term change for the better. As such, they exemplify Audi's corporate citizenship. After all, the company not only stages days of action near Audi sites, but also acts as a corporate citizen around the world.

And the variety of pursuits is remarkable. Audi employees ran at the "24 Hours of Audi" benefit event in 2011 and raised some 150,000 euros for a children's charity. Ingolstadt has been a UNICEF Child Friendly City since summer 2012. This same year, Audi donated 100,000 euros to this world organization that fights for children's rights. For several years, Audi has been funding the "Attitudes" project in Spain to promote children's road-safety awareness. Some 400,000 young participants have already learned about road safety at over 4,000 schools and in community centers. In the United States and Australia, children and adolescents are the focus of commitment, as well. In the United States, Audi especially supports the "Best Buddies" organization, which strives to improve the integration of disabled people in society. Furthermore, Audi Driving Dreams aids a UNICEF educational program in China via funds and campaigns.

"Audi plays an active role in society by overseeing community projects relevant to respective sites and regions," sums up Dr. Gunther Bös. "And we will devote a lot of energy to expanding our commitments in future!" «

Here you can find out more about Audi's projects and social commitment.

PHOTOS | AUDI AG; JIM RAKETE

Prof. h. c. Thomas Sigi
Member of the Board of Management for Human Resources

Responsibility does not end at the factory gates

The innovations that give Audi the decisive lead originate in the minds of our staff. If people are to play an active role and contribute their ideas, they must be held in high esteem and know just how crucial their work is to their company's success. It is therefore especially important to me that people behave responsibly toward one another, appreciate each other and respect each other's needs. Along these lines, we help employees establish a harmonious work/family balance through childcare services and flexible working-time models. After all, at Audi responsibility does not end at the factory gates. All of our sites are thus committed to environmental protection and community projects as well as the promotion of culture and sports. We approach our duty to society in the same way as our day-to-day HR work: We focus on the individual.

If you're designing cars today, you have to know what the people of tomorrow will want in terms of mobility. In a special market research program, Audi identifies future trends early on.

Looking ahead

PHOTO | ULRIKE MYRZIK

Already on the test bed today: visions of individual Audi designers for tomorrow's mobility.

On this day, the future of the automobile is not being debated behind the gates of large plants, but rather at a small agency in Munich. There's a surfboard propped up against the door and a soccer table next to the espresso machine. Other than this, the creative minds at gravity design agency have cleared out their premises. Nothing should divert the observers' gazes and thoughts from the objects located on chest-high platforms: four vehicle studies by young Audi designers who have made their individual visions of the Audi of the future into reality – as 1:4 scale models, at least. Two women and three men then study the models. They silently move from design to design, jotting things down here and there on yellow adhesive notes. Their faces reveal nothing.

"I wonder what they'll have to say," whispers designer Juan Carlos Huerta Martinez to a colleague. The Spaniard doesn't take his eyes off the man in the blue jacket who is currently examining his quattro PowerSpace, a high-capacity sedan with large wing doors. The design is meant to combine the driving pleasure of a sporty Audi with the roominess of a van. "Just because you have a family doesn't mean your car shouldn't be fun to drive," says Huerta Martinez, explaining his concept. But will they understand it? Today's the day to find out.

It takes a lot of time to develop a car – and a lot of money to build it. That's one reason why there is scarcely a market as well researched as the car market. Cockpit layout, glove box styling, turn signal design – there are surveys and studies on just about every detail of a vehicle. Audi alone requests feedback from car drivers in 70 to 80 studies each year. On the way to production readiness, new models pass through so-called car clinics, in which they are analyzed and discussed down to the smallest detail by test persons. The information gleaned from the clinics is incorporated into further product design. By the time an Audi car is launched on the market, its creators already have a precise idea of the emotions and associations it will evoke.

Juan Carlos Huerta Martinez's glass quattro PowerSpace is far from market-ready; even further removed are the more futuristic designs of his colleagues. Take, for instance, the buggy-like Audi quattrix whose cockpit rotates along the longitudinal axis. It can jump and, "like a cat, always lands on all fours," explains its creator Elmar Reich. Or the ultra-flat vehicle by Björn Wehrli, which with its fully faired wheels resembles a catamaran. Its propulsion comes not from an engine, but from the wind, which is caught in a swiveling airfoil. "Perhaps the car races of 2040 will take place with this type of 80 km/h Speedsailor – with a zero carbon footprint," says the designer, describing his vision.

By now it's clear that we're not talking about Audi innovations for the year 2014. This is also not your average market research session – it's called a "trend receiver" analysis. Here, based on personal visions of the Audi designers, a select group of people with vision get together to reflect on what the mobility of the future could look like. These are visions that could become reality years or even decades from now – or perhaps never.

"When the timeline to market relevance is particularly long or the questions are extremely complex, conventional market research reaches its limits," explains Dr. Rupert Hofmann, who develops the trend receiver studies for Audi. The participants he enlists for this differ from those of a market-representative study. These are not specifically automobile experts, but rather individuals selected based on specific themes, who perceive changes early on and are good at discerning the potential of new concepts. They are people from a whole range of industries, but all have one thing in common: They are exceptionally curious, have connections in a range of contexts and enthusiastically observe what it is that drives people and what things are changing.

These experts hold nothing back. "I bet you couldn't hold a teleconference in it," Bernd Blumoser quips dryly in reference to Elmar Reich's buggy. Blumoser, who is responsible for Corporate Technology for Open Innovation and Ideas Competitions at a large firm, voices an opinion that illustrates just how different requirements for vehicles can be. "Drivers will have to have a certain amount of skill to control the Speedsailor – they won't be able to rely on the assistance system to handle that," jokes Birgit Schaldecker, innovation manager at a high-tech textile manufacturer, referring to Wehrli's design. On the other hand, she says, thinking aloud, technologies are already being developed for

Eager anticipation: Four young Audi designers (left) present their visions of the future, which are then debated intensely in a group meeting with the trend receivers (right).

PHOTOS | ULRIKE MYRZIK

Lively discussions: The trend receivers don't judge every idea exactly the same way as the designers. But their feedback often provides new impetus.

motorsport today that will one day be used in everyday driving. "And we are not going to stop thinking about the future in the future either."

Then designer Markus Klug enters the contest with his Audi Grid, a sports car with two separate cockpits. Its main attraction: landing flaps of sorts in the wheel wells that lift when the car is on the verge of fishtailing. "They provide a warning as soon as things get dicey. The car trains the driver, instead of taking responsibility away from him," Klug explains the concept, which is intended above all to convey driving pleasure. Surprisingly, this elicits the strongest reactions from the women in the group. "A car that communicates with me. Like a horse that pricks up his ears and tightens his muscles before breaking into a gallop," says an enthusiastic Birgit Schaldecker. In the design language of the Audi Grid, by contrast, she sees very little in the way of communication. "I would have expected something a bit more subtle," says the innovation manager.

As the discussion intensifies, Claus Potthoff is listening in the background. "This feedback is very important for our work," says the Head of Design Strategy/Communication at AUDI AG. With collaborative projects such as these, involving market research and design, it's not so much about evaluating individual models as it is about getting outside feedback on new ideas. "Design mustn't be created in an ivory tower. Only if we continually ground ourselves can we build cars for people." But people sometimes see things differently than the designers, as Juan Carlos Huerta Martinez must admit: Although the teardrop form of his quattro PowerSpace certainly does elicit enthusiasm – there is even mention of the word "art" – none of the trend receivers see a family car in it, despite the integrated ski and bicycle tunnel. "For me, it's more a vehicle for the business sector," says Dr. Jan Oliver Schwarz, who works in the Corporate Development division of a large insurance company. Surprisingly, the vehicle study elicits completely different associations than first assumed. But then this is precisely how it provides the desired impetus. «

See here how the Audi quattro concept showcar is created.

In brief

Award for Audi's "green train"

SUSTAINABILITY October 2012 saw the start of carbon-free rail transportation for new cars between the Audi site in Neckarsulm and the North Sea port of Emden. Audi's transport partner is DB Schenker Rail. In using the "green train" Audi avoids emissions of 3,420 metric tons of carbon dioxide per year. AUDI AG has already been using a carbon-neutral train for traffic to Emden since 2010. In recognition of this achievement the Company was chosen as winner of the "Logistics Sustainability Award 2012" by the German and Austrian Logistics Associations. "AUDI AG has played a pioneering role in automotive logistics through its use of eco-electricity for freight traffic from Ingolstadt," concluded the jury. Audi was the first company to use trains running on eco-electricity. Overall, more than 70 percent of vehicles produced by Audi are forwarded to their destination by rail, 36 percent of which take trains using renewable power.

Short Facts

5,000

Users of the smartphone app Audi music stream can pick up more than 5,000 Internet radio stations in their vehicle.

Commitment for UNICEF

DONATIONS Ingolstadt is "UNICEF Child Friendly City 2012/13" and will be raising money for the children's rights world organization for a one-year period. Audi apprentices built a donation meter for Ingolstadt City Hall to display the running total raised. AUDI AG started the ball rolling with an initial donation of 100,000 euros.

Audi connect at the CeBIT

INFOTAINMENT For the first time ever, Audi had its own stand at the CeBIT, one of the most important events in the digital world, to present solutions for mobile IT applications. The spotlight was on connectivity. Audi connect brackets together all functions that link the driver with the Internet, the car and the environment.

Safety awards for the A3

SAFETY The Audi A3 has won four separate "Euro NCAP advanced" awards for innovative safety systems. In addition, the A3 was presented with the "Reward 2012" for Audi pre sense front plus. It also received the top rating of five stars for its passive crash safety (www.euroncap.com/rewards/audi_pre_sense_front_plus.aspx).

PHOTOS | AUDI AG

R8 e-tron: pure dynamics!

ELECTRIC VEHICLES Markus Winkelhock powered the Audi R8 e-tron, the all-electric high-performance sports car, around the 20.8 kilometer long Nordschleife of the Nürburgring in just 8:09.099 minutes. The R8 e-tron's two electric motors give the car a combined power output of 280 kW (381 hp). "This run was a unique experience for me," declared driver Winkelhock. "The torque that the R8 e-tron's electric motors unleash in propelling it uphill beats anything I've ever experienced – not least because they make barely a sound. An entirely new experience!"

Always striving for a new goal: » Racing driver Rahel Frey and former Olympic ski champion Hilde Gerg compete in the snow – first on skis and then in an Audi SQ5 TDI. » A live performance in front of an enthusiastic audience – nothing brings more joy to jazz singer Viktoria Tolstoy. » Lamborghini employee Giorgio Sanna not only tests each new model – he also lives by the values of the legendary Italian car brand.

My Inspiration

PHOTO | STEFANSCHUETZ.COM ILLUSTRATION | THOMAS KAPPES


emotional
sporty
dedicated

 Text | **Thilo Komma-Pöllath**

Duel *in the snow*

Audi factory driver Rahel Frey and former Olympic ski champion Hilde Gerg go head-to-head in an unconventional competition: First they go down the slope on skis – and then in the new Audi SQ5 TDI!

PHOTOS | STEFANSCHUETZ.COM

Down to the valley with top technology: Skiing sensation Hilde Gerg carves tight turns on skis; factory driver Rahel Frey dances around the slalom gates in the Audi SQ5 TDI.

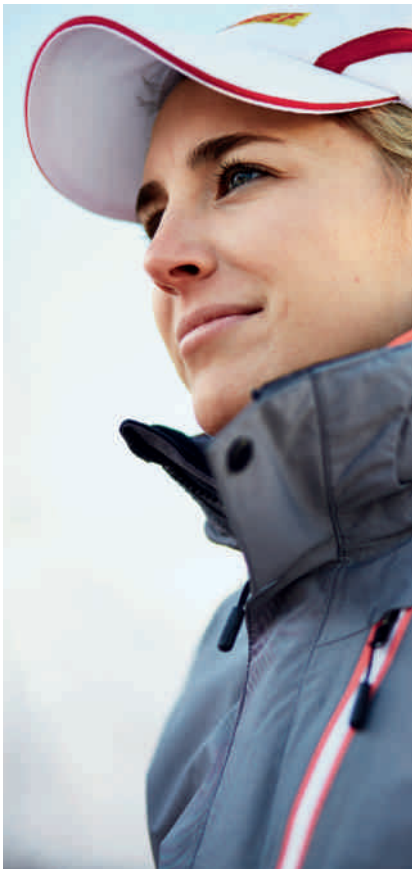
Impressions from Saalbach-Hinterglemm: Rahel Frey (left) tests the slopes, the two competitors on the chairlift (above) and just before the start of the first run (below).

PHOTOS | STEFANSCHUETZ.COM

This is one of those idyllic days for skiing. Since morning, the sun has been peaking through the wispy clouds on the "Turmwiese," one of the most beautiful ski slopes in Saalbach-Hinterglemm. Perfect conditions for carrying out a special sort of duel.

Waiting to start at an altitude of 1,200 meters are a black and a dark blue SQ5 TDI. Standing next to the SUVs are two athletes whose quest is to continually explore new boundaries: Audi factory driver Rahel Frey, 27, who is currently one of the fastest women race car drivers in Europe, and Hilde Gerg, 37, Olympic slalom champion at the 1998 Olympics in Nagano and an Audi brand ambassador. They checked out the course in the morning, and now they await the start signal of an unconventional slalom race: The first run will be on skis, the second in the new Audi SQ5 TDI with 230 kW (313 hp) of power. The tense anticipation of the two competitors is perceptible: "I might be Swiss and can ski, but I'm much better on a snowboard," says Rahel Frey. "Going down the ski slope in a car – that is an entirely new challenge for me," states Hilde Gerg, who found fame in her ten years of professional skiing as "Wild Hilde."

The first run: Rahel Frey wears her car racing helmet and Halti skiwear from the Audi collection. Ideally equipped, she takes up the challenge, but senses that she's a bit out of her league in this part of the race. "My plan is: Don't fall, keep the gap small, and if necessary just shoot straight down the hill!" Then the competition starts. The two racers are off with a strong push and immediately go into an aerodynamic racing tuck. The slope is not too steep, but thanks to her excellent technique, Hilde Gerg carves through the gates with tighter turns than her competitor. "Incredible – Gerg still skis just like she did at the height of her career!" says Fritz Steger, vice-president of the local ski club, at the finish area. Steger laid out the course, and he knows Hilde Gerg well: 11 years ago she won back-to-back downhill victories at Saalbach-Hinterglemm within 48 hours, and Steger's father was the one who awarded her the victory medals.



Ski boots instead of race overalls: The Swiss national Rahel Frey drives for Audi and is currently considered one of the fastest women race car drivers in Europe.

Now Gerg rushes down the course at high speed and finishes a full two seconds ahead of Frey. "Does it still look like skiing?" teases Gerg, as though she wasn't exactly sure. Rahel Frey is also satisfied with her ski run, but the gap is bugging her a bit, because she did not make any obvious skiing errors. "I am amazed at the speed Hilde reaches, especially through the turns! But I will make up that time in the car," predicts Frey confidently.

The second run: Now, just as the two Audi SQ5 TDI cars are making their slalom debut, the sun gradually softens the snow on the slope. "Can I brake quickly down at the finish?" Hilde Gerg asks Saalbach veteran Sepp Haider, instructor for Audi driving experience and former rally race driver. "Definitely," he replies, "but if the rear of the car starts to overtake the front, you must quickly back off on the brakes." Haider, who was a ski instructor before he became a race car driver, leans over to speak to Gerg in her car and explains how to maneuver the SUV quickly and securely through the gates. Taking the offroad vehicle down the ski slope is like skiing in deep snow under difficult conditions. "What

Audi brand ambassador with Olympic Gold: During her racing career, Hilde Gerg stirred up the competition as "Wild Hilde."

Audi alpine: the SQ5 TDI in its element.

counts here too are the correct swing, an ideal line and getting the material to glide – that's why Hilde can grasp this right away," is Haider's estimation.

Moments after the start, the two SQ5 TDI SUVs are already making their way around the gates in spectacular fashion. Sepp Haider recommended that the drivers switch the stability control system to the offroad mode, so that they could make use of slip in the turns. The SQ5 TDI cars dance down the slope as though this were their natural habitat. Dozens of curious onlookers have gathered along the slope, and they can hardly believe what they are seeing – how powerfully and elegantly the two vehicles move over the snow. Rahel Frey wins this run with a full gate lead. "Driving a car with over 300 hp in the snow is an incredible feeling. The handling of the SQ5 TDI is super," exclaims Frey at the finish. "But the warmer it gets, the more you need a feel for it. I'm sure you're familiar with that from ski racing too, Hilde." Gerg is considered an excellent driver – and it is apparent in her expression that she expected a better result. She says: "On skis I can control my speed directly by my technique and body positioning. In the car, there's an accelerator pedal in between – that in itself is a big difference."

It is early afternoon, but the surrounding mountains are already casting long shadows over the slope. Frey and Gerg high-five each other at the finish and embrace. "And who won?" asks the Audi factory driver with an impish grin. "A tie!" answers the ski racer, still impressed by the experience of her slalom on four wheels. "Although that is unheard of in both of our sports." An exceptional result for an exceptional race. «

Dance on the slope: Experience the race between the two sport stars in spectacular pictures.

Happy faces: Hilde Gerg and Rahel Frey at the end of an exciting day of racing.

PHOTOS | STEFANSCHUETZ.COM (2); JIM RAKETE

Luca de Meo
Member of the Board of Management for Marketing and Sales

“Vorsprung” starts anew every day

Long before I came to Audi, the German word “Vorsprung” held a special fascination for me. Because it says in a single word what makes a brand into a strong brand. What Audi stands for. For the dynamics of permanent motion, because “Vorsprung” is not a passive state. For the resolve to keep making a leap forward. For the ability to look ahead and to recognize what will be important to people – tomorrow and into the future, in over 100 countries around the globe. “Vorsprung” is packed with infinite passion. It is the drive with which we at Audi work on new solutions that make life easier. It is what people notice when they come into contact with Audi: at the steering wheel, at a dealership, on the web. And at millions of other places.

124 Text | **Annette Utermark**

A powerful voice and an unbridled passion for experimentation. For Swedish Viktoria Tolstoy, every concert is a new adventure. She thrills the audience at the Audi Forum Neckarsulm with her passion for music.

»Jazz, to me, means *freedom*«

PHOTO | FRANK SCHINSKI/OSTKREUZ

The Audi Forum Neckarsulm is transformed into a jazz club for Viktoria Tolstoy's concert.





A singer's work day: Viktoria Tolstoy arriving in Neckarsulm and during the sound check (top), with her band before the concert and on stage in the evening (bottom).

It's just 15 minutes before she goes on stage, but Viktoria Tolstoy doesn't look nervous at all. On the contrary. The singer is sitting nonchalantly on the couch in her dressing room, laughing at a story her pianist is telling while typing a text message on her phone. Then she quickly touches up her lipstick – and it's time to go on stage. In the exclusive atmosphere of the Audi Forum Neckarsulm, some 300 guests are waiting in the beautifully illuminated ellipse for the Swede to enter. This summer evening, Viktoria Tolstoy is presenting her album "Letters to Herbie," a very personal interpretation of songs by one of her main role models – jazz legend Herbie Hancock.

"Welcome to the Audi Forum," says the blond singer in the polka dot dress as she greets her audience. Her charm and easy-going manner immediately captivate the audience. She kicks off the evening with the ballad "Trust Me." Tolstoy's voice is velvety soft, yet powerful – crystal clear, yet intense. She is in perfect harmony with the repertoire of Hancock cover songs and her own – such as the tribute "Letters to Herbie," which she sings with the same ease and finesse as she does Hancock's funky classic, "I Thought It Was You." Though the band uses style elements taken from rock, folk and classic, they always remain true to the central theme – jazz. "Jazz is my foundation. It's what I base my music on," is how Viktoria Tolstoy described her credo that afternoon sometime between the sound check and performance. "Jazz, to me, means freedom – especially the freedom to improvise. That's what makes every concert an adventure for me."

The love of experimentation and sheer joy of music tonight is not limited to the woman at the microphone. Viktoria Tolstoy always gives her quartet room to improvise – whether it's the virtuostic piano playing of Jacob Karlzon, rock riffs of guitarist Krister Jonsson and bass player Mattias Svensson or an elaborate solo by drummer Rasmus Kihlberg, who is married to Tolstoy. "No two performances are ever alike – that's also the reason why I sing. Plus, being in front of an audience is pure bliss," as Tolstoy describes her love for the stage.

Viktoria Tolstoy's longing for artistic expression began in the cradle. But more than that, it's a family tradition.

PHOTOS | FRANK SCHINSKI/OSTKREUZ

Scandinavian vocal wonder: Viktoria Tolstoy never had a singing lesson – she inherited her talent from her father, a famous Swedish jazz musician, and got her stage name from her great-great grandfather Leo Tolstoi.

Her great-great grandfather was the Russian writer Leo Tolstoi, whose surname Viktoria adopted at the beginning of her career using the internationally recognized "y." Her father is the well-known Swedish jazz pianist and vibraphonist Erik Kjellberg. "As a child, I woke up to music in the morning and fell asleep to it at night. We sang and played music every day," says the 38-year-old. By the time she was four years old, she was already determined to become a singer. The pivotal moment of her career came at 16. "My father had me sing Billie Holiday's "Lover Man." Then he put on a version by Ella Fitzgerald and the song sounded completely different! I was fascinated by how jazz allowed you to experiment with your voice – and the decision was taken."

Born near Stockholm, the musician released her first album "Smile, Love and Spice" in 1994 without ever having had a single singing lesson and garnered immediate recognition from renowned Swedish jazz musicians when she debuted at 20. Two years later, she even made it to the top of the Swedish charts with the more pop-oriented album "För Älskad (Too Loved)," becoming a star overnight.

She gives the first hint of her Russian heritage on the album "White Russian," Viktoria Tolstoy's self-proclaimed favorite. She recorded it in 1997 for the famous label Blue Note together with her mentor, the late jazz-legend Esbjörn Svensson. "I've been preoccupied with my family background since I was a child. When I was 13, I went with my family to visit Leo Tolstoi's house for the first time. I've been there five times since. It's a very special feeling being related to him," says the singer. Her great grandfather, Leo Tolstoi's son, who suffered from a neurological disorder, went to Sweden to see a specialist for treatment at the end of the 19th century and fell head over heels in love with the doctor's daughter. After they were married, he stayed on in Sweden. "A classic love story right out of a Tolstoi novel," says Viktoria. To prepare for the album "My Russian Soul" a few years ago, she took an intense look at the music history of Russia – in her own way, of course. She interpreted classics by Rachmaninoff and Tchaikovsky's "Swan Lake" as well as film soundtracks from modern Russian composers and even traditional folk songs – all of them embraced in jazz arrangements.

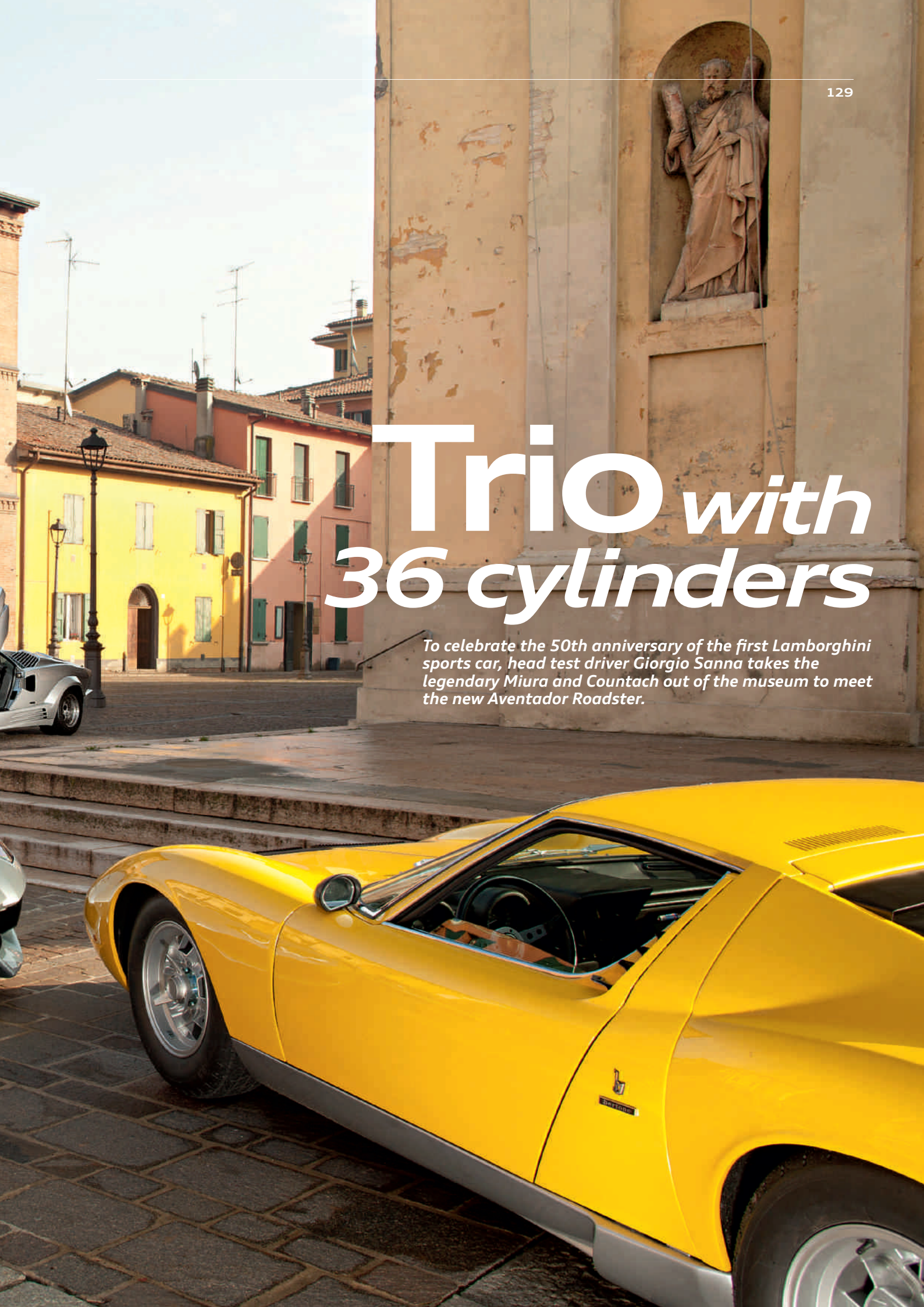
Viktoria Tolstoy readily admits that she might have benefited from the reputation of her famous ancestor. However, the secret of this Swede's success, who has been one of the top Scandinavian jazz performers for a long time now, is her rousing performances. Every minute of her two-hour appearance at the Audi Forum proved that the singer is still just as passionate about her music now as she was in the beginning. No wonder the enthralled audience would only let Viktoria Tolstoy leave the stage after she had given several encores. «

Viktoria Tolstoy talks about her love of music and jazz legend Herbie Hancock.

Family photo: Lamborghini's head test driver Giorgio Sanna leans against the Aventador Roadster. His two other favorites: Countach (rear) and Miura.

PHOTO | WOLFANGO

Fuel consumption and emission figures at the end of the Annual Report



Trio with 36 cylinders

To celebrate the 50th anniversary of the first Lamborghini sports car, head test driver Giorgio Sanna takes the legendary Miura and Countach out of the museum to meet the new Aventador Roadster.

As if glued to the road: the Aventador Roadster.

More air! Increasing power requires larger air intakes on the Miura, Countach and Aventador (from above).

In the fifty years since the first sports car rolled out of former tractor builder Ferruccio Lamborghini's new factory in 1963, it hasn't always been an easy ride for Lamborghini, says Giorgio Sanna. But, as the car manufacturer's head test driver stresses, the company has always been spurred on by the passion of its employees and fans. He then describes the brand using an appropriate figure of speech: "We are on a steady upward trajectory today here at Lamborghini – and heaven knows our sports cars are strong and powerful enough to master any uphill climb," he says with a mischievous smile.

Giorgio Sanna is actually a matter-of-fact sort of person. But when the conversation turns to his favorites, he begins to rave: "Lamborghini is a dream brand in the international automotive industry. Having undergone various upheavals over the years, its core values remain emotionally unchanged." This comes from the man who lives out the values of the sports car manufacturer himself. Brand ambassador, head test driver, developer and race car driver – he is all of these. Sanna also channels his energy and enthusiasm into making sure that every new model becomes a Lamborghini in the tradition of the legendary company founder and automotive designer. The 37-year-old does this by "taming" the sports cars, so to speak, thereby ensuring through his work that the big, fast cars from Sant'Agata Bolognese can still be contained, despite their unruly power and temperament.

When racing driver Giorgio Sanna followed the call to Lamborghini in 2001, he encountered a legend among test drivers: Valentino Balboni. "Nothing escapes his notice," says Sanna, referring to Balboni's precision. For 40 years, he tweaked each new Lamborghini until it was perfect. While he had every respect for his predecessor, Giorgio Sanna quickly forged a reputation in his own right. In his dream job at Lamborghini, however, he applies the same high standards as Balboni.

PHOTOS | WOLFANGO

Countless Lamborghini friends envy the man because he gets to drive exhilarating sports cars on test tracks and racetracks – and is even paid to do so.

In commemoration of the past 50 years, Giorgio Sanna himself drives three milestones in the company's history to the center of the little town of Sant'Agata Bolognese. Alongside the new Aventador Roadster are two models whose home is normally the factory museum: Sanna selects a yellow version SV Miura from the early 1970s because it was the first of the company's sports cars to be optimized by Balboni. Created by designer Marcello Gandini, the Miura was one of the fastest sports cars of its time – and, at just 1.05 meters in height, was also one of the flattest.

The Miura is propelled by a roaring V12 engine located behind the seats. But unusually, it was installed transversely rather than longitudinally, allowing the 5-speed transmission to be connected directly. This exceptionally compact engine-transmission unit provides an ideal center-of-gravity position – and an inimitable sound. The 3.9-liter powerplant develops its 283 kW (385 hp) just a few centimeters behind the driver. He hears everything: the voracious opening of the throttle and the dancing valves, accompanied by the powerful trumpeting of the exhaust system. With the vehicle weighing just under 1,200 kilograms, the engine has an easy time of it. But the driver must fight to find the ideal line: The Miura tends to oversteer and requires forceful countersteering. Only a professional like Sanna can calmly recount, even while cornering at speed, what else makes the Miura special: "It was hand-built and is an exceptionally high-quality product."

The second legend from the factory museum is a silver 1988 Countach. Lamborghini built the tapered successor to the Miura for 16 years. One reason why Giorgio Sanna selected this model is because of its scissor doors. First introduced on the Countach, they are now part of the Lamborghini tradition, along with the extremely flat windshield, and the razor-sharp body design.

The powerplant in the Countach

Classic sports car design: the inside of the Miura with gate shifting and large dials.

50 years of Lamborghini

In 2013 the cult brand is celebrating the 50th anniversary of the first Lamborghini sports car – the 350 GT. The highlight of the festivities is a 1,200 kilometer jubilee tour that will pass through the most beautiful regions of Northern Italy from May 7 to 11, 2013. Admirers of the brand from all around the world will bring their cars to Milan, where the tour will begin. Passing through the stylish seaside resort of Forte dei Marmi, the route will cross the vineyards of Tuscany and the Maremma nature reserve and then continue on to Rome before heading back north. The procession will traverse the magical Strada dei Sette Ponti (Seven Bridges Road) before crossing the Tuscan mountain passes. Via the Futa and Raticosa passes, the route will then lead to Bologna. The tour will wrap up with a gala dinner at the Lamborghini headquarters in Sant'Agata Bolognese. More information on the anniversary can be found on the website www.lamborghini50.com.

Giorgio Sanna at the rear of the Countach: The 1988 model still has a futuristic appearance.

Closely related: 45 years separate Miura and Aventador. Both are real eye-catchers.

also has 12 cylinders. With its 5.2-liter engine that harnesses 335 kW (455 hp) output, Lamborghini ushered in a new era. The extremely long first-gear ratio transforms starting into an art form. If, like Sanna, you are able to go easy on the throttle, you can achieve a wheelspin start and use first gear even while taking curves at high speed – the gear ratio allows the car to exit them at speeds up to over 100 kilometers per hour.

Completing the trio is the current top-of-the-range Lamborghini model, which the manufacturer introduced into its fabled 12-cylinder club in 2011. The Aventador puts everything else in the shade: The LP700-4 with a carbon-fiber-reinforced monocoque provides lightweight construction modeled on Formula One cars. Its 515 kW (700 hp) output is transmitted to all four wheels, boosting its already breathtaking driving dynamics still further. And the Aventador Roadster combines this dynamism with the experience of open-top driving. Never before has it been easier to handle a Lamborghini, provided the driver doesn't ignore the electronic assistance systems. "Always look in the direction you want to go," advises Sanna, smiling. "Especially when the back of the Aventador starts fishtailing!"

After a thrilling demonstration, Giorgio Sanna drives the roadster into Sant'Agata Bolognese at a leisurely pace, parks up and gently closes the car door. Allowing his gaze to wander over the three sports car icons gathered for the family photo, he reiterates what it is that has kept the brand going for 50 years: "We live and breathe these cars. We are attached to each and every Lamborghini." «

A brand of passion celebrates its anniversary: Discover more about 50 years of Lamborghini.

PHOTOS | WOLFANGO (2); KILIAN BLEES/AUDI AG; AUDI AG (2)

In brief

New Audi factory in Mexico

LOCATION A new Audi plant is being built in San José Chiapa, in the Mexican state of Puebla. "With this location, we will be able to expand our activities in the American markets," says Prof. Rupert Stadler, Chairman of the Board of Management of AUDI AG (below right, with Rafael Moreno Valle Rosas, Governor of Puebla). Production will begin in 2016.

"Doors open!" in Ingolstadt for knowledge-hungry kids

YOUTH On the public holiday that commemorates German reunification, the crowds flocked to Audi in Ingolstadt: Over 5,000 children and parents experienced the fascination of cars with child-friendly presentations at the "Doors Open Day" – an initiative of the "Sendung mit der Maus" television program. On this occasion, the otherwise closed doors of the Design department and the wind tunnel, among others, were opened to the young fans.

Powerful: A6 allroad quattro

POWER PACKAGE The Audi A6 allroad quattro celebrated its premiere with the 3.0 TDI engine, which delivers 230 kW (313 hp) thanks to twin turbocharging. Compared with its predecessor, the performance of the six-cylinder engine has improved, while consumption and, consequently, emissions have decreased by up to 20 percent.

Support for Olympic athletes

SPONSORSHIP During the 2012 Olympic Games in London, Audi provided 60 vehicles to the German team, including four electrically driven A1 e-tron cars. The German House in London included an Audi Lounge in which participants and visitors could meet. Audi will continue to sponsor German Olympic and Paralympic athletes in the future: The partnership with the German Olympic Sports Confederation (DOSB) and the National Paralympic Committee Germany (DBS) has been extended until 2016.

Short Facts

100

The Le Mans winner R18 e-tron quattro with hybrid drive provided 100 percent reliability in the 2012 season, with not a single breakdown.

Strong team: Audi and FIS

SKIING Audi has been actively involved in skiing for almost three decades – and will continue this association for at least the next five years. The Company has agreed to continue its partnership with the International Ski Federation (FIS) until 2017. This means that the FIS World Cup will continue to take place under the Audi banner in the years to come. The quattro drive system, which provides added dynamics and driving safety, will have a chance to showcase its strengths on wintry terrain too. The presentation of brand and technology at the World Cup has made Audi and quattro something of an institution among winter sports enthusiasts.

Authors and team

Thilo Komma-Pöllath
Author, Munich
This freelance writer from the Upper Palatinate region contributes regularly to weekly German publications such as the Süddeutsche Zeitung Magazin and Frankfurter Allgemeine Sonntagszeitung. Since specializing in sports and travel in journalism school, he has focused on interviewing athletes, musicians and actors. His next major project as a journalist? Touring Alaska in a recreational vehicle with his daughter Carlotta.

Andrea von Treuenfeld
Author, Berlin
After working for many years as a columnist, correspondent and editor-in-chief, this freelance journalist now primarily writes biographies and reports on cultural events. The cultural gala in Ingolstadt gave her the chance to combine the two. “Experiencing the artists on stage and then chatting about their life with them over dinner – that was extremely interesting.”

Steve Herud
Photographer, Berlin
John Tenner
Producer, Malaga
Herud (right) and Tenner (large picture, left) traveled around the world to portray Audi enthusiasts and their vehicles. They not only had to adapt to each country’s idiosyncrasies, but also occasionally persuade shy people to pose for the camera. Thanks to the well-traveled producer’s language and people skills, the Berlin photographer succeeded in capturing moments that reflect the passion for Audi on every continent. This was also made possible because the people portrayed – such as Australian Ian Fankhanel (large picture, right) – supported the project particularly enthusiastically. Many thanks to the global Audi community!

PHOTOS | PRIVATE (6); OLIVER SCHULTZ-BERNDT; STEVE HERUD, JOHN TENNER (2)

Jürgen Zöllter

Author, Fischach

This freelance journalist from Fischach, Bavaria, writes features and reports on people and their cars – with a focus on high-performance vehicles. “I’ve driven every luxury model made in the past 25 years.” He also writes about motorcycles and historic race cars. It will therefore come as no great surprise to hear that Jürgen Zöllter has a racing license.

Manfred Jarisch and Ulrike Myrzik

Photographers, Munich

These two have been collaborating since 1993. They specialize in features, portraits, architecture and design. “Every new job presents new challenges. One-size-fits-all solutions do not exist. That means our work is always exciting.” What else do they want to photograph? “The list is endless. The tallest towers, the oldest trees, fog, the ocean, our son Josef. And Hollywood star Jack Nicholson!”

Christian Eisenberg

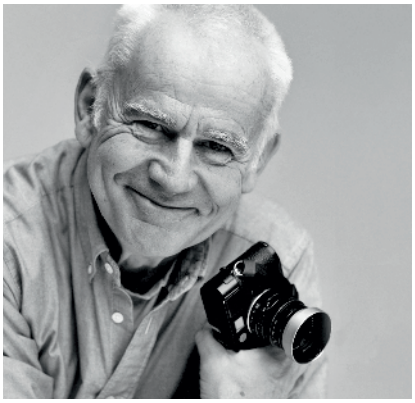
Illustrator, Hamburg

His specialty? Detailed 3D portrayals. His mission? To identify the core meaning of something and represent it in such an entertaining manner that people will understand it at once. But this illustrator feels that graphic expertise is only half the story: “You also need a lot of patience and excellent concentration to navigate three-dimensional realities.”

Arne Gottmann

Author, Hamburg

This journalist and test driver is happiest with a steering wheel in his hands. He has devoted himself to anything with wheels for some 20 years. But he did not mind being a passenger while exploring Paris with Eva Padberg: “That made the French capital twice as nice!”



Jim Rakete

Photographer, Berlin

Since his youth, Jim Rakete has set out with his camera to capture that unmistakable look in a person’s expression on their first encounter. He is currently preparing the exhibition of a film and photo series about actresses who portray characters that they should never have been allowed to play.

Audi sets the course for further growth

The vision is very clear-cut: As "Audi – the premium brand," the Company wants to become the world leader in delighting customers. In pursuit of that vision, excellent products and a unique world of discovery will continue to captivate people. The decisions that were made in the past fiscal year paved the way for the further strategic expansion of the Audi Group. For example, Audi has revived its time-honored tradition as a motorcycle manufacturer through the takeover of the Italian brand Ducati. Like Audi, Ducati possesses considerable expertise in lightweight construction and high-performance engines, and is noted for its emotionally charged design idiom. In acquiring Ducati, the Audi Group has further raised its profile and now embodies sportiness, innovation, passion and a consistent premium philosophy more strongly than ever.

However, 2012 also brought major economic challenges. There was a marked slowdown in global economic growth as the year progressed. In addition, many passenger car markets proved intensely competitive. Amid this difficult environment, the Audi Group's continuing expansion of its worldwide manufacturing network is an unmistakable declaration of its strength. Thus the successor to the current Audi Q5 is scheduled to go into production at a new plant in San José Chiapa, Central Mexico, from 2016. At the Hungarian site Győr, on the other hand, construction work is nearing completion: A new derivative model of the A3 family will be built on the new production line there from summer 2013. There are also plans

PHOTO | AUDI AG

Fuel consumption and emission figures at the end of the Annual Report

67,231

Employees

The Audi Group employed an average of 67,231 people worldwide in 2012 – an increase of more than 4,400 compared with the previous year. This growth in the workforce came from the recruitment of more experts for the lightweight construction and electric mobility areas of expertise, and above all from the expansion of our production network and the acquisition of participating interests.

1,455,123

Deliveries of the Audi brand

1,455,123 cars of the Audi brand were delivered to customers worldwide in the past fiscal year; that is 11.7 percent more than in the previous year. The biggest drivers of demand were the new A1 Sportback and Q3 models, as well as the Q5, A6 and A8 model series.

EUR 48.8 billion

Revenue

A dynamic sales performance in the past fiscal year saw the Audi Group increase its revenue by 10.6 percent to EUR 48.8 billion.

EUR 5.4 billion

Operating profit

Despite a challenging economic environment and higher expenditure on new products and technologies as well as significant advance payments towards the expansion of manufacturing structures, the Audi Group achieved a slightly higher operating profit compared with the previous year, taking it to a best-ever level of EUR 5.4 billion.

11.0 %

Operating return on sales

An operating return on sales of 11.0 percent meant the Audi Group was again well ahead of its strategic target corridor of eight to ten percent.

30.9 %

Return on investment

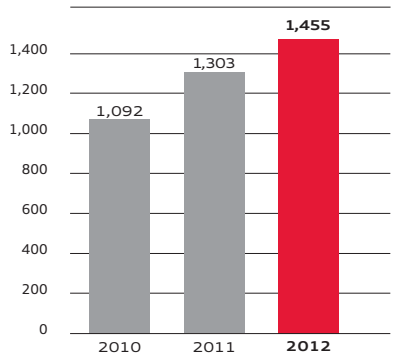
With a return on investment of 30.9 percent in the past fiscal year, the Audi Group was again one of the world's most profitable vehicle manufacturers.

EUR 11 billion

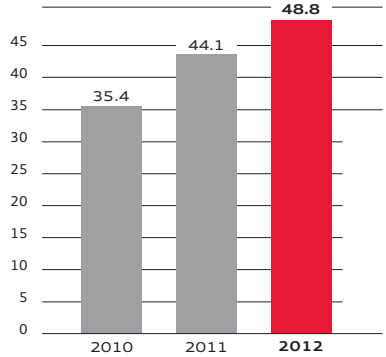
Capital investments

The Audi Group continues to invest strongly in the future. It has plans for total capital investments amounting to around EUR 11 billion by 2015. The focus will be on the development of new products and technologies. The Company will also continue to expand its international production network.

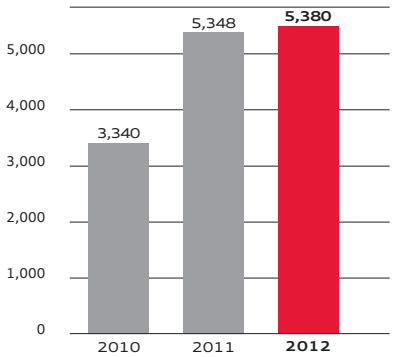
Deliveries
of Audi vehicles (thousand)



Revenue
(EUR billion)



Operating profit
(EUR million)



to build another A3 model at the new Foshan plant, in Southern China, which is currently being constructed by the Chinese joint venture FAW-Volkswagen Automotive Company, Ltd.

Dynamic corporate development is also generating demand for extra capacity at the Ingolstadt and Neckarsulm locations. One measure designed to ease the pressure on the Ingolstadt plant is the creation of a new facility in Münchsmünster, which will accommodate a new production line for form-hardened body components, a press shop and an aluminum pressure die-casting foundry. Since 2012 Neckarsulm has been home to the new engine testing center, the most innovative and efficient engine test facility in the Company. The common objective of all investment measures is to permanently safeguard and increase the innovativeness and competitiveness of the German plants.

As part of its long-term product initiative, Audi again introduced a large number of new products onto the markets in 2012. For example, the A1 car line gained a five-door version in the shape of the Audi A1 Sportback, which affords more headroom in the rear, provides easier access and – thanks to innovative efficiency technologies – has low fuel consumption. Since late summer 2012, the new A3 has been the benchmark in its segment, with its extensive range of infotainment and driver assistance systems, a sporty, progressive design and pioneering lightweight construction. We have widened the Audi brand's hybrid portfolio with the addition of the A6 hybrid full-size sedan and the A8 hybrid luxury sedan.

The newly introduced models already stimulated demand in 2012. Thanks to the attractive, sporty product portfolio, over 1.45 million Audi brand vehicles were delivered to customers worldwide in the past fiscal year. That represents an increase of 11.7 percent – or more than 150,000 automobiles – within the space of just one year.

The dynamic sales growth meant that the Audi Group's revenue rose by 10.6 percent to EUR 48.8 billion. The operating profit just topped the previous year's figure at EUR 5.4 billion, despite higher expenditure on new products and technologies and significant advance payments towards the expansion of the worldwide production network. The operating return on sales of 11.0 percent was again above the long-term target corridor of eight to ten percent and comes as further evidence of the Company's sustained high profitability.

The past fiscal year was yet another important milestone for Audi along the road to becoming the world's leading premium brand. The Company plans to remain steadfastly on that path in the future. Its intention is therefore to achieve the 2015 target of over 1.5 million deliveries worldwide of cars of the brand with the four rings even earlier than that date. The broad, attractive product range, to which a large number of new models and derivative versions will be added in 2013, will be used as a springboard to increasing our market shares and further improving our strong competitive position in the premium car segment.

To implement the growth strategy, an ambitious investment program has been launched. As well as expanding worldwide production and sales structures, the plan focuses above all on adding to the product and technology portfolio. The main emphasis is on the strategic core competences electric mobility (Audi e-tron), lightweight construction (Audi ultra) and connectivity (Audi connect). In addition, the Audi Group is fully committed to the ongoing development and optimization of efficient combustion engines. All in all, the Audi Group intends to invest a sum of around EUR 11 billion over the next three years with a view to taking "Vorsprung durch Technik" to the next level and becoming the world's leading premium brand. «

Audi Group Finances 2012

Note: All figures are rounded off, which may lead to minor deviations when added up.

AUDI GROUP
STRUCTURE

Company

The Audi Group, comprising the two brands Audi and Lamborghini, has for many years been one of the world's leading carmakers in the premium and supercar segment. Through the acquisition of DUCATI MOTOR HOLDING S.P.A., Bologna (Italy), and its subsidiaries, the Audi Group has moreover since July 2012 been able to offer its customers motorcycles built by one of the most successful manufacturers in that segment.

The Audi Group delivered a total of 1,634,312 (1,512,014) cars to customers in 2012.

At the heart of the Company is the Audi brand, which embodies modern, distinctive design and technological innovations, along with a high standard of quality in its build and the materials it uses. The ambition to satisfy high customer expectations and develop pioneering automotive concepts is always the priority for the Company; it is given outward expression in the brand essence "Vorsprung durch Technik," which brackets together the brand values sportiness, progressiveness and sophistication. 2012 saw the core brand Audi increase its deliveries by 11.7 percent to the new record of 1,455,123 (1,302,659) cars.

The traditional Italian brand Lamborghini also performed very successfully in the past year, with a substantial rise in its deliveries to 2,083 (1,602) supercars. Its cars are especially noted for their alluring design, highly advanced technology, superior build quality and exceptionally good handling characteristics.

The Audi Group moreover supplies cars of other Volkswagen Group brands through its sales subsidiaries.

The motorcycles of the new member company Ducati are renowned for their unique design, but also as examples of outstanding expertise in lightweight technology and engine development, as evidenced by the array of motorsport triumphs. From its first-time consolidation in July 2012, 16,786 motorcycles of the Ducati brand were delivered to customers in the remaining months of the fiscal year. In 2012 as a whole, the Ducati Group increased deliveries to 44,102 (42,233) motorcycles.

DELIVERIES OF THE AUDI GROUP BY SEGMENT AND BRAND

	2012	2011
Automotive segment	**1,634,312**	1,512,014
Audi brand	**1,455,123**	1,302,659
Lamborghini brand	**2,083**	1,602
Other Volkswagen Group brands	**177,106**	207,753
Motorcycles segment	**16,786**	–
Ducati brand	**16,786**	–

1) Motorcycle deliveries since acquisition of Ducati Group in July 2012

Main Group locations

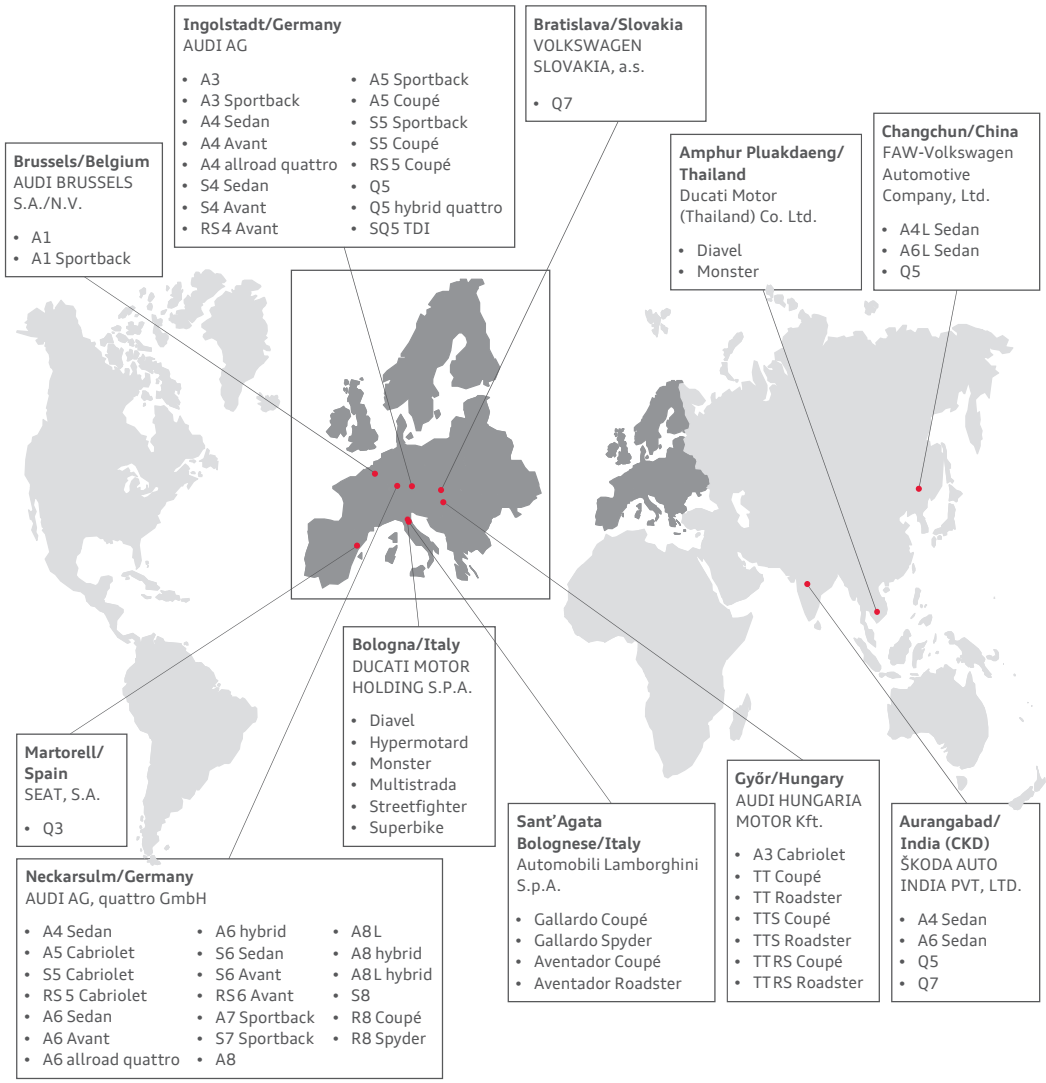
The Audi Group has its headquarters in Ingolstadt. In addition to Technical Development, Sales and Administration, this location is home to the bulk of manufacturing operations. The Audi A3 and A3 Sportback models, the A4 car line, the A5 Sportback and the A5 Coupé, RS 5 Coupé and Q5 models are built in Ingolstadt. Bodies for the A3 Cabriolet and for the TT car line are also made at the Group's main location.

The Neckarsulm plant is where the A4 Sedan, the A5 and RS 5 Cabriolet models, the A6 car line, the A7 Sportback and the A8 luxury sedan are manufactured. Neckarsulm is also home to quattro GmbH, a fully owned subsidiary of AUDI AG. In addition to attractive high-performance vehicles such as the RS models, quattro GmbH builds the R8 line of supercars at its bespoke manufacturing operations there. The Company also offers an exclusive customization program and high-grade lifestyle articles that embody the spirit of the brand with the four rings.

AUDI HUNGARIA MOTOR Kft., Győr (Hungary), develops and manufactures engines for AUDI AG, for other Volkswagen Group companies and for third parties. The Coupé and Roadster versions of the Audi TT as well as the A3 Cabriolet are also built there in partnership with the Ingolstadt plant. The early part of 2012 also saw the Hungarian company celebrate the topping-out ceremony

for the new auto plant, where a further model of the A3 car line will be built from 2013. Since its founding in 1993, that company has grown to become one of Hungary's largest exporters and highest-revenue enterprises.
AUDI BRUSSELS S.A./N.V. in Brussels (Belgium) specializes in being the sole plant to build the A1 and A1 Sportback.
Automobili Lamborghini S.p.A., based in the northern Italian town of Sant'Agata Bolognese, manufactures the exclusive Gallardo and Aventador supercar models. The 12-cylinder engines for the Aventador are also built there by Lamborghini.
The Q7 and Q3 SUV models are made at the VW Group manufacturing locations in Bratislava (Slovakia) and Martorell (Spain) respectively.
The joint venture FAW-Volkswagen Automotive Company, Ltd., Changchun (China), produces long-wheelbase versions of the A4 Sedan and A6 Sedan, as well as the Q5, to supply the local market.
In Aurangabad (India), the A4 Sedan, A6 Sedan, Q5 and Q7 models are built for the local market at the VW Group plant.
DUCATI MOTOR HOLDING S.P.A. manufactures motorcycles of the Diavel, Hypermotard, Monster, Multistrada, Streetfighter and Superbike models in Bologna (Italy). This company also builds Diavel and Monster motorcycles at a plant in Amphur Pluakdaeng (Thailand).

