Audi Group Key Figures

		2014	2013	Change in %
Production				
Automotive segment	Cars [1]	1,804,624	1,608,048	12.2
	Engines	1,974,846	1,926,724	2.5
Motorcycles segment	Motorcycles	45,339	45,018	0.7
Deliveries to customers				
Automotive segment	Cars	1,933,517	1,751,007	10.4
Audi brand	Cars	1,741,129	1,575,480	10.5
Lamborghini brand	Cars	2,530	2,121	19.3
Other Volkswagen Group brands	Cars	189,858	173,406	9.5
Motorcycles segment	Motorcycles	45,117	44,287	1.9
Ducati brand	Motorcycles	45,117	44,287	1.9
Workforce	Average	77,247	71,781	7.6
Revenue	EUR million	53,787	49,880	7.8
EBITDA [2]	EUR million	7,585	7,101	6.8
Operating profit	EUR million	5,150	5,030	2.4
Profit before tax	EUR million	5,991	5,323	12.5
Profit after tax	EUR million	4,428	4,014	10.3
Operating return on sales	Percent	9.6	10.1	
Return on sales before tax	Percent	11.1	10.7	
Return on investment (ROI)	Percent	23.2	26.4	
Ratio of investments in property, plant and equipment [3]	Percent	5.5	4.8	
Cash flow from operating activities	EUR million	7,421	6,778	9.5
Net cash flow	EUR million	2,970	3,189	– 6.9
Balance sheet total (Dec. 31)	EUR million	50,769	45,156	12.4
Equity ratio (Dec. 31)	Percent	37.8	41.1	

[1] Including vehicles built in China by the joint venture FAW-Volkswagen Automotive Company, Ltd., Changchun
[2] 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
[3] Ratio of investments in property, plant and equipment/intangible assets (excluding capitalized development costs) to revenue

2015 Financial Calendar

Quarterly Report, 1st quarter 2015 // May 4, 2015
Annual General Meeting // May 22, 2015, Audi Forum Neckarsulm
Interim Financial Report // July 30, 2015
Quarterly Report, 3rd quarter 2015 // November 2, 2015

Finances

A

COMBINED MANAGEMENT REPORT OF THE AUDI GROUP AND AUDI AG FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2014

B

CONSOLIDATED FINANCIAL STATEMENTS OF THE AUDI GROUP FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2014

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 9, 2015.

A

COMBINED MANAGEMENT REPORT OF THE AUDI GROUP AND AUDI AG FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2014

BASIS OF THE AUDI GROUP

The Audi Group, comprising the two brands Audi and Lamborghini, is one of the world's leading carmakers in the premium and supercar segment. Since 2012 the product range of the Audi Group has also featured motorcycles built by the traditional Italian brand Ducati.

STRUCTURE

/ *COMPANY*

The parent company of the Audi Group is AUDI AG, which is one of the world's leading manufacturers of premium automobiles under the Audi brand. Its business activities mainly encompass 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 companies or units in which AUDI AG holds a direct or indirect interest, or over which it exercises direct or indirect influence. The Audi Group is a 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 the Audi Group and AUDI AG are combined in this report.

The Audi Group delivered a total of 1,933,517 (1,751,007) cars to customers in the past fiscal year. The core brand Audi increased its volume of deliveries by 10.5 percent to a new record of 1,741,129 (1,575,480) vehicles. Manifested by the brand values sportiness, progressiveness and sophistication, the brand with the Four Rings represents "Vorsprung durch Technik." This is expressed by such attributes as unmistakable design, innovative technologies and high quality standards.

The Lamborghini brand increased its deliveries to 2,530 (2,121) supercars in the past fiscal year. The high-performance models of the traditional Italian brand are the embodiment of extreme driving dynamics, unique design, lightweight construction as well as high-caliber materials and build quality.

Total deliveries for the year under review also include 189,858 (173,406) cars of other Volkswagen Group brands.

The Ducati brand delivered 45,117 (44,287) motorcycles in the past fiscal year. These motorcycles are renowned above all for their sports appeal, design, lightweight construction and powerful engines.

Deliveries of the Audi Group by segment and brand

	2014	2013
Audi brand	1,741,129	1,575,480
Lamborghini brand	2,530	2,121
Other Volkswagen Group brands	189,858	173,406
Automotive segment	**1,933,517**	**1,751,007**
Ducati brand	45,117	44,287
Motorcycles segment	**45,117**	**44,287**

/ MAIN GROUP LOCATIONS

As well as Technical Development, Sales, Procurement and Administration, the Group headquarters in Ingolstadt are home to a large share of the manufacturing operations. The Audi A3, A3 Sportback, RS 3 Sportback and the models of the A4 family as well as the RS 4 Avant, A5 Coupé and Sportback, RS 5 Coupé and Audi Q5 are built there.

Manufacturing plants

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

- A1
- A1 Sportback
- S1
- S1 Sportback

Ingolstadt/ Germany
AUDI AG

- A3
- A3 Sportback
- S3
- S3 Sportback
- RS 3 Sportback[1)]
- 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
- TT Coupé
- TT Roadster
- TTS Coupé
- TTS Roadster

Kaluga/Russia
OOO VOLKSWAGEN Group Rus

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

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

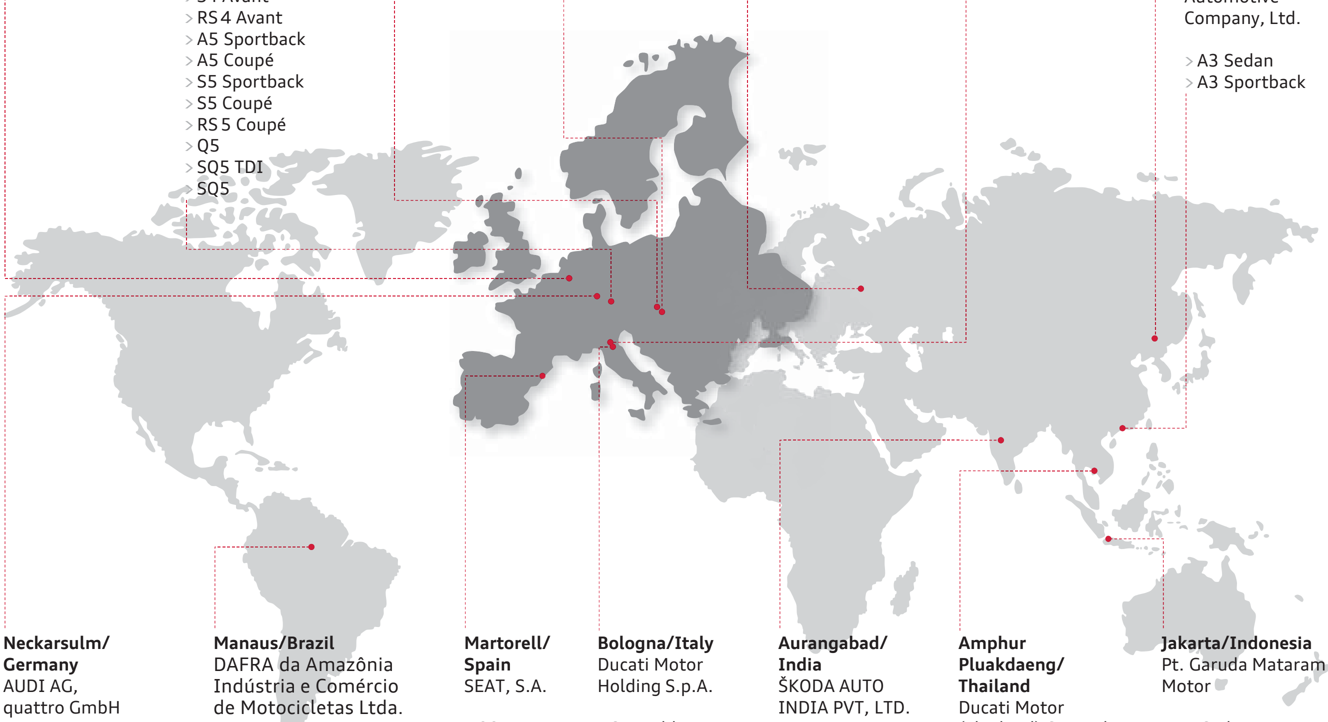
- Huracán Coupé
- Aventador Coupé
- Aventador Roadster

Changchun/China
FAW-Volkswagen Automotive Company, Ltd.

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

Foshan/China
FAW-Volkswagen Automotive Company, Ltd.

- A3 Sedan
- A3 Sportback



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
- Hypermotard
- Multistrada
- Superbike

Martorell/ Spain
SEAT, S.A.

- Q3
- RS Q3

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

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

Aurangabad/ India
ŠKODA AUTO INDIA PVT, LTD.

- A3 Sedan
- A4 Sedan
- A6 Sedan
- Q3
- Q5
- Q7

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

- Scrambler
- Diavel
- Monster
- Hypermotard
- Multistrada
- Superbike

Jakarta/Indonesia
Pt. Garuda Mataram Motor

- A4 Sedan
- A6 Sedan

1) Start of volume production in the 2015 fiscal year

In Neckarsulm, we build the Audi A4 Sedan, the A5 as well as the RS 5 Cabriolet, the entire A6 family including the RS 6 Avant, the A7 Sportback and the RS 7 Sportback, plus the A8 luxury sedan. Neckarsulm is also home to quattro GmbH, a fully owned subsidiary of AUDI AG. This company is the exclusive manufacturer of the sporty high-performance vehicles in the R8 car line. In addition, quattro GmbH offers top-of-the-range models in each car line, badged as its sporty, high-performance RS models. A further area of activity for quattro GmbH is its exclusive customization program and high-grade lifestyle articles that embody the spirit of the Audi brand.

In Győr (Hungary), AUDI HUNGARIA MOTOR Kft. develops and manufactures engines for AUDI AG, other Volkswagen Group companies and third-party companies. It is also responsible for building models of the TT car line. In addition, the Audi A3 Sedan and A3 Cabriolet have been built in Győr since 2013.

AUDI BRUSSELS S.A./N.V. is the exclusive manufacturer of the vehicles in the A1 car line at its Brussels plant (Belgium).

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

The Chinese joint venture FAW-Volkswagen Automotive Company, Ltd. builds the Audi A4 L, A6 L, Q3 and Q5 models at its company headquarters in Changchun. In addition, the Audi A3 Sedan and A3 Sportback have been in production at a new plant in the southern Chinese city of Foshan since 2014.

The VW Group plant in Aurangabad (India) builds the sedan versions of the Audi A3, A4 and A6 as well as the Q3, Q5 and Q7 SUV models.

Sant'Agata Bolognese (Italy) is the production base of Automobili Lamborghini S.p.A., which builds the exclusive supercars of the Lamborghini brand. In addition to the Aventador car line, the newly developed Huracán LP 610-4 has been in production there since 2014.

Ducati Motor Holding S.p.A. produces all models in its product range at its company headquarters in Bologna (Italy). In addition, motorcycles of the Scrambler, Diavel, Monster, Hypermotard, Multistrada and Superbike model lines are manufactured in Amphur Pluakdaeng (Thailand). The Diavel, Monster, Hypermotard, Multistrada and Superbike models are also built on a contract manufacturing basis in Manaus (Brazil).

/ *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.

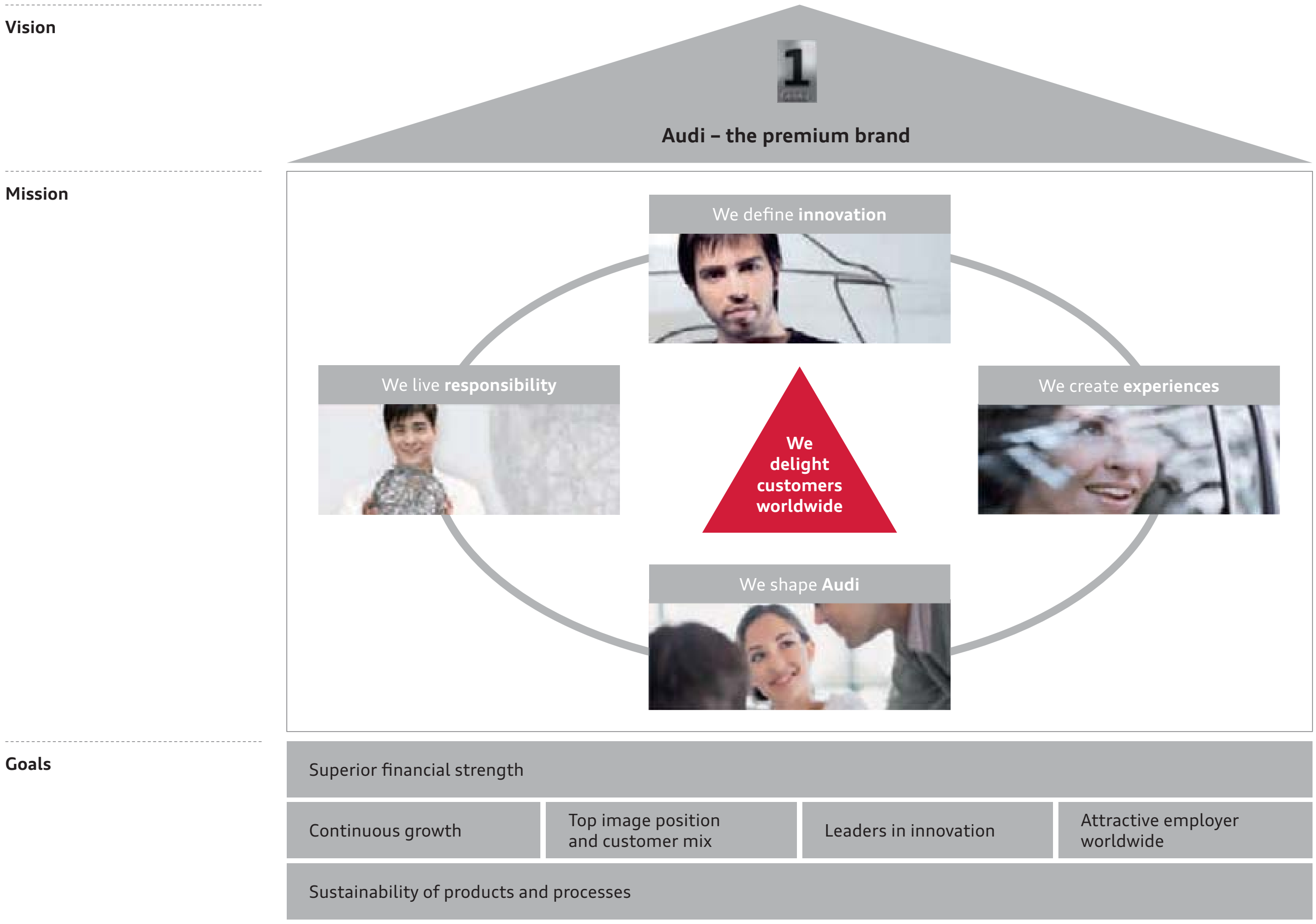
The group of consolidated companies has grown since December 31, 2013 to include Audi Electronics Venture GmbH, Gaimersheim, AUDI Immobilien GmbH & Co. KG, Ingolstadt, and DUCATI DO BRASIL INDÚSTRIA E COMÉRCIO DE MOTOCICLETAS LTDA., São Paulo (Brazil).

STRATEGY

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

Our overriding strategic goal is to develop Audi into the world's leading brand in the premium automobile segment. This vision is at the core of our Strategy 2020, which was first unveiled in 2010. In the years that followed, we further substantiated and fine-tuned the topics under the roof of our strategy house to reflect changing economic, ecological and social requirements. The strategic cornerstones remain unchanged and have long-term, sustainable corporate success as their objective.

The Audi brand's Strategy 2020



/ MISSION: "WE DELIGHT CUSTOMERS WORLDWIDE"

Customer delight remains at the heart of our Strategy 2020. Our brand essence "Vorsprung durch Technik" comprises the values sportiness, progressiveness and sophistication. These are embodied in particular by our technologically advanced and innovative products, which are also noted for their attractive design, high-caliber materials and build quality.

In order to delight our customers worldwide, we have defined four strategic areas of activity for the Audi brand that are continually reviewed, substantiated and refined:

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

// WE DEFINE INNOVATION

In order to continue delivering our brand essence "Vorsprung durch Technik" in the future, we aim to play a pivotal role in defining the future shape of mobility through innovative automobiles and intelligent mobility solutions. Critical success factors include activities such as closely monitoring megatrends and global developments – for example, urbanization and digitization – as well as identifying the direction of future customer expectations.

At Audi, living "Vorsprung durch Technik" also means meeting increasing ecological demands. In an effort to reconcile driving enjoyment, sportiness and comfort with fuel economy, we pursue a multi-stage concept that ranges from optimizing our TDI and TFSI engines to developing alternative drive concepts. Audi groups together all activities that involve electric driving under the umbrella term e-tron. Vehicles with plug-in hybrid technology have an important role to play here. They combine long-distance capability with zero local emissions and sophisticated handling characteristics. We are also systematically advancing the development of all-electric drive systems and of fuel cell technology.

*For further information about Audi e-tron, please refer to the **"Audi e-tron"** and **"Audi tron"** sections on pages 158 f. and 179.*

The connectivity and digitization of our society are becoming increasingly significant. The optional Audi connect services link the driver to the car, the Internet, the infrastructure and other vehicles. At the start of 2014, Audi became the only premium automotive manufacturer to join the Google Open Automotive Alliance (OAA). This partnership pursues the goal of integrating the Android platform and its apps into the car's operating system, under the name Google Android Auto. The functions of iOS devices will also be available in the vehicle via Apple CarPlay. The Audi Multi Media Interface (MMI) of the future will thus integrate key functions of both smartphone platforms. The new Audi Q7 is already one of the first automobiles in the world to offer both Google Android Auto and Apple CarPlay smartphone integration.

The ability of vehicles to connect with their environment and with each other is a major prerequisite for piloted driving – a new evolutionary stage that goes well beyond the existing functions of assistance systems. Piloted driving means that in certain situations the driver is relieved of the task of driving altogether. For example, this can reduce the burden on the driver in traffic congestion, thus increasing safety as 90 percent of all traffic accidents are caused by human error. Audi impressively demonstrated its expertise in piloted driving at the limits with the Audi RS 7 piloted driving concept, which took to the racetrack at the German Touring Car Masters (DTM) season finale. Showcasing this technology, the vehicle lapped the Hockenheim Grand Prix circuit at racing speeds, entirely without a driver. In addition, the Audi A7 piloted driving concept successfully completed the first piloted long-distance run at the start of 2015. On the tour covering approximately 900 kilometers from Silicon Valley to the Consumer Electronics Show (CES) in Las Vegas, journalists were given the opportunity to witness piloted driving live from the driver's seat. The concept vehicle passed the long-distance test featuring real-life, everyday driving conditions with flying colors.

Audi is tapping new areas of innovation hand in hand with the growing trend towards urbanization. We are pushing the development of intelligent mobility solutions in the shape of Audi mobility. We have already launched various innovative premium car-sharing concepts in major cities with dense traffic.

*For further information about the latest mobility solutions, please refer to the **magazine section** on pages 116 ff.*

Many different surveys confirm that design is the main reason why people choose a particular car. We are methodically refining our unmistakable design idiom. One particular priority is to differentiate more between the individual model series. We will also make our designs reflect a vehicle's technologies more overtly – both inside and out – in future model generations.

Taking lightweight construction solutions to the next level is another key priority in our technology activities. We are implementing the principle of an intelligent mix of materials, in other words the use of the right material in the right place, and of integrating functions and systems into new vehicle architectures. The goal is to systematically reduce vehicle weights across the entire product range.

In the domain of all-wheel drive, Audi has been among the technology leaders in automotive manufacturing for several decades with its quattro drive. We are steadily expanding our expertise, and the past fiscal year saw us bring quattro drive to market in the small compact car segment with the arrival of the new S1 models. The Audi brand can therefore now supply its customers with quattro drive in every car line.

// WE CREATE EXPERIENCES

We want to delight our customers worldwide with experiences that embody the spirit of the Audi brand. Audi City digital cyberstores now offer our customers in London, Beijing and Berlin the opportunity to configure their ideal Audi vehicle virtually,

drawing on the entire range of colors and trim available, and experience it in full size. In 2014, we refined the technologies that we use in the Audi City with a view to gradually rolling them out at our dealerships worldwide. Individual modules – such as multitouch tables and the exclusive Customer Private Lounge that enables us to conduct sales consultations in an exclusive setting – can now be integrated flexibly into dealer premises, as required. The new Audi virtual reality glasses, which were first unveiled at the end of 2014, create an encounter of a special kind by allowing the wearer to experience the vehicle in three dimensions. The Audi brand also delivers memorable, emotion-packed experiences at a variety of national and international events. These include the Audi ultra Cup, a separate regatta held during the Kieler Woche – one of the world's major yachting events.
Various driving and safety training courses at the new Audi driving experience center in Neuburg give our customers access to unique driving experiences. Since May 2014, we have held a wide range of customer events here on a 30,000 square meter dynamics area, a handling course and an off-road area.
Our customers can also savor special, memorable moments when collecting their new car at the Audi Forums in Ingolstadt and Neckarsulm. Customers have the option of booking a customer relationship manager to accompany them. Along with interesting background information on the history of the Audi brand, the customer receives a personal tour of the plant, during which they witness first hand how much precision and care goes into building cars of the Audi brand.

// WE SHAPE AUDI

Our steady volume growth, a progressively broader product portfolio, growing internationalization and the development of new technologies and business areas are key challenges for the Audi Group. It is vitally important for us to continue refining our structures and processes if we are to prepare the ground for high-quality, profitable growth in the future as well. When making our product and investment decisions, we always consider how to deliver maximum benefit to the customer. Our employees' expertise and passion for the products of the Audi brand are equally a major success factor.

// WE LIVE RESPONSIBILITY

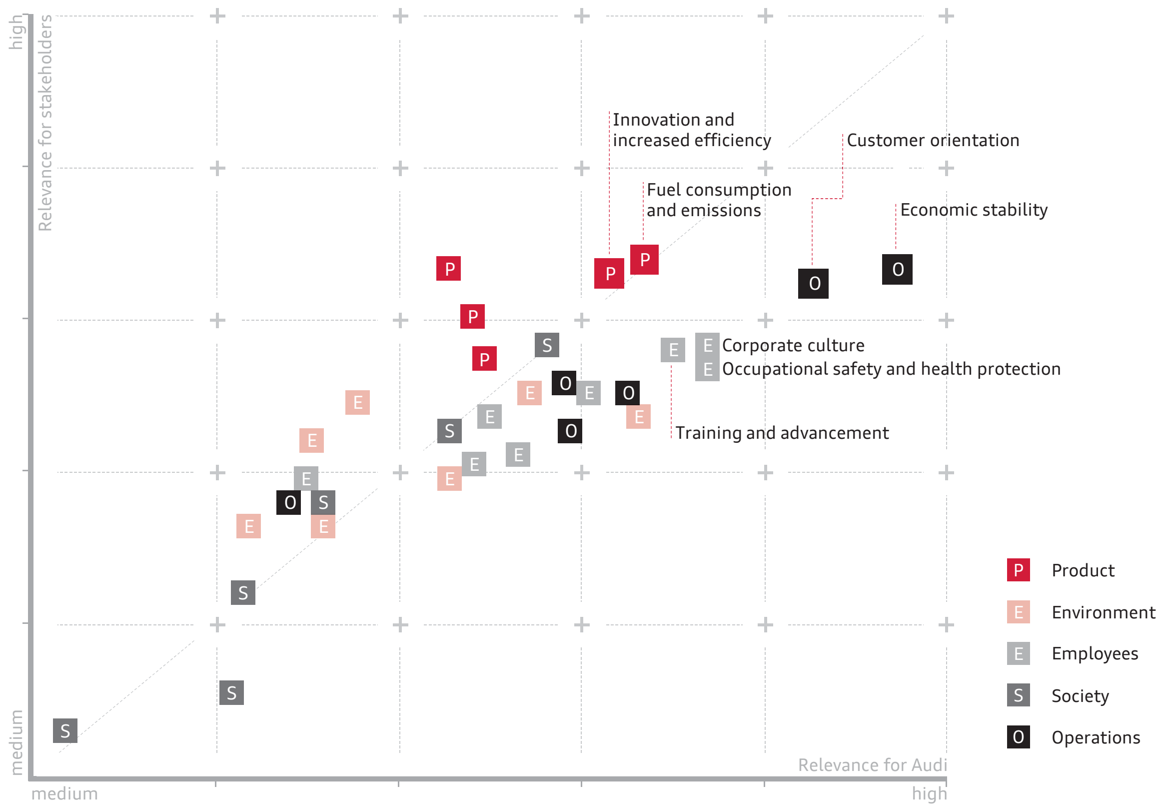
"We live responsibility" reflects how the three pillars of sustainability – society, ecology and economics – underpin the Audi strategy. They each carry equal weight in our corporate decisions. Particular emphasis was placed on product-related topics over the past year, and specifically on how our vehicles can meet increasingly tough CO_2 emission limits.
The "Corporate Responsibility" area brings all sustainability-related activities together under one roof and helps the companies of the Audi Group to put into action the five defined core themes Product, Environment, Employees, Society and Operations. The Audi Corporate Responsibility Report sheds light on the goals and measures designed to promote sustainability. We updated the sustainability data in 2014 and submitted a progress report to the UN Global Compact, the world's largest corporate social responsibility initiative. We also published our first Declaration of Conformity with the German Sustainability Code last year. The next full sustainability report will be published in time for the Annual General Meeting of AUDI AG in May 2015.

In September 2014, the Board of Management of AUDI AG defined the term "ultra" as a leitmotif of pioneering sustainability issues. The "ultra" badge has consequently undergone a steady evolution: Originally used to denote Audi lightweight construction, the ultra models also incorporated the dimension of efficient automotive technologies starting in 2013. In the future, it will be used to signify our ambition to comprehensively align the brand essence "Vorsprung durch Technik" with sustainability. Here too, we work on the premise that all three pillars of sustainability must be taken into consideration.

Together with our stakeholders, we reviewed the relevance of key aspects of sustainability in 2014. The international locations in Belgium, Italy, Mexico and Hungary also participated in this process. In addition, in partnership with the Fresenius University of Applied Sciences for Management, Business and Media, Munich, we carried out the project "Materiality analysis of international sustainability aspects for AUDI AG" in 2014. The goal was to establish how relevant the sustainability aspects defined by the Global Reporting Initiative are for a company in the automotive industry, and specifically for Audi, in the countries Belgium, Italy, Hungary and Mexico.

We mapped the results of the external and internal analyses in a matrix, vividly expressing the relevance for Audi (on the x-axis) and its stakeholders (on the y-axis) in relation to each other.

Materiality matrix



/ GOALS

// SUPERIOR FINANCIAL STRENGTH

A stable long-term profit performance reflects the financial strength of a company. In our case, growth only meets the premium standards of the Audi brand if it is simultaneously profitable. According to our responsible, value-oriented corporate management approach, qualitative growth is a priority strategic goal. It can only be achieved through effective structures and processes, systematic investment management and the ongoing optimization of costs. Our high level of self-financing gives us extensive scope to invest and act. It is especially important to us to finance investment from self-generated cash flow. Our Company's high profitability is furthermore reflected in our key return ratios.
For years, the Audi Group has been one of the automotive industry's most profitable manufacturers worldwide.

*Detailed information on the **"Financial performance"** and **"Financial position"** of the Audi Group can be found on pages 171 f. and 174.*

// CONTINUOUS GROWTH

With a total of 1,741,129 (1,575,480) cars delivered, the Audi brand advanced to a new record level in the past fiscal year. High demand for the vehicles of our new A3 family and healthy growth in Western Europe, Asia and North America proved especially beneficial. We achieved the volume target of 1.5 million cars delivered – originally set for 2015 – in the 2013 fiscal year. Deliveries of 1,575,480 Audi vehicles in that year therefore meant we were a whole two years ahead of target. By consistently pursuing our product initiative and targeting higher market shares in the various sales regions, we are heading towards the next milestone of over 2 million Audi vehicles delivered worldwide. To that end, we are continually optimizing and expanding the international dealer and service network in important growth markets so as to establish broad and solid foundations for our business model. At the same time, we are expanding our worldwide production structures.

*Further information can be found in the **"Production"** and **"Deliveries and distribution"** sections on pages 164 ff. and 166 ff.*

// TOP IMAGE POSITION AND CUSTOMER MIX

A strong brand and a positive image are key success factors for a premium car manufacturer. It is vitally important to have a corresponding customer mix – for example in terms of average age, values and price acceptance – in addition to high image ratings. We aim to keep improving these factors and steadily enhance our high-quality, innovative product portfolio in order to delight customers and tie them emotionally to the Audi brand. An array of national and international awards has already confirmed the appeal and popularity of the brand with the Four Rings.

For example, Audi captured a total of eight top places in the "Quality" category in the AUTO BILD reader poll "The best brands in all classes." The trade publication polled more than 70,000 readers for their opinion on quality, design and value for money in a total of 13 vehicle categories.
We also received two further awards for our motorsport achievements and the high resale value of our vehicles (AUTO BILD, issue 9/2014, p. 62–72).

The Audi brand won an impressive tenth successive award in the annual image report conducted by the renowned trade publication AUTO ZEITUNG. For this poll, over 20,000 readers rated 45 different car brands. Audi was their choice in the categories "Cars with good build quality," "Builds progressive cars," "Successful in motorsports," "Appealing brand" and "Quality of cars has improved" (AUTO ZEITUNG, issue 6/2014, p. 98–104).

Internationally too, the Audi brand received a large number of awards in the 2014 fiscal year.
In the "World Car of the Year 2014" award, for example, the new Audi A3 brought Audi its second overall win in the ten-year history of this prestigious award. The premium compact model won over a jury comprising 69 international trade journalists (www.wcoty.com/web/).
Furthermore, the new Audi A3 Sportback g-tron achieved a top-three placing in the "World Green Car" category (www.wcoty.com/web/media_release.asp?release=92&year=2014).

The "Best Cars 2014" reader poll conducted by the Chinese edition of the magazine auto motor und sport brought Audi yet more success. The brand with the Four Rings came away with eight awards, more than any other brand. The Audi A6 L topped the poll in the "Upper Midsize" and "Local Upper Midsize" categories, while the Audi Q5 impressed the magazine's readers as best "Local SUV & Offroader." Audi also took first place in the brand ratings, winning the "Reliable cars," "Environmentally friendly cars," "Good customer service," "Good value for money" and "High resale value" categories (www.philstar.com/motoring/2014/03/12/1299715/audi-wins-multiple-awards-february).

The Ducati brand also received a number of awards in the past fiscal year.
The traditional Italian manufacturer came away from the "Motorcycle of the Year 2014" awards with an impressive total of five prizes. This reflected the choice of over 45,000 readers of the trade magazine MOTORRAD. The Ducati Multistrada and Ducati Diavel topped their respective categories. The Ducati 1199 and 899 Panigale finished second and third in the "Sportbike" category. The Ducati Hypermotard achieved an excellent third place among the "Enduros/Supermotos" (MOTORRAD, issue 08/2014, p. 126–133).

// LEADERS IN INNOVATION

Our ambition is to lead the way in both design and technology, and we offer our customers sporty, high quality and innovative products as well as intelligent mobility solutions. Our overriding objective is to align the best technologies with the expectations of our customers.

The past fiscal year again saw us step up our activities to bring innovations to production maturity. As part of our goal to delight customers, our priority areas are design, sophisticated interiors and exteriors, efficient conventional and electrified drive systems, lightweight construction, Audi connect and piloted driving.

The successful Audi innovation strategy is again reflected in a large number of patent applications.

2014 brought us another string of awards for our advanced technologies and progressive design. Among others, we received top honors in a total of five categories in the Car Connectivity Award sponsored by the trade magazines auto motor und sport and CHIP – Navigation Systems, Telephone, Sound Systems, Entertainment/Multimedia and Connected Car. We received particular acclaim for the Audi MMI Navigation plus, the Audi phone box, the Bang & Olufsen Sound System in the Audi S3 and the integration of the LTE mobile communications standard. In addition, the new Audi TT won the title of best connected car (auto motor und sport, issue 16/2014, p. 114–115).

The Audi brand achieved distinctions on several counts in the international design competition Automotive Brand Contest. The new Audi TT was voted "Innovation of the Year," while the Matrix LED headlights on the Audi A8 received the title of "Best of Best." The Audi A3 Sedan also received an award for its design (www.german-design-council.de/en/design-awards/automotive-brand-contest/2014/online-exhibition/exterior-premium-brand.html; www.german-design-council.de/en/design-awards/automotive-brand-contest/2014/online-exhibition/best-of-best.html).

*Further awards for our products and design are presented under the goal **"Top image position and customer mix"** on page 149.*

*You can read about other awards for our engines and technologies such as the Audi connect services in the **"Research and development"** section on pages 157 ff.*

Research and development activities reached a total of EUR 4,316 (3,966) million in the past fiscal year. This represents 8.0 (8.0) percent of revenue.

// ATTRACTIVE EMPLOYER WORLDWIDE

In order to become the leading premium automobile brand worldwide, the Audi Group also needs to be an attractive employer worldwide. Only then will our Company be able to attract the best and most able employees with the most expertise and commitment. A varied and challenging work environment and good development prospects, coupled with job security and commensurate, attractive pay, are all major factors. We regularly conduct in-house surveys in order to gauge the satisfaction of our workforce and to ensure that we keep them satisfied in the future as well.

*Further information on employee attractiveness can be found under **"Employees"** on pages 186 ff.*

Especially in light of our growing internationalization, we want to be ranked among the top employers particularly in those regions where we have our main locations. Various national and international rankings have already regularly confirmed the Audi Group's attractiveness as an employer.

In the attractiveness survey "Best Employer 2014" by the news magazine FOCUS and the social network for professionals XING, Audi was named overall winner as well as topping the "Automobile/Major Corporations" category. The poll was carried out among 19,000 employees of 2,000 businesses in 22 different industries. The willingness of the employees to recommend their own company was a major weighting factor when the survey results were evaluated (FOCUS-SPEZIAL special issue Employers, 2/2014, January 28, 2014).

We once again achieved top honors in the latest employer rankings compiled by the highly regarded consultancy institute Universum. These show that Audi is yet again the most preferred employer for both career starters and young, experienced engineers. The Company also defended its top position in the survey among professionally experienced economists. In the IT category, the brand with the Four Rings has moved up to second place, taking a huge leap of 14 places in the scientists' ranking (WirtschaftsWoche, issue 18/2014, p. 70–76, and issue 49/2014, p. 82–85).

In Hungary, AUDI HUNGARIA MOTOR Kft., Győr, was voted the country's most attractive employer for the sixth year in a row. This was the outcome of a reputation analysis carried out by the international student organization AIESEC in collaboration with the management consultants Aon Hewitt. Some 7,700 participants from 13 different industries and over 240 Hungarian companies were interviewed for this study. (www.budapester.hu/2014/03/17/fuer-deutsche-firmen-zu-arbeiten-ist-in/ – link only available in German).

In 2014, AUDI BRUSSELS S.A./N.V., Brussels (Belgium), also won an award for its human resources work and good progress in the human resources area, capturing the title "HR Ambassador of the Year." The award is presented each year by the Belgian network "D.E.N.K.-HR." Its panel of experts brings together representatives of federations, universities and trade magazines (www.hr-gala.be/actua/detail.phtml?id=94).

Our Italian subsidiary Automobili Lamborghini S.p.A., Sant'Agata Bolognese, also won awards last year for its attractiveness as an employer. In the prestigious "Employer of Choice" study by the Fondazione Emblema foundation, young Italian academics selected the supercar manufacturer as their most preferred employer for the first time (http://article.wn.com/view/2014/05/05/Audi_subsidiary_Lamborghini_is_the_Employer_of_Choice_Volksw/). In addition, the company received the accolade of "Top Employer Italia 2014" from the Top Employers Institute (www.conceptcarz.com/a6125/AUTOMOBILI-LAMBORGHINI-EARNS-TOP-EMPLOYER-ITALIA-2014-CERTIFICATION.aspx).

// SUSTAINABILITY OF PRODUCTS AND PROCESSES

Through the corporate objective "Sustainability of products and processes," we aim to reconcile social and economic benefits in all core processes, use resources sparingly, be mindful of the future in our actions, and secure the long-term competitiveness of the Company. Taking this corporate objective as a starting point, the individual divisions build their sustainability goals into the strategies and processes for their specific area. The focus throughout is on reducing CO_2 emissions from both our products themselves and production processes. In the period under review, the sustainability goal was also operationalized with regard to employees and society, for example in the form of the newly drafted Audi leadership principles or in the global principles for social involvement at Audi Group locations. The updated sustainability goals and measures will be published in the Audi Corporate Responsibility Report in May 2015.

*For further information on the topic of **"Sustainability,"** please visit www.audi.com/cr.*

MANAGEMENT SYSTEM

The Audi Group uses a variety of indicators in order to realize our ambitious strategic goals and determine our level of target achievement. Alongside important financial key figures, the Audi Group management system also contains non-financial performance indicators. The management system's key performance indicators, which are derived from our strategic goals, are described in detail below. In this section we present the internal management process and the key internal indicators.

/ MANAGEMENT PROCESS IN THE AUDI GROUP

The Audi Group is incorporated as an integral part of the Volkswagen Group's management process. Management of the Audi Group encompasses AUDI AG and its subsidiaries. Appropriate account is taken of the complex value chains and organizational structures as well as the legal requirements. The basis for managing the Audi Group is the medium-term planning, which is drawn up once a year over a five-year period and incorporates the significant aspects of our operational planning.

In order to shape our future corporate development strategically, the individual planning topics are defined on the basis of their time horizons:

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

The coordinated results of the upstream planning processes are fed into the financial medium-term planning. 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, and also profitability and liquidity planning.

The budget for the following year is based on the first year from the medium-term planning and is detailed for operating activities on a month by month basis. The level of target attainment is then tracked and reviewed each month with the help of various management tools such as target/actual analyses, year-on-year comparisons and deviation analyses. If necessary, action plans are developed to back up the budgeted objectives. On a rolling monthly basis, detailed advance estimates are drawn up for the full year and also for any next three-month period. Measures developed to reflect the prevailing opportunity and risk position are taken into account on an ongoing basis. 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 constitutes the basis for the next medium-term and budget planning.

/ *KEY PERFORMANCE INDICATORS OF GROUP MANAGEMENT*

The basis for the management of the Audi Group is a value-oriented corporate management approach in combination with the following key performance indicators, which have been derived from the strategic goals:

- 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 non-financial indicator deliveries to customers expresses the number of new vehicles handed over to customers. This performance indicator reflects customer demand for our products. Increasing the deliveries to customers goes in tandem with the strategic goal of continuous growth to more than 2 million Audi vehicles delivered. Growing demand for our products has a major impact on the development of unit sales and production, and thus on the capacity utilization of our locations.

Revenue is a financial key performance indicator of the Audi Group and the financial reflection of our market success. Operating profit is the balance of revenue and resources deployed, along with the other operating result. It reveals our fundamental operational activity and the economic performance of our core business area. The ratio of operating profit achieved to revenue produces the operating return on sales, which we have also defined as a financial key performance indicator of the Audi Group.

Return on investment (ROI) evaluates the return and the capital employed for investment projects. We obtain this indicator by determining the ratio of operating profit after tax to average invested assets.

Net cash flow represents the cash inflow from operating activities less investment spending from business operations, without consideration of cash deposits, 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 is an indicator of our Company's innovative strength. The total volume of investments in property, plant and equipment and of intangible assets (excluding capitalized development costs) is considered in relation to revenue. Capital investment in essence comprises financial resources for updating and expanding the product range, for increasing our 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 166 ff. and 171 ff.*

*We describe other non-financial key figures as well as **corporate responsibility** goals and measures on pages 178 ff.*

SHARES

/ *STOCK MARKET DEVELOPMENTS*

The performance of the German Share Index (DAX) in the past fiscal year fell short of repeating its dynamic progress of 2012 and 2013.

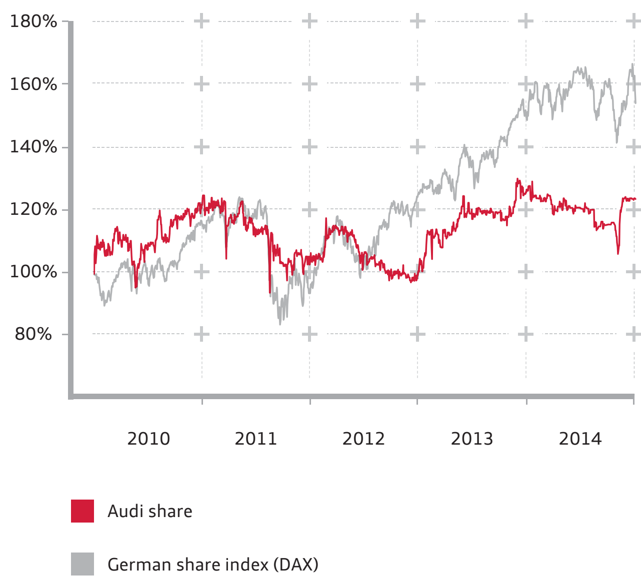
At the start of the year, however, the capital market environment had looked brighter thanks to the improving economic outlook. The picture soon changed, with market players focusing on currency turbulence in a number of emerging economies as well as on geopolitical uncertainty, including the situation in Ukraine and the Middle East. The DAX correspondingly started the past fiscal year with a sideways shift featuring high volatility. From May 2014, there were modest price gains, prompting the lead index to close trading above the record level of 10,000 points on a total of five days in June and July. In the second half of the year, the DAX initially came under pressure as a result of general economic uncertainty, dipping to its year-low of 8,572 points in mid-October. However, the German lead index gained significantly towards the end of the year and also profited from the continuing expansionary monetary policy of major central banks such as the Federal Reserve (FED) and the European Central Bank (ECB). That mood helped the DAX to an annual high of 10,087 points on December 4, 2014.

