Audi 2015 Annual Report

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Audi
Vorsprung durch Technik

Report of the Supervisory Board

Finances

COMBINED MANAGEMENT REPORT OF THE AUDI GROUP AND AUDI AG FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2015

CONSOLIDATED FINANCIAL STATEMENTS OF THE AUDI GROUP FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2015

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 287.

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

Internet sources refer to the status as of February 19, 2016.

Matthias Müller
Chairman of the Supervisory Board

Dear Shareholders,

The final months of the past fiscal year were dominated by the Group-wide investigations into the diesel issue, the task of identifying what consequences and measures then needed to be taken, and the preparation of technical solutions for customers. Meanwhile, the overall development in automobile markets worldwide was less positive than one year previously. China in particular, the world's largest passenger car market, experienced a marked slowdown in the past fiscal year and was unable to repeat the high growth rates of earlier years. The market as a whole in Western Europe, on the other hand, exceeded the expectations voiced at the start of the year. Amid this challenging environment, the Audi Group maintained its course of growth and supplied 1,803,246 cars of the Audi brand to customers worldwide in the past fiscal year – an increase of 3.6 percent from the previous year's already high level. Alongside continuing high demand for the SUV models, the cars of the Audi A3 car line and the new Audi TT family were especially well received by customers. The Company achieved its strategic objectives in financial terms, too – despite the circumstances mentioned above and continuing high upfront expenditures for the future model and technology portfolio as well as for the expansion of international manufacturing structures.

The Supervisory Board would like to thank the entire Audi team for its huge commitment. It is the hope of the Supervisory Board that everyone at the Company can together rise to the challenges that lie ahead for the current fiscal year.

The Board of Management gave regular, up-to-date and comprehensive accounts of its actions to the Supervisory Board. Decisions of fundamental importance were discussed in detail by the Board of Management and the Supervisory Board. The Supervisory Board considered the economic framework and the Company's business progress and policy as well as its risk management and risk situation at ordinary meetings of the Supervisory Board convened each quarter, as well as on the basis of regular oral and written reports from the Board of Management, and consulted the Board of Management closely on these matters. The Chairman of the Supervisory Board also consulted with the Chairman of the Board of Management in between the regular meetings, on such topics as the Company's strategy, business policy, business performance and also risk management.

At its four ordinary meetings in 2015, the Supervisory Board also considered at length the opportunities and risks for Audi in key markets such as the United States, China, Russia and other European markets. The Supervisory Board also consulted with the Board of Management regarding the further strengthening of the full-size model lines in the automotive segment, the employment situation in Ingolstadt and Neckarsulm, the proportion of women in the Company, particularly in the individual management tiers and on the Board of Management, as well as strategic expansion potential. Other subject areas discussed were the digitalization and connectivity of vehicles with their environment.

PHOTO: *Volkswagen AG*

In approving the plans for human resources, financial and investment planning, the Supervisory Board again confirmed the Board of Management's strategic decisions.

At its fourth ordinary meeting during the past fiscal year, the Supervisory Board together with the Board of Management routinely determined the content of the Declaration of Compliance in accordance with Section 161 of the German Stock Corporation Act (AktG).

The work of the Supervisory Board in the fourth quarter was largely devoted to the diesel issue. On October 7, 2015, the Supervisory Board held an extraordinary meeting to discuss the diesel issue in detail and take the necessary decisions. The Supervisory Board and Board of Management have made it clear that they will not tolerate any breaches of the law, and that they regard deception and fraud as inexcusable. The Supervisory Board has appointed the Vice Chairman of the Supervisory Board to coordinate and ensure all necessary steps to investigate and explain the events connected to the diesel issue. The Vice Chairman of the Supervisory Board decided to entrust experts from Jones Day with investigating the diesel issue at Audi. The internationally renowned law firm is conducting the forensic investigations and is being assisted operationally by the Deloitte auditing firm. The Supervisory Board views these mandates as a basic prerequisite for obtaining objective findings, in which the Supervisory Board and Board of Management have the greatest interest. To speed up the investigations, the Supervisory Board and Board of Management have requested the support of Internal Audit at Audi. The experts at Jones Day are making swift progress with their investigations and presented a detailed verbal interim report to the Supervisory Board on February 25, 2016. However, the investigations will still take quite some time. In order to obtain reliable insight into who was accountable, a large number of interviews will need to be conducted, possibly also multiple times. In addition, an enormous amount of data will need to be sifted through thoroughly. This includes email and data files, for example. Each of these viewed in isolation is a loose end in a communication for which the context must first be pieced together. This forensic work is time-consuming, laborious and necessary if we are to conduct a comprehensive investigation of the diesel issue.

The Supervisory Board has been kept constantly informed of the diesel issue by the Board of Management in recent months, mainly in writing. This applies in particular to the V6 3.0 TDI diesel engine developed by Audi, which is affected by investigations by CARB (California Air Resources Board) and EPA (Environmental Protection Agency) in the United States.

All Supervisory Board members were present at more than half of the meetings. The average attendance rate in the past fiscal year was just under 96 percent. The members of the Presiding Committee held full consultations before each ordinary meeting. The Negotiating Committee did not need to be convened in 2015.

After the diesel issue came to light, two extraordinary meetings of the Presiding Committee were held in the past fiscal year, the first already on September 25, 2015. At each, the Chairman of the Board of Management gave a status report on the diesel issue. The Presiding Committee in addition discussed personnel matters.

The Audit Committee met once per quarter in the past fiscal year. At its meetings, this committee considered the Annual and Consolidated Financial Statements for the 2014 fiscal year as well as other topics such as risk management, as well as compliance and auditing work. In addition, the Audit Committee scrutinized the 2015 Interim Financial Report prior to its publication and discussed its contents with the Board of Management and representatives of the auditing firm. The Audit Committee also advised on the independence of the auditor, the findings of additional audits commissioned and the situation of the Company at the end of 2015.

After the diesel issue became known, the Audit Committee again discussed the subject area of risk management, compliance and auditing. In connection with this, the Audit Committee welcomed the decision by the Board of Management to further optimize the risk management process in the Audi Group.

Upon the proposal of the Supervisory Board, the Annual General Meeting of AUDI AG appointed PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft as auditor of the accounts for the 2015 fiscal year. The Supervisory Board awarded the audit assignment to the auditing firm

"Together with the entire Audi team, the Supervisory Board will work hard in 2016 and beyond to build on the outstanding competitive positioning of the brands of the Audi Group."

Matthias Müller, Chairman of the Supervisory Board of AUDI AG

after its election. The auditor of the accounts confirmed the Annual Financial Statements of AUDI AG, the Consolidated Financial Statements as well as the Combined Management Report of the Audi Group and AUDI AG for the 2015 fiscal year, and in each case issued its unqualified certification with an additional note.

The members of the Audit Committee and Supervisory Board received the documentation for the Annual and Consolidated Financial Statements, together with the corresponding audit reports by the auditor, in advance of their meeting on February 25, 2016. The auditing firm's representatives explained the key findings of their audit in detail at the meetings of the Audit Committee and Supervisory Board, and then answered queries from members of both bodies. According to information supplied by the auditing firm, there were no circumstances that might give cause for concern about the auditor's partiality.

Following examination of the audit documents received and in-depth discussions with the auditing firm's representatives, and based on its own conclusions, the Audit Committee recommended to the Supervisory Board at the meeting on February 25, 2016, that the Annual and Consolidated Financial Statements each be signed off. After appropriate discussions, the Supervisory Board accepted this recommendation and signed off the Annual and Consolidated Financial Statements prepared by the Board of Management. The Annual Financial Statements are thus established.

There were the following changes in the composition of the Supervisory Board during the past fiscal year: With effect from April 25, 2015, Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch and Ursula Piëch surrendered office as members of the Supervisory Board of AUDI AG. The Supervisory Board would particularly like to thank Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch for his work. Its gratitude extends to Ursula Piëch. Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch has played a decisive and formative role in shaping the automotive industry over several decades. His influence has been especially great at Audi. Many innovations and structural changes at Audi are inseparably linked to the name of Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch.

With effect from November 6, 2015, Prof. Dr. Dr. h. c. mult. Martin Winterkorn left the Supervisory Board of AUDI AG at his own request. Prof. Dr. Dr. h. c. mult. Martin Winterkorn has decisively influenced and advanced many innovations at Audi over a period of several decades. The Supervisory Board expresses its sincere thanks and acknowledgment for this contribution.

With effect from December 4, 2015, Prof. h. c. Dr. rer. pol. Horst Neumann surrendered office as a member of the Supervisory Board of AUDI AG. The Supervisory Board voices its deep gratitude and recognition to Prof. h. c. Dr. rer. pol. Horst Neumann for his work at Audi and other companies of the Volkswagen Group.

At the respective request of the Board of Management of AUDI AG, the Local Court of Ingolstadt appointed Mag. Josef Ahorner, Mag. Julia Kuhn-Piëch and Matthias Müller to fill the vacant positions on the Supervisory Board with effect from November 30, 2015, as well as Dr. Christine Hohmann-Dennhardt with effect from February 16, 2016.

At its meeting on December 3, 2015, the Supervisory Board elected Matthias Müller as its Chairman and also to the Presiding Committee.

There were the following changes in the composition of the Company's Board of Management during the past fiscal year: Dr. Dietmar Voggenreiter was appointed Member of the Board of Management of AUDI AG with responsibility for the Marketing and Sales division with effect from November 1, 2015. His predecessor, Luca de Meo, surrendered office at his own request at the close of October 31, 2015, to take over as Chairman of the Board of Management of SEAT S.A., Martorell, Barcelona (Spain). The Supervisory Board would like to thank him for his successful work at Audi and extends every good wish to Luca de Meo in his new role.

Prof. Dr.-Ing. Ulrich Hackenberg stepped down from the Board of Management of AUDI AG, on which he was responsible for the Technical Development division, by agreement with the Supervisory Board from the close of December 3, 2015. The Supervisory Board would like to thank Prof. Dr.-Ing. Ulrich Hackenberg for his 30 successful years of work at Audi and other companies of the Volkswagen Group. The Supervisory Board appointed Dr.-Ing. Stefan Knirsch to succeed him with effect from January 1, 2016.

The Board of Management has suitably taken account of the economic environment as well as future economic challenges when making its plans. Together with the entire Audi team, it will work hard in 2016 and beyond to build on the outstanding competitive positioning enjoyed by the brands of the Audi Group. It will systematically seek to achieve customer delight through new technologies, products and services that are sustainable, digital and connected. The Supervisory Board will continue to lend its constructive support to the Board of Management as the Audi Group pursues its ambitious goals.

Ingolstadt, February 25, 2016

Sincerely Matthias Müller

Matthias Müller
Chairman of the Supervisory Board of AUDI AG

AUDI GROUP KEY FIGURES

		2015	2014	Change in %
Production				
Automotive segment	Cars [1]	1,830,334	1,804,624	1.4
	Engines	2,023,618	1,974,846	2.5
Motorcycles segment	Motorcycles	55,551	45,339	22.5
Deliveries to customers				
Automotive segment	Cars	2,024,881	1,933,517	4.7
Audi brand [2]	Cars	1,803,246	1,741,129	3.6
Lamborghini brand	Cars	3,245	2,530	28.3
Other Volkswagen Group brands	Cars	218,390	189,858	15.0
Motorcycles segment	Motorcycles	54,809	45,117	21.5
Ducati brand	Motorcycles	54,809	45,117	21.5
Workforce	Average	82,838	77,247	7.2
Revenue	EUR million	58,420	53,787	8.6
Operating profit before special items	EUR million	5,134	5,150	– 0.3
Operating profit	EUR million	4,836	5,150	– 6.1
Profit before tax	EUR million	5,284	5,991	– 11.8
Profit after tax	EUR million	4,297	4,428	– 3.0
Operating return on sales before special items	Percent	8.8	9.6	
Operating return on sales	Percent	8.3	9.6	
Return on sales before tax	Percent	9.0	11.1	
Return on investment (ROI)	Percent	19.4	23.2	
Ratio of capex [3]	Percent	6.0	5.5	
Cash flow from operating activities	EUR million	7,203	7,421	– 2.9
Net cash flow	EUR million	1,627 [4]	2,970	– 45.2
Balance sheet total (Dec. 31)	EUR million	56,763	50,769	11.8
Equity ratio (Dec. 31)	Percent	38.4	37.8	

[1] Including vehicles built in China by the associated company FAW-Volkswagen Automotive Company, Ltd., Changchun
[2] Including delivered vehicles built locally by the associated company FAW-Volkswagen Automotive Company, Ltd., Changchun (China)
[3] Investments in property, plant and equipment, investment property and other intangible assets (without capitalized development costs) according to the Cash Flow Statement in relation to revenue
[4] Taking into account the participation in There Holding B.V., Rijswijk (Netherlands), in connection with the HERE transaction

COMBINED MANAGEMENT REPORT
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BASIS OF THE AUDI GROUP

The Audi Group, comprising the two brands Audi and Lamborghini, is one of the most successful carmakers in the premium and supercar segment. The traditional Italian brand Ducati completes the Audi Group product range with its motorcycles.

STRUCTURE

/ COMPANY

AUDI AG is the parent company of the Audi Group and, in supplying the products of the Audi brand, is a manufacturer of premium automobiles. 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 entities in which AUDI AG holds a direct or indirect interest, or over which it exercises direct or indirect influence. In view of the decentralized way in which the Audi Group is organized, the individual subsidiaries conduct their business activities independently. Group management and governance are ensured through guidelines, channels of reporting and committees.

*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, comprising the Audi, Lamborghini and Ducati brands, is one of the most successful manufacturers of premium automobiles, supercars and sporty motorcycles.
The Audi brand embodies “Vorsprung durch Technik” with its unmistakable design, innovative technologies and high quality standards. This is also reflected in the brand values sportiness, progressiveness and sophistication.
The exclusive high-performance models of the traditional Italian brand Lamborghini are renowned for their excellent driving dynamics, unmistakable design, consistent use of lightweight construction and high quality of materials and finish.
With its motorcycles, the Ducati brand particularly embodies unique design, sportiness, lightweight construction and high-performance engines.
The Audi Group sells vehicles of the Audi brand internationally through Group-owned sales companies and also through partnerships with local importers. In addition, vehicles of the Bentley, SEAT, Škoda, Volkswagen Passenger Cars and Volkswagen Commercial Vehicles brands are sold 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), AUDI SINGAPORE PTE. LTD., Singapore (Singapore), and Audi Volkswagen Taiwan Co., Ltd., Taipei (Taiwan).

*Further information on our products and deliveries can be found under **“Deliveries and distribution”** on pages 160 ff.*

/ MAIN PRODUCTION LOCATIONS

The locations at which cars of the Audi and Lamborghini brands as well as motorcycles of the Ducati brand were manufactured in the year under review are shown in the following diagram.
Our production location in Neckarsulm is also home to quattro GmbH, a fully owned subsidiary of AUDI AG. quattro GmbH is the exclusive manufacturer of the sporty high-performance vehicles of the R8 car line and also supplies the RS high-performance versions that represent the top-of-the-range models in various lines. 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.
As well as building vehicles, AUDI HUNGARIA MOTOR Kft., Győr (Hungary), develops and manufactures engines for AUDI AG, other Volkswagen Group companies and third-party companies.

Overview of production locations

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
> A4 Sedan
> A4 Avant
> A4 allroad quattro
> S4 Sedan
> S4 Avant
> A5 Sportback
> A5 Coupé
> S5 Sportback
> S5 Coupé
> Q2 [1)]
> Q5
> SQ5

Bratislava/Slovakia
VOLKSWAGEN SLOVAKIA, a.s.