MANUFACTURING PLANTS



Consolidated companies

Volkswagen AG, Wolfsburg, is the major shareholder of AUDI AG and controls around 99.55 percent of the share capital. The Volkswagen Group includes the financial statements of the Audi Group in its own consolidated financial statements. Control and profit transfer agreements exist both between Volkswagen AG and AUDI AG, and between AUDI AG and its principal German subsidiaries.

In March 2012, a subsidiary of AUDI AG acquired a 30 percent share in Volkswagen Group Services S.A., Brussels (Belgium), which the Audi Group accounts for using the equity method. Effective July 19, 2012, AUDI AG acquired a 100 percent share in the motorcycle manufacturer DUCATI MOTOR HOLDING S.P.A., Bologna (Italy), via its subsidiary Automobili Lamborghini S.p.A., Sant'Agata Bolognese (Italy). This acquisition brought a further ten companies into the Group. Effective May 1, 2012, AUDI AG sold off its 100 percent share in Audi Retail GmbH, Ingolstadt, to a subsidiary of Volkswagen AG, Wolfsburg. Audi Retail GmbH and its previously fully consolidated subsidiaries will thus no longer be included in consolidation by AUDI AG.

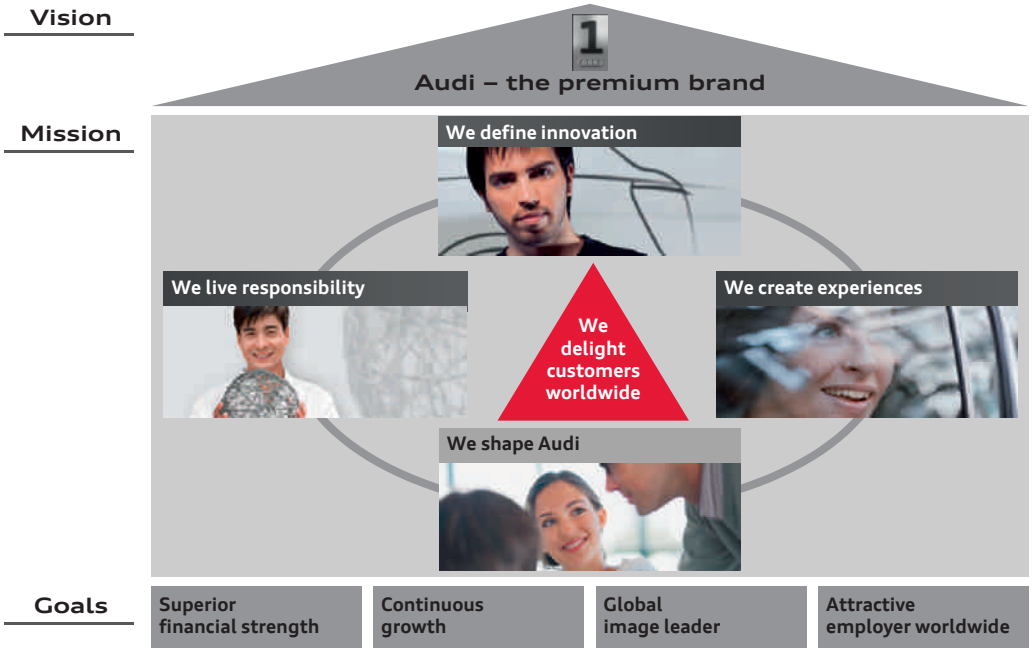
There were also further changes to the group of consolidated companies that did not materially affect the net worth, financial position and financial performance of the Audi Group.

STRATEGY

Vision: "Audi – the premium brand"

The Audi Group first unveiled its Strategy 2020 in 2010, then refined it in the following year. The cornerstones of this strategy remain unchanged and place the emphasis on sustainable, continuous corporate success. The aim is to equip Audi for the challenges of the future along its path to becoming the leading premium brand, and to delight customers worldwide. The issues and measures were further substantiated in 2012 and adjusted to reflect the prevailing economic and business environment. In particular, questions about growing environmental awareness, the future availability of fossil fuels, ongoing urbanization and increasing digitalization and connectivity play an important role in this context.

THE AUDI BRAND'S STRATEGY 2020



Mission: "We delight customers worldwide"

The Audi brand has placed evoking customer delight worldwide at the very heart of its strategy, as the key component of its mission. The brand values sportiness, progressiveness and sophistication are convincingly embodied by the products of the Audi brand. In addition to supplying technologically advanced, innovative automobiles, it aims to generate customer delight in a wide variety of other ways. The Audi brand has defined its understanding of customer delight in greater detail in the following four areas of action, which it examines, formulates and substantiates as part of an ongoing process:

- We define innovation
- We create experiences
- We live responsibility
- We shape Audi

We define innovation

The Audi brand has set itself the task of offering its customers sporty, high-quality and innovative vehicles and mobility solutions. That ambition is expressed in the brand essence "Vorsprung durch Technik" and is emphasized by the clear, distinctive design idiom. Important technologies that will play a key role in the future, such as electric drive systems, lightweight construction and connectivity are brought to production maturity.

All activities involving electric mobility are bracketed together and developed under the Audi e-tron name.

Lightweight technology, too, enjoys a special status at the brand with the four rings. Audi has played a pioneering role in this area ever since the introduction of the Audi Space Frame (ASF) in 1994. Its solutions for paving the way for lighter vehicles have been gradually refined ever since. The name Audi ultra headlines this approach. Vehicle weights are steadily being reduced thanks to intelligent combinations of materials which include aluminum, carbon fiber-reinforced polymers (CFRP), modern steel alloys and magnesium. For instance, the new Audi A3 Sportback is up to 90 kilograms lighter than its predecessor model.

Reflecting the increasing connectivity and digitalization of our society, the Company uses the umbrella term Audi connect to group together all functions that connect the driver with the Internet, the car and the world around him or her. As well as trailblazing assistance and infotainment functions, driver-friendly Internet and smartphone applications are integrated into the vehicle.

We create experiences

The Company aims to create special, positive experiences to delight its customers time and time again. Modern sales concepts such as Audi City, the cyberstore for major urban centers, are part of this approach. The first location was opened in July 2012 in London, close to Piccadilly Circus; the compact premises allow the growing model range to be presented complete with all color and equipment combinations, for customers to experience individually. Following the opening of the second Audi City in Beijing in January 2013, the concept is now to be rolled out in other mega cities in order to generate delight among potential customers for the Audi brand.

The Audi brand can also be experienced close up at exclusive events staged in German cities, which in 2012 included the Audi Classic Open Air Festival in Berlin and the Hamburg Stadtpark Revival historic car race.

Emotion-packed moments are also provided by the Audi driving experience, with its various driving and safety training events acting as a gateway to memorable experiences of the Audi brand. To make the range even more attractive for our customers, the new Audi driving experience center is currently being constructed in Neuburg an der Donau on a 47-hectare site.

The new car collection facilities at the Audi Forums in Ingolstadt and Neckarsulm offer our customers another emotional highlight. In addition to receiving insights into the historical progress of the brand with the four rings, customers learn all about the sheer precision and care that goes into the making of an Audi brand car. Accompanied by a customer relationship manager throughout the entire day, customers are given a personal tour of the factory, making the occasion a truly memorable one.

We live responsibility

Audi's corporate self-perception extends beyond business success to also include social and ecological aspects as part of being a balanced contributor to society. The Audi Board of Management approved approximately a dozen corporate projects in the course of the 2012 fiscal year. These range from the development of drive energy from renewable sources, through the first Audi Stakeholder Forum, to support for voluntary employee activities and a pilot study of the corporate carbon footprint – a calculation of how much CO_2 is emitted throughout a product's entire life cycle.

AUDI AG adopted various dialogue formats in 2012 as part of its new venture into stakeholder management. The aim is to channel the opinion of all stakeholders that are relevant for Audi into the Company and to weave their expectations into the corporate responsibility strategy. Elements of that dialogue included a sequence of interviews with 17 internal and 17 external stakeholders, an online survey of almost 500 participants and a stakeholder forum in Ingolstadt attended by 60 representatives from the worlds of business, science, non-governmental organizations (NGOs) and politics.

By way of gauging its own sustainability performance, AUDI AG moreover took part in the renowned rating process of oekom research. The Company was awarded the distinction of "Corporate Responsibility Prime Status" in recognition of its above-average contribution to social and environmental compatibility.

Corporate decisions as well as future activities and guidelines are based on the findings of the stakeholder survey and the sustainability rating, as a matter of corporate responsibility.

We shape Audi

In order to maintain our sustainable and profitable growth in the future, our structures and processes are constantly being refined and developed. As well as our continuing model initiative and volume growth, we are placing the emphasis on increasing internationalization and the development of new technologies and areas of business. It is therefore vital to have an organization that is equipped to handle such tasks. Product and investment decisions are made specifically on the basis of customer benefit.

With their expertise in and passion for the products of the Audi brand as the starting point, all employees play a key role in the successful realization of qualitative growth.

Goals

Superior financial strength

The Company's financial strength is measured in terms of a sustained, steady development in profit. In keeping with a value-oriented corporate management approach, growth therefore only meets the premium standards of the Audi Group if it is simultaneously profitable. Qualitative growth is therefore a top priority for us as a strategic corporate objective.

This is achieved above all through effective and efficient structures and processes, systematic investment management and the ongoing optimization of costs. A high level of self-financing helps to preserve the Company's scope to invest and act. The objective of fundamentally covering investment from self-generated cash flow therefore remains a key pillar of our corporate strategy.

Continuous growth

In a challenging market environment, the Audi brand set a new deliveries record in 2012, handing over more than 1.45 million vehicles to customers. This positive development is primarily attributable to the attractive, diverse product range, which was again continuously revitalized and broadened in the period under review. Alongside the new Audi A3, which made its debut in the past fiscal year, the Audi brand added models such as the A1 Sportback and the sporty S6, S7 Sportback and S8 to its product range.

The Company intends to increase deliveries of the Audi brand to 2.0 million vehicles by 2020. To that end, it will maintain its product initiative and further increase its market shares in a large number of sales markets. The Audi Group is consequently increasing the number of its dealer and service outlets worldwide. The Audi Group's worldwide production network is also undergoing steady expansion. A new car production line is currently being built at Győr (Hungary), where an additional model of the A3 family will go into production from 2013. There are plans to build 125,000 vehicles per year in Hungary.
In China, the Company is stepping up its presence with the construction of a new plant in Foshan by the joint venture FAW-Volkswagen Automotive Company, Ltd., Changchun (China).
The other partners in the joint venture alongside AUDI AG are Volkswagen AG, Wolfsburg, and FAW Group Corporation, Changchun (China). Production of a model from the A3 car line will commence at Foshan from the end of 2013.
In addition, the current fiscal year will see work start on the building of a new production location in San José Chiapa, Central Mexico, where the successor to the current Q5 will be manufactured from 2016. Mexico is one of the world's leading car-producing countries and offers the benefits of automotive manufacturing experience, a good infrastructure and competitive cost structures. The existing free-trade agreement also provides good access to international markets.

Global image leader

A strong brand and a positive image are key success factors for a premium manufacturer. They pave the way for lasting corporate success. Our goal is therefore to keep steadily improving both our image position and our attractive product range, while binding customers emotionally to the Audi brand.
A large number of national and international awards in the 2012 fiscal year again served to confirm the positive image and public enthusiasm for the brand with the four rings.
The Audi Q3, which appeared on the market in fall 2011, received rapid acknowledgment in the shape of the "Yellow Angel" award based on a reader poll in the magazine ADAC Motorwelt (issue 2/2012, p. 26 ff.). The "OFF ROAD Award" in the "Crossover" category (OFF ROAD, issue 4/2012, p. 34 ff.) demonstrates that customers are also impressed by the premium compact SUV model's fascinating performance off the beaten track.
The Audi brand maintained its successful track record in the "Golden Steering Wheel" awards with the Audi A3 being voted best compact car. This was the 22nd top placing for the brand with the four rings in the high-profile competition run by BILD am SONNTAG and the European AUTO BILD Group since the launch of these awards in 1975 (AUTO BILD, issue 46/2012, p. 54 ff.).
The new Audi A3 came away from the 2012 Automotive Brand Contest in Paris with three prizes. The highest accolade went to this premium compact car for its interior design, which was praised for its lean architecture, intuitive operation and reduced formal idiom. The A3 also won awards for "Exterior Design" and in the "Connectivity" category (www.german-design-council.de/fileadmin/Bilder/Designwettbewerbe/Automotive_Brand_Contest/ABC_2012_Jury/ABC%202012%20-%20Alle%20Gewinner[1].pdf).
The Audi brand extended the successful run of recent years in the auto motor und sport poll "Best Cars of 2012." The brand with the four rings prevailed in both the midsize category with the A4 and A5 car lines, and in the compact cars category with the Audi A1, completing a triple win (auto motor und sport, issue 4/2012, p. 128 ff.).
The Audi brand also performed well in the renowned reader poll AUTO BILD Top Brand, capturing a total of eleven first places in the Design and Quality categories – more than any of its competitors (AUTO BILD, issue 9/2012, p. 60 ff.).
In 2012, AUTO BILD ALLRAD presented its coveted "4WD Car of the Year" award to two models of the Audi brand. The quattro versions of the A4 and A6 each prevailed in their categories (AUTO BILD ALLRAD, issue 5/2012, p. 80 ff.).

The magazine auto TEST, the monthly buyer's guide published by AUTO BILD, presented the prestigious Editor's Award of auto TEST winner 2012 as part of its Vehicle Owners Satisfaction Study (VOSS). In addition to the classic disciplines such as acceleration, flexibility, braking distance and fuel efficiency, the editorial team considers factors such as vehicle quality, safety, residual value and running costs. The Audi A6 fended off the competition to capture the auto TEST winner award in gold (auto TEST, issue 6/2012, p. 36 ff.).
The "sport auto Award 2012" is presented to the most sporty cars in various categories by the magazine sport auto. In this reader poll, Audi emerged as the winner in two categories with its A1 quattro and RS 3 Sportback. The brand also secured the top spot in 2012 in the "Most Exciting Study" category with the Audi quattro concept (sport auto, issue 7/2012, p. 42 ff.).
The Audi brand's outstanding, distinctive design was confirmed by several awards. For example, the Audi A3 was the compact category winner of the renowned AUTO BILD Design Award (www.autobild.de/artikel/auto-bild-design-award-2012-3561441.html – link only available in the German language) and also won the German Design Award 2013, Germany's leading design award, in the "Transportation and Public Space" category (www.themenportal.de/unternehmen/auszeichnungen-fuer-audi-im-oktober-2012-39805 – link only available in the German language).
The "Autonis" award for the best design innovation of the year is presented annually by auto motor und sport to new car models that have appeared over the previous twelve months. The Audi A1 Sportback, the Audi A3 and the Audi Q5 were all voted the most attractive cars in their respective categories (auto motor und sport, issue 21/2012, p. 114 ff.).
In 2012, the Internet portal AutoScout24 staged a poll for its online audience for the tenth time, asking 162,000 users from Germany, Austria, Switzerland, Italy, Spain, France, Belgium and the Netherlands to vote for Europe's most popular cars. The field of candidates comprised 351 models in total, in ten vehicle categories. The A1, A3, A5 Sportback and Audi A6 models were all voted top of their individual categories (ww2.autoscout24.de/bericht/10-internet-auto-award/grosse-preisverleihung-in-genf/172550/279297/ – link only available in the German language).
There were wins for three Audi models in the "Auto Trophy 2012," accompanied by a good showing in the reader poll sponsored by AUTO ZEITUNG. The A1, A6 and Q5 all emerged on top of their respective categories (AUTO ZEITUNG, issue 25/2012, p. 86 ff.).
Internationally, too, the Audi brand continues to fare well. The year's "Asian Car of the Year Award" went to the Audi A6, which the high-ranking jury felt was the best new vehicle launched in Asia for quality, price and design (www.autocar.co.uk/car-news/beijing-motor-show-2012/beijing-show-audi-a6-wins-asian-coty).
The Audi A6 Sedan carried off the "International Design Excellence Award 2012" (IDEA), one of the leading design awards in the United States. The full-size sedan impressed the jury of the Industrial Designers Society of America with its dynamic formal idiom and innovative technology (www.idsa.org/audi-a6-sedan).
The Lamborghini brand's exclusive supercars also scooped an array of awards in the past fiscal year. The exclusive U.S. magazine Robb Report, which focuses on selected luxury articles, voted the Lamborghini Aventador the "Best of the Best 2012" in its category (www.robbreport.com/Paid-Issue/Best-of-the-Best-2012-Sports-Cars-Lamborghini-Aventador-LP-700-4).
The Ducati brand, the newest addition to the Audi Group, also performed impressively in the year's awards with two top placings in the poll organized by the sports motorcycle magazine PS. Almost one-third of those casting their vote helped the Ducati 1199 Panigale on its way to winning the class of superlatives "Best Sports Motorcycle of All" (PS Das Sport-Motorrad Magazin, issue 6/2012, p. 8 ff.). PS readers also voted the Streetfighter S top of the "Naked Bikes" category (ibid.). In the "Enduro/Supermoto" category the Multistrada 1200 S secured an outstanding second place (ibid.).

Attractive employer worldwide

In order to realize its strategy of becoming the leading premium brand worldwide, the Audi Group is reliant on the expertise and commitment of the best and most highly qualified employees. Especially in light of its continuing international expansion and global presence, it is therefore exceptionally important for our Company to be perceived as an attractive employer worldwide. The Audi Group therefore offers its employees a challenging working environment with a wide range of opportunities to develop, as well as attractive, commensurate pay coupled with high job security. To assure a consistently high level of employee satisfaction, we regularly conduct internal employee surveys.

The Audi Group's high attractiveness as an employer is moreover confirmed by a large number of external surveys conducted both nationally and internationally. AUDI AG is regularly placed among the leaders in the renowned employer rankings compiled by the consulting firms trendence and Universum. For the third year in a row in 2012, engineering and economics graduates voted the Company Germany's most popular employer in both studies ("trendence Graduate Barometer 2012 – Business und Engineering Edition," April 20, 2012; "The Universum German Student Survey 2012," April 30, 2012).

The Hungarian subsidiary AUDI HUNGARIA MOTOR Kft., Győr, was also once again voted most attractive company in the country by career-starters and experienced professionals in March 2012. This was the outcome of a survey conducted by the management consulting firm Aon Hewitt and the international student organization AIESEC (www.balaton-zeitung.info/Audi-attraktivster-Arbeitgeber-in-Ungarn – link only available in the German language).

Reducing CO_2 emissions

For Audi, putting the brand claim "Vorsprung durch Technik" into practice means developing innovative products, delighting customers and considering the needs of the environment.

In order to keep reducing the fuel consumption and CO_2 emissions of its vehicle fleet, the Audi brand follows a diversified technology strategy. Over and above continually optimizing its TFSI and TDI engines with the help of innovative efficiency technologies, the Company is systematically promoting lightweight construction. The Audi brand already boasts a proud track record in that domain. Most notably its Audi Space Frame (ASF) technology proved a trailblazing development when it was launched on the Audi A8 in 1994, the world's first volume-built vehicle with a unitary aluminum body. Today, all lightweight technologies are bracketed together under the Audi ultra name. The goal is to provide improved agility, handling characteristics and fuel efficiency from a lower power-to-weight ratio. Alternative drive forms are also increasingly coming into focus. The Q5 hybrid quattro, A6 hybrid and A8 hybrid are currently the three hybrid models to combine the best of both power sources. The Company is also pursuing an integrated approach to electric mobility in seeking to tap the full potential of electric drive systems. It aims to coordinate all systems and components as effectively as possible. In this connection we have brought together all activities concerning electric mobility under Audi e-tron.

Thanks to these measures, there are already 104 Audi models with emissions of up to just 140 g CO_2/km. Provisional calculations indicate that the average CO_2 emissions figure of new vehicles sold in the European Union (EU 27) in 2012 was around 138 g/km.

Audi is therefore well positioned to meet the planned statutory CO_2 limits to be introduced, for example, in Europe, the United States and China, avoiding possible penalties in the future and satisfying higher customer expectations.

Strategic target

The Audi Group pursues the key strategic goal of consistently increasing the value of the Company. In this connection it uses return on investment (RoI) as an instrument of internal steering for evaluating various investment projects in terms of their return on the capital employed, depending on their nature and scale. This return on investment reflects the development in a company's profitability and is calculated using the following formula:

$$\text{Return on investment (RoI)} = \frac{\text{Operating profit after tax}}{\text{Average invested assets}} \times 100$$

EUR million	2012	2011
Operating profit after tax	**3,766**	3,744
Average operating assets	**17,459**	15,177
– Average non-interest-bearing liabilities	**5,282**	4,607
= Average invested assets	**12,176**	10,571
Return on investment (in %)	**30.9**	35.4

In the past fiscal year the Audi Group achieved a return on investment of 30.9 (35.4) percent, making it yet again one of the most profitable companies in the automotive industry worldwide.

SHARES

Stock market developments

Last year the development on financial and capital markets worldwide exhibited high volatility prompted by the sovereign debt crises in Europe. At the start of the year Germany's lead index DAX still very much reflected the positive impact of the more far-reaching euro stabilization measures. Meanwhile the healthy business situation of many companies in the first quarter, coupled with robust economic data in some cases, fueled hopes that the economy would suffer less from the European sovereign debt crisis than was originally feared. Having started the year on 5,900 points, the DAX gained more than 20 percent by mid-March 2012 to reach a level of around 7,100 points.

Above all in the wake of growing doubts about Greece's ability to remain in the eurozone and following the deterioration in the Spanish and Italian economies, from May onwards there were in some cases significant corrections on stock markets worldwide. The start of June 2012 saw the German benchmark index dip below 6,000 points for the first time since the start of the year. Nevertheless, steady business figures gave the German stock market renewed buoyancy from summer 2012 on. The extensive monetary measures taken by the European Central Bank also provided major impetus.

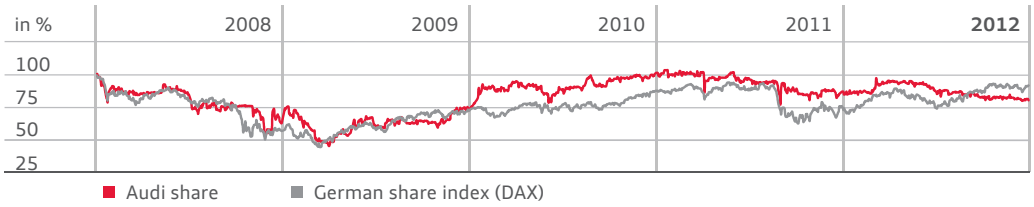
The DAX reached its year-high of 7,672 points in December 2012.

The DAX closed the year on 7,612 points, well up on the position at the start of 2012.

Audi trading price trend

Audi shares started 2012 trading at EUR 549 and benefited above all from a positive stock market environment at the start of the year. That mood helped the shares to reach a year-high of EUR 612 on February 9, 2012. As the year progressed, however, the shares were unable to escape the market's general volatility and closed on EUR 525 on the last day of trading in 2012.

INDEXED AUDI TRADING PRICE TREND
(ISIN: DE0006757008, WKN: 675700)



Profit transfer and compensatory payment to stockholders

Volkswagen AG, Wolfsburg, holds around 99.55 percent of the share capital of AUDI AG. A control and profit transfer agreement is in effect between the two companies. The outside stockholders of AUDI AG receive compensatory payment on their stockholding instead of a dividend. The level of this payment is based on the dividend paid on one Volkswagen AG ordinary share. The dividend payment will be resolved by the Annual General Meeting of Volkswagen AG on April 25, 2013.

DISCLOSURES REQUIRED UNDER TAKEOVER LAW

The following disclosures under takeover law are made pursuant to Section 289, Para. 4 and Section 315, Para. 4 of the German Commercial Code (HGB):

Capital structure

On December 31, 2012, the issued stock of AUDI AG remained unchanged at EUR 110,080,000 and comprised 43,000,000 no-par bearer shares. Each share represents a mathematical share of EUR 2.56 of the issued capital.

Stockholders' rights and obligations

Stockholders enjoy property and administrative rights.
The property rights include, above all, the right to a share in the profit (Section 58, Para. 4 of the German Stock Corporation Act [AktG]) and in the proceeds of liquidation (Section 271 of the German Stock Corporation Act), as well as a subscription right to shares in the event of capital increases (Section 186 of the German Stock Corporation Act).
The administrative rights include the right to participate in the Annual General Meeting and the right to speak, ask questions, table motions and exercise voting rights there. Stockholders may assert these rights in particular by means of a disclosure and avoidance action.
Each share carries an entitlement to one vote at the Annual General Meeting. The Annual General Meeting elects the members of the Supervisory Board to be appointed by it, as well as the auditor; in particular, it decides on the ratification of the acts of members of the Board of Management and Supervisory Board, on amendments to the Articles of Incorporation and Bylaws, as well as on capital measures, on authorizations to acquire treasury shares and, if necessary, on the conducting of a special audit, the dismissal of members of the Supervisory Board within their term of office and on liquidation of the Company.
The Annual General Meeting normally adopts resolutions by a simple majority of votes cast, unless a qualified majority is specified by statute. A control and profit transfer agreement exists between AUDI AG and Volkswagen AG, Wolfsburg, as the controlling company. This agreement permits Volkswagen AG to issue instructions. The profit after tax of AUDI AG is transferred to Volkswagen AG. Volkswagen AG is obliged to make good any loss. All Audi stockholders (with the exception of Volkswagen AG) receive a compensatory payment in lieu of a dividend. The amount of the compensatory payment corresponds to the dividend that is distributed in the same fiscal year to Volkswagen AG stockholders for each Volkswagen ordinary share.

Capital interests exceeding 10 percent of the voting rights
Volkswagen AG, Wolfsburg, holds around 99.55 percent of the voting rights in AUDI AG.
For details of the voting rights held in Volkswagen AG, please refer to the Management Report of Volkswagen AG.

Composition of the Supervisory Board
The Supervisory Board comprises 20 members. Half of them are representatives of the stockholders, elected by the Annual General Meeting; the other half are employee representatives elected by the employees in accordance with the German Codetermination Act. A total of seven of these employee representatives are employees of the Company; the remaining three Supervisory Board members are representatives of the unions. The Chairman of the Supervisory Board, normally a stockholder representative elected by the members of the Supervisory Board, ultimately has two votes in a second vote on the same Supervisory Board motion following a tie vote, pursuant to Section 13, Para. 3 of the Articles of Incorporation and Bylaws.
Section 9, Para. 3 of the Articles of Incorporation and Bylaws stipulates that the term of office for a Supervisory Board member elected to replace a Supervisory Board member who has not fulfilled his term of office ends upon expiration of the term of office of the Supervisory Board member leaving.

Statutory requirements and provisions under the Articles of Incorporation and Bylaws on the appointment and dismissal of members of the Board of Management and on the amendment of the Articles of Incorporation and Bylaws
The appointment and dismissal of members of the Board of Management are stipulated in Sections 84 and 85 of the German Stock Corporation Act. Members of the Board of Management are accordingly appointed by the Supervisory Board for a period of no more than five years. Reappointment or an extension of the term of office, in each case for no more than five years, is permitted. Section 6 of the Articles of Incorporation and Bylaws further stipulates that the number of members of the Board of Management is to be determined by the Supervisory Board and that the Board of Management must comprise at least two persons.

Authorizations of the Board of Management in particular to issue new shares and to reacquire treasury shares
According to stock corporation regulations, the Annual General Meeting may grant authorization to the Board of Management for a maximum of five years to issue new shares. The meeting may authorize it, again for a maximum of five years, to issue convertible bonds on the basis of which new shares are to be issued. The extent to which the stockholders have an option on these new shares is likewise decided upon by the Annual General Meeting. The acquisition of treasury shares is regulated by Section 71 of the German Stock Corporation Act.

Key agreements by the parent company that are conditional on a change of control following a takeover bid
AUDI AG has not reached any key agreements that are conditional on a change of control following a takeover bid. Nor has any compensation been agreed with members of the Board of Management or employees in the event of a takeover bid.

SYSTEM OF REMUNERATION FOR THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT

Information on the system of remuneration for the Supervisory Board and Board of Management is provided in the Notes to the Consolidated Financial Statements under “Details relating to the Supervisory Board and Board of Management” and constitutes part of the Group Management Report.

CORPORATE MANAGEMENT DECLARATION

The corporate management declaration pursuant to Section 289a of the German Commercial Code (HGB) is permanently available on the Internet at www.audi.com/corporate-management.

BUSINESS AND UNDERLYING SITUATION

ECONOMIC ENVIRONMENT

Global economic situation

The global economy's growth slowed in the year under review, with the growth rate dropping to 2.6 (3.0) percent. Structural challenges mainly in the shape of high levels of public debt damped growth in many industrial nations. By contrast, gross domestic product in most emerging economies again enjoyed above-average growth, though this was less vigorous than in the previous year. Despite the expansionary monetary policy of many central banks, average inflation over the year remained at a moderate level.

In Western Europe, economic growth was negative at –0.2 (1.5) percent as a result of the continuing sovereign debt crises and the related budgetary consolidation efforts. In particular the Southern European members of the EU, but also individual EU countries in Northern Europe, saw negative growth. In tandem with these developments, unemployment in Western Europe rose to 10.7 (9.8) percent on average, with much higher levels in Ireland, Portugal, Spain and Greece.

As the year progressed, the difficult situation in Western Europe increasingly spilled over into the German economy, ultimately causing a decline in GDP growth to 0.9 (3.1) percent. Consumer spending helped to stabilize the situation, above all thanks to the healthy state of the German labor market and the wage increases during the year under review.

In Central and Eastern Europe, economic development exhibited a slowdown over the past year. Russia's gross domestic product likewise showed a slightly slower rate of growth than in the previous year, with the growth rate reaching 3.4 (4.3) percent.

On the back of the U.S. Federal Reserve's expansionary monetary policy, the United States achieved moderate economic growth of 2.2 (1.8) percent in 2012. The labor market nevertheless remained difficult and domestic demand was subdued.

Most Latin American countries experienced slower growth than one year earlier. Both Brazil and Argentina saw their economic output rise much more slowly, by 1.0 (2.7) and 1.7 (8.9) percent respectively.

By contrast, Asia's emerging markets were again among the powerhouses of the global economy in 2012 despite their lower growth momentum. The growth rate for gross domestic product in China reached 7.8 (9.3) percent, ahead of the government target of 7.5 percent but below the previous year's high figure. The Indian economy, too, expanded slightly more slowly than in the previous year, at a rate of 5.1 (6.9) percent.

Japan's gross domestic product grew by 2.0 (–0.5) percent as the domestic economy recovered from the consequences of the natural disaster in 2011.

International car market

Even though global economic growth was only moderate in 2012, demand for cars worldwide showed a marked upward trend, gaining 7.2 percent to reach a new all-time record of 66.6 (62.1) million passenger cars. All sales regions apart from Western Europe achieved growth. Growth rates in the Asia-Pacific and North America regions even reached double figures.

In Western Europe (excluding Germany) the continuing sovereign debt crises and economic slackness were behind a renewed fall in registrations of new cars. In many countries the market development was adversely affected in particular by a lack of consumer confidence and rising unemployment. In Western Europe's major car markets, Spain and France suffered a drastic decline in sales, contracting by 13.4 and 14.1 percent respectively. In Italy, sales of passenger cars fell by 19.9 percent. On the other hand, high consumer demand in the UK led to a 5.3 percent rise in new registrations. Demand for cars in Western Europe as a whole (excluding Germany) fell by 9.9 percent to 8.7 (9.6) million vehicles – the lowest overall market volume since 1993.

In Central and Eastern Europe the upward trend in car sales continued, driven mainly by rising demand in Russia. Despite the expiry of state incentives for car buyers, the Russian market saw new registrations rise by 10.9 percent to 2.7 (2.4) million passenger cars.
The U.S. automobile market showed above-average dynamism in the year under review. Favorable credit terms and a continuing high level of replacement demand helped new registrations climb to 14.5 (12.8) million vehicles – a rise of 13.4 percent or 1.7 million passenger cars and light commercial vehicles.
In Latin America the Brazilian car market broke the previous year's record, with 2.9 (2.6) million new passenger cars registered. The trend benefited especially from temporarily reduced tax rates on industrial products. By contrast the previous year's record total could not be improved on in Argentina, with 587 (620) thousand vehicles sold, as a result of import restrictions imposed by the Argentinian government.
The Asia-Pacific region was the main driver of car sales worldwide in 2012. The sales volume of 25.7 (22.7) million passenger cars was up 13.3 percent – a much more dynamic performance than even in the previous year. The Chinese automobile market achieved 9.3 percent growth to 13.5 (12.4) million vehicles. There was a substantial rise in new registrations in India, too, of 11.1 percent to 2.5 (2.3) million passenger cars despite continuing high financing costs and rising fuel prices. The Japanese car market recovered from the impact of the 2011 natural disaster in the year under review, and with the added advantage of financial incentives offered by the state for environment-friendly vehicles, there was a very healthy rise of 29.5 percent in car sales to 4.6 (3.5) million units.

German car market

Amid the difficulties being experienced in other major Western European countries, the German car market proved to be comparatively stable. Despite increased fuel costs, 3.1 (3.2) million vehicles were newly registered in the year under review. The moderate fall of 2.9 percent is mainly attributable to consumer restraint. In addition, the German car market was adversely affected in the second half of the year by growing uncertainty about future economic prospects.
The proportion of diesel versions in total new-car registrations climbed 1.1 percentage points in 2012 to reach a new all-time high of 48.2 percent. Vehicle exports by German carmakers were down 2.6 percent on the previous year's total at 4.1 (4.2) million units. The main factor at work here was the cyclically driven fall in exports to other Western European countries. The export markets of Western Europe nevertheless remained the principal sales region for German vehicle exports, accounting for 2.0 (2.3) million units. Topping the list of national export markets were the UK and the United States, with 0.7 (0.6) and 0.6 (0.5) million vehicles respectively, and once again China. 0.3 (0.3) million German-built vehicles were shipped there in 2012 as a whole.
Due to weak demand in Western Europe, domestic production by German manufacturers slipped by 3.7 percent to 5.4 (5.6) million units. On the other hand, German manufacturers' passenger car production in other countries again gained in significance in 2012, growing by 8.9 percent to 8.0 (7.4) million units.

International motorcycle market

Moderate growth in the global economy meant that international demand for motorcycles in the displacement segment above 500 cc revealed a very mixed picture. Worldwide new registrations of motorcycles in the markets that are relevant for the Ducati brand were down 4.0 percent. In Western Europe, sales were down 30.0 and 29.9 percent in Spain and Italy respectively due to the sovereign debt crises; demand also slipped by 7.4 percent in France and by 6.4 percent in

the UK. On the other hand, the motorcycle market was buoyant in Germany, expanding slightly by 2.3 percent. Demand for motorcycles also increased in the United States and Japan. While the U.S. market achieved only slight sales growth of 1.1 percent, unit sales in Japan rose sharply, increasing by 18.3 percent.

Management's overall assessment

Against a backdrop of declining economic momentum, the Audi Group again enjoyed a very successful year in 2012. The Company delivered 1,455,123 (1,302,659) Audi models worldwide and thus improved on its previous record. The substantial rise in deliveries of 11.7 percent is attributable not simply to generally positive overall market demand for cars, but in specific to the attractive product portfolio of the Audi brand and its steady expansion. We again reaped the rewards of continuously optimizing processes and cost structures along the entire value chain, as part of our long-term approach to corporate management. We were thus able to post an operating profit for the 2012 fiscal year of EUR 5,380 (5,348) million and an operating return on sales of 11.0 (12.1) percent. This meant the Audi Group was again one of the most profitable vehicle manufacturers in the world in 2012.

RESEARCH AND DEVELOPMENT

The Research and Development area is of key importance to the long-term success of a leading manufacturer of premium cars. Thanks to the Audi brand's extensive portfolio of key technologies for alternative drive concepts, lightweight construction and connectivity, it defines benchmarks and has an enduring impact on technological standards in automotive manufacturing. Over the past fiscal year, an average total of 8,937 (7,574) people were employed in the Research and Development area of the Audi Group.

EMPLOYEES IN THE RESEARCH AND DEVELOPMENT AREA

Average for the year	2012	2011
AUDI AG	**7,045**	6,586
AUDI HUNGARIA MOTOR Kft.	**180**	147
Automobili Lamborghini S.p.A.	**245**	216
Italdesign Giugiaro S.p.A.	**694**	566
PSW automotive engineering GmbH	**537**	–
DUCATI MOTOR HOLDING S.P.A.	**88**	–
Other	**148**	59
Total	**8,937**	7,574

The Audi Group spent EUR 2,942 (2,641) million on the Research and Development area in the past fiscal year.

RESEARCH AND DEVELOPMENT EXPENDITURE RECOGNIZED AS AN EXPENSE

EUR million	2012	2011
Research expense and non-capitalized development costs	**2,513**	2,243
Impairment losses (reversals) on capitalized development costs	**429**	397
Total	**2,942**	2,641

Technical innovations

New engines – driving fun and efficiency

We again systematically refined the Audi brand's range of engines in the 2012 fiscal year with the aim of providing maximum on-road agility and performance with minimal fuel. In particular, Audi is homing in on the downsizing philosophy and is promoting turbocharging as a means of reducing the size of its engines.

The A1's engine versions thus achieve standardized consumption figures ranging between 3.8 and 5.9 liters per 100 kilometers. For example, the 1.6 TDI fitted in the A1, with an output of 77 kW (105 hp), uses an average of only 3.8 liters of diesel fuel per 100 kilometers, with CO_2 emissions of 99 g/km.

The new-generation Audi A3 is the first model to feature the completely redeveloped 2.0 TDI engine with an output of 110 kW (150 hp), which is notable for more than just its sporty performance. The new 2.0 TDI engine with manual transmission consumes just 4.1 liters of diesel per 100 kilometers and emits 106 g/km of CO_2.

The SQ5 TDI is Audi's first-ever S model powered by a diesel engine. Its 3.0 TDI engine is supercharged by two turbochargers which boost its output to 230 kW (313 hp). The SQ5 TDI accomplishes the sprint from 0 to 100 km/h in 5.1 seconds, and goes on to achieve a top speed of 250 km/h. Its consumption averages a modest 6.8 liters of diesel per 100 kilometers, with CO_2 emissions of 179 g/km.

Another example of driving fun and efficiency is the 4.0 TFSI in the new RS 6 Avant. The V8 biturbo is supremely powerful, with a peak output of 412 kW (560 hp). The RS 6 Avant accelerates from 0 to 100 km/h in only 3.9 seconds and has a top speed of 250 km/h. This can be increased to up to 305 km/h as an option. In addition, the new Audi RS 6 Avant incorporates the pioneering efficiency technology of cylinder on demand. Cylinder deactivation means the 4.0 TFSI operates as just a four-cylinder engine at low to medium loads and engine speeds. On average, this high-performance automobile consumes a mere 9.8 liters of Super Plus gasoline per 100 kilometers, with CO_2 emissions of 229 g/km.

Awards for Audi engines

In 2012 a jury of 76 motor journalists from all over the world again chose Audi's 2.5 TFSI engine as "International Engine of the Year" in its category (www.ukipme.com/engineoftheyear/2_25.php#2). The 2.5 TFSI engine is a notable example of the Audi core technologies of turbocharging and FSI direct injection. The jury was especially impressed by the broad effective torque range, along with the engine's performance and sound, which paved the way for another Audi victory. This year's defense of the title was the eighth successive win for Audi TFSI technology.

CO_2-neutral mobility

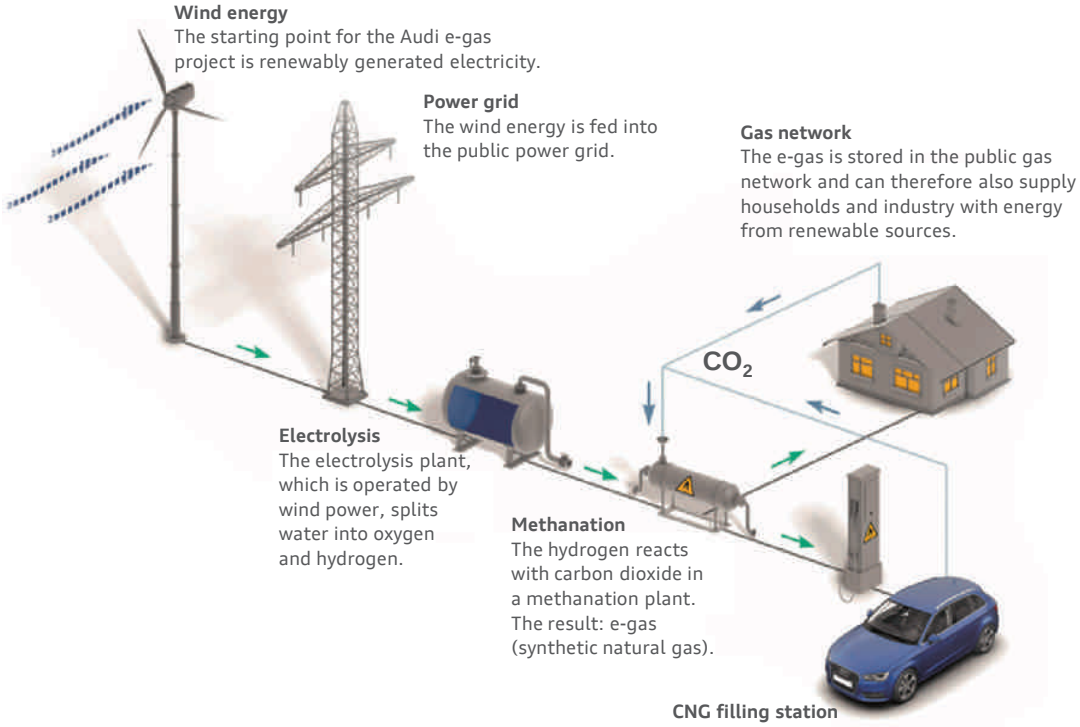
Audi has set itself the task of pioneering the sustainable use of finite resources within the automotive industry. The challenge to create CO_2-neutral mobility plays a pivotal role in this context. At the same time, the Audi brand embodies performance, sportiness and emotionality.

Through the Audi e-gas project, the Company is one of the first car manufacturers in the world to build a chain of sustainable energy sources. It all starts with energy from wind power, which breaks down water into oxygen and hydrogen by electrolysis. In a methanation reactor the hydrogen then reacts with the carbon dioxide emitted by a biogas plant, which is thus not discharged into the atmosphere. The end product of this catalytic process is synthetic Audi e-gas, which can be used to power natural-gas cars such as the new A3 Sportback g-tron, due to appear on the market in 2013. In December 2012, Audi celebrated the topping-out ceremony at its new e-gas plant in Werlte (Emsland), where e-gas production is to start during the current fiscal year.

The e-gas project is about more than simply a new fuel. The scope for linking up electricity and gas has the potential to provide a big impetus to the expansion of renewable energies. For instance, if it is very windy, surplus power can be converted into Audi e-gas, which can be stored in the

public gas distribution network and also transported. That energy can then be used whenever required, wherever it is most suitable; it can also be converted back into electricity at combined heat and power stations, to supply the grid. The principle behind the Audi e-gas project will work in all countries where there is a natural gas mains network.

AUDI E-GAS PROJECT



Additionally, here at Audi we are pursuing another highly promising concept to replace gasoline and diesel with entirely new biofuels that capture the greenhouse gas carbon dioxide during the production process. Research continues into the manufacture of synthetic ethanol, or Audi e-ethanol, and synthetic diesel, or Audi e-diesel, in collaboration with specialist partners. The starting materials required are water, carbon dioxide, solar energy and special microorganisms. Like plants, these organisms carry out oxygenic photosynthesis, using sunlight and carbon dioxide to form carbohydrates and grow. They do not need clean drinking water; saltwater or effluent are adequate. In this instance the photosynthesis process has been modified so that the micro-organisms convert the carbon dioxide directly into ethanol or long-chain alkanes. These are important components of diesel fuel. Audi e-ethanol, which is already being made at a pilot facility, has the same chemical properties as the bioethanol that has been available on the market for some time. The crucial advantage in this case is that it is made without biomass. It can be blended with gasoline from fossil sources or used as the basis for E85 fuel.
One particular area of potential for synthetic diesel is its purity, which allows it to be blended unrestrictedly with fossil diesel. The local factors that will ultimately apply in the production of this form of energy give it another crucial advantage over bioethanol. The facilities can be located on land that is entirely unsuitable for agriculture. Furthermore, the latest forecasts suggest that the yield is many times higher than for ethanol and diesel from renewable raw materials such as corn and rapeseed. In addition, the latter are in competition with the cultivation of food crops.

Audi e-tron

While the development and optimization of efficient combustion engines continues, electric drive systems will become increasingly important in the future. The Audi Group is therefore pushing the development of electric mobility and pursuing an all-embracing approach where all systems and components are harmonized in order to capture their full potential. At Audi, we have combined all activities involving electric mobility under the Audi e-tron name. The first showcar with electric drive was unveiled in fall 2009. Many more electric studies and concept vehicles have since followed. Early last year the Company presented the Audi A6 L e-tron concept in Beijing at Auto China 2012. More recently, in fall 2012 the concept car Audi crosslane coupé was presented at the Paris Motor Show.

AUDI E-TRON STUDIES

Audi's future e-tron models will be able to cover significant distances electrically and therefore silently. So that pedestrians are aware of them in city traffic, we have developed a synthetic sound that we refer to as the Audi e-sound. Millisecond by millisecond, this sound is defined by the car itself based on a combination of different parameters such as road speed and the electric motor's speed, making it especially authentic.

High-voltage battery project house

The new high-voltage battery project house marks another big step in the direction of electric mobility for our Company. Some two kilometers from the Ingolstadt plant is a facility that has been dedicated to researching the lithium-ion battery since May 2012. With an eye to future automotive projects, vital development and manufacturing expertise in high-voltage batteries is being accumulated in collaboration with high-profile partners. Another aim is to ensure that Audi's high quality requirements are met by electric mobility solutions, too. The basic idea is to get all the areas involved in high-voltage technology to collaborate intensively. The focal areas of the project house include the high-voltage test field, which encompasses the testing of high-voltage batteries at cell, module and system level, and the battery technology center, including prototype production and the small-scale production of high-voltage battery systems.

Charging technologies

The overall concept of electric mobility encompasses all aspects, including the charging technology for the drive battery – a high-voltage power pack.

One interesting idea for charging technology is automatic, contactless charging by means of induction, referred to as "Audi wireless charging." Here, the stationary charging pad is normally connected to the road or parking space, and the mobile charging pad with the underside of the Audi e-tron. When the car comes to a standstill above the charging pad, the charging process starts automatically and ends as soon as the battery is fully charged, the driver pulls away or the charging process is terminated manually. This new premium charging technology makes the recharging of electric vehicles simple, very convenient and fully automated. And it can be integrated into the transport infrastructure wherever desired, for instance in parking lots or residential streets. Automatic, contactless charging technology could go into production in a few years' time. In our opinion it has the potential to give electric mobility fresh impetus.

Dual-mode hybrid

Another very promising idea that Audi is pursuing in the sphere of electric mobility is the dual-mode hybrid. This newly developed drive type, as featured in the Audi crosslane coupé concept car, is as innovative as it is efficient.

With a system output of 130 kW (177 hp), the Audi crosslane coupé accelerates from 0 to 100 km/h in 8.6 seconds, or in 9.8 seconds exclusively in the electric mode. The car's top speed is 182 km/h. This concept car takes fuel efficiency to a new level, covering 100 kilometers on an average of just 1.1 liters of fuel and with CO_2 emissions of 26 g/km. The lithium-ion battery's 17.4 kWh output is sufficient for driving 86 kilometers. The main components of its slimline drive layout are an internal combustion engine, two electric motors and a single-stage gearbox. The purpose-designed 1.5 TFSI, a three-cylinder combustion engine, develops 95 kW (130 hp) from 200 Nm of torque and is connected to a disc-shaped first electric motor (alternator). This has a peak output of 50 kW (68 hp) and generates up to 210 Nm of torque. The second electric motor is responsible for providing electrical traction. At its peak, it achieves an output of 85 kW (116 hp) and a maximum torque of 250 Nm. The new hybrid system uses various operating statuses depending on the driving situation. From starting off up to a speed of 55 km/h, the second electric motor operates on its own. If the battery is not supplying sufficient energy, the system switches temporarily into serial mode, where the combustion engine and the first electric motor both generate electrical energy. Electric travel is possible up to 130 km/h. The driver of the Audi crosslane coupé concept car can choose between the economy ("cruise") and sports ("race") setting. At city speeds of up to 55 km/h, they can also activate electric travel at the push of a button.

First win for a hybrid car at Le Mans

Audi reached another landmark in motorsport with its 11th win in the 80th 24 Hours of Le Mans. For the first time ever, the legendary endurance race was won by a vehicle with hybrid drive – the Audi R18 e-tron quattro.

The resounding win for Audi Sport Team Joest was rounded off by a second, third and fifth place. This meant the Audi R18 cars were once again easily the fastest and most reliable vehicles taking part in the race.

Audi ultra

Reversing the weight spiral

Lightweight construction has been one of our core areas of expertise for many years. Audi already blazed the trail in 1994 by adopting the use of aluminum for vehicle bodies. Even then, the A8 was the first production sedan to feature an all-aluminum body in Audi Space Frame (ASF) technology.

Today, the Audi brand places emphasis on using an intelligent mix of materials to achieve maximum performance at every point in the car, through use of the optimum material. In addition to aluminum and high-strength steels, we are increasingly turning to carbon fiber-reinforced polymers (CFRP) and magnesium. The aim is to make every new model lighter than its predecessor.

The Audi ultra lightweight construction principle is not simply limited to the body or to individual assembly units and components. It considers the vehicle as a whole and seeks to avoid superfluous weight at every point. The unladen weight of the new three-door A3 has been reduced by up to 80 kilograms compared with the previous model, and the saving on the new A3 Sportback is up to 90 kilograms.

Audi provides one possible take on the future shape of lightweight construction in the multi-material Audi Space Frame of the Audi crosslane coupé concept car. The innovative material concept combines the best properties of various different materials – such as aluminum, carbon fiber-reinforced and glass fiber-reinforced polymers (CFRP and GFRP) – and represents a new evolutionary stage of the Audi ultra lightweight construction principle in terms of weight and energy usage over its life cycle.

Our two Italian brands Lamborghini and Ducati also possess many years of experience and expertise in working with lightweight technologies. Lamborghini already started to use carbon materials in automotive manufacturing around 30 years ago. Today, the Italian sports car manufacturer holds a large number of patents in the field of carbon technology. The Aventador LP 700-4 is the first Lamborghini to have a cabin made entirely from carbon fiber. For its production, a special assembly hall dedicated to the machining of carbon fiber-reinforced polymers (CFRP) was set up at the headquarters in Sant'Agata Bolognese. To build on its expertise in lightweight construction, the Lamborghini brand is working with renowned partners from the worlds of aerospace and science, and has operated its own research lab for approximately four years.

Ducati, too, has supplied fresh evidence of its expertise in the area of lightweight construction technology in launching the new 1199 Panigale. An entirely new design based on an aluminum monocoque instead of a conventional frame gives the Superbike model a revolutionary dry weight of around only 164 kilograms.

Audi connect

The world is becoming increasingly interconnected – and so is the Audi brand. Audi connect denotes the technology that connects the driver with the car, the Internet, the infrastructure and other vehicles. In this area, the new models Audi A3 and Audi A3 Sportback offer attractive solutions that redefine the benchmark especially in the premium compact segment. The pivotal

component is Audi connect or the Bluetooth car phone online, available as an equipment option to complement the option of MMI Navigation plus. It establishes an Internet connection via a UMTS module. The integral WiFi hotspot allows passengers to surf and e-mail at will from up to eight mobile terminal devices. Audi connect also provides Internet services customized to the driver's needs, ranging from navigation by the Google Earth™ mapping service and map zoom down to 30 meters to a 360° panoramic view with Google Street View™ and the web radio function Audi music stream. There is also the attractive service of traffic information online. This uses the movement profiles of hundreds of thousands of smartphones and navigation units that are on board moving vehicles. In an anonymized, centrally processed form, it provides an up-to-the-minute picture of the traffic situation everywhere from country roads to city streets. Drivers of the new Audi A3 can make destination inputs through an active myAudi account linked to the vehicle, which the customer can create online at the myAudi portal, access Google Maps™, the point-of-interest (POI) search feature with voice control, call up weather and travel information, and benefit from other new Audi connect services, too. Our customers can now tailor a number of functions to their individual preferences on the myAudi portal. With the online news service (individual), for example, a customer's preferred news sources (RSS feeds) can be configured and saved via the myAudi account online. The user's personal news bulletins are then available in the vehicle. The text-to-speech function is an especially convenient feature that is also available for a number of other Audi connect services.

For the online community, Audi connect also integrates Facebook and Twitter into the vehicle's infotainment systems. The new Audi A3 now includes a text function for these services. In conjunction with data such as the current location, the user can, for example, choose to send a preconfigured online message through social networks to let their friends know their whereabouts. The new Audi A3 also incorporates services such as the City Events function, an Internet-based event guide listing, among other things, music, theater and arts events happening locally. Picturebook Navigation also allows personal photos linked to geolocation data (GPS) to be used for navigation. The messages service, which includes a dictation and voice-activated send function, and an e-mail function complete the extensive range of Audi connect features in the new A3. Our Audi A3 customers can also benefit from the new Audi MMI connect app, which provides direct access to certain Audi connect services via smartphones. For instance, navigation destinations and photos can be sent directly from the smartphone to the vehicle.

It will become increasingly important to integrate information technologies into vehicles swiftly and comprehensively. Audi is the very first premium manufacturer to become involved in the IT industry as more than just a client; it has participated in the Consumer Electronics Show (CES) in Las Vegas and the CeBIT in Hanover as an exhibitor in its own right.

With the new mobile phone standard Long Term Evolution (LTE), which permits data transfer speeds of up to 100 Mbit per second, cars will in future be able to communicate even faster with each other and with the transport infrastructure.

Design

The Audi brand is treading new paths in taking its design strategy comprehensively to the next level, without abandoning its existing design idiom. The intention is firstly to differentiate more between the car lines and secondly to enable future model generations to display more technical aspects in their design.
The Audi crosslane coupé concept car, which was given its first showing at the Paris Motor Show, exemplifies how the new strategic direction could be implemented for future Q models. The showcar's Singleframe is three-dimensional in design. This adds to the strong presence that makes every Q model distinctive. Another characteristic feature is the removable central roof section made from carbon fiber, transforming the urban SUV into an open-top all-rounder. The emphasis of Audi's evolutionary design idiom and philosophy is on the strong bond between technology and design. Examples include the Singleframe radiator grille and the recesses in the front lid.