The index closed the year at 9,806 points, 2.2 percent up on its opening level at the start of trading in 2014.

/ *AUDI TRADING PRICE TREND*

After the high gains of the previous year, the shares of AUDI AG overall showed a sideways shift in the 2014 fiscal year, for the most part tending towards low volatility. Audi shares thus started the past trading year at EUR 648 and already reached the year-high of EUR 673 on the fourth day of trading. On the final trading day of 2014, Audi shares closed at EUR 648, the same level as 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 5, 2015.

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, 2014, 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 mainly include 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 the Board of Management of 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 shareholder representatives elected by the Annual General Meeting. The other half of the Supervisory Board 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 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 (AktG). Members of the Board of Management are accordingly appointed by the Supervisory Board for a period of no more than five years. A renewal 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 (AktG).

/ *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

In a challenging market environment, the Audi Group was again able to maintain its course of growth in 2014, increasing deliveries of the core brand Audi by 10.5 percent to the new record total of 1,741,129 cars. This led to new sales records being established in over 50 individual markets.

BUSINESS AND UNDERLYING SITUATION

/ *GLOBAL ECONOMIC SITUATION*

The global economy expanded by 2.7 (2.6) percent in the 2014 fiscal year. For all the lingering structural challenges, the overall economic situation improved in many industrial nations. This contrasted with economic developments in a number of emerging economies, which were hampered by exchange rate fluctuations and structural deficits. Though many central banks adhered to expansionary monetary policies, average inflation for the year remained at a moderate level overall.

In Western Europe, the economy managed to break out of stagnation with growth reaching 1.2 (0.0) percent. Most northern countries of Western Europe achieved steady growth in gross domestic product, while the countries further south drew closer to moving out of recession. As a result, the unemployment rate declined to 10.7 (11.2) percent, but remained above the long-term average. Unemployment rates were much higher in Greece and Spain.

The German economy enjoyed a moderate upturn in 2014 and achieved growth of 1.5 (0.2) percent, mainly thanks to the continuing favorable trend in the labor market and positive consumer sentiment.

While Central European countries enjoyed a positive economic development in the past year, the economic situation in Eastern Europe deteriorated in the wake of tension between Russia and Ukraine. Economic growth in Russia continued to decline, with gross domestic product growing by only 0.4 (1.3) percent.

After weather conditions contributed to a subdued start to the year, economic momentum in the United States increased as the year progressed. Fueled by falling unemployment rates and consistently positive consumer confidence, the U.S. economy expanded by 2.4 (2.2) percent in 2014.

The South America region achieved no better than moderate economic growth. Gross domestic product in Brazil, for example, remained flat due to structural problems, falling investment and weak consumer spending, contrasting with 2.5 percent growth in the previous year.

The highest rate of growth in 2014 was again achieved in the Asia-Pacific region. Economic growth in China slowed somewhat but remained robust at 7.4 (7.7) percent. Gross domestic product in Japan was overshadowed by tax increases and thus grew only marginally by 0.2 (1.6) percent.

/ *INTERNATIONAL CAR MARKET*

Worldwide demand for cars grew at a rate of 4.5 percent in 2014 to 73.4 (70.3) million passenger cars – a new all-time record. More vehicles were sold primarily in the Asia-Pacific, North America, Western Europe and Central Europe regions, while demand in Eastern Europe and South America was down.

In Western Europe, overall market demand continued to stabilize in the past fiscal year. 12.1 (11.5) million vehicles were newly registered there, an increase of 4.9 percent. Vehicle sales were nevertheless still significantly below the pre-crisis level of 2007, when 14.9 million passenger cars were sold.

From a low prior-year level, France and Italy achieved growth of 0.5 and 4.9 percent, while continuing high demand from private customers in the United Kingdom drove up new registrations by 9.3 percent. The automotive market in Spain benefited from government incentives for buyers. 18.3 percent more vehicles were newly registered there than in the previous year. The German car market showed a positive development thanks to higher demand from business customers, with growth of 2.9 percent taking the sales volume to 3.0 (3.0) million passenger cars.

While most Central European passenger car markets enjoyed rising sales figures, demand for cars in Eastern Europe was down mainly due to fewer new registrations in Russia. The Russian car market thus achieved a sales volume of 2.3 (2.6) million units – a decrease of 10.0 percent compared with the previous year.

The U.S. car market was characterized by a sound pace of growth. Favorable credit terms, positive consumer confidence and the continuing high level of replacement demand were the main factors behind a 5.9 percent increase in new registrations to 16.5 (15.6) million passenger cars and light commercial vehicles.

In South America, the Brazilian passenger car market fell well short of the prior-year total at 2.5 (2.8) million units. The main causes of the 9.4 percent drop in demand were the difficult overall economic situation and higher interest rates.

The Asia-Pacific region was again the main driver of the global car market in 2014, with 30.3 (28.1) million newly registered passenger cars. The Chinese car market proved especially dynamic. On the back of the robust general economic situation, it expanded by 12.1 percent to 17.9 (15.9) million new registrations. There was also growth for the automobile market in Japan, which grew by 2.9 percent compared with the previous year's registration total to 4.7 (4.6) million new passenger cars, despite the increase in the VAT rate on April 1, 2014.

/ *INTERNATIONAL MOTORCYCLE MARKET*

Worldwide demand for motorcycles in the displacement segment above 500 cc showed a positive development in the 2014 fiscal year. International registrations of new motorcycles in the established markets increased by 5.3 percent. The improving overall economic situation also fueled increased demand in Western Europe's volume markets. For example, the total number of newly registered motorcycles in Germany and France was up 9.6 and 3.8 percent respectively. Demand in Italy also developed positively with a rise of 4.2 percent. In the United Kingdom and Spain, motorcycle sales even grew by 13.1 and 32.7 percent respectively. The motorcycle market in the United States saw only a slight rise in demand of 0.6 percent and thus remained at the previous year's already high level. Registrations of new motorcycles in Japan were up 14.8 percent.

/ *MANAGEMENT'S OVERALL ASSESSMENT*

The Audi Group continued its course of growth in the past fiscal year and increased deliveries of the core brand Audi by 10.5 percent to 1,741,129 (1,575,480) cars. We achieved new sales records in over 50 individual markets, as a result of which we extended our strong competitive position in the premium segment.

In the course of the dynamic development in volume, the Audi Group increased its revenue to EUR 53,787 (49,880) million. Despite high upfront expenditures for the expansion of our international manufacturing structures and for new models and technologies, in particular to comply with tougher CO_2 requirements worldwide, the Audi Group succeeded in increasing its operating profit to EUR 5,150 (5,030) million. Continuous improvements to processes and cost structures along the entire value chain once again favorably impacted profit performance. The operating return on sales for 2014 reached 9.6 (10.1) percent and was therefore within the strategic target corridor of 8 to 10 percent.

We again generated a high net cash flow in the past fiscal year despite increased investment spending. The figure of EUR 2,970 (3,189) million highlights the financial strength of the Audi Group. Disregarding changes in participations, the net cash flow came to EUR 3,162 (3,225) million. The past fiscal year saw the Audi Group invest substantial amounts in expanding and updating its product portfolio, in pioneering technologies and in its worldwide production capacities. The ratio of investments in property, plant and equipment of 5.5 (4.8) percent was therefore at the upper end of the strategic target corridor of 5.0 to 5.5 percent. The return on investment came to 23.2 (26.4) percent. The average size of the Audi Group's workforce over the year increased to 77,247 (71,781) employees.

Forecast/actual comparison Audi Group

	Actual 2013	Forecast for 2014	Actual 2014
Delivieries of cars of the Audi brand to customers	1,575,480	significant increase	1,741,129
Revenue in EUR million	49,880	slight increase [1]	53,787
Operating profit in EUR million	5,030	within the strategic target corridor of 8 to 10 percent	5,150
Operating return on sales in percent	10.1		9.6
Return on investment (ROI) in percent	26.4	over 18 percent	23.2
Net cash flow [2] in EUR million	3,189	significantly over EUR 2 billion	2,970
Ratio of investments in property, plant and equipment in percent	4.8	5.0 to 5.5 percent	5.5

1) Updated in the Third Quarter Report 2014 to a moderate rise in revenue
2) Net cash flow after changes in participations; net cash flow before changes in participations: EUR 3,162 (3,225) million

RESEARCH AND DEVELOPMENT

The Research and Development area is of key importance for the long-term success of a premium car manufacturer. The main priorities for the Audi brand are the development of innovative engines and alternative drive concepts, lightweight construction, design, and the continuing refinement of infotainment solutions, driver assistance systems and piloted driving.

In the past fiscal year, an average of 10,970 (9,832) employees worked in the Research and Development area of the Audi Group.

Employees in the Research and Development area

Average for the year	2014	2013
AUDI AG	8,467	7,519
AUDI HUNGARIA MOTOR Kft.	252	223
Automobili Lamborghini S.p.A.	267	250
Italdesign Giugiaro S.p.A.	764	743
PSW automotive engineering GmbH	729	633
Ducati Motor Holding S.p.A.	201	189
Other	290	275
Workforce in the Research and Development area	**10,970**	**9,832**

In the period under review, research and development activities reached a total of EUR 4,316 (3,966) million in the Audi Group. We capitalized development costs amounting to EUR 1,311 (1,207) million, representing a capitalization quota of 30.4 (30.4) percent. Capitalized development costs totaling EUR 701 (528) million were depreciated in 2014.

Research and development activities

EUR million	2014	2013
Research expense and non-capitalized development costs	3,005	2,759
Capitalized development costs	1,311	1,207
Research and development activities	**4,316**	**3,966**

/ *TECHNICAL INNOVATIONS*

// *NEW ENGINES – DRIVING FUN AND EFFICIENCY*

In order to offer our customers dynamic performance paired with minimal fuel consumption, we continued to systematically develop our range of engines in the past fiscal year. The Audi ultra models, for example, are very enjoyable to drive but also economical with fuel. The A4 2.0 TDI ultra, for example, develops 100 kW (136 hp), but uses an average of only 4.0 to 4.3 liters of diesel fuel per 100 kilometers, corresponding to CO_2 emissions of 104 to 113 g/km. The A6 2.0 TDI ultra develops 140 kW (190 hp) and achieves average fuel economy of only 4.2 to 4.7 liters of diesel per 100 kilometers, equivalent to CO_2 emissions of 109 to 124 g/km.

The new 2.0 TFSI engine that appeared on the market in 2014 with the third generation of the Audi TT Coupé is another example of dynamic performance and fuel efficiency. With an output of 169 kW (230 hp), the sports car uses on average only 5.9 to 6.4 liters of premium grade fuel per 100 kilometers, making it one of the most economical cars in its segment.

The 4.0 TFSI engine, featured in such models as the RS 7 Sportback, is another example of remarkable dynamism. The high-performance engine developing 412 kW (560 hp) accelerates the RS 7 Sportback from 0 to 100 km/h in just 3.9 seconds. The innovative cylinder on demand technology is instrumental in making this vehicle so efficient. For all its power and sportiness, the model covers 100 kilometers on an average of only 9.5 liters of Super Plus fuel.

// AWARDS FOR AUDI ENGINES

In 2014, the 2.5 TFSI engine was voted "International Engine of the Year" in its category for the fifth year in succession. The engine was rated by an international panel of experts comprising 82 motoring journalists from 34 countries. The five-cylinder power unit scored especially highly for its performance and powerful sound (www.ukipme.com/engineoftheyear/results.php?id=18).

In addition, the U.S. online magazine Digital Trends chose the V8 biturbo 4.0 TFSI as its "Engine of the Year." The engine was especially commended for its outstanding efficiency and power. The jury also applauded its innovative cylinder deactivation – cylinder on demand technology – which has yielded a reduction in fuel consumption in the RS 7 Sportback (http://motioncars.inquirer.net/25916/bounty-of-awards-for-audi-cars-worldwide-early-in-the-year).

// LIGHTING TECHNOLOGY

Audi has been systematically promoting the development of automotive lighting technology for many years now. Our headlights not only define the appearance of our models; more significantly, they also raise the standards of comfort and safety by improving illumination of the road ahead.

Matrix LED headlights, which Audi brought onto the market back in 2013, are an entirely new concept in the sphere of automotive lighting technology because they make car driving safer and more comfortable, while also improving fuel efficiency. The innovative, energy-saving functions of Matrix LED headlights are available on the current models of the Audi TT, A6, A7 and A8 car lines as well as on the new Q7.
Our Matrix LED headlights on the Audi A8 also impressed industry experts and were rewarded with the prestigious "Best of Best" award in the Automotive Brand Contest (www.german-design-council.de/en/design-awards/automotive-brand-contest/2014/online-exhibition/best-of-best.html).

In the year under review, another innovation in lighting technology made its debut at Audi. We unveiled the first production model with laser high beam in the shape of the new R8 LMX, a limited-edition supercar. In this case, one laser module in each headlight generates a light cone that extends twice as far as the high beam of an all-LED headlight. The laser beam is converted into white light suitable for use in road traffic. This helps the driver to identify contrasts more easily and reduces fatigue. The innovative laser high beam, which is activated from 60 km/h, ideally complements the Matrix LED headlights and hugely improve visibility and safety for the driver.

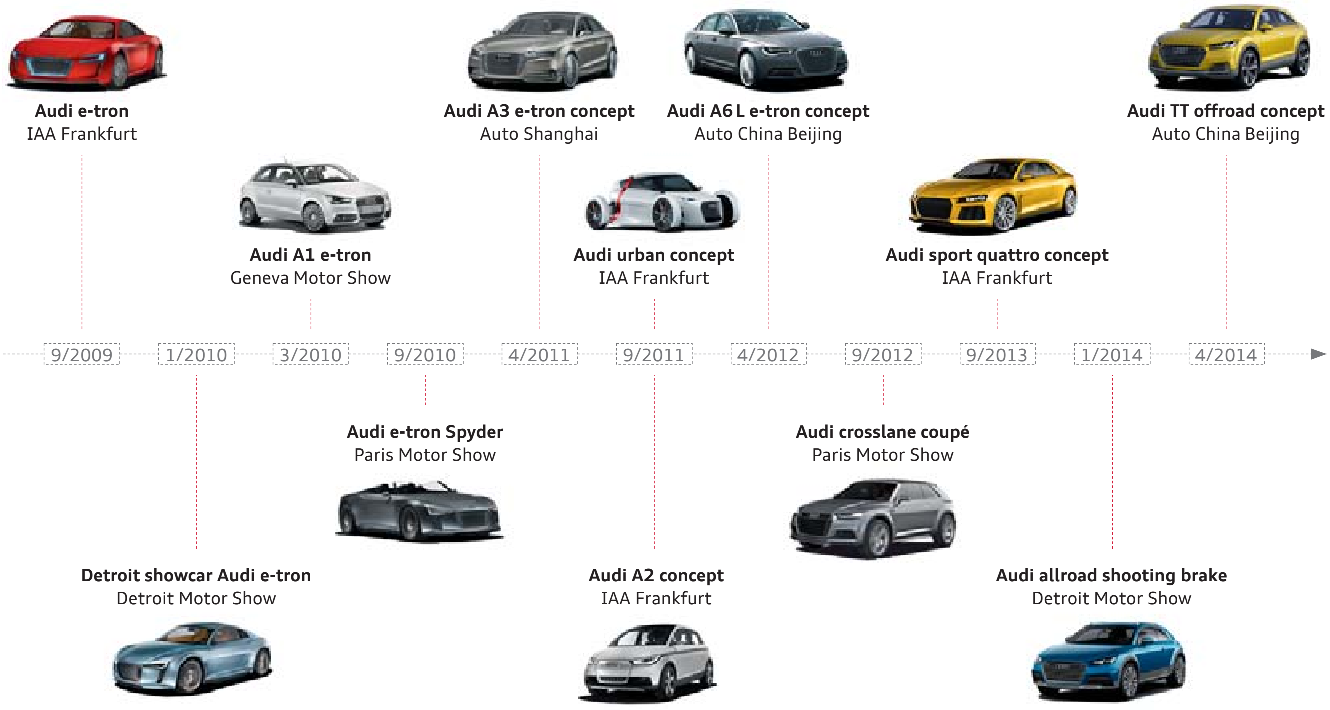
Our engineers work in close cooperation with their Audi motorsport colleagues in advancing the development of innovative lighting technology. The combination of LED and laser high beam was used and tested for the first time in June 2014 on the new Audi R18 e-tron quattro at the 24 Hours of Le Mans.

/ FUTURE MOBILITY

// AUDI E-TRON

To reduce our vehicles' CO_2 emissions and lay the foundation for CO_2-neutral mobility, we are stepping up our activities in the field of electric mobility under the umbrella term Audi e-tron. For a number of years now, Audi has been working on a broad-based approach with the goal of coordinating all systems and components as effectively as possible, in order to maximize the potential of electric mobility.
Audi presented its first showcar with electric drive back in 2009. Other concept cars followed in later years, for example in 2014 we presented a concept car with plug-in hybrid drive, called the Audi TT offroad concept. We also reached a new milestone for Audi in electric mobility in the year under review with the launch of the Audi A3 Sportback e-tron, which has been available for customers since the end of 2014. We will be steadily broadening our range in this area over the next few years. The start of 2015, for instance, will see the arrival of an e-tron version of the Audi Q7. In 2016, we plan to introduce an e-tron version of the Audi A6 L for the Chinese market.

Audi e-tron studies



// AUDI WIRELESS CHARGING TECHNOLOGY

We are currently working on another innovative technology by the name of "Audi wireless charging." The aim here is to enable our customers to use an automatic, contactless charging process by means of induction. The charging process involves an alternating magnetic field between a stationary pad on the ground and a mobile pad in the car. This process ends automatically as soon as the battery is fully charged, and takes roughly as long as recharging by cable. It can be ended by the customer at any time. The charging process is not adversely affected by weather conditions such as rain, snow or ice. Audi wireless charging was presented most recently in our Audi TT offroad concept showcar at the Auto China 2014 in Beijing.

A similar charging concept, the Audi phone box, was also showcased at the Consumer Electronics Show (CES) in Las Vegas in 2014 and 2015. It paves the way for such applications as wireless in-vehicle charging of mobile devices, for example in the new Audi Q7. The result will be to make the in-car use of smartphones even more convenient.

// OUTSTANDING SUCCESSES IN MOTORSPORT

We achieved a third successive triumph at Le Mans with our Audi R18 e-tron quattro and extended our string of victories with an excellent one-two win. In the 82nd meeting of the world's most prestigious endurance event, the two Audi R18 e-tron quattro cars fended off strong challengers in a tough race, the outcome of which was impossible to predict for much of the time. This victory brings the total number of Le Mans wins for the brand with the Four Rings to 13, out of 16 starts.

Audi notched up a number of victories in last season's German Touring Car Masters (DTM). These included a hat trick at the season's last event at Hockenheim, which brought us the title in the constructors' championship.

// AUDI CONNECT

Whether at home, out and about or at work, today's customers want to be connected at all times and everywhere. The Audi connect function, which can be integrated into the vehicle as an option, means we are able to offer our customers such connectivity in their Audi too. Our optional MMI Navigation plus with MMI touch, available for a large number of models, gives the driver intuitive, quick access to Audi connect services. The ability to make long and complex inputs using handwriting recognition or by voice control increases convenience and also driving safety. We offer drivers an even more convenient way of using Audi connect services with the MMI all-in-touch, which has a control panel with oversized touchpad and is available for the first time in the new Audi Q7. Depending on the model, up to 26 different in-car Audi connect services are currently available, spanning the navigation, mobility, communications and infotainment areas.

Thanks to the ultra-fast LTE mobile communications standard – integrated for the first time in the new Audi A3 models and now also available in the current Audi TT, A6 and A7 and the new Q7 – the driver can access various Internet services from Audi connect from inside their vehicle in real time. Depending on network availability, they can use Google Earth™, Google Street View™, Online Media Streaming as well as traffic, flight and train information directly from the vehicle. Many of these services can be customized to personal requirements using a myAudi account. With the help of the Audi MMI connect app, drivers of the new TT generation can also connect with the vehicle using their own smartphone, directly accessing the music on their smartphone via Wi-Fi, for example.

Audi connect services in the new Audi TT

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

// OPERATION AND DISPLAYS

One highlight of the new TT generation is the Audi virtual cockpit. Instead of analog instruments and the MMI monitor, there is a 12.3-inch screen. Alternatively, the Audi virtual cockpit can be operated from the multifunction steering wheel, using MMI touch or by voice control. Our customers of the new Audi TT generation can enjoy the benefits of a significantly improved voice control system. It now understands everyday speech and phrases. In the telephone menu, for example, it is possible to call a contact simply by saying "I want to talk to Peter Smith" or "Get me Peter Smith."

The innovative nature of our connect services is reflected in the array of awards that we have won. For example, the new Audi TT received the distinction of best connected car in the "Car Connectivity Award," the first such reader poll conducted by the trade magazines auto motor und sport and CHIP (auto motor und sport, issue 16/2014, p. 114–115).

The growing significance of consumer electronics is bringing new and innovative technologies integrated into the vehicle ever more sharply into focus. As a manufacturer of premium automobiles with long development and product life cycles typical for the industry, the particular challenge here is to respond to the fast-moving nature of consumer electronics and increasingly demanding customer expectations. Through our modular infotainment platform (MIB), which became available in 2012 with the introduction of the new Audi A3 models, we have created a way to respond flexibly to the short product life cycles of consumer electronics in order to integrate new trends and technologies into our vehicles at an early stage.

/ DESIGN

The fact that design is quoted as the main reason why customers choose the car they do makes it a key success factor for Audi. We therefore consistently strive to refine and sharpen our all-embracing design idiom. In the future, we will be aiming to differentiate between the individual model series more clearly. On top of this, automotive technologies that will increasingly be visualized in the design – inside and out – will further reinforce the progressive character of the Audi brand.
The Audi prologue showcar that we presented in November 2014 at the Los Angeles Auto Show signals the dawning of a new design era for the Audi brand. The two-door coupe blends overt sportiness with elegance and comfort. Measuring 5.10 meters in length and with a 2.94-meter wheelbase, the showcar is shorter and flatter than the current Audi A8. The Singleframe has evolved significantly and is now much wider than before. In this way it emphasizes the dynamic character of the concept car. Balanced proportions give equal weight to the front and rear wheels, reflecting the quattro technology in the design as well. The innovative headlights are equipped with high-resolution matrix laser technology, which paves the way for entirely new design expressions and functions. When seen from the rear too, the look has been extensively reworked and sharpened. The Audi prologue unites the functional characteristics of a notchback coupe with the aesthetic appeal of a fastback coupe. The unconventional design of the LED rear lights with 3D glass extends over the full width of the car to evoke a new quality of dynamism.
Inside, various details emphasize the exclusive, luxurious character of the concept car. In addition, the spacious interior is equipped with the innovative Audi virtual cockpit future, which assists the driver whether for a decidedly sporty driving style or for relaxing travel. The interface adapts its look to the current driving style. During sporty driving, for example, the display enters the sport mode and specifically presents relevant information such as revs and boost pressure. Thanks to the new way of integrating display surfaces and operating systems into the dashboard and center console of the Audi prologue, the architecture and operating concept merge into one. The dashboard has three touch displays extending across its entire width. For the first time, a front passenger display enables digital interaction between the driver and front passenger. For instance, the front passenger can configure routes and make them available to the driver with a simple swipe. In addition, some controls use a new-style flexible OLED (organic light emitting diode) display, which permits extremely sharp, high-contrast images.

Audi prologue show car

/ *INNOVATIONS FOR SAFETY AND COMFORT*

// *DRIVER ASSISTANCE SYSTEMS*

With our extensive range of innovative driver assistance systems, we make the driving experience even more convenient for our customers. All driver assistance systems, from adaptive cruise control (ACC) with stop&go function – an automatic distance control system – to traffic sign recognition – a system to display the current speed limit for the driver – are tightly integrated. The assistance systems support drivers and reduce their workload, but always leave them in charge of the vehicle.

Various driver assistance systems from the full-size category are now also available in our premium compact vehicles. For example, an extensive range of standard features significantly improves safety in our new TT generation. Systems such as attention assist and the adaptive brake light in the LED rear lights help to avoid accidents. The Audi TT 2.0 TFSI and TTS models also come with the Audi active lane assist function – a technology that informs drivers as soon as they change lanes without indicating and, depending on its settings, guides the vehicle back.

Audi is also working intensively on the development of various technologies for piloted driving. Piloted driving means that in certain situations the driver surrenders the task of driving. One particular system can make the driver's task easier by automatically taking charge of steering, accelerating and braking the vehicle in traffic congestion at speeds of up to 60 km/h. Piloted parking can also assist our customers with tight, awkward parking maneuvers. In the future, the driver will be able to initiate a maneuver into or out of a parking space performed by the vehicle itself at the press of a button, without the driver actually needing to be in the vehicle.

Audi demonstrated the impressive potential of piloted driving during the final date in the German Touring Car Masters (DTM) calendar. The RS 7 piloted driving concept lapped the Hockenheim Grand Prix circuit at racing speeds, entirely without a driver. Journalists were able to witness piloted driving live from the driver's seat in a car driving to the Consumer Electronics Show (CES) in Las Vegas at the start of 2015. The Audi A7 piloted driving concept competently handled a variety of everyday driving situations on a long-distance journey from Silicon Valley to Las Vegas.

// VEHICLE SAFETY

Audi again received a variety of awards for vehicle safety in the year under review. These included a top five-star rating for the A3 Sportback e-tron from the association of European transport ministers, automobile clubs and insurance associations under the "European New Car Assessment Programme" (Euro NCAP) (www.euroncap.com/results/audi/a3_etron/587.aspx).

The crash experts at Audi Vehicle Safety can draw on many years of experience. Other brands are to benefit from this expertise too in the future. The first ever crash test involving a motorcycle, the Ducati Multistrada D|Air®, and an Audi A3 was carried out in the year under review. The primary objective of arranging this crash between motorcycle and car was to try out the world's first motorcycle with integral sensor system, which activates an airbag jacket in the event of accidents in order to enhance motorcycle safety.

PROCUREMENT

/ PROCUREMENT STRATEGY

Identifying high-performing suppliers worldwide and working with them in partnership is a key task of Audi Group Procurement. Alongside overall economic efficiency, other decisive factors are quality, innovativeness, reliability and international value creation. We pursue four strategic goals at Audi Procurement: to increase the competitiveness of the Company, to develop a global procurement network, to source innovations, and to guarantee quality and sustainability in the value chain. A further aim is to make this area even more attractive to employees and applicants. In order to exploit Group-wide synergy potential to the full, we select suppliers in close consultation with Volkswagen Group Procurement.

The cost of materials came to EUR 36,024 (32,491) million in 2014. This includes expenses for raw materials and supplies, as well as purchased goods and services.

/ GLOBALIZATION THROUGH LOCALIZATION

As a result of increasing globalization, the strategic significance of procurement is growing. Our international growth necessitates a worldwide procurement and production network along with innovation management. This presents us with the challenge of identifying and developing new local suppliers at our locations. On the other hand, we also want to develop capacity at existing suppliers.

We are therefore increasingly choosing partners who have a global footprint and can work hand in hand with us to develop new locations worldwide. This localization strategy enables us above all to reduce risks from exchange rate fluctuations, increase the reliability of supplies and optimize the costs for parts and logistics.

/ QUALITY

In order to assure premium quality at all locations worldwide, we regularly hold training courses and workshops on site at our suppliers. To accompany the development of the San José Chiapa (Mexico) plant, for example, we are implementing an intensive, tailored supplier development program. Over and above the standard basic training and suppliers' days, this includes giving our suppliers training in eight additional development modules, spanning topics such as quality, logistics and tools. By the time production starts there, we will have qualified around 160 suppliers for our Mexico project. This task calls for close collaboration between a large number of Audi areas, from Planning, Development and Procurement to Production, Logistics and Quality Assurance.

/ OPTIMIZING COSTS THROUGH VALUE ANALYSIS

Continually optimizing costs is another central objective of Audi Procurement. New technologies such as electric mobility and digitization present a particular challenge in this respect. We will therefore use the tool of value analysis more intensively and earlier on in the product creation process.

By conducting detailed in-depth analyses and competitor comparisons, we can optimize the cost structures and concepts for our components hand in hand with our suppliers. Through cross-disciplinary collaboration with Development, Quality Assurance and Controlling, we can thus create innovations and technologies that are also competitive from a cost viewpoint.

/ *STRATEGIC INTEGRATION OF SUPPLIERS*

Entering into dialogue with suppliers early on is also a significant factor in promoting internationalization and developing innovations. Volkswagen Group Procurement therefore launched an exclusive supplier program in the past fiscal year in an effort to integrate selected, strategically relevant suppliers more closely into our Group network. Starting in spring 2015, we will be able to offer those partners a particularly high degree of planning certainty, expertise protection and transparency. We will integrate them into our investment and product plans from an early stage and maintain an intensive dialogue with them at planning conferences and strategy discussions. In return, we expect close cooperation on a global scale and exclusive access to innovations.

/ *SUSTAINABILITY*

Sustainability in supplier relations is also at the very heart of our procurement philosophy. Having set the bar high for corporate social responsibility, we expect our suppliers and business partners to uphold defined governance, environmental and social standards both for themselves and to expect the same from their own suppliers. This requirement has been a core feature of our contracts since the end of 2013.

Back in 2013, we signed up to the Aluminium Stewardship Initiative (ASI) – a non-profit initiative involving leading manufacturers in the aluminum industry. The purpose of the initiative was to develop a global standard for sustainable aluminum by the end of 2014, defining environmental and social criteria along the entire value chain from raw material extraction to recycling. This standard was approved and published at the end of the past fiscal year.

PRODUCTION

We increased automotive production in the Audi Group to 1,804,624 (1,608,048) vehicles in the 2014 fiscal year. Of this total, 529,205 (420,060) vehicles of the Audi brand were made by the joint venture FAW-Volkswagen Automotive Company, Ltd. in Changchun (China), at its two locations Changchun and Foshan. Overall, 1,801,974 (1,605,926) Audi vehicles and 2,650 (2,122) supercars of the Lamborghini brand were built worldwide in the 2014 fiscal year.
The Ducati Group built a total of 45,339 (45,018) motorcycles from January through December 2014.

/ *AUTOMOTIVE SEGMENT*

At the main Group location in Ingolstadt, we manufactured 572,022 (576,680) vehicles of the Audi brand in the period under review.
Over the same period, a total of 273,168 (275,650) vehicles were built in Neckarsulm.

AUDI HUNGARIA MOTOR Kft. produced a total of 135,232 (42,851) cars of the TT model line and A3 family in Győr (Hungary) in 2014.

Between January and December 2014, 115,378 (120,520) vehicles of the A1 family left the Brussels (Belgium) plant, operated by AUDI BRUSSELS S.A./N.V.
In addition, the Volkswagen Group locations Bratislava (Slovakia) and Martorell (Spain) built 60,990 (63,543) of the Audi Q7 and 115,979 (106,622) of the Audi Q3 respectively.

In the past fiscal year, the Chinese joint venture FAW-Volkswagen Automotive Company, Ltd., Changchun, produced a total of 483,175 (419,984) cars of the A4 L, A6 L, Q3 and Q5 models at its company headquarters in Changchun, and 46,030 (76) vehicles of the A3 family in the southern Chinese city of Foshan.

The Ingolstadt, Neckarsulm, Győr (Hungary), Bratislava (Slovakia) and Martorell (Spain) locations supplied parts and components for the assembly of a total of 11,300 (8,864) cars at the plant in Aurangabad (India).

Car production by model [1)]

	2014	2013
Audi A1	35,216	38,258
Audi A1 Sportback	80,162	82,262
Audi A3	24,461	32,824
Audi A3 Sportback	190,922	163,822
Audi A3 Sedan	117,282	21,638
Audi A3 Cabriolet	19,408	2,886
Audi Q3	200,145	152,756
Audi TT Coupé	14,963	14,808
Audi TT Roadster	2,691	3,550
Audi A4 Sedan	225,351	235,966
Audi A4 Avant	84,744	83,843
Audi A4 allroad quattro	19,104	18,181
Audi A5 Sportback	47,577	50,754
Audi A5 Coupé	25,009	29,428
Audi A5 Cabriolet	15,960	18,025
Audi Q5	260,832	231,466
Audi A6 Sedan	245,750	230,560
Audi A6 Avant	51,323	49,462
Audi A6 allroad quattro	10,718	8,675
Audi A7 Sportback	27,546	30,962
Audi Q7	60,990	63,543
Audi A8	39,606	39,757
Audi R8 Coupé	1,382	1,578
Audi R8 Spyder	832	922
Audi brand	**1,801,974**	**1,605,926**
Lamborghini Gallardo	–	933
Lamborghini Huracán	1,540	76
Lamborghini Aventador	1,110	1,113
Lamborghini brand	**2,650**	**2,122**
Automotive segment	**1,804,624**	**1,608,048**

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

Car engine production

	2014	2013
AUDI HUNGARIA MOTOR Kft.	1,973,734	1,925,636
Automobili Lamborghini S.p.A.	1,112	1,088
Car engine production	**1,974,846**	**1,926,724**

The Audi Group produced 1,974,846 (1,926,724) engines for cars from January through December 2014. Of this total, AUDI HUNGARIA MOTOR Kft. manufactured 1,973,734 (1,925,636) units at the plant in Győr (Hungary). Automobili Lamborghini S.p.A. also built 1,112 (1,088) 12-cylinder engines in Sant'Agata Bolognese (Italy).

/ *MOTORCYCLES SEGMENT*

In the 2014 fiscal year, Ducati produced 45,339 (45,018) motorcycles worldwide. At its headquarters in Bologna (Italy), it manufactured 39,459 (39,968) motorcycles of all model families in the Ducati product portfolio. At Amphur Pluakdaeng (Thailand), the company produced 4,788 (4,256) motorcycles of the Scrambler, Diavel, Monster, Hypermotard, Multistrada and Superbike models. In Manaus (Brazil), 1,092 (794) motorcycles of the Diavel, Monster, Hypermotard, Multistrada and Superbike model lines were built on behalf of the Ducati Group.

Motorcycle production

	2014	2013
Scrambler	91	–
Naked/Sport Cruiser (Diavel, Monster, Streetfighter)	27,539	20,777
Dual/Hyper (Hypermotard, Multistrada)	9,333	16,336
Sport (Superbike)	8,376	7,905
Ducati brand	**45,339**	**45,018**
Motorcycles segment	**45,339**	**45,018**

/ EXPANSION AND DEVELOPMENT AT THE GROUP LOCATIONS

// INGOLSTADT PREPARES FOR PRODUCTION OF NEW MODELS

The Audi A4 has been in production at the main Group location in Ingolstadt for 20 years. With over six million units built, it is the most successful Audi model of all time. We are in the process of preparing the production start of the fifth-generation Audi A4, with the first cars due to leave the Ingolstadt production line in 2015. Extensive construction work and modernization is needed to ensure that production can start according to schedule. For example, over 1,300 production and assembly facilities must be installed and set up in the body shop to the north of the plant site.
The main Group location in Ingolstadt is also starting to prepare for the production start of the new Audi Q1, which will be built there from 2016.

After a construction phase of around two years, we were able to officially open our high-tech facility in Neuburg at the end of August 2014. The approximately 47-hectare site houses the Motorsport Competence Center, the Audi driving experience center and also various Technical Development functions.

// NECKARSULM SITE PREPARING FOR THE FUTURE

We completed and commissioned two major investment projects at the Neckarsulm location in 2014. Audi opened a new Logistics Center in March 2014 on an approximately 23-hectare site in the Böllinger Höfe industry park, roughly six kilometers away. R8 production also started on the same premises in our new production halls in August 2014.

In addition, Audi completed a new vehicle distribution center at the Neckarsulm site in the past fiscal year. Covering a total area of 33,000 square meters, it has 1,440 parking bays on six floors for new vehicles awaiting shipment by rail or truck.

// AUDI HUNGARIA PRODUCES ADDITIONAL MODEL

The 100,000th car left the new automotive plant at AUDI HUNGARIA MOTOR Kft., Győr (Hungary), in September 2014. We have been building the new generation of the Audi TT Roadster there since November 2014, alongside the Audi A3 Sedan, A3 Cabriolet and TT Coupé.

// EXTENDED PARTNERSHIP IN CHINA

In the past fiscal year we extended our partnership with 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, by another 25 years until 2041.
It was also announced in summer 2014 that the new Audi A6 L e-tron – a plug-in hybrid with cutting-edge battery technology, based on the long-wheelbase Audi A6 – is to be built by the joint venture.

// NEW AUDI PLANT IN MEXICO

The new Audi Q5 is due to go into volume production in San José Chiapa (Mexico) in mid-2016.
Training of the workforce is taking place in parallel with construction work. The on-site Training Center, with a floor area of around 20,000 square meters, was opened in October 2014 and will ultimately host over 1,500 courses a year.

// PRODUCTION START FOR DUCATI SCRAMBLER

The new Ducati Scrambler went into production at the Bologna (Italy) plant within a matter of months of its unveiling in summer 2014.

DELIVERIES AND DISTRIBUTION

In the Automotive segment, the Audi Group delivered 1,933,517 (1,751,007) cars to customers worldwide in the 2014 fiscal year. The core brand Audi performed especially well, with 1,741,129 (1,575,480) vehicles delivered. The Lamborghini brand handed over a total of 2,530 (2,121) supercars to customers. The total deliveries to customers also include 189,858 (173,406) vehicles of other Volkswagen Group brands.
In the Motorcycles segment, the Ducati brand handed over 45,117 (44,287) motorcycles to customers in the past fiscal year.

/ AUTOMOTIVE SEGMENT

Car deliveries to customers by model

	2014	2013
Audi A1	35,414	38,684
Audi A1 Sportback	81,232	84,260
Audi A3	26,301	34,448
Audi A3 Sportback	176,211	156,201
Audi A3 Sedan	93,567	7,380
Audi A3 Cabriolet	13,700	4,244
Audi Q3	197,919	145,224
Audi TT Coupé	12,981	15,103
Audi TT Roadster	3,043	4,264
Audi A4 Sedan	224,866	235,582
Audi A4 Avant	83,666	86,731
Audi A4 allroad quattro	19,038	18,126
Audi A5 Sportback	48,279	48,978
Audi A5 Coupé	25,623	29,461
Audi A5 Cabriolet	16,220	18,032
Audi Q5	247,446	234,051
Audi A6 Sedan	241,657	230,535
Audi A6 Avant	51,519	48,623
Audi A6 allroad quattro	10,415	8,999
Audi A7 Sportback	29,162	28,179
Audi Q7	62,166	59,099
Audi A8	38,482	36,681
Audi R8 Coupé	1,357	1,617
Audi R8 Spyder	865	978
Audi brand	**1,741,129**	**1,575,480**
Lamborghini Gallardo	265	1,120
Lamborghini Huracán	1,137	–
Lamborghini Aventador	1,128	1,001
Lamborghini brand	**2,530**	**2,121**
Other Volkswagen Group brands	**189,858**	**173,406**
Automotive segment	**1,933,517**	**1,751,007**

// AUDI BRAND

The Audi brand delivered a total of 1,741,129 (1,575,480) cars to customers worldwide in 2014 and achieved a new deliveries record thanks to growth of 10.5 percent.
In the domestic market in Germany, a total of 255,582 (250,025) customers chose a model with the Four Rings in the period under review – a rise of 2.2 percent. With 447,382 (422,709) cars delivered in other Western European countries, we reasserted our market lead in the premium segment. In the United Kingdom – our largest export market in Europe – the Audi brand enjoyed particularly dynamic growth in demand. With 158,829 (142,039) deliveries to customers – up 11.8 percent – we successfully maintained the growth trajectory of recent years. The Audi brand also achieved growth in Italy and Spain. In France, the total number of deliveries was on par with the previous year at 57,214 (57,012) cars.

The overall market underwent a marked contraction in Central and Eastern Europe in the past fiscal year, mainly due to uncertainty fueled by the political situation between Russia and Ukraine. We too were unable to stave off its consequences altogether. The volume of deliveries in Russia, the largest single market in the region, was therefore slightly down on the high prior-year total at 34,014 (36,150) cars.

The Audi brand continued to effectively implement its strategy of qualitative growth in the U.S. car market and increased the volume of deliveries there by 15.2 percent to 182,011 (158,061) vehicles.

The Audi brand repeated its outstanding success over recent years in the Asia-Pacific region. The past fiscal year saw us deliver a total of 680,111 (579,083) Audi vehicles to customers, an increase of 17.4 percent. We achieved very good growth rates especially in China (including Hong Kong), our highest-volume single market. In total, 578,932 (491,989) customers there chose a model with the Four Rings. The Audi brand consolidated its leading position in the country's premium market with growth of 17.7 percent. In Japan, we also maintained the positive trend of recent years. The number of vehicles handed over to Japanese customers was up 9.1 percent on the previous year, totaling 31,356 (28,735) cars.

/// AUDI A1

The improved models of the A1 car line with an extensive selection of new or improved TDI and TFSI engines have been available since the start of 2015. Even though most of the engines offer more power, their fuel efficiency has seen improvements of as much as 10 percent. In addition, the derivative versions S1 and S1 Sportback were added to the A1 family in the past fiscal year. These sporty top models are equipped with quattro permanent all-wheel drive and a powerful 2.0 TFSI engine developing 170 kW (231 hp). In total, 116,646 (122,944) vehicles of the A1 car line were delivered to customers in the past fiscal year.

/// AUDI A3

Further attractive models joined the A3 family in 2014. The new arrivals included the sporty S3 Sedan, which is outfitted with a powerful 2.0 TFSI engine producing 221 kW (300 hp). The new A3 Cabriolet and the S3 Cabriolet sporty top model have been available since the end of 2014 as open-top versions of our popular compact car line. In spring 2014, we introduced the A3 Sportback g-tron onto the market. Its 1.4 TFSI engine developing 81 kW (110 hp) can run either on natural gas, on e-gas produced by Audi or on conventional fuel. The A3 Sportback e-tron is a further building block in our comprehensive, sustainable mobility concept. The plug-in hybrid combines a 1.4 TFSI engine with an electric motor. In purely electric mode, the A3 Sportback e-tron has a range of up to 50 kilometers, and in combination with the combustion engine it can cover over 900 kilometers. A total of 309,779 (202,273) vehicles of the A3 family were handed over to customers in 2014, an increase of 53.1 percent.

