Audi 2013 Annual Report



Audi
Vorsprung durch Technik



PHOTOS: *Hubertus Hamm*

vative

The technologies of the **future** are intelligent systems
that adapt perfectly to different situations.
Like our *Audi Matrix LED headlights.*




passi



onate

For more than 33 years, it has stood for a **dynamic and safe driving sensation** – and is always reinventing itself. Our *quattro drive*.

progr

Smart, informative and **focused on the driver.**
The *Audi virtual cockpit* allows
you to experience Vorsprung durch Technik.



essive



Zero local emissions and an impressive range.
With *tron technologies* we are shaping the transition to
sustainable mobility. Without any compromises.

respo





We feel tomorrow.

THINK ...

Innovations that make a statement for the next generation.
Which **ideas** will we use to **shape the future?**



... LIGHT

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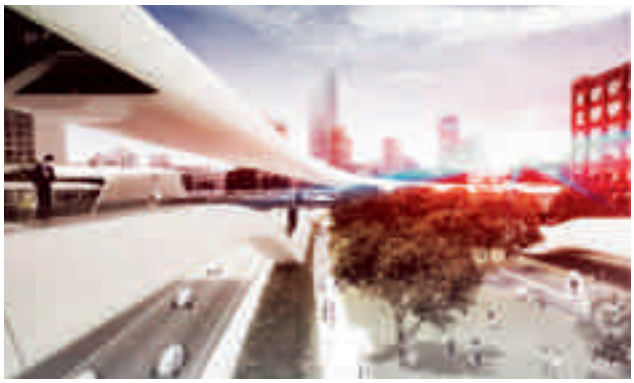


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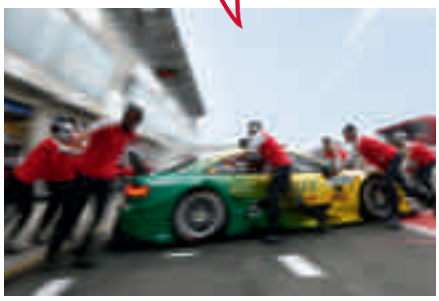
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Fuel consumption and emission figures at the end of the Annual Report

The multimedia Audi Annual Report

Accompany us on a journey through the world of Audi.
Find out more about the fascination of the brand in **emotional stories, movies and pictures.** Feel what drives us to shape the future.





Multimedia experience

More photos, more videos, more information: Discover the whole world of the Audi Annual Report on the website **www.audi.com/ar2013** or using the **apps for iPad®** and **Windows 8.**

Motorsport special

Take another look back at the **highlights of the Audi motorsport season,** such as Mike Rockenfeller's victory in the DTM or the 12th win at the 24 Hours of Le Mans.



Look out for this symbol. Wherever you see it, it means that there are **movies, animations or picture galleries** available. Simply download the recognition app **layar,** hold your smartphone or tablet over the symbol and use augmented reality to dive into the multimedia world.

Mexico plant

The most modern plant in the worldwide Audi manufacturing network is currently being constructed in San José Chiapa, Mexico. At an altitude of about 2,400 meters, it will also be the highest situated plant. The facility, covering an area the size of around 560 soccer pitches, will manufacture the next-generation Audi Q5 from 2016.

400 hectares

11.2 million LED pixels

At the 65th International Motor Show (IAA), Audi again served up a real spectacle for visitors to its stand: Frankfurt was given a new skyline for ten days! The specially constructed building invited people to view the context of urban mobility from unusual vantage points. Inside, skyscrapers and entire districts sprouted from a ceiling brought to life by elaborately projected images and a total of 11.2 million LED pixels. The stand, which took seven weeks to build, incorporated some 2,300 square meters of mirrors and 150 kilometers of cables, and covered a total floor area of 3,400 square meters.

Success story in China

In July 2013, the Chinese joint venture FAW-Volkswagen Automotive Company, Ltd., in which AUDI AG is a partner, celebrated its 25th anniversary. This milestone year also saw Audi deliver its two millionth car in China – a locally built Audi A6 L. The brand with the four rings is consequently the undisputed market leader in the premium segment in China.

25 years of partnership

1,575,480 deliveries

In 2013, the Audi brand achieved a new all-time best in delivering 1,575,480 cars, breaking its own record in more than 40 markets. This represented an increase of 8.3 percent worldwide. Audi's three main international markets were instrumental to this growth, each of them expanding at a double-digit rate: China was up 21.1 percent, the United States up 13.5 percent and the UK up 14.9 percent.

Operating return on sales

Audi was again one of the most profitable manufacturers in the automotive industry worldwide in 2013. The Audi Group achieved an operating return on sales of 10.1 percent, slightly above its strategic target corridor of eight to ten percent – despite the high outlay needed for new models and technologies as well as the costs of systematically expanding our international manufacturing structures.

10.1%

5,000,000 Audi models with quattro drive

Audi celebrated a very special anniversary in February 2013. The five millionth Audi with permanent all-wheel drive was built at the Neckarsulm plant. Last year, almost one in two customers opted for an Audi with quattro drive.

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

PHOTO: *Jim Rakete*



Dear Readers,
Dear Shareholders,

Would you also like to know what the future of driving looks like? What energy sources and drive systems our mobility will be based on, for instance? Will the day come when we can tell a car what to do with only a gesture or a look? How does it feel to leave the steering up to a computer? Will traffic lights one day disappear from our roads because the traffic flow uses swarm intelligence to regulate itself?

Much of this may sound like dreams of the future. But consider this: When Jules Verne published his novel "From the Earth to the Moon" in 1865, who would have believed his notion of putting a man on the moon would become reality just 100 years later?

Every day, we at Audi work intensively on matters relating to the future – whether it be next year, the next decade or the world in 30 or 50 years' time. That is why we have devoted this Annual Report to the question of how the future feels.

We want to be more than mere passengers on this journey through time. We are the ones behind the wheel, the ones shaping the future. We supplied ample evidence of that ambition in 2013, steering our Company along a clear course through a challenging market environment. For the first time ever, last year saw us deliver over 1.5 million cars with the four rings to customers – two years earlier than planned. And with new models such as the Audi A3 Sedan, innovative technology such as Audi e-tron and an expanded production network, we are paving the way for future success.

Read on to find out more about our ideas and innovations for the future. Discover how today's visions will gradually unfold to become tomorrow's reality.

Kind regards,

R. Stadler

Prof. Rupert Stadler
/ Chairman of the Board of Management



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

Ladies and Gentlemen,
Dear Shareholders,

The past fiscal year brought a slight increase in economic momentum worldwide. Latterly, the signs were predominantly positive in many industrialized nations, while most emerging economies achieved sustained robust economic growth. In 2013, the global automotive market benefited most of all from strong demand for cars in China and the United States.

Under the umbrella of its long-term product initiative, the brand with the four rings again brought a large number of new models onto markets in 2013. The new Sportback and the Sedan were added to the A3 premium compact family, for example. The Audi brand also widened its range of extra-sporty S and RS models with the introduction of numerous new products, such as the SQ5, RS Q3, RS 5 Cabriolet, RS 6 Avant and RS 7 Sportback. Another major development in the past fiscal year was the expansion of international production structures. The Hungarian site Győr completed its transformation into an automotive plant that now covers every stage of the process chain. In addition, construction work on the new car plant in San José Chiapa (Mexico) is making good progress; the successor to the Audi Q5 will be built there from 2016. Audi will also resume production activities in Brazil from 2015, and a second plant in China has just been opened in Foshan.

With 1,575,480 Audi vehicles sold over the course of the past fiscal year, the volume target of 1.5 million deliveries originally envisaged for 2015 was easily exceeded, two years ahead of schedule. In addition, the Audi Group achieved an operating return on sales of 10.1 percent, at the upper end of its strategic target corridor of eight to ten percent – despite the higher expenses for new products and technologies as well as the expansion of manufacturing structures and highly intensive competition in many markets. On behalf of the Supervisory Board, I would like to thank the management, the employee representatives and the workforce, without whose efforts this outstanding achievement would not have been possible.

The Supervisory Board was newly constituted last year following its election. The term of office of all Supervisory Board members ended with the close of the Annual General Meeting on May 16, 2013. Heinz Eyer, Dr. phil. Christine Hawighorst and Wolfgang Müller ceased to be Board members. The Supervisory Board greatly appreciated their constructive advice and expresses its gratitude and indebtedness to the former members for their work. All other Supervisory Board members were re-elected. Rolf Klotz, Ursula Piëch and Sibylle Wankel were elected as new members. The term of office of all Supervisory Board members ends with the close of the Annual General Meeting, which is to give discharge for the 2017 fiscal year.

At its constituent meeting on May 16, 2013, the Supervisory Board re-elected me as its Chairman and Berthold Huber as Vice Chairman. The Supervisory Board also elected the members of the Presiding Committee, the Negotiating Committee and the Audit Committee. It confirmed all members in their previous functions.

The Board of Management provided the Supervisory Board with regular, up-to-date and comprehensive information. Decisions of fundamental importance 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 and business policy as well as its risk management and risk situation at ordinary quarterly meetings and on the basis of regular oral and written reports from the Board of Management, and consulted the Board of Management closely on these matters. The Chairman of the Supervisory Board also held consultations with the Chairman of the Board of Management in between the regular meetings, on such topics as the Company's strategy, business policy, business development and risk management.

PHOTO: *Hartmut Nägele*

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

At its four ordinary meetings in 2013, the Supervisory Board discussed at length Audi's growth prospects in key markets such as the United States, China, Russia and India. The Supervisory Board also conferred with the Board of Management on the challenges the Company will face in the area of human resources in the next few years. Other subject areas discussed were the progress of construction work on the Mexico plant and the focus of Technical Development work, especially with regard to the lightweight construction, connectivity and electric mobility areas of innovation. The members of the Supervisory Board had the opportunity to view and gather detailed information on future models and technologies at vehicle presentations.

One ordinary Supervisory Board meeting was held at AUDI HUNGARIA MOTOR Kft. in Győr (Hungary). The Supervisory Board took this opportunity to witness first-hand how the new automotive plant is developing into a mainstay of the worldwide Audi production network, and as such is providing a further boost to Audi's international competitiveness.

In approving the plans for human resources, financial and investment measures, the Supervisory Board reconfirmed the Board of Management's strategic decisions and thus gave its continued backing to Audi's goal of becoming the world's leading premium brand.

The Supervisory Board considered the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) on two occasions in 2013. The first of these, a joint meeting with the Board of Management on May 15, 2013, led to the declaration that elections to the Supervisory Board would, from that point on, take the form of the election of individuals. The new approach was necessitated by changes in application. At its fourth ordinary meeting during the past fiscal year, the Supervisory Board together with the Board of Management routinely determined the content of the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act.

All Supervisory Board members were present at more than half of the meetings. The average attendance rate in the past fiscal year was 97 percent. The members of the Presiding Committee held full consultations before each meeting. The Negotiating Committee did not need to be convened in 2013.

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 2012 as well as other topics such as risk management, and compliance and auditing work. In addition, the Audit Committee scrutinized the 2013 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 also advised on the independence of the auditor, the findings of additional audits commissioned and the situation at the end of 2013.

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 2013 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, the Consolidated Financial Statements as well as the Combined Management Report of the Audi Group and AUDI AG for the 2013 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 auditor, in advance of their meeting on February 20, 2014. 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 members of both bodies. According to information supplied by the auditing firm, there were no circumstances that might give cause for concern about the auditor's partiality.

Following examination of the audit documents received and in-depth discussions with the auditing firm's representatives, and based on its own conclusions, the Audit Committee recommended to the Supervisory Board at the meeting on February 20, 2014 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 was the following change in the composition of the Company's Board of Management during the past fiscal year: Prof. Dr.-Ing. Ulrich Hackenberg was appointed Member of the Board of Management of AUDI AG with responsibility for the Technical Development division with effect from July 1, 2013. His predecessor, Wolfgang Dürheimer, moved to another senior function within the Volkswagen Group. The Supervisory Board would like to thank him for his contribution.

The Board of Management took account of economic conditions when laying its plans and focused its corporate strategy on future challenges. It will continue to work intensively at building on the strong competitive position already achieved by each of the Audi, Lamborghini and Ducati brands, in order to consistently maintain the established course of growth. The Supervisory Board will continue to support the Board of Management throughout this process in an advisory role.

Ingolstadt, February 20, 2014



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

The Board of Management

The Board of Management of AUDI AG in Die Neue Sammlung, the design museum in Munich's Pinakothek der Moderne. This is where the Audi design wall was unveiled during a ceremony in September 2013. 1,763 miniature models of the Urquattro, the original Audi quattro, surround the wall installation, from which the design sculpture of the Audi Sport quattro concept rises. The exhibit symbolizes the bridge from the brand's past to its future.



Prof. h. c. Thomas Sigi
/ Human Resources

Axel Strotbek
/ Finance and Organization

Prof. Dr.-Ing. Ulrich Hackenberg
/ Technical Development

PHOTO: *Jim Rakete*



Prof. Rupert Stadler
/ Chairman of the Board of Management

Luca de Meo
/ Marketing and Sales

Dr. Bernd Martens
/ Procurement

Dr.-Ing. Frank Dreves
/ Production



PHOTO: *Getty Images*



01

02

03

04

05

Innovations that make a statement for the next generation. Which **ideas** will we use to **shape the future?**

THINK ...

$$K_{Element} = \sum_{i=l}^{m} \left[\left(\frac{Max\left[\sigma_{1.i}, \sigma_{2.i}\right]}{\sigma_{1.i} + \sigma_{2.i}} - 0.5 \right) \cdot 2 \cdot \left| \frac{90° - \left| \varphi_{1.i} - \varphi_{REF,j} \right|}{90°} \right| \cdot \frac{\left(\sigma_{1.i} + \sigma_{2.i}\right)}{\sum_{i=1}^{m} \left(\sigma_{1.i} + \sigma_{2.i}\right)} \right]$$

On their search for the right amount of the right material to use in the right place, Audi engineers use, among other things, a formula to compute the component suitability for various materials per element:

$$\sigma_x = \frac{1}{2} \cdot \left(\sigma_1 + \sigma_2 + \frac{\sigma_1 - \sigma_2}{\sqrt{1 + tan^2(2 \cdot \varphi_1)}} \cdot sgn\,(\varphi_1) \right)$$

$$\sigma_y = \frac{1}{2} \cdot \left(\sigma_1 + \sigma_2 - \frac{\sigma_1 - \sigma_2}{\sqrt{1 + tan^2(2 \cdot \varphi_1)}} \cdot sgn\,(\varphi_1) \right)$$

$$\tau_{xy} = \frac{1}{2} \cdot \left(\frac{\sigma_1 - \sigma_2}{\sqrt{1 + tan^2(2 \cdot \varphi_1)}} \right) \cdot tan\,(2 \cdot \varphi_1) \cdot sgn\,(\varphi_1)$$

The computation of direction-dependent stresses is crucial for the design of ever-lighter components.



PHOTO: AUDI AG

Formula for calculating drag force Fd:

$$F_d = \underbrace{pl \cdot A \cdot C_d \cdot \frac{v^2}{2}}_{Drag} + \underbrace{m_g \cdot a \cdot f_R}_{Rolling\ friction} + \underbrace{m_g \cdot b}_{Inertia} + \underbrace{m_g \cdot sin\,(\alpha)}_{Downgrade\ force}$$

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



Making light work of it

It is no longer enough to just weigh less. Efficient lightweight construction is based on the use of innovative materials and sustainable production processes. That is Audi. That is the idea behind the lightweight construction principle. Lightness isn't just good, it's also beneficial: for a cleaner environment and a clearer conscience thanks to lower CO_2 emissions.

TEXT: *Dirk Vincken*

According to studies by the Heidelberg Institute for Energy and Environmental Research, a weight reduction of 100 kilograms results in an average saving of 0.35 Liters of gasoline per 100 kilometers. This corresponds to a reduction in CO_2 emissions of around ten grams per kilometer.





→ AUDI LAID THE FOUNDATION FOR REVERSING THE WEIGHT SPIRAL BACK IN 1993 WITH THE AUDI SPACE FRAME ASF

Some structures are so sophisticated or ingeniously simple that they become timeless and virtually impossible to top. The igloo and the Eiffel Tower, for example. Or a spider web and the honeycomb structure of a bee hive. The architects of the Audi Space Frame ASF, which celebrated its 20th birthday in 2013, were also guided by simplicity and strength. Weighing in at 231 kilograms, the aluminum ASF of the current Audi A8 is up to 40 percent lighter, but nevertheless stiffer than a comparable steel body.

"Lightweight construction is a mindset at Audi," says Heinz Hollerweger, Head of Total Vehicle Development. And not just since drivers began thinking about such things as resource conservation, environmental compatibility and sustainability. Audi revolutionized the concept of automotive lightweight construction when it presented the Audi Space Frame ASF at the International Motor Show (IAA) 20 years ago. Since then, more than 830,000 vehicles have been built using an ASF design. Then as now, lightweight construction was associated primarily with one idea at Audi: driving pleasure. Every kilogram trimmed from a car's weight is another kilogram that does not have to be accelerated and then slowed again. The driving experience is consequently more dynamic. In the words of Claus Haverkamp, Head of Body Concepts and Lightweight Technology at the Audi Lightweight Design Center, "Light is fun!"

PHOTOS: *AUDI AG*

Another element to enjoying driving, however, is being able to do so with a clear conscience. Power and the number of cylinders are no longer the only topics of discussion for today's car enthusiasts. With the automobile on the brink of the greatest upheaval in its more than 100-year history, enthusiasts are at least as concerned with such topics as reducing emissions, environmentally compatible technologies and with whether a manufacturer's sense of ecological responsibility also extends to raw materials extraction and the production process.

The goal is modern, sustainable mobility. The formula for achieving this: intelligence rather than sacrifice. Lightweight construction is one such intelligent step. Each kilogram of weight saved not only makes driving more fun, it also reduces fuel consumption and thus emissions. A modern car should be light, but without sacrificing comfort or safety. That sounds so simple, yet it is a Herculean task.

Reduction simply means creating more room for the essential.

→ LEAN ATHLETES

Audi also reduced the weight of the Audi R18 ultra Le Mans race car in 2012. Even the transmission case and accelerator pedal were made of carbon fiber. But why go to all that trouble when the rules mandate that a Le Mans race car has to weigh at least 900 kilograms? Because the much lighter R18 ultra enabled the engineers to use extra weights to fine-tune the sports car's balance perfectly for the track. Lightness thus outweighed other considerations.

>>> www.audi-motorsport.com





Lightweight construction is one of Audi's core competences. "But lightweight construction requires heavy thought," says Dr.-Ing. Karl Durst philosophically. He is one of the experts who make Audi lighter. "Unfortunately, it isn't enough to simply use the lightest material, since some lightweight materials hardly deform at all under load. And that goes against the concept of safety in body design, since little crash energy would be absorbed." The passionate marathon runner, who ensures that even his running shoes don't weigh a single gram more than is necessary, argues in favor of the smart use of composite materials. "Each material has characteristic properties, advantages and disadvantages. The art lies in combining lightweight materials in a way that enhances the advantages of the individual materials while compensating for their respective disadvantages. We are always anxious to use the right amount of the right material in the right place," says Durst.

Audi is therefore increasingly using combinations of steel, aluminum, magnesium and fiber-reinforced composites of carbon and glass fibers in lightweight construction. Carbon-fiber-reinforced polymer is up to 60 percent lighter than high-strength steel, for example. "Elasticity, high strength and low density result in above-average mechanical properties combined with great design freedom," says Dr. Oliver Schauerte, Head of Technology and Properties Development for Fiber-Composite Plastics. These materials initially only exhibit their tremendous properties in the longitudinal direction of their fibers, not in the lateral direction. Their use would be limited in this configuration. The desired material properties can be only be achieved when multiple plies of this material are cross-laminated – similar to the steel belts of a car tire. Schauerte adds, however: "Additional requirements with respect to such things as fracture pattern, temperature resistance, surface quality, contact corrosion behavior, acoustics or reparability can quickly reduce a material's initial high potential for lightweight construction." For example, if a very lightweight fiber-composite component in the finished vehicle has such significant acoustic disadvantages that a large amount of acoustic insulation is required, this could offset the weight advantage. And nothing would be gained.

As is so often the case, the solution is in the details. And in industrialized, cost-effective manufacturing processes that keep both weight and price down. Highly engineered, efficient, with the focus on reduced energy consumption and nearly total avoidance of waste, as the example of tailored fiber placement shows. This involves stitching or embroidering carbon or glass fibers to a substrate. Hardly any waste is produced, and the fibers are perfectly oriented for the force curves and loads to which the component will later be subjected.

There are a lot of things that need to be considered when implementing the lightweight construction philosophy. But as a pioneer of lightweight construction, Audi will accept nothing less than an outstanding result. It isn't the easiest way to go. But we do our best to make light work of things.

PHOTOS: *AUDI AG, adidas AG*

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



→ WEIGHT IS THE GREATEST ENEMY OF ACCELERATION

How can the tremendous load on a marathon runner best be illustrated?
The route is 42.195 kilometers long. The main thing that separates good marathon runners from bad ones is the length of their stride, which is between one and two meters. Assume 25,000 strides, during which the runner accelerates each of their shoes upward 12,500 times in a half-rotation and then decelerates them again when landing. A high-performance marathon shoe that can be as light as just 180 grams is obviously a huge advantage over a conventional 370-gram running shoe. For two shoes, this means a combined weight saving of 380 grams. This enables our runner to save up to 218 kilojoules of energy compared with a conventional running shoe. Too theoretical? Here it is again in more concrete terms: Audi lightweight construction expert Karl Durst weighs around 68 kilograms. These 218 kilojoules are the precise amount of energy the well-trained marathon runner would need to climb the 324-meter Eiffel Tower.

→ AUDI ULTRA – SYSTEMATICALLY SUSTAINABLE

ultra no longer means just being "light," but also setting new standards for efficiency. Audi is developing increasingly efficient engines and using ever-lighter materials. Along the entire value-added chain and at the individual Audi dealerships, less and less CO_2 is being produced.
It is only logical then that models corresponding to the new ecological principle of sustainability bear the word ultra in their name.

With its low fuel consumption and a range of up to 1,650 kilometers, its name is only fitting: the Audi A6 2.0 TDI ultra.





02

THINK

FORWARD

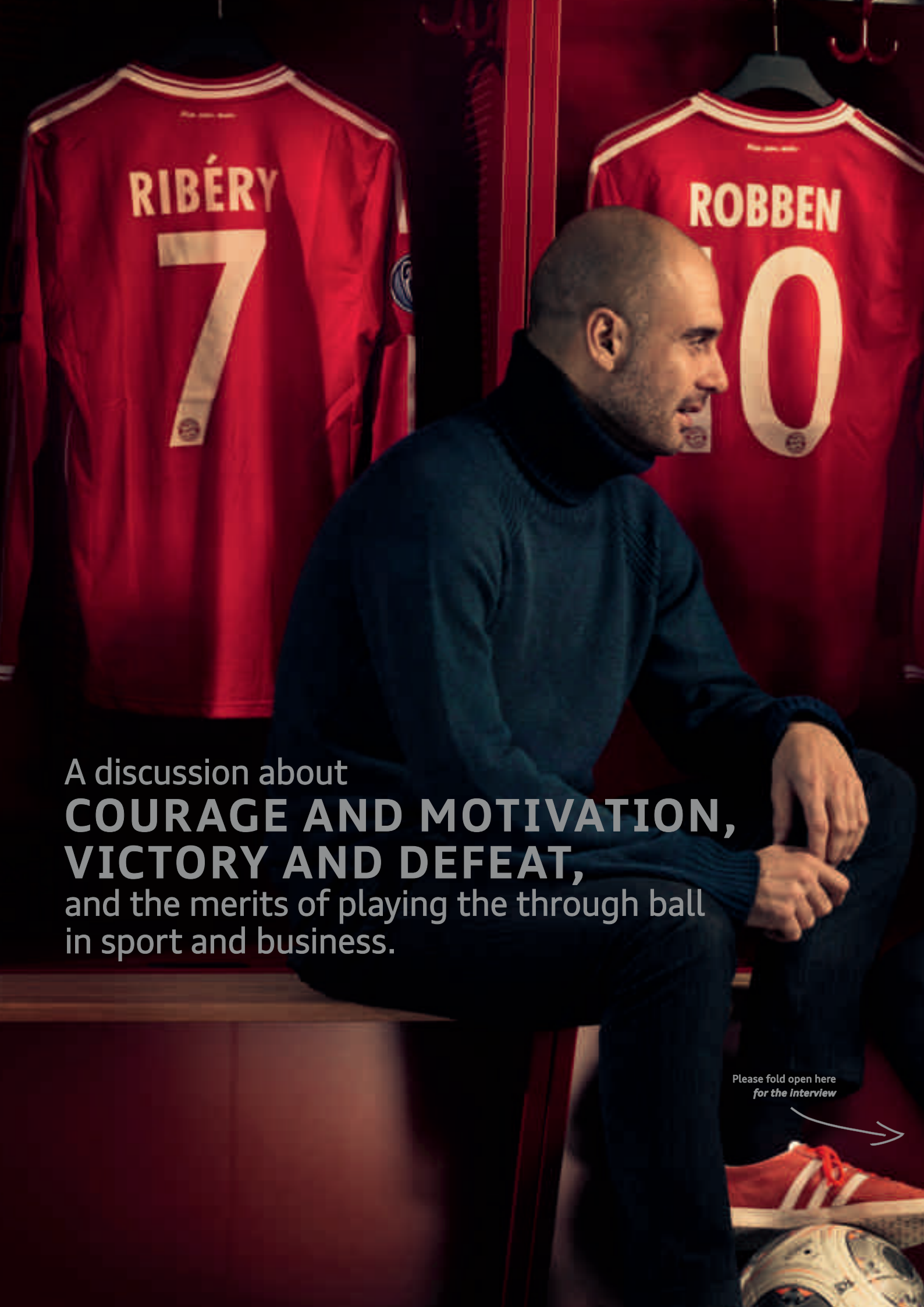
Time for a one-two

Both are successful. Both are regarded as outstanding strategists and playmakers. The two met for an interview in the magnificent setting of Munich's Allianz Arena. Prof. Rupert Stadler, Chairman of the Board of Management of AUDI AG, and Pep Guardiola, star coach of FC Bayern Munich. An opportunity to go the full 90 minutes with the experts.

TEXT: *Johannes Hofsommer and Marlon Matthäus*

PHOTO: *Anke Luckmann*





A discussion about
COURAGE AND MOTIVATION, VICTORY AND DEFEAT,
and the merits of playing the through ball in sport and business.

Please fold open here
for the interview



Audi achieved a new sales record in 2013, and FC Bayern Munich is more successful than ever on the pitch. Mr. Guardiola, Mr. Stadler, what is it like playing to win as part of a strong team?

GUARDIOLA: When the season kicks off, no coach or player can guarantee success. And there isn't a magic formula for winning. If there were, soccer would be as straightforward as going shopping in a huge mall: You'd just go in and choose the item you like the most. Where would the challenge or excitement be in that? I didn't win the Champions League straight away. I started my career at Gimnàstic de Manresa, a club in provincial Catalonia. **STADLER:** That takes me back to my boyhood days at my boarding school in Rebdorf, Bavaria, having a kick-about on the sports ground. I tried my hand as a forward … but let's be honest: Anyone who thinks they are a born champion is setting themselves up for a fall. That's as true at Audi as it is in the world of soccer. It's the team that counts. From development and production through to sales and communications, we all have to pull together and have a clear vision of our goal. That's how you win.

People learn little from their victories, but a lot from their defeats. How do you deal with setbacks?

GUARDIOLA: Those are moments of great sadness for me. As if the floodlights suddenly go out. Seeing Barcelona go out against Chelsea in the Champions League semi-final in 2012 was such a moment. We were much better than our opponents, but then conceded an unnecessary goal in the return leg, and before we knew it we were out of the competition. That was a really tough defeat for me. I felt like I could no longer reach my team.

And was that what prompted you to leave Barcelona?

GUARDIOLA: Yes. If you can no longer reach your players, as a coach, the time has come to move on.

Mr. Stadler, have you ever had moments when you felt like throwing in the towel?

STADLER: Specifically when things aren't running smoothly, I try to turn the tables and play that crucial pass that opens up the game again. As a top manager, I can't simply walk away from the game. It's precisely then that you are called upon to show determination and leadership. Never give up … **GUARDIOLA:** … but leading a team takes huge amounts of energy. In other words, there are times when you need to recharge your batteries. That's what I did in taking a sabbatical in New York. It was important for me, for my family and also for my former team.

Might your huge achievements with Barcelona simply have interfered with your hunger for success?

GUARDIOLA: We were incredibly successful. 14 titles within the space of just four years meant it was the best period in the club's entire history. But it can also be a curse. I found it increasingly difficult to motivate both myself and my team. I'm sure it's no different at a successful company such as Audi.

Mr. Stadler, do you agree?

STADLER: Success and responsibility are the biggest motivators there are for my team and me. We have doubled Audi sales over the past ten years. That's a worthy run of successes, almost comparable to Pep Guardiola's 14 titles with Barca. But every year your goal is to go one better than the previous year. It's as if the speedometer is reset to zero at the start of the year. The incentive is to push it back up as high as possible.

GUARDIOLA: But in your case, that also means every year you have the chance to set a new record. With Barcelona I'd already won everything there was to win as player and coach of a club side. And I noticed that the team was finding it increasingly difficult.

So what motivated you to come to Munich, to a team that had just won the Treble?

GUARDIOLA: I first got into conversation with FC Bayern Munich at the Audi Cup 2011. Over an espresso in the VIP Lounge, I got chatting to Karl-Heinz Rummenigge and Uli Hoeness about my career plans. Bayern's current success couldn't yet be foreseen at that point. But the challenge for me is specifically to coach a new team in FC Bayern Munich and build on the success of my predecessor Jupp Heynckes.

Mr. Stadler, where are you planning to take your team?

STADLER: To the top. We've already moved into the fast lane. We now need to step on the gas to make Audi the top premium brand worldwide.

How do you intend to overtake in the traffic jam? In Europe, progress has ground to a crawl. In southern countries, the sales figures are actually falling.

STADLER: At Audi, we have demonstrated how you can keep moving forward. We are very well positioned worldwide. And such a difficult phase for the economy also represents an opportunity. If we manage to learn from past political and economic mistakes, we won't repeat them. That's why I firmly believe the worst is behind us in Europe.

Isn't that just what your industry wants to believe?

STADLER: No. I save my dreaming for night-time. We need a healthy dose of realism. People keep underestimating Europe's economic potential. Europe is and remains our top sales region. It's the backbone of our global success. And Europe has enormous cultural strength that stems from its very diversity. We just need to harness that potential.

How do you propose to do that? Can you give us a concrete example?

STADLER: We've been leading the way at Audi. We have brought young people over from Spain and given them the opportunity to learn with us here in Germany. At the moment we are doing the same with promising young Italians. During my time in Spain, I learned to appreciate the Spaniards as very creative people. Germans, for their part, are good organizers. When you bring such potential together, you get a winning combination. FC Bayern Munich is a glowing example of that.

PHOTOS: *Anke Luckmann*

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

Do you agree, Mr. Guardiola?
GUARDIOLA: From my perspective, I can obviously vouch for that. We are now able to recruit an unlimited number of European players to our team. Without the Bosman ruling at the European Court of Justice in 1995, that would never have happened.

And what does that ruling mean for you as a coach?
GUARDIOLA: It gives me the opportunity to field a very diverse team. In that respect, European integration is a guarantee of success in the world of soccer, too. FC Bayern Munich is evidence of that. The Dutchman Arjen Robben plays a brilliant pass to the Frenchman Franck Ribéry. He scores. And without the German Manuel Neuer in goal, the game wouldn't even be possible.

Can different characters in a team or a company also become a curse?
STADLER: Most definitely not. Diversity brings diverse ideas. The trick is melding them, and that takes a huge amount of tact in dealing with employees. But that's what it takes to steer a global enterprise successfully. ***GUARDIOLA:*** Yes, you definitely need that. But with so many stars in the line-up, as we currently have at FC Bayern Munich or my former club in Barcelona, you may also come across situations where diversity can be destructive. Everyone wants to play, but I can only put 11 players on the pitch at any one time. The ones left on the substitutes' bench are most likely to be the ones who aren't happy with my decision. And then there's the pressure from the press and the fans to select particular players. Whenever I left Lionel Messi on the bench, for example, the whole of Barcelona was in uproar.

Are there any parallels between substitutes and the tough business of a successful carmaker?
STADLER: Audi doesn't have anyone sitting on the substitutes' bench. Everyone is in action and knows their position in the formation. In that respect too, it is all about efficiency. Compared to our competitors, we have the fewest employees per car built. That also means that our human resources managers have to perform at the highest level, because we need to sign up the very best players.

What is your most demanding task as Chairman of the Board of Management?
STADLER: Setting the direction. In order to be successful, I am especially consistent about that. I say a clear "No" if I think concepts won't produce the results. On the other hand, I strongly advocate them if I am convinced that they point in the right direction. That is what employees expect from a boss. Ultimately my colleagues on the Board of Management and I bear responsibility for over 70,000 employees and their families. I can't afford to be a procrastinator.

What exactly do you mean by that?
STADLER: That I have to be assertive. Even if that means swimming against the tide. I've had to do so ever since I was a child. My time at boarding school was no bed of roses. I made many friends who I am still in touch with today, but I also had to learn to keep fighting my corner and to stand up for my convictions. But trying to do so as a lone wolf doesn't always work. Those were important lessons for me, and ones that stand me in good stead both in my job and in my private life.

Does that mean you run the Stadler family like a business?
STADLER: Others set the pace at home. Whether we're talking about the shopping list or my daughters' taste in music.

What's the story in the Guardiola household? Who calls the shots there?
GUARDIOLA: My kids and I have a similar taste in music, thank heavens. We can agree on Coldplay at least … I certainly don't want to be the manager at home. My wife and I take decisions jointly. Harmony is important to me. I learned that at an early age. I also went to boarding school and struggled at first. I often felt alone and always phoned my parents in the evening.



JOSEP "PEP" GUARDIOLA I SALA
was born on January 18, 1971 in the Spanish village of Santpedor. He joined the La Masia youth academy of Barcelona in 1984 and played for its first team from 1990 to 2001 before going on to play for clubs in Italy, Qatar and Mexico. In 2008, Pep Guardiola was appointed first-team coach of Barcelona. He won 14 titles in just four years, entering the record books as the Catalan club's most successful coach ever. Pep Guardiola has been the FC Bayern Munich coach since 2013. He and his wife Cristina have three children.


PIZARRO
KROO

Is that the reason why you still discuss career decisions within the family?
GUARDIOLA: Yes, when I was planning to move to FC Bayern Munich only the Bayern board and my brother Pere knew …

… until Silvio Berlusconi spilled the beans?
GUARDIOLA: That's right. It seems Silvio Berlusconi, who was both Italian Prime Minister and President of AC Milan, might have started talking. Probably because I didn't sign for his club.

Mr. Stadler, are there moles in your industry too?
STADLER: Industrial espionage is no rarity. Competition is tough, and the global economy in particular has a battle on its hands making sure that strategies and new products aren't made public or divulged to competitors. The NSA affair made it clear that we need to improve our game in that regard. My personal take on it is that it has become even more important to be careful who you trust.

And who can you trust?
STADLER: My Audi team. I can always count on them. In the private sphere, my wife Angelika and my children. In terms of strategy and Group goals, I discuss matters at length with my closest colleagues and of course with Martin Winterkorn, the Chairman of the Board of Management of Volkswagen AG, and with Ferdinand Piëch, the VW Supervisory Board Chairman.
GUARDIOLA: Do you talk business with your wife? My wife Cristina sometimes complains about my game tactics. She tells me I should start with the same team that won last time. Trying to explain my principle of squad rotation to her is harder than telling Arjen Robben: "You'll be sitting on the bench today." ***STADLER:*** I can certainly empathize with that. I can talk about soccer with Angelika for hours and still not agree. That aside, I try to separate my job from my family life.

"IF YOU AREN'T AUTHENTIC, YOU WON'T CONVINCE ANYBODY."

Prof. Rupert Stadler,
Chairman of the Board of Management of AUDI AG



Right up close. Follow the discussion between Prof. Rupert Stadler and Pep Guardiola in the Allianz Arena. You can watch the video here.

So you draw a clear dividing line between family and career?
STADLER: It isn't quite that simple. That would imply the idea of two hearts beating in my chest. That doesn't work. The very interaction of family and career is the recipe for success. Though I admit when I'm at home my wife will often say: "You're thinking about Audi again," and of course she is right – and yet she is my rock. I draw strength from my family, and that equips me to do my job. That calm environment often fosters the best ideas for the Company. ***GUARDIOLA:*** You can't keep work and family life strictly separate anyway. Anyone who tried to do that wouldn't be authentic … ***STADLER:*** … and if you aren't authentic, you won't convince anybody.

PHOTO: *Anke Luckmann*





After a match, players swap shirts. After this conversation, could you imagine swapping jobs with each other?

GUARDIOLA: I certainly wouldn't be capable of maintaining Vorsprung durch Technik. I'd be the wrong person. I really like driving my Audi S8, but I simply couldn't do Mr. Stadler's job. No way. Though I think he could do mine. Everyone knows a bit about soccer. ***STADLER:*** Well, it's easy to say that. ***GUARDIOLA:*** But it's true! Everyone has some understanding of the game! ***STADLER:*** There's a little bit of a soccer expert in everyone, but whether they could really do the job is a different matter. I'm a strong believer of "cobbler, stick to your trade." Everyone has their own skills and their own special qualities. The important thing is to use them in a way that brings you inner satisfaction. You have to celebrate your successes and give something back to society. That means Mr. Guardiola is in his element on the touchline, and I equally so at Audi.

Free kick to Mr. Stadler.

STADLER: *(laughing)* Let the players do their shirt-swapping. But I wouldn't want to swap my job at Audi for a different one. Not even for one day.



PROF. RUPERT STADLER

was born on March 17, 1963 in Titting (Bavaria). He studied Business Management in Augsburg. He started working at AUDI AG in 1990. From 1994 to 1997, Rupert Stadler was Managing Director of Volkswagen/Audi España S.A. in Barcelona, before being appointed Head of the Board of Management's Office at the VW Group's headquarters. Rupert Stadler has been Chairman of the Board of Management of AUDI AG since 2007. He was appointed to the Board of Management of Volkswagen AG in 2010. He and his wife Angelika have three children.

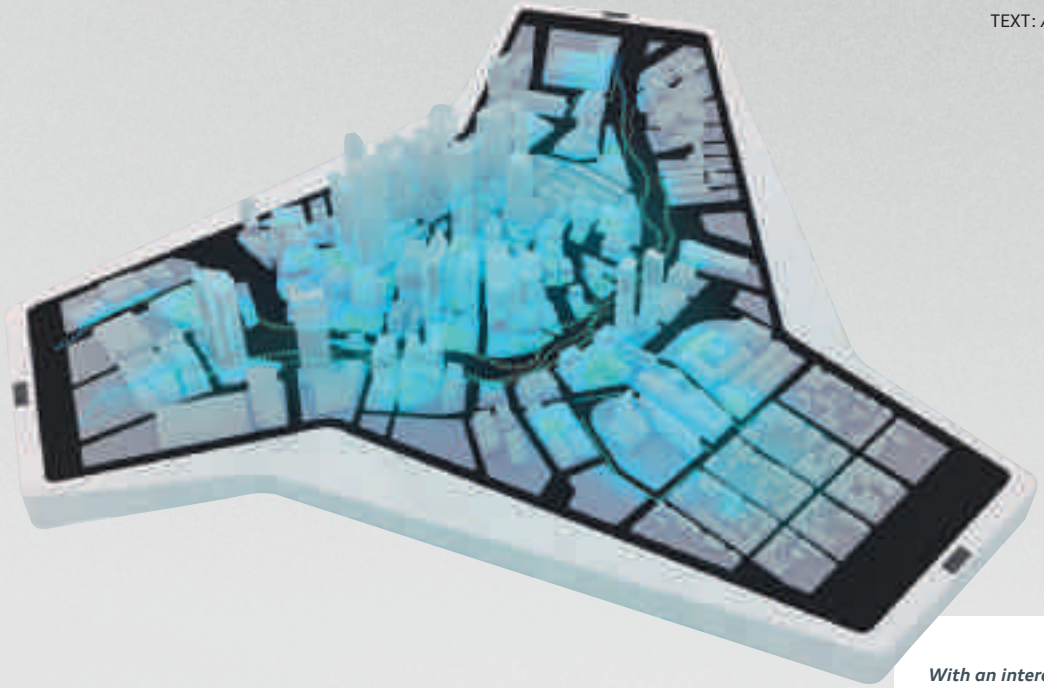
PHOTOS: *Anke Luckmann* ILLUSTRATION: *AUDI AG*

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

A leap in time

With the Audi Urban Future Initiative, AUDI AG is looking for custom-tailored solutions for mobility in the megacities of tomorrow. To achieve this, the initiative argues, an intelligent relationship between the car and the city already needs to be developed today. Here's what urban mobility might look like if the vision becomes reality. A leap in time.

TEXT: *Ann Harder*



With an interactive, futuristic city model at the 2014 Consumer Electronics Show (CES) in Las Vegas, the Audi Urban Future Initiative provided a tangible preview of how technologies will change individual commuting in an urban context and make it easier: *The exhibit showed traffic flows and data streams as well as changes to the infrastructure and the urban space, giving visitors an unconventional insight into current and visionary Audi technologies.*

We are constantly asking ourselves questions about the mobility of the future: How will we get from one place to another? Will what seems utopian today soon become reality? The Audi Urban Future Initiative offers ways to approach these issues. It discusses today what might be tomorrow's reality. The initiative's argument for the urban future is as clever as it is simple: The car must have an intelligent relationship with the city. Connecting automotive technologies, urban data and services will combine the diversity and qualities of the car with those of the city, and as a result, will optimize them. Concepts need to be developed now to prepare for tomorrow's fusion: the transformation of the city and that of the car. The initiative is now cooperating with renowned architects, researchers, urban policy-makers, Audi experts and others.

A look back. The first Audi Urban Future Award was presented by AUDI AG in 2010. Honors went to Jürgen Mayer H. for his "A.Way" concept for tomorrow's urban mobility, which stands for interactive communication between the modes of transport and their environment. The digital technologies of the car and its surroundings enable new forms of perception. With this, what we experience takes center stage, so that we can interact in a completely new way with the urban environment.

In 2012, the award moved to the next phase, with architecture firms from five megacities developing mobility concepts adapted to their home regions. Höweler+Yoon Architecture won with their inspiring "Shareway 2030" vision for the Boston/Washington metropolitan region, which is home to 49 million people. Working with Audi, they then took a closer look at the mobility system for the 4.6 million residents of Greater Boston – and developed the City Dossier Boston.

Today. The City Dossier Boston considers three general types of commuters and their needs. "We wanted to understand what Boston commuters experience, how they make decisions and what technologies they use to commute," explains Eric Höweler. "Only those who know the weak points can react and fill in the gaps."

The result: The **Road Warrior** lives in one of the suburbs and commutes to work each day by car. About 342,000 Bostonians correspond to this type of commuter. During rush hour, traffic in the downtown area is accordingly sluggish. The search for a parking space is a particular time-waster as the number of downtown parking spaces has not been increased since 1975.

The **Straphanger** also lives outside the center of the city. These commuters need almost an hour to travel a distance of about 20 kilometers to their workplace. They drive a car to a park-and-ride facility where they switch to a mode of public transport, and travel the last part of their journey to work by foot. About 72,000 Bostonians commute in this way to the downtown area each morning. The main problems for these commuters are the points where they have to switch modes of transport, where non-synchronized connections, delays and cancellations cost the Straphanger precious time.

The **Reverse Commuter** moves in a countercyclical direction: from downtown Boston to the suburbs. As many as 94,000 commuters travel in this direction, but high traffic periods are less of a problem for them. More of a challenge for these commuters is the evening search for a parking place near their downtown homes – an unpleasant after-work "pastime" for many as the number of resident parking permits issued in Boston has almost doubled since 1990.



ILLUSTRATIONS: *AUDI AG* PHOTOS: *Shutterstock*





Messages

Mr. Innovator #Mr. InnovatorJunior #Michael_Ryder
Just drove past the new soccer arena. Turned out really nice. I'll get tickets for the first game.
‹ Reply » Share ★ More

Michael_Ryder #Mr. Innovator
Thanks. Have to see it from the inside. Everything is completely carbonized!
‹ Reply » Share ★ More

Mr. InnovatorJunior #Mr. Innovator #Michael_Ryder
Wow, Dad. Count me in. But please get front row seats!
‹ Reply » Share ★ More

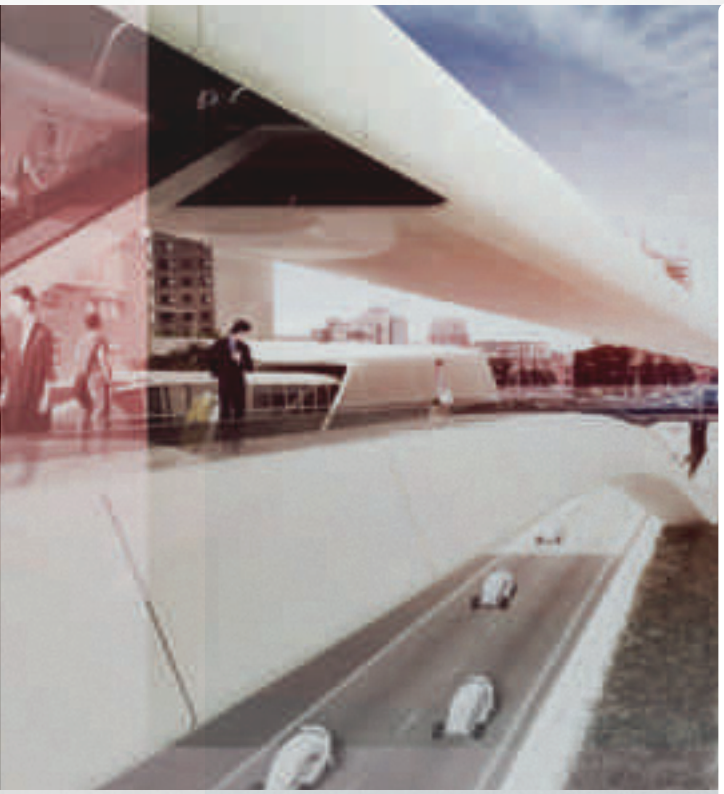
eTicket #Mr. Innovator #Mr. InnovatorJunior #Michael_Ryder
Three tickets for the New England Revolution vs. D.C. United game, row 1, seats 14 to 16 have been reserved for you. Have fun!
‹ Reply » Share ★ More

Mr. Innovator #Michael_Ryder #Mr. InnovatorJunior
Wow, that was fast. @Junior: Want to play a round of SOCCER 30? We have to prepare ourselves, after all.
‹ Reply » Share ★ More

SOCCER30 #Mr. Innovator #Mr. InnovatorJunior
Your multiplayer game has been started. The hologram is being constructed. Enjoy!
‹ Reply » Share ★ More

AudiSystem #Mr. Innovator
Piloted driving activated.
‹ Reply » Share ★ More

AudiSmartAssist #Mr. Innovator
Your e-bike will be waiting for you at the mobility hub in 5 min.
‹ Reply » Share ★ More





Messages

MyAudi #Ms. Fashionista
Good morning. I'm on my way. I'll be downstairs in front of the door in 3 min.
‹ Reply » Share ★ More

Ms. Fashionista #MyAudi
I'll be there 2 min. later.
‹ Reply » Share ★ More

MyAudi #Ms. Fashionista
Wait mode activated.
‹ Reply » Share ★ More

Designergod #Ms. Fashionista
If you have a minute, take a look at your e-mails. The new shoe collection has arrived. Really hot, honey!
‹ Reply » Share ★ More

Ms. Fashionista #Designergod
Oh, perfect. I'm just looking at the site. Please reserve the blue Amazinglys in size 8 for me. I'll come by tonight.
‹ Reply » Share ★ More

Designergod #Ms. Fashionista
Those are amazing! Real Plexur leather. Fit like a second skin.
‹ Reply » Share ★ More

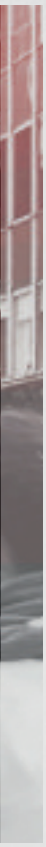
Ms. Fashionista #Designergod #MyAudi
Looking forward to it. 6 p.m.?
‹ Reply » Share ★ More

MyAudi #Ms. Fashionista
Schedule conflict in the datebook is indicated. Dinner with Steve @6 p.m.
‹ Reply » Share ★ More

Ms. Fashionista #MyAudi #Steve
Sorry, Steve. I'll have to postpone dinner until 6:30 p.m. I've got an important appointment.
‹ Reply » Share ★ More

Steve #Ms. Fashionista
No problem. Let me guess. Shoes?
‹ Reply » Share ★ More

Ms. Fashionista #Steve
:-)
‹ Reply » Share ★ More



"WE WANTED TO UNDERSTAND WHAT BOSTON COMMUTERS EXPERIENCE, HOW THEY MAKE DECISIONS AND WHAT TECHNOLOGIES THEY USE TO COMMUTE." Eric Höweler

INTERNATIONAL CONSUMER ELECTRONICS SHOW

The Consumer Electronics Show (CES) shows who leads the way when it comes to high-end electronics and connectivity. Each January, the latest products and innovations in the field of consumer electronics can be seen here. Audi made its first appearance at the CES in 2011 – the first carmaker to do so. The primary focus of the appearance at the exhibition in 2014 was connecting the car with its surroundings: With communication technologies and piloted driving, Audi is shaping the mobility of the future and connecting the world.



Messages

Audi_e-tron #Mr. Suxxess

Solar modules switched on. You have a battery status of 100%.

‹ Reply » Share ★ More

BostonTraffic #Mr. Suxxess #Audi_e-tron

A construction site is blocking the corner of Bourbon Street. We have diverted you via 9th Avenue. Estimated additional time: 1 min.

‹ Reply » Share ★ More

Mr. Suxxess #Office_GordonStreet

Good morning, Fiona. Could we make the first appointment with Mr. Fox 30 min. earlier? I'm running early.

‹ Reply » Share ★ More

Office_GordonStreet #Mr. Suxxess

Good morning, David. No problem; it's already arranged.

‹ Reply » Share ★ More

Audi_e-tron #Mr. Suxxess

We'll be docking in 1 min. on the Boston hovertrain. Enjoy the rest of your journey!

‹ Reply » Share ★ More

Ms. Suxxess #Mr. Suxxess

Hi, honey. Can I have the car at noon today? I still need to buy presents.

‹ Reply » Share ★ More

Mr. Suxxess #Ms. Suxxess

No problem. I'm sitting on the hovertrain now. I'll send the e-tron home to you after my lunch break. It will be in front of your door.

‹ Reply » Share ★ More

Ms. Suxxess #Mr. Suxxess

Thanks a lot. And have a good day!

‹ Reply » Share ★ More

Ms. Suxxess #Mr. Suxxess

Everything worked out fine. The e-tron is connected to the grid again.

‹ Reply » Share ★ More

BostonEnergy #Mr. Suxxess #Ms. Suxxess #Audi_e-tron

The city of Boston thanks you for the surplus energy. 31 Responsibility Points have been credited to your energy account.

‹ Reply » Share ★ More



AUDI URBAN FUTURE AWARD 2014

While the Audi Urban Future Award 2010 focused on the mobility of the future in general, participants in 2012 developed specific mobility concepts for their home regions. This year, the award is going another step further: Worldwide, interdisciplinary innovation teams made up of creative city planners, start-ups, IT specialists and researchers have been called upon to develop new premium mobility solutions based on specific urban planning projects. As in 2010 and 2012, the award carries a prize of 100,000 euros. More information about the cities, topics and teams in this year's awards can be found at: ***www.audi-urban-future.com***

ILLUSTRATION: *AUDI AG* PHOTOS: *Shutterstock*

“ONLY THOSE WHO KNOW THE WEAK POINTS OF A MOBILITY SYSTEM CAN REACT AND FILL IN THE GAPS.” Eric Höweler

The Audi Urban Future Initiative asserts that this daily waste of time for individual commuters could be optimized through an intelligent relationship between the city, car and technological innovations. For this reason, Audi is placing existing technologies within the context of the city and imagining them further into the future. One scenario gives an impression of just how commuting might look in the future.

Outlook. Each morning of the year 2030, **Mr. Innovator’s** Audi becomes a recreational area. As soon as he gets into the family car, the Audi scans his face to detect the current driver’s identity – and immediately adjusts to his individual preferences. The Ambilight turns on, his seat moves into cruise position and the driving mode sets itself to Comfort Drive. With his fingerprint, he starts the car moving toward downtown, and the drive proceeds smoothly. Thanks to car-to-car and car-to-city technologies, the Audi receives real-time data and compares it with the automatically generated route. The car receives information about its surroundings in seconds – including unplanned construction sites, road damage or heavier-than-usual traffic. The customized route adjusts itself automatically. **Mr. Innovator** uses the head-up display’s gesture controls to flick through the entertainment program. He stops when he gets to the SOCCER 30 video game. With a voice command, he invites his son for a quick soccer match; the son promptly projects himself as a hologram into the passenger seat. The Audi automatically switches to “Piloted Driving.” Just as the game ends, it arrives at the mobility hub, where the commuter can easily change to another mode of transport. For the last mile of his route, Smart Assist has reserved an e-bike for him.

Within the Boston metropolitan area, **Mr. Suxxess** commutes with a hovertrain system. The high-speed suspension railway saves him valuable time. He reaches the suspension railway line in his Audi e-tron. The paint on his electric car contains nano solar modules that convert sunlight into electricity and consequently supply the car with additional energy. Upon arriving at the hovertrain system, the car docks onto one of the compartments of the high-speed train. In the process, the smartphone connects with the operating system of the suspension railway and provides information about which district the commuter needs to reach. At the optimal moment, the individual cars disconnect themselves and take the commuters to their respective destinations. During the trip **Mr. Suxxess** settles comfortably into a compartment, his tablet connects itself with the screen integrated into the seat in front of him and the hovertrain becomes a workstation. Once the destination is reached, the car searches for available parking spaces, while being guided by information made available by the city’s infrastructure. **Mr. Suxxess** gets out of the Audi directly in front of his office, and the car manages the short distance to the parking space on its own. As soon as his e-tron comes to a stop, it feeds excess energy into Boston’s electricity supply grid.

For **Ms. Fashionista**, every morning means a trip from Boston’s downtown area to Cambridge. By comparing with her personal datebook, her Audi knows when it’s time to start in order for her to arrive on time for the first meeting at the office. In the morning, the electric car drives almost silently to the front door of her house and sends a start signal to the commuter’s smartphone. Because the system remembers the individual preferences of its driver, the car knows that **Ms. Fashionista** relies on “Piloted Driving” mode in the morning – and that she prefers to shop online during the drive: Personalized projections on the facades of the surrounding buildings showing the latest collection from her favorite designer provide her with a very personalized driving experience – made possible by communication between the car and the city. She opens up the corresponding online store with a voice command to the head-up display. Shortly before arriving at the office, she activates her Audi’s read-back function and it reads aloud the latest cover story from her favorite e-magazine – the headline: “What seemed utopian in 2014 but is reality today.”

DRIVING BY HEART



PHOTOS: *Matthias Just*

04

THINK

FUTURE

TEXT: *Philipp Meier*

Nicole Zdebel usually flies a Boeing 777. And the auto-pilot system often takes control for much of the flight. So when she's on the road, she enjoys taking the wheel into her own hands all the more. For us she tries out piloted driving in an Audi A6 Avant test vehicle. A totally new experience…







Munich Airport, 8:00 a.m. Outside temperature: minus two degrees Celsius. Today, technology enthusiast and pilot Nicole Zdebel is behind the wheel of an Audi A6 Avant test vehicle. Also on board: a piloted driving system that will soon guide her automatically through heavy traffic. Even remote-controlled parking maneuvers are possible. Nicole Zdebel takes the freeway toward the city center. She has just completed a seven-hour flight directly from Abu Dhabi and is now looking forward to trying out this new technology. On the road this is a new experience, even for a pilot who has been flying a Boeing 777 for years: "I am familiar with this in airplanes, but I'm sure it's quite different in a car. I'm excited to find out!"

In 2005, Nicole Zdebel (30) was Germany's youngest female pilot employed in scheduled air services. In the meantime she has completed thousands of flight hours and is an experienced hand in the cockpit. As a pilot at Etihad Airways, the national airline of the United Arab Emirates, she is accustomed to assistance from the autopilot system. Zdebel: "In airplanes, humans and the system have long been a well-coordinated team. Of course I am always able to intervene, even if the computer is currently piloting the plane."

A few minutes after Zdebel has driven off, morning traffic is already starting to build up on the freeway. She has to apply the brakes, the speedometer needle drops below 60 kilometers per hour. A symbol lights up on the display, and she activates the system by pushing a button. "Let's see what this thing can do!" She takes her foot off the brake

PILOTED DRIVING

How does piloted driving work in traffic jams? Accompany Nicole Zdebel on her drive to Munich.

PHOTOS: *Matthias Just*

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



Parking via smartphone app:
An app guides the test vehicle out of the parking space. As the driver monitors the process from outside the car, the system measures clearances, steers the vehicle out of the space and positions it ready to pull away. All aboard!



AWARDS FOR AUDI

The technologies developed by Audi for piloted driving have received wide recognition throughout the world. The Audi system for piloted driving in parking garages was chosen as ***Product of the Future*** *by the U.S. magazine POPULAR SCIENCE (www.popsci.com/gadgets/article/2013-01/best-ces-2013-popular-sciences-products-future) and was recognized as the* ***Best Auto Tech*** *at the 2013 International Consumer Electronics Show (CES) in Las Vegas by the trade press network THE VERGE (www.theverge.com/2013/1/11/3865786/verge-awards-ces-2013/in/3608257). In addition, the world-renowned MIT Technology Review listed Audi among the* ***50 most innovative companies in the world*** *for its piloted driving solutions (www.technologyreview.com/tr50/2013). "These awards honor our development work and show that we are on the right path," says Ricky Hudi, Head of Electrics/Electronics Development at AUDI AG.*



Piloted driving in traffic: progress through cutting-edge technology. Scanning distances, accelerating, braking and staying in lane. To enable piloted driving, Audi uses multiple redundancy to assess the driving situation. The exterior sensors consist of a dual radar system, a laser rangefinder and cameras.



PHOTOS: *Matthias Just*

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



Everything under control: In a traffic jam, the system takes on the role of the driver, allowing automatic driving from a crawl to speeds of up to 60 kilometers per hour. The system is so reliable that the driver can even let go of the steering wheel and relax a bit while in traffic jams.

pedal and lets go of the steering wheel, which suddenly responds, as if guided by an invisible hand. Nicole Zdebel is fascinated: “Wow! Perfect.” She leans back and relaxes.

As traffic thins out, the vehicle calls for attention with an audible signal. Nicole Zdebel takes control of the wheel, until the traffic becomes heavy again.

“It really is like in an airplane. There is a slight difference, though: In the plane, your hands remain on the controls until you feel a jolt. That sign lets you know that the autopilot is activated. Here in the car, I can simply take my hands off after pressing the button. Of course, I still have to keep my eyes on everything because just like a pilot in an airplane, the driver is ultimately responsible for everything.” To ensure the Audi makes its way through the slow traffic adeptly and safely, sensors continually scan the distance to other road users using radar systems, laser rangefinders and cameras.

As the Audi chauffeurs the pilot along at a crawl, stopping occasionally and then accelerating again whenever the traffic clears up for a stretch, she dials the number of her hotel conveniently by voice command, in order to reserve a table for brunch with a friend.

So what does it feel like to drive this way? “Relaxed and really safe!” says Zdebel. “It’s actually much more useful in a car than in a plane. Because there’s much less traffic in the air than on the road. The A6 really is an attentive driver; I like that!”



PHOTOS: *Matthias Just, AUDI AG*



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

She thinks for a moment and comes up with even more parallels with the autopilot: “Take-off in an airplane is always done manually. At a specific altitude, after approximately 30 seconds, the autopilot can take over flying and I take over again for the landing, if not before.”

The same is true for piloted driving: The system is only ready when conditions for a traffic jam or a stop-and-go situation are met. “At this point, I have to press a button to activate the system, but I can still intervene at any time.” Just before Munich-Schwabing, traffic suddenly clears completely. The Audi accelerates quickly to just under 50 kilometers per hour. Zdebel now places her hands back on the steering wheel and drives herself the last few kilometers to her destination.

She gets out in front of the hotel, takes her suitcase, enters through the revolving door and heads toward the reception to check in. After that she returns to the car and activates the smartphone app with the parking function. The gate opens, and she watches as the Audi A6 Avant test vehicle disappears by itself inside the parking garage.

IN THE NETWORK OF POSSIBILITIES

Audi connect* *links the driver and passengers with the outside world. The digital one and the real one. The* ***myAudi*** *website allows you to personalize Audi connect, and thanks to the new* ***Long Term Evolution (LTE)*** *transmission standard, Audi uses transmission speeds ten times faster than the UMTS standard used up to now.*

Not only does the ***MMI Navigation plus*** *allow you to reach your destination flawlessly, it also displays all important, up-to-date* ***traffic information in real time,*** *the* ***least expensive gas station*** *on the route and the nearest rest stop, for instance – with the appropriate* ***Google Earth™*** *and* ***Google Street View™*** *display, if desired. Even virtual city tours are not a problem. And if you upload a photo with GPS data onto the* ***MMI Navigation plus****,* ***Picturebook navigation*** *can take you directly to the most beautiful places.*



Thanks to Audi connect, everything is on board: ***e-mails and text messages*** *can be read aloud by the system. A dictation function enables you to reply to short incoming messages. Even* ***current weather*** *and* ***travel information*** *as well as* ***news,*** *which can be individually tailored to your preferences, are available. There are also* ***flight and train information*** *and* ***Facebook and Twitter*** *services specially adapted for use in the vehicle. And with the* ***point-of-interest search*** *and* ***parking information,*** *you will find your way around even unfamiliar cities.*

With the integrated ***Wi-Fi hotspot,*** *you can connect up to eight mobile devices such as tablets, laptops or games consoles to the Internet. This allows* ***web radio stations*** *and even HD videos to be streamed directly to the vehicle.*

**Audi connect is available in various forms and with country-specific differences depending on the model series.*

"I FELT COM-PLETELY AT EASE AND SAFE!"



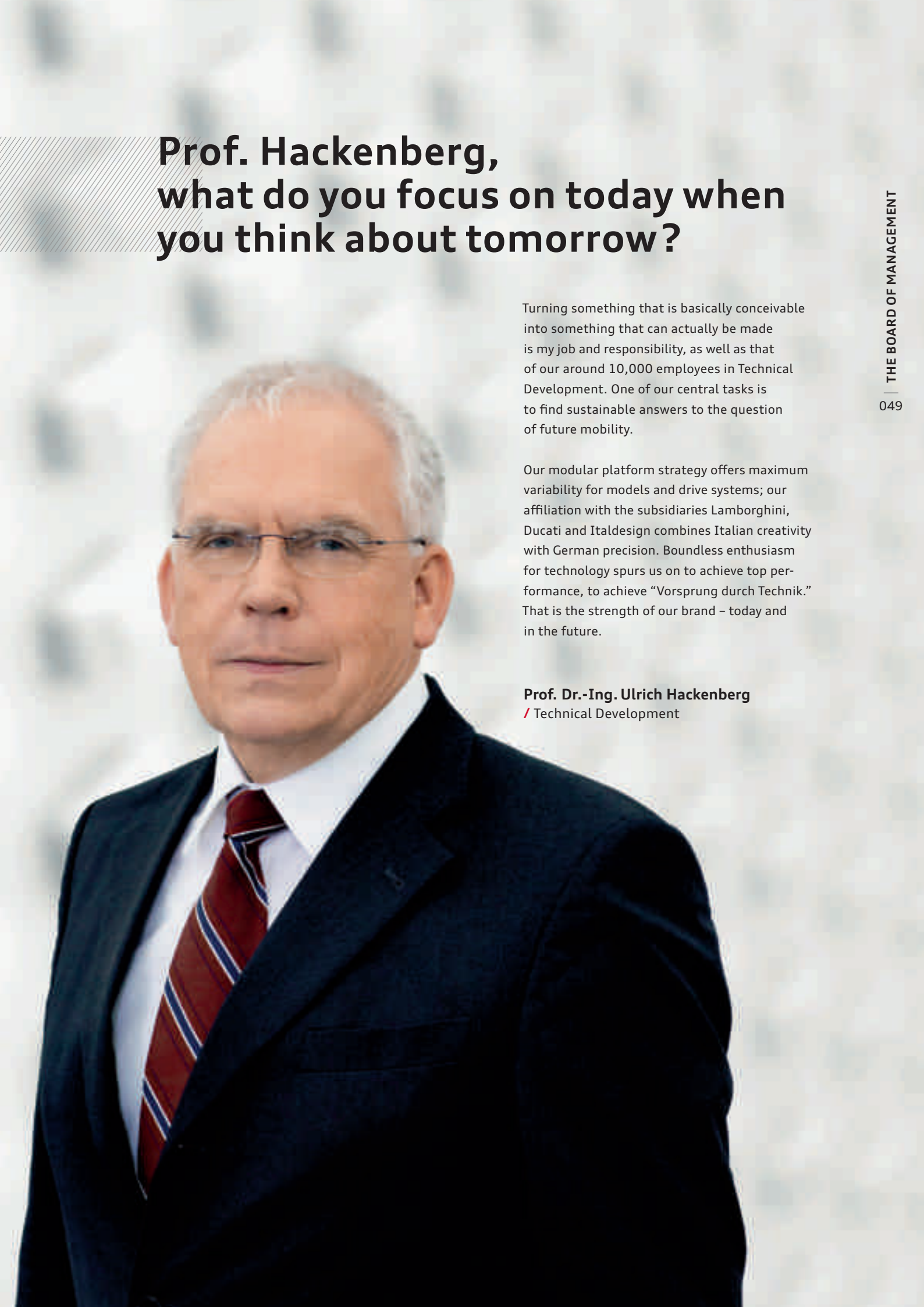
Nicole Zdebel in the cockpit of her Boeing 777. The German pilot flies the world's largest twin-jet aircraft for Etihad Airways, the national airline of the United Arab Emirates. While in the cockpit, she is assisted by the autopilot system.

The pilot enters the restaurant and meets her friend there. At the same time, the Audi is assigned an available parking space via Wi-Fi by the parking garage, and the new technology automatically guides her car into the parking space.

At this point, Nicole Zdebel has been at brunch for quite a while already. Her impression of her first piloted drive: "I've honestly never been so relaxed in heavy traffic."

PHOTOS: *Etihad Airways, Jim Rakete*

Prof. Hackenberg, what do you focus on today when you think about tomorrow?



Turning something that is basically conceivable into something that can actually be made is my job and responsibility, as well as that of our around 10,000 employees in Technical Development. One of our central tasks is to find sustainable answers to the question of future mobility.

Our modular platform strategy offers maximum variability for models and drive systems; our affiliation with the subsidiaries Lamborghini, Ducati and Italdesign combines Italian creativity with German precision. Boundless enthusiasm for technology spurs us on to achieve top performance, to achieve “Vorsprung durch Technik.” That is the strength of our brand – today and in the future.

Prof. Dr.-Ing. Ulrich Hackenberg
/ Technical Development

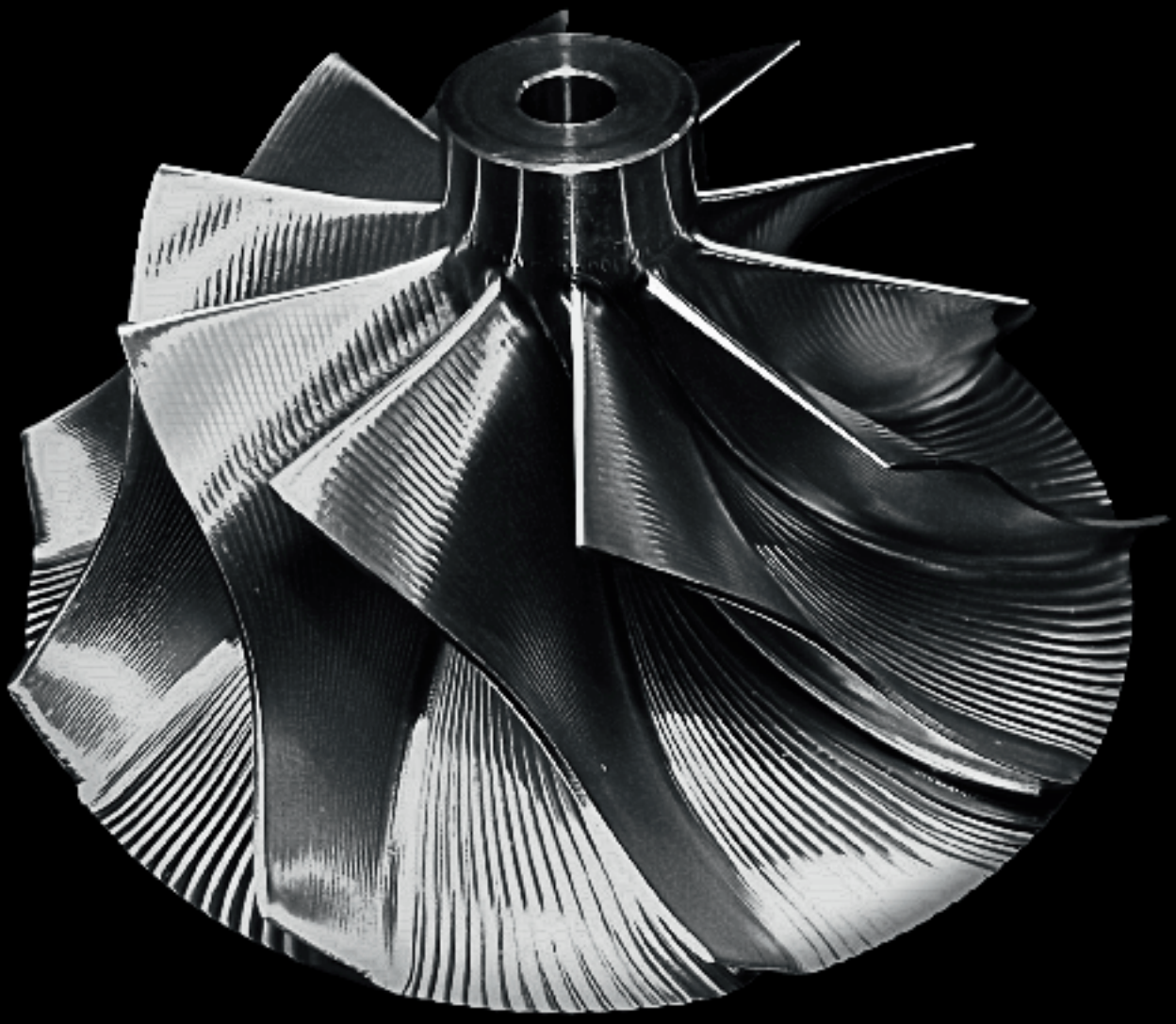


PHOTO: *AIKOKU*

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

Quality down to the last detail

TEXT: *Marcus Schuster*

Audi is synonymous with high quality, precision, and exclusivity. But who ensures these exacting requirements are consistently met? Procurement certainly plays its part. After all, perfection begins early on in the value chain with the selection of suppliers.