AUDI CROSSLANE COUPÉ

The holistic design approach integrates the interior and exterior more closely. The resulting entity both makes the Audi brand easier to recognize and highlights the distinctive character of each individual Audi model by differentiating the interiors more.

Innovations for safety and comfort

Driver assistance systems

The Audi brand has a broad range of innovative driver assistance systems that can make vehicles even easier and safer to handle. Rather than taking over, they are an increasingly helpful form of technological assistance that always leaves the driver ultimately in charge.
Audi has redefined the benchmark with the driver assistance systems on board the new A3 and is now introducing technologies from the full-size category in the compact segment as well. These include the optional Audi adaptive cruise control (ACC), which automatically maintains a chosen safety clearance from the vehicle in front with the help of a sensor. Within certain limits, Audi adaptive cruise control (ACC) accelerates and slows down the car on its own.

Audi active lane assist, a driver assistance system first launched on the Audi A7 Sportback, is now also optionally available to actively help drivers of the new A3 stay in lane by providing gentle steering impulses.
The optional lane-change assistant Audi side assist has a complex system of radar sensors that monitor the traffic following behind; where necessary, drivers are warned that they are about to perform a risky lane change.
Audi supplies a selection of systems to take the stress out of parking. For example, the optional park assist with selective display can guide the new A3 into parking spaces. Its 12 ultrasonic sensors identify obstacles on all sides of the car. In perpendicular and parallel parking spaces, it handles the steering work for the driver, if need be in several separate maneuvers. To establish whether parking spaces are big enough, at moderate speeds it can also gauge the size of spaces along the side of the road. When it detects a suitable one, it indicates this on the display.
The optional safety system Audi pre sense basic in the new A3 is another technology transferred straight from the full-size category and now available in the premium compact car segment. The electronic stabilization control (ESC) sensors can detect when the vehicle becomes unstable. The safety system then makes sure that the front seat belts are tensioned. If the vehicle begins to skid, the windows and optional sunroof are closed automatically. In conjunction with the option Audi adaptive cruise control (ACC), the function pre sense front is included; if there is the risk of a collision with the vehicle in front, depending on the situation it either warns the driver or provides braking assistance to prevent a collision. If the driver still does not respond, the brakes are applied after a delay to reduce the impact speed. Below 30 km/h, it even brakes the Audi A3 at virtually full force in an emergency. If a collision still happens, the new secondary collision brake assist function cuts in to prevent the vehicle from continuing to roll in an uncontrolled manner by automatically braking it. At the same time the interior lights and the hazard warning flashers come on. The occupants are also protected by a package of restraint systems comprising a total of seven airbags, including a knee airbag for the driver.
In January 2013, Audi furthermore became the first automotive manufacturer in the world to be granted a license to operate piloted vehicles in the U.S. State of Nevada. The Company's test vehicles that are participating in the trialing of piloted driving are consequently permitted to drive on public roads in Nevada. The condition is that there has to be a driver with a valid driver's license in every car, to take charge of steering the car if necessary.

Euro NCAP awards

The "European New Car Assessment Programme" (Euro NCAP) consortium, which brings together international representatives of European transport ministries, automobile clubs, insurance companies and consumer bodies, awarded a number of top accolades to the new Audi A3 in the past fiscal year. For example, the Audi pre sense front plus safety system was given the "Reward 2012" title. The Euro NCAP consortium also awarded the new Audi A3 its highest rating of five stars for its passive crash safety. The results for adult occupant protection in a front, rear and side impact, as well as for child occupant and pedestrian protection, reveal the new A3 to be one of the safest cars in its category (www.euroncap.com/results/audi/a3/480.aspx).
Furthermore, the Euro NCAP consortium gave the new Audi A3 its "Euro NCAP advanced" distinction in four separate categories. This award is made for innovative accident prevention systems that go beyond statutory and consumer protection requirements. It especially commended the driver assistance systems Audi pre sense basic and Audi pre sense front, secondary collision brake assist and Audi active lane assist (www.euroncap.com/rewards.aspx).

PROCUREMENT

A long-term partnership with top-performing suppliers worldwide is a key aim for Audi Group Procurement. Alongside overall economic efficiency, our supplier partnerships depend on a range of criteria such as quality, innovativeness and reliability. In order to maximize any synergy potential, the selection process is handled in consultation with Volkswagen Group Procurement.
The cost of materials for the Audi Group came to EUR 30,265 (28,594) million in the 2012 fiscal year, thus representing the largest single component of the cost of sales.
The gradual expansion of the Audi product range will lend further strategic importance to procurement activities. This fact, along with the high complexity of supply chains, prompted the further intensification of purchased parts and supplier management in the past fiscal year. Together, tool and process experts from the procurement and quality assurance areas make sure that the necessary capacity is available and that the required quality standards are maintained to ensure the successful start of production of new models and a reliable parts supply for the Audi production network.
Sustainability is a core consideration within our Company's procurement activities, and at the very heart of the principles we apply. In addition to cost savings, non-economic aspects such as the use of recyclable materials are also part of the equation. We expect all suppliers and business partners to uphold environmental and social standards both for themselves and within their supply chain, in order to reflect the Audi Group's high benchmark for entrepreneurial responsibility. The involvement of suppliers in the product development process from an early stage also enables us to find ways of reducing the amount of materials used or of using alternative materials.

PRODUCTION

The 2012 fiscal year saw the Audi Group increase car production to 1,469,205 (1,302,981) vehicles, on the back of a positive trend in demand. This figure includes 333,465 (216,053) vehicles of the Audi brand made by the Chinese joint venture FAW-Volkswagen Automotive Company, Ltd. in Changchun (China). Overall, 1,467,008 (1,301,270) Audi vehicles and 2,197 (1,711) supercars of the Lamborghini brand were produced.
Since the acquisition of DUCATI MOTOR HOLDING S.P.A., Bologna (Italy), and its subsidiaries, the Ducati brand has built 15,734 motorcycles. Motorcycle production over the full year totaled 43,992 (42,177) units.

CAR PRODUCTION BY MODEL [1)]

	2012	2011
Audi A1	**47,491**	116,749
Audi A1 Sportback	**75,620**	817
Audi A3	**31,403**	27,460
Audi A3 Sportback	**125,174**	149,855
Audi A3 Cabriolet	**8,089**	11,753
Audi Q3	**106,919**	19,654
Audi TT Coupé	**16,940**	19,704
Audi TT Roadster	**4,940**	5,804
Audi A4 Sedan	**217,389**	193,269
Audi A4 Avant	**95,675**	103,434
Audi A4 allroad quattro	**16,887**	10,537
Audi A5 Sportback	**52,138**	53,204
Audi A5 Coupé	**32,514**	38,095
Audi A5 Cabriolet	**18,705**	20,459
Audi Q5	**209,895**	175,552
Audi A6 Sedan	**222,244**	173,159
Audi A6 Avant	**54,317**	45,628
Audi A6 allroad quattro	**8,439**	3,036
Audi A7 Sportback	**28,950**	37,301
Audi Q7	**55,106**	53,707
Audi A8	**35,932**	38,542
Audi R8 Coupé	**1,295**	2,039
Audi R8 Spyder	**946**	1,512
Total, Audi brand	**1,467,008**	1,301,270
Lamborghini Gallardo	**1,221**	1,264
Lamborghini Aventador	**976**	447
Total, Lamborghini brand	**2,197**	1,711
Total, Automotive segment	**1,469,205**	1,302,981

1) The table includes the vehicles built in China by the joint venture FAW-Volkswagen Automotive Company, Ltd. since January 1, 2012. The joint venture built 333,465 (216,053) vehicles in the 2012 fiscal year. The figures for the previous year have been adjusted to enhance comparability.

At the main Group location in Ingolstadt, the Company manufactured 547,395 (583,942) vehicles of the Audi brand last year. A total of 260,295 (265,622) cars were built at Neckarsulm in the year under review. At both locations, the slight decreases compared with the high prior-year figure are mainly attributable to the impact of model changeovers.

Car production by AUDI HUNGARIA MOTOR Kft., Győr (Hungary), came to 33,553 (39,518) vehicles in 2012. It built 21,880 (25,508) TT car models jointly with the Ingolstadt plant and 11,673 (14,010) of the Audi A3 car line on behalf of AUDI AG.

AUDI BRUSSELS S.A./N.V., Brussels (Belgium), produced 123,111 (117,566) vehicles of the A1 car line in the period under review.

In addition the Volkswagen Group locations in Bratislava (Slovakia) and Martorell (Spain) built 55,106 (53,707) of the Audi Q7 and 106,919 (19,654) of the Audi Q3 respectively in the past fiscal year.

The Chinese joint venture FAW-Volkswagen Automotive Company, Ltd., Changchun, built a total of 333,465 (216,053) Audi vehicles in 2012, a substantial increase of 54.3 percent.

In addition, 7,572 (5,208) parts sets for CKD assembly at Aurangabad (India) were made at the Ingolstadt, Neckarsulm and Bratislava (Slovakia) sites.

CAR ENGINE PRODUCTION

	2012	2011
Automotive segment	**1,916,604**	1,884,157
AUDI HUNGARIA MOTOR Kft.	**1,915,567**	1,883,757
Automobili Lamborghini S.p.A.	**1,037**	400

The Audi Group stepped up car engine production to 1,916,604 (1,884,157) units in 2012. Diesel engines accounted for 42.0 (47.6) percent of this total.
The Hungarian subsidiary AUDI HUNGARIA MOTOR Kft., Győr, built a total of 1,915,567 (1,883,757) engines in the period under review, of which 970,515 (920,773) were sold to Audi Group companies, 786,326 (798,267) to other Volkswagen Group companies and 117,740 (118,919) to third parties.
In addition, Automobili Lamborghini S.p.A., Sant'Agata Bolognese (Italy), built 1,037 (400) 12-cylinder engines.

MOTORCYCLE PRODUCTION BY MODEL

	2012 [1)]	2011
Ducati Diavel	**1,730**	–
Ducati Hypermotard	**89**	–
Ducati Monster	**5,001**	–
Ducati Multistrada	**2,519**	–
Ducati Streetfighter	**1,440**	–
Ducati Superbike	**4,955**	–
Total, Ducati brand	**15,734**	–
Total, Motorcycles segment	**15,734**	–

1) Motorcycle production since acquisition of Ducati Group in July 2012

Since first-time consolidation in July 2012, Ducati has produced 15,734 motorcycles worldwide. 14,621 sporty bikes were built at the company headquarters in Bologna (Italy). Over the same period, the Amphur Pluakdaeng site in Thailand made 1,113 motorcycles of the Diavel and Monster models. Over 2012 as a whole, Ducati produced 43,992 (42,177) motorcycles worldwide.

Expansion and development of the Group headquarters in Ingolstadt

As part of the strategic expansion of the worldwide Audi production network, a new cutting-edge body shop for the Audi A3 went into operation at the Group headquarters in Ingolstadt in May 2012. Efficiency and sustainability were a special priority right from the planning stage of the new production hall.
In July 2012, Audi also held a topping-out ceremony for the new production hall where Audi A4 vehicle bodies will be manufactured once it has been completed in late 2013.
July 2012 also witnessed the topping-out ceremony for the new process house. The tallest building in the entire plant is where all cars will be prepared for shipping in future, either by state-of-the-art rail freight or for transfer directly to the Customer Center at Audi Forum Ingolstadt. Completion is scheduled for the fall of 2013.
At the start of 2012, Audi acquired an approximately 40-hectare site in the Münchsmünster Industry Park. To ease the pressure on the Ingolstadt plant infrastructure, there are plans to build a press shop with transfer presses and production lines for form-hardened body components, a mechanical finishing shop for suspension components, and an aluminum pressure die-casting foundry.

Neckarsulm site preparing for the future

The Technical Center for Fiber-Reinforced Polymers (FRP Technical Center) inside the Audi Lightweight Design Center was officially opened in June 2012. It is home to around 50 experts investigating fiber-reinforced polymers and their possible uses as part of the Audi ultra lightweight construction strategy.

The completion of the new Engine Test Center in October 2012 means Neckarsulm now has the most innovative and efficient facility for engine testing in the entire Company. Moreover, the Engine Test Center sets new standards in terms of using resources sparingly.

Topping-out ceremony at new Audi Hungaria car plant in Győr

Ten months after the foundation stone was laid, the Hungarian subsidiary AUDI HUNGARIA MOTOR Kft. held the topping-out ceremony for its expanded facilities at the Győr plant in May 2012. Car production operations covering the entire process chain – press shop, body manufacturing, paint shop and assembly – are currently being set up there. From summer 2013, an additional model of the A3 family will be built at Győr alongside the current car lines. The plans envisage a future production output of 125,000 vehicles a year in Hungary.

Further expansion in China

The Company is preparing for further growth by expanding its worldwide production network. In addition to the A4 L and A6 L Sedan models and the Q5, the Q3 SUV model will also be produced at Changchun (China) from March 2013. Geographical proximity to customers is a crucial competitive advantage when seeking to supply important sales markets flexibly and in line with demand. The joint venture FAW-Volkswagen Automotive Company, Ltd., Changchun (China), which includes the partners AUDI AG, FAW Group Corporation, Changchun (China), and Volkswagen AG, Wolfsburg, is currently constructing a further car plant in Foshan, South China. It will have a press shop, body shop, paint shop and assembly line and thus cover the entire production process. A new model of the A3 family will be built there from the end of 2013.

Expansion of production in India

Audi has started production of the Q7 luxury-class SUV at its Aurangabad plant, in the Indian state of Maharashtra. Up to 1,000 of the Audi Q7 will be assembled there each year to supply the Indian market. Alongside the A4, A6 and Q5, the Q7 is now the fourth model to be built locally in India. There are also plans to produce the Q3 in the new assembly hall from mid-2013.

New Audi plant in Mexico: San José Chiapa the chosen location

In September 2012, the Company announced that it will construct a new plant in the Americas, in San José Chiapa, Central Mexico. Competitive cost structures, extensive free-trade agreements, the site conditions, logistics links, infrastructure, workforce qualifications and quality of life were the decisive criteria behind the choice of this site. The construction of the new plant will start early in 2013 and represents a milestone for Audi's growth within its Strategy 2020. In terms of the efficient use of resources and production methods, it will be the most modern facility in the Audi production network. The successor model to the current Q5 will be built there. Production is scheduled to begin in 2016.

DELIVERIES AND DISTRIBUTION

The Audi Group delivered 1,634,312 (1,512,014) cars to customers worldwide in the 2012 fiscal year. The core brand Audi increased its deliveries by a substantial 11.7 percent to 1,455,123 (1,302,659) vehicles.
In the home market Germany, where overall demand clearly lost momentum in the second half of the year, the brand with the four rings increased its deliveries by 3.6 percent to 263,163 (254,011) units. Its market share consequently rose to 8.6 (7.9) percent.

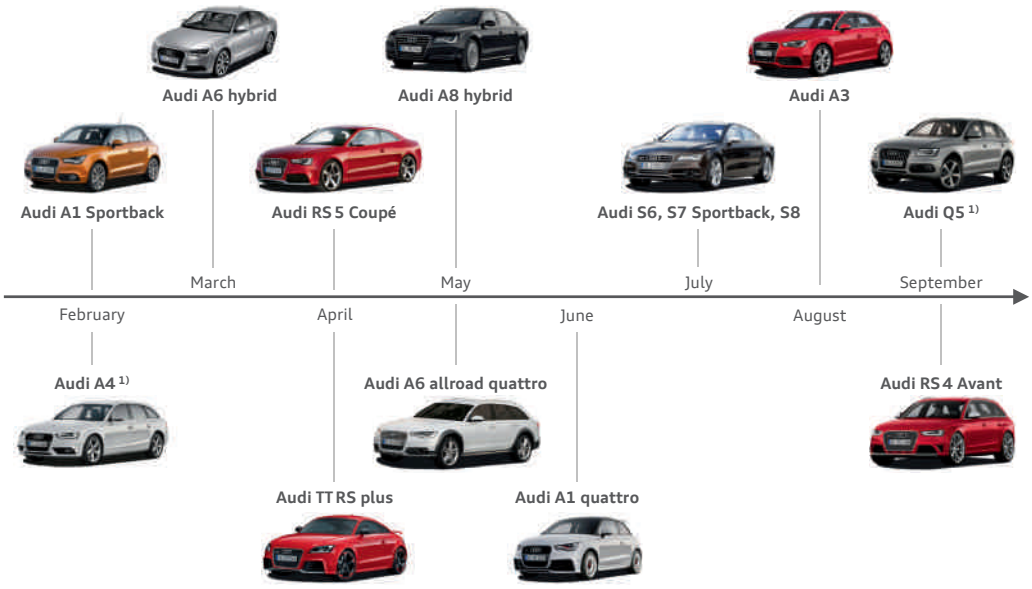
In other Western European countries, which in some cases experienced a sharp drop in market demand, the Audi brand almost equaled the record figure of the previous year with 418,646 (428,292) vehicles delivered and thus reasserted its position as market leader in the premium segment. Above all in the UK – the most important export market in Europe – we were able to increase the volume of deliveries by a healthy 7.2 percent to the new record total of 123,640 (115,345) vehicles. In France, too, 2012 saw the Company increase its deliveries slightly to 62,202 (62,009) cars despite generally marked consumer restraint. On the other hand, the brand with the four rings could not altogether escape the sharp reversals in Southern European car markets, which were especially affected by the sovereign debt crises.
The Audi brand was again very successful in Central and Eastern Europe. In Russia for instance, the region's major market, we succeeded in delivering 33,512 (23,250) vehicles to customers, a year-on-year increase of 44.1 percent.
The Company also continued to implement its strategy of qualitative growth to good effect in the U.S. car market and increased the volume of deliveries there by 18.5 percent to 139,310 (117,561) cars.
The Audi brand again achieved high growth rates in the Asia-Pacific region. With a total of 405,838 (313,036) vehicles delivered in China, 29.6 percent more customers took receipt of an Audi vehicle than in the previous year, further cementing the Company's leading position in the Chinese premium market. There was likewise an upward trend in Audi deliveries in Japan. The number of cars delivered rose by 13.6 percent compared with the previous year, to 23,930 (21,059) cars.

CAR DELIVERIES TO CUSTOMERS BY MODEL

	2012	2011
Audi A1	**63,428**	117,887
Audi A1 Sportback	**60,322**	288
Audi A3	**28,055**	28,405
Audi A3 Sportback	**134,127**	146,881
Audi A3 Cabriolet	**8,341**	11,683
Audi Q3	**91,841**	9,288
Audi TT Coupé	**17,453**	20,923
Audi TT Roadster	**4,774**	6,316
Audi A4 Sedan	**216,012**	207,409
Audi A4 Avant	**93,820**	106,957
Audi A4 allroad quattro	**13,827**	10,903
Audi A5 Sportback	**53,522**	51,542
Audi A5 Coupé	**34,742**	36,800
Audi A5 Cabriolet	**19,490**	20,637
Audi Q5	**205,986**	176,084
Audi A6 Sedan	**214,129**	183,244
Audi A6 Avant	**57,778**	42,240
Audi A6 allroad quattro	**7,041**	3,732
Audi A7 Sportback	**32,976**	31,317
Audi Q7	**56,193**	52,529
Audi A8	**38,636**	34,245
Audi R8 Coupé	**1,400**	1,803
Audi R8 Spyder	**1,136**	1,546
Internal vehicles before launch	**94**	–
Total, Audi brand	**1,455,123**	1,302,659
Lamborghini Gallardo	**1,161**	1,250
Lamborghini Murciélago	–	7
Lamborghini Aventador	**922**	345
Total, Lamborghini brand	**2,083**	1,602
Other Volkswagen Group brands	**177,106**	207,753
Total, Automotive segment	**1,634,312**	**1,512,014**

The Audi Group continued to broaden its product range in the 2012 fiscal year.

NEW MODELS OF THE AUDI BRAND IN 2012



1) Product improvement of the car line

Audi A1

Audi further enhanced the high appeal of its A1 car line in the past fiscal year. A five-door version of the A1 Sportback has been available since February 2012, with more headroom in the rear and more convenient access. The premium compact model comes with four seats as standard, or optionally with five at no extra charge. Like its three-door sister model, the A1 Sportback offers impressively good fuel economy thanks to innovative efficiency technologies such as energy recovery, a start-stop system and thermal management on all versions.

The brand with the four rings also brought an exclusive top model onto the market in 2012 in the shape of the A1 quattro, built as a limited edition of 333 units. Equipped with a power-boosted 2.0 TFSI engine developing 188 kW (256 hp), the sporty compact model sprints from 0 to 100 km/h in just 5.7 seconds and on to a top speed of 245 km/h.

A total of 123,750 (118,175) vehicles of the A1 car line were delivered to customers in the period under review.

Audi A3

The Company brought the new Audi A3 onto the markets in late summer 2012. The third generation of the popular premium compact model has a sporty, progressive design with coupé-like styling; its driver assistance systems and infotainment in particular redefine the benchmark in its segment. Furthermore, the A3 impressively highlights Audi's lightweight construction expertise. The unladen vehicle weight of the new A3 1.4 TFSI has been reduced by as much as 80 kilograms compared with its predecessor, to 1,175 kilograms. The A3 Sportback, which has been on sale since February 2013, is another example of how the Company has reversed the weight spiral. The 1.4 TFSI version of the versatile five-door model tips the scales at only 1,205 kilograms – a saving of up to 90 kilograms on the previous generation.

2013 will also see the appearance of the S3 and S3 Sportback models, which combine abundant power with impressive fuel efficiency. The premium compact S3 with S tronic reaches 100 km/h from a standstill after just 5.1 seconds and averages 6.9 liters of Super Plus fuel per 100 kilometers, which is equivalent to CO_2 emissions of 159 g/km.

As a result of the model changeover and the forthcoming launch of the A3 Sportback, the Audi brand delivered 170,523 (186,969) vehicles of the A3 family to customers worldwide in the 2012 fiscal year.

Audi Q3

With the market launch of the Q3, the Audi brand enlarged its SUV family with another model that combines the dynamism of a compact car with the spaciousness and versatility of an SUV. The Audi Q3 encapsulates the expertise of the brand with the four rings in every area of technology, boasting a light body and highly advanced assistance and multimedia systems. The compact premium SUV is available with an extensive range of TDI and TFSI engines, with outputs ranging between 103 kW (140 hp) and 155 kW (211 hp).
In the first full year of production of the Audi Q3, a total of 91,841 (9,288) vehicles were delivered to customers.

Audi TT

Two new models that are noted for their exceptional sportiness and impressive handling were added to the TT car line in the past fiscal year: the TT RS plus Coupé and TT RS plus Roadster. The Audi TT RS plus is propelled by a power-boosted 2.5 TFSI engine that for instance catapults the Coupé version with S tronic from 0 to 100 km/h in 4.1 seconds. This compact sports car's top speed is 280 km/h.
22,227 (27,239) units of the TT Coupé and TT Roadster were delivered in 2012.

Audi A4

The improved models of the A4 car line with an extensive selection of powerful and efficient TDI and TFSI engines have been available since the start of 2012. Even though many of the engines offer more power and torque, their fuel efficiency has been improved by around 11 percent on average. One especially efficient version is the 2.0 TDI engine developing 100 kW (136 hp), which in the sedan version clocks up 100 kilometers on an average of 4.3 liters of diesel and emits just 112 g of CO_2/km. Other attractive features of the A4 Sedan, A4 Avant, A4 allroad quattro and S4 models include their sharper design and array of new solutions for drivability and infotainment. The RS 4 Avant, which was given its first public showing at the 2012 Geneva Motor Show, has been the sporty top model of the A4 family since last fall. This vehicle blends the performance and dynamic handling of a powerful sports car with a high degree of functionality and everyday suitability. Equipped with a high-revving 331 kW (450 hp) 4.2 FSI engine and permanent all-wheel drive, the RS 4 Avant accelerates from 0 to 100 km/h in a mere 4.7 seconds.
Deliveries of the popular A4 car line remained almost on a par with the previous year's high level, at 323,659 (325,269) vehicles.

Audi A5

In parallel with the improved A4 family, the new 1.8 TFSI is also available as the very efficient entry-level engine version for the models of the A5 car line. The high-tech four-cylinder power unit features innovative solutions in many different areas of technology, such as thermal management, the injection system and turbocharging; the A5 Coupé with manual transmission needs on average only 5.7 liters of premium-grade fuel per 100 kilometers and its CO_2 emissions are 134 g/km.
A two-door high-performance model has been available since April 2012 in the form of the improved RS 5 Coupé, a fascinating example of confident performance and sharper design. The RS 5 Cabriolet, which was given its first showing at the 2012 Paris Motor Show, is an open-roofed top-of-the-range model that will be added to the car line in the course of the current fiscal year.
Demand for the sporty, elegant A5 car line in the past fiscal year held up at the previous year's high level, with 107,754 (108,979) vehicles sold.

Audi Q5

The improved Q5 made its debut at the Auto Mobil International (AMI) in Leipzig before going on sale in late summer 2012. The Q5 combines sportiness with variability, making this a versatile, practical car for leisure and everyday use. As part of the product improvement process, Audi has now given the midsize SUV a more distinctive profile in terms of design, infotainment, assistance systems and engines. The Q5 is available in an extensive choice of powerful engine versions. Although its engines deliver a higher output than on the previous model, fuel efficiency has been improved by up to 15 percent.

Since the start of 2013, the Q5 car line has been rounded off by the new SQ5 TDI model, which was unveiled during the 24 Hours of Le Mans in June 2012. Propelled by a 3.0 TDI biturbo engine developing 230 kW (313 hp), the SQ5 TDI is Audi's first ever diesel-engined S model.

In addition, the new Audi SQ5 was shown at the Detroit Motor Show in January 2013 with a special eye to the American market. This latter model is equipped with a turbocharged 3.0 TFSI engine and develops 260 kW (354 hp). The SQ5 will arrive at dealers in the United States in the third quarter of 2013.

A total of 205,986 (176,084) vehicles of the Q5 car line were handed over to customers in 2012, an increase of 17.0 percent.

Audi A6

Further attractive models were added to the A6 car line in the past fiscal year. For example, a hybrid version of the popular full-size sedan has been on the market since the start of 2012. The A6 hybrid is equipped with a 2.0 TFSI engine and an electric motor; it can run on either the combustion engine or the electric motor, or alternatively in hybrid mode. The A6 hybrid recovers energy during deceleration phases and activates both the engine and the electric motor when accelerating hard. With a system output of 180 kW (245 hp), the sedan version uses a mere 6.2 liters of premium-grade fuel per 100 kilometers, with CO_2 emissions of just 145 g/km.

The A6 allroad quattro, which arrived on the market in May 2012, is a model that combines supreme power with impressive efficiency. This versatile vehicle scores highly away from paved roads thanks to its sporty character and is currently available in engine versions ranging from 150 kW (204 hp) to 230 kW (313 hp). This all-rounder's fuel economy has been improved by up to 20 percent compared with its predecessor.

Sports models with dynamic driving characteristics suitable for everyday driving have been available since summer 2012 in the form of the S6 and S6 Avant. Thanks to the new 4.0 TFSI high-performance engine developing 309 kW (420 hp) and cylinder on demand, the innovative cylinder management system, the S models run as much as 25 percent more economically than the previous generation.

The new Changchun-built Audi A6 L started arriving at dealers in China in early 2012. The principal assets of this prestigious business sedan are its luxury equipment, excellent comfort and a broad selection of assistance and multimedia systems.

The new RS 6 Avant was unveiled in December 2012. Equipped with a V8 biturbo with an output of 412 kW (560 hp), this high-performance athlete that is built for everyday driving sprints from 0 to 100 km/h in only 3.9 seconds and manages on just 9.8 liters of Super Plus fuel per 100 kilometers.

In the period under review the Audi Group increased the delivery volume of the A6 car line by 21.7 percent to 278,948 (229,216) vehicles.

Audi A7 Sportback

The Audi A7 Sportback also proved highly popular. A total of 32,976 (31,317) vehicles were delivered in 2012, a rise of 5.3 percent.

The five-door automobile combines the emotional character of a coupé with the functionality of an Avant and the comfort and prestige of a sedan. The car line's current top model is the new

Audi S7 Sportback, which – like the S models in the A6 car line – is powered by the innovative 4.0 TFSI engine developing 309 kW (420 hp). The V8 biturbo engine accelerates the five-door coupé from a standstill to 100 km/h in only 4.7 seconds; in conjunction with the 7-speed S tronic it averages 9.6 liters of premium-grade fuel per 100 kilometers. The RS 7 Sportback was presented at the start of 2013 and will be joining the car line starting this summer.

Audi Q7

The Audi Q7 has won over many customers with a luxuriously smooth drive attributable to its powerful and efficient engines in conjunction with quattro drive as standard and the 8-speed tiptronic. The engine program for the Audi Q7 comprises a number of TFSI and TDI versions with six or eight cylinders. One particularly efficient version is the 3.0 TDI quattro with an output of 150 kW (204 hp), which uses on average just 7.2 liters of diesel fuel per 100 kilometers, making for CO_2 emissions of 189 g/km.

A total of 56,193 (52,529) of the performance SUV were handed over to customers in the year under review.

Audi A8

The luxury sedans in the A8 car line blend dynamic exterior design and sporty handling with superb equipment for comfort and convenience, plus an exclusive interior. The Audi A8 and long-wheelbase Audi A8 L also implement lightweight construction systematically and offer a wide selection of powerful and highly efficient engines.

The new Audi S8 – the exclusive top model in the Audi S family since summer 2012 – delivers superior road performance thanks to its impressive power. Its 4.0 TFSI engine develops 382 kW (520 hp) along with 650 Nm of torque. With average fuel consumption of 10.1 liters of premium-grade fuel per 100 kilometers, the sporty flagship model also achieves remarkable efficiency figures for its vehicle category. Its fuel efficiency marks a 23 percent improvement on the previous model.

The car line's portfolio of models has been further extended with the new A8 hybrid, which combines the best of both power sources. Thanks to the 2.0 TFSI engine and electric motor, the A8 hybrid achieves a system output of 180 kW (245 hp) and average consumption of only 6.3 liters of premium-grade fuel with CO_2 emissions of just 147 g/km.

Demand for the Audi A8 luxury sedan showed an upward trend in the past fiscal year. In all, 38,636 (34,245) vehicles were delivered to customers – an increase of 12.8 percent.

Audi R8

The Audi R8 is the sporty vanguard of the Audi brand's model portfolio. Along with the product improvement that appeared at the start of 2013, many details of the thoroughbred mid-engine sports car have been revised.

The new R8 Coupé and R8 Spyder models comprehensively reaffirm Audi's expertise in lightweight construction. For instance, the unladen weight of the R8 V8 Coupé with manual transmission is only 1,560 kilograms thanks to the consistent use of innovative lightweight materials such as carbon fiber-reinforced polymers (CFRP) and magnesium. The R8 V10 plus Coupé – the new top model in the car line – weighs 1,570 kilograms, a saving of around 50 kilograms on its predecessor. Equipped with a hand-assembled 5.2 FSI engine developing 404 kW (550 hp) and a fundamentally new 7-speed S tronic, the R8 V10 plus Coupé sprints from 0 to 100 km/h in 3.5 seconds and is capable of a top speed of 317 km/h.

2,536 (3,349) vehicles of the R8 car line were delivered to customers in the period under review.

Lamborghini brand

The Lamborghini brand delivered a total of 2,083 (1,602) supercars to customers during the past fiscal year. Most notably, there was a substantial increase in deliveries of the new Lamborghini Aventador to 922 (345) models in its first full year in production. Deliveries of the Gallardo remained stable at 1,161 (1,250) units, confirming its status as the most successful Lamborghini model ever.

In the course of the product portfolio's evolution, the Lamborghini brand presented a highly exclusive one-off specimen at the 2012 Geneva Motor Show in the form of the Aventador J. This is an open-top version of the 515 kW (700 hp) Aventador LP 700-4 which has no roof, windshield or any other windows – the most uncompromising and extreme interpretation of a roadster. The production version of the new Aventador LP 700-4 Roadster features an extremely light two-piece hardtop made from carbon fiber that can be stowed away in the trunk. The 12-cylinder engine with an output of 515 kW (700 hp) catapults the vehicle from 0 to 100 km/h in only three seconds. Like the enclosed version, it is capable of a top speed of 350 km/h. The new start-stop system and cylinder deactivation at speeds of up to 135 km/h help to improve the Aventador's efficiency.

Lamborghini showcased the improved Gallardo models at the Paris Motor Show in September 2012.

At the Auto China in Beijing, Lamborghini hinted at a possible car line in the SUV segment with its Urus SUV study. This concept car has four spacious seats, a variable trunk, substantial ground clearance and all-wheel drive. It thus combines everyday suitability and versatility with superb driving dynamics. An output of around 440 kW (600 hp) and an especially low weight achieved thanks to innovative lightweight technologies make this car exceptionally enjoyable to drive, while keeping its CO_2 emissions moderate.

LAMBORGHINI URUS

Other Volkswagen Group brands

In the 2012 fiscal year the sales companies VOLKSWAGEN GROUP ITALIA S.P.A., Verona (Italy), Audi Volkswagen Korea Ltd., Seoul (South Korea), Audi Volkswagen Middle East FZE, Dubai (United Arab Emirates) and AUDI SINGAPORE PTE. LTD., Singapore (Singapore) delivered a total of 177,106 (207,753) vehicles of other Volkswagen Group brands to customers.

Motorcycles

Since the acquisition of the Ducati Group in July 2012, 16,786 customers worldwide have chosen a motorcycle of the Ducati brand. The total number of motorcycles delivered over the year as a whole was 44,102 (42,233).
The biggest sales market for the Italian motorcycle manufacturer is the United States, where 3,924 motorcycles in all were delivered to customers from July 2012 on.
Over the same period, Ducati sold 1,598 motorcycles to customers in its home market Italy.

MOTORCYCLE DELIVERIES TO CUSTOMERS BY MODEL

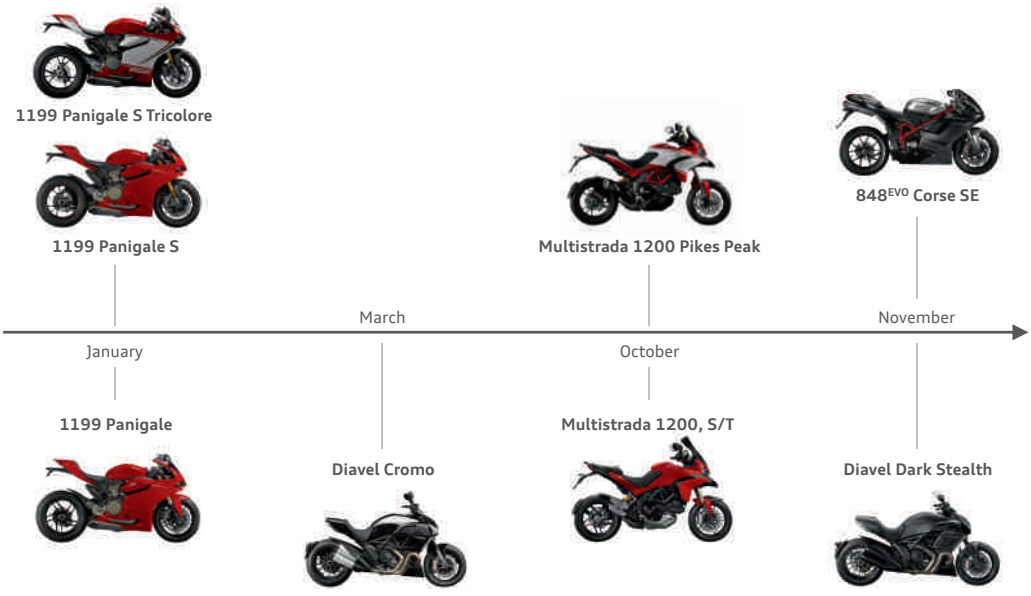
	2012 [1)]	2011
Ducati Diavel	2,486	–
Ducati Hypermotard	764	–
Ducati Monster	5,266	–
Ducati Multistrada	2,499	–
Ducati Streetfighter	1,618	–
Ducati Superbike	4,138	–
Ducati, others	15	–
Total, Ducati brand	16,786	–
Total, Motorcycles segment	16,786	–

1) Motorcycle deliveries since acquisition of Ducati Group in July 2012

Ducati brand

The motorcycles of the Ducati brand are particularly renowned for their distinctive design, innovative technology, lightweight construction using aluminum and carbon, and the legendary two-cylinder engine with desmodromic valve control. The product portfolio of sporty motorcycles comprises the six model lines Diavel, Hypermotard, Monster, Multistrada, Streetfighter and Superbike.

NEW MODELS OF THE DUCATI BRAND IN 2012



The 1199 Panigale, 1199 Panigale S and 1199 Panigale S Tricolore were all unveiled in 2012, adding to the family of unmistakable Superbike models. These high-performance motorcycles have the most powerful two-cylinder engines ever built by the manufacturer, with an output of 143 kW (195 hp) and three different riding modes – Race, Sport and Wet. The 1199 Panigale with aluminum monocoque weighs around five kilograms less than its predecessor. The queen of

the Superbike family is the 1199 Panigale R, with an outstanding racing performance. The highly efficient 848^{EVO} and the new 848^{EVO} Corse Special Edition round off the Superbike range. The new models of the Multistrada range likewise have an individually adjustable riding mode – Sport, Touring, Urban, Enduro – making them exceptionally fun to ride. An array of other innovative technologies will be appearing on the models of the Multistrada family over the course of the current fiscal year. In future, all S versions of the Multistrada 1200 – Multistrada S Touring, Multistrada S Pikes Peak, Multistrada S Granturismo – will, for example, be equipped with the innovative Ducati Skyhook Suspension (DSS) damping system, which provides optimally smooth progress on variable surfaces.
Ducati also took the wraps off the next generation of the Hypermotard family – Hypermotard, Hypermotard SP and Hyperstrada. These blend state-of-the-art technologies with exceptional Italian design. An entirely new departure for the Hypermotard models was the unveiling of Ducati's new Testastretta 11° engine with a displacement of 821 cc and developing 81 kW (110 hp). It is installed in a tubular space frame. While the Hypermotard SP high-performance model promises an exciting ride with the Race, Sport and Wet modes, the Hypermotard and Hyperstrada are excellent tourers with all-rounder qualities thanks to the Sport, Touring and Urban settings.

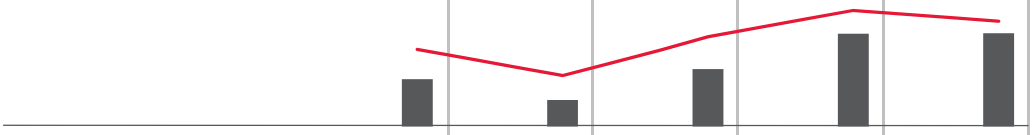
FINANCIAL PERFORMANCE INDICATORS

FINANCIAL PERFORMANCE

The 2012 fiscal year's sales growth saw the Audi Group increase its revenue by 10.6 percent to a new all-time high of EUR 48,771 (44,096) million.
In the Automotive segment, we generated revenue of EUR 35,851 (34,456) million through sales of vehicles of the core brand Audi. The prior-year figure still includes revenue from CKD business in China. As a result of the rising level of localization, the parts sets supplied to China have, since 2012, been reported under other revenue instead of vehicle revenue.
The A4 car line was again the major contributor to vehicle sales of the Audi brand. At the same time, revenue for the full-size and luxury segment rose especially thanks to the availability of the A6 models for a first full year, coupled with high demand for the A8 models. The market launch of the A1 Sportback meant revenue in the premium compact segment received a further boost. The biggest driver of sales in the past fiscal year was the Audi Q3, which was rolled out on markets from fall 2011 onward.
The Lamborghini brand enjoyed a substantial increase in revenue in the 2012 fiscal year above all thanks to high demand for the new Aventador. The Audi Group also generated revenue through sales of cars of the Bentley, SEAT, Škoda, VW Passenger Cars and VW Commercial Vehicles brands through the Group-owned sales subsidiaries VOLKSWAGEN GROUP ITALIA S.P.A., Verona (Italy), Audi Volkswagen Korea Ltd., Seoul (South Korea), Audi Volkswagen Middle East FZE, Dubai (United Arab Emirates) and AUDI SINGAPORE PTE. LTD., Singapore (Singapore).
In the new Motorcycles segment, the Company already generated revenue of EUR 209 million following the acquisition of the Ducati Group in July 2012, despite the highly seasonal nature of business. Over the full year, the Ducati brand reported revenue of EUR 606 million.
Other revenue increased significantly in the past fiscal year to EUR 9,626 (5,928) million largely as a result of the first-time inclusion of parts sets delivered to China.
The cost of sales for the Audi Group rose to EUR 39,046 (36,000) million in the period under review following a demand-driven increase in production volume. Thanks to the positive results of our ongoing drive to improve processes and productivity, the increase of 8.5 percent was again below the rate of increase in revenue. The Audi Group thus increased gross profit by 20.1 percent to EUR 9,725 (8.096) million. Distribution costs for the 2012 fiscal year amounted to EUR 4,593 (3,599) million. The increase over the previous year is attributable not only to the higher sales volume and marketing costs, but also to the market launches of a large number of new models and the realization of strategic market development programs. Administrative expenses rose to EUR 527 (429) million also as a result of changes in the group of consolidated

companies. Other operating result fell to EUR 775 (1,280) million mainly as a result of exchange rate factors.
Despite the increasingly difficult economic environment, we again succeeded in increasing the Audi Group's operating profit slightly in the past fiscal year and posted another new Company record of EUR 5,380 (5,348) million. Within this total, the Automotive segment achieved an operating profit of EUR 5,421 (5,348) million. Following the acquisition of the Ducati Group effective July 2012, the Motorcycles segment generated an operating profit of EUR –41 million, reflecting the seasonal pattern of business and taking into account the write-downs of disclosed hidden reserves as part of purchase price allocation. For the full year, the Ducati Group achieved an operating profit of EUR 58 million with a return on sales of just under 10 percent, based on the accounting policies applied up to that time by the Ducati Group.
The financial result of the Audi Group was EUR 576 (692) million in the past fiscal year. The Audi Group thus achieved a profit before tax of EUR 5,956 (6,041) million for the 2012 fiscal year. After deduction of income tax expense, the Company earned EUR 4,353 (4.440) million.

DEVELOPMENT OF AUDI GROUP OPERATING PROFIT AND OPERATING RETURN ON SALES



	2008	2009	2010	2011	**2012**
Operating profit (EUR million)	2,772	1,604	3,340	5,348	**5,380**
Operating return on sales (%)	8.1	5.4	9.4	12.1	**11.0**

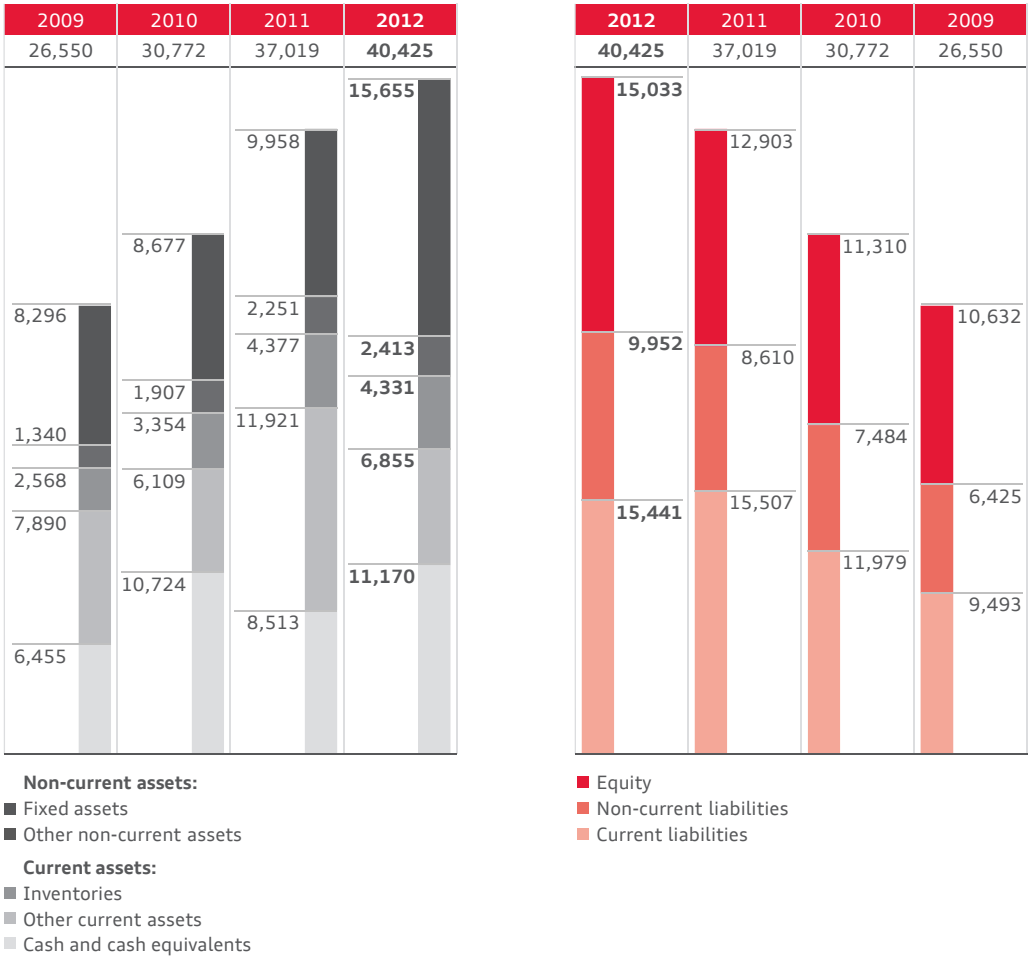
The key rate of return ratios reflect our Company's high profitability and provide further evidence that the Audi Group is among the most successful automotive manufacturers in the world.
For example, operating return on sales in the past fiscal year was 11.0 (12.1) percent and therefore once again well above the target corridor of 8 to 10 percent. The return on sales before tax, too, was an excellent 12.2 (13.7) percent. Over the same period, the return on investment reached 30.9 (35.4) percent.

AUDI GROUP KEY EARNINGS FIGURES

	2012	2011
Operating return on sales	**11.0**	12.1
Automotive segment	**11.2**	12.1
Motorcycles segment	**–19.4**	–
Return on sales before tax	**12.2**	13.7
Return on investment	**30.9**	35.4

NET WORTH

AUDI GROUP BALANCE SHEET STRUCTURE (EUR MILLION)



The Audi Group's balance sheet total rose by 9.2 percent over the past fiscal year to EUR 40,425 (37,019) million.
The substantial increase in non-current assets to EUR 18,068 (12,209) million is substantially attributable to higher investments accounted for using the equity method following the acquisition of a 30 percent share of Volkswagen Group Services S.A., Brussels (Belgium) and the acquisition of the Ducati Group.
The acquisition of these investments brought total capital investments in the past year to EUR 6,416 (2,970) million. We also stepped up our efforts to develop new products and technologies.

Current assets fell year on year to EUR 22,357 (24.811) million, mainly as a result of the cash used for the investments acquired.
Equity as of the balance sheet date increased to EUR 15,033 (12,903) million. The main factor behind this rise was the cash injection of EUR 1,569 million by Volkswagen AG, Wolfsburg, into the capital reserve of AUDI AG. The allocation to the other retained earnings of the balance remaining after the transfer of profit increased equity by a further EUR 494 million. As of December 31, 2012, the equity ratio for the Audi Group was therefore 37.2 (34.9) percent.
Non-current liabilities at the end of 2012 increased to EUR 9,952 (8,610) million. This increase was mainly attributable to increased provisions for pensions in response to the interest rate.
Current liabilities of EUR 15,441 (15,507) million were on a par with the previous year.

FINANCIAL POSITION

The cash flow from operating activities came to EUR 6,144 (6,295) million in the past fiscal year, thus almost equaling the previous year's high level.
Disregarding the investments acquired, the cash used in investing activities for current operations amounted to EUR 3,237 (2,841) million in the same period. EUR 2,334 (2,266) million was spent on investments in property, plant and equipment and other intangible assets. The focus here was on investments in new products and innovative drive technologies.
The changes in investments resulted in an additional cash outflow of EUR 3,567 (64) million.
Overall the cash flow from investing activities, in other words taking account of changes in cash deposits and loans extended, came to EUR 4,896 (6.911) million.
As in previous years, investments in operating activities were financed entirely from own resources. After the acquisition of investments amounting to EUR 3,567 (64) million, the net cash flow was EUR –660 (3,390) million. As of the end of 2012, net liquidity was lower at
EUR 13,396 (15,716) million to a large extent as a result of the investments acquired.
The other financial obligations as of year-end, which mainly comprise ordering commitments, amounted to EUR 3,002 (2,944) million. More detailed information is contained in Section 42 of the Notes: "Other financial obligations."

SOCIAL AND ECOLOGICAL ASPECTS
CORPORATE RESPONSIBILITY

We have placed customer delight at the very core of our Strategy 2020. The basis for customer delight comprises an affinity for the Audi brand and our Company on the one hand, and widespread acceptance in the markets to underpin the continuing success of the Audi Group on the other hand.
In all corporate decisions, social and ecological aspects are therefore taken into account alongside economic factors. Employees, social groups and natural resources consequently all need to be treated responsibly. AUDI AG plans to step up its ability to provide information and report on its corporate responsibility in the future. Detailed information on the topic of sustainability and on social and ecological aspects is provided in the Corporate Responsibility Report, which is being published for the first time in the second quarter of 2013.

EMPLOYEES

Workforce

Average for the year	2012	2011
Domestic companies	**48,970**	47,182
of which:		
AUDI AG	**47,121**	45,386
Ingolstadt plant	**33,311**	32,165
Neckarsulm plant	**13,810**	13,221
Foreign companies	**15,656**	13,017
of which:		
AUDI BRUSSELS S.A./N.V.	**2,501**	2,361
AUDI HUNGARIA MOTOR Kft.	**8,340**	6,932
Automobili Lamborghini S.p.A.	**925**	831
VOLKSWAGEN GROUP ITALIA S.P.A.	**911**	897
DUCATI MOTOR HOLDING S.P.A. [1]	**483**	–
Employees	**64,626**	60,199
Apprentices	**2,283**	2,322
Employees of Audi Group companies	**66,909**	62,521
Staff employed from other Volkswagen Group companies not belonging to the Audi Group	**322**	285
Workforce of the Audi Group	**67,231**	62,806

1) As of December 31, 2012, DUCATI MOTOR HOLDING S.P.A., Bologna (Italy), and its fully consolidated subsidiaries had a total of 1,197 employees.

Overall, the Audi Group employed an average of 67,231 (62,806) people in the past fiscal year. At year-end the workforce reached a level of 68,804 (63,839) employees.
There are various factors behind the growth in the workforce: recruitment of extra employees at AUDI AG and also AUDI HUNGARIA MOTOR Kft., Győr (Hungary) following the expansion of the latter, but above all the increased group of consolidated companies.

EMPLOYEE STRUCTURAL DATA (AUDI AG)

		2012	2011
Average age [1]	Years	**40.6**	40.6
Average length of service [1]	Years	**15.2**	15.6
Proportion of women [1]	Percent	**13.7**	13.0
Proportion of academics [2]	Percent	**42.3**	40.1
Proportion of foreign nationals	Percent	**7.7**	7.7
Proportion of people with severe disabilities	Percent	**6.0**	6.0
Contracts to workshops for people with mental disabilities	EUR million	**6.3**	6.3
Frequency of accidents [3]		**2.4**	2.3
Attendance rate	Percent	**96.4**	96.4
Savings through Audi suggestions award program	EUR million	**71.1**	70.4
Implementation quota	Percent	**57.4**	57.2

1) Audi Group

2) Proportion of indirect employees

3) The accident frequency figure indicates how many industrial accidents involving one or more days' work lost occur per million hours worked.

The Audi Group's human resources policy

In order to realize the mission of Strategy 2020 "We delight customers worldwide," the Company needs employees who have both passion and expertise. Because only if we have expert, motivated, suitably qualified employees will we also be able to achieve this mission.

In this respect, Human Resources sees itself as preparing the way for others. It aims to lay the foundations for the workforce and therefore the Company to achieve the goals of Strategy 2020. Our human resources work thus needs to be fundamentally strategic in outlook, by focusing on the individual. This guiding principle takes four key human resources target activities as its starting point: strengthening competences, making work attractive and flexible, promoting responsibility, and ensuring future viability.
Knowing the needs of the workforce, enabling and inspiring employees, and knowing both the present and future qualifications needs of the Company – these pave the way for developing human resources effectively and using them sustainably.
The human resources policy must consequently be to create general and working conditions that are both conducive to a good economic performance and suitably meet the needs of employees. Cooperation between the Company and the employees' elected representatives in the spirit of a fair social partnership again plays a key role here.
Another key tenet of the human resources policy is to translate the Company's success into success for the employees. The management and General Works Council of AUDI AG have therefore reached an agreement on employee profit-sharing that is based on the Company's profit and the attainment of defined target values. There are also profit-sharing plans at Audi subsidiaries both in Germany and internationally.

Just under 3,000 employees newly recruited at AUDI AG

AUDI AG took on a total of 2,951 new employees in the 2012 fiscal year. 1,582 experts, 27 percent of which are women, were above all recruited for the strategic expertise areas of lightweight construction and electric mobility, and to support the development of new sites. 620 skilled workers were also taken on as permanent employees, in most cases after having been hired on a temporary basis. The Company also welcomed 749 young people starting their vocational training or a dual course of study at its Ingolstadt and Neckarsulm locations.

Top rankings again in attractiveness surveys

AUDI AG was again ranked very highly among academic graduates in 2012. As in previous years, the Company emerged as one of the most popular employers for economics and engineering students nearing the end of their studies in Germany, based on the attractiveness surveys conducted by the consulting firms trendence and Universum ("trendence Graduate Barometer 2012 – Business and Engineering Edition," April 20, 2012; "The Universum German Student Survey 2012," April 30, 2012).
The Company was also very popular among engineers already in employment. AUDI AG was ranked second in the Universum study entitled "The German Professional Survey 2012," published on December 3, 2012 (www.universumglobal.com/IDEAL-Employer-Rankings/Professional-Surveys/Germany).
AUDI HUNGARIA MOTOR Kft., Győr (Hungary), was yet again voted the country's "Most attractive company" in 2012 in a survey conducted by the management consulting firm Aon Hewitt and the international student organization AIESEC (www.balaton-zeitung.info/Audi-attraktivster-Arbeitgeber-in-Ungarn – link only available in the German language).
It remains the priority goal of Personnel Marketing at AUDI AG to continue developing its identity as an employer brand. Clear positioning and credible communication are therefore important milestones in achieving our strategic corporate objective of "Attractive employer worldwide."
Audi received the VDI Nachrichten Award 2012 for its best nationwide recruitment advertisement for engineers. The Company came first in a competition among 150 advertising motifs submitted (www.vdi-nachrichten.com/personalaward/gewinner.htm – link only available in the German language).