/// AUDI Q3

Since its market introduction in fall 2011, more than 400,000 of the Audi Q3 have been handed over to customers. This successful model underwent further improvements in the past fiscal year. Since the first quarter of 2015 the improved models of our premium compact SUV have been on the market with a sharper design and an array of new technical features. Meanwhile, the Audi RS Q3 has also evolved into an even more dynamic car. Its five-cylinder engine with a displacement of 2.5 liters develops 250 kW (340 hp) and accelerates the car line's top model from 0 to 100 km/h in 4.8 seconds. The electronically governed top speed is 250 km/h. 197,919 (145,224) customers opted for a model from the Q3 car line in 2014 – a year-on-year increase of 36.3 percent.

/// AUDI TT

The Company gradually rolled out the new Audi TT Coupé in markets during summer 2014. Notable attributes of the third generation of our design icon are its emotional design language and dynamic driving characteristics. The new TT is characterized by the use of innovative technologies in its powertrain as well as in its control and display concept, such as the Audi virtual cockpit. In addition, spring 2015 will see the delivery start of the new TT Roadster, which combines the dynamic handling of a sports car with the experience of an open-roof two-seater. A total of 16,024 (19,367) customers chose TT Coupé and TT Roadster models in the past fiscal year.

/// AUDI A4

The models of our A4 car line are noted for their balanced, sporty character blended with a high degree of functionality and everyday suitability. Our highest-volume car line proved immensely popular again in the year under review. In total, 327,570 (340,439) vehicles of the A4 family were delivered to customers in 2014. The A4 models are available with an extensive range of TDI and TFSI engines that feature a large number of efficiency technologies as standard.

/// AUDI A5

The models of our A5 family – the Sportback, the Coupé, the Cabriolet, and the S5 and RS 5 models – include fascinating design, timeless elegance and dynamic sportiness among their main attributes. In the period under review, 90,122 (96,471) vehicles of the A5 car line were delivered to customers.

/// AUDI Q5

The Audi Q5 combines a high degree of sportiness with a variable interior and many practical solutions for everyday and recreational use. Thanks to these qualities, the midsize SUV again met with a very positive market response in the past fiscal year. Deliveries of the Q5 reached 247,446 (234,051) vehicles, an increase of 5.7 percent, once again exceeding the Company's expectations.

/// AUDI A6

Audi further enhanced the appeal of its A6 full-size car line in the year under review. As well as the Sedan and Avant versions, the versatile A6 allroad quattro and the S6, S6 Avant and RS 6 Avant sport models are packed with numerous new features. For example, the range of infotainment solutions for the improved A6 family models is now even wider and includes the new connect services of Online Media Streaming and map update online. A total of 303,591 (288,157) models of the popular A6 car line were delivered to customers.

/// AUDI A7 SPORTBACK

The Audi A7 Sportback also underwent extensive improvements in 2014. The five-door coupe is now even more dynamic and attractive. The top-of-the-range power unit, the 4.0 TFSI, is used in the sporty S7 und RS 7 Sportback models, in which it develops 331 kW (450 hp) and 412 kW (560 hp) respectively. The Audi A7 Sportback car line achieved a delivery volume of 29,162 (28,179) vehicles in the past fiscal year.

/// AUDI Q7

Audi offers its customers a large, versatile performance SUV in the shape of the Q7. Its powerful and efficient engines, quattro all-wheel drive as standard and 8-speed tiptronic transmission deliver a high level of driving comfort. The new-generation Audi Q7 made its world debut at the Detroit Motor Show in early 2015 and will gradually be appearing on markets from the summer. The new Q7 stands out with its pioneering lightweight construction, high efficiency and innovative assistance and infotainment systems. A total of 62,166 (59,099) customers chose the Audi Q7 in the past fiscal year.

/// AUDI A8

The past fiscal year signaled the sales start for the improved A8, S8, A8 L and A8 L W12 models in a large number of sales markets, including China and the United States. The A8 models blend dynamic exterior design and sporty handling with superb equipment for comfort and convenience, plus an exclusive interior. All these characteristics combined make the luxury sedans of the A8 family popular models, of which 38,482 (36,681) were delivered to customers in the period under review.

/// AUDI R8

The Audi R8 is the sporty spearhead in the Audi brand's model portfolio. Its high-revving mid-engine and aluminum body using the Audi Space Frame (ASF) principle are clear indications of its motorsport pedigree. In 2014, we added the limited-edition model Audi R8 LMX to our range – the world's first production car with laser high beam on board. The thoroughbred mid-engine sports car is thus once again playing a pioneering role in automotive lighting technology. 2,222 (2,595) high-performance sports cars of the R8 car line were delivered to customers in the period under review.

// LAMBORGHINI BRAND

In the course of the development of its product portfolio, the Lamborghini brand presented the newly developed Huracán LP 610-4 as the follow-up model to the successful Gallardo at the 2014 Geneva Motor Show. The main assets of this supercar are a design dominated by clear-cut edges and extremely sporty handling characteristics. The ten-cylinder engine with an output of 448 kW (610 hp) catapults the Huracán from 0 to 100 km/h in just 3.2 seconds and from 0 to 200 km/h in 9.9 seconds. Its top speed is in excess of 325 km/h. These qualities have made the Huracán a hit with customers worldwide – following its market introduction in spring 2014, a total of 1,137 were delivered by the end of the year. Overall, 1,128 (1,001) Coupé and Roadster versions of the Aventador were presented to their new owners.

In addition, the Asterion LPI 910-4, the Lamborghini brand's first concept car with plug-in hybrid drive, was unveiled to the public at the Paris Motor Show. The Asterion combines a V10 naturally aspirated engine with three electric motors, giving it maximum system power of 669 kW (910 hp). It accelerates from a standstill up to 100 km/h in just 3.0 seconds. In purely electric mode, the technology demonstrator is capable of a range of up to 50 kilometers. Thanks to its innovative hybrid technology, the Asterion LPI 910-4 achieves emissions averaging just 98 grams of CO_2 per kilometer over the European standard driving cycle.

The Lamborghini brand handed over a total of 2,530 (2,121) supercars to customers in the period under review.

// OTHER VOLKSWAGEN GROUP BRANDS

In the 2014 fiscal year, a total of 189,858 (173,406) vehicles of other Volkswagen Group brands were delivered 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 SEGMENT

The Italian motorcycle manufacturer Ducati also extended its product range in the past fiscal year. As well as the new 1199 Superleggera – a lightweight superbike being built in a limited edition of 500 units – the popular Monster 1200 and Monster 1200 S both entered their third model generation. The new motorcycles have plenty more power to offer, as well as being more comfortable to ride and conspicuously versatile. Ducati also offers its customers a new midsize bike in the shape of the Monster 821. The Diavel has likewise been revised from the ground up, taking the distinctive, sporty design of the model family to a new level.
Other new models were given their world debut at Milan's EICMA motorcycle show in November 2014. As well as the 1299 Panigale and Multistrada 1200, four derivative versions of the brand-new Scrambler model line were shown. The Scrambler Icon, Scrambler Urban Enduro, Scrambler Classic and Scrambler Full Throttle all embody a successful blend of the traditional and the modern. The Ducati brand delivered 45,117 (44,287) motorcycles to customers in the past fiscal year.

Motorcycle deliveries to customers

	2014	2013
Naked/Sport Cruiser (Diavel, Monster, Streetfighter)	24,293	21,889
Dual/Hyper (Hypermotard, Multistrada)	11,027	13,647
Sport (Superbike)	9,788	8,751
Internal models before market introduction	9	–
Ducati brand	**45,117**	**44,287**
Motorcycles segment	**45,117**	**44,287**

FINANCIAL PERFORMANCE INDICATORS

The Audi Group maintained its course of growth in the 2014 fiscal year with a further increase in revenue. Despite substantial upfront expenditures for pioneering technologies and new products as well as the expansion of the international production network, the Company achieved an operating return on sales of 9.6 percent, towards the upper end of the strategic target corridor of 8 to 10 percent.

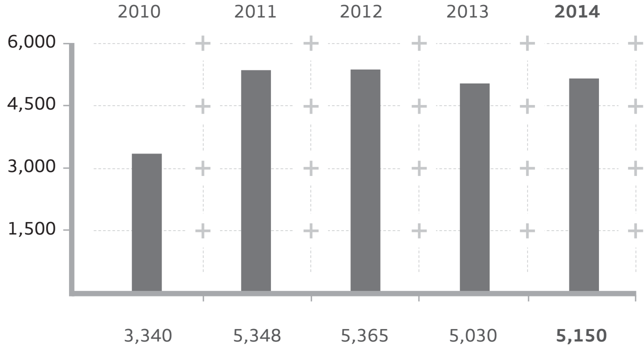
FINANCIAL PERFORMANCE

The Audi Group increased its revenue by 7.8 percent to EUR 53,787 (49,880) million in the 2014 fiscal year. Within this total, the Automotive segment generated revenue of EUR 53,214 (49,310) million. We generated EUR 37,784 (35,827) million in revenue through sales of vehicles of the core brand Audi.
The main revenue driver was the new A3 car line, especially after the gradual market introduction of the A3 Sedan. Sustained high demand for our SUV models also impacted revenue performance positively.
Revenue from the sale of vehicles of the Lamborghini brand saw a year-on-year increase to EUR 586 (458) million, in particular thanks to high demand for the new Huracán.
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). The increasing stabilization of the passenger car market in Western European countries outside Germany played a major part in the rise in revenue from the sale of other-brand vehicles to EUR 3,076 (2,827) million.
Revenue from other automotive business increased to EUR 11,767 (10,194) million, mainly by stepping up deliveries of parts sets for local assembly in China.
In the Motorcycles segment, the Audi Group generated revenue of EUR 575 (573) million in the year under review.
As a result of our expanded production volume, the cost of goods sold for the Audi Group climbed to EUR 44,415 (40,691) million. The gross profit of the Audi Group thus reached EUR 9,372 (9,188) million in the past fiscal year.

The substantial increase in our deliveries and market introductions of a large number of models raised distribution costs for the Audi Group to EUR 4,895 (4,641) million. Administrative expenses rose to EUR 587 (566) million as a result of the general growth of the Audi Group. Other operating result improved to EUR 1,260 (1,049) million.

Operating profit for the Audi Group reached EUR 5,150 (5,030) million and thus improved compared with the previous year despite higher research and development costs for forward-looking technologies and new products as well as high upfront expenditures for the expansion of our international production network. Within this total, our Automotive segment achieved an operating profit of EUR 5,127 (4,997) million. As a result of mix effects and expenditures for the expansion of international manufacturing structures, as well as 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 23 (33) million. Adjusted for the effects of purchase price allocation, an operating profit of EUR 48 (59) million was achieved.

Development of Audi Group operating profit



The financial result of the Audi Group in the past fiscal year was well up on the previous year's level at EUR 841 (293) million, mainly by virtue of a higher result from the measurement of derivative financial instruments. This meant that we increased the Audi Group profit before tax by 12.5 percent to EUR 5,991 (5,323) million. After deduction of income tax expense, the Company generated a profit of EUR 4,428 (4,014) million.

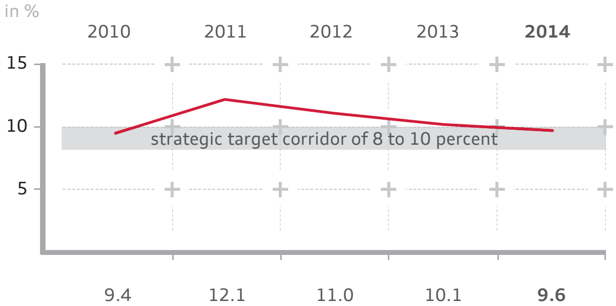
Our Company's high profitability is also reflected in how the key return ratios developed. For example, despite its high upfront expenditures for new products and innovative technologies as well as for the expansion of the international production network, the Audi Group achieved an operating return on sales of 9.6 (10.1) percent. The return on sales before tax for the Audi Group improved to 11.1 (10.7) percent. Over the same period, the return on investment came to 23.2 (26.4) percent.

Key earnings figures

in %	2014	2013
Operating return on sales	**9.6**	**10.1**
Automotive segment	9.6	10.1
Motorcycles segment	4.0	5.7
Adjusted for effects in relation to PPA [1]	*8.4*	*10.2*
Return on sales before tax	**11.1**	**10.7**
Return on investment (ROI)	**23.2**	**26.4**

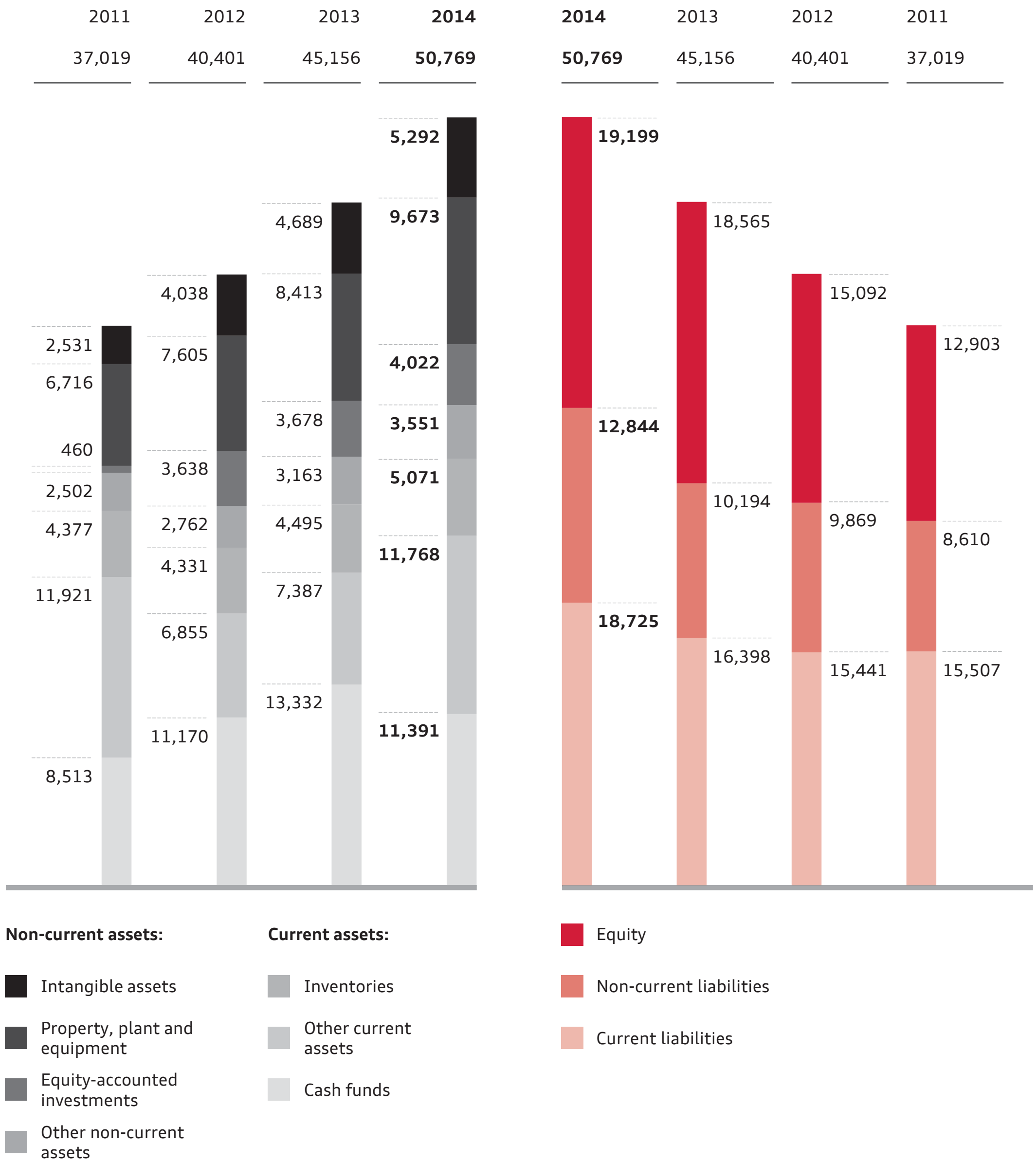
1) Effects of purchase price allocation

Development of Audi Group operating return on sales



NET WORTH

Audi Group balance sheet structure (EUR million)



The 2014 fiscal year saw the Audi Group's balance sheet total increase by 12.4 percent to EUR 50,769 (45,156) million. Non-current assets reached a higher level than in the previous year at EUR 22,538 (19,943) million, in particular as a result of the investment-related rise in property, plant and equipment. Total capital investments for 2014 exceeded the prior-year figure at EUR 4,500 (3,680) million. The ratio of investments in property, plant and equipment for the past fiscal year came to 5.5 (4.8) percent.

The growth in current assets to EUR 28,231 (25,214) million is largely attributable to higher fixed deposits and the rise in receivables prompted by the dynamic business performance.

The Audi Group's equity rose by 3.4 percent to EUR 19,199 (18,565) million as of December 31, 2014. The main factor behind this growth was the cash injection of EUR 1,591 million into the capital reserve of AUDI AG by Volkswagen AG, Wolfsburg. The allocation of the balance remaining after the transfer of profit also increased retained earnings by EUR 1,128 million. In contrast, measurement effects to be recognized under IFRS rules with no effect on profit or loss reduced equity by a total of EUR 2,119 million. These effects mainly stemmed from the fluctuations in the market value of hedge-effective currency hedging instruments prompted by the fall in the external value of the euro, as well as the fall in

interest from the measurement of pension obligations. As of the balance sheet date, the equity ratio for the Audi Group was 37.8 (41.1) percent.
The non-current liabilities of the Audi Group were up 26.0 percent to EUR 12,844 (10,194) million as of the end of 2014. This rise was driven in part by higher provisions for pensions due to interest rate factors, and especially by volume-related higher obligations from sales operations.

The 14.2 percent increase in current liabilities to EUR 18,725 (16,398) million is above all attributable to the higher trade payables that are a direct consequence of the higher business volume, along with the rise in negative fair values of derivative financial instruments, in particular as a result of the appreciation of the U.S. dollar against the euro.

FINANCIAL POSITION

Cash flow from operating activities for the Audi Group reached EUR 7,421 (6,778) million in the 2014 fiscal year and therefore exceeded the previous year's high level.
Disregarding the change in participations, the cash used in investing activities for current operations rose to EUR 4,259 (3,553) million over the same period. Of the total investments in property, plant and equipment and intangible assets, the Automotive segment accounted for EUR 4,229 (3,544) million and the Motorcycles segment for EUR 61 (50) million. The focus of our investment activity was on the expansion of our international production network as well as on new products and pioneering drive technologies. The changes in participations resulted in additional investment by the Audi Group amounting to EUR 191 (36) million. Mainly as a result of a restructuring of current cash funds into fixed deposits with a longer investment horizon, and taking into account the changes in cash deposits and loans extended, cash flow from investing activities came to EUR 8,940 (2,674) million. Net cash flow for the 2014 fiscal year once again reached the high level of EUR 2,970 (3,189) million despite the higher capital investments. After elimination of the cash used for changes in participations, net cash flow was EUR 3,162 (3,225) million. As in previous years, the Audi Group financed all investments in operating activities entirely from its own resources and in addition generated a substantial surplus.

Condensed cash flow statement of the Audi Group

EUR million	2014	2013
Cash flow from operating activities	**7,421**	**6,778**
Investing activities attributable to operating activities	– 4,450	– 3,589
of which investments in property, plant and equipment	*– 2,979*	*– 2,386*
of which development costs	*– 1,311*	*– 1,207*
of which acquisition and sale of participations	*– 191*	*– 36*
Net cash flow	**2,970**	**3,189**
Change in investments in securities and loans extended	– 4,490	916
Cash flow from investing activities	**–8,940**	**–2,674**
Cash flow from financing activities	**–1,501**	**–1,726**
Change in cash and cash equivalents due to changes in exchange rates	171	– 120
Change in cash and cash equivalents	**–2,850**	**2,258**

Net liquidity was increased to EUR 16,328 (14,716) million as of December 31, 2014. This sum includes an amount of EUR 54 (69) million on deposit at Volkswagen Bank GmbH, Braunschweig, for the financing of independent dealers and which is only available to a limited extent. Furthermore, the Audi Group has adequate committed but currently unused external credit lines. As of December 31, 2014, other financial obligations, comprising ordering commitments in particular, amounted to EUR 4,973 (3,736) million. Further details are given in Section 41 of the Notes: "Other financial obligations."

*The principles of financial management are explained under the strategy goal **"Superior financial strength"** on page 148.*

AUDI AG (SHORT VERSION ACCORDING TO GERMAN COMMERCIAL CODE, HGB)

AUDI AG achieved a further increase in revenue in the past fiscal year thanks to the positive development in deliveries. Despite heavy upfront expenditures for new products, technologies and locations, AUDI AG achieved a result on a par with the previous year. Thanks to its significant financial strength, the Company once again succeeded in financing all capital investments from its own resources.

FINANCIAL PERFORMANCE

AUDI AG increased its revenue by 8.3 percent to a new record total of EUR 45,183 (41,732) million in the 2014 fiscal year. The revenue brought in by sales of cars of the Audi brand rose by 4.2 percent to EUR 34,693 (33,299) million. The new A3 family was the main revenue driver in the past fiscal year. High demand for our SUV models, in particular the Audi Q5, also had a positive impact on the revenue performance of AUDI AG. Other revenue increased in the 2014 fiscal year, mainly as a result of higher deliveries of parts sets for local production in China.

Higher expenditures necessitated by the development of new models and alternative drive concepts prompted a slightly disproportionate rise in the cost of goods sold compared with revenue.

The gross profit of AUDI AG thus reached EUR 5,849 (6,140) million in the past fiscal year.

Distribution costs showed a year-on-year rise to EUR 3,353 (3,188) million as a result of the sales performance and the market introductions of new models. Administrative expenses climbed to EUR 287 (248) million.

The other operating result of AUDI AG improved to EUR 1,849 (1,461) million in the past fiscal year due to exchange rate factors. The result from participations also increased to EUR 755 (740) million in the year under review.

Net interest declined to EUR –320 (–259) million principally as a result of the lower actuarial interest rate applied in measuring long-term obligations.

Despite heavy upfront expenditures for new products, technologies and locations, AUDI AG achieved a slight improvement in profit from ordinary business activities to EUR 4,492 (4,435) million. After deduction of income tax expense, AUDI AG earned EUR 3,239 (3,182) million. The return on sales after tax thus came to 7.2 (7.6) percent.

Condensed income statement

EUR million	2014	2013
Revenue	45,183	41,732
Cost of goods sold	– 39,334	– 35,592
Gross profit	**5,849**	**6,140**
Distribution costs	– 3,353	– 3,188
Administrative expenses	– 287	– 248
Other operating result	1,849	1,461
Financial result	434	270
Profit from ordinary business activities	**4,492**	**4,435**
Income tax expense	– 1,253	– 1,253
Profit transferred under a profit transfer agreement	– 3,239	– 3,182
Net profit for the year	**–**	**–**

NET WORTH

The balance sheet total of AUDI AG grew by 11.5 percent to EUR 31,031 (27,821) million in the 2014 fiscal year.
Fixed assets of EUR 10,628 (9,703) million showed an increase on the previous year as a result of capital investments in property, plant and equipment and long-term financial investments. Total capital investments by AUDI AG rose to EUR 2,844 (2,641) million. The investment focus was on new products and innovative drive technologies.
The increase in current assets including deferred income, to EUR 20,403 (18,118) 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 10,104 (8,514) million as a result of the capital injection of EUR 1,591 million into the capital reserve by Volkswagen AG, Wolfsburg. The equity ratio of AUDI AG therefore climbed to 32.6 (30.6) percent.

Borrowed capital (including deferred income) showed a year-on-year rise to EUR 20,927 (19,307) million. Provisions increased to EUR 12,196 (10,902) million in particular as a result of the volume-related higher obligations from sales operations.

Condensed balance sheet

EUR million	Dec. 31, 2014	Dec. 31, 2013
Fixed assets	10,628	9,703
Current assets incl. deferred expenses	20,403	18,118
Balance sheet total	**31,031**	**27,821**
Equity incl. special items with an equity portion	10,104	8,514
Provisions	12,196	10,902
Liabilities incl. deferred income	8,731	8,405
Balance sheet total	**31,031**	**27,821**

FINANCIAL POSITION

AUDI AG reached a cash flow from operating activities of EUR 5,095 (5,475) million in the year under review.
In the same period, the cash used in investing activities for current operations, excluding the change in securities, amounted to EUR 2,262 (2,627) million. Including cash deposits in securities, it totaled EUR 3,263 (3,373) million.

The investment focus included the development of new products and the expansion of the international production network, as well as further development work on pioneering drive technologies.

AUDI AG was once again able to finance all capital investments from its own resources, while also generating a substantial surplus. With a net cash flow of EUR 1,832 (2,102) million, AUDI AG once again underscores its enduring financial strength.
The net liquidity as of December 31, 2014 increased to EUR 14,195 (12,919) million compared with the previous year.

PRODUCTION

In the 2014 fiscal year, AUDI AG increased production of cars of the Audi brand by 7.5 percent to a total of 1,255,115 (1,167,508) units. It also made 582,930 (427,700) parts sets for local production in China.

DELIVERIES AND DISTRIBUTION

In the past fiscal year, 1,741,129 (1,575,480) cars of the Audi brand were delivered to customers worldwide. A total of 255,582 (250,025) vehicles were delivered to customers in the home market Germany. Deliveries to international customers rose to 1,485,547 (1,325,455) cars.

EMPLOYEES

Workforce

Average for the year	2014	2013
Ingolstadt plant	37,286	35,097
Neckarsulm plant	14,846	14,142
Employees	**52,132**	**49,239**
Apprentices	2,279	2,265
Workforce	**54,411**	**51,504**

Overall, AUDI AG had an average total of 54,411 (51,504) employees over 2014. At the end of the year, the workforce reached a record size of 55,927 (52,563) employees. Major factors behind the year-on-year increase are the hiring of personnel in the lightweight construction, connectivity and electric mobility areas of expertise, and the expansion of the plant locations.

RESEARCH AND DEVELOPMENT

On average, 8,467 (7,519) people were employed in the Research and Development area of AUDI AG in the past fiscal year. Research and development activities amounted to EUR 3,484 (3,111) million.

PROCUREMENT

The cost of materials for AUDI AG totaled EUR 32,087 (28,572) million in the 2014 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 194 to 203.

CORPORATE RESPONSIBILITY

For us, corporate responsibility means that corporate decisions take account of economic, social and ecological aspects. Our ambition to act in a comprehensively responsible manner impacts our products and services, the entire value chain, our employees and Audi's social involvement. Information on corporate responsibility can also be found at www.audi.com/cr.

PRODUCT-BASED ENVIRONMENTAL ASPECTS

/ *FUTURE MOBILITY*

Fully in keeping with our brand essence "Vorsprung durch Technik," we aim to play a decisive role in shaping the future of mobility through our progressive products, technologies and services. We want to reconcile driving enjoyment, sportiness and comfort with reduced fuel consumption and CO_2 emissions, and with the responsible use of finite resources.

For many years we have been systematically influencing efficiency standards in automotive manufacturing with our progressive drive technologies, such as the TDI and TFSI engine concepts. One of the ways in which we marked the 25th anniversary of the TDI in 2014 was by unveiling the Audi RS 5 TDI concept car, in which the electrically driven compressor already achieves high boost pressure even at extremely low engine speeds. Our objective here was to create a powertrain that combines the sporty performance of an RS model with the efficiency of diesel engines. The result is a V6 biturbo engine that develops 283 kW (385 hp) and accelerates the RS 5 TDI concept to over 280 km/h.

Alternative drive concepts represent a further focal area of our research and development activities. All Audi activities involving electric driving are grouped together under the umbrella term e-tron. Within this area of technology, plug-in hybrid technology is highly important.

*Further information and explanations can be found under **"Audi e-tron"** on page 158 f.*

Meanwhile, we are vigorously promoting the development of purely electric mobility. Here we are pursuing a holistic approach that takes account of every aspect of electric driving, including the charging technology for instance. One innovative idea in this field is automatic, contactless charging by induction, which we call "Audi wireless charging." This featured most recently in the Audi TT offroad concept showcar and was presented in Beijing in spring 2014.

*Further information and explanations can be found under **"Audi wireless charging technology"** on page 159.*

Audi has been involved in the development of CO_2-neutral fuels since 2009. The Audi e-gas plant in Werlte, Lower Saxony, already produces synthetic methane – known as Audi e-gas – from green power, water and CO_2. This first-ever industrial-scale power-to-gas plant can convert power from fluctuating sources such as wind and solar into synthetic gas, which can be stored in the natural gas grid. Audi A3 Sportback g-tron customers can purchase Audi e-gas using a special fuel card and thus achieve virtually CO_2-neutral driving when running their CNG vehicle. Only as much CO_2 as was previously captured in the production process for the gas is released back into the atmosphere. The A3 Sportback g-tron can also run on natural gas or conventional fuel.
In addition, we are working systematically on the development of CO_2-neutral synthetic fuels. In November 2014, for instance, we and our strategic partners opened a pilot plant in Dresden that can produce Audi e-diesel from water, CO_2 and green power.

The carbon dioxide is extracted directly from the ambient air using direct air capturing, a technology developed by our Swiss partner.
Audi is also conducting joint research into the synthesis of Audi e-gasoline together with a French company. One of our latest research projects, for which we have teamed up with a U.S. partner, involves the production of the synthetic fuels Audi e-diesel and Audi e-ethanol with the help of microorganisms.

/ LIFE-CYCLE ASSESSMENTS

In striving for a fuller assessment of environmental impact, it is vitally important for us to consider the entire value chain of mobility, with all products and processes, and not merely the fuel consumption and CO_2 emissions of a vehicle. It is our aim to reduce the environmental impact of every new model compared with its predecessor. In order to gauge this accurately, we want to draw up a detailed life-cycle assessment for every vehicle line. An analysis of the entire life cycle of a car – from its production, through the phase of use to its recycling – clearly reveals the impact it has on the environment.
In publishing the life-cycle assessments for the current Audi A6, the new Audi A3 and the new Audi TT Coupé, we have already disclosed all ecological aspects and thus demonstrated how their greenhouse gas emissions have been further reduced. We will be publishing the life-cycle assessments for the Audi A3 Sportback e-tron and the new Audi Q7 in 2015.

*Further information and explanations of the life-cycle assessments can be found under **"Corporate Responsibility," "Product responsibility"** under **www.audi.com/cr**.*

/ AUDI TRON

We demonstrate our expertise in the development of alternative drive concepts through our tron technologies. One such example is the new A3 Sportback g-tron, which came onto the market in Germany at the start of 2014. The five-door premium compact car can run on natural gas, conventional fuel or the climate-friendly Audi e-gas, which is produced at our Audi e-gas plant in Werlte. Equipped with a 1.4 TFSI engine producing 81 kW (110 hp), the A3 Sportback g-tron redefines the benchmark for efficiency and economy. On average, the CNG vehicle uses less than 3.5 kilograms of natural gas or Audi e-gas per 100 kilometers.

The new A3 Sportback e-tron also went on sale at the end of 2014. This first Audi model with plug-in hybrid drive combines the best of two drive principles – a 1.4 TFSI engine developing 110 kW (150 hp), and an electric motor that supplies an output of 75 kW with 330 Nm of torque. The combined system power is 150 kW (204 hp) and the top speed is 222 km/h. In purely electric mode, the maximum speed is 130 km/h and the car's range is up to 50 kilometers. Overall, the A3 Sportback e-tron can travel up to 940 kilometers in combined mode and uses an average of 1.5 liters of premium-grade fuel over the European standard driving cycle, with average CO_2 emissions of 35 g/km.

In 2014, we also demonstrated our expertise in fuel cell technology in showcasing the Audi A7 Sportback h-tron quattro at the Los Angeles Auto Show. The test vehicle for new technology uses two electric motors, with a fuel cell and a high-voltage battery as its energy sources. The Audi A7 Sportback h-tron quattro can travel up to 500 kilometers on a full tank of hydrogen. In the fuel cell mode, it consumes only around one kilogram of hydrogen per 100 kilometers. This has the equivalent energy content of 3.7 liters of gasoline. Like a car with a combustion engine, refueling takes only around three minutes. The rechargeable lithium-ion battery mounted in the rear with an energy capacity of 8.8 kWh – a feature borrowed from the A3 Sportback e-tron – boosts its range by up to 50 kilometers. The concept car is also designed as an e-quattro, with fully electronic management of torque distribution. The overall system power is 170 kW (231 hp) and its top speed is 180 km/h.

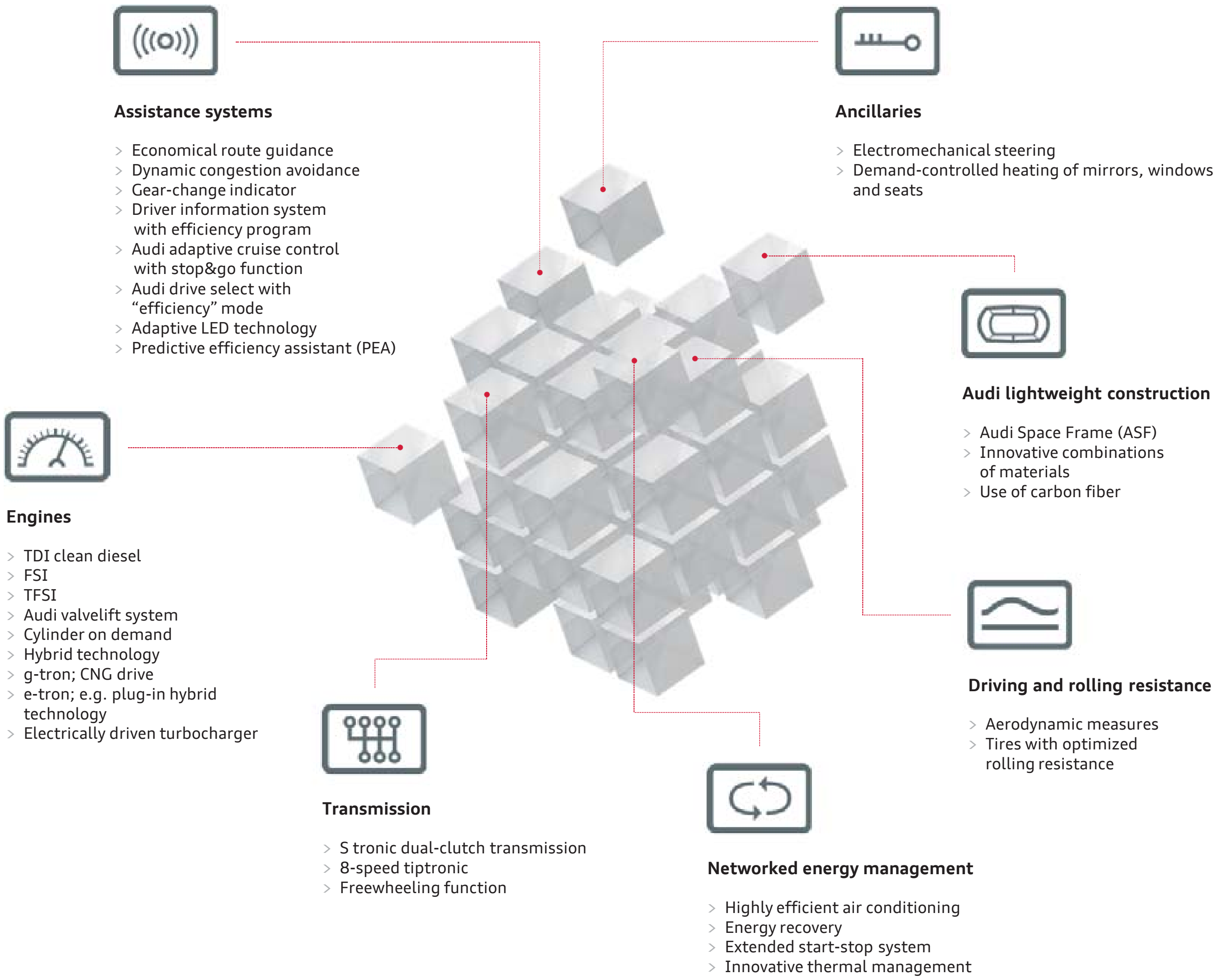
Milestones in efficiency technology from the Audi brand

2015	Launch of the predictive efficiency assistant (PEA) Launch of further ultra models Launch of a 3-cylinder engine in the A1 and A1 Sportback Presentation of Q7 e-tron quattro
2014	205 models ≤ 140 g CO_2/km; 94 models ≤ 120 g CO_2/km; 15 models ≤ 100 g CO_2/km Launch of A3 Sportback e-tron with plug-in hybrid technology Launch of cylinder on demand technology on the W12 engine in the new Audi A8 L Launch of A3 Sportback g-tron for operation on Audi e-gas, natural gas or premium fuel Launch of ultra models
2013	Opening of the Audi e-gas plant in Werlte Launch of cylinder on demand technology in the A1, A3, RS 6 Avant and RS 7 Sportback Launch of Matrix LED headlights on the improved A8
2012	Presentation of SQ5 TDI, the first S model with TDI engine in the history of Audi Launch of Audi A6 hybrid and Audi A8 hybrid Launch of cylinder on demand technology in the S6, S6 Avant, S7 Sportback and S8
2011	Launch of Q5 hybrid quattro Launch of freewheeling function on the Audi Q3 Participation of e-gas powered Audi A3 TCNG in the Michelin Challenge Bibendum
2009	Launch of start-stop system and driver information system with efficiency program
2006	Launch of Audi valvelift system (AVS)
2004	Launch of TFSI technology
2003	Launch of Audi S tronic
2002	Launch of FSI technology
1999	Volume-produced car with all-aluminum body: Audi A2
1994	Launch of Audi Space Frame (ASF)
1989	Launch of TDI technology Audi duo hybrid model

/ *MODULAR EFFICIENCY PLATFORM*

The Audi modular efficiency platform groups together all technologies that promote the further reduction of fuel consumption and CO_2 emissions. It features an array of building blocks in many different areas of technology that are being steadily refined and elaborated. The efficiency technologies are gradually transferred to our cars in the form of product improvements and at model changeovers. 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. The predictive efficiency assistant (PEA), which will be launched together with the new Q7, provides anticipatory advice that helps the driver adopt an economical driving style. In combination with adaptive cruise control, the speed is automatically adjusted to comply with speed limits or on bends, for example.

The modular efficiency platform



/ *AUDI LIGHTWEIGHT CONSTRUCTION*

The principle of lightweight construction and the reversing of the weight spiral play a significant role in improving vehicle efficiency. Lightweight automotive construction has already been a key technology of the Audi brand for many years.

In an effort to further reduce the vehicle weight of new models across the entire product portfolio, we adhere to the principle of an intelligent material mix and of integrating functions and systems into innovative vehicle architectures. The vehicle bodies of the third-generation TT and the new Q7 have also been designed in keeping with this maxim. Through the intelligent use of materials in composite construction, we have yet again reduced the weight of new models.

The new Audi TT 2.0 TFSI with manual transmission and front-wheel drive weighs just 1,230 kilograms (excluding the driver) – 50 kilograms less than its predecessor. This is another best-in-segment achievement by Audi.

Audi also redefines the benchmark in the premium SUV segment with the new Q7. Fitted with a 3.0 TDI engine, it has an unladen weight of 1,995 kilograms – 325 kilograms less than the predecessor model.

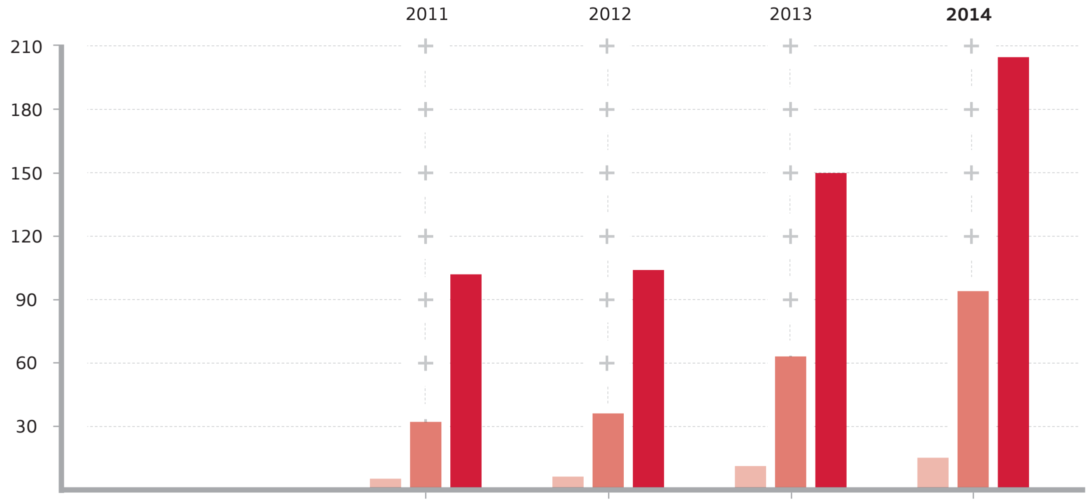
/ *AUDI MODELS WITH AVERAGE CO_2 EMISSIONS OF UP TO 140 G/KM*

We have achieved further advances in the fuel economy of our vehicles thanks to the innovative technologies of the modular efficiency platform. At the end of 2014, there were already 205 Audi models with CO_2 emissions averaging 140 g/km or less. Of these, 94 drive versions achieved average CO_2 emissions of 120 g/km or less, and 15 Audi models even achieved the remarkable figure of 100 g CO_2/km or less. Alongside alternative drive concepts – such as the A3 Sportback e-tron and A3 Sportback g-tron – the high-efficiency ultra models in particular are helping to bring about a further reduction in our vehicles’ CO_2 emissions.

