

---

**Rupert Stadler**  
**Chairman of the Board of Management of AUDI AG**

**Speech to the**  
**120th Annual General Meeting of AUDI AG**  
**Neckarsulm; May 13, 2009**

**Part 2**

**- Check against delivery -**

---

Ladies and Gentlemen,

2009 will go down in history as a turning point. The financial crisis has become a full-blown global economic crisis, and the media provide new images by the day. Car markets as a whole have in cases suffered severe losses; and financial markets have still not recovered from their state of shock.

We are living in uncertain times – for companies, customers, and government officials alike. Yet our politicians have certainly not remained idle during this acute crisis. Key examples include the German government's economic stimulus package emphasizing loans, the extension of short-time working from 18 to 24 months, and the environment bonus – Germany's car scrapping scheme.

Nevertheless, nobody knows how economic growth will unfold or when the recovery will begin and to what degree. Many national governments are dangerously close to directly running their economies and rely all too often on trade restrictions to protect their interests.

Natural resources are dwindling, especially crude oil – demand will rise anew, leading to an increase in prices. We must confront the challenge of finite natural resources and pursue environmentally sustainable solutions.

In short, what does the future hold in store for automobiles? That is the burning question these days. We are on the brink of a decade full of changes. And that goes double for the sector we work in, as a pivotal industry with regard to structures, technologies and customer requirements.

Perhaps we have failed in the past to make it crystal-clear that our industry is not an “old economy”. On the contrary, our products embody high-tech expertise: - cutting-edge driver-assistance systems, for example, provide more safety than ever; - our core areas of expertise such as lightweight design are part of an ongoing closed loop of innovation; - and our vehicles are becoming more efficient and therefore environmentally friendlier with every product generation. With every new generation of vehicles, we realize quantum leaps in technology; but not without significant contributions by numerous highly innovative suppliers.

The automotive industry is undoubtedly technology-driven, which entails investing large sums. This urgently necessitates a financial sector which appreciates these facts and acts accordingly.

Our mission going forward is quite simple: Audi must boldly navigate its way through this crisis while investing heavily, as always, in tomorrow’s technologies.

Audi is in a good position. We have the opportunity to emerge from this crisis stronger than our competitors.

Our key corporate data from the first quarter of 2009 endorse this fact.

### **Chart Overall Market and Audi Deliveries January through March**

Although the overall global market shrank by 21.3 percent from January through March – and indeed the premium market by up to 30 percent –

Audi experienced a decline in deliveries which amounted to 16.4 percent and is therefore steering a better course than its competitors.

#### **Chart Audi's Global Deliveries, April**

In April, Audi vehicle deliveries went down by a mere 5.6 percent.

We anticipate that the situation will continue to improve for Audi. For the entire year of 2009, we forecast a 10 percent decrease in sales. We will thus outperform the overall market and the competition.

#### **Chart Revenue / operating profit**

In the first quarter, the Audi Group generated 6.7 billion euros in revenue: that constitutes a decline of 19.2 percent compared to last year.

We achieved an operating profit of 363 million euros, representing a drop of 29.4 percent.

These statistics show that Audi is on target to achieve truly encouraging results, even in this crisis-ridden year. Moreover, we will still have room to maneuver – as opposed to other companies.

#### **Chart Deliveries in China**

The trend in China is also noteworthy. March and April were Audi's best months ever in China!

#### **Chart A4L**

Our market launch was very successful for the A4L: the first long-wheelbase version of this midsize sedan.

To ensure ever-greater successes in China, we founded a fully-owned subsidiary in Beijing in April which will locally coordinate all Audi operations in China.

In numerous key markets, Audi easily maintained its position at the top of the premium sector.

### **Chart Market Shares, January through April**

We increased our market shares considerably in severely contracting overall markets; in Western Europe, for example, by 0.5 percentage points. In terms of newly registered vehicles here, this already makes us the Number One premium brand.

We have increased our market share in Great Britain by 0.6 percentage points; by 0.6 percent in Italy too and by 0.3 percentage points in France. And in the crucial Import High Group market, we added 1.4 percentage points in the United States.

Ladies and Gentlemen,

These developments allow us to confidently survey the horizon. With our attractive and young product portfolio and a finely tuned growth plan, we at Audi are wonderfully situated to tackle current and future market needs.