The level of interest among young people in getting to know and experiencing Audi in person rose yet again to a new record. More than 1,500 students completed internships at the two German sites Ingolstadt and Neckarsulm.

Training and advancement

698 young people embarked on their training in one of 20 vocations at our two German sites Ingolstadt and Neckarsulm in the 2012 fiscal year. In addition, 28 DHBW students commenced their studies at the Baden-Württemberg Cooperative State University and 23 participants enrolled in the StEP program (Study and Experience in Practice), which combines vocational training with technical studies.

As of the end of December 2012, there were a total of 2,459 apprentices and dual-system students in employment at AUDI AG, including 216 taking a dual vocational training program which provides them with the entrance qualification for a university of applied sciences, as well as qualifying them as a mechatronics or automotive mechatronics engineer, electronics engineer for automation technology or tool mechanic.

During the 2012 fiscal year, 27 young people – 18 industrial/technical apprentices and nine clerical trainees – received the opportunity to spend three months working in other European countries. The host companies were 12 locations of the Volkswagen Group. AUDI AG also offers this opportunity to apprentices from other Group companies.

As part of the “Electric mobility connects” initiative supported by the state governments of Bavaria and Saxony, the AUDI AG Training Department is participating in a number of projects designed to integrate important aspects of electric mobility into the training and advancement curriculum. In addition to electric mobility, the focus of technical further training was on the key technology of lightweight construction. The requirements of new materials, joining and bodywork technologies, battery technology, power electronics and electric drive technology all provided topics for training.

Competence development for employees at the new automotive plant in Győr (Hungary) was again very much a priority in 2012. Specific qualification programs were devised there for a variety of target groups, a Project and Training Center was set up, new vocations were introduced and local trainers were qualified. The Company will be able to benefit from this experience as it now sets up the new Audi location in Mexico.

As in previous years, the AUDI AG Training Department provided support for low-achieving young people. In running the “EQ” and “EQ Plus” entry-level training programs, it provided a vocational gateway opportunity for young people who have not been able to secure an apprenticeship for personal reasons or who need assistance with acquiring the necessary qualification to train for a career.

Health management

The aim of occupational health management is to promote and preserve the individual well-being of our workforce. Occupational health management at Audi is an aspect of corporate management and spans everything from workplace ergonomics and deployment consultancy to the gradual reintegration of employees after lengthy absences due to sickness. Both a large number of corporate departments and the Works Council provide support and advice on such matters. They offer opportunities for training and actively help in making sure that employees are deployed in accordance with their health requirements, and that they remain employable.

We also seek to raise standards of personal health literacy, for example by encouraging participation in Company-backed health activities and fitness programs. The spotlight is always on raising awareness of exercise, nutrition and mental well-being.

A major component of our health management is the Audi Check-up, introduced in July 2006 – an individualized program for the workforce for the prevention and early detection of health risks. The health centers at the Company sites have already conducted nearly 51,000 check-ups.

Since 2010, AUDI AG has provided employees with the opportunity for stem cell typing in partnership with the Aktion Knochenmarkspende Bayern (Bavarian Bone Marrow Donation Foundation) and the DMKS Deutsche Knochenmarkspenderdatei (DMKS German Bone Marrow Donor Center). Audi employees can be tested and typed at the health centers free of charge at any time.

Job and family

AUDI AG puts much effort into promoting and advancing the compatibility of working and family life. It brings together all the child care arrangements it provides under the project title "Audi Spielraum." For example, in March 2012 we created a further 36 places at daycare centers in Ingolstadt, bringing the total to 106. There were 45 places available at Neckarsulm last year. As part of the "Audi Summer Children" program, employees at the Ingolstadt and Neckarsulm locations are able to take advantage of professional child care during summer vacation. In view of the high demand, the program in Ingolstadt was extended. In partnership with the city of Ingolstadt's "Local Alliance for the Family," for the first time child care arrangements were also offered in the other school vacations in 2012. Over 350 children and young people between six and 14 years of age attended the vacation programs at both locations in 2012.
There is a new, pioneering concept of flexible short-term care for employees' children aged between three and 14 years at AUDI AG in Ingolstadt. The long opening hours make the facility popular with parents when professional appointments come up at short notice, especially at the start or end of the working day, and on days when the regular facilities are closed.
A total of 1,500 Audi employees took parental leave during the year under review. 61 percent of those taking parental leave were men. The average period of leave taken in the past fiscal year was around ten months. Women took an average of 24 months, whereas men were on parental leave for two months on average.

Women at Audi

In order to be an attractive employer, the various tasks we have set ourselves include promoting women's careers, attracting women to the Company and offering them good future prospects. As part of a voluntary commitment, the Company therefore defined differentiated targets in 2011 in order to permanently increase the proportion of women at all levels – from apprentices all the way up to top management. The aim is to increase diversity at AUDI AG and thus deepen the workforce's creative and innovative potential.
When hiring female academic graduates, the Company looks at the proportion of women studying each subject. In the case of mechanical engineering and electrical engineering, this means that AUDI AG would like to achieve an overall proportion of nine percent women among its recruits from these courses of study. Averaged out across all courses of study that are relevant for the Company, the target proportion of women among new recruits is around 30 percent. This proportion of qualified women that the Company seeks to hire will then gradually filter through into a higher proportion of women managers at the various management levels in subsequent years.
There are already a number of measures in place to recruit and promote qualified women employees. AUDI AG targets advertising specifically at talented women; for instance it holds special fact-finding days about technical vocational training as well as workplace discovery days for young women. The Company also holds various career orientation events aimed specifically at schoolgirls, such as the "Female Researchers" or "Girls for Technology" camps, and is now a long-standing participant in the nationwide Girls' Day. There is a separate series of events entitled CareerDay Women aimed specifically at female graduates and engineers already in employment.
AUDI AG has in addition been supporting internal and external women's networks for many years. On their career path to management, talented female employees are also supported through a mentoring program. In addition to building on and optimizing the basic framework for making working and family life more compatible, the Company takes other supporting measures.

PROPORTION OF WOMEN AT AUDI AG

%	2012	2011
Total proportion of women	**13.9**	13.3
Apprentices [1)]	**23.7**	24.2
Industrial apprentices	**20.7**	21.3
Clerical trainees	**77.8**	75.8
Management	**7.3**	6.7

1) Since 2012 including StEP program (Study and Experience in Practice); 2012 figure excluding StEP: 24.1 percent

AUDI IN SOCIETY

One goal that AUDI AG pursues as part of its social commitment is to increase the attractiveness of the locations for its employees, thereby also enhancing the quality of life in the regions. This takes the form of a wide range of voluntary activities such as the Audi Volunteers project, child care arrangements and projects in the sphere of mobility and transport. In December 2012, for instance, the Company introduced a new transport concept in conjunction with the Ingolstadt local transport operator to make the site much easier to reach by bus and rail. The result is shorter journeys to work for employees, and significantly less road traffic for residents of Ingolstadt and the surrounding area. In order to further encourage use of public transportation, the Company subsidizes employee travel under the new transport concept.

Employee and corporate donations

Over 99.5 percent of the Audi workforce contributed to the Christmas fundraising campaign in the past fiscal year. The Works Council has held this regular fundraising drive since 1977. As every year, the money raised goes towards regional, social and charitable causes at the Ingolstadt and Neckarsulm sites. Employee donations, which are topped up by the Company, raised the new record sum of EUR 825,000 in 2012.

The “Spare Cents” campaign – where many employees donate the remaining cents after the decimal point on their monthly payslip – also raised around EUR 222,000 for street children projects run by “terre des hommes.”

In addition, sizable corporate donations were made to regional and social projects as well as to research ventures during 2012.

Research partnerships

Around 130 research students are currently preparing their doctoral theses at the Audi Group. The subjects covered range from technical topics to economics, the humanities and the social sciences. Around two-thirds of these doctoral theses are prepared in conjunction with an Audi partner university.

Audi again furthered academic exchanges and deepened its research partnerships and joint ventures in 2012. AUDI AG is one of the founding donors behind the University Foundation of the Karlsruhe Institute for Technology (KIT) set up in the past fiscal year. 2012 also saw us provide funding for an endowed chair dedicated to the topic of mobility and sustainability at the Zeppelin University Friedrichshafen. The Konstanz University of Applied Sciences (Technology, Economics and Design) also offered its first scholarship for a doctorate in the field of Corporate Social Responsibility.

AUDI AG has been financing a three-year guest professorship in “International Trends in Economics and the Social Sciences” at the Catholic University of Eichstätt-Ingolstadt since 2010. During the past fiscal year that university played host to five visiting professors from India, China and the United States, who gave lectures on the subjects of Intercultural Management, Corporate Governance, Sustainability as well as Marketing and Services Management.

We at Audi again furthered exchanges between research and public life in the past fiscal year of 2012. As in previous years, AUDI AG organized another series of INI. and HIN. seminar lectures

under the banner of “Hands-On University,” where professors from partner universities presented their latest research findings. The “Hands-On University” events attracted a total audience of more than 2,300 in 2012.

THE AUDI GROUP’S RESEARCH PARTNERSHIPS

Ingolstadt location

- INI.KU – Ingolstadt Institutes of the Catholic University of Eichstätt-Ingolstadt
  Since 2008; focus: Social Responsibility, Logistics
- INI.FAU – Ingolstadt Institutes of Friedrich-Alexander University Erlangen-Nuremberg
  Since 2006; focus: Information Technology, Materials
- INI.TUM – Ingolstadt Institutes of the Technical University of Munich
  Since 2003; focus: Information Technology, Production Technology, Electric Mobility
- INI.LMU – Ingolstadt Institutes of Ludwig-Maximilian University of Munich
  Since 2008; focus: Human Resources Management
- IAF – Institute for Applied Research, Ingolstadt University of Applied Sciences
  Since 2004; focus: Battery Technology, Electrical Engineering, Vehicle Safety
- INI.UniBw – University of the Federal Armed Forces, Munich
  Since 2010; focus: Electric Mobility

Neckarsulm location

- HIN – Neckarsulm University Institutes: Karlsruhe Institute of Technology (KIT), University of Stuttgart and Heilbronn University
  Since 2005; focus: Drive Technology, Operating Concepts, Materials

Győr location

- AHI – Audi Hungaria Institutes: Technical University of Budapest and SZE Győr
  Since 2006; focus: Engines, Production
- Audi Hungaria Chair of Internal Combustion Engines – SZE Győr
  Since 2008; focus: Engine Manufacturing and Technology
- University of Miskolc
  Since 2011; focus: Logistics

Other cooperation partners

- ALL – Audi Logistics Laboratory, Fraunhofer Institute for Material Flow and Logistics (IML), Dortmund Graduate School of Production Engineering and Logistics, Technical University of Dortmund
  Since 2007; focus: Logistics
- EBS – European Business School: Automotive Institute for Management (AIM), Wiesbaden
  Since 2010; focus: Marketing
- RWTH – Rhine-Westphalian Technical University Aachen
  Since 2010; focus: Electric Mobility
- University of St. Gallen
  Since 2010; focus: Human Resources Management, Customer Orientation
- Technical University of Dresden
  Since 2010; focus: Engine Production

International cooperations

- Audi Tongji Joint Lab, Shanghai
  Since 2010; focus: Automotive Market Research; Marketing, Electric Mobility, Design, IT
- University of Southern California
  University of California, Berkeley
  University of California, San Diego
  University of Michigan Transportation Research Institute (UMTRI)
  Since 2010; university project “Audi Urban Intelligent Assist”

Endowed chairs

- Ingolstadt University of Applied Sciences
  Since 2010; focus: Acoustics, Technical Mechanics
- Friedrich-Alexander University Erlangen-Nuremberg
  Since 2012; focus: Human Resources Management
- Ingolstadt University of Applied Sciences
  Since 2012; focus: Technical Procurement Management
- University of Dortmund:
  Since 2012; focus: Supply Chain, International Information Logistics
- Zeppelin University of Friedrichshafen
  Since 2012; focus: Mobility and Sustainability

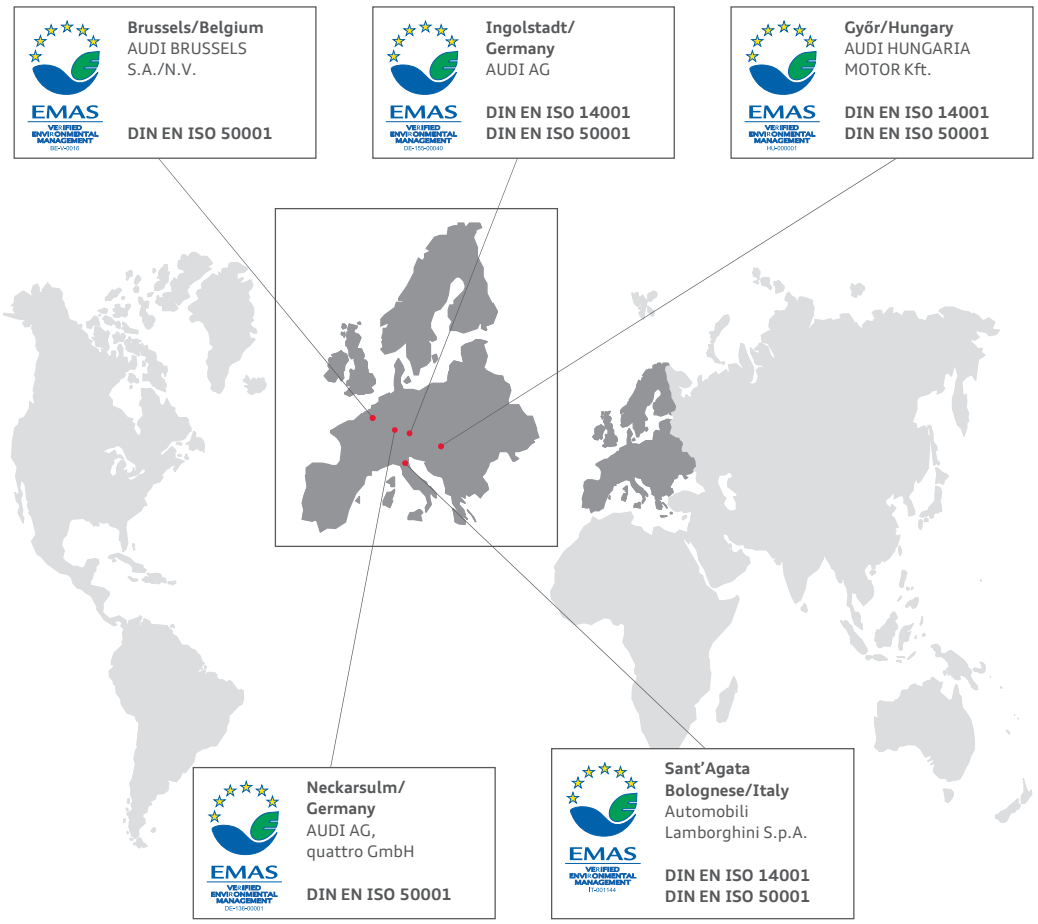
LOCATION-BASED ENVIRONMENTAL ASPECTS

Sustainable management is an integral component of our corporate strategy and seeks to reconcile economics with ecology.
In addition to consistently implementing and improving measures designed to boost the efficient use of resources, the Audi Group participates in a wide range of initiatives. We also maintain a regular dialogue with associations, government agencies, politicians and journalists about the principles behind our environmental philosophy. The Audi Group goes far beyond the statutory requirements in its efforts to practice sustainable management.

Accreditation

Alongside the use of innovative technologies, organizational measures within the environmental management systems are very important for us. The results of our ongoing efforts are documented both in internal reviews and by means of external accreditation of our production facilities. All Audi Group automotive plants are, for example, recognized under the European Union's EMAS (Eco-Management and Audit Scheme), which goes well beyond the minimum standards required. As far back as 1995, with its production plant in Neckarsulm, Audi became the first premium-segment automotive manufacturer to receive this highly respected accreditation. The Ingolstadt and Győr (Hungary) production plants followed in 1997 and 1999; the Belgian plant in Brussels and the Lamborghini location Sant'Agata Bolognese (Italy) have been entitled to bear the EMAS signet since 2002 and 2009 respectively.
Furthermore, the Ingolstadt, Győr and Sant'Agata Bolognese plants are accredited under the worldwide DIN EN ISO 14001 standard.
The environmental management systems for the Ingolstadt, Neckarsulm, Győr, Brussels and Sant'Agata Bolognese locations also meet the DIN EN ISO 50001 standard, which imposes especially rigorous conditions for continuous, systematic reductions in energy consumption.
The VW Group manufacturing locations Bratislava (Slovakia), Martorell (Spain) and Aurangabad (India), where the Audi Group also builds vehicles, and the joint venture FAW-Volkswagen Automotive Company Ltd., Changchun (China), likewise satisfy the requirements of an environmental management system and are accredited in accordance with the worldwide DIN EN ISO 14001 standard.

ACCREDITATION OF AUDI GROUP LOCATIONS



The environmental declarations for the individual locations are each available in the local language on the respective companies' websites.

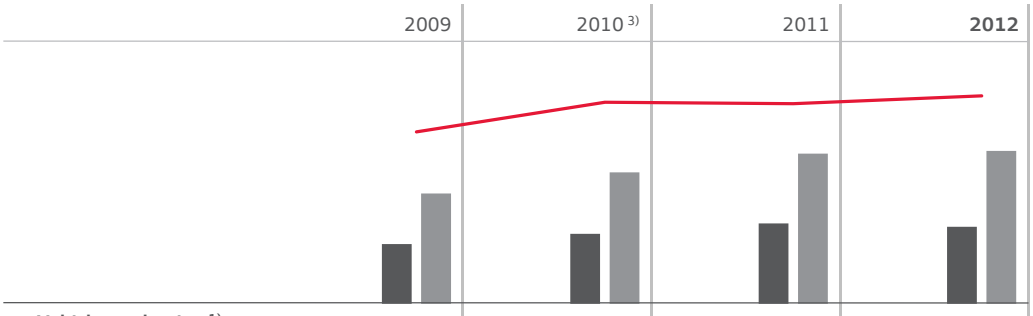
Emissions reduction and resource efficiency

Reducing energy consumption and related emissions is a big priority of our Company's environmental activities. We pursue an integrated approach that considers not just CO_2 emissions generated by a vehicle's operation, but also raw materials extraction, the production of component parts and their assembly, the energy flow in the production facilities, the operating phase and recycling. We have, for example, set ourselves the goal of reducing our specific location-based and company-related CO_2 emissions by 25 percent by 2018 against the base year of 2010. By 2020 we also aim to cut carbon dioxide emissions from the energy supply at the Ingolstadt and Neckarsulm locations by 40 percent compared with the specific figure for 2010. Audi has the long-term vision of an entirely CO_2-neutral automotive manufacturing process. Starting with the Ingolstadt site, the concept is to be rolled out gradually across other sites. In an effort to rise to this challenge, we systematically adopt energy-saving measures whenever we plan facilities, buildings and logistics processes, while at the same time optimizing processes on an ongoing basis. Eco-electricity has been in use at the Ingolstadt site since January 2012. It helps to avoid up to 290,000 metric tons of CO_2 per year. The electricity generated from renewable sources is supplied on demand mainly by Austrian and German hydroelectric power stations. The aim is likewise to improve the environmentally relevant key ratios for energy, freshwater, disposed waste and organic solvents (VOC) by 25 percent Group-wide between 2010 and 2018.

Along with logistics, the production and supply facilities in particular are important target areas for lasting efficiency improvements. For example, when the engine test benches at Neckarsulm are running they are connected to generators that then supply power to the plant network. The use of ultra-lightweight tools in body manufacturing, made mainly from carbon fiber-reinforced polymer (CFRP), helps to save as much as 40 percent in electricity compared with a conventional plant. Innovative joining techniques in body manufacturing – such as spot welding, laser welding and bonding techniques – also help to cut consumption of operating materials and energy. In addition, a modern trigeneration plant at the Ingolstadt site as well as heat recovery systems and the use of district heating have long proved very successful for the Audi Group.

The Lamborghini brand, too, has long been systematically identifying ways of reducing energy consumption. In July 2012 it completed the new Design Center for the development of prototypes and pre-production models. It is equipped with state-of-the-art technology and was the first building of its kind in Italy to be awarded an "A" energy rating (annual energy consumption ≤ 8 kWh per cubic meter).

DEVELOPMENT IN OVERALL ENERGY CONSUMPTION, VEHICLE AND ENGINE PRODUCTION BY THE AUDI GROUP



	2009	2010 [3]	2011	**2012**
Vehicle production [1] (thousand units)	750	878	1,008	**967**
Engine production (thousand units)	1,384	1,648	1,884	**1,917**
Total energy consumption [2] (in GWh)	2,157	2,527	2,509	**2,607**

1) Ingolstadt, Neckarsulm, Brussels, Győr and Sant'Agata Bolognese plants; excluding CKD production

2) 2012 figures provisional

3) Overall energy consumption for 2010 retrospectively restated following a change to the recording method

Energy consumption has been kept broadly constant over recent years. That fact reflects how sustainably and responsibly Audi has succeeded in using resources. No substantial changes are evident in the other key environmental figures that the Audi Group observes in addition to its energy consumption.

ENVIRONMENTAL STRUCTURAL DATA [1)]

		2012	2011
VOC emissions [2)]	t	**2,149**	2,340
Direct CO_2 emissions [3)]	t	**195,680**	194,677
Volume of waste water	m^3	**2,292,910**	2,159,854
Fresh water purchased	m^3	**3,569,786**	3,323,962
Total volume of waste	t	**71,933**	72,832
of which recyclable waste	t	**59,339**	60,788
of which disposable waste	t	**12,594**	12,044
Metallic waste (scrap)	t	**324,292**	335,316

1) Ingolstadt, Neckarsulm, Brussels, Győr and Sant'Agata Bolognese plants; 2012 figures provisional

2) VOC emissions (volatile organic compounds): This figure comprises emissions from the paint shops, test rigs and other facilities.

3) Direct CO_2 emissions: This figure is made up of CO_2 emissions generated by the use of fuel at the plant, and CO_2 emissions produced by the operation of test rigs.

Examples of current environmental projects

With a view to protecting the natural environment of humans, animals and plants, we at Audi promote a sustainable environmental policy through the charitable environmental foundation Audi Stiftung für Umwelt GmbH. In addition to pursuing wide-ranging research activities, it develops environmentally compatible technologies beyond the automotive sphere, and environmental educational measures. An innovative environmental educational program on species protection was developed in the past fiscal year, for instance. Over a four-year period, a former military site is being converted into a cultural landscape with the goal of safeguarding as species-rich an environment as possible without excluding human influence.

The Oak Forest research project was launched in 2008 with the planting of a first trial site close to Ingolstadt. The project's most recent trial site, not far from the Belgian plant in Brussels, was planted with 10,000 oak seedlings at the start of 2012. There are now some 90,000 trees in total growing on the six trial sites in the vicinity of the Ingolstadt, Neckarsulm, Győr (Hungary), Brussels (Belgium) and Sant'Agata Bolognese (Italy) locations. Audi Stiftung für Umwelt has been in charge of providing long-term research backup for the Oak Forest research project from the very start. Led by the Chair for Forest Growth and Yield at the Technical University of Munich and in conjunction with additional project partners, among other things the research project seeks to investigate the interaction between stand density on the one hand, and the potential for capturing CO_2 and for biodiversity on the other.

Within the Audi Group, we are also identifying many different ways of using renewable energy. For instance, we ship cars from the Company headquarters in Ingolstadt – and, since the end of September 2012 from the Neckarsulm site as well – to Emden, the port of loading on the North Sea coast, by trains running on power generated from renewable electricity. During the past fiscal year, AUDI AG was presented with the first-ever 2012 International Sustainability Award for Logistics in Vienna in recognition of this concept (www.bvl.de/npl – link only available in the German language). This international award sponsored by the Austrian and German Logistics Associations comes as particular recognition of the Audi transport concept's sparing use of resources, in some cases already with a neutral CO_2 footprint.

The supercar manufacturer Lamborghini also addresses the issue of sustainable production in considerable depth. The CO_2 emissions of its vehicles are thus to be reduced by around 35 percent by 2015. In close cooperation with the Italian Ministry for the Environment, CO_2 emissions in the production of carbon fiber monocoques are also to be reduced.

CURRENT ENVIRONMENTAL PROJECTS

Species and landscape conservation

Rail freight on green power

Solar power

Wind power

Emissions trading

In 2005, the European Union took a leading role in climate protection with the introduction of CO_2 emissions trading. The second trading period in which the Ingolstadt, Neckarsulm and Brussels (Belgium) manufacturing plants participated ended with the 2012 reporting year. The third trading period, in which the Győr (Hungary) production location is now also participating, runs from 2013 for a total of eight years, ending in 2020. To minimize the risk of a shortfall in cover and the potential costs that the Audi Group could consequently incur, instead of selling certificates that were not needed in the past trading period it has carried them forward to the third trading period.

PRODUCT-BASED ENVIRONMENTAL ASPECTS

Future mobility

Against a backdrop of heightened environmental awareness among consumers and the regulatory framework for CO_2 limits currently being discussed on an international scale in various forms, reducing fuel consumption is crucially important for Audi.

Over many years the Audi brand has steadily helped to define efficiency standards in automotive manufacturing through an extensive range of innovations. Pioneering engine concepts such as TDI, FSI and TFSI and the reversal of the weight spiral are impressive illustrations of how it has set about this challenge. To continue delivering “Vorsprung durch Technik” and play a decisive role in defining the future shape of mobility, it is vitally important for our Company to reconcile fuel efficiency with comfort, sportiness and driving enjoyment. Its basic approach is one of a diversified concept that offers customers various drive technologies to serve varying needs, calling upon a wide range of technologies and energy sources.

For the time being, the technical principle of the combustion engine will remain the dominant drive system. The Audi brand therefore continues to work on optimizing its successful range of TDI, FSI and TFSI engines. It aims to reduce fuel consumption and CO_2 emissions even further through the systematic use of advanced technologies from its modular efficiency platform. Electrified drive concepts are a further focal area within our technology matrix. Hybrid technology provides a very important bridge to plug-in hybrid technology and purely electric driving in that respect. Related product events in the past fiscal year included the market introductions of the Audi A6 hybrid and A8 hybrid models. Audi e-tron, which spans all development activities involving electric mobility, covers plug-in hybrids and vehicles with range extender as well as all-electric drive versions. Early last year, the Company presented the Audi A6 L e-tron concept in Beijing at Auto China 2012 – the first e-tron concept in the full-size category. It has a powerful plug-in hybrid that can travel for up to 80 kilometers purely in the electric mode. The Audi crosslane coupé concept car that was unveiled at the Paris Motor Show in 2012 also showcased an especially innovative and efficient dual-mode hybrid drive (cf. “Audi e-tron” under “Research and development,” p. 156).

Mobility based on alternative drive technologies and the increased use of renewables will be essential if CO_2 emissions are to be permanently lowered. At Audi, we do more than simply consider the CO_2 emissions produced when a vehicle is driven; we also look at the wider environmental footprint of products over their entire life cycle. In this context, the Audi Group is also involved in various research projects such as the Audi e-gas project, where gas generated from renewables for use as vehicle fuel is its end product, and a highly promising concept to manufacture new biofuels (Audi e-ethanol and e-diesel) that can be used instead of conventional gasoline and diesel (cf. "CO_2-neutral mobility" under "Research and development," p. 154).

MILESTONES IN EFFICIENCY TECHNOLOGY FROM THE AUDI BRAND

2013
- Launch of A3 Sportback g-tron for operation on Audi e-gas or natural gas
- Launch of cylinder on demand technology in the A1, A3 and RS6 Avant

2012
- 104 models ≤ 140 g CO_2/km; 36 models ≤ 120 g CO_2/km; 6 models ≤ 100 g CO_2/km
- Presentation of the SQ5 TDI, the first S model with TDI engine in the history of Audi
- Launch of Audi A6 hybrid and Audi A8 hybrid
- Launch of the S6, S6 Avant, S7 Sportback and S8 models with cylinder on demand technology

2011
- Launch of Q5 hybrid quattro
- Launch of freewheeling function on the Audi Q3
- Participation of e-gas powered Audi A3 TCNG in the Michelin Challenge Bibendum 2011

2009
- Launch of start-stop system and driver information system with efficiency program

2006
- Launch of Audi valvelift system (AVS)

2003
- Launch of Audi S tronic

2002
- Launch of FSI technology

1999
- Volume-produced car with all-aluminum body: Audi A2

1994
- Launch of Audi Space Frame (ASF)

1989
- Launch of TDI technology
- Audi duo hybrid model

Hybrid models

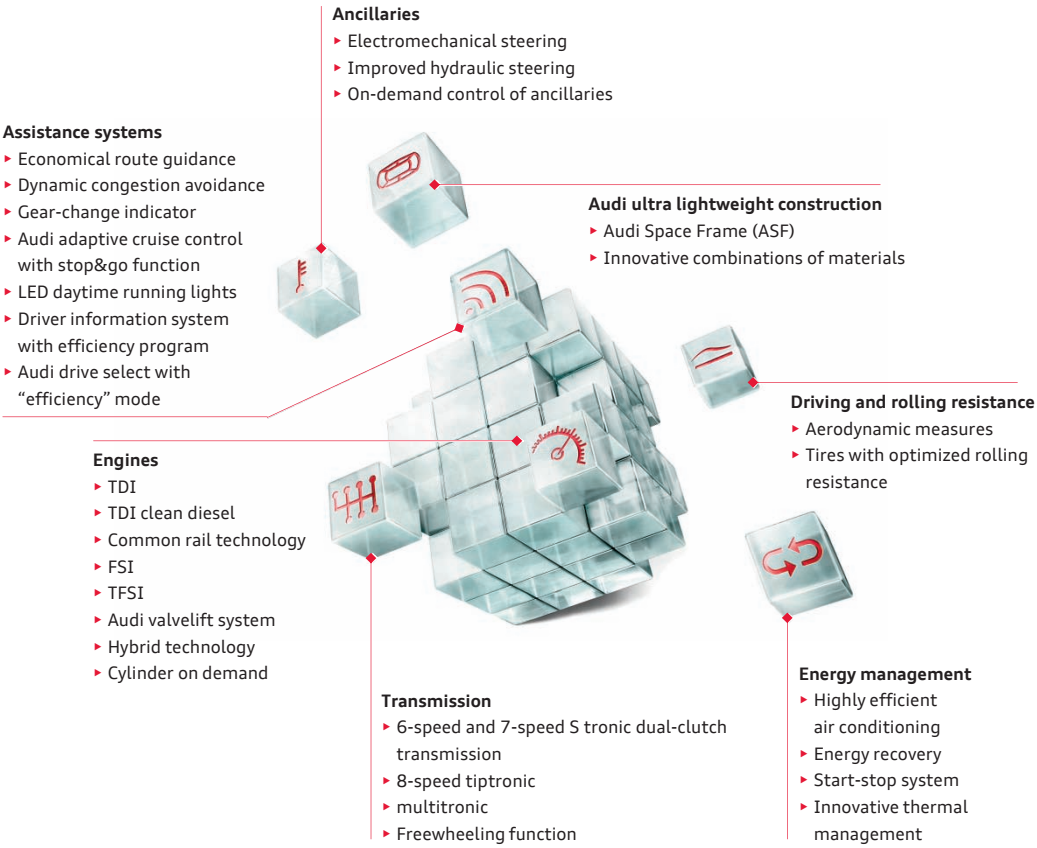
The Audi brand enjoys a long-standing reputation as an expertise carrier in hybrid technology. The Company's first venture into this area was in 1989 with the Audi duo, a technology study based on the Audi 100 Avant. In the past fiscal year, we expanded our portfolio of hybrid models with the Audi A6 hybrid full-size sedan and the Audi A8 hybrid luxury sedan.

These two models' drivetrains share many common features and combine the best of both power sources. The combined system output of the 2.0 TFSI engine and electric motor is 180 kW (245 hp), with a torque of 480 Nm. The lithium-ion battery located at the rear acts as the energy store. It is cooled with air in two different ways, depending on requirements – by a blower from the interior, and by a separate refrigerant circuit that is linked to the deluxe automatic air conditioning. This technology keeps the battery at an appropriate temperature level across a wide range of situations, assuring a comparatively high proportion of electric operation. The Audi A6 hybrid full-size sedan and the Audi A8 hybrid luxury sedan can travel at up to 100 km/h purely electrically. Both hybrid models can cover around three kilometers at a constant 60 km/h with zero emissions. The hybridization process is to be rolled out gradually across other car lines as well.

Modular efficiency platform

Audi's modular efficiency platform brings together all technologies that contribute towards a further reduction in CO_2 emissions and fuel consumption. It comprises various components from a large number of technology areas, such as engines, auxiliaries, transmissions, energy management, body manufacturing and driver assistance systems.
Along with forthcoming model changeovers and product improvements, the range of innovative technologies from the modular efficiency platform will steadily be broadened and gradually be introduced for all car lines of the Audi brand. For example, most models of the Audi brand are now already fitted with a start-stop system as standard. When the Audi Q5 was revised in the past fiscal year, the fuel efficiency of the TFSI and TDI engines was improved by up to 15 percent on average despite their increased performance and higher torque. The range of TDI engines for the Audi Q5 culminates in the comprehensively modified 3.0 TDI, which has as its particular features low internal friction, a demand-controlled oil pump and advanced thermal management. The crankcase and cylinder heads have separate coolant circuits connected by valves.
On the new A3 Sportback, the technologies from the modular efficiency platform have helped cut consumption by nine percent on average compared with the predecessor model.

THE AUDI MODULAR EFFICIENCY PLATFORM



Audi ultra

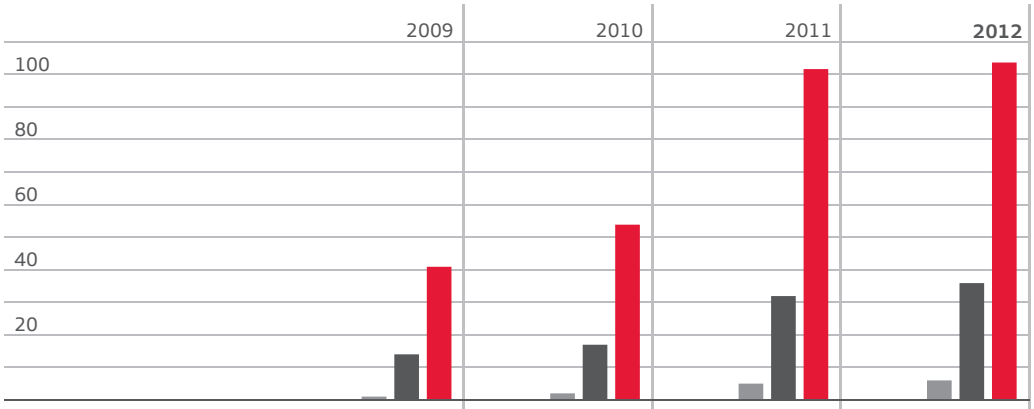
Over recent years, tougher safety requirements and higher comfort and convenience expectations in particular have driven up vehicle weights. However, 100 kilograms less weight can trim a vehicle's fuel consumption by around 0.3 liters per 100 kilometers. The principle of lightweight construction, and therefore the reversal of the weight spiral, are consequently fundamental to

improving vehicle efficiency. Lightweight construction is also strategically important with regard to electric mobility because it can help offset the battery's high weight and thus improve the agility of vehicles. Within the framework of Strategy 2020, all lightweight technologies and activities are now grouped together under the Audi ultra name. Audi has set itself the task of making future models lighter than their predecessors.
The Audi brand has many years of experience in lightweight construction technology and has a proven track record of success in this domain. Its Audi Space Frame (ASF) technology in particular proved a trailblazing development on the Audi A8 launched in 1994, the world's first volume-built vehicle with a unitary aluminum body. Over 750,000 vehicles have now been built using the ASF principle, whether made entirely from aluminum or using aluminum hybrid designs.
The aim is to employ the optimum material at every point, in the interests of achieving the best possible performance. As well as aluminum and high-strength steels, carbon fiber-reinforced polymers (CFRP) and magnesium are finding increasing use. But the Audi ultra lightweight construction principle does not mean that we just concern ourselves with the body or with assemblies and components. Rather, we look at the vehicle as a whole when seeking to avoid unnecessary weight. We have thus been able to reduce the weight of the new models in the A3 car line by up to 90 kilograms despite higher safety standards and improved comfort requirements.

Models up to 140 g CO_2/km

Even though its vehicles have become more powerful, the Audi brand has steadily improved their efficiency thanks to innovative technologies from its modular efficiency platform. As of the end of the past fiscal year, it had 104 model versions in total with CO_2 emissions of up to just 140 g/km. There were even 36 drivetrain versions achieving CO_2 emissions figures of up to 120 g/km. The best performers were four model versions of the A1 car line and two model versions of the A3 car line, with 99 g of CO_2/km.
Provisional calculations indicate that the average CO_2 emissions figure of new vehicles sold in the European Union (EU 27) in 2012 was around 138 g/km.

AUDI MODELS UP TO 140 GRAMS CO_2/KM, 120 GRAMS CO_2/KM AND 100 GRAMS CO_2/KM (YEAR-END POSITION)



	2009	2010	2011	**2012**
Number of Audi models ≤ 140 g CO_2/km	41	54	102	**104**
Number of Audi models ≤ 120 g CO_2/km	14	17	32	**36**
Number of Audi models ≤ 100 g CO_2/km	1	2	5	**6**

Further remarks on the subject of the environment can be found on the Internet at www.audi.com/environmental-protection and on the Group portal at www.volkswagen-sustainability.com.

The risk management system within the Audi Group

Risk management approach

The Audi Group is also forced to confront risks through its entrepreneurial activity as a globally active automotive manufacturer. As a result, for many years the Audi Group has maintained a Group-wide risk management system based on the internationally recognized standard of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The risk management system is continually expanded and refined. In view of its high strategic relevance, the risk management system's organizational structure is laid down in an internal Board Directive. The objective of the risk management system is to identify the risks associated with the Company's business activities as early as possible and to minimize or, where possible, to exclude them altogether. Entrepreneurial risks are deliberately taken only where they are controllable and commensurate with the anticipated benefit from that operational activity.

Central Risk Management operates in partnership with the risk managers in the divisions and subsidiaries in order to be prepared for the increasingly volatile and heterogeneous developments on global automotive markets, and so that the Company can respond quickly and efficiently. Central Risk Management performs a coordinating and supporting role here. The operational tasks of risk management are integrated into the processes of the individual corporate divisions and subsidiaries. The standards and regulations defined by Central Risk Management apply Group-wide and ensure that risks are identified and assessed uniformly. Central Risk Management monitors the effectiveness of the risk management instruments implemented non-centrally (internal controlling system) with the aim of steadily improving them.

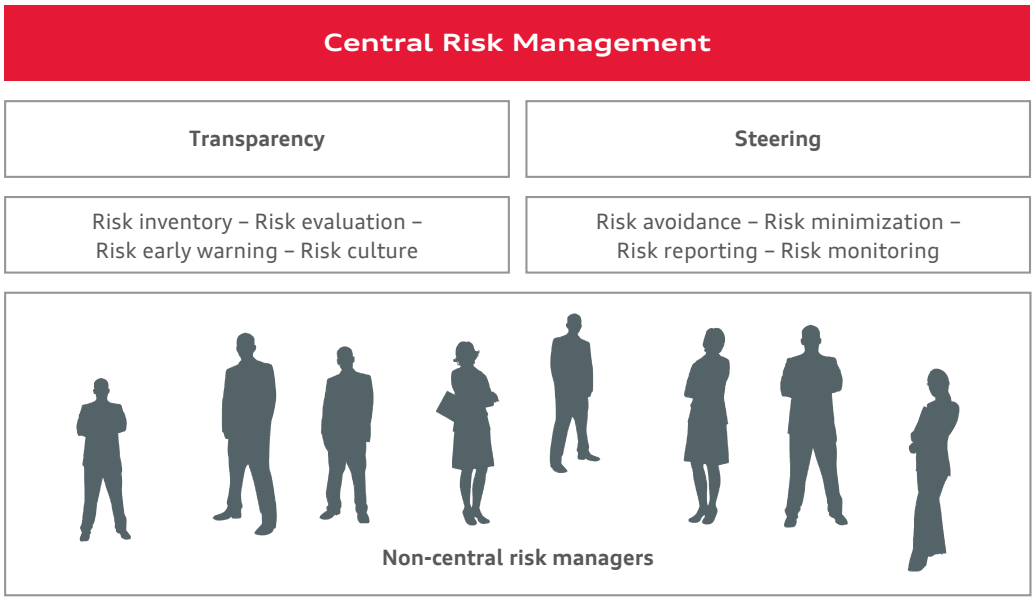
Within the scope of an indicator-based risk early warning system, risk management analyzes short and long-term developments in the Company's environment. Taking this as the basis, preventive measures are then identified and implemented by the risk managers in the areas concerned.

This broad-based policy promotes risk transparency and risk awareness within the Audi Group. A regular, structured exchange of information between Central Risk Management and the non-central risk managers enhances the effectiveness of the risk early warning system. At the same time, this continuing dialogue promotes an open risk culture.

Greater transparency makes it easier to manage risks effectively and promotes the stability of the business model in the Audi Group.

To support the strategic decision-making process, a combined report on risk management and compliance is submitted regularly to the Board of Management and the Audit Committee of the Supervisory Board. The risks identified in the Audi Group and the countermeasures adopted for them are taken into account in corporate planning and management.

RISK MANAGEMENT WITHIN THE AUDI GROUP



Integrated internal control and risk management system for the financial reporting process

The aim of the internal control process for financial reporting is to minimize or eliminate altogether the risk of misstatements both in the bookkeeping and in external reporting. The internal control process for the Audi Group comprises measures and checks that guarantee the complete, prompt and accurate communication of all information needed for the preparation of its Consolidated Financial Statements and Group Management Report.

Within the Audi Group, the accounting system is a fundamentally decentralized organization. In individual instances, tasks may be transferred by the subsidiaries' accounting departments to AUDI AG on the basis of service agreements. The individual financial statements of AUDI AG and the subsidiaries are prepared in compliance with the national accounting standards applicable in each case. For AUDI AG, the fully consolidated Group companies and the equity investments, these are then adopted into IFRS consolidated financial statements. A commercial encryption product is used to assure data security during data transfer to Group Accounting at AUDI AG.

The Audi Group accounting guideline maintains uniformity in the recognition and measurement principles based on the IFRS rules applicable to the parent company. Further Group-wide accounting standards define the reporting scopes and the consolidated companies included in the Consolidated Financial Statements, as well as the application of statutory requirements. The correct reporting of intra-Group business transactions is regulated in detail by proven instruments and processes such as the reconciliation of balances between the Group companies.

The individual financial statements prepared by our subsidiaries are evaluated at Group level. In addition to the reports prepared by the independent auditors, the findings of the concluding discussions with representatives of the individual companies are considered at this point. The plausibility of the individual financial statements and critical individual matters concerning the subsidiaries are in addition discussed.
Significant instruments of control, such as the use of the "dual control principle," a clear separation between spheres of responsibility and systematic plausibility checks, are used in the preparation of the Group companies' individual financial statements. In addition, Group Auditing assures the correctness of the financial reporting process by conducting examinations of the internal control process for financial reporting, both in Germany and abroad.
Furthermore, the Audi Group is connected to Group Accounting at Volkswagen AG, Wolfsburg, through the joint use of the Volkswagen Consolidation and Corporate Steering System (VoKUs) and ongoing information sharing. This approach permits the consolidation and analysis of data from Accounting and Controlling. VoKUs also acts as a central system for master data management and assures a uniform reporting system which offers ample flexibility if changes to the legal framework need to be incorporated. Systematic, multi-level validation functions such as checks for completeness as well as plausibility checks on content assure data consistency within the financial reporting process.

Risk identification, assessment and documentation

The risk management system has the purpose of satisfying the statutory and entrepreneurial requirements that the Audi Group faces. Statutory changes are continually observed and are acted on promptly where relevant for the Company.
Central Risk Management draws up and implements standards and processes of risk identification and assessment for application Group-wide.
A standardized risk inventory is carried out annually with the risk managers of the individual divisions and the principal subsidiaries. The individual risks reported are evaluated by the "risk owners" within the individual divisions, departments and subsidiaries to establish their probability and assess the potential loss, taking account of the existing risk management instruments and their effectiveness. The relevance and plausibility of these reports are scrutinized with the aid of more in-depth interviews conducted in selected divisions and subsidiaries.
In addition to attempting to render risks transparent and control them as effectively as possible, our risk management system also encourages the departments to identify and utilize potential opportunities.
Central Risk Management is responsible for providing the Board of Management and Supervisory Board with proper, prompt updates on the Audi Group's corporate risk profile, using the reporting channels defined Group-wide. If there are short-term changes in the risk situation, the divisions are obliged to inform Central Risk Management by means of ad hoc announcements. The next level of the process focuses on defining preventive measures to limit losses, providing updated communication to the corporate bodies on the risk situation and examining whether an ad hoc announcement needs to be published.
In his examination, the independent auditor assesses whether the Board of Management has taken the measures incumbent upon it as defined in Section 91, Para. 2 of the German Stock Corporation Act (AktG) in an appropriate manner, and whether the monitoring system to be implemented is fit for purpose. The Audi Group thus satisfies the stock corporation and commercial law requirements as per German corporate governance legislation (KonTraG) as well as the specifications of the German Accounting Law Modernization Act (BilMoG).

Ongoing examination and refinement

The processes of the internal control and risk management system within the Audi Group are continually being revised and improved. As impartial bodies, the internal Auditing department and external independent auditor again monitored the system's correctness and effectiveness in the 2012 fiscal year. The findings of their audit procedures are used in optimizing the internal control and risk management system and reported to the Board of Management and Supervisory Board.

Individual risks

As an automotive manufacturer with global operations, the Audi Group is confronted with a large number of risk areas, which are explained in greater detail below. The risks presented refer to the period 2013 through 2015.

Economic risks

The Audi Group's business operations are influenced to a high degree by the development of the worldwide economic framework. The European, Chinese and U.S. sales markets are of key importance for us. The upturn in economic activity in 2011 lost much of its momentum in the past fiscal year, though there was considerable variation in economic developments from region to region. Against the backdrop of this heterogeneous environment, the Audi Group again improved on the record unit sales figure from the previous year. Its highest sales growth was achieved in China, Germany, the United States and Russia. By contrast, various European export markets saw new vehicle registrations decline. In view of the considerable importance of European sales markets for the Audi Group, this pattern is a major challenge for us. The markets in Southern Europe in particular have suffered. The position is very different in emerging Asian car markets and in the recovering U.S. market. These are again expected to deliver high growth rates over the coming years.

Over and above the economic risks, political intervention in the form of increased customs or tax barriers and other barriers to trade could aggravate the framework conditions in individual markets.

We continually monitor sales markets and use extensive risk early-warning indicators in order to plan production in line with demand. Our aim is to respond flexibly to short-term fluctuations in demand and elsewhere. We will be able to do so, for example, by transferring production between the locations under the production turntable principle and by using timebanking effectively.

The raw materials markets relevant to the Company are permanently monitored in order to secure adequate supplies of production materials. Other priority concerns are to minimize the cost risks and to implement comprehensive hedging strategies. A permanent rise in the price of crude oil not only leads to increased energy and production costs, but also pushes up fuel prices and therefore ultimately makes customers more reluctant to buy cars. The Audi Group counters this risk by swiftly developing and introducing fuel economy technologies for conventional combustion engines in response to growing calls for efficiency. The Audi brand is already noted for its extensive product range featuring high-efficiency, progressive vehicle concepts that use technologies from the modular efficiency platform. In addition, there are alternative forms of drive such as electric and hybrid vehicles that represent a central component of our strategy of diversified drive principles.

The Audi Group's global growth has led to a rise in revenue in foreign currency. The continuing volatility of currency markets is difficult to anticipate and could adversely affect the profit performance of the Audi Group. Exchange rate movements in the euro against the U.S. dollar, the British pound, the Chinese renminbi, the Japanese yen and the Russian ruble are especially significant. In order to protect the Audi Group against these potential risks, we employ appropriate hedging instruments to an economically reasonable extent. The Audi Group is moreover in close, continuous consultation with the Volkswagen Group.

Other risk factors such as unforeseeable political intervention in the economy, escalating political conflicts, terrorist attacks, possible pandemics and natural disasters could have a detrimental effect on the Audi Group's business performance by undermining economic activity as well as international financial and capital markets. The Audi Group addresses risks of this type, for example by analyzing certain scenarios, drawing up emergency plans and, where appropriate, taking out insurance cover.

Industry risks

The growing challenges that the entire automotive industry faces are reflected both in the varied and volatile development of markets and in rising regulatory and technological requirements. There is particular pressure to reduce vehicle emissions and fuel consumption. The steady tightening of CO_2 limits worldwide and growing environmental awareness among consumers are also raising the bar. This could prompt a permanent shift in demand towards smaller cars in individual markets. Our response to that challenge is to keep reducing fuel consumption and emissions across our product portfolio. The launch of compact, efficient vehicles such as the Audi A1 and the new models of the A3 family are important in this respect because they diversify the product range. At the same time as improving conventional drive technologies, the Company is investigating alternative fuels and new drive concepts. By systematically pursuing its hybridization and electrification strategy, the Audi Group aims to satisfy customer demand for a sustainable form of mobility.

The automotive industry is showing signs of intensifying competition such as in the form of sales promotional measures. The prices of direct competitors and the increased use of sales incentives can fundamentally lead to price erosion or inflated marketing costs. Such a trend in the industry would also adversely affect the Audi Group and correspondingly reduce its revenue and profit.

Risks from operating activities

Through its operating activities the Audi Group is exposed to a wide range of risks that could affect its net worth, financial position and financial performance.

These include, for example, unforeseeable events giving rise to losses such as explosions and major fires which could destroy or damage the Company's assets, and also cause serious disruption to production processes. Production operations can furthermore be disrupted by power supply failures or technical failures, in particular of IT systems. Although these risks fundamentally harbor considerable potential for losses, their probability is viewed as low. To reduce such risks we have implemented various preventive measures within the Company, such as fire protection systems, emergency plans and company fire departments. Adequate insurance coverage has additionally been taken out. The high flexibility of the Audi production network, which makes it possible to move production capacity to other locations, additionally reduces the risk.

Lasting disruption to the production process could also be caused by delayed delivery or non-delivery as a result of tool breakage, losses from natural disasters and strikes at suppliers or in the transportation sector. Financial difficulties encountered by suppliers and dealers could undermine the value creation process for the Company. The Audi Group takes this risk into account in its choice of partners. Appropriate control and monitoring processes are put in place to oversee such partnerships.

Within the automotive industry there is close collaboration between manufacturers and suppliers, extending to the research and development sphere and other strategically significant sections of the value chain. In addition to creating economic advantages, such partnership-based cooperation brings growing mutual dependence especially where its purpose is the development of innovative technologies. The Audi Group has taken effective action to address this risk by defining appropriate contractual terms and retaining title over tools used by third-party companies.

As an innovative premium carmaker, we are continually extending our portfolio of products and services and bringing new technologies such as assistance or safety systems and innovative drive concepts to production maturity. It is not always possible to guarantee the market success of

new vehicle projects, technologies or services even after extensive market studies and thorough project planning and steering.
The development of new vehicles and technologies goes hand in hand with further risks. These include in particular the loss of expertise to external development partners, as well as changes to the product at short notice and delays. The Audi Group protects its intellectual property by choosing its system partners with care and by contractually regulating and enforcing industrial property rights.

Legal risks

All activities by the corporate bodies, management personnel and employees of the Audi Group must comply with the current legal framework and with internal corporate guidelines. In addition to Group-wide codes of conduct, regular training courses help to inform the workforce of legal and internal requirements, and of any changes to these. This approach enables the Company to ensure that its actions are always lawful.
Nevertheless, the growing complexity of legal and fiscal requirements creates corresponding risks. As a result of the growing internationalization and expansion of the Audi Group's business activities, there is a risk of legal uncertainty due to differences of interpretation. Nor can the possibility of deliberate misdemeanors by individual persons be excluded altogether. The preventive approach of the Audi Group's compliance organization actively seeks to counter potential misdemeanors mainly through training.
As a manufacturer of premium automobiles, the Audi Group aims to satisfy its customers' high quality expectations in every respect. Nevertheless, the possibility of product liability claims cannot be excluded. Especially in the U.S market, these may lead to financial losses and significant reputational harm that could undermine the Company's long-term financial performance. The Audi Group counteracts such risks by upholding high quality standards for its products and addressing quality management systematically. In addition to taking appropriate precautions, it takes out economically reasonable levels of insurance cover and creates provisions. The same applies to lawsuits brought against the Company in the United States by commercial patent exploiters. Defending them is a costly business, and defeat involves financial losses for the Company.
The Audi Group is not currently involved in any legal or arbitration proceedings anywhere in the world that could have a lasting influence on the economic position of the Group.

Personnel risks

The enduring success of the Audi Group owes much to our qualified specialists and managers, and their high level of commitment on the Company's behalf.
Its human resources work therefore focuses on targeted, demand-centered human resources development and workforce training. As an attractive employer, the Audi Group holds a strong position amid intensive competition for well-qualified employees. The Company's comprehensive in-house training program also helps it create resources of qualified young employees.
To stem the loss of expertise through fluctuation, the Audi Group maintains employee satisfaction by providing an extensive, demand-based incentive system and employing intensive competence management. In anticipation of the loss of retiring experts and managers, the Company practices timely succession planning.

Demographic change also represents a long-term challenge for the Audi Group. We have already responded promptly, for example by adapting working conditions to suit an employee's age, developing models for the individual's working life, and offering special part-time arrangements. Other components include preventive health care programs and raising awareness among employees of their individual responsibility for their own financial future.

Information and IT risks

A key success factor behind ongoing, sustainable productivity advances is effective, efficient processes and information systems that meet the requirements of the Audi Group. Our Company's increasing worldwide presence calls for the ready availability of data and information flows between Group and production locations.
The growing prevalence of electronic networks harbors increased information and IT risks, which can affect the financial position, financial performance and net worth of the Audi Group. Such risks include for instance the failure of important IT systems within the value chain, unauthorized access to the system, and the creation of heterogeneous system landscapes. To avert the risks of unauthorized access to data, ongoing measures are taken to safeguard stable, highly available IT infrastructures. Group-wide security standards that are designed to uphold the continuity of internal processes also make a major contribution towards Company security.