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 28) in 2013 was 134 g/km.

Based on provisional calculations, the average CO_2 emissions of newly registered Audi vehicles in the EU 28 are expected to be around 131 g/km in 2014.

Audi models with average CO_2 emissions up to 140 g/km, 120 g/km and 100 g/km (year-end position) [1)]



	2011	2012	2013	**2014**
Number of Audi models ≤ 140g CO_2/km	102	104	150	**205**
Number of Audi models ≤ 120g CO_2/km	32	36	63	**94**
Number of Audi models ≤ 100g CO_2/km	5	6	11	**15**

1) All data apply to features of the German market.

LOCATION-BASED ENVIRONMENTAL ASPECTS

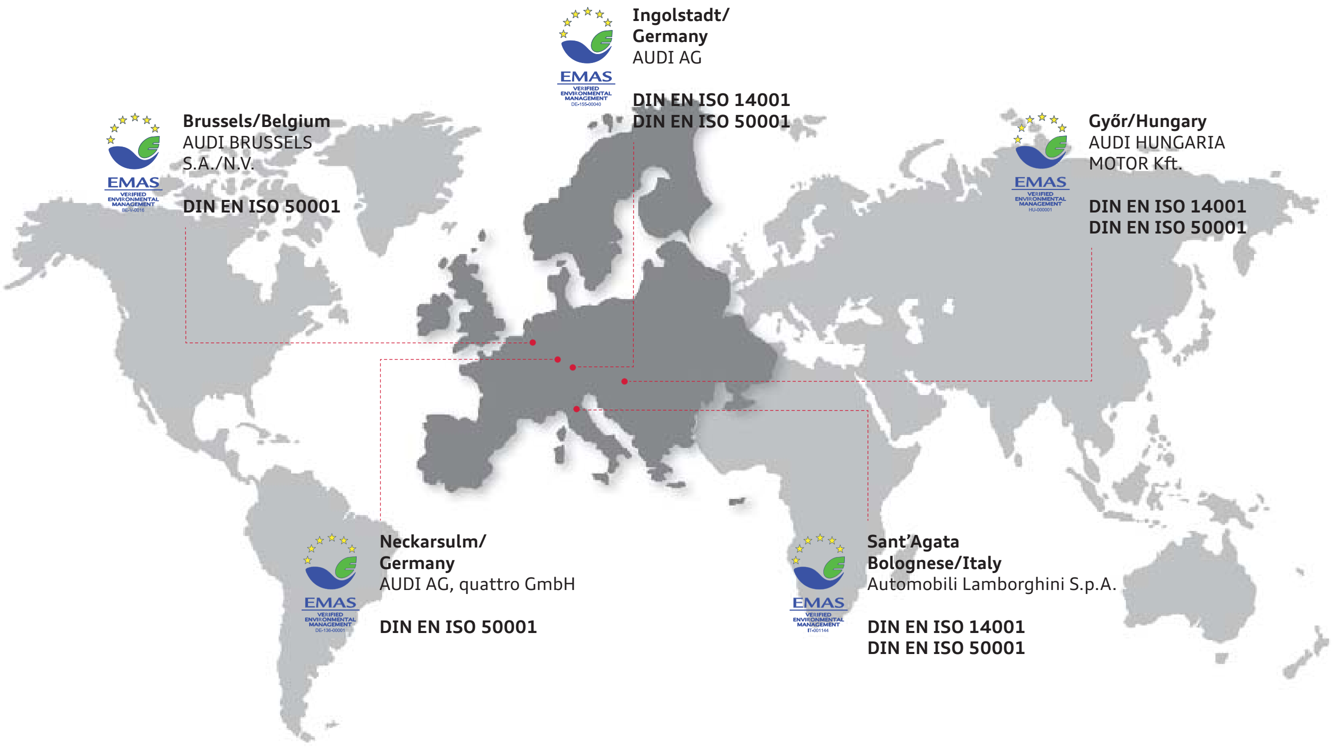
The Audi Group is clearly committed to location-based environmental protection. In addition to putting our production locations through various external accreditation processes, our ongoing efforts in this area are also evident in the efficient use of resources and reduced emissions in production, and in the environmental projects currently in progress. With these steps we already go well beyond the statutory minimum requirements.

/ *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. The results of our ongoing efforts are documented both by external accreditation of our production facilities and in internal reviews.

All Audi Group automotive plants, for example, are 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 along with the motorcycle plant in Bologna (Italy) 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 has production operations, as well as the Changchun and Foshan plants of the Chinese joint venture FAW-Volkswagen Automotive Company, Ltd., Changchun (China), are also accredited under the worldwide DIN EN ISO 14001 standard. The environmental management systems for the Ingolstadt, Neckarsulm, Győr, Brussels (Belgium) and Sant'Agata Bolognese locations also meet the DIN EN ISO 50001 standard, which imposes especially rigorous conditions for continuous, systematic reductions in energy consumption.

Audi Group locations with EMAS accreditation



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

/ *EMISSIONS REDUCTION AND RESOURCE EFFICIENCY*

Reducing energy consumption and related emissions is a particular priority of our environmental activities. We adopt a holistic approach to this task. As well as CO_2 emissions generated by a vehicle's operation, we also consider raw materials extraction, the production of component parts and their assembly, the energy consumption of the production facilities, and recycling. In this connection, the Audi Group's corporate carbon footprint was certified in accordance with the international standard DIN EN ISO 14064 in the past fiscal year. The Audi Group is the first premium carmaker to achieve this certification. Based on detailed calculations encompassing everything from the emissions of the production facilities to emissions by suppliers and business travel, we have now created transparency along the entire value chain with regard to our Company-wide greenhouse gas emissions.

We have set ourselves the goal for 2018 of cutting specific location-based and company-related CO_2 emissions by 25 percent compared with the specific value for 2010. In addition, by 2020 we aim to reduce carbon dioxide emissions from the energy supply at the Ingolstadt and Neckarsulm locations by 40 percent compared with the specific figure for 2010. Audi has the long-term vision of an entirely CO_2-neutral automotive manufacturing process. Starting with the Ingolstadt location, this concept is to be gradually rolled out across the other locations. In addition to our ongoing optimization of processes, we focus above all on consistent implementation of energy-saving measures when planning production and supply facilities as well as buildings, and when defining logistics processes.

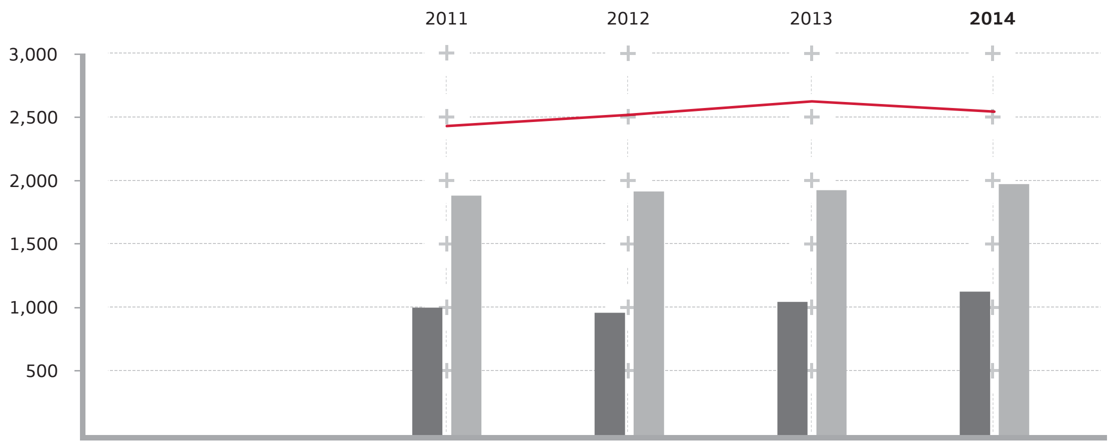
We have been using green power at the Ingolstadt plant since 2012, helping us to eliminate up to 290,000 metric tons of CO_2 per year. The Brussels location has also been using renewable hydroelectric power since 2012. In addition, we introduced an even more energy-efficient setup for the Ingolstadt body shop in the year under review. An intelligent shutdown concept now enables machinery to switch off altogether during idle phases instead of simply entering standby mode. This enables a significant reduction in energy consumption during down-time.

Furthermore, the Group is striving for a 25 percent improvement in the key environmental metrics for energy, fresh water, waste disposal and organic solvents (volatile organic compounds) over the period of 2010 through 2018.

Likewise, the modern paint shop at our Győr (Hungary) production location is helping us to reduce the amount of energy used. A dry separation system with air recirculation is the basis for reduction of up to 50 percent in energy consumption compared with the conventional wet separation technology. Solvent emissions can be cut by more than 70 percent. Cogeneration of heat and power, heat and energy recovery systems as well as the use of district heating have also proven very successful for the Audi Group.

Ducati Motor Holding S.p.A., Bologna (Italy), reduced its CO_2 emissions by around 10 percent in the course of the 2014 fiscal year. It achieved this by installing new LED lighting in the production buildings, among other measures. The Italian motorcycle manufacturer also launched the "'E-Ducati" campaign at the end of 2014. This is intended to show employees that energy and water consumption can be reduced by simple means.

Development in vehicle production, car engine production and energy consumption by the Audi Group [1)]



	2011	2012	2013	**2014**
Vehicle production [2)] thousand units	1,008	967	1,052	**1,131**
Car engine production thousand units	1,884	1,917	1,927	**1,975**
Energy consumption [3)] in GWh	2,428	2,515	2,621	**2,540**

1) Ingolstadt, Neckarsulm, Brussels, Győr, Sant'Agata Bolognese and Bologna (since 2013) plants; production figures excluding parts sets
2) Cars and motorcycles (since 2013)
3) 2014 figures provisional; energy consumption: total electrical energy, heat, fuel gases for production processes and externally supplied refrigeration

In recent years we have been able to keep energy consumption by the Audi Group largely constant, thus underscoring just how sustainably and responsibly we use resources.

Energy consumption was in fact reduced slightly in 2014. In addition to energy consumption, we observe the following environmental metrics of the Audi Group, among others.

Environmental structural data [1)]

		2014	2013
VOC emissions [2)]	t	1,914	2,041
Direct CO_2 emissions [3)]	t	199,563	210,749
Volume of waste water	m³	2,628,236	2,431,220
Fresh water purchased	m³	3,878,539	3,702,249
Total volume of waste [4)]	t	82,560	78,815
of which recyclable waste	*t*	*68,349*	*65,274*
of which disposable waste	*t*	*14,211*	*13,540*
Metal waste	t	345,847	332,294

1) Ingolstadt, Neckarsulm, Brussels, Győr, Sant'Agata Bolognese and Bologna (since 2013) plants; 2014 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*

The charitable organization Audi Environmental Foundation is part of AUDI AG's commitment to environmental issues. The foundation supports projects designed to protect the natural livelihood of humans, animals and plants, and promotes scientific research in this context. The aim of the foundation is to create an optimum framework for the development of environmentally acceptable technologies and to promote educational work on environmental issues.

Bees are one of the foundation's current focal areas. The Audi Environmental Foundation has launched the "Top-Bar Beekeeping in Schools" project together with the Bavarian State Institute for Viticulture and Horticulture. A total of 26 Bavarian schools were supplied with a set for a school beekeeping project group.
Supported by two beekeeping associations, the Audi Environmental Foundation maintains eight colonies of bees with the goal of generating public interest in apiculture. Another project of our foundation is HOBOS 4.0 (HOneyBee Online Studies). Together with the Julius Maximilian University of Würzburg, the Audi Environmental Foundation is creating a unique high-tech beehive that paves the way for an entirely new approach to researching bee behavior.

*For more information about the **beekeeping project**, please refer to page 94 ff. in the magazine section of the Annual Report.*

The Audi Environmental Foundation launched the Oak Forest international research project back in 2008. Led by the Chair for Forest Growth and Yield at the Technical University of Munich and in conjunction with further project partners, the project seeks among other things to research the interaction between stand density on the one hand, and the potential for capturing CO_2 and for biodiversity on the other. The Audi Environmental Foundation is responsible for providing long-term research support for this project. Around 100,000 trees have now been planted on the first trial site close to Ingolstadt as well as on sites in the vicinity of the Neckarsulm, Győr (Hungary), Brussels (Belgium) and Sant'Agata Bolognese (Italy) locations, with a new project site added in the highlands of Mexico in September 2014.

Audi is now also running various environmental projects in Mexico in connection with the construction of our plant there. Together with the State of Puebla, we intend to invest more than EUR 17 million in a variety of projects. Within the scope of the first project, around 100,000 trees will be planted in the region surrounding San José Chiapa. The objectives of the projects are to replenish the groundwater and promote biodiversity in the region.

/ *EMISSIONS TRADING*

In 2005, the European Union took a leading role in climate protection with the introduction of CO_2 emissions trading. 2013 saw the start of the third trading period, in which the Ingolstadt, Neckarsulm, Brussels (Belgium) and Győr (Hungary) locations are involved. The third trading period will end 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	2014	2013
Domestic companies	**53,848**	**50,891**
of which AUDI AG	*52,132*	*49,239*
Ingolstadt plant	*37,286*	*35,097*
Neckarsulm plant	*14,846*	*14,142*
Foreign companies	**20,619**	**18,185**
of which AUDI BRUSSELS S.A./N.V.	*2,532*	*2,547*
of which AUDI HUNGARIA MOTOR Kft.	*10,954*	*9,683*
of which AUDI MÉXICO S.A. de C.V.	*879*	*78*
of which Automobili Lamborghini S.p.A.	*1,058*	*966*
of which Ducati Motor Holding S.p.A.	*1,088*	*1,033*
Employees	**74,467**	**69,076**
Apprentices	2,421	2,363
Employees of Audi Group companies	**76,888**	**71,439**
Staff employed from other Volkswagen Group companies not belonging to the Audi Group	359	342
Workforce of the Audi Group	**77,247**	**71,781**

In the fiscal year, the workforce of the Audi Group reached an average level of 77,247 (71,781) employees. At the end of 2014, we had 79,483 (73,751) employees. The increase compared with the previous year is attributable especially to a higher personnel total at AUDI AG, the expansion of the AUDI HUNGARIA MOTOR Kft. plant in Győr (Hungary) and the building of the plant in Mexico.

Employee structural data (AUDI AG)

		2014	2013
Average age [1]	Years	40.4	40.4
Average length of service	Years	16.6	17.2
Proportion of women [1]	Percent	14.0	13.9
Proportion of academics [2]	Percent	46.6	43.9
Proportion of foreign nationals	Percent	8.3	8.0
Proportion of people with severe disabilities	Percent	6.0	6.1
Contracts to workshops for people with mental disabilities	EUR million	6.6	6.5
Frequency of accidents [3]		3.1	2.9
Attendance rate	Percent	96.3	96.3
Savings through Audi Ideas Program	EUR million	67.5	65.6
of which implementation rate	*Percent*	*56.9*	*57.6*

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

We have consistently aligned the human resources policy of the Audi Group with the mission "We delight customers worldwide" that is anchored in Strategy 2020. The commitment, expertise and demand-based qualifications of the men and women who work for us are crucial factors in successfully implementing this policy.

Within our strategic objective to be an attractive employer worldwide, we create an appropriate social and work environment for our employees throughout the Company, along with a needs-based human resources structure. It is our aim to meet both the economic requirements of the Audi Group and the specific needs of our employees. A culture of codetermination is the basis for the economic success of our Company.

The profit-sharing arrangement for the workforce is another core element of human resources policy for translating Audi's success into success for all employees. Based on an agreement between the management and the Works Council, profit shares are determined by a combination of the previous year's profit and the attainment of specific goals. There are also profit-sharing arrangements in place for domestic and international Audi subsidiaries. In each case, the management is independently responsible for determining profit shares, in line with local pay levels.

/ OVER 8,000 EMPLOYEES NEWLY RECRUITED IN THE AUDI GROUP

The Audi Group took on 8,190 new employees in the 2014 fiscal year. A total of 4,548 experts and specialists were recruited primarily for the expertise areas of lightweight construction, connectivity and electric mobility at the Ingolstadt and Neckarsulm sites. In addition, 883 new employees supported the construction of the new plant in Mexico and 1,658 the plant expansion in Hungary.

/ ATTRACTIVE EMPLOYER WORLDWIDE – TOP RANKINGS AGAIN IN ATTRACTIVENESS SURVEYS

We are pursuing our strategic goal to be an "attractive employer worldwide" with great determination. A large number of awards in Germany and internationally have already confirmed our popularity as an employer.

In the attractiveness survey "Best Employer 2014" by the news magazine FOCUS and the social network for professionals XING, the Company both captured the title of overall winner and topped the "Automobile/Major Corporations" category. The poll was carried out among 19,000 employees of 2,000 businesses in 22 different industries. The survey results were strongly weighted towards the willingness of a company's own employees to recommend it (FOCUS-SPEZIAL special issue Employers, 2/2014, January 28, 2014).

We also achieved top honors once again in the latest employer rankings compiled by the highly regarded consultancy institute Universum. These show that Audi is yet again the most preferred employer for both career starters and young, experienced engineers. The Company also defended its top position in the survey among professionally experienced economists. In the IT category, the brand with the Four Rings has moved up to second place, taking a huge leap of 14 places in the scientists' ranking (WirtschaftsWoche, issue 18/2014, p. 70–76, and issue 49/2014, p. 82–85).

AUDI HUNGARIA MOTOR Kft., Győr (Hungary), was voted Hungary's most attractive employer for the sixth year in a row in 2014. This was the outcome of a survey conducted by management consultants Aon Hewitt in partnership with the International student organization AIESEC. Some 7,700 participants from 13 different industries and over 240 Hungarian companies voted AUDI HUNGARIA MOTOR Kft. top of the poll (www.budapester.hu/2014/03/17/fuer-deutsche-firmen-zu-arbeiten-ist-in/ – link only available in German).

In 2014, AUDI BRUSSELS S.A./N.V., Brussels (Belgium), also won an award for its human resources work and good progress in the human resources area, capturing the title “HR Ambassador of the Year.” The award is presented each year by the Belgian network “D.E.N.K.-HR.” Its panel of experts brings together representatives of federations, universities and trade magazines (www.hr-gala.be/actua/detail.phtml?id=94).

For the first time ever, Automobili Lamborghini S.p.A., Sant’Agata Bolognese, topped the prestigious Italian “Employer of Choice” study conducted by the Fondazione Emblema foundation. The traditional supercar manufacturer is the employer of choice for young Italian academics (http://article.wn.com/view/2014/05/05/Audi_subsidiary_Lamborghini_is_the_Employer_of_Choice_Volksw/). The Company was also voted “Top Employer Italia 2014” by the Top Employers Institute (www.conceptcarz.com/a6125/AUTOMOBILI-LAMBORGHINI-EARNS-TOP-EMPLOYER-ITALIA-2014-CERTIFICATION.aspx).

Within the context of the international development of the Audi Group, we also take on social responsibility locally and support trainee programs.
Following the successful launch of the “StartUp Europe” program in Spain in 2012, we also introduced it in Italy in April 2014. Under the two-year training program, job-seeking engineers who have recently completed their degree can obtain initial professional experience. The aim is to train and develop them in preparation for possible long-term employment. The “StartUp Europe” program is run jointly by Audi and Volkswagen. Some 7,500 university graduates have already applied to take part since it started over two years ago.

/ TRAINING AND ADVANCEMENT

Around 725 young people commenced training at AUDI AG in the past fiscal year in one of the 22 vocations we offer. As of the end of the 2014 fiscal year, a total of 2,486 apprentices and dual system students were employed at the Company. Of this total, 178 young people are completing a dual vocational training program which will qualify them for admission to a university of applied science.

In 2014, 33 young employees took the opportunity to work in another European country. These apprentices were assigned to nine different locations throughout the Volkswagen Group. AUDI AG also offers this opportunity to apprentices from other Group companies. For example, 16 apprentices from four international Group locations came to work at Audi in Ingolstadt.

The successful German model of “dual vocational training,” in other words combining classes at a vocational college with in-company training, is being methodically introduced at other international locations and further rolled out. So far, over 1,400 young people have completed vocational training at our Hungarian location Győr – this model has been recognized as dual training since 2011. The model has also been successfully introduced at our Brussels site.

In addition, 80 apprentices a year will pass through the new Training Center in San José Chiapa (Mexico). In the future, the 20,000 square-meter building will be the venue for over 1,500 training courses a year for employees.

In Italy, the first 42 apprentices embarked on their dual vocational training at the Ducati and Lamborghini brands in the year under review.

Alongside training, the further development of our employees’ areas of expertise is a very high priority. Our employees took advantage of advancement options by attending around 13,000 seminars, amounting to some 245,000 participant days, during the year under review.

/ HEALTH MANAGEMENT

Preserving and promoting the health of all employees is the main objective of occupational health management. This spans a variety of task areas – from topics such as prevention, workplace design and advice on health-appropriate deployment to gradual reintegration after a lengthy illness – and is also considered a management task. Important links in the occupational health management chain are individual managers, the Health Care, Human Resources and Industrial Safety departments as well as the Works Council, the representatives of disabled employees and social care coordinators. They have the task of providing active assistance on matters concerning work and health. There are also Company-backed health activities and fitness programs on offer, to sensitize the workforce to issues such as an active lifestyle, a healthy diet and mental well-being. Various seminars and workshops help improve the health literacy of each individual employee.

One core element of our occupational health management is the Audi Check-up, which was initiated in 2005 and has been available since summer 2006. By the end of 2014, over 70,000 check-ups had been carried out at the various locations' health centers under this individual program for the prevention and early detection of health risks.

/ *JOB AND FAMILY*

AUDI AG regards it as an important task to help its employees achieve a balance between work and family life. Audi gives parents additional flexibility at work by offering a wide range of flexible worktime models as well as various child care arrangements under the "Audi Spielraum" program. In the 2014 fiscal year, a total of 106 places were reserved for Company employees for regular child care at daycare centers close to the Ingolstadt plant. In Neckarsulm, the number of places at partner establishments was increased from 60 to 73.

We also offer our employees in Ingolstadt and Neckarsulm professional child care during the summer vacation under the "Audi Summer Children" program. In Ingolstadt, Audi has also teamed up with the "Local Alliance for the Family" to offer child care arrangements in the other school vacations. In 2014, employees at the Neckarsulm site were offered child care for the first time during the Easter and spring breaks alongside the summer and fall vacations. Over 600 children and young people attended the vacation programs offered in Ingolstadt and Neckarsulm in the year under review. AUDI AG also arranges flexible short-term care in Ingolstadt for employees' children aged between two and 14 years. Under this arrangement, children can be registered up until 7 p.m. on the previous evening – a beneficial arrangement especially for those employees who have professional commitments at short notice, on days when the normal facilities are closed and at the start or end of the working day.

There were 1,996 employees on parental leave in the 2014 fiscal year. 63 percent of those taking this leave were men. Our employees took an average of around ten months' parental leave, with women taking 23 months on average and men an average of two months.

/ *WOMEN AT AUDI*

Under our corporate strategy, we attach particular importance to attracting female employees to Audi and promoting their careers. In light of this, in 2011 we made a voluntary commitment with precise targets to achieve a long-term increase in the proportion of women in the Company at all levels – from apprentices all the way up to top management. Through this measure, we are increasing diversity and promoting the creative and innovative potential of our workforce. When hiring academic graduates of both genders, we look at the proportion of female graduates in each subject. Averaged across all courses of study relevant for the Company, the target proportion of women among new recruits has been identified as around 30 percent. In this way we also aim to steadily raise the proportion of women managers at the various management levels.

We have already launched several programs to foster an interest in technical matters among girls from an early age and to recruit qualified women to our Company. AUDI AG organizes various workplace discovery days such as the "Girls' Day," the "Female Researchers" or "Girls for Technology" camp to attract talented school students.

In addition to supporting women's networks, the Company helps talented female employees along their career path with the "You and Audi" program series. For example, we offer a mentoring program for high potentials, along with various seminars and networking opportunities. We are also working to continuously improve the framework within which professional and family life can be balanced.

Proportion of women at AUDI AG

in %	2014	2013
Total proportion of women	**14.2**	**14.1**
Apprentices	26.9	25.2
of which industrial apprentices	*23.3*	*22.1*
of which clerical trainees	*81.7*	*79.4*
Management	8.3	8.0

AUDI IN SOCIETY

We regard social involvement as an important part of our corporate responsibility. We are convinced that the Company's long-term success and therefore its future viability depend on society. As a major employer, we therefore seek to steadily improve the quality of life at our locations and lend our particular support to regional initiatives.

In accordance with the support guideline of the Audi Group, key areas are education, technology, social involvement and worldwide disaster relief.

Together with the relevant managers at the locations, we have also compiled global principles for social involvement at Audi Group locations to accompany the support guidelines; these were approved by the Board of Management in August 2014. They serve as a guide for the Group locations worldwide and are an aid to selecting purposeful regional development measures that therefore demonstrate corporate social responsibility.

/ *EDUCATION AND ACADEMIC COOPERATION*

Our Company specifically supports initiatives to provide education and further training for children, young people and adults, especially in the so-called MINT subject areas (mathematics, information technology, natural sciences and technology). The Audi Training Department works in close collaboration with teachers and students in the Ingolstadt and Neckarsulm regions.

The Ingolstadt special-profile school opened at the start of the current school year. Together with the State of Bavaria, the city of Ingolstadt and the Roland Berger Foundation, Audi is supporting this model project that is unique in Germany. Under the motto of "No talent wasted," it provides children and young people from difficult backgrounds with a pathway to achieving a high school diploma, with the security of an individual scholarship and support program.

We are steadily broadening the training options in and around our locations through our many university partnerships, and at the same time increasing our long-term ability to innovate. This close collaboration deepens the knowledge transfer between research and industry. We are currently working with 31 research establishments worldwide. These partnerships also serve Audi's goals of attracting highly qualified young people to the Company. More than 140 doctoral candidates are currently pursuing their doctorates in academic projects funded by Audi.

Since 2014, the Company has partnered with the "Stifterverband für die Deutsche Wissenschaft" (Association for the Promotion of Science and Humanities in Germany) to support a new chair of "Operations Management and Process Innovation" at the German Graduate School of Management and Law in Heilbronn, in addition to the five endowed chairs previously established.

Audi supports other knowledge transfer projects as well as university research projects. Under the motto "Experiencing Science," we offer members of the general public the opportunity to attend various specialist lectures as part of the "Audi Colloquium" series of events. A total audience of more than 2,400 attended the various events in this series in the past fiscal year.

/ *SOCIAL MATTERS AND SOCIAL INVOLVEMENT*

Social matters and social involvement are a priority for the Audi Group and its employees.

In the past fiscal year, around 1,000 employees participated in 100 social projects connected to the Company on the "Audi Volunteer Days" held at the Ingolstadt, Neckarsulm and Győr (Hungary) locations. Many departments also supported social causes in the form of "team campaigns" held over the course of the year.

Since the "Audi Volunteers" initiative was launched in 2012, around 2,950 employees have given practical assistance to good causes and carried out some 22,300 hours of charitable work in approximately 325 social projects. These projects have attracted donations totaling almost EUR 200,000 by way of financial support.

Last year, over 99 percent of employees contributed to the Christmas fundraising campaign, organized by the Works Council since 1977. The amount raised by the employees, which is then supplemented by additional contributions from the Company, reached the record sum of EUR 910,000. As every year, the money raised goes towards regional social and charitable causes at the Ingolstadt and Neckarsulm locations.

Many of our employees also signed up to the "spare cents" campaign, where employees donate the cents remaining after the decimal point on their monthly payslip. In 2014, a total of EUR 250,000 was raised in this way for the projects run by "terre des hommes" benefiting street children.

REPORT ON EXPECTED DEVELOPMENTS, RISKS AND OPPORTUNITIES

The world economy and global demand for cars will once again expand slightly in 2015. In a competitive environment that will remain intense, defining features of the Audi Group's business development will be the expansion of international production structures and high upfront expenditures for new models and technologies. Audi is paving the way for future growth through the biggest investment program in the history of the Company to date.

REPORT ON EXPECTED DEVELOPMENTS

/ ANTICIPATED DEVELOPMENT OF THE ECONOMIC ENVIRONMENT

// GENERAL ECONOMIC SITUATION

Our statements on 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 anticipates a slight rise in global economic growth for 2015. The economy in most industrial nations should pick up. The majority of emerging economies should continue to achieve higher rates of expansion than industrial nations. However, it is unlikely that the comparatively high growth rate of previous years will be achieved.

In Western Europe, economic recovery should continue in 2015. Developments though will continue to depend on whether solutions can be found to the structural challenges in a large number of countries.
The German economy is likely to benefit from the healthy state of the labor market and achieve stable growth on a par with the previous year.
The economic situation in Central and Eastern Europe will depend on how the conflict between Russia and Ukraine develops. At present we expect merely moderate economic growth for the region.

We anticipate a faster rate of expansion in the United States. Consumer spending fueled by the continuing healthy state of the labor market will be a major factor in the economic upturn. South America's economy is likely to expand slightly more rapidly in 2015.

We expect that the Asia-Pacific region will again achieve the most dynamic economic growth. The Chinese economy should continue to grow at a comparatively high rate. However, the structural adjustments being made to strengthen the domestic economy lead us to expect a lower rate of growth. For Japan, we anticipate a slightly higher rate of expansion than in 2014.

// CAR MARKET

The Audi Group estimates that global automotive markets will show only slight growth overall in 2015. Patterns of demand are likely to develop differently from region to region.

We anticipate that Western Europe's further economic recovery will bring a slight rise in registrations of new cars compared with the level of last year. The German car market too should achieve slight growth.

Sales of cars overall in Central and Eastern Europe are likely to reveal lower demand than in the previous year because new registrations in the Russian market are expected to be down.

With the economic situation in the United States improving further, the automotive market there should also maintain its upward trend. Growth momentum is likely to be lower than last year. We expect to see a fall in demand for cars in South America in 2015.

The Asia-Pacific region is once again likely to be the main driver of rising worldwide demand for cars in 2015. The growth trend in new registrations should be maintained, albeit at a slower pace, thanks to China's still comparatively low vehicle density and rising demand for mobility. In Japan, we expect to see a fall in demand for cars.

// MOTORCYCLE MARKET

For 2015 we are expecting a moderate rise in demand for motorcycles in the markets above 500 cc that are relevant for the Ducati brand. Demand in the established markets should benefit from the slight improvement in the overall economic picture. We anticipate higher market growth in emerging economies as a result of rising demand for high-displacement motorcycles and continuing economic growth.

/ OVERALL ASSESSMENT OF THE ANTICIPATED DEVELOPMENT OF THE AUDI GROUP

The Audi Group expects global economic growth to continue in 2015. The upturn is likely to gather momentum somewhat compared with last year. From our perspective, the main challenges are primarily variations in economic development and the difficulty in making forecasts on the economic environment, especially in light of the many political conflicts around the world. Added to this are a noticeable increase in the intensity of competition in key markets and the technological shift taking place within the automotive industry towards alternative drive concepts, in particular in order to meet internationally tougher CO_2 requirements. Furthermore, the progressive connectivity and digitization of society necessitates the further development of business models throughout the industry.
As part of its strategic objectives, the management of the Audi Group has defined and implemented numerous measures designed to build on the Company's strong competitive position. These also included the Audi Group's approval of the biggest investment program in the Company's history at the end of 2014, its particular objectives being to strengthen strategic areas of innovation and further expand the global production network. The Board of Management considers the Company to be well equipped to handle current and future challenges effectively and thus maintain its course of qualitative growth over the coming years.

// ANTICIPATED DEVELOPMENT OF DELIVERIES

In 2014, the Audi Group delivered more than 1.7 million cars of the Audi brand to customers worldwide. The Company also established new sales records in over 50 markets. We intend to maintain our course of growth in the current fiscal year and significantly increase deliveries of the Audi brand. Our objective is to further increase market shares in major sales markets and reinforce our strong competitive position in the premium segment worldwide.
In Western Europe, the brand with the Four Rings is aiming for slight growth in vehicle sales in order to secure its leading position in the premium segment. The strained economic situation in Russia and continuing political uncertainty in Eastern Ukraine are likely to curb demand for cars in Central and Eastern Europe in 2015. The Audi brand cannot avoid this development entirely. We expect the volume of deliveries for the region to be slightly down on the previous year. In North America, we aim to maintain our course of growth and achieve a healthy increase in deliveries, especially in the United States. Above all our favorable image and prestige ratings, the expansion of our exclusive dealer network and our continuing diesel initiative are having a positive impact on demand. We also expect clear growth in China, our largest single market worldwide. The gradual broadening of our locally built model range should stimulate sales.

In response to our global growth we are adding a large number of new models and derivative versions to the attractive Audi model range. The brand with the Four Rings already has an extensive product offering extending from the compact Audi A1, through the SUV family – Q3, Q5 and Q7 – to the R8 supercar. In an increasingly intensive competitive environment, we plan to boost the appeal of the Audi brand even further in 2015 with innovative and emotional vehicle concepts. Following the appearance of improved A6 and A7 car lines in the second half of 2014, the revised models of the A1 and Q3 families also went on sale recently. Furthermore, the Audi TT Roadster, TTS Roadster and TTS Coupé have been added to the TT car line. On top of this, the A3 compact family will see the arrival of the sporty top model Audi RS 3 Sportback later in the year. In the full-size category we unveiled the new Audi Q7 in January 2015. This model will be introduced gradually in the markets from mid-way through the year.

We expect a significant increase in deliveries for the Lamborghini brand. The full availability of the new Lamborghini Huracán in particular will have a positive impact on sales. We also expect to see a clear increase in deliveries of motorcycles by the Ducati brand.

// ANTICIPATED FINANCIAL PERFORMANCE

In our current assessment, the increased vehicle sales that we are targeting will produce a moderate rise in revenue for the Audi Group, depending on the economic environment. In addition, the Company again expects an operating return on sales within the strategic target corridor of 8 to 10 percent. There should be a positive impetus in particular from the increased sales volume and revenue, as well as from our ongoing structural and process improvements. Conversely, the systematic expansion of our international manufacturing structures, for instance in Mexico and Brazil, initially represents a drain on profit. Furthermore, the Company will again make substantial upfront expenditures for new models and pioneering technologies in the 2015 fiscal year, in particular to meet the tougher CO_2 requirements being introduced worldwide. Despite rising product and structural investments, we envisage a return on investment (ROI) in excess of 18 percent, which will thus clearly exceed our minimum rate of return of 9 percent.

// ANTICIPATED FINANCIAL POSITION

The Audi Group once again intends to finance its planned corporate growth entirely from internally generated cash flow in 2015. We aim to keep the net cash flow above EUR 2 billion. As a result of investing activities requiring increasing cash outflows to continue the long-term model and technology drive and the expansion of international plant structures, the net cash flow is unlikely to match the high prior-year figure of EUR 2,970 million.

// CAPITAL INVESTMENTS

The focus of the Audi Group's medium-term investment plans is on the customer-driven broadening of the model range and the expansion of the manufacturing structures that this necessitates. Furthermore, the Audi Group aims to sustainably underpin its "Vorsprung durch Technik" through technological innovations, for example in the areas of alternative drives and digitization. All investment measures share the common objective of strengthening the Audi Group's market position through a forward-looking model, technology and brand strategy.
Overall, the Company plans to invest a total of more than EUR 24 billion from 2015 through 2019 in the biggest investment program in its history. Investments in property, plant and equipment over this period will reach EUR 17 billion. The ratio of investments in property, plant and equipment in 2015 should consequently be moderately higher than the strategic target corridor of 5.0 to 5.5 percent.

Anticipated development in the key performance indicators of the Audi Group

	Forecast 2015
Delivieries of cars of the Audi brand to customers	significant increase
Revenue	moderate increase
Operating profit/operating return on sales	within the strategic target corridor of 8 to 10 percent
Return on investment (ROI)	with more than 18 percent significantly above the minimum rate of return of 9 percent
Net cash flow	more than EUR 2 billion and below previous year's level
Ratio of investments in property, plant and equipment	moderately above the strategic target corridor of 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 economic responsibility of the Audi Group towards its stakeholders is firmly enshrined in the corporate guidelines and corporate culture. In our understanding, the objective is the value-oriented, sustained development of our Company. As an automotive group with operations worldwide in a dynamic environment, we are continually confronted with a wide variety of opportunities and risks. In the interests of achieving lasting success with our entrepreneurial activities, we seek to discuss and address opportunities and risks constructively. Apart from meeting statutory requirements, the particular purpose of an effective Risk Management System and Internal Control System (RMS/ICS) is to validate the entrepreneurial goals and long-term viability of the Audi Group. As well as enhancing our risk management organization, we promote the steady improvement of the risk culture in particular by heightening awareness of risks, for example. In this way we can guarantee that our risks remain transparent permanently and can optimize their controllability.

We address the challenges and potential of our industry by formulating and pursuing ambitious corporate goals. The targets derived from these reflect conscientious risk/return analyses and are synchronized both Company-wide and with the Volkswagen Group. They express our Company’s risk propensity.

The Risk Management System of the Audi Group is based on the internationally recognized standard of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Within each scope of responsibilities, risks are to be identified, evaluated, appropriately managed and monitored. Furthermore, transparent, accurate, timely communication up the chain of command to the appropriate internal business units and Group functionalities is required. In the Audi Group, the integration of the Risk Management System is ensured across all organizational levels. The inclusion of Group, brand, corporate and divisional levels also meets statutory requirements.

Legal changes with respect to risk management are continually observed and are acted on promptly where relevant for the Company.

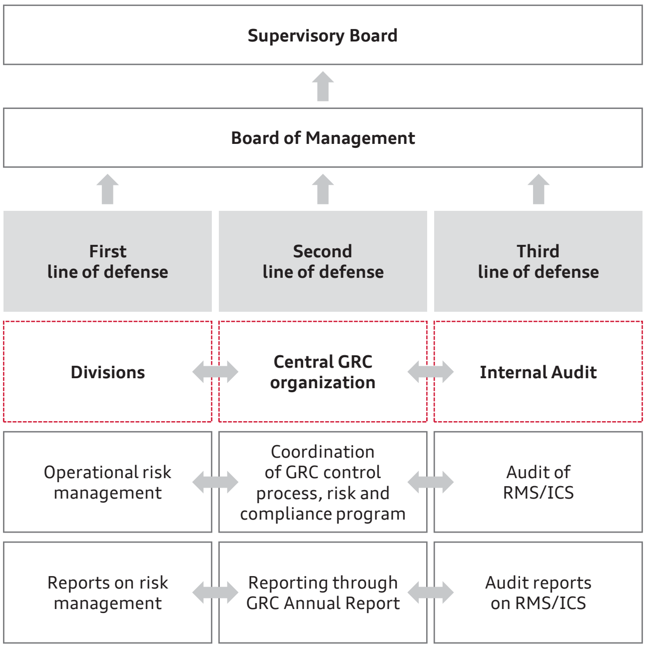
The central task of risk management is to systematically render risks transparent and improve their controllability, while also providing the impetus to generate or exploit opportunities. Using the COSO framework, risk-appropriate internal controls are defined and carried out along the entire value chain (Internal Control System). Especially cross-disciplinary topics and activities are examined for risk potential both continually and on an ad hoc basis, so that suitable measures and controls can be implemented promptly.

By way of an integrated and inclusive management approach, the Risk Management System and Internal Control System is closely interlocked organizationally and procedurally with the compliance functionality (governance, risk & compliance organization/GRC organization). The Board of Management and the Audit Committee of the Supervisory Board are kept regularly informed about the Risk Management System and Internal Control System as well as compliance matters in a combined report.

The Audi Group promotes the ongoing refinement of the Risk Management System, for example by consistently linking it to strategic and financial corporate planning and management, financial accounting and insurance management. In view of its high strategic relevance, the regulatory framework for the Risk Management System and Internal Control System is firmly established both in an internal Board Directive of AUDI AG and at the subsidiaries.

For its risk management architecture, the Audi Group adopts the “Three Lines of Defense” model – a requirement of the European Confederation of Institutes of Internal Auditing (ECIIA). In keeping with this concept, the Risk Management System and Internal Control System of the Audi Group features three lines of defense that are intended to protect the Company against the occurrence of material risks.

The Three Lines of Defense model



The risk owners of the divisions of AUDI AG and subsidiaries are responsible for the operational management of their risks and controls, as well as for reporting on them. They represent the first line of defense. Controlling maintains a constant dialogue with the departments and continually incorporates the financial information for planning and managing purposes.

In the second line of defense, the central GRC organization takes charge of the fundamental functionality of the Risk Management System and Internal Control System as well as the compliance management system. The core activities of Corporate Risk Management involve monitoring system performance and submitting an aggregated report on the risk situation to the Board of Management and the Audit Committee of the Supervisory Board (GRC Annual Report). This ensures that the statutory requirements for the early identification of risks and the effectiveness of the Risk Management System and Internal Control System are met. In addition, Corporate Risk Management handles the Group-wide ongoing development of risk governance and risk management tools. These include directives and standards, as well as methods and processes that are adapted to the scale of the individual company. Consultancy on operational risk management is available for the divisions and subsidiaries. Furthermore, training courses and fact-finding events are in place to reinforce risk awareness and the risk culture.

As an impartial body, Internal Audit acts as the third line of defense in examining 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*

The Audi Group is pursuing its Strategy 2020 with determination. As well as managing risks effectively, it also seeks to identify and exploit business opportunities to the best possible effect.