> Q7
> SQ7 [1)]

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
> A8 L

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

> Huracán Coupé
> Huracán Spyder
> 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
> A6 Sedan
> A6 Avant
> A6 allroad quattro
> S6 Sedan
> S6 Avant
> RS 6 Avant
> A7 Sportback
> S7 Sportback
> RS 7 Sportback
> A8
> A8 L
> S8
> R8 Coupé
> R8 Spyder

San José Chiapa/Mexico
AUDI MÉXICO S.A. de C.V.

> Q5 [1)]

São José dos Pinhais/Brazil
AUDI DO BRASIL INDUSTRIA E COMERCIO DE VEICULOS LTDA.

> A3 Sedan

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

> Scrambler
> 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

1) Start of series production in the 2016 fiscal year

/ CONSOLIDATED COMPANIES

The group of consolidated companies has grown since December 31, 2014, to include Audi Luxemburg S.A, Luxembourg (Luxembourg), in connection with the HERE transaction.

In the 2015 fiscal year, there were no further changes within the group of fully consolidated companies that had a material impact on the presentation of the net worth, financial position and financial performance.

Further information on the HERE transaction can be found on page 148 f.

In addition, AUDI AG increased its shareholding in Volkswagen Automatic Transmission (Tianjin) Company Limited, Tianjin (China), from 40.0 percent to 49.0 percent. The company continues to be accounted for in the Audi Group using the equity method. In the past fiscal year, the Audi Group – in connection with the HERE transaction – acquired a 33.3 percent interest in There Holding B.V., Rijswijk (Netherlands), established in 2015. This participation is reported in the Audi Consolidated Financial Statements under investments accounted for using the equity method.

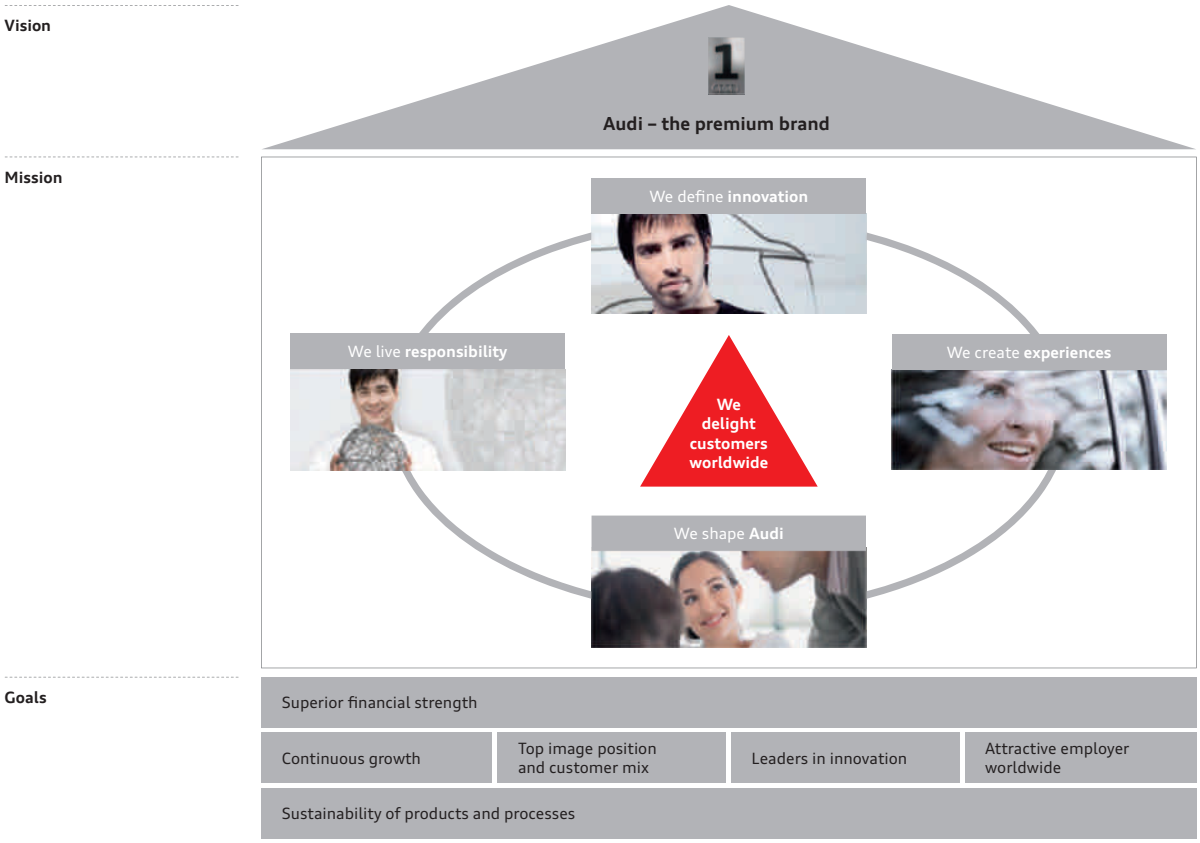
The Volkswagen Group includes the financial statements of the Audi Group in its own consolidated financial statements. Control and profit transfer agreements exist both between Volkswagen AG, Wolfsburg, and AUDI AG, and between AUDI AG and a large number of its German subsidiaries.

STRATEGY

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

Our overriding strategic goal of developing Audi into the world's leading brand in the premium automobile segment is anchored as the vision in our Strategy 2020, which was first presented in 2010. To reflect steadily changing economic, ecological and social requirements and parameters, we develop and refine the content of our strategy on a continuous basis. However, our strategic areas of activity, which are focused on long-term, sustainable corporate success, also remained unchanged in 2015.

The Audi brand's Strategy 2020



/ MISSION: "WE DELIGHT CUSTOMERS WORLDWIDE"

Customer delight remains the mission at the heart of our Strategy 2020. To fulfill our mission, we have defined four strategic areas of activity for the Audi brand:

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

"Vorsprung durch Technik" takes center stage in our brand identity, which encompasses the brand values sportiness, progressiveness and sophistication. These are reflected in our products and services. The Audi brand stands especially for technological innovations, modern design as well as high-caliber materials and build quality.

// WE DEFINE INNOVATION

We want to play a pivotal role in shaping the future of mobility and deliver our brand essence of "Vorsprung durch Technik" through innovative automobiles and intelligent mobility solutions. Closely monitoring megatrends and global developments – such as urbanization and digitalization – and then using the findings to identify future customer expectations play a key role in our success.
At Audi, "Vorsprung durch Technik" also means meeting increasing ecological demands. In an effort to reconcile driving pleasure, sportiness and comfort with the lowest possible fuel consumption, we pursue a multi-stage concept that ranges from optimizing our current engine technologies and our quattro drive to developing alternative drive concepts that we present collectively under the umbrella term Audi tron. Plug-in hybrid technology, all-electric drive and fuel cell technology as well as the development of carbon-neutral fuels all play an important role in this. In the interests of adopting a holistic approach, we are also making steady progress with improving the framework for alternative drive concepts – for example, we have made advances in the field of inductive charging with Audi Wireless Charging (AWC).

*Further information on our drive concepts and charging technologies can be found under **"Research and development"** on pages 149 ff.*

Digitalization and connectivity are becoming increasingly important in the automotive industry. Through our optional Audi connect services, for instance, we enable the vehicle to connect to the Internet as well as with the infrastructure and other vehicles. We are steadily expanding our range of Audi connect services in order to satisfy the requirements of our customers. We also work with various partners. For example, we joined the Google Open Automotive Alliance (OAA) in 2014 and integrate the Android platform and its apps into our cars' operating system via Google Android Auto. The functions of iOS devices are also made available in the vehicle via Apple CarPlay. Smartphone integration is currently available in the new Audi A4 and new Audi Q7 under the name of Audi smartphone interface. To enable our customers in China to use their smartphones in the car both quickly and seamlessly, we established a partnership with Baidu Inc., China's top search engine provider, in 2015. We have also signed an agreement with Huawei Technologies Co., Ltd., one of the world's largest network providers, on the joint development and utilization of an Asia-specific LTE module.

Piloted driving, too, is becoming increasingly important. A key requirement for this is that vehicles are able to connect with their environment and with each other. With the goal of accessing even more precise and more detailed data in the future, the Audi Group, the BMW Group and Daimler AG each acquired an equal interest in There Holding B.V., Rijswijk (Netherlands), in the year under review, which took over the digital mapping service HERE through a subsidiary. HERE has the vision of developing an open platform that combines high-resolution maps with location-specific real-time information in order to provide customers with a detailed, second-by-second snapshot of the real world.
Having already demonstrated our expertise in piloted driving on the Hockenheimring in 2014 with the Audi RS 7 piloted driving concept, we presented our innovative strength in this field several times during the past fiscal year.

*Detailed information on our piloted driving activities can be found under **"We create experiences"** on page 136.*

As a result of growing urbanization, we are tapping new areas of innovation. We are emphatically pushing the development of intelligent mobility solutions in the shape of Audi mobility. Through various premium car-sharing projects such as Audi select in Germany and Audi on demand in San Francisco, our customers can already enjoy premium solutions for individual mobility.

Numerous surveys have revealed design to be one of the main decision-making factors when buying a car. That is why we continue to refine the unmistakable Audi design language. We are focusing especially on achieving even greater differentiation between the individual model series. In addition, we are increasingly giving Audi technologies visible expression in design, thus creating a symbiosis between technology and design.

*Further information on Audi design can be found under **"Design"** on pages 151 f.*

In the year under review, we yet again demonstrated our innovative strength in the area of lightweight technology with the new Audi A4, the new Audi Q7 and the new Audi R8. Thanks to the new multimaterial construction principle, the Audi Space Frame (ASF) of the new Audi R8 V10 plus weighs just 200 kilograms, for example.

*Detailed information on lightweight construction at Audi can be found under **"Audi lightweight construction"** on page 177.*

// WE CREATE EXPERIENCES

We want to delight our customers worldwide with experiences that embody the spirit of the Audi brand. For example, we introduced journalists, dealers and customers to the fascination of piloted driving at several events staged over the past fiscal year. In early 2015, selected journalists were able to experience piloted driving on an approximately 560-mile route in everyday driving conditions in the context of the Consumer Electronics Show (CES) in Las Vegas. In April, we demonstrated the technical maturity of piloted driving in a test run on the A9 autobahn. Our Audi A7 piloted driving concept "Jack" performed lane changes and passing maneuvers independently in real-life conditions. During the CES in Shanghai in May 2015, the possibilities of piloted driving were demonstrated on an approximately 15-kilometer stretch in heavy traffic on the urban expressway.
Another highlight in the year under review was the high-profile piloted driving demonstration on California's Sonoma Raceway. Technology demonstrator "Robby," which is based on the Audi RS 7 piloted driving concept, was pushed to its physical limit lap after lap, but still achieved consistently precise results on the racing circuit. In a second racetrack appearance on the challenging FAST Parcmotor circuit near Barcelona, Spain, Audi yet again demonstrated its technological expertise in piloted driving in front of a captivated audience of journalists, dealers and customers.

With the market introduction of the new Audi R8 V10 plus, we brought together our most emotionally charged disciplines – ranging from the R and RS models to customer racing and factory motorsport – under the Audi Sport portfolio. A major objective of Audi Sport is to delight our customers with unique passion and outstanding dynamism. We have also devised the new Audi Sport showroom concept with that goal in mind. It will enable our customers to experience the Audi Sport models on show in a specially created atmosphere.
Under the Audi Sport name, we have also launched the Audi Sport TT Cup – a separate race series for the Audi TT – as a gateway to the world of motorsport within our Company. Starters from 14 different countries and the spectators were treated to action-packed motorsport featuring plenty of passing maneuvers and duels at a total of six events in the accompanying program of the German Touring Car Masters (DTM).

*More information about the Audi Sport TT Cup can be found in the **magazine section** on pages 106 ff.*

// WE SHAPE AUDI

Through internationalization, digitalization and the development of new technologies and business areas, the Audi Group is confronted with numerous challenges. Digitalization in particular is becoming more and more important. New competitors from other very dynamic sectors are pushing into our market. In the future, customers will also expect their vehicle to be comprehensively connected with the world around it.

Through "We shape Audi," we are aligning our strategies with the demands of the future in terms of decision-making speed and innovativeness. This safeguards our responsiveness and effectiveness, while creating the basis for profitable growth. The ability to keep steadily evolving as well as the expertise and passion of our employees are key success factors.

// WE LIVE RESPONSIBILITY

The field of activity "We live responsibility" reflects how the three pillars of sustainability – society, ecology and economics – underpin the Audi strategy and our entrepreneurial actions. These three pillars of sustainability are given balanced weighting in corporate decisions. Based on our stakeholder survey, which was updated at the start of 2015, we placed particular emphasis on product-related topics in the past fiscal year and focused especially on reconciling a variety of requirements such as environmental impacts, attractiveness to customers, safety and competitiveness.

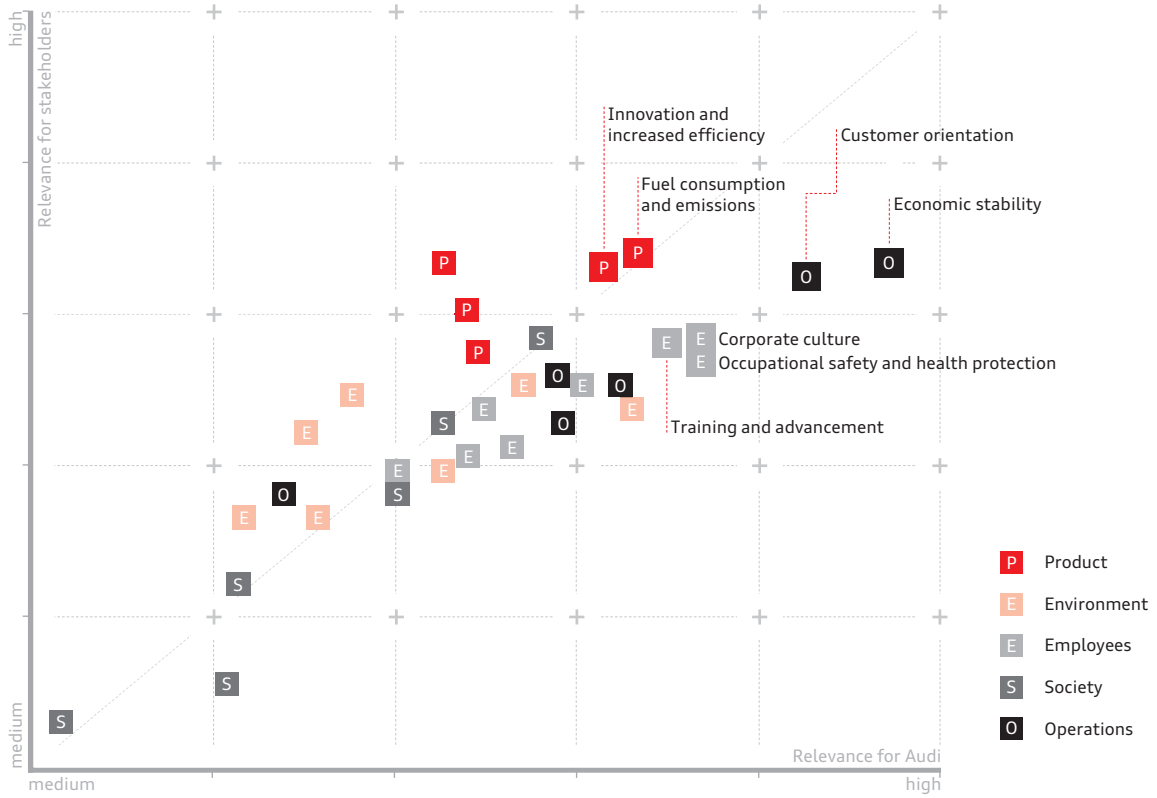
The "Corporate Responsibility" area brings all sustainability-related activities together under one roof and helps the companies of the Audi Group to put the five core themes Product, Environment, Employees, Society and Operations into action. Much of our corporate responsibility communications work in the year under review was devoted to "Audi ultra." In order, for instance, to sensitize our employees to the various facets of corporate responsibility, we addressed forward-looking sustainability issues revolving around products and processes, and communicated these to our locations in Germany, Hungary, Belgium and Mexico.