Financial risks

The Audi Group is also exposed to financial risks through its worldwide business activities. The most relevant are creditworthiness and liquidity risks, as well as interest rate, foreign exchange and commodity price risks. Foreign exchange risks concern principally the U.S. dollar, the Chinese renminbi, Japanese yen, the British pound and the Russian ruble. By way of medium-term precautions, the Audi Group has concluded an appropriate level of hedging transactions for purchases of commodities and for foreign currency to hold these risks in check effectively. The financial markets continue to experience high volatility mainly due to the sovereign debt crisis in several different countries and the general macroeconomic situation. Further information on the hedging policy and risk management in the area of financial risks is provided in the Notes in "Additional disclosures" under Note 37 "Management of financial risks."

Motorcycles segment

The Ducati Group has belonged to the Audi Group since July 2012. The motorcycle manufacturer's existing risk management system is currently being examined. Based on our findings, it will be integrated into the Group-wide risk management system in the course of the current year.

Overall assessment of the risk position

Considerable uncertainty continues to be the dominating feature of the global economy. The sovereign debt crisis in Europe is likely to continue prompting the countries affected to take growth-impeding consolidation measures and could also erode demand for cars. In the United States, there is the renewed threat of the authorized federal debt ceiling being reached. The associated risks for the American automobile market could also affect the medium-term fortunes of the premium segment, which is currently showing a positive development.
There is uncertainty about the impact in particular of potential spill-over effects of global economic developments and of state economic stimulus programs on the Chinese market's growth rate, which is therefore difficult to forecast.
The Audi Group is responding to these developments by adopting a global horizon for its business activities and diversifying its premium product range.
On the basis of these circumstances and facts, no risks currently exist that could endanger the Company's survival for the foreseeable future.

REPORT ON POST-BALANCE SHEET DATE EVENTS

There were no reportable events of material significance after December 31, 2012.

REPORT ON EXPECTED DEVELOPMENTS

Anticipated development of the economic environment

General economic situation

The Audi Group expects global economic growth to continue in 2013. The emerging economies in Asia and Latin America should again achieve the highest growth rates, while only a moderate rise in economic output is expected in the leading industrial nations. We anticipate further expansion in the global economy in 2014.

Western Europe's economic development will remain dominated by sovereign debt crises in 2013. A recessionary pattern is expected in the EU's southern member states. The situation is only likely to improve in 2014 if clear progress is made in solving the sovereign debt crises. It is expected that Germany's export-driven economy will not remain entirely unscathed by the difficult economic conditions in Western Europe, and will achieve only low growth in 2013. However, the German labor market is likely to remain stable for the time being, thus underpinning domestic demand. Depending on how the remainder of Western Europe fares, the German economy could see growth pick up somewhat in 2014.

Most countries of Central and Eastern Europe should again enjoy much higher economic growth than Western Europe in 2013 and 2014. Nevertheless, their economic fortunes will equally be influenced by the developments in Western Europe.

The Audi Group anticipates that U.S. economic output in 2013 will grow at a similar rate to last year. Provided the global economy recovers, 2014 is likely to bring increased growth in the United States.

The Latin American economy should display increased momentum in 2013 and be able to maintain that performance in 2014. In international terms, the region's growth rate remains above the average.

Asia's emerging economies are expected to show an even more dynamic performance. China's growth rates in 2013 and 2014 should be on a par with the previous year. On the other hand, over the next two years the Indian economy is likely to expand at an even faster rate than in 2012. In Japan, economic expansion is likely to abate in 2013 following the country's recovery from the consequences of the 2011 natural disaster. The Japanese economy is not expected to show buoyancy until 2014.

Car market

The Audi Group again expects to see global car markets experience mixed fortunes in 2013. All in all, we anticipate a slight rise in global demand. We expect the worldwide car market to show rather more dynamism in 2014.

In Western Europe the Company again expects to see a decline in passenger car sales in 2013. Due to the continuing sovereign debt crises and the unsettling effect this is having on consumers, we forecast flat or declining levels of new registrations in virtually all Western European markets. Nor is the German car market likely to be immune to these developments, with sales of passenger cars expected to fall slightly in 2013. If the economic environment in Western Europe regains stability, we expect that demand for cars will improve again in 2014.

Sales of automobiles in Central and Eastern European countries should initially remain on a par with the previous year in 2013, before the markets expand more dynamically in 2014.
The Audi Group expects the United States to maintain its upward trend in new registrations of cars and light commercial vehicles in 2013. Demand will probably benefit from consistently high replacement demand and the continuing availability of favorable credit terms. The U.S. automobile market's solid performance should continue in 2014 as well. In Latin American car markets, we expect demand to be on a par with the previous year in 2013. Sales of new vehicles are then expected to pick up somewhat in 2014.
We expect demand for cars in the Asia-Pacific region to show a mixed performance in 2013 and 2014. The growth trend in new registrations in China should hold up, with slightly less momentum. In India, too, the high pace of growth is likely to calm somewhat in 2013 before returning to higher growth rates in 2014. In Japan, we anticipate a decline in general demand for cars following the withdrawal of state aid and the meeting of replacement demand after the natural disaster; the market should then stabilize again in 2014.

Motorcycle market

For 2013 and 2014 we expect to see a slight rise in demand for motorcycles in the displacement segment above 500 cc in the markets that are relevant for the Ducati brand. Growth is likely to be vigorous in emerging economies, but generally more moderate in established markets. In Southern European motorcycle markets, we forecast demand for motorcycles to be rather subdued because of the protracted sovereign debt crises, which have unsettled consumers there.

Anticipated development of the Audi Group

Continuing high uncertainty about the further direction of the economy – especially in light of the sovereign debt crises in many countries – remains a major challenge for the automotive industry and consequently also for the Audi Group. The situation is exacerbated by increasingly intensive competition and the ongoing technological revolution brought on by the development of alternative mobility and drive concepts.
Among its strategic objectives, the Audi Group practices value-oriented corporate management. It is steadily defining and implementing measures designed to protect and boost its international competitiveness. The Audi Group thus believes it is well-equipped to adhere to its course of qualitative growth over the coming years.

Anticipated development of deliveries

For the 2013 and 2014 fiscal years, the Audi Group expects to be able to increase deliveries of its core brand Audi. Thus, the 2015 target to deliver 1.5 million automobiles of the brand with the four rings could be achieved sooner. The Company is aiming to increase its market shares in a large number of sales markets thanks to its attractive product range, thus further improving its already strong competitive position in the premium car segment.
Deliveries of the Audi brand in the key high-volume markets of Western Europe should thus remain at the high level of previous years despite the anticipated difficult environment and falling overall market demand.
In the Central and Eastern Europe region – and especially Russia – the Company is targeting a dynamic increase in deliveries to customers.

Deliveries in North America are also likely to rise further in 2013 and 2014. There, the Audi Group aims to capitalize above all on the gradual expansion of the exclusive dealer network in the United States and on growing demand among U.S. customers for the Audi brand's high-performance, efficient diesel models.
The Company seeks to maintain the growth course of previous years in the Asia-Pacific sales region. In China, the highest-volume market for Audi vehicles, the Audi brand is increasing local production capacities, the product range and the number of dealerships in order to consolidate its market lead in the premium segment. In Japan as well, the Audi brand expects to see a further rise in deliveries over the next two years.
The brand with the four rings already offers an extensive and attractive product portfolio, from the A1 premium compact car, through the SUV family – Q3, Q5 and Q7 – to the R8 supercar. We expect demand in 2013 to be stimulated not least by the availability of the Audi A3 for its first full year since its gradual roll-out in the markets from late summer 2012.
The Audi brand's product range is also set to grow. The A3 car line will acquire a versatile five-door A3 Sportback, the sporty S3 and S3 Sportback models plus an additional derivative model in the course of this fiscal year. The A3 Sportback g-tron, appearing as of fall 2013, will be the Audi brand's first gas-powered vehicle. The improved R8 has been on sale to customers since the start of the year. Plans for the current fiscal year also include significantly expanding the range of ultra-sporty models, such as the SQ5, the RS 5 Cabriolet, the RS 6 Avant, the RS 7 Sportback and the RS Q3.
The Company expects the Ducati brand to enjoy increased deliveries of motorcycles in the 2013 and 2014 fiscal years thanks to plans to step up its international sales activities and introduce the new Hyperstrada model line onto the market.

Anticipated financial performance

We expect a slight rise in revenue for the Audi Group and the Automotive segment in the 2013 and 2014 fiscal years. The profit performance will benefit not only from planned sales growth, but also from the productivity and process improvements previously introduced, as well as from efficient corporate structures. Despite higher expenditure for new products and technologies – in particular to satisfy tougher CO_2 regulations worldwide – and high advance payments for the expansion of the international production network, the Company thus expects the operating return on sales to be at the upper end of the strategic target corridor of eight to ten percent.
For the Motorcycles segment, the Audi Group envisages the forecasting period yielding higher revenue compared with 2012 as a whole. Here too, an operating return on sales of eight to ten percent is the target.

Anticipated financial position

The Audi Group again intends to finance its planned growth entirely from internally generated cash flow in the next two fiscal years. Despite the increase in cash used in investing activities as a result of the long-term product initiative, the development of new technologies and the expansion of the worldwide production network, the Company's objective is to generate a positive net cash flow.

Capital investments

Alongside broadening its portfolio of products and technologies, under its mid-range investment plans the Audi Group's primary focus is on expanding its worldwide development and manufacturing structures. All investment measures share the common objective of building on the Company's strong competitive position through a forward-looking model, technology and brand strategy.
To realize its plans for sustainable, high-quality growth, the Audi Group intends to invest a total of around EUR 11 billion over the period 2013 through 2015.

Anticipated development of the workforce

In line with the Company's plans for growth, the number of employees at the Audi Group will rise still further in 2013 and 2014.

Opportunities for future development

To safeguard its sustainable, profitable growth, the Audi Group pursues a large number of measures in order to identify and act on opportunities and openings at the earliest possible time. The expansion of the Audi Group's product range is especially important in this connection and will remain so over the next few years. The Audi Group will generate extra sales potential by gradually adding a large number of new models and derivative versions to its range.
In tandem with the model initiative, we aim to demonstrate our "Vorsprung durch Technik" by developing and promoting further innovative technologies. One particularly important goal in this respect is to permanently reduce CO_2 emissions by systematically improving efficiency, adopting alternative drive technologies and making increased use of renewable energy in production and transport.
As an attractive employer worldwide, the Audi Group possesses the necessary infrastructure and has qualified experts and engineers with the right expertise to rise to such challenges in bringing planned product and technological innovations to fruition. The Audi Group's high appeal as an employer has been repeatedly confirmed in numerous independent surveys both in Germany and internationally; this reputation should help the Company to continue retaining and attracting the best and most-qualified employees.
The positive image of the Audi brand is another key factor behind the Company's sustained positive development. The large number of national and international awards reflects the growing popularity of and enthusiasm for the brand with the four rings. The focus is always on sportiness, sophistication and progressiveness. This positive perception offers the Audi Group the opportunity to maintain its qualitative, sustainable growth in the future, too.
In the next two years we see opportunities for growth particularly in the Asian sales markets China and India, as well as in the United States and Russia. To tap that potential as effectively as possible, we have plans for the further expansion of the international dealer and service network.
Over and above its internal strategies and scope for action, the Audi Group's corporate development could also benefit from external opportunities such as social and political developments.

Overall assessment of anticipated future developments

With production, deliveries and profit reaching new record levels, the past fiscal year of 2012 was a very successful one for the Audi Group. The Company yet again demonstrated its competitiveness and profitability.

Even if the wider economic situation remains challenging, the Board of Management of AUDI AG believes the Company is well-placed to achieve sustained, qualitative growth over the long term. The Company has laid the foundations for this growth by maintaining its model initiative, systematically improving efficiency and developing a steady stream of innovative technologies. The high motivation and expertise of the Audi Group's workforce will secure its long-term corporate success. It will systematically pursue the measures already launched to optimize processes and improve costs, with a positive impact on the development of the Company.

The Audi Group therefore fundamentally expects to continue its course of growth in 2013 and 2014.

DISCLAIMER

The Management Report contains forward-looking statements relating to anticipated developments. These statements are based upon current assessments and are by their very nature subject to risks and uncertainties. Actual outcomes may differ from those predicted in these statements.

Income Statement of the Audi Group

EUR million	Notes	2012	2011
Revenue	1	**48,771**	44,096
Cost of sales	2	**–39,046**	–36,000
Gross profit		**9,725**	8,096
Distribution costs	3	**–4,593**	–3,599
Administrative expenses	4	**–527**	–429
Total other operating income	5	**1,881**	1,967
Total other operating expenses	6	**–1,106**	–687
Operating profit		**5,380**	5,348
Result from investments accounted for using the equity method	7	**415**	270
Financing costs	8	**–412**	–264
Total other financial results	9	**574**	687
Financial result		**576**	692
Profit before tax		**5,956**	6,041
Income tax expense	10	**–1,603**	–1,601
Profit after tax		**4,353**	4,440
of which profit share of minority interests		**69**	51
of which profit share of AUDI AG stockholders		**4,284**	4,389
Appropriation of profit share due to AUDI AG stockholders			
Profit transfer to Volkswagen AG	11	**–3,790**	–3,138
Transfer to retained earnings		**494**	1,251

EUR	Notes	2012	2011
Earnings per share	12	**99.62**	102.06
Diluted earnings per share	12	**99.62**	102.06

EUR million	Audi stockholders		Minority interests		Total	
	2012	2011	**2012**	2011	**2012**	2011
Profit after tax	**4,284**	4,389	**69**	51	**4,353**	4,440
Actuarial gains and losses (pensions) before tax	**–931**	–143	**–**	–	**–931**	–143
Deferred taxes on actuarial gains and losses	**275**	42	**–**	–	**275**	42
Actuarial gains and losses (pensions) after tax	**–655**	–101	**–**	–	**–655**	–101
Currency translation differences before tax						
Changes recognized directly in equity without affecting income	**–7**	11	**–6**	9	**–13**	20
Currency translation differences after tax	**–7**	11	**–6**	9	**–13**	20
Cash flow hedges before tax						
Changes in fair value recognized directly in equity without affecting income	**460**	–890	**–**	–	**460**	–890
Included in the Income Statement	**456**	–55	**–**	–	**456**	–55
Deferred taxes on cash flow hedges	**–270**	279	**–**	–	**–270**	279
Cash flow hedges after tax	**645**	–666	**–**	–	**645**	–666
Securities available for sale before tax						
Changes in fair value recognized directly in equity without affecting income	**57**	11	**–**	–	**57**	11
Included in the Income Statement	**–29**	3	**–**	–	**–29**	3
Deferred taxes on securities available for sale	**–8**	–4	**–**	–	**–8**	–4
Securities available for sale after tax	**20**	10	**–**	–	**20**	10
Income and expenditure after tax from equity-accounted investments recognized directly in equity	**2**	23	**–**	–	**2**	23
Total other result before tax	**7**	–1,040	**–6**	9	**1**	–1,030
Total deferred taxes on other result	**–3**	317	**–**	–	**–3**	317
Total other result after tax	**4**	–723	**–6**	9	**–2**	–714
Overall result	**4,288**	3,666	**63**	60	**4,351**	3,726

Balance Sheet of the Audi Group

ASSETS in EUR million	Notes	Dec. 31, 2012	Dec. 31, 2011
Non-current assets		**18,068**	12,209
Fixed assets		**15,655**	9,958
Intangible assets	14	**4,038**	2,531
Property, plant and equipment	15	**7,605**	6,716
Leasing and rental assets	16	**2**	5
Investment property	16	**118**	3
Investments accounted for using the equity method	17	**3,638**	460
Other long-term investments	18	**254**	244
Deferred tax assets	19	**1,738**	1,839
Other financial assets	20	**662**	391
Other receivables	21	**13**	21
Current assets		**22,357**	24,811
Inventories	22	**4,331**	4,377
Trade receivables	23	**2,251**	3,009
Effective income tax assets	24	**43**	11
Other financial assets	20	**2,303**	7,033
Other receivables	21	**451**	273
Securities	25	**1,807**	1,594
Cash and cash equivalents	25	**11,170**	8,513
Total assets		**40,425**	37,019

LIABILITIES in EUR million	Notes	Dec. 31, 2012	Dec. 31, 2011
Equity		**15,033**	12,903
AUDI AG stockholders' interests	26	**14,772**	12,705
Issued capital	26	**110**	110
Capital reserve	26	**5,084**	3,515
Retained earnings	26	**9,577**	9,080
Minority interests	26	**261**	198
Liabilities		**25,393**	24,117
Non-current liabilities		**9,952**	8,610
Financial liabilities	27	**145**	21
Deferred tax liabilities	28	**208**	16
Other financial liabilities	29	**244**	569
Other liabilities	30	**711**	511
Provisions for pensions	31	**3,470**	2,505
Effective income tax obligations	32	**913**	754
Other provisions	33	**4,261**	4,234
Current liabilities		**15,441**	15,507
Financial liabilities	27	**1,168**	1,172
Trade payables	34	**4,270**	4,193
Effective income tax obligations	32	**346**	929
Other financial liabilities	29	**4,485**	4,273
Other liabilities	30	**2,368**	2,082
Other provisions	33	**2,803**	2,858
Total equity and liabilities		**40,425**	37,019

EUR million	2012	2011
Profit before profit transfer and income taxes	5,956	6,041
Income tax payments	–1,984	–1,584
Impairment losses (reversals) on capitalized development costs	429	397
Impairment losses (reversals) on property, plant and equipment and other intangible assets	1,487	1,395
Depreciation of investment property	1	1
Result from the disposal of assets	7	1
Result from investments accounted for using the equity method	–176	–111
Change in inventories	–66	–933
Change in receivables	475	–1,004
Change in liabilities	1	1,313
Change in provisions	31	957
Other non-cash income and expenses	–19	–177
Cash flow from operating activities	6,144	6,295
Additions of capitalized development costs	–923	–596
Investments in property, plant and equipment and other intangible assets	–2,334	–2,266
Acquisition of subsidiaries	–591	–37
Acquisition of other participating interests	–3,020	–27
Sale of subsidiaries	44	–
Other cash changes	19	21
Change in investments in securities	–126	–239
Change in fixed deposits and loans extended	2,034	–3,767
Cash flow from investing activities	–4,896	–6,911
Capital contributions	1,569	1,005
Transfer of profit	–3,138	–2,010
Change in financial liabilities	–34	253
Lease payments	–3	–1
Cash flow from financing activities	–1,606	–753
Change in cash and cash equivalents due to changes in exchange rates	–36	82
Change in cash and cash equivalents	–393	–1,287
Cash and cash equivalents at beginning of period	4,675	5,961
Cash and cash equivalents at end of period	4,281	4,675

EUR million	2012	2011
Cash and cash equivalents	4,281	4,675
Fixed deposits, securities and loans extended	10,428	12,235
Gross liquidity	14,709	16,909
Credit outstanding	–1,313	–1,193
Net liquidity	13,396	15,716

The Cash Flow Statement is explained in Note 38.

Statement of Changes in Equity of the Audi Group

EUR million	Issued capital	Capital reserve	
Position as of Jan. 1, 2011	110	2,510	
Profit after tax	–	–	
Other result after tax	–	–	
Overall result	–	–	
Capital increase	–	1,005	
Profit transfer to Volkswagen AG	–	–	
Position as of Dec. 31, 2011	110	3,515	
Position as of Jan. 1, 2012	110	3,515	
Profit after tax	–	–	
Other result after tax	–	–	
Overall result	–	–	
Capital increase	–	1,569	
Profit transfer to Volkswagen AG	–	–	
Position as of Dec. 31, 2012	**110**	**5,084**	

Retained earnings						Equity		
Legal reserve and other retained earnings	Currency exchange reserve	Reserve for cash flow hedges	Reserve for remeasurement to fair value of securities	Actuarial gains and losses	Investments accounted for using the equity method	AUDI AG stockholders' interests	Minority interests	Total
8,776	28	97	–11	–346	8	11,172	138	11,310
4,389	–	–	–	–	–	4,389	51	4,440
–	11	–666	10	–101	23	–723	9	–714
4,389	11	–666	10	–101	23	3,666	60	3,726
–	–	–	–	–	–	1,005	–	1,005
–3,138	–	–	–	–	–	–3,138	–	–3,138
10,027	39	–569	–1	–447	31	12,705	198	12,903
10,027	39	–569	–1	–447	31	12,705	198	12,903
4,284	–	–	–	–	–	4,284	69	4,353
–	–7	645	20	–655	2	4	–6	–2
4,284	–7	645	20	–655	2	4,288	63	4,351
–	–	–	–	–	–	1,569	–	1,569
–3,790	–	–	–	–	–	–3,790	–	–3,790
10,521	**32**	**76**	**19**	**–1,102**	**33**	**14,772**	**261**	**15,033**

DEVELOPMENT OF FIXED ASSETS IN THE 2012 FISCAL YEAR

EUR million	Gross carrying amounts							
	Costs Jan. 1, 2012	Changes in group of consolidated companies	Currency changes	Additions	Changes from equity-accounted investments	Transfers	Disposals	Costs Dec. 31, 2012
Intangible assets	5,281	977	1	1,074	–	7	417	6,921
Concessions, industrial property rights and similar rights and assets, as well as licenses thereto	730	199	1	149	–	9	29	1,058
Brand names	55	404	–	–	–	–	–	459
Goodwill	72	306	–	–	–	–	–	378
Capitalized development costs, products currently under development	689	11	–	670	–	–512	–	858
Capitalized development costs, products currently in use	3,735	56	–	253	–	512	388	4,168
Payments on account for intangible assets	1	1	0	2	–	–3	0	1
Property, plant and equipment	22,824	82	–11	2,183	–	–7	532	24,540
Land, land rights and buildings, including buildings on land owned by others, and leased land and buildings	4,602	41	–9	169	–	169	18	4,954
Plant and machinery	4,965	30	0	206	–	233	112	5,322
Other plant and office equipment, as well as leased plant and office equipment	12,111	5	–1	789	–	238	396	12,745
Payments on account and assets under construction	1,146	6	–1	1,020	–	–647	6	1,519
Leasing and rental assets	8	–	0	–	–	–	4	4
Investment property	8	–	–1	118	–	–	0	125
Investments accounted for using the equity method	460	–	–13	3,000	191	–	–	3,638
Other long-term investments	247	–30	0	41	–	–	0	257
Investments in affiliated companies	143	–30	0	15	–	–	0	128
Shares in associated companies and participating interests	103	0	–	26	–	–	–	129
Total fixed assets	**28,829**	**1,029**	**–26**	**6,416**	**191**	**–**	**953**	**35,486**

					Value adjustments in gross carrying amounts				Carrying amounts	
Cumulative depreciation and amortization Jan. 1, 2012	Changes in group of consolidated companies	Currency changes	Additions	Impairment losses	Transfers	Disposals	Reversal of impairment losses	Cumulative depreciation and amortization Dec. 31, 2012	**Dec. 31, 2012**	Dec. 31, 2011
2,751	–14	0	581	–	2	416	20	2,883	**4,038**	2,531
540	–14	0	130	–	2	28	–	629	**429**	190
37	–	–	2	–	–	–	–	39	**421**	18
–	–	–	–	–	–	–	–	–	**378**	72
60	–	–	–	–	–17	–	20	24	**834**	629
2,114	–	–	449	–	17	388	0	2,192	**1,976**	1,620
–	–	–	–	–	–	–	–	–	**1**	1
16,108	–14	–4	1,350	3	–2	506	–	16,935	**7,605**	6,716
2,303	–4	–3	150	3	1	15	–	2,435	**2,519**	2,299
3,809	–5	–0	335	–	0	107	–	4,032	**1,290**	1,157
9,997	–6	–1	864	0	–3	385	–	10,467	**2,278**	2,114
–	–	0	–	0	0	–	–	0	**1,518**	1,146
4	–	0	1	–	–	2	–	3	**2**	5
5	–	–1	2	–	–	0	–	6	**118**	3
–	–	–	–	–	–	–	–	–	**3,638**	460
3	–	–	–	–	–	–	–	3	**254**	244
–	–	–	–	–	–	–	–	–	**128**	143
3	–	–	–	–	–	–	–	3	**126**	100
18,871	**–29**	**–5**	**1,934**	**3**	**–**	**925**	**20**	**19,830**	**15,655**	**9,958**

DEVELOPMENT OF FIXED ASSETS IN THE 2011 FISCAL YEAR

EUR million	Gross carrying amounts							
	Costs Jan. 1, 2011	Changes in group of consolidated companies	Currency changes	Additions	Changes from equity accounted investments	Transfers	Disposals	Costs Dec. 31, 2011
Intangible assets	5,532	4	1	694	–	12	962	5,281
Concessions, industrial property rights and similar rights and assets, as well as licenses thereto	621	4	1	98	–	14	7	730
Brand names	55	–	–	–	–	–	–	55
Goodwill	72	–	–	–	–	–	–	72
Capitalized development costs, products currently under development	900	–	–	343	–	–554	–	689
Capitalized development costs, products currently in use	3,883	–	–	252	–	554	955	3,735
Payments on account for intangible assets	1	–	–	1	–	–1	–	1
Property, plant and equipment	21,085	11	10	2,186	–	–12	455	22,824
Land, land rights and buildings, including buildings on land owned by others, and leased land and buildings	4,396	8	8	193	–	53	55	4,602
Plant and machinery	4,848	1	0	169	–	149	202	4,965
Other plant and office equipment, as well as leased plant and office equipment	11,345	2	1	842	–	116	196	12,111
Payments on account and assets under construction	496	–	0	982	–	–330	2	1,146
Leasing and rental assets	9	–	0	–	–	–	1	8
Investment property	10	–	1	–	–	–	3	8
Investments accounted for using the equity method	326	–	31	–	103	–	–	460
Other long-term investments	183	–25	–	89	–	–	0	247
Investments in affiliated companies	106	–25	–	62	–	–	0	143
Shares in associated companies and participating interests	76	0	–	27	–	–	–	103
Total fixed assets	**27,145**	**–10**	**42**	**2,970**	**103**	**–**	**1,421**	**28,829**

				Value adjustments in gross carrying amounts					Carrying amounts	
Cumulative depreciation and amortization Jan. 1, 2011	Changes in group of consolidated companies	Currency changes	Additions	Impairment losses	Transfers	Disposals	Reversal of impairment losses	Cumulative depreciation and amortization Dec. 31, 2011	**Dec. 31, 2011**	Dec. 31, 2010
3,176	3	1	458	75	–	962	–	2,751	**2,531**	2,357
444	3	1	100	–	–	7	–	540	**190**	177
–	–	–	2	35	–	–	–	37	**18**	55
–	–	–	–	–	–	–	–	–	**72**	72
64	–	–	–	40	–44	–	–	60	**629**	836
2,668	–	–	357	–	44	955	–	2,114	**1,620**	1,215
–	–	–	–	–	–	–	–	–	**1**	1
15,281	1	3	1,241	17	–	436	–	16,108	**6,716**	5,803
2,206	0	2	146	–	–	51	–	2,303	**2,299**	2,190
3,689	0	0	316	–	–	196	–	3,809	**1,157**	1,159
9,386	1	1	780	17	–	189	–	9,997	**2,114**	1,958
–	–	–	–	–	–	–	–	–	**1,146**	496
3	–	0	1	–	–	0	–	4	**5**	6
5	–	0	0	–	–	1	–	5	**3**	5
–	–	–	–	–	–	–	–	–	**460**	326
3	–	–	–	–	–	0	–	3	**244**	180
0	–	–	–	–	–	0	–	–	**143**	106
3	–	–	–	–	–	–	–	3	**100**	73
18,468	**4**	**4**	**1,700**	**93**	**–**	**1,399**	**–**	**18,871**	**9,958**	**8,677**

GENERAL INFORMATION

AUDI AG has the legal form of a German stock corporation (Aktiengesellschaft). Its registered office is at Ettinger Strasse, Ingolstadt, and the Company is recorded in the Commercial Register of Ingolstadt under HR B 1.
Around 99.55 percent of the issued capital of AUDI AG is held by Volkswagen AG, Wolfsburg, with which a control and profit transfer agreement is in force. The Consolidated Financial Statements of AUDI AG are included in the Consolidated Financial Statements of Volkswagen AG, which are held on file at the Local Court of Wolfsburg. The purpose of the Company is the development, production and sale of motor vehicles, other vehicles and engines of all kinds, together with their accessories, as well as machinery, tools and other technical articles.

ACCOUNTING PRINCIPLES

AUDI AG prepares its Consolidated Financial Statements on the basis of the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC). All pronouncements of the International Accounting Standards Board (IASB), whose application is mandatory in the European Union (EU), have been observed. The prior-year figures were calculated according to the same principles.
The Income Statement is prepared according to the internationally practiced cost of sales method.
AUDI AG prepares its Consolidated Financial Statements in euros (EUR). All figures have been rounded in accordance with standard commercial practice, with the result that minor discrepancies may occur when adding these amounts.
The Consolidated Financial Statements provide a true and fair view of the net worth, financial performance and financial position of the Audi Group.
The requirements pursuant to Section 315a of the German Commercial Code (HGB) regarding the preparation of Consolidated Financial Statements in accordance with IFRS, as endorsed by the EU, are met.
All requirements that must be applied under German commercial law are additionally observed in preparing the Consolidated Financial Statements. In addition, the requirements of the German Corporate Governance Code have been adhered to.

The Board of Management prepared the Consolidated Financial Statements on February 7, 2013. This date marks the end of the adjusting events period.

Effects of new or revised standards

The Audi Group has implemented all of the accounting standards whose application became mandatory with effect from the 2012 fiscal year.

The IASB's revision of IFRS 7 extends the disclosures required regarding the transfer of financial assets. An asset is deemed to have been transferred as defined in IFRS 7 if the cash flows associated with that asset have been transferred to a third party or are to be transferred to a third party. With regard to such financial assets that are derecognized in their entirety but for which there is a "continuing involvement," the standard now contains further disclosure obligations. This similarly applies to transferred financial assets that are not derecognized in their entirety.

New or revised standards not applied

The following new or revised accounting standards already approved by the IASB were not applied in the Consolidated Financial Statements for the 2012 fiscal year because their application was not yet mandatory:

Standard/Interpretation		Published by the IASB	Mandatory effective [1]	Endorsed by EU until Dec. 31, 2012	Effects
IFRS 1	Government Loans	Mar. 13, 2012	Jan. 1, 2013	No	None
IFRS 1	First-time Adoption – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	Dec. 20, 2010	Jan. 1, 2013	Yes	None
IFRS 7	Financial Instruments – Notes on Offsetting Financial Assets and Liabilities	Dec. 16, 2011	Jan. 1, 2013	Yes	Extended notes on offsetting of financial instruments
IFRS 9	Financial Instruments: Classification and Measurement	Nov. 12, 2009/ Oct. 28, 2010	Jan. 1, 2015 [2]	No	Modified reporting of fair value changes relating to financial instruments previously categorized as available for sale
IFRS 10	Consolidated Financial Statements	May 12, 2011	Jan. 1, 2014	Yes	None
IFRS 11	Joint Arrangements	May 12, 2011	Jan. 1, 2014	Yes	None
IFRS 12	Disclosures of Interests in Other Entities	May 12, 2011	Jan. 1, 2014	Yes	Extended notes on group of companies
	Transition Guidance on IFRS 10, IFRS 11, IFRS 12	Jun. 28, 2012	Jan. 1, 2013	No	No significant changes
	Investment Entities (Amendments to IFRS 10, IFRS 12, IAS 27)	Oct. 31, 2012	Jan. 1, 2014	No	None
IFRS 13	Fair Value Measurement	May 12, 2011	Jan. 1, 2013	Yes	Changes and extended notes on fair value measurements
IAS 1	Presentation of Items of Other Comprehensive Income	Jun. 16, 2011	Jan. 1, 2013	Yes	Changed presentation of other comprehensive income
IAS 12	Deferred Taxes – Recovery of Underlying Assets	Dec. 20, 2010	Jan. 1, 2013	Yes	None
IAS 19	Employee Benefits	Jun. 16, 2011	Jan. 1, 2013	Yes	Changed presentation and extended notes on employee benefits
IAS 27	Separate Financial Statements	May 12, 2011	Jan. 1, 2014	Yes	None
IAS 28	Investments in Associates and Joint Ventures	May 12, 2011	Jan. 1, 2014	Yes	None
IAS 32	Financial Instruments: Offsetting Financial Assets and Liabilities	Dec. 16, 2011	Jan. 1, 2014	Yes	No significant changes
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Oct. 19, 2011	Jan. 1, 2013	Yes	None
	Improvements to International Financial Reporting Standards 2011 [3]	May 17, 2012	Jan. 1, 2013	No	No significant changes

1) Mandatory first-time application from the perspective of AUDI AG

2) First-time application postponed from 2013 to 2015 by the Mandatory Effective Date Project

3) Minor revision to a variety of IFRS (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34)

GROUP OF CONSOLIDATED COMPANIES

In addition to AUDI AG, the Consolidated Financial Statements include all principal companies in which AUDI AG can directly or indirectly govern the financial and operating policies so as to obtain benefit from the activities of the entities (subsidiaries) in question. Consolidation begins at that point in time when AUDI AG has control of an entity; it ends when control is lost.
Associated companies are accounted for using the equity method.
Non-consolidated subsidiaries as well as participating interests are always reported at amortized cost because no active market exists for the shares of these companies and no fair value can reliably be determined with a justifiable amount of effort.
Where there is evidence that the fair value is lower, this fair value is recognized. These subsidiaries are principally companies with only limited business operations. The total equity contributed by these subsidiaries is 0.9 (1.0) percent of the Group's equity. The total profit after tax of these companies amounts to 0.1 (0.1) percent of the Audi Group's profit after tax.

On July 19, 2012, the Audi Group, through Automobili Lamborghini S.p.A., Sant'Agata Bolognese (Italy), a subsidiary of AUDI AG, acquired 100 percent of the voting rights in the motorcycle company DUCATI MOTOR HOLDING S.P.A., Bologna (Italy) in exchange for payment of a purchase price of EUR 747 million. This acquisition of Ducati – an internationally renowned manufacturer of motorcycles in the premium segment with huge expertise in high-performance engines and lightweight construction – marks the Audi Group's first foray into the growth market of high-end motorcycles. During the 2011 calendar year, the Ducati Group sold 42,016 motorcycles, generating revenue amounting to EUR 479 million.
Due to time constraints, it was not possible for the acquired assets and liabilities to be analyzed in full before publication of the Consolidated Financial Statements. The provisional figure for goodwill of EUR 290 million includes benefits that cannot be separated out and that are not based on contractual or other rights, such as the expertise and knowledge of Ducati employees. Goodwill is not deductible for tax purposes. The transaction-related costs, totaling EUR 1 million to date, are recognized as an expense.
The provisional allocation of the purchase price to the assets and liabilities is shown in the following table:

EUR million	IFRS carrying amounts at acquisition date	Purchase price allocation	Fair values at the time of acquisition
Brand names	211	193	404
Customer relations	49	131	180
Other intangible assets	78	17	95
Land and buildings	78	3	81
Other non-current assets	25	8	33
Inventories	83	0	83
Cash and cash equivalents	150	–	150
Other current assets	154	–	154
Total assets	828	352	1,180
Non-current liabilities	106	108	214
Current liabilities	510	–	510
Total debts	616	108	724

The gross value of the acquired receivables at the time of acquisition was EUR 153 million, with a net carrying amount of EUR 142 million (corresponding to the fair value).

The inclusion of the entity resulted, as of December 31, 2012, in an increase of EUR 209 million in the Audi Group's revenue and in a decrease, after taxes, of EUR 27 million in profit, taking into account amortization of the hidden reserves realized upon the allocation of the purchase price. Had Ducati already been included in the Consolidated Financial Statements as of January 1, 2012, the Group's revenue as reported at December 31, 2012 would have been approximately EUR 422 million higher, whilst the reported profit after tax taking into account amortization of the hidden reserves realized upon the purchase price allocation would have been increased by around EUR 34 million.

Since December 31, 2011, the group of consolidated companies has also included the following acquired Ducati companies:
- DUCATI MOTOR HOLDING S.P.A., Bologna (Italy)
- Ducati Japan K.K., Tokyo (Japan)
- Ducati Motor Deutschland GmbH, Cologne
- Ducati Motor (Thailand) Co. Ltd., Amphur Pluakdaeng, Rayong (Thailand)
- DUCATI NORTH AMERICA INC., Cupertino, California (USA)
- Ducati North Europe B.V., The Hague (Netherlands)
- Ducati (Schweiz) AG, Wollerau (Switzerland)
- DUCATI U.K. LIMITED, Towcester (United Kingdom)
- DUCATI WEST EUROPE S.A.S., Colombes (France)
- DUCMOTOCICLETA S DE RL DE CV, Mexico City (Mexico)

The group of consolidated companies was also extended to include the following companies:
- Audi Akademie GmbH, Ingolstadt, established in 1993
- Audi Tooling Barcelona, S.L., Barcelona (Spain), established in 2003
- PSW automotive engineering GmbH, Gaimersheim, acquired in 2011

The main influences on the 2012 opening balance sheet of these first-time consolidations are as follows:

EUR million	2012
Non-current assets	7
Current assets	99
of which inventories	56
of which cash and cash equivalents	40
Equity	6
Non-current liabilities	18
Current liabilities	82
Balance sheet total	106

With effect from May 1, 2012, AUDI AG sold Audi Retail GmbH, Ingolstadt, and its subsidiaries to VGRD GmbH, Wolfsburg. As a result, the fully consolidated companies Audi Retail GmbH, Audi Berlin GmbH, Berlin, Audi Frankfurt GmbH, Frankfurt am Main, Audi Hamburg GmbH, Hamburg, Audi Hannover GmbH, Hanover, Audi Leipzig GmbH, Leipzig, and Audi Stuttgart GmbH, Stuttgart, as well as Audi Zentrum München GmbH, Munich (which had not been included in the group of consolidated companies), ceased to form part of the Audi Group. The net assets were deducted on the basis of their carrying amounts. This resulted in an outflow of cash and cash equivalents amounting to EUR 63 million.

The following table shows the composition of the Audi Group:

Total	2012	2011
AUDI AG and fully consolidated subsidiaries		
Germany	**6**	10
Other countries	**32**	22
Investments accounted for using the equity method		
Other countries	**2**	1
Non-consolidated subsidiaries		
Germany	**20**	16
Other countries	**13**	10
Total	**73**	59

The Audi Group does not wholly own Italdesign Giugiaro S.p.A., Turin (Italy) and PSW automotive engineering GmbH. However, given that in business terms Audi also bears the risks and has access to the economic benefits of the remaining shares it does not own, both of these companies are included in the Consolidated Financial Statements on a 100 percent basis.
The principal companies within the Audi Group are listed following the Notes.
The full list of companies in which shares are held is recorded in the Commercial Register of Ingolstadt under HR B 1 and is also available on the Audi website at www.audi.com/subsidiaries. This list can additionally be requested directly from AUDI AG, Financial Communication/ Financial Analysis, I/FF-3, 85045 Ingolstadt, Germany.

By virtue of their inclusion in the Audi Group's Consolidated Financial Statements, the following companies have fulfilled the requirements of Section 264, Para. 3 of the German Commercial Code (HGB) and make use of the exemption rule:
- Audi Akademie GmbH, Ingolstadt
- Audi Vertriebsbetreuungsgesellschaft mbH, Ingolstadt
- quattro GmbH, Neckarsulm

Affiliated companies, as defined here, are Volkswagen AG, Wolfsburg, and its subsidiaries, which are not fully consolidated in the Audi Consolidated Financial Statements.

Participating interests in associated companies

As of the balance sheet date, FAW-Volkswagen Automotive Company, Ltd., Changchun (China), in which an interest of 10 percent is held, is accounted for using the equity method. AUDI AG is represented on the management and supervisory board and, as a result, has a significant influence on the participating interest. This means that it is required to account for the participating interest using the equity method.
Additionally, in March 2012 an AUDI AG subsidiary acquired a 30 percent holding in Volkswagen Group Services S.A., Brussels (Belgium). Volkswagen Group Services S.A. is also accounted for using the equity method in the Consolidated Financial Statements.

CONSOLIDATION PRINCIPLES

The assets and liabilities of the domestic and foreign companies included in the Consolidated Financial Statements are recognized in accordance with the standard accounting and measurement policies of the Audi Group.
In the case of subsidiaries that are being consolidated for the first time, the assets and liabilities are to be measured at their fair value at the time of acquisition. Any realized hidden reserves and expenses are amortized, depreciated or reversed in accordance with the development of the corresponding assets and liabilities as part of the subsequent consolidation process. Where the acquisition values of the investments exceed the Group share in the equity of the relevant company as calculated in this manner, goodwill is created. Goodwill acquired in a business combination is tested for impairment regularly at the balance sheet date, and an impairment loss is

recognized if necessary. Within the Audi Group, the predecessor method is applied in relation to common control transactions. Under this method, the assets and liabilities of the acquired company or business operations are measured at the gross carrying amounts of the previous parent company. The predecessor method thus means that no adjustment to the fair value of the acquired assets and liabilities is performed at the time of acquisition; any goodwill arising during initial consolidation is adjusted against equity, without affecting income. Contingent considerations are measured at their fair value at the time of acquisition. Subsequent changes to the value of contingent consideration do not as a rule result in an adjustment of the measurement at the time of acquisition. Other costs of purchase that are not associated with the procurement of equity are not counted towards the purchase price but are immediately recognized as an expense.

The Consolidated Financial Statements also include securities funds whose assets are attributable in substance to the Group.
Receivables and liabilities between consolidated companies are netted, and expenses and income eliminated. Interim profits and losses are eliminated from Group inventories and fixed assets. Consolidation processes affecting income are subject to deferrals of income taxes; deferred tax assets and liabilities are offset where the term and tax creditor are the same.
The same accounting policies for determining the pro rata equity are applied to Audi Group companies accounted for using the equity method. This is done on the basis of the last set of audited financial statements of the company in question.

FOREIGN CURRENCY TRANSLATION

The currency of the Audi Group is the euro (EUR). Foreign currency transactions in the individual financial statements of AUDI AG and the subsidiaries are translated on the basis of the exchange rates at the time of the transaction in each case. Monetary items in foreign currencies are translated at the exchange rate applicable on the balance sheet date. Exchange differences are recognized in the current-period income statements of the respective Group companies.
The foreign companies belonging to the Audi Group are independent entities and prepare their financial statements in their local currency. The only exceptions are AUDI HUNGARIA SERVICES Zrt., Győr (Hungary), AUDI HUNGARIA MOTOR Kft., Győr (Hungary), and Audi Volkswagen Middle East FZE, Dubai (United Arab Emirates), which prepare their annual financial statements in euros and U.S. dollars respectively rather than in local currency. The concept of the “functional currency” is applied when translating financial statements prepared in foreign currency. Assets and liabilities, with the exception of equity, are translated at the reporting date exchange rate. The effects of foreign currency translation on equity are reported in the currency exchange reserve with no effect on income. The items in the Income Statement are translated using weighted average monthly rates. Currency translation variances arising from the differing exchange rates used in the Balance Sheet and Income Statement are recognized in equity, without affecting income, until the disposal of the subsidiary.

The development of the exchange rates serving as the basis for currency translation is shown below:

1 EUR in foreign currency		Dec. 31, 2012	Dec. 31, 2011	2012	2011
		Year-end exchange rate		Average exchange rate	
Australia	AUD	**1.2712**	1.2723	**1.2407**	1.3484
Brazil	BRL	**2.7036**	2.4159	**2.5084**	2.3265
United Kingdom	GBP	**0.8161**	0.8353	**0.8109**	0.8679
Japan	JPY	**113.6100**	100.2000	**102.4919**	110.9586
Canada	CAD	**1.3137**	1.3215	**1.2842**	1.3761
Mexico	MXN	**17.1845**	18.0512	**16.9029**	17.2877
Switzerland	CHF	**1.2072**	1.2156	**1.2053**	1.2326
Singapore	SGD	**1.6111**	1.6819	**1.6055**	1.7489
South Korea	KRW	**1,406.2300**	1,498.6900	**1,447.6913**	1,541.2341
Taiwan	TWD	**38.3200**	39.2297	**38.0004**	40.9119
Thailand	THB	**40.3470**	40.9910	**39.9276**	42.4288
USA	USD	**1.3194**	1.2939	**1.2848**	1.3920
People's Republic of China	CNY	**8.2207**	8.1588	**8.1052**	8.9960

RECOGNITION AND MEASUREMENT PRINCIPLES

RECOGNITION OF INCOME AND EXPENSES

Revenue, interest income and other operating income are always recorded when the services are rendered or the goods or products are delivered (in other words, when the risk and reward is transferred to the customer).
Proceeds from the sale of vehicles for which buy-back agreements exist are not realized immediately, but instead are realized on a straight-line basis over the period between sale and buy-back, on the basis of the difference between the selling price and the anticipated buy-back price. These vehicles are reported under inventories.
Where additional services have been contractually agreed with the customer in addition to the sale of a vehicle, such as warranty extensions or the completion of maintenance work over a fixed period, the related revenues and expenses are recorded in the Income Statement in accordance with the provisions of IAS 18 governing arrangements with multiple deliverables based on the economic content of the individual contractual components (partial services).
Performance-based grants are recognized as income.
Operating expenses are recognized as income when the service is used or at the time they are economically incurred.

INTANGIBLE ASSETS

Intangible assets acquired for consideration are recognized at cost of purchase, taking into account ancillary costs and cost reductions, and are amortized on a scheduled straight-line basis over their useful life.
Concessions, rights and licenses relate to purchased software, rights of use and subsidies paid. Brand names from business combinations generally have an indefinite useful life and are therefore not amortized. They are tested regularly for impairment.
Research costs are treated as current expenses in accordance with IAS 38. The development expenditure for products going into series production is recognized as an intangible asset, provided that production of these products is likely to bring economic benefit to the Audi Group. If the conditions stated in IAS 38 for capitalization are not met, the costs are expensed in the Income Statement in the year in which they occur.

Capitalized development costs encompass all direct and indirect costs that can be directly allocated to the development process. No interest was capitalized in relation to borrowing costs due to the fact that there were no significant borrowings as defined in the criteria of IAS 23 given that the Audi Group maintains sufficient levels of net liquidity at all times. Capitalized development costs are amortized on a straight-line basis from the start of production over the anticipated model life of the developed products.
The amortization plan is based principally on the following useful lives:

	Useful life
Concessions, industrial property rights and similar rights and assets	3–15 years
of which software	3 years
of which customer bases	2–8 years
Capitalized development costs	5–9 years

The amortization is allocated to the corresponding functional areas.
In the case of subsidiaries that are being consolidated for the first time, the assets and liabilities are to be measured at their fair value at the time of acquisition. These values are amortized in the subsequent year. If the purchase price of the investment exceeds the fair value of the identified assets minus liabilities, goodwill is created.
The goodwill resulting from company acquisitions is assigned to the identifiable groups of assets (cash generating units) that are expected to benefit from the synergies created by the acquisition.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at acquisition cost or cost of construction, with scheduled straight-line depreciation applied pro rata temporis over the expected useful life.
The costs of purchase include the purchase price, ancillary costs and cost reductions.
In the case of self-constructed fixed assets, the cost of construction includes both the directly attributable cost of materials and cost of labor as well as indirect materials and indirect labor costs that must be capitalized, including pro rata depreciation. No interest was capitalized in relation to borrowing costs due to the fact that there were no significant borrowings as defined in the criteria of IAS 23 given that the Audi Group maintains sufficient levels of net liquidity at all times.
The depreciation plan is generally based on the following useful lives, which are reassessed yearly:

	Useful life
Buildings	14–50 years
Land improvements	10–33 years
Plant and machinery	6–12 years
Plant and office equipment including special tools	3–15 years

In accordance with IAS 17, property, plant and equipment used on the basis of lease agreements is capitalized in the Balance Sheet if the conditions of a finance lease are met (in other words, if the significant risks and opportunities which result from its use have passed to the lessee). Capitalization is performed at the time of the agreement, at the lower of fair value or present value of the minimum lease payments. The straight-line depreciation method is based on the shorter of economic life or term of lease contract. The payment obligations resulting from the future lease installments are recognized as a liability at the present value of the leasing installments.

Where Group companies have entered into operating leases as the lessee, in other words if not all risks and opportunities associated with title have passed to them, leasing installments and rents are expensed directly in the Income Statement.

LEASING AND RENTAL ASSETS

Vehicles leased by Audi Group companies, in the case of operating lease agreements, are capitalized at cost of sales and depreciated to the calculated residual value on a straight-line basis over the contractual term. Unscheduled reductions for impairment and adjustments to depreciation rates are made to take account of impairment losses calculated on the basis of impairment testing pursuant to IAS 36. Based on local factors and historical values from used car marketing, updated internal and external information on residual value developments is incorporated into the residual value forecasts on an ongoing basis.

INVESTMENT PROPERTY

Land or buildings held with the intention of generating rental income (investment property) are reported in the Balance Sheet at amortized cost. The amortization periods applied are as a general rule those applied to property, plant and equipment used by the Group itself. The fair values calculated on the basis of recognized measurement methods are also to be stated in the case of measurement at amortized costs.

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Companies in which AUDI AG is directly or indirectly able to exercise significant influence on financial and operating policy decisions (associated companies) are accounted for using the equity method. The pro rata equity of these companies is regularly recorded under fixed assets and the share of earnings recorded as income under the financial result.

IMPAIRMENT TESTS

Fixed assets are tested regularly for impairment as of the balance sheet date.
Impairment testing of goodwill and intangible assets with a non-determined useful life is generally carried out in the Audi Group on the basis of the value in use of the Group's automotive and motorcycles business as cash generating units. The current planning prepared by management provides the basis for this process. As a general rule the planning period covers a period of five years. Plausible assumptions about future development are made for the subsequent years. The planning premises are in each case adjusted in line with current findings. Appropriate assumptions based on macroeconomic trends and historical developments are taken into account. When testing the goodwill in the two cash-generating units for impairment, the value in use is determined using the following average costs of capital (WACC):

%	**2012**	2011
Automotive segment	**5.6**	6.0
Motorcycles segment	**7.8**	–

Cash flows are generally calculated on the basis of the expected growth rates in the sales markets concerned. Estimated cash flow after the end of the planning period is based on a maximum rate of growth of 1.5 (2.0) percent per year.
Impairment tests are carried out for development activities, acquired property rights, and property, plant and equipment on the basis of expected product life cycles, the respective revenue and cost situation, current market expectations and currency-specific factors. Expected future cash flows to other intangible assets and fixed tangible assets are discounted with country-specific discount rates that adequately reflect the risk and amount to 6.6 (6.8) percent before tax.
Impairment losses pursuant to IAS 36 are recognized where the recoverable amount, i.e. the higher amount from either the use or disposal of the asset in question, has declined below its carrying amount. If necessary, an impairment loss resulting from this test is recognized.
Sensitivity analyses have shown that even in the case of differing key assumptions within a realistic framework, there is no need to recognize an impairment for goodwill and other intangible assets with an indefinite useful life.

FINANCIAL INSTRUMENTS

Financial instruments are contracts that create financial assets at one company and, at the same time, create financial debts or equity instruments at another company.
Financial instruments are recognized and measured in accordance with IAS 39.
According to this, financial instruments are divided into the following categories:
- available-for-sale financial assets,
- loans and receivables,
- held-to-maturity investments,
- financial assets measured at fair value through profit or loss.

The Audi Group does not have any financial assets that fall into the category of “held-to-maturity investments.”
Financial liabilities are classed as follows:
- financial liabilities measured at fair value through profit or loss,
- financial liabilities measured at amortized cost.

The fair value option, in other words measuring certain assets and liabilities at fair value through profit or loss, is not applied in the Audi Group.
Assignment to a category depends on the purpose for which the financial instruments were acquired and is reviewed at the end of each reporting period.

For purchases and sales in the customary manner, recognition takes place using settlement date accounting (in other words, on the day on which an asset is delivered).
Initial measurement of financial assets and liabilities is carried out at fair value.
Subsequent measurement is dependent on the category assigned in accordance with IAS 39 and is carried out either at amortized cost or at fair value.
The amortized cost of a financial asset or financial liability, using the effective interest method, is the amount at which a financial instrument was measured at initial recognition minus any principal repayments, impairment losses or uncollectible debts.

In the case of current financial assets and liabilities, the amortized cost basically corresponds to the nominal value or the repayment value.
Fair value generally corresponds to the market value or trading price. If no active market exists, fair value is determined using investment mathematics methods, for example by discounting future cash flows at the market rate or applying established option pricing models.
Financial instruments are abandoned if the rights to payments from the investment have expired or been transferred and the Audi Group has substantially transferred all risks and opportunities associated with their title.
In the case of factoring in the Audi Group, all of the essential opportunities and risks are transferred, leaving no continuing involvement.
Financial assets and liabilities include both non-derivative and derivative claims or commitments, as detailed below.

Non-derivative financial instruments
The "Loans and receivables" and "Financial liabilities measured at amortized cost" categories include non-derivative financial instruments measured at amortized cost. These include, in particular:
- loans advanced,
- trade receivables and payables,
- other current assets and liabilities,
- financial liabilities,
- cash and cash equivalents.

Assets and liabilities in foreign currency are measured at the exchange rate on the reporting date. In the case of current items, the fair values to be additionally indicated in the Notes correspond to the amortized cost. For assets and liabilities with more than one year to maturity, fair values are determined by discounting future cash flows at market rates. Recognizable credit risks associated with "Loans and receivables" are accounted for by carrying out specific value adjustments. These are entered in the amount of the incurred loss for significant individual receivables (for example, claims arising from dealer financing with key accounts) using benchmarks applied uniformly across the Group. Potential impairment is assumed in the event of various circumstances such as a payment delay of a specific duration, introduction of coercive measures, the threat of insolvency or excessive debts, an application for or the opening of insolvency proceedings or the failure of restructuring measures. Impairment losses on receivables are regularly posted to separate impairment accounts.

The item "Available-for-sale financial assets" includes non-derivative financial instruments that are either specifically allocated to this category or cannot be allocated to any of the other categories. This includes equity instruments, such as equities, and debt instruments, such as interest-bearing securities. As a general rule, financial instruments that fall into this category are reported at their fair value. In the case of listed financial instruments – exclusively securities in the case of the Audi Group – the fair value corresponds to the market value on the balance sheet date. Fluctuations in value are accounted for within equity in the reserve for the market valuation of securities, after taking deferred tax into account. Unless there is evidence of lasting impairment, the financial result includes only capital gains or losses realized through disposal.