Opportunities management is integrated into the operational and organizational structure of the Audi Group and is closely aligned with our strategic objectives. Both risks and opportunities are therefore taken into account in all business decisions that have a long-term impact. With that in mind, we analyze the international context continually and promptly to identify general trends and industry-specific key factors that might influence our business model (Audi environment radar). Potential developments are studied in greater depth with the help of scenario analyses. The possible consequences for Audi are identified with reference to the strategic corporate planning, the divisions affected and the Controlling area, with the goal of strategic early diagnosis and opportunities creation. Medium and short-term potential opportunities are identified and operationalized by the divisions. Synchronizing the process with corporate management and internal reporting ensures we can realize the opportunities identified to maximum effect. We safeguard our long-term growth pathway through effective efficiency initiatives such as the continuous improvement process (CIP). We remain resolutely on this course with our current Group-wide fitness program. The program incorporates both opportunities on the income side and further improvements to our cost structures, in order to generate a high return in the long term. Meanwhile, we aim to further improve the efficient use of resources.

// *INTEGRATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM FOR THE FINANCIAL REPORTING PROCESS*

The financial reporting section of the Internal Control and Risk Management System that is relevant for the financial statements of AUDI AG and the Audi Group contains all measures that are designed to ensure the complete, accurate and prompt communication of all relevant information. The purpose of these measures is to minimize or altogether avoid risks in the preparation of the financial statements of AUDI AG and the Consolidated Financial Statements as well as the Combined Management Report of the Audi Group and AUDI AG (for example, material errors in accounting or incorrect external reporting).

The Audi Group accounting system is a fundamentally decentralized organization. For the most part, the consolidated companies handle accounting tasks independently. In individual instances, tasks are passed on to AUDI AG on the basis of service agreements. The individual financial statements of AUDI AG and the subsidiaries are prepared in accordance with the applicable national legislation. The data is then transferred to the Consolidated Financial Statements in accordance with IFRS. To ensure data security, data is transmitted to Group Accounting at AUDI AG using a commercial encryption product.

The IFRS accounting manual published by the Volkswagen Group is observed, to achieve uniformity in the accounting and measurement principles in accordance with the applicable accounting standards. The Audi Group accounting guideline lays down further Group-wide rules on the scope of reporting and the definition of the group of consolidated companies for the Consolidated Financial Statements, as well as the uniform application of statutory requirements. Intra-Group business transactions are duly reflected by means of proven instruments and processes such as extensive rules on the reconciliation of balances between the Group companies.

Controlling activities handled at Group level include in particular the analysis and validation of the seperate financial statements of our subsidiaries. The reports presented by the independent auditors and the findings of the concluding discussions with representatives of the individual companies are also taken into account here. Systematic plausibility checks are run to some extent automatically, but also conducted by experts. Complex specific matters concerning the subsidiaries are regularly coordinated in-year between the Consolidated Financial Statements department and the subsidiary in question. The “dual control principle” and the separation of functions are likewise applied by way of key instruments of control in the preparation of the financial statements by the Group companies. In addition, Group Auditing examines the regularity of the financial reporting process for domestic and international companies.

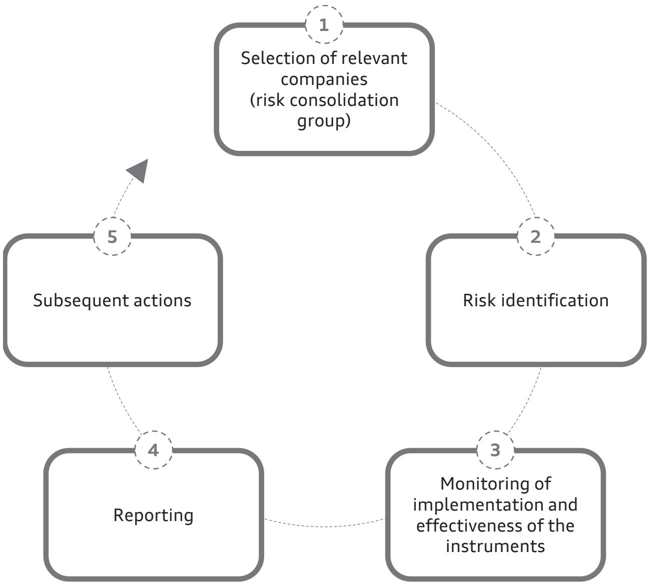
Financial reporting processes are mapped on the basis of the Group-wide Volkswagen consolidation and corporate management system (VoKUs). Furthermore, continuous information sharing is maintained with Volkswagen Group Accounting. VoKUs contains both historical data from Accounting and planning data from Controlling, and as such provides extensive scope for consolidation and analysis. The system also offers central master data management, a uniform reporting system, an authorization concept and maximum flexibility to adapt to changes in the legal framework. Data consistency is checked with the aid of systematic, multi-stage validation functions, such as completeness and content plausibility checks on the Balance Sheet, Cash Flow Statement, Income Statement and Notes.

// *RISK EARLY WARNING SYSTEM AND MONITORING OF EFFECTIVENESS*

Risk management is subject to wide-ranging statutory requirements. Section 91, Para. 2 of the German Stock Corporation Act (AktG) governs the obligations of the Board of Management concerning the early identification of risks that are a threat to the Company as a going concern (supplemented by the German Corporate Control and Transparency Act [KonTraG]). Section 107, Para. 3 of the German Stock Corporation Act (supplemented by the German Accounting Law Modernization Act [BilMoG]) obliges the Audit Committee of the Supervisory Board to monitor the effectiveness of the Risk Management System (RMS) and Internal Control System (ICS).

To meet these requirements, the Audi Group relies on an overarching systemic approach to risk identification, assessment and documentation that takes account of the accompanying risk management and control methods. Responsibility for the organizational form of the Risk Management System and Internal Control System rests with the Board of Management. Hand in hand with the Group-wide systematized risk identification process (governance, risk & compliance [GRC] process), an overall picture of the risk situation is generated, while at the same time the effectiveness of the control processes and overall system is assessed.

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, the risk consolidation group defined by this process comprises AUDI AG along with 23 other subsidiaries, which have carried out the GRC process in full.

Germany:

- AUDI AG
- Audi Akademie GmbH
- Audi Electronics Venture GmbH
- Audi Vertriebsbetreuungsgesellschaft mbH
- quattro GmbH

International:

- Audi Akademie Hungaria Kft.
- AUDI AUSTRALIA PTY LTD
- 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 HUNGARIA MOTOR Kft.
- AUDI HUNGARIA SERVICES Zrt.
- Audi Japan K.K.
- Audi of America, LLC
- AUDI SINGAPORE PTE. LTD.
- AUDI TOOLING BARCELONA S.L.
- Audi Volkswagen Korea Ltd.
- AUDI VOLKSWAGEN MIDDLE EAST FZE
- AUDI VOLKSWAGEN TAIWAN CO., LTD.
- Automobili Lamborghini S.p.A.
- Ducati Motor Holding S.p.A.
- Italdesign Giugiaro S.p.A.
- VOLKSWAGEN GROUP ITALIA S.P.A.

Subsidiaries that are not included in the risk consolidation group must meet Group-wide minimum requirements for their Risk Management System and Internal Control System.

The Audi Group uses a separate process to deal with significant changes in the risk situation that may occur at short notice due to unexpected external events, for example. A significant change in the risk situation occurs if there is a risk that poses a threat to the Company as a going concern or to its strategy, or if critical monetary threshold values are exceeded. Other triggers include inaccuracies in financial reporting and compliance breaches. All Group companies are obliged to inform the Board of Management of AUDI AG and the central GRC organization of such developments by means of ad hoc announcements. Priority is given to defining preventive measures for limiting losses, communicating the updated risk situation to the corporate bodies and examining whether an ad hoc announcement meeting capital market requirements needs to be published.

// *RISK IDENTIFICATION, ASSESSMENT AND DOCUMENTATION*

The individual risks reported by the risk managers in the respective divisions, departments and subsidiaries are evaluated using the GRC process. The net perspective is adopted here, in other words the probability of occurrence and potential loss are considered in the light of any corrective action already taken. The appropriateness and plausibility of risk reports are examined on a random basis in more in-depth interviews conducted with the appropriate divisions and companies. Based on the process documentation, the independent auditor also assesses whether the Board of Management has taken appropriate measures for the early indication of risks in accordance with Section 91, Para. 2 of the German Stock Corporation Act (AktG).

// *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 external assessors. If their effectiveness is deemed inadequate, the department must ensure that improvements are made. Corporate Risk Management monitors implementation. The Risk Management System and Internal Control System is regularly optimized and refined within our continuous monitoring and improvement processes. Results and evolutionary developments are reported to the Board of Management and the Audit Committee of the Supervisory Board both on a regular and an ad hoc basis. The regularity and effectiveness of selected elements are also monitored by Internal Audit and by external auditors in their capacity as impartial bodies.

/ RISKS AND OPPORTUNITIES OF THE AUDI GROUP

We list below those risks which, based on our current assessment, we consider to be material to 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 risks and opportunities reflects the categories typically used in the automotive industry. The risks within each category are presented in descending order of significance.

// ECONOMIC RISKS

A stable supply chain along with a demand-led supply of raw materials, preliminaries and semi-finished goods are the prerequisites for optimum utilization of production capacity. Disruptions to the supplier network and its environment may lead to temporary supply bottlenecks. Their causes may include natural disasters, political unrest and strikes (such as a strike by train drivers), but also economic crises, as well as quality problems and disruptions to production processes at suppliers and their own suppliers. Audi manages this risk by practicing preventive and reactive risk management within Procurement as well as continually analyzing the wider situation. Contracts are awarded to suppliers on the basis of a risk assessment and such decisions are put through rigidly defined processes.

The economic environment of the Europe, United States and China sales markets are of major significance for the economic success of the Company. The business cycle in the individual regions may exhibit marked differences and high fluctuations that impact unit sales, price enforcement and plant utilization, for example. Thanks to our worldwide distribution network, we are in a position to make up elsewhere for market weakness in individual countries. Nevertheless, adverse developments in individual sales regions may affect our volume programs and profit planning. We intend to continue building on our market strength in Europe. Risks arise from the continuing challenges of the economic and political environment. China is expected to remain the major driving force behind global market growth. As a result, we are increasing our capacities in that region in order to meet local demand. The competitive situation could nevertheless further intensify in this growth market. To manage the risk, we use comprehensive risk early warning systems with which we continually observe the sales markets and analyze customer preferences. We intend to safeguard our competitiveness and long-term business success through our strong brand, attractive product portfolio and steady focus on premium quality. We respond to short-term developments with market-specific measures and instruments of control. Furthermore, we always strive for demand-oriented production planning so that we can also respond flexibly to fluctuations in demand. Helpful solutions for us include, for example, the potential for transferring production between the locations under the production turntable principle and the effective use of timebanking by our employees.

Political intervention in the economy, social conflicts, terrorist attacks, pandemics and natural disasters could cause unexpected events that could equally affect economic activity as well as international financial and capital markets. We counter the risk of a negative business development from such factors by conducting comprehensive scenario and future analyses, drawing up emergency plans and taking out appropriate insurance cover. The Audi Group has developed a crisis organization to reinforce Group-wide crisis management.

// ECONOMIC OPPORTUNITIES

The Audi Group perceives market opportunities particularly in the Asia-Pacific region and in the markets of the Americas. Furthermore, the broadening of our product portfolio predominantly in the full-size segment could unlock extra market potential in established and high-growth markets. To realize these opportunities, we are steadily increasing our worldwide market presence especially in the growth markets. In addition, the further internationalization of our production network increases our flexibility to meet specific customer requirements and strengthens brand awareness of our brand worldwide. Economic developments and customer requirements are continually monitored worldwide in order to capitalize early on opportunities afforded by innovative solutions and new technologies.

// INDUSTRY RISKS

Meeting sustainability requirements is a major driver of the political and social agenda. The resulting laws, regulations and shifts in social values influence our industry. CO_2 limits in particular have a direct impact on the development, manufacturing and sale of vehicles. The principal consequences for the automotive industry are that it must assume ecological responsibility along the entire value chain, and above all strive to reduce fuel consumption and vehicle emissions.

Audi takes its responsibility to meet CO_2 requirements seriously. We also take into account stakeholder expectations that go beyond what is required by law. The objectives agreed with the Board of Management are managed at brand and Group level by central functions, committees and work groups, and their implications for economic, ecological and social responsibility are assessed. In addition, in the Corporate Responsibility Report, we render our sustainability goals and activities transparent for our stakeholders. We manage change in the field of drive technology through our product and powertrain strategy. We already play a leading role in the industry for conventional combustion engines. We champion high-efficiency, progressive vehicle concepts and use technologies from the modular efficiency platform. This platform comprises a wide array of technical solutions that ensure efficient products. We are also working hard on refining alternative drive systems based on electric, hybrid, fuel cell and CNG technologies. The findings from sustainability assessments and stakeholder dialogues for gauging current and future expectations are integrated into our sustainability strategy.

The development of the industry worldwide is characterized by intense competition that manifests itself through price positioning or the increased use of sales incentives. Its further intensification could adversely affect the Audi Group and reduce revenue and profit. Our brand strength and attractive product portfolio help mitigate this risk.

// INDUSTRY OPPORTUNITIES

Our customers worldwide have expectations with respect to sustainability, efficiency and connectivity that can offer us additional opportunities. Here, both our sophisticated vehicles and services as well as new services are potential areas of business. We have already created an established platform with Audi connect for translating the megatrends of digitization and connectivity into viable business models. We act as the interface between the customer, the dealer, the vehicle and the environment in adapting our products and services continually to requirements. We already offer innovative assistance systems in our production models as a gateway to realizing added market potential. In the medium term, we intend for our piloted driving systems to be instrumental in further improving not just traffic safety, but also energy efficiency and convenience. We have also identified potential in the field of mobility and fleet services and, in response, are developing innovative concepts that reflect our premium standards.

// RISKS FROM OPERATING ACTIVITIES

High upfront expenditures for future products in the form of development costs and capital investments are key features of the automotive industry. Yet the payback period usually stretches over the multi-year life cycle of the products. This fundamentally harbors the risk of deviations from project goals during the product development and creation process. It includes outdated planning assumptions, the potential failure to achieve the planned product characteristics and objectives, impending deadline overruns, quality variations and changes in customer expectations at short notice, with corresponding consequences for the financial targets. The growing product range also influences this risk. The product definition and product positioning in the market may also lead to unscheduled developments.

The Audi Group follows a systematic product development and product creation process. It involves a wide range of management and control instruments that validate both a project's milestone-based maturity and its financial objective. New products are defined on the basis of a comprehensive analysis of the environment and customers. In the development phase that follows, we use our extensive development and supplier network to bring the vehicle project to production maturity efficiently and in line with premium standards. This simultaneous engineering approach involves all divisions. Ongoing target/actual analyses, feasibility studies and quality checks, accompanied by escalation processes right up to top management, hold financial and technical project risks in check. Despite extensive market studies and thorough project planning and management, it is ultimately not entirely possible to ensure the market success of new vehicle projects, technologies or services. We also work continually to improve our product characteristics after market launch, to keep delighting our customers in the long term. Our market success and the expansion of our product portfolio necessitate the ongoing refinement of our organizational structures and processes. The main profit and cost drivers are managed and monitored by our Controlling area and as a product management task. The ratios applied are for project-based cost and profit management, and for corporate financial management.

Financial burdens and risks are an intrinsic part of our Company's growth. One goal is to design the organization and its cost structures in such a way that we will be able to adapt them flexibly to the market situation in the future too. We therefore require a disciplined approach to costs, especially those that are non-product-based overheads.

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, IT data backup centers and company fire departments. In addition, adequate insurance coverage has been taken out. The high flexibility of the worldwide Audi production network, which makes it possible to move production capacity to other locations, reduces the risk further. The Audi Group uses its worldwide network of suppliers and service providers in the development and production of its vehicles. To ensure our high quality standards, we have put in place a comprehensive quality assurance organization covering the entire value chain.

// OPPORTUNITIES FROM OPERATING ACTIVITIES

The Audi production network has steadily been adapted and expanded over recent years to bring it in line with international requirements. In addition to the synergies and cost savings that the Audi Group enjoys by virtue of being part of the Volkswagen Group, capacity utilization can be optimally managed across the worldwide production network, and production planning can be aligned closely with the requirements of individual markets.

Our market initiative in the United States, which for example involves the expansion of the dealer network as well as measures to boost customer satisfaction, is having a positive impact on our business performance. Working under the assumption that this initiative is maintained, we see further potential opportunities for the American market.

Further advantages may arise as a result of deeper collaboration between manufacturer and dealers. Innovative communication media and retail platforms such as Audi City pave the way for more intensive contact with customers. As well as enabling sophisticated customer care, we believe these offer extra potential for the manufacturer and dealers to improve profit and costs.

// LEGAL RISKS

The Audi Group is confronted with a highly complex regulatory framework in the form of a large number of country-specific legal systems and norms. It needs to comply with and meet technical, fiscal and customs regulations. These include tougher CO_2 legislation worldwide, accreditation systems and safety-relevant standards. Legislative changes bring a risk of legal uncertainty if regulations change very frequently or unexpectedly, or are subject to differing interpretations. The consequences could include fines, penalties and subsequent compensation payments, as well as restrictions on the approval of our products or delays to their market introduction. There could also be unforeseen legal disputes in such areas as competition law, product liability and patents in particular. The status quo is reflected financially in appropriately funded provisions, in accordance with international and national accounting standards. We back up our decisions and actions in all legal areas with the expertise of Audi's internal legal counsel. In selected cases we also consult external legal experts. 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 extensively offered. In the awareness that misconduct by individuals cannot be ruled out altogether, we take organizational steps to ensure that all actions are in accordance with the law.

// PERSONNEL RISKS

The high standard of training of our specialists and managers and their commitment ensure the enduring success of the Audi Group. Our global value chain and demographic change mean that we are fundamentally exposed to a risk of a shortage of specialists. The focus of our human resources work is therefore on targeted, demand-oriented personnel development and workforce training. Along with promoting qualification in automotive manufacturing, we are increasingly focusing on developing expertise in key, forward-looking subject areas for the automotive industry, such as digitization. The Audi Group's strong position worldwide as an employer occupies a pivotal role amid intense competition for the best employees. Hand in hand with our growing internationalization, for example as a result of the expansion of our worldwide production network, we promote our employees' intercultural expertise. We have developed special sponsor concepts and established local training centers, among other things, for this purpose. The goal is to permanently strengthen local expertise. In order to encourage mobility among our employees, we are continually optimizing the terms for impatriate and expatriate assignments. Our new human resources planning process identifies strategic key functions in Germany and internationally that need to be filled with top people.

// PERSONNEL OPPORTUNITIES

Numerous national and international awards confirm that the Audi Group is already among the world's most attractive employers. Additional measures are designed to reinforce the external perception of us worldwide as a top employer. This creates the potential for our Company to attract and retain an even larger pool of top talents.

// INFORMATION AND IT RISKS

Our Company's worldwide presence necessitates a digitally networked organization with maximum flexibility and secure, fast data and information flows that are constantly available. The professionalization of white-collar crime poses an increased threat to IT security. This could fundamentally also lead to unauthorized access to and manipulation of data at our Company, as well as disrupt our business operations. We address this risk through the continuing refinement of our IT security setup. One of its major components is the stipulation of Group-wide security standards. In addition, risk analyses, security audits and optimization projects have the goal of assuring the continuity and security of internal processes. New systems are subjected to increased resilience testing both before their adoption and also while in use.

// INFORMATION AND IT OPPORTUNITIES

Innovativeness and efficient processes are major success factors for Audi. The progressive digitization of the relationship between customer, dealer and manufacturer offers an array of opportunities to improve our products and services, and develop innovations. In the domain of connectivity, the dynamism of the automotive industry offers many additional business opportunities, for instance in the form of new applications but also seamless connectivity with customers, the infrastructure and other road users. Furthermore, there is efficiency potential in processes along the entire value chain of our Company. The systematic collection and analysis of data provides opportunities to add value to and improve the efficiency of our automotive network. The limiting factors are data protection regulations and the readiness of our customers and business partners to place their data at our disposal.

// FINANCIAL RISKS

Financial risks in the form of creditworthiness and liquidity risks are of relevance for the Audi Group, as are interest rate, exchange rate and commodity price risks. For the medium term, we have concluded an appropriate level of hedging transactions for purchases of commodities and for foreign currency to effectively hold these risks in check. Considerable exchange rate risks concern principally the U.S. dollar, the Chinese renminbi, the Japanese yen, the British pound and the Russian ruble. The strategic direction of our market activities is the overriding priority. Where there are extreme developments, as in the case of the Russian ruble, the Audi Group also utilizes short-term measures, such as significant price adjustments.

Further information on the hedging policy and risk management in the area of financial risks is provided in the Notes under Section 36 ***"Management of financial risks."***

// FINANCIAL OPPORTUNITIES

The economy in the United States and United Kingdom could develop more dynamically than in the eurozone and thus lead to the appreciation of those national currencies. The exchange rate of the renminbi against the euro could be positively influenced by the anticipated strength of the U.S. dollar and China's continuing steady economic growth.
A weakening of global economic growth could ease demand for commodities. This could open up opportunities for the Audi Group in the procurement market. The Audi Group's Treasury organization constantly monitors and actively manages these areas of financial potential.

/ MOTORCYCLES SEGMENT

The Ducati Group has been integrated into our Group-wide risk management organization since 2013. Various legacy risk areas of the Ducati Group have been neutralized or reduced by its inclusion in the Audi Group. However, this means that additional, segment-specific risks and opportunities have arisen for the Audi Group.

// RISKS FOR MOTORCYCLES SEGMENT

The Ducati Group is regarded worldwide as a successful manufacturer of premium motorcycles. Like the automotive industry, the Ducati Group faces the challenge of operating in an increasingly complex environment characterized, for example, by volatile markets and changing customer requirements. Against this backdrop, the Ducati Group has strategically refined its product development process to promote innovation.

Ducati customers are very discerning about the quality and design of motorcycles. The challenge for Ducati in this is to meet the premium expectations of customers and systematically develop the brand image. Consequently, it is necessary to keep quality and customer satisfaction ratings permanently under scrutiny. The instruments of control are put to use not just within the Ducati Group, but also for the steady expansion and improvement of the dealer network. Ducati is also continually optimizing its processes in order to avoid image loss and reduce warranty costs.

Ducati is expanding its international market presence. As a result, it is coming up against a large number of country-specific legal systems and norms. It needs to comply with and meet complex technical frameworks as well as fiscal and customs regulations, and must therefore continually observe and analyze them.

The most significant production plant for motorcycles of the Ducati Group is in Bologna, Italy. This is also the site of the main warehouse. Due to this dependence, the Ducati Group needs the Bologna facility to remain constantly operational and ready. A failure or operational restriction, for example as a result of a fire, would have serious consequences for the ability to deliver products. As well as the image loss, there would be financial consequences in particular. There are appropriate fire prevention measures and safety plans in place to avoid such a situation. The safety precautions are regularly brought up to date and adapted.

The Ducati Group competes with a large number of motorcycle manufacturers. Especially in traditional markets, the benchmark for competing is demanding. To secure its planned market shares, Ducati is enhancing the appeal of the brand and its products, and strengthening its relationship with customers.

The outstanding expertise of the Ducati workforce is a vitally important factor in meeting high customer expectations. Specially qualified employees are needed particularly for the development of innovative lightweight construction as well as engines. Thanks to its attractiveness as an employer and its strong brand image, Ducati is well positioned to compete for the best specialists. In addition, the company actively uses strategic human resources planning and other tools such as international recruitment activities to manage long-term development measures and loyalty tools in the human resources area.

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

Society's increasing focus on technical innovations and individuality could open up new market opportunities in innovative business areas for the motorcycle industry. Its unique market position in the design and technology areas is an asset to Ducati. In addition, the company could benefit from a broadening of the segments driven by demographic developments in its traditional sales markets. Furthermore, far-reaching quality measures are promoting the creation of a stronger, more attractive dealer network, opening up fresh opportunities for the Ducati Group. The entry into new markets could unlock extra growth potential too. The expertise and experience of the Audi Group could help with the swift and efficient implementation of internationalization measures. Under the umbrella of the Audi Group, the Ducati brand now also enjoys greater scope in its operating and purchasing processes, as well as business partner networks.

/ *OVERALL ASSESSMENT OF THE RISKS AND OPPORTUNITIES SITUATION OF THE AUDI GROUP*

The Audi Group is managed on the basis of targets and opportunities, with the focus on a sustainable increase in value. The Risk Management System and Internal Control System constitute a systematic approach that ensures transparency and effective management of risks.

The Audi Group is characterized by a strong brand image, an attractive product range, a worldwide supplier and production network, and an international customer structure. This constellation enables us to hold our own even in a difficult economic climate, and to outperform the market overall. The proof is in our profit ratios and the high financial strength of our Company, which give us the necessary leeway to invest – both today and in the future – in new products, pioneering technologies and services.

The overall risk and opportunity position for the Audi Group arises from the individual risks and opportunities presented above. The most significant risks for the Audi Group stem from product development and creation, efforts to meet sustainability requirements, and the increasingly tough regulatory standards and environment.

Additional potential in the individual sales markets and our innovative strength offer a broad spectrum of opportunities. Continuing, steady market expansion, above all in the Asia-Pacific region and the Americas, paves the way for us to further diversify our sales markets worldwide and capitalize on potential for market growth. The Audi brand plays an important role within the Volkswagen Group and itself exploits the synergies available to it in order to strengthen its own competitiveness. These synergies are not limited to its production network; they are also felt in other elements of the value chain, such as Technical Development and Procurement. 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 the information currently known to us, there are no risks that could pose a threat to major Group companies or the Audi Group itself as going concerns.

REPORT ON POST-BALANCE SHEET DATE EVENTS

There were no reportable events of material significance after December 31, 2014.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

/ GERMAN CORPORATE GOVERNANCE CODE IN 2014

On September 30, 2014, the Federal Ministry of Justice announced a new version of the German Corporate Governance Code dated June 24, 2014 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 13, 2013 and the identically worded recommendations in the version dated June 24, 2014 were and continue to be largely adhered to. The Supervisory Board and Board of Management declared deviations to Sections 4.2.3, Para. 2, Sentence 6 of the Code (caps on overall remuneration of the Board of Management and in respect of their variable remuneration components), Section 5.1.2, Para. 2, Sentence 3 of the Code, 5.4.1, Para. 2, Sentence 1 of the Code (age limit for Board of Management and Supervisory Board members), 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 elections), Section 5.4.2, Sentence 3 of the Code (no more than two former Board of Management members to sit on the Supervisory Board) and Section 5.4.6, Para. 2, Sentence 2 of the Code (performance bases for Supervisory Board 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; 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 members of the Supervisory Board contain a performance-related component that is geared towards the long-term development of the Company.

The response to the suggestions made in the Code is as follows: AUDI AG fulfills all of the suggestions made in the Code.

/ *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 27, 2014.

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 all corporate decisions are made in accordance with the relevant laws, internal rules and voluntary undertakings is of fundamental importance to the long-term success of Audi. Audi has therefore developed a preventive approach to compliance, the aim of which is to exclude the possibility of potential breaches of the rules in advance. The Group-wide Code of Conduct provides the basis for this approach.

The Governance, Risk & Compliance (GRC) area is in charge of compliance activities across the Group as a whole and is led by the Chief Compliance Officer, who reports directly to the Chairman of the Board of Management. During the reporting period, he was supported by 27 compliance officers working at the AUDI AG subsidiaries. A further 16 risk compliance coordinators work in the individual divisions of AUDI AG, acting as multipliers in relation to compliance issues.

The Compliance Management System (CMS) was further expanded in 2014. The key focuses of the annual compliance program were preventive measures in relation to anti-corruption law, the awarding of external contracts, information security and antitrust law. The compliance program is an essential tool for the creation of a uniform starting point for all compliance activities throughout the Audi Group.

AUDI AG is connected to the Volkswagen Group's global anti-corruption system. This system is designed to prevent corruption in the Company and reveal any instances of improper behavior. Employees may contact external, independent lawyers if they wish to report any suspicions or breaches of the rules, and may also do so anonymously. Additionally, they also have access to the Volkswagen Group's anti-corruption officer.

For the purposes of raising employee awareness of compliance issues further, the communication campaign launched in 2012 is being continued. Audi informs its staff of the relevant issues using the intranet, brochures, films and articles in the employee newspaper. Since 2013, newsletters have kept the local compliance officers informed on current developments in the area of compliance and best practices at other Audi companies. An information letter has been designed in cooperation with the IT department that is aimed at keeping the Audi workforce up to date on information security issues.

Training forms a central component of Audi's preventive approach to compliance. All new employees receive induction training in compliance and are briefed on the Audi Code of Conduct. To ensure that the compliance training on offer is tailored to the respective target groups, plans are in place for the establishment of the Compliance Academy in 2015. This will provide training on such matters as anti-corruption, antitrust law, money laundering and outsourcing. The newly devised Learning Management Solution (LSO), known as the Audi Learning Portal, will be in place from 2015 onwards, supporting the professional organization and implementation of training measures. This should ensure that the latest information on statutory and internal rules is always provided on compliance risk areas.

RISK MANAGEMENT

We have set ourselves the goal of managing our Company in a value-oriented and forward-looking way in the interests of our stakeholders, and adopting a responsible approach to risks. We work to ensure that the risks and opportunities associated with our business activity are identified at an early stage, assessed and effectively managed. A Group-wide Risk Management System and Internal Control System (RMS/ICS) has been in place for years now, serving to detect potential risks at an early stage, develop appropriate countermeasures, avoid potential losses and exclude any threat to the Group's continued existence. The organizational structure of the RMS/ICS is based on the internationally recognized standard of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Audi Group adopts a holistic, integrative approach, bringing a Risk Management System, Internal Control System and Compliance Management System together in a single management approach (governance, risk and compliance). Besides identifying and assessing risk, the Risk Management System and Internal Control System used by the Audi Group also guarantees the definition and implementation of internal controls along the entire value chain. As well as helping to comply with legal requirements, particularly in relation to the accounting process, the Risk Management System and Internal Control System enables the Audi Group to manage the key risks that it faces from a holistic perspective, taking account of both material and immaterial criteria. Relevant guidelines and standards are anchored, for example, in an internal Group-wide Board Directive, and ensure that risks are recorded and assessed uniformly. The Audi Group communicates the content and methodology of the Risk Management System on an ongoing basis and in a way that is tailored to the specific target groups, using training sessions, information events and internal communication media such as the Audi intranet. Opportunities management is implemented in 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.

The Audi Group bases the systemic design of its Risk Management System and Internal Control System on the "Three Lines of Defense Model." This system architecture is recommended by leading specialist organizations such as the European Confederation of Institutes of Internal Accounting (ECIIA). The first line of defense is provided by the operational Risk Management Systems and Internal Control Systems at the level of the AUDI AG divisions and subsidiaries, which form an integral part of the operational and organizational structure. The respective risk owners are responsible for managing their risks and controls, and are also required to carry out reporting.

Findings from the operational risk management process are continuously being incorporated into internal planning and control calculations. In addition, the risk officers are also required to report any material risks that arise as a result of unexpected external influences, doing so without delay.

In addition to ongoing operational risk management, Central Risk Management, as the second line of defense, safeguards the fundamental functioning of the Risk Management System and Internal Control System. Its core activities include carrying out a survey, which is standardized annually, in the divisions and principal subsidiaries across the world. This survey forms the basis for reporting, aggregated on a Group-wide basis, on the risk situation and the effectiveness of the systems to the Board of Management and Supervisory Board. Additionally, Central Risk Management is also responsible for providing the Supervisory Board's Audit Committee with comprehensive briefings on the Risk Management and Internal Control Systems. As the third line of defense, Internal Audit supports the Board of Management with the task of monitoring the subsidiaries and divisions of AUDI AG.

*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 194 ff.*

COMMUNICATION AND TRANSPARENCY

Transparency and maintaining an open dialogue are essential components of our corporate communications. For this reason, all key publication dates as well as the date of the Annual General Meeting of AUDI AG are listed in our financial calendar. This is published in the Company's Annual Report and is also available for public consultation at any time on our website at www.audi.com/financialcalendar.

In addition, we publish the invitation and the agenda for our Annual General Meeting, including any countermotions received, on our website at www.audi.com/investor-relations and www.audi.com/annualgeneralmeeting. Registered 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. We offer an Internet-based system for the issuing of or canceling of powers of attorney or for making changes to instructions at www.audi.com/annualgeneralmeeting. It is also possible for registered shareholders to view the live broadcast of the Annual General Meeting up to the end of the general discussion.

The provisions of 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. This information is published as ad hoc announcements by the Company 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) 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 2014 fiscal year was EUR 24,908 (23,445) thousand, of which EUR 4,939 (5,051) thousand related to fixed remuneration components and EUR 19,969 (18,394) thousand to variable components.

/// FIXED REMUNERATION

The fixed remuneration for members of the Board of Management of AUDI AG totaled EUR 4,939 (5,051) 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 2014 fiscal year totaled EUR 19,969 (18,394) thousand. The variable benefits paid to the Board of Management consist of a bonus, based on the business performance in the year under review and in the previous year, and, since 2010, have also included a Long Term Incentive (LTI), which is based on performance in the year under review and over the previous three 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. In the year under review, bonus payments totaled EUR 14,452 (13,894) thousand, with the LTI reaching EUR 5,517 (4,500) 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:

> Leader in customer satisfaction, measured using the customer satisfaction index,
> Leading 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, 2014, provisions for pensions pursuant to IAS 19 for current members of the Board of Management totaled EUR 33,882 (28,119) thousand. Allocations to the provisions including transfers during the past fiscal year totaled EUR 16,287 (8,504) 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 20,723 (22,306) thousand, with EUR 7,000 (9,463) thousand, including transfers, having been allocated in 2014. 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 8,017 (2,398) thousand during the reporting period. This included payments resulting from termination of office of EUR 6,003 (450) thousand, with regard to which there remained obligations totaling EUR 5,345 (2,983) thousand as of the balance sheet date. As at December 31, 2014, pension obligations for the above group of individuals, calculated pursuant to IAS 19, totaled EUR 67,868 (43,194) thousand. The equivalent figure calculated in accordance with the rules under German commercial law was EUR 49,881 (37,308) 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 2014 fiscal year in accordance with the applicable provision in the Articles of Incorporation and Bylaws.

The remuneration paid to the Supervisory Board of AUDI AG, pursuant to Section 314, Para. 1, No. 6a) of the German Commercial Code (HGB), is EUR 1,417 (1,135) thousand, of which EUR 208 (214) thousand related to fixed components and EUR 1,209 (921) 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 2015 fiscal year pursuant to Section 16 of the Articles of Incorporation and Bylaws.

Expenses for remuneration of the Supervisory Board

EUR	Fixed	Variable	Total 2014	
Prof. Dr. Dr. h. c. mult. Martin Winterkorn	–	–	–	Chairman [2] Shareholder representative
Berthold Huber [1]	20,000	124,000	144,000	Vice Chairman [2] Employee representative
Senator h. c. Helmut Aurenz	11,000	62,000	73,000	Shareholder representative
Dr. rer. pol. h. c. Francisco Javier Garcia Sanz	–	–	–	Shareholder representative
Johann Horn [1]	11,000	62,000	73,000	Employee representative
Rolf Klotz [1]	11,000	62,000	73,000	Employee representative
Peter Kössler	11,000	62,000	73,000	Employee representative
Peter Mosch [1]	15,500	93,000	108,500	Employee representative [2]
Prof. h. c. Dr. rer. pol. Horst Neumann	–	–	–	Shareholder representative
Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch	15,500	93,000	108,500	Shareholder representative [2]
Dr. jur. Hans Michel Piëch	11,000	62,000	73,000	Shareholder representative
Ursula Piëch	11,000	62,000	73,000	Shareholder representative
Dipl.-Wirtsch.-Ing. Hans Dieter Pötsch	–	–	–	Shareholder representative [3]
Dr. jur. Ferdinand Oliver Porsche	15,500	93,000	108,500	Shareholder representative [5]
Dr. rer. comm. Wolfgang Porsche	11,000	62,000	73,000	Shareholder representative
Norbert Rank [1]	15,500	93,000	108,500	Employee representative [4]
Jörg Schlagbauer [1]	15,500	93,000	108,500	Employee representative [5]
Helmut Späth [1]	11,000	62,000	73,000	Employee representative
Max Wäcker [1]	11,000	62,000	73,000	Employee representative
Sibylle Wankel [1]	11,000	62,000	73,000	Employee representative
Prof. Dr. rer. pol. Carl H. Hahn	–	–	–	Honorary Chairman
Total	**207,500**	**1,209,000**	**1,416,500**	

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) Member of the Presiding Committee and the Negotiating Committee
3) Chairman of the Audit Committee
4) Vice Chairman of the Audit Committee
5) Member of the Audit Committee

MANDATES OF THE BOARD OF MANAGEMENT

Status of all data: December 31, 2014

Prof. Rupert Stadler (51)
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 (47)
Marketing and Sales
Mandate:

- ◆ VOLKSWAGEN Group United Kingdom Ltd., Milton Keynes, United Kingdom

Prof. Dr.-Ing. Ulrich Hackenberg (64)
Technical Development
Mandate:

- ■ TÜV SÜD AG, Munich

Dr. Bernd Martens (48)
Procurement

Prof. h. c. Thomas Sigi (50)
Human Resources
Mandate:

- ■ Volkswagen Pension Trust e.V., Wolfsburg

Axel Strotbek (50)
Finance and Organization
Mandate:

- ■ VOLKSWAGEN FINANCIAL SERVICES AG, Braunschweig

Dr.-Ing. Hubert Waltl (56)
Production
Mandate:

- ◆ VOLKSWAGEN FAW Engine (Dalian) Co., Ltd., Dalian, China

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, 2014

Prof. Dr. Dr. h. c. mult. Martin Winterkorn (67) [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 (64)
Vice Chairman
Mandates:
- Porsche Automobil Holding SE, Stuttgart
- Siemens AG, Munich (Vice Chairman)
- Volkswagen AG, Wolfsburg (Vice Chairman)

Senator h. c. Helmut Aurenz (77)
Owner of the ASB Group, Stuttgart
Mandates:
- ◆ Automobili Lamborghini S.p.A., Sant'Agata Bolognese, Italy
- ◆ Scania AB, Södertälje, Sweden

Dr. rer. pol. h. c. Francisco Javier Garcia Sanz (57) [1)]
Member of the Board of Management of Volkswagen AG, Wolfsburg
Mandates:
- Hochtief AG, Essen
- ◆ Criteria Caixaholding S.A., Barcelona, Spain

Johann Horn (56)
Chief Executive of the Ingolstadt office of the IG Metall trade union
Mandate:
- EDAG Engineering AG, Wiesbaden

Rolf Klotz (56)
Vice Chairman of the Works Council of AUDI AG, Neckarsulm plant

Peter Kössler (55)
Ingolstadt Plant Manager, AUDI AG
Mandate:
- Audi BKK, Ingolstadt

Peter Mosch (42)
Chairman of the General Works Council of AUDI AG
Mandates:
- Audi Pensionskasse – Altersversorgung der AUTO UNION GmbH, VVaG, Ingolstadt
- Porsche Automobil Holding SE, Stuttgart
- Volkswagen AG, Wolfsburg

Prof. h. c. Dr. rer. pol. Horst Neumann (65) [1)]
Member of the Board of Management of Volkswagen AG, Wolfsburg

Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch (77)
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 Holding Gesellschaft m.b.H., Salzburg, Austria
- ◆ Scania AB, Södertälje, Sweden
- ◆ Scania CV AB, Södertälje, Sweden

Dr. jur. Hans Michel Piëch (72)
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 Holding Gesellschaft m.b.H., Salzburg, Austria
- ◆ Porsche Ibérica S.A., Madrid, Spain
- ◆ Porsche Italia S.p.A., Padua, Italy
- ◆ Schmittenhöhebahn Aktiengesellschaft, Zell am See, Austria
- ◆ Volksoper Wien GmbH, Vienna, Austria

Ursula Piëch (58)
Member of the Supervisory Board of Volkswagen AG, Wolfsburg
Mandate:
- Volkswagen AG, Wolfsburg

Dipl.-Wirtsch.-Ing. Hans Dieter Pötsch (63) [1)]
Member of the Board of Management of Volkswagen AG, Wolfsburg
Member of the Board of Management of Porsche Automobil Holding SE, Stuttgart
Mandates:
- ▪ Bertelsmann Management SE, Gütersloh
- ▪ Bertelsmann SE & Co. KGaA, Gütersloh

Dr. jur. Ferdinand Oliver Porsche (53)
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, Ludwigsburg

Dr. rer. comm. Wolfgang Porsche (71)
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 Holding Gesellschaft m.b.H., Salzburg, Austria
- ◆ Porsche Ibérica S.A., Madrid, Spain
- ◆ Porsche Italia S.p.A., Padua, Italy
- ◆ Schmittenhöhebahn Aktiengesellschaft, Zell am See, Austria

Norbert Rank (59)
Chairman of the Works Council of AUDI AG, Neckarsulm plant
Mandate:
- ▪ Audi BKK, Ingolstadt

Jörg Schlagbauer (37)
Member of the Works Council of AUDI AG, Ingolstadt plant
Mandates:
- ▪ Audi BKK, Ingolstadt
- ▪ BKK Landesverband Bayern, Munich
- ▪ Sparkasse Ingolstadt, Ingolstadt

Helmut Späth (58)
Member of the Works Council of AUDI AG, Ingolstadt plant
Mandates:
- ▪ Audi BKK, Ingolstadt
- ▪ Volkswagen Pension Trust e.V., Wolfsburg

Max Wäcker (60)
Vice Chairman of the Works Council of AUDI AG, Ingolstadt plant
Mandate:
- ▪ Audi BKK, Ingolstadt

Sibylle Wankel (50)
IG Metall trade union, Bavarian regional headquarters, Munich
Mandates:
- ▪ Siemens AG, Munich
- ▪ Vaillant GmbH, Remscheid

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.