Many people, one vision: the drive for perfection. The constant pursuit of above-average standards requires a perfect base from the outset, upon which everyone can contribute to overall success. Procurement's task is to provide that base by finding those suppliers that offer precisely the materials and provide exactly the technology that make an Audi so special. "To this end, we forge partnerships that offer mutual benefits," explains Dr. Bernd Martens, Member of the Board of Management of AUDI AG for Procurement. Audi is not just constantly on the lookout for committed, reliable suppliers, but also taps into innovative sources of supply worldwide, for new materials for example. Regional Sourcing Offices play a particular role in this respect. Sourcing scouts track down the most interesting partners in even the most far-flung corners of the globe. Regular concept competitions give rise to specific tasks for suppliers. As part of this process, Audi not only assesses the solutions, but also the logistical and technical expertise of a supplier – and helps, where necessary, with the industrialization of an idea. "Innovation is not a question of size. We support new suppliers, who are sometimes even new to the industry, throughout implementation based on partnership," is how Martens explains his philosophy. Audi accompanies young innovation drivers from the outset as a partner on an equal footing, for example with checking locations or tools, and throughout the optimization of production processes. Potential suppliers also have the opportunity to showcase their capabilities at innovation forums, congresses and trade fairs.

It is a long way from the drawing board to the road. Audi installs up to 12,000 parts in each of its cars – and, as the following examples show, each one tells its own manufacturing story.

High-quality and responsible
It is not only the quality of suppliers, but also the sustainability of the materials used that is important to Audi. In January 2013, AUDI AG joined the Aluminium Stewardship Initiative.

The initiative aims to develop a sustainability standard for aluminum by the end of 2014 by stipulating governance, environmental and social standards that apply from raw material extraction and processing to the end product.

As the pioneer of the self-supporting aluminum body, Audi is utilizing this process to influence the entire value chain for one of its key materials. As such, the life cycle assessment of Audi can be improved further in future thanks to certified aluminum.

www.aluminium-stewardship.org

PHOTOS: *AUDI AG*

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



An unexpected combination of metal and wood – a technical and visual masterpiece.





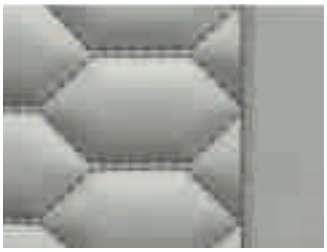
Audi is a signature brand where every car bears the personal hallmark of its designers, engineers, production workers – and procurement personnel. Inlays made out of an unexpected combination of the materials aluminum and wood, such as black Beaufort, are available as an option to give the interior a highly exclusive feel. The production process for this is a perfect example of how Audi and its suppliers are constantly coming up with new solutions: The bonding system used for inlays has to withstand enormous mechanical forces. Thin sheets of veneer are formed from a solid block of wood; these sheets are then joined layer by layer with the aluminum – with no cracks or joints. Another challenge is to achieve an overall homogeneous look for an inlay such as Beaufort oak, producing quality comparable with the deck of a ship, while using a natural product like oak with its variations in color and structure. “Collaboration with the supplier over several years means we can offer high-quality, exclusive surface materials like these,” reports Martens.



Beaufort oak inlays: as individual as the wood from which they are made.



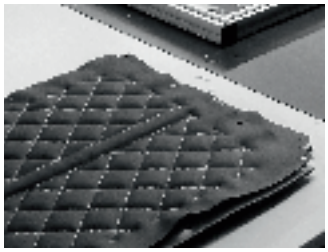






Audi also sets the benchmark for precision with the seat upholstery in the RS 6 Avant. Manufactured from an Alcantara/leather combination or entirely from leather, the upholstery is embellished with special diamond or honeycomb quilting. Positioning the seams of this unusual pattern perfectly at the intersection points requires a huge amount of development expertise and experience in using leather due to the material's sensitive natural properties. The cleverly designed sewing machines must be programmed exactly in order to prevent the sensitive material from distorting on account of the tiniest imperfection.

A finish that is as sporty as it is exclusive: The quilting on the seats of the Audi RS 6 Avant takes its cue from the design of the radiator grille.



The compressor wheel is further testimony to Audi's unerring principle of top quality down to the last detail. This relatively small component is installed in the turbocharger of a TDI engine and has to fit with micrometer accuracy if it is to meet the exacting demands placed on resilience and durability. The manufacturing process used is point milling, which entails milling off surplus material from the blank, point by point. While it is a slow production technique, it is the only option given the complex shape of the workpiece and the required precision.

Audi and its partners rise to these challenges as part of their passionate attention to detail. There are often only a few qualified suppliers worldwide for even the most unassuming of components. These suppliers, like thousands of others, have made it onto Audi's exclusive list of suppliers – a list that stands for uncompromising quality and represents a strong team.



Each compressor wheel is only installed once it has undergone four final inspections using high-precision 3D measuring equipment.

PHOTOS: *AIKOKU, BOXMARK, AUDI AG, Jim Rakete*

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

Dr. Martens, what do you focus on today when you think about tomorrow?



"I prefer to remember the future," said Salvador Dalí. We think about the future every day. We qualify new partners for Audi. We examine alternative materials. We drive innovation, both alone and in cooperation with our partners. Audi is on a steep growth path.

Our goal is to be producing more than 60 models in 15 plants by 2020. We are becoming more global and complex, we will have more international development partners and our suppliers will increasingly be based outside of Europe. Having a dynamic organization, fewer interfaces and new competences will be the key to our success.

Dr. Bernd Martens
/ Procurement


PHOTO: Getty Images



06

07

08

Seven billion people.
Each with different needs.
What moves our society?

ACT...

09

10

11



06

ACT

RESPONSIBLY

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



The world movers

Driving into the future with Audi tron technologies. The goal is carbon-neutral mobility, without having to make any compromises. Sound good? It is. A drive in the Audi A3 e-tron in California and in the Audi A3 g-tron in Denmark.

TEXT: *Anne Philippi and Katrin Saul*

PHOTOS: *Jeff Ludes, Benjamin Pichelmann*



The challenges of future mobility are as complex as our world, which is changing more rapidly than ever. To start with, it is necessary to reduce the burden on the environment. But people are traveling by car more than ever before. Is it still possible to do so with a clear conscience? **Audi tron technologies offer a holistic solution to these issues.** A solution that unifies the benefits of new technologies in cars with mobility requirements – including driving range and driving fun – in two pioneering concepts: Audi e-tron and Audi g-tron technology. For Audi, society journalist Anne Philippi, a longtime expert on the Californian lifestyle and the mobility needs of the region, test drives the A3 e-tron in Los Angeles. In Denmark, renowned Danish architect and sustainability specialist Kristian Lars Ahlmark of schmidt hammer lassen (SHL) architects lines up in the A3 g-tron.

We visit **Los Angeles** with the Audi A3 e-tron; at the wheel is **Anne Philippi.** Here, there is a dense infrastructure of charging stations for electric cars. This is a place where sustainable enjoyment is a way of life and a calling card; a very emotional philosophy of life. A plug-in hybrid combines the benefits of electric drive with those of a highly efficient combustion engine. It has two power sources for greater range, better performance and fewer emissions. Two worlds superbly united.

In **Scandinavia,** which has long been a frontrunner in the production and use of alternative energies, people take the issue of sustainability equally seriously, albeit from a much more rational perspective. Yet the drive in the 81 kW (110 hp) Audi A3 g-tron elicits enthusiasm from our test driver, **renowned architect Kristian Lars Ahlmark,** in light of the parallels to the requirements of sustainable construction that he discovers. That is because the Audi A3 g-tron is another production vehicle from Audi on the path towards carbon-neutral long-distance mobility. Less CO_2 is generated thanks to its use of compressed natural gas, or CNG. Of the possible 1,300 kilometers of driving range, up to 400 kilometers can be covered in all-natural-gas mode. **Well then, have a good drive!**



PHOTOS: *Jeff Ludes, Benjamin Pichelmann*

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



/ ROCK 'N' ROLL WITH THE AUDI E-TRON IN LOS ANGELES

6 a.m. That great, unbelievable, glorious Los Angeles light is already there. The best time to hit the road in the new A3 Sportback e-tron. I'm still tired, but the e-tron makes things very comfortable for me. I lean back, the adjustable steering wheel in position. The monitor of the MMI Navigation plus rises up and indicates when I am running on gasoline and when on electricity. The vehicle is running solely on electric power, very quietly, very dynamically.

The e-tron feels like a spaceship in which you could even meditate. That's how quiet it is inside. That fits Los Angeles. A combination of futuristic and ecologically aware. A perfect **oasis of tranquility in the traffic of Los Angeles.** Because traffic rules and dominates the city. It determines whom you see when, and where you go. Living and driving in L.A. are inevitably intertwined.

I'm on my way to Venice for my first cup of coffee of the morning. It's still quiet on the Abbot Kinney at this time of day. People in Venice sleep longer, but the early-risers all stop to have a look at my Audi. Interest. Wide eyes. **The brand new e-tron.** Which goes on sale in Germany in 2014. Because Angelinos are always interested in new things. Like the recent enthusiasm for almond milk rather than soy milk because it is "even more vegan."

I go into TOMS. They have excellent coffee. And fresh-squeezed juices, of course. There's nothing healthier. Casual sunglasses and shoes, too. All a little bit hippie, yet chic. The TOMS concept is very Los Angeles: When you buy a pair of shoes, you also buy a pair for a child in need. One for one. The shop is a good example of the Los Angeles attitude to life. **One of sustainability, of eco-consciousness.**

That applies to everything. Food, cars, living, sleeping, thinking. In Germany, the term “green” is a very narrowly defined term referring to a particular scene. Here in Los Angeles, it is something that the individual aspires to, like fame or fortune. Think of it like this: **The people living the most successful lives here are also living the most sustainable ones,** the most organic, the greenest. It’s the typical scene at TOMS this morning: perfectly bleached blondes with haute couture bags drinking their fresh-squeezed juice with abandon before dashing off to yoga. Everyone has to take part. That’s the way people think here. The same applies to Hollywood stars.

I head east on Santa Monica Boulevard. The morning traffic hasn’t completely dissipated yet. It feels as if you spend half your life here in the car. A lot of things happen behind the wheel. In the mornings, women use the vanity mirror to apply their mascara; men have put on their business face and gesticulate wildly as they talk on the phone. That is typical for driving in L.A. Things that you do at home in Europe are done in the car here: crying, kissing, laughing, screaming. **It is your second home.**

Music on. Good, natural sound from the Bang & Olufsen Sound System. The sound embraces me. I listen to a little rock radio, old California hits. I open the panoramic sunroof, light morning breeze.

The most important components of the Audi A3 Sportback e-tron

1 // 1.4 TFSI engine
2 // Power electronics
3 // Battery cooling
4 // High-voltage battery module
5 // Fuel tank
6 // 12V battery
7 // High-voltage cable
8 // 6-speed e-S tronic
9 // Electric motor
10 // Charging connection

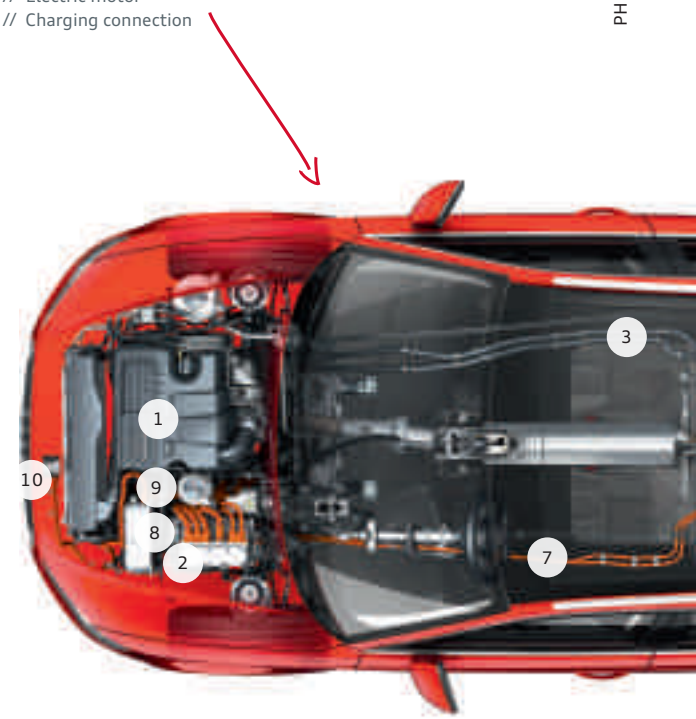


ILLUSTRATION: *AUDI AG*

PHOTO: *Jeff Ludes*

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



Now on to yoga hour on Robertson Boulevard. All kinds of people you would never expect show up here. Rock stars, show business giants. I park in a side street. My Audi garners more looks. “Is that new?” asks a thirty-something man. **Wow!**

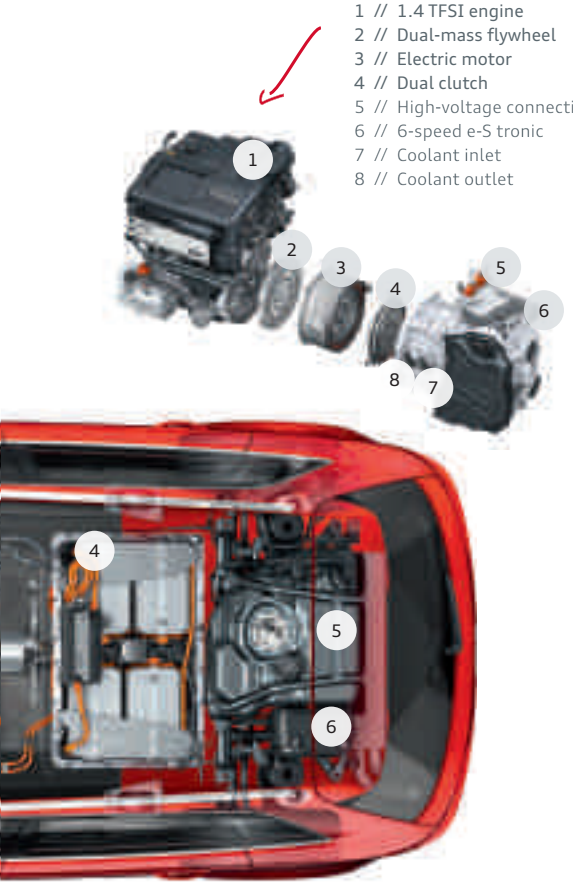
An hour later I head off, refreshed, toward Silver Lake, Elysian Park. Onto the freeway. I accelerate. The e-tron shows its temperament as I push down harder on the accelerator. **Sports car feeling, pure Audi.** The e-tron has a range of up to 50 kilometers in all-electric mode. Perfect for trips within the city. Up to an additional 890 kilometers are possible with the combustion engine. I could drive to Las Vegas and back – without stopping for gasoline or to recharge the battery. And that with an average fuel consumption of 1.5 liters per 100 kilometers and emissions of 35 grams of CO_2 per kilometer. The very thought feels good!

I drive up into the hills to the spot offering the best view of the city. Los Angeles is spread out in front of us like a giant selection of candy. Confusing, shimmering, tempting. From here you can see East L.A., the ocean, the skyscrapers downtown and the adjacent desert. It’s easy to forget that Los Angeles is surrounded by desert, by nothingness.

Back to Zuma Beach. The Audi e-tron has been my companion for the day. **It’s a good companion for Los Angeles.** The sun sets, slowly. It takes its time. It is relaxed. Like everything here.

The drivetrain of the Audi A3 Sportback e-tron

1 // 1.4 TFSI engine
2 // Dual-mass flywheel
3 // Electric motor
4 // Dual clutch
5 // High-voltage connections
6 // 6-speed e-S tronic
7 // Coolant inlet
8 // Coolant outlet



Audi A3 Sportback e-tron in figures

The A3 e-tron is the first premium compact car from Audi with standard plug-in hybrid drive. It combines sporty power with impressive efficiency. **It can drive up to 50 kilometers solely on electric power and thus with zero local emissions.**

Audi uses a combination of a **110 kW (150 hp) 1.4 TFSI engine** and a **75 kW electric motor** for the drive system. It consumes on average just **1.5 liters of gasoline** per 100 kilometers, giving it a total action radius of up to 940 kilometers. The battery has a capacity of 8.8 kilowatt-hours and can be recharged in **just under 2.5 hours** on a 16-ampere outlet.

/ A DRIVE IN THE AUDI G-TRON IN COPENHAGEN. THE PRINCIPLES OF FREEDOM AND MOVEMENT IMPLEMENTED SUSTAINABLY

The mountains of clouds build up in Copenhagen's autumn sky like thick, fluffed-up feather quilts. The midday sun takes the bite out of the stiff breeze and makes the reflective particles in the paint of the Audi A3 g-tron glisten. A perfect day for a quick spin into the future. We slowly exit the courtyard of the architectural offices of schmidt hammer lassen architects.

"This car drives superbly, it's so quiet," says architect and partner Kristian Lars Ahlmark as the g-tron takes us quietly and with low emissions to our first destination: "I like how Audi takes on something that is firmly embedded in everyday life – driving a car, the principles of freedom and movement – and combines it with sustainability."

The g-tron has a bivalent power unit, which can be powered by fossil natural gas, environmentally friendly Audi e-gas or gasoline. In addition to the gasoline tank, it has two pressure tanks under the floor of the trunk, each of which holds seven kilograms of gas. Audi e-gas is synthetic methane which Audi has already begun to produce in its first power-to-gas plant from CO_2 and water using green electricity.

The Audi e-gas principle. You can find the film here.

PHOTOS: *Benjamin Pichelmann*



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

In gas mode, CO_2 emissions are no higher than the amount of CO_2 that was used to produce the synthetic natural gas. "This is a great step in the right direction," says Ahlmark. He also tries to implement this sustainability philosophy in architecture.

"The Crystal" is an office building belonging to a financial institution designed by SHL architects that has won awards for its energy-saving design: a glass building, suffused with light, which rests on the ground on a single visible lower edge, and therefore appears to hover over the city square. At the time of construction, its energy consumption of 70 kilowatt-hours per square meter was 25 percent lower than the guidelines established by the Danish government. "We wanted to bring as much daylight as possible into the building to save valuable energy," explains Ahlmark. The facade consists of three layers of glass with natural ventilation. Ventilation windows let air into the building at night, and this air is then used to cool the building during the day. Additional cooling is provided by water from the harbor. The toilets are flushed with rainwater, and the photovoltaic system generates the electricity to operate the complex facade system. "The construction industry is a big environmental polluter," explains the architect. "We as architects have a responsibility to think outside of the box, but we also have the opportunity to achieve great things through innovation." He says this as he steers the g-tron through the downtown area. "A beautiful design is no longer enough in itself; it must also be ingenious." Ahlmark's office has its own research department. "There, we are working on new types of solar cells, and on a new acoustic ceiling, which we are installing in the Concert Hall in Malmö. We invent our own building materials."

We turn onto the harbor waterfront. "The highlight of the g-tron is that it looks like a normal A3 Sportback, but it is packed full of the latest technology," says Ahlmark, as we drive towards the









Royal Library with its contemporary extension made from granite and glass – an architectural landmark of the city. **"This understatement is a clear trend. Just as sustainability is another smart aspect of the design."**

The concept behind the Royal Library revolves around spaciousness and democratic design. The goal was to achieve a synergy between an intellectual institution and a cultural building that brings together exhibition spaces, a concert hall, a bookstore and a restaurant. "In the field of architecture, you should always give back more than you have taken," says Ahlmark.

We drive out of the city and past villa suburbs. **An occasional fuel station – but we don't have to stop for fuel, since we have a range of up to 400 kilometers with gas and up to an additional 900 kilometers with gasoline.**

Now we are out in the countryside. To our left is the Nordic coastal landscape and to the right the magnificent expanse of the sea. Along with environmental awareness, says Ahlmark, costs are another important factor in implementing new ideas and ensuring their success: "In a retrofitting project, the investment pays for itself in ten to 15 years because there are savings on heating costs, for example. With the g-tron, the low price of gas will be a key factor for consumers." In Germany, natural gas currently costs around half as much as gasoline.

We stop at a small marina to admire the clouds that are colored a delicate pink in the evening sun. "I think it is fantastic that a carmaker is assuming responsibility for the entire life cycle of its product and is simultaneously producing an alternative to fossil fuels."

Ahlmark gazes at the boats as they rock in the wind. "What I especially like about this car is that Audi really thought out the storage of green electricity and the production of synthetic natural gas as a complete picture; this is exactly the type of approach we take in architecture. **This holistic approach, that is the future."**

Audi A3 g-tron in figures

The Audi A3 g-tron is another Audi production vehicle on the path towards carbon-neutral long-distance mobility. It brings together a number of different technological competences such as **lightweight technology, highly developed infotainment systems, technically mature driver assistance systems and the latest CNG technology.**

Two pressure tanks under the floor of the trunk each hold around **seven kilograms of gas.** The Audi A3 g-tron is bivalent, very efficient and has an **81 kW (110 hp) 1.4 TFSI engine.** In **all-gas mode** it can be driven up to **400 kilometers.** In combination with gasoline, it manages up to a further **900 kilometers.**

It handles the sprint from **0 to 100 km/h** in **under 11 seconds.** CO_2 emissions in the NEDC cycle are less than 95 grams per kilometer. The combined consumption of the Audi A3 g-tron is **less than 3.5 kilograms of natural gas or Audi e-gas,** which is made from CO_2 and water using green electricity.

PHOTOS: *Jeff Ludes, Benjamin Pichelmann*



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

Driving around Copenhagen: Architect Kristian Lars Ahlmark discovers the common vision of sustainability in the Audi g-tron. You can find the video here.



... AND MR. AHLMARK, WHAT FUTURE IS THE G-TRON DRIVING INTO?

Only those who invest in innovation and sustainability now will be able to be successful in the future, predicts Ahlmark: “Retrofitting is a major issue in architecture; 80 to 90 percent of existing building space is absolutely not environmentally friendly. We have just won a tender to retrofit the tallest office building in Oslo, which will be fully self-sustaining in terms of energy. Inside, there is a vertical garden. This green chimney absorbs all of the CO_2 and converts it to oxygen, which is then pumped back into the building.” While Audi is actively committed to achieving a sustainable value chain for aluminum in the field of lightweight construction, SHL architects is recycling 90 percent of the building materials for the skyscraper, including its aluminum facade.

“Sustainability should never mean making compromises, rather it should be about preserving the good life without limitations. Sustainability in its optimal form would be to take another step forward – such as building a car that produces more energy than it uses.”

... AND MS. PHILIPPI, WHAT FUTURE IS THE E-TRON DRIVING INTO?

Life in Los Angeles teaches people this: Fame and fortune must not overshadow the big picture, the Earth, the environment, the community, your own health. Everyone comes to this conclusion. Eventually. Even celebrities, including the biggest stars. **The Audi e-tron is the mobile consequence of this lived-out holistic approach to life.**

Chic, fast, yet rational. People in Los Angeles would be glad to drive an e-tron like this.

By the way, I didn’t have to charge the e-tron all day. A pleasant thought, that the car’s battery can simply be charged at night in the garage, just as its owner recharges their batteries while asleep. Human and machine in harmony. It will certainly not be long before every garage has such a charging station. At least not here, in the city where the future is so close.



Hollywood and the good feeling of being on the right path. Here you can see how much fun Anne Philippi had in the A3 e-tron in L.A.



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

Delighting to delight others

TEXT: *Tobias Moorstedt*

Because a premium brand also offers premium service. And because good salespeople are excited by their products. Each year, Audi trains over 20,000 employees of the worldwide dealer organization in its **Central Launch Training** at Munich Airport. A training report.

1 – *INTRO* An airport is the perfect place to teach people about the future of mobility. Airplanes embarking for the far reaches of the world take off with a loud thunder. Trucks, buses and cars circulate on the labyrinth of lanes marked out on the tarmac. Conveyor belts, escalators, sensors; a wild dance of machines and, in their midst: people.

"Central Launch Training at Audi is the central market introduction training program for new products and technologies for the worldwide dealer organization," explains Christian Bauer, Head of Sales Qualification at AUDI AG, shortly before his team receives a new group of participants for Central Launch Training (CLT) at Munich Airport's Audi Training Center. The Russian group arrives punctually at the auditorium. The air is full of excitement. No sign of jet lag.

Alexander Pyrskiy, an Audi sales adviser from Moscow, is participating in CLT for the first time in 2013 – but has already heard a lot about the event from his experienced colleagues. He is well prepared and hopes to learn even more about new systems and technologies. Casually, he completes what is known as the pre-test on an iPad®; this test checks participants' existing knowledge and motivates them to learn more. Click. Swipe. Know. The journey begins.

PHOTOS: *Benjamin Tafel*







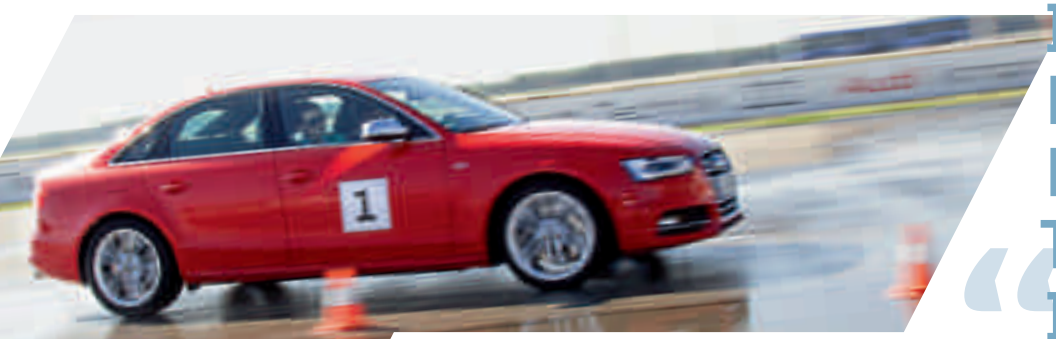












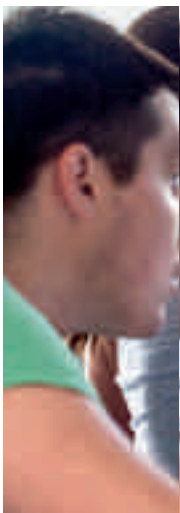
“IT IS EXCITING EVERY TIME; I ALWAYS EXPERIENCE NEW PLACES, NEW IDEAS, NEW PEOPLE.”

Lisa Trubitsina









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

2 – *INTERACTIVE THEORY* The CLT program begins with the presentation of alternative drive technologies such as the new g-tron and the new e-tron. Alexander firmly believes that this is our future. The group listens intently and is impressed when the trainer shows the driving range of the e-tron on an interactive map: It can drive from Moscow to Riga or Kazan. A whisper runs through the room. Alexander is enthralled: "This map will also interest our customers." At the CLT, information is not conveyed through dry presentations or endless charts, but with modern tools and interactive shows – a combination of visualization and fun.

"The CLTs build on one another progressively," is how Christian Bauer explains the concept. For example, tron technologies were first presented in early 2013, and the tron Campus followed in the autumn. In 2014, CLT participants can then check out the new products in the dynamic handling area and shift a few gears themselves.

3 – *NEW SCHOOL* Time to move on to the next training module. Maxim Chindyaskin suddenly stops in the middle of conversation, runs towards the center of the room and takes one photo after another with his cell phone. The reason: The static product experience at the CLT is the first opportunity these participants have to experience the new A8 live – a definite highlight. Maxim and his colleagues stand in a tight circle around the sedan and discuss selling points for the new A8. Styling! Innovation! Sports appeal!

Maxim has been working in the Fleet Department at Audi Russia in Moscow for six years now and knows the product and the market well. "I like the fact that we are not restricted in our discussions, that we can talk openly about things," he says. All participants have an iPad® in their hand on which innovations are communicated interactively and which they can use to analyze and evaluate the A8. This is not a lecture, but a joint discussion, a real-time survey of opinion among Audi experts.

Every topic comes to life this way. The "Audi Lighting Technology" teaching segment, for example, offers facts, facts, facts – as well as high entertainment value. To illustrate the advantages of the new Matrix LED headlights, the CLT team installed various lighting systems in a large room. This lets participants see at a glance how LED lights produce a brighter light that is more pleasing to the eye. A special feature: A camera detects oncoming cars and motorcycles and dims individual high-beam segments so that the best possible visibility is guaranteed, but without dazzling other road users. The CLT trainer follows his words with actions, takes out a flashlight and shines it into the light cone of the Matrix LED headlights. The camera immediately detects this and the headlights no longer shine on him. However, an array of LEDs continues to shine all around him. With every movement the trainer makes within the cone of light, the Matrix LED headlights react directly and dim their light there accordingly. When the trainer steps out of the cone of light, all LEDs light up again with full power. "It's engineered so that the driver can concentrate on the road," explains the trainer, "and not on the light switch." The demonstration is received with applause.

The tasks and tests are no less fun for participants. Now and then quiet jubilation can be heard when a work group has just solved another task on the iPad®. Incidentally, in the post-tests, which measure the learning curve of CLT participants, over 90 percent of the answers are correct.

4 – *SOFT SKILLS* 8 p.m. At the end of the first day of CLT, the focus is not on high tech or design, but on soft skills and networking effects. A wooden Alpine chalet was built near the airport for the Audi Oktoberfest to celebrate the legend of Bavaria – with lederhosen and high-tech sedans, traditional dirndl dress and cutting-edge design, accompanied by beer, Bavarian delicacies and a brass band.

Lisa Trubitsina is already participating in CLT for the eighth time in autumn 2013. And she has never been bored. "It is exciting every time," says the 33-year-old. "I always experience new places, new ideas, new people." In the background, a colleague from Spain taps into the wooden keg. CLT participants from Russia, Poland, Germany, Spain and the Netherlands exchange phone numbers, e-mail addresses and talk about their experiences. "The encounter between colleagues is important for successful training," emphasizes Lisa, who is already looking forward to sharing impressions, videos and photos from CLT with her colleagues in Moscow. She is convinced that people are the best information carriers.

PHOTOS: *Benjamin Tafel*



Find out what genuine delight looks like. View a video of **Central Launch Training** here.







Systematic learning

7,000 employees of the Audi dealer organization from over 40 countries participated in CLT in early 2013. They flew to Germany – and landed in the "Land of quattro." That was the motto of "Central Launch Training Spring 2013." A land with its own rules and many attractions. The focus of the latest CLTs was on quattro technologies in theory and practice, as well as high-performance vehicles of the RS model series.

While participants at CLT Spring 2013 learned about technology on the quattro Campus, CLT Summer 2013 gave them the opportunity to see for themselves what benefits the technology really offers when they took an A3 with quattro drive out onto the dynamic handling area. In autumn 2013, everything then revolved around the tron technologies. So the CLTs are not isolated events, but a continuous program of modules that complement each other. One gauge of the success of this systematic approach to learning is that participants in 2013 reached the highest qualification levels ever in tests. Another indicator of success is that 98 percent of participants were satisfied with the experience and their results. For 76 percent of participants, the program far exceeded their expectations.

"THE CUSTOMER NOTICES WHETHER A SALES ADVISER IS PASSIONATE ABOUT THE PRODUCT."

Alexander Pyrskiy

PHOTOS: *Benjamin Tafel*

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



5 – *ACTION* The dynamic handling area is an apt, but almost too modest a name for the Audi racetrack right next to the airport runway. It is located just a few hundred meters from where passenger flights take off and land from destinations all over the world. The thundering of jet turbines gives you goose pimples. The air is filled with adrenaline.

In the quattro exercises, the trainer explains, the goal is to put CLT participants in deliberately orchestrated, controlled limit situations so that they can physically experience the effects of the sport differential and quattro technology for themselves. Former police employee Alexander Pyrskiy's eyes light up. In the oval race, two participants drive against each other – one in an A3 with quattro technology, the other in an A3 with front-wheel drive – on a partially wet surface. In the first round, Alexander climbs into the A3 with front-wheel drive; he drives well, but he doesn't have a chance. The trainer's voice crackles from the walkie-talkie: "You can't catch him now, don't even try." Then Alexander is allowed to race around the oval in the quattro. It goes without saying that he wins the return match. He laughs, claps his hands, celebrates – an unforgettable moment. He is certain that "the customer notices whether a sales adviser is passionate about the product."

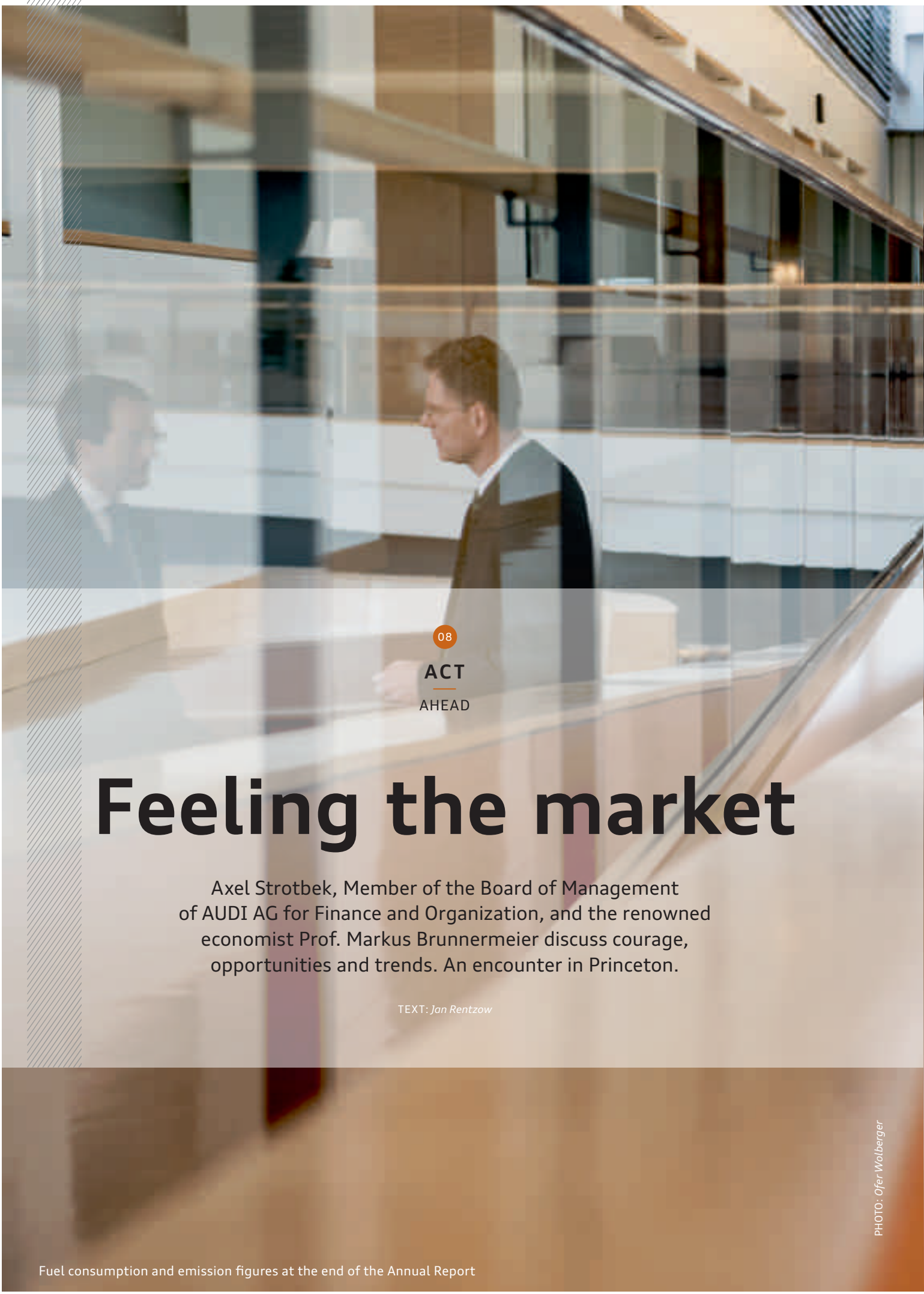
And then the CLT participants get to test the latest Audi models on a discovery drive as well – a short road trip takes them to lunch at nearby Schloss Hohenkammer. Alexander smiles as he steers the new A3 Sedan down the autobahn and along Bavarian country roads: "Driving an Audi is always better than reading about it."

6 – *GRAND FINALE* The atmosphere at the Audi Training Center is reminiscent of a summit meeting: There is a long line in front of the auditorium entrance. The air is filled with excited voices. Men with serious faces and radio earpieces guard the venue. Since CLT participants will also be shown new products at the final show which no one outside of the Audi family has ever seen, plant security has cordoned off the site and raised excitement levels to fever pitch. Then finally the curtain is lifted, well actually the projection screen is lowered, and the wild drive begins.

"We don't simply want to pull a white sheet off the car," is how Christian Bauer explains the concept, "rather we want to portray the brand's claim of 'Vorsprung durch Technik' in our presentation as well." A goal that is met. The audience sees the new Audi models in motion on an enormous 3D screen. Fast clips which make modern music videos look like meditation films. The new Audi TT races through wild virtual worlds and stops in front of a waterfall. Water jets spray the audience with a fine mist – that's 4D cinema, a new dimension. Then the new TT drives onto the stage through a hidden door, and the real vehicle and the animated sci-fi images meld together.

After 20 minutes, Maxim Chindyaskin leaves this drive-in movie theater of a special kind, squints at the light and rubs his eyes. He could rave about the design of the new TT, or he could report on what he might tell his customers in Moscow about the future of Audi. But all he says is:

"WOW! WOW! WOW!



08

ACT

AHEAD

Feeling the market

Axel Strotbek, Member of the Board of Management of AUDI AG for Finance and Organization, and the renowned economist Prof. Markus Brunnermeier discuss courage, opportunities and trends. An encounter in Princeton.

TEXT: *Jan Rentzow*

PHOTO: *Ofer Wolberger*





Mr. Strotbek, Audi delivered well over 1.5 million cars in 2013. That achievement meant it broke through a key strategic barrier – much sooner than planned, in fact. Is a feel for the market something you can learn? Or is it just something you have?

STROTBEK: At Audi, we've been feeling the market for over 100 years, and that has been down to hard work. In essence it involves understanding the markets and above all the needs of our customers, then developing the right products to suit them. We are currently experiencing one of the most exciting phases in the history of the automotive industry, and we aim to further raise our profile when tackling core challenges such as drive technologies, connectivity and sustainability. We aim to consistently offer a technological edge to our customers.

Prof. Brunnermeier, do you share the view that feeling the market is all about hard work?

BRUNNERMEIER: Yes, I certainly do. You have to learn to listen to what the trends could be and mustn't overlook general developments. That would be fatal. But it's also important to set trends yourself. Trends that aren't so radical that you lose touch with the market, but that go far enough that the market is prepared to follow. It's hard work, but it is fun.

At Audi, how do you go about choosing the cars of the future?

STROTBEK: First, it involves listening to the market. Second, it involves having the courage to take a step forward and set yourself apart from the mainstream and from what is currently in vogue. And having a feeling for what will be in demand in the medium term – because we're normally talking about a development horizon of three or four years for a new product. Our main tasks these days center on increased environmental awareness and the desire for sustainable mobility, but also on products that offer increasing digitization and connectivity. We define our own priorities in order to take up a clear position.

Audi acts globally. Global markets bring opportunities, but also risks. How much of a risk does an enterprise need to take today in order to be successful?

BRUNNERMEIER: Not taking any risks is very risky indeed, because your competitors will then overtake you. The investment that the automotive industry has to make to develop progress is very high. It needs to sell high volumes and act globally, while at the same time responding to regional differences. Acting globally therefore means reducing your dependence on developments in one country or region – and also being present in growth markets. I think Audi has done vital groundwork in that respect. Companies must be positioned flexibly worldwide to be able to respond to future developments.

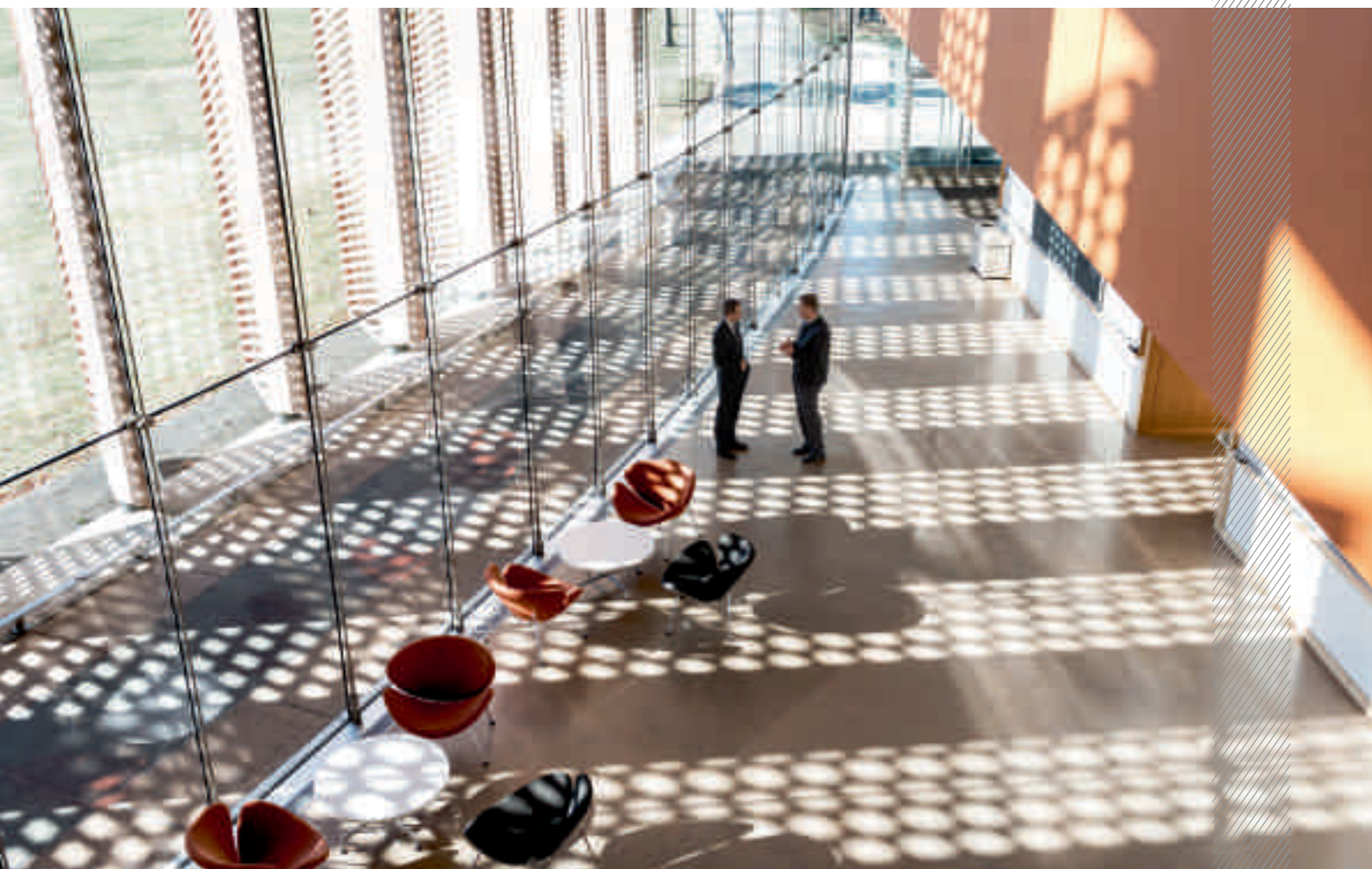
PHOTOS: *Ofer Wolberger*

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

Mr. Strotbek, how much of a risk do you take?
STROTBEK: Our strategy is to establish a business resting on three pillars – Europe, Asia and America. We are already the premium-segment market leader in Europe and are also very successful in Asia. The next step is to exploit our strengths and build on our good position in North and South America. The new plant in Mexico will be an important milestone for us. Today, Mexico offers considerable expertise in automotive production coupled with competitive cost structures. Setting up a base there will also enable us to reduce our exchange rate risks and capitalize on existing free-trade agreements with the United States, Latin America and Europe. Audi's appeal as an employer in Mexico too is reflected in the fact that we have already received over 30,000 job applications for the plant.

Prof. Brunnermeier, you are regarded as an expert when it comes to forecasting. Forecasting is a very important part of decision-making amid uncertainty. How do you go about it?
BRUNNERMEIER: The important thing is to give not just a simple forecast, but a whole spread of possible events. You can say that one scenario is the most likely, but that others are also possible. Predicting many events, but also remaining flexible enough to accommodate unforeseeable ones, is key to minimizing risks. Nothing is worse than being unable to respond to a future, unknown event.

Key word: speculative bubbles. Some people are increasingly warning that the next major slump in the stock markets could be just around the corner. There is the view that many of the good business figures we are now seeing are underpinned not by corporate success, but by the low-interest environment. Are we heading for another crash, the next major crisis?
BRUNNERMEIER: I am more optimistic as far as America is concerned. As a general principle, you have to remember that when interest rates are low, people are less inclined to leave their money sitting in a savings account. Shares are more attractive. That's normal, and not necessarily a speculative bubble.







PROF. MARKUS BRUNNERMEIER

was born on March 22, 1969 in Landshut (Bavaria). After leaving school with an intermediate certificate, he trained at the Tax Office in Landshut before completing his high school diploma, then went on to study Economics in Regensburg, Nashville, Bonn and at the London School of Economics. In 1999, US Federal Reserve Chairman Ben Bernanke recruited him for his international team of researchers at Princeton University. He is Edwards S. Sanford Professor of Economics and belongs to the Bendheim Center for Finance and the International Economics Section in Princeton.

AXEL STROTBEK

was born on March 2, 1964 in Hameln (Lower Saxony) and studied Industrial Engineering in Karlsruhe and Linköping (Sweden). Following his MBA at the University of Illinois in Chicago, he joined the Volkswagen Group as Board of Management Assistant for Controlling and Accounting. After holding various posts within the Volkswagen Group, he worked as Executive Vice President of Finance at Volkswagen Group China in Beijing from 2004 to 2007. Strotbek has been Member of the Board of Management of AUDI AG with responsibility for Finance and Organization since 2007.

PHOTOS: *Ofer Wolberger*

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



Experts are observing high competitive and price pressure especially in Europe and China. Mr. Strotbek, you have said that Audi is not prepared to buy market shares by discounting its prices.

STROTBEK: That's right. We have increased our market share in China, North America and Europe through attractive products and a strong brand image. Customers also expect a high degree of price stability from us as a premium carmaker. We are fundamentally pursuing a strategy of qualitative growth. In other words, the priority for us is to see sustained corporate success rather than simply focus on the next quarter's results. That is the only way we can afford high investment spending on new products, technologies and the infrastructure in the long term as the basis for realizing our ambitious strategic goals.

The European market is growing more slowly than others. What role does Europe play for Audi?

STROTBEK: With over 730,000 vehicle deliveries, Europe is still our most important sales market despite our considerable success internationally. Furthermore, a large share of our technologies and products are developed in Europe. It is where not only our own engineers, but also many suppliers and development partners are based. That's a huge asset. ***BRUNNERMEIER:*** Europe's sensitivity to environmental issues is undoubtedly also important. It's very pronounced. You can tell innovations from Europe by the sustainability ethos behind them.

Mr. Strotbek, what is your product strategy for the future?

STROTBEK: We have been very successful at broadening our product portfolio in recent years. We have focused on four main directions: We have expanded the full-size category through our R8 supercar, for instance. Then we have introduced a number of highly sporty RS models such as the RS Q3, RS 5, RS 6 and RS 7. We have also brought new models onto the market in the shape of the A1 series and the new A3 Sedan to attract primarily young customers to our brand. In extending our SUV range, we are responding to high demand for such vehicles. We are currently working intensively on ventures such as the electrification of our cars. As an initial step, we will be going into production with the A3 Sportback e-tron, a plug-in hybrid, this year.

There will be huge advances in the operating range of electric motors. And also in connectivity between the car and its surroundings. Where do you see the biggest challenges to remaining successful over the coming years?

BRUNNERMEIER: I think that a car company has to find the right strategic partners across all industries in order to integrate the technologies of the future. People want more than just a car, they want a complete communications product. Audi has already taken the first important steps. ***STROTBEK:*** Major technological leaps lie ahead of us. We now have the opportunity to develop technologies that we believe will bring us success. Managing this complexity is on the one hand an incredible challenge, but on the other hand it is a huge opportunity.

You both work very hard. How do you motivate yourselves?

BRUNNERMEIER: I love my job and find it exciting to work on ideas that help people to understand things. Ideas inspire and help to inspire others. That is my driving force. My family – I have two daughters – and my work combined make life very fulfilling. ***STROTBEK:*** Audi is a very emotional company with a highly motivated team. The success of our technologies has certainly helped significantly to keep the flame burning. One of the key tasks for the future will be to keep developing what makes the brand special. I personally try to keep myself fit to face these challenges through a combination of physical exercise and mental training. Only if your mind is agile can you achieve at the highest level, day in, day out. And that's precisely what we seek.

We are family

TEXT: *Gabriele Meinl*

Anyone coming to work at a German location of AUDI AG as an international Group employee will not be on their own. The integration program for impatriates does more than simply help them settle in: It welcomes them into the Audi family.

Kenneth McHattie
Scotland
Infotainment developer

Luis Ortiz Müller
Mexico
Production system/
Training Center consultant



Find out more about some of the Audi impatriates. Here are their detailed profiles.

Bert van den Eede
Belgium
Accounting consultant

PHOTO: *Melanie Maerz*

Petr Havelka

Czech Republic

Passenger airbag developer

Csaba Ternyak

Hungary

User management IT consultant



Paloma Santos Rodriguez-Vigil

Spain

Supplier development Mexico

Wendi Sun

China

Interior development engineer

A worldwide presence
An overview of the Audi production locations can be found in the Management Report on page 145.





A traditional pub with typical local atmosphere, a round of miniature glasses of its own brewed beer served as an aperitif: A convivial setting for this evening's function – the monthly Audi impatriates networking meeting. The mood is relaxed and intimate; everyone knows everyone else. It does not take long before everyone is involved in lively conversations. The impatriates come mainly from Mexico and China, from Audi companies elsewhere in Europe and from other Group companies. They are here for periods ranging between six and 15 months – or perhaps even longer. So it is important for them to develop a social life. That was precisely the reason for launching the special integration program: It provides opportunities to explore the area together, attend cultural and sporting events and get to know the German mentality in the company of others.

"At first, everything is different all of a sudden – the work situation, the apartment, the surroundings," as Bert van den Eede from the AUDI BRUSSELS S.A./N.V. Accounting department explains. "That's why it is so important to develop a sense of belonging right from the start." Partners and families are of course also included in the integration program. Csaba Ternyak, IT specialist at AUDI HUNGARIA MOTOR Kft., is here with his wife and children. "The fresh start worked very well for us. My boys had already learned some German in Hungary and are doing well at school. And my wife now wants to learn German, too." On an evening like this, many enjoy having the opportunity to talk to others who are in a similar situation – while of course establishing interesting international contacts.

"IT'S IMPORTANT TO DEVELOP AN UNDERSTANDING OF HOW OTHERS THINK AND OPERATE – WITH MUTUAL RESPECT."
Luis Ortiz Müller

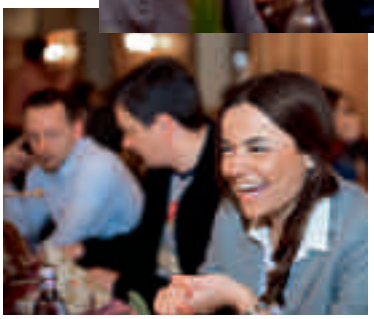
Luis Ortiz Müller loves coming to the networking meetings. He also appreciates the fact that his wife and daughter can meet other Spanish speakers here from time to time. He enthuses about his trips to Königssee, Neuschwanstein and Regensburg.
The Mexican is working alongside German colleagues on the development of a train-the-trainer program for the new plant in San José Chiapa. It will cover every process, from production to sales. "The way people communicate here in Germany is very positive, very direct and clear." However, he still keeps encountering differences in the ways Germans and Mexicans think. Ortiz Müller can convey this appropriately in the training program he is creating, and help with the qualification measures for the employees back home in Mexico. Through such activities, Audi is making sure expertise is built up at its international locations. As a result, employees from the regions are already capable of taking up key positions. And that in turn makes the Company an attractive employer worldwide.

Because Audi is growing primarily outside Europe, where customer requirements may be completely different, and the working culture may present a huge contrast, too.

PHOTOS: *Melanie Maerz*







“PEOPLE IN GERMANY THINK IN A LINEAR WAY – YES OR NO. THE CHINESE USE NEUTRAL EXPRESSIONS, SO COMMUNICATION IS MORE LIKE A CURVE OR A CIRCLE.”

Wendi Sun

Internationalization at all levels is therefore part of the strategy: Audi is recruiting new employees directly in each country in order to draw upon their specialist and social expertise. One example of this approach is the Audi China Expert & Management program ACEMpro. This exchange has proved hugely motivating for interior development engineer Wendi Sun to reflect on how she communicates: “Most people in Germany are very direct. In China people tend to use more neutral expressions, so communication is more like a curve or a circle. Depending on who I am talking to, I have to think: How can I say that best?”

“I was surprised how important work-life balance and reconciling your job with family life are here in Germany, too,” comments Paloma Santos Rodriguez-Vigil. The young Spanish engineer, who previously studied at the Technical University of Munich, is now taking charge of a quality assurance project for Mexico under the StartUp Europe trainee program. Santos Rodriguez-Vigil loves the international nature of her project: “I gain an insight into the various Audi production plants and can benefit from comparing how people work in Germany, China, Hungary or Mexico.”

Global involvement

The growth market China offers exceptional opportunities, but also requires special knowledge. The Audi China Expert & Management program, ACEMpro, provides training for Chinese employees, and those with an interest in China, for up to 15 months in China and Germany by deploying them on projects in their specific area of activity. But for Audi, it is also important to offer opportunities to people who are currently living in an economically difficult environment. StartUp Europe, for example, enables Spanish and Italian engineers to gain further career experience in Germany, thus equipping them to take on challenges in the labor market. The initiative also sends out a message to the domestic labor markets and forms part of the Audi Group’s corporate responsibility activities.









An award-winning family

"Attractive employer worldwide" is a strategic corporate objective for Audi. Who better to substantiate that goal than the people who are employed by the Company? For the HR marketing campaign "Working at Audi," employees personally present their 15 top reasons for working at Audi. Those 15 reasons are the result of more than 100 personal accounts prepared in cooperation with employees from various divisions. The top reasons have an external impact too, as is evident in the 2013 placings in the German trendence and Universum graduate barometers, as well as the Universum survey of young professionals. The Company secured top spot among engineers and economists. Audi is a more popular employer than ever throughout Europe too: In Belgium, AUDI BRUSSELS S.A./N.V. received the "Employer of the Year 2013" award, and in Hungary Audi was voted "Most Attractive Company" for the fifth year in a row.

Listening to the impatriates talk, it is striking to note that any cultural differences pinpointed are interpreted positively – as opportunities for personal development. "Here in Germany it is considered important to do a task perfectly, right down to the last detail, to produce precise answers to every question and to rule out any ambiguity – even if that means repeating the process yet again," says Petr Havelka, airbag specialist at ŠKODA AUTO a.s. Kenneth McHattie, electronics engineer at Bentley Motors Ltd., has also discovered what a difference the way you communicate makes. At Audi he is coordinating the development of an infotainment system for joint use. At first all the departments were discussing unilaterally with each other, but since early 2013 McHattie has been the central point of contact in Ingolstadt. "That makes it easier for both sides." He is impressed by the seamless coordination between the specialist teams at the German end: "No questions are left unanswered, every responsibility is precisely defined. Even though there are more departments here, the exchange is very efficient!"

After the roast dinner with dumplings, the colleagues start taking souvenir photos of each other over dessert. Will they now be sent straight to the folks back home? "Yes, sure, I'm always sending photos, to my parents, for example," says Wendi Sun. Calling home over the Internet and instant messaging help to alleviate homesickness – which obviously occurs from time to time. "There are good days and less good days," admits Paloma Santos Rodriguez-Vigil with a smile. That's when it helps to know the other impatriates, who are a bit like a substitute family. "And then you are able to look ahead again." Because whatever each individual's area of work is, as an impatriate they have a unique opportunity to experience and learn something quite out of the ordinary. That special inner motivation is palpable – and infectious!

PHOTOS: *Melanie Maerz, AUDI AG, Jim Rakete*

Prof. Sigi, what do you focus on today when you think about tomorrow?



For me, thinking about tomorrow means constructing a new work environment. I want a strong Audi family that continues to grow and that is at home on various continents. We have a culture of trust in which people feel comfortable and can develop their creativity – since innovation requires freedom.

Our employees use interactive channels of communication and help decide how, where and how much they work – all according to their personal circumstances. We support their development in a personalized way and show them appreciation and respect. This is what good leadership means to me.

Prof. h. c. Thomas Sigi
/ Human Resources

Learning, naturally!

The Audi Environmental Foundation has supported the **“Outdoor Classroom”** project in the Franconian town of Breitengüßbach since 2011. Visitors young and old can learn about rare plant and animal species in the interactive environmental center.

TEXT: *Anne Lehwald*

Every Thursday afternoon – even when it is stormy or snowing outside – the Breitengüßbach Environmental Center near Bamberg becomes a vibrant and fun place to be. That’s when the kindergarten kids known as the “Little Rascals” have their Forest Day. On cold, foggy autumn days like today, the little naturalists are equipped with brightly colored hats, rainproof jackets and warm gloves. Marching in rows of two and with eyes aglow, they pass red oak, elm, chestnut and fir trees. Their destination: the **“Outdoor Classroom.”**

The 125-hectare area in northern Bavaria was used for decades by the military. This turned out to be a lucky break for Mother Nature, since the long period of isolation produced an abundance of rare plant and animal species here. The Wildlife Conservation in Franconia initiative and the community of Breitengüßbach worked together with the Audi Environmental Foundation to develop the area into an environmental center.









PHOTOS: *Klaus Mellenthin*



Audi Environmental Foundation
The Audi Environmental Foundation is a nonprofit organization launched by AUDI AG, primarily to support natural and environmental conservation, but also to promote its own scientific and research projects, pilot schemes and concept development. More information can be found in German at: **www.audi-umweltstiftung.de**



"My favorite animals are bats. I love how they fly. I'd like to be able to do that myself. The one I like most is the grey long-eared bat!"

Luca, aged 5

Corporate Responsibility
Please see the Management Report on page 180 for more about sustainability.

The foundation has supported the project since 2011 and has been involved primarily in wildlife conservation and environmental education. "We not only support the project financially, but also work together to design content and define focal areas," emphasizes Dr. Dagobert Achatz, Managing Director of the foundation. Heike Raab-Held is thrilled with the teamwork. "The Audi Foundation has magically created all of this here," enthuses the director of the kindergarten. In the forest house, the centerpiece of the "Outdoor Classroom," there are workbenches, wooden furniture and lots of materials the kids can use to make things.

The environmental project, which has been honored by the office of the **UN Decade on Biodiversity,** is structured into various modules. "This allows us to measure success in stages," explains Achatz. There have already been a few of those. Since the installation of 124 nesting boxes for bats, the number of species has increased from nine to 13. "As the variety of species in Germany is declining, it's all the more encouraging to see that they are increasing again here," says Achatz. The kids learn how to treat nature responsibly through fun activities. They sing songs about the forest, collect leaves and look for tracks left by animals.

"But the project is not just exciting for the little ones," emphasizes Achatz. Hiking enthusiasts are also welcome to explore the wide variety of nature trails. They can use a smartphone to access more information through the links shown on different display panels. "We want to make nature an experience," explains Achatz.



Worthwhile reading
The Audi Environmental Foundation published the book "Abenteuer – Leben Natur Technik" ("Adventure – Life, Nature and Technology") especially for young researchers aged between nine and 12. The book is "impressively illustrated with easy-to-understand text, and is aimed at motivating young researchers to think and be inquisitive," according to Dr. Dagobert Achatz, Managing Director of the Audi Environmental Foundation. The book can be ordered at no cost at: **bestellung@audi-stiftung-fuer-umwelt.de**

PHOTOS: *Klaus Mellenthin, wissenmedia in der inmediaONE] GmbH/2012, Jim Rakete*

Dr. Dreves, what do you focus on today when you think about tomorrow?



Worldwide presence is our philosophy for success tomorrow. We are already producing at 12 locations in ten countries. Whether it's in Germany, in China or, in the future, in Mexico and Brazil – we produce our cars everywhere to the same top standard: the Audi Production System. Consistent plant structures, stable and efficient processes, high productivity paired with superior quality and perfection, with precision in the details, with a passion for what we are doing and with great appreciation for our employees. These are the cornerstones for a successful worldwide production network. This is what "made by Audi" means. Around the globe. Today as well as tomorrow.

Dr.-Ing. Frank Dreves
/ Production

Science fiction becomes reality

TEXT: *Johannes Köbler*

The International Consumer Electronics Show in Las Vegas is the world's most important electronics trade show. Audi once again had a strong presence there this year, with topics that redefine the mobility of the future.

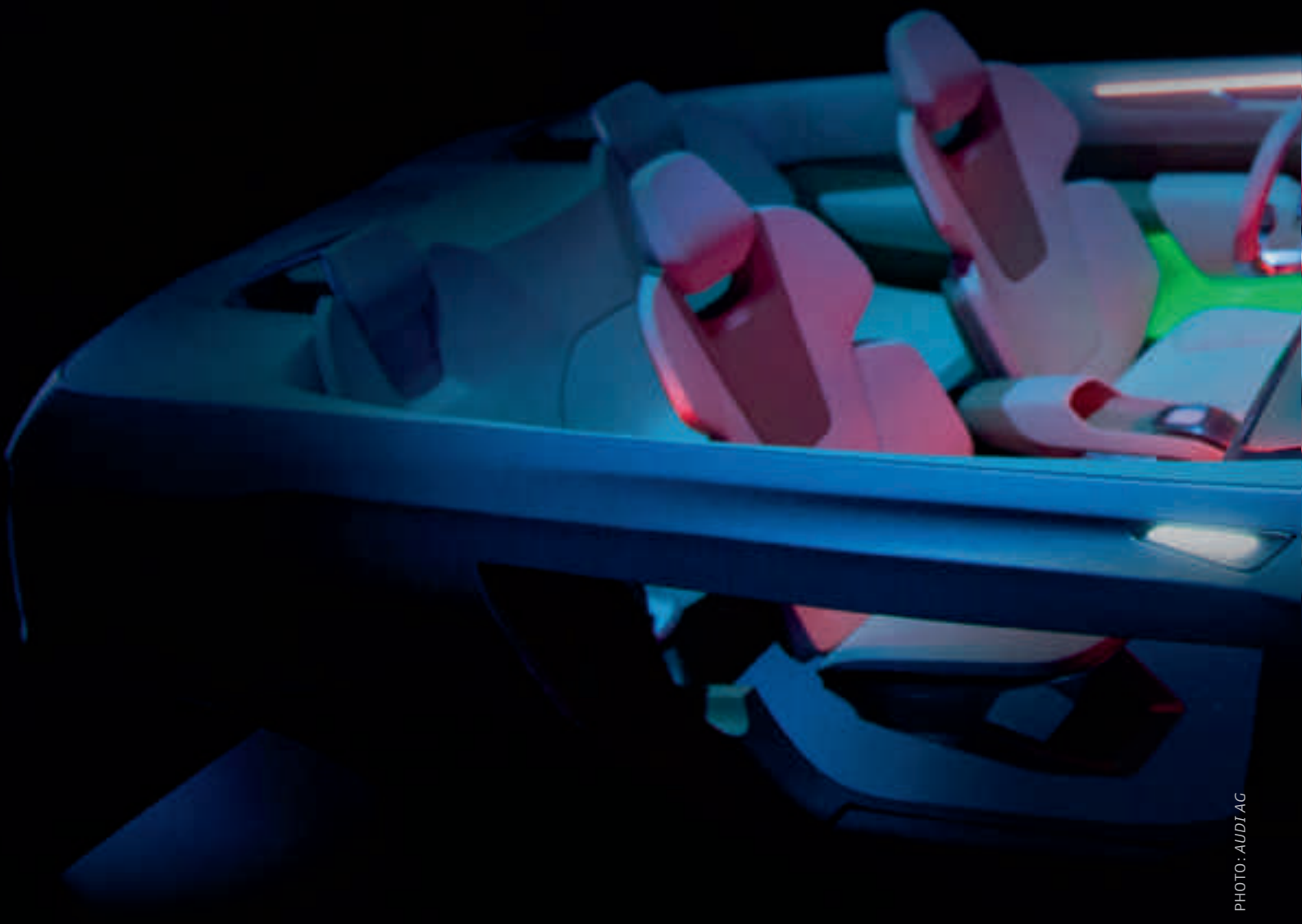


PHOTO: *AUDI AG*



Light that communicates with the driver: the Solunar study from Audi.



"We are working in a tight network with the electronics industry," said Prof. Rupert Stadler, Chairman of the Board of Management of AUDI AG at the CES.

A car that moves through traffic without anyone steering it? A car that uses pulses of light throughout the interior to send signals to its driver? Just a few years ago, such ideas were still just abstract visions; today, Audi is developing them for series production. **"We are closing the gap between science fiction and reality on the road,"** said Prof. Rupert Stadler, Chairman of the Board of Management of AUDI AG, during the brand's pre-show keynote at the International Consumer Electronics Show (CES).

The annual **CES** in Las Vegas has almost turned into a home game for Audi. The Company made its first appearance at the world's most important electronics trade show in 2011, and already recognized back then that this trade show is equal parts shining stage and marketplace of possibilities. Its audience is unconventional and young, and what exhibitors present there are occasionally market-ready technology, frequently projects and often ideas, impetus. **"We are the carmaker with the most innovations based on electrics and electronics," explained Stadler.** "This is due in part to close collaboration with the electronics industry, which we continue to intensify. We are continuously improving our cars with new hardware and fresh ideas, with new brainware." One example of this in Las Vegas, the City of Light, was the **Solunar study** – a model in which colored light in every part of the interior communicates with the driver and flows outward to the exterior. Another is the Audi Sport quattro laserlight concept show car. Prof. Dr.-Ing. Ulrich Hackenberg, Member of the Board of Management for Development, described the coupe as follows: "An eye-catcher with a power output of 515 kW (700 hp), a brawny muscle car and a highly efficient plug-in hybrid in one. And the laser light is three times more powerful than LED headlights. It is the light of the future." The world is getting smarter and smarter. Completely new solutions are possible and seeming contradictions can be reconciled on the Internet of tomorrow, as was evident at the CES, thanks to intelligent, highly connected microelectronics. Audi is driving this progress forward together with strong partners such as Google, NVIDIA and Qualcomm. **With Audi connect, the internally networked car of today is developing into a car that communicates seamlessly with its driver, the Internet and other road users.** The development engineers are continuously assembling new mosaic tiles into a big picture. "In the electronics industry, innovation cycles are extremely short and the competition is particularly intense," explained Hackenberg. "We feel obligated to become even faster and even more progressive." One of the innovations that Audi showed at the CES is the so-called zFAS board, which integrates the control units of all driver assistance systems in a tight space. It is the future brain of the car for piloted driving that makes the driver's job easier. Another solution is the Audi virtual cockpit – a display that replaces the analog instruments in the new Audi TT combined with an updated operating concept for the Audi Multimedia Interface MMI. At its core is a super-fast Tegra 30 (T30) processor from NVIDIA.

Audi garnered plenty of attention and multiple awards from the trade press for its innovations at the CES. And development continues. The Company has announced a collaboration with Google and will soon seamlessly integrate Android mobile devices into the car. "Connectivity and mobility are deeply intertwined," said Stadler at the CES. **"We are in an era in which we are no longer continuously improving just the car. We are in the process of redefining the mobility of the future."**

PHOTOS: *AUDI AG*

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

Top left: Smart, attractive and informative – the Audi virtual cockpit goes into series production with the new TT.

Top right: Like an airplane wing – the instrument panel of the new Audi TT compact sports car.

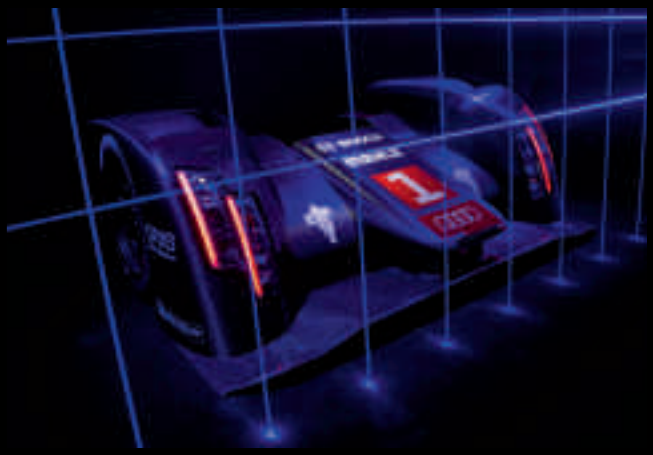
Center left: Powerful performance – the Audi race car for the 24 Hours of Le Mans will have the new laser light on board.