The Audi Corporate Responsibility Report 2014 was presented at the Annual General Meeting of AUDI AG in May 2015. We prepared this document in accordance with the new G4 reporting standard of the Global Reporting Initiative for the first time. The new standard increases transparency when reporting facts, goals and measures in the field of sustainability. In addition, it promotes the principle that companies should concentrate on the areas of key relevance for their sustainability. Our Corporate Responsibility Report also contains the AUDI AG Declaration of Conformity with the German Sustainability Code.
At its own request, in fall 2015 Audi suspended its membership in the United Nations "Global Compact" in the wake of the diesel issue. Audi will reactivate its membership once the diesel issue has been resolved. We continue to work to uphold the ten principles of this initiative for responsible corporate management with regard to human rights, labor conditions, the environment and the fight against corruption.

Audi holds regular stakeholder dialogues to reconcile internal and external demands on matters of sustainability. We mapped the results of the most recent survey in a matrix. This expresses the relevance for Audi (on the x-axis) and its stakeholders (on the y-axis) in relation to each other.

*Further information on the topic of sustainability can be found under **"Corporate responsibility"** on pages 174 ff.*

Materiality matrix



/ GOALS

// SUPERIOR FINANCIAL STRENGTH

The financial strength of a company is reflected particularly in a stable long-term profit performance. In our case, growth only meets the premium standards of Audi if it is simultaneously profitable. Efficient structures and processes, effective investment management and consistent cost management are indispensable for enabling this qualitative growth. Within this context, it is especially important to us to finance investment from self-generated cash flow. Our return and liquidity ratios underscore the high profitability and financial strength of our Company.

*Detailed information on the **"Financial performance"** and **"Financial position"** of the Audi Group can be found on pages 165 ff. and 169 f.*

// CONTINUOUS GROWTH

With a total of 1,803,246 (1,741,129) vehicles delivered, the Audi brand achieved a further increase in deliveries to customers in the 2015 fiscal year despite a challenging market environment. High demand for vehicles of our A3 family and our SUV models as well as growth in the North America and Western Europe regions were the major factors with a positive impact on our development in vehicle deliveries. With more than 1.8 million vehicles delivered, we easily exceeded the original volume target of 1.5 million vehicles for 2015. For our next milestone, we aim to deliver over 2 million Audi vehicles by 2020 to the various sales regions worldwide with the help of our product initiative and targeted increases in market shares. To that end, we are steadily working on optimizing and expanding the international dealer and service network in major growth markets. At the same time, we are expanding our worldwide production structures to establish an even broader basis for our business model.

*Further information can be found under **"Production"** and **"Deliveries and distribution"** on pages 157 ff. and 160 ff.*

// TOP IMAGE POSITION AND CUSTOMER MIX

For a premium automobile manufacturer, a strong brand and a positive image are key success factors. It is extremely important in this respect to have a corresponding customer mix, for example in terms of average age, values and price acceptance. To delight customers and bind them emotionally to the Audi brand, we want to achieve even higher image ratings and steadily improve our high-quality, innovative product portfolio. To support customers affected by the diesel issue, we have initiated a variety of measures and set up a customer information website. Our priority is to find quick, straightforward and customer-friendly solutions.

An array of national and international awards confirms the appeal and popularity of our brand. Among the awards we received in the year under review were the following:

- **L.E.A.D.E.R. Award 2015:**
  Audi received the L.E.A.D.E.R. Award 2015 in the Original Equipment Manufacturer (OEM) category from Automotive News Europe and the Automotive Intelligence Center, Bilbao (Spain), for setting new standards in lightweight construction and piloted driving in Europe (www.dpp.de/articles/8917 – link only available in German).
- **Most reliable European auto brand in the United States:**
  Audi achieved third place in the "2015 Annual Auto Reliability Survey" conducted by the renowned American consumer magazine Consumer Reports, making it the highest-ranking European car manufacturer for the fourth time in succession (www.consumerreports.org/cars/highlights-consumer-reports-2015-annual-auto-reliability-survey).
- **Golden Steering Wheel 2015:**
  Audi was awarded the Golden Steering Wheel by the publications AUTO BILD and BILD am SONNTAG in the Midsize Cars and Sports Cars categories for the new A4 Sedan and the new R8 (www.autobild.de/artikel/das-goldene-lenkrad-2015-7102599.html – link only available in German).
- **Auto Trophy 2015:**
  Audi was the most successful brand of 2015 in the AUTO ZEITUNG reader poll, with five awards. The winning models were the Audi A1, A3, Q7 and R8. We also won the "Best Design Worldwide" category (auto-presse.de/autonews.php?newsid=319976 – link only available in German).
- **Wertmeister 2015:**
  In 2015, the Audi A3 Sportback e-tron was awarded the title of "Wertmeister 2015" by AUTO BILD and the market research institute Schwacke as the car with the most stable residual value in its segment (AUTO BILD, 7/2015, p. 56-57).
- **Top "Luxury Car" in the United States:**
  According to the U.S. magazine Consumer Reports, the Audi A6 was voted top "Luxury Car" by U.S. car drivers for the third year in a row (www.consumerreports.org/cro/magazine/2015/04/consumer-reports-10-top-picks-of-2015/index.htm).
- **Cars Awards 2015:**
  The British daily newspaper The Daily Telegraph voted the Audi TT Coupé the "Best Sports Car" and the Audi A3 the "Best Family Car" in its annual Cars Awards (www.telegraph.co.uk/motoring/cars-awards/).

// LEADERS IN INNOVATION

Our ambition is to lead the way in both design and technology. We also want to offer our customers sporty, high-quality, innovative products as well as attractive mobility solutions. We place particular focus here on aligning our cutting-edge technologies with the expectations of our customers and making this technical expertise a tangible experience for customers.

We again brought various innovations to production maturity in the 2015 fiscal year. To delight customers worldwide, it is essential to address a wide variety of topics. We have therefore chosen to concentrate on the following core themes, among others:

- The efficiency of our products
- Alternative drive systems
- Vehicle presentation and interior experience
- Connected, automated driving
- Intuitive operating concepts
- Intelligent and appealing vehicle architecture
- Lightweight construction and sustainability
- Sportiness and driving experience

Through our consistent, long-term innovations management, we ensure that the core themes are steadily advanced. We also offer every employee a platform for new ideas relating to all areas of the Audi brand in our so-called Innoteams. To complement our core processes and core business, we thus seek to offer scope for putting creative ideas into practice. At the Consumer Electronics Show (CES) 2016 in Las Vegas, we communicated the innovative idea "Audi Fit Driver," for example. The driver's current state of fitness is detected by a wearable device and the vehicle sensors.

The large number of patent applications is a reflection of the successful Audi innovation strategy. We also received several awards during the past fiscal year for our innovative technologies and progressive design.

*Further information on awards for our products and technologies can be found under **"Research and development"** on pages 149 ff.*

// ATTRACTIVE EMPLOYER WORLDWIDE

"Vorsprung" originates in the mind – which is why we consistently pursue our strategic corporate goal of "Attractive employer worldwide" and provide modern workplaces, innovative tasks, commensurate pay and varied individual opportunities for advancement together with high job security at our locations. Through some 200 flexible working hours models and a wide variety of arrangements to balance family and work, we also recognize the individual life phases of our employees. A responsible and exemplary leadership style, trust and appreciation are central pillars of our corporate culture. 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.
In light of our continuing internationalization, we also want to be ranked among the top employers in those regions where we have our main locations. Several national and international rankings already reflect our strong appeal as an employer and company.

*Further information on top rankings in employee attractiveness surveys can be found under **"Attractive employer worldwide"** on page 182 f.*

// 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. From that starting position, the individual divisions build their sustainability goals into the strategies and processes for their specific area. One priority is to reduce CO_2 emissions from our products and their production processes. In the Strategy section of the Audi Corporate Responsibility Report, we highlight not only the goals and measures, but also the degree of implementation achieved for the sake of greater transparency.

We are consistently seeking to realize organizational and procedural potential for improvement that has come to light as a result of the diesel issue. We also promote the development of an open and transparent corporate culture in this respect.

*Detailed information on the topic of sustainability can be found under **"Corporate responsibility"** on pages 174 ff. and at **www.audi.com/cr**.*

MANAGEMENT SYSTEM

The Audi Group uses central indicators to manage and monitor its strategic and operational goals. As well as important financial key figures, the Audi Group management system includes non-financial performance indicators. The internal management process is outlined below. We also describe the key performance indicators in the management system that are derived from our strategic goals.

/ MANAGEMENT PROCESS IN THE AUDI GROUP

The Audi Group is incorporated as an integral part into 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 the management of the Audi Group is the medium-term planning prepared once a year, always for a five-year period. This incorporates the significant aspects of our operational planning.

In order to shape the future of the Company, 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 long-term sales plan, which highlights market and segment trends, is the basis for identifying the volume of deliveries.
- Planning for the individual production locations is based on 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 first year is derived from the medium-term planning and a budget for operations is drawn up on a month-by-month basis. The level of budgetary target attainment is tracked and reviewed each month with the help of various management tools such as target/actual analyses, year-on-year comparisons and deviation analyses. Where necessary, action plans are additionally developed and implemented to back up the budgeted objectives. Detailed forecasts are drawn up for the full year and also for any next three-month period on a rolling monthly basis. Measures developed to reflect the prevailing opportunity and risk position are taken into account on an ongoing basis. The focus of management during the year is thus on continuously adapting to internal and external changes. 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 capex

The number of new vehicles delivered to customers is reflected in the non-financial indicator of deliveries to customers. This performance indicator reflects demand among customers for products of the Audi brand and is the relevant variable that we use to determine our competitive position in the various markets. An increase in the deliveries to customers indicates high customer satisfaction and contributes towards attaining 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 consequently on the capacity utilization of our locations. We are only able to handle this growth and the increasing complexity by having motivated and highly qualified employees.

The financial key performance indicators of the Audi Group include revenue, which is a 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 operating return on sales is the operating profit generated in relation to revenue.

The return on investment (ROI) expresses the return achieved on the capital employed. We obtain this indicator by determining the ratio of operating profit after tax to average invested assets.

Net cash flow indicates the cash inflow from operating activities less cash used in investing activities, not including changes in cash deposits and loans extended. This key performance indicator serves as a measure of our Company's level of self-financing.

The ratio of capex (investments in property, plant and equipment, investment property and other intangible assets, without capitalized development costs) is an indicator of our Company's innovative strength. For this purpose, the capex according to the Cash Flow Statement 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.

*More information on and explanations of our key performance indicators can be found under **"Deliveries and distribution"** and **"Financial performance indicators"** on pages 160 ff. and 165 ff.*

*You will find further information on non-financial performance indicators under **"Research and development," "Production"** and **"Corporate responsibility"** on pages 149 ff., 157 ff. and 174 ff.*

SHARES

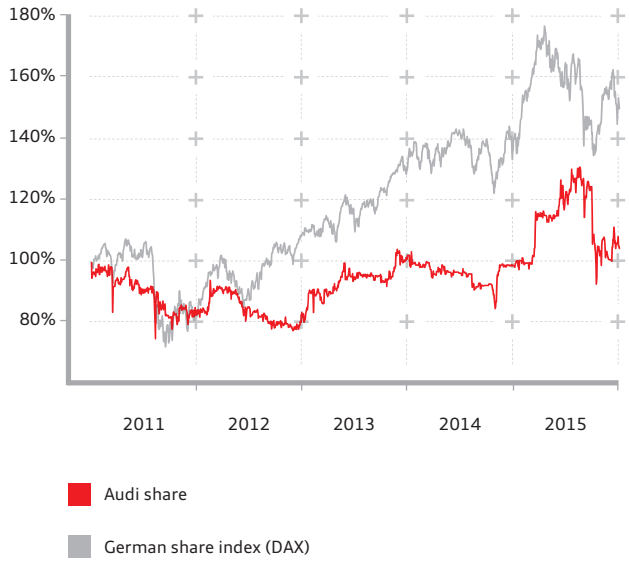
/ STOCK MARKET DEVELOPMENTS

The 2015 stock market year saw relatively high volatility among the individual stock markets. For example, at the start of the year European stock markets benefited from support measures taken by the European Central Bank (ECB), the low oil price and the strength of the U.S. dollar. The German share index (DAX) reached a new all-time high of around 12,375 points at the start of April. However, the debt crisis in Greece, geopolitical instability and the slowdown in China's growth soon came to preoccupy market players. The DAX also reflected these developments. In subsequent months, investors were unsettled by growing global economic uncertainty and intermittent sharply downward trends in the Chinese stock market. The downward trend in the DAX continued until the end of September, when it reached an annual low of around 9,428 points. In addition, during fall 2015 when public debate concerning the diesel issue occurred, automobile stocks experienced significant price declines. In October, the stock markets recovered and the DAX climbed to around 11,382 points on November 30, 2015. At the start of December, the monetary policy stance announced by the ECB failed to live up to investor expectations. However, the decision of the U.S. Federal Reserve in mid-December to raise the prime rate was positively received with the result that the DAX ended the year at 10,743 points on December 30, 2015 – 10.0 percent up on the level at the start of trading in 2015.

/ AUDI TRADING PRICE TREND

After the sideways shift of the previous year, the shares of AUDI AG showed a slight upward trend overall in the 2015 fiscal year, punctuated by intermittent high volatility. Audi shares thus started the 2015 trading year at EUR 651.10 and reached an annual high of EUR 852.00 in mid-August. During the time period when public debate concerning the diesel issue occurred, the Audi trading price fell, for example to EUR 604.95 on October 5, 2015, but the price regained some ground throughout the remainder of the year. On the final trading day of 2015, Audi shares closed at EUR 680.02, 4.4 percent up on the level 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.

Detailed information on Audi shares can be found at ***www.audi.com/corporate/en/investor-relations/for-investors/audi-shares.html.***

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, 2015, the issued stock of AUDI AG remained unchanged at EUR 110,080,000 and comprised 43,000,000 no-par bearer shares. Each share represents a notional share of EUR 2.56 of the subscribed capital.

/ SHAREHOLDERS' RIGHTS AND OBLIGATIONS

Shareholders enjoy property and administrative rights.
The property rights include, above all, the right to a share in the profit (Section 58, Para. 4 of the German Stock Corporation Act [AktG]) and in the proceeds of liquidation (Section 271 of the German Stock Corporation Act [AktG]), as well as a subscription right to shares in the event of capital increases (Section 186 of the German Stock Corporation Act [AktG]).

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.

/ 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 REPURCHASE 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 the Board of Management, again for a maximum of five years, to issue convertible bonds on the basis of which new shares are to be issued. The extent to which the shareholders have an option on these new shares is likewise decided upon by the Annual General Meeting. The acquisition of treasury shares is regulated by Section 71 of the German Stock Corporation Act.