"Available-for-sale financial assets" are impaired if there is objective evidence of a long-term loss of value. In the case of equity instruments, a permanent value reduction is deemed to have occurred if the market value falls below the cost of purchase on a significant basis (more than 20 percent) or on a long-term basis (more than 10 percent of the average market prices throughout a year). Debt instruments are impaired if future payment flows from the financial asset are expected to fall. Any rise in risk-free interest rates or credit spreads, however, does not constitute objective evidence of a loss in value. As soon as impairment occurs, the cumulative loss is removed from the reserve for the market valuation of securities and recognized in the Income Statement. Reversals of impairments – provided that the securities affected are equity instruments – are recognized without affecting income. If, on the other hand, the securities concerned are debt instruments, impairment losses are reversed with an effect on income if the increase in the fair value, when viewed objectively, is based on an event that occurred after the impairment loss was recorded with an effect on income.

As well as securities, the item "Available-for-sale financial assets" also contains other long-term investments that are not valued according to the equity method. As there is no active market for the other financial assets, with the result that their fair value cannot be reliably ascertained, they are carried at their cost of purchase. Where there is evidence that the fair value is lower, corresponding value adjustments are carried out.

Derivative financial instruments and hedge accounting

Derivative financial instruments are used as a hedge against foreign exchange and commodity price risks for items on the Balance Sheet and for future cash flows (underlying transactions). Futures, as well as options in the case of foreign exchange risks, are taken out for this purpose. Additionally, under the rules of IAS 39, some contracts are classed as derivative financial instruments:

- rights to acquire shares in companies,
- agreements entered into by the Audi Group with approved dealers with a view to hedging against potential losses from buy-back obligations for leased vehicles.

A requirement of hedge accounting is that a clear hedging relationship between the underlying transaction and the hedge must be documented and its effectiveness demonstrated. Recognition of the fair value changes in hedges depends on the nature of the hedging relationship. When hedging against exchange rate risks from future cash flows (cash flow hedges), the fluctuations in the market value of the effective portion of a derivative financial instrument are initially reported within equity in the reserve for cash flow hedges, with no effect on income, and are only recognized as income or expense under operating profit once the hedged item is due. The ineffective portion of a hedge is recognized immediately in income. Derivative financial instruments that are used to hedge market risks according to commercial criteria but that do not fully meet the requirements of IAS 39 with regard to effectiveness of hedging relationships are categorized as "measured at fair value through profit or loss." Rights to acquire shares in companies, and the model for dealer hedging against potential losses from buy-back obligations for leased vehicles, are also reported in accordance with the rules for "financial instruments measured at fair value through profit or loss" and disclosed under operating profit.

OTHER FINANCIAL ASSETS AND OTHER RECEIVABLES

Financial assets (except for derivatives) and other receivables are recognized at amortized cost. Provision is made for discernible non-recurring risks and general credit risks in the form of corresponding value adjustments.

DEFERRED TAX

Pursuant to IAS 12, deferred tax is determined according to the liability method. This method specifies that tax deferrals are to be created for all temporary differences between the tax base of assets and liabilities and their carrying amounts in the Consolidated Balance Sheet (temporary concept). Deferred tax assets relating to carryforward of unused tax losses must also be recognized.
Deferrals amounting to the anticipated tax burden or tax relief in subsequent fiscal years are created on the basis of the anticipated tax rate at the time of realization. In accordance with IAS 12, the tax consequences of distributions of profit are not recognized until the resolution on the appropriation of profits is adopted.
Deferred tax assets include future tax relief resulting from temporary differences between the carrying amounts in the Consolidated Balance Sheet and the valuations in the Balance Sheet for tax purposes. Deferred tax assets relating to carryforward of unused tax losses that can be realized in the future and deferred tax assets from tax relief are also recognized.
Deferred tax assets and deferred tax liabilities are netted if the tax creditors and maturities are identical.
Pursuant to IAS 1, deferred tax is reported as non-current.
The carrying amount is reduced for deferred tax assets that are unlikely to be realized.

INVENTORIES

Raw materials and supplies are measured at the lower of average cost of acquisition or net realizable value. Other costs of purchase and purchase cost reductions are taken into account as appropriate.
Work in progress and finished goods are valued at the lower of cost of conversion or net realizable value. Cost of conversion includes direct materials and direct productive wages, as well as a directly attributable portion of the necessary indirect materials and indirect labor costs, scheduled production-related depreciation, and expenses attributable to the products from the scheduled amortization of capitalized production development costs. Distribution costs, administrative expenses and interest on borrowings are not capitalized.
Merchandise is valued at the lower of cost of purchase or net realizable value.
Provision is made for all discernible storage and inventory risks in the form of appropriate reductions in the carrying amounts. Individual adjustments are made on all inventories as soon as the probable proceeds realizable from their sale or use are lower than the carrying amounts of the inventories. The net realizable value is deemed to be the estimated proceeds of sale less the estimated costs incurred up until the sale.
Current leased assets comprise leased vehicles with an operating lease of up to one year and vehicles which are subject to a buy-back obligation within one year (owing to buy-back agreements). These vehicles are capitalized at cost of sales and valued in accordance with the expected loss of value and likely useful life. Based on local factors and historical values from used car marketing, updated internal and external information is incorporated into the measurement on an ongoing basis.

SECURITIES, CASH AND CASH EQUIVALENTS

Securities held as current assets are measured at market value, i.e. at the trading price on the balance sheet date. Cash and cash equivalents are stated at their nominal value. The cash figures encompass cash and cash equivalents. Included under cash equivalents are financial resources that are highly liquid with an insignificant risk of fluctuations in value.
The Audi Group is integrated into the Volkswagen Group's financial management. As part of cash pooling arrangements, balances are settled on a daily basis and transformed into amounts owed to or from Volkswagen AG, Wolfsburg. This promotes the efficiency of both intra-Group and external transactions and also reduces transaction costs. The cash pool receivables are allocated to cash and cash equivalents on the basis of their character as cash equivalents.

PROVISIONS FOR PENSIONS

Actuarial measurement of provisions for pensions is based on the projected unit credit method for defined retirement benefit plans as specified in IAS 19 (Employee Benefits). This method takes account of pensions and entitlements to future pensions known at the balance sheet date as well as anticipated future pay and pension increases. The actuarial interest rate continues to be determined on the basis of profits realized on the capital market for top-ranking corporate bonds. Actuarial gains and losses are reported in a separate line item within equity, with no effect on income, after taking deferred tax into account.

OTHER PROVISIONS

In accordance with IAS 37, provisions are recognized if an obligation existing toward third parties is likely to lead to cash outflows and where the amount of the obligation can reliably be estimated. Pursuant to IAS 37, the other provisions for all discernible risks and uncertain liabilities are reported at their probable cost and are not offset against recourse entitlements. Provisions with over one year to maturity are measured at their discounted settlement value as of the balance sheet date. Market rates are used as the discount rates. A nominal interest rate of 0.7 (1.8) percent was applied domestically. The settlement value also includes the expected cost increases. The non-current portions of provisions for service anniversary awards and partial retirement were discounted at 3.2 (4.6) percent. The changes to be applied from 2013 to the accounting treatment of bonus payment obligations under partial retirement programs are not expected to lead to any material changes to the net assets, financial position and results of operations.

LIABILITIES

Non-current liabilities are reported in the Balance Sheet at amortized cost. Any differences between the historical costs and the repayment value are taken into account using the effective interest method. Liabilities from financial lease agreements are reported in the Balance Sheet at the present value of the leasing installments. Current liabilities are recognized at the repayment value or settlement amounts.

GOVERNMENT GRANTS

Government grants related to assets are deducted from the cost of purchase or cost of sales and thus recognized in profit or loss as a reduced depreciation charge over the life of the depreciable asset. Government grants paid to compensate the Group for expenses are recognized in profit or loss during the period in which the corresponding expenses were incurred.

MANAGEMENT'S ESTIMATES AND ASSESSMENTS

To some degree, the preparation of the Consolidated Financial Statements entails assumptions and estimates with regard to the level and disclosure of the recognized assets and liabilities, income and expenditure, and disclosures with regard to contingent obligations and liabilities for the reporting period. The assumptions and estimates relate principally to the following contents: Impairment testing of non-financial assets (particularly goodwill, brand names and capitalized development costs) and of investments accounted for using the equity method or at the cost of purchase requires that assumptions be made with regard to future cash flows during the planning period and, where applicable, with regard to the discounting rate to be applied. Any impairment of the Group's leased assets is also dependent in particular on the residual value of the leased vehicles after the expiry of the lease period, as this represents an essential portion of the expected incoming payment flows. Further information on impairment testing and on the measurement parameters applied can be found in the disclosures on the recognition and measurement principles.
Carrying out impairment testing on financial assets requires estimates on the scale and likelihood of occurrence of future events. Where possible, these estimates are based on historical values. An overview of the value adjustments is included in the additional Notes to the Balance Sheet according to IFRS 7 (Financial Instruments).
Provisions are also recognized and measured on the basis of an estimate of the scale and likelihood of occurrence of future events and on an estimate of the discounting rate of interest. As far as possible, use is also made of past experience or external expert reports. Measurement of provisions for pensions is additionally dependent on the estimated development of the plan assets. The assumptions on which the calculation of provisions for pensions is based are described in Note 31. Actuarial gains and losses are reported in equity with no effect on income and have no impact on the profit reported in the Income Statement. Changes to estimates relating to the amount of other provisions are always recorded with an effect on income. The expected value approach means that subsequent allocations are regularly made to provisions and unused provisions are released on a regular basis. The release of provisions is recorded as other operating income, while the expense associated with the creation of new provisions is directly allocated to the relevant functional area. Warranty claims resulting from sales operations are determined on the basis of previous or estimated future losses. An overview of other provisions is provided in Note 33. Details with regard to litigation are provided in Note 40.
When calculating deferred tax assets, assumptions are required with regard to future taxable income and the dates on which the deferred tax assets are likely to be realized.

The assumptions and estimates are based on premises that reflect the facts as known at any given time. In particular, the circumstances at the time of preparation of the Consolidated Financial Statements as well as the realistically assumed future development of the global and industry-specific environment are used as a basis for estimating expected future business development. Given that future business development is subject to various uncertain factors, some of which are outside the Group's control, the assumptions and estimates applied continue to be exposed to a high level of uncertainty. This is particularly true of short and medium-term cash flow forecasts and of the discounting rates used in forecasts.

Developments in this environment that deviate from assumptions and are beyond the management's sphere of influence may cause the actual amounts to differ from the estimates originally anticipated. If the actual development varies from the anticipated development, the premises and, if necessary, the carrying amounts for the assets and liabilities in question are adjusted accordingly.
The global economy grew less dynamically in 2012. As far as 2013 is concerned, momentum for growth is expected to be greater in the emerging markets of Asia and Latin America, whilst only a moderate increase in economic performance can be expected in the leading industrialized nations. Overall, as things currently stand, no major adjustment is expected in the carrying amounts of assets and liabilities in the Consolidated Balance Sheet in the coming fiscal year. Management's estimates and assumptions were based in particular on assumptions regarding the development of the economy as a whole, the development of automotive and motorcycle markets, and the development of the basic legal parameters. These aspects, as well as further assumptions, are described in detail in the report on expected developments.

NOTES TO THE INCOME STATEMENT

1 Revenue

The composition of the revenue of the Group, by brand, is as follows:

EUR million	2012	2011
Audi brand	**35,851**	34,456
Lamborghini brand	**421**	268
Other Volkswagen Group brands	**2,725**	3,444
Other automotive business	**9,565**	5,928
Automotive segment	**48,562**	44,096
Ducati brand	**148**	–
Other motorcycles business	**61**	–
Motorcycles segment	**209**	–
Revenue	**48,771**	44,096

As well as sales generated by the Audi and Lamborghini brands, the Automotive segment also includes revenue from the other brands in the Volkswagen Group. Revenue from other automotive business primarily includes proceeds from the sale of engines and genuine parts. Due to the increasing degree of localization, the revenue from deliveries of parts sets to China has been reported under other automotive business since 2012. In the previous year, EUR 2,492 million from the CKD business were included in the revenue of the Audi brand.
Ducati motorcycles are sold in the Motorcycles segment.

2 Cost of sales

Amounting to EUR 39,046 (36,000) million, cost of sales comprises the costs incurred in generating revenue and purchase prices in trading transactions. This item also includes expenses resulting from the formation of provisions for warranty costs, for development costs that cannot be capitalized, for depreciation and impairment losses of capitalized development costs, and for property, plant and equipment for manufacturing purposes. Cost of sales includes unscheduled impairment losses on intangible assets and property, plant and equipment amounting to EUR 3 (93) million.

3 Distribution costs

Distribution costs of EUR 4,593 (3,599) million substantially comprise labor and materials costs for marketing and sales promotion, advertising, public relations activities and outward freight, as well as depreciation attributable to the sales organization.

4 Administrative expenses

Administrative expenses of EUR 527 (429) million include labor and other costs, as well as depreciation attributable to administrative operations.

5 Other operating income

EUR million	2012	2011
Income from the dissolution of provisions	**544**	278
Income from rebilling	**475**	368
Income from the processing of payments in foreign currency	**251**	233
Income from ancillary business	**205**	188
Income from derivative hedging transactions	**127**	369
Income from the reversal of impairment losses of intangible assets	**20**	–
Income from the reversal of impairment losses of receivables and other assets	**6**	6
Income from the disposal of assets	**4**	9
Miscellaneous operating income	**249**	516
Total other operating income	**1,881**	1,967

Income from derivative hedging transactions mainly results from the settlement of currency hedging instruments. The total position in relation to hedging transactions is presented under Note 37.5, “Methods of monitoring the effectiveness of hedging relationships.”
Income from ancillary business includes rental income from investment property in the amount of EUR 2 (0.2) million.
Income from the processing of payments in foreign currency substantially comprises gains resulting from exchange-rate movements between the dates of output and payment, as well as exchange-rate gains resulting from measurement on the closing date. Similarly, exchange rate losses are reported under other operating expenses.
Furthermore, grants for future-oriented technologies in the amount of EUR 6 (4) million were recognized in income.

6 Other operating expenses

EUR million	2012	2011
Expenses from derivative hedging transactions	**630**	277
Expenses from the processing of payments in foreign currency	**218**	162
Expenses from the allocation and recharging of costs	**81**	22
Impairment losses on receivables	**14**	19
Losses on the disposal of assets	**10**	10
Miscellaneous operating expenses	**152**	197
Total other operating expenses	**1,106**	687

Expenses from derivative hedging transactions mainly result from currency option premiums and the settlement of currency hedging instruments. The total position in relation to hedging transactions is presented under Note 37.5, “Methods of monitoring the effectiveness of hedging relationships.”

7 Result from investments accounted for using the equity method

The result from investments accounted for using the equity method reached EUR 415 (270) million.

8 Financing costs

EUR million	2012	2011
Interest and similar expenses	**–105**	–119
of which to affiliated companies	**–90**	–113
Interest expense	**–105**	–119
Interest effect from the measurement of provisions for pensions	**–113**	–112
Interest effect from the measurement of other provisions	**–192**	–33
Interest effect from the measurement of liabilities	**–2**	–
Interest on liabilities	**–307**	–145
Financing costs	**–412**	–264

Interest expense is attributed on an accrual basis.

9 Other financial results

EUR million	2012	2011
Investment result	**46**	52
of which income from investments	**43**	44
of which income from profit transfer agreements	**4**	8
Net income from the sale of securities	**–14**	–43
Income and expense from the measurement of non-derivative financial instruments	**1**	–1
Write-ups on non-derivative financial instruments	**4**	–
Income and expense from fair value measurement of derivative financial instruments	**–71**	47
Interest and similar income	**203**	267
of which from affiliated companies	**122**	182
Other income	**404**	365
of which from affiliated companies	**404**	365
Total other financial results	**574**	687

Income from investments primarily relates to a share in the profits of Volkswagen Logistics GmbH & Co. OHG, Wolfsburg. Income and expense from the fair value measurement of derivative financial instruments comprise the ineffective portions of cash flow hedges and the fluctuations in the fair value of derivative financial instruments that do not fully meet the effectiveness criteria set out under IAS 39. The total position in relation to hedging transactions is presented under Note 37.5, “Methods of monitoring the effectiveness of hedging relationships.” Interest income is attributed on an accrual basis.

10 Income tax expense

Income tax expense includes taxes passed on by Volkswagen AG, Wolfsburg, on the basis of the single-entity relationship between the two companies for tax purposes, along with taxes owed by AUDI AG and its consolidated subsidiaries, as well as deferred taxes.
Tax expense consists of the following:

EUR million	2012	2011
Actual income tax expense	**1,502**	1,889
of which for Germany	**1,327**	1,607
of which for other countries	**175**	281
of which income from the reversal of tax provisions	**–17**	0
Deferred tax income	**101**	–288
of which for Germany	**171**	34
of which for other countries	**–70**	–322
Income tax expense	**1,603**	1,601
of which non-periodic tax expenses	**–8**	**5**

EUR 1,295 (1,587) million of the actual income tax expense was passed on by Volkswagen AG.
The actual taxes in Germany are calculated at a tax rate of 29.5 (29.5) percent. This represents the sum of the corporation income tax rate of 15.0 percent, the solidarity surcharge of 5.5 percent and the average trade earnings tax rate for the Group. The deferred taxes for companies in Germany are calculated at a rate of 29.5 (29.5) percent. The local income tax rates applied to foreign companies range from 0 percent to 41 percent.
The effects arising as a result of the tax benefits on research and development expenditure in Hungary are reported under tax-exempt income in the reconciliation accounts.
There are loss carryforwards totaling EUR 3,044 (114) million, of which the amount of EUR 3,031 (99) million can be used indefinitely. In the 2012 fiscal year, the realization of tax losses led to a reduction in current income tax expense of EUR 22 (5) million. Deferred tax assets of EUR 307 (2) million relating to carryforward of unused tax losses were not reported due to impairment. The increase in loss carryforwards was primarily due to internal reorganization within the Group. Based on current results planning, most of these are to be classed as unusable.
Deferred taxes of EUR 10 (0) million were capitalized, with no deferred tax liabilities in the corresponding amount being offset against them. Following a loss in the current fiscal year, the company concerned is expecting to record a positive tax income in future.
Of the deferred taxes reported in the Balance Sheet, a total of EUR 3 million was recorded with a resulting reduction in equity, without influencing the Income Statement. In the previous year, deferred taxes amounting to EUR 317 million were recorded with a resulting increase in equity.
The recording of actuarial losses without affecting income, pursuant to IAS 19, led in the current fiscal year to an increase in equity of EUR 275 (42) million from the creation of deferred taxes.
The change in deferred taxes on the effects recognized in equity for derivative financial instruments and securities led to a reduction of EUR 278 million in equity in the course of the year. In the previous year, deferred taxes arising from these effects amounting to EUR 275 million were recorded with a resulting increase in equity.

The reporting and measurement differences in the individual Balance Sheet items can be attributed to the following deferred tax assets and liabilities carried in the Balance Sheet:

EUR million	**Dec. 31, 2012**	Dec. 31, 2011	**Dec. 31, 2012**	Dec. 31, 2011
	Deferred tax assets		Deferred tax liabilities	
Intangible assets	**106**	56	**842**	515
Property, plant and equipment	**260**	198	**80**	70
Long-term investments	**3**	2	**1**	–
Inventories	**42**	38	**8**	1
Receivables and other assets	**67**	193	**97**	39
Other current assets	**42**	15	**–**	–
Provisions for pensions	**409**	165	**3**	3
Liabilities and other provisions	**1,454**	1,583	**17**	9
Loss carryforwards	**7**	27	**–**	–
Gross value	**2,390**	2,277	**1,047**	637
of which non-current	**1,474**	1,280	**957**	596
Offsetting measures	**–839**	–621	**–839**	–621
Consolidation measures	**187**	183	**1**	–
Carrying amount	**1,738**	1,839	**208**	16

Reconciliation of expected to effective tax expense

The expected tax expense is higher than the effective tax expense. The reasons for the difference between the expected and the effective tax expense can be found in the reconciliation accounts as follows:

EUR million	2012	2011
Profit before tax	**5,956**	6,041
Anticipated income tax expense 29.5% (29.5%)	**1,757**	1,782
Reconciliation:		
Divergent foreign tax burden	**–14**	–29
Tax portion for:		
tax-exempt income	**–123**	–243
expenses not deductible for tax purposes	**13**	10
temporary differences and losses for which no deferred tax has been recorded	**1**	30
Non-periodic tax expenses	**–8**	5
Effects of tax rate changes	**4**	–41
Other tax effects	**–27**	87
Income tax expense reported	**1,603**	1,601
Effective tax rate in %	**26.9**	26.5

11 Profit transfer to Volkswagen AG

The amount of EUR 3,790 (3,138) million will be transferred to Volkswagen AG, Wolfsburg, under the profit transfer agreement with AUDI AG.

12 Earnings per share

Basic earnings per share are calculated by dividing the share of profit due to AUDI AG stockholders by the weighted average number of shares in circulation during the fiscal year.
In the case of AUDI AG, the diluted earnings per share are the same as the basic earnings per share, since there were no potential shares of AUDI AG in existence at either December 31, 2012 or December 31, 2011.

	2012	2011
Profit share of AUDI AG stockholders (EUR million)	**4,284**	4,389
Weighted average number of shares	**43,000,000**	43,000,000
Earnings per share in EUR	**99.62**	102.06

Outside stockholders of AUDI AG will receive a compensatory payment for each no-par share in lieu of a dividend for the 2012 fiscal year. The level of this payment corresponds to the dividend that is paid on one ordinary share of Volkswagen AG, Wolfsburg. The dividend payment will be resolved by the Annual General Meeting of Volkswagen AG on April 25, 2013.

13 Additional disclosures on financial instruments in the Income Statement

Categories

Financial instruments are categorized as follows in accordance with IFRS 7:
– measured at fair value,
– measured at amortized cost,
– not under the scope of IFRS 7.

Not within the scope of IFRS 7 are, in particular, investments accounted for using the equity method that are neither financial instruments as defined in IAS 39 nor as defined in IFRS 7.

Net results for financial instruments

The net results for financial instruments – as categorized under IAS 39 – are as follows:

EUR million	2012	2011
Financial instruments measured at fair value through profit or loss	**–102**	134
Loans and receivables	**146**	250
Available-for-sale financial assets	**81**	49
Financial liabilities measured at amortized cost	**–11**	–16

The net results for financial instruments include the net income or expense from interest, fair value measurements, foreign currency translation, reductions for impairment and disposal gains. The "Financial instruments measured at fair value through profit or loss" category presents the results from the settlement and measurement of derivative financial instruments not allocated to hedge accounting.
The "Loans and receivables" category essentially consists of interest income and expenses, impairment losses on receivables, and factoring expenses.
The net result for "available-for-sale financial assets" predominantly comprises income from investments in securities and from other long-term investments not accounted for using the equity method.

Interest income and expense for financial instruments not measured at fair value

EUR million	2012	2011
Interest income	**157**	224
Interest expense	**–38**	–43
Interest income and expense	**120**	181

Interest income that does not relate to the financial instruments measured at fair value primarily covers interest from the Audi Group's cash and cash equivalents, fixed-term deposits and loans extended. Interest expense that does not relate to the financial instruments measured at fair value largely comprises factoring expenses arising in connection with the sale of receivables to Volkswagen Group Services S.A., Brussels (Belgium) and to subsidiaries of Volkswagen AG, Wolfsburg, that are not part of the Audi Group.

Impairment losses for financial assets by category

EUR million	2012	2011
Measured at fair value	**1**	1
Measured at amortized cost	**13**	19
Impairment losses	**14**	20

The impairment losses relate to financial assets, such as impairment losses on receivables, securities and non-consolidated subsidiaries.

Gains and losses from hedging activities

In 2012, EUR 463 million was transferred from the cash flow hedge reserve to other operating profit, with a negative effect on the result, whilst EUR 7 million was transferred to cost of sales with a positive effect on the result. In 2011, EUR 49 million was transferred to other operating profit and EUR 6 million to cost of sales with a positive effect on the result.

NOTES TO THE BALANCE SHEET

14 Intangible assets

EUR million	Dec. 31, 2012	Dec. 31, 2011
Concessions, industrial property rights and similar rights and assets, as well as licenses thereto	**429**	190
Brand names	**421**	18
Goodwill	**378**	72
Capitalized development costs	**2,810**	2,249
of which products currently under development	**834**	629
of which products currently in use	**1,976**	1,620
Payments on account for intangible assets	**1**	1
Total	**4,038**	2,531

The reported goodwill retained its value during the fiscal year. The value is also deemed to be retained in the event of a variation in the growth forecast and/or discounting rate of +/– 0.5 percentage points.

Research and development expenditure recognized as an expense

EUR million	2012	2011
Research expense and non-capitalized development costs	**2,513**	2,243
Impairment losses (reversals) on capitalized development costs	**429**	397
Total	**2,942**	2,641

During the 2012 fiscal year, a total of EUR 3,435 (2,839) million was spent on research and development. Of this total, EUR 923 (596) million fulfilled the capitalization criteria set out in IAS 38. Given the improved sales expectations of one Audi model, an impairment loss of EUR 20 million was reversed in the previous year.

15 Property, plant and equipment

EUR million	Dec. 31, 2012	Dec. 31, 2011
Land, land rights and buildings, including buildings on land owned by others	**2,519**	2,299
of which finance leases	**19**	19
Plant and machinery	**1,290**	1,157
Other plant and office equipment	**2,278**	2,114
Payments on account and assets under construction	**1,518**	1,146
Total	**7,605**	6,716

There is no purchase option with regard to the land and buildings leased on the basis of a financial lease agreement. The rate of interest on which the agreement is based is 3.5 percent.
The financial lease payments due in future, together with their present values, are listed in the following table:

EUR million	2013	2014 to 2017	from 2018	Total
Lease payments	2	10	11	**23**
Interest elements	1	2	2	**5**
Present value	1	8	9	**19**

Payments totaling EUR 115 (125) million for assets rented on the basis of operating lease agreements were recognized as an expense.

16 Leasing and rental assets and investment property

EUR million	Dec. 31, 2012	Dec. 31, 2011
Leasing and rental assets	**2**	5
Investment property	**118**	3

The carrying amounts of the leased assets and investment property correspond to the fair values. The fair values were calculated internally on the basis of recognized measurement methods. With regard to the investment property, the amount of EUR 115 million relates to buildings and land leased on the basis of a financial lease arrangement. The maximum interest rate on which the lease is based is 4.4 percent. The financial lease payments due in future, together with their present values, are listed in the following table:

EUR million	2013	2014 to 2017	from 2018	Total
Lease payments	8	34	146	**188**
Interest elements	0	3	68	**72**
Present value	8	31	77	**116**

No operating costs were incurred in relation to maintaining the investment property.
The following payments are expected in future from non-cancelable operating leases related to this investment property:

EUR million	2013	2014 to 2017	from 2018	Total
Lease payments	4	15	56	**75**

17 Investments accounted for using the equity method

Changes in relation to the investments accounted for using the equity method in FAW-Volkswagen Automotive Company Ltd., Changchun (China) and Volkswagen Group Services S.A., Brussels (Belgium), are shown in the development of the fixed assets. The acquisition of the holding in Volkswagen Group Services S.A. resulted in the addition of EUR 3,000 million during the 2012 fiscal year.
On the basis of the interest held, the following values are attributable to the Audi Group from its investments accounted for using the equity method:

EUR million	2012	2011
Non-current assets	**2,535**	398
Current assets	**4,176**	820
Non-current liabilities	**261**	79
Current liabilities	**2,811**	679
Revenues	**3,261**	2,378
Profit	**415**	270

18 Other long-term investments

EUR million	Dec. 31, 2012	Dec. 31, 2011
Investments in affiliated companies	**128**	143
Shares in associated companies and participating interests	**126**	100
Total	**254**	244

19 Deferred tax assets

The temporary differences between tax bases and carrying amounts in the Consolidated Financial Statements are explained under "Deferred tax" in the "Recognition and measurement principles," and under Note 10, "Income tax expense."

20 Other financial assets

The financial assets reported in previous years under "Other receivables and financial assets" are presented in more detail in both the current and non-current areas for the 2012 fiscal year. The prior year's figures have been broken down accordingly.

Non-current other financial assets

EUR million	Dec. 31, 2012	Dec. 31, 2011
Positive fair values from derivative financial instruments	**464**	236
of which to affiliated companies	**407**	152
Fixed deposits and loans extended	**171**	131
of which to affiliated companies	**170**	130
Miscellaneous financial assets	**27**	24
Total	**662**	391

With regard to fixed deposits and loans extended, as well as other non-current financial assets, the fair values for 2012 correspond to the carrying amounts. The fixed deposits and loans extended accrue interest at rates of interest of up to 4.5 (4.5) percent.
Derivative financial instruments are measured at market value. The total position in relation to hedging instruments is presented under Note 37.5, "Methods of monitoring the effectiveness of hedging relationships."

Current other financial assets

EUR million	Dec. 31, 2012	Dec. 31, 2011
Positive fair values from derivative financial instruments	**205**	97
of which to affiliated companies	**162**	90
Fixed deposits and loans extended	**1,560**	6,697
of which to affiliated companies	**1,559**	6,671
Miscellaneous financial assets	**538**	240
of which to affiliated companies	**408**	169
Total	**2,303**	7,033

The carrying amounts correspond to the fair values.

The positive fair values of current and non-current derivative financial instruments are composed as follows:

EUR million	Dec. 31, 2012	Dec. 31, 2011
Cash flow hedges to hedge against		
currency risks from future payment streams	**518**	137
commodity price risks from future payment streams	**23**	38
Other derivative financial instruments	**128**	157
Positive fair values of derivative financial instruments	**669**	332

21 Other receivables

Non-current other receivables

EUR million	Dec. 31, 2012	Dec. 31, 2011
Tax claims	**2**	2
Miscellaneous receivables	**11**	19
Total	**13**	21

Current other receivables

EUR million	Dec. 31, 2012	Dec. 31, 2011
Tax claims	**246**	157
Miscellaneous receivables	**204**	116
Total	**451**	273

22 Inventories

EUR million	Dec. 31, 2012	Dec. 31, 2011
Raw materials and supplies	**417**	433
Work in progress	**570**	463
Finished goods and merchandise	**2,750**	2,832
Current leased assets	**594**	650
Total	**4,331**	4,377

Inventories amounting to EUR 35,467 (32,697) million were recorded as cost of sales at the same time that the revenue from them was realized.
EUR 1,092 (1,008) million of the total inventories was capitalized at the net realizable value. The impairment resulting from the measurement of inventories on the basis of sales markets amounted to EUR 76 (65) million.
No reversals of impairment losses were performed in the fiscal year.
Of the finished goods inventory, a portion of the company car fleet valued at EUR 260 (227) million has been pledged as collateral for commitments toward employees, under the partial retirement block model. The other reported inventories are not subject to any significant restrictions on ownership or disposal.
Leased vehicles with an operating lease term of up to one year were reported under inventories in the amount of EUR 594 (650) million. In the 2013 fiscal year, payments in the amount of EUR 43 million are expected from irrevocable leasing relationships.

23 Trade receivables

EUR million	Dec. 31, 2012	Dec. 31, 2011
Trade receivables from		
third parties	**1,145**	1,421
affiliated companies	**684**	1,060
associated companies and participating interests	**423**	529
Total	**2,251**	3,009

The carrying amounts of the trade receivables correspond to the fair values due to their short-term nature.
All receivables will be realized within the next 12 months. Impairment losses on trade receivables are detailed under Note 37.2, “Credit risks.”

24 Effective income tax assets

Entitlements to income tax rebates, predominantly for foreign Group companies, are reported under this item.

25 Securities, cash and cash equivalents

Securities include fixed or variable-interest securities and equities in the amount of EUR 1,807 (1,594) million.

Cash and cash equivalents essentially comprise credit balances with banks and affiliated companies amounting to EUR 11,170 (8,513) million. The credit balances with banks amounting to EUR 482 (435) million are held at various banks in different currencies. Balances with affiliated companies include daily and short-term investments with only marginal risk of fluctuations in value and amount to EUR 10,688 (8,077) million.

26 Equity

Information on the composition and development of equity is provided on pages 206 and 207 in the Statement of Changes in Equity.

AUDI AG's share capital is unchanged, at EUR 110,080,000. One share grants an arithmetical share of EUR 2.56 of the issued capital. This capital is divided into 43,000,000 no-par bearer shares.

The capital reserves contain premiums paid in connection with the issuance of shares of the Company. During the year under review, the capital reserves of AUDI AG rose to EUR 1,569 million as a result of a contribution in the amount of EUR 5,084 million by Volkswagen AG, Wolfsburg.

The opportunities and risks under foreign exchange, currency option, commodity price and interest hedging transactions serving as hedges for future cash flows are deferred in the reserve for cash flow hedges with no effect on income. When the cash flow hedges become due, the results from the settlement of the hedging contracts are reported under the operating profit.

Unrealized gains and losses from the measurement at fair value of financial assets available for sale are recognized in the reserve for the market-price measurement of securities. Upon disposal of the securities, share price gains and losses realized are reported under the financial result.

Adjustments to actuarial assumptions on retirement benefit obligations are recognized in equity and do not affect actuarial income.

Foreign currency translation differences that do not affect income and, on a pro rata basis, cash flow hedges with no effect on income and actuarial losses of companies valued at equity are included in the reserve for investments accounted for using the equity method.

The shares held by non-controlling interests in the equity capital can be broken down as follows, with each shareholder holding 100 percent of the shares in the listed companies and to whom the result achieved by the Company is attributable:

Fully consolidated group company	Non-controlling interests
Audi Canada Inc., Ajax (Canada)	Volkswagen Group Canada, Inc., Ajax (Canada)
Audi of America, LLC, Herndon (USA)	VOLKSWAGEN GROUP OF AMERICA, INC., Herndon, (USA)
Automobili Lamborghini America, LLC, Wilmington, Delaware (USA)	VOLKSWAGEN GROUP OF AMERICA, INC., Herndon, (USA)

The balance of EUR 494 (1,251) million remaining after the transfer of profit to Volkswagen AG is allocated to the other retained earnings.

LIABILITIES

27 Financial liabilities

Non-current financial liabilities

EUR million	Dec. 31, 2012	Dec. 31, 2011
Liabilities from loans	**1**	3
Liabilities to banks	**15**	–
Liabilities from financial lease agreements	**129**	18
Total	**145**	21

The carrying amounts correspond to the fair values.

Current financial liabilities

EUR million	Dec. 31, 2012	Dec. 31, 2011
Liabilities to affiliated factoring companies	**1,057**	1,001
Loans from affiliated companies	**103**	158
Liabilities to banks	**1**	12
Liabilities from financial lease agreements	**7**	1
Total	**1,168**	1,172

The carrying amounts correspond to the fair values due to the short-term maturities. Measurement of the non-current and current financial lease agreements is based on market interest rates in each case.

28 Deferred tax liabilities

The temporary differences between tax bases and carrying amounts in the Consolidated Financial Statements are explained under “Deferred tax” in the “Recognition and measurement principles,” and under Note 10, “Income tax expense.”
Pursuant to IAS 1, deferred tax liabilities are reported as non-current liabilities, irrespective of their maturities.

29 Other financial liabilities

The financial liabilities reported in previous years under “Other liabilities” are presented in more detail in both the current and non-current areas for the 2012 fiscal year. The prior year’s figures have been broken down accordingly.

Non-current other financial liabilities

EUR million	Dec. 31, 2012	Dec. 31, 2011
Negative fair values from derivative financial instruments	**218**	545
of which to affiliated companies	**203**	538
Miscellaneous financial liabilities	**26**	24
Total	**244**	569

The derivative currency hedging instruments reported under other financial liabilities are measured at market values. The total item of currency hedging instruments is presented under Note 37, “Management of financial risks.”

Current other financial liabilities

EUR million	Dec. 31, 2012	Dec. 31, 2011
Negative fair values from derivative financial instruments	**259**	461
of which to affiliated companies	**256**	435
Liabilities to affiliated companies from the transfer of profit	**3,790**	3,138
Miscellaneous financial liabilities	**436**	675
Total	**4,485**	4,273

The negative fair values of current and non-current derivative financial instruments are composed as follows:

EUR million	Dec. 31, 2012	Dec. 31, 2011
Cash flow hedges to hedge against		
currency risks from future payment streams	**397**	871
commodity price risks from future payment streams (cash flow hedges)	**9**	10
Other derivative financial instruments	**71**	125
Negative fair values of derivative financial instruments	**477**	1,005

30 Other liabilities

Non-current other liabilities

EUR million	Dec. 31, 2012	Dec. 31, 2011
Advances received under service contracts	**260**	192
Liabilities from other taxes	**48**	47
Social security liabilities	**31**	38
Liabilities from payroll accounting	**77**	82
Other liabilities to affiliated companies	**294**	152
Total	**711**	511

Liabilities with a time to maturity of more than five years amount to EUR 124 (101) million.

Current other liabilities

EUR million	Dec. 31, 2012	Dec. 31, 2011
Advances received for orders from customers and service contracts	**991**	685
of which from affiliated companies	**332**	8
of which from associated companies	**93**	76
Liabilities from other taxes	**154**	131
Social security liabilities	**130**	118
Liabilities from payroll accounting	**1,046**	1,104
Other liabilities	**47**	44
of which to affiliated companies	**10**	14
Total	**2,368**	2,082

The carrying amounts correspond to the fair values.

31 Provisions for pensions

Provisions for pensions are created on the basis of plans to provide retirement, disability and surviving dependant benefits. The benefit amounts are generally contingent on the length of service and the remuneration of the employees.

Both defined contribution and defined benefit plans exist within the Audi Group for retirement benefit arrangements. In the case of defined contribution plans, the Company pays contributions to public or private-sector pension plans on the basis of statutory or contractual requirements, or on a voluntary basis. Payment of these contributions releases the Company from any other benefit obligations. Current contribution payments are reported as an expense for the year in question. With regard to the Audi Group they total EUR 303 (281) million. Of this, contributions of EUR 286 (268) million were paid in Germany toward statutory pension insurance.

The retirement benefit systems are based predominantly on defined benefit plans, with a distinction being made between systems based on provisions and externally financed benefit systems. The domestic and foreign benefit claims of those with entitlement to a pension from the Company pension scheme are calculated in accordance with IAS 19 (Employee Benefits) on the basis of the projected unit credit method. This measures future obligations on the basis of the pro rata benefit entitlements acquired as of the balance sheet date. For purposes of measurement, trend assumptions are used for the relevant variables affecting the level of benefits.

The retirement benefit scheme within the Audi Group was evolved into a pension fund model in Germany on January 1, 2001. The retirement benefit commitments for this model are also classified as defined benefits in accordance with the requirements of IAS 19. The remuneration-based annual cost of providing employee benefits is invested in mutual funds on a fiduciary basis by Volkswagen Pension Trust e.V., Wolfsburg. This model offers employees the opportunity of increasing their pension entitlements, while providing full risk coverage. As the mutual fund units administered on a fiduciary basis satisfy the requirements of IAS 19 as plan assets, these funds were offset against the derived retirement benefit obligations.

The amounts recorded in the Balance Sheet for benefit obligations are presented in the following table:

EUR million	**Dec. 31, 2012**	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Present value of externally funded defined benefit obligations	**1,009**	723	679	586	464
Fair value of plan assets	**844**	714	670	583	471
Financing status (balance)	**165**	10	9	3	–7
Due to the limit on a defined benefit asset amount not capitalized under IAS 19	**–**	–	–	–	7
Present value of defined benefit obligations not externally funded	**3,305**	2,495	2,322	2,096	1,946
Provisions for pensions recognized in the Balance Sheet	**3,470**	2,505	2,331	2,098	1,946

The present value of the defined benefit obligations changed as follows:

EUR million	2012	2011
Present value on January 1	**3,218**	3,001
Changes in the group of consolidated companies and first-time adoption of IAS 19	**6**	1
Service cost	**106**	79
Interest cost	**141**	141
Actuarial gains (–)/losses (+)	**+938**	+92
Pension payments from company assets	**–95**	–92
Pension payments from fund assets	**–5**	–4
Effects from transfers	**4**	–1
Currency differences	**–1**	1
Present value on December 31	**4,314**	3,218

The reconciliation for the fair value of the plan assets is as follows:

EUR million	2012	2011
Plan assets on January 1	**714**	670
Changes in the group of consolidated companies and first-time adoption of IAS 19	**1**	–
Expected return on plan assets	**28**	29
Actuarial gains (+)/losses (–)	**8**	–51
Employer contributions	**97**	69
Benefits paid	**–5**	–4
Effects of transfers	**1**	0
Plan assets on December 31	**844**	714

In the 2012 fiscal year, actual gains from the plan assets amounted to EUR 36 million. In the 2011 fiscal year, actual losses from the plan assets amounted to EUR 21 million.
The long-term overall yield on the plan assets is determined on a uniform basis and depends on the actual long-term earnings of the portfolio, historical overall market yields, and a forecast of the anticipated yields of the classes of security in the portfolio.
Employer contributions to the fund assets totaling EUR 88 (70) million are expected for the following fiscal year.
The composition of fund assets is as follows, by category:

as % of fund assets	2012	2011
Shares	**28.4**	28.6
Fixed-income securities	**55.3**	62.2
Cash	**11.7**	4.4
Real estate	**2.5**	2.6
Other	**2.1**	2.2
Total	**100.0**	100.0

Actuarial gains and losses result from changes in the entitlement base and from deviations in the actual trends (e.g. increases in pay or retirement benefits) from the figures assumed for calculation purposes. In accordance with the requirements of IAS 19, such gains and losses are recognized without affecting income under a separate line item within equity, taking deferred tax into account.

The following amounts were recognized in the Income Statement:

EUR million	2012	2011
Current service cost for services provided by the employees in the fiscal year	**–106**	–79
Interest cost	**–141**	–141
Expected return on plan assets	**28**	29
Total	**–220**	–191

The interest element in pension costs is shown under financing costs. The expected return on plan assets is also shown under this item.

The provisions for pensions recognized in the Balance Sheet are determined by offsetting the present value against the plan assets pursuant to IAS 19. The development of the net liability recognized as provisions for pensions was as follows:

EUR million	2012	2011
Provisions for pensions on January 1	**2,505**	2,331
Changes in the group of consolidated companies and first-time adoption of IAS 19	**5**	1
Employee benefit expenses	**220**	191
Actuarial gains (–)/losses (+)	**+931**	+143
Pension payments from company assets	**–95**	–92
Contributions paid to external pension funds	**–97**	–69
Effects from transfers	**4**	–1
Currency differences	**–1**	1
Provisions for pensions on December 31	**3,470**	2,505

The experience-based adjustments, i.e. the effects of differences between actuarial assumptions and what has actually transpired, are presented in the following table:

	2012	2011	2010	2009	2008
Difference between anticipated and actual performance					
as % of the present value of the obligation	**–0.91**	0.88	–0.31	1.37	0.17
as % of fair value of plan assets	**0.90**	–7.12	0.84	–4.86	–9.88

In detail, the calculation of the defined benefit obligation for staff employed in Germany is based on the following actuarial assumptions:

%	Dec. 31, 2012	Dec. 31, 2011
Remuneration trend	**2.90**	2.80
Retirement benefit trend	**1.80**	1.60
Discount rate	**3.20**	4.60
Staff turnover rate	**1.00**	1.00
Anticipated yield on plan assets	**3.75**	3.75

The “2005 G Reference Tables” published by HEUBECK-RICHTTAFELN-GmbH, Cologne, served as the biometric basis for calculation of retirement benefits.
The reduction in the discount rate is the main factor responsible for the increase in actuarial losses.

32 Effective income tax obligations

Effective income tax obligations consist primarily of tax liabilities to Volkswagen AG, Wolfsburg, under allocation plans.

33 Other provisions

EUR million	Dec. 31, 2012		Dec. 31, 2011	
	Total	Of which due within one year	Total	Of which due within one year
Obligations from sales operations	**5,102**	**1,936**	5,020	1,806
Workforce-related provisions	**1,007**	**194**	937	249
Other provisions	**955**	**673**	1,135	802
Total	**7,064**	**2,803**	7,092	2,858

Obligations from sales operations primarily comprise warranty claims from the sale of vehicles, components and genuine parts, including the disposal of end-of-life vehicles. Warranty claims are determined on the basis of previous or estimated future loss experience. This item additionally includes rebates, bonuses and similar discounts due to be granted and arising subsequent to the balance sheet date but occasioned by revenue prior to the balance sheet date.
The workforce-related provisions are created for such purposes as service anniversary awards, partial retirement arrangements and proposals for improvements. The refund claims against the German Federal Employment Agency as part of implementation of the partial retirement model are reported under other assets (Note 21, “Other receivables”).
The other provisions include reserves for price and process risks.
Anticipated outflows from other provisions are 40 percent in the following year, 50 percent in the years 2014 through 2017, and 10 percent thereafter.
The provisions developed as follows:

EUR million	Jan. 1, 2012	Currency differences	Changes in the group of consolidated companies	Utilization	Dissolution	Addition	Interest effect from measurement	Dec. 31, 2012
Obligations from sales operations	5,020	–28	–23	1,319	361	1,731	83	**5,102**
Workforce-related provisions	937	–0	–1	197	19	189	97	**1,007**
Other provisions	1,135	–0	26	411	163	358	11	**955**
Total	7,092	–29	2	1,927	544	2,279	192	**7,064**

34 Trade payables

EUR million	Dec. 31, 2012	Dec. 31, 2011
Trade payables to		
third parties	**3,402**	3,383
affiliated companies	**826**	797
associated companies and participating interests	**42**	14
Total	**4,270**	4,193

The fair values of the trade payables correspond to the carrying amounts due to their short-term nature.
The customary retention of title applies to liabilities from deliveries of goods.

ADDITIONAL DISCLOSURES

35 Capital management

The primary goal of capital management within the Audi Group is to assure financial flexibility in order to achieve business and growth targets, and to enable continuous, steady growth in the value of the Company. In particular, management is focused on achieving the minimum return demanded by the capital market on the invested assets. The capital structure is steered specifically with this in mind, and the economic environment is kept under constant observation. The objectives, methods and procedures for optimizing capital management remained unchanged at December 31, 2012. For this purpose, the development of key cost and value factors are analyzed regularly; appropriate optimization measures are then defined and their implementation is monitored on an ongoing basis. To ensure that resources are deployed as efficiently as possible, and to measure success in this regard, the Audi Group has been using return on investment as an indicator based on capital expenditure for several years now.
The equity and financial liabilities from the transfer of profit are summarized in the following table:

EUR million	Dec. 31, 2012	Dec. 31, 2011
Equity	**15,033**	12,903
as % of total capital	**37.2**	34.9
Financial liabilities from the transfer of profit	**5,103**	4,330
Current financial liabilities	**1,168**	1,172
Non-current financial liabilities	**145**	21
Liabilities from the transfer of profit	**3,790**	3,138
as % of total capital	**12.6**	11.7
Total capital (balance sheet total)	**40,425**	37,019

Around 99.55 percent of the issued capital is held by Volkswagen AG, Wolfsburg, with which a control and profit transfer agreement exists.
In the 2012 fiscal year, equity rose by 16.5 percent compared with the prior year. This is primarily due to the allocation to other retained earnings and a cash injection to the capital reserve by Volkswagen AG.

36 Additional disclosures on financial instruments in the Balance Sheet

Measurement of financial instruments at fair value is based on a three-level hierarchy and on the proximity of the measurement factors used to an active market. An active market is one in which homogeneous products are traded, where willing buyers and sellers can be found for them at all times, and where their prices are publicly available. Level 1 involves the measurement of financial instruments, such as securities, listed on active markets.

Level 2 involves the measurement of financial instruments such as derivatives based on market-related, recognized financial valuation models, where the measurement factors, such as exchange rates or interest rates, can be observed directly or indirectly on active markets.

In the Audi Group, level 3 mainly covers residual value hedging arrangements with the retail trade. The input factors for measuring the future development of used car prices cannot be observed on active markets; they are forecast by various independent institutions. The residual value hedging model is explained in Note 37.4, “Market risks.”

Furthermore, non-current commodity futures are also measured according to level 3, as the key parameters for their measurement cannot be observed on active markets owing to the long-term nature of the contracts, but are extrapolated. During the previous year, rights to acquire shares in companies were also assigned to fair value level 3, at which input factors that are not derived from active markets can be used for measurement.

The following table presents a reconciliation of the carrying amounts of the Balance Sheet items with the individual IFRS 7 categories:

Carrying amounts of financial instruments as of December 31, 2012

EUR million	Carrying amount as per Balance Sheet as of Dec. 31, 2012	Measured at fair value through profit or loss	Available for sale	Loans and receivables
ASSETS				
Non-current				
Other long-term investments	**254**	–	254	–
Other financial assets [1]	**662**			
of which from the positive fair values of derivative financial instruments	**464**	71	–	–
of which fixed deposits and extended loans	**171**	–	–	171
of which other financial assets	**27**	–	–	27
Current				
Trade receivables	**2,251**	–	–	2,251
Other financial assets [1]	**2,303**			
of which from the positive fair values of derivative financial instruments	**205**	57	–	–
of which fixed deposits and extended loans	**1,560**	–	–	1,560
of which other financial assets	**538**	–	–	535
Securities	**1,807**	–	1,807	–
Cash and cash equivalents	**11,170**	–	–	11,170
Total financial assets	**18,449**	128	2,062	15,715
LIABILITIES AND SHAREHOLDERS' EQUITY				
Non-current				
Financial liabilities	**145**			
of which liabilities from financial lease agreements	**129**	–	–	–
of which other financial liabilities	**16**	–	–	–
Other financial liabilities	**244**			
of which from the negative fair values of derivative financial instruments	**218**	35	–	–
of which other financial liabilities	**26**	–	–	–
Current				
Financial liabilities	**1,168**			
of which liabilities from financial lease agreements	**7**	–	–	–
of which other financial liabilities	**1,161**	–	–	–
Trade payables	**4,270**	–	–	–
Other financial liabilities	**4,485**			
of which from the negative fair values of derivative financial instruments	**259**	36	–	–
of which other financial liabilities	**4,226**	–	–	–
Total financial liabilities	**10,312**	71	–	–

1) The financial assets reported in previous years under "Other receivables and financial assets" are presented separately in both the current and non-current areas for the 2012 fiscal year. Other receivables that are not financial instruments are no longer contained in the above table. The prior year's figures have been adjusted accordingly.

2) The financial liabilities reported in previous years under "Other liabilities" are presented separately in both the current and non-current areas for the 2012 fiscal year. The prior year's figures have been broken down accordingly. Other liabilities that are not financial instruments are no longer contained in the above table. The prior year's figures have been adjusted accordingly.

Reconciliation of balance sheet items to classes of financial instruments			Classification in measurement levels pursuant to IFRS 7			
	No category assigned under IAS 39		Measured at fair value			
Financial liabilities measured at amortized cost	Derivative financial instruments with hedging relationships	Not covered by IAS 39	Level 1	Level 2	Level 3	Measured at amortized cost
–	–	–	–	–	–	254
–	393	–	–	402	62	–
–	–	–	–	–	–	171
–	–	–	–	–	–	27
–	–	–	–	–	–	2,251
–	147	–	–	164	41	–
–	–	–	–	–	–	1,560
–	–	4	–	–	–	538
–	–	–	1,807	–	–	–
–	–	–	–	–	–	11,170
–	541	4	1,807	566	103	15,973
–	–	129	–	–	–	129
16	–	–	–	–	–	16
–	183	–	–	201	17	–
26	–	–	–	–	–	26
–	–	7	–	–	–	7
1,161	–	–	–	–	–	1,161
4,270	–	–	–	–	–	4,270
–	223	–	–	256	3	–
4,226	–	–	–	–	–	4,226
9,700	406	135	–	457	20	9,835

The fair values of financial assets within the category “Measured at amortized cost” amount to EUR 15,973 (18,857) million and are indicated in the relevant sections, under the Notes to the Balance Sheet. The fair values of financial liabilities within the category “Measured at amortized cost” amount to EUR 9,835 (9,222) million and are indicated under the notes to the relevant Balance Sheet items. In the case of current financial assets and liabilities measured at amortized cost, the fair values correspond to the carrying amounts.