Center right: Long range – the laser's tightly bundled beam of light extends approximately 500 meters.

Bottom: One of the stars at the CES – the Audi Sport quattro laserlight concept show car.











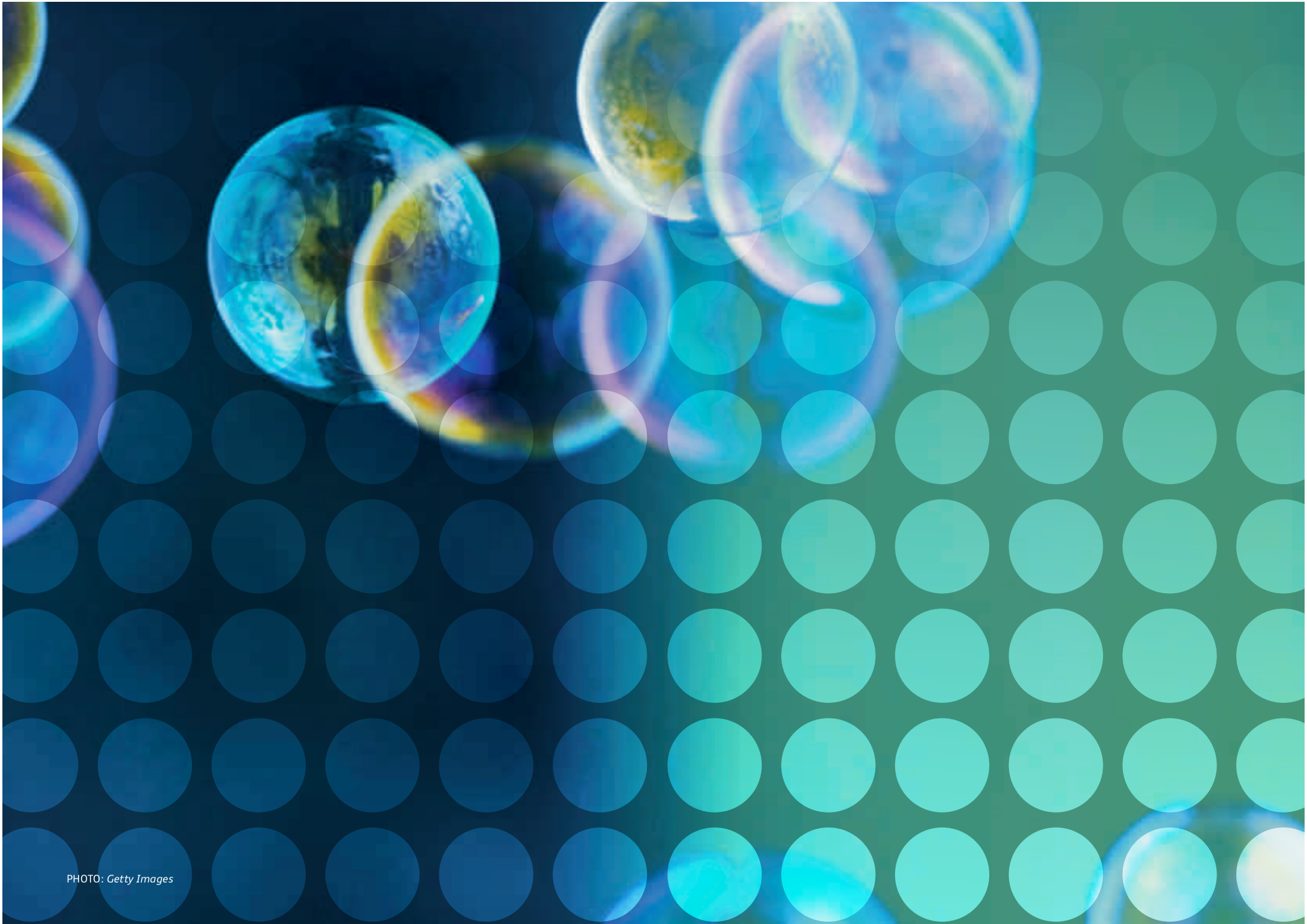


PHOTO: *Getty Images*



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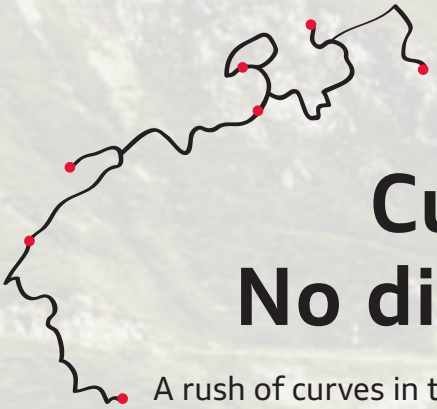
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Experiences that delight.
And that get under the skin.
What really makes our
heart beat faster?

PLAY...



Curves. No discussion.

A rush of curves in the RS 7 Sportback. Alpenglow in the Urquattro, the original Audi quattro. The **“Land of quattro”** offers highlights over 12 stages. On the road with 24 RS models including standard quattro all-wheel drive and four classic cars in the **Audi Land of quattro Alpine Tour 2013.**

TEXT: *Berthold Dörrich*

PHOTO: *Daniel Wollstein*



Just where is this "Land of quattro"? This question was answered very precisely in September and October of last year: It stretches between 7° 25' 38" and 14° 20' 16" east longitude, in other words from Monaco in the west to Klagenfurt in the east, at an altitude from zero to 2,715 meters. Its northern boundary is where the first fall showers get caught on the northern flanks of the Alps. And at the southern border, the still-mild Mediterranean sun greets you as you come down out of the mountains.

Its road system comprises **4,440 kilometers** of small and tiny mountain roads and **44 passes,** interrupted only by a few fast stretches of freeway. In other words: curves, curves and more curves, which have been given melodious names such as Col de Turini, Col de la Bonette, Gotthard, Susten, Julier, Falzàrego or Grossglockner to tell them apart better.

Its residents, masters of curves and long-distance jaunts alike, also have names that are equally distinctive and exclusive: **RS 6 Avant, RS 7 Sportback, RS 5 Cabriolet and, most recently, RS Q3.** Their ancestors – Urquattro and Sport quattro – proudly testify to their legendary history. And even the younger member of the family, the Sport quattro concept, flaunts its genes in its name.

Just like any other country, "Land of quattro" also has its own national anthem, Beethoven's "Ode to Joy." Trumpeted down from the mountains each morning from raspy mufflers, the melody crashes against the rock walls of the valleys with the roar of the engine revving in unmistakably clear testimony to the nature of this land.

To make sure that the world gets to hear about this extraordinary country, Audi invited 250 journalists from all over the world to get to know **"Land of quattro,"** its roads and its residents over a total of 12 stages. Klagenfurt to Monaco and back. The fleet: 24 RS models, all equipped with quattro drive as standard, and four classic cars. Over a period of two weeks, they will cover a distance more than three times the circumference of the Earth.

10:00 a.m. A feast for the eyes.
And not just the scenery...









2:00 p.m. What a car!
But you have to be able to go "off-road"
if you want to get a picture.



PHOTOS: *Daniel Wollstein, Berthold Dörrich*

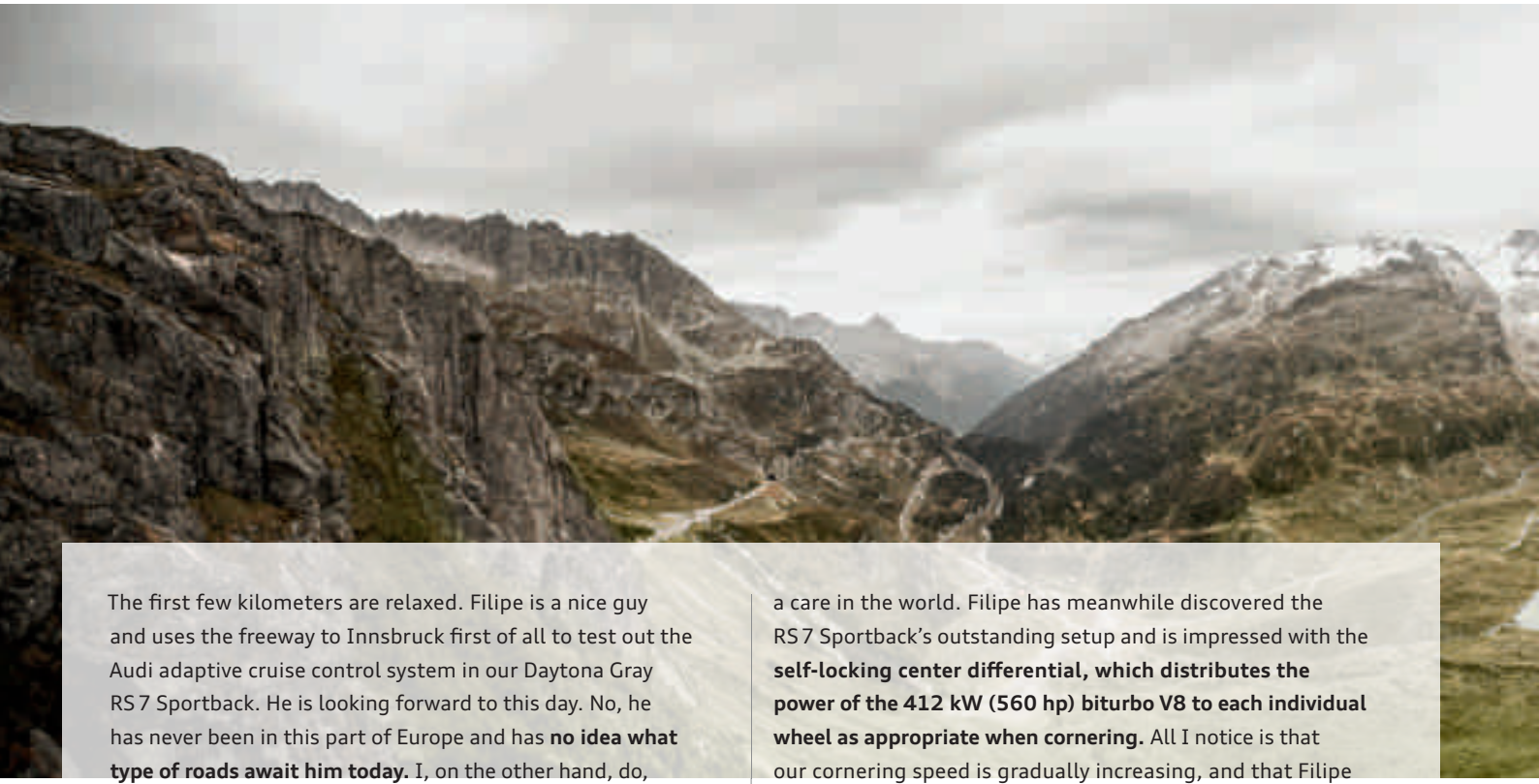
Fuel consumption and emission figures at the end of the Annual Report

WHAT DO YOU EAT FOR BREAKFAST WHEN FACING A DAY AS A FORMER AUDI DTM DRIVER'S PASSENGER AND SIX ALPINE PASSES? SOMETHING LIGHT, WHICH WON'T SIT HEAVILY IN YOUR STOMACH? OR WOULD SOMETHING HEAVY THAT OFFERS MORE RESISTANCE TO THE CENTRIFUGAL FORCES BE BETTER? SHOULD I EAT ANYTHING AT ALL? I AM SITTING IN THE BREAK-FAST ROOM OF OUR HOTEL NEAR INNSBRUCK AND DECIDE TO GO WITH LIGHT. AHEAD OF ME ARE TWO ALPINE STAGES IN THE RS 7 SPORTBACK AND URQUATTRO AS THE PASSENGER OF FILIPE ALBUQUERQUE, AUDI FACTORY DRIVER AND 2013 WINNER OF THE 24 HOURS OF DAYTONA IN AN AUDI R8 GRAND-AM.

14° 20' 16"







The first few kilometers are relaxed. Filipe is a nice guy and uses the freeway to Innsbruck first of all to test out the Audi adaptive cruise control system in our Daytona Gray RS 7 Sportback. He is looking forward to this day. No, he has never been in this part of Europe and has **no idea what type of roads await him today.** I, on the other hand, do, and therefore am not sure whether his youthful carefree nature is contagious or just making me nervous. I go with option one here too, which gives me the opportunity to talk with him at length **about his races as an Audi DTM driver and his victory in the 24 Hours of Daytona.** Or about how he remembers watching motorsport reports as a child and admiring Michèle Mouton's successes in the Urquattro in the Rally de Portugal.

We easily leave the occasional truck behind on the Brenner highway and therefore have enough of a time cushion to allow ourselves a cappuccino in the first Dolomite valley. Immediately thereafter, the road narrows and the mountain slopes creep closer. Increasingly, all that is to our right is a steep drop to a raging torrent, and the curves ahead of us disappear behind the walls of rock on the left. **Filipe switches the navigation system to the highest zoom level** to ensure that he can recognize any hairpin curves in plenty of time. As the passenger, the realistic Google Earth™ graphics give you the impression of watching your own journey from a bird's eye perspective. All that's missing is the real-time display of oncoming traffic, which would allow you to enjoy the winding curves without a care in the world. Filipe has meanwhile discovered the RS 7 Sportback's outstanding setup and is impressed with the **self-locking center differential, which distributes the power of the 412 kW (560 hp) biturbo V8 to each individual wheel as appropriate when cornering.** All I notice is that our cornering speed is gradually increasing, and that Filipe wishes he had something like this in his race car.

By the time the first crags of the Dolomites rise up out of the morning fog, my driver is completely ecstatic and my stomach periodically gets the opportunity to recover during photo stops for Filipe's travel log.

No sooner had I gotten used to the luxury and, despite all the sportiness, comfortable setup of the RS 7 Sportback than it was time for the next challenge: **The Urquattro awaits us for the afternoon stage.** I become more bold and eat a hearty lunch. After all, I'll need my strength for the two particularly spectacular passes – the Passo Falzàrego and the Grossglockner – and the 250-kilometer leg to Kitzbühel that lie ahead of us.

This marks the start of the challenging part of the day for Filipe, and he is looking forward to drifting sideways through the upcoming switchbacks. He says that the view is better that way. I decide to look at it like this: **He knows the car; I know the passes in front of us.** That should make us an unbeatable team. **Here we go!**

PHOTOS: *Daniel Wollstein, AUDI AG*





→ AUDI SPORT QUATTRO CONCEPT

The Audi Land of quattro Alpine Tour 2013 marked the eagerly awaited first public appearance of the **Audi Sport quattro concept** following the International Motor Show (IAA) in Frankfurt in 2013. Exactly 30 years after the presentation of the legendary Sport quattro, Audi is demonstrating how the grand quattro tradition can be continued. With a breathtaking coupe design and plug-in hybrid drive boasting a system output of 515 kW (700 hp), this study impresses more than just fans of the classic car.









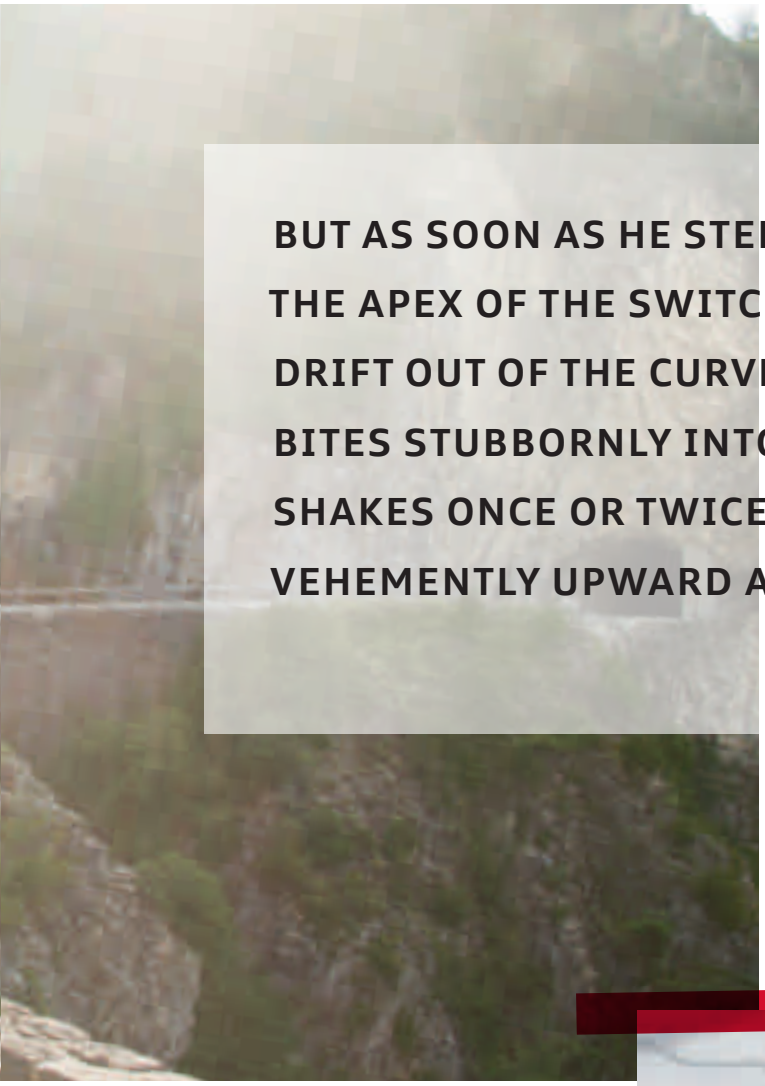
Other than the optimal seating position, there is no need to configure anything. There are no driver assistance systems anyway, and the only signs of nascent modernity in the Urquattro are the digital instruments.

Thank goodness there have been no changes to the classic handbrake, which was to become our most important tool over the kilometers ahead. Because it goes without saying that the Urquattro doesn't drift by itself when driven within the speed limits on public roads.

Even though a torrential downpour dominates the first few kilometers on our way up the Grossglockner, the **forefather of all modern quattro models stays firmly on track.** Filipe is working the handbrake hard in order to give me the promised view of the spectacular mountain landscape as we drift through the corners.

2,715 m

PHOTOS: *Daniel Wollstein, AUDI AG*



BUT AS SOON AS HE STEPS ON THE GAS AT THE APEX OF THE SWITCHBACK TO KEEP THE DRIFT OUT OF THE CURVE, THE URQUATTRO BITES STUBBORNLY INTO THE WET ASPHALT, SHAKES ONCE OR TWICE AND THEN STORMS VEHEMENTLY UPWARD AS IF ON RAILS.



→ RAMBLING THROUGH THE MOUNTAINS

Like all of the other sites for the Audi FIS Ski World Cup, Kitzbühel has been proclaimed the “Home of quattro” again in 2014. The race on the Streif course was one of the highlights of the international skiing circuit. The national ski teams of 15 countries have Audi as a partner. Audi has been the main sponsor of the German Ski Federation (DSV) for almost 30 years now and extended this partnership until the 2017/2018 season. The broad-based involvement in winter sports is the ideal stage for Audi to present sportiness and dynamics to an international audience. The focus here is on the quattro permanent all-wheel drive system, which demonstrates its qualities particularly clearly on snow and ice.

6:00 p.m. Exhausted, but happy. This was a new experience even for Filipe Albuquerque.



Filipe must have noticed my disappointment and thus decides halfway up the mountain: No more fooling around – **from now on we are driving fast.** When we get to the top, we also make one last spectacular climb to the Edelweissspitze, give the Urquattro a bit of a break and welcome the modern representatives of the quattro clan who arrive after us.

I am relieved that I have so far managed to keep down both breakfast and lunch. From here it is almost all downhill. And then, as the evening sun fights its way through the clouds, I enjoy the rest of the stage in an open RS 5 Cabriolet. But that's another story …

A video with the highlights of the Audi Land of quattro Alpine Tour 2013 can be viewed here.

PHOTOS: *Daniel Wollstein, Berthold Dörrich, Jim Rakete*



Mr. de Meo, what do you focus on today when you think about tomorrow?



The future should be fast, exhilarating and definitely not boring: I knew from the age of seven, when I rode along as a passenger in a race car, how my tomorrow would feel. I sensed that a car is more than a useful object: It makes life easier, but above all, much more beautiful.

We can reinforce this idea further today and tomorrow. With the Audi e-tron plug-in hybrid, which is more car rather than less. With digital technologies that turn fans in Kuala Lumpur, Ingolstadt and Honolulu into neighbors. With Audi City cyberstores, where I compose my Audi from hundreds of millions of possibilities. And with high performance from Audi Sport, which lets me start up the race car again.

Luca de Meo
/ Marketing and Sales

Countdown to the race …

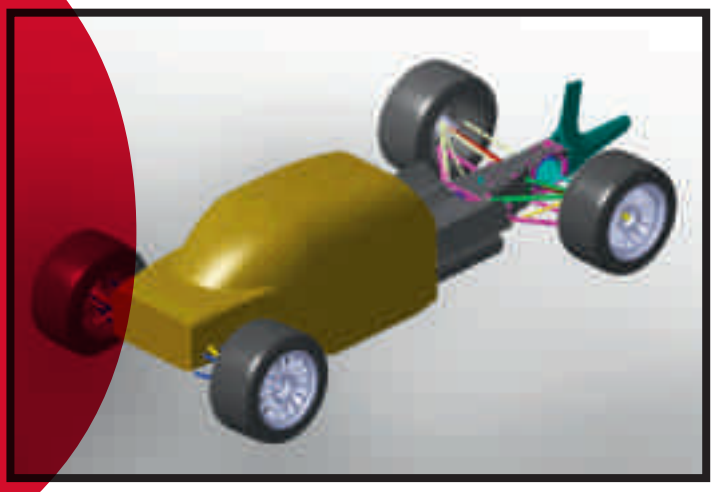
What a racing season that was! In 2013, the Audi teams were facing one of the greatest challenges in the history of motorsport: leading the current R18 e-tron quattro to victory while at the same time developing the most complex Audi endurance race car of all time to conform with the new rules for the 2014 season. A race against time in **eight** key steps. This is how it all began.

TEXT: *Alexander von Wegner*

8

JULY 2012

/// STARTING SHOT FOR CONCEPT DEVELOPMENT
In July 2012, Audi chose a V6 TDI engine in combination with hybrid drive.



PHOTOS: *AUDI AG*

7

DECEMBER 2012

/// DESIGN WORK BEGINS

In December 2012, the engineers at Audi Sport began designing and calculating several thousand individual parts.





/// PRODUCTION OF THE FIRST COMPONENTS

Audi and its suppliers began manufacturing the first components for the race car in March 2013. Among the first parts were transverse links for the wheel suspension.

6

MARCH 2013

Our countdown begins in July 2012. With the concept phase for the new R18 e-tron quattro, which is to race in 2014. The development and testing teams have to react to the new rules issued by the Fédération Internationale de l'Automobile (FIA) and the Automobile Club de l'Ouest (ACO), which place the focus on the vehicles' efficiency. In plain text, the teams are only allowed to consume a certain amount of fuel per lap at Le Mans. The object is now to drive as fast as possible on this limited supply of fuel. This is only possible with the help of cutting-edge vehicle and drive technologies. The new rules allow a certain latitude when it comes to the drive units. A difficult task, even for the experienced Audi Sport engineers in Ingolstadt and Neckarsulm, who have been designing successful sport prototypes for 15 years. "There is barely a single screw that we carried over from our championship-winning car from the 2013 season," says Dr. Wolfgang Ullrich. "The rules aren't just new; they force you to reverse your way of thinking," says the mechanical engineer, who has headed Audi Motorsport for 20 years and is thus the father of countless successes. High performance yield for optimal lap times – that had been one of the priorities in motorsport for over a century. Engine output is no longer a priority for those responsible for the rules. There aren't even the usual restrictions on displacement or air volume to limit output. The only thing limited is the use of energy. But let's get back to July 2012, when all the various possibilities were being considered and sketched out. Meticulously, since the new rules leave no margin for error – neither with the aerodynamics values nor with fuel consumption. The all-new V6 TDI engine for the 2014 race car is put on the test bench for the first time during the week before Audi's 12th Le Mans victory in June 2013. Its baptism of fire then comes at Le Castellet in October. Following the concept phase, design and parts production, this date marks the start of the countdown's decisive stage. At first, the new race car is perfectly camouflaged with a film featuring a pattern of black and white swirls. "The pressure from the competition is now so high that even the outer appearance needs to be kept secret," explains Matthias Huber, an Audi Sport test engineer. Every shape, every wing, all of the surfaces and contours reveal something about the best solutions that are the key to optimizing aerodynamic efficiency.

After testing in Europe, the test team then put the Le Mans prototype through its paces on the track at Sebring. With its ancient concrete slabs, the former airport in Florida is a real boneshaker. "A high mileage is important for reliability," says Huber. The engineer has worked for Audi Sport since 2010. "We are most concerned with the new operating strategy. The programs and their tuning are much more comprehensive

5

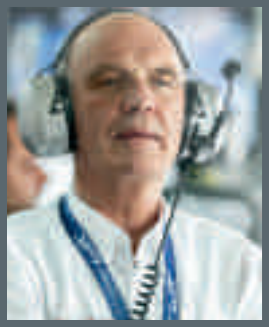
OCTOBER 2013

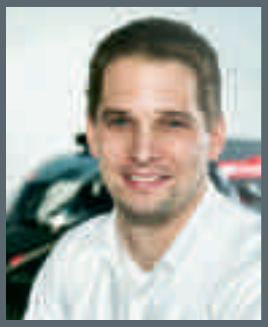
/// THE ROLL-OUT RACE CAR IS FINISHED

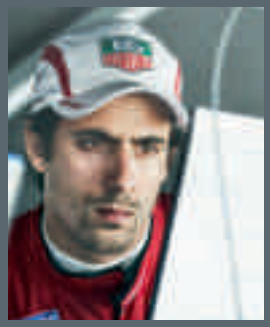
In October 2013, the first prototype of the new Audi R18 e-tron quattro completed a function test in which the general operational readiness of the vehicle was checked. At the wheel: Audi factory driver Lucas di Grassi.



PHOTOS: *AUDI AG*







(Left) Dr. Wolfgang Ullrich, Head of Audi Motorsport
(Center) Matthias Huber, Audi Sport test engineer
(Right) Lucas di Grassi, Audi factory driver

than before." The operating strategy involves the perfect interaction of the hybrid systems with the engine in order to take optimal advantage of every racing situation. Today, this detailed work increasingly involves programming software that uses algorithms to tightly mesh the engine and the hybrid systems. The operating strategy for the entire drive system including the TDI engine is uncharted territory. The corresponding software and function development is created at Audi itself.

Lucas di Grassi is the Audi factory driver who covers the first kilometers in the new R18 e-tron quattro. "The most important thing is reliability," confirms the Brazilian. "Then it comes down to the details. Among the qualities needed by a test driver is the ability to give the engineers very precise feedback. We have to understand exactly what things are not yet working perfectly. We methodically explain these phenomena to the engineers in such a way that they can work in a specific direction to make the car faster and better balanced while optimizing its reliability. The work with the new energy systems and their impact is exciting." The Audi engineers develop extremely complex operating strategies for a wide variety of curves, racing situations and acceleration scenarios.

A numerical example illustrates just how important reliability is. In 24 hours at Le Mans, an LMP race car covers a distance that corresponds to an entire Formula 1 season. Audi has held the record at Le Mans since 2010 with a distance of 5,410.713 kilometers. The R18 e-tron quattro must therefore satisfy exacting requirements. Matthias Huber knows what is expected of his team: "At the beginning, there were a good 30 engineers and ten mechanics focused on development during the tests. We have to hand over a finished car to the race team at the end of the process." Bit by bit the team works through the gigabytes of data that the race car generates about its road behavior.

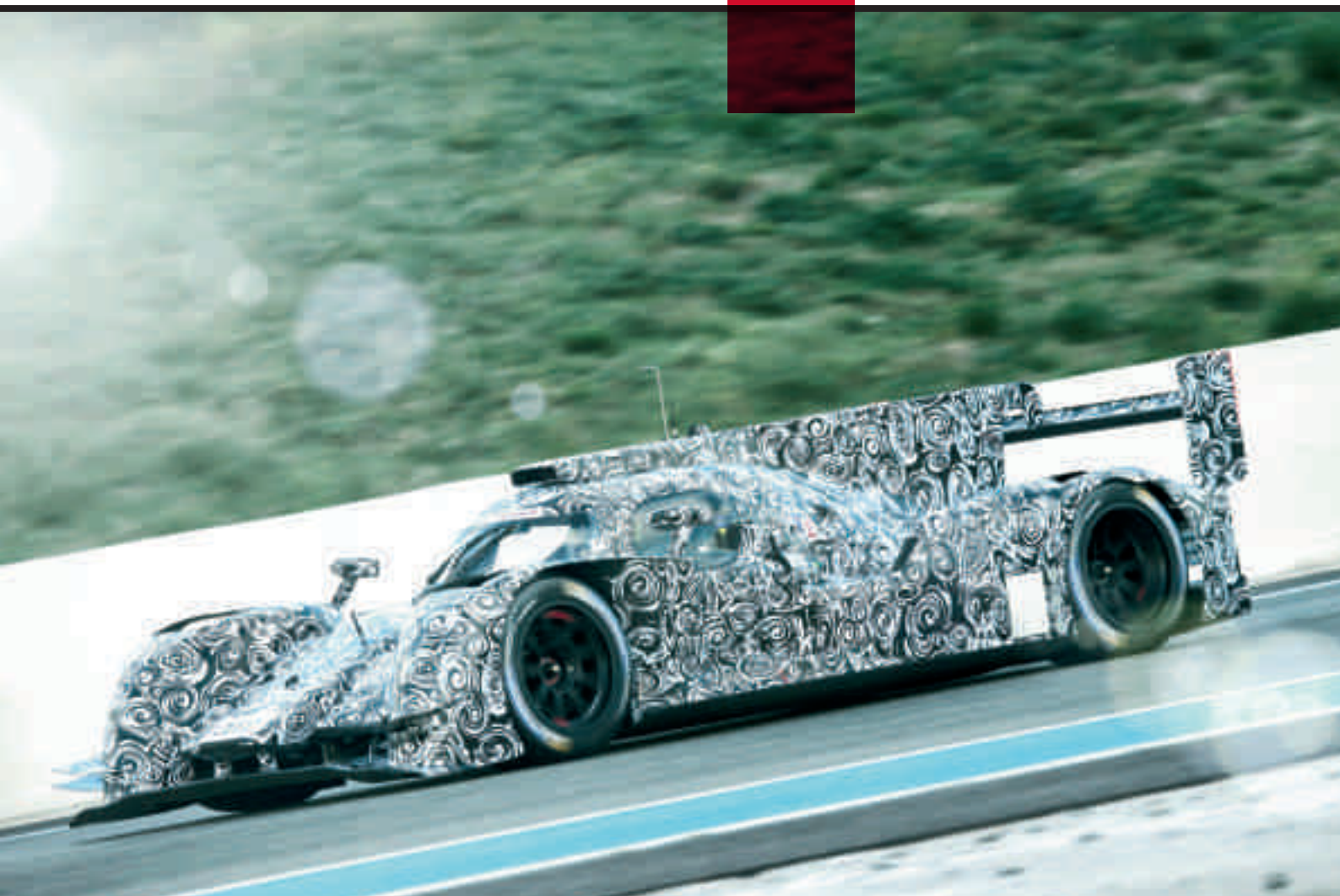
Time is racing in the first quarter, and with it our countdown. Until the starting light of the first race for the new Audi R18 e-tron quattro switches to green at the World Endurance Championship (WEC) opener at Silverstone in April.

4

OCTOBER 2013

/// TESTS ON THE RACETRACK

After the first function test, a camouflaged prototype completed the first test laps on the track at Le Castellet. This was followed by further tests on other racetracks.



3

DECEMBER 2013

/// IN THE PHOTO STUDIO

On December 8, 2013, Audi published the first studio photo of the race car. A few days later, the public saw additional shots of the new Audi R18 e-tron quattro and gained initial insights into the technical innovations.



2

DECEMBER 2013

/// THE WORLD PREMIERE

The Company presented the new race car to its guests and invited media representatives at the Audi Sport Finale in Ingolstadt on December 18, 2013.





→ *AN EVEN DOZEN*

Audi won the 24 Hours of Le Mans for the second time in a row with a hybrid race car and quattro drive in 2013, thus writing another chapter of its unparalleled success story in the world's most important endurance race. Loïc Duval (F), Tom Kristensen (DK) and Allan McNish (GB) took the checkered flag. "Our brand's 12th victory at Le Mans is the result of our engineers' unwavering spirit of innovation, the unconditional dedication of the entire team, and the skill and strong nerves of our drivers," emphasized Prof. Rupert Stadler, Chairman of the Board of Management of AUDI AG, who as usual was at Le Mans to watch the race.

1

APRIL 2014

/// THE RACE DEBUT

On April 20, 2014, the hybrid sports car will celebrate its racing premiere at the 6 Hours of Silverstone, the first of eight WEC races.



PHOTOS: *AUDI AG, Rasmus Kaessmann*



Style, charm and a violin

TEXT: *Günther Fischer*

13 notes per second: That makes David Garrett one of the fastest violinists of our time. As a musician, he is as comfortable performing classical music as he is rock and pop. We caught up with him in Berlin, where he gave us an acoustic interpretation of the Audi world.

How it



… ultra?

light and breezy

Johann Sebastian Bach, “Air”
from Orchestral Suite No. 3, BWV 1068,
played in pizzicato

… connect?

PHOTOS: *Rasmus Kaessmann*

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

feels...



fast, entertaining

Niccolò Paganini,
Caprices No. 1 and
No. 24

... e-tron?

subtle, the silent power

Johann Sebastian Bach,
Violin Sonata No. 2 in A minor,
BWV 1003, Andante

… Audi?

dynamic and precise

Johannes Brahms,
Violin Concerto in D major, Op. 77
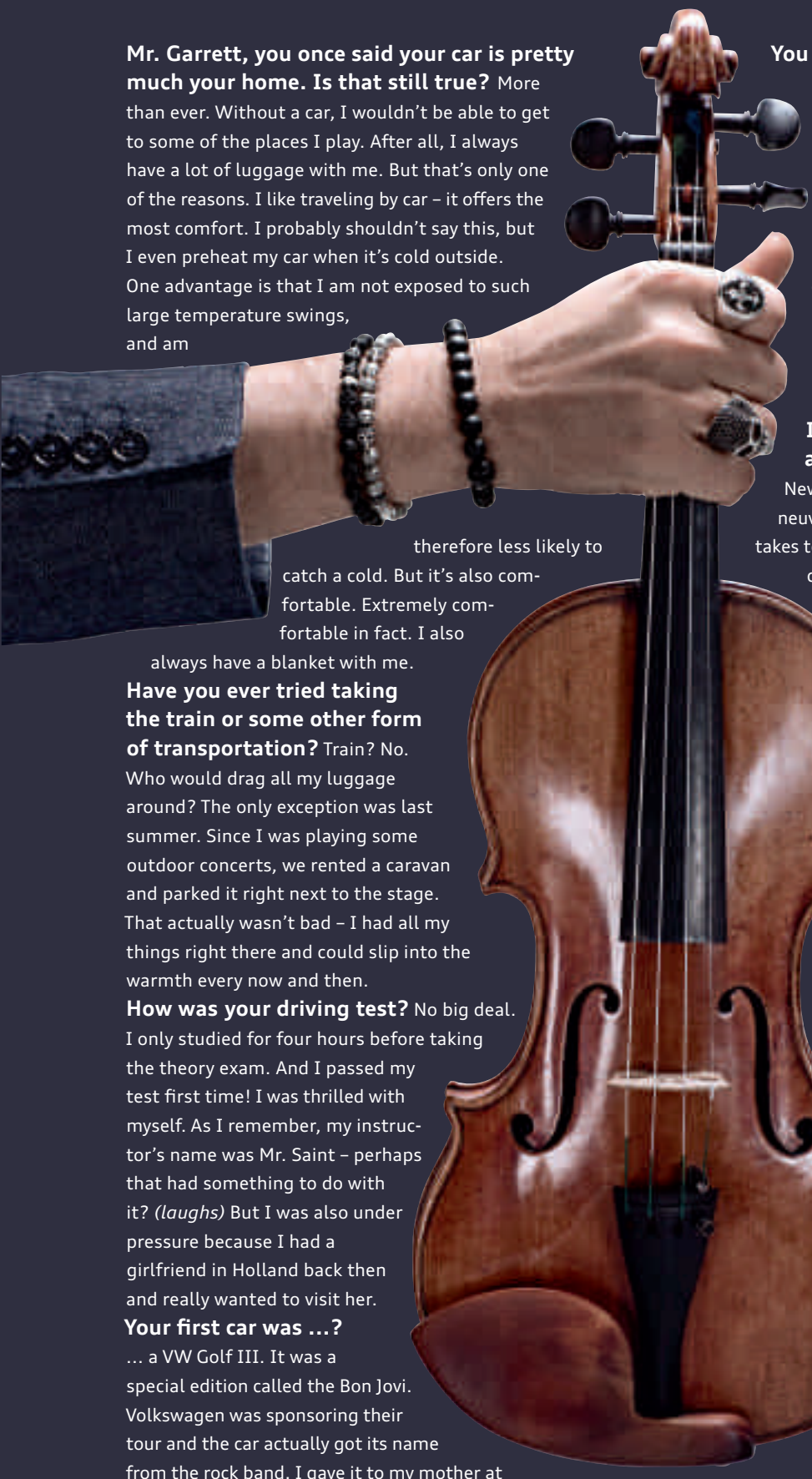


… tomorrow?

innovative

Ludwig van Beethoven,
Violin Concerto in D major, Op. 61,
3rd movement

PHOTOS: *Rasmus Kaessmann*

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



Mr. Garrett, you once said your car is pretty much your home. Is that still true? More than ever. Without a car, I wouldn't be able to get to some of the places I play. After all, I always have a lot of luggage with me. But that's only one of the reasons. I like traveling by car – it offers the most comfort. I probably shouldn't say this, but I even preheat my car when it's cold outside. One advantage is that I am not exposed to such large temperature swings, and am therefore less likely to catch a cold. But it's also comfortable. Extremely comfortable in fact. I also always have a blanket with me.

Have you ever tried taking the train or some other form of transportation? Train? No. Who would drag all my luggage around? The only exception was last summer. Since I was playing some outdoor concerts, we rented a caravan and parked it right next to the stage. That actually wasn't bad – I had all my things right there and could slip into the warmth every now and then.

How was your driving test? No big deal. I only studied for four hours before taking the theory exam. And I passed my test first time! I was thrilled with myself. As I remember, my instructor's name was Mr. Saint – perhaps that had something to do with it? *(laughs)* But I was also under pressure because I had a girlfriend in Holland back then and really wanted to visit her.

Your first car was …? … a VW Golf III. It was a special edition called the Bon Jovi. Volkswagen was sponsoring their tour and the car actually got its name from the rock band. I gave it to my mother at some point and she still has it. It just goes and goes and goes.

You use a driver for the most part – do you even own a car? Two actually. I have an Audi S5 in Berlin and an Audi R8 in New York. Both are great cars and I really enjoy driving them. Unfortunately, I don't get to see them very often.

Are cars still cool? Definitely. Why would that change? They are still THE symbol of individual independence. But everyone has to decide for themselves which car is cool.

Do you like to drive yourself? Absolutely! But my job gets in the way. You need to have the time to really enjoy driving a car. At least, that's what I think.

Is there anything that you dislike about driving? Yes. Parking. Particularly in New York's narrow streets. The back-and-forth maneuvering isn't my thing. It is also embarrassing if it takes too long. Am I glad I have a garage at home that I can easily drive into. If there was one thing I would like to have, it would be a technology that makes it possible for the car to park itself.

That's already been around for a long time. Audi developed a park assist system with ambient display that takes over the steering when you park. Really? I didn't know that. Then I want to have that in my car right away …

How unusual was it for you to acoustically translate concepts from the world of Audi? It was certainly something new. Acoustic visualization is a real challenge because music has so many different facets. And since it's not possible to see sounds, I really had to think about which pieces would fit. It was fun.

When asked about the future and how "tomorrow" feels, you played a short excerpt from Beethoven's Violin Concerto. Is there a particular reason why? Beethoven's Violin Concerto was ahead of its time. It wasn't until 1844 – 17 years after his death – that it had its breakthrough when it was performed with orchestra by 13-year-old Joseph Joachim under the direction of Felix Mendelssohn-Bartholdy. Since then, it has become one of the most important compositions for violin.

La passione rossa

Seven top managers, seven bikes, all red:
The Ducati management team traveled to their first
Audi Management Conference in Munich on two wheels.
A statement. And a declaration of love to their brand.

TEXT: *Kerrin Nausch*



The Ducati management team shortly before starting off (from right to left): Claudio Domenicali (CEO), Diego Sgorbati (Director Motorcycle Related Products), Andrea Forni (Director Product Development), Andrea Gesi (Quality Director), Cristiano Silei (Vice President Sales & Marketing)





Since July 2012, Ducati Motor Holding S.p.A. has been a member of the Audi Group – a relationship that can only be described as perfect. Because what the Audi and Ducati brands have in common is not only a fascination for pioneering technology and emotionally charged products, but also the people behind them – according to Chairman of the Board of Management of AUDI AG Prof. Rupert Stadler. And what does Ducati's management have to say to that? At first nothing. They are on the road. In June 2013, seven of the 15 top managers at Ducati chose not to take an airplane to the first joint management conference; they rode their motorcycles there instead.

It was Claudio Domenicali's idea to use this first meeting with their new Group colleagues to demonstrate a passionate commitment to the brand. The CEO did not have to persuade his fellow managers. "We didn't hesitate at all; we immediately agreed. Because Claudio's idea shows how we think. We don't just come here to work. Even riding a motorcycle is part of our DNA," explains Cristiano Silei, Vice President of Sales & Marketing.

At 9 a.m. they depart in front of the Ducati corporate headquarters in Borgo Panigale, a city district of Bologna. The motorcycles are ready to start. Everyone is in a great mood. They are finally right up close to the product again and can give free rein to the horsepower within. They are all looking forward to this tour because it also bonds their management team together. As passionate motorcyclists, they naturally chose a route that also challenges their biking skills. They drive 200 of the total 600 kilometers off the freeways, riding on country roads through the Alps instead – preferably the tightest and most winding routes. Along the way, the squadra rossa attracts attention. The seven red beauties traveling in a line are drawing crowds. A group of Japanese immediately begins to take photos. This pleases Domenicali especially. Because Japan is the biggest motorcycle manufacturer worldwide. Even when they take a quick break to drink an espresso, the gentlemen attract attention – clothed from head to foot in their stylish but functional Ducati motorcycle gear.





Escort or admirer?



PHOTOS: *Ducati Motor Holding S.p.A.*



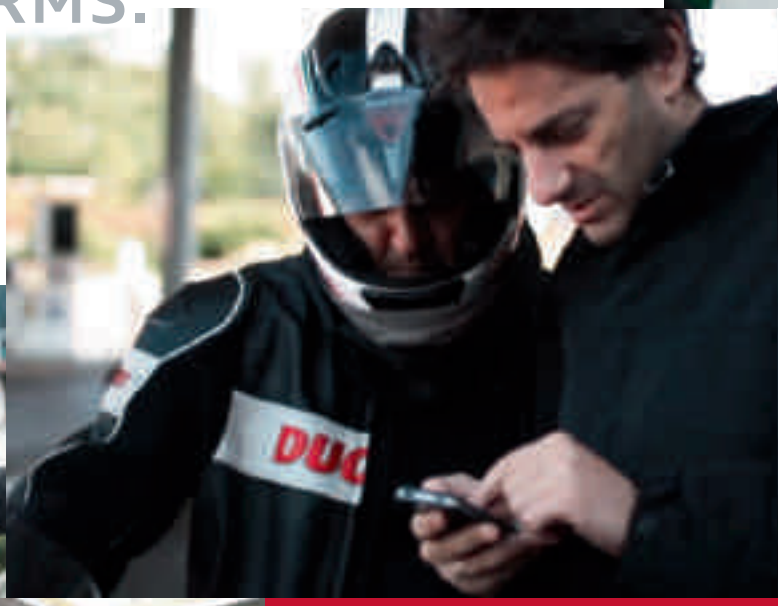
→ MONSTER STORIES

The mother of all naked bikes has countless fans. The new Monster 1200 was launched in 2013. On the global community page monstertales.ducati.com, proud Ducatisti share their best Monster stories, experiences, photos and videos.

"WE ARE NOT SIMPLY IN THE TRANSPORTATION BUSINESS. WE ARE BUILDING DREAMS ON WHEELS. DUCATI IS MORE THAN A BRAND. IT IS A WORLD THAT WELCOMES EVERY MOTORCYCLE ENTHUSIAST WITH OPEN ARMS."

Claudio Domenicali,
CEO Ducati Motor Holding S.p.A.











A brief check of the route: Which roads have the most curves?

PHOTOS: *Ducati Motor Holding S.p.A.*

Former Racing Director and now CEO Claudio Domenicali also leads his team on the road.









They reach their destination Munich at 4 p.m. The welcome they receive exceeds all expectations. Their German Group colleagues are so impressed that they spontaneously park the seven bikes in front of the evening event location. Without asking the Ducati managers. Every participant passes by the gleaming chrome guard of honor. The next day, it is not just the Ducati management that takes the stage at the meeting. Their motorcycles are, of course, on stage too. As they present themselves, their vision and the video footage they shot during the trip and edited overnight, everyone is captivated. “Our colleagues celebrated us like rock stars,” recalls Cristiano Silei.

This is precisely the sort of enthusiasm that defines the brand. Genuine enthusiasm. The kind that cannot be acted out or made up. Everyone in Borgo Panigale puts their heart and soul into their job – from the engineers to the marketing department and the assembly workers in production. Everyone lives Ducati here. Everyone is authentic here. And fans across the globe feel this too. The fans live the brand and its world just as passionately as the people who design and build it. That is why they are not referred to as customers, but as Ducatisti. They proudly personalize their bikes – no two motorcycles are the same; everyone wants a customized machine. This is something the top managers share with the brand’s fans as well. Claudio Domenicali rode his own Hypermotard 821 on the trip to Munich, while Cristiano Silei took his own Multistrada Pikes Peak.

reddot design award
best of the best 2013



→ EXCEPTIONAL DESIGN

In July 2013, the 1199 Panigale S was named “Best of the Best” at the red dot design awards. The jury of this design competition – one of the world’s largest and most prestigious – named the superbike winner of the Product Design category out of 4,662 entries.

Not to be overlooked: The new colleagues from Bologna have arrived.



"THE SUPERLEGGERA IS A GENUINE STATEMENT. WE HAVE ONCE AGAIN SHOWN THE WORLD: WE ARE DUCATI."

Claudio Domenicali,
CEO Ducati Motor Holding S.p.A.

But it is not just the passion that makes Ducati and Audi such a good match. There are already numerous parallels today. They both play a leading role and exhibit high expertise in lightweight construction. Many years of know-how in engine development, cutting-edge design and uncompromising quality of workmanship. Chief engineer Andrea Forni sees great potential for knowledge transfer regarding technologies that are normally the domain of carmaking. Some examples are direct fuel injection, electronically controlled parts that are still implemented mechanically in motorcycles, such as the water pump – and above all the processing and use of carbon fiber. In return, Audi benefits from the wealth of experience that Ducati offers in high rev ranges of up to 18,000 rpm, which require extreme minimization of friction and very special material selection.

Quality Director Andrea Gesi draws a parallel between the weather conditions during the ride to Munich – with sun, rain, wind and even snow on the mountain peaks – and the company's history, which has sometimes been just as challenging. Various owners stirred up a lot of turbulence in the last 20 years. He is therefore all the more pleased that the company's affiliation with the Audi Group allows intensive knowledge transfer in the quality area. Such a relationship will also let the company continue to build motorcycles for racing, which represents the heart of Ducati's DNA. The unbending will to constantly measure oneself and to be better than the competition is the driving force that makes such technical masterpieces as the 1199 Superleggera possible. Claudio Domenicali's eyes light up as he talks about this lightweight wonder, whose dry weight is just 155 kilograms and which has a huge lead over the competition. And one thing becomes clear. There is more than just passion at play here. Love. True love.



→ THE LIGHTWEIGHT WONDER

Monocoque frame and forged magnesium Marchesini wheels. Shock absorbers with titanium springs. Akrapovic titanium exhaust. Pistons with just two piston rings. Carbon-fiber backframe and fairing. The new performance beauty, the 1199 Superleggera, lives up to its name. It is superlight at a dry weight of 155 kilograms. And a power output of more than 149 kW (200 hp) also makes it superfast and super desirable: All 500 bikes of the limited edition series have already been sold.

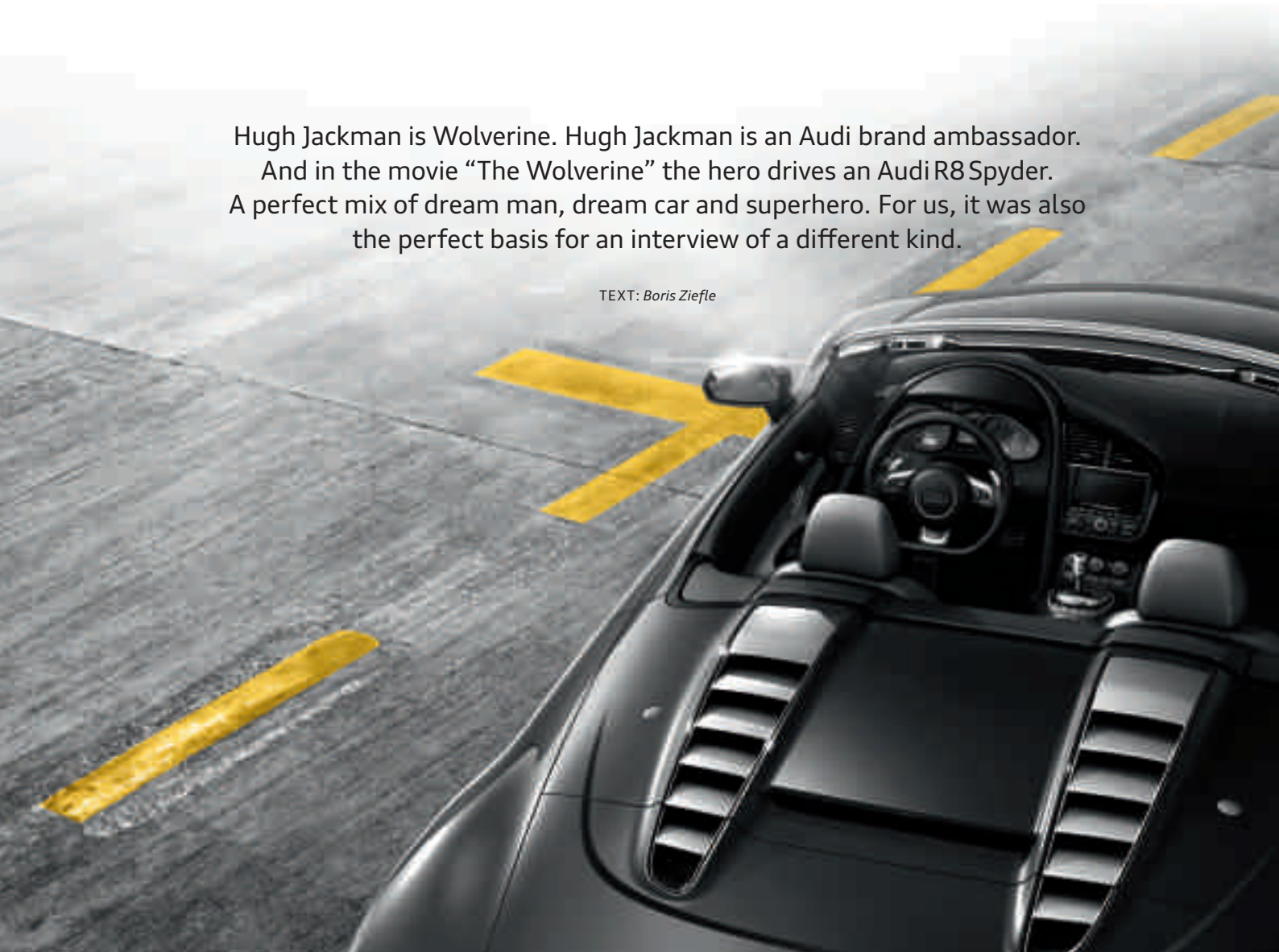
JOIN THE DUCATI MANAGERS ON THEIR TOUR!

PHOTOS: *Ducati Motor Holding S.p.A., AUDI AG*

Drives with wolves

Hugh Jackman is Wolverine. Hugh Jackman is an Audi brand ambassador. And in the movie “The Wolverine” the hero drives an Audi R8 Spyder. A perfect mix of dream man, dream car and superhero. For us, it was also the perfect basis for an interview of a different kind.

TEXT: *Boris Ziefle*





We know **Hugh Jackman** as the tough guy in those Hollywood blockbusters, with bulging muscles and designer stubble. But how does 2008's "Sexiest Man Alive" see himself? And how does his love for his wife of 18 years, Deborra, influence his work? The star of Wolverine reveals all this and gives us a peek into his soul, which – hard as it is to believe – makes him seem like an even bigger superhero.

Jackman

You can watch the trailer of the movie **"The Wolverine"** *here.*

PHOTOS: *AUDI AG, picture alliance, Shutterstock*

What drives you?

"My family. My wife and children are the most important people. Recently I have been working non-stop, so now I am about to take a few months off and be a husband and father."

What are your strengths?

"I think my best personal strength is my focus. When I put my mind to something I will do my very best to achieve that goal."

How would you describe yourself?

"Skinny! I know women, like my wife, always say 'we don't want to hear that,' but I have always been skinny. I have to work at bulking up."

What are your plans for the future?

"My immediate plans are to make lunch. In 2014 I have a few scripts I am looking at, but I'm not ready to announce just yet."

What makes you feel safe?

"My wife. Deb is my best friend, my confidante, my love, my life."

What type of sports do you enjoy?

"I love all kinds of sports. Love soccer but also love the NFL. I love the Sundays when I can watch the games. I myself play soccer and tennis."

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

Audi R8 Spyder

When the **Audi R8 Spyder** appears on the screen in "The Wolverine," every moviegoer will realize that this film has some extraordinary characters to offer. Powerful. Dynamic. Extrovert.



Wolverine, also known by his civilian name James Howlett, or as he calls himself: Logan. A mutant if ever there were one. With an indestructible skeleton, retractable claws and an incredible ability to recover from injuries. He's torn between his desire to be human, and a compulsion to seek revenge on his enemies.

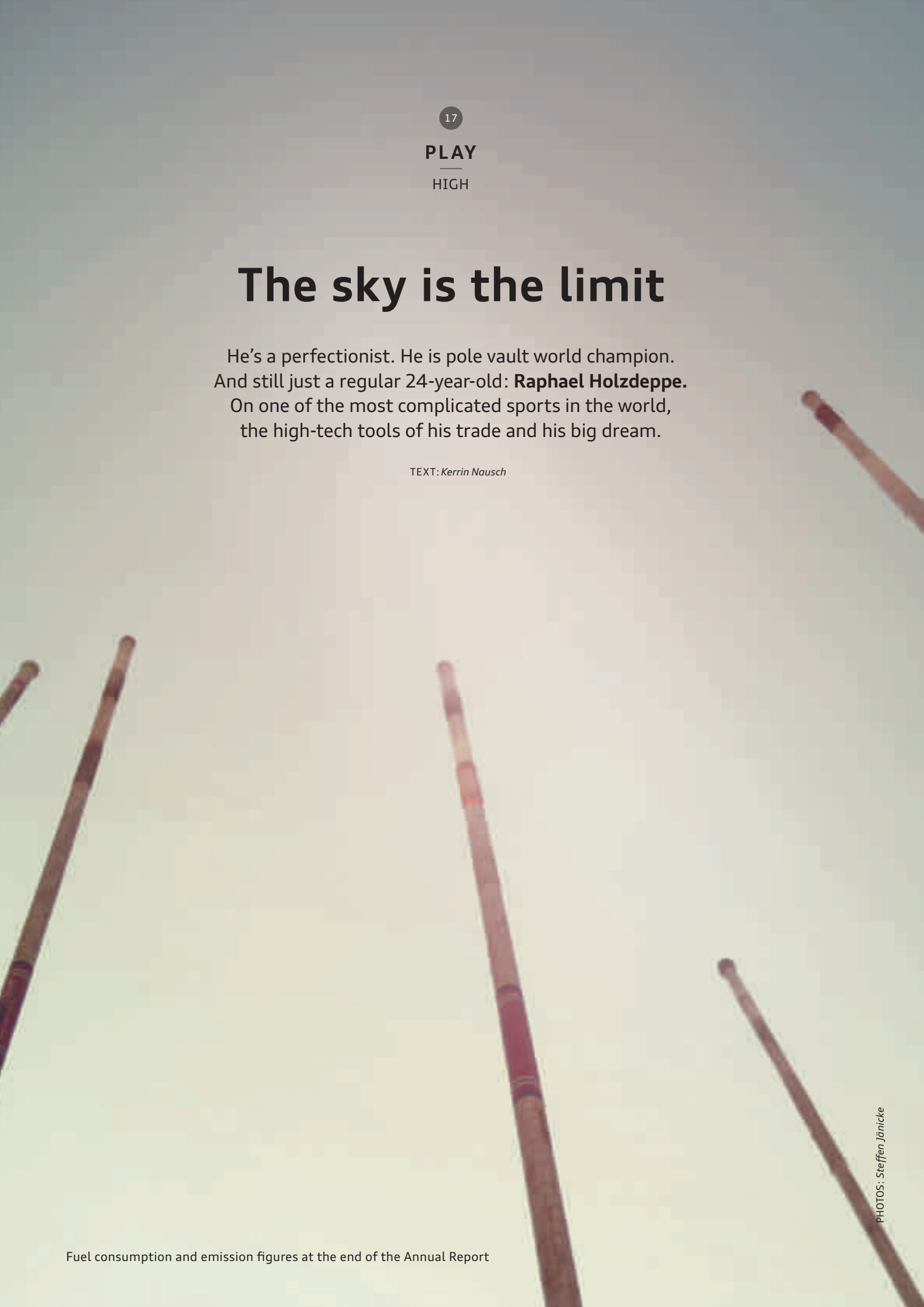
Wolverine

"A 5.2-liter V10 FSI engine with an output of 386 kW (525 hp)."	*"Revenge."*
"My individuality, my boundless power and my origin: the racetrack."	*"Infinite endurance, superhuman powers and reflexes."*
"Pure aesthetics: My external appearance is powerfully defined by clear lines which lend me extraordinary sportiness."	*"Rather hairy."*
"I want to win people over with my incredible dynamics. And become a classic for the ages."	*"Survive."*
"My ceramic brakes, my S tronic for lightning-fast shifting, my Audi magnetic ride adaptive damping system ..."	*"My powers of self-healing come in quite handy."*
"I love everything that has to do with performance, dynamics and speed. With or without limits. But preferably without."	*"Mutant triathlons: claw-dueling, bullet-swallowing, revenge-taking."*

The sky is the limit

He's a perfectionist. He is pole vault world champion. And still just a regular 24-year-old: **Raphael Holzdeppe.** On one of the most complicated sports in the world, the high-tech tools of his trade and his big dream.

TEXT: *Kerrin Nausch*



PHOTOS: *Steffen Jänicke*







Raphael Holzdeppe comes across as very relaxed when we meet him at the Olympic Training Center in Leverkusen. And extremely likeable. Although the 24-year-old from Kaiserslautern would be more inclined to describe himself as laid back or chilled. And he has every reason to do so. Not simply because he became **pole vault world champion on August 12, 2013 in Moscow.** But also because he has learned to deal with pressure and with the high expectations riding on him. In 2008, he set a junior world record of 5.80 meters at the age of 18. Things didn't go so smoothly in the wake of that achievement. Too much pressure, too much partying and too little focus on the sport. Holzdeppe recognized that. And turned things around.

His reward: Olympic bronze in London in 2012. And now the first ever world championship gold for the German pole vaulting team. He is the face of this unconventional extreme sport. And a star in Germany. "My whole life suddenly exploded," he remarks with a laugh. But this isn't just any flight of fancy. He has matured into a true professional.

/ *FLIGHT OF FANCY? NOT HOLZDEPPE*

Despite nursing an injury, Raphael Holzdeppe and his South African trainer, Chauncey Johnson, are off to attend NetAachen Domspringen, the final competition of the season. He has promised to be there. As so often, the pair take to the road in Holzdeppe's A7 Sportback. This season they have made their way across Europe, driving from competition to competition. To Paris, Lausanne, Prague and Rome. Holzdeppe does the driving. He loves the sensation of speed. And music – the system is playing hip-hop. Today, they are transporting a precious cargo: On the roof rack of the black A7 Sportback, Holzdeppe and Johnson have fitted a long tube containing several carbon-fiber poles belonging to the junior team. Each of those poles costs anything up to 1,000 euros. They are one of the main success factors. Their composition is a closely guarded secret known only to the manufacturers.

/ *CARBON-FIBER CATAPULTS*

Chauncey Johnson explains to us why that is so. The pole vault is the only discipline where a piece of sports equipment absorbs the energy of the athlete and then releases it again so that the athlete can convert it into height. **The composition of the pole's material is crucial.** Raphael Holzdeppe catapults himself over the bar using 5.15-meter-long carbon-fiber poles with varying degrees of hardness. Or to be more precise, he jumps with the aid of carbon-fiber-reinforced polymer comprising around 60 percent carbon fiber and smaller proportions of glass fiber. "For a technically proficient jumper like myself, carbon fiber makes more sense than glass fiber because the poles are lighter, so the uncoiling is much more explosive," explains Holzdeppe.

PHOTOS: *Steffen Jänicke, AUDI AG*

A very similar activity to pole vaulting is river jumping. Before there were bridges, people used poles of three to five meters in length to cross rivers. In the Netherlands, "fierljeppen" is still a **popular national sport.** The 26th "Nationale Fierljep Manifestatie" will take place on July 26, 2014. Every year the river-jumping competition organized by the "Fierljepforiening It Heidenskip" attracts crowds of visitors to the venue in the province of Friesland. www.fierljeppe.nl







"FOR A TECHNICALLY PROFICIENT JUMPER LIKE MYSELF, CARBON FIBER MAKES MORE SENSE THAN GLASS FIBER..."

Raphael Holzdeppe



Dr.-Ing. Karl Durst, 34, developer at the Audi Lightweight Design Center, regards the poles as a prime example of what can be achieved with carbon fiber. "We exploit the same attributes as the pole vaulter when designing cars: **Poles and cars are lighter and the energy can be passed on much more effectively,** which is essential for survival in the event of a car accident. In poles, the more rigid carbon fibers act like a powerful spring and produce a much greater catapult effect. Audi even goes one step further in also using lightweight materials such as aluminum and magnesium because of the wide variety of complex requirements that a car has to meet."



“IN COMPETITION, IT’S 95 PERCENT IN THE MIND. YOU WON’T SUCCEED IF YOU DON’T HAVE A CLEAR HEAD.”

Raphael Holzdeppe

Holzdeppe loves driving to pole vaulting competitions in his A7 Sportback.
The more relaxing his journey, the better he feels during the competition.





He lives for pole vaulting.
As a sign of his dedication to the sport, he has had the silhouette of a pole vaulter tattooed on his right upper arm.



PHOTOS: *Steffen Jänicke, picture alliance*

/ LIGHTER MEANS FASTER MEANS HIGHER

Chauncey Johnson describes how **not just the material, but above all the athlete's dynamism and jumping technique are the key to those vital few centimeters.** Holzdeppe has been working with him in Munich for a little over a year. He talks of body weight, vectors and acceleration, C and I positions, and the importance of "using your momentum." What he means is:

> "If you can load plenty of energy onto your pole through a high approach speed, you'll jump higher."

And Raphael Holzdeppe is fast. His average speed is 9.9 meters per second; that is equivalent to 36 kilometers per hour and **makes him the fastest athlete on the international pole vault scene.** Then there is Holzdeppe's streak of perfectionism – time and time again he works with Johnson to hone his jumping technique. For each jump, he performs up to 28 different individual movements within less than two seconds, meaning they all have to be executed instinctively. Johnson regards the pole vault as a test of courage where you can only succeed on "autopilot." Holzdeppe agrees: "In competition, it's 95 percent in the mind. You won't succeed if you don't have a clear head."

/ A HERO WITH NO AIRS AND GRACES

In Aachen, Holzdeppe is an accessible hero. He patiently signs autographs and poses with the mascot of the cult event where the participants jump to music blasted out by a DJ, right in the heart of the city between the Cathedral and the City Hall.

He relishes his new-found popularity. But remains approachable throughout and is careful not to steal the limelight. When we ask him about his goals for next year his eyes light up with ambition. His personal best is 5.91 meters. The dream height for all pole vaulters is 6.00 meters. Holzdeppe declares confidently: "I know I can jump 6.00 meters. That's right at the top of my targets for 2014."

At the end of our conversation, Holzdeppe falls silent when we ask a personal question. We are curious to know more about his tattoos. A tattoo on his right upper arm shows a pole vaulter in silhouette. Since his first Olympic appearance in 2008 in Beijing, an Olympic flag has adorned his left arm. What motif is he planning next to celebrate the biggest achievement of his career? He smiles to himself, looks briefly up to the sky – and gives nothing away. **Our suggestion: 6.00 meters.**



The pole vault final at the World Championships in Moscow was one of the most exciting ever. While Holzdeppe cleared the bar at 5.89 meters at his first attempt, his French challenger Renaud Lavillenie aimed for 5.96 meters but brought the bar down three times.



PHOTO: *Olaf Hauschulz*

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

BULLS



Milestone anniversaries unite the past and present, and pave the way to the future. And so it makes sense that, to mark its 50th anniversary, Automobili Lamborghini S.p.A. is presenting a real highlight. Maurizio Reggiani, Head of Research and Development at Lamborghini, has invited us on a no-holds-barred anniversary excursion in the Gallardo Squadra Corse, the sportiest model ever in this highly successful line. Fasten your seat belts, please!

TEXT: *Damiano Fedeli*



PHOTOS: *Olaf Hauschulz*

A perfect November morning is dawning in Italy's Emilia Romagna: There's a cold crispness in the air and beauty all around. The fields agleam with frost are surrounded by the snow-covered peaks of the Apennine Mountains. This is where the fervent heart of the Lamborghini bulls beats. Unfailingly powerful and wild, for 50 legendary years. And to put it in terms of horsepower: wilder than ever!

The Gallardo LP 570-4 Squadra Corse, the fastest Lamborghini in the Gallardo family, is the car that awaits us for this exceptional anniversary excursion today. A spin on the roads surrounding the Lamborghini headquarters, on the secret test track where new models have always been able to show just what they're made of.



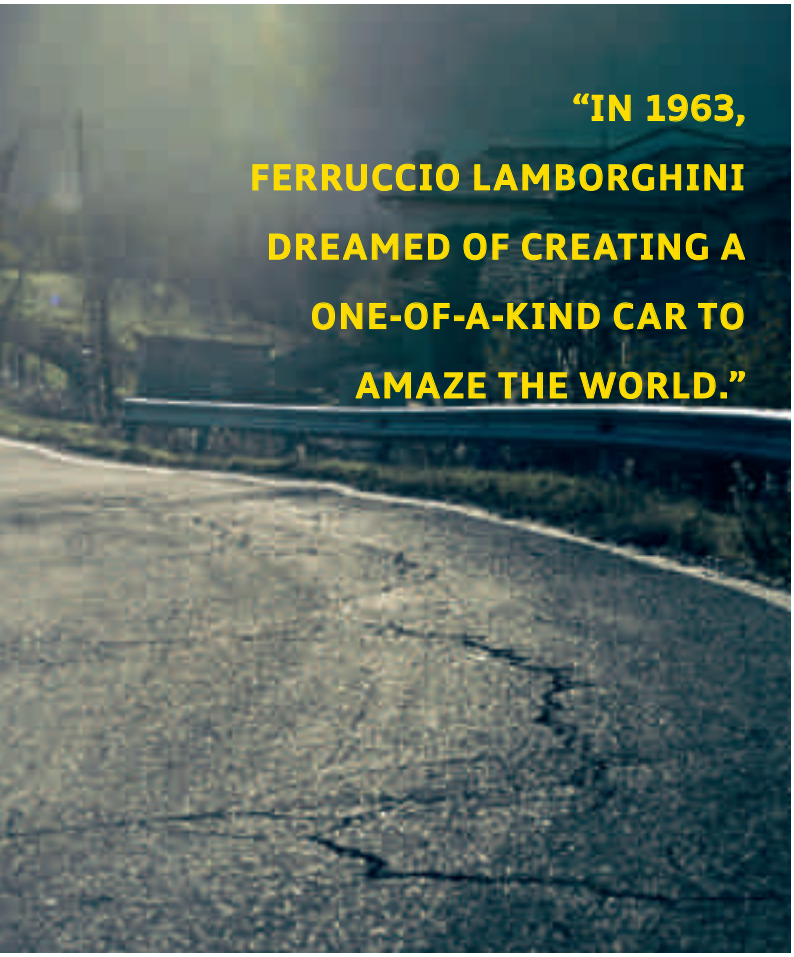
The headquarters is located in Sant'Agata Bolognese, halfway between Modena and Bologna, on the same spot where Ferruccio Lamborghini (1916–1993) founded his adventurous company a good 50 years ago. Starting out with a tractor factory, he ultimately realized his true dream: manufacturing sports cars. **The brand with the bull emblem has been part of the Audi Group since 1998. Taurus was Ferruccio Lamborghini's zodiac sign, which is why even today the models are still named after famous bulls.**



Lamborghini chief developer Maurizio Reggiani has shaped the technology and design of these supercars since 1996.