/ KEY AGREEMENTS BY THE PARENT COMPANY THAT ARE CONDITIONAL ON A CHANGE OF CONTROL FOLLOWING A TAKEOVER BID

Pursuant to the agreement concluded between AUDI AG, BMW AG and Daimler AG on the acquisition of the companies of the HERE Group and on the associated establishment of There Holding B.V., Rijswijk (Netherlands), in the event of a change of control at one party to the agreement it must offer its shares in There Holding B.V. to the other shareholders for purchase. If none of the other parties takes on these shares, the other parties have the right to resolve the winding up of There Holding B.V. Other than the above, 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 maintained its course of growth in 2015 and increased deliveries of the core brand Audi by 3.6 percent to the new record total of 1,803,246 cars. New records were established in a large number of individual markets.

BUSINESS AND UNDERLYING SITUATION

/ *GLOBAL ECONOMIC SITUATION*

Global economic growth reached 2.5 (2.7) percent in the 2015 fiscal year. The economic health of most industrial nations improved, among other factors, thanks to the expansionary monetary policy of many central banks. Inflation remained at a low level in industrial nations. Most emerging economies experienced a slower rate of economic expansion than in recent years. Further falls in energy and commodity prices in particular adversely affected the economies of countries that are dependent on their export.

In Western Europe, economic recovery continued with gross domestic product growing by 1.6 (1.3) percent. Most northern countries in Western Europe enjoyed solid growth, and the majority of southern countries also registered an improvement in economic output. As a result, unemployment in Western Europe declined to 10.1 (10.7) percent, but remained above the long-term average. The level of unemployment in Greece and Spain is still twice that high.

The German economy grew by 1.5 (1.6) percent in 2015 thanks especially to higher consumer and state spending. Despite the weak euro, export trade barely provided any extra growth impetus.

While Central European countries enjoyed a positive economic development in 2015, the economic situation in Eastern Europe deteriorated against a backdrop of continuing tension between Russia and Ukraine as well as falling energy prices. Russia's economic output consequently dropped by –3.9 (0.6) percent.

Boosted by the lower unemployment rate and consistently positive consumer confidence, the U.S. economy expanded by 2.4 (2.4) percent, even though momentum declined as the year progressed. The strength of the U.S. dollar had a dampening effect on exports.

In South America, the economic situation was adversely affected above all by the recessionary development of Brazil, the largest national economy in the region. Brazil's economic output fell by –3.7 (0.1) percent. Lower commodity prices, structural problems and weak domestic demand were the major drivers of this economic downturn.

The Asia-Pacific region again achieved dynamic growth. Despite the falling growth rate, China remained one of the fastest-growing national economies with a growth rate of 6.9 (7.3) percent. Alongside economic support measures, the robust development of the service sector played a major role in this. Following economic reforms, gross domestic product in Japan grew by 0.7 (–0.1) percent. Weak domestic and export demand was the principal reason why economic growth nevertheless remained only modest.

/ *INTERNATIONAL CAR MARKET*

Worldwide demand for cars increased again in 2015, rising 2.6 percent to a new record of 75.6 (73.7) million passenger cars. Positive growth rates were achieved above all in the Western Europe, Central Europe, North America and Asia-Pacific regions. This contrasted with a marked drop in demand for cars in Eastern Europe and South America.

In Western Europe, demand for passenger cars was very positive in the past fiscal year. With 13.2 (12.1) million new registrations, the growth rate reached 9.0 percent. In addition to the improvement in the overall economic environment, Western European sales markets especially benefited from recovery effects after rather weak previous years. In France and the United Kingdom, the sales markets grew by 6.8 and 6.3 percent respectively. The passenger car markets in Spain and Italy expanded at the much faster rates of 20.9 and 15.5 percent respectively. State incentives in Spain and growing replacement needs in Italy boosted demand.

In Germany – the largest market for passenger cars in Western Europe – new registrations showed a positive development following higher demand from business customers, with growth of 5.6 percent taking the sales volume to 3.2 (3.0) million passenger cars.

Most passenger car markets in Central Europe enjoyed rising sales figures in 2015. By contrast, demand for automobiles in Eastern Europe fell in light of the poor performance of the Russian sales market. Vehicle sales in Russia – the largest single market in the region – slumped by –35.6 percent. As a result of the weak economic environment in Russia, a sales volume of only 1.5 (2.3) million vehicles overall was achieved.

In the United States, sales of passenger cars and light commercial vehicles were lifted by the positive overall economic development, attractive financing terms and low fuel prices, and increased by 5.7 percent to 17.5 (16.5) million units.

The Brazilian passenger car market experienced a sharp decline in demand of –27.4 percent. As a result, South America's largest car market only achieved a new registrations volume of 1.8 (2.5) million vehicles. This reversal was triggered principally by the increase in Industrial Products Tax at the start of the year, higher interest rates and the country's poor economic situation.

The Asia-Pacific region was again one of the leading drivers of global demand for cars with 31.3 (30.1) million newly registered passenger cars. The most influential car market was China, which still achieved 7.7 percent growth to 19.2 (17.9) million units despite a slowdown in demand mid-way through the year. The market was revived by a reduction of the consumer tax rate by half at the start of October 2015 for buyers of vehicles with a displacement of up to 1.6 liters. The growth rate of the Chinese car market was nevertheless slower than the double-digit rates of expansion achieved in previous years. The Chinese premium market that is of relevance for Audi generally achieved lower growth than the market as a whole, but picked up again towards the end of the year. The car market in Japan moved in the opposite direction, with a tax increase on sub-compact cars (up to a displacement of 660 cc) from April 1, 2015, in particular having a negative effect. Demand for passenger cars there fell by –10.2 percent to 4.2 (4.7) million units.

/ INTERNATIONAL MOTORCYCLE MARKET

Worldwide demand for motorcycles in the displacement segment above 500 cc developed positively. In the established markets, new registrations of motorcycles internationally climbed 4.3 percent in 2015. A large number of Western European motorcycle markets benefited from the improved economic situation. In Germany, new registrations of motorcycles were up 5.2 percent. Demand in Italy also grew by a healthy 13.8 percent. In the United Kingdom and Spain, motorcycle sales even grew by 16.0 and 26.2 percent respectively. From a high prior-year level, the motorcycle market in the United States contracted slightly by –0.2 percent. New registrations of motorcycles in Japan were up by 1.1 percent.

/ MANAGEMENT'S OVERALL ASSESSMENT

// COURSE OF BUSINESS

The Audi Group again continued its course of growth in the past fiscal year. We were thus able to increase deliveries to customers of the core brand Audi slightly and achieve 3.6 percent growth to 1,803,246 (1,741,129) cars. We established new delivery records in a large number of individual markets. In the 2014 Annual Report, we had assumed a significant rate of increase and updated this to a moderate rise in deliveries to customers for the 2015 fiscal year in the 2015 Interim Financial Report. While we were able to clearly profit from our leading market position and the economic recovery in Europe, we responded very flexibly to weakened market demand in Asia, especially in our largest single market China.

As the clear market leader, we systematically geared our activities in China towards qualitative sales management. In the United States, we exceeded the threshold of 200,000 unit sales for the first time in our company history and achieved growth of 11.1 percent. We voluntarily suspended sales of vehicles with V6 3.0 TDI technology there in November 2015 in response to the diesel issue.
In the course of the positive overall development in volume and as a result of favorable exchange rates, the Audi Group increased its revenue to EUR 58,420 (53,787) million. With further increases in upfront expenditures for new models and innovative technologies as well as for the continuing expansion of our worldwide production network, the operating profit of the Audi Group came to EUR 4,836 (5,150) million. Before special items, we achieved an operating profit of EUR 5,134 (5,150) million. To build on our strong brand position, we made preparations for and carried out the gradual market introduction of a large number of volume models in the past fiscal year. These make up around 40 percent of deliveries worldwide. Further process and cost optimization measures along the entire value chain had a positive impact on profit performance. The operating return on sales for 2015 reached 8.3 (9.6) percent and was therefore within the strategic target corridor of 8 to 10 percent. Revenue, operating profit and the operating return on sales consequently met our expectations from the start of 2015. The return on investment was also in line with our forecast at 19.4 (23.2) percent.

Thanks to our financial strength, we were able to complete an extensive strategic investment with the HERE transaction, alongside our planned investment program. The cash portion of the purchase price attributable to the Audi Group was EUR 668 million. As forecast in the Third Quarter Report 2015, this transaction has a corresponding impact on the net cash flow of the Audi Group, which amounted to EUR 1,627 (2,970) million in the past fiscal year. In the 2014 Annual Report, we had anticipated a net cash flow in excess of EUR 2 billion, which is also below the previous year's level. Adjusted for the HERE transaction, we achieved a net cash flow of EUR 2,295 million, in line with our plans.

The past fiscal year saw the Audi Group again invest substantial amounts in the customer-oriented enlargement and updating of its product portfolio, in the expansion of the worldwide production capacities necessary for this and in pioneering technologies. The ratio of capex (investments in property, plant and equipment, investment property and other intangible assets, without capitalized development costs) of 6.0 (5.5) percent in the 2015 fiscal year was therefore slightly above our strategic target corridor of 5.0 to 5.5 percent. In the 2014 Annual Report we had anticipated a ratio of capex that was moderately higher than the target corridor, but had adjusted the forecast in the Interim Financial Report to a slight increase in light of the shift in exchange rates.

*Further information on the development of the key performance indicators of the Audi Group can be found under **"Deliveries and distribution"** on pages 160 ff. and **"Financial performance indicators"** on pages 165 ff.*

Forecast/actual comparison Audi Group

	Actual 2014	Forecast for 2015	Actual 2015
Deliveries of cars of the Audi brand to customers	1,741,129	significant increase [1]	1,803,246
Revenue in EUR million	53,787	moderate increase	58,420
Operating profit in EUR million	5,150	within the strategic target corridor of 8 to 10 percent	4,836
Operating return on sales in percent	9.6		8.3
Return on investment (ROI) in percent	23.2	with more than 18 percent significantly above the minimum rate of return of 9 percent	19.4
Net cash flow in EUR million	2,970	more than EUR 2 billion and below previous year's level [2]	1,627
Ratio of capex in percent	5.5	moderately above the strategic target corridor of 5.0 to 5.5 percent [3]	6.0

1) Updated in the 2015 Interim Financial Report to a moderate rise
2) We indicated potential effects on the net cash flow from the completion of the HERE transaction in the Third Quarter Report 2015
3) Updated in the 2015 Interim Financial Report to slightly above the target corridor of 5.0 to 5.5 percent

// EXCEPTIONAL EVENTS

/// DIESEL ISSUE

On September 18, 2015, the U.S. Environmental Protection Agency (EPA) publicly announced in a "Notice of Violation" that irregularities in relation to nitrogen oxide (NO_x) emissions had been detected in emissions tests on certain vehicles with Volkswagen Group diesel engines. The California Air Resources Board (CARB) also issued a compliance letter announcing an investigation on the same day. EPA alleged that engine management software installed in four-cylinder diesel engines used in certain 2009 to 2015 model year vehicles circumvented NO_x emissions standards under test conditions in order to comply with homologation requirements. Following these announcements by CARB and EPA, authorities in various other jurisdictions worldwide commenced their own investigations. The alleged discrepancies relating to the engine management software described above affected approximately 2.4 million Audi vehicles worldwide that were equipped with four-cylinder TDI engines developed by Volkswagen. We have created a provision for the technical measures that may be carried out in connection with this issue. Based on certain contractual agreements, the Audi Group is entitled to a corresponding compensation from Volkswagen AG. As a result, there is no direct profit impact for the Audi Group. The vehicles affected remain technically safe and roadworthy. Technical solutions provided by the Volkswagen Group for the European versions of the four-cylinder TDI engines have been temporarily approved by the German Federal Motor Transport Authority (Kraftfahrt-Bundesamt). The Volkswagen Group began implementing measures at the start of 2016, and based on current planning, the implementation of these measures will take at least the full 2016 calendar year to complete. The owners of the vehicles affected will be notified when their vehicle can have its software updated and, where appropriate, receive modified hardware. Volkswagen guarantees that the solution will be implemented at no cost and that it will provide appropriate alternative mobility if required. Due to the considerably stricter NO_x limits that apply in the United States, it is a greater technical challenge to refit the vehicles so that all applicable emissions limits can be met with a single emissions strategy. The Volkswagen Group is currently in intensive dialogue with the EPA and CARB on this matter. In consultation with the relevant agencies, the Volkswagen Group intends to present a solution for the affected four-cylinder TDI engines to customers in North America.

On November 2, 2015, EPA informed the public in the form of a "Notice of Violation" that irregularities in nitrogen oxide (NOx) emissions had been detected on certain vehicles with diesel engines of type V6 3.0 TDI. Also on November 2, 2015, and in a supplement on November 25, 2015, CARB issued letters stating that engine management software was installed in certain vehicles with type V6 3.0 TDI diesel engines developed by the Audi Group, which circumvented NOx emissions standards under test conditions in order to comply with homologation requirements. It declared that the software contained so-called auxiliary emission control devices (AECDs) that were not adequately described in the application process for U.S. type approval. These allegations relate to approximately 113,000 vehicles of model years 2009 through 2016 of the Audi, Volkswagen Passenger Cars and Porsche brands in the United States and Canada. As a precaution, at the start of November 2015, the manufacturer voluntarily decided to temporarily halt sales of all affected models in the United States and Canada. Following talks with EPA and CARB, the Audi Group informed the public on November 23, 2015, that software parameters were being revised so that the software can be resubmitted for approval in the United States. The technical solutions will be implemented as soon as they have been approved by the authorities.

On January 4, 2016, the U.S. Department of Justice (DOJ), on behalf of the EPA, filed a civil complaint against Volkswagen AG, AUDI AG and other companies of the Volkswagen Group alleging use of illegal "defeat device" software in violation of the U.S. Clean Air Act. The complaint differentiates the responsibility for developing the equipment at Volkswagen Group internally between the 2.0 TDI (four-cylinder TDI engines affected), which was attributed to Volkswagen AG, and the V6 3.0 TDI, which was attributed to AUDI AG. We have created corresponding provisions for the modification, documentation and approval of the software installed in the type V6 3.0 TDI diesel engines in question as well as provisions for sales measures and legal risks. The financial effect of these special items on operating profit amounts to EUR 228 million in the 2015 fiscal year. Financial effects that could impact the 2016 fiscal year are considered or presented in the Report on expected developments, risks and opportunities.

The Volkswagen Group is seeking to clarify the irregularities as an absolute priority. To that end, the Company has commissioned both internal and external investigations. Lawyers from Germany and the United States are engaged in conducting objective investigations to achieve a thorough understanding of the matter.
In addition, the Audi Group has set up internal task forces, furnished committees with the necessary resources, launched a program of cooperation for employees and initiated regular reporting, in particular to the Board of Management. We are working openly and intensively with all the relevant agencies to obtain full disclosure of the matter quickly.

Jones Day, the international law firm appointed by Volkswagen AG, overseen by the Supervisory Board of Volkswagen AG and assisted by the auditing firm Deloitte is conducting an independent investigation concerning the diesel issue at Volkswagen and Audi. At the time of compilation of the Management Report and the preparation of the Annual Financial Statements/ Consolidated Financial Statements, the Supervisory Board and Board of Management have received a verbal initial status report on the investigation at Audi regarding the V6 3.0 TDI engine issue and the investigation is continuing.

The incumbent members of the Board of Management of AUDI AG have declared that prior to their notification by the U.S. Environmental Protection Agency EPA in November 2015, they had no knowledge of matters concerning the V6 3.0 TDI engines that the authorities are now treating as infringements. With regard to the V6 3.0 TDI engine issue, at the time of reporting the Board of Management considers that the investigations have not produced any indications to the contrary. Investigation of the four-cylinder TDI engine issue is being conducted at Volkswagen AG.