Carrying amounts of financial instruments as of December 31, 2011

EUR million	Carrying amount as per Balance Sheet as of Dec. 31, 2011	Measured at fair value through profit or loss	Available for sale	Loans and receivables	
ASSETS					
Non-current					
Other long-term investments	**246**	–	246	–	
Other financial assets	**389**				
of which from the positive fair values of derivative financial instruments	**236**	124	–	–	
of which fixed deposits and extended loans	**131**	–	–	131	
of which other financial assets	**22**	–	–	22	
Current					
Trade receivables	**3,009**	–	–	3,009	
Other financial assets	**7,033**				
of which from the positive fair values of derivative financial instruments	**97**	45	–	–	
of which fixed deposits and extended loans	**6,697**	–	–	6,697	
of which other financial assets	**240**	–	–	240	
Securities	**1,594**	–	1,594	–	
Cash and cash equivalents	**8,513**	–	–	8,513	
Total financial assets	**20,783**	169	1,840	18,612	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Non-current					
Financial liabilities	**21**				
of which liabilities from financial lease agreements	**18**	–	–	–	
of which other financial liabilities	**3**	–	–	–	
Other financial liabilities	**569**				
of which from the negative fair values of derivative financial instruments	**545**	55	–	–	
of which other financial liabilities	**24**	–	–	–	
Current					
Financial liabilities	**1,172**				
of which liabilities from financial lease agreements	**1**	–	–	–	
of which other financial liabilities	**1,171**	–	–	–	
Trade payables	**4,193**	–	–	–	
Other financial liabilities	**4,273**				
of which from the negative fair values of derivative financial instruments	**461**	71	–	–	
of which other financial liabilities	**3,813**	–	–	–	
Total financial liabilities	**10,229**	126	–	–	

Reconciliation of balance sheet items to classes of financial instruments			Classification in measurement levels pursuant to IFRS 7			
	No category assigned under IAS 39		Measured at fair value			
Financial liabilities measured at amortized cost	Derivative financial instruments with hedging relationships	Not covered by IAS 39	Level 1	Level 2	Level 3	Measured at amortized cost
–	–	–	–	–	–	246
–	111	–	–	140	96	–
–	–	–	–	–	–	131
–	–	–	–	–	–	22
–	–	–	–	–	–	3,009
–	51	–	–	90	6	–
–	–	–	–	–	–	6,697
–	–	–	–	–	–	240
–	–	–	1,594	–	–	–
–	–	–	–	–	–	8,513
–	163	–	1,594	230	102	18,857
–	–	18	–	–	–	18
3	–	–	–	–	–	3
–	491	–	–	521	24	–
24	–	–	–	–	–	24
–	–	1	–	–	–	1
1,171	–	–	–	–	–	1,171
4,193	–	–	–	–	–	4,193
–	390	–	–	436	25	–
3,813	–	–	–	–	–	3,813
9,204	881	19	–	957	49	9,222

Reconciliation statement for financial instruments measured according to level 3

EUR million	2012	2011
Positive fair values of level 3 derivative financial instruments as of January 1	**102**	71
Income and expense (–) recognized in the operating profit	**9**	34
Income and expense (–) recognized in the financial result	**3**	3
Income and expense (–) recognized in equity	**0**	27
Reclassification from level 3 to level 2	**–12**	–33
Positive fair values of level 3 derivative financial instruments as of December 31	**103**	102
Income and expense (–) recognized in the operating profit from level 3 derivative financial instruments still held at December 31	**13**	34
Income and expense (–) recognized in the financial result from level 3 derivative financial instruments still held at December 31	**–1**	–

EUR million	2012	2011
Negative fair values of level 3 derivative financial instruments as of January 1	**–49**	–127
Income and expense (–) recognized in the operating profit	**–3**	11
Income and expense (–) recognized in the financial result	**–2**	–17
Income and expense (–) recognized in equity	**1**	–6
Realizations	**19**	83
Reclassification from level 3 to level 2	**15**	6
Negative fair values of level 3 derivative financial instruments as of December 31	**–20**	–49
Income and expense (–) recognized in the operating profit from level 3 derivative financial instruments still held at December 31	**–24**	14
Income and expense (–) recognized in the financial result from level 3 derivative financial instruments still held at December 31	**0**	11

The residual value hedging model is categorically allocated to level 3. The reclassifications from level 3 to level 2 contain commodity futures for whose measurement it is no longer necessary to extrapolate the exchange rates because these can now be observed again on the active market. The effects of changes in the market price of used cars resulting from hedging arrangements are shown in detail under Note 37.4, “Market risks.”
Risks resulting from fair value fluctuations in the derivative financial instruments measured according to level 3 are calculated within the Audi Group by means of sensitivity analyses. In this way, effects of changes in commodity price listings on profit and equity are shown. A 10 percent rise or fall in the commodity prices of commodity futures measured according to level 3 at December 31, 2012 would impact on equity in the amount of EUR 5 (12) million. The effect on profit of this rise or fall would be EUR 1 (11) million.

37 Management of financial risks

37.1 Hedging guidelines and principles of financial risk management

The principles and responsibilities involved in managing and controlling risks associated with financial instruments are stipulated by the Board of Management in accordance with the Volkswagen Group guidelines and statutory parameters, and monitored by the Supervisory Board.

Operational risk management is carried out by the Group Treasury, as well as by AUDI AG and Volkswagen AG, Wolfsburg. The Board of Management and Supervisory Board of AUDI AG are regularly briefed on the current risk situation. Additionally, the Volkswagen Executive Committee for Liquidity and Foreign Currency is regularly updated on the current financial risks.

Further details are provided in the Management Report on page 196.

37.2 Credit risks

Credit risks from financial assets comprise the risk of default by a contractual party and therefore do not exceed the positive fair values in respect of the contractual party in question. The risk from non-derivative financial instruments is covered by value adjustments for loss of receivables. The contractual partners for cash and capital investments, as well as currency and raw materials hedging instruments, have impeccable credit standings. Over and above this, the risks are restricted by a limit system that is based on the credit ratings of international rating agencies and the equity base of the contractual parties.
The Group's global business operations and resulting diversification meant that there were no major risk concentrations during the past fiscal year.

The credit quality of financial assets measured at amortized cost is shown in the following table:

EUR million	**Gross carrying amount as of Dec. 31, 2012**	Neither past due nor impaired	Past due and not impaired	Impaired
Measured at amortized cost				
Trade receivables	**2,313**	1,388	859	66
Other receivables	**2,345**	2,274	22	49
of which receivables from loans	**1,731**	1,731	0	–
of which miscellaneous receivables	**614**	543	22	49
Total	**4,658**	3,663	881	115

EUR million	Gross carrying amount as of Dec. 31, 2011	Neither past due nor impaired	Past due and not impaired	Impaired
Measured at amortized cost				
Trade receivables	3,059	2,459	533	67
Other receivables	7,138	7,027	61	50
of which receivables from loans	6,827	6,827	–	–
of which miscellaneous receivables	311	199	61	50
Total	10,197	9,486	594	117

The Audi Group's trading partners, borrowers and debtors are regularly monitored under the risk management system. All receivables that are "Neither past due nor impaired," amounting to EUR 3,663 (9,486) million, are allocable to risk category 1. Risk category 1 is the highest rating category within the Volkswagen Group; it exclusively comprises "Receivables owing from customers of high creditworthiness."

Within the Audi Group, there are absolutely no past due financial instruments measured at fair value. The fair values of these financial instruments are determined based on their market prices. Specific value adjustments of securities measured at fair value were reversed in the amount of EUR 4 million in the Audi Group during the 2012 fiscal year.

Financial assets that are past due and not impaired are presented in the following analysis by maturity dates of gross carrying amounts:

EUR million	Past due and not impaired	Past due		
	Dec. 31, 2012	Up to 30 days	30 to 90 days	More than 90 days
Measured at amortized cost				
Trade receivables	**859**	423	370	66
Other receivables	**22**	13	3	7
Total	**881**	436	372	72

EUR million	Past due and not impaired	Past due		
	Dec. 31, 2011	Up to 30 days	30 to 90 days	More than 90 days
Measured at amortized cost				
Trade receivables	533	407	82	43
Other receivables	61	42	16	4
Total	594	449	98	47

The credit risk is low overall, as the vast majority of the past due and not impaired financial assets are past due by only a short period – predominantly owing to customers' purchase invoices and payment processes.

Value adjustments

Developments of value adjustments of claims that existed on the balance sheet date and that were measured at amortized cost can be broken down as follows for the 2012 and 2011 fiscal years:

EUR million	**2012**	**Specific value adjustment**	2011	Specific value adjustment
Position as of January 1	**98**	**98**	94	94
Changes in group of consolidated companies	**10**	**10**	0	0
Addition	**13**	**13**	19	19
Utilization	**–6**	**–6**	–10	–10
Dissolution	**–6**	**–6**	–6	–6
Position as of December 31	**110**	**110**	98	98

Portfolio-based value adjustments are not used within the Audi Group.

Collateral

The credit risk is reduced by collateral held of EUR 1,235 (1,472) million. In the Audi Group, collateral is primarily held in relation to trade receivables. Vehicles, bank guarantees and banker's bonds are the main forms of collateral provided.

37.3 Liquidity risks

Liquidity risks arise from financial liabilities if current payment obligations can no longer be met. A liquidity forecast based on a fixed planning horizon coupled with available yet unused lines of credit assures adequate liquidity at all times in the Audi Group.

Analysis by maturity date of undiscounted cash used for financial instruments

The undiscounted, contractually agreed cashflows from financial instruments are categorized separately by maturity date in the following table:

EUR million	Total	Residual contractual maturities		
	Dec. 31, 2012	Up to 1 year	1 to 5 years	Over 5 years
Financial liabilities	**1,390**	1,172	49	168
Trade payables	**4,270**	4,270	–	–
Other financial liabilities and obligations	**4,350**	4,324	26	–
Derivative financial instruments	**26,561**	10,931	15,630	–
Total	**36,571**	20,697	15,705	168

EUR million	Total	Residual contractual maturities		
	Dec. 31, 2011	Up to 1 year	1 to 5 years	Over 5 years
Financial liabilities	1,198	1,173	13	12
Trade payables	4,193	4,193	–	–
Other financial liabilities and obligations	4,070	4,041	24	–
Derivative financial instruments	28,221	10,422	17,799	–
Total	37,682	19,829	17,836	12

The cash used for derivatives where gross settlement has been agreed is offset by cash received. These cash receipts are not presented in the analysis by maturity date. Had the cash receipts also been taken into account, the cash used would have been significantly lower in the analysis by maturity date.

Collateral

The Audi Group recorded financial assets as collateral for liabilities in the amount of EUR 98 (234) million. This collateral is used by contractual parties primarily as soon as credit periods for secured liabilities are exceeded.

37.4 Market risks

Given the global nature of its operations, the Audi Group is exposed to various market risks, which are described below. The individual risk types and the respective risk management measures are also described. Additionally, these risks are quantified by means of sensitivity analyses.

Hedging policy and financial derivatives

The market risks to which the Audi Group is exposed include, in particular, currency, interest rate, commodity price and fund price risks. As part of the risk management process, these risks are limited by entering into hedging transactions. All necessary hedging measures are implemented centrally by the Group Treasury of Volkswagen AG, Wolfsburg, or coordinated via the Group Treasury of AUDI AG. There were no risk concentrations during the past fiscal year.
The market price risks associated with derivative and non-derivative financial instruments pursuant to IFRS 7 are calculated in the Audi Group using sensitivity analyses. Changes to the risk variables within the respective market price risks are used to calculate the impact on equity and on profit after tax.

Currency risks

The Audi Group is exposed to exchange rate fluctuations in view of its international business activities. The measures implemented to hedge against these currency risks are coordinated regularly between AUDI AG and the Group Treasury of Volkswagen AG, Wolfsburg, in accordance with Volkswagen's organizational guideline.

These risks are limited by concluding appropriate hedges for matching amounts and maturities. The hedging transactions are performed centrally for the Audi Group by Volkswagen AG on the basis of an agency agreement. The results from hedging transactions are credited or debited each month by the Group Treasury of Volkswagen AG on the basis of the contract volume allocated to the Audi Group.

In accordance with the Volkswagen organizational guideline, AUDI AG additionally concludes hedging transactions of its own to a limited extent, where this helps to simplify current operations.

Marketable derivative financial instruments (foreign exchange contracts, currency option transactions and currency swaps) are used for this purpose. Contracts are concluded exclusively with first-rate national and international banks whose creditworthiness is regularly examined by leading rating agencies and Central Risk Management at Volkswagen AG.

For the purpose of managing currency risks, exchange rate hedging in the 2012 fiscal year focused on the U.S. dollar, the British pound, the Japanese yen and the Chinese renminbi.

Currency risks pursuant to IFRS 7 arise as a result of financial instruments that are denominated in a currency other than the functional currency and are of a monetary nature. Exchange rate variances from the translation of financial statements into the Group currency (translation risk) are disregarded. Within the Audi Group, the principal non-derivative monetary financial instruments (liquid assets, receivables, securities held and borrowed capital instruments held, interest-bearing liabilities, interest-free liabilities) are either denominated directly in the functional currency or substantially transferred to the functional currency through the use of derivatives. Above all, the generally short maturity of the instruments also means that potential exchange rate movements have only a very minor impact on profit or equity.

Currency risks are measured using sensitivity analyses, during which the impact on profit after tax and equity of hypothetical changes to relevant risk variables is assessed. All non-functional currencies in which the Audi Group enters into financial instruments are fundamentally treated as relevant risk variables.

The periodic effects are determined by applying the hypothetical changes in the risk variables to the inventory of financial instruments on the reporting date. It is assumed for this purpose that the inventory on the reporting date is representative of the entire year. Movements in the exchange rates of the underlying currencies for the hedged transactions affect the cash flow hedge reserve in equity and the fair value of these hedging transactions.

Fund price risks

The securities funds created using surplus liquidity are exposed, in particular, to an equity and bond price risk that may arise from fluctuations in stock market prices and indices, and market interest rates. Changes in bond prices resulting from a change in market interest rates, and the measurement of currency risks and other interest rate risks from the securities funds, are quantified separately in the corresponding notes on "Currency risks" and "Interest rate risks."

Risks from securities funds are generally countered by maintaining a broad mix of products, issuers and regional markets when making investments, as stipulated in the investment guidelines. Where necessitated by the market situation, currency hedges in the form of futures contracts are also used.

Such measures are coordinated by AUDI AG in agreement with the Group Treasury of Volkswagen AG, Wolfsburg, and implemented at operational level by the securities funds' risk management teams.

Fund price risks are measured within the Audi Group in accordance with IFRS 7 using sensitivity analyses. Hypothetical changes to risk variables on the balance sheet date are examined to calculate their impact on the prices of the financial instruments in the funds. Market prices and indices are particularly relevant risk variables in the case of fund price risks.

Commodity price risks

Commodities are subject to the risk of fluctuating prices given the volatile nature of the commodity markets. Commodity futures are used to limit these risks. The hedging measures are coordinated regularly between AUDI AG and Volkswagen AG, Wolfsburg, in accordance with the existing Volkswagen organizational guideline. The hedging transactions are performed centrally for AUDI AG by Volkswagen AG on the basis of an agency agreement. The results from hedging contracts are credited or debited to the Audi Group on a quarterly basis.
Hedging measures relate principally to significant quantities of the commodities aluminum and copper. Contracts are concluded exclusively with first-rate national and international banks whose creditworthiness is regularly examined by leading rating agencies and Central Risk Management at Volkswagen AG.
Commodity price risks are also calculated using sensitivity analyses. Hypothetical changes in listed prices are used to quantify the impact of changes in value of the hedging transactions on equity and on profit after tax.

Interest rate risks

Interest rate risks stem from changes in market rates, above all for medium and long-term variable-rate assets and liabilities.
The Audi Group limits interest rate risks, particularly with regard to the granting of loans and credit, by agreeing fixed interest rates and also through interest rate swaps.
The risks associated with changing interest rates are presented in accordance with IFRS 7 using sensitivity analyses. These involve presenting the effects of hypothetical changes in market interest rates as of the balance sheet date on interest payments, interest income and expenses, and, where applicable, equity and profit after tax.

Residual value risks

Residual value risks arise from hedging arrangements with the retail trade or partner companies according to which, in the context of buy-back obligations resulting from concluded lease agreements, effects on profit caused by market-related fluctuations in residual values are partly borne by the Audi Group.
The hedging arrangements are based on residual value recommendations, as adopted by the residual value committee at the time of the contract being concluded, and then on current dealer purchase values on the market at the time of the residual value hedging being settled. The residual value recommendations are based on the forecasts provided by various independent institutions using transaction prices.
Residual value risks are also calculated using sensitivity analyses. Hypothetical changes in the market prices of used cars as of the balance sheet date are used to quantify the impact on profit after tax.

Quantifying currency risks by means of sensitivity analyses

If the functional currencies had in each case increased or decreased in value by 10 percent compared with the other currencies as of the balance sheet date, the following major effects on the hedging provision in equity and on profit would have resulted with regard to the currency relations referred to below.

EUR million	Dec. 31, 2012		Dec. 31, 2011	
	+10%	–10%	+10%	–10%
Currency relation				
EUR/USD				
Hedging provision	761	–761	900	–873
Profit after income taxes	–69	69	–116	104
EUR/GBP				
Hedging provision	403	–403	331	–331
Profit after income taxes	0	–0	0	–0
EUR/JPY				
Hedging provision	165	–165	184	–184
Profit after income taxes	–1	1	1	–1
EUR/CNY				
Hedging provision	276	–276	150	–150
Profit after income taxes	–17	17	–37	37

Quantifying other market risks by means of sensitivity analyses

The measurement of other market risks pursuant to IFRS 7 is also carried out using sensitivity analyses in the Audi Group. Hypothetical changes to risk variables on the balance sheet date are examined to calculate their impact on the corresponding Balance Sheet items and on the result after tax. Depending on the type of risk, there are various possible risk variables (primarily equity prices, commodity prices, market interest rates, market prices of used cars).
The sensitivity analyses carried out enable the following other market risks to be quantified for the Audi Group:

	Data in	2012		2011	
Fund price risks					
Change in share prices	Percent	+10	–10	+10	–10
Effects on equity capital	EUR million	–18	22	–5	5
Commodity price risks					
Change in commodity prices	Percent	+10	–10	+10	–10
Effects on equity capital	EUR million	20	–20	26	–26
Effects on profit after tax	EUR million	40	–40	59	–59
Interest rate change risks					
Change in market interest rate	Basis points	+100	–100	+100	–100
Effects on equity capital	EUR million	35	–27	18	–17
Effects on profit after tax	EUR million	–4	4	13	–14
Residual value risks					
Change in market prices of used cars	Percent	+10	–10	+10	–10
Effects on profit after tax	EUR million	162	–162	141	–127

37.5 Methods of monitoring the effectiveness of hedging relationships

Within the Audi Group, the effectiveness of hedging relationships is evaluated prospectively using the critical terms match method, as well as by means of statistical methods in the form of a regression analysis. Retrospective evaluation of the effectiveness of hedges involves an effectiveness test in the form of the dollar offset method or in the form of a regression analysis.
In the case of the dollar offset method, the changes in value of the underlying transaction, expressed in monetary units, are compared with the changes in value of the hedge, expressed in monetary units. All hedge relationships were effective within the range specified in IAS 39 (80 to 125 percent).

In the case of regression analysis, the performance of the underlying transaction is viewed as an independent variable, while that of the hedging transaction is regarded as a dependent variable. The transaction is classed as effective hedging if the coefficients of determination and escalation factors are appropriate. All of the hedging relationships verified using this statistical method proved to be effective as of the year-end date. There was ineffectiveness in 2012 resulting from cash flow hedges that led to a EUR 2 million decrease in the financial result. In 2011, there was ineffectiveness amounting to EUR 3 million that led to an improvement of the financial result.

Nominal volume of derivative financial instruments

The nominal volumes of the presented cash flow hedges for hedging currency risks and commodity price risks represent the total of all buying and selling prices on which the transactions are based.

EUR million			Nominal volumes	
	Dec. 31, 2012	Residual time to maturity up to 1 year	Residual time to maturity up to 5 years	Dec. 31, 2011
Cash flow hedges	**26,144**	10,611	15,534	27,961
Foreign exchange contracts	**25,876**	10,527	15,349	27,156
Currency option transactions	**–**	–	–	454
Commodity futures	**269**	84	185	351
Other derivatives	**1,318**	773	545	1,964
Foreign exchange contracts	**698**	426	272	1,021
Commodity futures	**620**	347	272	942

The derivative financial instruments used exhibit a maximum hedging term of five years.

38 Cash Flow Statement

The Cash Flow Statement details the payment streams for both the 2012 fiscal year and the previous year, categorized according to cash used and received for operating, investing and financing activities. The effects of changes in foreign exchange rates on cash flows are presented separately.

Cash flow from operating activities includes all payment streams in connection with ordinary activities and is presented using the indirect calculation method. Starting from the profit before profit transfer and tax, all income and expenses with no impact on cash flow (mainly write-downs) are excluded.

Cash flow from operating activities in 2012 included payments for interest received amounting to EUR 154 (180) million and for interest paid amounting to EUR 53 (45) million. In 2012 , the Audi Group received dividends and profit transfers totaling EUR 290 (211) million. The income tax payments item substantially comprises payments made to Volkswagen AG, Wolfsburg, on the basis of the single-entity relationship for tax purposes in Germany, as well as payments to foreign tax authorities.

Cash flow from investing activities includes capitalized development costs as well as additions to other intangible assets, property, plant and equipment, long-term investments and non-current loans. The proceeds from the disposal of assets, the proceeds from the sale of shares, and the change in securities and fixed deposits are similarly reported in cash flow from investing activities.

The acquisition and first-time consolidation of subsidiaries resulted in a total outflow of EUR 591 (37) million. This figure also includes changes to cash flows resulting from first-time consolidations and capital increases in the case of non-consolidated subsidiaries. The acquisition of investments in other participating interests resulted in an outflow of EUR 3,020 (27) million.

Cash flow from financing activities includes cash used for the transfer of profit, as well as changes in financial liabilities.

The changes in the Balance Sheet items that are presented in the Cash Flow Statement cannot be derived directly from the Balance Sheet because the effects of currency translation and of changes in the group of consolidated companies do not affect cash and are segregated.

EUR million	Dec. 31, 2012	Dec. 31, 2011
Cash and cash equivalents as per Balance Sheet	**11,170**	8,513
Currently due fixed deposits with an investment period > 3 months	**–6,889**	–3,838
Cash and cash equivalents as per Cash Flow Statement (bank assets and cash deposits with maturities of no more than three months)	**4,281**	4,675

Only the short-term fixed deposits whose original investment term is less than three months are included in the cash and cash equivalents of the Cash Flow Statement.
The figures for cash and cash equivalents include cash pool receivables in the amount of EUR 3,752 (3,848) million.

39 Contingencies

Contingencies are unrecognized contingent liabilities whose amount corresponds to the maximum possible use as of the balance sheet date.

EUR million	Dec. 31, 2012	Dec. 31, 2011
Liabilities from guarantees	**139**	61
Furnishing of collateral for outside liabilities	**75**	70
Total	**214**	131

40 Litigation

Neither AUDI AG nor any of its Group companies are involved in ongoing or prospective legal or arbitration proceedings which could have a significant influence on their economic position. Appropriate provisions have been created within each Group company, or adequate insurance benefits are anticipated, for potential financial charges resulting from other legal or arbitrational proceedings.

41 Change of control agreements

Change of control clauses are contractual agreements between a company and third parties to provide for legal succession should there be a direct or indirect change in the ownership structure of any party to the contract.
The main contractual agreements between the Audi Group and third parties do not contain any change of control clauses in the event of a change in the ownership structure of AUDI AG or its subsidiaries.

42 Other financial obligations

EUR million	Due Dec. 31, 2012				Due Dec. 31, 2011	
	Within 1 year	1 to 5 years	Over 5 years	Total	Over 1 year	Total
Ordering commitments for						
property, plant and equipment	**1,276**	**419**	**–**	**1,695**	365	1,511
intangible assets	**231**	**78**	**–**	**309**	45	210
Commitments from long-term rental and lease agreements	**74**	**187**	**115**	**376**	375	442
Miscellaneous financial obligations	**395**	**199**	**28**	**622**	390	781
Total	**1,976**	**883**	**143**	**3,002**	1,175	2,944

Supply contracts are in place for series production material. Binding orders are placed and contracts are activated for the material as such material is needed on the basis of the detailed production and sales schedule.

43 Discontinued operations

There are no plans to discontinue or cease operations as defined by IFRS 5.

44 Cost of materials

EUR million	2012	2011
Raw materials and consumables used, as well as purchased goods	**27,843**	26,334
Purchased services	**2,422**	2,259
Total	**30,265**	28,594

45 Personnel costs

EUR million	2012	2011
Wages and salaries	**4,243**	4,289
Social insurance and expenses for retirement benefits and support payments	**810**	787
of which relating to retirement benefit plans	**113**	88
of which defined contribution pension plans	**303**	281
Total	**5,053**	5,076

Subsidies from the German Federal Employment Agency in the amount of EUR 28 (21) million were recognized in other operating income. The subsidies are paid in accordance with the conditions defined in the German law on partial retirement.
The personnel costs for the previous year include a higher burden in the form of one-off expenses.

46 Total average number of employees for the year

	2012	2011
Domestic companies	**48,970**	47,182
Foreign companies	**15,656**	13,017
Employees	**64,626**	60,199
Apprentices	**2,283**	2,322
Employees of Audi Group companies	**66,909**	62,521
Staff employed from other Volkswagen Group companies not belonging to the Audi Group	**322**	285
Workforce	**67,231**	62,806

47 Related party disclosures

Related parties as defined in IAS 24 are:

- the parent company, Volkswagen AG, Wolfsburg, and its subsidiaries and main participating interests outside the Audi Group,
- other parties (individuals and companies) that could be affected by the reporting entity or that could influence the reporting entity, such as
  - the members of the Board of Management and Supervisory Board of AUDI AG,
  - the members of the Board of Management and Supervisory Board of Volkswagen AG,
  - associated companies and their subsidiaries,
  - non-consolidated subsidiaries.

The volume of transactions with the parent company, Volkswagen AG, and with other subsidiaries that do not belong to the Audi Group is presented in the following overview:

EUR million	2012	2011
Sales and services supplied to		
Volkswagen AG	**5,065**	4,623
Volkswagen AG subsidiaries and participating interests not belonging to the Audi Group	**11,285**	10,421
Purchases and services received from		
Volkswagen AG	**6,187**	5,729
Volkswagen AG subsidiaries and participating interests not belonging to the Audi Group	**4,905**	3,645
Receivables from		
Volkswagen AG	**10,619**	9,290
Volkswagen AG subsidiaries and participating interests not belonging to the Audi Group	**2,344**	6,796
Commitments toward		
Volkswagen AG	**5,969**	5,596
Volkswagen AG subsidiaries and participating interests not belonging to the Audi Group	**3,073**	3,954
Contingent liabilities to		
Volkswagen AG	**–**	–
Volkswagen AG subsidiaries and participating interests not belonging to the Audi Group	**107**	101
Collateral posted with		
Volkswagen AG	**–**	–
Volkswagen AG subsidiaries and participating interests not belonging to the Audi Group	**75**	150

As of December 31, 2012, sales of receivables to Volkswagen AG subsidiaries not belonging to the Audi Group amounted to EUR 2,829 (3,109) million. This also includes sales of receivables to Volkswagen Group Services S.A., Brussels (Belgium), totaling EUR 1,942 (2,118) million. The possibility of a claim arising from contingencies is not regarded as likely.
The extent of business relations between fully consolidated companies of the Audi Group and non-consolidated subsidiaries and associated companies (including their subsidiaries) of AUDI AG as well as other related parties is presented in the following tables:

EUR million	2012	2011	2012	2011
	Goods and services supplied		Goods and services received	
Associated companies of AUDI AG	**9,671**	8,184	**126**	95
Non-consolidated subsidiaries of AUDI AG	**31**	112	**84**	305

EUR million	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
	Receivables from		Liabilities to	
Associated companies of AUDI AG	**1,496**	484	**1,316**	83
Non-consolidated subsidiaries of AUDI AG	**13**	66	**11**	45

The group of associated companies grew during the fiscal year to include Volkswagen Group Services S.A., Brussels (Belgium), in which a 30 percent interest was acquired. Consequently, the business relationship with Volkswagen Group Services S.A. is included in the category of associated companies. Given that the company is a subsidiary of Volkswagen AG, Wolfsburg, the disclosures have switched category compared with the previous year.

As of the reporting date, receivables in the amount of EUR 1,104 million and liabilities of EUR 1,191 million related to Volkswagen Group Services S.A. Also during the fiscal year, goods and services provided totaled EUR 16 million, with goods and services received amounting to EUR 11 million.

All business transactions with related parties have been conducted on the basis of international comparable uncontrolled price methods pursuant to IAS 24, according to the terms that customarily apply to outside third parties. The goods and services procured from related parties primarily include supplies for production and supplies of genuine parts, as well as development, transportation, financial and distribution services, and, to a lesser extent, design, training and other services. Business transacted for related parties mainly comprises sales of new and used cars, engines and components, and allocation of cash and cash equivalents in the form of loans, fixed deposits and overnight deposits.

Members of the Boards of Management or Supervisory Boards of Volkswagen AG and AUDI AG also belong to the supervisory or management boards of other companies with which the Audi Group maintains business relations. All transactions with such companies are similarly conducted according to the terms that customarily apply to outside third parties. In this connection, goods and services amounting to a total value of EUR 209 (320) thousand were provided to the German state of Lower Saxony and to companies in which the state of Lower Saxony holds a majority stake.

A full list of the supervisory board mandates of members of the Board of Management and Supervisory Board of AUDI AG is presented in the 2012 Annual Financial Report of AUDI AG.

The service relationships with the members of the Boards of Management and Supervisory Boards of Volkswagen AG and AUDI AG were conducted at arm's length. As in the previous year, the volume of transactions was low. Overall, services in the amount of EUR 942 (700) thousand were procured from this group of individuals during the fiscal year, with services in the amount of EUR 114 (113) thousand being rendered on the part of the Audi Group. Receivables totaled EUR 44 (21) thousand. For details of the remuneration paid to the members of the Board of Management and Supervisory Board of AUDI AG, please refer to Note 51, "Details relating to the Supervisory Board and Board of Management." The employee representatives employed at AUDI AG in the Supervisory Board continue to receive their normal salary in accordance with their employment contract. This is based on the provisions of the German Works Constitution Act and corresponds to an appropriate remuneration for the function or activity exercised in the Company. This similarly applies to representatives of executive staff.

AUDI AG and its Group companies primarily deposit their cash funds with the Volkswagen Group or take up cash funds from the Volkswagen Group. All transactions are processed under market conditions.

48 Auditor's fees

EUR thousand	2012	2011
Auditing of the financial statements	**900**	1,015
Other assurance services	**252**	243
Tax consultancy services	**7**	84
Other services	**–**	108
Total	**1,158**	1,450

Based on the requirements of commercial law, the auditor's fees include auditing of the Consolidated Financial Statements and auditing of the annual financial statements of the domestic consolidated companies.

49 Segment reporting

The segmentation of business activities is based on the internal management of the Company in accordance with IFRS 8. The decision-making body for both segments with regard to the allocation of resources and the valuation of profitability is the full Board of Management.
The Audi Group focuses its economic activities on the Automotive and Motorcycles segments, both of which are subject to reporting requirements. Whilst the Motorcycles segment can be considered to be immaterial pursuant to IFRS 8, it is reported here as a segment in its own right for information purposes.

The activities of the Automotive segment encompass the development, production, assembly and distribution of vehicles of the Audi and Lamborghini brands, and vehicles of other brands in the Volkswagen Group.

The activities of the new Motorcycles segment, created with the first-time consolidation of the Ducati Group in the 2012 fiscal year, include the development, production, assembly and distribution of Ducati brand motorcycles, including accessories and spare parts.

As a general rule, the segment reporting is based on the same reporting, accounting and measurement methods as applied to the Consolidated Financial Statements. Business relations between the companies of the segments in the Audi Group are generally based on the same prices as those agreed with third parties. Consolidation between the segments is carried out in the Reconciliation column. The central performance and management key figure for the two segments Automotive and Motorcycles is "Operating profit."
Internal reporting corresponds to external IFRS reporting. The full Board of Management regularly monitors, among others, the following financial and economic key figures:

Reporting segments

EUR million				2012
Reporting segments	Automotive	Motorcycles	Reconciliation	Audi Group
Revenue with external third parties	48,562	209	–	48,771
Revenue with other segments	–	0	–0	–
Revenue	48,562	209	–0	48,771
Depreciation	–1,884	–50	–	–1,934
Impairment losses	–3	–	–	–3
Reversal of impairment losses	20	–	–	20
Segment profit (operating profit)	5,421	–41	–	5,380
Result from investments accounted for using the equity method	415	–	–	415
Net interest and other financial results	162	–1	–	162
Investments accounted for using the equity method	3,638	–	–	3,638
Investments in property, plant and equipment and intangible assets	3,227	30	–	3,257

During the previous year, the Audi Group focused its economic activities exclusively on the Automotive segment. As a result, both internal reporting and the voting, management and decision-making processes at the level of the full Board of Management were geared toward the Audi Group as a corporate unit in the sense of a single-segment structure focused on the Automotive segment. There was therefore no further segmentation of the Group as defined in IFRS 8.

EUR million				2011
Reporting segments	Automotive	Motorcycles	Reconciliation	Audi Group
Revenue with external third parties	44,096	–	–	44,096
Revenue with other segments	–	–	–	–
Revenue	44,096	–	–	44,096
Depreciation	1,700	–	–	1,700
Impairment losses	93	–	–	93
Reversal of impairment losses	–	–	–	–
Segment profit (operating profit)	5,348	–	–	5,348
Result from investments accounted for using the equity method	270	–	–	270
Net interest and other financial results	423	–	–	423
Investments accounted for using the equity method	460	–	–	460
Investments in property, plant and equipment and intangible assets	2,862	–	–	2,862

Reconciliation statement

EUR million	2012
Segment revenue	48,771
Consolidation	–0
Group revenue	48,771
Segment profit (operating profit)	5,380
Consolidation	–
Operating profit	5,380
Financial result	576
Group profit before tax	5,956

Revenue is allocated to the regions on the basis of the country of destination principle.

By region 2012

EUR million							2012
	Germany	Rest of Europe	Asia-Pacific	North America	South America	Africa	Total
Revenue with external third parties	10,373	15,653	15,160	6,641	489	454	48,771
Property, plant and equipment and intangible assets	6,921	4,635	154	52	1	–	11,763

By region 2011

EUR million							2011
	Germany	Rest of Europe	Asia-Pacific	North America	South America	Africa	Total
Revenue with external third parties	9,212	16,814	12,127	5,003	550	389	44,096
Property, plant and equipment and intangible assets	7,296	1,800	111	47	0	–	9,254

The Audi Group primarily generates revenues from the sale of cars. In addition to the Audi brand, sales also comprise vehicles of the Lamborghini brand and vehicles of the other brands in the Volkswagen Group. Ducati motorcycles and accessories are sold in the Motorcycles segment.

EUR million	2012	2011
Audi brand	**35,851**	34,456
Lamborghini brand	**421**	268
Other Volkswagen Group brands	**2,725**	3,444
Other automotive business	**9,565**	5,928
Automotive	**48,562**	44,096
Ducati brand	**148**	–
Other motorcycles business	**61**	–
Motorcycles	**209**	–
Revenue	**48,771**	44,096

An explanation of the different types of revenue is provided under Note 1, “Revenue.”
The Audi Group, through Volkswagen AG, Wolfsburg, and its subsidiaries that are not part of the Audi Group, has key accounts with whom there exists a relationship of dependence:

Revenue with key accounts	2012		2011	
	EUR million	%	EUR million	%
Volkswagen AG, Wolfsburg	**4,326**	**8.9**	3,684	8.4
Volkswagen AG subsidiaries not belonging to the Audi Group	**10,779**	**22.1**	9,877	22.4

50 German Corporate Governance Code

The Board of Management and Supervisory Board of AUDI AG submitted the declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) relating to the German Corporate Governance Code on November 29, 2012 and subsequently made it permanently accessible on the Audi website at www.audi.com/cgk-declaration.

51 Details relating to the Supervisory Board and Board of Management

The remuneration paid to members of the Board of Management complies with the legal requirements as well as with the recommendations of the German Corporate Governance Code.
The total short-term remuneration comprises fixed and variable components. The fixed components assure a base remuneration that enables the members of the Board of Management to execute their duties conscientiously and in the best interests of the Company, without becoming dependent upon the attainment of short-term targets. Conversely, variable components that are contingent on the economic position of the Company reconcile the interests of the Board of Management with those of the other stakeholders.
The remuneration paid to members of the Board of Management for the 2012 fiscal year was EUR 22,745 (14,286) thousand, of which EUR 4,284 (4,084) thousand related to fixed remuneration components and EUR 18,461 (10,202) thousand to variable components. Additionally, costs of EUR 6,181 (–) thousand were incurred for prior years. As of the balance sheet date there were still obligations totaling EUR 15,000 (9,200) thousand, for which appropriate provision had been made.
Disclosure has not been made of the remuneration paid to each individual member of the Board of Management, by name, pursuant to Section 314, Para. 1, No. 6a), Sentences 5 to 9 of the German Commercial Code, as the 2011 Annual General Meeting adopted a corresponding resolution valid for a period of five years.
In addition to fixed payments in cash, there are varying levels of contributions in kind, including, in particular, the use of company cars.
The variable remuneration component paid to each member of the Board of Management comprises a bonus based on the business performance of the previous two years and, since 2010, has also comprised a long-term incentive (LTI). Using a launch scenario, the LTI was granted to the Board of Management for the first time in 2011, based on the 2010 fiscal year and the anticipated performance in 2011. The LTI for 2012 was based on performance in the 2010 and

2011 fiscal years. In 2013 it will be based on performance in the fiscal years from 2010 to 2012. Then, from 2014 onward, the preceding four years will be used as a basis in each case.

Under certain circumstances, members of the Board of Management are entitled to retirement benefits and a disability pension. In the 2012 fiscal year, EUR 12,057 (6,090) thousand was allocated to the provisions for pensions for current members of the Board of Management. As at December 31, 2012, the provisions for pensions totaled EUR 19,615 (16,161) thousand. Other long-term benefits for this group totaled EUR 4 (0) thousand. Former members of the Board of Management and their dependents received EUR 12,207 (2,987) thousand. This included payments resulting from termination of office of EUR 10,258 (1,367) thousand, with regard to which obligations of EUR 7,821 (537) thousand remained as of the balance sheet date. The provisions for pensions for this group of individuals amount to EUR 51,458 (31,843) thousand.

The members of the Board of Management and details of their seats on other supervisory boards and regulatory bodies – as defined in Section 285, Sentence 1, No. 10 of the German Commercial Code (HGB) and Section 125, Para. 1, Sentence 3 of the German Stock Corporation Act (AktG) – are listed in the Notes to the Annual Financial Report of AUDI AG.
The basic features of the remuneration paid to members of the Supervisory Board are stipulated in Section 16 of the Articles of Incorporation and Bylaws. The total short-term remuneration comprises fixed and variable components. The level of the variable remuneration components is based on the compensatory payment made for the 2012 fiscal year in accordance with the applicable provision in the Articles of Incorporation and Bylaws. The total remuneration paid to the Supervisory Board of AUDI AG, pursuant to Section 285, No. 9a of the German Commercial Code (HGB), was EUR 1,050 (973) thousand, of which EUR 222 (202) thousand related to fixed components and EUR 828 (771) thousand to variable components.

EXPENSES FOR REMUNERATION OF THE SUPERVISORY BOARD

EUR	Fixed	Variable	**Total 2012**
Prof. Dr. Dr. h. c. mult. Martin Winterkorn	–	–	**–**
Berthold Huber [1]	21,000	84,000	**105,000**
Dr. rer. pol. h. c. Bruno Adelt (until May 9, 2012)	3,725	13,510	**17,235**
Senator h. c. Helmut Aurenz	12,000	42,000	**54,000**
Heinz Eyer [1]	12,000	42,000	**54,000**
Dr. rer. pol. h. c. Francisco Javier Garcia Sanz	–	–	**–**
Dr. phil. Christine Hawighorst (May 10, 2012 onwards)	7,275	28,490	**35,765**
Johann Horn [1]	12,000	42,000	**54,000**
Peter Kössler	12,000	42,000	**54,000**
Peter Mosch [1]	16,500	63,000	**79,500**
Wolfgang Müller [1]	11,500	42,000	**53,500**
Prof. Dr. rer. pol. Horst Neumann	–	–	**–**
Dr.-Ing. Franz-Josef Paefgen (until May 9, 2012)	4,225	22,743	**26,968**
Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch	16,500	63,000	**79,500**
Dr. jur. Hans Michel Piëch	12,000	42,000	**54,000**
Dipl.-Wirtsch.-Ing. Hans Dieter Pötsch	–	–	**–**
Dr. jur. Ferdinand Oliver Porsche	16,500	63,000	**79,500**
Dr. rer. comm. Wolfgang Porsche (May 10, 2012 onwards)	7,275	28,490	**35,765**
Norbert Rank [1]	16,500	63,000	**79,500**
Jörg Schlagbauer [1]	16,500	63,000	**79,500**
Helmut Späth [1]	12,000	42,000	**54,000**
Max Wäcker [1]	12,000	42,000	**54,000**
Total	221,500	828,233	**1,049,733**

1) The employees' elected representatives have stated that their remuneration as Supervisory Board members shall be paid to the Hans Böckler Foundation, in accordance with the guidelines of the German Confederation of Trade Unions.

The actual payment of individual parts of the total remuneration will be made in the 2013 fiscal year, pursuant to Section 16 of the Articles of Incorporation and Bylaws.

Supervisory Board [1]

Position as of Dec. 31, 2012	
Prof. Dr. Dr. h. c. mult. Martin Winterkorn	Chairman [2] Stockholder representative
Berthold Huber	Deputy Chairman [2] Employee representative
Senator h. c. Helmut Aurenz	Stockholder representative
Heinz Eyer	Employee representative
Dr. rer. pol. h. c. Francisco Javier Garcia Sanz	Stockholder representative
Dr. phil. Christine Hawighorst	Stockholder representative
Johann Horn	Employee representative
Peter Kössler	Employee representative
Peter Mosch	Employee representative [2]
Wolfgang Müller	Employee representative
Prof. Dr. rer. pol. Horst Neumann	Stockholder representative
Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch	Stockholder representative [2]
Dr. jur. Hans Michel Piëch	Stockholder representative
Dipl.-Wirtsch.-Ing. Hans Dieter Pötsch	Stockholder representative [3]
Dr. jur. Ferdinand Oliver Porsche	Stockholder representative [5]
Dr. rer. comm. Wolfgang Porsche	Stockholder representative
Norbert Rank	Employee representative [4]
Jörg Schlagbauer	Employee representative [5]
Helmut Späth	Employee representative
Max Wäcker	Employee representative
Prof. Dr. rer. pol. Carl H. Hahn	Honorary Chairman

1) Professions and companies of the members of the Supervisory Board and details on their seats on other supervisory boards and regulatory bodies are listed in the Notes to AUDI AG's Annual Financial Report.

2) Member of the Presiding Committee and the Negotiating Committee

3) Chairman of the Audit Committee

4) Deputy Chairman of the Audit Committee

5) Member of the Audit Committee

EVENTS OCCURRING SUBSEQUENT TO THE BALANCE SHEET DATE

There were no events after December 31, 2012 subject to a reporting obligation in accordance with IAS 10.

PRINCIPAL GROUP COMPANIES

Name and registered office	Capital share in %
Fully consolidated companies	
Germany	
AUDI AG, Ingolstadt	
Audi Akademie GmbH, Ingolstadt	100.0
Audi Vertriebsbetreuungsgesellschaft mbH, Ingolstadt	100.0
Ducati Motor Deutschland GmbH, Cologne	100.0
quattro GmbH, Neckarsulm	100.0
PSW automotive engineering GmbH, Gaimersheim	91.0
Other countries	
Audi Australia Pty Ltd., Zetland (Australia)	100.0
AUDI AUSTRALIA RETAIL OPERATIONS PTY LTD., Zetland (Australia)	100.0
Audi Brasil Distribuidora de Veículos Ltda., São Paulo (Brazil)	100.0
AUDI BRUSSELS PROPERTY S.A./N.V., Brussels (Belgium)	100.0
AUDI BRUSSELS S.A./N.V., Brussels (Belgium)	100.0
Audi (China) Enterprise Management Co. Ltd., Beijing (China)	100.0
AUDI HUNGARIA MOTOR Kft., Győr (Hungary)	100.0
AUDI HUNGARIA SERVICES Zrt., Győr (Hungary)	100.0
Audi Japan K.K., Tokyo (Japan)	100.0
Audi Japan Sales K.K., Tokyo (Japan)	100.0
AUDI SINGAPORE PTE. LTD., Singapore (Singapore)	100.0
AUDI TAIWAN CO., LTD., Taipei (Taiwan)	100.0
Audi Tooling Barcelona, S.L., Barcelona (Spain)	100.0
Audi Volkswagen Korea Ltd., Seoul (South Korea)	100.0
Audi Volkswagen Middle East FZE, Dubai (United Arab Emirates)	100.0
Automobili Lamborghini S.p.A., Sant'Agata Bolognese (Italy)	100.0
Ducati Japan K.K., Tokyo (Japan)	100.0
DUCATI MOTOR HOLDING S.P.A., Bologna (Italy)	100.0
Ducati Motor (Thailand) Co. Ltd., Amphur Pluakdaeng, Rayong (Thailand)	100.0
DUCATI NORTH AMERICA, INC., Cupertino, California (USA)	100.0
Ducati North Europe B.V., The Hague (Netherlands)	100.0
Ducati (Schweiz) AG, Wollerau (Switzerland)	100.0
DUCATI U.K. LIMITED, Towcester (UK)	100.0
DUCATI WEST EUROPE S.A.S., Colombes (France)	100.0
DUCMOTOCICLETA S DE RL DE CV, Mexico City (Mexico)	100.0
Officine del Futuro S.p.A., Sant'Agata Bolognese	100.0
VOLKSWAGEN GROUP FIRENZE S.P.A., Florence (Italy)	100.0
VOLKSWAGEN GROUP ITALIA S.P.A., Verona (Italy)	100.0
Italdesign Giugiaro S.p.A., Turin (Italy)	90.1
Audi Canada Inc., Ajax (Canada) [1]	–
Audi of America, LLC, Herndon, Virginia (USA) [1]	–
Automobili Lamborghini America, LLC, Wilmington, Delaware (USA) [1]	–
Companies accounted for using the equity method	
Other countries	
FAW-Volkswagen Automotive Company, Ltd., Changchun (China)	10.0
Volkswagen Group Services S.A., Brussels (Belgium)	30.0

1) AUDI AG exercises control pursuant to IAS 27.13, Sentence 2 (c).

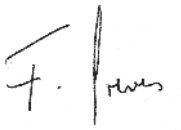
“Responsibility Statement
To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.”

Ingolstadt, February 7, 2013

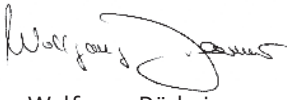
The Board of Management

Prof. Rupert Stadler

Luca de Meo

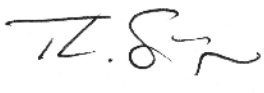


Dr.-Ing. Frank Dreves



Wolfgang Dürheimer

Dr. Bernd Martens



Prof. h. c. Thomas Sigi

Axel Strotbek

This report was originally prepared in the German language. In case of ambiguities the German version shall prevail:

"Auditor's Report
We have audited the Consolidated Financial Statements prepared by AUDI Aktiengesellschaft, Ingolstadt – comprising the income statement and statement of recognized income and expense, the balance sheet, the cash flow statement, the statement of changes in equity and the notes to the Consolidated Financial Statements – together with the Group Management Report for the business year from January 1 to December 31, 2012. The preparation of the Consolidated Financial Statements and the Group Management Report in accordance with the IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a, Para. 1 of the German Commercial Code (HGB) are the responsibility of the parent company's Board of Management. Our responsibility is to express an opinion on the Consolidated Financial Statements and on the Group Management Report based on our audit.

We conducted our audit of the Consolidated Financial Statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the Consolidated Financial Statements in accordance with the applicable financial reporting framework and in the Group Management Report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the Consolidated Financial Statements and the Group Management Report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Group Management Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the Consolidated Financial Statements comply with the IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a, Para. 1 HGB, and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group Management Report is consistent with the Consolidated Financial Statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Munich, February 7, 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Harald Kayser
Wirtschaftsprüfer

Klaus Schuster
Wirtschaftsprüfer

The Board of Management of AUDI AG is responsible for the preparation of the Consolidated Financial Statements and Group Management Report. Reporting is performed on the basis of the International Financial Reporting Standards (IFRS) as applicable within the European Union, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The Group Management Report is prepared in accordance with the requirements of the German Commercial Code (HGB). Under Section 315a of the German Commercial Code, AUDI AG is obliged to prepare its Consolidated Financial Statements in accordance with the requirements of the International Accounting Standards Board (IASB).

The regularity of the Consolidated Financial Statements and Group Management Report is assured by means of internal controlling systems, the implementation of uniform guidelines throughout the Group, and employee training and advancement measures. Compliance with the legal requirements and with internal Group guidelines, as well as the reliability and functioning of the systems of controlling, are checked on an ongoing basis throughout the Group. The early warning function required by law is achieved by means of a Group-wide risk management system that enables the Board of Management to identify potential risks at an early stage and initiate corrective action as necessary.

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Munich, has examined the Consolidated Financial Statements and Group Management Report in its capacity as independent auditor, in accordance with the resolution of the Annual General Meeting, and issued its unqualified certification as shown on the previous page.

The Consolidated Financial Statements, the Group Management Report, the Audit Report and the measures to be taken by the Board of Management for the prompt identification of risks which could pose a threat to the Company's survival were discussed at length by the Supervisory Board in the presence of the auditor. The findings of this examination are indicated in the Report of the Supervisory Board.

CORPORATE GOVERNANCE

German Corporate Governance Code in 2012

On June 15, 2012, the Federal Ministry of Justice announced a new version of the German Corporate Governance Code dated May 15, 2012, in the official section of the German Federal Gazette. The Board of Management and Supervisory Board of AUDI AG also discussed at length the recommendations and suggestions in the Code during the past fiscal year and passed the appropriate resolutions.

Implementation of the recommendations and suggestions

The recommendations of the Code in the version dated May 26, 2010 were largely adhered to up until the announcement of the version dated June 15, 2012. As per the restrictions, however, the Supervisory Board has not formed a nominating committee (Section 5.3.3 of the Code) and the elections to the Supervisory Board do not take the form of elections of individuals (Section 5.4.3, Sentence 1 of the Code). Since November 23, 2009, a cap on severance payments has been agreed when entering into new contracts with members of the Board of Management, in compliance with Section 4.2.3 of the Code. However, contracts that were concluded prior to this date remain unaffected by this rule due to the protection of vested rights.

Since the publication of the new version of the Code on June 15, 2012, its recommendations have been adhered to with the following deviations:
There is no age limit applicable to members of the Company's corporate bodies (Section 5.1.2, Para. 2, Sentence 3 and Section 5.4.1, Para. 2, Sentence 1 of the Code). The ability to manage a company successfully or to monitor the actions of the Board of Management in the capacity of a Supervisory Board member in the requisite form does not cease to exist upon reaching a certain age. Furthermore, imposing an age limit could constitute a form of discrimination.
In accordance with the recommendations, the Chair of the Audit Committee should be independent (Section 5.3.2, Sentence 3 of the Code). It is possible that the fact that the Chairman of the Audit Committee sits on the Board of Management of Volkswagen AG, Wolfsburg, and of Porsche Automobil Holding SE, Stuttgart, could result in this independence not being guaranteed. It is the view of the Board of Management and Supervisory Board that these activities do not represent a conflict of interest and do not impair the work of the Chair of the Audit Committee. Due to the lack of any clear definition of the concept of independence within the Code, this deviation is explained here for purely precautionary reasons.
The Supervisory Board has not formed a nominating committee (Section 5.3.3 of the Code). It is the Supervisory Board's view that such a committee would merely increase the number of committees without having any tangible benefit as regards the Supervisory Board's work.
In terms of the recommendations on the disclosure of certain circumstances in relation to the nominations proposed by the Supervisory Board to the Annual General Meeting (Section 5.4.1, Paras. 4 to 6 of the Code), the requirements set out in the Code are vague and not clearly defined. Any deviation is therefore declared here purely as a precautionary measure, although the Supervisory Board will strive to adhere to the Code's recommendation.

With regard to the Code's recommendations that no more than two former members of the Board of Management should sit on the Supervisory Board (Section 5.4.2, Sentence 3 of the Code), the Board of Management and Supervisory Board are of the opinion that having a higher number of former Board of Management members will not result, given the existing majority situation, in the Board of Management not being properly advised and monitored by the Supervisory Board. In addition, limiting the number of former Board of Management members on a purely numerical basis would result in the loss of valuable expertise. For these reasons, a deviation from the Code is declared. Nevertheless, the Supervisory Board will always ensure with regard to its election nominations that the number of former Board of Management members sitting on the Supervisory Board shall not impede the independent provision of advice to and monitoring of the Board of Management.
The elections to the Supervisory Board do not take the form of elections of individuals (Section 5.4.3, Sentence 1 of the Code). Elections by list are indeed common practice in democratic elections.
Given the lack of clarity surrounding the recommendation in Section 5.4.6, Para. 2, Sentence 2 of the Code and the as yet undefined scope of a performance-related remuneration component with regard to long-term company development, the Board of Management and Supervisory Board are declaring this deviation from the Code as a purely precautionary measure. The Board of Management and Supervisory Board believe that the current remuneration rules set out in Section 16 of the Articles of Incorporation and Bylaws of AUDI AG with regard to the Supervisory Board contain performance-oriented components that are geared towards the long-term development of the Company.
Based on legal decisions adopted last year, there is uncertainty with regard to the required scope of the Supervisory Board's reporting, as recommended in Section 5.5.3, Sentence 1 of the Code, to the Annual General Meeting on any conflicts of interest and how these have been handled. For this reason, the Board of Management and the Supervisory Board are declaring this deviation from the recommendation as a purely precautionary measure. Nevertheless, the Supervisory Board will provide information on any conflicts of interest that have arisen in its report to the Annual General Meeting.
The Supervisory Board stipulated the number of independent Supervisory Board members at its meeting on November 29, 2012. This means that the new recommendation resulting from Section 5.4.1 of the Code has been met with effect from this date.

The response to the suggestions made in the Code is as follows:
AUDI AG fulfills all of the suggestions made in the Code.

Particulars pursuant to Section 6.6 of the Code

No reportable acquisition or sales transactions were conducted during the past fiscal year.

Stock option plans and similar securities-based incentive arrangements

AUDI AG does not offer any such plans or incentive arrangements.

System of remuneration

The basic principles of the remuneration system for the members of the Supervisory Board and Board of Management are outlined in the Notes to this Annual Report under "Details relating to the Supervisory Board and Board of Management." This information is also available on the Company's website (www.audi.com/notes).

Declaration relating to the Code on the Internet

The joint declaration of the Board of Management and the Supervisory Board of AUDI AG on the recommendations of the German Corporate Governance Code was published on the Audi website www.audi.com/cgk-declaration on November 29, 2012.

CORPORATE MANAGEMENT DECLARATION

The corporate management declaration pursuant to Section 289a of the German Commercial Code (HGB) is permanently available on the Internet at www.audi.com/corporate-management.