We learn all of this from Maurizio Reggiani (55), Head of Research and Development at the company, who meets with us to talk about what makes the Lamborghini brand so typically Italian, so uncompromising and so exclusive. How experiences from the brand's 50-year history accompany Lamborghini on its journey to the future. How they ensure that Lamborghini is always among the frontrunners in the world of supercars. It began with a very sporty understanding of competition …

Behind the wheel of the Squadra Corse, Reggiani demonstrates straight away what it feels like on the road. And we're off to Castelfranco Emilia. At first, traffic keeps coming to a halt, but the bull can also be quite well-mannered. "The Squadra Corse has a motorsport-inspired e-gear transmission with shift paddles on the steering wheel. There are three settings to choose from: 'Strada' provides pure driving pleasure under normal conditions; 'Sport' takes it up a notch in terms of aggressiveness; and 'Corsa' is the most extreme setting, capable of taking the vehicle to its limits."



"You can clearly feel the Lamborghini DNA," explains Reggiani. "We manufacture the most extreme cars there are, and we never cease to amaze with our successful efforts to further develop the supercar concept."

It all started with the 350 GT. "It was a company debut of sorts. Lamborghini created this model with a fantastic team: Gian Paolo Dallara, Paolo Stanzani and Giotto Bizzarrini." The Miura with its alluring design followed in 1966: "A stylistic masterpiece by Marcello Gandini," continues the chief developer.

"These cars have to be heard as well as seen," Reggiani stresses. And he's right. The sonorous roar of the V12 engines takes your breath away. **"With its mid-mounted engine and transmission stand up front, the Countach, manufactured between 1974 and 1990, was also an absolute novelty in terms of design and technology, with an all-round innovative layout.** A signature that finds its logical continuation in the Diablo and the Murciélago. Yet another milestone was the Gallardo in 2003. With its V10 engine and a chassis made completely of aluminum."

Near Riolo, we come upon a second Lamborghini in the lane next to ours, a brand-new Aventador LP 700-4 Roadster: aggressive styling and a V12 engine, the top model in the line. "The Aventador is an exquisite cross between luxury and power, but thanks to a body made almost entirely of carbon fiber, it actually skips a generation."

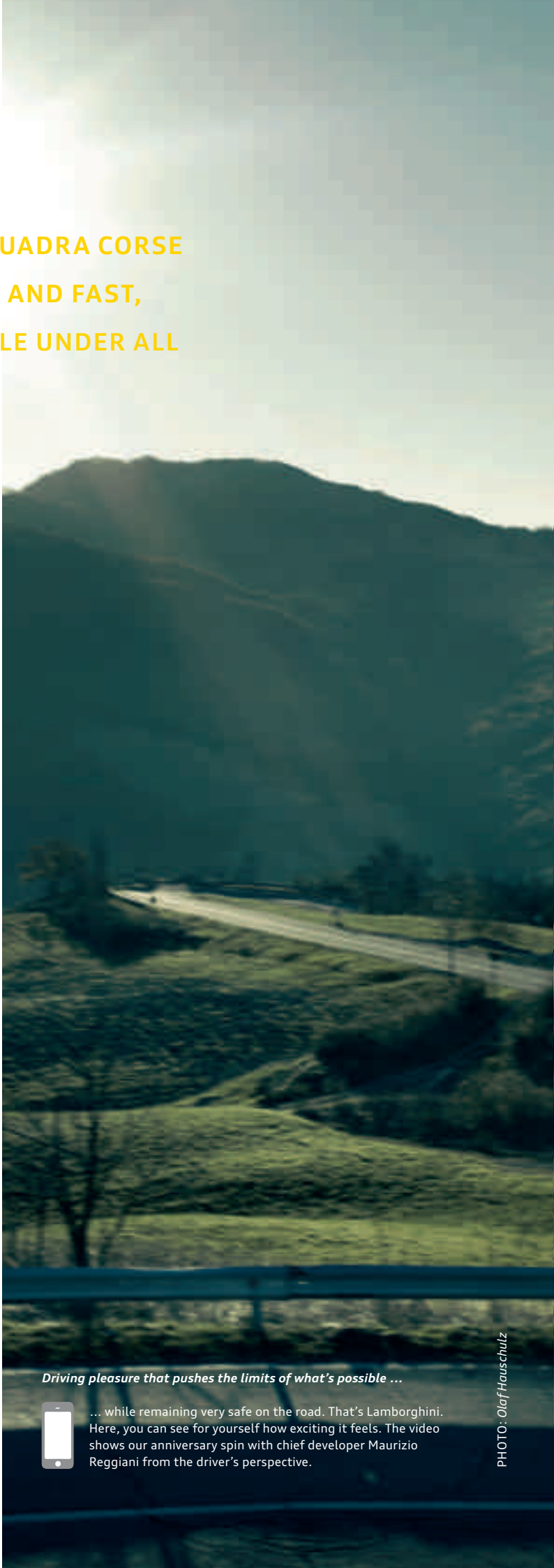
Continuous innovation has been a recurring theme over these 50 years: The V12 engine, for instance, has always been an icon. It is a constant frontrunner in terms of power and technology. The heart of the Lamborghini Aventador is a new development in lightweight construction and the most powerful production V12 ever fitted in a Lamborghini. Or the materials research being conducted by Lamborghini at a lab in Seattle in collaboration with the University of Washington. Here, work is being done on the development of composite materials such as carbon fiber. And then of course there's the continuous exchange with Audi. This alliance is a complete success, as demonstrated by more than just the rising sales figures. "Audi and Lamborghini both share common values. This allowed us to maintain our DNA while converging with each other with respect to different technologies."

"A GALLARDO SQUADRA CORSE IS LIGHTWEIGHT AND FAST, AGILE AND NIMBLE UNDER ALL CONDITIONS."

As we navigate the hairpin turns of the Apennines, the road takes a steep upward incline toward Zocca, near Modena. And as we climb, our thoughts are drawn to the challenges the future will bring. Lamborghini produces special limited-edition models such as the Veneno. "We make full use of our designers' creativity so that we have something to offer at every car show and can surprise the experts: The Veneno is a tribute to the 50th anniversary," says Reggiani. **Not forgetting the development of the Gallardo successor, the Huracán LP 610-4, of course.**

On the straightaway, the V10 engine in the Squadra Corse demonstrates its explosive power. The sun is setting and lights illuminate the details of the interior, the red and black of the sporty leather. "Every centimeter of every Lamborghini is made by experienced craftspeople. And at the same time, it is a concentrate of cutting-edge technology." A perfect combination that suits customers. This is also thanks to the "ad personam" customization program, which allows customers to configure every detail to match their personal taste.

And now this extraordinary bull must return to its shed. One last red light, and next to it a small boy who excitedly pulls on his mother's hand: *"Mamma, Mamma, un Lamborghini!"* That's how it's been for 50 years. And the way it will be for 50 years to come. Whenever these fervent-hearted bulls come into view …



Driving pleasure that pushes the limits of what's possible …

… while remaining very safe on the road. That's Lamborghini. Here, you can see for yourself how exciting it feels. The video shows our anniversary spin with chief developer Maurizio Reggiani from the driver's perspective.

PHOTO: *Olaf Hauschulz*

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



GALLARDO IN FIGURES

Unveiled in Geneva in 2003. The Gallardo Spyder was added to the line in 2005 and the Gallardo Superleggera in 2007. In 2008, the second Gallardo generation was launched, with new front and rear styling and a new engine developing 412 kW (560 hp). 32 model versions of the Gallardo were built until production ceased in November 2013. With a total of 13,992 cars made, the Gallardo is one of the world's most successful supercars and an icon of Italian design.

From Heaven to Green Hell

TEXT: *Boris Ziefle*

He is the boldest conqueror of new worlds. Felix Baumgartner, the man who jumped to Earth from space. His latest adventure is yet another extraordinary challenge. From space to race. Without a parachute. A 24-hour race at the Nürburgring. In an Audi R8 LMS ultra.



PHOTOS: © *Red Bull Stratos, Bernhard Spöttel*


FELIX BAUMGARTNER
SWISS WATCH

RESTLESS

Car mechanic. Soldier. Boxer. Stratospheric skydiver. The path taken by Felix Baumgartner is not a straightforward one, but instead has been marked by many changes in direction. This isn't because he can't finish things. On the contrary, it's because he is so irresistibly drawn to challenges. Because he is addicted to them. And then he will move heaven and earth to complete them. Once he has reached his goal, he concludes that chapter of his life and seeks out completely new terrain. That's not without risk, since he is continuously exposing himself to the possibility of failure. But he is persistent. And this is how Felix Baumgartner lives his life. If he decides to tackle something, he's all in. Then he plans it down to the smallest detail in order to reduce the risk of failure to a minimum. And now comes Audi. Baumgartner and Audi – a perfect match from the first moment. Meticulous planning, unbridled forethought. This is the world of Felix Baumgartner. His latest project takes him to the Nürburgring and into the cockpit of an Audi R8 LMS ultra. He swaps his space suit for a race suit so he can drive with the Audi race experience in the legendary 24-hour race on the "Nordschleife."

A PILOT PROJECT

When Felix Baumgartner heard about the offer from the Audi race experience, he agreed to it immediately. He sees becoming a race driver as the next logical step in his life. He has practically no experience with racing, and all he knows about the Nürburgring is what he has seen on television. Only the gutsiest drivers dare to take on the "Green Hell," as the track is known. Jackie Stewart, who coined the term, once called it "a many-armed monster." In comparison, it makes a jungle expedition seem like a walk in the park. When Baumgartner first met with the engineers from Audi, there was a sense of harmony based on perfectionism. "I find the diligence with which Audi approaches projects fascinating. We're completely on the same wavelength here." The string of successes proves it. In the last few years, the Audi R8 LMS ultra alone has won a spot on the winner's podium 550 times out of 800 starts. Now Baumgartner will be taking the wheel. He is certainly one of the most prominent drivers who has taken part in the Audi race experience, but every customer essentially has a chance to be part of the Audi customer racing team – as long as they have the required qualification and a racing license. Baumgartner is now a proud member of this team. "The professionalism of the Audi race experience is impressive. The people here simply know that, in this kind of sport, every detail counts."

PREPARATION IS EVERYTHING

For this reason, Baumgartner is training just as obsessively as he did for his stratospheric jump from space and his first professional boxing match. For him, nothing could be worse than feeling he did not get the most out of himself and his Audi when it is all over. He knows that he has a strong partner in this race car and a strong team behind him, and that the rest is up to him. It's a massive challenge. Just the way he loves them.

You can find further information on the project and follow Felix Baumgartner's preparations on the Audi motorsport website: www.audi-motorsport.com



PHOTOS: *Bernhard Spöttel*

“THE R8 LMS ULTRA INSPIRES ME AGAIN AND AGAIN. SO MUCH POWER AND CONTROL IN ONE CAR – IT’S JUST INCREDIBLE.”

Felix Baumgartner





How does *your tomorrow* feel, ...



... Ms. Saul?

“My tomorrow already starts today, because we must shape our future now. This is the only way it can turn out the way we imagine. Exciting yet secure. Expansive yet familiar. Modern yet full of warmth. Bright and free of worry. A life with all of the advantages that bring progress, in harmony with our environment. My tomorrow is progressive, fun and, above all, clever.”

Katrin Saul is an author and lives on Ibiza and in London. For us, she took to the road in the Danish hub of design and sustainability, Copenhagen.

... Mr. Rakete?

“Worrisome. Nonetheless, to paraphrase Willy Brandt: You shouldn’t worry about the future; it’s far better to shape it.”

Jim Rakete lives in Berlin. For the Annual Report, the photographer took portraits of the Board of Management of AUDI AG.





... Mr. Dörrich?

“When I consider that in two days, our tomorrow will already have become yesterday, that helps put some of the hype about the future into perspective. I therefore prefer to take a relaxed approach, and I enthusiastically make use of the new possibilities that innovative technologies already offer me today. And apart from that, I enjoy recounting in retrospect what has, today, become of yesterday’s tomorrow.”

Author Berthold Dörrich lives in Stuttgart. For the Annual Report, the Presenting Editor of the classic and sports car magazine OCTANE participated in the “Audi Land of quattro Alpine Tour 2013.”

PHOTOS: *Private shots of the photographers and authors*

… Mr. Hauschulz?



"I live very much in the here and now. For my photography this means that I am delighted at every technical evolution. They help us to develop new possibilities for composition, to visualize new worlds and to show the unseen. The technology is, however, of secondary importance; it is just a tool. A good photograph is always a combination of ideas, talent, instinct, personal experience and passion. It is created in the mind and not in the computer. And that will never change."

Olaf Hauschulz lives in Hamburg. He specializes in the photography of cars and accompanied us to Lamborghini in Italy.



… Ms. Philippi?

"To me, tomorrow – the future – feels like this: I imagine an enormous city in which everything is very quiet, where the noise is turned off and the air is as clear as it is in the Alps. I find the idea extremely eerie and extremely natural at the same time. In the future, no one will want to have to deal with exhaust emissions or trash anymore. Both of these things will almost magically disappear."

Anne Philippi lives as an author in Los Angeles where she took to the road for us in an Audi A3 e-tron, in a place where sustainability is a part of the lifestyle.

… Mr. Kaessmann?

"Difficult question, and one I've actually been trying to get away from for years. Instead, I prefer to increasingly ask myself: How does today feel? After all, only 'Now' is it possible to influence 'Tomorrow.' But since 'Tomorrow' is really just a new 'Now,' and 'Now' feels extremely satisfied, happy, positive and optimistic, shouldn't it follow that 'Tomorrow' also feels this way?"

Photographer Rasmus Kaessmann lives in Munich. He captured David Garrett's virtuoso violin performance in Berlin with his camera.





… Ms. Luckmann?

"We'll only know that at the moment when 'Tomorrow' turns into 'Now' …, since our 'Tomorrow' consists of an undefined mixture of seized opportunities, coincidence, luck and destiny that one can perhaps influence, but cannot possibly control."

Anke Luckmann has photographed many famous personalities. The photographer lives in Barcelona and was the perfect choice for the photo shoot with Prof. Rupert Stadler and Pep Guardiola in Munich's Allianz Arena.

Audi Group Key Figures

		2013	2012 [1]	Change in %
Production				
Automotive segment	Cars [2]	1,608,048	1,469,205	9.5
	Engines	1,926,724	1,916,604	0.5
Motorcycles segment	Motorcycles	45,018	15,734 [3]	X
Deliveries to customers				
Automotive segment	Cars	1,751,007	1,634,312	7.1
Audi brand	Cars	1,575,480	1,455,123	8.3
Germany	Cars	250,025	263,163	– 5.0
Outside Germany	Cars	1,325,455	1,191,960	11.2
Lamborghini brand	Cars	2,121	2,083	1.8
Other Volkswagen Group brands	Cars	173,406	177,106	– 2.1
Motorcycles segment	Motorcycles	44,287	16,786 [3]	X
Ducati brand	Motorcycles	44,287	16,786 [3]	X
Workforce	Average	71,781	67,231	6.8
Revenue	EUR million	49,880	48,771	2.3
EBITDA [4]	EUR million	7,101	7,282	– 2.5
Operating profit	EUR million	5,030	5,365	– 6.2
Profit before tax	EUR million	5,323	5,951	– 10.5
Profit after tax	EUR million	4,014	4,349	– 7.7
Operating return on sales	Percent	10.1	11.0	
Return on sales before tax	Percent	10.7	12.2	
Return on investment	Percent	26.4	30.8	
Ratio of investments in property, plant and equipment [5]	Percent	4.8	4.8	
Cash flow from operating activities	EUR million	6,778	6,144	10.3
Net cash flow [6]	EUR million	3,225	2,907	11.0
Balance sheet total (Dec. 31)	EUR million	45,156	40,401	11.8
Equity ratio (Dec. 31)	Percent	41.1	37.4	

[1] Financial figures were adjusted to take account of the revised IAS 19
[2] Including vehicles built in China by the joint venture FAW-Volkswagen Automotive Company, Ltd., Changchun
[3] Since acquisition of the Ducati Group in July 2012
[4] EBITDA = operating profit + balance from depreciation/amortization, impairment losses (reversals) on property, plant and equipment and intangible assets, capitalized development costs, financial assets, leasing and rental assets and investment property as per the Cash Flow Statement
[5] Ratio of investments in property, plant and equipment/intangible assets (excluding capitalized development costs) to revenue
[6] Net cash flow before changes in participations

2014 Financial Calendar

Quarterly Report, 1st quarter 2014 // May 5, 2014
Annual General Meeting // May 22, 2014, Audi Forum Ingolstadt
Interim Financial Report // August 1, 2014
Quarterly Report, 3rd quarter 2014 // November 3, 2014

FINANCES

A

COMBINED MANAGEMENT REPORT OF THE AUDI GROUP AND AUDI AG FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2013

B

CONSOLIDATED FINANCIAL STATEMENTS OF THE AUDI GROUP FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2013

The fuel consumption and emission figures for the vehicles mentioned in the Combined Management Report of the Audi Group and AUDI AG are listed starting on page 285.

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

Internet sources refer to the status as of February 6, 2014.

A

COMBINED MANAGEMENT REPORT OF THE AUDI GROUP AND AUDI AG FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2013

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BASIS OF THE AUDI GROUP

With the Audi and Lamborghini brands, the Audi Group has long been one of the most successful car manufacturers in the premium and supercar segment. Since 2012, motorcycles of the traditional Italian brand Ducati have complemented the product range of the Audi Group.

STRUCTURE

/ COMPANY

AUDI AG is the parent company of the Audi Group and, in supplying the products of the Audi brand, is one of the world's leading automotive manufacturers of premium cars. Its business activities comprise in particular the development, production and sale of cars, along with the task of managing the Audi Group.

In addition to AUDI AG, the Audi Group comprises all subsidiaries in which AUDI AG holds a direct or indirect interest, or over which it exercises direct or indirect influence. The Group is a fundamentally decentralized organization, with the individual subsidiaries conducting their business activities independently.

*For detailed particulars of the Group companies, please refer to the **statement of interests pursuant to Sections 285 and 313 of the German Commercial Code (HGB),** which can be accessed online and is permanently available at **www.audi.com/subsidiaries.***

The Management Reports of AUDI AG and the Audi Group are combined in this report for the first time.

The Audi Group delivered a total of 1,751,007 (1,634,312) cars to customers in the past fiscal year. The core brand Audi increased its total number of units delivered by 8.3 percent to 1,575,480 (1,455,123) vehicles – a new all-time record for the Company. The brand with the four rings is especially noted for its unmistakable design, innovative technologies and high quality standards. This is expressed by the brand essence "Vorsprung durch Technik," which comprises the brand values sportiness, progressiveness and sophistication.

Deliveries of the Lamborghini brand likewise made very good progress, with 2,121 (2,083) supercars handed over to customers in the 2013 fiscal year. The high-performance models of the traditional Italian brand are the embodiment of extreme driving dynamics, modern and unmistakable design, lightweight construction as well as high-caliber materials and build quality.

In addition, the sales subsidiaries of the Audi Group handed over 173,406 (177,106) cars of other Volkswagen Group brands to customers in the past fiscal year.

The Ducati brand delivered 44,287 (16,786) motorcycles last year. The prior-year figure includes only the motorcycles delivered after the acquisition of the Ducati Group in July 2012. For the full year, a total of 44,102 bikes were delivered to customers in 2012. The motorcycles of the Ducati brand are noted above all for their sports appeal, modern design, low weight and high-performance engines.

Deliveries of the Audi Group by segment and brand

	2013	2012
Audi brand	1,575,480	1,455,123
Lamborghini brand	2,121	2,083
Other Volkswagen Group brands	173,406	177,106
Automotive segment	**1,751,007**	**1,634,312**
Ducati brand [1)]	44,287	16,786
Motorcycles segment	**44,287**	**16,786**

1) The prior-year figures refer to the period July through December 2012 following initial consolidation in July 2012.

/ MAIN GROUP LOCATIONS

The Group headquarters in Ingolstadt are home to Technical Development, Sales and Administration as well as a large proportion of Production. The Audi A3 and A3 Sportback, the models of the A4 family, the RS 4 Avant, the Coupé and Sportback versions of the A5, the RS 5 Coupé and the Q5 are built there. We also make the bodies for the current TT car line in Ingolstadt.

Manufacturing plants

Brussels/Belgium
AUDI BRUSSELS S.A./N.V.

- A1
- A1 Sportback
- S1 [1]
- S1 Sportback [1]

Ingolstadt/Germany
AUDI AG

- A3
- A3 Sportback
- S3
- S3 Sportback
- A4 Sedan
- A4 Avant
- A4 allroad quattro
- S4 Sedan
- S4 Avant
- RS 4 Avant
- A5 Sportback
- A5 Coupé
- S5 Sportback
- S5 Coupé
- RS 5 Coupé
- Q5
- SQ5 TDI
- SQ5

Bratislava/Slovakia
VOLKSWAGEN SLOVAKIA, a.s.

- Q7

Győr/Hungary
AUDI HUNGARIA MOTOR Kft.

- A3 Sedan
- A3 Cabriolet
- S3 Sedan
- S3 Cabriolet [1]
- TT Coupé
- TT Roadster
- TTS Coupé
- TTS Roadster
- TT RS Coupé
- TT RS Roadster

Kaluga/Russia
OOO VOLKSWAGEN Group Rus

- A6 Sedan
- A7 Sportback
- Q5
- Q7
- A8 L

Sant'Agata Bolognese/Italy
Automobili Lamborghini S.p.A.

- Gallardo Coupé [2]
- Gallardo Spyder [2]
- Huracán [3]
- Aventador Coupé
- Aventador Roadster

Foshan/China
FAW-Volkswagen Automotive Company, Ltd.

- A3 Sedan [1]
- A3 Sportback [1]

Changchun/China
FAW-Volkswagen Automotive Company, Ltd.

- A4 L Sedan
- A6 L Sedan
- Q3
- Q5



Neckarsulm/Germany
AUDI AG, quattro GmbH

- A4 Sedan
- A5 Cabriolet
- S5 Cabriolet
- RS 5 Cabriolet
- A6 Sedan
- A6 Avant
- A6 allroad quattro
- S6 Sedan
- S6 Avant
- RS 6 Avant
- A7 Sportback
- S7 Sportback
- RS 7 Sportback
- A8
- A8 L
- A8 L W12
- S8
- R8 Coupé
- R8 Spyder

Manaus/Brazil
DAFRA da Amazônia Indústria e Comércio de Motocicletas Ltda.

- Diavel
- Monster
- Multistrada

Martorell/Spain
SEAT, S.A.

- Q3
- RS Q3

Bologna/Italy
Ducati Motor Holding S.p.A.

- Diavel
- Hypermotard
- Monster
- Multistrada
- Streetfighter
- Superbike

Aurangabad/India
ŠKODA AUTO INDIA PVT, LTD.

- A4 Sedan
- A6 Sedan
- Q3
- Q5
- Q7

Amphur Pluakdaeng/Thailand
Ducati Motor (Thailand) Co., Ltd.

- Diavel
- Hypermotard
- Monster
- Multistrada

Jakarta/Indonesia
Pt. Garuda Mataram Motor

- A4 Sedan
- A6 Sedan

1) Start of series production 2014
2) End of production in the 4th quarter 2013
3) Start of series production in the 4th quarter 2013

In Neckarsulm, we build the Audi A4 Sedan, the A5 and the RS 5 Cabriolet, the models of the A6 car line including the RS 6 Avant, the A7 and the RS 7 Sportback, plus the A8 luxury sedan. Neckarsulm is also home to quattro GmbH, a fully owned subsidiary of AUDI AG. In addition to the high-performance models of the R8 car line, which are built exclusively at the Neckarsulm plant, quattro GmbH supplies its customers with the RS model range. These sporty high-performance vehicles represent the top models in their respective car line. An exclusive customization program and high-grade lifestyle articles relating to the Audi brand are other core areas of activity of quattro GmbH.

AUDI HUNGARIA MOTOR Kft. develops and manufactures engines for AUDI AG, for other Volkswagen Group companies and for third parties in Győr (Hungary). Vehicles of the TT car line – including the RS models – are also built there. Series production of the new A3 Sedan commenced at a purpose-built car plant in Győr in June 2013. The new A3 Cabriolet has also been built at the new plant since October 2013. This company has developed into one of the biggest exporters and highest-revenue enterprises in Hungary since its establishment in 1993.

The models of the A1 family are made exclusively in Brussels (Belgium) by AUDI BRUSSELS S.A./N.V.

We build the Q7 and Q3 SUV models – including the RS Q3 – at the VW Group manufacturing locations in Bratislava (Slovakia) and Martorell (Spain) respectively.

In Changchun (China), the joint-venture company FAW-Volkswagen Automotive Company, Ltd. produces long-wheelbase versions such as the A4 L and A6 L Sedan, the Q3 and the Q5 to supply the local market. 2014 will see the opening of the new plant in the southern Chinese city of Foshan, where the A3 Sportback and A3 Sedan will be built.

In Aurangabad (India) the A4 Sedan and the A6 Sedan as well as the Q3, the Q5 and the Q7 are built at the VW Group plant.

Automobili Lamborghini S.p.A. manufactures exclusive supercars in the northern Italian town of Sant'Agata Bolognese. In addition to the Aventador car line, the Gallardo models were in production until November 2013. The follow-up model to the successful Gallardo – the newly developed Huracán – will also be made at the headquarters in Sant'Agata Bolognese.

Ducati Motor Holding S.p.A. produces all models in its product range at its company headquarters in Bologna (Italy). In addition, it builds motorcycles of the Diavel, Hypermotard, Monster and Multistrada model lines in Amphur Pluakdaeng, Thailand. As well as this, the Diavel, Monster and Multistrada models are made at Manaus in Brazil on a contract manufacturing basis.

/ *CONSOLIDATED COMPANIES*

The major shareholder is Volkswagen AG, Wolfsburg, which controls around 99.55 percent of the share capital of AUDI AG. 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 a large number of its German subsidiaries.

The group of consolidated companies has grown since December 31, 2012 with the establishment of AUDI MÉXICO S.A. de C.V., San José Chiapa (Mexico) by AUDI AG.

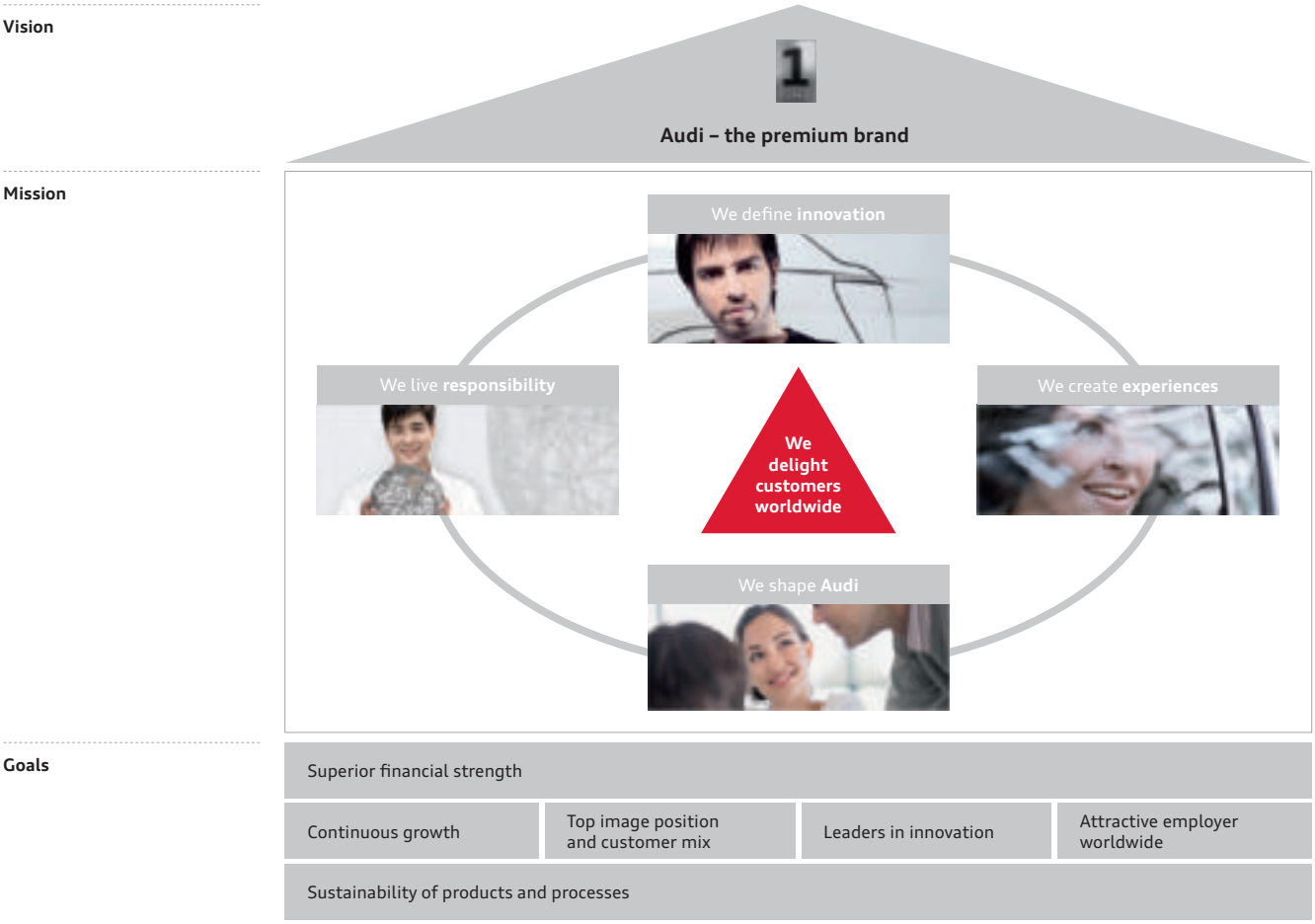
STRATEGY

/ *VISION: "AUDI – THE PREMIUM BRAND"*

In its Strategy 2020, which was first unveiled in 2010, the Audi Group set itself the goal of becoming the leading brand worldwide in the premium car segment. Since the strategy's launch, it has undergone continuous refinement. The cornerstones and areas of action retain their validity. The strategy house was therefore further substantiated again in the past fiscal year to bring it up to date with changing economic, ecological and social requirements.

We incorporated our fundamental principle of acting sustainably and responsibly by firmly anchoring the goal "Sustainability of products and processes" in our strategy. We also reasserted the "We define innovation" area of action through our declared goal to be "Leaders in innovation."

The Audi brand's Strategy 2020



/ MISSION: "WE DELIGHT CUSTOMERS WORLDWIDE"

"Vorsprung durch Technik" comprises the brand values sportiness, progressiveness and sophistication. This is reflected in our products, which are noted first and foremost for their modern design, technological innovations and high material and build quality. In addition, we want to evoke customer delight worldwide, in all its facets. The mission to delight customers therefore remains at the heart of our Strategy 2020.

To that end, the Audi brand has defined the following four areas of action that are being continually reassessed, refined and refocused.

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

// WE DEFINE INNOVATION

In order to continue delivering our brand essence "Vorsprung durch Technik" in the future, we will offer our customers not just sporty, high-quality, innovative vehicles, but also comprehensive mobility solutions. We develop important key technologies for alternative drive systems, lightweight construction and connectivity to production maturity. The innovative character of the brand with the four rings is also highlighted by its modern and unmistakable design idiom.

On top of this, for over 30 years Audi has been one of the technologically leading car manufacturers in all-wheel drive with its quattro drive concepts, and has played a decisive role in pioneering its development.

All activities related to electric driving are promoted under Audi e-tron. Our medium-term goal is to bring a car with plug-in hybrid drive onto the market in every core car line. The intention is to make long-distance capability, zero local emissions, excellent driving dynamics and emotional appeal a reality, and to generate enthusiasm for electric driving. In addition, we are working systematically on refining all-electric drive systems.

Lightweight technology, too, is especially important at Audi. It is now 20 years ago that we first unveiled the Audi Space Frame (ASF) at the International Motor Show (IAA) in Frankfurt am Main, and we have been among the leaders in this field ever since. We have consistently refined lightweight technologies in an effort to make vehicles lighter. An intelligent mix of materials and the integration of functions and systems into trend-setting vehicle architectures bring us closer to our goal of sustainably reducing weight across the entire product range. In addition, we plan to position flagship lightweight models in every vehicle segment in the future. A low vehicle weight is also among the key fundamentals for electrification of the drive system in order to compensate for the extra weight of the battery and reduce the amount of energy required.

The growing connectivity and digitization of our society is becoming increasingly significant. Audi uses the term Audi connect to denote all functions that connect the driver with the Internet, the car and the world around him or her. Our customers benefit from attractive, innovative Internet and smartphone applications that are integrated into the car as user-friendly solutions.
In addition, Audi is working intensively to refine car-to-X technologies that in the future will enable the transfer of data from one car to another, as well as direct communication with the infrastructure, for example with traffic signals. Audi is also a prime mover in the field of driver assistance systems and is working hard to advance the principle of piloted driving. This means that vehicle systems take charge of driving the car for a limited period, offering the prospect of even more convenient driving – such as piloted driving in traffic jams and when parking.

// WE CREATE EXPERIENCES

One means of delighting our customers is to create positive customer experiences, for example by offering innovative sales formats such as Audi City. This cyberstore principle for major cities – currently available to customers in London, Beijing and Berlin – gives customers the opportunity to experience our steadily growing model range virtually, complete with the full array of colors and equipment.

Unique events put on by the Audi brand in German cities – such as the annual Audi Classic Open Air Festival in Berlin and exciting yacht races at the Kieler Woche regatta – provide unforgettable experiences and emotion-packed moments.

Audi driving experience, the program for driving and safety training courses, is a way of getting to know the Audi brand's products first hand. A new Audi driving experience center is currently being constructed on a 47-hectare site in Neuburg an der Donau.

Another way in which our customers can experience Audi emotionally is to pick up their new car in person from the Audi Forum in Ingolstadt or Neckarsulm. If the buyer so chooses, he or she can be accompanied by a customer relationship manager throughout the whole day, gain insight into the historical development of the brand with the four rings, and discovers on an individual tour of the plant the sheer precision and care that go into building the cars of the Audi brand.

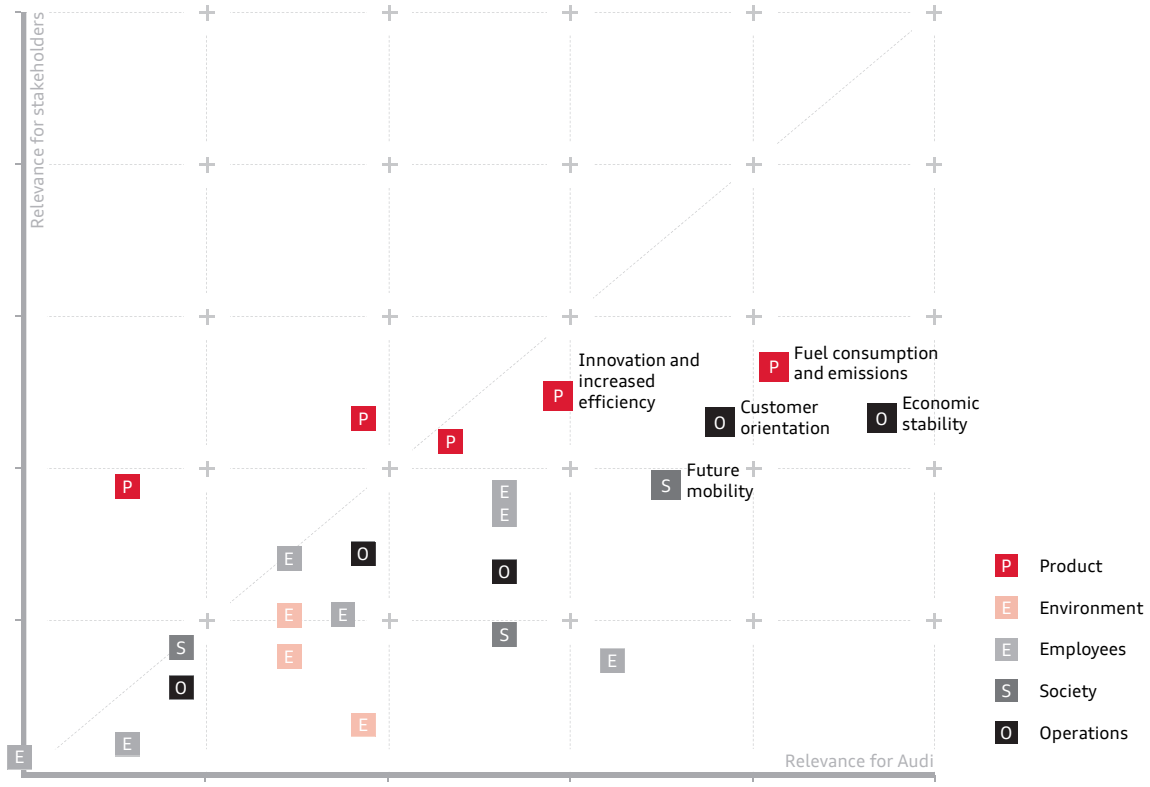
// WE LIVE RESPONSIBILITY

In the area of action "We live responsibility," Audi has strategically grouped together all activities concerned with sustainability. "We live responsibility" rests on the three pillars of sustainability: society, ecology and economy. To implement these in practice, we have focused on the five core themes "Product," "Environment," "Employees," "Society" and "Operations." For each of these core themes, the Audi Group has defined goals, projects and measures that were published for the first time in 2013 in the Audi Corporate Responsibility Report. The goals of the sustainability strategy are derived both from internal requirements and from the expectations of the various stakeholders.

The relevance of key sustainability topics is summarized in what is known as the materiality matrix and regularly updated with new findings. For example, in 2013 a total of 1,500 employees in Germany and abroad were asked to evaluate the significance of sustainability topics in the Audi Group. To supplement employee input, the Company regularly invites representatives of various stakeholders to participate in discussion forums as a way of specifically promoting the dialogue about responsibility and sustainability. The materiality analysis reveals that product-related topics are viewed as especially relevant for sustainability both within the Company and by external stakeholders. The stakeholders attribute a similar level of importance to the economic stability of the Company.

To gauge its sustainability performance, Audi took part as in previous years in the renowned oekom research corporate rating and achieved "Corporate Responsibility Prime Status" for its above-average commitment. The information gleaned from the rating is channeled into guidelines and activities in order to strengthen our corporate responsibility.

Materiality matrix



// WE SHAPE AUDI

The challenges presented by continuous volume growth, a steadily expanding product range, growing internationalization and the development of new technologies and business areas can only be tackled by drawing on the expertise, passion and innovativeness of all employees, and on an organization specifically primed to handle them. Structures and processes are therefore constantly being refined and adjusted. Product and investment decisions are made specifically with an eye to delivering maximum customer benefit.

/ GOALS

// SUPERIOR FINANCIAL STRENGTH

A sustained and continuous profit performance is the indicator of a company's financial strength. Within the scope of our value-oriented, responsible corporate management approach, growth only meets the premium standards of Audi if it is simultaneously profitable. In other words, qualitative growth is our priority. Effective structures and processes, systematic investment management and the ongoing optimization of costs are of prime importance.

Thanks to our high level of self-financing, we have considerable scope to invest and act. Fundamentally covering investment from self-generated cash flow remains a key pillar of our corporate strategy. In addition, the key rate of return ratios reflect our Company's high profitability and provide evidence that the Audi Group is among the most successful automotive manufacturers in the world.

*Detailed information on the **"Financial performance"** and **"Financial position"** of the Audi Group can be found on pages 173 f. and 176.*

// CONTINUOUS GROWTH

With a total of 1,575,480 (1,455,123) cars delivered, the Audi brand did not merely establish a new deliveries record in the 2013 fiscal year, but also achieved the volume target of delivering 1.5 million vehicles – originally set for 2015 – two years earlier than planned. The major drivers of demand included in particular our attractive premium compact vehicles in the new A3 family, as well as the Q3 and Q5 SUV models. We intend to achieve our growth target of delivering more than 2.0 million vehicles by continuing the product initiative and growing our market shares in a large number of sales markets. The Audi Group is consequently also increasing the number of its dealer and service outlets worldwide. Furthermore, we are broadening the basis for our business model through the continued expansion of our international production network – for example in Hungary, Mexico, Brazil and China.

*Further information can be found in the sections **"Production"** and **"Deliveries and distribution"** on pages 165 ff.*

// TOP IMAGE POSITION AND CUSTOMER MIX

For a premium manufacturer, a strong brand and a positive image pave the way for lasting corporate success. In order to safeguard our position both now and in the future, image ratings that are better than the competition and a corresponding customer mix – for instance in terms of average age, values and price acceptance – are vitally important. Our goal is to keep improving our image position and our attractive product range. We aim to delight customers in all age and social brackets with our sporty, high-quality, innovative vehicles, and establish an emotional bond to the Audi brand. A large number of national and international awards and analyses confirm the positive image and public enthusiasm for the brand with the four rings.

In the 2013 AUTO BILD reader poll for "The best brands in all classes," around 100,000 readers cast their vote, putting Audi in first place in ten different classes. The Audi A3, A4, A5, A6, A7, A8, TT, Q3, Q5 and Audi Q7 took first places for quality. Readers voted on models in 13 different automotive categories. The criteria were quality, price and design (AUTO BILD, issue 9/2013, p. 59 ff.).

First places were awarded to three Audi models in the "red dot award: product design 2013." The Audi R8 received the accolade of "red dot: best of the best" in recognition of its high design quality. The Audi A3 Sportback, already a multiple award winner, and the Audi S3 each received the "red dot" award for their high design quality (www.red-dot.de/pd/online-exhibition/?lang=en&c=166&a=0&y=2013&i=0&oes=).

A survey conducted by AUTO ZEITUNG regularly rates the image of car manufacturers. For the ninth year in a row, its readers voted the brand with the four rings into the top spot in the "Image Report 2013." Audi was their brand of choice in a total of nine different categories, including "best build quality," "most appealing brand," "quality," "successful in motorsport" and also "has good advertising" (AUTO ZEITUNG, issue 10/2013, p. 120 ff.).

On an international level, the Audi brand was also viewed favorably. In the "Best Cars 2013" reader poll conducted by the Chinese edition of the magazine auto motor und sport, we captured the top spot in an impressive ten categories. The locally built Audi A6 L was declared the best vehicle in the "Upper Midsize Category" and the "Local Upper Midsize Category." The Audi Q5 and A8 L models also emerged as category winners. In addition, Audi finished top of the brand ratings with a total of six awards, and received the accolade of "most environmentally friendly manufacturer" (auto motor und sport China, issue 2/2013, p. 66 ff.).

The Ducati brand too received an array of awards in 2013. For example, the new Ducati 1199 Panigale S achieved first place as "red dot: best of the best 2013" in the "red dot award: product design 2013" (www.red-dot.de/pd/online-exhibition/%20work/?lang=en&code=2013-16-2099). In addition, the Robb Report awarded the accolade "Best of the Best 2013" to the Ducati 1199 Panigale R (www.robbreport.com/paid-issue/best-best-2013-motorcycles-sportbike-ducati-1199-panigale-r). Moreover, at the EICMA 2013 (Esposizione Internazionale Ciclo Motociclo e Accessori) in Milan, the biggest international motorcycle exhibition, the Ducati Monster 1200 was voted "Most Beautiful Bike of the Show" in a poll of around 10,000 visitors conducted by the Italian magazine MOTOCICLISMO (www.motorbikenews.co.uk/new-ducati-monster-1200-beautiful-bike-show/).

// LEADERS IN INNOVATION

The Audi brand lays claim to the status of design and technology leader. We have set ourselves the task of offering our customers sporty, high-quality and innovative vehicles, along with pioneering mobility solutions. Aligning advanced technology with customer expectations is our overriding objective.

Audi adopts an integrated view of innovations along the entire value chain. In 2013, it thus stepped up activities designed to generate innovations across the divisions and bring them to production maturity. All innovations have a focus within one of the four core technology areas – forward-looking vehicle architectures, highly efficient vehicles, integral mobility technologies and unmistakable product experience. These core topics are firmly positioned within the research and development strategy, and are followed up and managed on the basis of individual projects.

The successful Audi innovation strategy is also reflected in the significant increase in patent first filings. In 2013, these were up 40 percent on the previous year.

Reflecting our ambition to be leaders in innovation, 2013 saw us again invest substantial amounts in highly complex office and test-bench buildings at our development locations. Beginning in 2014, for example, we plan to test innovative technologies at our new Motorsport Center in Neuburg an der Donau in preparation for adopting them in series production; these include Audi lighting technology, lightweight construction, electrification as well as our TDI and TFSI engine concepts.

Audi technologies and its design received multiple awards in 2013. For example, the jury of the renowned magazine MIT Technology Review listed us among the 50 most innovative companies in the world for our piloted driving concept (www.hanser-automotive.de/aktuelle-branchen-news/article/audi-unter-den-top-50-der-mit-technology-review.html – link only available in German).

*Further awards for our products and design are presented under the goal **"Top image position and customer mix"** on page 150.*

*You can read about other awards for our engines and technologies such as Audi connect in the section **"Research and development"** on pages 158 ff.*

Research and development activities reached a total of EUR 3,966 (3,435) million in the past fiscal year. This represents 8.0 (7.0) percent of revenue.

// ATTRACTIVE EMPLOYER WORLDWIDE

In order to become the leading premium brand worldwide, the Audi Group is reliant on the expertise and commitment of the best and most highly qualified employees. It is important to us to offer our workforce an exciting and challenging working environment with wide-ranging opportunities for development, commensurate and attractive pay, and a high level of job security. We regularly conduct in-house surveys among our employees in order to gauge their sentiment and maintain satisfaction levels.

*Further information on employee attractiveness can be found under "**Employees**" on pages 188 ff.*

In view of our continuing international expansion and global presence, it is fundamentally important for the Audi Group to be perceived as an attractive employer worldwide. In regions where we have major locations and branches, we want to continue to count among the top employers in the future too. We use national and international ratings to assess our attractiveness as an employer all over the world.

For example, in early 2013 we finished top of the prestigious employer rankings compiled by the consultants trendence and Universum for the fourth time in succession. Future engineers and economists again voted Audi the most popular employer in Germany ("trendence Graduate Barometer 2013 – Business and Engineering Edition," May 15, 2013; "The Universum German Student Survey 2013," May 2, 2013).

The participants of a survey conducted by management consultants Aon Hewitt and the international student organization AIESEC voted the Hungarian subsidiary AUDI HUNGARIA MOTOR Kft., Győr, the country's most attractive employer for the fifth time in a row (www.budapester.hu/2013/03/09/audi-hungaria-weiterhin-bester-arbeitsplatz/ – link only available in German).

In Belgium, a poll on the Internet platform Références/Vacature in association with the personnel consulting agency Acerta and the Vlerick Business School awarded AUDI BRUSSELS S.A./N.V. the title of "Employer of the Year 2013" for the first time ever. This was the outcome of a survey carried out among some 9,000 young professionals, combined with the ratings of a panel of experts (www.bruessel.diplo.de/Vertretung/bruessel/de/06_20Wirtschaft/Aktuelles_20aus_20der_20Wirtschaft/Seite__Employeroftheyear2013.html – link only available in German).

// SUSTAINABILITY OF PRODUCTS AND PROCESSES

Early in 2013, Strategy 2020 was expanded to include the corporate goal "Sustainability of products and processes." The ambition to make all products and processes sustainable along the entire value chain reflects Audi's perception of its own entrepreneurial actions. We aim to further reduce CO_2 emissions in our products' phase of use, and use natural resources sparingly during our production processes.

*An overview of the measures in the area of **"Corporate Responsibility"** can be found at www.audi.com/cr.*

MANAGEMENT SYSTEM

To realize our ambitious strategic objectives, we use a variety of key figures to manage the Audi Group and evaluate our performance and level of target achievement. In this section, we use our strategic goals as the starting points to present how the management process within the Audi Group takes place and what key figures we use as the main points of reference. The management system includes both purely financial key figures and also non-financial indicators. The priority key figures within this management system are also explained in greater detail below.

/ MANAGEMENT PROCESS IN THE AUDI GROUP

The Audi Group is incorporated as an integral part of the Volkswagen Group's management process. In addition to the parent company, management of the Audi Group also encompasses its subsidiaries, and consequently takes account of the complex value chains and organizational structures as well as legal requirements. The basis for managing the Audi Group is the medium-term planning, which is drawn up once a year and serves as the core element of our operational planning over a five-year period.

In order to shape the future of the Company, the individual planning topics are determined on the basis of their time horizon:

- The strategic, long-term determinant of corporate policy is the product range.
- The long-term sales plan highlights market and segment trends and is the basis for identifying the Audi Group's delivery volume.
- The individual locations are allocated on the basis of the capacity and utilization plan.

The financial medium-term planning incorporates the coordinated results of the upstream planning processes. This includes investment planning as an input for determining future alternatives for products and courses of action, financial planning of the income statement, financial and balance sheet planning, as well as profitability and liquidity planning.

The budget for the coming year is determined on the basis of the first year from the medium-term planning and is planned in binding detail for the individual months of the year, down to operational cost-center level.

Over the course of the year, the budget is monitored and checked on a monthly basis to assess the level of target achievement. Here, target/actual and prior-year comparisons, deviation analyses and, if necessary, action plans are used as instruments of control to reinforce the budgeted objectives. Detailed advance estimates are drawn up on a rolling basis for the respective next three-month period and also for the full year, taking into account current risks and opportunities. Management over the course of the year is thus all about continuously adapting to internal and external circumstances. At the same time, the current forecast serves as the basis for the next medium-term and budget planning.

/ *PRIORITY KEY FIGURES OF GROUP MANAGEMENT*

Management of the Audi Group adopts a value-oriented corporate steering approach and, taking the goals of the strategy as the starting point, is based principally on the following priority key figures:

- Deliveries to customers
- Revenue
- Operating profit
- Operating return on sales
- Return on investment (ROI)
- Net cash flow
- Ratio of investments in property, plant and equipment

The handover of a new vehicle to the final customer is defined as a delivery to customer; we use this as a non-financial key figure for management purposes. This key figure reflects customer demand for our products. Increasing the deliveries to customers is closely related to the strategic goal of continuous growth to more than 2.0 million Audi vehicles delivered. Steady demand for our products safeguards sales and production, and therefore capacity utilization at our locations.

The priority key figures of a financial nature include revenue, which is a financial reflection of our market success. Our fundamental entrepreneurial activity and therefore the economic performance of the core business area is shown in operating profit, which is the balance of revenue and resources deployed, along with the other operating result. We also define the operating return on sales, expressing the ratio between the operating profit generated and revenue, as a priority key figure.

Return on investment (ROI) is used as an instrument of internal management for evaluating various investment projects in terms of their return on the capital employed, depending on their nature and scale. We obtain this indicator by placing operating profit after tax in relation to average invested assets.

Net cash flow shows the cash inflow from operating activities less investment spending from business operations, without consideration of cash deposits and changes in participations, and serves as an indicator of our Company's economic stability and level of self-financing.

The ratio of investments in property, plant and equipment indicates the innovative strength of the Audi Group. It measures the investment volume in property, plant and equipment against revenue. Investment spending in essence comprises the financial resources for updating and expanding the product range, for developing environmentally friendly engines and for increasing capacity, as well as for improving the Audi Group's production processes.

*For further information and explanations on **"Deliveries and distribution"** and on the **"Financial performance indicators,"** please refer to pages 168 ff. and 173 ff. respectively.*

*On pages 180 ff. we describe other non-financial key figures as well as goals and measures in the area of **"Corporate Responsibility."***

SHARES

/ STOCK MARKET DEVELOPMENTS

The past fiscal year saw stock markets worldwide benefit considerably from the policy of low interest rates being pursued by major central banks such as the U.S. Federal Reserve (Fed) and the European Central Bank (ECB). In addition, the global financial and capital markets were lifted by a moderate improvement in the economic environment in many leading industrial nations, particularly starting in the second half of the year.

The German stock market initially yielded slightly at the start of the year. The German Share Index (DAX) reached its low for the year of 7,460 points in April 2013 – a loss of around four percent compared with the start of the year. The lead index subsequently moved sideways up until around May 2013, amid high volatility. The DAX then increasingly gained momentum in the second half, to reach an all-time high of 9,589 points on December 27, 2013.

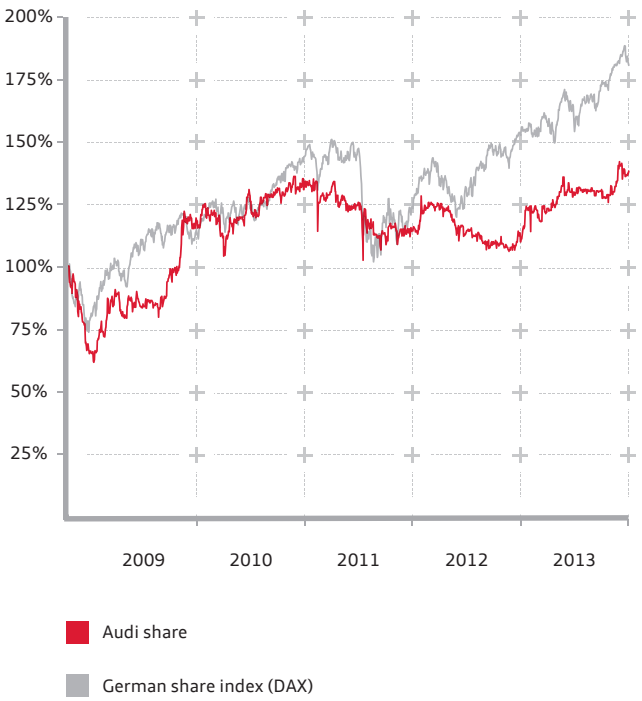
The DAX closed the year at 9,552 points, 23 percent up on the position at the start of 2013.

/ AUDI TRADING PRICE TREND

Audi shares started trading at EUR 532 in the past fiscal year. After reaching the low for the year of EUR 530 on the second day of trading, the shares demonstrated a steady upward trend over the remainder of the year. That mood helped the securities to an annual high of EUR 678 on November 13, 2013.

In the second half of the year in particular, Audi shares benefited less from the central banks' low-interest policy than the German lead index DAX, for instance. The shares closed the last day's trading of 2013 at EUR 643 – around 21 percent up on the price at the start of the year.

Indexed Audi Trading Price Trend
(ISIN: DE0006757008, WKN: 675700)



/ PROFIT TRANSFER AND COMPENSATORY PAYMENT TO SHAREHOLDERS

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 shareholders 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 May 13, 2014.

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, 2013, 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 notional share of EUR 2.56 of the subscribed capital.

/ SHAREHOLDERS' RIGHTS AND OBLIGATIONS

Shareholders 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. Shareholders 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 shareholders (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 shareholders 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 shareholders, 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 shareholder 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 shareholders 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.

ECONOMIC REPORT

The Audi Group held its ground in 2013 in a challenging market environment and increased deliveries of the core brand Audi by 8.3 percent to 1,575,480 cars. As a result, the strategic goal of delivering over 1.5 million vehicles to customers worldwide was easily exceeded two years earlier than planned.

BUSINESS AND UNDERLYING SITUATION

/ *GLOBAL ECONOMIC SITUATION*

Growth in the global economy picked up speed over 2013, but at 2.5 (2.6) percent the rate of increase was slightly below that of the previous year due to the subdued economic performance of the first half. From a low starting level, the economic situation in industrialized nations improved somewhat, despite continuing structural challenges. On the other hand, most emerging economies again achieved above-average growth rates. Though many central banks adhered to expansionary monetary policies, average inflation for the year remained at a moderate level overall.

In Western Europe, economic development stagnated mainly as a result of the sovereign debt crises and the continuing structural problems. In the previous year, gross domestic product had even dipped by 0.3 percent. Despite signs of a slight recovery, most countries on the southern fringe of Western Europe again saw negative rates of growth. In contrast, the economic development in the remaining Western European countries was predominantly positive. Meanwhile, tension in the labor market in Western Europe showed no signs of easing. The unemployment rate rose to 11.3 (10.7) percent and thus remained above the long-term average. In Greece, Spain, Portugal and Cyprus, the unemployment rate was significantly higher.

Economic growth in Germany was down on the previous year at 0.5 (0.9) percent. The domestic economy showed upward tendencies thanks to the continuing favorable trend in the labor market and positive consumer confidence. At the same time, the still-moderate performance of the global economy held back international trade by the export-focused German economy.

Economic development in Central and Eastern Europe exhibited a slowdown over the past year. The principal cause was the more subdued development of the Russian economy, which expanded by a mere 1.6 (3.4) percent.

In the United States, gross domestic product was up just slightly by 1.9 (2.8) percent despite more buoyant consumer confidence and the improved labor market. Growth was inhibited by the tax increases and state spending cuts which took effect at the start of the year.

The Latin America region, on the other hand, saw the pace of economic development quicken slightly. Gross domestic product in Argentina and Brazil increased by 4.9 (1.9) percent and 2.3 (1.0) percent respectively, though structural deficits and high inflation continued to weigh on development in both countries.

Asia's emerging economies again enjoyed the most dynamic rates of expansion in 2013. China exceeded the state target of 7.5 percent to achieve a growth rate of 7.7 (7.7) for gross domestic product. China was therefore the powerhouse of the global economy once again. In India, economic growth of 5.0 (5.1) percent was influenced by high inflation and a challenging economic environment.

Japan's gross domestic product climbed 1.7 (1.4) percent on the back of economic stimulus measures and the substantial devaluation of the yen.

/ *INTERNATIONAL CAR MARKET*

Global demand for cars grew at a rate of 5.0 percent in 2013 to 70.1 (66.7) million passenger cars – a new all-time record – despite the global economy's merely moderate growth. The development was driven by the Asia-Pacific and North America regions, while Latin America remained flat at the previous year's high level and European sales regions again contracted.

In Western Europe, the number of new cars registered fell by a further 1.9 percent compared with the already low prior-year figure. Despite a steadying of demand as the year progressed, the overall market volume of 11.5 (11.7) million units was the lowest for 20 years. Among Western Europe's volume markets, France and Italy suffered marked falls in sales of 5.6 and 7.1 percent respectively, whereas state incentives in Spain prevented a renewed contraction in the number of passenger cars sold. Increasing economic momentum led to strong consumer demand in the United Kingdom car market, bolstering new registrations by 10.7 percent. In Germany, on the other hand, overall market demand receded by 4.2 percent to 3.0 (3.1) million units despite more stable conditions in the second half of the year.

In Central and Eastern Europe, demand for cars fell mainly due to lower new registrations in Russia. Subsidies for car buyers from the Russian government failed to stave off a downturn in sales, which decreased by 5.7 percent to 2.6 (2.7) million passenger cars. On top of declining economic momentum, special levies on imported vehicles held back demand last year.

The U.S. car market, by contrast, was characterized by an above-average pace of growth. Above all favorable credit terms, improved consumer confidence and a continuing high level of replacement demand helped new registrations climb to 15.6 (14.5) million units – a rise of 7.7 percent or 1.1 million passenger cars and light commercial vehicles.

In Latin America, the Brazilian car market reached 2.8 (2.9) million units, the 3.1 percent fall meaning it only narrowly missed the previous year's record level. High demand in 2012 had reflected the widespread impact of tax breaks for newly registered cars. The market in Argentina performed better, with 8.9 percent more cars registered as new than in the previous year. At 640 (587) thousand units, this even beat the previous record from 2011.

The Asia-Pacific region was again the main driver of the worldwide car market in 2013, with new car registrations reaching 28.0 (25.8) million units. The Chinese car market proved especially dynamic. On the back of the robust general economic situation, it expanded by 17.0 percent to 15.8 (13.5) million new registrations. In India on the other hand, still-high financing costs and escalating fuel prices caused sales of new vehicles to slip by 6.7 percent to 2.4 (2.5) million units. The car market in Japan remained stable, at an unchanged 4.6 (4.6) million passenger cars.

/ INTERNATIONAL MOTORCYCLE MARKET

Worldwide demand for motorcycles in the displacement segment above 500 cc showed little consistency in the year under review. International registrations of new motorcycles in the established markets slipped marginally by 0.5 percent. In Spain and Italy, the persistently difficult overall economic situation prompted downturns in demand of 14.0 and 11.3 percent respectively. In France too, registrations of new motorcycles were down 9.1 percent. By contrast, sales of motorcycles in the United Kingdom and Germany remained stable. Those markets delivered slight growth of 1.1 and 1.8 percent respectively. The motorcycle markets in the United States and Japan gained ground against a backdrop of economic stability. Overall market demand grew slightly by 1.9 percent in the United States and by 3.6 percent in Japan.

/ MANAGEMENT'S OVERALL ASSESSMENT[1) 2)]

The Audi Group again performed very successfully in 2013 despite only moderate global economic growth. With 1,575,480 (1,455,123) Audi models delivered worldwide, we achieved our strategic target of 1.5 million vehicles two years earlier than planned. The substantial rise in deliveries of 8.3 percent is attributable not simply to higher overall demand for cars, but above all to our attractive model portfolio and its steady expansion. Deliveries of motorcycles of the Ducati brand likewise increased in 2013 compared with the period January through December 2012. Hand in hand with the positive development in deliveries, revenue for the Audi Group increased to EUR 49,880 (48,771) million. The Motorcycles segment saw its revenue fall from the 2012 level to EUR 573 (606) million, mainly as a result of lower other income. As part of our long-term approach to corporate management, the Audi Group again benefited from continuously optimized processes and cost structures along the entire value chain in 2013. In view of the cost-intensive input needed for new products and technologies, the expansion of our international production structures and the still-challenging environment in many markets, operating profit for the Audi Group of EUR 5,030 (5,365) million did not quite match the previous year's high level. The operating return on sales reached 10.1 percent and was therefore slightly above our strategic target corridor of 8 to 10 percent. Its performance in 2013 keeps the Audi Group among the most profitable vehicle manufacturers in the world. Taking account of additional depreciation in view of the revaluation of assets and liabilities for purchase price allocation, the Motorcycles segment achieved an operating return on sales of 5.7 percent. Adjusted for these extraordinary items, the operating return on sales for the Motorcycles segment came to 10.2 percent. Thanks to its high

1) Prior-year figures have been adjusted to reflect the revised IAS 19.
2) The prior-year (pro forma) figures for the Motorcycles segment refer to the full-year 2012 for ease of comparison with the forecast.

financial strength, the Audi Group increased its net cash flow to EUR 3,189 (–660) million in 2013 despite increased investment spending. Disregarding changes in participations, the net cash flow came to EUR 3,225 (2,907) million. As a result of our growth strategy, the average size of our workforce over the year increased to 71,781 (67,231) employees.

Forecast/actual comparison Audi Group

	Actual 2012	Forecast for 2013	Actual 2013
Deliveries to customers – Audi brand	1,455,123	further increase	1,575,480
Deliveries to customers – Ducati brand [1]	44,102	rise	44,287
Revenue of the Audi Group in EUR million	48,771	slight increase	49,880
Revenue of the Automotive segment in EUR million	48,562	slight increase	49,310
Revenue of the Motorcycles segment in EUR million [1]	606	rise	573
Operating return on sales of the Audi Group in percent	11.0	at the upper end of the strategic target corridor of 8 to 10 percent	10.1
Operating return on sales in the Motorcycles segment in percent [1] [2]	10.5	8 to 10 percent	10.2
Net cash flow [3] in EUR million	2,907	positive net cash flow	3,225
Workforce (average for the year)	67,231	further increase	71,781

1) The prior-year (pro forma) figures for the Motorcycles segment refer to the full-year 2012 for ease of comparison with the forecast.
2) Operating return on sales for the Motorcycles segment adjusted for additional depreciation in view of the revaluation of assets and liabilities for purchase price allocation.
3) Net cash flow before changes in participations

RESEARCH AND DEVELOPMENT

The Research and Development area is of fundamental importance for the long-term success of a premium car manufacturer. The Audi brand focuses its activities above all on the development of innovative engines, alternative drive concepts and lightweight construction as well as on the unmistakable Audi design and the consistent advancement of infotainment solutions and driver assistance systems.

In the period under review, an average of 9,832 (8,937) employees worked in the Research and Development area of the Audi Group.

Employees in the Research and Development area

Average for the year	2013	2012
AUDI AG	7,519	7,045
AUDI HUNGARIA MOTOR Kft.	223	180
Automobili Lamborghini S.p.A.	250	245
Italdesign Giugiaro S.p.A.	743	694
PSW automotive engineering GmbH	633	537
Ducati Motor Holding S.p.A.	189	88
Other [1]	275	148
Workforce in the Research and Development area	**9,832**	**8,937**

1) Of which 271 (145) employees at Audi (China) Enterprise Management Co., Ltd.

Research and development activities in the 2013 fiscal year reached a total of EUR 3,966 (3,435) million. Development costs amounting to EUR 1,207 (923) million were capitalized, representing a capitalization rate of 30.4 (26.9) percent. Depreciation including reversals on capitalized development costs totaled EUR 528 (429) million.

Research and development activities

EUR million	2013	2012
Research expense and non-capitalized development costs	2,759	2,513
Capitalized development costs	1,207	923
Research and development activities	**3,966**	**3,435**

/ TECHNICAL INNOVATIONS

// NEW ENGINES – DRIVING FUN AND EFFICIENCY

We systematically refined our range of engines in the past fiscal year with the aim of providing maximum on-road agility and performance from minimal fuel. To that end, Audi is pursuing the principle of downsizing, preferring turbocharged to high-displacement engines.

After a fundamental overhaul that has also led to increased power outputs, the range of engines for the A8 car line, for example, is now even more fuel-efficient. The 3.0 TDI clean diesel developing 190 kW (258 hp) is its most efficient power unit, with average consumption of only 5.9 liters of diesel fuel and CO_2 emissions of 155 g/km.

Another example of high on-road power coupled with fuel economy is the 2.0 TFSI in the new S3 Sedan – the new car line's top version. With an output of 221 kW (300 hp), the four-cylinder turbo in conjunction with the 6-speed S tronic transmission uses an average of 6.9 liters of Super Plus gasoline and emits 159 g CO_2/km.

Audi is also demonstrating its engine manufacturing expertise through innovative cylinder on demand technology. This paves the way for cutting fuel consumption by as much as 20 percent by deactivating cylinders. The cylinder on demand principle is already available on the 1.4 TFSI in the A1 and A3, and also for the 4.0 TFSI in the RS 6 Avant, RS 7 Sportback, S6, S6 Avant, S7 Sportback and S8. The 103 kW (140 hp) 1.4 TFSI with 7-speed S tronic transmission in the new A3 achieves average fuel consumption of only 4.7 liters of premium gasoline per 100 kilometers, with CO_2 emissions of 110 g/km. In the first half of 2014, cylinder on demand technology will also become available on the W12 engine in the new Audi A8 L.

// AWARDS FOR AUDI ENGINES

Audi engines with a wide variety of displacement sizes and number of cylinders won an array of awards again in 2013. The Audi 2.5 TFSI engine, for example, was voted "International Engine of the Year" for the fourth time in succession in its category. This was the verdict of a panel of 87 motoring journalists from all over the world. The two Audi core technologies of turbocharging and FSI direct injection in particular contributed towards its win (www.ukipme.com/engineoftheyear/2_25.php#2).
In January 2014, Audi also received the "Ward's 10 Best Engines" award in the United States for its development work on the latest version of the 1.8 TFSI engine. In the 20th year of this award, our power unit was listed among the ten best engines. This list was compiled by eight automotive journalists who tested and rated 44 engines and drive systems in everyday conditions in the greater area of Detroit (www.wardsauto.com/ward039s-10-best-engines/2014-winner-vw-18l-tsi-turbocharged-dohc-i-4).

// LIGHTING TECHNOLOGY

Audi has been systematically advancing lighting technology for many years now – from LED daytime running lights to the LED headlights that are now already available in a number of car lines. As conspicuous design features, the headlights not only define the appearance of Audi models, but also make a major safety contribution by illuminating the road effectively.