Based on the facts of the diesel issue available to and assessed by the incumbent Board of Management of AUDI AG at the time of preparation of the financial statements, relating both to the four-cylinder TDI engine issue for which Volkswagen AG is accountable and to the V6 3.0 TDI engines of AUDI AG, as well as based on the status of discussions with EPA/CARB concerning the V6 3.0 TDI engine, it is the opinion of the Board of Management of AUDI AG that adequate risk provisioning has been made in the form of provisions for legal risks, technical measures and sales measures. The provisions created at AUDI AG in connection with the development responsibility for the V6 3.0 TDI engine also cover claims by other brands of the Volkswagen Group (see item 32 “Other provisions” in the Notes).

The risk provisioning takes account of the accountabilities as clarified within the Volkswagen Group. In connection with the four-cylinder TDI engine issue, Volkswagen AG has confirmed to AUDI AG that, on the basis of existing agreements, AUDI AG has a corresponding entitlement to compensation and that Volkswagen AG will release AUDI AG in particular from the direct and indirect expenses arising in this connection, including those for legal risks. In addition, AUDI AG has concluded an agreement with Volkswagen AG on the V6 3.0 TDI engine issue in the event that the U.S. authorities, U.S. courts and potential out-of-court settlements do not differentiate between the four-cylinder TDI engine issue for which Volkswagen AG is accountable and the V6 3.0 TDI engine issue of AUDI AG, and that joint and several liability thus arises. In that eventuality, costs for legal risks will be passed on to AUDI AG according to a causation-based cost allocation. In view of this arrangement with Volkswagen AG and the relatively low costs of the technical measures planned by AUDI AG to rectify the AECD issue for the V6 3.0 TDI, in all probability the share of costs allocable to AUDI AG will have no material effect on the present and future net worth, financial position and financial performance of AUDI AG and the Audi Group.

Nor are any facts currently known to the incumbent Board of Management which would imply that the Annual and Consolidated Financial Statements for 2014 were materially incorrect if individual Board of Management members responsible for them possessed knowledge of the matter earlier, or that the comparative figures for 2014 would correspondingly need to be changed. However if, in the course of further investigations, new findings should come to light that indicate that individual members of the Board of Management at that time were aware of the diesel issue earlier, this could potentially have an effect on the Annual and Consolidated Financial Statements as well as on the Combined Management Report for the 2015 fiscal year and the comparative figures for 2014.

/// HERE TRANSACTION

In connection with the HERE transaction, the Audi Group, BMW Group and Daimler AG each acquired a 33.3 percent interest in There Holding B.V., Rijswijk (Netherlands). With effect from December 4, 2015, There Holding B.V. acquired all shares in the HERE Group from the Nokia Corporation at a price of EUR 2,602 million via its fully owned subsidiary, There Acquisition B.V., Rijswijk (Netherlands). The purchase price was financed principally via capital contributions to There Holding B.V., which were correspondingly passed on. The share attributable to the Audi Group amounts to EUR 668 million. The remaining portion of the purchase price was financed by bank loans taken out by There Acquisition B.V. On January 29, 2016, There Acquisition B.V. was renamed HERE International B.V.

HERE – a leading technology provider for digitized mobility – is planning to develop a platform that combines high-resolution maps with location-specific real-time information in order to provide customers with a detailed, second-by-second snapshot

of the real world. The purpose of the acquisition is to secure the long-term availability of HERE products and services as an open, independent and value-enhancing platform for cloud-based maps and mobility services that can be accessed by all customers from the automotive industry and other sectors. We see it as a unique opportunity to develop further innovative mobility services for the future and to offer them to our customers.

/// PRECAUTIONARY AIRBAG RECALL

Audi, along with other automotive manufacturers, has been informed by the U.S. National Highway Traffic Safety Administration (NHTSA) that certain driver airbags made by the Japanese airbag manufacturer Takata might be faulty. On the advice of NHTSA, the Audi Group will recall 170,000 vehicles of the model years 2005 to 2013 as a precaution. This measure will result in a negative special item amounting to EUR 70 million.

RESEARCH AND DEVELOPMENT

The Research and Development area is of key importance for the long-term success of a premium car manufacturer. The Audi brand concentrates above all on the development of innovative engines, alternative drive concepts, lightweight construction and design. Other focal areas include the systematic development of infotainment solutions, driver assistance systems and piloted driving.

In the year under review, the Audi Group employed 12,646 (10,970) people on average in Research and Development. We also built up our internal expertise compared with the previous year.

Workforce in the Research and Development area

Average for the year	2015	2014
AUDI AG	9,947	8,467
AUDI HUNGARIA MOTOR Kft.	290	252
Automobili Lamborghini S.p.A.	305	267
Italdesign Giugiaro S.p.A.	783	764
PSW automotive engineering GmbH	827	729
Ducati Motor Holding S.p.A.	220	201
Other	274	290
Workforce in the Research and Development area	**12,646**	**10,970**

In the past fiscal year, the research and development activities of the Audi Group reached a total of EUR 4,240 (4,316) million. This represents 7.3 (8.0) percent of revenue. We capitalized development costs amounting to EUR 1,262 (1,311) million, representing a capitalization quota of 29.8 (30.4) percent. The amortization of and impairment losses (reversals) on capitalized development costs totaled EUR 739 (681) million for the year under review.

Research and development activities

EUR million	2015	2014
Research expense and non-capitalized development costs	2,979	3,005
Capitalized development costs	1,262	1,311
Research and development activities	**4,240**	**4,316**

/ TECHNICAL INNOVATIONS

// OUR DRIVE SYSTEMS – DRIVING PLEASURE AND EFFICIENCY

We continued to develop our innovative drive technologies in the past fiscal year. This applies to both combustion engines and alternative drive forms.

With our combustion engines, we want to provide our customers with dynamic performance coupled with the lowest possible fuel consumption. We are pursuing the rightsizing principle to achieve this – our focus is on finding the optimum combination of vehicle category, displacement, power output, torque and efficiency behavior in everyday operating conditions. One example of the Audi rightsizing strategy is the new 2.0 TFSI four-cylinder engine – a two-liter gasoline engine with innovative combustion principle. This engine has been installed in the new Audi A4 since the end of 2015 where it fits perfectly with the S tronic transmission version or with a six-speed manual transmission. The efficient power unit with an output of 140 kW (190 hp) uses an average of 5.0 to 6.0 liters of premium-grade fuel per 100 kilometers in the new Audi A4 Avant, and an average of 4.8 to 5.9 liters of premium-grade fuel per 100 kilometers in the new Audi A4 Sedan. That equates to CO_2 emissions of 114 to 136 g/km and 109 to 134 g/km respectively.

Another major focus of our engine development work is on the Audi ultra models. These stand for driving pleasure with the best possible fuel economy. The 2.0 TDI ultra in the new Audi A4 Sedan, for example, uses an average of 3.7 to 3.9 liters of diesel per 100 kilometers while developing 110 kW (150 hp) of power, equivalent to CO_2 emissions of 95 to 101 g/km.

The following award is, among other things, a reflection of our innovative strength in engine development:

> **International Engine of the Year:**
The 2.5 TFSI engine in the Audi RS 3 Sportback captured the "International Engine of the Year" award in its class for the sixth year in a row (www.ukipme.com/engineoftheyear/results.php?id=18).

// *LIGHTING TECHNOLOGY*

Audi has been promoting the development of automotive lighting technology for many years now. We have brought innovative lighting technologies into series production, from xenon plus headlights through Matrix LED headlights to laser lighting. As prominent design features, our headlights not only fundamentally define the appearance of our vehicles, they also increase safety and comfort by illuminating the road more effectively.
The new Audi A4 and new Audi Q7, for example, can be configured with Matrix LED headlights. MMI Navigation plus gives the driver access to such features as the intelligent cornering light – the headlights draw on the familiar route data to cast their beam into a bend even before the steering wheel is turned. Also new with Matrix LED headlights in the Audi A4 is an automatic anti-glare function for road signs. The road signs are specifically illuminated with reduced intensity to prevent strong reflections that could dazzle the driver.
Since the 2015 fiscal year, LED headlights equipped with a laser spot have also been optionally available in the new Audi R8. The laser spot supplements the LED high-beam headlights above a speed of 60 km/h, bringing the driver major benefits in terms of visibility and safety thanks to the increased range.

*Further information on lighting technology can be found in the **magazine section** on pages 100 ff.*

In the past fiscal year, Audi presented the next step in the development of automotive lighting technology in the shape of Matrix Laser headlights. Audi uses digital micromirror device (DMD) technology for the new Matrix Laser headlights. At its core is a matrix of hundreds of thousands of micromirrors, whose edges measure just a few hundredths of a millimeter in length. With the help of electrostatic fields, each individual micromirror can be tilted up to 5,000 times per second. The light is projected onto the road according to the settings of the individual mirrors. Thanks to DMD technology, the car can generate the right light for any driving situation. Targeted light helps the driver to stay in the lane when passing through construction zones, for example. The high-resolution light can also pick out important traffic signs and largely prevent glare to other road users with high precision. The DMD can also show recommendations for more energy-efficient and safer vehicle handling by projecting symbols onto the road.

At the 2015 International Motor Show (IAA) in Frankfurt, Audi presented the next stage of automotive lighting technology with its Matrix OLED (organic light emitting diode) lights – soon to go into series production – in the Audi e-tron quattro concept. The OLED light achieves a new standard of homogeneity, can be dimmed with infinite variability and casts no hard shadows. What is more, the new lighting technology is light and efficient, and requires virtually no cooling. Matrix OLED technology combines advanced technology and design. By using flexible substrates that can be shaped three-dimensionally, it opens up new creative scope for our designers.

To make further headway with the future development and testing of innovative lighting technologies in the future, we opened a new Lighting Assistance Center in Ingolstadt in the past fiscal year. Its drivable underground light tunnel provides us with fresh scope specifically for the development of innovative lighting solutions and camera-based lighting assistance systems. At 120 meters in length, it is the biggest drivable light tunnel in Europe. Our engineers work closely with designers and motorsport colleagues at the Lighting Assistance Center. We are thus able to ensure that new ideas can be adopted in series production even more quickly and also that we obtain valuable input from arguably one of the toughest testing environments in the world, the racetrack.

The high regard in which Audi lighting technology is held is reflected by a variety of awards. We received the following prizes in the past fiscal year, among others:

> **Red Dot Award: Best of the Best:**
The Matrix LED headlights in the Audi TT received the "Red Dot: Best of the Best" for highest design quality and pioneering design in the "Red Dot Award: Product Design" (red-dot.de/pd/online-exhibition/work/?lang=en&code=28-05765-2015&y=2015&c=166&a=1002).

> **Lighting Test 2015:**
The Audi TT came in at the top of the AUTO ZEITUNG lighting test with its Matrix LED headlights (www.autozeitung.de/auto-vergleichstest/laser-licht-led-xenon?page=0,1 – link only available in German).

// FROM MOTORSPORT TO SERIES PRODUCTION

We test future technologies for our series-production vehicles as part of our motorsport activities. For example, we already used and therefore tested the laser spot for the high-beam headlights of the Audi R18 e-tron quattro racing car in the 2014 fiscal year at the Le Mans 24 Hours.

"Vorsprung durch Technik" is also reflected in the motorsport achievements of the Audi brand. In the year under review, our successes included a triple victory in the final event of the German Touring Car Masters (DTM) season, finishing the DTM season with second, third and fourth places in the drivers' championship, second place in the manufacturers' classification and third place in the team championship.
In addition, the brand with the Four Rings remains the most successful manufacturer in the FIA World Endurance Championship (WEC), capturing the runner-up title for the 2015 season. Since the FIA WEC was launched four years ago, Audi has collected 15 out of a maximum possible 32 race victories with the Audi R18.

/ DESIGN

Design is an important factor in a customer's choice of car, and therefore plays a key role in the development of our models. So that we continue to win over our customers, we are working consistently on refining and sharpening our overall design language, ranging from the exterior and interior, through the use of colors and materials, to lighting design. In the future, we will differentiate even more clearly between our individual model series. We are also making Audi technologies such as quattro drive increasingly visible in our design. This gives even greater expression to the progressive character of the Audi brand.
In November 2014, we presented the dawning of a new design era with the Audi prologue showcar. We followed this up in the past fiscal year with the Audi prologue Avant and Audi prologue allroad showcars. The three models of the Audi prologue family provide a first specific glimpse of the Audi design language of the future.

The Audi e-tron quattro concept – exhibited at the IAA 2015 in Frankfurt as a technology study – gives further substance to the future Audi formal idiom. The exterior design of the technology study in particular combines technical measures to reduce drag with creative design solutions. The comparatively low vehicle, standing 1.54 meters tall, the early dip in the roof line and the correspondingly flat D-posts are the defining features of the coupe-like design of the Audi e-tron quattro concept. The new design language of the Audi e-tron models is evoked at the front of the technology study. Here, the Single-frame grille accentuates the vehicle's width. In addition, five horizontal aluminum slats graphically connect the five OLED elements of the lighting signature. Another design highlight at the front of the technology study is the Matrix Laser OLED headlight, which makes its first ever appearance in the Audi e-tron quattro concept.

One defining design feature of our technology demonstrator is the absence of conventional exterior mirrors. Small cameras have now taken their place. As well as improving the aerodynamics and reducing wind noise, this solution overcomes the blind spot of physical exterior mirrors. The camera images appear on separate displays in the doors.
In the interior, the center console has a pivotal design role. Because there is no propshaft on the electric vehicle, there is a more open feeling of space inside. The operating and display concept focuses on several large displays in OLED technology. The new Audi virtual cockpit curved OLED also uses a thin OLED display. It is free-standing and has a gently curved ergonomic surface, giving the driver an optimum view of all displays. The free-form shape of the contours is another new departure. Through the use of wafer-thin AMOLED films, the conventional rectangular format of the operating and display concept can be completely redefined.

*Further information on the design of the Audi e-tron quattro concept can be found in the **magazine section** on pages 86 ff.*

/ ELECTRIFICATION AND CONNECTIVITY

// AUDI E-TRON

With the goal of further reducing our vehicle fleets' CO_2 emissions and extending the basis for carbon-neutral mobility, we are making consistent progress with our activities in the field of electric mobility under the Audi e-tron banner. Here, we are following a holistic approach with the aim of matching all systems and components as well as possible.

We unveiled our first showcar with electric drive back in 2009. Other studies and concept cars followed. We delivered our first e-tron model at the end of 2014 in the shape of the Audi A3 Sportback e-tron. In the year under review, we presented further e-tron models which will also be introduced on the market. In

March 2015, for example, we unveiled the new Audi Q7 e-tron 3.0 TDI quattro. The first TDI plug-in hybrid with quattro drive in its segment will be arriving at dealers in Germany in 2016. The brand with the Four Rings also presented the first Audi TFSI plug-in hybrid with quattro drive, the Q7 e-tron 2.0 TFSI quattro, at the Auto Shanghai show. This model was developed especially for the Asian markets China, Singapore and Japan.
The Audi A6 L e-tron, a sedan developed specifically for the Chinese market, represents our next major step toward electric mobility. The vehicle will be the first plug-in hybrid model built locally by Audi in China and will be available to our Chinese customers from 2016.

We unveiled the Audi e-tron quattro concept technology study at the 2015 International Motor Show (IAA), our next milestone in electric mobility. This all-electric-drive premium SUV offers a real glimpse of our first all-electric series-production model, which we plan to introduce on the market from 2018.