B

CONSOLIDATED FINANCIAL STATEMENTS OF THE AUDI GROUP FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2014

INCOME STATEMENT OF THE AUDI GROUP

EUR million	Notes	2014	2013
Revenue	1	53,787	49,880
Cost of goods sold	2	– 44,415	– 40,691
Gross profit		**9,372**	**9,188**
Distribution costs	3	– 4,895	– 4,641
Administrative expenses	4	– 587	– 566
Other operating income	5	2,329	1,952
Other operating expenses	6	– 1,069	– 903
Operating profit		**5,150**	**5,030**
Result from investments accounted for using the equity method	7	488	454
Finance expenses	8	– 287	– 158
Other financial results	9	639	– 4
Financial result		**841**	**293**
Profit before tax		**5,991**	**5,323**
Income tax expense	10	– 1,563	– 1,309
Profit after tax		**4,428**	**4,014**
of which profit share of non-controlling interests		*62*	*53*
of which profit share of AUDI AG shareholders		*4,367*	*3,961*
Appropriation of profit share due to AUDI AG shareholders			
Profit transfer to Volkswagen AG	11	– 3,239	– 3,182
Transfer to retained earnings		1,128	779

EUR	Notes	2014	2013
Earnings per share	12	101.55	92.13
Diluted earnings per share	12	101.55	92.13

STATEMENT OF COMPREHENSIVE INCOME OF THE AUDI GROUP

EUR million	2014	2013
Profit after tax	**4,428**	**4,014**
Revaluations from pension plans recognized in other comprehensive income		
Revaluations from pension plans before tax recognized in other comprehensive income	– 1,344	297
Deferred taxes on revaluations from pension plans recognized in other comprehensive income	401	– 83
Revaluations from pension plans after tax recognized in other comprehensive income	– 943	214
Share of other comprehensive income of equity-accounted investments that will not be reclassified subsequently to profit or loss after tax	0	0
Items that will not be reclassified to profit/loss after tax	**– 943**	**214**
Currency translation differences		
Gains/losses from currency translation recognized in other comprehensive income	136	– 69
Currency translation differences transferred to profit or loss	–	–
Currency translation differences before tax	136	– 69
Deferred taxes on currency translation differences	–	–
Currency translation differences after tax	136	– 69
Cash flow hedges		
Fair value changes recognized in other comprehensive income	– 1,875	1,057
Fair value changes transferred to profit or loss	– 147	– 143
Cash flow hedges before tax	– 2,022	914
Deferred taxes on cash flow hedges	603	– 273
Cash flow hedges after tax	– 1,419	641
Available-for-sale financial assets		
Fair value changes recognized in other comprehensive income	81	41
Fair value changes transferred to profit or loss	– 51	– 52
Available-for-sale financial assets before tax	30	– 11
Deferred taxes on available-for-sale financial assets	– 9	3
Available-for-sale financial assets after tax	21	– 7
Share of other comprehensive income of equity-accounted investments that will be reclassified subsequently to profit or loss after tax	87	– 33
Items that will be reclassified subsequently to profit/loss after tax	**– 1,176**	**532**
Other comprehensive income before tax	– 3,114	1,099
Deferred taxes relating to other comprehensive income	995	– 353
Other comprehensive income after tax [1]	**– 2,119**	**746**
Total comprehensive income	**2,309**	**4,760**
of which profit share of non-controlling interests	*110*	*32*
of which profit share of AUDI AG shareholders	*2,199*	*4,728*

1) A share of EUR 48 million of the other profit after tax from currency translation differences with no effect on profit or loss is attributable to non-controlling interests.

The negative fair value changes in the cash flow hedges are matched, due to the effectiveness of the hedges, by corresponding potential gains in almost the same amount from the underlying transactions (vehicle sales). These potential gains are not however taken into account at December 31, 2014, as they can only be included in total comprehensive income in future periods once the underlying transactions are fulfilled.

BALANCE SHEET OF THE AUDI GROUP

ASSETS *in EUR million*	Notes	Dec. 31, 2014	Dec. 31, 2013
Intangible assets	14	5,292	4,689
Property, plant and equipment	15	9,673	8,413
Investment property	16	293	171
Investments accounted for using the equity method	17	4,022	3,678
Other participations		268	290
Deferred tax assets	18	2,351	1,720
Other financial assets	19	590	969
Other receivables	20	50	12
Non-current assets		**22,538**	**19,943**
Inventories	21	5,071	4,495
Trade receivables	22	3,648	3,176
Effective income tax assets	23	40	35
Other financial assets	19	4,100	1,296
Other receivables	20	610	479
Securities	24	3,370	2,400
Cash funds	24	11,391	13,332
Current assets		**28,231**	**25,214**
Total assets		**50,769**	**45,156**

EQUITY AND LIABILITIES *in EUR million*	Notes	Dec. 31, 2014	Dec. 31, 2013
Subscribed capital	25	110	110
Capital reserve	25	8,570	6,979
Retained earnings	25	10,628	10,470
Other reserves	25	– 513	712
AUDI AG shareholders' interest		18,796	18,271
Non-controlling interests	25	403	294
Equity		**19,199**	**18,565**
Financial liabilities	26	215	186
Deferred tax liabilities	27	211	517
Other financial liabilities	28	741	196
Other liabilities	29	958	843
Provisions for pensions	30	4,585	3,209
Effective income tax obligations	31	889	979
Other provisions	32	5,246	4,265
Non-current liabilities		12,844	10,194
Financial liabilities	26	1,422	1,228
Trade payables	33	5,824	5,163
Effective income tax obligations	31	665	225
Other financial liabilities	28	5,454	3,759
Other liabilities	29	2,008	2,664
Other provisions	32	3,353	3,360
Current liabilities		18,725	16,398
Liabilities		**31,570**	**26,592**
Total equity and liabilities		**50,769**	**45,156**

CASH FLOW STATEMENT OF THE AUDI GROUP

EUR million	2014	2013
Profit before profit transfer and income taxes	5,991	5,323
Income tax payments	– 1,136	– 1,431
Amortization of and impairment losses (reversals) on capitalized development costs	681	528
Depreciation and amortization of and impairment losses (reversals) on property, plant and equipment, investment property and other intangible assets	1,751	1,543
Depreciation of and impairment losses (reversals) on financial investments	4	0
Result from the disposal of assets	– 1	– 6
Result from investments accounted for using the equity method	– 138	– 73
Change in inventories	– 438	– 300
Change in receivables	– 701	– 1,227
Change in liabilities	852	1,320
Change in provisions	864	762
Change in leasing and rental assets	–	2
Other non-cash income and expenses	– 306	338
Cash flow from operating activities	**7,421**	**6,778**
Additions of capitalized development costs	– 1,311	– 1,207
Investments in property, plant and equipment, investment property and other intangible assets	– 2,979	– 2,386
Acquisition of subsidiaries and changes in capital	– 42	– 31
Acquisition of other participations	– 156	– 5
Sale of subsidiaries, other participations and changes in capital	6	–
Other cash changes	31	40
Change in investments in securities	– 842	– 510
Change in fixed deposits and loans extended	– 3,648	1,426
Cash flow from investing activities	**–8,940**	**–2,674**
Capital contributions	1,591	1,895
Transfer of profit	– 3,182	– 3,790
Change in financial liabilities	98	174
Lease payments	– 8	– 5
Cash flow from financing activities	**–1,501**	**–1,726**
Change in cash and cash equivalents due to changes in exchange rates	171	– 120
Change in cash and cash equivalents	**–2,850**	**2,258**
Cash and cash equivalents at beginning of period	6,540	4,281
Cash and cash equivalents at end of period	**3,689**	**6,540**

EUR million	Dec. 31, 2014	Dec. 31, 2013
Cash funds	3,689	6,540
Fixed deposits, securities and loans extended	14,276	9,589
Gross liquidity	**17,966**	**16,129**
Credit outstanding	– 1,637	– 1,413
Net liquidity	**16,328**	**14,716**

The Cash Flow Statement is explained in Note 37.

STATEMENT OF CHANGES IN EQUITY OF THE AUDI GROUP

EUR million	Subscribed capital	Capital reserve
Position 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**
Position as of Jan. 1, 2014	110	6,979
Profit after tax	–	–
Other comprehensive income after tax	–	–
Total comprehensive income	**–**	**–**
Capital increase	–	1,591
Profit transfer to Volkswagen AG	–	–
Miscellaneous changes	–	–
Position as of Dec. 31, 2014	**110**	**8,570**

Retained earnings	Other reserves				Equity		
Statutory reserve and other retained earnings	Reserve for currency translation differences	Reserve for cash flow hedges	Reserve for fair value measurement of securities	Investments accounted for using the equity method	AUDI AG shareholders' interest	Non-controlling interests	Total
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**
10,470	– 17	717	12	0	18,271	294	18,565
4,367	–	–	–	–	4,367	62	4,428
– 943	87	– 1,419	21	87	– 2,168	48	– 2,119
3,424	**87**	**–1,419**	**21**	**87**	**2,199**	**110**	**2,309**
–	–	–	–	–	1,591	–	1,591
– 3,239	–	–	–	–	– 3,239	–	– 3,239
– 27	–	–	–	–	– 27	–	– 27
10,628	**70**	**–702**	**32**	**87**	**18,796**	**403**	**19,199**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DEVELOPMENT OF FIXED ASSETS IN THE 2014 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, 2014							Dec. 31, 2014
Concessions, industrial property rights and similar rights and assets, as well as licenses thereto	1,103	–	1	101	–	6	11	1,200
Brand names	459	–	–	–	–	–	–	459
Goodwill	378	–	–	–	–	–	–	378
Capitalized development costs, products currently under development	1,853	–	–	1,058	–	–419	–	2,492
Capitalized development costs, products currently in use	4,075	–	–	253	–	419	359	4,388
Payments on account for intangible assets	1	0	0	3	–	–1	0	3
Intangible assets	**7,869**	**0**	**1**	**1,415**	**–**	**5**	**370**	**8,920**
Land, land rights and buildings, including buildings on third-party land and leased land and buildings	5,739	–	5	325	–	440	22	6,487
Plant and machinery	5,790	0	1	359	–	311	116	6,345
Other plant and office equipment, as well as leased plant and office equipment	13,181	0	7	825	–	202	353	13,863
Payments on account and assets under construction	1,508	1	43	1,365	–	–997	10	1,910
Property, plant and equipment	**26,218**	**1**	**55**	**2,874**	**–**	**–43**	**501**	**28,606**
Investment property	**186**	**85**	**4**	**29**	**–**	**38**	**–**	**343**
Investments accounted for using the equity method	**3,678**	**–**	**88**	**119**	**137**	**–**	**–**	**4,022**
Other participations	**293**	**–76**	**0**	**63**	**–**	**–**	**8**	**273**
Fixed assets	**38,245**	**11**	**149**	**4,500**	**137**	**–**	**878**	**42,164**

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, 2014								Dec. 31, 2014	Dec. 31, 2014	Dec. 31, 2013
700	–	1	134	–	0	11	–	824	375	403
41	–	–	2	–	–	–	–	43	416	418
–	–	–	–	–	–	–	–	–	378	378
20	–	–	–	–	–7	–	13	–	2,492	1,833
2,419	–	–	701	–	7	359	8	2,761	1,627	1,656
–	–	–	–	–	–	–	–	–	3	1
3,180	**–**	**1**	**837**	**–**	**0**	**369**	**20**	**3,628**	**5,292**	**4,689**
2,581	–	1	188	–	–9	17	–	2,744	3,743	3,158
4,196	0	0	416	5	1	112	–	4,506	1,840	1,594
11,028	0	3	994	0	–1	342	–	11,683	2,180	2,153
–	–	–	–	–	–	–	–	–	1,910	1,508
17,806	**0**	**5**	**1,599**	**5**	**–10**	**472**	**–**	**18,933**	**9,673**	**8,413**
15	**13**	**1**	**11**	**–**	**10**	**–**	**–**	**50**	**293**	**171**
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,022**	**3,678**
3	**–**	**–**	**–**	**4**	**–**	**1**	**–**	**5**	**268**	**290**
21,004	**13**	**7**	**2,446**	**9**	**–**	**842**	**20**	**22,616**	**19,547**	**17,241**

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**
Other participations	**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**
3	**–**	**–**	**–**	**0**	**–**	**–**	**–**	**3**	**290**	**254**
19,830	**–**	**–11**	**2,070**	**1**	**–**	**886**	**–**	**21,004**	**17,241**	**15,655**

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, Wolfsburg, 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 9, 2015. 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 2014 fiscal year.

IFRS 10 governs the determination of the entities to be included in consolidation and the form of inclusion of subsidiaries in the Consolidated Financial Statements. IFRS 10 has resulted in a standardized control concept. Control exists when decision-making rights are held with respect to the relevant activities that can be used to affect own variable returns. Nearly all control relationships within the Audi Group are based on voting or similar rights. All of the material special purpose entities and/or structured entities are already consolidated. The revision of the control concept therefore does not result in any changes. In other words, no companies need to be consolidated for the first time or removed from the group of consolidated companies.

IFRS 11 governs the definition and reporting of joint arrangements. The standard distinguishes between joint operations and joint ventures. A joint operation exists when the companies with joint control have rights to the assets and obligations for the liabilities resulting from the joint activity. With joint ventures, by contrast, the companies are only entitled to a share of the net assets. Applying IFRS 11 does not result in any changes for the Audi Group.

IFRS 12 deals with the disclosure requirements for subsidiaries, joint arrangements, associated companies and structured entities. The extent of the information that must be disclosed is increased by IFRS 12.

The other accounting standards to be applied for the first time in the 2014 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 2014 fiscal year because their application was not yet mandatory:

Standard/Interpretation		Published by the IASB	Mandatory application [1]	Endorsed by the EU	Effects
IFRS 9	Financial Instruments	Jul. 24, 2014	Jan. 1, 2018	No	Modified reporting of fair value changes relating to financial instruments previously categorized as available for sale, modified process for risk provisioning, extension of designation options for hedge accounting, simpler reviews of effectiveness, extension of disclosures
IFRS 10 and IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Sept. 11, 2014	Jan. 1, 2016	No	None
IFRS 10, IFRS 12 and IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Consolidation Exemptions for Investment Entities	Dec.12, 2014	Jan. 1, 2016	No	None
IFRS 11	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations	May 6, 2014	Jan. 1, 2016	No	None
IFRS 14	Regulatory Deferral Accruals	Jan. 30, 2014	Jan. 1, 2016	No	None
IFRS 15	Revenue from Contracts with Customers	May 28, 2014	Jan. 1, 2017	No	Likely to have no material impact on revenue recognition, extension of disclosures
IAS 1	Presentation of Financial Statements	Dec.12, 2014	Jan. 1, 2016	No	No material impact
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	May 12, 2014	Jan. 1, 2016	No	No material impact
IAS 16 and IAS 41	Agriculture: Bearer Plants	June 30, 2014	Jan. 1, 2016	No	None
IAS 19	Employee Benefits: Defined Benefit Plans – Contributions from Employees	Nov. 21, 2013	Jan. 1, 2016	Yes	No material impact
IAS 27	Separate Financial Statements: Equity Method	Aug. 12, 2014	Jan. 1, 2016	No	None
	Improvements to International Financial Reporting Standards 2012 [2]	Dec. 12, 2013	Jan. 1, 2016	Yes	Essentially extension of disclosures in relation to segment reporting
	Improvements to International Financial Reporting Standards 2013 [3]	Dec. 12, 2013	Jan. 1, 2015	Yes	No material impact
	Improvements to International Financial Reporting Standards 2014 [4]	Sept. 25, 2014	Jan. 1, 2016	No	Extended disclosures pursuant to IFRS 7 likely
IFRIC 21	Levies	May 20, 2013	Jan. 1, 2015	Yes	None

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) Minor changes to a number of IFRS (IFRS 1, IFRS 3, IFRS 13, IAS 40)
4) Minor changes to a number of IFRS (IFRS 5, IFRS 7, IAS 19, IAS 34).

/ *CONSOLIDATED COMPANIES*

In addition to AUDI AG, all of the material domestic and foreign subsidiaries are included in the Consolidated Financial Statements in cases where AUDI AG has direct or indirect decision-making power over the relevant activities, thereby influencing its own variable returns. The inclusion in the group of consolidated companies begins or ends on the date on which the control is acquired or lost.

Securities special funds are also included in the Audi Group's Consolidated Financial Statements. These structured entities pursuant to IFRS 12 do not present any special risks or result in any particular obligations for Audi.

Companies in which AUDI AG does not hold any interests, either directly or indirectly, are also included in the Consolidated Financial Statements. As a result of contractual agreements, however, AUDI AG exerts control. Non-controlling interests in equity and in profit are allocated to the following companies on a 100 percent basis in each case.

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, Herndon (USA)	VOLKSWAGEN GROUP OF AMERICA, INC., Herndon (USA)

Further information on non-controlling interests is provided in Note 25.

Subsidiaries with limited business operations that are of subordinate importance, both individually and in total, with regard to providing a true and fair view of the net worth, financial position and financial performance and cash flow are not consolidated. Before consolidation, these subsidiaries account for 0.8 (0.9) percent of consolidated equity, 0.4 (0.3) percent of profit after tax, and 0.6 (0.7) of the Audi Group's total assets. Associated companies and joint ventures with only limited business operations are also not consolidated using the equity method for reasons of materiality.

Subsidiaries, associated companies and joint ventures that are not fully consolidated or consolidated using the equity method, as well as financial participations, are as a general rule 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.

The group of consolidated companies has been extended since December 31, 2013 to include Audi Electronics Venture GmbH, Gaimersheim, AUDI Immobilien GmbH & Co. KG, Ingolstadt, and DUCATI DO BRASIL INDÚSTRIA E COMÉRCIO DE MOTOCICLETAS LTDA, São Paulo (Brazil).

The Audi Group does not wholly own Italdesign Giugiaro S.p.A. Turin (Italy), and PSW automotive engineering GmbH, Gaimersheim. 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, according to commercial law, 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.

www.audi.com/subsidiaries

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 Electronics Venture GmbH
- AUDI Immobilien GmbH & Co. KG
- Audi Vertriebsbetreuungsgesellschaft mbH
- quattro GmbH

// COMPOSITION OF THE AUDI GROUP

Total	2014	2013
AUDI AG and fully consolidated subsidiaries/structured entities	44	41
of which in Germany	*10*	*8*
of which in foreign countries	*34*	*33*
Non-consolidated subsidiaries	34	34
of which in Germany	*20*	*22*
of which in foreign countries	*14*	*12*
Investments accounted for using the equity method (in foreign countries)	3	2
Investments and joint ventures not accounted for using the equity method	16	13
of which in Germany	*14*	*11*
of which in foreign countries	*2*	*2*
	97	**90**

// PARTICIPATIONS IN ASSOCIATED COMPANIES

As of the balance sheet date, AUDI AG holds a 10 percent share in FAW-Volkswagen Automotive Company, Ltd., Changchun, a Chinese automotive manufacturer which, among other activities, produces and distributes Audi brand vehicles for the Chinese market. 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., Brussels (Belgium). This is a finance company used by Audi for factoring transactions. During the past fiscal year, Audi acquired a 40 percent stake in Volkswagen Automatic Transmission (Tianjin) Company Limited, Tianjiin, a Chinese manufacturer of transmission systems, including for Audi models, for EUR 145 million. As the acquisition involved a common control transaction, the predecessor method was applied, resulting in the positive difference of EUR 27 million being adjusted against equity, without affecting profit or loss.

Further information on the previously described associated companies, which are accounted for using the equity method, is provided in Note 17.

/ 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 recognition and measurement principles 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 identified 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 cost of purchase of a participation exceeds 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.

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 difference arising during initial consolidation is adjusted against equity, without affecting profit or loss.

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 recognition and measurement principles for determining the pro rata equity are, as a general rule, 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. Any companies accounted for using the equity method and acquired in conjunction with a common control transaction are also included using the predecessor method. There is therefore no adjustment to the fair values at the time of acquisition. Any difference between the purchase price and share of equity is adjusted against equity, without affecting profit or loss.

/ 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., Győr (Hungary), AUDI HUNGARIA MOTOR Kft., Győr (Hungary), AUDI VOLKSWAGEN MIDDLE EAST FZE, Dubai (United Arab Emirates), and AUDI MÉXICO S.A. de C.V., San José Chiapa (Mexico), 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, 2014	Dec. 31, 2013	2014	2013
Australia	AUD	1.4829	1.5423	1.4719	1.3777
Brazil	BRL	3.2207	3.2576	3.1211	2.8687
Japan	JPY	145.2300	144.7200	140.3061	129.6627
Canada	CAD	1.4063	1.4671	1.4661	1.3684
Mexico	MXN	17.8679	18.0731	17.6550	16.9641
Switzerland	CHF	1.2024	1.2276	1.2146	1.2311
Singapore	SGD	1.6058	1.7414	1.6824	1.6619
South Korea	KRW	1,324.8000	1,450.9300	1,398.1424	1,453.9121
Taiwan	TWD	38.4259	41.0935	40.2518	39.4265
Thailand	THB	39.9100	45.1780	43.1469	40.8297
United Kingdom	GBP	0.7789	0.8337	0.8061	0.8493
USA	USD	1.2141	1.3791	1.3285	1.3281
People's Republic of China	CNY	7.5358	8.3491	8.1858	8.1646

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, i.e. when the risk and reward is transferred to the customer. Revenue is reported after the deduction of any discounts.

No revenue is initially 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).

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 business combinations 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, which are reassessed yearly:

	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	4–9 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 material and labor costs as well as indirect material 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, i.e. if the significant opportunities and risks which result from the use of an asset have passed to the lessee. Capitalization is performed 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 operate leases as the lessee, i.e. if not all opportunities and risks associated with title have passed to them, leasing installments and rents are expensed directly in the Income Statement.

/ INVESTMENT PROPERTY

Land or buildings held with the intention of generating rental income 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 cost, 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. This means that 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 other 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. Up to the end of the detailed planning period, growth in the operating profit of the two cash generating units Automotive and Motorcycles is expected. Estimated cash flow following onto the detailed planning period is based on an annual rate of growth of 1.0 (1.0) percent in the Automotive unit and 1.0 (1.5) percent in the Motorcycles unit.

When testing goodwill and other 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 cost of capital (WACC) before taxes:

in percent	2014	2013
Automotive segment	6.1	6.6
Motorcycles segment	7.1	8.1

The cost of capital is 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 continued use or the 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.

If the reason for a previously recorded impairment loss ceases to exist, the asset is written up to the recoverable amount but to no higher than the amount of the amortized cost of purchase or construction. Any impairment of goodwill is never reversed.

/ *FINANCIAL INSTRUMENTS*

Financial instruments are contracts that create financial assets for one party and, at the same time, a financial debt or equity instrument for the other party.

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 categorized 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 in question of the financial instrument 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, i.e. 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 costs basically correspond 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 as far as possible using other observable input factors. If no such input factors are available, 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 opportunities and risks associated with their title.

With regard to factoring within the Audi Group, essentially all opportunities and risks are transferred.

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. As a general rule, no financial assets and liabilities are offset within the Audi Group due to the required conditions not being met. Given the general lack of any global offsetting agreements or similar arrangements, it is also not possible to carry out offsetting under certain conditions.

Financial assets and liabilities include both non-derivative and derivative claims or commitments, as detailed below.

// NON-DERIVATIVE FINANCIAL INSTRUMENTS

The “Loans and receivables” and “Financial liabilities measured at amortized cost” categories include non-derivative financial instruments measured at amortized cost. These include, in particular:

- borrowings,
- trade receivables and payables,
- current other assets and liabilities,
- financial liabilities,
- cash and cash equivalents.

Receivables 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 costs. 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, threat of insolvency or excessive debts, application for or opening of insolvency proceedings or failure of restructuring measures. Impairment losses on receivables are regularly posted to separate impairment accounts and abandoned at the same time as the corresponding impaired receivable.

The item “Available-for-sale financial assets” includes non-derivative financial instruments that are either allocated to this category or cannot be allocated to any of the other categories. This includes equity instruments, such as shares in equity, and debt instruments, such as interest-bearing securities. As a general rule, financial instruments that fall into this category are reported at 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. Lasting impairment of the fair value is included in the financial result.

“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 (no higher than the previous impairment amount) 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 investments in non-consolidated subsidiaries and other participations that are not valued according to the equity method. As there is no active market for these participations 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. As of the balance sheet date, there is no intention to sell any material participations.

// 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 authorized 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 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 reported under the financial result.

/ *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, if it is likely that they will be used.

The measurement of deferred tax assets for tax loss carryforwards is generally based on future taxable income in the context of a planning period of five fiscal years.

Deferred tax liabilities are generally recorded for all taxable time differences between the figures posted in the tax balance sheet and those in the Consolidated Balance Sheet.

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 purchase costs 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 goods sold 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 operate lease of up to one year and vehicles that 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, Wolfsburg. This promotes 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. 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 prime-rated corporate bonds. The individual parameters used to measure provisions for pensions are described in Note 30. Any effects resulting from the new measurement are reported in equity as retained earnings taking account of deferred taxes and with no effect on profit or loss.

/ INCOME TAX OBLIGATIONS

Income tax liabilities comprise current income tax obligations. Deferred taxes are reported under separate balance sheet and income statement items. Provisions are created for potential tax risks based on the best estimate.

/ OTHER PROVISIONS

In accordance with IAS 37, provisions are recognized if a current obligation existing toward third parties on the basis of a past event is likely to lead to cash outflows and where the amount of the obligation can reliably be estimated. Provisions 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 0.4 (1.0) percent was applied within the eurozone. The settlement value also includes the expected cost increases. The non-current portions of provisions for service anniversary awards were discounted at 2.3 (3.7) percent.

Other provisions include bonus contributions relating to partial retirement agreements that are accrued on a pro rata basis in accordance with the block model.

The Audi Group is also confronted with various court proceedings and entitlements related to such issues as product liability and patent infringements, among others. Other provisions take account of such risks to the extent that an outflow of resources is likely to occur in the future and can be reliably estimated. Legal disputes frequently involve complex legal issues. Consequently, assumptions must be made regarding the likelihood of an outflow of resources, the amount of any such outflow and the duration of the case. This means that the recognition and measurement of provisions to cover legal risks involve uncertainty.

/ LIABILITIES

Non-current liabilities are reported in the Balance Sheet at amortized cost. Any differences between the historical costs of purchase and the repayment value are taken into account using the effective interest method. Liabilities from finance leases 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. If a claim to an allocation arises retrospectively, the amount of the allocation that relates to earlier periods is recognized in income. Grants in the form of non-monetary assets (e.g. free use of land and premises or use of resources for free) are shown in a separate noted item.

/ 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 of 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 pursuant to IFRS 7.

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. Where 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 30. Actuarial gains or losses are reported in equity with no effect on profit or loss and have no impact on the profit reported in the Income Statement. Changes to estimates relating to the amount of other provisions are always recorded with an effect on 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 32. Details with regard to litigation are provided in Note 39.

Government grants are reported on the basis of the assessment of whether there is sufficient certainty that the required conditions are met and the grants will actually be awarded. This assessment is based on the type of legal entitlement and on past experience.

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 pick up slightly in 2015, with the economies of most industrialized countries gaining momentum again. The vast majority of the emerging markets should continue to grow at higher rates than industrialized countries. However, the comparatively high growth rate of previous years will probably not be achieved. 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 2015 fiscal year.

Management's estimates and assessments 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	2014	2013
Audi brand	37,784	35,827
Lamborghini brand	586	458
Other Volkswagen Group brands	3,076	2,827
Other automotive business	11,767	10,194
Automotive	**53,213**	**49,307**
Ducati brand	457	450
Other motorcycles business	118	123
Motorcycles	**575**	**573**
Revenue	**53,787**	**49,880**

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 the supply of parts sets to China, as well as the proceeds from the sale of engines and genuine parts.

2 / *COST OF GOODS SOLD*

Amounting to EUR 44,415 (40,691) 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 2014 fiscal year, impairment losses on property, plant and equipment amounted to EUR 5 (0) million.

3 / *DISTRIBUTION COSTS*

Distribution costs of EUR 4,895 (4,641) million mainly include labor and material 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 587 (566) million include labor and other costs, as well as depreciation attributable to administrative operations.

5 / *OTHER OPERATING INCOME*

EUR million	2014	2013
Income from derivative hedging transactions	609	493
Income from rebilling	485	473
Income from the processing of payments in foreign currency	297	142
Income from the dissolution of provisions	289	240
Income from ancillary business	211	223
Income from the write-up of intangible assets	20	0
Income from the disposal of assets	5	12
Income from the reversal of impairment losses of receivables and other assets	2	1
Miscellaneous operating income	411	368
Other operating income	**2,329**	**1,952**

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 36.5, “Methods of monitoring the effectiveness of hedging relationships.”

Income from ancillary business includes rental income from investment property in the amount of EUR 18 (12) 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 5 (11) million were recognized in income.

6 / *OTHER OPERATING EXPENSES*

EUR million	2014	2013
Expenses from derivative hedging transactions	503	306
Expenses from the processing of payments in foreign currency	189	206
Expenses from the allocation and rebilling of costs	76	102
Impairment losses on receivables	14	16
Losses on disposal of assets	4	6
Miscellaneous operating expenses	284	267
Other operating expenses	**1,069**	**903**

Expenses from derivative hedging transactions mainly result from premiums from contracts for foreign exchange options and the settlement of currency hedging instruments. The total position in relation to hedging transactions is presented under Note 36.5, “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 amounted to EUR 488 (454) million. Further information on investments accounted for using the equity method is provided in Note 17.

8 / *FINANCE EXPENSES*

EUR million	2014	2013
Interest expenses	**58**	**60**
Interest effect from the measurement of provisions for pensions	116	108
Interest effect from the measurement of other provisions	113	– 10
Interest effect from the measurement of liabilities	0	0
Interest effect from compounding	**229**	**98**
Finance expenses	**287**	**158**

Interest expenses are attributed on an accrual basis.

9 / *OTHER FINANCIAL RESULTS*

EUR million	2014	2013
Result from participations	53	60
of which result from participations	*50*	*53*
of which income from profit transfer agreements	*3*	*7*
Result from disposals of securities	– 1	6
Income and expense from the measurement of non-derivative financial instruments	0	1
Write-ups on non-derivative financial instruments	7	8
Income and expense from the fair value measurement of derivative financial instruments	– 35	– 628
Interest and similar income	131	96
Other income	485	452
Other financial results	**639**	**– 4**

Result from participations mainly comprises a share in the profits of Volkswagen Logistics GmbH & Co. OHG, Wolfsburg. It also includes write-downs on participations. The income and expense from the fair value measurement of derivative financial instruments encompass the ineffective portions of cash flow hedges and the fair value fluctuations of derivative financial instruments that do not comply in full with the effectiveness criteria of IAS 39. The total position in relation to hedging instruments is presented under Note 36.5, “Methods of monitoring the effectiveness of hedging relationships.” Interest income is attributed on an accrual basis.

10 / *INCOME TAX EXPENSE*

Income tax expense includes taxes passed on by Volkswagen AG, Wolfsburg, on the basis of the single-entity relationship between the two companies for tax purposes, along with taxes owed by AUDI AG and its consolidated subsidiaries, as well as deferred taxes.

EUR 1,213 (1,212) million of the actual income tax expense was charged to Volkswagen AG.

EUR million	2014	2013
Actual income tax expense	1,499	1,393
of which for Germany	*1,257*	*1,255*
of which for foreign countries	*242*	*139*
of which income from the dissolution of tax provisions	*– 11*	*– 3*
Deferred tax income/expense	64	– 85
of which for Germany	*– 31*	*– 27*
of which for foreign countries	*95*	*– 57*
Income tax expense	**1,563**	**1,309**
of which non-periodic tax income	*– 121*	*– 5*

The actual taxes in Germany are calculated at a tax rate of 29.8 (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 (29.8) percent. The local income tax rates applied to foreign companies range from 0 percent to 39 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.

Loss carryforwards total EUR 3,170 (3,052) million, of which EUR 47 (3,051) million may be used indefinitely, with EUR 3,123 (1) million to be used within the next eleven years. The decline in the loss carryforwards available for use indefinitely and the rise in loss carryforwards subject to a time limit are mainly due to a change in the statutory provisions governing the carrying forward of losses in Hungary. Overall, loss carryforwards in the amount of EUR 3,117 (3,049) million were classed as unusable. In the 2014 fiscal year, the realization of tax losses led to a reduction in current income tax expense of EUR 1 (43) million. Deferred tax assets of EUR 482 (416) million relating to tax loss carryforwards and tax concessions were not reported due to impairment.

No deferred tax claims were recorded for deductible temporary differences of EUR 160 (–) million or for tax concessions in the amount of EUR 101 (84) million.

Deferred tax liabilities of EUR 34 (40) million for temporary differences and non-distributed profits of AUDI AG subsidiaries were not recorded due to the existence of control pursuant to IAS 12.39.

Deferred taxes of EUR 13 (2) 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 companies concerned are expecting to record a positive tax income in future.

The devaluation of deferred tax claims resulted in a deferred tax expense of EUR 222 (19) million.

Of the deferred taxes reported in the Balance Sheet, a total of EUR 995 million was recorded in the current fiscal year with a resulting increase in equity, without influencing the Income Statement. Deferred taxes totaling EUR 353 million were recorded during the previous year with a resulting reduction in equity.

The recording of actuarial losses without affecting profit or loss, pursuant to IAS 19, led in the current fiscal year to an increase in equity of EUR 401 million from the creation of deferred taxes. During the prior year, deferred taxes of EUR 83 million on actuarial gains were taken into account, resulting in a decrease in equity. The change in deferred taxes on the effects recognized in equity for derivative financial instruments and securities led to an increase of EUR 594 million in equity in the course of the year. Deferred taxes amounting to EUR 270 million were recorded from these effects during the previous 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, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Intangible assets	127	128	1,158	997
Property, plant and equipment	289	266	72	76
Long-term financial investments	–	–	41	24
Inventories	49	39	17	42
Receivables and other assets	81	11	550	541
Other current assets	114	99	0	–
Provisions for pensions	985	550	–	1
Liabilities and other provisions	2,288	1,552	15	19
Loss carryforwards after impairment	16	1	–	–
Tax credits after impairment	10	33	–	–
Impairment on other deferred tax assets	– 189	–	–	–
Gross value	**3,768**	**2,678**	**1,854**	**1,700**
of which non-current	*1,702*	*1,280*	*1,289*	*1,325*
Offsetting	– 1,643	– 1,184	– 1,643	– 1,184
Consolidation measures	226	226	0	1
Carrying amount	**2,351**	**1,720**	**211**	**517**

10.2 / RECONCILIATION OF EXPECTED TO REPORTED INCOME TAX EXPENSE

EUR million	2014	2013
Profit before income tax	5,991	5,323
Expected income tax expense 29.8% (29.5%)	1,785	1,570
Reconciliation:		
Divergent foreign tax burden	–25	–5
Tax portion for tax-exempt income [1)]	–211	–180
Tax portion for expenses not deductible for tax purposes	19	23
Tax portion for effects from loss carryforwards and tax credits [1)]	47	28
Tax portion for permanent accounting differences	–9	–14
Tax income relating to other periods	–121	–5
Effects of tax rate changes	3	–9
Other tax effects [1)]	75	–99
Income tax expense reported	**1,563**	**1,309**
Effective tax rate in %	26.1	24.6

1) The prior-year figures were adjusted to take account of the changes to reporting of tax effects from loss carryforwards and tax credits.

11 / PROFIT TRANSFER TO VOLKSWAGEN AG

The amount of EUR 3,239 (3,182) million will be transferred to Volkswagen AG, Wolfsburg, under the profit transfer agreement with AUDI AG.

12 / EARNINGS PER SHARE

	2014	2013
Profit share of AUDI AG shareholders (EUR million)	4,367	3,961
Weighted average number of shares	43,000,000	43,000,000
Earnings per share in EUR	**101.55**	**92.13**

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, 2014 or December 31, 2013.

Outside shareholders of AUDI AG will receive a compensatory payment for each no-par share in lieu of a dividend for the 2014 fiscal year. The level of this payment corresponds to the dividend that is paid on one ordinary share of Volkswagen AG, Wolfsburg. The dividend payment will be resolved by the General Meeting of Volkswagen AG on May 5, 2015.

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	2014	2013
Financial instruments measured at fair value through profit or loss	– 50	– 615
Loans and receivables	178	– 54
Available-for-sale financial assets	106	118
Financial liabilities measured at amortized cost	– 46	– 1
Net results of financial instruments	**188**	**– 552**

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, income and expenses from the measurement and processing of foreign currency transactions, 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 participations not accounted for using the equity method.

13.3 / *INTEREST INCOME AND EXPENSE FOR FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE*

EUR million	2014	2013
Interest income	74	54
Interest expense	– 26	– 26
Interest income and expense	**48**	**27**

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 deposits and loans extended. Interest expense not relating 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., Brussels (Belgium), and to subsidiaries of Volkswagen AG, Wolfsburg, that are not part of the Audi Group.

13.4 / *IMPAIRMENT LOSSES FOR FINANCIAL ASSETS BY CATEGORY*

EUR million	2014	2013
Measured at fair value	–	–
Measured at amortized cost	16	16
Impairment losses	**16**	**16**

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 2014, EUR 154 million was transferred with a positive effect on the result from the cash flow hedge reserve to other operating profit and EUR 7 million was transferred to cost of goods sold with a negative effect on the result. In the 2013 fiscal year, EUR 151 million was transferred with a positive effect on the result to other operating profit and EUR 7 million was transferred to cost of goods sold with a negative effect on the result.

NOTES TO THE BALANCE SHEET

14 / *INTANGIBLE ASSETS*

EUR million	Dec. 31, 2014	Dec. 31, 2013
Concessions, industrial property rights and similar rights and assets, as well as licenses thereto	375	403
Brand names	416	418
of which Automotive	*12*	*14*
of which Motorcycles	*404*	*404*
Goodwill	378	378
of which Automotive	*88*	*88*
of which Motorcycles	*290*	*290*
Capitalized development costs	4,120	3,489
of which products currently under construction	*2,492*	*1,833*
of which products currently in use	*1,627*	*1,656*
Payments on account for intangible assets	3	1
Intangible assets	**5,292**	**4,689**

The reported goodwill retained its value during the fiscal year. The value is also deemed 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	2014	2013
Research expense and non-capitalized development costs	3,005	2,759
Amortization of and impairment losses (reversals) on capitalized development costs	681	528
Research and development expenditure	**3,685**	**3,287**

During the 2014 fiscal year, a total of EUR 4,316 (3,966) million was spent on research and development. Of this total, EUR 1,311 (1,207) million was capitalized. The capitalization rate is 30.4 (30.4) percent.

15 / *PROPERTY, PLANT AND EQUIPMENT*

EUR million	Dec. 31, 2014	Dec. 31, 2013
Land, land rights and buildings, including buildings on third-party land	3,743	3,158
Plant and machinery	1,840	1,594
Other plant and office equipment	2,180	2,153
Payments on account and assets under construction	1,910	1,508
Property, plant and equipment	**9,673**	**8,413**
of which finance lease	*25*	*24*

There is no purchase option with regard to the land and buildings rented on the basis of a finance lease. The leases are based on a maximum interest rate of 3.5 (3.5) percent.

// FINANCE LEASE PAYMENTS DUE IN THE FUTURE

EUR million	2015	2016 to 2019	from 2020	Total
Lease payments	3	15	9	27
Interest elements	1	2	1	4
Present value	**2**	**12**	**8**	**22**

Payments totaling EUR 155 (138) million for assets rented on the basis of operate leases were recognized as an expense.

16 / *INVESTMENT PROPERTY*

There were no impairment losses recorded in relation to investment property totaling EUR 293 (171) during the 2014 fiscal year (previous year EUR 1 million). The fair value of investment property exceeds the amortized costs by EUR 28 (0) million. 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 investment property, the amount of EUR 175 (154) million relates to buildings and land rented on the basis of a finance lease. The leases are based on a maximum interest rate of 4.4 (4.4) percent. The finance 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.

With regard to investment property, future payments in relation to non-cancelable operate leases are shown in the two tables below.

// FUTURE PAYMENTS IN RELATION TO NON-CANCELABLE FINANCE LEASES

EUR million	2015	2016 to 2019	from 2020	Total
Lease payments	12	44	234	291
Interest elements	7	26	78	110
Present value	**6**	**19**	**157**	**181**
Payment flows from sub-leasing (operate lease)	11	42	281	334

// FUTURE PAYMENTS IN RELATION TO NON-CANCELABLE OPERATE LEASES

EUR million	2015	2016 to 2019	from 2020	Total
Lease payments from non-cancelable operate leases	7	27	19	53

17 / *INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD*

Financial information on the material associated companies can be found in the following tables. The figures reflect the full values of the (converted) financial statements. Any adjustments to separate financial statements made during the application of the equity method have been taken into account accordingly.

// NOTES TO THE BALANCE SHEET

EUR million	FAW-Volkswagen Automotive Company, Ltd.		Volkswagen Group Services S.A./N.V.		Volkswagen Automatic Transmission (Tianjin) Company Limited
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014
Non-current assets	6,913	5,226	12,211	10,682	632
Current assets	14,066	12,009	9,339	10,346	199
Non-current liabilities	1,551	1,613	2,235	2,629	292
Current liabilities	11,472	9,636	8,807	8,080	262
Net carrying amount	7,956	5,986	10,508	10,320	277

// RECONCILIATION AT CARRYING AMOUNT OF PARTICIPATIONS

EUR million	FAW-Volkswagen Automotive Company, Ltd.		Volkswagen Group Services S.A./N.V.		Volkswagen Automatic Transmission (Tianjin) Company Limited
	2014	2013	2014	2013	2014
Net carrying amount as of Jan. 1 [1]	**5,986**	**6,041**	**10,320**	**10,162**	**236**
Profit after tax	4,714	4,095	190	155	– 65
Other comprehensive income after tax	757	– 332	– 1	2	33
Change in capital	–	–	–	–	73
Dividends paid	– 3,502	– 3,819	–	–	–
Net carrying amount as of Dec. 31	**7,956**	**5,986**	**10,508**	**10,320**	**277**
Pro rata equity	796	599	3,152	3,096	107
Consolidation/Other	– 34	– 17	–	–	–
Carrying amount of equity share	**762**	**582**	**3,152**	**3,096**	**107**

1) In the case of Volkswagen Automatic Transmission (Tianjin) Company Limited, the net carrying amount at acquisition in May 2014 is stated.