Audi first unveiled its Matrix LED headlights – the high-end solution in automotive lighting technology – in the latest A8 version. This technology uses almost one billion different lighting scenarios to fully illuminate the road at all times without dazzling other road users. The high-beam section of the Matrix LED headlights is divided up into 25 small light-emitting diodes, of which groups of five shine through the same reflector. When the light switch is set to Automatic and the high beams are on, the system comes on automatically outside of urban areas above a speed of 60 km/h. As soon as a camera in the A8 detects other road users, individual LEDs in the headlights are switched off or dimmed. Thanks to this function, oncoming or preceding vehicles are masked out and their drivers not dazzled, but all other areas are fully illuminated. When there is no more oncoming traffic or the preceding vehicle is out of the headlights' range, the high-beam headlights then

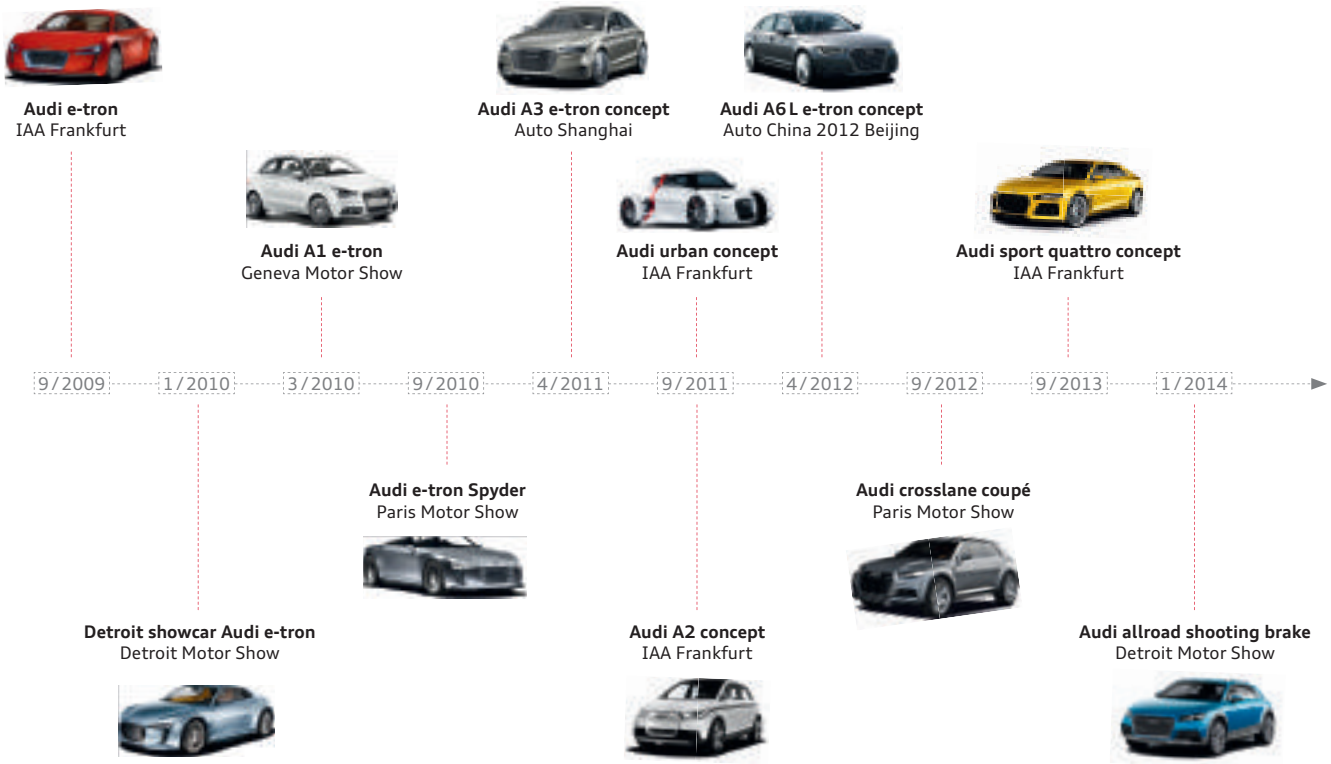
resume full power, including the sections that had previously been off. There is also the supplementary function of marker lights, which are linked to the optional night vision assistant. If a person is detected in the critical area in front of the car, individual LEDs flash three times in short succession. This picks out the pedestrian from their surroundings and alerts the driver. The function of predictive cornering lights is also realized using light-emitting diodes in the Audi Matrix LED headlights. These adjust the light's focal point in the direction of the bend by specifically increasing or dimming the light intensity just before the steering has even been turned.

As well as increasing convenience, Matrix LED headlight technology demonstrably benefits fuel efficiency. The European Commission has confirmed this in bench tests and recognized our new lighting technology as an eco-innovation (www.automobilwoche.de/article/20130417/NACHRICHTEN/130419923/eu-bestatigt-erstmals-oko-innovation-eines-autoherstellers – link only available in German).

/ *FUTURE MOBILITY*
// *AUDI E-TRON*

Electric drive systems are acquiring increased importance as a means of further reducing our vehicles' CO_2 emissions and establishing the basis for carbon-neutral mobility. The Audi Group has brought together all activities that revolve around electric mobility under Audi e-tron. The emphasis is on a comprehensive approach where all systems and components are harmonized in order to fully exploit their potential. We unveiled the first showcar with electric drive as far back as fall 2009, and a great many studies and concept cars have since followed. In 2013, the Audi Group presented another concept vehicle at the International Motor Show (IAA) in Frankfurt am Main to mark the 30th anniversary of the Sport quattro – the Audi Sport quattro concept. The Audi allroad shooting brake showcar followed in January 2014 at the Detroit Motor Show. The first Audi production model with plug-in hybrid drive in the form of the A3 Sportback e-tron will go on sale in 2014 – further models will follow.

Audi e-tron studies



// COMBINED CHARGING SYSTEM

Our all-embracing approach to the development of electric mobility covers all aspects of electric driving, including charging technology.

The Combined Charging System is a cross-manufacturer, universal charging system for electric vehicles. It is the result of cooperation between the Audi Group and several other German and American carmakers, with the primary aim of standardizing the charging system. The objective is to reduce the cost and complexity of both developing and using electric vehicles by defining a standard vehicle interface. This standardization goes beyond the actual plug. It involves an integral charge control system and electrical architecture in the Combined Charging System for all types of charging – with alternating or direct current – and also includes uniform safety devices. This cuts costs and facilitates the worldwide spread of electric driving.

// OUTSTANDING SUCCESSES IN MOTORSPORT

2013 saw Audi win the legendary 24 Hours of Le Mans with the hybrid model Audi R18 e-tron quattro for the second successive year, bringing the total number of wins for the brand with the four rings to 12 in just 15 years. In addition to this victory, we staged a successful defense of our World Champion title in the Driver and Manufacturer classifications of the FIA World Endurance Championship (FIA WEC), of which 2012 had been the inaugural season.
In the 2013 season of the German Touring Car Masters (DTM), Audi had the winning driver for the fifth time in the past seven years in Mike Rockenfeller, and also the most successful team in the shape of "Phoenix Racing."

// OPENING OF AUDI E-GAS PLANT IN WERLTE

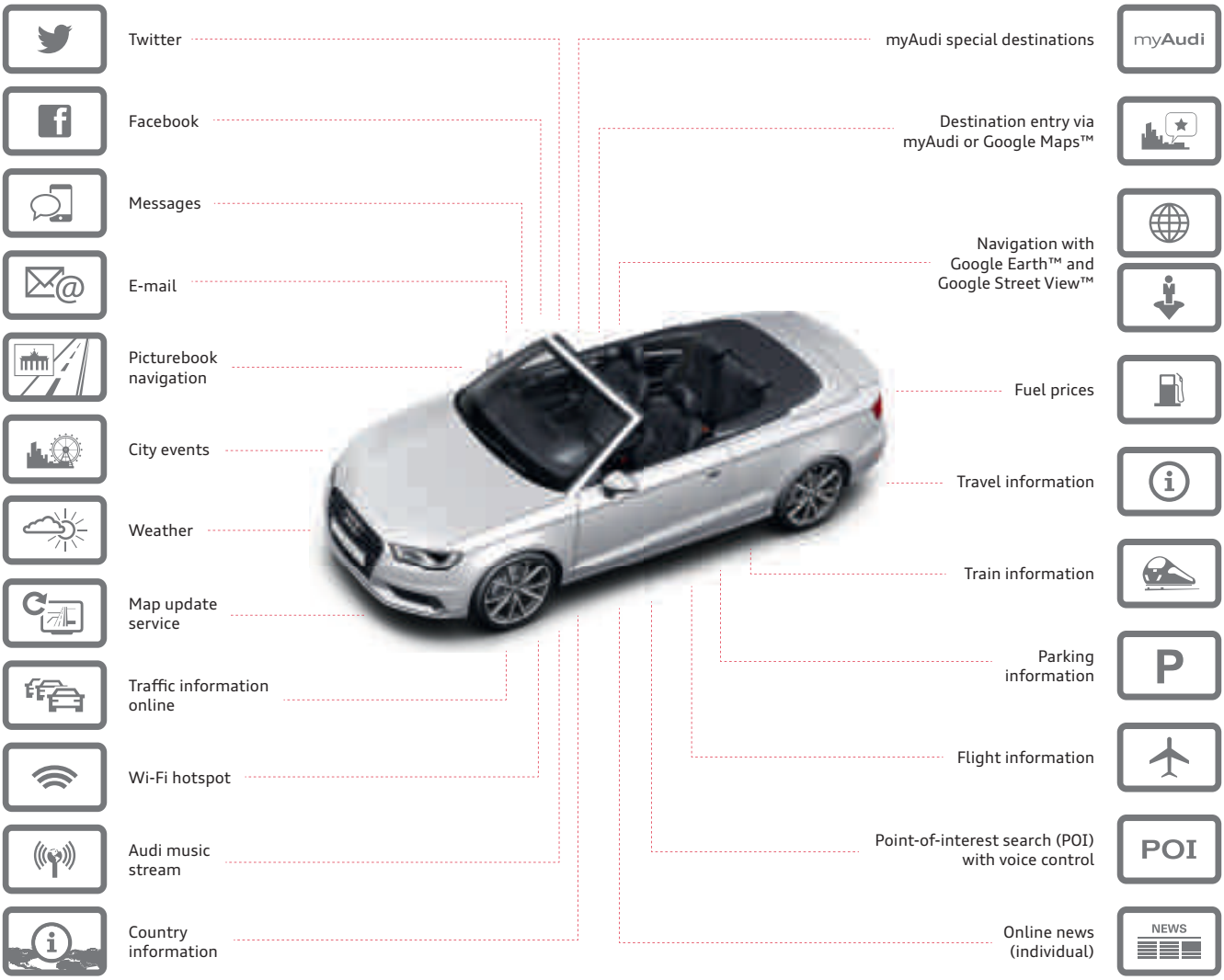
The Company took another step towards sustainable, carbon-neutral mobility with the opening of the Audi e-gas plant in Werlte in summer 2013. Using electricity generated from renewable sources, such as wind power, it produces synthetic methane, which in chemical terms is almost identical to natural gas. Natural gas vehicles, such as the A3 Sportback g-tron, can run on this fuel. This vehicle runs almost carbon-neutrally, because it only releases as much CO_2 into the atmosphere as was previously captured in the production process for the gas. In the wider well-to-wheel calculation, which also includes the CO_2 emissions generated by the construction of wind turbines and the Audi e-gas plant, the CO_2 emissions of the A3 Sportback g-tron are below 20 g/km. This environmental footprint takes account of CO_2 emissions along the entire process chain. It has been audited and certified by TÜV NORD to the standard DIN EN ISO 14040.
However, the Audi e-gas plant is about more than simply producing a renewable fuel. For example, surplus power can be converted into Audi e-gas, fed into the public gas distribution network and stored for later use.
A specially created Audi e-gas fuel card is a further interesting aspect for owners of the A3 Sportback g-tron. The amounts of gas filled at public natural gas filling stations are recorded using an accredited method, along similar lines to those already used by customers of green power. When paying with the fuel card, the amount of gas purchased is automatically registered and then deducted from the total amount of Audi e-gas that the Audi e-gas plant in Werlte has previously supplied to the natural gas network.

/ AUDI CONNECT

In this day and age we are connected at all times and everywhere – at home, at work and while out and about. Audi connect ensures that our customers are also connected to the wider world when in their Audi, via a vehicle-integrated data module. The optional MMI Navigation plus, which already includes MMI touch in the Audi A3, A6, A7 Sportback and A8 car lines, gives the driver intuitive, swift access to Audi connect services. The scope for making complex inputs by writing with the finger or by voice input not only makes the operating process simpler, but also helps to improve vehicle safety. This is a landmark development in the automotive human-machine interface by the Audi brand.

Depending on model, Audi connect already offers as many as 23 different services spanning the navigation, mobility, communication and infotainment areas.

Audi connect services



In addition, the new A3 already offers the ultra-fast transmission path Long Term Evolution (LTE). This allows transfer speeds up to ten times faster for Audi connect services compared with the previous UMTS standard. The benefits for the driver include faster displaying of Google Earth™ and Google Street View™ images. Audi connect services such as weather and traffic information online can also be called up faster. Substantial volumes of data can be uploaded and downloaded via the Wi-Fi hotspot, which is integrated into the module. Passengers can use the Internet or mail services with up to eight mobile devices. It is also possible to call up online films in HD quality and photo galleries from the vehicle. LTE transmission even permits in-car video conferences and video gaming in real time.

*For detailed information on our **Audi connect** services, visit www.audi.com/connect.*

The Audi brand received the award “Best Navigation Solution” in June 2013 for its navigation system MMI Navigation plus and the integration of Google Street View™ into the Audi connect range of services. This is now the fifth successive Telematics Update Award for Audi (http://analysis.telematicsupdate.com/other/2013-telematics-update-awards-recap).

/ DESIGN

For many years, the Audi brand has enjoyed an outstanding reputation for unmistakable design. It is our ambition to advance our design strategy universally, without abandoning the existing design idiom. We want to differentiate more between the individual model lines in the future. At the same time, more technical aspects will become evident in their design.

At the Detroit Motor Show in January 2014, we presented the Audi allroad shooting brake showcar – a unique crossover concept for all roads and tracks, for everyday and leisure use. The vehicle combines a host of visual elements from future sports car models with the typical allroad concept and the independent body form of the Audi allroad shooting brake. Form and function become one. An aluminum underbody guard at both front and rear accentuates the vehicle's width. It also provides protection for off-road driving. The design elements that are typical of e-tron models, such as the ribs in the Singleframe grille and in the side air inlets, fit in harmoniously with the overall design concept. The dual headlights and honeycomb-structured Singleframe grille indicate the further development of the quattro design language, which Audi already presented with its Sport quattro concept showcar and the Audi nanuk quattro concept at the International Motor Show (IAA) in Frankfurt am Main in September 2013. In the sphere of interior design too, the Audi allroad shooting brake embodies the Audi philosophy of lightweight construction, sporty elegance and ease of operation. Seen from above, the dashboard resembles the wing of an aircraft, with the round air vents evoking the engines.

Audi allroad shooting brake



/ INNOVATIONS FOR SAFETY AND COMFORT

// DRIVER ASSISTANCE SYSTEMS

Our extensive range of innovative driver assistance systems makes driving even more convenient for our customers. Despite the growing significance of technological solutions, the driver ultimately always remains in charge of the vehicle.

The array of driver assistance systems on board the new A3 models means we have now transferred technologies from the full-size category to our compact vehicles, redefining the benchmark in that segment. As a result, drivers of the new A3 benefit from the optional Audi adaptive cruise control (ACC) function, which automatically maintains a chosen safety clearance from the vehicle in front with the help of a sensor. ACC accelerates and slows automatically within certain limits. Another feature, which is integral to ACC, is the pre sense front function. 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. The optional safety system Audi pre sense basic – a safety technology that is already mainstream in our full-size segment – is likewise available in the A3 models. The integral secondary-collision brake assist function, which is activated in a collision, automatically brakes the vehicle to prevent it from continuing to roll in an uncontrolled manner.

Audi active lane assist actively supports the A3 driver if desired by providing gentle steering impulses to keep the vehicle in lane. Using a complex system of radar sensors that monitor the traffic near the vehicle, the optional lane-change assistant Audi side assist warns the driver if he or she tries to change lanes in a potentially hazardous situation.

There are also a number of systems available to provide greater ease when parking. The optional park assist with selective display can steer the A3, for instance, into parking spaces with the help of ultrasonic sensors that detect obstructions all around the car. The function handles the steering work for the driver in perpendicular and parallel parking spaces, performing several separate steering maneuvers if need be. In addition, the optional park assist helps to find suitable parking spaces by gauging the size of spaces along the side of the road as the vehicle passes at moderate speed. As soon as it detects a suitable one, this is indicated on the display.

Audi is also working intensively on the development of various technologies for piloted driving. As well as giving the driver the option of assistance in congestion, these can also help in multi-story car parks and when entering parking spaces and garages. At the start of 2013, we received two awards in the United States for our development work in this area. The magazine POPULAR SCIENCE named the Audi system for piloted parking in parking garages its “Product Of The Future,” in recognition of the developments that Audi presented at the International Consumer Electronics Show 2013 (CES) in Las Vegas (www.popsci.com/gadgets/article/2013-01/best-ces-2013-popular-sciences-products-future). The specialist media network THE VERGE also celebrated the new Audi system as “Best Automotive Technology” at last year’s International CES (www.theverge.com/2013/1/11/3865786/verge-awards-ces-2013/in/3608257).

// *VEHICLE SAFETY AWARDS*

The “European New Car Assessment Programme” (Euro NCAP) consortium, which brings together international representatives of European departments of transport, automobile clubs, insurance companies and consumer bodies, again presented awards for the A3’s safety systems in 2013. With the Audi A3 having already received multiple accolades for its safety in 2012, the Euro NCAP also awarded five stars for the A3 Sedan and the A3 Sportback at the end of 2013 (www.euroncap.com/results/audi/a3/480.aspx).

// *CHILD SAFETY INITIATIVE IN CHINA*

Driving safety for our customers is extremely important to us. We advocate improved safety in the international arena too, and within the Volkswagen Group we and five other Group partners are involved in the Child Safety Initiative in China. The aim here is to sensitize Chinese road users to the importance of child safety and promote general awareness of this topic. Under this initiative, more than 5,000 child seats have already been donated in China, for example.

PROCUREMENT

The long-term partnership-based collaboration with top-performing suppliers worldwide is a key aim for Audi Group Procurement. Alongside overall economic efficiency, various other criteria such as quality, innovativeness and reliability are decisive. In order to derive maximum benefit from Group-wide synergies, we select suppliers in close cooperation with Volkswagen Group Procurement.

The cost of materials for the Audi Group amounted to EUR 32,491 (30,265) million in the 2013 fiscal year. This includes expenses for raw materials and consumables used, as well as purchased goods and services.

With the aim of gradually developing and strengthening ties with the supply industry, the Audi Group regularly holds a variety of events and workshops for suppliers. For example, in the past fiscal year we held an Audi Q5 Suppliers Workshop coinciding with the laying of the foundation stone for our new plant in San José Chiapa (Mexico). The event gave over 100 representatives of local and global suppliers an opportunity to find out about our Company's plans for production in Mexico beginning in 2016 and strengthen their specialist exchange with contacts in the Audi Group.

The steady expansion of our location structures and product portfolio means the strategic importance of procurement will continue to rise. This fact, along with the highly complex nature of supply chains, has prompted us to step up purchased parts and supplier management. In addition, tool and process experts from the procurement and quality assurance areas make sure that the necessary materials are always available and that the required quality standards are maintained, ensuring the successful start of production for new models and reliable parts supply within the Audi production network.

Sustainability in supplier relations is a core consideration of the Audi Group's procurement activities, and is at the very heart of our procurement philosophy. According to this, all suppliers and business partners are expected to uphold defined governance, environmental and social standards. In order to meet our high standards of entrepreneurial responsibility, we also expect our suppliers to secure a commitment to these sustainability requirements from their own suppliers. The early inclusion of suppliers in the product development process enables us to find ways of using alternative materials or of using materials more effectively.

In 2013, the Company also signed up to the Aluminium Stewardship Initiative (ASI). The purpose of this non-profit initiative is to develop a global sustainability standard for aluminum hand in hand with leading aluminum manufacturers by the end of 2014, defining both environmental and social criteria that will be valid from raw material extraction through production and processing to the final product. The aim is to promote compliance with sustainability standards along the entire value and supply chain for one of our most important materials.

PRODUCTION [1)]

We increased automotive production by the Audi Group to a total of 1,608,048 (1,469,205) vehicles in the 2013 fiscal year. Of these, 420,060 (333,554) cars of the Audi brand were made by the joint venture FAW-Volkswagen Automotive Company, Ltd. Overall, 1,605,926 (1,467,008) Audi vehicles and 2,122 (2,197) supercars of the Lamborghini brand were built worldwide in the period under review.

In addition, the Ducati Group produced a total of 45,018 (15,734) motorcycles up to the end of 2013. The prior-year figure includes only the bikes manufactured after the acquisition of the Ducati Group in July 2012. In the equivalent prior-year period from January through December 2012, the Ducati brand built a total of 43,992 motorcycles.

In 2013, we built 576,680 (551,889) vehicles of the Audi brand at the Group headquarters in Ingolstadt. The 4.5 percent increase in production volume is attributable in particular to high demand for the new model generation of the A3 car line.

A total of 275,650 (262,965) cars were produced at the Neckarsulm plant in the year under review. The main reasons for this rise in production are continuing high demand for the popular A4 Sedan and for our luxury sedan model, the A8.

1) Prior-year figures have been marginally adjusted.

AUDI HUNGARIA MOTOR Kft. built a total of 42,851 (33,553) vehicles of the Audi TT car line and A3 family at the Győr plant in Hungary from January through December 2013.

AUDI BRUSSELS S.A./N.V. made 120,520 (123,111) vehicles of the A1 car line in Brussels (Belgium) in the fiscal year.

In addition, the Volkswagen Group locations Bratislava (Slovakia) and Martorell (Spain) built 63,543 (55,106) of the Audi Q7 and 106,622 (106,830) of the Audi Q3 respectively.

The Chinese joint venture FAW-Volkswagen Automotive Company, Ltd. manufactured 420,060 (333,554) cars of the Audi brand in the period under review. The substantial increase was prompted by continuing high demand and also in particular by the start of local production operations for the Q3 SUV model in March 2013.

To supply the assembly plant in Aurangabad (India), 8,864 (7,572) parts and components were made at the Ingolstadt, Neckarsulm, Bratislava (Slovakia) and Martorell (Spain) sites.

Car production by model [1)]

	2013	2012
Audi A1	38,258	47,491
Audi A1 Sportback	82,262	75,620
Audi A3	32,824	31,252
Audi A3 Sportback	163,822	125,174
Audi A3 Sedan	21,638	151
Audi A3 Cabriolet	2,886	8,089
Audi Q3	152,756	106,919
Audi TT Coupé	14,808	16,940
Audi TT Roadster	3,550	4,940
Audi A4 Sedan	235,966	217,389
Audi A4 Avant	83,843	95,675
Audi A4 allroad quattro	18,181	16,887
Audi A5 Sportback	50,754	52,138
Audi A5 Coupé	29,428	32,514
Audi A5 Cabriolet	18,025	18,705
Audi Q5	231,466	209,895
Audi A6 Sedan	230,560	222,244
Audi A6 Avant	49,462	54,317
Audi A6 allroad quattro	8,675	8,439
Audi A7 Sportback	30,962	28,950
Audi Q7	63,543	55,106
Audi A8	39,757	35,932
Audi R8 Coupé	1,578	1,295
Audi R8 Spyder	922	946
Audi brand	**1,605,926**	**1,467,008**
Lamborghini Gallardo	933	1,221
Lamborghini Huracán	76	–
Lamborghini Aventador	1,113	976
Lamborghini brand	**2,122**	**2,197**
Automotive segment	**1,608,048**	**1,469,205**

1) The table includes the vehicles built in China by the joint venture FAW-Volkswagen Automotive Company, Ltd.

Car engine production

	2013	2012
AUDI HUNGARIA MOTOR Kft.	1,925,636	1,915,567
Automobili Lamborghini S.p.A.	1,088	1,037
Car engine production	**1,926,724**	**1,916,604**

Car engine production reached 1,926,724 (1,916,604) units in the year under review. AUDI HUNGARIA MOTOR Kft. produced a total of 1,925,636 (1,915,567) engines at its plant in Győr (Hungary). Of this total, 1,081,527 (970,515) units were supplied to Audi Group companies and 709,039 (786,326) engines to other Volkswagen Group companies, plus 99,666 (117,740) engines to third parties. Furthermore, Automobili Lamborghini S.p.A. built 1,088 (1,037) 12-cylinder engines in Sant'Agata Bolognese (Italy).

Motorcycle production

	2013	2012 [1)]
Naked/Sport Cruiser (Diavel, Monster, Streetfighter)	20,777	8,171
Dual/Hyper (Hypermotard, Multistrada)	16,336	2,608
Sport (Superbike)	7,905	4,955
Ducati brand	**45,018**	**15,734**
Motorcycles segment	**45,018**	**15,734**

1) The prior-year figures refer to the period July through December 2012 following initial consolidation in July 2012.

Ducati built a total of 45,018 (15,734) motorcycles worldwide between January and December 2013. The prior-year figure includes only the bikes manufactured after the acquisition of the Ducati Group in July 2012. Over 2012 as a whole, the Ducati brand built a total of 43,992 units.

At its headquarters in Bologna (Italy), Ducati manufactured 39,968 (14,621) motorcycles of all model families in its product portfolio. 4,256 (1,113) units of the Diavel, Hypermotard, Monster and Multistrada models were made at the Amphur Pluakdaeng site (Thailand). 794 (–) bikes of the Diavel, Monster and Multistrada lines were manufactured in Manaus (Brazil) on behalf of the Ducati Group.

/ *EXPANSION AND DEVELOPMENT OF THE GROUP HEADQUARTERS IN INGOLSTADT*

We are gradually expanding our product portfolio as part of our growth strategy. At the end of 2013, we announced plans to go into production with a new Q model – the Audi Q1 – which will be built in Ingolstadt beginning in 2016.

With the new Münchsmünster production facility going into operation in November 2013, AUDI AG has extended its presence at the Group headquarters in Ingolstadt. Body and suspension components are now manufactured using new, innovative technologies at the Münchsmünster industrial park, which is located around 30 kilometers east of the main plant. There are around 800 Audi employees in the new production shop; some 250 of these jobs were newly created.

A large number of construction projects are also in progress in the Technical Development division at the Ingolstadt site. Audi celebrated the topping-out ceremony of the new Chassis Technical Center in 2013, for example. In the future, the five-story building will house testing, workshop and lab facilities as well as a development center for fuel tank systems. Around 550 new office jobs will be created there. Completion is scheduled for mid-2014.

There was also a topping-out ceremony for another hall at the Logistics Center (GVZ) in Ingolstadt, which was increased in size by around 35 hectares. The new two-story logistics hall has a floor area of about 70,000 square meters. In the future, it will process over 400,000 parts daily.

In Neuburg an der Donau, some 20 kilometers west of Ingolstadt, the new Audi driving experience center also celebrated its topping-out ceremony in November of last year.

/ *NECKARSULM SITE PREPARING FOR THE FUTURE*

At the Neckarsulm site, Audi held the topping-out ceremony of a new facility on the site of the Böllinger Höfe industrial park in September 2013, after a construction phase lasting about 18 months. A logistics hall and new production facilities for the Audi R8 are being erected on a 23-hectare site. The supercar will begin rolling off the assembly line there in mid-2014.

/ AUDI HUNGARIA CELEBRATES 20TH ANNIVERSARY

AUDI HUNGARIA MOTOR Kft., Győr (Hungary), celebrated its 20th anniversary in 2013. In addition, series production of the new A3 Sedan commenced there in June of the anniversary year. In preparation for this, the plant was expanded over a period of two years, turning it into a production facility covering the entire process chain, complete with press shop, body shop, paint shop and final assembly.

/ FURTHER EXPANSION AND ANNIVERSARY IN CHINA

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, celebrated its 25th anniversary in July 2013. This milestone also saw Audi deliver its 2,000,000th car in China – a locally built Audi A6 L.

The joint venture FAW-Volkswagen Automotive Company, Ltd. also opened an additional plant in the southern Chinese city of Foshan at the turn of the year. It covers the entire production process, from press shop and body shop to paint shop and assembly line. Series production of the A3 Sportback and A3 Sedan will commence there in 2014.

/ FOUNDATION STONE LAID FOR NEW AUDI PLANT IN MEXICO

The foundation stone for the new plant in San José Chiapa (Mexico) was laid in April 2013. The next two years will see the construction of a new press shop, body shop, paint shop and assembly line there. The successor generation of the Audi Q5 will then be manufactured in San José Chiapa beginning in 2016. This move will help the Audi Group to build on its successful path of growth in the North American market.

/ NEW PRODUCTION LOCATION IN BRAZIL

As part of our worldwide growth strategy we are building an Audi production location in São José dos Pinhais, in the Brazilian federal state of Paraná, to supply the local market. In creating the new location in Brazil, we are paving the way for further growth in South America. We will initially build the new A3 Sedan there beginning in 2015. This will be joined a few months later by local production of the Audi Q3.

DELIVERIES AND DISTRIBUTION

The Audi Group delivered 1,751,007 (1,634,312) cars to customers worldwide in the 2013 fiscal year. The core brand Audi increased its volume of deliveries by 8.3 percent to 1,575,480 (1,455,123) vehicles. The target of delivering more than 1.5 million Audi vehicles to customers worldwide that was originally envisaged for 2015 was thus easily exceeded two years ahead of schedule.

In the home market Germany, deliveries of the Audi brand were down on the previous year at 250,025 (263,163) cars due to a decline in overall market demand. In other Western European countries, 422,709 (418,646) customers chose a model with the four rings, despite the many challenges presented by the market environment – an increase of 1.0 percent. As a result, we have been able to reassert our position as the premium segment's market leader. In the United Kingdom – our major export market in Europe – we maintained the dynamic pattern of growth established in recent years. 142,039 (123,640) Audi vehicles were delivered to customers there in the past fiscal year, a 14.9 percent increase on 2012. Conversely, we were unable to remain entirely immune to the sharp slump in the Italian and French markets, which was driven by the weak business cycle.

In Central and Eastern Europe, we increased our deliveries last year despite the contraction in car markets as a whole. The higher totals are mainly attributable to the Russian car market, where we pushed up deliveries of vehicles with the four rings by 7.9 percent to 36,150 (33,512).

Demand for the Audi brand also made positive progress in the U.S. car market. With 158,061 (139,310) deliveries to customers – up 13.5 percent – we successfully maintained the course of qualitative growth enjoyed in recent years.

The Asia-Pacific region again expanded sharply in the period under review. Overall, we delivered 579,083 (478,879) cars of the Audi brand to customers there, 20.9 percent more than in the previous year. As in recent years, China (incl. Hong Kong) proved to be the main driver of growth. We increased our deliveries in that market by 21.2 percent to 491,989 (405,838) units in 2013. Audi also achieved substantial growth rates in Japan. In 2013, we delivered 28,735 (23,930) Audi models to customers – an increase of 20.1 percent.

Car deliveries to customers by model

	2013	2012
Audi A1	38,684	63,428
Audi A1 Sportback	84,260	60,322
Audi A3	34,448	28,055
Audi A3 Sportback	156,201	134,127
Audi A3 Sedan	7,380	94
Audi A3 Cabriolet	4,244	8,341
Audi Q3	145,224	91,841
Audi TT Coupé	15,103	17,453
Audi TT Roadster	4,264	4,774
Audi A4 Sedan	235,582	216,012
Audi A4 Avant	86,731	93,820
Audi A4 allroad quattro	18,126	13,827
Audi A5 Sportback	48,978	53,522
Audi A5 Coupé	29,461	34,742
Audi A5 Cabriolet	18,032	19,490
Audi Q5	234,051	205,986
Audi A6 Sedan	230,535	214,129
Audi A6 Avant	48,623	57,778
Audi A6 allroad quattro	8,999	7,041
Audi A7 Sportback	28,179	32,976
Audi Q7	59,099	56,193
Audi A8	36,681	38,636
Audi R8 Coupé	1,617	1,400
Audi R8 Spyder	978	1,136
Audi brand	**1,575,480**	**1,455,123**
Lamborghini Gallardo	1,120	1,161
Lamborghini Aventador	1,001	922
Lamborghini brand	**2,121**	**2,083**
Other Volkswagen Group brands	**173,406**	**177,106**
Automotive segment	**1,751,007**	**1,634,312**

/ *AUDI A1*

The Audi brand delivered 122,944 (123,750) vehicles of the A1 and A1 Sportback models to customers in the past fiscal year.

All versions of the A1 model family offer an extensive range of innovative efficiency technologies such as energy recovery, start-stop system and thermal management. With cylinder on demand technology making its appearance on the new 103 kW (140 hp) 1.4 TFSI engine, the cylinder management principle for further reducing fuel consumption that is well established on larger engines is now also available in our A1 premium compact car line.

With the Audi S1 and S1 Sportback, we are adding a sporty top model to the A1 family in 2014.

/ *AUDI A3*

We again added to the product range of our A3 family in the past fiscal year. For example, the five-door A3 Sportback appeared in February 2013. Like its three-door sister model, it offers a comparatively low weight along with innovative driver assistance and infotainment systems. Later in the year, we also introduced the sporty S3 and S3 Sportback models.

In adding the new A3 Sedan – as well as the top-of-the-line S3 Sedan – the Company extended its range to include its first vehicles in the compact sedan segment, the largest in the world.

In addition, the elegant A3 Cabriolet made its debut at the 2013 International Motor Show (IAA) in Frankfurt am Main. In its top version, the S3, the Cabriolet exhibits especially sporty driving characteristics.

The A3 Sportback g-tron also signals the market introduction of a compact five-door car that can run on natural gas, gasoline and the largely carbon-neutral fuel Audi e-gas. Meanwhile we are working systematically on refining electric drive systems. From 2014, the Audi A3 Sportback e-tron, the first production Audi model with plug-in hybrid drive, will enable our customers to drive up to 50 kilometers in all-electric mode, and therefore with zero local emissions.

*Further information on plug-in hybrid drive can be found under **"A3 e-tron"** on page 182.*

A total of 202,273 (170,617) of the A3 premium compact car line were delivered to customers in the period under review – an increase of 18.6 percent.

/ AUDI Q3

The Audi Q3 combines the dynamism of a compact car with the spaciousness and versatility of an SUV.

Last year's Geneva Motor Show also played host to the world debut of the new RS Q3 – the first RS model in our successful Q family. The RS Q3, which has been on sale since the end of 2013, combines typical RS qualities such as sportiness and driving enjoyment with lifestyle appeal and high practical utility.

145,224 (91,841) units of this model were delivered in the past fiscal year, meaning that 58.1 percent more customers chose the Q3 premium SUV than in the previous year.

/ AUDI TT

The compact sports car models Audi TT Coupé and Audi TT Roadster are noted for their striking design and dynamic character. Thanks to their relatively low weight, the models of the TT car line also admirably demonstrate Audi's expertise in lightweight construction.

The TT Coupé and TT Roadster are also available as S and RS models with particularly sporty engines, including a high-performance top-end version badged as the TT RS plus.

19,367 (22,227) vehicles of the TT car line were handed over to customers in 2013.

/ AUDI A4

Demand for our highest-volume car line – the Audi A4 – revealed another year-on-year rise. In the past fiscal year, we delivered 340,439 (323,659) vehicles to customers.

The models in the A4 car line are available with an extensive range of TDI and TFSI engines that feature a large number of efficiency technologies as standard. As well as their well-balanced sporty character, the A4 Sedan, A4 Avant and A4 allroad quattro models offer our customers an extensive range of innovative assistance and multimedia systems. To complete this model family, there are the top sport models S4 Sedan, S4 Avant and RS 4 Avant, each blending a high degree of functionality and everyday suitability with overtly dynamic driving characteristics.

/ AUDI A5

The models in the A5 car line are all noted for their elegant design, a sophisticated interior and sporty, efficient engines.

The RS 5 Cabriolet was introduced in early 2013, nicely timed for the start of the convertible season. The four-seater with soft top is a particularly engaging blend of elegance and power.

In October 2013, Audi celebrated victory by Mike Rockenfeller in the German Touring Car Masters (DTM) with the A5 DTM Champion special edition. Exclusive equipment and attractive extras underscore the individual appeal of this limited-edition version of 300 units.

In total, 96,471 (107,754) cars of the A5 line were delivered to customers in 2013.

/ AUDI Q5

Thanks to its sportiness and versatility, our Audi Q5 performance SUV was again outstandingly well received by customers in 2013. The volume of deliveries for the Q5 reached 234,051 (205,986) vehicles in the past fiscal year, easily exceeding the Company's expectations.

The addition of the sporty SQ5 model to the range provided an added impetus. The SQ5 TDI – the first-ever diesel-powered S model in the history of Audi – has been available since March 2013. The sporty SUV is equipped with a biturbo 3.0 TDI engine and develops 230 kW (313 hp). Since September, an SQ5 version with gasoline engine has also been available in particular for customers in North America and China. It is fitted with a supercharged 3.0 TFSI engine with an output of 260 kW (354 hp).

/ AUDI A6

Along with the pioneering lightweight construction measures incorporated into the models of the A6 full-size car line, our customers benefit from an extensive selection of modern, efficient engines and a large number of assistance and multimedia systems.

The exceptionally sporty RS 6 Avant model joined the A6 family in the 2013 fiscal year, being showcased first at the 2013 Geneva Motor Show. Powered by a V8 biturbo engine developing 412 kW (560 hp), the high-performance sports model with everyday driving qualities sprints from 0 to 100 km/h in only 3.9 seconds. With the optional dynamic package plus, the top speed of the new RS 6 Avant is 305 km/h.

In all, 288,157 (278,948) of the A6 car line were handed over to customers in the past fiscal year.

/ AUDI A7 SPORTBACK

The A7 Sportback combines the prestige of a sedan with the functionality of an Avant and the emotional power of a coupe.

The RS 7 Sportback, which made its debut at the 2013 Detroit Motor Show, became the sporty top model in the car line at the end of the year under review. Like the RS 6 Avant, the five-door coupe is propelled by a 4.0 TFSI engine developing 412 kW (560 hp). Despite its powerful performance, the RS 7 Sportback achieves average fuel consumption of 9.8 liters of Super Plus fuel per 100 kilometers.

The A7 Sportback car line reached a delivery volume of 28,179 (32,976) vehicles in the period under review.

/ AUDI Q7

In the Q7, Audi offers its customers a versatile performance SUV with powerful, efficient engines, quattro drive as standard and an 8-speed tiptronic transmission. Other virtues of the Audi Q7 are a large trunk and a variable interior concept. The models of our largest SUV car line are currently available with six efficient gasoline and diesel engines with outputs spanning 150 kW (204 hp) to 250 kW (340 hp).

All these characteristics combined make the Audi Q7 a popular model of which the Company delivered 59,099 (56,193) vehicles to customers in the past fiscal year.

/ AUDI A8

The first models of the extensively improved A8 car line were delivered to our customers beginning last fall. Not only has the design of the luxury sedan been made even clearer and more dynamic; the engines available for the improved models are now even more powerful and efficient. With the innovative Matrix LED headlights, the Audi A8 moreover redefines the benchmark for lighting technology.

*A precise description of the Matrix LED headlights can be found under **"Lighting technology"** on pages 159 f.*

Inside, our A8 models present the familiar handcrafted standard of finish, along with light, elegant styling.

A total of 36,681 (38,636) customers chose an Audi A8 in 2013.

/ AUDI R8

The sporty spearhead in the Audi brand's product portfolio is the R8. Along with the product improvement of the R8 Coupé and R8 Spyder at the start of 2013, many details of the thoroughbred mid-engine sports car were revised. The newly developed 7-speed S tronic, for instance, unlocks even more impressive road performance in tandem with improved fuel economy.

2,595 (2,536) high-performance sports car of the R8 car line were delivered to customers in the period under review.

/ LAMBORGHINI BRAND

The Italian supercar manufacturer Automobili Lamborghini S.p.A. also extended its product range in the past fiscal year.

The new Aventador LP 700-4 Roadster, an open-top version of the high-performance model, went on sale in early 2013. The open supercar accelerates from 0 to 100 km/h in 3.0 seconds and reaches a top speed of 350 km/h.

To mark the company's 50th anniversary, the Lamborghini brand exhibited the highly exclusive Veneno model at the 2013 Geneva Motor Show, a limited edition of just three cars. Its design is consistently geared toward optimum aerodynamics and directional stability when cornering fast, giving the Veneno the driving dynamics of a racing prototype. The supercar, which develops 552 kW (750 hp), is nevertheless approved for road use. At the end of the year, the Veneno Roadster, the open-top version of the Veneno – of which nine will be built – was given its first showing on the Italian aircraft carrier Cavour in the port of Abu Dhabi.

Deliveries of the Lamborghini Huracán, the successor to the popular Gallardo, will start in 2014. The new high-performance model boasts a powerful, dynamic design and achieves a top speed of over 325 km/h from 449 kW (610 hp) of engine power.

A total of 2,121 (2,083) supercars of the Lamborghini brand were delivered to customers in the 2013 fiscal year.

/ *OTHER VOLKSWAGEN GROUP BRANDS*

In the period under review, a total of 173,406 (177,106) vehicles of other Volkswagen Group brands were handed over to customers via 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).

/ *MOTORCYCLES*

The Ducati brand delivered 44,287 (16,786) motorcycles to customers worldwide in the period under review. The prior-year figure includes only the bikes delivered after the acquisition of the Ducati Group in July 2012. A total of 44,102 customers opted for a motorcycle from the Italian manufacturer in 2012.

The market in 2013 revealed a fall in demand for motorcycles – in some cases quite sharp – in the displacement segment above 500 cc that is relevant for Ducati. The Ducati brand was unable to remain entirely immune to declining demand particularly in Italy, France and Spain. Nor could the previous year's high deliveries total be emulated in the United States, Ducati's biggest sales market. In Asia, by contrast, there was a further upturn in demand for motorcycles of the Ducati brand.

Motorcycle deliveries to customers

	2013	2012 [1)]
Naked/Sport Cruiser (Diavel, Monster, Streetfighter)	21,889	9,385
Dual/Hyper (Hypermotard, Multistrada)	13,647	3,263
Sport (Superbike)	8,751	4,138
Ducati brand	**44,287**	**16,786**
Motorcycles segment	**44,287**	**16,786**

1) The prior-year figures refer to the period July through December 2012 following initial consolidation in July 2012.

Ducati is regarded as one of the world's leading premium motorcycle manufacturers. The sports bikes from the Italian manufacturer enjoy worldwide appeal thanks to their unmistakable design, low weight and the legendary two-cylinder engine with desmodromic valve control. Ducati's product portfolio comprises the six model lines Diavel, Hypermotard, Monster, Multistrada, Streetfighter and Superbike.

The Ducati brand introduced a large number of new models onto the markets in 2013. For example, the Diavel family was extended by the Diavel Strada and Diavel Dark models. The high-performance, versatile new models come with various freely selectable riding modes – Urban, Touring, Sport – which enable the rider to tailor the operating dynamics to their personal preferences.

The main attributes of the new Hyper series, comprising the Hypermotard, Hypermotard SP and Hyperstrada, are sporty handling characteristics and exceptional versatility. With windshield, side cases and improved ergonomics, the Ducati Hyperstrada, for example, offers an array of touring features designed to enhance riding enjoyment and comfort over longer rides, too.

The new Multistrada 1200 S Granturismo likewise has a strong touring emphasis; thanks to the innovative Ducati Skyhook Suspension (DSS) it maintains optimally smooth running even on difficult surfaces, making for a very comfortable ride. The side cases with 73 liters of luggage capacity, top case and engine safety bar equip the ergonomically optimized model perfectly for virtually any operating conditions.

For uncompromising sportiness, there is the 1199 Panigale R – the new top model of the Ducati Superbike family. Its two-cylinder engine produces 143 kW (195 hp); with a ready-for-road weight of only 189 kilograms, it is capable of an exceptionally high performance. In fall 2013, Ducati also brought the new 899 Panigale onto the markets, adding an extremely maneuverable and light midsize model to the Superbike family.

FINANCIAL PERFORMANCE INDICATORS

The Audi Group maintained its successful course of growth in the 2013 fiscal year. With an operating return on sales of 10.1 percent, the Audi Group is among the most profitable companies in the automotive industry worldwide.

FINANCIAL PERFORMANCE [1)]

We increased the revenue of the Audi Group by 2.3 percent to EUR 49,880 (48,771) million in the 2013 fiscal year. In the Automotive segment, we generated revenue of EUR 35,827 (35,851) million through sales of vehicles of the core brand Audi. While the A4 car line reasserted its status as the main source of revenue last year, we achieved the strongest revenue growth with sales of vehicles of the new A3 car line. A renewed rise in demand for the Q3, Q5 and Q7 SUV models also impacted the revenue trend positively. At the same time, however, this was hampered by currency effects.
Revenue for the Lamborghini brand developed very favorably in the past fiscal year, thanks especially to high demand for the Aventador, and easily exceeded the prior-year total.
In addition to models of the Audi and Lamborghini brands, the Audi Group sells vehicles 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). Despite the challenging competitive environment – especially in European car markets – we increased the revenue from trading of these brands compared with the previous year's level.
In the Motorcycles segment, the Company generated revenue of EUR 573 (209) million in the 2013 fiscal year; the prior-year figure comprises only the period since the acquisition of the Ducati Group in July 2012.
Other revenue increased significantly in the past fiscal year to EUR 10,317 (9,626) million largely as a result of higher sales of parts sets delivered to China.

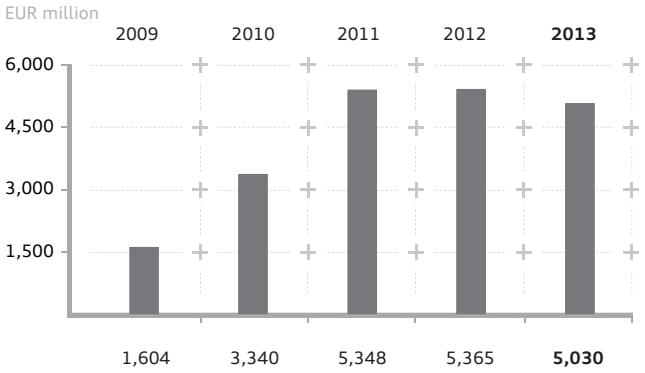
Hand in hand with the dynamic business performance and the higher production volume, the cost of goods sold for the Audi Group climbed to EUR 40,691 (39,061) million. Despite the positive effects from productivity advances and process improvements, the cost of goods sold rose slightly faster than revenue, with the latter burdened by negative currency effects. The gross profit of the Audi Group thus reached EUR 9,188 (9,711) million in the year under review.

There was only a slight increase in distribution costs for the Audi Group to EUR 4,641 (4,594) million in the 2013 fiscal year despite the dynamic growth in our vehicle sales and the large number of market introductions. Administrative expenses climbed to EUR 566 (527) million mainly as a result of the Audi Group's general growth and consolidation effects following the acquisition of the Ducati Group. Other operating result rose to EUR 1,049 (775) million above all thanks to improved earnings from the settlement of currency hedging transactions.

In view of the cost-intensive input needed for new products and technologies, the financial burden of systematically expanding our international production network and the challenging conditions prevalent in many markets, operating profit for the Audi Group of EUR 5,030 (5,365) million in 2013 was just below the previous year's high level. Within this total, the Automotive segment achieved an operating profit of EUR 4,997 (5,405) million. Taking account of additional depreciation due to the revaluation of assets and liabilities for purchase price allocation, the Motorcycles segment generated an operating profit of EUR 33 (–41) million. Adjusted for these effects, operating profit reached EUR 59 (–23) million.

1) Prior-year figures have been adjusted to reflect the revised IAS 19.

Development of Audi Group operating profit



The financial result of the Audi Group came to EUR 293 (586) million in the past fiscal year and was thus down on the previous year's high level. The positive development in the result from participations including equity-accounted investments could not cancel out the adverse effects from the measurement of derivative financial instruments and from the lower market interest rate for investments of cash and cash equivalents.

As a result, the Audi Group achieved a profit before tax of EUR 5,323 (5,951) million for the 2013 fiscal year.
After deduction of income tax expense, the Company generated a profit of EUR 4,014 (4,349) million.

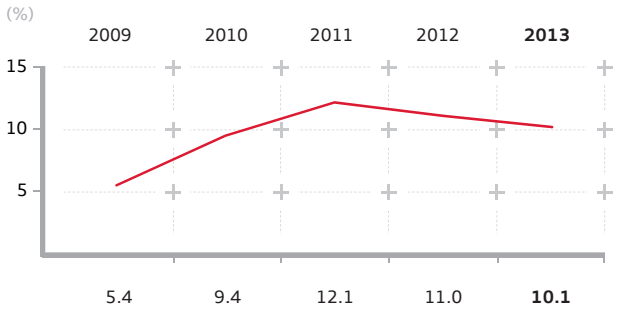
Our Company's high profitability is also reflected in the key return ratios. For example, the Audi Group achieved an operating return on sales of 10.1 (11.0) percent and a return on sales before tax of 10.7 (12.2) percent in the 2013 fiscal year. Over the same period, the return on investment came to 26.4 (30.8) percent. The 2013 fiscal year consequently saw the Audi Group remain among the most profitable car manufacturers in the premium segment.

Key earnings figures

in %	2013	2012
Operating return on sales	**10.1**	**11.0**
Automotive segment	10.1	11.1
Motorcycles segment	5.7	– 19.5 [1)]
Return on sales before tax	**10.7**	**12.2**
Return on investment	**26.4**	**30.8**

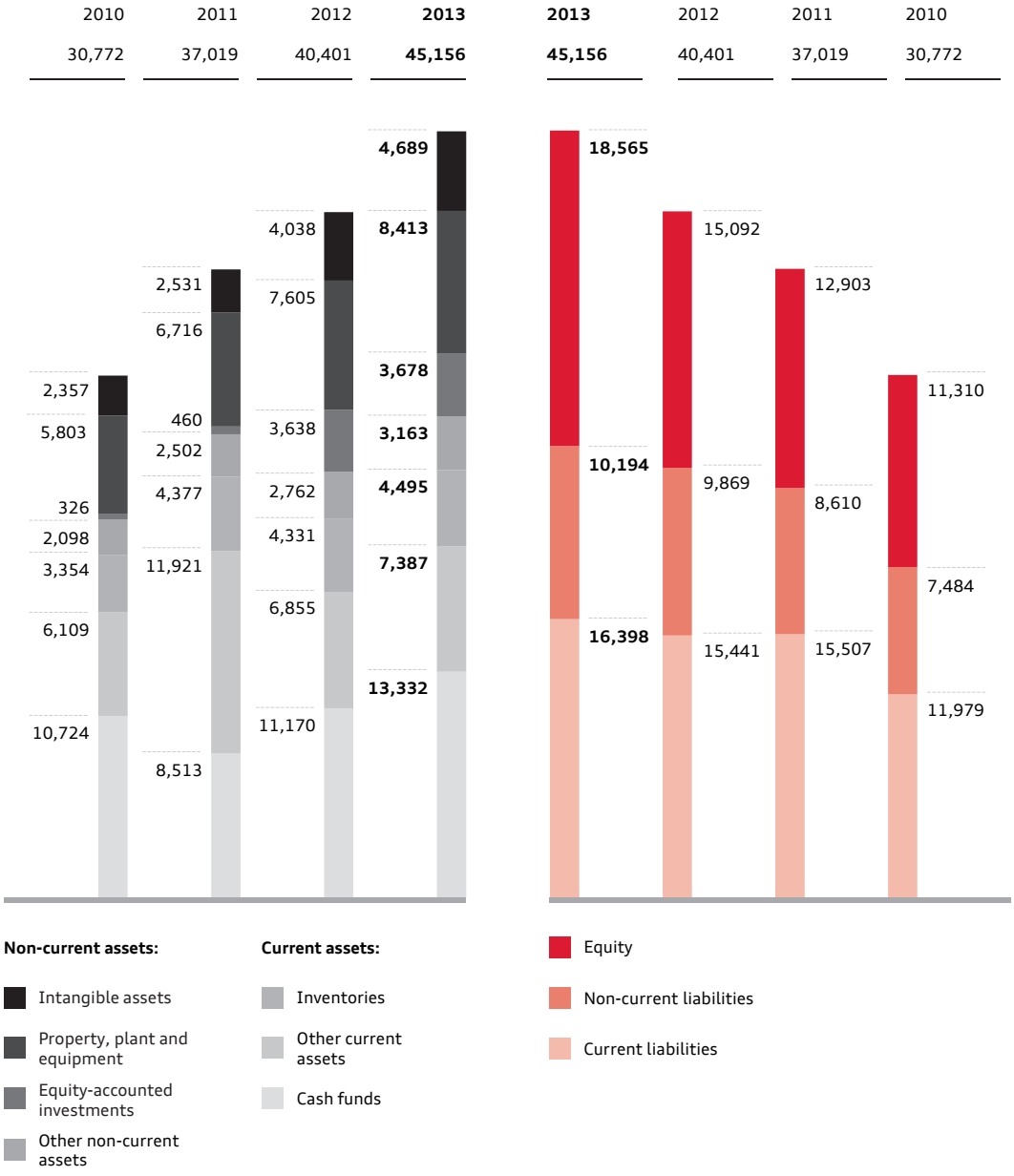
1) The prior-year figures refer to the period July through December 2012 following initial consolidation in July 2012.

Development of Audi Group operating return on sales



NET WORTH [1)]

Audi Group balance sheet structure (EUR million)



The Audi Group's balance sheet total rose by 11.8 percent to EUR 45,156 (40,401) million in the past fiscal year.
Non-current assets of EUR 19,943 (18,044) million showed a year-on-year rise in particular as a result of the investment-related increase in property, plant and equipment and intangible assets.
Total capital investments of EUR 3,680 (6,416) million remained high in 2013. The previous year's high level was primarily due to the acquisition of participations. The ratio of investments in property, plant and equipment in the 2013 fiscal year was 4.8 (4.8) percent.
The significant growth in current assets to EUR 25,214 (22,357) million is largely attributable to the increase in cash funds as well as higher receivables in the wake of positive business development.

1) Prior-year figures have been adjusted to reflect the revised IAS 19.

The equity of the Audi Group rose to EUR 18,565 (15,092) million as of December 31, 2013. The main factor behind this increase was the cash injection of EUR 1,895 million by Volkswagen AG, Wolfsburg, into the capital reserve of AUDI AG. The allocation to the retained earnings of the balance remaining after the transfer of profit increased equity by a further EUR 779 million. The equity ratio of the Audi Group consequently climbed to 41.1 (37.4) percent as of the balance sheet date.

Non-current liabilities were slightly higher than in the previous year at EUR 10,194 (9,869) million. Lower provisions for pensions attributable to interest rate factors contrasted in particular with higher obligations from sales operations as a result of the increased volume.
Current liabilities of EUR 16,398 (15,441) million showed an increase on the prior-year figure above all due to higher trade payables.

FINANCIAL POSITION [1)]

We increased the cash flow from operating activities to EUR 6,778 (6,144) million in the past fiscal year. Disregarding the change in participations, the cash used in investing activities for current operations rose to EUR 3,553 (3,237) million over the same period. Of the total investments in property, plant and equipment and intangible assets, the Automotive segment accounted for EUR 3,544 (3,227) million and the Motorcycles segment for EUR 50 (30) million. The focus of capital investments by the Audi Group was on the expansion of our international production network as well on new products and pioneering drive technologies. The changes in participations resulted in an additional cash outflow of EUR 36 (3,567) million. Overall the cash flow from investing activities, taking account of changes in cash deposits and loans extended, came to EUR 2,674 (4,896) million. The net cash flow amounted to EUR 3,189 (–660) million last fiscal year. Disregarding changes in participations, net cash flow increased to EUR 3,225 (2,907) million. As in previous years, all investments in operating activities were therefore financed entirely from own resources. In addition, we generated a healthy surplus.
Net liquidity was increased to the year-end figure of EUR 14,716 (13,396) million. This sum includes an amount of EUR 69 (75) million serving as security for the independent dealers financed by Volkswagen Bank GmbH, Braunschweig. Furthermore, the Audi Group has adequate committed but currently unused external credit lines.
As of December 31, 2013, other financial obligations, which largely comprise ordering commitments, amounted to EUR 3,736 (3,002) million. Further details are given in Section 42 of the Notes: “Other financial obligations.”

*The principles of financial management are explained in the strategy goal **“Superior financial strength”** on page 149.*

1) Prior-year figures have been adjusted to reflect the revised IAS 19.

AUDI AG (SHORT VERSION ACCORDING TO GERMAN COMMERCIAL CODE, HGB)

In the past fiscal year, AUDI AG continued to increase revenue despite a challenging market environment. Thanks to significant financial strength, the Company was able once again to finance all capital investments from its own resources.

FINANCIAL PERFORMANCE

AUDI AG increased its revenue by 4.5 percent to EUR 41,732 (39,923) million in the 2013 fiscal year.

The Company increased the revenue brought in by sales of cars of the Audi brand by 2.5 percent to EUR 33,299 (32,475) million. The main source of revenue in 2013 was our A4 car line, while sales of vehicles of the new A3 car line were the strongest area of revenue growth. There was also a positive revenue performance in particular from the Q5 and Q7 SUV models.

Other revenue increased to EUR 8,433 (7,448) million in the 2013 fiscal year mainly as a result of a positive sales trend for parts sets delivered to China.

The dynamic business performance is also reflected in a higher production volume. As a result, the cost of goods sold climbed to EUR 35,592 (33,135) million. Despite positive effects from process improvements and productivity gains, the cost of goods sold rose slightly faster than revenue, with the latter burdened by negative currency effects.

The gross profit of AUDI AG thus came to EUR 6,140 (6,788) million.

Despite the dynamic sales performance and the market introduction of a large number of new models, distribution costs were at approximately the previous year's level at EUR 3,188 (3,144) million. Administrative expenses rose to EUR 248 (229) million. Other operating result for the past fiscal year of EUR 1,461 (1,415) million was improved above all by earnings from the settlement of hedging transactions. Thanks to higher income from participations, AUDI AG increased its result from participations to EUR 740 (469) million. Net interest declined to EUR –259 (–184) million principally as a result of the reduced market interest rate for investments of cash and cash equivalents. The financial result was also diminished by an impairment loss of EUR 211 (–) million at one subsidiary.

Profit from ordinary business activities was reduced to EUR 4,435 (5,115) million above all due to the challenging conditions prevalent in many markets and the cost-intensive input in products, technologies and locations. After deduction of income tax expense, AUDI AG earned EUR 3,182 (3,790) million. The return on sales after tax was 7.6 (9.5) percent.

Condensed income statement

EUR million	2013	2012
Revenue	41,732	39,923
Cost of goods sold	–35,592	–33,135
Gross profit	**6,140**	**6,788**
Distribution costs	–3,188	–3,144
Administrative expenses	–248	–229
Other operating result	1,461	1,415
Financial result	270	285
Profit from ordinary business activities	**4,435**	**5,115**
Income tax expense	–1,253	–1,325
Profit transferred under a profit transfer agreement	–3,182	–3,790
Net profit for the year	**–**	**–**

NET WORTH

The balance sheet total of AUDI AG rose by 12.0 percent in the 2013 fiscal year to EUR 27,821 (24,845) million.
The increase in fixed assets to EUR 9,703 (8,594) million is mainly attributable to capital investments in property, plant and equipment and long-term financial investments.
Total capital investments for AUDI AG of EUR 2,641 (2,704) million were on a par with the previous year's high total. The investment focus was on new products and innovative drive technologies.
The increase in current assets including deferred income, to EUR 18,118 (16,251) million, is mainly due to higher investments in securities.
The past fiscal year saw equity including special items with an equity portion, rise to EUR 8,514 (6,619) million as a result of the capital injection of EUR 1,895 million by Volkswagen AG, Wolfsburg. The equity ratio of AUDI AG climbed to 30.6 (26.6) percent.

Borrowed capital (including deferred income) showed a year-on-year rise to EUR 19,307 (18,226) million. Within this total, provisions in particular rose to EUR 10,902 (9,864) million.

Condensed balance sheet

EUR million	Dec. 31, 2013	Dec. 31, 2012
Fixed assets	9,703	8,594
Current assets incl. deferred expenses	18,118	16,251
Balance sheet total	**27,821**	**24,845**
Equity incl. special items with an equity portion	8,514	6,619
Provisions	10,902	9,864
Liabilities incl. deferred income	8,405	8,362
Balance sheet total	**27,821**	**24,845**

FINANCIAL POSITION

AUDI AG increased its cash flow from operating activities to EUR 5,475 (5,361) million in the 2013 fiscal year thanks to the Company's positive development.
In the same period, the cash used in investing activities for current operations, excluding the change in securities, amounted to EUR 2,627 (2,588) million. Including cash deposits in securities, it totaled EUR 3,373 (2,795) million.

Alongside the development of new products, the focus was on the continuing development of innovative drive technologies. In 2013, AUDI AG again succeeded in financing all capital investments from its own resources, while also generating a substantial surplus. With a net cash flow of EUR 2,102 (2,566) million, AUDI AG once again underscores its enduring financial strength. The net liquidity as of December 31, 2013 increased to EUR 12,919 (11,390) million.

PRODUCTION [1)]

AUDI AG built 1,167,508 (1,111,574) cars of the Audi brand in the 2013 fiscal year. It also made 427,700 (354,350) parts sets for local production in China.

1) Prior-year figures have been marginally adjusted.

DELIVERIES AND DISTRIBUTION

AUDI AG delivered 1,575,480 (1,455,123) cars to customers worldwide in 2013. Of this figure, a total of 250,025 (263,163) vehicles were delivered to customers in Germany and 1,325,455 (1,191,960) cars were delivered abroad.

EMPLOYEES

Workforce

Average for the year	2013	2012
Ingolstadt plant	35,097	33,311
Neckarsulm plant	14,142	13,810
Employees	**49,239**	**47,121**
Apprentices	2,265	2,194
Workforce	**51,504**	**49,315**

Overall, AUDI AG employed an average of 51,504 (49,315) employees in the past fiscal year. At the end of the year, the workforce reached a level of 52,563 (50,150) employees. Major factors in the year-on-year increase are the hiring of personnel in the lightweight construction, connectivity and electric mobility areas of innovation, and the development of new locations.

RESEARCH AND DEVELOPMENT

Over the past fiscal year, an average total of 7,519 (7,045) people were employed in the Research and Development area of AUDI AG. Research and development activities amounted to EUR 3,111 (2,713) million.

PROCUREMENT

The cost of materials for AUDI AG came to a total of EUR 28,572 (26,292) million in the 2013 fiscal year.

REPORT ON RISKS AND OPPORTUNITIES

In essence, the risks and opportunities affecting the business performance of AUDI AG are the same as for the Audi Group. These are explained in the Report on risks and opportunities on pages 196 to 203.

CORPORATE RESPONSIBILITY

Corporate responsibility at Audi is about acting responsibly, taking economic, ecological and social considerations into account. Sustainability as the outcome of responsible entrepreneurial decisions has implications for our products, the natural environment, our employees and our social involvement.

PRODUCT-BASED ENVIRONMENTAL ASPECTS

/ *FUTURE MOBILITY*

Our brand essence "Vorsprung durch Technik" encompasses Audi's self-perception as playing a decisive role in defining the shape of future mobility. It is our ambition to reconcile fuel consumption with comfort, sportiness and driving pleasure. The sustainable use of finite resources and the gradual reduction in fuel consumption and CO_2 emissions are of central importance for Audi.

For many years, the Audi brand has been highly influential in defining standards of efficiency in the automotive industry through its diverse technologies – for example through innovative engine concepts such as TDI, FSI and TFSI, or through Audi lightweight technology. The adoption of technologies from the modular efficiency platform also helps to cut fuel consumption and CO_2 emissions further.

Electrified drive concepts represent a further focal area within our technology matrix. We bring together all activities revolving around electric mobility under Audi e-tron. In addition to all-electric driving, this includes plug-in hybrids and vehicles with a range extender. Plug-in hybrid technology provides a very important bridge to all-electric driving in that respect. In the past fiscal year, the Audi brand presented another concept vehicle with plug-in hybrid technology at the International Motor Show (IAA) in Frankfurt am Main to mark the 30th anniversary of the Sport quattro – the Audi Sport quattro concept. In addition, the Audi allroad shooting brake showcar was exhibited at the Detroit Motor Show in January 2014.

To achieve the goal of all-electric mobility, we are pursuing an integrated approach spanning all aspects of electric driving. One example of this is charging technology. Audi has thus joined forces with several other German and American carmakers to work on the definition of a standardized charging system for electric vehicles that will substantially facilitate electric mobility and promote their use throughout the world – the Combined Charging System.

*Further information and explanations can be found under **"Combined Charging System"** on page 161.*

In pursuit of the goal of carbon-neutral mobility, here at Audi we do more than simply seek to reduce the CO_2 emissions produced when a vehicle is driven; we also look at the overall environmental footprint of our products over their life cycle. That is why the Audi Group is working on various research projects focused on sustainability. For example, we are cooperating with expert partners to explore in depth a technology that makes it possible to absorb CO_2 directly from the ambient air. The CO_2 molecules captured in this way can then be reused – for example in automotive air conditioning systems or in the manufacture of synthetic fuels.

We took a further step in the direction of carbon-neutral mobility in opening the Audi e-gas plant in Werlte in summer 2013. Using renewable power, for example from wind turbines, the Werlte plant produces synthetic methane, which is chemically almost identical to natural gas and can be used as a largely carbon-neutral source of power for natural gas vehicles such as the A3 Sportback g-tron, because only as much CO_2 is released into the atmosphere as was previously captured in the production process.

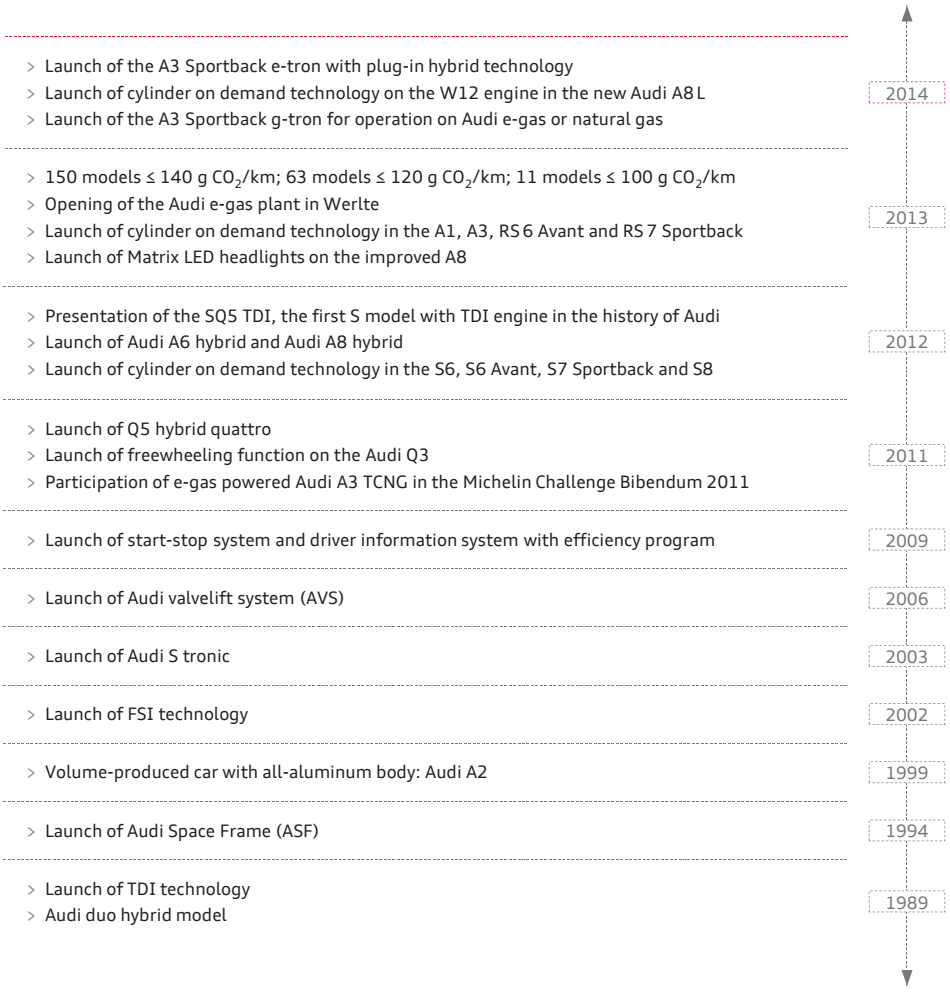
*Further information can be found on page 161 under the heading **"Opening of Audi e-gas plant in Werlte."***

As part of our quest for carbon-neutral mobility, we at Audi are also pursuing another highly promising concept for substituting gasoline and diesel with entirely new, renewable fuels – Audi e-fuels. This initiative is also based on the principle of taking CO_2 from the atmosphere and turning it into carbon-neutral fuels. For some time now, we have already been researching the manufacture of synthetic ethanol, or Audi e-ethanol, and synthetic diesel, or Audi e-diesel, in collaboration with innovative partners. At the start of 2014, we embarked on an additional research and development collaboration with a high-profile partner, with the goal of producing biomass-free isooctane (Audi e-gasoline) and preparing it for use by final consumers.

Thanks to its innovative energy management, the lighting technology used in our Matrix LED headlights was recognized by the European Commission as an eco-innovation. As well as increasing safety and convenience, this lighting technology demonstrably improves fuel efficiency. The European Commission has confirmed this in bench tests (www.automobilwoche.de/article/20130417/NACHRICHTEN/130419923/eu-bestatigt-erstmals-oko-innovation-eines-autoherstellers – link only available in German).