*Further information on our alternative drive systems can be found under **"Product-based environmental aspects"** on pages 174 ff.*

// CHARGING TECHNOLOGIES

We believe advances in the field of charging technology are crucial to the success of electric mobility. We are advocating the Combined Charging System (CCS), for example. This standard enables electric cars to be charged with direct current and alternating current using a standard connector. A network of CCS charging stations is already being set up in Europe and the United States. At present, most of the stations available in the market support a direct-current charging power of 50 kW. However, the goal is to promote the creation and operation of a rapid-charging infrastructure with a charging power of at least 150 kW in time for the market introduction of the first all-electric-drive volume-production Audi. In the future, rapid-charging technology will give our customers the opportunity to charge an SUV such as the Audi e-tron quattro concept with a 95 kWh battery to 80 percent of full power in less than half an hour – that is enough power to cover a distance of more than 400 kilometers. It will enable us to offer user-friendly charging technology, particularly for long-distance driving.

To promote this standard more widely and ensure a comprehensive infrastructure for charging electric vehicles in the future, Audi and other partners established the Charging Interface Initiative (CharIN) last year.

We also want to give our customers access to an automatic, rapid, convenient and contactless charging process in the future with Audi Wireless Charging (AWC). Because rapid direct-current charging is hardly possible using the domestic infrastructure due to limited grid performance, we have developed an alternative in AWC technology – inductive alternating-current charging – to make charging at home more convenient.

// INFOTAINMENT AND AUDI CONNECT

We continue to set trends with innovative products and services in the field of infotainment and Audi connect. For example, the Audi smartphone interface is optionally available in the new Audi A4 and Audi Q7 for integrating Apple and Android smartphones. Audi phone box connects smartphones to the on-board antenna. Using the Qi standard, it also supports inductive charging of many of the smartphones currently on the market. For discerning hi-fi enthusiasts, the Bang & Olufsen 3D Sound System is optionally available in the new Audi A4 and Audi Q7. A further infotainment component available for both these new models is the Audi tablet for the rear seats, serving as a mobile Rear Seat Entertainment concept.

The term Audi connect comprises all applications and developments that connect an Audi with its driver, the Internet, the infrastructure and other vehicles. With Audi connect, an LTE/UMTS module establishes the Internet connection with download speeds of up to 100 Mbit/s. Thanks to an integrated Wi-Fi hotspot, passengers can surf, stream and e-mail to their heart's content from up to eight mobile devices.
The driver also enjoys the benefits of a tailor-made portfolio of online services from Audi connect – such as traffic information online, Google Earth™ and Google Street View™, parking information, fuel prices as well as flight and train information. The City Events services, an individually configurable news service as well as travel and weather information complete the range of Audi connect features in this area. With our connectivity technology, drivers of many Audi models can also have e-mails transferred from smartphone to car and read out loud. They can also dictate and send text messages. Many Audi connect services and functions can be handled with voice control.

We are constantly expanding our portfolio of Audi connect services. We offer other new services in Europe and will also be rolling them out shortly in the United States. These include the emergency call after an accident to alarm the Audi Emergency Call Center; online roadside assistance, which contacts the Audi Service Center; and Audi service request, which enables customers to make a service appointment.
The free Audi MMI connect app brings other services such as online media streaming into the vehicle. The Audi MMI connect app also offers owners of the new Audi A4 and Audi Q7 models vehicle-specific remote services. For example, they can lock and unlock the doors or operate the optional auxiliary heating by smartphone. It is also possible to display where the car is currently parked and how long it has been there. There are even more functions on Audi e-tron models – remote control of the charging process and climate control, and access to driving data. The app's remote functions can also be activated with a smartwatch.

To enable our customers in China to use their smartphones in the car both quickly and seamlessly, we established a partnership with Baidu Inc., China's top search engine provider, in the past fiscal year. Using Baidu CarLife as the basis, we will also be integrating smartphones into our vehicles in China in the future. Furthermore, since the year under review, we have been working with Huawei Technologies Co., Ltd. on the development and use of an Asia-specific LTE module.

Various awards highlight our strong market position in the area of connectivity. We received the following awards, among others, in the year under review:

- **Golden Computer 2015:**
  Audi topped the poll conducted by COMPUTER BILD in the "Connected Car" category (www.computerbild.de/fotos/cb-News-Internet-Der-Goldene-Computer-2015-Das-sind-die-Gewinner-13030791.html#8 – link only available in German).
- **Most successful brand at Connected Car Award 2015:**
  Audi came away from the Connected Car Award staged by AUTO BILD and COMPUTER BILD with a total of five prizes, making it the most successful brand for the third year in a row (www.autobild.de/artikel/connected-car-award-2015-leserwahl-8437799.html – link only available in German).

Audi connect services in the new Audi A4

// OPERATION AND DISPLAYS

Since its appearance in the new Audi TT generation in 2014, the Audi virtual cockpit has also become optionally available in the new Audi R8, the new Audi Q7 and the new Audi A4 model line. The fully digital instrument cluster presents the most important information on its high-resolution 12.3-inch monitor using brilliant graphics and a high level of detail.

The latest generation of the MMI operating concept makes it very easy for users to control the many different functions in the new Audi models. The operating procedure keeps to a flat hierarchy, to minimize the number of operating steps. In the new Audi Q7 and A4 models, the Audi virtual cockpit is supplemented by MMI displays on the central screen.
In the Audi Q7, the newly developed, optionally available MMI all-in-touch on the center tunnel console is the focus of user operation. The driver can enter characters on the large touchpad or use multi-finger gestures to zoom on the map, for example. Each input is followed by acoustic and haptic feedback – a click that is also felt on the finger. This helps the driver stay focused on the road. In Asian markets, the system also recognizes the characters of individual national languages.
The innovative MMI search is the main starting point in the new operating concept for all new Audi models. The search function makes it easier to find music tracks as well as to input phone contacts and navigation destinations.
Another highlight is the user-friendly voice control system. The driver is no longer constrained to the use of rigidly defined voice commands – in many languages the system understands formulations from everyday speech, which means that hundreds of command variants are possible for each function. Drivers can navigate by using simple questions or sentences such as “Where can I get gas?” or “I’m hungry.” This user-friendly voice control is also integrated into the Radio and Media menu items.

As shown at the IAA 2015 in Frankfurt and the CES 2016 in Las Vegas, we are continuing to develop our successful Audi virtual cockpit into the Audi virtual dashboard. In the future, all displays in the cockpit will be designed in OLED technology, and they will blend harmoniously into the interior. Positioned in the driver’s direct field of vision is the new Audi virtual cockpit curved OLED with a 14.1-inch screen diagonal. The AMOLED (Active Matrix Organic Light Emitting Diodes) technology that is used offers freedom in shaping the display. The Audi MMI in the center console – providing a glimpse into the digital future in the automobile – is another component of the new Audi virtual dashboard. The upper display is used to control mainly classic infotainment content such as navigation and media. The lower ergonomically positioned display is for written text input and for operating the automatic air conditioning.

Audi virtual dashboard in the Audi e-tron quattro concept

Both displays draw on the advantages of a new form of touch recognition known as Audi MMI touch response technology. Touch gestures familiar from consumer electronics are included and adapted to suit in-car operation. The system gives the driver feedback that can be clearly felt on the finger when scrolling through lists, for example. Specific topics are activated by a gentle but very deliberate press of the display. As a result, the system can also be operated safely and with minimal distraction while on the move.

Our innovative operating and display concepts were recognized with the following award in the past fiscal year:

> **Car Connectivity Award 2015:**
In the survey conducted by the magazines auto motor und sport and CHIP, the brand with the Four Rings topped the relevant categories with its Audi virtual cockpit, MMI touch, traffic jam assist and Audi phone box (www.hubert-burda-media.de/newsroom/mitteilungen/-car-connectivity-award-2015-vergeben_aid_73035.html – link only available in German).

/ INNOVATIONS FOR SAFETY AND COMFORT

// DRIVER ASSISTANCE SYSTEMS

A large number of Audi models already feature safety-enhancing assistance systems as standard. These intelligent assistance systems increase both safety and ride comfort. The optional traffic jam assist, for example, makes stop-and-go driving in congestion easier for the driver. In the future, the piloted driving function will take charge of this entire task while stuck in a traffic jam, reducing the driver’s workload even further. By using route data predictively and thus being able to anticipate driving maneuvers, assistance systems also help reduce fuel consumption.

Various driver assistance systems from the full-size category are now also available in other vehicle segments. For instance, the assistance systems that are already standard in the new Audi Q7 such as hold assist, cruise control, adjustable speed limiter as well as Audi pre sense basic and Audi pre sense city can now also be ordered for the new Audi A4.
Audi pre sense city is an outstanding example of how assistance systems are becoming more intelligent. The system identifies impending collisions with other vehicles and pedestrians. It warns the driver and even initiates maximum braking in an emergency.

The intelligence of our current and future assistance systems will be concentrated in the central driving assistance controller (zFAS). A large amount of sensor information comes together in the zFAS. The system uses this information to compute a sensor-assisted, virtual model of the vehicle surroundings extremely quickly, and it provides this information to all of the assistance systems.
In the future, Audi connect will also make it possible for piloted Audi cars to learn continuously as they drive. High-speed mobile communications networks and cloud technology allow the use of machine learning algorithms. In this way, the zFAS control center for piloted driving steadily increases its performance, giving an increasingly better command of complex situations thanks to artificial intelligence.

The fascination of piloted driving was demonstrated at several events in the past fiscal year. Alongside the experience factor, the main purpose of these occasions was to acquire knowledge by testing various driving situations. This data helps improve piloted driving performance and also flows into the series-production development process for our assistance systems.

*Detailed information on our piloted driving events can be found under **"We create experiences"** on page 136 and in the **magazine section** on pages 26 ff.*

High-resolution digital maps play a crucial role in the further development of intelligent driver assistance systems and piloted driving. The optionally available predictive efficiency assistant in the new Audi A4 and Audi Q7 already uses high-resolution map material and topographical data to deliver a comfortable and efficient driving style.

With the goal of accessing even more precise and more detailed data in the future, the Audi Group, the BMW Group and Daimler AG each acquired an equal interest in There Holding B.V., Rijswijk (Netherlands), in the year under review, which took over the digital mapping service HERE through a subsidiary. HERE is planning to develop a platform that combines high-resolution maps with location-specific real-time information in order to provide customers with a detailed, second-by-second snapshot of the real world. This is made possible by leading map technology from HERE in combination with information from countless data sources such as vehicles, cell phones, the transport and logistics sector and the infrastructure.

// VEHICLE SAFETY

The innovative strength of the Audi brand in the field of driver assistance systems and automotive safety is reflected in the following awards which we received in the year under review:

- **Five stars for the Audi Q7 in Euro NCAP test:**
  The European consortium Euro NCAP awarded the new Audi Q7 its maximum rating of five stars for safety. The new model's performance was especially impressive in front and side collisions, and in the areas of pedestrian protection and child safety (www.euroncap.com/en/results/audi/q7/20974).
- **Five stars for the Audi A4 in Euro NCAP test:**
  The new Audi A4 is among the safest cars in its class – the European consortium Euro NCAP awarded it the top mark of five stars for very good results in adult safety, child safety and pedestrian protection (www.euroncap.com/en/results/audi/a4/21483).
- **Top Safety Pick:**
  The Audi A3 and Q5 models scooped the Top Safety Pick+ 2016 awarded by the U.S. Insurance Institute for Highway Safety (IIHS) in the year under review. Their top score denotes the highest safety standard (www.iihs.org/iihs/ratings).
- **Highest rating in South Korean crash test program:**
  The Audi A3 Sedan achieved the highest rating "First Class" for its crash safety, among other virtues, in the South Korean crash test program KNCAP (www.kncap.org/).

*Further information on the topic of vehicle safety can be found in the **magazine section** on pages 32 ff.*

PROCUREMENT

/ PROCUREMENT STRATEGY

The core task of Audi Group Procurement is to identify high-performing suppliers worldwide and to collaborate with them in a spirit of partnership. Alongside general economic efficiency, other criteria such as quality, innovativeness, reliability and international value creation play a decisive role in the selection of suppliers. Audi Procurement pursues four main strategic goals: increasing the competitiveness of the Company, developing a global procurement network, sourcing innovations and guaranteeing quality and sustainability in the value chain. The attractiveness of the division is also a selling point for employees and applicants. To maximize synergy potential Group-wide, we select suppliers in close consultation with Volkswagen Group Procurement.

The cost of materials came to EUR 37,583 (36,024) million in the year under review. This includes expenses for raw materials and supplies, as well as purchased goods and services.

/ GLOBALIZATION THROUGH LOCALIZATION

As a result of globalization, the strategic significance of procurement continues to rise. Our international growth means we need a worldwide procurement and production network along with innovation management. On the one hand, we want to develop capacity at existing suppliers. On the other hand, we identify and develop new local suppliers at our locations. As a fundamental principle, we are increasingly looking for partners who already have a global footprint. Our new production location in Mexico exemplifies our localization strategy. When production of the new Audi Q5 starts there in 2016, over 65 percent of bought-in parts will be sourced locally within the North American Free Trade Agreement (NAFTA) area. The localization strategy enables us to reduce risks from exchange rate fluctuations, optimize our costs for parts and logistics, and increase the reliability of supplies.

/ QUALITY

Our ambition is to ensure premium quality at all locations worldwide. We therefore only work with partners who are able to meet our quality criteria. To this end, we regularly hold workshops and training courses at our suppliers. In San José Chiapa (Mexico), for instance, we have set up an intensive and individual supplier development program. On top of the usual basic training content, our partners cover additional development modules on such topics as quality, logistics and tools. We will have qualified around 170 suppliers in Mexico by the time production starts.

/ STRATEGIC INTEGRATION OF SUPPLIERS

We launched the Group-wide suppliers program FAST (Future Automotive Supply Tracks) in spring 2015. Under the FAST program, we hold strategic discussions with selected suppliers in a very early phase. The goal is to increase the number of product and process innovations, and to implement them even more efficiently and effectively. We therefore integrate FAST suppliers into our innovation processes starting in the pre-development phase. Through this measure, we also pursue the goal of working together with our partners at our international locations, too. This gives our partners extra planning certainty and protects their expertise. The FAST program secures us, along with Volkswagen Group Procurement, exclusive access to innovations on a global scale.

/ OPTIMIZING COSTS THROUGH VALUE ANALYSIS

Continually optimizing costs is a central economic objective of Audi Procurement. By conducting detailed bottom-up calculations, we can optimize the cost structures and concepts for our components hand in hand with our suppliers. Through cross-disciplinary collaboration between Procurement, Development, Quality Assurance and Controlling, we can create innovations and technologies that are also competitive from a cost viewpoint.

/ SUSTAINABILITY

Sustainability in supplier relationships is also at the very heart of our procurement philosophy. The Audi Group strives for sustainability of all products and processes as a fundamental goal. We therefore also expect our suppliers and business partners to uphold defined governance, environmental and social standards themselves and to require the same of their own suppliers. This requirement has been a fixed part of our contracts since 2013.

Back in 2013, the Audi Group joined the Aluminium Stewardship Initiative (ASI) – a non-profit initiative involving leading manufacturers in the aluminum industry. The goal of the initiative is to develop a global standard for sustainable aluminum. This standard is to define environmental and social criteria along the entire value chain, from raw material extraction to

recycling. The ASI established a separate company in 2015 to further this goal. The initiative is currently working on such matters as creating the necessary structures and resources, as well as drafting a set of rules and various certification criteria.

*Further information on procurement at Audi can be found in the **magazine section** on pages 70 ff.*

PRODUCTION [1)]

The Audi Group increased automotive production to 1,830,334 (1,804,624) vehicles in the past fiscal year. Of this total, 490,260 (529,205) cars of the Audi brand were manufactured by FAW-Volkswagen Automotive Company, Ltd., Changchun (China), an associated company. From January through December 2015, the Audi Group built a total of 1,826,627 (1,801,974) vehicles of the premium brand Audi and 3,707 (2,650) supercars of the Lamborghini brand. During the same period, the Ducati brand manufactured 55,551 (45,339) motorcycles overall.