We will therefore continue adhering to our long-term strategy for qualitative and profitable growth.

Our data from the first quarter of 2009 make it crystal-clear that Strategy 2015 remains the right path for Audi. We have placed Audi on a firm footing in recent years and are now in better shape than other companies. We have every reason to feel confident, but certainly not smug – let alone arrogant. Instead of blindly adhering to established ways of doing things, we constantly reassess our entrepreneurial approach.

Though we have modified our operations in response to the current economic situation, we will not lose sight of our objectives. Our top priority is to safeguard our profitability in order to preserve our entrepreneurial room to maneuver. We are proceeding swiftly, flexibly and proportionately. We are also proactively shaping our destiny and exploiting opportunities. We are doing that by increasing our lead – now, of all times – and, more than ever, placing our customers and their needs right at the heart of everything we do.

We have elaborated different scenarios and set ourselves interim targets for the period 2009-2011. Last but not least, we are initiating measures to further streamline our processes and boost our maneuverability anew.

**Chart Staff Situation**

The “Audi Future” agreement guarantees jobs for permanent staff through 2011. We respond professionally to fluctuations in demand by adapting our production strategies to market conditions. We achieve this by instituting working-time flexibility; short-time working, in other words. At this time, however, we do not expect to resort to additional short-time working. We also utilize our integrated production system and our turntable concepts for staff. In addition, we are training employees for upcoming production start-ups.

#### **Chart New Hires / Investment**

Audi has not imposed a recruitment freeze. On the contrary, we will hire a total of 300 specialists this year, mainly for Technical Development. We are also taking on all apprentices who have completed training at Audi.

#### **Chart 100 Apprentices**

Last but not least, we are acknowledging 100 years of the Audi brand with a campaign for additional apprentices. Audi is defying the prevailing winds by creating 100 additional slots for new apprentices during the company’s centennial.

This commitment to the future will strengthen key fields of innovation at Audi, particularly electronics engineering and mechatronics. This proves anew that Audi is perfectly equipped to master tomorrow’s challenges; and bolsters our strategic target of becoming the automotive industry’s most attractive employer. The hiring of skilled, high-performing employees constitutes a fundamental investment in Audi’s future – especially during economically challenging times.

That is naturally true of our products, as well, which directly benefit from the majority of our investments. Our investment spending remains on par with recent years.

#### **Chart "Vorsprung durch Technik" investments**

We will continue to hone our competitive edge as encapsulated in our “Vorsprung durch Technik” slogan, and regard tougher CO<sub>2</sub> legislation as a competitive opportunity. Our innovation strategy contains three key factors which set us apart from the competition:

- the long-term expansion of expertise in electric powertrains;
- an increased focus on lightweight construction using aluminum and other materials to reduce vehicle weights;

- refinement and further optimization of our pioneering TDI and TFSI engines.

As regards electric powertrains, we are closely partnering with the battery specialist Sanyo; Audi will also launch a Q5 hybrid in the near future.

But one thing is clear: Years will pass before affordable electric cars that meet customers' mobility expectations hit the market – and this is true of all manufacturers.

### **Chart Lightweight Design**

Audi continues its solid commitment to lightweight design innovations. After all, our center of excellence here in Neckarsulm has been hard at work for 15 years now. Aluminum instead of steel: we pioneered that back in 1994 with the A8. Our Audi Space Frame now appears in four models: the R8, the A8, the TT Coupé, and the TT Roadster. We believe there's still tremendous potential here. It's realistic to reduce vehicle weights by an additional 10 percent or more, which would equate, depending on the model line, to 200 kilograms or more (*440.92 pounds or more*). Decreasing vehicle weight by 300 kilograms (*661.39 pounds*) means reducing its fuel consumption over 100 kilometers (*62.14 miles*) by around one liter – and that cuts CO<sub>2</sub> emissions by 26 grams!

Meanwhile, we continue to boost the efficiency of our combustion engines, which will still dominate the market decades from now. The trend is toward highly efficient, turbocharged engines which have a smaller capacity, but do not adversely affect handling. We are convinced that the desire to downsize will be limited to engines. After all, our customers do not want to forgo the comfort offered by a large sedan.

### **Chart Efficiency Platform**

We are enhancing our vehicles' efficiency in many ways. More specifically, we keep adding components to Audi's "modular efficiency platform".