*Detailed information on the subject of **"Lighting technology"** can be found on pages 159 f.*

Milestones in efficiency technology from the Audi brand

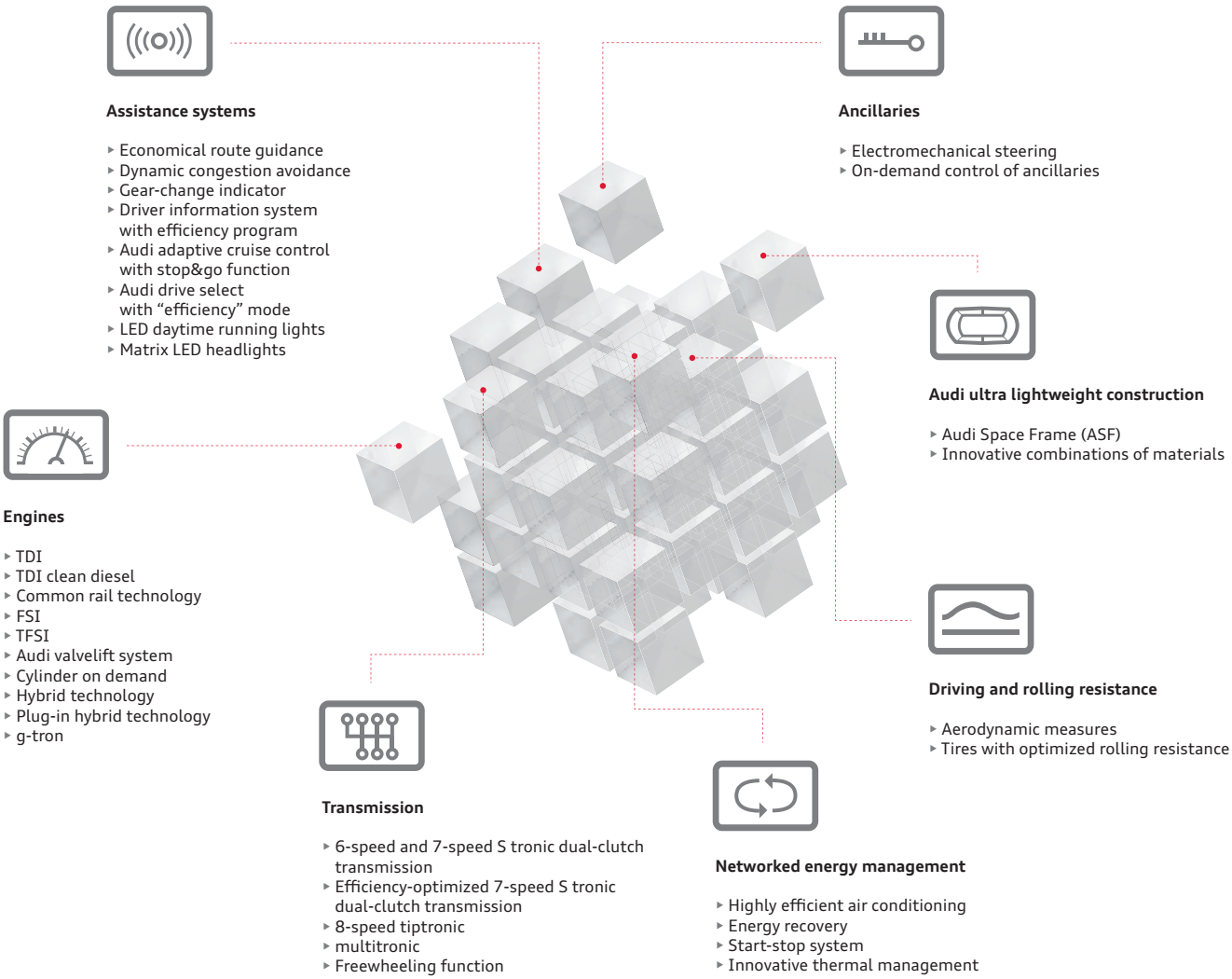


/ A3 E-TRON

At the Geneva Motor Show in March 2013, we took the wraps off the Audi A3 Sportback e-tron, which will become available in the second half of 2014. This premium compact car is designed as a parallel hybrid – a highly efficient concept that maximizes the advantages of two entirely different drive principles. The combined system power of a modified 1.4 TFSI engine with an output of 110 kW (150 hp) and the electric motor, which develops 75 kW along with 330 Nm of torque, is 150 kW (204 hp). The maximum speed of the A3 Sportback e-tron is 222 km/h. In the all-electric mode, this five-door car reaches a top speed of 130 km/h, and its maximum electric range is 50 kilometers. The A3 Sportback e-tron can travel a total distance of up to 940 kilometers. Based on the European standard driving cycle, it consumes an average of just 1.5 liters of premium-grade gasoline and emits 35 g/km of CO_2.

Audi will also be systematically taking all-electric mobility to the next development level in the future. Plug-in hybrid technology provides a very important bridge to all-electric driving in that respect.

/ MODULAR EFFICIENCY PLATFORM



The Audi brand's modular efficiency platform brings together all technologies that help to realize further reductions in fuel consumption and CO_2 emissions. It draws on wide-ranging components from many different technology areas. The modules in the efficiency platform are continually being supplemented and expanded. The new technologies are gradually rolled out in the Audi brand's car lines in connection with model changeovers and product improvements. For example, the cylinder on demand technology that can improve fuel efficiency by up to 20 percent by deactivating cylinders is already available on three different engines.

Further information can be found under
"New engines – driving fun and efficiency"
on page 159.

/ AUDI LIGHTWEIGHT CONSTRUCTION

Audi reached a milestone back in 1994 with the use of aluminum in lightweight automotive construction. In that year, the Audi A8 became the first production sedan to feature Audi Space Frame (ASF) technology. We have set ourselves the goal of further reducing vehicle weights across the entire product range by using an intelligent mix of materials and by integrating functions and systems into trendsetting vehicle architectures. We will position appropriate flagship lightweight models in every vehicle segment in the future.

/ AUDI ULTRA

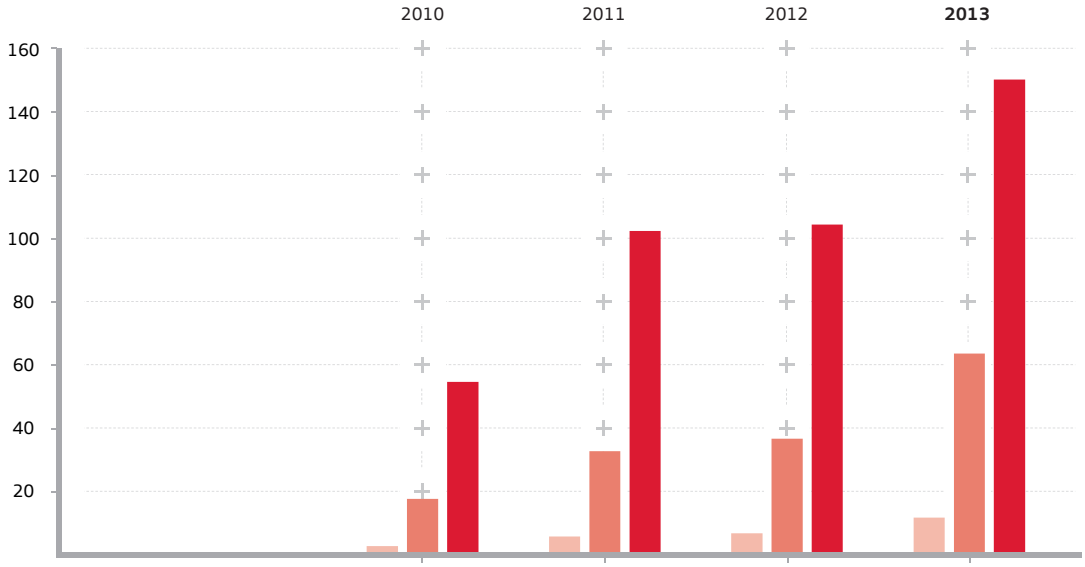
The term Audi ultra extends beyond the actual product and is considered synonymous with all-encompassing, sustainable efficiency. Audi is developing increasingly economical engines and using ever-lighter materials. We aim to further reduce CO_2 emissions in our products' phase of use, and employ natural resources sparingly during our production processes. In the future, the most economical model in each car line, whether diesel or gasoline, will bear the "ultra" name. By way of an example, the new Audi A3 1.6 TDI ultra with an output of 81 kW (110 hp) achieves average consumption of 3.2 liters of diesel fuel, with CO_2 emissions of 85 g/km. It is available in both three-door and five-door versions and is the most economical vehicle in the A3 family. Audi will build on the ultra strategy in 2014 with the gradual roll-out of 11 new, exceptionally efficient models in the A4, A5 and A6 car lines. With the extensively reengineered 2.0 TDI power unit, the combined-cycle fuel consumption ranges between just 3.9 and 4.6 liters of diesel per 100 kilometers. CO_2 emissions of 104 to 119 g/km mean the new Audi models are among the most efficient in their segment.

/ AUDI MODELS WITH CO_2 EMISSIONS UP TO 140 G/KM

By consistently refining and applying innovative technologies from the modular efficiency platform, the Audi brand succeeded in further improving both the fuel economy and power of its vehicles. By the end of 2013, a total of 150 models achieved CO_2 emissions not exceeding 140 g/km. This total included 63 drivetrain versions with CO_2 emissions of up to 120 g/km. Four model versions of the A1 family and seven drivetrain versions from the A3 car line even achieved CO_2 emissions figures of less than 100 g/km.

According to official figures released by the European Commission, the average CO_2 emissions figure for new Audi vehicles sold in the European Union (EU 27) was 139 g/km in 2012. Based on provisional calculations, the average CO_2 emissions of newly registered Audi vehicles in the EU 28 are expected to be around 134 g/km in 2013.

Audi models with CO_2 emissions up to 140 g/km, 120 g/km and 100 g/km (year-end position)



	2010	2011	2012	2013
Number of Audi models ≤ 140g CO_2/km	54	102	104	**150**
Number of Audi models ≤ 120g CO_2/km	17	32	36	**63**
Number of Audi models ≤ 100g CO_2/km	2	5	6	**11**

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.***

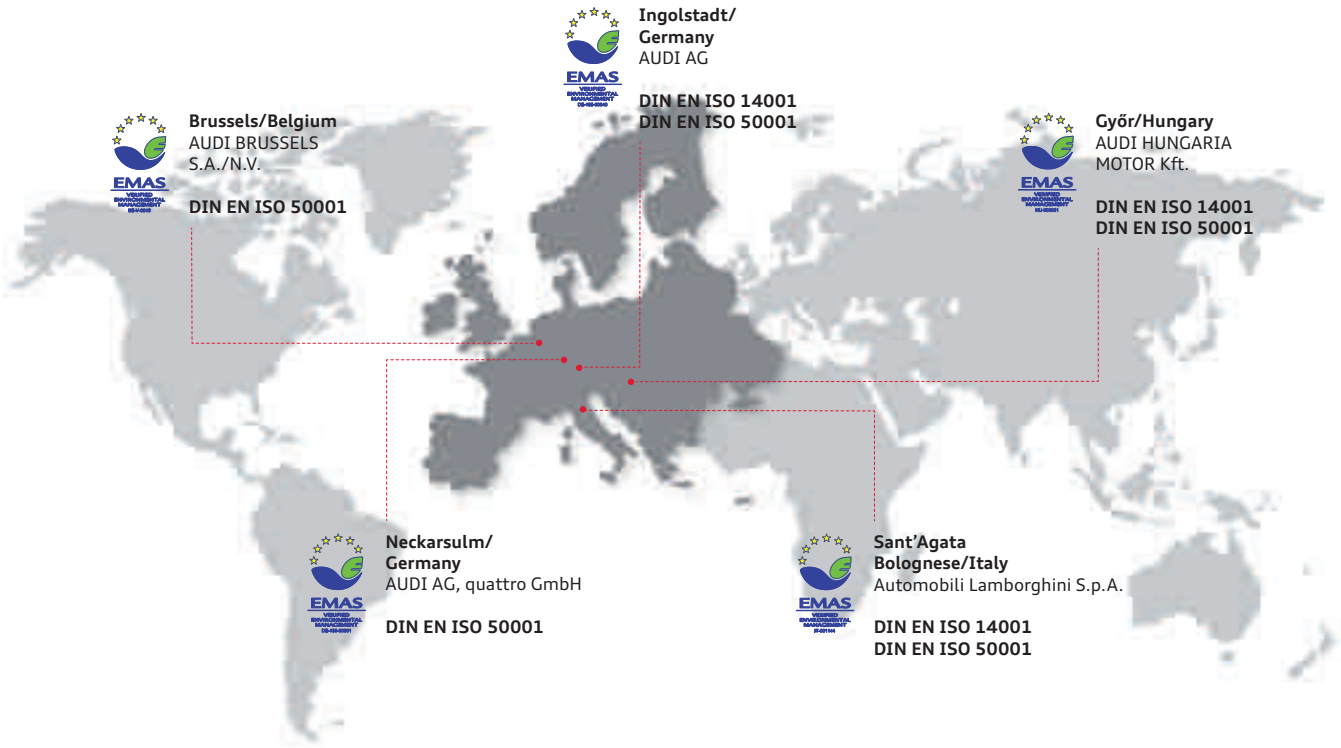
LOCATION-BASED ENVIRONMENTAL ASPECTS

The Audi Group is clearly committed to location-based environmental protection and already goes well beyond the statutory requirements. As well as putting our automotive production locations through various external accreditation processes, our ongoing efforts are evident, for instance, in the reduced emissions from production operations, the efficient use of resources and the environmental projects currently in progress.

/ *ACCREDITATION*

Alongside the use of innovative technologies, organizational measures within the environmental management systems are a very important aspect of location-based environmental protection for the Audi Group. 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. Furthermore, the Ingolstadt, Győr (Hungary) and Sant'Agata Bolognese (Italy) plants are accredited under the worldwide DIN EN ISO 14001 standard. The Volkswagen Group manufacturing locations in Bratislava (Slovakia), Martorell (Spain) and Aurangabad (India), where the Audi Group also has production operations, as well as the Changchun plant of the Chinese joint venture FAW-Volkswagen Automotive Company, Ltd. are accredited under the worldwide DIN EN ISO 14001 standard. In addition, the environmental management systems for the Ingolstadt, Neckarsulm, Győr, Brussels (Belgium) and Sant'Agata Bolognese locations also meet the particularly strict requirements of DIN EN ISO 50001 regarding continuous systematic reductions in energy consumption.

Accreditation of Audi Group locations



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

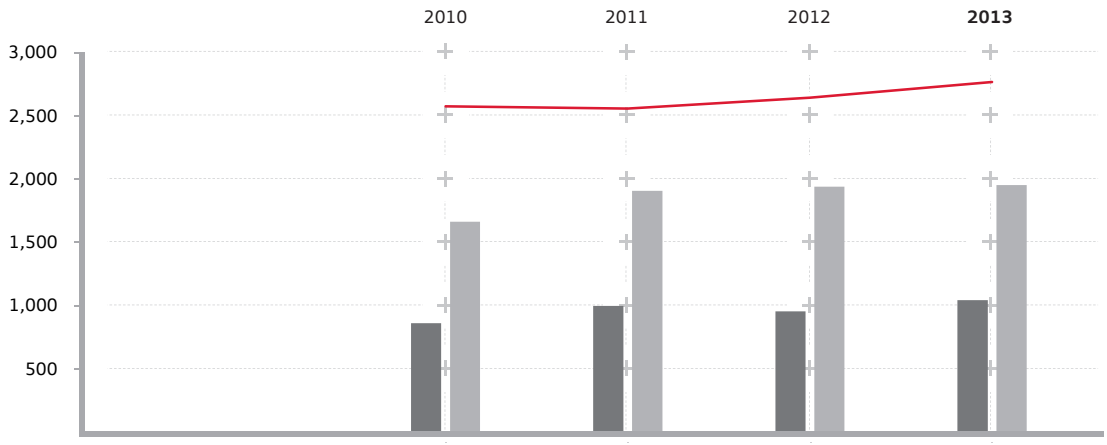
/ *EMISSIONS REDUCTION AND RESOURCE EFFICIENCY*

Reducing energy consumption and the related emissions is a special priority within our Company's environmental activities. We pursue an integrated approach and consider 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, and recycling. In this connection, we intend to reduce our specific location-based and company-related CO_2 emissions by 25 percent by 2018 compared with the specific figure for 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. Our long-term vision is of an entirely carbon-neutral automotive manufacturing process. Starting with the Ingolstadt site, we aim to roll out this concept gradually across other sites. In addition to continuously optimizing our processes, we focus above all on energy-saving measures when planning plant and buildings and defining logistics processes. Eco-electricity has been in use at the Ingolstadt site since 2012. This measure helps to avoid up to 290,000 metric tons of CO_2 a year. The Brussels location has also been using renewable hydroelectric power since 2012. Over the period of 2010 through 2018, the Group is likewise striving for a 25 percent improvement in the key environmental metrics for energy, fresh water, waste disposal and organic solvents (volatile organic compounds).

In addition to logistics, the production and supply facilities in particular are significant in terms of permanent efficiency improvements. For example, the use of ultra-lightweight tools made mainly from carbon-fiber-reinforced polymer (CFRP) in body manufacturing helps to save as much as 40 percent in electricity compared with conventional equipment. Innovative joining techniques in body manufacturing – such as spot welding, laser welding and bonding techniques – likewise help to cut consumption of operating materials and energy.

The modern paint shop at our Győr production location is also helping us cut back on the amount of energy used. Compared with the conventional wet separation technology, energy consumption there can be reduced by up to 50 percent with the help of a dry separation system with air recirculation. Solvent emissions can even be cut by more than 70 percent. Combined heat and power, heat and energy recovery systems and the use of district heating have proven very successful for the Audi Group. This is exemplified by the new Münchsmünster site, where particular attention is paid in all areas to the efficient use of energy. Alongside an ultra-efficient combined heat and power plant, the waste heat from generating compressed air is fed back into the heating system, for instance; in addition, process heat is used for surface heating, and hall ventilation systems are equipped with heat recovery. 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. This approach was also systematically refined for the new Logistics Center. Opened in September 2013, this building has also earned an "A" energy rating.

Development in vehicle production, car engine production and energy use by the Audi Group [1)]



	2010	2011	2012	2013
Vehicle production thousand units	878	1,008	967	**1,052**
Car engine production thousand units	1,648	1,884	1,917	**1,927**
Energy use [2)] in GWh	2,527	2,508	2,591	**2,711**

1) Ingolstadt, Neckarsulm, Brussels, Győr and Sant'Agata Bolognese plants; since 2013 including Bologna; excluding parts and components
2) 2013 figures provisional; energy use: total use of electrical energy, natural gas, heating oil, district heating and externally supplied refrigeration

Energy use has been kept at a largely constant level in recent fiscal years. That fact reflects how sustainably and responsibly Audi uses resources. The increase in 2013 is substantially attributable to higher unit totals, the first-time inclusion of Ducati and new automotive manufacturing operations in Győr. The other key environmental metrics that the Audi Group observes in addition to energy consumption likewise reflect the expansion of the Audi Group.

Environmental structural data [1)]

		2013	2012
VOC emissions [2)]	t	2,053	2,144
Direct CO_2 emissions [3)]	t	210,567	191,811
Volume of waste water	m³	2,392,304	2,269,192
Fresh water purchased	m³	3,702,249	3,569,786
Total volume of waste [4)]	t	78,387	70,053
of which recyclable waste	*t*	*64,840*	*58,090*
of which disposable waste	*t*	*13,547*	*11,964*
Metal waste	t	332,170	306,857

1) Ingolstadt, Neckarsulm, Brussels, Győr and Sant'Agata Bolognese plants, since 2013 including Bologna; 2013 figures provisional
2) VOC emissions (volatile organic compounds): This figure comprises emissions from the paint shops, test rigs and other facilities.
3) 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.
4) Including non-product-specific waste

/ *EXAMPLES OF CURRENT ENVIRONMENTAL PROJECTS*

AUDI AG promotes a sustainable environmental policy through the non-profit environmental foundation Audi Stiftung für Umwelt GmbH. The foundation's goal is to protect the natural living conditions of humans, animals and plants. The foundation supports measures and research activities that promote environmental education and the development of environmentally acceptable technologies beyond the automotive sphere. For example, an innovative species conservation project – the Breitengüßbach Environmental Center – was launched together with local project partners in 2012. Over a four-year period, innovative and pioneering methods of professional species protection combined with hands-on environmental education will be put into practice on a former military site – with the goal of safeguarding an environment supporting the widest variety of species possible without excluding human influence. The project earned Audi Stiftung für Umwelt GmbH and its partners international recognition in the past fiscal year as an official project of the UN Decade on Biodiversity. The status is awarded to projects that promote the preservation of biodiversity in an exemplary manner.

*For more information about the **Breitengüßbach Environmental Center**, please refer to pages 86 ff. in the magazine section of the Annual Report.*

The Oak Forest research project was launched back in 2008. As well as the first trial site close to Ingolstadt, the project has now planted around 95,000 trees on various sites in the vicinity of the Ingolstadt, Neckarsulm, Győr (Hungary), Brussels (Belgium) and Sant'Agata Bolognese (Italy) locations. The Audi Stiftung für Umwelt GmbH has taken charge of providing long-term research support for this project. Led by the Chair for Forest Growth and Yield at the Technical University of Munich and in conjunction with additional project partners, the research project seeks among other things to investigate the interaction between stand density on the one hand, and the potential for capturing CO_2 and for biodiversity on the other.

/ *EMISSIONS TRADING*

In introducing the trading of CO_2 emissions rights in 2005, the European Union took on a leading role in matters of climate protection. The third trading period, which now includes the Győr (Hungary) production location in addition to the Ingolstadt, Neckarsulm and Brussels (Belgium) locations, started in 2013. This period will run 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.

EMPLOYEES

/ *WORKFORCE*

Average for the year	2013	2012
Domestic companies	**50,891**	**48,970**
of which AUDI AG	*49,239*	*47,121*
Ingolstadt plant	*35,097*	*33,311*
Neckarsulm plant	*14,142*	*13,810*
Foreign companies	**18,185**	**15,656**
of which AUDI BRUSSELS S.A./N.V.	*2,547*	*2,501*
of which AUDI HUNGARIA MOTOR Kft.	*9,683*	*8,340*
of which Automobili Lamborghini S.p.A.	*966*	*925*
of which VOLKSWAGEN GROUP ITALIA S.P.A.	*884*	*911*
of which Ducati Motor Holding S.p.A. [1)]	*1,033*	*483*
Employees	**69,076**	**64,626**
Apprentices	2,363	2,283
Employees of Audi Group companies	**71,439**	**66,909**
Staff employed from other Volkswagen Group companies not belonging to the Audi Group	342	322
Workforce of the Audi Group	**71,781**	**67,231**

1) As of December 31, 2012, Ducati Motor Holding S.p.A., Bologna (Italy), had a total of 958 employees (excluding apprentices).

The Audi Group employed an average total of 71,781 (67,231) people in the 2013 fiscal year. At the end of the year, the workforce reached a level of 73,751 (68,804) employees.

The increase in the workforce was prompted mainly by the recruitment of new employees at AUDI AG and the expansion of the plant at AUDI HUNGARIA MOTOR Kft., Győr (Hungary).

Employee structural data (AUDI AG)

		2013	2012
Average age [1]	Years	40.4	40.6
Average length of service [1]	Years	15.0	15.2
Proportion of women [1]	Percent	13.9	13.7
Proportion of academics [2]	Percent	43.9	42.3
Proportion of foreign nationals	Percent	8.0	7.7
Proportion of people with severe disabilities	Percent	6.1	6.0
Contracts to workshops for people with mental disabilities	EUR million	6.5	6.3
Frequency of accidents [3]		2.9	2.4
Attendance rate	Percent	96.3	96.4
Savings through Audi Ideas Program	EUR million	65.6	71.1
of which implementation rate	*Percent*	*57.6*	*57.4*

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

The mission "We delight customers worldwide" at the core of our Strategy 2020 also represents a key task area for the Audi Group's Human Resources division. Commitment, expertise and the demand-oriented training of our employees are among the key factors.

To achieve the strategic goal "Attractive employer worldwide," Audi aims to create the right general and working conditions and a customized human resources structure in all divisions. To that end, it is important to establish an environment that is both conducive to a good economic performance and meets the needs of the workforce. The goal of human resources work is therefore to focus on the individual. A culture of codetermination is the basis for the economic success of the Company.

Another important element of human resources policy is to translate Audi's success into success for all employees. The management and Works Council have therefore agreed on a profit-sharing arrangement based partly on the previous year's profit and partly on the attainment of specific goals. There are corresponding profit-sharing systems at Audi subsidiaries in Germany and abroad. These are determined independently by the management of the subsidiaries and on the basis of local pay levels.

/ OVER 3,000 EMPLOYEES NEWLY RECRUITED AT AUDI AG

AUDI AG took on a total of 3,091 new employees in the 2013 fiscal year. 1,003 experts, 27 percent of whom are women, were recruited primarily for the innovation areas of lightweight construction, connectivity and electric mobility, and to support the development of new sites. 1,332 skilled workers were also taken on as permanent employees, in most cases after having been hired on a temporary basis. The Company also welcomed 756 young people starting their vocational training or a dual course of study at its Ingolstadt and Neckarsulm locations.

/ ATTRACTIVE EMPLOYER WORLDWIDE – TOP RANKINGS AGAIN IN ATTRACTIVENESS SURVEYS

We continued to pursue the strategic corporate goal of "Attractive employer worldwide" consistently and sustainably in the 2013 fiscal year. The Company again finished at the top of the prestigious employer rankings compiled by the consultants Universum and trendence to find Germany's most popular employer and conducted among both students and young professionals with engineering and economics degrees. In the IT category, Audi was the only car manufacturer to achieve a top three ranking among the experienced professionals surveyed by Universum ("The Universum German Student Survey 2013," May 2, 2013; "trendence Graduate Barometer 2013 – Business und Engineering Edition," May 15, 2013).

Audi also enjoys a high profile as an attractive employer at international level: In Belgium, AUDI BRUSSELS S.A./N.V. was voted "Employer of the Year" for the first time in 2013. This was the finding of a survey of around 9,000 young professionals combined with the ratings of a panel of experts. The project was carried out by the Internet platform Références/Vacature in association with the personnel consulting agency Acerta and the Vlerick Business School (www.bruessel.diplo.de/Vertretung/bruessel/de/06_20Wirtschaft/Aktuelles_20aus_20der_20Wirtschaft/Seite__Employeroftheyear2013.html – link only available in German).

On top of this achievement, the Hungarian subsidiary AUDI HUNGARIA MOTOR Kft. in Győr was voted the country's most attractive employer for the fifth year in a row. This was the outcome of a survey conducted by management consultants Aon Hewitt and the international student organization AIESEC (www.budapester.hu/2013/03/09/audi-hungaria-weiterhin-bester-arbeitsplatz/ – link only available in German).

As part of its international development, the Audi Group also expanded its trainee programs. The "StartUp Europe" program was opened up to applicants from Italy in December 2013, building on the venture's successful launch in Spain in 2012. This international trainee program is aimed at job-seeking engineers who have recently graduated; it is offered jointly by Audi and Volkswagen. The purpose of the two-year program is to qualify and develop engineers in preparation for long-term employment. In addition, Audi began training its first young skilled workers in Mexico in September 2013.

Clear positioning and communication are important requirements for achieving our strategic goal of "Attractive employer worldwide." For that reason we developed the "Working at Audi" personnel marketing campaign last year and rolled it out throughout Germany. In the Queb Award 2013, the Company achieved an outstanding third place with its campaign in the "Excellence Employer Branding" category (www.queb.org/deutsche-bahn-gewinnt-den-queb-award-2013/ – link only available in German).

/ *TRAINING AND ADVANCEMENT*

A total of 715 young people embarked on their training in one of 23 vocations at our two German sites Ingolstadt and Neckarsulm in the 2013 fiscal year.

As of the end of the year, there were a total of 2,465 apprentices and dual-system students working at AUDI AG. The figure includes around 200 young people taking part in a dual vocational training program which will qualify them for admission to a university of applied science.

32 young people had the opportunity to spend three months working in other European countries in the 2013 fiscal year. These apprentices were assigned to nine different locations throughout the Volkswagen Group. AUDI AG also offers this opportunity to apprentices from other Group companies.

The Audi vocational training system underwent further refinement based on the German dual system. The combination of tuition at a vocational college and in-company training is a successful model that is now also being rolled out at our locations worldwide. Regional, mostly state-run technical colleges combined with practical experience at company training centers and learning stations are the key to practice-based training for our employees. The training model has already been used successfully at our Hungarian plant in Győr for the past 12 years. Dual vocational training is currently being piloted in Brussels. In China, the FAW-Volkswagen Automotive Company, Ltd. joint venture, in which AUDI AG holds an interest, cooperates with the vocational college in Changchun and is expanding the scope of its involvement.

The focal areas for advanced training in 2013 were the key technologies of lightweight construction, connectivity and electrification, along with internationalization as a strategic area of action. Within our efforts to develop the production network worldwide, the Győr (Hungary), Foshan (China) and San José Chiapa (Mexico) sites were given particular attention.

/ *HEALTH MANAGEMENT*

The central goal of our occupational health management is to promote and preserve the health of our workforce. This is also an aspect of corporate management at Audi and spans everything from workplace ergonomics and deployment consultancy to the gradual reintegration of employees after a lengthy absence due to illness. The Health Care, Human Resources and Industrial Safety areas all play an important part in occupational health management, as do the managers in all business divisions and the Works Council. They actively assist in ensuring that employees are deployed in accordance with their health requirements, and that they remain employable.

Company-supported health activities and fitness programs help sensitize the workforce to issues such as exercise, nutrition and mental well-being. Seminars and workshops are offered to raise standards of personal health literacy.

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. By the end of 2013, the health centers at the Company sites had conducted over 60,000 check-ups.

/ JOB AND FAMILY

AUDI AG wants to help its employees achieve a balance between work and family life. As well as offering a large number of work-time and workplace models, Audi offers working parents a wide range of child care arrangements under the "Audi Spielraum" program. In 2013, a total of 106 places were reserved for the children of Company employees at Ingolstadt daycare centers. In Neckarsulm, the number of places at partner establishments was increased from 45 to a total of 60.

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 partnership with the city of Ingolstadt's "Local Alliance for the Family," Audi also offers child care arrangements in the other school vacations. At the Neckarsulm site, child care was provided for employees' children for the first time during the fall term break in 2013. Over 400 children and young people between six and 14 years of age attended the vacation programs at both locations in 2013. Flexible short-term care for employees' children aged between three and 14 years at AUDI AG in Ingolstadt is the only such program in the automotive industry. Parents are able to reserve a place up until 7 p.m. on the previous evening and benefit from particularly long opening hours. Parents thus find this arrangement helpful when professional appointments come up at short notice, especially at the start or end of the working day, and on days when the regular day-care centers are closed.

A total of 1,732 Audi employees took parental leave during the year under review. 62 percent of those taking parental leave were men. The average period of parental leave taken in the past fiscal year was around ten months. Women took an average of 23 months, whereas men were on parental leave for two months on average.

/ WOMEN AT AUDI

Attracting female employees to the Company and promoting their careers is an important aspect of the corporate strategy. 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. This approach enables us to increase diversity at our Company and thus promote the workforce's creativity and innovative potential. When hiring female academic graduates, we look at the proportion of women studying each subject. Averaged across all courses of study that are relevant for the Company, the target proportion of women for new recruitments is around 30 percent. In subsequent years, the proportion of qualified women that the Company seeks to hire will result in a steadily growing proportion of women managers at the various management levels.

Various measures have already been put in place to fuel interest in technical matters among girls from an early age, and to recruit and promote qualified women. AUDI AG targets advertising specifically at talented women with its workplace discovery days for young women, the Girls' Day, the "Female Researchers" or "Girls for Technology" camps as well as the CareerDay Women, aimed at female graduates and professional engineers.

In addition, we have been supporting internal and external women's networks for many years. Specific programs are available to help talented female employees along their career path. The Company is also building on and optimizing the basic framework for balancing working and family life.

Proportion of women at AUDI AG

in %	2013	2012
Total proportion of women	**14.1**	**13.9**
Apprentices	25.2	23.7
of which industrial apprentices	*22.1*	*20.7*
of which clerical trainees	*79.4*	*77.8*
Management	8.0	7.3

AUDI IN SOCIETY

Social involvement is an important element of entrepreneurial responsibility at AUDI AG. It stems from the conviction that society is the bedrock of the Company's long-term success and therefore its future viability. As a major employer, Audi aims to improve the quality of life at its locations and involves itself in regional initiatives in particular.

In accordance with the support guideline of the Audi Group, the primary areas of activity are education, technology and worldwide disaster relief.

/ *EDUCATION AND ACADEMIC COOPERATION*

Audi specifically supports initiatives to provide education and further training for children, young people and adults, above all in the so-called MINT subject areas (mathematics, information technology, natural sciences and technology). The Audi Training Department has long been working in close collaboration with teachers and students in the region. At the end of 2013, Audi announced the decision to support Germany's first dedicated school for talented students from difficult backgrounds with annual funding of up to EUR 1 million.

To widen the training options in and around its locations and at the same time increase the Company's innovative capacity in the long term, Audi cooperates with a large number of universities. This intensive collaboration accelerates knowledge transfer between research and industry. The University of St. Gallen in Switzerland and the Technical University of Dresden joined the cooperation network in 2013. Audi works with 29 academic establishments worldwide, in pursuit of the goal of attracting highly qualified young people. There are currently over 140 doctoral students conducting academic projects financed by Audi.

Audi's academic cooperation is not only limited to the university sphere. Under the motto of "Experiencing Science," Audi also offers the "Audi Colloquium" series of public lectures as an engaging way of disseminating knowledge. The specialist lectures attracted a total audience of over 2,600 in 2013.

/ *SOCIAL INVOLVEMENT*

AUDI AG and its employees are also eager to get involved socially.

The "Audi Volunteers" program, for example, encourages the workforce to become involved in volunteer activities: In 2013, 730 employees participated in 83 social projects connected to the Company as part of the "Audi Volunteer Days."

3,000 employees took part in the 24-Hour Run in Ingolstadt, raising a total of EUR 150,000 that AUDI AG donated to six social causes.

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 supplemented by additional contributions from the Company, raised the new record sum of EUR 850,000 in 2013.

The "Spare Cents" campaign – where many employees donate the remaining cents after the decimal point on their monthly payslip – also raised around EUR 224,000 for projects run by "terre des hommes" benefitting street children.

In addition, Audi provides disaster relief at home and abroad. For example, last June the Company donated EUR 1 million in disaster relief for the victims of the flooding in Germany and Hungary. A collection arranged among the workforce at the initiative of the Works Council raised a further EUR 515,000 for flood victims.

REPORT ON EXPECTED DEVELOPMENTS, RISKS AND OPPORTUNITIES

The global economy – in common with most car markets – will again expand slightly in 2014. Growth is likely to continue to develop at different rates in the individual regions. The Audi Group intends to continue to build on the strong positions that its brands have secured, and is laying the foundations for future growth with the biggest ever investment program in the history of the Company.

REPORT ON EXPECTED DEVELOPMENTS

/ *ANTICIPATED DEVELOPMENT OF THE ECONOMIC ENVIRONMENT*

// *GENERAL ECONOMIC SITUATION*

Our forecasts for the general economic situation are based in particular on current assessments by external institutions. These include economic research institutes, banks, multinational organizations and consultancy firms.

The Audi Group expects to see global economic growth pick up slightly in 2014. Emerging economies should again expand at a higher rate than industrial nations, but the latter should also see accelerating economic growth.

The business cycle in Western Europe is likely to regain some momentum in 2014. Even in most crisis-hit countries, the situation should show a gradual improvement, even if developments remain dependent on a further reduction in the structural deficits in each individual country. The export-driven German economy is expected to benefit from the slightly more buoyant global economy. Thanks to a healthy labor market, the robust development in private consumer spending should also contribute to moderate growth in Germany's gross domestic product.

On the back of Western Europe's development, most countries in Central and Eastern Europe should also be able to achieve faster economic growth. Those growth rates will again probably be higher than in Western Europe.

In the United States, we expect the gradual scaling-back of the fiscal squeeze to pave the way for a higher rate of economic expansion. We anticipate that growth will also receive a lift from consumer spending following continuing improvements on the labor market.

In 2014, Latin America's economy is also expected to expand somewhat faster than in the previous year, though it is unlikely to emulate the high growth rates of earlier years.

Once again, we expect the emerging economies in Asia to deliver the steepest economic growth in 2014. The Chinese economy should grow at roughly the same rate as in the previous year now that the country has embarked on structural adjustments to boost the domestic economy. In India, we expect a moderate rise in gross domestic product.

Japan's economic growth should match the previous year's moderate level.

// CAR MARKET

The Audi Group estimates that global car markets will experience only slight growth in 2014.

We anticipate that along with the gradual economic recovery in Western Europe, there will be a small rise in registrations of new cars compared with the low level of last year. In Germany too, the car market could profit from moderate expansion in the overall economy and achieve slight growth.

Sales growth for cars in Central and Eastern Europe is likely to only be low due to the very subdued performance of the Russian market.

In the United States, the ongoing strong replacement demand, the continuing availability of favorable credit terms and accelerating consumer demand should help to maintain the upward trend in the car market. The rate of expansion will probably be slightly lower than last year.

For the Latin America region, we expect demand for cars to remain flat in 2014.

The Asia-Pacific region is once again likely to be the main driver behind increasing worldwide demand for passenger cars in 2014. The growth trend in new registrations should hold up thanks to China's still comparatively low vehicle density and rising demand for mobility. However, it is unlikely that the unexpectedly dynamic performance of 2013 will be emulated. In India, we believe demand will match the previous year's level, while the Japanese car market is likely to contract significantly.

// MOTORCYCLE MARKET

For 2014 we expect to see a slight rise in demand for motorcycles in the motorcycle markets that are relevant for the Ducati brand. Growth will probably be driven by the emerging markets, above all thanks to their dynamic economies and high replacement demand for motorcycles there. We expect demand to remain steady in the established markets. The development of new registrations in the southern countries of Europe is likely to be no better than subdued due to the persistently restrained consumer climate in those countries and the economic challenges that they face.

/ OVERALL ASSESSMENT OF THE ANTICIPATED DEVELOPMENT OF THE AUDI GROUP

The Audi Group believes that global economic growth will continue with somewhat increased momentum in 2014, despite continuing economic uncertainty. From our perspective, the main challenges for the automotive industry, and therefore also for the Audi Group, are above all the heterogeneous character of the economic environment and the difficulty in predicting it. The trend towards alternative drive technologies and new mobility concepts is also of significance. In addition, in many markets we expect to encounter intense competition in 2014 similar to that of last year. Among its strategic objectives, the Audi Group practices value-oriented corporate management. It is steadily defining and implementing measures designed to protect and increase the Company's international competitiveness. The Board of Management considers the Audi Group to be well equipped to handle future challenges effectively and maintain its course of qualitative growth over the coming years.

// ANTICIPATED DEVELOPMENT OF DELIVERIES

The goal – originally envisaged for 2015 – of delivering over 1.5 million vehicles of the Audi brand worldwide was already easily exceeded in the past fiscal year, two years ahead of schedule. In 2014, we aim to continue our dynamic growth worldwide and expect a significant increase in deliveries. We are planning to increase our market share in numerous major sales markets, and thus further extend our strong competitive position in the premium segment worldwide.
In Western Europe, deliveries of the Audi brand should be slightly above the previous year's level despite the still challenging market environment. In Central and Eastern Europe, by contrast, we are planning substantial growth, driven mainly by dynamic deliveries for the Audi brand in the Russian market. For the North America sales region too, we expect volume growth to remain strong. Especially in the United States, we want to benefit from the expansion of our exclusive dealer network and from actively marketing high-performance, efficient diesel models. We plan to further consolidate our leading position in the Chinese premium market in 2014 by significantly increasing deliveries.

In our highest-volume sales market, our growth strategy centers on widening the product range, going into local production with more models – such as the A3 Sportback and A3 Sedan – and expanding our dealer network. In Japan too, we expect to see a further clear rise in deliveries of the Audi brand in the current fiscal year, despite the expected contraction of the overall car market.

Audi already offers a broad and attractive product portfolio, ranging from the A1 premium compact car, through the SUV family – Q3, Q5 and Q7 – to the R8 supercar. To further increase brand appeal and customer delight, we intend to gradually expand the model program in the future, thus providing for a further sales boost.

The full availability of the A3 Sedan and the recent launch of the A3 Cabriolet should provide an added stimulus to demand for the models of the A3 family. Furthermore, two models with alternative drive concepts are joining our A3 premium compact car line in the current fiscal year – the A3 Sportback e-tron and g-tron. The improved version of our Audi A8 luxury sedan went on sale at the end of 2013. In addition, the A1 car line will be supplemented this year with the arrival of the sporty S1 and S1 Sportback models. We also expect to see the third generation of the Audi TT Coupé provide an extra growth stimulus; it will be appearing on markets from the second half of 2014.

The Lamborghini brand is preparing for rising demand in particular from the market introduction of the Huracán. We also expect to see the Ducati brand significantly increase its deliveries of motorcycles in 2014.

// ANTICIPATED FINANCIAL PERFORMANCE

Based on our current estimates and depending on economic conditions, we expect a slight increase in revenue for the Audi Group to more than EUR 50 billion in 2014. The systematic expansion of our international manufacturing structures, the increasing input needed for new products and technologies – in particular to comply with tougher CO_2 requirements worldwide – and mix effects will initially have a negative impact on profit in the current fiscal year. At the same time, the positive trend in deliveries and revenue, ongoing productivity and process improvements already implemented and our efficient corporate structures will impact our operating profit positively. Overall, we expect an operating return on sales within our strategic target corridor of 8 to 10 percent. Despite increasing product and structural investments, we expect a return on investment (ROI) of over 18 percent in 2014.

// ANTICIPATED FINANCIAL POSITION

The Audi Group again intends to finance its planned corporate growth entirely from internally generated cash flow in 2014. The cash flow from operating activities is likely to reach a similarly high level to that of 2013. Despite increasing product and structural investments, net cash flow is expected to be significantly over EUR 2 billion, thus emphasizing the consistent financial strength of the Audi Group.

// CAPITAL INVESTMENTS

The focus of the Audi Group's mid-range investment plan is on maintaining the model initiative and, in particular, on expanding the worldwide development and manufacturing structures. In addition, the Company is concentrating on technological innovations, for example to steadily improve automotive efficiency, as well as on the development of alternative drive concepts. The purpose of all investment measures is to sustainably strengthen the market position of the Audi Group.

The Audi Group plans to make total capital investments of around EUR 22 billion over the period 2014 through 2018. Of this, investments in property, plant and equipment will total EUR 16 billion. With this investment program, the largest in the history of the Company, we will be establishing the basis for future growth. The ratio of investments in property, plant and equipment should be between 5.0 and 5.5 percent in 2014.

Anticipated development in the priority key figures of the Audi Group

	Forecast 2014
Deliveries to customers	clear increase
Revenue	slight increase
Operating profit/operating return on sales	within the strategic target corridor of 8 to 10 percent
Return on investment (ROI)	over 18 percent
Net cash flow	significantly over EUR 2 billion
Ratio of investments in property, plant and equipment	5.0 to 5.5 percent

REPORT ON RISKS AND OPPORTUNITIES

/ THE RISK MANAGEMENT SYSTEM WITHIN THE AUDI GROUP

// OPERATING PRINCIPLE OF THE RISK MANAGEMENT SYSTEM

The Audi Group fundamentally adopts a value and future-oriented approach in the interests of its stakeholders. Approaching entrepreneurial opportunities and risks constructively is a key aspect of its economic responsibility.

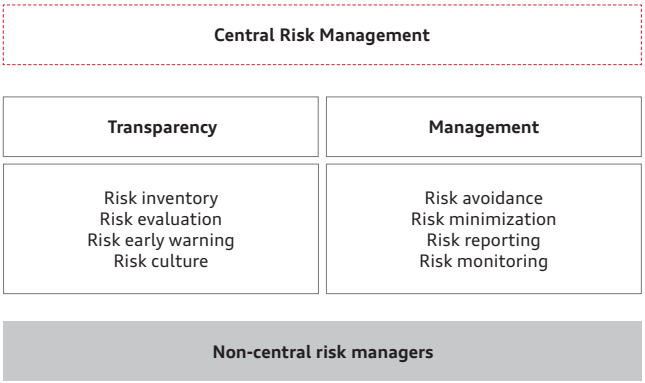
Our Company's risk propensity is reflected in the strategic, operating and financial targets that it develops. The binding objectives are subjected to responsible risk/return analyses and are synchronized both Company-wide and with the Volkswagen Group.

For many years the Audi Group has maintained a Group-wide risk management system which reflects the internationally recognized standard of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The risk management system is intended to satisfy statutory and business requirements. Statutory changes are continually observed and are acted on promptly where relevant for the Company. Our risk management system enables us to systematically record the risks to which the Audi Group is exposed and simultaneously to highlight ways of identifying and exploiting opportunities for the divisions. Within the COSO framework, internal controls are defined and carried out along the entire value chain. Audi addresses the growing challenges of an increasingly complex and volatile environment by steadily expanding, gradually refining and culturally anchoring the risk management system, which is also embedded in an internal Board Directive in light of its high strategic relevance. Risk management and compliance are closely linked both organizationally and procedurally in a comprehensive, integrated management approach. Furthermore, a combined report on risk management, internal controls 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.

The Audi Group bases the systemic design around the "Three Lines of Defence Model." This system architecture is based on the recommendations of leading specialist organizations such as the European Confederation of Institutes of Internal Auditing (ECIIA). The divisions of AUDI AG and the Group companies constitute the first line of defence. In their capacity as the risk owners, they are responsible for managing their risks and controls, and are also required to carry out reporting. The findings of this operational risk management are continuously incorporated into the relevant planning and control calculations of the Controlling department.

As the second line of defence, Central Risk Management safeguards the fundamental functioning of the risk management system and internal control system. The core activities include systemic monitoring, ensuring system performance and submitting an aggregated report on the risk situation to the Board of Management and the Audit Committee of the Supervisory Board. Other significant tasks involve refining practical frameworks and standards, methods and processes. The provision of consulting functionalities to help the divisions and subsidiaries conduct operational risk management furthers the ongoing improvement of the system by permanently ensuring risk transparency, optimizing risk controllability and promoting the risk culture.

Risk management within the Audi Group



As the third line of defence, Internal Auditing, as an impartial body, examines the security, regularity and economic effectiveness of the systemic and operational activities of the risk management system and internal control system. In addition, the risk early warning system and internal control system for accounting are subject to review by the independent auditor of the Consolidated Financial Statements.

// OPERATING PRINCIPLE OF OPPORTUNITIES MANAGEMENT

We aim to ensure the sustained success of the Audi Group and the consistent implementation of our Strategy 2020 by effectively managing risks from our business activities and at the same time identifying and exploiting entrepreneurial opportunities to our best advantage.
With that in mind, we continually analyze the international context of our business model so that trends and changes in key factors, such as the market, technology, society and environment, are recognized early on and their potential consequences for Audi are deduced. Opportunities management is integrated into the operational and organizational structure of the Audi Group and is closely aligned with our strategic objectives. Medium and short-term potential opportunities are identified and operationalized by the divisions.

// INTEGRATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM FOR THE FINANCIAL REPORTING PROCESS

The financial reporting section of the internal control and risk management system comprises measures designed to ensure the complete, prompt and accurate communication of all information needed for the preparation of the financial statements of AUDI AG and the Audi Group, and of the Combined Management Report of the Audi Group and AUDI AG. The objective is to minimize or eliminate altogether the risk of accounting and reporting errors and of external reporting.

The Audi Group accounting system is a fundamentally decentralized organization. In individual instances, the subsidiaries' accounting departments may pass on tasks 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 and then transferred to a Consolidated Financial Statement in accordance with IFRS. To ensure data security, data transferred to Group Accounting at AUDI AG is protected using a commercial encryption product.

The Audi Group accounting guideline assures 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 proper 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 analyzed and validated at Group level. The reports prepared by the independent auditors and 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 also addressed.

Significant instruments of control, such as the "dual control principle," the separation of functions and systematic plausibility checks on a manual and automatic basis, are used in the preparation of the Group companies' individual financial statements. In addition, Group Auditing examines the regularity of the financial reporting process for domestic and foreign companies.

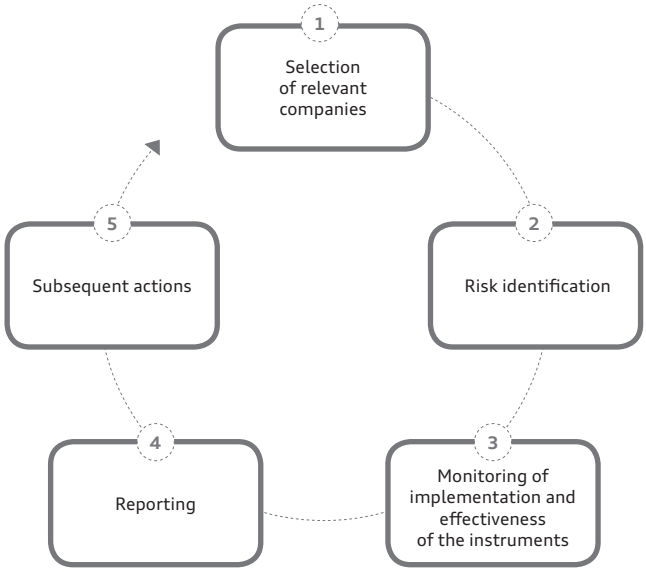
Furthermore, the Audi Group is connected to Group Accounting at Volkswagen AG, Wolfsburg, through the joint use of the Volkswagen consolidation and corporate management system (VoKUs) and ongoing information sharing. This approach assures the consolidation and analysis of data from both Accounting and Controlling. The system also includes central master data management and serves as a uniform reporting system. VoKUs offers a high degree of flexibility if changes to the legal framework need to be incorporated. Data consistency within the financial reporting process is ensured by systematic validation functions at multiple levels, such as checks for completeness as well as plausibility checks on content.

// RISK EARLY WARNING SYSTEM IN COMPLIANCE WITH GERMAN ACT ON CONTROL AND TRANSPARENCY IN BUSINESS (KONTRAG) AND MONITORING OF EFFECTIVENESS IN COMPLIANCE WITH GERMAN ACCOUNTING LAW MODERNIZATION ACT (BILMOG)

Pursuant to the German Stock Corporation Act (AktG), risk management is subject to wide-ranging statutory requirements. The obligations of the Board of Management concerning the early identification of risks that threaten the Company as a going concern are governed by Section 91, Para. 2 of the German Stock Corporation Act (supplemented by the German Act on Control and Transparency in Business [KonTraG]). In addition, pursuant to Section 107, Para. 3 of the German Stock Corporation Act (supplemented by the German Accounting Law Modernization Act [BilMoG]), the Audit Committee of the Supervisory Board is obliged to consider the effectiveness of the risk management system (RMS) and internal control system (ICS). As well as identifying individual risks, this necessitates a comprehensive systemic approach, in particular taking account of the measures for managing risks using the corresponding

control procedures. The Board of Management is responsible for the organizational structure of the risk management system and internal control system. A Group-wide systematized risk identification process (governance, risk & compliance [GRC] process) ensures the basis for meeting these requirements. It provides an overall picture of the risk situation and an assessment of how effective the processes and overall system are.

GRC process



// RISK CONSOLIDATION GROUP

All participations are assessed according to quantitative and qualitative features using a uniform selection process and classified according to risk criteria. In the current fiscal year, AUDI AG and 17 subsidiaries carried out the GRC process in full.

Germany:

- AUDI AG
- Audi Akademie GmbH
- Audi Electronics Venture GmbH
- Audi Vertriebsbetreuungsgesellschaft mbH
- quattro GmbH

International:

- AUDI BRUSSELS S.A./N.V.
- Audi Canada Inc.
- Audi (China) Enterprise Management Co., Ltd.
- AUDI DO BRASIL INDUSTRIA E COMERCIO DE VEICULOS LTDA.
- Audi Akademie Hungaria Kft.
- AUDI HUNGARIA MOTOR Kft.
- AUDI HUNGARIA SERVICES Zrt.
- Audi Japan K.K.
- Audi of America, LLC
- Audi Volkswagen Korea Ltd.
- Automobili Lamborghini S.p.A.
- Ducati Motor Holding S.p.A.
- VOLKSWAGEN GROUP ITALIA S.P.A.

The subsidiaries not included in the risk consolidation group must meet minimum requirements for their risk management system and internal control system.

Unexpected external factors in particular can cause a significant change in the risk situation in a short period of time. All Group companies are obliged to inform Central Risk Management of these by means of ad hoc announcements. A significant change in the risk situation has taken place either if there is a risk that is a threat to the Company as a going concern or if critical threshold values are reached or exceeded. Developments that constitute a threat to the Company as a going concern include risk-exposed business transactions, but also in particular financial reporting inaccuracies and breaches of statutory requirements that materially affect the net worth, financial position and financial performance or may permanently undermine the overall strategy of the Group companies. Priority is given to defining preventive measures for limiting losses, providing updated communication to the corporate bodies on the risk situation, and examining whether an ad hoc announcement meeting capital market requirements needs to be published.

// RISK IDENTIFICATION, ASSESSMENT AND DOCUMENTATION

The individual risks reported under the GRC process are to be evaluated by the risk managers in the respective divisions, departments and subsidiaries. At this stage, they seek to establish the probability and the potential loss, considering the corrective action and management checks already implemented (net perspective). The relevance and plausibility of their findings are scrutinized with the aid of more in-depth interviews. Based on the process documentation, 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 in an appropriate manner, and whether the monitoring system to be implemented is fit for purpose.

// MONITORING OF EFFECTIVENESS, ONGOING EXAMINATION AND REFINEMENT

With regard to the BilMoG criteria, where corrective action and management checks substantially reduce the risk, their effectiveness is checked by the departments or by internal and external assessors. The departments then attend promptly to the weak points. Implementation is followed up by Central Risk Management. The processes of the risk management system and internal control system are regularly optimized within our continuous monitoring and improvement processes in order to ensure lasting effectiveness of the systems. The results are reported to the Board of Management and Supervisory Board both on a regular and an ad hoc basis. Internal Auditing and the external independent auditor act as impartial bodies, which monitor the regularity and effectiveness of selected elements.

/ RISKS AND OPPORTUNITIES OF THE AUDI GROUP

We list below those risks which we consider to be material, based on our current assessment of the future development of the Audi Group. The opportunities presented are determined analytically and are operationalized when an opportunity becomes sufficiently specific. The following presentation of our opportunities and risks reflects the categories typically used in the automotive industry. Within these categories, we distinguish according to significance.

// ECONOMIC RISKS

As a manufacturing enterprise, the Audi Group is dependent on a prompt, demand-driven supply of raw materials, preliminaries and semi-finished goods. Bottlenecks can occur, for example, as a result of disproportionately high demand on the markets for raw materials or due to statutory or political restrictions. Audi counteracts these risks through ongoing monitoring of developments in the raw materials markets that are relevant for the Company. In addition, it continually reconciles its demand with the market supply and uses its findings when reaching decisions on stocking, supplier selection and the production program.

Potential disruptions to the supply chain may occur due in particular to economic crisis, but also to quality problems and lost production at suppliers and in turn their own suppliers, as well as political unrest and environmental disasters. The Audi Group addresses this risk by practicing preventive, reactive risk management in the Procurement division as well as continually analyzing the wider situation.

Commodity price risks may occur as a result of temporary or longer-term market shortages and undermine the Company's competitiveness. In addition to incorporating this risk in costing, the Audi Group has taken medium-term precautions and concluded an appropriate level of hedging transactions for purchases of commodities.

Our Company's economic success is influenced to a high degree by the development of the economic conditions worldwide. European sales markets as well as the U.S. and Chinese automotive markets are of key importance for us. Economic developments in the individual regions may exhibit marked differences and considerable fluctuations, with an impact on unit sales, price enforcement and plant utilization, for example. In view of the major significance of European sales markets for our Company, an even sharper decline in demand in Europe would prove a significant burden for us. An unforeseen slowdown in economic growth, especially in China, could adversely affect the global economy and therefore also our business forecasts. Our ongoing observation of sales markets and analysis of customer preferences is flanked by the use of extensive risk early warning systems. With our attractive product portfolio as well as consistent market development and management efforts, we aim to lay the foundations for our long-term business success even in a challenging environment. Furthermore, we always strive for demand-oriented production planning so that we can respond flexibly even to short-term fluctuations in demand. Helpful solutions for us include, for example, the potential for transferring production between the locations under the production turntable principle and using timebanking effectively.

Unexpected "shocks" such as political intervention in the economy, social conflicts, terrorist attacks, pandemics and natural disasters could equally 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 counters these risks by taking out appropriate insurance cover, analyzing such scenarios and drawing up emergency plans.

// ECONOMIC OPPORTUNITIES

The Audi Group believes there are economic opportunities in particular as a result of a more positive development in market demand in Asia, the United States and other selected market regions. In addition, a wide range of technological innovations can offer attractive opportunities.

By steadily building on our worldwide market presence and consistently increasing our innovativeness, we prepare the ground for realizing these opportunities. In addition, the further internationalization of our production network enhances not only our flexibility, but also strengthens worldwide awareness of our brand.

// INDUSTRY RISKS

Continuing socio-political change is heightening the need for sustainability and a responsible approach towards society and nature. For the automotive industry, the need to reduce fuel consumption and vehicle emissions, but also generally to meet sustainability requirements is particularly in the spotlight, not least in view of the worldwide debate about CO_2 limits.

As one of the leading premium suppliers, Audi fully embraces its entrepreneurial responsibility and has defined sustainability of products and processes as a key strategic goal. Attainment of that goal rests in the hands of a department created especially for this purpose and is being pursued with a view to economic, ecological and social responsibility. We responded to the needs of our stakeholders for us to disclose transparent goals and sustainability activities by publishing our first Corporate Responsibility Report in 2013.

Our corporate bodies have the fundamental task of systematically examining decisions about products and processes for environmental and social compatibility. In this context, we already play a leading role in the industry with the early development and introduction of fuel efficiency technologies for conventional combustion engines. We are known for our 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. We hold regular stakeholder dialogues to gauge the current and future sustainability requirements of all our interest groups.

Coupled with the industry's development worldwide, there is evidence of intensifying competition including in the form of sales promotional measures. The price policies of direct competitors and the increased use of sales incentives could lead to price erosion or inflated marketing costs for the automotive industry. Such a trend would also adversely affect the Audi Group and correspondingly reduce its revenue and profit. Our brand strength and attractive product portfolio help to keep these risks in check.

The Audi Group uses its motorsport activities in particular to test technical innovations. We counter the risks associated with motorsport through technical precision in development and production, as well as through safety-related and legal safeguards.

// INDUSTRY OPPORTUNITIES

Rising standards of sustainability and efficiency required from a regulatory and social perspective can also offer market opportunities for an innovative company such as Audi. As well as improving conventional drive technologies, we are putting considerable effort into the development of plug-in hybrid drives and all-electric drive types. Growing digitization and connectivity also mean there is ample scope for connectivity services and driver assistance systems that enhance convenience.

// RISKS FROM OPERATING ACTIVITIES

The product development cycles in the automotive industry involve high upfront expenditure in the form of development costs and capital investments in future projects. Yet the payback period for this upfront expenditure stretches over several years, reflecting the life cycle of the products. This presents the fundamental risk that the financial target figures will not be achieved due to outdated planning assumptions, deadline overruns, deviations in quality or short-term changes in customer expectations.

The Audi Group addresses this problem by conducting an extensive analysis of the environment and customers when defining new products. In addition, the product creation process incorporates an ongoing calculation of costs and revenues in the form of a product profitability analysis, as well as diverse management and control tools to assure the intended degree of project maturity. To guarantee enduring customer delight and economic success, target/actual analyses are conducted on an ongoing basis, with corresponding escalation processes all the way up to top management. This ensures that preventive countermeasures are identified wherever financial and technical project risks exist. It is not possible to guarantee the market success of new vehicle projects, technologies or services completely, even after extensive market studies and with thorough project planning and management.

In addition, there are general operating risks in the form of unforeseeable events giving rise to losses, such as explosions or major fires. Such events could cause both considerable damage to the Company's assets and serious disruption to production processes. In addition, production operations can 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 worldwide Audi production network, which makes it possible to move production capacity to other locations, additionally reduces the risk.

The Audi Group uses its worldwide network of suppliers and service providers in the development and production of its vehicles. To assure consistent premium quality, we have put in place a comprehensive quality assurance organization covering the entire value chain.

In addition, the Audi Group protects its intellectual property by choosing its system partners with care and by contractually regulating and enforcing industrial property rights.

// OPPORTUNITIES FROM OPERATING ACTIVITIES

Within the automotive industry there is close collaboration in particular between manufacturers and suppliers, related, for example, to the research and development sphere and other strategically significant stages of the value chain. Partnership-based cooperation could yield growing economic advantages – for instance in the form of more efficient and more effective processes for the development of innovative technologies – and promote a further transfer of expertise. The Audi Group is in a position to profit particularly from synergies and cost savings within the Volkswagen Group.

// LEGAL RISKS

Through its worldwide activities, the Audi Group is confronted with a large number of country-specific legal systems and norms. As well as complex technical frameworks, these include especially fiscal and customs regulations, which must be met and complied with. There is a risk of legal uncertainty stemming from differing interpretations of legislative changes if such requirements change very frequently and unexpectedly. This could lead to fines, penalties and subsequent compensation payments, or to restrictions on the approval of our products or delays to their market introduction. We therefore back up our decisions and actions with the expertise of Audi's internal legal advice, and also consult outside legal experts in selected cases. We are continually adapting and improving our internal processes accordingly and are incorporating supervisory functions.

All activities by the corporate bodies, managers and employees of the Audi Group must comply with the current legal framework and with internal corporate guidelines. Through the preventive approach of the Audi Group's compliance organization, we not only actively counter potential misconduct, but also use a wide range of internal communication and information measures to raise awareness among our employees. Advisory programs on how to handle compliance topics are offered extensively. In the awareness that misconduct by individuals cannot be ruled out altogether, our systematic, consistent approach permanently increases our ability to act in accordance with the law.

// PERSONNEL RISKS

The enduring success of the Audi Group owes much to our highly qualified specialists and managers, and their commitment on the Company's behalf. Audi is nevertheless exposed to a fundamental risk of a shortage of specialists as a result of demographic change and global value creation processes. Its human resources work therefore focuses on targeted, demand-oriented personnel development and workforce training. As an attractive employer worldwide, the Audi Group also enjoys a strong position amid intense competition for well-qualified 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 skills management. In anticipation of the loss of retiring experts and managers, the Company practices timely succession planning. In addition, our extensive training program supports our activities to create resources of qualified young employees.

// PERSONNEL OPPORTUNITIES

The Audi Group is already perceived as an attractive employer worldwide. This has been confirmed by a large number of national and international awards. By further improving this perception of us as a top employer worldwide, we will continue to be able to attract and retain top talents for our Company at the relevant locations in the future. Various international high-potential programs already under way could give this development added momentum.

// INFORMATION AND IT RISKS

Our Company's increasing worldwide presence calls for the ready availability of secure data and information flows in all relevant corporate networks. The generally sharp increase in cyber-attacks could fundamentally also lead to unauthorized access to and manipulation of data at our Company, in conjunction with disruptions to our business operations. We have therefore further extended and optimized our IT security organization. Group-wide security standards, risk analyses, security audits and improvement projects, which have the goal of assuring the continuity and security of internal processes, are the principal components.

// INFORMATION AND IT OPPORTUNITIES

A key success factor behind ongoing, sustainable productivity advances are effective, efficient processes and information systems that meet the requirements of the Audi Group. These offer additional opportunities.

// FINANCIAL RISKS

Financial risks in the form of creditworthiness and liquidity risks are of relevance for the Audi Group, as well as interest rate, exchange rate and commodity price risks. Considerable exchange rate risks concern principally the U.S. dollar, the Chinese renminbi, the Japanese yen, the British pound and the Russian ruble.

Further information on the hedging policy and risk management in the area of financial risks is provided in the Notes under Section 37 ***"Management of financial risks."***

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. Despite recent signs of a recovery, worldwide financial and commodity markets continue to exhibit above-average levels of uncertainty with regard to the further direction of the global economy.

// FINANCIAL OPPORTUNITIES

Moderate growth in the global economy could help to ease demand for the relevant commodities for our Company. This could open up opportunities for the Audi Group on the procurement market. In addition, the globalization of worldwide financial markets could widen the spectrum of hedging instruments at our disposal. The anticipated growth trend in the Chinese economy and the gradual liberalization of Chinese financial markets could result in a further strengthening of the Chinese renminbi. Likewise, the economic recovery of the United States and United Kingdom could occur faster and sooner than in the eurozone, prompting a rise in the value of those local currencies. Rising interest rates could also lead to higher income from the Audi Group's investment transactions and thus have a positive impact on the financial result and on overall liquidity. The Audi Group constantly monitors and actively manages all these areas of potential.

/ MOTORCYCLES SEGMENT

The Ducati Group was integrated into our Group-wide risk management organization in 2013. Various risks for the Ducati Group were eliminated or mitigated as a result of becoming part of the Audi Group. However, this means that new, segment-specific risks and opportunities have arisen for the Audi Group.

// RISKS FOR MOTORCYCLES SEGMENT

The Ducati Group is among the most successful motorcycle manufacturers in the world and adds to the product range of the Audi Group. The Ducati Group, too, is confronted with markets of growing complexity and volatility as well as a shift in customer requirements. To address these challenges appropriately, the Ducati Group has further optimized the product development process with a particular eye to safety and quality. It has, for example, introduced additional processes in the form of control cycles and the qualification of employees.

Ducati customers are very discerning when it comes to product quality and design. The Company therefore always has to take the premium expectations of its customers into account. In order to avoid image loss and reduce warranty costs, Ducati is continually optimizing its processes and managing these with the aid of quality and customer satisfaction indicators.

Demographic change in the traditional sales markets is prompting a shift in customer requirements. When defining its products, Ducati systematically considers these changes and also accesses fresh growth potential by entering new markets.

Demographic change is also leading to more intense competition for the best and most qualified specialists. Ducati addresses this risk through its strong appeal as an employer, based on the brand's powerful charisma. For example, Ducati is renowned not only for its unique design, but also for its outstanding expertise in lightweight technology and engine development. As part of its strategic human resources planning, Ducati recruits its employees worldwide and uses personnel development measures to retain them in the long term.

The volatility of financial and procurement markets presents exchange rate and commodity price risks, which Ducati counters through the Group-wide hedging strategies available to it within the Audi Group.

// OPPORTUNITIES FOR MOTORCYCLES SEGMENT

The increasing focus on technical innovations and individuality could open up new market opportunities for the motorcycle industry. Ducati could profit more from these in future thanks to its unique market position in the design and technology areas.

The integration of the Ducati brand into the Audi Group could create further synergies, for example in operational procedures or purchasing processes, and in connection with expanding business partner networks. In addition, drawing on Group-wide expertise could provide fresh impetus for further optimizations to products and processes. In addition, the Audi Group offers expertise in how to make further progress with internationalization.

/ OVERALL ASSESSMENT OF THE RISKS AND OPPORTUNITIES SITUATION OF THE AUDI GROUP

Even in difficult economic situations, the Audi Group has performed better than the market as a whole in the past thanks to its strong brand image, attractive product range, worldwide supplier and production network, and international customer mix. Our steady profit figures and advantageous cost structures, in conjunction with our significant financial strength, give us adequate financial leeway for future investments in products, technologies and services, even in a challenging economic environment. Our risk management system helps to provide risk transparency at an early stage. We manage the Audi Group based on goals and opportunities, with a clear focus on increasing the value of our Company. In view of the planned expansion of our product portfolio, the most significant risks for the Audi Group are presented by product development and creation activities, increasingly tough regulatory conditions in our worldwide sales markets, and the need to meet sustainability requirements.
The anticipated development in sales markets and our innovative strength offer ample opportunities for achieving our strategic volume and profit goals. Our steady market expansion, above all in the Asia-Pacific region, and the further improvement in our market position in the United States are key indications of our direction. The Audi brand plays an important role within the Volkswagen Group and consistently uses the synergies available to it to strengthen its own competitiveness. The Group-wide focus on sustainability targets ensures that we meet not only the statutory requirements, but also the expectations of our customers.

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, 2013.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

/ GERMAN CORPORATE GOVERNANCE CODE IN 2013

On June 10, 2013, the Federal Ministry of Justice announced a new version of the German Corporate Governance Code dated May 13, 2013, 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 15, 2012 were largely adhered to up until the announcement of the version dated June 10, 2013. The Supervisory Board and Board of Management declared deviations to Section 5.1.2, Para. 2, Sentence 3 of the Code, Section 5.4.1, Para. 2, Sentence 1 of the Code (age limit applicable for Board of Management and Supervisory Board members), Section 5.3.2, Sentence 3 of the Code (independence of the Audit Committee Chairman), Section 5.3.3 of the Code (nominating committee), Section 5.4.1, Paras. 4 to 6 of the Code (disclosures in proposals for election), Section 5.4.2, Sentence 3 of the Code (no more than two former Board of Management members to sit on the Supervisory Board), Section 5.4.3, Sentence 1 of the Code (Supervisory Board elections in the form of election of individuals), Section 5.4.6, Para. 2, Sentence 2 of the Code (performance bases for Supervisory Board remuneration) and Section 5.5.3, Sentence 1 of the Code (report to the Annual General Meeting on conflicts of interest arising and how they have been dealt with).

Over the course of 2013, the Board of Management and Supervisory Board dealt on two occasions with the Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG). On May 15, 2013, both corporate bodies declared that elections to the Supervisory Board (Section 5.4.3, Sentence 1 of the Code) would be held as elections of individuals as of that date. The new approach was necessitated by changes in application. On November 28, 2013, the Board of Management and Supervisory Board routinely determined the content of their Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG).

Since the publication of the new version of the Code on June 10, 2013, its recommendations have been adhered to with the following deviations:

The recommendation pursuant to Section 4.2.2, Para. 2, Sentence 3 of the Code on the ratio between the remuneration paid to the Board of Management and that paid to senior management and the staff as a whole was a new addition. At its meeting on November 28, 2013, the Supervisory Board considered the issues and determined that the new recommendation would be observed as of this date. Purely as a precautionary measure, a deviation was declared for the prior period, as it is not clear from the rules to what extent the recommendations in question require regulations and considerations from the Supervisory Board if no decisions are made on the Board of Management's remuneration.

The remuneration structure for the members of the Board of Management does not involve any caps either overall or with regard to its variable components (Section 4.2.3, Para. 2, Sentence 6 of the Code). The Supervisory Board believes that the recommended upper limits for the remuneration of the Board of Management are, in principle, reasonable both overall and with regard to the variable components, and will calculate and apply them accordingly. A deviation is declared until such time as the limits are in place.

There is no age limit applicable to members of the Company's corporate bodies (Section 5.1.2, Para. 2, Sentence 3 of the Code, 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 one of the Code's recommendations, the Chairman 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 Chairman 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 with regard to 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 recommendation 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.

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 for the Supervisory Board 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 a performance-related component that is geared towards the long-term development of the Company.

Based on legal decisions adopted over recent years, 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 that have arisen 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 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 6.3 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.

/ DECLARATION RELATING TO THE CODE ON THE INTERNET

The current joint declaration of the Board of Management and the Supervisory Board of AUDI AG on the recommendations of the German Corporate Governance Code has been available on the Audi website www.audi.com/cgk-declaration since November 28, 2013.

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 of fundamental importance to the management of AUDI AG. In light of this, the Audi Group has developed a preventive approach to the concept of compliance, setting up its Governance, Risk & Compliance area several years ago now. As part of this approach, commercial and legal issues are bracketed together both organizationally and thematically. This area is led by the Chief Compliance Officer, who reports directly to the Chairman of the Board of Management. His main remit is to advise and support the Board of Management as a whole, as well as coordinating all necessary measures to assure compliance. A Board Directive provides the basis for this. Against this background, the Chief Compliance Officer also reports on behalf of the Board of Management of AUDI AG to the Audit Committee of the Supervisory Board on compliance-related issues. In order to ensure that compliance is more firmly anchored in the individual divisions of AUDI AG, each division now has its own Risk Compliance Coordinator, who acts as a multiplier in relation to compliance issues.