/ *AUTOMOTIVE SEGMENT*

Car production by model [2)]

	2015	2014
Audi A1	32,271	35,216
Audi A1 Sportback	83,979	80,162
Audi Q2	67	3
Audi A3	19,463	24,461
Audi A3 Sportback	190,733	190,919
Audi A3 Sedan	142,910	117,282
Audi A3 Cabriolet	16,862	19,408
Audi Q3	205,201	200,145
Audi TT Coupé	28,093	14,963
Audi TT Roadster	7,417	2,691
Audi A4 Sedan	216,224	225,351
Audi A4 Avant	86,168	84,744
Audi A4 allroad quattro	16,076	19,104
Audi A5 Sportback	46,253	47,577
Audi A5 Coupé	19,153	25,009
Audi A5 Cabriolet	13,727	15,960
Audi Q5	267,651	260,832
Audi A6 Sedan	220,767	245,750
Audi A6 Avant	60,414	51,323
Audi A6 allroad quattro	12,494	10,718
Audi A7 Sportback	29,131	27,546
Audi Q7	82,422	60,990
Audi A8	27,077	39,606
Audi R8 Coupé	1,717	1,382
Audi R8 Spyder	357	832
Audi brand	**1,826,627**	**1,801,974**
Lamborghini Huracán	2,628	1,540
Lamborghini Aventador	1,079	1,110
Lamborghini brand	**3,707**	**2,650**
Automotive segment	**1,830,334**	**1,804,624**

1) The prior-year figures have been marginally adjusted.
2) The table also includes the vehicles built in China by the associated company FAW-Volkswagen Automotive Company, Ltd.

// AUDI BRAND

At the Group headquarters in Ingolstadt, we built a total of 566,646 (572,022) cars in the year under review. This year-on-year drop is primarily due to production preparations and the production start of the new Audi A4 model line.
At our Neckarsulm location, 272,103 (273,168) vehicles were produced in the past fiscal year.

In the same period, AUDI HUNGARIA MOTOR Kft. manufactured vehicles of the TT car line in Győr (Hungary). The Audi Group built a total of 160,206 (135,232) cars of the A3 family and TT model line at AUDI HUNGARIA MOTOR Kft.

We produced a total of 116,250 (115,378) vehicles of the Audi A1 car line at the AUDI BRUSSELS S.A./N.V. plant in Brussels (Belgium).

Meanwhile, the two Volkswagen Group locations Bratislava (Slovakia) and Martorell (Spain) built 82,422 (60,990) of the Audi Q7 and 137,178 (115,979) of the Audi Q3 respectively.

In response to weaker economic development in China, we adjusted our local production volume to reflect current demand for premium automobiles. In the year under review, FAW-Volkswagen Automotive Company, Ltd. built 433,864 (483,175) cars of the A4 L, A6 L, Q3 and Q5 models at its company headquarters in Changchun, and 56,396 (46,030) vehicles of the A3 family in the southern Chinese city of Foshan.

AUDI DO BRASIL INDUSTRIA E COMERCIO DE VEICULOS LTDA., São Paulo, produced its first vehicles at the São José dos Pinhais plant near Curitiba – 1,423 Audi A3 Sedan cars have already left its production line.

From January through December 2015, the Ingolstadt, Neckarsulm, Győr, Bratislava and Martorell sites supplied parts and components for the assembly of a total of 10,525 (11,300) cars at the plant in Aurangabad (India).

// LAMBORGHINI BRAND

Automobili Lamborghini S.p.A. built a total of 3,707 (2,650) supercars of the Aventador and Huracán car lines at its company headquarters in Sant'Agata Bolognese (Italy) in the 2015 fiscal year.

// ENGINE PRODUCTION

The Audi Group produced 2,023,618 (1,974,846) engines for cars in the past fiscal year. Of this total, 2,022,520 (1,973,734) were manufactured by AUDI HUNGARIA MOTOR Kft., Győr (Hungary). Over the same period, Automobili Lamborghini S.p.A. built 1,098 (1,112) 12-cylinder engines at the plant in Sant'Agata Bolognese (Italy).

Car engine production

	2015	2014
AUDI HUNGARIA MOTOR Kft.	2,022,520	1,973,734
Automobili Lamborghini S.p.A.	1,098	1,112
Car engine production	**2,023,618**	**1,974,846**

/ MOTORCYCLES SEGMENT

The Ducati brand produced 55,551 (45,339) motorcycles worldwide in the past fiscal year. Of this total, 43,250 (39,459) motorcycles of all model families were built at the company headquarters in Bologna (Italy). In Amphur Pluakdaeng (Thailand), the company produced 11,278 (4,788) motorcycles of the Scrambler, Diavel, Monster, Hypermotard, Multistrada and Superbike models. The Manaus plant (Brazil) produced 1,023 (1,092) units of the Scrambler, Diavel, Monster, Hypermotard, Multistrada and Superbike models on a contract manufacturing basis.

Motorcycle production

	2015	2014
Scrambler	19,577	91
Naked/Sport Cruiser (Diavel, Monster, Streetfighter)	14,697	27,539
Dual/Hyper (Hypermotard, Multistrada)	11,877	9,333
Sport (Superbike)	9,400	8,376
Ducati brand	**55,551**	**45,339**
Motorcycles segment	**55,551**	**45,339**

/ EXPANSION AND DEVELOPMENT AT THE GROUP LOCATIONS

As part of our growth strategy, we are steadily expanding our product portfolio as well as our national and international production capacities.

// NEW DEVELOPMENTS AT THE INGOLSTADT SITE

In summer 2015, we celebrated the topping-out ceremony for a new paint shop at the north end of the Ingolstadt site; this is one of the most eco-friendly facilities of its type in the world. From June 2016, the first series-production bodies for the new Audi A4 will be sprayed at the new paint shop, which has a total floor area of around 12,000 square meters. It will therefore handle up to one-third of the total output of more than 2,500 vehicle bodies per day. We also successfully completed the production start of the new Audi A4 in the past fiscal year.

With the Audi Q2 in 2016, we will be offering our customers a new gateway to the popular SUV segment. We made further progress with the preparations for its series production at the Ingolstadt plant in the year under review.

Our new Lighting Assistance Center was opened at the start of 2015. Measuring 120 meters in length, it is the largest drivable light tunnel in Europe.

*Further information on the light tunnel and Audi lighting technology can be found under **"Research and development"** on pages 149 ff.*

To the south of the plant, on a site covering a total of 28,000 square meters, a building complex that will house around 2,800 modern office workstations is taking shape. The first phase of the project is on track for completion by mid-2016 and will provide extra capacity necessitated by the Company's general growth.

// SETTING THE FUTURE DIRECTION IN NECKARSULM

Work is progressing on two major projects at the Neckarsulm site. A new assembly hall covering 38,000 square meters is due to go into operation in spring 2016. The 2016 fiscal year will also see the completion of work on a new body shop for future models at the north end of the plant.

// PRODUCTION START IN BRAZIL

Our newest location in São José dos Pinhais, near Curitiba (Brazil), commenced production in fall 2015. The A3 Sedan already built there will be joined by the Audi Q3 from 2016. Our location in South America marks another milestone in our worldwide expansion strategy and establishes the basis for further growth in that region.

// NEW PLANT IN MEXICO ON TRACK

In San José Chiapa (Mexico), we are preparing for the production start of the second-generation Audi Q5. From the second half of 2016, we will be building our best-seller in the SUV segment at the most modern production facility in the Audi Group. The new location covers a total area of around 465 hectares, almost twice the area of our plant in Ingolstadt.

// VOLUME PRODUCTION OF THE FIRST ALL-ELECTRIC SUV IN BRUSSELS ANNOUNCED

Volume production of our first all-electric-drive SUV, which will be positioned between the Audi Q7 and Audi Q5, is to start at the Brussels site in 2018. The plant will also be equipped with a dedicated battery production line. Production of the Audi A1 is to be transferred from Belgium to Martorell (Spain). The Audi Q3 currently being built in Spain will then be produced in Győr (Hungary). This arrangement will enable us to realize additional cross-brand synergies, pool vital core competencies, increase our production efficiency and advance with the internationalization of the production network.

// ANNOUNCEMENT OF THE NEW LAMBORGHINI SUV

In the 2015 fiscal year, the Lamborghini brand announced the production of a new luxury SUV, to appear on the market in 2018. Lamborghini is to invest extensively for its production at the company headquarters in Sant'Agata Bolognese (Italy). Plans include increasing the developed area of the site from currently 80,000 square meters to almost double that figure, and taking on 500 additional employees.

DELIVERIES AND DISTRIBUTION

The Audi Group delivered 2,024,881 (1,933,517) vehicles to customers worldwide in the Automotive segment in the 2015 fiscal year. The core brand Audi increased its deliveries to 1,803,246 (1,741,129) vehicles. This figure includes 512,198 (495,900) delivered vehicles built locally by FAW-Volkswagen Automotive Company, Ltd., Changchun (China). During the same period, the Lamborghini brand delivered a total of 3,245 (2,530) supercars to customers. Deliveries to customers also include 218,390 (189,858) vehicles of other Volkswagen Group brands.

In the Motorcycles segment, the Ducati brand increased its volume of deliveries to 54,809 (45,117) motorcycles in the past fiscal year.

/ AUTOMOTIVE SEGMENT

Car deliveries to customers by model [1)]

	2015	2014
Audi A1	32,479	35,414
Audi A1 Sportback	78,957	81,232
Audi A3	19,231	26,301
Audi A3 Sportback	194,144	176,211
Audi A3 Sedan	140,097	93,567
Audi A3 Cabriolet	19,292	13,700
Audi Q3	199,830	197,919
Audi TT Coupé	24,622	12,981
Audi TT Roadster	5,338	3,043
Audi A4 Sedan	210,346	224,866
Audi A4 Avant	86,410	83,666
Audi A4 allroad quattro	16,946	19,038
Audi A5 Sportback	44,595	48,279
Audi A5 Coupé	20,511	25,623
Audi A5 Cabriolet	13,578	16,220
Audi Q5	266,968	247,446
Audi A6 Sedan	226,805	241,657
Audi A6 Avant	58,119	51,519
Audi A6 allroad quattro	11,689	10,415
Audi A7 Sportback	28,779	29,162
Audi Q7	71,173	62,166
Audi A8	31,146	38,482
Audi R8 Coupé	1,577	1,357
Audi R8 Spyder	614	865
Audi brand	**1,803,246**	**1,741,129**
Lamborghini Gallardo	–	265
Lamborghini Huracán	2,242	1,137
Lamborghini Aventador	1,003	1,128
Lamborghini brand	**3,245**	**2,530**
Other Volkswagen Group brands	**218,390**	**189,858**
Automotive segment	**2,024,881**	**1,933,517**

1) The table also includes delivered vehicles built locally by the associated company FAW-Volkswagen Automotive Company, Ltd.

// AUDI BRAND

Alongside the increase in overall market demand worldwide, the successful performance of the Audi brand – despite a challenging market and competitive environment – can above all be attributed to our attractive product portfolio. In the following, the development in deliveries is presented by model – including the significant new products in 2015 – as well as by region and market.

/// PRODUCT PORTFOLIO

The Audi brand offers a broad portfolio of models in the premium segment ranging from the A1 car line to the A8 car line as well as the SUV vehicles Q3, Q5 and Q7. The sporty spearhead of our product range is the R8 family. The S models that we create within selected product families stand for high performance combined with subtle understatement and comprehensive equipment. Our customers have an even sportier option in the form of the RS models, which represent the top version in many of our vehicle lines.

//// AUDI A1

The A1 car line marked the expansion of the Audi product portfolio into the small premium compact vehicle segment in 2010. We have since delivered over 600,000 Audi A1 and A1 Sportback cars to customers. In 2014, the two sporty top models S1 and S1 Sportback extended the A1 family, offering quattro permanent all-wheel drive for considerable driving pleasure. We updated the models of the A1 car line in the past fiscal year. They are now distinguished above all by their sporty design and agile suspension, plus new or refined TFSI and TDI engines. We delivered a total of 111,436 (116,646) vehicles of the A1 car line to customers in the year under review.

//// AUDI Q2

Starting in 2016, the new Audi Q2 car line will enable us to offer young, urban customers in particular an attractive gateway to the popular SUV segment.

//// AUDI A3

The popular A3 family entered its third generation in 2012. The five-door A3 Sportback is the top-selling model in the car line, followed by the A3 Sedan with sporty notchback. Customers can also choose a three-door Audi A3 and the open-top version A3 Cabriolet. All four body versions can be ordered as S models. June 2015 saw the introduction of the Audi RS 3 Sportback as the car line's sportiest model. As well as the high-performance, efficient TFSI and TDI engines, we offer two other drive systems in this car line. The Audi A3 Sportback g-tron can run on a choice of natural gas, eco-friendly Audi e-gas or conventional fuel. The plug-in hybrid drive of the Audi A3 Sportback e-tron combines a 1.4 TFSI power unit with an electric motor and is capable of an electric range of up to 50 kilometers. We delivered a total of 372,764 (309,779) vehicles of our popular A3 car line to customers during fiscal 2015 – an increase of 20.3 percent.

//// AUDI Q3

Audi added a premium SUV with a compact format to its model range in 2011. Over 600,000 customers have since received a new Audi Q3. The updated Audi Q3 and Audi RS Q3 appeared on the market in spring 2015. The coupe-like styling was sharpened. We are presenting the new RS Q3 performance at the Geneva Motor Show in March 2016, a model that offers even more power compared with the RS Q3. 199,830 (197,919) customers chose a model from the Audi Q3 car line in the period under review.

//// AUDI TT

The third generation of the Audi TT – our design icon – has been on the market since 2014. The styling of the Audi TT Coupé was reinterpreted and dynamic aspects added. The new TT Roadster has been available to customers since spring 2015 and combines the dynamic driving characteristics of a sports car with the experience of an open-top two-seater. The Audi TTS Coupé and TTS Roadster versions of the third model generation have also been available since spring 2015. Deliveries to customers of the TT car line reached 29,960 (16,024) vehicles in the 2015 fiscal year.

//// AUDI A4

At more than 6.5 million vehicles, the Audi A4 is the most-built Audi ever. The gradual introduction of the new Audi A4 Sedan and Audi A4 Avant models has been in progress since November 2015. They impress with their aerodynamics and new technologies that are designed to increase efficiency in particular. Two versions that will be available from 2016 also made their debuts at motor shows: the Audi S4 Sedan at the 2015 International Motor Show (IAA) in Frankfurt and the Audi S4 Avant at the 2016 Geneva Motor Show. In addition, we presented the new Audi A4 allroad quattro at the North American International Auto Show 2016 in Detroit. The Audi A4 L Sedan with extended wheelbase is available on the Chinese market. A total of 313,702 (327,570) vehicles of the A4 family were handed over to customers in the 2015 fiscal year. This figure comprises both vehicles of the new generation and the previous generation, such as top-of-the-range model Audi RS 4 Avant. Even though our predecessor car line was well into its product life cycle, we succeeded in maintaining a high volume of deliveries with a decrease of 4.2 percent.

//// AUDI A5

The vehicles in our A5 car line are available in three body versions in the first generation. The characteristic features of the five-door A5 Sportback and the two-door A5 Coupé are their flowing silhouette and their elegant, sporty style. The A5 Cabriolet is an open four-seater in the mid-class market segment. The portfolio of the A5 family also includes the sporty models S5 Coupé, S5 Sportback and S5 Cabriolet. Our high-performance models RS 5 Coupé and RS 5 Cabriolet were also handed over to customers in 2015. In the period under review, we delivered 78,684 (90,122) vehicles of the A5 car line to customers.