Recent examples are:

- the automatic start/stop system,
- an efficiency program in the new driver information system which give tips on how to drive economically,
- a highly efficient air conditioning system and power steering requiring less energy.

### **Chart A4 e**

The latest example of how these modules affect the car is the A4 2.0 TDIe, with an output of 136 hp: It consumes an average 4.6 liters of diesel per 100 kilometers (*51.13 miles per U.S. gallon*) and consequently emits a mere 119 grams of CO<sub>2</sub> per kilometer (*191.51 grams per mile*). This Audi is therefore currently the most efficient midsize model on the market.

Now is the time for the Audi brand to bolster its identity.

### **Chart The Best Cars by ams**

Audi has worked hard in recent years to make its image ratings soar. The latest *auto motor und sport* reader poll has again confirmed our renowned standing. Over 90,000 readers voted on the most coveted cars in the “Best Cars of 2009” poll. The A4, A6, and Audi Q5 all won their respective categories.

### **Chart 2<sup>nd</sup> Place Finishes**

The A3, A8, and R8 were all runners-up – and some came extremely close to winning.

### **Chart The Dream Car for Germans**

A survey by the market research institute Simpson Carpenter confirmed Audi’s prowess. Audi toppled the repeat champion from its throne as the manufacturer of the Germans’ dream car. The institute asked over 1,200 drivers in Germany which car they would buy if money were no object.

### **Chart trendence survey**

Young up-and-comers also hold Audi in high esteem. Audi improved its year-on-year ranking in the Young Professional Barometer to finish second among employers in the latest survey by the trendence Institute. The survey asked more than 3,000 young specialists and managers who their dream employer is.

However, a strong image is invariably built on strong products.

### **Chart ADAC Breakdown Statistics**

According to breakdown statistics for 2008 from ADAC, the German automobile club, Audi builds the most reliable vehicles found on German roads.

Victors in their respective categories are the Audi A2, A3, and A6; the A4 captured second place.

Top quality is also beneficial regarding insurance premiums. In its Collision & Comprehensive Insurance category, the German Insurance Association (*GDV*) has once again highly praised Audi's entire model portfolio. A collision & comprehensive insurance policy for an Audi is typically cheaper — by one or two tiers — than a comparable vehicle from the competition.

Every Audi model meets the highest demands for quality. We will once again send the spearhead of our product portfolio into the most grueling of all motorsport competitions in 2009.

#### **Chart R15**

This year we will enter the all-new R15 TDI in the Le Mans 24 Hours. The R15 combines a 10-cylinder turbodiesel engine, developed from scratch and generating peak output over 600 hp, with revolutionary aerodynamics. What's more, the R15 runs on biofuel and is equipped with a particulate filter.

#### **Chart Sebring**

The R15 premiered at Sebring, the 12-hour race in Florida, where it triumphed in historic fashion. Its 383 laps broke the previous distance record by 13 laps. The R15 also won the "Green Challenge", which honors the best balance between fuel efficiency and performance.

Our motorsport activities are the best evidence of Audi's commitment to *Vorsprung durch Technik*. And it is an Audi hallmark that we will transfer the technical edge inherent in our slogan to production vehicles as soon as possible.

#### **Chart R8 5.2 FSI quattro**

The R8 V10 is the latest and greatest example of this. At its heart is an all-new 10-cylinder engine unleashing 525 hp; and thanks to the extremely lightweight aluminum space frame, the body weighs just 210 kilograms [*462.97 pounds*]. The R8 has helped to boost Audi's brand image tremendously. It is therefore essential that we further develop this model and devote our undivided attention to it.

### **3 Charts A5/S5 Cabriolet:**

Just in time for the first sunny days of 2009, the first batch of A5 and S5 Cabriolets arrived at dealerships. The Cabriolet is a real eye-catcher and utterly practical, too. One of its key selling points is the classically elegant fabric top. The Cabriolet is powered by ultra-efficient TDI and TFSI engines.

### **Chart Audi A4 allroad quattro**

The A4 allroad quattro has been at dealerships since April. This car is an entirely new departure in the B segment and has a very distinctive, lifestyle-oriented character. It is available with numerous full-size features and has one of three powerful, highly efficient engines.