COMPLIANCE

Ensuring that corporate decisions are made in accordance with the relevant laws, internal rules and values is a fundamental aspect of corporate management at AUDI AG. In light of this, a preventive approach to the concept of compliance has been developed by Governance, Risk & Compliance. As part of this approach the analysis of commercial and legal risks is bracketed together both organizationally and thematically. This area is headed up by the Chief Compliance Officer, who reports directly to the Chairman of the Board of Management. The Chief Compliance Officer's remit includes in particular advising and supporting the Board of Management, as well as coordinating all necessary measures to assure compliance. He or she also reports on behalf of the Board of Management to the Audit Committee of AUDI AG's Supervisory Board on compliance-related issues. Additionally, the individual divisions of AUDI AG each have risk compliance coordinators, who act as multipliers in relation to compliance issues. The Audi Group's compliance concept and the relevant structure and approach are set out in an internal Board Directive.
In order to ensure that they are familiar with the relevant rules, all new employees are invited to special events that provide an introduction to compliance and the Audi codes of conduct. Internal communications on compliance have been stepped up further with the "Protect what you love" campaign, encompassing brochures, films, articles in the staff newspaper and information on the intranet. The department also held a one-week event at which employees at the Ingolstadt plant could learn about compliance issues and have any questions answered on a one-to-one basis.
At the same time, compliance activities have been promoted at both national and international level. Preventive measures in the areas of anti-corruption and cartel law were a particular focus of the compliance program. Training sessions were carried out on-site for employees in Ingolstadt and Neckarsulm, and information brochures were distributed and published on the intranet. A reporting system has also been created, using which the subsidiaries can report to Governance, Risk & Compliance on their compliance activities on a regular basis.
In order to detect and prevent corruption within the Company, AUDI AG is connected to the Volkswagen Group's global anti-corruption system. Independent lawyers, acting as ombudsmen, and the Volkswagen Group's Anti-Corruption Officer are the points of contact on such matters, including with regard to anonymous information. Audi employees are advised by Governance, Risk & Compliance on the admissibility of giving and accepting invitations and gifts.
Moreover, the early identification and evaluation of risks is a key aspect of AUDI AG's approach to compliance. Compliance interviews are conducted on a successive basis in the divisions, and in addition to the standardized risk survey organized throughout the Audi Group, compliance risks are identified and risk-controlling measures initiated.

Looking to 2013, the advisory services provided by Compliance on anti-corruption will be continued. This similarly applies to training on cartel law. Further elements of the 2013 compliance program shall include preparing the introduction of a business partner check and stepping up the support provided to subsidiaries. The communications campaign, which has won numerous national and international awards, will also be continued.

RISK MANAGEMENT

Ensuring that potential risks are handled carefully is of high priority within the Audi Group. The Group-wide risk management system implemented for this purpose helps to identify and minimize risks and, where possible, to avoid them altogether. It also provides a basis for responding swiftly and comprehensively to changing framework conditions.
Central Risk Management operates in partnership with the local risk managers in the divisions and subsidiaries. The standards and rules that are set for the entire Group by Central Risk Management ensure that risks are recorded and assessed in the same way across the Group and are enshrined in an internal Board Directive. Training courses and fact-finding events tailored to specific target groups are offered in order to communicate the content and methods that form the risk management system. Regular and up-to-date information on risk management systems is available via in-house communication media, such as the Audi intranet.
Regular, standardized risk surveys in the Audi Group and successive risk modeling processes in the individual divisions and subsidiaries are used to identify key issues. With the aim of ensuring comprehensive and effective risk management, these identified key issues are subject to in-depth review and, where applicable, potential optimization measures are identified and put in place. Leaving aside the defined reporting intervals, the risk officers are obliged to inform Central Risk Management in the event of any unexpected external influences or internal information coming to light. Central Risk Management is also on hand whenever necessary to provide individual departments with tailored support at short notice.
Further detailed information on the Group-wide risk management system and in-depth information on the internal control system for financial reporting can be found in the risk report section of the Management Report of the Audi Group on pages 190 to 196.
The Audit Committee set up by the Supervisory Board is briefed regularly by Central Risk Management on the risk management and internal control system. Central Risk Management is responsible for providing the Board of Management and the Supervisory Board with regular updates on the Audi Group's risk profile, using the reporting channels defined Group-wide.

COMMUNICATION AND TRANSPARENCY

All of the Audi Group's key publication dates and the date of the Annual General Meeting of AUDI AG are listed in a financial calendar, which is available for public consultation at any time on the website www.audi.com/investor-relations and is also published in the Company's Annual Report. In addition, AUDI AG publishes the invitation and the agenda for its Annual General Meeting, including any countermotions received, on the website. Stockholders may exercise their voting rights in person at the Annual General Meeting. Alternatively, they may choose to have their rights exercised by their chosen proxy or using a proxy appointed by the Company and bound by their instructions. Additionally, stockholders have access to an Internet-based system for the issuing or canceling of powers of attorney or for making changes to instructions at www.audi.com/annual_general_meeting, which is available throughout the general discussion and can also be used to view a live broadcast of the meeting.
Section 15 of the German Securities Trading Act (WpHG) obliges all domestic issuers of financial instruments to publish and disclose insider information that has a direct bearing on them without delay. The obligation to immediately publish information of relevance to the trading price is intended to prevent insiders from using advance knowledge to trade shares to their advantage. The Company's ad hoc announcements are published on the Internet at www.audi.com/investor-relations in the "News and Ad hoc" section, under the menu item "Ad hoc announcements." The "News and Ad hoc" section also contains further news and information about the Audi Group, such as reporting of voting rights according to Sections 21 ff. of WpHG and other legal issues. The notices and information published there are also available in English.
Communications relating to share dealings by management members pursuant to Section 15a of WpHG can also be accessed at www.audi.com/investor-relations in the "Corporate Governance" section under the menu item "Directors' Dealings."

SYSTEM OF REMUNERATION FOR THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT

Information on the system of remuneration for the Supervisory Board and Board of Management is provided in the Notes to the Consolidated Financial Statements under "Details relating to the Supervisory Board and Board of Management" and constitutes part of the Group Management Report.

MANDATES OF THE BOARD OF MANAGEMENT

Status of all data: December 31, 2012

Prof. Rupert Stadler (49)
Chairman of the Board of Management

Mandates:

- FC Bayern München AG, Munich
- MAN SE, Munich
- MAN Truck & Bus AG, Munich (Chairman)
- Porsche Holding Gesellschaft m.b.H., Salzburg, Austria

Luca de Meo (45)
Marketing and Sales

Dr.-Ing. Frank Dreves (60)
Production

Wolfgang Dürheimer (54)
Technical Development

Dr. Bernd Martens (46)
Procurement

Prof. h. c. Thomas Sigi (48)
Human Resources

Axel Strotbek (48)
Finance and Organization

Mandate:

- Volkswagen Financial Services AG, Braunschweig

In connection with their duties of Group steering and governance within the Audi Group, the members of the Board of Management in addition hold supervisory board seats at Group companies and significant associated companies.

- Membership of statutorily constituted domestic supervisory boards
- Membership of comparable domestic and foreign regulatory bodies

MANDATES OF THE SUPERVISORY BOARD

Status of all data: December 31, 2012

Prof. Dr. Dr. h. c. mult. Martin Winterkorn (65) [1)]
Chairman
Chairman of the Board of Management of Volkswagen AG, Wolfsburg
Chairman of the Board of Management of Porsche Automobil Holding SE, Stuttgart

Mandates:
- FC Bayern München AG, Munich
- Salzgitter AG, Salzgitter

Berthold Huber (62)
Deputy Chairman
Chairman of the IG Metall trade union, Frankfurt am Main

Mandates:
- Porsche Automobil Holding SE, Stuttgart
- Siemens AG, Munich (Deputy Chairman)
- Volkswagen AG, Wolfsburg (Deputy Chairman)

Senator h. c. Helmut Aurenz (75)
Owner of the ASB Group, Ludwigsburg

Mandates:
- Automobili Lamborghini S.p.A., Sant'Agata Bolognese, Italy
- Scania AB, Södertälje, Sweden

Heinz Eyer (55)
Facilities Manager at AUDI AG, Neckarsulm plant

Dr. rer. pol. h. c. Francisco Javier Garcia Sanz (55) [1)]
Member of the Board of Management of Volkswagen AG, Wolfsburg

Mandates:
- Hochtief AG, Essen
- Criteria Caixaholding S.A., Barcelona, Spain

Dr. phil. Christine Hawighorst (49)
Head of the State Chancellery of Lower Saxony, Hanover

Mandate:
- Metropolregion Hannover Braunschweig Göttingen Wolfsburg GmbH, Hanover

Johann Horn (54)
Chief Executive of the Ingolstadt office of the IG Metall trade union

Mandate:
- Conti Temic microelectronic GmbH, Nuremberg

Peter Kössler (53)
Ingolstadt Plant Manager, AUDI AG

Peter Mosch (40)
Chairman of the General Works Council of AUDI AG

Mandates:
- Porsche Automobil Holding SE, Stuttgart
- Volkswagen AG, Wolfsburg

Wolfgang Müller (64)
IG Metall trade union, Bavarian regional headquarters, Munich
Mandate:
- Schaeffler AG, Herzogenaurach

Prof. Dr. rer. pol. Horst Neumann (63) [1)]
Member of the Board of Management of Volkswagen AG, Wolfsburg
Mandate:
- Wolfsburg AG, Wolfsburg

Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch (75)
Chairman of the Supervisory Board of Volkswagen AG, Wolfsburg
Chairman of the Supervisory Board of MAN SE, Munich
Mandates:
- Dr. Ing. h. c. F. Porsche AG, Stuttgart
- MAN SE, Munich (Chairman)
- Porsche Automobil Holding SE, Stuttgart
- Volkswagen AG, Wolfsburg (Chairman)
- Ducati Motor Holding S.p.A., Bologna, Italy
- Porsche Gesellschaft m.b.H., Salzburg, Austria
- Porsche Holding Gesellschaft m.b.H., Salzburg, Austria
- Porsche Piech Holding GmbH, Salzburg, Austria
- Scania AB, Södertälje, Sweden
- Scania CV AB, Södertälje, Sweden

Dr. jur. Hans Michel Piëch (70)
Attorney, Vienna, Austria
Mandates:
- Dr. Ing. h. c. F. Porsche AG, Stuttgart
- Porsche Automobil Holding SE, Stuttgart
- Volkswagen AG, Wolfsburg
- Porsche Cars Great Britain Ltd., Reading, United Kingdom
- Porsche Cars North America Inc., Wilmington, USA
- Porsche Gesellschaft m.b.H., Salzburg, Austria (Chairman)
- Porsche Holding Gesellschaft m.b.H., Salzburg, Austria
- Porsche Ibérica S.A., Madrid, Spain
- Porsche Italia S.p.A., Padua, Italy
- Porsche Piech Holding GmbH, Salzburg, Austria (Chairman)
- Schmittenhöhebahn AG, Zell am See, Austria
- Volksoper Wien GmbH, Vienna, Austria

Dipl.-Wirtsch.-Ing. Hans Dieter Pötsch (61) [1)]
Member of the Board of Management of Volkswagen AG, Wolfsburg
Member of the Board of Management of Porsche Automobil Holding SE, Stuttgart
Mandate:
- Bertelsmann SE & Co. KGaA, Gütersloh

Dr. jur. Ferdinand Oliver Porsche (51)
Member of the Board of Management of Familie Porsche AG Beteiligungsgesellschaft, Salzburg, Austria

Mandates:

- Dr. Ing. h. c. F. Porsche AG, Stuttgart
- Porsche Automobil Holding SE, Stuttgart
- Volkswagen AG, Wolfsburg
- PGA S.A., Paris, France
- Porsche Holding Gesellschaft m.b.H., Salzburg, Austria
- Porsche Lizenz- und Handelsgesellschaft mbH & Co. KG, Bietigheim-Bissingen
- Voith GmbH, Heidenheim

Dr. rer. comm. Wolfgang Porsche (69)
Chairman of the Supervisory Board of Porsche Automobil Holding SE, Stuttgart
Chairman of the Supervisory Board of Dr. Ing. h. c. F. Porsche AG, Stuttgart

Mandates:

- Dr. Ing. h. c. F. Porsche AG, Stuttgart (Chairman)
- Porsche Automobil Holding SE, Stuttgart (Chairman)
- Familie Porsche AG Beteiligungsgesellschaft, Salzburg, Austria (Chairman)
- Porsche Cars Great Britain Ltd., Reading, United Kingdom
- Porsche Cars North America Inc., Wilmington, USA
- Porsche Gesellschaft m.b.H., Salzburg, Austria (Deputy Chairman)
- Porsche Holding Gesellschaft m.b.H., Salzburg, Austria
- Porsche Ibérica S.A., Madrid, Spain
- Porsche Italia S.p.A., Padua, Italy
- Porsche Piech Holding GmbH, Salzburg, Austria (Deputy Chairman)
- Schmittenhöhebahn AG, Zell am See, Austria

Norbert Rank (57)
Chairman of the Works Council of AUDI AG,
Neckarsulm plant

Jörg Schlagbauer (35)
Member of the Works Council of AUDI AG,
Ingolstadt plant

Helmut Späth (56)
Member of the Works Council of AUDI AG,
Ingolstadt plant

Mandate:

- Volkswagen Pension Trust e.V., Wolfsburg

Max Wäcker (58)
Deputy Chairman of the Works Council of AUDI AG,
Ingolstadt plant

1) In connection with his duties of Group steering and governance within the Volkswagen Group, this member of the Supervisory Board additionally holds further non-executive directorships at Group companies and significant associated companies.

- Membership of statutorily constituted domestic supervisory boards
- Membership of comparable domestic and foreign regulatory bodies

Fuel consumption and emission figures

 As at: January 2013 (All data apply to features of the German market.)

Model	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
				urban	extra urban	combined	combined	
Audi A1								
A1 1.2 TFSI	63	5-speed	Premium	6.2	4.4	5.1	118	C
A1 1.4 TFSI	90	6-speed	Premium	6.8	4.4	5.3	124	C
A1 1.4 TFSI (119 g CO_2/km) [1]	90	S tronic, 7-speed	Premium	6.5	4.4	5.2	119	C
A1 1.4 TFSI	90	S tronic, 7-speed	Premium	6.5	4.6	5.3	122	C
A1 1.4 TFSI	136	S tronic, 7-speed	Super Plus	7.5	5.1	5.9	139	D
A1 1.6 TDI	66	5-speed	Diesel	4.4	3.4	3.8	99	A
A1 1.6 TDI	66	S tronic, 7-speed	Diesel	5.1	3.7	4.2	110	B
A1 1.6 TDI	77	5-speed	Diesel	4.4	3.4	3.8	99	A
A1 2.0 TDI	105	6-speed	Diesel	5.0	3.6	4.1	108	A
Audi A1 Sportback								
A1 Sportback 1.2 TFSI	63	5-speed	Premium	6.2	4.4	5.1	118	C
A1 Sportback 1.4 TFSI	90	6-speed	Premium	6.9	4.6	5.4	126	C
A1 Sportback 1.4 TFSI	90	S tronic, 7-speed	Premium	6.5	4.6	5.3	122	C
A1 Sportback 1.4 TFSI	136	S tronic, 7-speed	Super Plus	7.5	5.1	5.9	139	D
A1 Sportback 1.6 TDI	66	5-speed	Diesel	4.4	3.4	3.8	99	A
A1 Sportback 1.6 TDI	66	S tronic, 7-speed	Diesel	5.1	3.7	4.2	110	B
A1 Sportback 1.6 TDI	77	5-speed	Diesel	4.4	3.4	3.8	99	A
A1 Sportback 2.0 TDI	105	6-speed	Diesel	5.0	3.6	4.1	108	A
Audi A3								
A3 1.2 TFSI	77	6-speed	Premium	5.9	4.4	4.9	114	B
A3 1.2 TFSI	77	S tronic, 7-speed	Premium	5.8	4.3	4.9	112	B
A3 1.4 TFSI	90	6-speed	Premium	6.5	4.4	5.2	120	B
A3 1.4 TFSI	90	S tronic, 7-speed	Premium	6.1	4.2	4.9	114	B
A3 1.8 TFSI	132	6-speed	Premium	7.4	4.9	5.8	135	C
A3 1.8 TFSI	132	S tronic, 7-speed	Premium	7.0	4.8	5.6	130	C
A3 1.8 TFSI quattro	132	S tronic, 6-speed	Premium	8.2	5.6	6.6	152	D
A3 1.6 TDI	77	6-speed	Diesel	4.6	3.3	3.8	99	A
A3 1.6 TDI	77	S tronic, 7-speed	Diesel	4.8	3.4	3.9	102	A
A3 2.0 TDI	110	6-speed	Diesel	4.9	3.6	4.1	106	A
A3 2.0 TDI	110	S tronic, 6-speed	Diesel	5.2	4.0	4.4	117	B
A3 2.0 TDI quattro	110	6-speed	Diesel	5.7	4.1	4.7	122	B
S3 2.0 TFSI quattro [2]	221	6-speed	Super Plus					
S3 2.0 TFSI quattro [2]	221	S tronic, 6-speed	Super Plus					
Audi A3 Sportback								
A3 Sportback 1.4 TFSI	90	6-speed	Premium	6.6	4.6	5.3	123	B
A3 Sportback 1.4 TFSI	90	S tronic, 7-speed	Premium	6.1	4.3	5.0	116	B
A3 Sportback 1.8 TFSI	132	S tronic, 7-speed	Premium	7.0	4.8	5.6	130	C
A3 Sportback 1.6 TDI	77	6-speed	Diesel	4.6	3.3	3.8	99	A
A3 Sportback 1.6 TDI	77	S tronic, 7-speed	Diesel	4.8	3.4	3.9	102	A
A3 Sportback 2.0 TDI	110	6-speed	Diesel	5.0	3.7	4.2	108	A
A3 Sportback 2.0 TDI	110	S tronic, 6-speed	Diesel	5.4	4.1	4.5	119	B
A3 Sportback 2.0 TDI quattro	110	6-speed	Diesel	5.7	4.1	4.7	122	B
S3 Sportback 2.0 TFSI quattro [2]	221	6-speed	Super Plus					
S3 Sportback 2.0 TFSI quattro [2]	221	S tronic, 6-speed	Super Plus					
Audi A3 Cabriolet								
A3 Cabriolet 1.2 TFSI	77	6-speed	Premium	7.0	5.0	5.7	132	B
A3 Cabriolet 1.4 TFSI	92	6-speed	Premium	7.4	5.2	6.0	139	C
A3 Cabriolet 1.8 TFSI	118	6-speed	Premium	8.9	5.5	6.7	156	D
A3 Cabriolet 1.8 TFSI	118	S tronic, 7-speed	Premium	8.7	5.4	6.6	154	C
A3 Cabriolet 2.0 TFSI	147	6-speed	Premium	10.0	5.6	7.2	169	D
A3 Cabriolet 2.0 TFSI	147	S tronic, 6-speed	Premium	9.9	5.9	7.4	171	D
A3 Cabriolet 1.6 TDI	77	5-speed	Diesel	5.2	3.9	4.3	114	A
A3 Cabriolet 2.0 TDI	103	6-speed	Diesel	5.7	3.9	4.6	119	A
A3 Cabriolet 2.0 TDI	103	S tronic, 6-speed	Diesel	6.0	4.6	5.1	134	B
Audi Q3								
Q3 2.0 TFSI quattro	125	6-speed	Premium	9.5	6.1	7.3	174	D
Q3 2.0 TFSI quattro	125	S tronic, 7-speed	Premium	10.2	6.4	7.7	179	D
Q3 2.0 TFSI quattro	155	S tronic, 7-speed	Premium	10.2	6.4	7.7	179	D
Q3 2.0 TDI	103	6-speed	Diesel	6.2	4.7	5.2	137	B
Q3 2.0 TDI quattro	103	6-speed	Diesel	6.9	5.0	5.7	149	C
Q3 2.0 TDI quattro	130	S tronic, 7-speed	Diesel	7.0	5.3	5.9	156	C
RS Q3 2.5 TFSI quattro [2]	228	S tronic, 7-speed	Super Plus					
Audi TT Coupé								
TT Coupé 1.8 TFSI	118	6-speed	Premium	8.5	5.2	6.4	149	D
TT Coupé 1.8 TFSI	118	S tronic, 7-speed	Premium	8.4	5.2	6.4	147	D
TT Coupé 2.0 TFSI	155	6-speed	Premium	8.9	5.2	6.6	154	D
TT Coupé 2.0 TFSI	155	S tronic, 6-speed	Premium	9.9	5.4	7.1	164	E
TT Coupé 2.0 TFSI quattro	155	S tronic, 6-speed	Premium	9.9	5.7	7.2	169	E

Model	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
				urban	extra urban	combined	combined	
TT Coupé 2.0 TDI quattro	125	6-speed	Diesel	7.0	4.3	5.3	139	C
TT Coupé 2.0 TDI quattro	125	S tronic, 6-speed	Diesel	7.0	4.7	5.5	144	C
TTS Coupé 2.0 TFSI quattro	200	6-speed	Super Plus	10.8	6.2	7.9	184	F
TTS Coupé 2.0 TFSI quattro	200	S tronic, 6-speed	Super Plus	10.6	6.0	7.7	179	E
TT RS Coupé 2.5 TFSI quattro	250	6-speed	Super Plus	12.6	6.8	9.0	209	G
TT RS Coupé 2.5 TFSI quattro	250	S tronic, 7-speed	Super Plus	12.3	6.3	8.5	197	F
TT RS plus Coupé 2.5 TFSI quattro	265	6-speed	Super Plus	12.6	6.8	9.0	209	G
TT RS plus Coupé 2.5 TFSI quattro	265	S tronic, 7-speed	Super Plus	12.3	6.3	8.5	197	F
Audi TT Roadster								
TT Roadster 1.8 TFSI	118	6-speed	Premium	8.6	5.3	6.5	152	D
TT Roadster 1.8 TFSI	118	S tronic, 7-speed	Premium	8.6	5.3	6.6	152	D
TT Roadster 2.0 TFSI	155	6-speed	Premium	9.0	5.4	6.7	156	D
TT Roadster 2.0 TFSI	155	S tronic, 6-speed	Premium	10.0	5.6	7.2	168	E
TT Roadster 2.0 TFSI quattro	155	S tronic, 6-speed	Premium	10.2	5.7	7.4	172	E
TT Roadster 2.0 TDI quattro	125	6-speed	Diesel	7.2	4.5	5.5	144	C
TT Roadster 2.0 TDI quattro	125	S tronic, 6-speed	Diesel	7.1	4.8	5.6	146	C
TTS Roadster 2.0 TFSI quattro	200	6-speed	Super Plus	10.9	6.4	8.1	189	E
TTS Roadster 2.0 TFSI quattro	200	S tronic, 6-speed	Super Plus	10.8	6.2	7.9	184	E
TT RS Roadster 2.5 TFSI quattro	250	6-speed	Super Plus	12.8	7.0	9.1	212	G
TT RS Roadster 2.5 TFSI quattro	250	S tronic, 7-speed	Super Plus	12.4	6.4	8.6	199	F
TT RS plus Roadster 2.5 TFSI quattro	265	6-speed	Super Plus	12.8	7.0	9.1	212	G
TT RS plus Roadster 2.5 TFSI quattro	265	S tronic, 7-speed	Super Plus	12.4	6.4	8.6	199	F
Audi A4 Sedan								
A4 1.8 TFSI	88	6-speed	Premium	8.6	5.3	6.5	151	C
A4 1.8 TFSI	88	multitronic, CVT	Premium	7.6	5.4	6.2	144	C
A4 1.8 TFSI	125	6-speed	Premium	7.4	4.8	5.7	134	B
A4 1.8 TFSI	125	multitronic, CVT	Premium	6.9	5.1	5.8	134	B
A4 1.8 TFSI quattro	125	6-speed	Premium	8.1	5.2	6.2	144	B
A4 2.0 TFSI flexible fuel	132	6-speed	Premium	8.2	5.1	6.2	144	C
			E85	11.1	6.9	8.5	139	B
A4 2.0 TFSI quattro flexible fuel	132	6-speed	Premium	9.0	5.5	6.8	159	C
			E85	12.4	7.7	9.4	154	C
A4 2.0 TFSI	155	6-speed	Premium	8.3	5.1	6.3	144	C
A4 2.0 TFSI	155	multitronic, CVT	Premium	7.7	5.0	6.0	140	B
A4 2.0 TFSI quattro	155	6-speed	Premium	8.9	5.6	6.8	159	C
A4 2.0 TFSI quattro	155	S tronic, 7-speed	Premium	8.8	5.8	7.0	159	C
A4 3.0 TFSI quattro	200	S tronic, 7-speed	Premium	10.7	6.6	8.1	190	D
A4 2.0 TDI	88	6-speed	Diesel	5.4	3.9	4.5	117	A
A4 2.0 TDI	100	6-speed	Diesel	5.2	3.7	4.3	112	A
A4 2.0 TDI	105	6-speed	Diesel	5.4	4.0	4.5	119	A
A4 2.0 TDI	105	multitronic, CVT	Diesel	5.7	4.4	4.8	127	A
A4 2.0 TDI quattro	105	6-speed	Diesel	6.1	4.5	5.1	133	B
A4 2.0 TDI	120	6-speed	Diesel	5.3	3.8	4.4	115	A
A4 2.0 TDI	130	6-speed	Diesel	5.5	4.1	4.6	120	A
A4 2.0 TDI	130	multitronic, CVT	Diesel	5.7	4.4	4.8	127	A
A4 2.0 TDI quattro	130	6-speed	Diesel	6.1	4.5	5.1	134	B
A4 2.0 TDI quattro	130	S tronic, 7-speed	Diesel	6.4	4.7	5.3	139	B
A4 3.0 TDI	150	6-speed	Diesel	6.4	4.3	5.1	133	A
A4 3.0 TDI	150	multitronic, CVT	Diesel	5.5	4.6	4.9	129	A
A4 3.0 TDI quattro	180	6-speed	Diesel	7.2	4.9	5.8	152	B
A4 3.0 TDI quattro	180	S tronic, 7-speed	Diesel	6.8	5.1	5.7	149	B
A4 3.0 TDI clean diesel quattro	180	S tronic, 7-speed	Diesel	6.8	5.0	5.7	149	B
S4 3.0 TFSI quattro	245	S tronic, 7-speed	Premium	10.7	6.6	8.1	190	D
Audi A4 Avant								
A4 Avant 1.8 TFSI	88	6-speed	Premium	8.6	5.5	6.6	154	C
A4 Avant 1.8 TFSI	88	multitronic, CVT	Premium	7.6	5.7	6.4	149	C
A4 Avant 1.8 TFSI	125	6-speed	Premium	7.7	5.2	6.1	141	B
A4 Avant 1.8 TFSI	125	multitronic, CVT	Premium	7.0	5.4	6.0	139	B
A4 Avant 1.8 TFSI quattro	125	6-speed	Premium	8.1	5.5	6.5	149	B
A4 Avant 2.0 TFSI flexible fuel	132	6-speed	Premium	8.2	5.3	6.4	149	C
			E85	11.3	7.3	8.8	144	B
A4 Avant 2.0 TFSI quattro flexible fuel	132	6-speed	Premium	9.0	5.8	6.9	162	C
			E85	12.4	7.9	9.5	157	C
A4 Avant 2.0 TFSI	155	6-speed	Premium	8.2	5.3	6.4	149	C
A4 Avant 2.0 TFSI	155	multitronic, CVT	Premium	7.7	5.4	6.2	144	B
A4 Avant 2.0 TFSI quattro	155	6-speed	Premium	9.0	5.8	7.0	162	C
A4 Avant 2.0 TFSI quattro	155	S tronic, 7-speed	Premium	8.7	6.0	7.1	163	C
A4 Avant 3.0 TFSI quattro	200	S tronic, 7-speed	Premium	11.2	6.8	8.4	197	E

Model	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
				urban	extra urban	combined	combined	
A4 Avant 2.0 TDI	88	6-speed	Diesel	5.6	4.2	4.7	123	A
A4 Avant 2.0 TDI	100	6-speed	Diesel	5.3	3.9	4.4	116	A
A4 Avant 2.0 TDI	105	6-speed	Diesel	5.6	4.2	4.7	124	A
A4 Avant 2.0 TDI	105	multitronic, CVT	Diesel	5.6	4.5	4.9	129	A
A4 Avant 2.0 TDI quattro	105	6-speed	Diesel	6.1	4.7	5.3	138	B
A4 Avant 2.0 TDI	120	6-speed	Diesel	5.4	4.0	4.5	120	A
A4 Avant 2.0 TDI	130	6-speed	Diesel	5.7	4.3	4.8	126	A
A4 Avant 2.0 TDI	130	multitronic, CVT	Diesel	5.6	4.5	4.9	129	A
A4 Avant 2.0 TDI quattro	130	6-speed	Diesel	6.3	4.7	5.3	139	B
A4 Avant 2.0 TDI quattro	130	S tronic, 7-speed	Diesel	6.5	4.9	5.5	144	B
A4 Avant 3.0 TDI	150	6-speed	Diesel	6.4	4.4	5.2	135	A
A4 Avant 3.0 TDI	150	multitronic, CVT	Diesel	5.7	4.8	5.1	135	A
A4 Avant 3.0 TDI quattro	180	6-speed	Diesel	7.3	5.1	5.9	154	B
A4 Avant 3.0 TDI quattro	180	S tronic, 7-speed	Diesel	7.0	5.2	5.9	154	B
A4 Avant 3.0 TDI clean diesel quattro	180	S tronic, 7-speed	Diesel	6.9	5.2	5.9	154	B
S4 Avant 3.0 TFSI quattro	245	S tronic, 7-speed	Premium	11.1	6.8	8.4	197	D
RS 4 Avant 4.2 FSI quattro	331	S tronic, 7-speed	Super Plus	14.6	8.5	10.7	249	G
Audi A4 allroad quattro								
A4 allroad quattro 2.0 TFSI	155	6-speed	Premium	9.1	6.1	7.2	169	C
A4 allroad quattro 2.0 TFSI	155	S tronic, 7-speed	Premium	9.0	6.3	7.3	170	C
A4 allroad quattro 2.0 TDI	105	6-speed	Diesel	6.9	5.2	5.8	152	B
A4 allroad quattro 2.0 TDI	130	6-speed	Diesel	6.9	5.3	5.8	153	B
A4 allroad quattro 2.0 TDI	130	S tronic, 7-speed	Diesel	7.0	5.4	6.0	156	B
A4 allroad quattro 3.0 TDI	180	S tronic, 7-speed	Diesel	7.2	5.5	6.2	161	B
A4 allroad quattro 3.0 TDI clean diesel	180	S tronic, 7-speed	Diesel	7.1	5.4	6.0	159	B
Audi A5 Sportback								
A5 Sportback 1.8 TFSI	125	6-speed	Premium	7.5	4.9	5.8	136	B
A5 Sportback 1.8 TFSI	125	multitronic, CVT	Premium	7.0	5.2	5.9	136	B
A5 Sportback 2.0 TFSI	155	6-speed	Premium	8.3	5.1	6.3	144	B
A5 Sportback 2.0 TFSI	155	multitronic, CVT	Premium	7.7	5.3	6.2	144	B
A5 Sportback 2.0 TFSI quattro	155	6-speed	Premium	8.9	5.6	6.8	159	C
A5 Sportback 2.0 TFSI quattro	155	S tronic, 7-speed	Premium	8.8	5.8	7.0	159	C
A5 Sportback 3.0 TFSI quattro	200	S tronic, 7-speed	Premium	10.7	6.6	8.1	190	D
A5 Sportback 2.0 TDI	105	6-speed	Diesel	5.4	4.0	4.5	119	A
A5 Sportback 2.0 TDI	105	multitronic, CVT	Diesel	5.7	4.4	4.8	127	A
A5 Sportback 2.0 TDI	130	6-speed	Diesel	5.5	4.1	4.6	120	A
A5 Sportback 2.0 TDI	130	multitronic, CVT	Diesel	5.7	4.4	4.8	127	A
A5 Sportback 2.0 TDI quattro	130	6-speed	Diesel	6.1	4.5	5.1	134	B
A5 Sportback 2.0 TDI quattro	130	S tronic, 7-speed	Diesel	6.4	4.7	5.3	139	B
A5 Sportback 3.0 TDI	150	6-speed	Diesel	6.4	4.3	5.1	133	A
A5 Sportback 3.0 TDI	150	multitronic, CVT	Diesel	5.5	4.6	4.9	129	A
A5 Sportback 3.0 TDI quattro	180	6-speed	Diesel	7.2	4.9	5.8	152	B
A5 Sportback 3.0 TDI quattro	180	S tronic, 7-speed	Diesel	6.8	5.1	5.7	149	B
A5 Sportback 3.0 TDI clean diesel quattro	180	S tronic, 7-speed	Diesel	6.9	5.1	5.8	152	B
S5 Sportback 3.0 TFSI quattro	245	S tronic, 7-speed	Premium	10.7	6.6	8.1	190	D
Audi A5 Coupé								
A5 Coupé 1.8 TFSI	125	6-speed	Premium	7.4	4.8	5.7	134	B
A5 Coupé 1.8 TFSI	125	multitronic, CVT	Premium	6.9	5.1	5.8	134	B
A5 Coupé 2.0 TFSI	155	6-speed	Premium	8.3	5.1	6.3	144	C
A5 Coupé 2.0 TFSI	155	multitronic, CVT	Premium	7.7	5.0	6.0	140	B
A5 Coupé 2.0 TFSI quattro	155	6-speed	Premium	8.9	5.6	6.8	159	C
A5 Coupé 2.0 TFSI quattro	155	S tronic, 7-speed	Premium	8.8	5.8	7.0	159	C
A5 Coupé 3.0 TFSI quattro	200	S tronic, 7-speed	Premium	10.7	6.6	8.1	190	D
A5 Coupé 2.0 TDI	130	6-speed	Diesel	5.5	4.1	4.6	120	A
A5 Coupé 2.0 TDI	130	multitronic, CVT	Diesel	5.5	4.3	4.7	123	A
A5 Coupé 2.0 TDI quattro	130	6-speed	Diesel	6.1	4.5	5.1	134	B
A5 Coupé 2.0 TDI quattro	130	S tronic, 7-speed	Diesel	6.4	4.7	5.3	139	B
A5 Coupé 3.0 TDI	150	6-speed	Diesel	6.4	4.3	5.1	133	B
A5 Coupé 3.0 TDI	150	multitronic, CVT	Diesel	5.5	4.6	4.9	129	A
A5 Coupé 3.0 TDI quattro	180	6-speed	Diesel	7.3	4.9	5.8	151	B
A5 Coupé 3.0 TDI quattro	180	S tronic, 7-speed	Diesel	6.8	5.1	5.7	149	B
A5 Coupé 3.0 TDI clean diesel quattro	180	S tronic, 7-speed	Diesel	6.8	5.0	5.7	149	B
S5 Coupé 3.0 TFSI quattro	245	S tronic, 7-speed	Premium	10.7	6.6	8.1	190	D
RS 5 Coupé 4.2 FSI quattro	331	S tronic, 7-speed	Super Plus	14.4	8.3	10.5	246	G
Audi A5 Cabriolet								
A5 Cabriolet 1.8 TFSI	125	6-speed	Premium	7.9	5.1	6.2	143	B
A5 Cabriolet 1.8 TFSI	125	multitronic, CVT	Premium	7.2	5.6	6.2	143	B
A5 Cabriolet 2.0 TFSI	155	6-speed	Premium	8.6	5.4	6.6	154	C
A5 Cabriolet 2.0 TFSI	155	multitronic, CVT	Premium	7.8	5.6	6.4	149	B

Model	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
				urban	extra urban	combined	combined	
A5 Cabriolet 2.0 TFSI quattro	155	S tronic, 7-speed	Premium	8.8	6.1	7.2	164	C
A5 Cabriolet 3.0 TFSI quattro	200	S tronic, 7-speed	Premium	11.2	6.9	8.5	199	D
A5 Cabriolet 2.0 TDI	105	6-speed	Diesel	5.6	4.2	4.7	124	A
A5 Cabriolet 2.0 TDI	130	6-speed	Diesel	5.8	4.4	4.9	127	A
A5 Cabriolet 2.0 TDI	130	multitronic, CVT	Diesel	5.8	4.6	5.0	132	A
A5 Cabriolet 2.0 TDI quattro	130	6-speed	Diesel	6.5	4.9	5.4	142	A
A5 Cabriolet 3.0 TDI	150	multitronic, CVT	Diesel	5.8	4.9	5.2	138	A
A5 Cabriolet 3.0 TDI quattro	180	S tronic, 7-speed	Diesel	7.0	5.2	5.9	154	B
S5 Cabriolet 3.0 TFSI quattro	245	S tronic, 7-speed	Premium	11.2	6.9	8.5	199	D
RS 5 Cabriolet 4.2 FSI quattro	331	S tronic, 7-speed	Super Plus	14.6	8.5	10.7	249	F
Audi Q5								
Q5 2.0 TFSI quattro	132	6-speed	Premium	9.3	6.4	7.5	174	C
Q5 2.0 TFSI quattro	165	6-speed	Premium	9.3	6.4	7.5	174	C
Q5 2.0 TFSI quattro	165	tiptronic, 8-speed	Premium	9.6	6.9	7.9	184	D
Q5 3.0 TFSI quattro	200	tiptronic, 8-speed	Premium	11.4	6.9	8.5	199	D
Q5 2.0 TDI	105	6-speed	Diesel	6.0	4.9	5.3	139	A
Q5 2.0 TDI quattro	105	6-speed	Diesel	6.8	5.4	5.9	154	B
Q5 2.0 TDI quattro	130	6-speed	Diesel	6.8	5.4	5.9	154	B
Q5 2.0 TDI quattro	130	S tronic, 7-speed	Diesel	7.1	5.5	6.1	159	B
Q5 3.0 TDI quattro	180	S tronic, 7-speed	Diesel	7.1	6.0	6.4	169	B
Q5 2.0 TFSI hybrid quattro	180 [3)]	tiptronic, 8-speed	Premium	6.6	7.1	6.9	159	B
SQ5 3.0 TDI quattro	230	tiptronic, 8-speed	Diesel	7.6	6.4	6.8	179	C
Audi A6 Sedan								
A6 2.0 TFSI	132	6-speed	Premium	8.3	5.4	6.5	151	C
A6 2.0 TFSI	132	multitronic, CVT	Premium	8.1	5.4	6.4	149	B
A6 2.8 FSI	150	6-speed	Premium	10.5	6.0	7.7	177	D
A6 2.8 FSI	150	multitronic, CVT	Premium	9.6	6.1	7.4	172	D
A6 2.8 FSI quattro	150	S tronic, 7-speed	Premium	10.7	6.5	8.0	187	D
A6 3.0 TFSI quattro	228	S tronic, 7-speed	Premium	10.8	6.6	8.2	190	D
A6 2.0 TDI	130	6-speed	Diesel	6.0	4.4	4.9	129	A
A6 2.0 TDI	130	multitronic, CVT	Diesel	6.0	4.4	5.0	132	A
A6 3.0 TDI	150	6-speed	Diesel	6.5	4.4	5.3	139	B
A6 3.0 TDI	150	multitronic, CVT	Diesel	5.8	4.6	5.1	133	A
A6 3.0 TDI quattro	150	S tronic, 7-speed	Diesel	6.7	5.0	5.7	149	B
A6 3.0 TDI quattro	180	S tronic, 7-speed	Diesel	7.2	5.2	5.9	156	B
A6 3.0 TDI clean diesel quattro	180	S tronic, 7-speed	Diesel	7.3	5.1	5.9	156	B
A6 3.0 TDI quattro	230	tiptronic, 8-speed	Diesel	8.0	5.6	6.4	169	C
A6 2.0 TFSI hybrid	180 [3)]	tiptronic, 8-speed	Premium	6.2	6.2	6.2	145	A
S6 4.0 TFSI quattro	309	S tronic, 7-speed	Premium	13.4	7.5	9.6	225	E
Audi A6 Avant								
A6 Avant 2.0 TFSI	132	6-speed	Premium	8.4	5.5	6.6	154	C
A6 Avant 2.0 TFSI	132	multitronic, CVT	Premium	8.2	5.5	6.5	152	B
A6 Avant 2.8 FSI	150	6-speed	Premium	10.5	6.0	7.7	177	D
A6 Avant 2.8 FSI	150	multitronic, CVT	Premium	9.6	6.1	7.4	172	C
A6 Avant 2.8 FSI quattro	150	S tronic, 7-speed	Premium	10.7	6.5	8.0	187	D
A6 Avant 3.0 TFSI quattro	228	S tronic, 7-speed	Premium	10.8	6.6	8.2	190	D
A6 Avant 2.0 TDI	130	6-speed	Diesel	6.1	4.5	5.0	132	A
A6 Avant 2.0 TDI	130	multitronic, CVT	Diesel	6.1	4.5	5.1	135	A
A6 Avant 3.0 TDI	150	6-speed	Diesel	6.5	4.4	5.3	139	A
A6 Avant 3.0 TDI	150	multitronic, CVT	Diesel	5.9	4.7	5.2	136	A
A6 Avant 3.0 TDI quattro	150	S tronic, 7-speed	Diesel	6.8	5.1	5.8	152	B
A6 Avant 3.0 TDI quattro	180	S tronic, 7-speed	Diesel	7.2	5.2	5.9	156	B
A6 Avant 3.0 TDI clean diesel quattro	180	S tronic, 7-speed	Diesel	7.3	5.1	5.9	156	B
A6 Avant 3.0 TDI quattro	230	tiptronic, 8-speed	Diesel	8.0	5.6	6.4	169	B
S6 Avant 4.0 TFSI quattro	309	S tronic, 7-speed	Premium	13.4	7.5	9.7	226	E
RS 6 Avant 4.0 TFSI quattro [2)]	412	tiptronic, 8-speed	Super Plus					
Audi A6 allroad quattro								
A6 allroad quattro 3.0 TFSI	228	S tronic, 7-speed	Premium	11.8	7.1	8.9	206	D
A6 allroad quattro 3.0 TDI	150	S tronic, 7-speed	Diesel	7.0	5.5	6.1	159	B
A6 allroad quattro 3.0 TDI	180	S tronic, 7-speed	Diesel	7.4	5.6	6.3	165	B
A6 allroad quattro 3.0 TDI clean diesel	180	S tronic, 7-speed	Diesel	7.4	5.6	6.3	165	B
A6 allroad quattro 3.0 TDI	230	tiptronic, 8-speed	Diesel	7.9	6.0	6.7	176	C
Audi A7 Sportback								
A7 Sportback 2.8 FSI	150	multitronic, CVT	Premium	9.6	6.1	7.4	172	C
A7 Sportback 2.8 FSI quattro	150	S tronic, 7-speed	Premium	10.7	6.5	8.0	187	D
A7 Sportback 3.0 TFSI quattro	228	S tronic, 7-speed	Premium	10.8	6.6	8.2	190	D
A7 Sportback 3.0 TDI	150	multitronic, CVT	Diesel	5.9	4.7	5.1	135	A

Model	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
				urban	extra urban	combined	combined	
A7 Sportback 3.0 TDI quattro	150	S tronic, 7-speed	Diesel	6.8	5.1	5.8	152	B
A7 Sportback 3.0 TDI quattro	180	tiptronic, 8-speed	Diesel	7.2	5.3	5.9	156	B
A7 Sportback 3.0 TDI clean diesel quattro	180	S tronic, 7-speed	Diesel	7.3	5.1	5.9	156	B
A7 Sportback 3.0 TDI quattro	230	tiptronic, 8-speed	Diesel	8.0	5.6	6.4	169	B
S7 Sportback 4.0 TFSI quattro	309	S tronic, 7-speed	Premium	13.4	7.5	9.6	225	E
RS 7 Sportback 4.0 TFSI quattro [2]	412	tiptronic, 8-speed	Super Plus					
Audi Q7								
Q7 3.0 TFSI quattro	200	tiptronic, 8-speed	Premium	14.4	8.5	10.7	249	E
Q7 3.0 TFSI quattro	245	tiptronic, 8-speed	Premium	14.4	8.5	10.7	249	E
Q7 3.0 TDI quattro	150	tiptronic, 8-speed	Diesel	8.2	6.5	7.2	189	B
Q7 3.0 TDI quattro	180	tiptronic, 8-speed	Diesel	8.6	6.7	7.4	195	B
Q7 3.0 TDI clean diesel quattro	180	tiptronic, 8-speed	Diesel	8.8	6.6	7.4	195	B
Q7 4.2 TDI quattro	250	tiptronic, 8-speed	Diesel	12.0	7.6	9.2	242	D
Audi A8								
A8 3.0 TFSI quattro	213	tiptronic, 8-speed	Premium	11.7	7.1	8.8	204	D
A8 4.0 TFSI quattro	309	tiptronic, 8-speed	Premium	13.0	7.3	9.4	219	E
A8 3.0 TDI	150	tiptronic, 8-speed	Diesel	7.4	5.2	6.0	158	B
A8 3.0 TDI quattro	184	tiptronic, 8-speed	Diesel	7.9	5.6	6.4	169	B
A8 3.0 TDI clean diesel quattro	184	tiptronic, 8-speed	Diesel	8.1	5.6	6.4	169	B
A8 4.2 TDI quattro	258	tiptronic, 8-speed	Diesel	9.3	6.3	7.4	195	C
A8 2.0 TFSI hybrid	180 [3]	tiptronic, 8-speed	Premium	6.4	6.2	6.3	147	A
S8 4.0 TFSI quattro	382	tiptronic, 8-speed	Premium	14.4	7.6	10.1	235	E
Audi A8 L								
A8 L 3.0 TFSI quattro	213	tiptronic, 8-speed	Premium	11.7	7.1	8.8	205	D
A8 L 4.0 TFSI quattro	309	tiptronic, 8-speed	Premium	13.1	7.4	9.5	221	E
A8 L 3.0 TDI quattro	184	tiptronic, 8-speed	Diesel	7.9	5.7	6.5	171	B
A8 L 3.0 TDI clean diesel quattro	184	tiptronic, 8-speed	Diesel	8.1	5.7	6.5	171	B
A8 L 4.2 TDI quattro	258	tiptronic, 8-speed	Diesel	9.4	6.4	7.5	198	C
A8 L W12 quattro	368	tiptronic, 8-speed	Premium	16.6	9.1	11.9	277	G
A8 L 2.0 TFSI hybrid	180 [3]	tiptronic, 8-speed	Premium	6.9	6.2	6.4	149	A
Audi R8 Coupé								
R8 4.2 FSI quattro	316	6-speed	Super Plus	21.3	10.0	14.2	332	G
R8 4.2 FSI quattro	316	S tronic, 7-speed	Super Plus	19.3	8.4	12.4	289	G
R8 5.2 FSI quattro	386	6-speed	Super Plus	22.2	10.6	14.9	346	G
R8 5.2 FSI quattro	386	S tronic, 7-speed	Super Plus	20.5	8.9	13.1	305	G
R8 5.2 FSI plus quattro	404	6-speed	Super Plus	22.2	10.6	14.9	346	G
R8 5.2 FSI plus quattro	404	S tronic, 7-speed	Super Plus	19.9	8.6	12.9	299	G
Audi R8 Spyder								
R8 Spyder 4.2 FSI quattro	316	6-speed	Super Plus	21.3	10.3	14.4	337	G
R8 Spyder 4.2 FSI quattro	316	S tronic, 7-speed	Super Plus	19.6	8.6	12.6	294	G
R8 Spyder 5.2 FSI quattro	386	6-speed	Super Plus	22.2	10.7	14.9	349	G
R8 Spyder 5.2 FSI quattro	386	S tronic, 7-speed	Super Plus	20.5	9.2	13.3	310	G
Lamborghini Gallardo								
Gallardo LP 550-2	405	6-speed	Super Plus	22.0	9.9	14.4	341	G
Gallardo LP 550-2	405	e-gear, 6-speed	Super Plus	20.1	9.2	13.3	315	G
Gallardo LP 560-4	412	6-speed	Super Plus	22.6	10.2	14.7	351	G
Gallardo LP 560-4	412	e-gear, 6-speed	Super Plus	20.7	9.6	13.7	325	G
Gallardo LP 570-4 Superleggera	419	6-speed	Super Plus	22.2	10.0	14.4	344	G
Gallardo LP 570-4 Superleggera	419	e-gear, 6-speed	Super Plus	20.4	9.4	13.5	319	G
Lamborghini Gallardo Spyder								
Gallardo LP 550-2 Spyder	405	e-gear, 6-speed	Super Plus	20.8	9.7	13.8	330	G
Gallardo LP 560-4 Spyder	412	6-speed	Super Plus	22.7	10.3	14.8	354	G
Gallardo LP 560-4 Spyder	412	e-gear, 6-speed	Super Plus	20.8	9.7	13.8	330	G
Gallardo LP 570-4 Spyder Performante	419	6-speed	Super Plus	22.4	10.1	14.6	350	G
Gallardo LP 570-4 Spyder Performante	419	e-gear, 6-speed	Super Plus	20.5	9.6	13.6	327	G
Lamborghini Aventador								
Aventador LP 700-4	515	ISR, 7-speed	Super Plus	24.7	10.7	16.0	370	G
Lamborghini Aventador Roadster								
Aventador LP 700-4	515	ISR, 7-speed	Super Plus	24.7	10.7	16.0	370	G

1) Contains restrictions with regard to optional extras

2) This model is not yet on sale. It does not yet have type approval and therefore does not comply with Directive 1999/94/EC.

3) Total system output (briefly)

Further information on official fuel consumption figures and the official specific CO_2 emissions of new passenger cars can be found in the guide "Information on the fuel consumption and CO_2 emissions of new cars," which is available free of charge at all sales dealerships and from DAT Deutsche Automobil Treuhand GmbH, Hellmuth-Hirth-Str. 1, 73760 Ostfildern-Scharnhausen, Germany.

10-Year Overview

		2003 [1]	2004 [1]	2005 [1]
Production				
Automotive segment	Cars [2]	761,582	784,972	811,522
	Engines	1,342,883	1,485,536	1,695,045
Motorcycles segment	Motorcycles [3]	–	–	–
Deliveries to customers				
Automotive segment	Cars	1,003,791	971,832	1,045,114
Audi brand	Cars	769,893	779,441	829,109
Germany	Cars	237,786	235,092	247,125
Outside Germany	Cars	532,107	544,349	581,984
Lamborghini brand	Cars	1,305	1,592	1,600
Other Volkswagen Group brands	Cars	232,593	190,799	214,405
Motorcycles segment	Motorcycles [3]	–	–	–
Ducati brand	Motorcycles [3]	–	–	–
Workforce	Average	52,689	53,144	52,412
From the Income Statement				
Revenue	EUR million	23,406	24,506	26,591
Cost of materials	EUR million	17,163	17,676	19,139
Personnel costs	EUR million	2,938	3,072	3,136
Personnel costs per employee	EUR	55,763	57,798	59,834
Depreciation and amortization	EUR million	1,833	1,852	1,930
Operating profit	EUR million	1,051	1,238	1,407
Profit before tax	EUR million	1,101	1,143	1,310
Profit after tax	EUR million	811	871	824
From the Balance Sheet (Dec. 31)				
Non-current assets	EUR million	8,588	8,970	8,597
Current assets	EUR million	5,475	5,934	7,515
Equity	EUR million	5,487	5,828	6,104
Liabilities	EUR million	8,576	9,076	10,008
Balance sheet total	EUR million	14,063	14,904	16,112
From the Cash Flow Statement				
Cash flow from operating activities	EUR million	2,786	2,690	3,252
Investing activities [4]	EUR million	2,015	2,041	1,670
Net liquidity (Dec. 31)	EUR million	1,530	2,033	3,391
Financial ratios				
Operating return on sales	Percent	4.5	5.1	5.3
Return on sales before tax	Percent	4.7	4.7	4.9
Equity ratio (Dec. 31)	Percent	39.0	39.1	37.9
Audi share				
Share price (year-end price) [5]	EUR	225.00	220.15	308.00
Compensatory payment	EUR	1.05	1.05	1.15

1) Financial data adjusted to take account of amendments to IAS 19 and IAS 38

2) Including vehicles manufactured in China by the FAW-Volkswagen Automotive Company, Ltd., Changchun, joint venture since January 1, 2012. 333,465 (216,053) vehicles were

3) Since acquisition of the Ducati Group in July 2012

4) Not including changes in securities, fixed deposits and loans; in 2012 including the acquisition of interests in Volkswagen Group Services S.A., Brussels (Belgium), and in DUCATI

5) Year-end price on Munich Stock Exchange

6) In accordance with the resolution to be passed by the Annual General Meeting of Volkswagen AG, Wolfsburg, on April 25, 2013

2006	2007	2008	2009	2010	2011	**2012**
926,180	980,880	1,029,041	932,260	1,150,018	1,302,981	**1,469,205**
1,895,695	1,915,633	1,901,760	1,384,240	1,648,193	1,884,157	**1,916,604**
–	–	–	–	–	–	**15,734**
1,135,554	1,200,701	1,223,506	1,145,360	1,293,453	1,512,014	**1,634,312**
905,188	964,151	1,003,469	949,729	1,092,411	1,302,659	**1,455,123**
257,792	254,014	258,111	228,844	229,157	254,011	**263,163**
647,396	710,137	745,358	720,885	863,254	1,048,648	**1,191,960**
2,087	2,406	2,430	1,515	1,302	1,602	**2,083**
228,279	234,144	217,607	194,116	199,740	207,753	**177,106**
–	–	–	–	–	–	**16,786**
–	–	–	–	–	–	**16,786**
52,297	53,347	57,822	58,011	59,513	62,806	**67,231**
31,142	33,617	34,196	29,840	35,441	44,096	**48,771**
21,627	23,092	23,430	18,512	21,802	28,594	**30,265**
3,440	3,406	3,709	3,519	4,274	5,076	**5,053**
65,771	63,846	64,467	60,656	71,818	80,819	**75,164**
2,515	2,287	1,908	1,775	2,170	1,793	**1,937**
2,015	2,705	2,772	1,604	3,340	5,348	**5,380**
1,946	2,915	3,177	1,928	3,634	6,041	**5,956**
1,343	1,692	2,207	1,347	2,630	4,440	**4,353**
8,285	8,325	9,537	9,637	10,584	12,209	**18,068**
10,625	14,253	16,519	16,913	20,188	24,811	**22,357**
7,265	8,355	10,328	10,632	11,310	12,903	**15,033**
11,645	14,223	15,728	15,918	19,462	24,117	**25,393**
18,910	22,578	26,056	26,550	30,772	37,019	**40,425**
4,428	4,876	4,338	4,119	5,797	6,295	**6,144**
1,890	2,084	2,412	1,798	2,260	2,905	**6,804**
5,720	7,860	9,292	10,665	13,383	15,716	**13,396**
6.5	8.0	8.1	5.4	9.4	12.1	**11.0**
6.2	8.7	9.3	6.5	10.3	13.7	**12.2**
38.4	37.0	39.6	40.0	36.8	34.9	**37.2**
540.00	625.00	466.49	500.00	650.00	542.05	**525.00**
1.25	1.80	1.93	1.60	2.20	3.00	**X** [6)]

manufactured by the joint venture in the 2012 fiscal year. The previous year's figure has been adjusted for ease of comparison.

I MOTOR HOLDING S.P.A., Bologna (Italy)

2013 Financial Calendar

Quarterly Report, 1st quarter
April 30, 2013

Annual General Meeting
May 16, 2013
Audi Forum Neckarsulm

Interim Financial Report
August 2, 2013

Quarterly Report, 3rd quarter
November 4, 2013

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