// DISCLOSURES ON THE RESULT

EUR million	FAW-Volkswagen Automotive Company, Ltd.		Volkswagen Group Services S.A./N.V.		Volkswagen Automatic Transmission (Tianjin) Company Limited [1]
	2014	2013	2014	2013	2014
Revenue	42,812	39,486	34	35	4
Profit after tax [2]	**4,714**	**4,095**	**190**	**155**	**–65**
Other comprehensive income after tax	757	– 332	– 1	2	33
Total comprehensive income	**5,471**	**3,764**	**188**	**158**	**–32**
Dividends received	350	382	–	–	–

1) In the case of Volkswagen Automatic Transmission (Tianjin) Company Limited, the figures apply to the period of time following acquisition in May 2014.
2) No operations were discontinued in the period under review.

18 / *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.”

19 / *OTHER FINANCIAL ASSETS*

19.1 / *NON-CURRENT OTHER FINANCIAL ASSETS*

EUR million	Dec. 31, 2014	Dec. 31, 2013
Positive fair values from derivative financial instruments	302	700
Fixed deposits and loans extended	261	243
Miscellaneous financial assets	26	26
Non-current other financial assets	**590**	**969**

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 36.5, "Methods of monitoring the effectiveness of hedging relationships."

19.2 / *CURRENT OTHER FINANCIAL ASSETS*

EUR million	Dec. 31, 2014	Dec. 31, 2013
Positive fair values from derivative financial instruments	268	405
Fixed deposits and loans extended	2,947	153
Miscellaneous financial assets	885	737
Current other financial assets	**4,100**	**1,296**

// *POSITIVE FAIR VALUES OF NON-CURRENT AND CURRENT DERIVATIVE FINANCIAL INSTRUMENTS*

EUR million	Dec. 31, 2014	Dec. 31, 2013
Cash flow hedges	472	1,068
of which to hedge against currency risks from future cash flows	*472*	*1,062*
of which to hedge against commodity price risks from future cash flows	*0*	*6*
Other derivative financial instruments	98	38
Positive fair values of derivative financial instruments	**570**	**1,105**

20 / *OTHER RECEIVABLES*

20.1 / *NON-CURRENT OTHER RECEIVABLES*

EUR million	Dec. 31, 2014	Dec. 31, 2013
Tax claims	40	3
Miscellaneous receivables	10	9
Non-current other receivables	**50**	**12**

20.2 / *CURRENT OTHER RECEIVABLES*

EUR million	Dec. 31, 2014	Dec. 31, 2013
Tax claims	412	276
Miscellaneous receivables	198	204
Current other receivables	**610**	**479**

21 / *INVENTORIES*

EUR million	Dec. 31, 2014	Dec. 31, 2013
Raw materials and supplies	553	490
Work and services in progress	623	579
Finished goods and products	3,239	2,757
Current leased assets	656	670
Inventories	**5,071**	**4,495**

Inventories amounting to EUR 39,831 (36,559) million were recorded as cost of goods sold at the same time that the revenue from them was realized. EUR 1,318 (912) 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 83 (55) 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 206 (219) 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 operate lease term of up to one year were reported under inventories in the amount of EUR 656 (670) million. In the 2015 fiscal year, payments in the amount of EUR 44 million are expected from non-cancelable leasing relationships.

22 / *TRADE RECEIVABLES*

Trade receivables of EUR 3,648 (3,176) million will be realized within the next twelve months. Impairment losses on trade receivables are detailed under Note 36.2, "Credit risks."

23 / *EFFECTIVE INCOME TAX ASSETS*

Entitlements to income tax rebates, predominantly for foreign Group companies, are reported under this item.

24 / *SECURITIES, CASH AND CASH EQUIVALENTS*

Securities include fixed or variable-interest securities and shares in equity in the amount of EUR 3,370 (2,400) million.

Cash funds essentially comprise credit balances with banks and affiliated companies amounting to EUR 11,391 (13,332) million. The credit balances with banks amounting to EUR 787 (709) million are held at various banks in different currencies. Balances with affiliated companies include daily and short-term investments with only marginal risk of fluctuations in value and amount to EUR 10,555 (12,622) million.

25 / *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 1,591 million as a result of a contribution in the amount of EUR 8,570 million by Volkswagen AG, Wolfsburg.

Retained earnings comprise accumulated gains and the revaluations from pension plans.

Other reserves include changes in value recognized with no effect on profit or loss relating to cash flow hedges, to the market values of securities and to interests measured at equity, as well as currency translation differences.

The opportunities and risks under contracts for foreign exchange futures and foreign exchange options, and under commodity price 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 available-for-sale financial assets 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 1,128 (779) million remaining after the transfer of profit to Volkswagen AG is allocated to the retained earnings.

Summarized information on the individual statements from the material companies in which non-controlling interests hold a stake is provided in the following table.

EUR million	Audi of America, LLC		Audi Canada Inc.	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Non-current assets	290	220	33	27
Current assets	2,654	2,085	363	286
Non-current liabilities	530	401	85	62
Current liabilities	2,073	1,656	250	205
Non-controlling interests	341	248	61	45

EUR million	Audi of America, LLC		Audi Canada Inc.	
	2014	2013	2014	2013
Revenue	6,695	6,038	910	828
Profit after tax [1)]	**48**	**38**	**13**	**14**
Other comprehensive income after tax	46	– 15	3	– 5
Total comprehensive income	**94**	**23**	**16**	**9**
Share of total comprehensive income of non-controlling interests	94	23	16	9
Dividends paid to other non-controlling interests	–	–	–	–
Cash flow from operating activities	– 8	104	34	6
Cash flow from investing activities	– 674	3	– 119	21
of which change in fixed deposits and loans extended	*– 669*	*– 7*	*– 117*	*19*
Cash flow from financing activities	92	161	136	– 21
Change in cash and cash equivalents due to changes in exchange rates	133	– 66	7	– 13
Change in cash and cash equivalents	**–457**	**202**	**57**	**–7**

1) No operations were discontinued in the period under review.

26 / *FINANCIAL LIABILITIES*

26.1 / *NON-CURRENT FINANCIAL LIABILITIES*

EUR million	Dec. 31, 2014	Dec. 31, 2013
Loans	20	13
Liabilities from finance leases	195	172
Non-current financial liabilities	**215**	**186**

26.2 / *CURRENT FINANCIAL LIABILITIES*

EUR million	Dec. 31, 2014	Dec. 31, 2013
Liabilities to factoring companies	1,376	1,155
Loans	38	65
Liabilities from finance leases	8	7
Current financial liabilities	**1,422**	**1,228**

Measurement of the non-current and current finance leases is based on market interest rates in each case.

27 / *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.

28 / *OTHER FINANCIAL LIABILITIES*

28.1 / *NON-CURRENT OTHER FINANCIAL LIABILITIES*

EUR million	Dec. 31, 2014	Dec. 31, 2013
Negative fair values from derivative financial instruments	739	194
Miscellaneous financial liabilities	1	2
Non-current other financial liabilities	**741**	**196**

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 36, “Management of financial risks.”

28.2 / *CURRENT OTHER FINANCIAL LIABILITIES*

EUR million	Dec. 31, 2014	Dec. 31, 2013
Negative fair values from derivative financial instruments	975	199
Liabilities from the transfer of profit	3,239	3,182
Miscellaneous financial liabilities	1,240	378
Current other financial liabilities	**5,454**	**3,759**

// *NEGATIVE FAIR VALUES OF NON-CURRENT AND CURRENT DERIVATIVE FINANCIAL INSTRUMENTS*

EUR million	Dec. 31, 2014	Dec. 31, 2013
Cash flow hedges	1,450	147
of which to hedge against currency risks from future cash flows	*1,432*	*125*
of which to hedge against commodity price risks from future cash flows	*18*	*22*
Other derivative financial instruments	264	245
Negative fair values of derivative financial instruments	**1,714**	**393**

29 / *OTHER LIABILITIES*

29.1 / *NON-CURRENT OTHER LIABILITIES*

EUR million	Dec. 31, 2014	Dec. 31, 2013
Advance payments received for service agreements	533	412
Liabilities from other taxes	16	41
Social security liabilities	23	22
Liabilities from payroll accounting	54	49
Miscellaneous liabilities	333	318
Non-current other liabilities	**958**	**843**

Liabilities with a time to maturity of more than five years amount to EUR 33 (44) million.

29.2 / *CURRENT OTHER LIABILITIES*

EUR million	Dec. 31, 2014	Dec. 31, 2013
Advance payments received for orders from customers and for service agreements	403	1,299
Liabilities from other taxes	166	166
Social security liabilities	121	120
Liabilities from payroll accounting	1,163	928
Miscellaneous liabilities	155	152
Current other liabilities	**2,008**	**2,664**

30 / *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. In the case of the Audi Group, they totaled EUR 341 (319) million. Of this, contributions of EUR 319 (299) 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 method commonly used 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, as part of revaluations, taking deferred taxes into account. These revaluations also include the interest income from plan assets.

The retirement benefit scheme within the Audi Group was evolved into a Contractual Trust Arrangement (CTA) in Germany on January 1, 2001. The trust is a contribution-based retirement benefit scheme with guarantees backed by Volkswagen Pension Trust e.V., Wolfsburg. 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.

30.1 / *AMOUNTS RECORDED IN THE BALANCE SHEET FOR DEFINED BENEFIT OBLIGATIONS*

EUR million	Dec. 31, 2014	Dec. 31, 2013
Present value of externally funded defined benefit obligations	1,662	1,032
Fair value of plan assets	1,156	972
Financing status (balance)	**505**	**60**
Present value of defined benefit obligations not externally funded	4,079	3,150
Due to the limit on a defined benefit asset amount not capitalized under IAS 19	–	–
Provisions for pensions recognized in the Balance Sheet	**4,585**	**3,209**

30.2 / *PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS*

EUR million	2014	2013
Present value on Jan. 1	4,181	4,314
Service costs	131	132
Interest expense	151	136
Actuarial gains (–)/losses (+) following changes in demographic assumptions	+ 1	+ 1
Actuarial gains (–)/losses (+) following changes in financial assumptions	+ 1,379	– 317
Actuarial gains (–)/losses (+) following experience-based adjustments	0	+ 17
Pension payments from company assets	– 98	– 95
Pension payments from fund assets	– 9	– 8
Past service costs (incl. plan curtailment)	1	–
Effects from transfers	4	5
Currency differences	0	– 4
Present value on Dec. 31	**5,741**	**4,181**

30.3 / *SENSITIVITY ANALYSES*

Present value of defined benefit pension obligation if		Dec. 31, 2014		Dec. 31, 2013	
		EUR million	*in %*	*EUR million*	*in %*
Discount rate	+ 0.5 percentage points	5,184	– 9.70%	3,906	– 6.58%
	– 0.5 percentage points	6,390	11.30%	4,594	9.86%
Remuneration trend	+ 0.5 percentage points	5,845	1.81%	4,253	1.71%
	– 0.5 percentage points	5,644	– 1.69%	4,113	– 1.63%
Retirement benefit trend	+ 0.5 percentage points	6,091	6.09%	4,411	5.49%
	– 0.5 percentage points	5,424	– 5.52%	3,987	– 4.65%
Life expectancy	+ 1 year	5,900	2.77%	4,280	2.36%

A change of half a percentage point in each case in the key actuarial assumptions used to calculate the present value of the defined benefit pension obligation would result in the effects shown in the table.

The sensitivity analyses 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.

30.4 / *ALLOCATION OF THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AMONG THE PLAN MEMBERS*

EUR million	2014	2013
Active beneficiary employees	3,877	2,663
Former beneficiary employees	159	113
Pensioners	1,705	1,406
Present value on Dec. 31	**5,741**	**4,181**

30.5 / *MATURITY PROFILE OF DEFINED BENEFIT OBLIGATION*

EUR million	2014	2013
Due within the next fiscal year	114	100
Due within two to five years	510	449
Due after more than five years	5,117	3,632
Present value on Dec. 31	**5,741**	**4,181**

The average weighted term during which the Audi Group’s defined benefit obligation will apply, based on the current perspective, is 22 (20) years (Macaulay Duration).

30.6 / *FAIR VALUE OF PLAN ASSETS*

EUR million	2014	2013
Plan assets on Jan. 1	972	844
Interest income from plan assets	35	28
Income/expense from plan assets not recognized in interest income	36	– 2
Employer contributions to the fund	122	110
Employee contributions to the fund	0	0
Pension payments from the fund	– 9	– 8
Effects from transfers	0	0
Currency differences	0	0
Plan assets on Dec. 31	**1,156**	**972**

Employer contributions to the fund totaling EUR 100 (93) million are expected for the following fiscal year.

30.7 / *COMPOSITION OF PLAN ASSETS*

EUR million	Dec. 31, 2014			Dec. 31, 2013		
	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	43	–	43	51	–	51
Debt instruments	1	–	1	–	–	–
Real estate	–	–	–	–	0	0
Equity funds	317	–	317	274	–	274
Pension funds	664	90	753	523	86	609
Real estate funds	23	–	23	21	–	21
Other funds	19	–	19	16	–	16
Asset-backed securities	–	–	–	1	–	1
Other	0	–	0	–	0	0
Plan assets	**1,067**	**90**	**1,156**	**885**	**86**	**972**

As well as the general market risk, the plan assets of Volkswagen Pension Trust e.V., Wolfsburg, 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 bodies of Volkswagen Pension Trust e.V., which include representatives from AUDI AG. Asset-liability-management studies are also 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.

30.8 / *AMOUNTS RECOGNIZED THROUGH PROFIT OR LOSS FROM BENEFIT OBLIGATIONS*

EUR million	2014	2013
Service costs	131	132
Net interest expense (+) and income (–)	+ 116	+ 108
Past service costs (incl. plan curtailment)	1	–
Balance of amounts from defined benefit obligations recognized through profit or loss	**248**	**240**

Net interest expense/income includes the interest expense from the defined benefit obligation and the expected return on plan assets (net interest approach).

30.9 / *DEVELOPMENT OF PROVISIONS FOR PENSIONS*

EUR million	2014	2013
Provisions for pensions on Jan. 1	3,209	3,470
Service costs	131	132
Interest expense	151	136
Interest income from plan assets	– 35	– 28
Income/expense from plan assets not recognized in interest income	– 36	2
Actuarial gains (–)/losses (+) following changes in demographic assumptions	+ 1	+ 1
Actuarial gains (–)/losses (+) following changes in financial assumptions	+ 1,379	– 317
Actuarial gains (–)/losses (+) following experience-based adjustments	0	+ 17
Past service costs (incl. plan curtailment)	1	–
Pension payments from company assets	– 98	– 95
Employer contributions to the fund	– 122	– 110
Effects from transfers	4	5
Currency differences	– 1	– 4
Provisions for pensions on Dec. 31	**4,585**	**3,209**

30.10 / *ACTUARIAL PREMISES FOR THE CALCULATION OF PENSION OBLIGATIONS*

in %	2014	2013
Discount rate	2.29	3.67
Remuneration trend	3.57	3.46
Retirement benefit trend	1.80	1.79
Fluctuation	1.02	1.03

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 prime-rated 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.

31 / EFFECTIVE INCOME TAX OBLIGATIONS

Effective income tax obligations consist primarily of tax liabilities to Volkswagen AG, Wolfsburg, under allocation plans.

32 / OTHER PROVISIONS

EUR million	Dec. 31, 2014		Dec. 31, 2013	
	Total	Of which due within one year	Total	Of which due within one year
Obligations from sales operations	6,382	2,314	5,591	2,279
Workforce-related provisions	1,056	249	1,051	367
Miscellaneous provisions	1,162	790	984	714
Other provisions	**8,599**	**3,353**	**7,625**	**3,360**

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 losses. 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 20, “Other receivables”).

The other provisions include reserves for price risks of EUR 182 (142) million and for legal risks of EUR 360 (347) million.

Anticipated outflows from other provisions are 39 percent in the following year, 51 percent in the years 2016 through 2019, and 10 percent thereafter.

// DEVELOPMENT OF OTHER PROVISIONS

EUR million	Jan. 1, 2014	Currency-differences	Change in scope of consolidated companies	Utilization	Dissolution	Addition	Interest effect from measurement	Dec. 31, 2014
Obligations from sales operations	5,591	125	0	1,762	209	2,611	27	6,382
Workforce-related provisions	1,051	2	0	299	16	234	85	1,056
Miscellaneous provisions	984	12	2	171	63	397	1	1,162
Change in other provisions	**7,625**	**139**	**2**	**2,233**	**289**	**3,242**	**113**	**8,599**

33 / TRADE PAYABLES

Trade payables totaled EUR 5,824 (5,163) million. The customary retention of title applies to liabilities from deliveries of goods.

ADDITIONAL DISCLOSURES

34 / *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, 2014. For this purpose, the development of key costs 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, 2014	Dec. 31, 2013
Equity	19,199	18,565
as % of total capital	37.8	41.1
Financial liabilities and liabilities from profit transfer	4,876	4,595
of which current financial liabilities	*1,422*	*1,228*
of which non-current financial liabilities	*215*	*186*
of which liabilities from the transfer of profit	*3,239*	*3,182*
as % of total capital	9.6	10.2
Total equity and liabilities	**50,769**	**45,156**

Around 99.55 percent of the subscribed capital is held by Volkswagen AG, Wolfsburg, with which a control and profit transfer agreement exists.

In the 2014 fiscal year, equity rose by 3.4 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.

35 / *ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS IN THE BALANCE SHEET*

35.1 / *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 of the fair value hierarchy involves the measurement of financial instruments, such as securities, listed on active markets.

Level 2 involves the measurement of financial instruments such as derivatives, where the fair value is calculated using measurement processes based on observable market data. Particular use is made of exchange rates, interest rates and commodity prices, which can be observed on the corresponding markets and are acquired via price service agencies.

Within 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 36.4, “Market risks.”

Furthermore, non-current commodity futures are also measured according to level 3, as the long-term nature of the contracts means that the key parameters for their measurement need to be extrapolated. The extrapolation for the different commodities is carried out on the basis of observable input factors, acquired via price service agencies. Rights to acquire shares in companies are also assigned to fair value level 3, as there are no available input factors for measurement derived from active markets. For the purposes of measuring equity instruments, particular use is made of the respective company plans and the specific discounting rates.

35.2 / *CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2014*

EUR million	Reconciliation of balance sheet items to classes of financial instruments			
	Carrying amount as per Balance Sheet as of Dec. 31, 2014	Measured at fair value through profit or loss	Available for sale	Loans and receivables
Other participations	268	–	268	–
Other financial assets	590	46	–	287
of which from the positive fair values of derivative financial instruments	*302*	*46*	–	–
of which fixed deposits and extended loans	*261*	–	–	*261*
of which miscellaneous other financial assets	*26*	–	–	*26*
Non-current financial assets	**857**	**46**	**268**	**287**
Trade receivables	3,648	–	–	3,648
Other financial assets	4,100	53	–	3,827
of which from the positive fair values of derivative financial instruments	*268*	*53*	–	–
of which fixed deposits and extended loans	*2,947*	–	–	*2,947*
of which miscellaneous other financial assets	*885*	–	–	*880*
Securities	3,370	–	3,370	–
Cash funds	11,391	–	–	11,391
Current financial assets	**22,510**	**53**	**3,370**	**18,867**
Financial assets	**23,367**	**98**	**3,637**	**19,154**
Financial liabilities	215	–	–	–
of which liabilities from finance leases	*195*	–	–	–
of which other financial liabilities	*20*	–	–	–
Other financial liabilities	741	165	–	–
of which from the negative fair values of derivative financial instruments	*739*	*165*	–	–
of which miscellaneous other financial liabilities	*1*	–	–	–
Non-current financial liabilities	**956**	**165**	**–**	**–**
Financial liabilities	1,422	–	–	–
of which liabilities from finance leases	*8*	–	–	–
of which other financial liabilities	*1,414*	–	–	–
Trade payables	5,824	–	–	–
Other financial liabilities	5,454	99	–	–
of which from the negative fair values of derivative financial instruments	*975*	*99*	–	–
of which miscellaneous other financial liabilities	*4,479*	–	–	–
Current financial liabilities	**12,700**	**99**	**–**	**–**
Financial liabilities	**13,656**	**264**	**–**	**–**

Financial liabilities measured at amortized cost	No category assigned under IAS 39		Classification in measurement levels pursuant to IFRS 7			
			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	
–	–	–	–	–	–	268
–	257	–	–	294	9	287
–	*257*	–	–	*294*	*9*	–
–	–	–	–	–	–	*261*
–	–	–	–	–	–	*26*
–	**257**	**–**	**–**	**294**	**9**	**555**
–	–	–	–	–	–	3,648
–	215	6	–	259	9	3,833
–	*215*	–	–	*259*	*9*	–
–	–	–	–	–	–	*2,947*
–	–	*6*	–	–	–	*885*
–	–	–	3,370	–	–	–
–	–	–	–	–	–	11,391
–	**215**	**6**	**3,370**	**259**	**9**	**18,872**
–	**472**	**6**	**3,370**	**553**	**17**	**19,427**
20	–	195	–	–	–	215
–	–	*195*	–	–	–	*195*
20	–	–	–	–	–	*20*
1	575	–	–	587	152	1
–	*575*	–	–	*587*	*152*	–
1	–	–	–	–	–	*1*
21	**575**	**195**	**–**	**587**	**152**	**217**
1,414	–	8	–	–	–	1,422
–	–	*8*	–	–	–	*8*
1,414	–	–	–	–	–	*1,414*
5,824	–	–	–	–	–	5,824
4,479	876	–	–	900	74	4,479
–	*876*	–	–	*900*	*74*	–
4,479	–	–	–	–	–	*4,479*
11,717	**876**	**8**	**–**	**900**	**74**	**11,725**
11,738	**1,450**	**203**	**–**	**1,488**	**227**	**11,942**

35.3 / *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 participations	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 finance leases	*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 finance leases	*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**	**–**	**–**

Financial liabilities measured at amortized cost	No category assigned under IAS 39		Classification in measurement levels pursuant to IFRS 7			
			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**

35.4 / *RECONCILIATION STATEMENT FOR DERIVATIVE FINANCIAL INSTRUMENTS MEASURED ACCORDING TO LEVEL 3*

EUR million	2014	2013
Positive fair values of level 3 derivative financial instruments as of Jan. 1	30	103
Income (+) and expense (–) recognized in the financial result	+ 1	– 62
Income (+) and expense (–) recognized in other comprehensive income	+ 2	– 1
Settlements	– 11	– 8
Transfer from level 3 to level 2	– 4	– 3
Positive fair values of level 3 derivative financial instruments as of Dec. 31	**17**	**30**
Income (+) and expense (–) recognized in the financial result from level 3 derivative financial instruments still held at Dec. 31	+ 1	– 62

EUR million	2014	2013
Negative fair values of level 3 derivative financial instruments as of Jan. 1	176	20
Income (–) and expense (+) recognized in the financial result	+ 101	+ 180
Income (–) and expense (+) recognized in other comprehensive income	+ 3	+ 6
Settlements	– 47	– 20
Transfer from level 3 to level 2	– 6	– 10
Negative fair values of level 3 derivative financial instruments as of Dec. 31	**227**	**176**
Income (–) and expense (+) recognized in the financial result from level 3 derivative financial instruments still held at Dec. 31	+ 101	+ 180

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 36.4, “Market risks.”

Opportunities and risks resulting from the fair value fluctuations in derivative financial instruments measured according to level 3 are calculated within the Audi Group by means of sensitivity analyses. In this way, the effects of changes in commodity price listings on profit after tax and equity are simulated. A 10 percent rise or fall in the commodity prices of commodity futures measured according to level 3 at December 31, 2014 would either positively or negatively impact other comprehensive income in the amount of EUR 1 (3) million. The positive or negative effect on profit after tax of such a rise or fall would be EUR 6 (2) million.

35.5 / *FINANCIAL INSTRUMENTS MEASURED AT COST*

EUR million	Dec. 31, 2014	Level 1	Level 2	Level 3
Other participations	268	–	–	268
Trade receivables	3,648	–	3,648	–
Other financial assets	4,120	–	4,120	–
Cash funds	11,391	3,689	7,702	–
Fair values of financial assets measured at amortized cost	**19,427**	**3,689**	**15,470**	**268**
Trade payables	5,824	–	5,824	–
Financial liabilities	1,637	–	1,637	–
Other financial liabilities	4,480	–	4,480	–
Fair values of financial liabilities measured at amortized cost	**11,942**	**–**	**11,942**	**–**

EUR million	Dec. 31, 2013	Level 1	Level 2	Level 3
Other participations	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**	**–**

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 35.1. 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. In order to reconcile the tables above, equity instruments reported at their carrying amount are assigned to level 3 in the fair value hierarchy.

36 / *MANAGEMENT OF FINANCIAL RISKS*

36.1 / *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, Wolfsburg. The Board of Management and Supervisory Board of AUDI AG are regularly briefed on the current risk situation. Additionally, the Volkswagen Executive Committee for Liquidity and Foreign Currency is regularly updated on the current financial risks.

*Further information can be found in the **Management Report** on page 201.*

36.2 / *CREDIT RISKS*

Credit and default risks from financial assets relate to a possible default by a contractual party and do not exceed the carrying amounts 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, 2014	Neither past due nor impaired	Past due and not impaired	Impaired
Trade receivables	3,697	3,102	535	60
Other receivables	4,169	4,102	18	49
of which receivables from loans	*3,206*	*3,206*	*0*	*–*
of which miscellaneous receivables	*963*	*895*	*18*	*49*
	7,866	**7,203**	**554**	**109**

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**

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 7,203 (3,813) 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 7 million in the Audi Group during the 2014 fiscal year.

// MATURITY ANALYSIS OF GROSS CARRYING AMOUNTS

EUR million	Past due and not impaired	Past due		
	Dec. 31, 2014	up to 30 days	between 30 and 90 days	more than 90 days
Trade receivables	535	77	330	128
Other receivables	18	9	4	5
Gross carrying amounts	**554**	**86**	**334**	**133**

EUR million	Past due and not impaired	Past due		
	Dec. 31, 2013	up to 30 days	between 30 and 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**

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	2014	2013
Position as of Jan. 1	92	110
Changes in scope of consolidated companies	0	–
Addition	12	15
Utilization	– 4	– 32
Dissolution	– 2	– 1
Position as of Dec. 31	**98**	**92**

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 2014 and 2013 fiscal years. Portfolio-based impairments are not used within the Audi Group.

// COLLATERAL

The credit risk is reduced by collateral held of EUR 2,161 (1,762) 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.

36.3 / 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 within the Audi Group.

// MATURITY ANALYSIS OF UNDISCOUNTED CASH FROM FINANCIAL INSTRUMENTS

EUR million	Total	Residual contractual maturities		
	Dec. 31, 2014	up to 1 year	between 1 and 5 years	over 5 years
Financial liabilities	1,748	1,429	66	252
Trade payables	5,824	5,824	–	–
Other financial liabilities and obligations	4,480	4,479	1	–
Derivative financial instruments	34,192	16,617	17,574	–
Undiscounted cash outflows	**46,244**	**28,349**	**17,642**	**252**

EUR million	Total	Residual contractual maturities		
	Dec. 31, 2013	up to 1 year	between 1 and 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**

The cash used from derivatives where a gross settlement has been agreed is offset by cash received. These cash receipts are not presented in the maturity analysis. Had the cash receipts also been taken into account, the cash used would have been significantly lower in the maturity analysis.

// COLLATERAL

The Audi Group recorded financial assets as collateral for liabilities in the amount of EUR 8 (143) million. This collateral is used by contractual parties primarily as soon as credit periods for secured liabilities are exceeded.

36.4 / 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, fund price, commodity price and interest rate risks. As part of the risk management process, these risks are limited by entering into hedging transactions. All necessary hedging measures are implemented centrally by the Group Treasury of Volkswagen AG, Wolfsburg, or coordinated via the Group Treasury of AUDI AG. There were no risk concentrations during the past fiscal year.

The market price risks associated with derivative and non-derivative financial instruments pursuant to IFRS 7 are calculated in the Audi Group using sensitivity analyses. Changes to the risk variables within the respective market price risks are used to calculate the impact on equity and on profit after tax.

/// CURRENCY RISKS

The Audi Group is exposed to exchange rate fluctuations in view of its international business activities. The measures implemented to hedge against these currency risks are coordinated regularly between AUDI AG and the Group Treasury of Volkswagen AG, 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.

The AUDI Group additionally concludes hedging transactions of its own to a limited extent, where this helps to simplify current operations.

The hedging transactions are effected by means of marketable derivative financial instruments (contracts for foreign exchange futures, contracts for foreign exchange options and currency swaps). 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 2014 fiscal year focused on the US dollar, the Chinese renminbi, the British pound and the Japanese yen.

Currency risks pursuant to IFRS 7 arise as a result of financial instruments that are of a monetary nature and that are denominated in a currency other than the functional currency. 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 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 fair value of these hedging transactions and the cash flow hedge reserve in equity.

/// *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 MARKET RISKS BY MEANS OF SENSITIVITY ANALYSES

/// CURRENCY RISKS

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 after tax would have resulted with regard to the currency relations referred to below.

EUR million	Dec. 31, 2014		Dec. 31, 2013	
	+10%	– 10%	+10%	– 10%
EUR/JPY				
Hedging reserve	80	– 80	79	– 79
Profit after tax	– 1	1	– 2	2
EUR/USD				
Hedging reserve	786	– 783	587	– 559
Profit after tax	– 57	61	– 66	79
EUR/GBP				
Hedging reserve	526	– 526	307	– 307
Profit after tax	– 1	1	0	0
EUR/CNY				
Hedging reserve	381	– 381	245	– 245
Profit after tax	– 48	48	– 61	61

/// *OTHER MARKET RISKS*

The measurement of other market risks pursuant to IFRS 7 is also carried out using sensitivity analyses within 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 share 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	2014		2013	
	+10%	– 10%	+10%	– 10%
Fund price risks				
Effects on equity with change in share prices	21	– 30	12	– 13
Commodity price risks				
Effects on equity with change in commodity prices	18	– 18	15	– 15
Effects on profit after tax with change in commodity prices	42	– 42	30	– 30
Residual value risks of used cars				
Effects on profit after tax with change in market prices	194	– 194	153	– 153
	+100 bps	– 100 bps	+100 bps	– 100 bps
Interest rate change risks				
Effects on equity with change in market interest rate	– 74	74	– 26	20
Effects on profit after tax with change in market interest rate	3	– 3	– 12	7

36.5 / *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 2014, leading to a EUR 15 million increase in the financial result. In 2013, there was ineffectiveness amounting to EUR 13 million, leading to a deterioration in the financial result.

// NOMINAL VOLUME OF DERIVATIVE FINANCIAL INSTRUMENTS

EUR million	Nominal volumes			
	Dec. 31, 2014	Remaining term of up to 1 year	Remaining term of between 1 and 5 years	Dec. 31, 2013
Forward exchange contracts	32,973	15,916	17,057	21,964
Foreign exchange options	399	171	227	618
Commodity futures	275	115	160	228
Currency swaps	–	–	–	2
Cash flow hedges	**33,647**	**16,202**	**17,445**	**22,812**
Forward exchange contracts	966	612	354	623
Commodity futures	656	302	354	491
Other derivatives	**1,622**	**914**	**707**	**1,114**

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.

The derivative financial instruments used exhibit a maximum hedging term of five years.

37 / *CASH FLOW STATEMENT*

The Cash Flow Statement details the payment streams for both the 2014 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 2014 included payments for interest received amounting to EUR 39 (46) million and for interest paid amounting to EUR 31 (31) million. In 2014, the Audi Group received dividends and profit transfers totaling EUR 416 (430) 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, investment property, 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.

The acquisition of subsidiaries and changes in capital at non-consolidated subsidiaries resulted in a total outflow of EUR 42 (31) million. The acquisition of investments in other participations resulted in an outflow of EUR 156 (5) 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, 2014	Dec. 31, 2013
Cash funds as per Balance Sheet	11,391	13,332
Currently due fixed deposits with an investment period > 3 months	– 7,702	– 6,792
Cash and cash equivalents as per Cash Flow Statement (bank assets and cash deposits with maturities of no more than three months)	**3,689**	**6,540**

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 2,330 (5,808) million.

38 / CONTINGENCIES

EUR million	Dec. 31, 2014	Dec. 31, 2013
Liabilities from guarantees	336	244
Furnishing of collateral for outside liabilities	64	69
Contingencies	**400**	**312**

Contingencies are unrecognized contingent liabilities whose amount corresponds to the maximum possible utilization as of the balance sheet date.

39 / LITIGATION

Neither AUDI AG nor any of its Group companies are involved in ongoing or prospective legal or arbitration proceedings that 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 arbitration proceedings.

40 / 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.

41 / OTHER FINANCIAL OBLIGATIONS

EUR million	Due Dec. 31, 2014				Due Dec. 31, 2013	
	Within 1 year	1 to 5 years	Over 5 years	Total	Over 1 year	Total
Purchase orders for property, plant and equipment	2,125	985	–	3,110	542	2,238
Purchase orders for intangible assets	307	85	–	392	57	351
Commitments from long-term rental and lease agreements	141	295	114	550	488	600
Miscellaneous financial obligations	581	294	47	921	186	547
Other financial obligations	**3,153**	**1,659**	**160**	**4,973**	**1,273**	**3,736**

The increase in other financial obligations was mainly due to the higher investment volume, including for the construction of new plants.

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.

Expenses for operate lease payments in the 2014 fiscal year amounted to EUR 155 (138) million.

42 / *DISCONTINUED OPERATIONS*

There are no plans to discontinue or cease operations as defined by IFRS 5.

43 / *COST OF MATERIALS*

EUR million	2014	2013
Expenses for raw materials and supplies, as well as purchased goods	32,343	29,279
Expenses for purchased services	3,680	3,212
Cost of materials	**36,024**	**32,491**

44 / *PERSONNEL COSTS*

EUR million	2014	2013
Wages and salaries	5,081	4,643
Social insurance and expenses for retirement benefits and support payments	987	900
of which relating to retirement benefit plans	*167*	*154*
of which defined contribution pension plans	*341*	*319*
Personnel costs	**6,068**	**5,543**

Subsidies from the German Federal Employment Agency in the amount of EUR 13 (26) million were recognized in other operating income. The subsidies are paid in accordance with the conditions defined in the German law on partial retirement.

45 / *TOTAL AVERAGE NUMBER OF EMPLOYEES FOR THE YEAR*

	2014	2013
Domestic companies	53,848	50,891
Foreign companies	20,619	18,185
Employees	**74,467**	**69,076**
Apprentices	2,421	2,363
Employees of Audi Group companies	**76,888**	**71,439**
Staff employed from other Volkswagen Group companies not belonging to the Audi Group	359	342
Workforce	**77,247**	**71,781**

46 / *RELATED PARTY DISCLOSURES*

Related parties as defined in IAS 24 are:

- the parent company, Volkswagen AG, Wolfsburg, 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, Stuttgart, 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.

46.1 / *SCOPE OF TRANSACTIONS WITH VOLKSWAGEN AG AND WITH OTHER SUBSIDIARIES AND PARTICIPATIONS NOT BELONGING TO THE AUDI GROUP*

EUR million	2014	2013
Goods and services supplied to		
Volkswagen AG	6,386	5,491
Volkswagen AG subsidiaries and other participations not belonging to the Audi Group	13,489	12,123
Goods and services received from		
Volkswagen AG	6,685	5,757
Volkswagen AG subsidiaries and other participations not belonging to the Audi Group	5,624	5,369
Receivables from		
Volkswagen AG	4,746	5,192
Volkswagen AG subsidiaries and other participations not belonging to the Audi Group	2,575	2,786
Commitments toward		
Volkswagen AG	7,153	5,720
Volkswagen AG subsidiaries and participations not belonging to the Audi Group	3,918	3,071
Contingent liabilities to		
Volkswagen AG	–	–
Volkswagen AG subsidiaries and participations not belonging to the Audi Group	86	33
Collateral posted with		
Volkswagen AG	–	–
Volkswagen AG subsidiaries and participations not belonging to the Audi Group	–	69

As of December 31, 2014, sales of receivables to subsidiaries of Volkswagen AG, Wolfsburg, which do not belong to the Audi Group amounted to EUR 3,256 (2,958) million. This also includes sales of receivables to Volkswagen Group Services S.A./N.V., Brussels (Belgium), totaling EUR 2,183 (1,955) million. The possibility of a claim arising from contingencies is not regarded as likely.

46.2 / *BUSINESS RELATIONS WITH SUBSIDIARIES AND ASSOCIATED COMPANIES OF THE AUDI GROUP*

EUR million	Goods and services supplied to		Goods and services received	
	2014	2013	2014	2013
Associates and joint ventures	11,255	9,675	207	236
Non-consolidated subsidiaries	25	50	138	129

EUR million	Receivables from		Liabilities to	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Associates and joint ventures	1,827	1,490	1,598	1,498
Non-consolidated subsidiaries	118	82	30	26

Contingent liabilities to associated companies and joint ventures totaled EUR 129 (140) million as of December 31, 2014. No utilization is expected. Irrevocable credit commitments to non-consolidated subsidiaries total EUR 149 (–) million.

All business transactions with related parties have been conducted on the basis of international comparable uncontrolled price methods pursuant to IAS 24, according to the terms that customarily apply to outside third parties. The goods and services procured from related parties primarily include supplies for production and supplies of genuine parts, as well as development, transportation, financial and distribution services, and, to a lesser extent, design, training and other services. Business transacted for related parties mainly comprises sales of new and used cars, engines and components, and allocation of cash and cash equivalents in the form of loans, fixed deposits and overnight deposits.

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, Wolfsburg, 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 304 (258) thousand were provided to the German State of Lower Saxony and to companies in which the State of Lower Saxony holds a majority stake. In addition, receivables totaled EUR 18 (–) thousand.

A list of the supervisory board mandates of members of the Board of Management and Supervisory Board of AUDI AG is presented in the 2014 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 162 (103) thousand were rendered to this group of individuals during the fiscal year. As in the previous year, the Audi Group did not receive services of this group of individuals in this fiscal year. Receivables totaled EUR 21 (41) thousand. Details of the remuneration paid to the members of the Board of Management and Supervisory Board of AUDI AG, can be found under Note 50, "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.

47 / *AUDITOR'S FEES*

EUR thousand	2014	2013
Auditing of the financial statements	998	770
Other assurance services	251	305
Tax consultancy services	7	4
Other services	642	371
Auditor's fees	**1,898**	**1,450**

Based on the requirements of commercial law, the auditor's fees include auditing of the Consolidated Financial Statements and auditing of the annual financial statements of the domestic consolidated companies.

48 / *SEGMENT REPORTING*

The segmentation of business activities is based on the internal management and reporting 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 the distribution of vehicles of other brands in the Volkswagen Group as well as the accompanying accessories and spare parts business.
The activities of the Motorcycles segment 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, recognition and measurement principles 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. Investments in property, plant and equipment, investment property and intangible assets (including capitalized development costs) are reported excluding investments in the context of the finance lease. The central key performance indicators used to manage the Automotive and Motorcycles segments include "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:

48.1 / *REPORTING SEGMENTS*

EUR million	2014			
	Automotive	Motorcycles	Reconciliation	Audi Group
Revenue with third parties	53,214	574	–	53,787
Revenue with other segments	–	1	– 1	–
Revenue	**53,214**	**575**	**– 1**	**53,787**
Depreciation and amortization	– 2,381	– 65	–	– 2,446
Impairment losses	– 9	–	–	– 9
Reversal of impairment losses	– 20	–	–	– 20
Segment profit (operating profit)	5,127	23	–	5,150
Result from investments accounted for using the equity method	488	–	–	488
Net interest and other financial results	353	0	–	353
Investments accounted for using the equity method	4,022	–	–	4,022
Investments in property, plant and equipment, investment property and intangible assets	4,229	61	–	4,290

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 and amortization	– 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, investment property and intangible assets	3,544	50	–	3,593

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 4.0 (5.7) percent. Adjusted to take account of these one-off effects, the operating profit totaled EUR 48 (59) million and the operating return on sales 8.4 (10.2) percent. The Automotive segment recorded an operating return on sales of 9.6 (10.1) percent.

The operating return on sales of the Audi Group totaled 9.6 (10.1) percent.

48.2 / *RECONCILIATION STATEMENT*

EUR million	2014	2013
Segment revenue	53,789	49,883
Consolidation	– 1	– 3
Group revenue	**53,787**	**49,880**
Segment profit (operating profit)	5,150	5,030
Consolidation	–	–
Operating profit	5,150	5,030
Financial result	841	293
Group profit before tax	**5,991**	**5,323**

48.3 / *BY REGION*

EUR million	2014						
	Germany	Rest of Europe	Asia-Pacific	North America	South America	Africa	Total
Revenue	10,696	16,648	17,205	8,212	605	422	53,787
Property, plant and equipment, intangible assets, and investment property	6,891	7,568	171	571	57	–	15,258

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, and investment property	9,969	2,991	154	159	1	–	13,273

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 of the Volkswagen Group. Ducati motorcycles and accessories are sold in the Motorcycles segment.

48.4 / *REVENUES BY SEGMENT*

EUR million	2014	2013
Audi brand	37,784	35,827
Lamborghini brand	586	458
Other Volkswagen Group brands	3,076	2,827
Other automotive business	11,768	10,197
Automotive segment	**53,214**	**49,310**
Ducati brand	457	450
Other motorcycles business	118	123
Motorcycles segment	**575**	**573**
Reconciliation	– 1	– 3
Revenue	**53,787**	**49,880**

An explanation of the different types of revenue is provided under Note 1, “Revenue.” The Automotive segment, together with Volkswagen AG, Wolfsburg, 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.