### **Chart Q7**

We will launch the next-generation Audi Q7 in July. We have made our high-performance SUV not only more elegant, but also a more efficient, lower-emission vehicle. And the Q7 3.0 TDI quattro with clean diesel, the world's cleanest diesel technology, requires a mere 8.9 liters of fuel per 100 kilometers (*26.43 miles per U.S. gallon*).

### **2 Charts TT RS**

Starting in July, customers can also buy the Audi TT RS, available as a Coupé or Roadster. Underneath the hood of this car, a truly special heart beats: a five-cylinder turbocharged engine with FSI direct gasoline injection. A high-performance sports car with an output of 340 hp, the TT RS complements Audi's long tradition of five-cylinder powerhouses. Arguably, its most celebrated forerunner was the supercharged 2.1-liter engine in the 1980 Audi quattro and 1984 Sport quattro.

It's also a compelling example of how Audi embraces rapid change without forgetting its roots.

### **Chart 100 years of Audi**

During Audi's centennial, we are more conscious of our history than ever before. And we will be celebrating 100 years of Audi in a befitting manner. The single most important event is a gala festival on July 16, here in Ingolstadt. We are thrilled that German Chancellor Angela Merkel will be joining us!

A couple of days thereafter we will stage a truly special soccer tournament: the Audi Cup. On July 29 and 30, four exceptional teams will compete in Munich's Allianz Arena: Boca Juniors, Manchester United, FC Bayern Munich and AC Milan. We have planned 50 events in all, to be held at classic car rallies and trade shows as well as special exhibitions at our museum mobile.

Finally, I want to give you a glimpse of especially important new Audis appearing in the near future. We will further expand derivatization in the B segment this year with the A5 Sportback. The A4 has attracted the largest share of customers loyal to the Audi brand. And a great number of them want to move further upward while carving out their own unique identity.

The A5 Sportback is precisely what they're looking for. This vehicle will pose a genuine innovation in the B segment: a revolutionary vehicle concept offering the ideal blend of functionality and aesthetics.

We will also be presenting the next-generation Audi A8 and rest assured, Ladies and Gentlemen, it's going to be a sensation. The A8 remains Audi's flagship: it embodies our understanding of the word "premium". Particularly in turbulent waters such as these, it will broadcast a very clear message, further define the Audi brand's identity, and embody – more so than any other model – our brand values: "sporty, progressive and sophisticated".

The A8 will be the sportiest luxury sedan in its class – and set new standards with regard to interiors. Its precision and build quality are second to none. This model naturally means a great deal to us, because it played a greater role than any other car in the rise of the Audi brand. And we will unveil it to the world in a remarkable fashion in late November.

#### **Chart A1 Sportback concept**

The A1 will follow in 2010. As you know, this will be the first member of an entire family in the increasingly important segment of small cars. This car also broadcasts a clear strategic message: It is a worthy bearer of the four Audi rings on its radiator grille and it will be the first truly premium car in its category. The A1 will attract young people to Audi, and our wide range of products will thereafter serve to retain them as customers throughout their lives. In the mid-1990s, we paved the way for the A1 with the A3:

The Audi model which quite simply created the premium compact class.

### Chart Audi Q3 Martorell

Starting in 2011, we will also extend downward the premium range in the SUV sector, with the Audi Q3. We will manufacture the Q3 at the SEAT site in Martorell, Spain, which will provide us with the flexibility necessary for our model offensive. We'll exploit the Group's synergies to sharpen our competitive edge while ensuring job security at all Audi sites.

Ladies and Gentlemen,

Audi is well prepared and has excellent prospects. Even before the economic crisis, there were major challenges to be tackled: be they rising raw-material prices, unfavorable exchange rates, or CO<sub>2</sub> legislation. Raw-material prices and exchange rates have improved somewhat, with the exception of the British pound, but the pendulum will keep swinging.

Audi has been managing its business systematically and profitably for many years. We have never grown for growth's sake, but always in order to place Audi on a firm footing. We identified risks early on and took advantage of opportunities; we have caught up to peers in a peerless fashion; we have launched one enthralling vehicle after another – and have become – in Europe as well as China and quite a few other countries – the leading premium brand.

These feats constitute a genuine *tour de force* and we have overcome many an obstacle. But we are indeed a truly special company with a clear objective in our sights, the sheer determination to achieve it, and an outstanding team that will help us get there. Now is the ideal chance to exit the crisis stronger than our competitors.

Thank you for your time.