In 2013, compliance activities were further intensified once again at a national and international level. The main focus of the compliance program was, in particular, preventive measures in relation to anti-corruption and cartel law, with the aim of guaranteeing that they are adhered to over the long term. On-site training sessions were held at the Ingolstadt and Neckarsulm plants, providing employees with subject-specific information material, which can also be accessed via the intranet. The internal communications campaign “Protect what you love” was continued, incorporating brochures, newsletters and accompanying information on the intranet. Induction events were staged for new employees, providing information on the Audi Code of Conduct and fundamental compliance issues. Compliance activities involving the subsidiaries were also further stepped up. Numerous staff training sessions on relevant compliance issues were held at the various subsidiaries.

AUDI AG is connected to the Volkswagen Group’s global anti-corruption system. Independent lawyers, acting as ombudsmen, are the points of contact for any information, including information provided anonymously. In conjunction with the Volkswagen Group’s Anti-Corruption Officer, this creates the structural framework required to detect and prevent corruption. In addition, all employees may contact the Governance, Risk & Compliance area for advice at any time.

In the context of the preventive approach to compliance, the early identification, assessment and management of risks is a particular focus, be it in the form of interviews in the divisions and subsidiaries or through standardized risk surveys.

Training in cartel law will be provided again in 2014, with the provision of advisory services on anti-corruption also continuing. Further components of the compliance program for 2014 include the introduction of a business partner check and anti-money laundering measures. The internal communications campaign will also be further developed across a range of media, and extended to cover additional compliance issues.

RISK MANAGEMENT

The Audi Group has set itself the goal of managing the Company in a value-oriented and forward-looking way in the interests of its stakeholders, and, in particular, adopting a careful approach to risks. A Group-wide risk management system and internal control system have therefore been in place for years now, based on the internationally recognized standard of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). As well as identifying and assessing risk, these systems also encompass the definition and implementation of internal controls along the entire value chain. The risk management system and the internal control system help the Audi Group to comply with the requirements made of it at both a corporate and a statutory level. Group-wide guidelines and standards are anchored, for example, in an internal Board Directive, and ensure that risks are recorded and assessed uniformly across Audi. The content and methodology of the risk management system are communicated in a way that is tailored to specific target groups through training sessions, information events and internal communication media such as the Audi intranet.

The Audi Group bases the systemic design of its risk management system and internal control system on the "Three Lines of Defence Model." This system architecture is based on the recommendations of leading specialist organizations such as the European Confederation of Institutes of Internal Auditing (ECIIA). The first line of defence is provided by the divisions of AUDI AG and the Group companies. In their capacity as the risk owners, they are responsible for managing their risks and controls, and are also required to carry out reporting. The findings from this operational risk management are continuously being incorporated into internal planning and control calculations. Regardless of the defined reporting intervals, the risk officers are also required to report any unexpected external influences on an ad hoc basis. Furthermore, as the second line of defence, Central Risk Management takes care of the basic functioning of the risk management and internal control systems. Its core activities include systemic monitoring and the guaranteeing of regular reporting, aggregated on a Group-wide basis, on the risk situation and on the effectiveness of the systems to the Board of Management and Supervisory Board. The Audit Committee of the Supervisory Board is also briefed in detail by Central Risk Management on the risk management and internal control systems. Additionally, as the third line of defence, Internal Auditing helps the Board of Management with the task of monitoring the various divisions and units within the Audi Group.

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 Report on risks and opportunities in the Combined Management Report of the Audi Group and AUDI AG on pages 196 to 203.

COMMUNICATION AND TRANSPARENCY

Transparency and maintaining an open dialogue are essential components of Audi's approach to corporate communications. All of the Group's key publication dates, as well as the date of the Annual General Meeting of AUDI AG, are listed in the financial calendar, which is available for public consultation at any time on the Company website at www.audi.com/financialcalendar. The financial calendar 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 at www.audi.com/investor-relations and www.audi.com/annualgeneralmeeting. Shareholders 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. Shareholders also 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/annualgeneralmeeting, 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. This regulation 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 the German Securities Trading Act (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 the German Securities Trading Act (WpHG) can also be accessed at www.audi.com/investor-relations in the "Corporate Governance" section under the menu item "Directors' Dealings."

REMUNERATION REPORT

/ SYSTEM OF REMUNERATION FOR THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT

The remuneration report contains a description of the principles used by Audi to set the fixed and variable remuneration paid to the Board of Management and Supervisory Board. Also included is information on the pension arrangements for members of the Board of Management. Additionally, the remuneration report includes details of the remuneration paid to members of the Supervisory Board of AUDI AG, broken down by individual member and by component. 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 (HGB), as the 2011 Annual General Meeting adopted a corresponding resolution valid for a period of five years. The members of the Board of Management and details of their seats on other supervisory boards and regulatory bodies – as defined in Section 285, No. 10 of the German Commercial Code (HGB) and Section 125, Para. 1, Sentence 5 of the German Stock Corporation Act (AktG) – are listed in the Corporate Governance Report.

/ BASIC FEATURES AND DEVELOPMENT OF REMUNERATION PAID TO THE BOARD OF MANAGEMENT

The remuneration paid to active Board of Management members, in keeping with the German Act on the Appropriateness of Management Board Remuneration (VorstAG; Section 87, Para. 1 of the German Stock Corporation Act [AktG]), is geared towards the sustainable development of the Company.

The 121st Annual General Meeting of AUDI AG, held on May 20, 2010, approved the system of remuneration for members of the Board of Management with a majority of 99.70 percent of the votes cast.

Overall, the remuneration structure for the Board of Management does not yet involve any pay caps, either overall or with regard to the variable components.

The aim is for the level of remuneration to be appropriate and attractive by national and international comparisons. The relevant criteria include the remit of the individual Board member, the member's personal performance, the Company's economic situation, performance and future prospects, and also the standard nature of the remuneration taking account of competitors on the market and the pay structure otherwise in place at Audi. Regular comparisons of remuneration levels are carried out in this regard.

// COMPONENTS OF THE REMUNERATION PAID TO THE BOARD OF MANAGEMENT

The remuneration paid to the Board of Management is structured in such a way as to promote a form of management that is conducive to the long-term development of the Audi Group. Consequently, the remuneration comprises both fixed and variable components. The fixed components guarantee basic remuneration that enables the individual members of the Board of Management to execute their duties conscientiously and in the best interests of the Company, without becoming dependent upon achieving short-term targets. At the same time, variable components – based, for example, on the Company's economic success – act as a long-term incentive.

The remuneration paid to members of the Board of Management for the 2013 fiscal year was EUR 23,445 (22,745) thousand, of which EUR 5,051 (4,284) thousand related to fixed remuneration components and EUR 18,394 (18,461) thousand to variable components. Additionally, costs of EUR – (6,181) thousand were incurred for prior years.

/// FIXED REMUNERATION

The fixed remuneration for members of the Board of Management of AUDI AG totaled EUR 5,051 (4,284) thousand during the past fiscal year. Alongside basic remuneration, paid monthly in the form of a salary, this also includes other benefits such as remuneration for appointments at Audi Group companies, the covering of costs/monetary benefit associated with remuneration in kind and fringe benefits, the provision of a company car, and payment of insurance premiums. Taxes applicable to benefits in kind are paid by AUDI AG in accordance with Company guidelines.
The basic remuneration is reviewed regularly and adjusted as necessary.

/// VARIABLE REMUNERATION

Variable remuneration components paid to members of the Board of Management during the 2013 fiscal year totaled EUR 18,394 (18,461) thousand. The variable benefits paid to the Board of Management consist of a bonus, based on the business performance recorded over the two previous years, and, since 2010, have also included a Long Term Incentive (LTI), which is based on performance over the previous four fiscal years. Both components of variable remuneration are calculated using a measurement basis spanning several years and take account of both positive and negative developments. If extraordinary factors arise, the Supervisory Board may decide to impose a cap on remuneration components. During the past

year, bonus payments totaled EUR 13,894 (14,357) thousand, with the LTI reaching EUR 4,500 (4,104) thousand.

//// BONUS SYSTEM

The bonus system is designed to reward positive performance of the Audi Group. Basically, the level of the bonus is based on the results achieved, on the Company's economic situation and on the personal performance of the individual member of the Board of Management. The operating profit, in the form of a two-year average, is used as the calculation basis. The system is regularly reviewed by the Supervisory Board and adjusted where necessary.

//// LONG TERM INCENTIVE (LTI)

For Audi, as a Volkswagen Group brand, the amount of the Long Term Incentive (LTI) essentially depends on the extent to which targets included in the Volkswagen Group's Strategy 2018 are achieved.
Specifically, this relates to the following targets:

- Top customer satisfaction, measured using the customer satisfaction index,
- Top employer, measured using the employee index,
- Rise in sales, measured using the growth index, and
- Rise in return, measured using the return index.

The customer satisfaction index is based on indicators of customers' overall satisfaction with the dealers supplying the products, with new vehicles and with service performance, based on the most recent workshop visit in each case. The employee index is calculated on the basis of such indicators as employment and productivity, as well as participation levels and results from employee surveys. Key indicators for the purposes of the growth index are deliveries to customers and market share.
The indices calculated in this way on customer satisfaction, employees and the sales situation are added together and the total is then multiplied by the return index, calculated from the development in the return on sales and the dividend paid on the Volkswagen AG ordinary share. This ensures that the LTI is only paid out if the Volkswagen Group as a whole has been financially successful. If the threshold of a return on sales of 1.5 percent is not exceeded by the Volkswagen Group, the return index – and thus also the overall index – will equal zero, and the LTI will not be paid out.

// BENEFITS PAID UPON REGULAR TERMINATION OF ACTIVITY

Upon the regular termination of their activity, members of the Board of Management of AUDI AG are entitled to retirement pay and, for as long as this payment is made, to the use of company cars in return for payment of a fixed charge. The benefits are paid out in full from the age of 63. This age limit is gradually being increased to 65.

Retirement pay is a maximum of 50 percent of the last monthly salary.

Surviving dependents receive a widow's or orphan's pension. The widow's pension is a maximum of 60 percent of retirement pay, the full orphan's pension 30 percent and the half orphan's pension 15 percent. For all full orphans or half orphans combined, the pension is no more than 60 percent of retirement pay. A full or half orphan's pension is paid up to no later than the age of 25.

As of December 31, 2013, provisions for pensions for current members of the Board of Management pursuant to IAS 19 totaled EUR 28,119 (19,615) thousand. Allocations to the provisions including transfers during the past fiscal year totaled EUR 8,504 (12,057) thousand. The measurement of pension obligations also includes other benefits such as surviving dependents' pensions.
Measured in accordance with the requirements of German commercial law, pension obligations totaled EUR 22,306 (12,844) thousand, with EUR 9,463 (6,107) thousand, including transfers, having been allocated in 2013. Current pension payments are increased in line with the index-linking of the highest collectively agreed salary, provided that the application of Section 16 of the German Act on the Improvement of Company Pension Provision (BetrAGV) does not lead to a higher increase.
Former members of the Board of Management and their surviving dependents received EUR 2,398 (12,207) thousand during the reporting period. This included payments resulting from termination of office of EUR 450 (10,258) thousand, of which obligations of EUR 2,983 (7,821) thousand were still outstanding as of the balance sheet date. As at December 31, 2013, pension obligations for the above group of individuals, calculated pursuant to IAS 19, totaled EUR 43,194 (51,458) thousand. The equivalent figure calculated in accordance with the rules under German commercial law was EUR 37,308 (39,717) thousand.

// BENEFITS PAID UPON EARLY TERMINATION OF ACTIVITY

If the activity is ended with good cause for which the member of the Board of Management is not responsible, entitlement to payment of a settlement shall be limited to a maximum of two years' annual remuneration (settlement cap).

No settlement will be paid to the Board member if the activity was ended with good cause for which that member was responsible.

Members of the Board of Management shall also, upon reaching the corresponding age, be entitled to retirement pay or a surviving dependent's pension if their activity is terminated prematurely.

/ *REMUNERATION OF THE SUPERVISORY BOARD*

The remuneration paid to the Supervisory Board is composed of fixed and variable components in accordance with Article 16 of the Articles of Incorporation and Bylaws of AUDI AG. The level of the variable remuneration components is based on the compensatory payment made for the 2013 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 1,135 (1,050) thousand, of which EUR 214 (222) thousand related to fixed components and EUR 921 (828) thousand to variable components.

The actual payment of individual components of the total remuneration that are only known once the compensatory payment is determined will be made in the 2014 fiscal year, pursuant to Section 16 of the Articles of Incorporation and Bylaws.

Expenses for remuneration of the Supervisory Board

EUR	Fixed	Variable	Total 2013	
Prof. Dr. Dr. h. c. mult. Martin Winterkorn	–	–	–	Chairman [4] Shareholder representative
Berthold Huber [1]	20,500	94,400	114,900	Vice Chairman [4] Employee representative
Senator h. c. Helmut Aurenz	11,500	47,200	58,700	Shareholder representative
Heinz Eyer [1] [2]	4,400	17,831	22,231	
Dr. rer. pol. h. c. Francisco Javier Garcia Sanz	–	–	–	Shareholder representative
Dr. phil. Christine Hawighorst [2]	4,400	17,831	22,231	
Johann Horn [1]	11,500	47,200	58,700	Employee representative
Rolf Klotz [1] [3]	7,125	29,500	36,625	Employee representative
Peter Kössler	11,500	47,200	58,700	Employee representative
Peter Mosch [1]	16,000	70,800	86,800	Employee representative [4]
Wolfgang Müller [1] [2]	4,400	17,831	22,231	
Prof. Dr. rer. pol. Horst Neumann	–	–	–	Shareholder representative
Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch	16,000	70,800	86,800	Shareholder representative [4]
Dr. jur. Hans Michel Piëch	10,500	47,200	57,700	Shareholder representative
Ursula Piëch [3]	7,125	29,500	36,625	Shareholder representative
Dipl.-Wirtsch.-Ing. Hans Dieter Pötsch	–	–	–	Shareholder representative [5]
Dr. jur. Ferdinand Oliver Porsche	15,500	70,800	86,300	Shareholder representative [7]
Dr. rer. comm. Wolfgang Porsche	11,500	47,200	58,700	Shareholder representative
Norbert Rank [1]	16,000	70,800	86,800	Employee representative [6]
Jörg Schlagbauer [1]	16,000	70,800	86,800	Employee representative [7]
Helmut Späth [1]	11,500	47,200	58,700	Employee representative
Max Wäcker [1]	11,500	47,200	58,700	Employee representative
Sibylle Wankel [1] [3]	7,125	29,500	36,625	Employee representative
Prof. Dr. rer. pol. Carl H. Hahn	–	–	–	Honorary Chairman
Total	**214,075**	**920,793**	**1,134,868**	

1) The employee 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.
2) Until the close of the Annual General Meeting on May 16, 2013
3) Since the close of the Annual General Meeting on May 16, 2013
4) Member of the Presiding Committee and the Negotiating Committee
5) Chairman of the Audit Committee
6) Vice Chairman of the Audit Committee
7) Member of the Audit Committee

MANDATES OF THE BOARD OF MANAGEMENT

Status of all data: December 31, 2013

Prof. Rupert Stadler (50)
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 (46)
Marketing and Sales

Dr.-Ing. Frank Dreves (61)
Production

Prof. Dr.-Ing. Ulrich Hackenberg (63)
Technical Development

Dr. Bernd Martens (47)
Procurement

Prof. h. c. Thomas Sigi (49)
Human Resources

Axel Strotbek (49)
Finance and Organization
Mandate:
- Volkswagen Financial Services AG, Braunschweig

Wolfgang Dürheimer (55)

In connection with their duties of Group steering and governance within the Audi Group, the members of the Board of Management hold further supervisory board seats at Group companies and significant participations.

- 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, 2013

Prof. Dr. Dr. h. c. mult. Martin Winterkorn (66) [1)]
Chairman
Chairman of the Board of Management of Volkswagen AG, Wolfsburg
Chairman of the Board of Management of Porsche Automobil Holding SE, Stuttgart
Mandate:
- FC Bayern München AG, Munich

Berthold Huber (63)
Vice Chairman
Mandates:
- Porsche Automobil Holding SE, Stuttgart
- Siemens AG, Munich (Vice Chairman)
- Volkswagen AG, Wolfsburg (Vice Chairman)

Senator h. c. Helmut Aurenz (76)
Owner of the ASB Group, Ludwigsburg
Mandates:
- Automobili Lamborghini S.p.A., Sant'Agata Bolognese, Italy
- Scania AB, Södertälje, Sweden

Dr. rer. pol. h. c. Francisco Javier Garcia Sanz (56) [1)]
Member of the Board of Management of Volkswagen AG, Wolfsburg
Mandates:
- Hochtief AG, Essen
- Criteria Caixaholding S.A., Barcelona, Spain

Johann Horn (55)
Chief Executive of the Ingolstadt office of the IG Metall trade union Ingolstadt
Mandate:
- Conti Temic microelectronic GmbH, Nuremberg

Rolf Klotz (55)
Vice Chairman of the Works Council of AUDI AG, Neckarsulm plant

Peter Kössler (54)
Ingolstadt Plant Manager, AUDI AG

Peter Mosch (41)
Chairman of the General Works Council of AUDI AG
Mandates:
- Dr.-Richard-Bruhn-Hilfe, Altersversorgung der AUTO UNION GmbH, VVaG, Ingolstadt
- Porsche Automobil Holding SE, Stuttgart
- Volkswagen AG, Wolfsburg

Prof. Dr. rer. pol. Horst Neumann (64) [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 (76)
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 (71)
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 Aktiengesellschaft, Zell am See, Austria
- Volksoper Wien GmbH, Vienna, Austria

Ursula Piëch (57)
Member of the Supervisory Board of Volkswagen AG, Wolfsburg
Mandate:
- Volkswagen AG, Wolfsburg

Dipl.-Wirtsch.-Ing. Hans Dieter Pötsch (62) [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 (52)
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

Dr. rer. comm. Wolfgang Porsche (70)
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)
- Volkswagen AG, Wolfsburg
- ◆ 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 (Vice 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 (Vice Chairman)
- ◆ Schmittenhöhebahn Aktiengesellschaft, Zell am See, Austria

Norbert Rank (58)
Chairman of the Works Council of AUDI AG, Neckarsulm plant

Jörg Schlagbauer (36)
Member of the Works Council of AUDI AG, Ingolstadt plant

Helmut Späth (57)
Member of the Works Council of AUDI AG, Ingolstadt plant
Mandate:
- Volkswagen Pension Trust e.V., Wolfsburg

Max Wäcker (59)
Vice Chairman of the Works Council of AUDI AG, Ingolstadt plant

Sibylle Wankel (49)
IG Metall trade union, Bavarian regional headquarters, Munich
Mandates:
- Siemens AG, Munich
- Vaillant GmbH, Remscheid

The following members left their positions on the Supervisory Board with the close of the Annual General Meeting on May 16, 2013:

Dr. phil. Christine Hawighorst (50)
Heinz Eyer (56)
Wolfgang Müller (65)

1) In connection with his duties of Group steering and governance within the Volkswagen Group, this member of the Supervisory Board holds further supervisory board seats at Group companies and significant participations.

- Membership of statutorily constituted domestic supervisory boards
- ◆ Membership of comparable domestic and foreign regulatory bodies

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.

CONSOLIDATED FINANCIAL STATEMENTS OF THE AUDI GROUP FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2013

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INCOME STATEMENT OF THE AUDI GROUP

EUR million	Notes	2013	2012 [1]
Revenue	1	49,880	48,771
Cost of goods sold	2	– 40,691	– 39,061
Gross profit		**9,188**	**9,711**
Distribution costs	3	– 4,641	– 4,594
Administrative expenses	4	– 566	– 527
Other operating income	5	1,952	1,881
Other operating expenses	6	– 903	– 1,106
Operating profit		**5,030**	**5,365**
Result from investments accounted for using the equity method	7	454	415
Finance expenses	8	– 158	– 403
Other financial results	9	– 4	574
Financial result		**293**	**586**
Profit before tax		**5,323**	**5,951**
Income tax expense	10	– 1,309	– 1,602
Profit after tax		**4,014**	**4,349**
of which profit share of non-controlling interests		*53*	*69*
of which profit share of AUDI AG shareholders		*3,961*	*4,280*
Appropriation of profit share due to AUDI AG shareholders			
Profit transfer to Volkswagen AG	11	– 3,182	– 3,790
Transfer to retained earnings		779	490

EUR	Notes	2013	2012
Earnings per share	12	92.13	99.52
Diluted earnings per share	12	92.13	99.52

1) Figures have been adjusted to reflect the revised IAS 19.

STATEMENT OF COMPREHENSIVE INCOME OF THE AUDI GROUP [1)]

EUR million	2013	2012 [2)]
Profit after tax	**4,014**	**4,349**
Revaluations from pension plans recognized in other comprehensive income		
Revaluations from pension plans before tax recognized in other comprehensive income	297	– 931
Deferred taxes on revaluations from pension plans recognized in other comprehensive income	– 83	275
Revaluations from pension plans after tax recognized in other comprehensive income	214	– 655
Share of other comprehensive income of equity-accounted investments that will not be reclassified subsequently to profit or loss after tax	0	– 1
Items that will not be reclassified to profit/loss after tax	**214**	**– 656**
Currency translation differences		
Gains/losses from currency translation recognized in other comprehensive income	– 69	– 13
Currency translation differences transferred to profit or loss	–	–
Currency translation differences before tax	– 69	– 13
Deferred taxes on currency translation differences	–	–
Currency translation differences after tax	– 69	– 13
Cash flow hedges		
Fair value changes recognized in other comprehensive income	1,057	460
Fair value changes transferred to profit or loss	– 143	456
Cash flow hedges before tax	914	915
Deferred taxes on cash flow hedges	– 273	– 270
Cash flow hedges after tax	641	645
Available-for-sale financial assets		
Fair value changes recognized in other comprehensive income	41	57
Fair value changes transferred to profit or loss	– 52	– 29
Available-for-sale financial assets before tax	– 11	28
Deferred taxes on financial assets available for sale	3	– 8
Available-for-sale financial assets after tax	– 7	20
Share of other comprehensive income of equity-accounted investments that will be reclassified subsequently to profit or loss after tax	– 33	2
Items that will be reclassified subsequently to profit/loss after tax	**532**	**654**
Other comprehensive income before tax	1,099	1
Deferred taxes relating to other comprehensive income	– 353	– 3
Other comprehensive income after tax [3)]	**746**	**– 2**
Total comprehensive income	**4,760**	**4,347**
of which profit share of non-controlling interests	*32*	*63*
of which profit share of AUDI AG shareholders	*4,728*	*4,284*

1) Presentation has been adjusted to reflect the revised IAS 1.
2) Figures have been adjusted to reflect the revised IAS 19.
3) A share of EUR – 20 million of the other profit after tax from currency translation differences after tax with no effect on profit or loss is attributable to non-controlling interests.

BALANCE SHEET OF THE AUDI GROUP

Assets *in EUR million*	Notes	Dec. 31, 2013	Dec. 31, 2012 [1]	Jan. 1, 2012 [1]
Intangible assets	14	4,689	4,038	2,531
Property, plant and equipment	15	8,413	7,605	6,716
Leasing and rental assets	16	0	2	5
Investment property	16	171	118	3
Investments accounted for using the equity method	17	3,678	3,638	460
Other long-term investments	18	290	254	244
Deferred tax assets	19	1,720	1,713	1,812
Other financial assets	20	969	662	391
Other receivables	21	12	13	21
Non-current assets		**19,943**	**18,044**	**12,182**
Inventories	22	4,495	4,331	4,377
Trade receivables	23	3,176	2,251	3,009
Effective income tax assets	24	35	43	11
Other financial assets	20	1,296	2,303	7,033
Other receivables	21	479	451	273
Securities	25	2,400	1,807	1,594
Cash funds	25	13,332	11,170	8,513
Current assets		**25,214**	**22,357**	**24,811**
Total assets		**45,156**	**40,401**	**36,993**

Equity and liabilities *in EUR million*	Notes	Dec. 31, 2013	Dec. 31, 2012 [1]	Jan. 1, 2012 [1]
Subscribed capital	26	110	110	110
Capital reserve	26	6,979	5,084	3,515
Retained earnings	26	10,470	9,477	9,643
Other reserves	26	712	159	–500
AUDI AG shareholders' interests		18,271	14,830	12,768
Non-controlling interests	26	294	261	198
Equity		**18,565**	**15,092**	**12,966**
Financial liabilities	27	186	145	21
Deferred tax liabilities	28	517	208	16
Other financial liabilities	29	196	244	569
Other liabilities	30	843	711	511
Provisions for pensions	31	3,209	3,470	2,505
Effective income tax obligations	32	979	913	754
Other provisions	33	4,265	4,177	4,144
Non-current liabilities		10,194	9,869	8,520
Financial liabilities	27	1,228	1,168	1,172
Trade payables	34	5,163	4,270	4,193
Effective income tax obligations	32	225	346	929
Other financial liabilities	29	3,759	4,485	4,273
Other liabilities	30	2,664	2,368	2,082
Other provisions	33	3,360	2,803	2,858
Current liabilities		16,398	15,441	15,507
Liabilities		**26,592**	**25,309**	**24,027**
Total equity and liabilities		**45,156**	**40,401**	**36,993**

1) Figures have been adjusted to reflect the revised IAS 19 (see Notes to the Consolidated Financial Statements – General Information – Effects of new or revised standards).

CASH FLOW STATEMENT OF THE AUDI GROUP

EUR million	2013	2012 [1)]
Profit before profit transfer and income taxes	5,323	5,951
Income tax payments	– 1,431	– 1,984
Impairment losses (reversals) on capitalized development costs	528	429
Impairment losses (reversals) on property, plant and equipment and other intangible assets	1,543	1,487
Depreciation of investment property	0	1
Result from the disposal of assets	– 6	7
Result from investments accounted for using the equity method	– 73	– 176
Change in inventories	– 300	– 66
Change in receivables	– 1,227	475
Change in liabilities	1,320	1
Change in provisions	762	37
Change in leasing and rental assets	2	2
Other non-cash income and expenses	338	– 19
Cash flow from operating activities	**6,778**	**6,144**
Additions of capitalized development costs	– 1,207	– 923
Investments in property, plant and equipment and other intangible assets	– 2,386	– 2,334
Acquisition of subsidiaries	– 31	– 591
Acquisition of other participations	– 5	– 3,020
Sale of subsidiaries	–	44
Other cash changes	40	19
Change in investments in securities	– 510	– 126
Change in fixed deposits and loans extended	1,426	2,034
Cash flow from investing activities	**–2,674**	**–4,896**
Capital contributions	1,895	1,569
Transfer of profit	– 3,790	– 3,138
Change in financial liabilities	174	– 34
Lease payments	– 5	– 3
Cash flow from financing activities	**–1,726**	**–1,606**
Change in cash and cash equivalents due to changes in exchange rates	– 120	– 36
Change in cash and cash equivalents	**2,258**	**–393**
Cash and cash equivalents at beginning of period	4,281	4,675
Cash and cash equivalents at end of period	**6,540**	**4,281**

EUR million	Dec. 31, 2013	Dec. 31, 2012
Cash and cash equivalents	6,540	4,281
Fixed deposits, securities and loans extended	9,589	10,428
Gross liquidity	**16,129**	**14,709**
Credit outstanding	– 1,413	– 1,313
Net liquidity	**14,716**	**13,396**

1) Figures have been adjusted to reflect the revised IAS 19.

The Cash Flow Statement is explained in Note 38.

STATEMENT OF CHANGES IN EQUITY OF THE AUDI GROUP

EUR million	Subscribed capital	Capital reserve	
Position prior to adjustment as of Jan. 1, 2012	110	3,515	
Adjusted as a result of revision to IAS 19	–	–	
Position following adjustment as of Jan. 1, 2012	110	3,515	
Profit after tax	–	–	
Other comprehensive income after tax [2]	–	–	
Total comprehensive income [2]	**–**	**–**	
Capital increase	–	1,569	
Profit transfer to Volkswagen AG	–	–	
Position as of Dec. 31, 2012 [2]	**110**	**5,084**	
Position prior to adjustment as of Jan. 1, 2013	110	5,084	
Adjusted as a result of revision to IAS 19	–	–	
Position following adjustment as of Jan. 1, 2013	110	5,084	
Profit after tax	–	–	
Other comprehensive income after tax	–	–	
Total comprehensive income	**–**	**–**	
Capital increase	–	1,895	
Profit transfer to Volkswagen AG	–	–	
Position as of Dec. 31, 2013	**110**	**6,979**	

1) Revaluations from pension plans were reclassified to retained earnings.
2) Figures have been adjusted to reflect the revised IAS 19.

Retained earnings	Other reserves				Equity		
Statutory reserve and other retained earnings [1]	Reserve for currency translation differences	Reserve for cash flow hedges	Reserve for fair value measurement	Investments accounted for using the equity method	AUDI AG shareholders' interest	Non-controlling interests	Total
9,580	39	– 569	– 1	31	12,705	198	12,903
63	–	–	–	–	63	–	63
9,643	39	– 569	– 1	31	12,768	198	12,966
4,280	–	–	–	–	4,280	69	4,349
– 655	– 7	645	20	2	4	– 6	– 2
3,624	**– 7**	**645**	**20**	**2**	**4,284**	**63**	**4,347**
–	–	–	–	–	1,569	–	1,569
– 3,790	–	–	–	–	– 3,790	–	– 3,790
9,477	**32**	**76**	**19**	**33**	**14,830**	**261**	**15,092**
					14,830	261	15,092
9,418	32	76	19	33	14,772	261	15,033
59	–	–	–	–	59	–	59
9,477	32	76	19	33	14,830	261	15,092
3,961	–	–	–	–	3,961	53	4,014
214	– 49	641	– 7	– 32	766	– 20	746
4,175	**– 49**	**641**	**– 7**	**– 32**	**4,728**	**32**	**4,760**
–	–	–	–	–	1,895	–	1,895
– 3,182	–	–	–	–	– 3,182	–	– 3,182
10,470	**– 17**	**717**	**12**	**0**	**18,271**	**294**	**18,565**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DEVELOPMENT OF FIXED ASSETS IN THE 2013 FISCAL YEAR

EUR million	Gross carrying amounts							
	Costs	Changes in scope of consolidated companies	Currency changes	Additions	Changes from investments accounted for using the equity method	Transfers	Disposals	Costs
	Jan. 1, 2013							Dec. 31, 2013
Concessions, industrial property rights and similar rights and assets, as well as licenses thereto	1,058	–	–2	97	–	12	61	1,103
Brand names	459	–	–	–	–	–	–	459
Goodwill	378	–	–	–	–	–	–	378
Capitalized development costs, products currently under development	858	–	–	1,155	–	–160	–	1,853
Capitalized development costs, products currently in use	4,168	–	–	53	–	160	305	4,075
Payments on account for intangible assets	1	–	0	3	–	–3	–	1
Intangible assets	**6,921**	**–**	**–2**	**1,307**	**–**	**8**	**366**	**7,869**
Land, land rights and buildings, including buildings on third-party land and leased land and buildings	4,954	–	–27	302	–	521	11	5,739
Plant and machinery	5,322	–	–1	265	–	432	229	5,790
Other plant and office equipment, as well as leased plant and office equipment	12,745	–	–4	570	–	162	293	13,181
Payments on account and assets under construction	1,519	–	–3	1,154	–	–1,158	4	1,508
Property, plant and equipment	**24,540**	**–**	**–34**	**2,291**	**–**	**–42**	**537**	**26,218**
Leasing and rental assets	**4**	**–**	**0**	**–**	**–**	**–**	**4**	**–**
Investment property	**125**	**–**	**–3**	**45**	**–**	**34**	**14**	**186**
Investments accounted for using the equity method	**3,638**	**–**	**–23**	**–**	**63**	**–**	**–**	**3,678**
Investments in affiliated companies	128	–	–	31	–	0	–	159
Investments in associated companies and participations	129	–	–	5	–	0	0	134
Other long-term investments	**257**	**–**	**–**	**36**	**–**	**–**	**0**	**293**
Fixed assets	**35,486**	**–**	**–62**	**3,680**	**63**	**–**	**922**	**38,245**

	Adjustments								Carrying amounts	
Cumulative depreciation and amortization	Changes in scope of consolidated companies	Currency changes	Additions	Impairment losses	Transfers	Disposals	Reversal of impairment losses	Cumulative depreciation and amortization		
Jan. 1, 2013								Dec. 31, 2013	Dec. 31, 2013	Dec. 31, 2012
629	–	–2	134	–	1	61	–	700	403	429
39	–	–	2	–	–	–	–	41	418	421
–	–	–	–	–	–	–	–	–	378	378
24	–	–	–	–	–4	–	–	20	1,833	834
2,192	–	–	528	–	4	305	–	2,419	1,656	1,976
–	–	–	–	–	–	–	–	–	1	1
2,883	**–**	**–2**	**664**	**–**	**1**	**366**	**–**	**3,180**	**4,689**	**4,038**
2,435	–	–6	163	0	–8	3	–	2,581	3,158	2,519
4,032	–	0	390	–	–3	223	–	4,196	1,594	1,290
10,467	–	–2	847	–	2	286	–	11,028	2,153	2,278
0	–	0	–	–	–	0	–	–	1,508	1,518
16,935	**–**	**–8**	**1,400**	**0**	**–9**	**513**	**–**	**17,806**	**8,413**	**7,605**
3	**–**	**0**	**0**	**–**	**–**	**3**	**–**	**–**	**–**	**2**
6	**–**	**–1**	**6**	**1**	**8**	**5**	**–**	**15**	**171**	**118**
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3,678**	**3,638**
–	–	–	–	–	–	–	–	–	159	128
3	–	–	–	0	–	–	–	3	131	126
3	**–**	**–**	**–**	**0**	**–**	**–**	**–**	**3**	**290**	**254**
19,830	**–**	**–11**	**2,070**	**1**	**–**	**886**	**–**	**21,004**	**17,241**	**15,655**

DEVELOPMENT OF FIXED ASSETS IN THE 2012 FISCAL YEAR

EUR million	Gross carrying amounts							
	Costs	Changes in scope of consolidated companies	Currency changes	Additions	Changes from investments accounted for using the equity method	Transfers	Disposals	Costs
	Jan. 1, 2012							Dec. 31, 2012
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
Intangible assets	**5,281**	**977**	**1**	**1,074**	**–**	**7**	**417**	**6,921**
Land, land rights and buildings, including buildings on third-party land 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
Property, plant and equipment	**22,824**	**82**	**–11**	**2,183**	**–**	**–7**	**532**	**24,540**
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**
Investments in affiliated companies	143	–30	0	15	–	–	0	128
Investments in associated companies and participations	103	0	–	26	–	–	–	129
Other long-term investments	**247**	**–30**	**0**	**41**	**–**	**–**	**0**	**257**
Fixed assets	**28,829**	**1,029**	**–26**	**6,416**	**191**	**–**	**953**	**35,486**

	Adjustments								Carrying amounts	
Cumulative depreciation and amortization	Changes in scope of consolidated companies	Currency changes	Additions	Impairment losses	Transfers	Disposals	Reversal of impairment losses	Cumulative depreciation and amortization		
Jan. 1, 2012								Dec. 31, 2012	Dec. 31, 2012	Dec. 31, 2011
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
2,751	**–14**	**0**	**581**	**–**	**2**	**416**	**20**	**2,883**	**4,038**	**2,531**
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
16,108	**–14**	**–4**	**1,350**	**3**	**–2**	**506**	**–**	**16,935**	**7,605**	**6,716**
4	**–**	**0**	**1**	**–**	**–**	**2**	**–**	**3**	**2**	**5**
5	**–**	**–1**	**2**	**–**	**–**	**0**	**–**	**6**	**118**	**3**
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3,638**	**460**
–	–	–	–	–	–	–	–	–	128	143
3	–	–	–	–	–	–	–	3	126	100
3	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3**	**254**	**244**
18,871	**–29**	**–5**	**1,934**	**3**	**–**	**925**	**20**	**19,830**	**15,655**	**9,958**

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 subscribed capital of AUDI AG is held by Volkswagen AG, with which a control and profit transfer agreement exists. 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 have been 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 position and financial performance of the Audi Group.

The requirements of 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 6, 2014. 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 2013 fiscal year.

The IASB's revision of IAS 1 has resulted in changes in the way that the Statement of Comprehensive Income is presented. The items that come under other comprehensive income now need to be differentiated according to whether they may prompt reclassification into profit or loss at a later date when specific conditions are met, or whether the possibility of such a reclassification is excluded. The corresponding tax effects are also to be assigned to these two groups. The Statement of Comprehensive Income and the Statement of Changes in Equity for the Audi Group have been adjusted correspondingly. In the Statement of Changes in Equity, the retained earnings now comprise the accumulated profits along with the actuarial gains and losses from pension obligations. The remaining items are classified as "Other reserves."

The revision of IAS 19 led to an adjustment in the way employee benefits are accounted for. The effects on the Consolidated Financial Statements are as follows:

- Bonus contributions for partial retirement agreements are to be accrued in the periods of service pro rata in the block model applied in the Audi Group.
- A past service cost for pension obligations is to be recognized immediately in profit or loss.
- Pension obligations and plan assets are discounted at a uniform interest rate (net interest approach).

Because of the retrospective application of the revision of IAS 19, the comparative information has been adjusted accordingly. Taking the change in reporting pursuant to IAS 1 into account, this had the following effects:

EUR million	Dec. 31, 2012			Jan. 1, 2012		
	Prior to adjustment	Adjustment	Following adjustment	Prior to adjustment	Adjustment	Following adjustment
Total assets	40,425	– 25	40,401	37,019	– 26	36,993
of which deferred taxes	*1,738*	*– 25*	*1,713*	*1,839*	*– 26*	*1,812*
Equity	15,033	59	15,092	12,903	63	12,966
of which retained earnings and other reserves	*9,577*	*59*	*9,636*	*9,080*	*63*	*9,143*
Liabilities	25,393	– 84	25,309	24,117	– 89	24,027
of which other provisions	*7,064*	*– 84*	*6,981*	*7,092*	*– 89*	*7,002*

EUR million	2012		
	Prior to adjustment	Adjustment	Following adjustment
Operating profit	5,380	– 16	5,365
Financial result	576	10	586
Profit before tax	**5,956**	**– 6**	**5,951**
Income tax expense	– 1,603	2	– 1,602
Profit after tax	**4,353**	**– 4**	**4,349**
of which profit share of AUDI AG shareholders	*4,284*	*– 4*	*4,280*

The application of the revision of IAS 19 had the following impact with regard to the reporting period:

EUR million	Dec. 31, 2013		
	Prior to adjustment	Adjustment	Following adjustment
Total assets	45,177	– 20	45,156
of which deferred taxes	*1,741*	*– 20*	*1,720*
Equity	18,517	48	18,565
of which retained earnings and other reserves	*11,134*	*48*	*11,182*
Liabilities	26,660	– 69	26,592
of which other provisions	*7,694*	*– 69*	*7,625*

EUR million	2013		
	Prior to adjustment	Adjustment	Following adjustment
Operating profit	5,045	– 15	5,030
Financial result	288	5	293
Profit before tax	**5,333**	**– 10**	**5,323**
Income tax expense	– 1,312	3	– 1,309
Profit after tax	**4,022**	**– 7**	**4,014**
of which profit share of AUDI AG shareholders	*3,969*	*– 7*	*3,961*

The new IFRS 13 for the first time provides general guidance on fair value measurement in a single standard. However, it does not have any material effect on the net worth, financial position and financial performance disclosed in the Consolidated Financial Statements of the Audi Group. Additional disclosures in the Notes are required in accordance with IFRS 13.

The additions to IFRS 7 have also extended reporting requirements, with regard to the offsetting of financial assets and liabilities. The new disclosures apply to all financial instruments that are offset in accordance with IAS 32 or are not offset but for which offsetting agreements are nevertheless in place.

The amendments to IAS 36 (2013) "Recoverable amount disclosures for non-financial assets," concerning clarifications and corrections of unwanted changes in relation to disclosure obligations on the recoverable amount pursuant to IFRS 13, were applied earlier than required on a voluntary basis during the current fiscal year.

The other accounting standards to be applied for the first time in the 2013 fiscal year have no significant impact on the presentation of net worth, financial position and financial performance.

// *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 2013 fiscal year because their application was not yet mandatory:

Standard/Interpretation		Published by the IASB	Mandatory application [1]	Endorsed by EU until Dec. 31, 2013	Effects
IFRS 9	Financial Instruments: Classification and Measurement	Nov. 12, 2009/ Oct. 28, 2010	To be decided	No	Modified reporting of fair value changes relating to financial instruments previously categorized as available for sale
IFRS 9	Financial Instruments: Hedge Accounting	Nov. 19, 2013	To be decided	No	Extension of designation options, simplified effectiveness tests, extended notes
	Financial instruments: Effective date and transitional arrangements with regard to IFRS 9 and IFRS 7	Dec. 16, 2011	To be decided	No	Extension of disclosures
IFRS 10	Consolidated Financial Statements	May 12, 2011	Jan. 1, 2014	Yes	None
IFSR 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 scope of consolidated companies
	Transition Guidance on IFRS 10, IFRS 11, IFRS 12	June 28, 2012	Jan. 1, 2014	Yes	None
	Investment Entities (Amendments to IFRS 10, IFRS 12, IAS 27)	Oct. 31, 2012	Jan. 1, 2014	Yes	None
IFRS 14	Regulatory accruals and deferrals	Jan. 30, 2014	Jan. 1, 2016	No	None
IAS 19	Employee benefits: defined benefit plans – contributions from employees	Nov. 21, 2013	Jan. 1, 2015	No	No material impact
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: Presentation – Offsetting Financial Assets and Financial Liabilities	Dec. 16, 2011	Jan. 1, 2014	Yes	No material impact
IAS 39	Novation of derivatives and continuation of hedge accounting	June 27, 2013	Jan. 1, 2014	Yes	None
IFRIC 21	Accounting for amounts due to government organizations	May 20, 2013	Jan. 1, 2014	No	None
	Improvements to International Financial Reporting Standards 2012 [2]	Dec. 10, 2013	Jul. 1, 2014 [3]	No	No material impact
	Improvements to International Financial Reporting Standards 2013 [4]	Dec. 10, 2013	Jan. 1, 2015	No	No material impact

1) Mandatory first-time application from the perspective of AUDI AG.
2) Minor changes to a number of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16/38, IAS 24).
3) This relates to the first-time application of the changes to IFRS 2 and IFRS 3; the changes to IFRS 8, IAS 16, IAS 24 and IAS 38 must be applied from January 1, 2015.
4) Minor revisions to a number of IFRS (IFRS 1, IFRS 3, IFRS 13, IAS 40).

/ 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 as a general rule included in the Consolidated Financial Statements using the equity method.

Non-consolidated subsidiaries as well as participations 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 non-consolidated subsidiaries are principally companies with only limited business operations. Before consolidation, these subsidiaries account for 0.9 (0.9) percent of consolidated equity, 0.3 (0.1) percent of profit after tax, and 0.7 (0.8) of the Audi Group's total assets.

For the Ducati Group, which was acquired during the previous year, the analysis of the acquired assets and liabilities was concluded in the 2013 fiscal year. No adjustment of the initial accounting of the business combination in 2012 was required.

The group of consolidated companies has been extended since December 31, 2012 to include AUDI MÉXICO S.A. de C.V., which was established by AUDI AG.

The Audi Group does not wholly own Italdesign Giugiaro S.p.A. and PSW automotive engineering GmbH. However, given that in business terms AUDI AG 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
- Audi Vertriebsbetreuungsgesellschaft mbH
- quattro GmbH

// COMPOSITION OF THE AUDI GROUP

Total	2013	2012
AUDI AG and fully consolidated subsidiaries	39	38
of which in Germany	*6*	*6*
of which in foreign countries	*33*	*32*
Investments accounted for using the equity method in foreign countries	2	2
Non-consolidated subsidiaries	34	33
of which in Germany	*22*	*20*
of which in foreign countries	*12*	*13*
	75	**73**

// PARTICIPATIONS IN ASSOCIATED COMPANIES

As of the balance sheet date, AUDI AG holds a 10 percent share in FAW-Volkswagen Automotive Company, Ltd. Through its representation in this company's management and supervisory board, AUDI AG is in a position to exercise significant influence. AUDI AG also indirectly holds 30 percent of Volkswagen Group Services S.A./N.V. Both associated companies are included in the Consolidated Financial Statements on the basis of the equity method.

/ 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 participations exceed the Group share in the equity of the relevant company as calculated in this manner, goodwill is created. This is then allocated to identifiable groups of assets (cash-generating units) which should benefit from the synergies of the acquisition. Goodwill at this level is regularly subject to impairment testing as of the balance sheet date with an impairment loss being recognized if necessary.

Contingent considerations in connection with company acquisitions are measured at their fair value. 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 added to the purchase price but are immediately recognized as an expense.

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 profit or loss.

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 profit or loss 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 separate 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 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., AUDI HUNGARIA MOTOR Kft., AUDI VOLKSWAGEN MIDDLE EAST FZE and AUDI MÉXICO S.A. de C.V., which prepare their annual financial statements in euros or U.S. dollars rather than in local currency. The concept of the "functional currency" is applied when translating financial statements prepared in a foreign currency. Assets and liabilities, with the exception of equity, are translated at the closing rate. The effects of foreign currency translation on equity are reported in the reserve for currency translation differences with no effect on profit or loss. 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 profit or loss, until the disposal of the subsidiary.

// DEVELOPMENT OF THE EXCHANGE RATES SERVING AS THE BASIS FOR CURRENCY TRANSLATION

1 EUR in foreign currency		Year-end exchange rate		Average exchange rate	
		Dec. 31, 2013	Dec. 31, 2012	2013	2012
Australia	AUD	1.5423	1.2712	1.3777	1.2407
Brazil	BRL	3.2576	2.7036	2.8687	2.5084
United Kingdom	GBP	0.8337	0.8161	0.8493	0.8109
Japan	JPY	144.7200	113.6100	129.6627	102.4919
Canada	CAD	1.4671	1.3137	1.3684	1.2842
Mexico	MXN	18.0731	17.1845	16.9641	16.9029
Switzerland	CHF	1.2276	1.2072	1.2311	1.2053
Singapore	SGD	1.7414	1.6111	1.6619	1.6055
South Korea	KRW	1,450.9300	1,406.2300	1,453.9121	1,447.6913
Taiwan	TWD	41.0935	38.3200	39.4265	38.0004
Thailand	THB	45.1780	40.3470	40.8297	39.9276
USA	USD	1.3791	1.3194	1.3281	1.2848
People's Republic of China	CNY	8.3491	8.2207	8.1646	8.1052

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). Revenue is reported after the deduction of any discounts.

No revenue is realized from the sale of vehicles subject to buy-back agreements. The difference between the selling price and the expected buy-back price is recognized on a straight-line basis over the period between sale and buy-back. Vehicles that are still included in the accounts 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 in profit or loss when the service is used or at the time they are economically incurred.

/ INTANGIBLE ASSETS

Intangible assets acquired for consideration are recognized at their 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.

Goodwill from a business combination has an indefinite useful life and is subject to regular impairment testing.

Brand names from business combinations generally have an indefinite useful life and are 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 the sale 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 was no significant borrowed capital 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.

Depreciation, allocated to the corresponding functional areas, is primarily based 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 base	*2–8 years*
Capitalized development costs	5–9 years

/ PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost of purchase or construction, with straight-line depreciation applied pro rata temporis over the expected useful life.

The cost of purchase includes 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 was no significant borrowed capital as defined in the criteria of IAS 23 given that the Audi Group maintains sufficient levels of net liquidity at all times.

Depreciation 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

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 accordance with IAS 17 (in other words, if the significant risks and rewards which result from its use have passed to the lessee). Capitalization is performed at the time of the agreement at fair value or the lower present value of the minimum lease payments. The straight-line depreciation method is based on the shorter of economically useful life or term of lease contract.

Where Group companies have entered into operating lease agreements as the lessee, in other words if not all risks and rewards 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 goods sold and depreciated to the calculated residual value on a straight-line basis over the contractual term. Impairment losses and adjustments to depreciation rates are made to take account of value reductions calculated on the basis of impairment testing within the scope of 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. In the case of measurement at amortized costs, the fair values calculated as a general rule using internal calculations based on the discounted cash flow method are also to be stated.

/ 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. Changes in equity are reflected on a pro rata basis in the carrying amount of the participation. The share of the profit of the associated company is reported under the financial result.

/ IMPAIRMENT TESTS

Fixed assets are tested regularly for impairment as of the balance sheet date.

With regard to impairment testing of goodwill and of intangible assets, the Audi Group in principle reports the higher of value in use and fair value less costs to sell of the respective cash-generating units (brands and/or products). The calculation of value in use is based on current planning prepared by the management. This planning is based on expectations regarding the future development of the respective markets, market shares and profitability of the products. 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.

Cash flows are in principle 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 (1.5) percent per year.

When testing goodwill and intangible assets with indefinite and limited useful lives, essentially capitalized development costs, in the two cash generating units Automotive and Motorcycles business for impairment, the value in use is determined using the following average costs of capital (WACC) before taxes (with prior-year figures also now stated before taxes):

%	2013	2012
Automotive segment	6.6	6.6
Motorcycles segment	8.1	8.8

The costs of capital are calculated on the basis of an interest rate for risk-free investments. As well as a market risk premium, specific peer group information for beta factors, the debt ratio and borrowed capital interest rate are taken into account.

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.

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.

Assignment to one of these categories depends on the purpose for which the financial instruments were acquired and is reviewed at the end of each reporting period.

The Audi Group does not make use of the fair value option, i.e. choosing to measure certain assets and liabilities at fair value through profit or loss.

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 rewards associated with their title.

With regard to factoring in the Audi Group, essentially all risks and rewards are transferred.

Financial assets and liabilities include both non-derivative and derivative claims or commitments, as detailed below.

Financial assets and liabilities are only offset if offsetting the amounts is legally enforceable at the current time and if there is an actual intention to offset.

// 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:

- borrowings,
- trade receivables and payables,
- other current assets and liabilities,
- financial liabilities,
- cash and cash equivalents.

Assets and liabilities in foreign currencies are measured at the relevant closing rates.

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 a remaining term of more than one year, 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 allowances. These are entered in the amount of the incurred loss for significant individual receivables 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 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 fair value measurement of securities and recognized in the Income Statement. Reversals of impairments – provided that the securities affected are equity instruments – are recognized without affecting profit or loss. If, on the other hand, the securities concerned are debt instruments, impairment losses are reversed with an effect on profit or loss 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 profit or loss.

As well as securities, the item "Available-for-sale financial assets" also contains other long-term financial investments that are not valued according to the equity method. As there is no active market for the other long-term financial investments and 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. None of these financial assets were disposed of during the current fiscal year. There is no intention to sell.

// 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.

According to the rules, hedge accounting is used if a clear hedging relationship between the underlying transaction and the hedge is 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 profit or loss, 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 profit or loss. 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." The results from "financial instruments measured at fair value through profit or loss" are now reported under the financial result. No adjustment of the previous year's figures was required given the small impact of the change in reporting.

/ 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 in combination with the temporary concept. With this concept, deferred taxes are recognized for all temporary differences arising from the different valuations of assets and liabilities in the Balance Sheet for tax purposes and in the Consolidated Balance Sheet. Deferred tax assets relating to tax loss carryforwards 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. In addition, deferred tax assets relating to tax loss carryforwards 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 taxable entities 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 purchase 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 measured at the lower of cost of production 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 borrowed capital are not capitalized.

Merchandise is measured 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 agreement 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 goods sold and measured 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. 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. The individual parameters used to measure provisions for pensions are described in Note 31. Actuarial gains or losses are reported in equity as retained earnings, with no effect on profit or loss, 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 a remaining term of over one year 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 1.0 (0.7) percent was applied domestically. The settlement value also includes the expected cost increases. The non-current portions of provisions for service anniversary awards were discounted at 3.7 (3.2) percent.

Other provisions also include bonus contributions relating to partial retirement agreements which are accrued pro rata in accordance with the block model.

/ 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 goods sold 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 expense, 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 Audi 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: Disclosures).

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 or losses are reported in the other comprehensive income and have no impact on the profit. Changes to estimates relating to the amount of other provisions are always recorded with an effect on profit or loss. The expected value approach means that subsequent allocations are regularly made to provisions or unused provisions are released. The dissolution 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 Audi Group expects to see global economic growth slightly pick up pace in 2014. Emerging economies can be expected to continue to expand more strongly than the industrialized nations, although the latter should also experience an acceleration in their rate of growth. 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 2014 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*

EUR million	2013	2012
Audi brand	35,827	35,851
Lamborghini brand	458	421
Other Volkswagen Group brands	2,827	2,725
Other automotive business	10,194	9,565
Automotive	**49,307**	**48,562**
Ducati brand	450	148
Other motorcycles business	123	61
Motorcycles	**573**	**209**
Revenue	**49,880**	**48,771**

As well as sales generated by the Audi and Lamborghini brands, revenue from the Automotive segment also includes revenue from the other brands in the Volkswagen Group. Revenue from other automotive business primarily includes deliveries of parts sets to China as well as proceeds from the sale of engines and genuine parts. Revenue from the Motorcycles segment include sales of Ducati motorcycles.

2 / *COST OF GOODS SOLD*

Amounting to EUR 40,691 (39,061) million, cost of goods sold 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. During the 2013 fiscal year there was only a low level of impairment losses on property, plant and equipment and intangible assets (previous year: EUR 3 million).

3 / *DISTRIBUTION COSTS*

Distribution costs of EUR 4,641 (4,594) 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 566 (527) million include labor and other costs, as well as depreciation attributable to administrative operations.

5 / *OTHER OPERATING INCOME*

EUR million	2013	2012
Income from derivative hedging transactions	493	127
Income from rebilling	473	475
Income from the dissolution of provisions	240	544
Income from ancillary business	223	205
Income from the processing of payments in foreign currency	142	251
Income from the disposal of assets	12	4
Income from the reversal of impairment losses of receivables and other assets	1	6
Income from the write-up of intangible assets	0	20
Miscellaneous operating income	368	249
Other operating income	**1,952**	**1,881**

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 12 (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 11 (6) million were recognized in income.

6 / *OTHER OPERATING EXPENSES*

EUR million	2013	2012
Expenses from derivative hedging transactions	306	630
Expenses from the processing of payments in foreign currency	206	218
Expenses from the allocation and rebilling of costs	102	81
Impairment losses on receivables	16	14
Losses on disposal of assets	6	10
Miscellaneous operating expenses	267	152
Other operating expenses	**903**	**1,106**

Expenses from derivative hedging transactions mainly result from premiums from foreign exchange option contracts 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 454 (415) million. FAW-Volkswagen Automotive Company, Ltd. contributed a pro rata dividend of EUR 382 (239) million.

8 / *FINANCE EXPENSES*

EUR million	2013	2012
Interest expenses	**60**	**105**
Interest effect from the measurement of pension provisions	108	113
Interest effect from the measurement of other provisions	– 10	182
Interest effect from the measurement of liabilities	0	2
Interest effect from compounding	**98**	**298**
Finance expenses	**158**	**403**

Interest expense is attributed on an accrual basis.

9 / *OTHER FINANCIAL RESULTS*

EUR million	2013	2012
Result from participations	60	47
of which result from participations	*53*	*43*
of which income from profit transfer agreements	*7*	*4*
Result from disposals of securities	6	– 14
Income and expense from the measurement of non-derivative financial instruments	1	1
Write-ups on non-derivative financial instruments	8	4
Income and expense from fair value measurement of derivative financial instruments	– 628	– 71
Interest and similar income	96	203
Other income	452	404
Other financial results	**–4**	**574**

Income from investments primarily relates to a share in the profits of Volkswagen Logistics GmbH & Co. OHG. Income and expense from the fair value measurement of derivative financial instruments include fair value fluctuations. The total position in relation to hedging instruments 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 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.

EUR 1,212 (1,295) million of the actual income tax expense was charged to Volkswagen AG.

EUR million	2013	2012 [1)]
Actual income tax expense	1,393	1,502
of which for Germany	*1,255*	*1,327*
of which for foreign countries	*139*	*175*
of which income from the dissolution of tax provisions	*– 3*	*– 17*
Deferred tax income/expenses	– 85	99
of which for Germany	*– 27*	*169*
of which for foreign countries	*– 57*	*– 70*
Income tax expense	**1,309**	**1,602**
of which non-periodic tax income	*– 5*	*– 8*

1) Figures have been adjusted to reflect the revised IAS 19.

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 income tax rate for the Group. The deferred taxes for companies in Germany are calculated at a rate of 29.8 (29.5) percent. The local income tax rates applied to foreign companies range from 0 percent to 38 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 3,052 (3,044) million, of which the amount of EUR 3,051 (3,031) million can be used indefinitely. Overall, loss carryforwards in the amount of EUR 3,049 (3,020) million were classed as unusable. In the 2013 fiscal year, the realization of tax losses led to a reduction in current income tax expense of EUR 43 (22) million. Deferred tax assets of EUR 416 (307) million relating to tax loss carryforwards and tax concessions were not reported due to impairment.

Deferred taxes of EUR 2 (10) 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.

The devaluation of deferred tax claims resulted in a deferred tax expense of EUR 19 (–) million.

Of the deferred taxes reported in the Balance Sheet, a total of EUR 353 (3) million was recorded with a resulting reduction in equity, without influencing the Income Statement.

The recording of actuarial gains without affecting profit or loss, pursuant to IAS 19, led in the current fiscal year to a decrease in equity of EUR 83 million from the creation of deferred taxes. During the prior year, deferred taxes of EUR 275 million on actuarial losses were taken into account, resulting in an increase in equity. The change in deferred taxes on the effects recognized in equity for derivative financial instruments and securities led to a reduction of EUR 270 (278) million in equity in the course of the year.

Deferred taxes posted directly in equity in the current fiscal year are broken down in detail in the Statement of Comprehensive Income.

10.1 / *DEFERRED TAX ASSETS AND LIABILITIES ON RECOGNITION AND MEASUREMENT DIFFERENCES RELATING TO INDIVIDUAL BALANCE SHEET ITEMS AND ON TAX LOSS CARRYFORWARDS*

EUR million	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2013	Dec. 31, 2012 [1]	Dec. 31, 2013	Dec. 31, 2012
Intangible assets	128	106	997	842
Property, plant and equipment	266	260	76	80
Long-term financial investments	–	3	24	1
Inventories	39	42	42	8
Receivables and other assets	11	15	541	97
Other current assets	99	42	–	–
Provisions for pensions	550	409	1	3
Liabilities and other provisions	1,552	1,429	19	17
Loss carryforwards	1	7	–	–
Tax credits after impairment	33	53	–	–
Gross value	**2,678**	**2,366**	**1,700**	**1,047**
of which non-current	*1,280*	*1,449*	*1,325*	*957*
Offsetting	–1,184	–839	–1,184	–839
Consolidation measures	226	187	1	1
Carrying amount	**1,720**	**1,713**	**517**	**208**

1) Figures have been adjusted to reflect the revised IAS 19.

10.2 / *RECONCILIATION OF EXPECTED TO REPORTED INCOME TAX EXPENSE*

EUR million	2013	2012 [1]
Profit before income tax	5,323	5,951
Expected income tax expense 29.5% (29.5%)	1,570	1,755
Reconciliation:		
Divergent foreign tax burden	– 5	– 14
Tax portion for tax-exempt income	– 160	– 123
Tax portion for expenses not deductible for tax purposes	23	13
Tax portion for temporary differences and losses for which no deferred tax has been recorded	– 14	1
Tax income relating to other periods	– 5	– 8
Effects of tax rate changes	– 9	4
Other tax effects	– 91	– 27
Income tax expense reported	**1,309**	**1,602**
Effective tax rate in %	24.6	26.9

1) Figures have been adjusted to reflect the revised IAS 19.

11 / *PROFIT TRANSFER TO VOLKSWAGEN AG*

The amount of EUR 3,182 (3,790) million will be transferred to Volkswagen AG under the profit transfer agreement with AUDI AG.

12 / *EARNINGS PER SHARE*

	2013	2012 [1]
Profit share of AUDI AG shareholders (EUR million)	3,961	4,280
Weighted average number of shares	43,000,000	43,000,000
Earnings per share in EUR	**92.13**	**99.52**

1) Figures have been adjusted to reflect the revised IAS 19.

Basic earnings per share are calculated by dividing the share of profit due to AUDI AG shareholders 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, 2013 or December 31, 2012.

Outside shareholders of AUDI AG will receive a compensatory payment for each no-par share in lieu of a dividend for the 2013 fiscal year. The level of this payment corresponds to the dividend that is paid on one ordinary share of Volkswagen AG. The dividend payment will be resolved by the General Meeting of Volkswagen AG on May 13, 2014.

13 / *ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS IN THE INCOME STATEMENT*

13.1 / *CATEGORIES*

Financial instruments are categorized as follows in accordance with IFRS 7:

- measured at fair value,
- measured at amortized cost,
- not within 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.

13.2 / *NET RESULTS OF FINANCIAL INSTRUMENTS BASED ON MEASUREMENT CATEGORIES PURSUANT TO IAS 39*

EUR million	2013	2012
Financial instruments measured at fair value through profit or loss	–615	–102
Loans and receivables	–54	146
Available-for-sale financial assets	118	81
Financial liabilities measured at amortized cost	–1	–11
Net results of financial instruments	**–552**	**115**

The net results from 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 financial investments not accounted for using the equity method.

13.3 / *INTEREST INCOME AND EXPENSE FOR FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE*

EUR million	2013	2012
Interest income	54	157
Interest expenses	–26	–38
Interest income and expense	**27**	**120**

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./N.V. and to subsidiaries of Volkswagen AG that are not part of the Audi Group.

13.4 / *IMPAIRMENT LOSSES FOR FINANCIAL ASSETS BY CATEGORY*

EUR million	2013	2012
Measured at fair value	–	1
Measured at amortized cost	16	13
Impairment losses	**16**	**14**

The impairment losses relate to financial assets, such as impairment losses on receivables, securities and non-consolidated subsidiaries.

13.5 / *GAINS AND LOSSES FROM HEDGING ACTIVITIES*

In 2013, EUR 151 million was transferred with a positive effect on the result from the cash flow hedge reserve to other operating profit, whilst EUR 7 million was transferred to cost of goods sold with a negative effect on the result. During the 2012 fiscal year, EUR 463 million was transferred with a negative effect on the result to other operating profit, and EUR 7 million to cost of goods sold with a positive effect on the result.

NOTES TO THE BALANCE SHEET

14 / *INTANGIBLE ASSETS*

EUR million	Dec. 31, 2013	Dec. 31, 2012
Concessions, industrial property rights and similar rights and assets, as well as licenses thereto	403	429
Brand names	418	421
of which Automotive	*14*	*17*
of which Motorcycles	*404*	*404*
Goodwill	378	378
of which Automotive	*88*	*88*
of which Motorcycles	*290*	*290*
Capitalized development costs	3,489	2,810
of which products currently under construction	*1,833*	*834*
of which products currently in use	*1,656*	*1,976*
Payments on account for intangible assets	1	1
Intangible assets	**4,689**	**4,038**

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	2013	2012
Research expense and non-capitalized development costs	2,759	2,513
Depreciation/amortization and reversals on capitalized development costs	528	429
Research and development expenditure	**3,287**	**2,942**

During the 2013 fiscal year, a total of EUR 3,966 (3,435) million was spent on research and development. Of this total, EUR 1,207 (923) million was capitalized. The capitalization rate is 30.4 (26.9) percent.

15 / *PROPERTY, PLANT AND EQUIPMENT*

EUR million	Dec. 31, 2013	Dec. 31, 2012
Land, land rights and buildings, including buildings on third-party land	3,158	2,519
Plant and machinery	1,594	1,290
Other plant and office equipment	2,153	2,278
Payments on account and assets under construction	1,508	1,518
Property, plant and equipment	**8,413**	**7,605**
of which finance leases	*24*	*20*

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.

// FINANCIAL LEASE PAYMENTS DUE IN THE FUTURE

EUR million	2014	2015 to 2018	From 2019	Total
Lease payments	3	14	11	27
Interest elements	1	3	2	5
Present value	**2**	**11**	**9**	**22**

Payments totaling EUR 138 (115) 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, 2013	Dec. 31, 2012
Leasing and rental assets	–	2
Investment property	171	118

An impairment loss of EUR 1 million was recorded in relation to investment property during the 2013 fiscal year. The amortized costs of investment property correspond to the fair value. Fair values are calculated as a general rule using a discounted cash flow method and correspond to level 3 of the fair value hierarchy.

With regard to the investment property, the amount of EUR 154 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 table below. Only low operating costs were incurred in relation to maintaining the investment property.

// FUTURE PAYMENTS IN RELATION TO NON-CANCELABLE LEASE AGREEMENTS

EUR million	2014	2015 to 2018	From 2019	Total
Lease payments	6	23	251	279
Interest elements	0	5	116	122
Present value	**5**	**18**	**134**	**158**
Lease payments from sub-leasing	8	33	245	287

Payments totaling EUR 7 million are expected in future from non-cancelable lease agreements relating to other real estate.

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. and Volkswagen Group Services S.A./N.V. are shown in the development of the fixed assets.

The share attributable to the Audi Group of the assets and liabilities and income of the companies accounted for using the equity method is shown in the following table:

EUR million	2013	2012
Non-current assets	3,727	2,535
Current assets	4,288	4,176
Non-current liabilities	950	261
Current liabilities	3,371	2,811
Revenues	3,960	3,261
Profit	454	415

18 / *OTHER LONG-TERM INVESTMENTS*

EUR million	Dec. 31, 2013	Dec. 31, 2012
Investments in affiliated companies	159	128
Investments in associated companies and other participations	131	126
Other long-term investments	**290**	**254**

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*

20.1 / *NON-CURRENT OTHER FINANCIAL ASSETS*

EUR million	Dec. 31, 2013	Dec. 31, 2012
Positive fair values from derivative financial instruments	700	464
Fixed deposits and loans extended	243	171
Miscellaneous financial assets	26	27
Non-current other financial assets	**969**	**662**

The non-current fixed deposits and loans extended accrue interest at interest rates 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.”

20.2 / CURRENT OTHER FINANCIAL ASSETS

EUR million	Dec. 31, 2013	Dec. 31, 2012
Positive fair values from derivative financial instruments	405	205
Fixed deposits and loans extended	153	1,560
Miscellaneous financial assets	737	538
Current other financial assets	**1,296**	**2,303**

// POSITIVE FAIR VALUES OF NON-CURRENT AND CURRENT DERIVATIVE FINANCIAL INSTRUMENTS

EUR million	Dec. 31, 2013	Dec. 31, 2012
Cash flow hedges	1,068	541
of which to hedge against currency risks from future cash flows	*1,062*	*518*
of which to hedge against commodity price risks from future cash flows	*6*	*23*
Other derivative financial instruments	38	128
Positive fair values of derivative financial instruments	**1,105**	**669**

21 / OTHER RECEIVABLES

21.1 / NON-CURRENT OTHER RECEIVABLES

EUR million	Dec. 31, 2013	Dec. 31, 2012
Tax claims	3	2
Miscellaneous receivables	9	11
Non-current other receivables	**12**	**13**

21.2 / CURRENT OTHER RECEIVABLES

EUR million	Dec. 31, 2013	Dec. 31, 2012
Tax claims	276	246
Miscellaneous receivables	204	204
Current other receivables	**479**	**451**

22 / INVENTORIES

EUR million	Dec. 31, 2013	Dec. 31, 2012
Raw materials and supplies	490	417
Work and services in progress	579	570
Finished goods and products	2,757	2,750
Current leased assets	670	594
Inventories	**4,495**	**4,331**

Inventories amounting to EUR 36,559 (35,467) million were recorded as cost of goods sold at the same time that the revenue from them was realized. EUR 912 (1,092) 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 55 (76) 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 219 (260) 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 670 (594) million. In the 2014 fiscal year, payments in the amount of EUR 44 million are expected from non-cancelable leasing relationships.

23 / *TRADE RECEIVABLES*

Trade receivables of EUR 3,176 (2,251) million will be realized within the next twelve 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 AND CASH FUNDS*

Securities include fixed or variable-interest securities and equities in the amount of EUR 2,400 (1,807) million.

Cash funds essentially comprise credit balances with banks and affiliated companies amounting to EUR 13,332 (11,170) million. The credit balances with banks amounting to EUR 709 (482) 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 12,622 (10,688) million.

26 / *EQUITY*

Information on the composition and development of equity is provided on pages 220 and 221 in the Statement of Changes in Equity.

The share capital of AUDI AG is unchanged, at EUR 110,080,000. One share represents a notional share of EUR 2.56 of the subscribed capital. This capital is divided into 43,000,000 no-par bearer shares.

The capital reserve contains premiums paid in connection with the issuance of shares in the Company. During the year under review, the capital reserve of AUDI AG rose to EUR 1,895 million as a result of a contribution in the amount of EUR 6,979 million by Volkswagen AG.

Retained earnings comprise accumulated gains and the revaluations from pension plans.

Other reserves include changes in value of cash flow hedges, available-for-sale investments, investments measured using the equity method, and currency translation differences.

The risks and rewards under contracts for foreign exchange futures and foreign exchange options, and under 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 profit or loss. 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.

Currency translation differences that do not affect profit or loss and, on a pro rata basis, cash flow hedges with no effect on profit or loss as well as the effects from the revaluation of pension schemes of companies valued at equity are included in the reserve for investments accounted for using the equity method.

The balance of EUR 779 (490) million remaining after the transfer of profit to Volkswagen AG is allocated to the retained earnings.