48.5 / *REVENUE WITH KEY ACCOUNTS*

	2014		2013	
	EUR million	*in %*	*EUR million*	*in %*
Volkswagen AG	4,688	9	4,252	9
Volkswagen AG subsidiaries not belonging to the Audi Group	12,894	24	11,656	23
Two associated companies	11,230	21	9,663	19

49 / *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 27, 2014 and subsequently made it permanently accessible on the Audi website at www.audi.com/cgk-declaration.

www.audi.com/cgk-declaration

50 / *DETAILS RELATING TO THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT*

The remuneration paid to members of the Board of Management for the 2014 fiscal year totaled EUR 24,908 (23,445) thousand, of which EUR 4,939 (5,051) thousand related to fixed remuneration components and EUR 19,969 (18,394) thousand to variable components. There were obligations totaling EUR 17,940 (18,200) thousand as of the balance sheet date, for which appropriate provisions have 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) 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 2014 fiscal year, EUR 16,287 (8,504) thousand was allocated to provisions for pensions, including transfers, for current members of the Board of Management. As of December 31, 2014, the provisions for pensions totaled EUR 33,882 (28,119) 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 8,017 (2,398) thousand. This included payments resulting from termination of office of EUR 6,003 (450) thousand, with regard to which there remained obligations totaling EUR 5,345 (2,983) thousand as of the balance sheet date. The provisions for pensions for the above group of individuals amount to EUR 67,868 (43,194) 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 remuneration paid to the Supervisory Board of AUDI AG, pursuant to Section 314, Para. 1, No. 6a) of the German Commercial Code (HGB), is EUR 1,417 (1,135) thousand, of which EUR 208 (214) thousand related to fixed components and EUR 1,209 (921) 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 2015 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 is a 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, 2014 subject to a reporting obligation in accordance with IAS 10.

MATERIAL GROUP COMPANIES

Name and registered office	Capital share in %
Fully consolidated companies	
Germany	
AUDI AG, Ingolstadt	
Audi Akademie GmbH, Ingolstadt	100.0
Audi Electronics Venture GmbH, Gaimersheim	100.0
Audi Immobilien GmbH & Co. KG, Ingolstadt	100.0
Audi Vertriebsbetreuungsgesellschaft mbH, Ingolstadt	100.0
Ducati Motor Deutschland GmbH, Cologne	100.0
HI-R8 Fund, Frankfurt am Main [1]	100.0
HI-S5 Fund, Frankfurt am Main [1]	100.0
quattro GmbH, Neckarsulm	100.0
PSW automotive engineering GmbH, Gaimersheim	97.0
Other countries	
Audi Australia Pty. Ltd., Zetland	100.0
Audi Australia Retail Operations Pty. Ltd., Zetland	100.0
Audi Brussels S.A./N.V., Brussels	100.0
Audi Brussels Property S.A./N.V., Brussels	100.0
Audi (China) Enterprise Management Co., Ltd., Beijing	100.0
Audi do Brasil Indústria e Comércio de Veiculos Ltda., São Paulo	100.0
Audi Hungaria Services Zrt., Győr	100.0
Audi Hungaria Motor Kft., Győr	100.0
Audi Japan K.K., Tokyo	100.0
Audi Japan Sales K.K., Tokyo	100.0
Audi México S.A. de C.V., San José Chiapa	100.0
Audi Singapore Pte. Ltd., Singapore	100.0
Audi Tooling Barcelona S.L., Barcelona	100.0
Audi Volkswagen Korea Ltd., Seoul	100.0
Audi Volkswagen Middle East FZE, Dubai	100.0
Audi Volkswagen Taiwan Co., Ltd., Taipeh	100.0
Automobili Lamborghini S.p.A., Sant'Agata Bolognese	100.0
Ducati Motor Holding S.p.A., Bologna	100.0
Ducati do Brasil Indústria e Comércio de Motocicletas Ltda., São Paulo	100.0
Ducati Japan K.K., Tokyo	100.0
Ducati Motor (Thailand) Co. Ltd., Amphur Pluakdaeng	100.0
Ducati North America, Inc., Cupertino / CA	100.0
Ducmotocicleta S. de R.L. de C.V., Mexico City	100.0
Ducati North Europe B.V., Zoeterwoude	100.0
Ducati (Schweiz) AG, Wollerau	100.0
Ducati U.K. Ltd., Towcester	100.0
Ducati West Europe S.A.S., Colombes	100.0
Officine del Futuro S.p.A., Sant'Agata Bolognese	100.0
Volkswagen Group Italia S.p.A., Verona	100.0
Volkswagen Group Firenze S.p.A., Florence	100.0
Italdesign Giugiaro S.p.A., Turin	90.1
Audi Canada Inc., Ajax / ON [2]	–
Audi of America, LLC, Herndon / VA [2]	–
Automobili Lamborghini America, LLC, Herndon / VA [2]	–
Companies accounted for using the equity method	
Other countries	
Volkswagen Automatic Transmission (Tianjin) Co., Ltd., Tianjin	40.0
Volkswagen Group Services S.A., Brussels	30.0
FAW-Volkswagen Automotive Co., Ltd., Changchun	10.0

1) This is a structured entity pursuant to IFRS 10 and IFRS 12
2) AUDI AG exercises control pursuant to IFRS 10. B38

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 9, 2015

The Board of Management

Prof. Rupert Stadler

Luca de Meo | Prof. Dr.-Ing. Ulrich Hackenberg | Dr. Bernd Martens

Prof. h. c. Thomas Sigi | Axel Strotbek | Dr.-Ing. Hubert Waltl

"AUDITOR'S REPORT

We have audited the Consolidated Financial Statements prepared by AUDI Aktiengesellschaft, Ingolstadt – comprising the income statement and statement of recognized income and expense, the balance sheet, the cash flow statement, the statement of changes in equity and the notes to the Consolidated Financial Statements – together with the Group Management Report, which is combined with the Company Management Report, for the business year from January 1 to December 31, 2014. The preparation of the Consolidated Financial Statements and the Combined Management Report in accordance with 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 9, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Norbert Winkeljohann	Klaus Schuster
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

FUEL CONSUMPTION AND EMISSION FIGURES

As at: January 2015
(All data apply to features of the German market.)

Model	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km) urban	extra urban	combined	CO_2 emissions (g/km) combined	Efficiency class
Audi A1								
A1 1.0 TFSI ultra	70	5-speed	Premium	5.2–5.0	3.9–3.7	4.4–4.2	102–97	B–A
A1 1.0 TFSI ultra	70	S tronic, 7-speed	Premium	5.6–5.4	4.0–3.8	4.6–4.4	107–102	B
A1 1.4 TFSI	92	6-speed	Premium	6.6–6.4	4.3–4.1	5.1–4.9	120–115	C
A1 1.4 TFSI	92	S tronic, 7-speed	Premium	6.3–6.2	4.4–4.2	5.1–4.9	117–112	C–B
A1 1.4 TFSI cylinder on demand	110	6-speed	Premium	6.1–5.9	4.3–4.0	5.0–4.7	117–109	C–B
A1 1.4 TFSI cylinder on demand	110	S tronic, 7-speed	Premium	6.1–5.8	4.4–4.1	5.0–4.7	116–109	B
A1 1.8 TFSI	141	S tronic, 7-speed	Premium	7.4–7.1	4.9–4.7	5.8–5.6	134–129	C
A1 1.4 TDI ultra	66	5-speed	Diesel	3.9	3.3–3.1	3.5–3.4	93–89	A
A1 1.4 TDI ultra	66	S tronic, 7-speed	Diesel	4.2–4.0	3.6–3.3	3.8–3.6	99–94	A
A1 1.6 TDI	85	5-speed	Diesel	4.4–4.3	3.3–3.1	3.7–3.5	97–92	A–A+
A1 1.6 TDI	85	S tronic, 7-speed	Diesel	4.5–4.3	3.6–3.4	3.9–3.7	103–97	A
S1 2.0 TFSI quattro	170	6-speed	Premium	9.2–9.1	5.9–5.8	7.2–7.0	166–162	E
Audi A1 Sportback								
A1 Sportback 1.0 TFSI ultra	70	5-speed	Premium	5.2–5.0	3.9–3.7	4.4–4.2	102–97	B–A
A1 Sportback 1.0 TFSI ultra	70	S tronic, 7-speed	Premium	5.6–5.4	4.0–3.8	4.6–4.4	107–102	B
A1 Sportback 1.4 TFSI	92	6-speed	Premium	6.7–6.6	4.4–4.2	5.2–5.1	123–118	C
A1 Sportback 1.4 TFSI	92	S tronic, 7-speed	Premium	6.3–6.2	4.4–4.2	5.1–4.9	117–112	B
A1 Sportback 1.4 TFSI cylinder on demand	110	6-speed	Premium	6.1–5.9	4.3–4.0	5.0–4.7	117–109	B
A1 Sportback 1.4 TFSI cylinder on demand	110	S tronic, 7-speed	Premium	6.1–5.8	4.4–4.1	5.0–4.7	116–109	B
A1 Sportback 1.8 TFSI	141	S tronic, 7-speed	Premium	7.4–7.1	4.9–4.7	5.8–5.6	134–129	C
A1 Sportback 1.4 TDI ultra	66	5-speed	Diesel	4.0–3.9	3.3–3.1	3.6–3.4	95–91	A
A1 Sportback 1.4 TDI ultra	66	S tronic, 7-speed	Diesel	4.2–4.0	3.6–3.3	3.8–3.6	99–94	A
A1 Sportback 1.6 TDI	85	5-speed	Diesel	4.4–4.3	3.3–3.1	3.7–3.5	97–92	A–A+
A1 Sportback 1.6 TDI	85	S tronic, 7-speed	Diesel	4.5–4.3	3.6–3.4	3.9–3.7	103–97	A
S1 Sportback 2.0 TFSI quattro	170	6-speed	Premium	9.3–9.2	6.0–5.9	7.3–7.1	168–166	E
Audi A3								
A3 1.2 TFSI	81	6-speed	Premium	6.2	4.2	4.9	114	B
A3 1.2 TFSI	81	S tronic, 7-speed	Premium	5.9	4.1	4.8	110	B
A3 1.4 TFSI	92	6-speed	Premium	6.7	4.1	5.1	117	B
A3 1.4 TFSI	92	S tronic, 7-speed	Premium	6.1	4.2	4.9	114	B
A3 1.4 TFSI cylinder on demand ultra	110	6-speed	Premium	5.8	4.1	4.7	109	B
A3 1.4 TFSI cylinder on demand ultra	110	S tronic, 7-speed	Premium	5.8	4.1	4.7	109	A
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 ultra	81	6-speed	Diesel	3.8	3.0	3.2	85	A+
A3 1.6 TDI clean diesel	81	6-speed	Diesel	4.5	3.4	3.8	99	A
A3 1.6 TDI clean diesel	81	S tronic, 7-speed	Diesel	4.4	3.6	3.9	102	A
A3 2.0 TDI clean diesel	110	6-speed	Diesel	5.0	3.6	4.1	106	A
A3 2.0 TDI clean diesel	110	S tronic, 6-speed	Diesel	5.2	4.0	4.4	116	B
A3 2.0 TDI clean diesel quattro	110	6-speed	Diesel	5.6	4.1	4.7	122	B
A3 2.0 TDI clean diesel	135	6-speed	Diesel	5.0	3.7	4.1	108	A
A3 2.0 TDI clean diesel quattro	135	S tronic, 6-speed	Diesel	5.4	4.3	4.7	124	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) urban	extra urban	combined	CO_2 emissions (g/km) combined	Efficiency class
Audi A3 Sportback								
A3 Sportback 1.2 TFSI	81	6-speed	Premium	6.2	4.2	4.9	114	B
A3 Sportback 1.2 TFSI	81	S tronic, 7-speed	Premium	5.9	4.1	4.8	110	B
A3 Sportback 1.4 TFSI	92	6-speed	Premium	6.7	4.1	5.1	117	B
A3 Sportback 1.4 TFSI	92	S tronic, 7-speed	Premium	6.1	4.3	4.9	114	B
A3 Sportback 1.4 TFSI cylinder on demand ultra	110	6-speed	Premium	5.8	4.1	4.7	109	A
A3 Sportback 1.4 TFSI cylinder on demand ultra	110	S tronic, 7-speed	Premium	5.8	4.1	4.7	109	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 ultra	81	6-speed	Diesel	3.9	3.1	3.3	88	A+
A3 Sportback 1.6 TDI clean diesel	81	6-speed	Diesel	4.5	3.4	3.8	99	A
A3 Sportback 1.6 TDI clean diesel	81	S tronic, 7-speed	Diesel	4.4	3.6	3.9	102	A
A3 Sportback 2.0 TDI clean diesel	110	6-speed	Diesel	5.0	3.6	4.1	106	A
A3 Sportback 2.0 TDI clean diesel	110	S tronic, 6-speed	Diesel	5.2	4.0	4.4	116	A
A3 Sportback 2.0 TDI clean diesel quattro	110	6-speed	Diesel	5.6	4.1	4.7	122	B
A3 Sportback 2.0 TDI clean diesel	135	6-speed	Diesel	5.0	3.7	4.2	110	A
A3 Sportback 2.0 TDI clean diesel quattro	135	S tronic, 6-speed	Diesel	5.4	4.3	4.7	124	B
A3 Sportback 1.4 TFSI g-tron	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	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 1.4 TFSI e-tron	150 [1]	S tronic, 6-speed	Premium			1.7–1.5	39–35	A+
			Electricity			12.4–11.4 kWh		
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
RS 3 Sportback 2.5 TFSI quattro	270	S tronic, 7-speed	Super Plus	11.4–11.2	6.5–6.3	8.3–8.1	194–189	E
Audi A3 Sedan								
A3 Sedan 1.4 TFSI	92	6-speed	Premium	6.7	4.1	5.1	117	B
A3 Sedan 1.4 TFSI	92	S tronic, 7-speed	Premium	6.1	4.2	4.9	114	B
A3 Sedan 1.4 TFSI cylinder on demand ultra	110	6-speed	Premium	5.8	4.1	4.7	109	A
A3 Sedan 1.4 TFSI cylinder on demand ultra	110	S tronic, 7-speed	Premium	5.8	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 ultra	81	6-speed	Diesel	3.9	3.1	3.3	88	A+
A3 Sedan 1.6 TDI clean diesel	81	6-speed	Diesel	4.5	3.4	3.8	99	A
A3 Sedan 1.6 TDI clean diesel	81	S tronic, 7-speed	Diesel	4.4	3.6	3.9	102	A
A3 Sedan 2.0 TDI clean diesel	110	6-speed	Diesel	4.9	3.5	4.0	105	A
A3 Sedan 2.0 TDI clean diesel	110	S tronic, 6-speed	Diesel	5.2	4.0	4.4	115	A
A3 Sedan 2.0 TDI clean diesel quattro	110	6-speed	Diesel	5.6	4.1	4.7	122	B
A3 Sedan 2.0 TDI clean diesel	135	6-speed	Diesel	5.0	3.6	4.1	109	A
A3 Sedan 2.0 TDI clean diesel quattro	135	S tronic, 6-speed	Diesel	5.4	4.3	4.7	124	B
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	7.0	4.4	5.3	124	B
A3 Cabriolet 1.4 TFSI	92	S tronic, 7-speed	Premium	6.3	4.4	5.1	117	A
A3 Cabriolet 1.4 TFSI cylinder on demand ultra	110	6-speed	Premium	6.0	4.3	4.9	114	A
A3 Cabriolet 1.4 TFSI cylinder on demand ultra	110	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

Model	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
				urban	extra urban	combined	combined	
A3 Cabriolet 1.8 TFSI	132	S tronic, 7-speed	Premium	7.3	4.8	5.8	133	B
A3 Cabriolet 1.8 TFSI quattro	132	S tronic, 6-speed	Premium	8.4	5.6	6.6	154	C
A3 Cabriolet 1.6 TDI clean diesel	81	6-speed	Diesel	4.7	3.5	3.9	104	A+
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	4.6	120	A
A3 Cabriolet 2.0 TDI clean diesel quattro	110	6-speed	Diesel	5.8	4.2	4.8	125	A
A3 Cabriolet 2.0 TDI clean diesel	135	6-speed	Diesel	5.2	3.8	4.3	114	A
A3 Cabriolet 2.0 TDI clean diesel quattro	135	S tronic, 6-speed	Diesel	5.7	4.5	4.9	129	A
S3 Cabriolet 2.0 TFSI quattro	221	S tronic, 6-speed	Super Plus	9.0	6.0	7.1	165	C
Audi Q3								
Q3 1.4 TFSI cylinder on demand ultra	110	6-speed	Premium	6.8–6.6	5.2–4.9	5.8–5.5	134–127	B
Q3 1.4 TFSI cylinder on demand	110	S tronic, 6-speed	Premium	7.4–7.0	5.5–5.1	6.2–5.8	143–135	C–B
Q3 2.0 TFSI quattro	132	S tronic, 7-speed	Premium	8.4–7.8	6.3–5.7	7.0–6.5	161–149	C
Q3 2.0 TFSI quattro	162	S tronic, 7-speed	Premium	8.6–7.9	6.5–5.8	7.2–6.6	168–152	D–C
Q3 2.0 TDI	88	6-speed	Diesel	5.9–5.6	4.5–4.1	5.0–4.6	131–121	B–A
Q3 2.0 TDI ultra	110	6-speed	Diesel	5.2	3.9	4.4	114	A
Q3 2.0 TDI	110	6-speed	Diesel	5.5–5.2	4.4–4.1	4.8–4.5	126–118	A
Q3 2.0 TDI quattro	110	6-speed	Diesel	6.1–5.8	4.7–4.4	5.4–4.9	140–129	B–A
Q3 2.0 TDI quattro	110	S tronic, 7-speed	Diesel	6.5–6.1	4.9–4.5	5.5–5.1	144–132	B–A
Q3 2.0 TDI quattro	135	6-speed	Diesel	7.0–6.5	4.9–4.5	5.7–5.2	148–137	B
Q3 2.0 TDI quattro	135	S tronic, 7-speed	Diesel	6.6–6.3	4.9–4.4	5.6–5.1	146–134	B
RS Q3 2.5 TFSI quattro	250	S tronic, 7-speed	Super Plus	11.8–11.6	6.8–6.6	8.6–8.4	203–198	E
Audi TT Coupé								
TT Coupé 2.0 TFSI	169	6-speed	Premium	7.4–7.3	5.1–5.0	6.0–5.9	139–137	D–C
TT Coupé 2.0 TFSI	169	S tronic, 6-speed	Premium	8.3–8.2	5.3–5.2	6.4–6.3	148–146	D
TT Coupé 2.0 TFSI quattro	169	S tronic, 6-speed	Premium	8.4–8.3	5.5–5.4	6.5–6.4	151–149	D
TT Coupé 2.0 TDI ultra	135	6-speed	Diesel	5.1–4.9	3.9–3.7	4.4–4.2	114–110	B–A
TTS Coupé 2.0 TFSI quattro	228	6-speed	Premium	9.3–9.2	6.1–5.9	7.3–7.1	169–164	E–D
TTS Coupé 2.0 TFSI quattro	228	S tronic, 6-speed	Premium	8.4–8.3	6.1–5.9	6.9–6.8	161–157	D
Audi TT Roadster								
TT Roadster 2.0 TFSI	169	6-speed	Premium	7.6–7.5	5.3–5.2	6.1–6.0	142–140	C
TT Roadster 2.0 TFSI	169	S tronic, 6-speed	Premium	8.5–8.4	5.5–5.4	6.6–6.5	153–151	D
TT Roadster 2.0 TFSI quattro	169	S tronic, 6-speed	Premium	8.6–8.5	5.7–5.6	6.8–6.7	156–154	D
TT Roadster 2.0 TDI ultra	135	6-speed	Diesel	5.3–5.1	4.1–3.9	4.5–4.3	118–114	A
TTS Roadster 2.0 TFSI quattro	228	6-speed	Premium	9.5–9.3	6.3–6.1	7.5–7.3	174–169	E–D
TTS Roadster 2.0 TFSI quattro	228	S tronic, 6-speed	Premium	8.6–8.4	6.3–6.0	7.1–6.9	166–159	D
Audi A4 Sedan								
A4 Sedan 1.8 TFSI	125	6-speed	Premium	7.4	4.8	5.7	134	B
A4 Sedan 1.8 TFSI	125	multitronic, CVT	Premium	6.9	5.1	5.8	134	B
A4 Sedan 1.8 TFSI quattro	125	6-speed	Premium	8.1	5.2	6.2	144	B
A4 Sedan 2.0 TFSI	165	6-speed	Premium	7.8	4.8	5.9	138	B
A4 Sedan 2.0 TFSI	165	multitronic, CVT	Premium	7.4	5.0	5.8	136	B
A4 Sedan 2.0 TFSI quattro	165	6-speed	Premium	8.8	5.3	6.6	152	C
A4 Sedan 2.0 TFSI quattro	165	S tronic, 7-speed	Premium	8.5	5.6	6.7	155	C
A4 Sedan 3.0 TFSI quattro	200	S tronic, 7-speed	Premium	9.9	6.1	7.5	174	D
A4 Sedan 2.0 TDI ultra	100	6-speed	Diesel	4.8	3.5	4.0	104	A+
A4 Sedan 2.0 TDI clean diesel	110	6-speed	Diesel	5.3	3.8	4.4	114	A+
A4 Sedan 2.0 TDI clean diesel	110	multitronic, CVT	Diesel	5.3	4.1	4.6	119	A
A4 Sedan 2.0 TDI clean diesel quattro	110	6-speed	Diesel	5.6	4.2	4.7	124	A
A4 Sedan 2.0 TDI ultra	120	6-speed	Diesel	5.0	3.8	4.2	109	A+
A4 Sedan 2.0 TDI clean diesel	140	6-speed	Diesel	5.4	3.9	4.5	117	A
A4 Sedan 2.0 TDI clean diesel	140	multitronic, CVT	Diesel	5.3	4.1	4.5	119	A
A4 Sedan 2.0 TDI clean diesel quattro	140	6-speed	Diesel	5.9	4.4	4.9	128	A
A4 Sedan 2.0 TDI clean diesel quattro	140	S tronic, 7-speed	Diesel	5.9	4.5	5.0	132	A
A4 Sedan 3.0 TDI clean diesel quattro	180	S tronic, 7-speed	Diesel	6.8	5.0	5.7	149	B
S4 Sedan 3.0 TFSI quattro	245	S tronic, 7-speed	Premium	10.1	6.2	7.7	178	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 A4 Avant								
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	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	10.1	6.4	7.8	179	D
A4 Avant 2.0 TDI ultra	100	6-speed	Diesel	4.9	3.8	4.2	109	A+
A4 Avant 2.0 TDI clean diesel	110	6-speed	Diesel	5.4	4.1	4.6	119	A
A4 Avant 2.0 TDI clean diesel	110	multitronic, CVT	Diesel	5.4	4.3	4.7	124	A
A4 Avant 2.0 TDI clean diesel quattro	110	6-speed	Diesel	5.7	4.3	4.8	127	A
A4 Avant 2.0 TDI ultra	120	6-speed	Diesel	5.1	4.0	4.4	114	A+
A4 Avant 2.0 TDI clean diesel	140	6-speed	Diesel	5.6	4.2	4.7	123	A
A4 Avant 2.0 TDI clean diesel	140	multitronic, CVT	Diesel	5.4	4.3	4.7	124	A
A4 Avant 2.0 TDI clean diesel quattro	140	6-speed	Diesel	6.0	4.5	5.1	132	A
A4 Avant 2.0 TDI clean diesel quattro	140	S tronic, 7-speed	Diesel	6.1	4.7	5.2	137	A
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	10.1	6.4	7.8	180	C
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 clean diesel	110	6-speed	Diesel	6.3	4.8	5.4	139	A
A4 allroad quattro 2.0 TDI clean diesel	140	6-speed	Diesel	6.5	5.0	5.6	145	B
A4 allroad quattro 2.0 TDI clean diesel	140	S tronic, 7-speed	Diesel	6.5	5.1	5.6	149	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	106	6-speed	Premium	7.5	4.9	5.8	136	B
A5 Sportback 1.8 TFSI	106	multitronic, CVT	Premium	7.0	5.2	5.9	136	B
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
A5 Sportback 3.0 TFSI quattro	200	S tronic, 7-speed	Premium	10.1	6.2	7.7	178	D
A5 Sportback 2.0 TDI ultra	100	6-speed	Diesel	4.9	3.7	4.2	109	A+
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 clean diesel	100	multitronic, CVT	Diesel	5.3	4.1	4.6	119	A
A5 Sportback 2.0 TDI	110	6-speed	Diesel	5.4	4.0	4.5	119	A
A5 Sportback 2.0 TDI clean diesel	110	6-speed	Diesel	5.4	3.9	4.5	118	A
A5 Sportback 2.0 TDI	110	multitronic, CVT	Diesel	5.7	4.4	4.8	127	A
A5 Sportback 2.0 TDI clean diesel	110	multitronic, CVT	Diesel	5.3	4.1	4.6	119	A
A5 Sportback 2.0 TDI ultra	120	6-speed	Diesel	5.0	3.8	4.3	111	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 2.0 TDI clean diesel	140	6-speed	Diesel	5.5	4.0	4.6	119	A
A5 Sportback 2.0 TDI clean diesel	140	multitronic, CVT	Diesel	5.4	4.1	4.5	119	A

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 2.0 TDI clean diesel quattro	140	6-speed	Diesel	5.9	4.4	4.9	128	A
A5 Sportback 2.0 TDI clean diesel quattro	140	S tronic, 7-speed	Diesel	6.1	4.6	5.1	135	A
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	10.2	6.3	7.7	179	C
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	9.9	6.1	7.5	174	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 2.0 TDI clean diesel	140	6-speed	Diesel	5.4	3.9	4.5	117	A
A5 Coupé 2.0 TDI clean diesel	140	multitronic, CVT	Diesel	5.3	4.1	4.5	119	A
A5 Coupé 2.0 TDI clean diesel quattro	140	6-speed	Diesel	5.9	4.4	4.9	128	A
A5 Coupé 2.0 TDI clean diesel quattro	140	S tronic, 7-speed	Diesel	5.9	4.5	5.0	132	A
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	10.1	6.2	7.7	178	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	10.2	6.5	7.8	181	C
A5 Cabriolet 2.0 TDI	110	6-speed	Diesel	5.6	4.2	4.7	124	A
A5 Cabriolet 2.0 TDI clean diesel	110	6-speed	Diesel	5.6	4.2	4.7	123	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 2.0 TDI clean diesel	140	6-speed	Diesel	5.7	4.3	4.8	125	A
A5 Cabriolet 2.0 TDI clean diesel	140	multitronic, CVT	Diesel	5.5	4.3	4.7	124	A+
A5 Cabriolet 2.0 TDI clean diesel quattro	140	6-speed	Diesel	6.0	4.6	5.1	134	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	10.3	6.5	7.9	184	C
RS 5 Cabriolet 4.2 FSI quattro	331	S tronic, 7-speed	Super Plus	14.6	8.5	10.7	249	F

Model	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
				urban	extra urban	combined	combined	
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	8.5	6.5	7.2	168	C
Q5 3.0 TFSI quattro	200	tiptronic, 8-speed	Premium	11.4	6.9	8.5	199	D
Q5 2.0 TDI clean diesel	110	6-speed	Diesel	5.5	4.6	4.9	129	A
Q5 2.0 TDI clean diesel quattro	110	6-speed	Diesel	6.5	5.1	5.6	147	A
Q5 2.0 TDI clean diesel quattro	120	S tronic, 7-speed	Diesel	6.4	5.3	5.7	149	A
Q5 2.0 TDI clean diesel quattro	140	6-speed	Diesel	6.6	5.2	5.7	149	B
Q5 2.0 TDI clean diesel quattro	140	S tronic, 7-speed	Diesel	6.4	5.3	5.7	149	A
Q5 3.0 TDI clean diesel quattro	190	S tronic, 7-speed	Diesel	6.5	5.6	5.9	156	B
Q5 2.0 TFSI hybrid quattro	180 [1)]	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 Sedan 1.8 TFSI	140	6-speed	Premium	7.7–7.5	5.2–5.0	6.1–5.9	143–138	B
A6 Sedan 1.8 TFSI ultra	140	S tronic, 7-speed	Premium	7.2–7.1	5.2–5.0	5.9–5.7	138–133	B
A6 Sedan 2.0 TFSI	185	S tronic, 7-speed	Premium	7.5–7.4	5.3–5.1	6.1–5.9	142–137	B
A6 Sedan 3.0 TFSI quattro	245	S tronic, 7-speed	Premium	10.0–9.8	6.3–6.0	7.6–7.4	177–172	C
A6 Sedan 2.0 TDI ultra	110	6-speed	Diesel	5.3–5.1	4.0–3.8	4.5–4.3	119–112	A+
A6 Sedan 2.0 TDI ultra	110	S tronic, 7-speed	Diesel	4.9–4.7	4.1–3.9	4.4–4.2	116–109	A+
A6 Sedan 2.0 TDI ultra	140	6-speed	Diesel	5.4–5.1	4.0–3.8	4.5–4.3	119–113	A+
A6 Sedan 2.0 TDI ultra	140	S tronic, 7-speed	Diesel	4.9–4.7	4.1–3.9	4.4–4.2	116–109	A+
A6 Sedan 3.0 TDI clean diesel	160	S tronic, 7-speed	Diesel	5.6–5.5	4.5–4.3	4.9–4.7	127–122	A–A+
A6 Sedan 3.0 TDI clean diesel quattro	160	S tronic, 7-speed	Diesel	6.0–5.9	4.8–4.6	5.2–5.1	138–133	A
A6 Sedan 3.0 TDI clean diesel quattro	200	S tronic, 7-speed	Diesel	6.0–5.9	4.8–4.6	5.2–5.1	138–133	A
A6 Sedan 3.0 TDI clean diesel quattro	235	tiptronic, 8-speed	Diesel	7.5–7.3	5.5–5.3	6.2–6.0	164–159	B
A6 Sedan 3.0 TDI competition clean diesel quattro	240	tiptronic, 8-speed	Diesel	7.5	5.5	6.2	164	B
S6 Sedan 4.0 TFSI quattro	331	S tronic, 7-speed	Premium	13.3–13.1	7.1–6.9	9.4–9.2	218–214	E
Audi A6 Avant								
A6 Avant 1.8 TFSI	140	6-speed	Premium	7.9–7.8	5.5–5.3	6.4–6.2	149–144	B
A6 Avant 1.8 TFSI ultra	140	S tronic, 7-speed	Premium	7.2–7.1	5.3–5.1	6.0–5.9	142–137	B
A6 Avant 2.0 TFSI	185	S tronic, 7-speed	Premium	7.5–7.4	5.4–5.2	6.2–6.0	146–140	B
A6 Avant 3.0 TFSI quattro	245	S tronic, 7-speed	Premium	10.1–9.9	6.5–6.2	7.8–7.6	182–177	C
A6 Avant 2.0 TDI ultra	110	6-speed	Diesel	5.5–5.3	4.2–4.0	4.7–4.5	124–117	A–A+
A6 Avant 2.0 TDI ultra	110	S tronic, 7-speed	Diesel	5.1–4.9	4.3–4.1	4.6–4.4	121–114	A+
A6 Avant 2.0 TDI ultra	140	6-speed	Diesel	5.5–5.3	4.2–4.0	4.7–4.5	124–118	A–A+
A6 Avant 2.0 TDI ultra	140	S tronic, 7-speed	Diesel	5.1–4.9	4.3–4.1	4.6–4.4	121–114	A+
A6 Avant 3.0 TDI clean diesel	160	S tronic, 7-speed	Diesel	5.6–5.5	4.6–4.4	5.0–4.8	130–125	A–A+
A6 Avant 3.0 TDI clean diesel quattro	160	S tronic, 7-speed	Diesel	6.2–6.0	5.0–4.8	5.4–5.3	144–138	A
A6 Avant 3.0 TDI clean diesel quattro	200	S tronic, 7-speed	Diesel	6.2–6.0	5.0–4.8	5.4–5.3	144–138	A
A6 Avant 3.0 TDI clean diesel quattro	235	tiptronic, 8-speed	Diesel	7.7–7.5	5.7–5.5	6.4–6.2	169–164	B
A6 Avant 3.0 TDI competition clean diesel quattro	240	tiptronic, 8-speed	Diesel	7.7	5.7	6.4	169	B
S6 Avant 4.0 TFSI quattro	331	S tronic, 7-speed	Premium	13.5–13.4	7.3–7.1	9.6–9.4	224–219	E
RS 6 Avant 4.0 TFSI quattro	412	tiptronic, 8-speed	Super Plus	13.4	7.4	9.6	223	E
Audi A6 allroad quattro								
A6 allroad quattro 3.0 TFSI	245	S tronic, 7-speed	Premium	10.1	6.7	8.0	185	C
A6 allroad quattro 3.0 TDI clean diesel	160	S tronic, 7-speed	Diesel	6.4	5.2	5.6	149	A
A6 allroad quattro 3.0 TDI clean diesel	200	S tronic, 7-speed	Diesel	6.4	5.2	5.6	149	A
A6 allroad quattro 3.0 TDI clean diesel	235	tiptronic, 8-speed	Diesel	7.7	5.8	6.5	172	B
Audi A7 Sportback								
A7 Sportback 2.0 TFSI	185	S tronic, 7-speed	Premium	7.4	5.1	5.9	137	A
A7 Sportback 3.0 TFSI quattro	245	S tronic, 7-speed	Premium	10.0	6.2	7.6	176	C
A7 Sportback 3.0 TDI ultra	160	S tronic, 7-speed	Diesel	5.5	4.3	4.7	122	A+

Model	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
				urban	extra urban	combined	combined	
A7 Sportback 3.0 TDI clean diesel quattro	160	S tronic, 7-speed	Diesel	6.0	4.7	5.2	136	A
A7 Sportback 3.0 TDI clean diesel quattro	200	S tronic, 7-speed	Diesel	6.0	4.7	5.2	136	A
A7 Sportback 3.0 TDI clean diesel quattro	235	tiptronic, 8-speed	Diesel	7.4	5.4	6.1	162	B
A7 Sportback 3.0 TDI competition clean diesel quattro	240	tiptronic, 8-speed	Diesel	7.4	5.4	6.1	162	B
S7 Sportback 4.0 TFSI quattro	331	S tronic, 7-speed	Premium	13.2	7.0	9.3	215	D
RS 7 Sportback 4.0 TFSI quattro	412	tiptronic, 8-speed	Super Plus	13.3	7.3	9.5	221	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 Q7 (2nd generation) [2)]								
Q7 3.0 TFSI quattro	245	tiptronic, 8-speed	Premium	9.7–9.4	7.2–6.8	8.1–7.7	189–179	C
Q7 3.0 TDI clean diesel quattro	200	tiptronic, 8-speed	Diesel	6.5–6.2	5.8–5.4	6.1–5.7	159–149	A
Audi A8								
A8 4.0 TFSI quattro	320	tiptronic, 8-speed	Super Plus	12.6	7.1	9.1	213	D
A8 3.0 TDI clean diesel quattro	190	tiptronic, 8-speed	Diesel	7.3	5.1	5.9	155	B
A8 4.2 TDI clean diesel quattro	283	tiptronic, 8-speed	Diesel	9.4	6.1	7.4	194	C
A8 2.0 TFSI hybrid	180 [1)]	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 4.0 TFSI quattro	320	tiptronic, 8-speed	Super Plus	12.8	7.2	9.2	216	D
A8 L 3.0 TDI clean diesel quattro	190	tiptronic, 8-speed	Diesel	7.5	5.2	6.0	158	B
A8 L 4.2 TDI clean diesel quattro	283	tiptronic, 8-speed	Diesel	9.5	6.2	7.5	197	C
A8 L 2.0 TFSI hybrid	180 [1)]	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 Coupé V8 4.2 FSI quattro	316	6-speed	Super Plus	21.3	10.0	14.2	332	G
R8 Coupé V8 4.2 FSI quattro	316	S tronic, 7-speed	Super Plus	19.3	8.4	12.4	289	G
R8 Coupé V10 5.2 FSI quattro	386	S tronic, 7-speed	Super Plus	20.5	8.9	13.1	305	G
R8 Coupé V10 plus 5.2 FSI quattro	404	S tronic, 7-speed	Super Plus	19.9	8.6	12.9	299	G
R8 Coupé LMX V10 5.2 FSI quattro	419	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	S tronic, 7-speed	Super Plus	20.5	9.2	13.3	310	G
Lamborghini Huracán								
Huracán LP 610-4	449	LDF, 7-speed	Super Plus	17.8	9.4	12.5	290	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

1) Total system output (briefly)
2) Market launch from summer 2015

Further information on official fuel consumption figures and the official specific CO_2 emissions of new passenger cars can be found in the guide "Guideline for fuel consumption, CO_2 emissions and 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.

The fuel consumption and CO_2 emissions of a vehicle vary due to the choice of wheels and tires. They not only depend on the efficient utilization of fuel by the vehicle, but are also influenced by driving behavior and other non-technical factors.

10-Year Overview

		2005 [1]	2006	2007	2008	2009	2010	2011	2012 [2]	2013	2014
Production											
Automotive segment	Cars	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]	1,804,624 [3]
	Engines	1,695,045	1,895,695	1,915,633	1,901,760	1,384,240	1,648,193	1,884,157	1,916,604	1,926,724	1,974,846
Motorcycles segment	Motorcycles	–	–	–	–	–	–	–	15,734 [4]	45,018	45,339
Deliveries to customers											
Automotive segment	Cars	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	1,933,517
Audi brand	Cars	829,109	905,188	964,151	1,003,469	949,729	1,092,411	1,302,659	1,455,123	1,575,480	1,741,129
Lamborghini brand	Cars	1,600	2,087	2,406	2,430	1,515	1,302	1,602	2,083	2,121	2,530
Other Volkswagen Group brands	Cars	214,405	228,279	234,144	217,607	194,116	199,740	207,753	177,106	173,406	189,858
Motorcycles segment	Motorcycles	–	–	–	–	–	–	–	16,786 [4]	44,287	45,117
Ducati brand	Motorcycles	–	–	–	–	–	–	–	16,786 [4]	44,287	45,117
Workforce	Average	52,412	52,297	53,347	57,822	58,011	59,513	62,806	67,231	71,781	77,247
From the Income Statement											
Revenue	EUR million	26,591	31,142	33,617	34,196	29,840	35,441	44,096	48,771	49,880	53,787
Cost of materials	EUR million	19,139	21,627	23,092	23,430	18,512	21,802	28,594	30,265	32,491	36,024
Personnel costs	EUR million	3,136	3,440	3,406	3,709	3,519	4,274	5,076	5,069	5,543	6,068
Personnel costs per employee [5]	EUR	59,834	65,771	63,846	64,467	60,964	72,172	81,189	75,759	77,596	78,921
Depreciation and amortization	EUR million	1,930	2,515	2,287	1,908	1,775	2,170	1,793	1,937	2,071	2,455
Operating profit	EUR million	1,407	2,015	2,705	2,772	1,604	3,340	5,348	5,365	5,030	5,150
Profit before tax	EUR million	1,310	1,946	2,915	3,177	1,928	3,634	6,041	5,951	5,323	5,991
Profit after tax	EUR million	824	1,343	1,692	2,207	1,347	2,630	4,440	4,349	4,014	4,428
From the Balance Sheet (Dec. 31)											
Non-current assets	EUR million	8,597	8,285	8,325	9,537	9,637	10,584	12,209	18,044	19,943	22,538
Current assets	EUR million	7,515	10,625	14,253	16,519	16,913	20,188	24,811	22,357	25,214	28,231
Equity	EUR million	6,104	7,265	8,355	10,328	10,632	11,310	12,903	15,092	18,565	19,199
Liabilities	EUR million	10,008	11,645	14,223	15,728	15,918	19,462	24,117	25,309	26,592	31,570
Balance sheet total	EUR million	16,112	18,910	22,578	26,056	26,550	30,772	37,019	40,401	45,156	50,769
From the Cash Flow Statement											
Cash flow from operating activities	EUR million	3,252	4,428	4,876	4,338	4,119	5,797	6,295	6,144	6,778	7,421
Investing activities [6]	EUR million	1,670	1,890	2,084	2,412	1,798	2,260	2,905	6,804 [7]	3,589	4,450
Net cash flow	EUR million	1,540	1,986	2,457	1,926	2,321	3,536	3,390	– 660 [7]	3,189	2,970
Net liquidity (Dec. 31)	EUR million	3,391	5,720	7,860	9,292	10,665	13,383	15,716	13,396	14,716	16,328
Financial ratios											
Operating return on sales	Percent	5.3	6.5	8.0	8.1	5.4	9.4	12.1	11.0	10.1	9.6
Return on sales before tax	Percent	4.9	6.2	8.7	9.3	6.5	10.3	13.7	12.2	10.7	11.1
Return on investment (ROI)	Percent	9.7	14.2	18.6	19.8	11.5	24.7	35.4	30.8	26.4	23.2
Ratio of investments in property, plant and equipment	Percent	4.4	4.1	4.7	5.6	4.2	4.1	5.1	4.8	4.8	5.5
Equity ratio (Dec. 31)	Percent	37.9	38.4	37.0	39.6	40.0	36.8	34.9	37.4	41.1	37.8
Audi share											
Share price (year-end price) [8]	EUR	308.00	540.00	625.00	466.49	500.00	650.00	542.05	525.00	643.00	648.00
Compensatory payment	EUR	1.15	1.25	1.80	1.93	1.60	2.20	3.00	3.50	4.00	X [9]

[1] Financial figures were adjusted to take account of the revised IAS 19 and IAS 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
[7] Taking into account the acquisition of interests in Volkswagen Group Services S.A./N.V., Brussels (Belgium), and in Ducati Motor Holding S.p.A., Bologna (Italy)
[8] Year-end price on Munich Stock Exchange
[9] In accordance with the resolution to be passed by the Annual General Meeting of Volkswagen AG, Wolfsburg, on May 5, 2015

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A

COMBINED MANAGEMENT REPORT OF THE AUDI GROUP AND AUDI AG FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2014

B

CONSOLIDATED FINANCIAL STATEMENTS OF THE AUDI GROUP FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2014

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