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)

27 / *FINANCIAL LIABILITIES*

27.1 / *NON-CURRENT FINANCIAL LIABILITIES*

EUR million	Dec. 31, 2013	Dec. 31, 2012
Loans	13	16
Liabilities from financial lease agreements	172	129
Non-current financial liabilities	**186**	**145**

27.2 / *CURRENT FINANCIAL LIABILITIES*

EUR million	Dec. 31, 2013	Dec. 31, 2012
Liabilities to factoring companies	1,155	1,057
Loans	65	104
Liabilities from financial lease agreements	7	7
Current financial liabilities	**1,228**	**1,168**

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

29.1 / NON-CURRENT OTHER FINANCIAL LIABILITIES

EUR million	Dec. 31, 2013	Dec. 31, 2012
Negative fair values from derivative financial instruments	194	218
Miscellaneous financial liabilities	2	26
Non-current other financial liabilities	**196**	**244**

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."

29.2 / CURRENT OTHER FINANCIAL LIABILITIES

EUR million	Dec. 31, 2013	Dec. 31, 2012
Negative fair values from derivative financial instruments	199	259
Liabilities from the transfer of profit	3,182	3,790
Miscellaneous financial liabilities	378	436
Current other financial liabilities	**3,759**	**4,485**

// NEGATIVE FAIR VALUES OF NON-CURRENT AND CURRENT DERIVATIVE FINANCIAL INSTRUMENTS

EUR million	Dec. 31, 2013	Dec. 31, 2012
Cash flow hedges	147	406
of which to hedge against currency risks from future cash flows	*125*	*397*
of which to hedge against commodity price risks from future cash flows	*22*	*9*
Other derivative financial instruments	245	71
Negative fair values of derivative financial instruments	**393**	**477**

30 / *OTHER LIABILITIES*

30.1 / *NON-CURRENT OTHER LIABILITIES*

EUR million	Dec. 31, 2013	Dec. 31, 2012
Advances received under service contracts	412	260
Liabilities from other taxes	41	48
Social security liabilities	22	31
Liabilities from payroll accounting	49	77
Miscellaneous liabilities	318	294
Non-current other liabilities	**843**	**711**

Liabilities with a time to maturity of more than five years amount to EUR 44 (124) million.

30.2 / *CURRENT OTHER LIABILITIES*

EUR million	Dec. 31, 2013	Dec. 31, 2012
Advances received for orders from customers and service contracts	1,299	991
Liabilities from other taxes	166	154
Social security liabilities	120	130
Liabilities from payroll accounting	928	1,046
Miscellaneous liabilities	152	47
Current other liabilities	**2,664**	**2,368**

31 / *PROVISIONS FOR PENSIONS*

Provisions for pensions are created on the basis of plans to provide retirement, disability and surviving dependent 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 319 (303) million. Of this, contributions of EUR 299 (286) 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 provisions for pensions for defined benefit plans are calculated by independent actuaries in accordance with IAS 19 using the projected unit credit method, a commonly used method internationally. This measures future obligations on the basis of the pro rata benefit claims acquired as of the balance sheet date. The measurement takes account of actuarial assumptions regarding discounting rates, remuneration and retirement benefit trends, staff turnover rates and increasing costs of health care. Actuarial gains and losses result from deviations in what has actually occurred compared with the assumptions made during the previous year and from changes in assumptions. They are reported in equity with no effect on profit or loss during the period in which they occur, taking deferred taxes into account.

The retirement benefit scheme within the Audi Group was evolved into a pension fund model in Germany on January 1, 2001. The pension fund model is a contribution-based retirement benefit scheme with guarantees backed by Volkswagen Pension Trust e.V. An annual cost of providing benefits, based on remuneration and status, is converted into a retirement benefits entitlement payable for life (guarantee components) using annuity conversion factors. The annuity conversion factors include a guaranteed rate of interest. When the benefits are due, the retirement benefits components acquired annually are added together. The cost of providing benefits is invested on an ongoing basis in a dedicated fund that is managed on a fiduciary basis by Volkswagen Pension Trust e.V. and invested in the capital market. If the plan assets are higher than the present value of the obligations calculated using the guaranteed interest rate, a surplus is allocated (surplus components).

The pension fund model is classed as a defined benefit plan pursuant to IAS 19. The dedicated fund administered on a fiduciary basis satisfies the requirements of IAS 19 as plan assets and has therefore been offset against the obligations.

31.1 / *AMOUNTS RECORDED IN THE BALANCE SHEET FOR DEFINED BENEFIT OBLIGATIONS*

EUR million	Dec. 31, 2013	Dec. 31, 2012
Present value of externally funded defined benefit obligations	1,032	1,009
Fair value of plan assets	972	844
Financing status (balance)	**60**	**165**
Present value of defined benefit obligations not externally funded	3,150	3,305
Due to the limit on a defined benefit asset amount not capitalized under IAS 19	–	–
Provisions for pensions recognized in the Balance Sheet	**3,209**	**3,470**

31.2 / *PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS*

EUR million	2013	2012
Present value on January 1	4,314	3,218
Service cost	132	106
Interest cost	136	141
Actuarial gains (–)/losses (+) following changes in demographic assumptions	+1	0
Actuarial gains (–)/losses (+) following changes in financial assumptions	–317	+899
Actuarial gains (–)/losses (+) following experience-based adjustments	+17	+39
Pension payments from company assets	–95	–95
Pension payments from fund assets	–8	–5
Changes in scope of consolidated companies and initial adoption of IAS 19	–	6
Effects from transfers	5	4
Currency differences	–4	–1
Present value on December 31	**4,181**	**4,314**

31.3 / *SENSITIVITY ANALYSIS*

Present value of defined benefit obligation if		Dec. 31, 2013	
		EUR million	*in %*
Discount rate	+0.5 percentage points	3,906	–6.58%
	–0.5 percentage points	4,594	9.86%
Remuneration trend	+0.5 percentage points	4,411	5.49%
	–0.5 percentage points	3,987	–4.65%
Retirement benefit trend	+0.5 percentage points	4,253	1.71%
	–0.5 percentage points	4,113	–1.63%
Life expectancy	+1 year	4,280	2.36%

The sensitivity analyses shown take into account a changed assumption in each case, although the other assumptions remain unchanged compared with the original calculation, meaning that potential correlation effects between the individual assumptions are not taken into account.

To investigate the sensitivity of the present value of the defined benefit obligation to any change in the assumed life expectancy, the expected mortality rate is reduced on a scale that is roughly equivalent to an increase in life expectancy of one year.

31.4 / *ALLOCATION OF THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AMONG THE PLAN MEMBERS*

EUR million	2013	2012
Active beneficiary employees	2,663	2,711
Former beneficiary employees	113	127
Pensioners	1,406	1,476
Present value on December 31	**4,181**	**4,314**

31.5 / *MATURITY PROFILE OF DEFINED BENEFIT OBLIGATION*

EUR million	2013	2012
Due within the next fiscal year	100	102
Due within two to five years	449	467
Due after more than five years	3,632	3,744
Present value on December 31	**4,181**	**4,314**

The average weighted term during which the Audi Group's defined benefit obligation will apply, based on the current perspective, is 20 (20) years (Macaulay Duration).

31.6 / *FAIR VALUE OF PLAN ASSETS*

EUR million	2013	2012
Plan assets on January 1	844	714
Interest income from plan assets	28	28
Income/expense from plan assets not recognized in interest income	– 2	8
Employer contributions to the fund	110	97
Employee contributions to the fund	0	0
Pension payments from the fund	– 8	– 5
Changes in scope of consolidated companies and initial adoption of IAS 19	–	1
Effects from transfers	0	1
Currency differences	0	0
Plan assets on December 31	**972**	**844**

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 totaling EUR 93 (88) million are expected for the following fiscal year.

31.7 / *COMPOSITION OF PLAN ASSETS*

EUR million	Dec. 31, 2013			Dec. 31, 2012		
	Market price in an active market	No market price in an active market	Total	Market price in an active market	No market price in an active market	Total
Cash and cash equivalents	51	–	51	94	–	94
Equity instruments	–	–	–	–	–	–
Debt instruments	–	–	–	–	–	–
Real estate	–	0	0	–	0	0
Derivatives	–	–	–	4	–	4
Equity funds	274	–	274	240	–	240
Pension funds	523	86	609	382	85	467
Real estate funds	21	–	21	21	–	21
Other funds	16	–	16	18	–	18
Asset-backed securities	1	–	1	0	–	0
Structured debts	–	–	–	–	–	–
Other	–	0	0	–	–	–
Plan assets	**885**	**86**	**972**	**759**	**85**	**844**

As well as the general market risk, the plan assets of Volkswagen Pension Trust e.V. are mainly exposed to interest rate and share price risks, as they are primarily invested in investment funds comprising fixed-income securities and shares. To cushion the market risk, the benefit system provides for funds to be allocated to a fluctuation reserve prior to each surplus allocation. Additionally, the investment strategy and implementation is monitored on an ongoing basis by the Volkswagen Pension Trust e.V. bodies, which include representatives from AUDI AG. Also, asset-liability-management studies are carried out at regular intervals, ensuring that the investment is compatible with the obligations in question.

The present value of the obligation is subject to interest rate risk. Should the value of the plan assets fall below the present value of the guaranteed obligation, provisions should be created in the amount of the shortfall.

The benefit system provides for lifelong pension payments. In order to take account of the risk of long life, the most up-to-date generation mortality reference tables HEUBECK-RICHTTAFELN 2005 G are used, as these have already taken account of greater life expectancy in the future. As a further measure, annual risk monitoring is carried out by an independent actuary as part of the review of the assets held by Volkswagen Pension Trust e.V.

To reduce the inflation risk presented by the adjustment of current pension payments in line with the rate of inflation, a non-inflation-linked indexing of pensions has been applied to pension obligations where legally permissible.

31.8 / *AMOUNTS RECOGNIZED THROUGH PROFIT OR LOSS FROM BENEFIT OBLIGATIONS*

EUR million	2013	2012
Service cost	132	106
Net interest expense (+)/income (–)	108	113
Balance of amounts from defined benefit obligations recognized through profit or loss	**240**	**220**

Net interest expense/income includes the interest cost from the defined benefit obligation and the expected return on plan assets (net interest approach).

31.9 / *DEVELOPMENT OF PROVISIONS FOR PENSIONS*

EUR million	2013	2012
Provisions for pensions on January 1	3,470	2,505
Service cost	132	106
Interest cost	136	141
Interest income from plan assets	– 28	– 28
Income/expense from plan assets not recognized in interest income	2	– 8
Actuarial gains (–)/losses (+) following changes in demographic assumptions	+ 1	0
Actuarial gains (–)/losses (+) following changes in financial assumptions	– 317	+ 899
Actuarial gains (–)/losses (+) following experience-based adjustments	+ 17	+ 39
Pension payments from company assets	– 95	– 95
Employer contributions to the fund	– 110	– 97
Employee contributions to the fund	0	–
Currency differences	– 4	– 1
Changes in scope of consolidated companies and initial adoption of IAS 19	–	5
Effects from transfers	5	4
Provisions for pensions on December 31	**3,209**	**3,470**

31.10 / *ACTUARIAL PREMISES FOR THE CALCULATION OF PENSION OBLIGATIONS*

in %	Dec. 31, 2013	Dec. 31, 2012
Discount rate	3.70	3.20
Remuneration trend	3.50	2.90
Retirement benefit trend	1.80	1.80

The figures shown are average figures, weighted in accordance with the present values of the defined benefit obligation.

The "2005 G Reference Tables" published by HEUBECK-RICHTTAFELN-GmbH, Cologne, served as the biometric basis for calculation of retirement benefits.

The discounting rates are as a general rule determined on the basis of the yields on high-quality corporate bonds. The remuneration trends encompass anticipated increases in wages and salaries, which also take account of pay increases linked to promotion. The retirement benefit trends either correspond to the contractually agreed guaranteed adjustments or are based on the relevant rules on pension indexing. The staff turnover rates are based on past experience and expectations for the future.

32 / *EFFECTIVE INCOME TAX OBLIGATIONS*

Effective income tax obligations consist primarily of tax liabilities to Volkswagen AG under allocation plans.

33 / *OTHER PROVISIONS*

EUR million	Dec. 31, 2013		Dec. 31, 2012 [1]	
	Total	Of which due within one year	Total	Of which due within one year
Obligations from sales operations	5,591	2,279	5,102	1,936
Workforce-related provisions	1,051	367	923	194
Miscellaneous provisions	984	714	955	673
Other provisions	**7,625**	**3,360**	**6,981**	**2,803**

1) Figures have been adjusted to reflect the revised IAS 19.

Obligations from sales operations primarily comprise warranty claims from the sale of vehicles, components and genuine parts. 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 suggestions 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 44 percent in the following year, 48 percent in the years 2015 through 2018, and 8 percent thereafter.

// DEVELOPMENT OF OTHER PROVISIONS

EUR million	Jan. 1, 2013 [1]	Currency differences	Changes in scope of consolidated companies	Utilization	Dissolution	Addition	Interest effect from measurement	Dec. 31, 2013
Obligations from sales operations	5,102	–73	–	1,767	111	2,474	–34	5,591
Workforce-related provisions	923	–1	–	218	12	327	30	1,051
Miscellaneous provisions	955	–6	–	250	117	407	–6	984
Development of other provisions	**6,981**	**–80**	**–**	**2,234**	**240**	**3,208**	**–10**	**7,625**

1) Figures have been adjusted to reflect the revised IAS 19.

34 / TRADE PAYABLES

Trade payables totaled EUR 5,163 (4,270) million. 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 targets, methods and procedures for optimizing capital management remained unchanged at December 31, 2013. 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 the return on investment as an indicator based on capital expenditure for several years now.

// *DEVELOPMENT OF CAPITAL*

EUR million	Dec. 31, 2013	Dec. 31, 2012 [1]
Equity	18,565	15,092
as % of total capital	41.1	37.4
Financial liabilities from profit transfer	4,595	5,103
of which current financial liabilities	*1,228*	*1,168*
of which non-current financial liabilities	*186*	*145*
of which liabilities from the transfer of profit	*3,182*	*3,790*
as % of total capital	10.2	12.6
Balance sheet total	**45,156**	**40,401**

1) Figures have been adjusted to reflect the revised IAS 19.

Around 99.55 percent of the subscribed capital is held by Volkswagen AG, with which a control and profit transfer agreement exists.

In the 2013 fiscal year, equity rose by 23.0 percent compared to the prior year. This is primarily due to the allocation to the retained earnings and a cash injection to the capital reserve by Volkswagen AG.

36 / *ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS IN THE BALANCE SHEET*

36.1 / *FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE*

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, acknowledged 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.

36.2 / *CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2013*

EUR million	Reconciliation of balance sheet items to classes of financial instruments				
	Carrying amount as per Balance Sheet as of Dec. 31, 2013	Measured at fair value through profit or loss	Available for sale	Loans and receivables	
Other long-term investments	290	–	290	–	
Other financial assets	969	15	–	269	
of which from the positive fair values of derivative financial instruments	*700*	*15*	–	–	
of which fixed deposits and extended loans	*243*	–	–	*243*	
of which miscellaneous other financial assets	*26*	–	–	*26*	
Non-current financial assets	**1,259**	**15**	**290**	**269**	
Trade receivables	3,176	–	–	3,176	
Other financial assets	1,296	23	–	887	
of which from the positive fair values of derivative financial instruments	*405*	*23*	–	–	
of which fixed deposits and extended loans	*153*	–	–	*153*	
of which miscellaneous other financial assets	*737*	–	–	*733*	
Securities	2,400	–	2,400	–	
Cash funds	13,332	–	–	13,332	
Current financial assets	**20,204**	**23**	**2,400**	**17,394**	
Financial assets	**21,463**	**38**	**2,690**	**17,663**	
Financial liabilities	186	–	–	–	
of which liabilities from financial lease agreements	*172*	–	–	–	
of which other financial liabilities	*13*	–	–	–	
Other financial liabilities	196	145	–	–	
of which from the negative fair values of derivative financial instruments	*194*	*145*	–	–	
of which miscellaneous other financial liabilities	*2*	–	–	–	
Non-current financial liabilities	**381**	**145**	**–**	**–**	
Financial liabilities	1,228	–	–	–	
of which liabilities from financial lease agreements	*7*	–	–	–	
of which other financial liabilities	*1,220*	–	–	–	
Trade payables	5,163	–	–	–	
Other financial liabilities	3,759	122	–	–	
of which from the negative fair values of derivative financial instruments	*199*	*100*	–	–	
of which miscellaneous other financial liabilities	*3,560*	*21*	–	–	
Current financial liabilities	**10,149**	**122**	**–**	**–**	
Financial liabilities	**10,530**	**267**	**–**	**–**	

				Classification in measurement levels pursuant to IFRS 7			
	Financial liabilities measured at amortized cost	No category assigned under IAS 39		Measured at fair value			Measured at amortized cost
		Derivative financial instruments with hedging relationships	Not within the scope of IAS 39	Level 1	Level 2	Level 3	
	–	–	–	–	–	–	290
	–	685	–	–	688	12	269
	–	*685*	–	–	*688*	*12*	–
	–	–	–	–	–	–	*243*
	–	–	–	–	–	–	*26*
	–	**685**	**–**	**–**	**688**	**12**	**559**
	–	–	–	–	–	–	3,176
	–	382	4	–	387	18	891
	–	*382*	–	–	*387*	*18*	–
	–	–	–	–	–	–	*153*
	–	–	*4*	–	–	–	*737*
	–	–	–	2,400	–	–	–
	–	–	–	–		–	13,332
	–	**382**	**4**	**2,400**	**387**	**18**	**17,399**
	–	**1,068**	**4**	**2,400**	**1,075**	**30**	**17,958**
	13	–	172	–	–	–	186
	–	–	*172*	–	–	–	*172*
	13	–	–	–	–	–	*13*
	2	49	–	–	60	133	2
	–	*49*	–	–	*60*	*133*	–
	2	–	–	–	–	–	*2*
	16	**49**	**172**	**–**	**60**	**133**	**188**
	1,220	–	7	–	–	–	1,228
	–	–	*7*	–	–	–	*7*
	1,220	–	–	–	–	–	*1,220*
	5,163	–	–	–	–	–	5,163
	3,538	99	–	–	177	43	3,538
	–	*99*	–	–	*156*	*43*	–
	3,538	–	–	–	*21*	–	*3,538*
	9,921	**99**	**7**	**–**	**177**	**43**	**9,929**
	9,937	**147**	**180**	**–**	**237**	**176**	**10,116**

36.3 / *CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2012*

EUR million	Reconciliation of balance sheet items to classes of financial instruments				
	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	
Other long-term investments	254	–	254	–	
Other financial assets	662	71	–	198	
of which from the positive fair values of derivative financial instruments	*464*	*71*	–	–	
of which fixed deposits and extended loans	*171*	–	–	*171*	
of which miscellaneous other financial assets	*27*	–	–	*27*	
Non-current financial assets	**917**	**71**	**254**	**198**	
Trade receivables	2,251	–	–	2,251	
Other financial assets	2,303	57	–	2,095	
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 miscellaneous other financial assets	*538*	–	–	*535*	
Securities	1,807	–	1,807	–	
Cash funds	11,170	–	–	11,170	
Current financial assets	**17,533**	**57**	**1,807**	**15,517**	
Financial assets	**18,449**	**128**	**2,062**	**15,715**	
Financial liabilities	145	–	–	–	
of which liabilities from financial lease agreements	*129*	–	–	–	
of which other financial liabilities	*16*	–	–	–	
Other financial liabilities	244	35	–	–	
of which from the negative fair values of derivative financial instruments	*218*	*35*	–	–	
of which miscellaneous other financial liabilities	*26*	–	–	–	
Non-current financial liabilities	**389**	**35**	**–**	**–**	
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	36	–	–	
of which from the negative fair values of derivative financial instruments	*259*	*36*	–	–	
of which miscellaneous other financial liabilities	*4,226*	–	–	–	
Current financial liabilities	**9,923**	**36**	**–**	**–**	
Financial liabilities	**10,312**	**71**	**–**	**–**	

				Classification in measurement levels pursuant to IFRS 7			
	Financial liabilities measured at amortized cost	No category assigned under IAS 39		Measured at fair value			Measured at amortized cost
		Derivative financial instruments with hedging relationships	Not within the scope of IAS 39	Level 1	Level 2	Level 3	
	–	–	–	–	–	–	254
	–	393	–	–	402	62	198
	–	*393*	–	–	*402*	*62*	–
	–	–	–	–	–	–	*171*
	–	–	–	–	–	–	*27*
	–	**393**	**–**	**–**	**402**	**62**	**453**
	–	–	–	–	–	–	2,251
	–	147	4	–	164	41	2,099
	–	*147*	–	–	*164*	*41*	–
	–	–	–	–	–	–	*1,560*
	–	–	*4*	–	–	–	*538*
	–	–	–	1,807	–	–	–
	–	–	–	–	–	–	11,170
	–	**147**	**4**	**1,807**	**164**	**41**	**15,520**
	–	**541**	**4**	**1,807**	**566**	**103**	**15,973**
	16	–	129	–	–	–	145
	–	–	*129*	–	–	–	*129*
	16	–	–	–	–	–	*16*
	26	183	–	–	201	17	26
	–	*183*	–	–	*201*	*17*	–
	26	–	–	–	–	–	*26*
	42	**183**	**129**	**–**	**201**	**17**	**171**
	1,161	–	7	–	–	–	1,168
	–	–	*7*	–	–	–	*7*
	1,161	–	–	–	–	–	*1,161*
	4,270	–	–	–	–	–	4,270
	4,226	223	–	–	256	3	4,226
	–	*223*	–	–	*256*	*3*	–
	4,226	–	–	–	–	–	*4,226*
	9,658	**223**	**7**	**–**	**256**	**3**	**9,665**
	9,700	**406**	**135**	**–**	**457**	**20**	**9,835**

36.4 / *RECONCILIATION STATEMENT FOR DERIVATIVE FINANCIAL INSTRUMENTS MEASURED ACCORDING TO LEVEL 3*

EUR million	2013	2012
Positive fair values of level 3 derivative financial instruments as of January 1	103	102
Income (+) and expense (–) recognized in the operating profit	–	+ 9
Income (+) and expense (–) recognized in the financial result	– 62	+ 3
Income (+) and expense (–) recognized in other comprehensive income	– 1	0
Settlements	– 8	–
Transfer from level 3 to level 2	– 3	– 12
Positive fair values of level 3 derivative financial instruments as of December 31	**30**	**103**
Income (+) and expense (–) recognized in the operating profit from level 3 derivative financial instruments still held at December 31	–	+ 13
Income (+) and expense (–) recognized in the financial result from level 3 derivative financial instruments still held at December 31	– 62	– 1

EUR million	2013	2012
Negative fair values of level 3 derivative financial instruments as of January 1	20	49
Income (–) and expense (+) recognized in the operating profit	–	+ 3
Income (–) and expense (+) recognized in the financial result	+ 180	+ 2
Income (–) and expense (+) recognized in other comprehensive income	+ 6	– 1
Settlements	– 20	– 19
Transfer from level 3 to level 2	– 10	– 15
Negative fair values of level 3 derivative financial instruments as of December 31	**176**	**20**
Income (–) and expense (+) recognized in the operating profit from level 3 derivative financial instruments still held at December 31	–	+ 24
Income (–) and expense (+) recognized in the financial result from level 3 derivative financial instruments still held at December 31	+ 180	0

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, 2013 would impact either positively or negatively on the other comprehensive income in the amount of EUR 3 (5) million. The positive or negative effect on profit after tax of such a rise or fall would be EUR 2 (1) million.

36.5 / *FINANCIAL INSTRUMENTS MEASURED AT COST*

EUR million	Dec. 31, 2013	Level 1	Level 2	Level 3
Other long-term investments	290	–	102	189
Trade receivables	3,176	–	3,176	–
Other financial assets	1,160	–	1,160	–
Cash funds	13,332	6,540	6,792	–
Fair values of financial assets measured at amortized cost	**17,958**	**6,540**	**11,230**	**189**
Trade payables	5,163	–	5,163	–
Financial liabilities	1,413	–	1,413	–
Other financial liabilities	3,541	–	3,541	–
Fair values of financial liabilities measured at amortized cost	**10,116**	**–**	**10,116**	**–**

EUR million	Dec. 31, 2012	Level 1	Level 2	Level 3
Other long-term investments	254	–	90	164
Trade receivables	2,251	–	2,251	–
Other financial assets	2,297	–	2,297	–
Cash funds	11,170	4,281	6,889	–
Fair values of financial assets measured at amortized cost	**15,973**	**4,281**	**11,528**	**164**
Trade payables	4,270	–	4,270	–
Financial liabilities	1,312	–	1,312	–
Other financial liabilities	4,253	–	4,253	–
Fair values of financial liabilities measured at amortized cost	**9,835**	**–**	**9,835**	**–**

In the case of the financial instruments measured at amortized cost, the fair value levels to be quoted basically correspond to the criteria listed under Note 36.1. The fair value of these financial instruments, such as receivables and liabilities, is calculated by discounting using a market interest rate that adequately reflects the risks and is based on matched maturities.

Within non-current assets and liabilities, there were no significant changes in the ratios between balance sheet value and fair value. For reasons of materiality, the fair value for current balance sheet items is equated with the balance sheet value.

36.6 / *OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES*

EUR million				Amounts that are not offset in the Balance Sheet		
	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offset in the Balance Sheet	Net amount of financial assets reported in the Balance Sheet	Financial instruments	Collateral received	Net amount as of Dec. 31, 2013
Other long-term investments	290	–	290	–	–	290
Trade receivables	3,176	–	3,176	–	–	3,176
Other financial assets	2,265	–	2,265	–	–	2,265
Securities	2,400	–	2,400	–	–	2,400
Cash funds	13,332	–	13,332	–	–	13,332

	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets offset in the Balance Sheet	Net amount of financial assets reported in the Balance Sheet	Financial instruments	Collateral received	Net amount as of Dec. 31, 2013
Financial liabilities	1,413	–	1,413	–	–	1,413
Trade payables	5,163	–	5,163	–	–	5,163
Other financial liabilities	3,954	–	3,954	–	–	3,954

EUR million				Amounts that are not offset in the Balance Sheet		
	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offset in the Balance Sheet	Net amount of financial assets reported in the Balance Sheet	Financial instruments	Collateral received	Net amount as of Dec. 31, 2012
Other long-term investments	254	–	254	–	–	254
Trade receivables	2,534	283	2,251	–	–	2,251
Other financial assets	3,091	125	2,966	–	–	2,966
Securities	1,807	–	1,807	–	–	1,807
Cash funds	11,170	–	11,170	–	–	11,170

	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets offset in the Balance Sheet	Net amount of financial assets reported in the Balance Sheet	Financial instruments	Collateral received	Net amount as of Dec. 31, 2013
Financial liabilities	1,313	–	1,313	–	–	1,313
Trade payables	4,595	325	4,270	–	–	4,270
Other financial liabilities	4,813	83	4,729	–	–	4,729

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, both at AUDI AG and at Volkswagen AG. 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 information can be found in the **Management Report** on page 202.*

37.2 / *CREDIT RISKS*

Credit and default risks from financial assets relate to a possible default by a contractual party and 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 commodity 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.

// *CREDIT QUALITY OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST*

EUR million	Gross carrying amount as of Dec. 31, 2013	Neither past due nor impaired	Past due and not impaired	Impaired
Trade receivables	3,218	2,684	475	59
Other receivables	1,209	1,129	32	49
of which receivables from loans	*396*	*396*	*0*	–
of which miscellaneous receivables	*813*	*733*	*31*	*49*
	4,427	**3,813**	**507**	**108**

EUR million	Gross carrying amount as of Dec. 31, 2012	Neither past due nor impaired	Past due and not impaired	Impaired
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*
	4,658	**3,663**	**881**	**115**

The trading partners, borrowers and debtors of the Audi Group are regularly monitored under the risk management system. All receivables that are "Neither past due nor impaired," amounting to EUR 3,813 (3,663) 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 allowances of securities measured at fair value were reversed in the amount of EUR 8 million in the Audi Group during the 2013 fiscal year.

// MATURITY ANALYSIS OF GROSS CARRYING AMOUNTS

EUR million	Past due and not impaired	Past due		
	Dec. 31, 2013	Up to 30 days	30 to 90 days	More than 90 days
Trade receivables	475	102	220	153
Other receivables	32	23	1	8
Gross carrying amounts	**507**	**124**	**222**	**161**

EUR million	Past due and not impaired	Past due		
	Dec. 31, 2012	Up to 30 days	30 to 90 days	More than 90 days
Trade receivables	859	423	370	66
Other receivables	22	13	3	7
Gross carrying amounts	**881**	**436**	**372**	**72**

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.

// IMPAIRMENTS

EUR million	2013	2012
Position as of January 1	110	98
Changes in scope of consolidated companies	–	10
Addition	15	13
Utilization	– 32	– 6
Dissolution	– 1	– 6
Position as of December 31	**92**	**110**

Developments of impairments of claims that existed on the balance sheet date and that were measured at amortized cost can be broken down as shown in the above table for the 2013 and 2012 fiscal years. Portfolio-based impairments are not used within the Audi Group.

// COLLATERAL

The credit risk is reduced by collateral held of EUR 1,762 (1,235) 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 FROM FINANCIAL INSTRUMENTS

EUR million	Total	Residual contractual maturities		
	Dec. 31, 2013	Up to 1 year	1 to 5 years	Over 5 years
Financial liabilities	1,535	1,228	37	270
Trade payables	5,163	5,163	–	–
Other financial liabilities and obligations	3,705	3,703	2	–
Derivative financial instruments	23,256	11,511	11,745	–
Undiscounted cash outflows	**33,659**	**21,604**	**11,784**	**270**

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	–
Undiscounted cash outflows	**36,571**	**20,697**	**15,705**	**168**

The cash used for derivatives where a 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 143 (98) 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, 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 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 on maturity 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 (contracts for foreign exchange futures, foreign exchange option contracts 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 2013 fiscal year focused on the Japanese yen, the U.S. dollar, the British pound 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 differences 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 (cash, receivables, securities held and debt 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 are also used. Such measures are coordinated by AUDI AG in agreement with the Group Treasury of Volkswagen AG 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. Stock prices, exchange rates and interest rates 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 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 maturity.

Hedging relates 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 income tax.

// INTEREST RATE RISKS

Interest rate risks stem from changes in market rates, above all for medium and long-term variable interest 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 pursuant to 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 published by the residual value committee at the time of the contract being concluded, and 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 from hedging activities referred to below.

EUR million	Dec. 31, 2013		Dec. 31, 2012	
	+10%	–10%	+10%	–10%
EUR/JPY				
Hedging reserve	79	–79	165	–165
Profit after tax	–2	2	–1	1
EUR/USD				
Hedging reserve	587	–559	761	–761
Profit after tax	–66	79	–69	69
EUR/GBP				
Hedging reserve	307	–307	403	–403
Profit after tax	0	0	0	0
EUR/CNY				
Hedging reserve	245	–245	276	–276
Profit after tax	–61	61	–17	17

// *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:

EUR million	2013		2012	
	+ 10%	– 10%	+ 10%	– 10%
Fund price risks				
Effects on equity with change in share prices	12	– 13	18	– 22
Commodity price risks				
Effects on equity with change in commodity prices	15	– 15	20	– 20
Effects on profit after tax with change in commodity prices	30	– 30	40	– 40
Residual value risks of used cars				
Effects on profit after tax with change in market prices	153	– 153	162	– 162
	+ 100 bps	– 100 bps	+ 100 bps	– 100 bps
Interest rate change risks				
Effects on equity with change in market interest rate	26	– 20	35	– 27
Effects on profit after tax with change in market interest rate	– 12	7	– 4	4

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 reporting date. There was ineffectiveness resulting from cash flow hedges in 2013, leading to a EUR 13 million reduction in the financial result. In 2012, there was ineffectiveness amounting to EUR 2 million, leading to a deterioration in the financial result.

// NOMINAL VOLUME OF DERIVATIVE FINANCIAL INSTRUMENTS

EUR million	Nominal volumes			
	Dec. 31, 2013	Remaining term up to 1 year	Remaining term 1 to 5 years	Dec. 31, 2012
Contracts for foreign exchange futures	21,964	10,901	11,063	25,876
Contracts for foreign exchange options	618	149	469	–
Commodity futures	228	84	144	269
Currency swaps	2	2	–	–
Cash flow hedges	**22,812**	**11,135**	**11,677**	**26,144**
Contracts for foreign exchange futures	623	391	232	698
Commodity futures	491	280	211	620
Other derivatives	**1,114**	**672**	**443**	**1,318**

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.

Due to the reduction in the planned figures, existing cash flow hedge relationships with a nominal value of EUR 20 million were reversed. EUR 1 million from the cash flow hedge reserve was included under the financial result with a positive effect.

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 2013 fiscal year and the previous year, categorized according to cash outflow and inflow, 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 cash flows in connection with ordinary activities and is presented using the indirect calculation method. Starting from the profit before profit transfer and income tax, all income and expenses with no impact on cash flow (mainly write-downs) are excluded.

Cash flow from operating activities in 2013 included payments for interest received amounting to EUR 46 (154) million and for interest paid amounting to EUR 31 (53) million. In 2013 , the Audi Group received dividends and profit transfers totaling EUR 430 (290) million. The “Income tax payments” item substantially comprises payments made to Volkswagen AG on the basis of the single-entity relationship for tax purposes in Germany, as well as payments to foreign tax authorities.

The item “Other non-cash income and expenses” primarily includes non-cash income and expenses from the measurement of derivative financial instruments.

Cash flow from investing activities includes capitalized development costs as well as additions to other intangible assets, property, plant and equipment, long-term financial investments and non-current borrowings. The proceeds from the disposal of assets, the proceeds from the disposal of participations, and the change in securities and fixed deposits are similarly reported in cash flow from investing activities.

Capital increases at non-consolidated subsidiaries resulted in a total cash flow of EUR 31 (591) million. The previous year’s figure also included cash outflows in connection with the acquisition of the Ducati Group and the change in cash and cash equivalents resulting from first-time consolidations. The acquisition of investments in other participations resulted in an outflow of EUR 5 (3,020) 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 therefore not included in the Cash Flow Statement.

// RECONCILIATION OF CASH AND CASH EQUIVALENTS

EUR million	Dec. 31, 2013	Dec. 31, 2012
Cash funds as per Balance Sheet	13,332	11,170
Currently due fixed deposits with an investment period > 3 months	– 6,792	– 6,889
Cash and cash equivalents as per Cash Flow Statement (bank assets and cash deposits with maturities of no more than three months)	**6,540**	**4,281**

Only the short-term fixed deposits whose original investment term is no more 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 5,808 (3,752) million.

39 / CONTINGENCIES

EUR million	Dec. 31, 2013	Dec. 31, 2012
Liabilities from guarantees	244	139
Furnishing of collateral for outside liabilities	69	75
Contingencies	**312**	**214**

Contingencies are unrecognized contingent liabilities whose amount corresponds to the maximum possible utilization as of the balance sheet date.

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, 2013				Due Dec. 31, 2012	
	Within 1 year	1 to 5 years	Over 5 years	Total	Over 1 year	Total
Ordering commitments for property, plant and equipment	1,696	542	–	2,238	419	1,695
Ordering commitments for intangible assets	294	57	–	351	78	309
Commitments from long-term rental and lease agreements	113	311	177	600	303	376
Miscellaneous financial obligations	361	175	11	547	226	622
Other financial obligations	**2,464**	**1,084**	**188**	**3,736**	**1,026**	**3,002**

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 specified 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	2013	2012
Expenses for raw materials and consumables used, as well as purchased goods	29,279	27,843
Expenses for purchased services	3,212	2,422
Cost of materials	**32,491**	**30,265**

45 / PERSONNEL COSTS

EUR million	2013	2012 [1]
Wages and salaries	4,643	4,243
Social insurance and expenses for retirement benefits and support payments	900	826
of which relating to retirement benefit plans	*154*	*128*
of which defined contribution pension plans	*319*	*303*
Personnel costs	**5,543**	**5,069**

1) Figures have been adjusted to reflect the revised IAS 19.

Subsidies from the German Federal Employment Agency in the amount of EUR 26 (28) million were recognized in other operating income. The subsidies are paid in accordance with the conditions defined in the German law on partial retirement.

46 / TOTAL AVERAGE NUMBER OF EMPLOYEES FOR THE YEAR

	2013	2012
Domestic companies	50,891	48,970
Foreign companies	18,185	15,656
Employees	**69,076**	**64,626**
Apprentices	2,363	2,283
Employees of Audi Group companies	**71,439**	**66,909**
Staff employed from other Volkswagen Group companies not belonging to the Audi Group	342	322
Workforce	**71,781**	**67,231**

47 / *RELATED PARTY DISCLOSURES*

Related parties as defined in IAS 24 are:

- the parent company, Volkswagen AG, and its subsidiaries and main participations outside the Audi Group,
- other parties (individuals and companies) that could be influenced 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.

At 50.73 percent, Porsche Automobil Holding SE held the majority of the voting rights in Volkswagen AG as of the balance sheet date. The creation of rights of appointment for the State of Lower Saxony was resolved at the Extraordinary General Meeting of Volkswagen AG on December 3, 2009. As a result, Porsche Automobil Holding SE can no longer appoint the majority of the members of the Supervisory Board of Volkswagen AG for as long as the State of Lower Saxony holds at least 15 percent of Volkswagen AG's ordinary shares. However, Porsche Automobil Holding SE has the power to participate in the operating policy decisions of the Volkswagen Group.

47.1 / *SCOPE OF TRANSACTIONS WITH VOLKSWAGEN AG AND WITH OTHER SUBSIDIARIES AND PARTICIPATIONS NOT BELONGING TO THE AUDI GROUP*

EUR million	2013	2012
Goods and services supplied to		
Volkswagen AG	5,491	5,065
Volkswagen AG subsidiaries and other participations not belonging to the Audi Group	12,123	11,285
Goods and services received from		
Volkswagen AG	5,757	6,187
Volkswagen AG subsidiaries and other participations not belonging to the Audi Group	5,369	4,905
Receivables from		
Volkswagen AG	5,192	3,730
Volkswagen AG subsidiaries and other participations not belonging to the Audi Group	2,786	2,344
Commitments toward		
Volkswagen AG	5,720	5,969
Volkswagen AG subsidiaries and participations not belonging to the Audi Group	3,071	3,073
Contingent liabilities to		
Volkswagen AG	–	–
Volkswagen AG subsidiaries and participations not belonging to the Audi Group	33	61
Collateral posted with		
Volkswagen AG	–	–
Volkswagen AG subsidiaries and participations not belonging to the Audi Group	69	75

As of December 31, 2013, sales of receivables to Volkswagen AG subsidiaries not belonging to the Audi Group amounted to EUR 2,958 (2,829) million. This also includes sales of receivables to Volkswagen Group Services S.A./N.V. totaling EUR 1,955 (1,942) million.

The possibility of a claim arising from contingencies is not regarded as likely.

The receivables do not include any cash funds invested with Volkswagen AG.

47.2 / *BUSINESS RELATIONS WITH SUBSIDIARIES AND ASSOCIATED COMPANIES OF THE AUDI GROUP*

EUR million	Goods and services supplied		Goods and services received	
	2013	2012	2013	2012
Associated companies	9,675	9,671	236	126
Non-consolidated subsidiaries	50	31	129	84

EUR million	Receivables from		Liabilities to	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
Associated companies	1,490	1,496	1,498	1,316
Non-consolidated subsidiaries	82	13	26	11

Contingent liabilities to associated companies totaled EUR 140 (46) million as of December 31, 2013. No utilization is expected.

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.

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.

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 and persons 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 258 (209) 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 2013 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 103 (114) thousand were rendered to this group of individuals during the fiscal year. The Audi Group did not receive services of this group of individuals in this fiscal year (previous year EUR 942 thousand). Receivables totaled EUR 41 (44) 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.

48 / *AUDITOR'S FEES*

EUR thousand	2013	2012
Auditing of the financial statements	770	900
Other assurance services	305	252
Tax consultancy services	4	7
Other services	371	–
Auditor's fees	**1,450**	**1,158**

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 pursuant to 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 figures for the two segments Automotive and Motorcycles are "Operating profit" and "Operating return on sales."

Internal reporting corresponds to external IFRS reporting. The full Board of Management regularly monitors, among others, the following financial and economic key figures:

49.1 / *REPORTING SEGMENTS*

EUR million	2013			
	Automotive	Motorcycles	Reconciliation	Audi Group
Revenue with third parties	49,310	570	–	49,880
Revenue with other segments	–	3	– 3	–
Revenue	**49,310**	**573**	**– 3**	**49,880**
Depreciation	– 2,012	– 58	–	– 2,070
Impairment losses	– 1	0	–	– 1
Reversal of impairment losses	–	–	–	–
Segment profit (operating profit)	4,997	33	–	5,030
Result from investments accounted for using the equity method	454	–	–	454
Net interest and other financial results	– 161	– 1	–	– 161
Investments accounted for using the equity method	3,678	–	–	3,678
Investments in property, plant and equipment and intangible assets	3,544	50	–	3,593

EUR million	2012			
	Automotive	Motorcycles	Reconciliation	Audi Group
Revenue with 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)	5,405	– 41	–	5,365
Result from investments accounted for using the equity method	415	–	–	415
Net interest and other financial results	172	– 1	–	171
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

Taking into account additional depreciation due to the revaluation of assets and liabilities as part of the purchase price allocation, the Motorcycles segment recorded an operating return on sales of 5.7 (– 19.5) percent. Adjusted to take account of these one-off effects, the operating profit totaled EUR 59 (– 23) million with an operating return on sales of 10.2 (– 11.0) percent.

The Automotive segment recorded an operating return on sales of 10.1 (11.1) percent.

The operating return on sales of the Audi Group totaled 10.1 (11.0) percent.

49.2 / *RECONCILIATION STATEMENT*

EUR million	2013	2012
Segment revenue	49,883	48,771
Consolidation	– 3	0
Group revenue	**49,880**	**48,771**
Segment profit (operating profit)	5,030	5,365
Consolidation	–	–
Operating profit	5,030	5,365
Financial result	293	586
Group profit before tax	**5,323**	**5,951**

49.3 / *BY REGION*

EUR million	2013						
	Germany	Rest of Europe	Asia-Pacific	North America	South America	Africa	Total
Revenue	10,020	15,654	15,622	7,502	589	493	49,880
Property, plant and equipment, intangible assets, leasing and rental assets, and investment property	9,969	2,991	154	159	1	–	13,273

EUR million	2012						
	Germany	Rest of Europe	Asia-Pacific	North America	South America	Africa	Total
Revenue	10,373	15,653	15,160	6,641	489	454	48,771
Property, plant and equipment, intangible assets, leasing and rental assets, and investment property	6,921	4,635	154	52	1	–	11,763

Revenue is allocated to the regions on the basis of the country of destination principle.

The Audi Group primarily generates revenues from the sale of cars. In addition to the Audi brand, the Automotive segment also comprises sales of vehicles of the Lamborghini brand and of other brands in the Volkswagen Group. Ducati motorcycles and accessories are sold in the Motorcycles segment.

49.4 / *REVENUES BY SEGMENT*

EUR million	2013	2012
Audi brand	35,827	35,851
Lamborghini brand	458	421
Other Volkswagen Group brands	2,827	2,725
Other automotive business	10,197	9,566
Automotive segment	**49,310**	**48,562**
Ducati brand	450	148
Other motorcycles business	123	61
Motorcycles segment	**573**	**209**
Reconciliation	– 3	0
Revenue	**49,880**	**48,771**

An explanation of the different types of revenue is provided under Note 1, “Revenue.” The Automotive segment in the Audi Group, together with Volkswagen AG and its subsidiaries that are not part of the Audi Group along with two associated companies, has key accounts with whom there exists a relationship of dependence.

49.5 / *REVENUE WITH KEY ACCOUNTS*

	2013		2012	
	EUR million	*in %*	*EUR million*	*in %*
Volkswagen AG	4,252	9	4,326	9
Volkswagen AG subsidiaries not belonging to the Audi Group	11,656	23	10,779	22
Two associated companies	9,663	19	9,645	20

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 28, 2013 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 for the 2013 fiscal year was EUR 23,445 (22,745) thousand, of which EUR 5,051 (4,284) thousand related to fixed remuneration components and EUR 18,394 (18,461) 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 18,200 (15,000) thousand, for which the corresponding provisions 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 (HGB), as the 2011 Annual General Meeting adopted a corresponding resolution valid for a period of five years.

Under certain circumstances, members of the Board of Management are entitled to retirement benefits and a disability pension. In the 2013 fiscal year, EUR 8,504 (12,057) thousand was allocated to the provisions for pensions including transfers for current members of the Board of Management. As of December 31, 2013, the provisions for pensions totaled EUR 28,119 (19,615) thousand. Other long-term benefits for this group totaled EUR 4 (4) thousand.

Former members of the Board of Management and their surviving dependents received EUR 2,398 (12,207) thousand. This included payments resulting from termination of office of EUR 450 (10,258) thousand, with regard to which there remained obligations totaling EUR 2,983 (7,821) thousand as of the balance sheet date. The provisions for pensions for the above group of individuals amount to EUR 43,194 (51,458) 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, No. 10 of the German Commercial Code (HGB) and Section 125, Para. 1, Sentence 5 of the German Stock Corporation Act (AktG) – are listed in the Notes to the Annual Financial Report of AUDI AG.

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 1,135 (1,050) thousand, of which EUR 214 (222) thousand related to fixed components and EUR 921 (828) thousand to variable components. The actual payment of individual parts of the total remuneration, which will only be determined upon finalization of the compensatory payment, will be made in the 2014 fiscal year pursuant to Section 16 of the Articles of Incorporation and Bylaws.

The system of remuneration for the Supervisory Board and Board of Management is presented in the remuneration report, which forms part of the Combined Management Report of the Audi Group and AUDI AG.

EVENTS OCCURRING SUBSEQUENT TO THE BALANCE SHEET DATE

There were no events after December 31, 2013 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
PSW automotive engineering GmbH, Gaimersheim	97.0
quattro GmbH, Neckarsulm	100.0
Other countries	
AUDI AUSTRALIA PTY LTD, Zetland (Australia)	100.0
AUDI AUSTRALIA RETAIL OPERATIONS PTY LTD, Zetland (Australia)	100.0
AUDI DO BRASIL INDUSTRIA E COMERCIO DE VEICULOS LTDA., São Paulo (Brazil)	100.0
AUDI BRUSSELS S.A./N.V., Brussels (Belgium)	100.0
AUDI BRUSSELS PROPERTY S.A./N.V., Brussels (Belgium)	100.0
Audi (China) Enterprise Management Co., Ltd., Beijing (China)	100.0
AUDI HUNGARIA SERVICES Zrt., Győr (Hungary)	100.0
AUDI HUNGARIA MOTOR Kft., Győr (Hungary)	100.0
Audi Japan K.K., Tokyo (Japan)	100.0
Audi Japan Sales K.K., Tokyo (Japan)	100.0
AUDI MÉXICO S.A. de C.V., San José Chiapa (Mexico)	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 UK 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 (Italy)	100.0
VOLKSWAGEN GROUP ITALIA S.P.A., Verona (Italy)	100.0
VOLKSWAGEN GROUP FIRENZE S.P.A., Florence (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./N.V., Brussels (Belgium)	30.0

1) AUDI AG exercises control pursuant to IAS 27.13, Sentence 2 (c).

RESPONSIBILITY STATEMENT

"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 net assets, financial position and results of operations of the Audi Group, and the Combined Management Report of the Audi Group and AUDI AG includes a fair review of the development and performance of the business and the position of the Audi Group and AUDI AG, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Ingolstadt, February 6, 2014

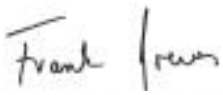
The Board of Management



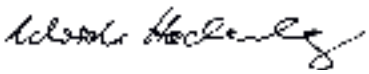
Prof. Rupert Stadler



Luca de Meo



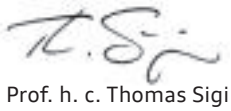
Dr.-Ing. Frank Dreves



Prof. Dr.-Ing. Ulrich Hackenberg



Dr. Bernd Martens



Prof. h. c. Thomas Sigi



Axel Strotbek



Wolfgang Dürheimer

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 – 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, which is combined with the Company Management Report, for the business year from January 1 to December 31, 2013. The preparation of the Consolidated Financial Statements and the Combined 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 Company's Board of Management. Our responsibility is to express an opinion on the Consolidated Financial Statements and the Combined 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 Combined 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 in the Combined 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 Combined 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 Combined 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 6, 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Harald Kayser
Wirtschaftsprüfer
(German Public Auditor)

Klaus Schuster
Wirtschaftsprüfer
(German Public Auditor)

FUEL CONSUMPTION AND EMISSION FIGURES

As at: January 2014
(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 cylinder on demand	103	6-speed	Premium	5.8	4.1	4.7	109	B
A1 1.4 TFSI cylinder on demand	103	S tronic, 7-speed	Premium	5.7	4.1	4.7	109	B
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 cylinder on demand	103	6-speed	Premium	6.0	4.3	4.9	113	B
A1 Sportback 1.4 TFSI cylinder on demand	103	S tronic, 7-speed	Premium	5.9	4.3	4.9	113	B
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 1.4 TFSI cylinder on demand	103	6-speed	Premium	5.8	4.1	4.7	109	B
A3 1.4 TFSI cylinder on demand	103	S tronic, 7-speed	Premium	5.9	4.1	4.7	110	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	129	C
A3 1.8 TFSI quattro	132	S tronic, 6-speed	Premium	8.2	5.5	6.5	149	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 1.6 TDI ultra	81	6-speed	Diesel	3.8	3.0	3.2	85	A+
A3 2.0 TDI	110	6-speed	Diesel	4.9	3.6	4.1	106	A
A3 2.0 TDI clean diesel	110	6-speed	Diesel	5.0	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
A3 2.0 TDI clean diesel	135	6-speed	Diesel	5.2	3.6	4.1	108	A
A3 2.0 TDI clean diesel quattro	135	S tronic, 6-speed	Diesel	5.6	4.3	4.8	125	B
S3 2.0 TFSI quattro	221	6-speed	Super Plus	9.1	5.8	7.0	162	D
S3 2.0 TFSI quattro	221	S tronic, 6-speed	Super Plus	8.8	5.9	6.9	159	D

Model	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
				urban	extra urban	combined	combined	
Audi A3 Sportback								
A3 Sportback 1.2 TFSI	77	6-speed	Premium	5.9	4.4	4.9	114	B
A3 Sportback 1.2 TFSI	77	S tronic, 7-speed	Premium	6.0	4.4	5.0	115	B
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 1.4 TFSI cylinder on demand	103	6-speed	Premium	5.9	4.2	4.8	112	B
A3 Sportback 1.4 TFSI cylinder on demand	103	S tronic, 7-speed	Premium	5.9	4.1	4.7	110	A
A3 Sportback 1.4 TFSI g-tron [2)]	81	6-speed	Premium	6.9	4.2	5.2	120	B
			Natural gas	4.4 kg	2.7 kg	3.3 kg	92	A+
A3 Sportback 1.4 TFSI g-tron [2)]	81	S tronic, 7-speed	Premium	6.2	4.3	5.0	115	B
			Natural gas	4.1 kg	2.7 kg	3.2 kg	88	A+
A3 Sportback 1.8 TFSI	132	6-speed	Premium	7.4	4.9	5.8	135	C
A3 Sportback 1.8 TFSI	132	S tronic, 7-speed	Premium	7.0	4.8	5.6	129	C
A3 Sportback 1.8 TFSI quattro	132	S tronic, 6-speed	Premium	8.2	5.5	6.5	149	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 1.6 TDI ultra	81	6-speed	Diesel	3.9	3.1	3.3	88	A+
A3 Sportback 2.0 TDI	110	6-speed	Diesel	5.0	3.7	4.2	108	A
A3 Sportback 2.0 TDI clean diesel	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
A3 Sportback 2.0 TDI clean diesel	135	6-speed	Diesel	5.2	3.7	4.2	110	A
A3 Sportback 2.0 TDI clean diesel quattro	135	S tronic, 6-speed	Diesel	5.8	4.4	4.9	129	B
S3 Sportback 2.0 TFSI quattro	221	6-speed	Super Plus	9.1	5.8	7.0	162	D
S3 Sportback 2.0 TFSI quattro	221	S tronic, 6-speed	Super Plus	8.8	5.9	6.9	159	D
Audi A3 Sedan								
A3 Sedan 1.4 TFSI	92	6-speed	Premium	6.6	4.3	5.1	119	A
A3 Sedan 1.4 TFSI cylinder on demand	103	6-speed	Premium	5.9	4.2	4.8	111	A
A3 Sedan 1.4 TFSI cylinder on demand	103	S tronic, 7-speed	Premium	5.9	4.1	4.7	109	A
A3 Sedan 1.8 TFSI	132	6-speed	Premium	7.4	4.9	5.8	135	C
A3 Sedan 1.8 TFSI	132	S tronic, 7-speed	Premium	7.0	4.8	5.6	129	B
A3 Sedan 1.8 TFSI quattro	132	S tronic, 6-speed	Premium	8.2	5.5	6.5	149	C
A3 Sedan 1.6 TDI	77	6-speed	Diesel	4.6	3.3	3.8	99	A+
A3 Sedan 1.6 TDI	77	S tronic, 7-speed	Diesel	4.8	3.4	3.9	102	A
A3 Sedan 2.0 TDI	110	6-speed	Diesel	5.2	3.5	4.1	107	A
A3 Sedan 2.0 TDI clean diesel	110	6-speed	Diesel	5.0	3.6	4.1	107	A
A3 Sedan 2.0 TDI	110	S tronic, 6-speed	Diesel	5.5	3.9	4.5	118	A
A3 Sedan 2.0 TDI quattro	110	6-speed	Diesel	5.9	4.0	4.7	121	A
S3 Sedan 2.0 TFSI quattro	221	6-speed	Super Plus	9.1	5.8	7.0	162	D
S3 Sedan 2.0 TFSI quattro	221	S tronic, 6-speed	Super Plus	8.8	5.9	6.9	159	D
Audi A3 Cabriolet								
A3 Cabriolet 1.4 TFSI	92	6-speed	Premium	6.7	4.5	5.3	124	B
A3 Cabriolet 1.4 TFSI	92	S tronic, 7-speed	Premium	6.4	4.4	5.1	119	A
A3 Cabriolet 1.4 TFSI cylinder on demand	103	6-speed	Premium	6.1	4.3	5.0	114	A
A3 Cabriolet 1.4 TFSI cylinder on demand	103	S tronic, 7-speed	Premium	6.0	4.3	4.9	114	A
A3 Cabriolet 1.8 TFSI	132	6-speed	Premium	7.8	5.0	6.0	140	C
A3 Cabriolet 1.8 TFSI	132	S tronic, 7-speed	Premium	7.3	4.8	5.8	133	B
A3 Cabriolet 2.0 TDI clean diesel	110	6-speed	Diesel	5.1	3.7	4.2	110	A+
A3 Cabriolet 2.0 TDI clean diesel	110	S tronic, 6-speed	Diesel	5.4	4.2	4.7	122	A
Audi Q3								
Q3 1.4 TFSI	110	6-speed	Premium	7.4	5.0	5.9	137	C
Q3 1.4 TFSI	110	S tronic, 6-speed	Premium	7.7	5.4	6.2	145	C
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

Model	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
				urban	extra urban	combined	combined	
Q3 2.0 TDI quattro	103	6-speed	Diesel	6.9	5.0	5.7	149	C
Q3 2.0 TDI quattro	103	S tronic, 7-speed	Diesel	6.8	5.2	5.8	152	C
Q3 2.0 TDI	130	6-speed	Diesel	6.4	5.0	5.5	144	C
Q3 2.0 TDI quattro	130	6-speed	Diesel	6.5	5.2	5.6	148	B
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	228	S tronic, 7-speed	Premium	12.2	6.9	8.8	206	E
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
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	B
			E85	11.1	6.9	8.5	139	B
A4 2.0 TFSI flexible fuel quattro	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	165	6-speed	Premium	7.8	4.8	5.9	138	B
A4 2.0 TFSI	165	multitronic, CVT	Premium	7.4	5.0	5.8	136	B
A4 2.0 TFSI quattro	165	6-speed	Premium	8.8	5.3	6.6	152	C
A4 2.0 TFSI quattro	165	S tronic, 7-speed	Premium	8.5	5.6	6.7	155	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	110	6-speed	Diesel	5.4	4.0	4.5	119	A
A4 2.0 TDI	110	multitronic, CVT	Diesel	5.7	4.4	4.8	127	A
A4 2.0 TDI quattro	110	6-speed	Diesel	6.1	4.5	5.1	133	B
A4 2.0 TDI ultra	120	6-speed	Diesel	5.0	3.8	4.2	109	A+
A4 2.0 TDI	130	6-speed	Diesel	5.5	4.1	4.6	120	A

Model	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
				urban	extra urban	combined	combined	
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 flexible fuel quattro	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	165	6-speed	Premium	8.0	5.5	6.1	143	B
A4 Avant 2.0 TFSI	165	multitronic, CVT	Premium	7.4	5.2	6.0	140	B
A4 Avant 2.0 TFSI quattro	165	6-speed	Premium	8.8	5.5	6.7	154	C
A4 Avant 2.0 TFSI quattro	165	S tronic, 7-speed	Premium	8.6	5.9	6.9	159	C
A4 Avant 3.0 TFSI quattro	200	S tronic, 7-speed	Premium	11.2	6.8	8.4	197	E
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	110	6-speed	Diesel	5.6	4.2	4.7	124	A
A4 Avant 2.0 TDI	110	multitronic, CVT	Diesel	5.6	4.5	4.9	129	A
A4 Avant 2.0 TDI quattro	110	6-speed	Diesel	6.1	4.7	5.3	138	B
A4 Avant 2.0 TDI ultra	120	6-speed	Diesel	5.1	4.0	4.4	114	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	11.2	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	165	6-speed	Premium	9.0	5.9	7.0	164	C
A4 allroad quattro 2.0 TFSI	165	S tronic, 7-speed	Premium	8.6	6.1	7.1	164	C
A4 allroad quattro 2.0 TDI	110	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	165	6-speed	Premium	7.8	4.8	5.9	138	B
A5 Sportback 2.0 TFSI	165	multitronic, CVT	Premium	7.5	5.1	6.0	139	B
A5 Sportback 2.0 TFSI quattro	165	6-speed	Premium	8.8	5.3	6.6	152	C
A5 Sportback 2.0 TFSI quattro	165	S tronic, 7-speed	Premium	8.5	5.6	6.7	155	C

Model	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
				urban	extra urban	combined	combined	
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	100	6-speed	Diesel	5.4	3.9	4.4	117	A
A5 Sportback 2.0 TDI	100	multitronic, CVT	Diesel	5.7	4.4	4.8	127	A
A5 Sportback 2.0 TDI	110	6-speed	Diesel	5.4	4.0	4.5	119	A
A5 Sportback 2.0 TDI	110	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	A
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	6.8	5.0	5.7	149	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	165	6-speed	Premium	7.7	4.8	5.9	138	B
A5 Coupé 2.0 TFSI	165	multitronic, CVT	Premium	7.4	5.0	5.8	136	B
A5 Coupé 2.0 TFSI quattro	165	6-speed	Premium	8.8	5.3	6.6	152	C
A5 Coupé 2.0 TFSI quattro	165	S tronic, 7-speed	Premium	8.5	5.6	6.7	155	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 ultra	120	6-speed	Diesel	5.0	3.8	4.2	109	A+
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	165	6-speed	Premium	8.1	5.2	6.3	148	B
A5 Cabriolet 2.0 TFSI	165	multitronic, CVT	Premium	7.6	5.3	6.2	145	B
A5 Cabriolet 2.0 TFSI quattro	165	S tronic, 7-speed	Premium	8.6	5.9	6.9	159	B
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	110	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
A5 Cabriolet 3.0 TDI clean diesel quattro	180	S tronic, 7-speed	Diesel	7.0	5.3	5.9	155	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

Model	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
				urban	extra urban	combined	combined	
Q5 2.0 TDI	110	6-speed	Diesel	6.0	4.9	5.3	139	A
Q5 2.0 TDI quattro	110	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 3.0 TDI clean diesel quattro	190	S tronic, 7-speed	Diesel	7.1	5.8	6.3	164	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	100	6-speed	Diesel	6.0	4.4	4.9	129	A
A6 2.0 TDI	100	multitronic, CVT	Diesel	6.0	4.4	5.0	132	A
A6 2.0 TDI	130	6-speed	Diesel	6.0	4.4	4.9	129	A
A6 2.0 TDI ultra	140	S tronic, 7-speed	Diesel	5.1	3.9	4.4	114	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	7.9	5.5	6.3	166	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	100	6-speed	Diesel	6.1	4.5	5.0	132	A
A6 Avant 2.0 TDI	100	multitronic, CVT	Diesel	6.1	4.5	5.1	135	A
A6 Avant 2.0 TDI	130	6-speed	Diesel	6.1	4.5	5.0	132	A
A6 Avant 2.0 TDI ultra	140	S tronic, 7-speed	Diesel	5.3	4.1	4.6	119	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	7.9	5.5	6.3	166	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	412	tiptronic, 8-speed	Super Plus	13.9	7.5	9.8	229	E
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

Model	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
				urban	extra urban	combined	combined	
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
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	S tronic, 7-speed	Diesel	7.2	5.2	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	7.9	5.5	6.3	166	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	412	tiptronic, 8-speed	Super Plus	13.9	7.5	9.8	229	E
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	228	tiptronic, 8-speed	Premium	10.5	6.3	7.8	183	C
A8 4.0 TFSI quattro	320	tiptronic, 8-speed	Super Plus	12.6	7.1	9.1	213	D
A8 3.0 TDI quattro clean diesel	190	tiptronic, 8-speed	Diesel	7.3	5.1	5.9	155	B
A8 4.2 TDI quattro clean diesel	283	tiptronic, 8-speed	Diesel	9.4	6.1	7.4	194	C
A8 2.0 TFSI hybrid	180[3)]	tiptronic, 8-speed	Premium	6.1	6.2	6.2	144	A
S8 4.0 TFSI quattro	382	tiptronic, 8-speed	Super Plus	13.6	7.3	9.6	225	E
Audi A8 L								
A8 L 3.0 TFSI quattro	228	tiptronic, 8-speed	Premium	10.6	6.3	7.9	184	C
A8 L 4.0 TFSI quattro	320	tiptronic, 8-speed	Super Plus	12.8	7.2	9.2	216	D
A8 L 3.0 TDI quattro clean diesel	190	tiptronic, 8-speed	Diesel	7.5	5.2	6.0	158	B
A8 L 4.2 TDI quattro clean diesel	283	tiptronic, 8-speed	Diesel	9.5	6.2	7.5	197	C
A8 L 2.0 TFSI hybrid	180[3)]	tiptronic, 8-speed	Premium	6.2	6.3	6.3	146	A
A8 L W12 6.3 FSI quattro	368	tiptronic, 8-speed	Premium	15.7	8.7	11.3	264	F
Audi R8 Coupé								
R8 V8 4.2 FSI quattro	316	6-speed	Super Plus	21.3	10.0	14.2	332	G
R8 V8 4.2 FSI quattro	316	S tronic, 7-speed	Super Plus	19.3	8.4	12.4	289	G
R8 V10 5.2 FSI quattro	386	6-speed	Super Plus	22.2	10.6	14.9	346	G
R8 V10 5.2 FSI quattro	386	S tronic, 7-speed	Super Plus	20.5	8.9	13.1	305	G
R8 V10 plus 5.2 FSI quattro	404	6-speed	Super Plus	22.2	10.6	14.9	346	G
R8 V10 plus 5.2 FSI quattro	404	S tronic, 7-speed	Super Plus	19.9	8.6	12.9	299	G
Audi R8 Spyder								
R8 Spyder V8 4.2 FSI quattro	316	6-speed	Super Plus	21.3	10.3	14.4	337	G
R8 Spyder V8 4.2 FSI quattro	316	S tronic, 7-speed	Super Plus	19.6	8.6	12.6	294	G
R8 Spyder V10 5.2 FSI quattro	386	6-speed	Super Plus	22.2	10.7	14.9	349	G
R8 Spyder V10 5.2 FSI quattro	386	S tronic, 7-speed	Super Plus	20.5	9.2	13.3	310	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 Roadster	515	ISR, 7-speed	Super Plus	24.7	10.7	16.0	370	G
Lamborghini Huracán								
Huracán LP 610-4	449	LDF, 7-speed	Super Plus	17.8	9.4	12.5	290	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 "Guideline for fuel consumption, CO_2 emissions and electric power consumption," 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

		2004 [1]	2005 [1]	2006	2007	2008	2009	2010	2011	2012 [2]	2013
Production											
Automotive segment	Cars	784,972	811,522	926,180	980,880	1,029,041	932,260	1,150,018	1,302,981 [3]	1,469,205 [3]	1,608,048 [3]
	Engines	1,485,536	1,695,045	1,895,695	1,915,633	1,901,760	1,384,240	1,648,193	1,884,157	1,916,104	1,926,724
Motorcycles segment	Motorcycles	–	–	–	–	–	–	–	–	15,734 [4]	45,018
Deliveries to customers											
Automotive segment	Cars	971,832	1,045,114	1,135,554	1,200,701	1,223,506	1,145,360	1,293,453	1,512,014	1,634,312	1,751,007
Audi brand	Cars	779,441	829,109	905,188	964,151	1,003,469	949,729	1,092,411	1,302,659	1,455,123	1,575,480
Germany	Cars	235,092	247,125	257,792	254,014	258,111	228,844	229,157	254,011	263,163	250,025
Outside Germany	Cars	544,349	581,984	647,396	710,137	745,358	720,885	863,254	1,048,648	1,191,960	1,325,455
Lamborghini brand	Cars	1,592	1,600	2,087	2,406	2,430	1,515	1,302	1,602	2,083	2,121
Other Volkswagen Group brands	Cars	190,799	214,405	228,279	234,144	217,607	194,116	199,740	207,753	177,106	173,406
Motorcycles segment	Motorcycles	–	–	–	–	–	–	–	–	16,786 [4]	44,287
Ducati brand	Motorcycles	–	–	–	–	–	–	–	–	16,786 [4]	44,287
Workforce	Average	53,144	52,412	52,297	53,347	57,822	58,011	59,513	62,806	67,231	71,781
From the Income Statement											
Revenue	EUR million	24,506	26,591	31,142	33,617	34,196	29,840	35,441	44,096	48,771	49,880
Cost of materials	EUR million	17,676	19,139	21,627	23,092	23,430	18,512	21,802	28,594	30,265	32,491
Personnel costs	EUR million	3,072	3,136	3,440	3,406	3,709	3,519	4,274	5,076	5,069	5,543
Personnel costs per employee [5]	EUR	57,798	59,834	65,771	63,846	64,467	60,964	72,172	81,189	75,759	77,596
Depreciation and amortization	EUR million	1,852	1,930	2,515	2,287	1,908	1,775	2,170	1,793	1,937	2,071
Operating profit	EUR million	1,238	1,407	2,015	2,705	2,772	1,604	3,340	5,348	5,365	5,030
Profit before tax	EUR million	1,143	1,310	1,946	2,915	3,177	1,928	3,634	6,041	5,951	5,323
Profit after tax	EUR million	871	824	1,343	1,692	2,207	1,347	2,630	4,440	4,349	4,014
From the Balance Sheet (Dec. 31)											
Non-current assets	EUR million	8,970	8,597	8,285	8,325	9,537	9,637	10,584	12,209	18,044	19,943
Current assets	EUR million	5,934	7,515	10,625	14,253	16,519	16,913	20,188	24,811	22,357	25,214
Equity	EUR million	5,828	6,104	7,265	8,355	10,328	10,632	11,310	12,903	15,092	18,565
Liabilities	EUR million	9,076	10,008	11,645	14,223	15,728	15,918	19,462	24,117	25,309	26,592
Balance sheet total	EUR million	14,904	16,112	18,910	22,578	26,056	26,550	30,772	37,019	40,401	45,156
From the Cash Flow Statement											
Cash flow from operating activities	EUR million	2,690	3,252	4,428	4,876	4,338	4,119	5,797	6,295	6,144	6,778
Investing activities [6]	EUR million	2,041	1,670	1,890	2,084	2,412	1,798	2,260	2,905	6,804	3,589
Net liquidity (Dec. 31)	EUR million	2,033	3,391	5,720	7,860	9,292	10,665	13,383	15,716	13,396	14,716
Financial ratios											
Operating return on sales	Percent	5.1	5.3	6.5	8.0	8.1	5.4	9.4	12.1	11.0	10.1
Return on sales before tax	Percent	4.7	4.9	6.2	8.7	9.3	6.5	10.3	13.7	12.2	10.7
Equity ratio (Dec. 31)	Percent	39.1	37.9	38.4	37.0	39.6	40.0	36.8	34.9	37.4	41.1
Audi share											
Share price (year-end price) [7]	EUR	220.15	308.00	540.00	625.00	466.49	500.00	650.00	542.05	525.00	643.00
Compensatory payment	EUR	1.05	1.15	1.25	1.80	1.93	1.60	2.20	3.00	3.50	X [8]

[1] Financial figures were adjusted to take account of the revised IAS 19 and 38
[2] Financial figures were adjusted to take account of the revised IAS 19
[3] Including vehicles built in China by the joint venture FAW-Volkswagen Automotive Company, Ltd., Changchun
[4] Since acquisition of the Ducati Group in July 2012
[5] Since 2008 calculated on the basis of employees of Audi Group companies
[6] Not including changes in securities, fixed deposits and loans; in 2012 including the acquisition of interests in Volkswagen Group Services S.A./N.V., Brussels (Belgium), and in Ducati Motor Holding S.p.A., Bologna (Italy)
[7] Year-end price on Munich Stock Exchange
[8] In accordance with the resolution to be passed by the Annual General Meeting of Volkswagen AG, Wolfsburg, on May 13, 2014

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COMBINED MANAGEMENT REPORT OF THE AUDI GROUP AND AUDI AG FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2013

Basis of the Audi Group

Economic report

Financial performance indicators

AUDI AG (short version according to German Commercial Code, HGB)

Corporate Responsibility

Report on expected developments, risks and opportunities

Corporate Governance Report

CONSOLIDATED FINANCIAL STATEMENTS OF THE AUDI GROUP FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2013

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Events occurring subsequent to the balance sheet date

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