//// AUDI Q5

Our SUV in the mid-class market segment – the Audi Q5 – is currently available in its first generation. It is proving an unprecedented success thanks to its successful combination of design, size, driving experience and functionality: Since it first came onto the market in 2008, we have delivered over 1.3 million of the Audi Q5 to customers. This car line is rounded out with the sporty Audi SQ5, which is available with 3.0 TDI or 3.0 TFSI engine depending on the market. In addition, the gradual rollout of the SQ5 TDI plus started in December 2015. We were able to hand over 266,968 (247,446) vehicles of the Audi Q5 family to customers in the past fiscal year – an increase of 7.9 percent in deliveries.

//// AUDI A6

The Audi A6 is our successful model in the full-size category and has been available with extensive improvements since 2014. Within the A6 family, customers can choose from the A6 Sedan, A6 Avant and A6 allroad quattro body versions. Audi also offers two S models in the shape of the S6 Sedan and S6 Avant – sports cars built for everyday driving. The RS 6 Avant, which was improved at the end of 2014, and the more powerful RS 6 Avant performance are the high-performance athletes in this car line. The RS 6 Avant performance has been gradually rolled out since November 2015. In addition, the long-wheelbase version of our A6 Sedan, built specifically in response to local customer requirements, is available in the Chinese market; an updated version appeared on that market at the start of 2016. We are also planning to launch the Audi A6 L e-tron in the Chinese market in 2016. Total deliveries of the A6 family came to 296,613 (303,591) vehicles in 2015.

//// AUDI A7

The Audi A7 Sportback is a five-door coupe characterized by its flat, dynamic roof line. The first generation of the A7 family, which underwent improvement in 2014, has been enhanced with the sporty Audi S7 Sportback model and the high-performance RS 7 Sportback. The market introduction of the new Audi RS 7 Sportback performance also started in November 2015. In the period under review, we were able to hand over 28,779 (29,162) vehicles of the A7 car line to customers.

//// AUDI Q7

The second generation of our Audi Q7 has been available to customers since the start of its gradual global introduction in June 2015. The full-size SUV emphasizes our expertise in lightweight construction and efficiency as well as in infotainment and assistance systems. The new Audi Q7 e-tron 3.0 TDI quattro will also be available for ordering in our home market Germany in 2016 – a plug-in hybrid model with six-cylinder TDI engine and quattro drive. The same year will see the addition of the Audi SQ7 TDI to the Q7 family, with its world premiere scheduled for the Annual Press Conference in March 2016. 71,173 (62,166) customers chose a model from the Audi Q7 car line in the past fiscal year.

//// AUDI A8

The Audi A8 combines dynamic exterior design and sporty handling with superb equipment for comfort and convenience, plus an exclusive interior. The models of the A8 family are now

in their fourth generation. Alongside the basic A8 model, Audi offers the long-wheelbase version Audi A8 L as well as the Audi A8 L W12. The Audi S8 sport sedan is also a member of the A8 car line. In addition, the new Audi S8 plus has been available since the end of November 2015. 31,146 (38,482) vehicles of the Audi A8 family were handed over to customers in the past fiscal year.

//// AUDI R8

The sporty spearhead of our model range – the Audi R8 – was available in Coupé and Spyder versions in its first generation up until 2015. We commenced deliveries of the second-generation Audi R8 Coupé in mid-October 2015. At present there are the Audi R8 Coupé V10 and the Audi R8 Coupé V10 plus to choose from. This high-performance sports car is constructed for maximum dynamics, whether through its consistent light-weight construction, its aerodynamics or its modified quattro drive. 2,191 (2,222) customers chose a model from the Audi R8 car line in the 2015 fiscal year.

/// DELIVERIES BY REGION AND MARKET

The Audi brand handed over a total of 1,803,246 (1,741,129) cars to customers in 2015 – an increase of 3.6 percent over the previous year. In Europe, we reached a new record high and achieved 4.8 percent growth. In the U.S. market, Audi has doubled its deliveries within the space of five years. Despite a slower pace in the market, Audi ended 2015 as the biggest-selling premium automobile brand in China.

Demand for vehicles of the Audi brand made very healthy progress in our home market Germany. We delivered 270,063 (255,582) cars there in the period under review, representing 5.7 percent growth. Elsewhere in Western Europe, we registered a 6.2 percent rise in our delivery volume to 474,986 (447,382) vehicles. In the United Kingdom – our leading export market in Europe – 166,817 (158,829) customers chose our models in the past fiscal year. This represented growth of 5.0 percent, maintaining the upward trend of recent years. The brand with the Four Rings likewise increased deliveries of vehicles in France by 5.2 percent to 60,216 (57,214). The development in deliveries in the Italian and Spanish markets was especially strong, with increases of 10.3 percent and 16.5 percent respectively compared with the previous year. In Belgium, we improved slightly on the previous year's high figure with 32,007 (31,769) vehicles delivered. The positive development in demand in Western Europe is also reflected in the development in orders received. These were up by 6.3 percent compared with the previous year. The diesel issue had no noticeable impact on the level of orders received in the 2015 fiscal year.

In Central and Eastern Europe, overall market demand was sharply down due to the poor overall economic situation in the main market Russia. We were unable to remain entirely immune from this development and saw the volume of deliveries in that region fall by 8.5 percent to 54,891 (59,985) vehicles. We delivered 25,650 (34,014) vehicles in Russia, 24.6 percent fewer cars than in the prior-year period. Meanwhile, the positive development in demand in Central European countries had a stabilizing effect.

Deliveries in the North America region showed a dynamic development with growth of 10.8 percent to 243,103 (219,464) vehicles. In the United States in particular, we remained successfully on our course of growth in 2015, delivering more than 200,000 vehicles with the Four Rings to customers for the first time ever. We achieved a delivery volume of 202,202 (182,011) vehicles there – an increase of 11.1 percent. We voluntarily suspended sales of vehicles with V6 3.0 TDI technology in the United States and Canada in November 2015 in response to the diesel issue. In Canada, we delivered 26,754 (24,514) cars, 9.1 percent more than in the previous year.

We also registered a positive development in deliveries in the South America region. In Brazil – the largest single market in the region – we increased our deliveries by 38.7 percent to 17,130 (12,350) vehicles as a result of the premium market's good performance.

In the Asia-Pacific region, we handed over 677,199 (680,111) Audi vehicles to customers in the period under review, thus maintaining deliveries at the previous year's level. Our delivery volume in China of 570,889 (578,932) cars almost matched the prior-year figure despite a challenging market environment in the premium segment. Against a backdrop of declining overall market demand in Japan, Audi deliveries fell by 6.4 percent compared with the previous year to 29,357 (31,356) vehicles. By contrast, demand for cars of the Audi brand in South Korea continued to rise. We handed over 32,441 (27,647) vehicles to customers there in the past fiscal year, 17.3 percent more than in 2014.

// LAMBORGHINI BRAND

The traditional Italian brand Lamborghini is present on the market with the two supercars Huracán and Aventador. Various Lamborghini special editions are also available.

The Lamborghini Huracán, the follow-up model to the Gallardo, was successfully introduced into the market in 2014. The ten-cylinder range of the Lamborghini Huracán includes the rear-wheel-drive LP-580-2 Coupé and the all-wheel-drive Huracán LP 610-4 Coupé, which is available from the 2016 model year with extensive new features. At the 2015 International Motor Show (IAA) in Frankfurt, we presented the new Lamborghini Huracán LP 610-4 Spyder. The first models will reach their new owners in spring 2016.

The Aventador family includes the Aventador LP 700-4 Coupé and the Aventador LP 700-4 Roadster. In homage to the long-running partnership between the Lamborghini and Pirelli brands, the special series Aventador LP 700-4 Pirelli Edition appeared in 2015. This car line also includes the newly developed Aventador LP 750-4 Superveloce and its Roadster counterpart. The Aventador LP 750-4 Superveloce is currently the fastest and sportiest series-production model built by Lamborghini.

The Lamborghini brand delivered a total of 3,245 (2,530) supercars to customers in the period under review, setting a new record in the process. The U.S. market remains the largest single market for Lamborghini.

// OTHER VOLKSWAGEN GROUP BRANDS

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), AUDI SINGAPORE PTE. LTD., Singapore (Singapore), and Audi Volkswagen Taiwan Co., Ltd., Taipei (Taiwan), delivered a total of 218,390 (189,858) vehicles of other Volkswagen Group brands to customers in the 2015 fiscal year. These include vehicles of the Bentley, SEAT, Škoda, Volkswagen Passenger Cars and Volkswagen Commercial Vehicles brands.

/ MOTORCYCLES SEGMENT

The product portfolio of the Italian motorcycle manufacturer Ducati includes an extensive selection of motorcycles in the displacement segment above 500 cc, ranging from the Diavel, Hypermotard, Monster, Multistrada, Streetfighter and Superbike models to the new introductions in the Scrambler series. The new Ducati Scrambler successfully blends traditional and modern features. It has been available since the first half of 2015 in the Icon, Urban Enduro, Classic and Full Throttle versions.

In addition, Ducati presented the new Diavel Titanium in a limited run of 500 motorcycles in the period under review, along with the new Monster 1200 R – Ducati's most powerful and exclusive naked bike to date. Within the Multistrada family, the third generation of the Multistrada 1200 and 1200 S has also been available since the beginning of 2015. With the 1299 Panigale, Ducati added another model with unmistakable design, cutting-edge technology and extreme performance to its Superbike series in 2015.

Our Italian motorcycle manufacturer showcased a number of new models at Milan's EICMA motorcycle show in November 2015. Alongside the new Sixty2 and Flat Track Pro versions in the Scrambler family, Ducati exhibited the new versions of the Hypermotard series – the Hypermotard 939 and 939 SP, plus the Hyperstrada 939. Other new models presented were the 959 Panigale and Multistrada 1200 Pikes Peak. The highlight models at the EICMA, marking Ducati's entry into new segments, were the Multistrada 1200 Enduro and the top model XDiavel – Ducati's first cruiser.

Ducati delivered 54,809 (45,117) motorcycles in 2015, taking it over the threshold of 50,000 motorcycles for the first time ever. The motorcycle manufacturer enjoyed healthy growth in deliveries especially in the home market Italy. Demand for motorcycles of the Ducati brand also made very good progress in the United Kingdom, France and the United States. The same period also brought a healthy increase in deliveries to customers in the important German market.

Motorcycle deliveries to customers

	2015	2014
Scrambler	16,049	9
Naked/Sport Cruiser (Diavel, Monster, Streetfighter)	18,054	24,293
Dual/Hyper (Hypermotard, Multistrada)	11,679	11,027
Sport (Superbike)	9,027	9,788
Ducati brand	**54,809**	**45,117**
Motorcycles segment	**54,809**	**45,117**

FINANCIAL PERFORMANCE INDICATORS

The Audi Group was able to maintain its course of growth in the 2015 fiscal year and achieved a new revenue record of EUR 58.4 billion. Despite further rises in upfront expenditures for our future model and technology portfolio as well as the expansion of the international manufacturing structures, we achieved an operating return on sales of 8.3 percent.

FINANCIAL PERFORMANCE

In the 2015 fiscal year, the Audi Group increased revenue by 8.6 percent to EUR 58,420 (53,787) million, above all thanks to positive exchange rate effects and increased deliveries to customers.
The Automotive segment achieved revenue totaling EUR 57,719 (53,214) million. We generated EUR 41,428 (37,784) million in revenue through sales of vehicles of the core brand Audi. The main revenue drivers were the beneficial currency environment and high demand for our SUV models Audi Q3, Q5 and Q7, as well as our updated A6 car line. The very popular A3 family also had a positive impact on revenue. Intense competition in the past fiscal year had an offsetting effect. Revenue developed very positively in the Western Europe and North America regions, more than compensating for the weaker performance in China due to the prevailing economic and market conditions there.
The Lamborghini brand increased its revenue from the sale of vehicles to EUR 811 (586) million, in particular thanks to high demand for the Lamborghini Huracán.
As well as cars of the Audi and Lamborghini brands, the Audi Group sells vehicles of the Bentley, SEAT, Škoda, Volkswagen Passenger Cars and Volkswagen Commercial Vehicles brands through Group-owned sales subsidiaries. In particular thanks to the increased trading of automobiles of the Volkswagen Passenger Cars brand, we were able to push up revenue from the sale of vehicles of other brands to EUR 3,860 (3,076) million.
Revenue from other automotive business was at the previous year's level at EUR 11,620 (11,768) million. Lower revenue from deliveries of parts sets for local production in China was in contrast to positive developments, for example, in our genuine parts business.
In the Motorcycles segment, the Audi Group increased revenue to EUR 702 (575) million in 2015, above all as a result of the market introduction of the new Ducati Scrambler.

Condensed Income Statement of the Audi Group

EUR million	2015	2014
Revenue	58,420	53,787
Cost of goods sold	– 47,043	– 44,415
Gross profit	**11,376**	**9,372**
Distribution costs	– 5,782	– 4,895
Administrative expenses	– 640	– 587
Other operating result	– 119	1,260
Operating profit	**4,836**	**5,150**
Financial result	448	841
Profit before tax	**5,284**	**5,991**
Income tax expense	– 987	– 1,563
Profit after tax	**4,297**	**4,428**

In line with growth, the cost of goods sold for the Audi Group rose to EUR 47,043 (44,415) million. This was made up specifically of higher costs for direct materials, increased purchase costs and higher personnel costs as a reflection of the increase in the workforce.
Research and development expenditure for the 2015 fiscal year totaled EUR 3,718 (3,685) million. Research expense and non-capitalized development costs came to EUR 2,979 (3,005) million. The amortization of and impairment losses (reversals) on capitalized development costs amounted to EUR 739 (681) million. Of the total of EUR 4,240 (4,316) million for research and development activities, EUR 1,262 (1,311) million was capitalized. The capitalization quota came to 29.8 (30.4) percent.

Gross profit for the past fiscal year totaled EUR 11,376 (9,372) million.

The increased delivery volume, the large number of current and forthcoming market introductions of new models and

higher marketing costs resulted in distribution costs amounting to EUR 5,782 (4,895) million. Exchange rate effects also inflated distribution costs.

Administrative expenses rose to EUR 640 (587) million as a result of the general growth of the Audi Group.

The other operating result came to EUR –119 (1,260) million. This decrease is primarily attributable to significantly higher expenditure for the settlement of foreign currency hedges, which offset the positive exchange rate effects in revenue.

Operating profit of the Audi Group

EUR million	2015	2014
Operating profit before special items	**5,134**	**5,150**
Special items	– 298	–
Operating profit	**4,836**	**5,150**

The Audi Group achieved an operating profit of EUR 4,836 (5,150) million for the 2015 fiscal year. Before special items, we achieved an operating profit of EUR 5,134 (5,150) million. Special items amounting to EUR 228 million resulted from the diesel issue concerning the V6 3.0 TDI. This includes financial expenditure for technical measures, sales measures and legal risks. The four-cylinder TDI engines affected do not have direct influence on the financial performance of the Audi Group in view of existing agreements with Volkswagen AG. The special items also include expenditure amounting to EUR 70 million in connection with the precautionary recall of vehicles fitted with airbags made by the Japanese manufacturer Takata. Further information on the diesel issue and the airbag recall is provided on pages 145 ff. under the management's overall assessment.

In the Automotive segment, we achieved an operating profit of EUR 4,804 (5,127) million. We were able to benefit here from an increase in deliveries to customers. Nevertheless, there were also effects resulting from regional distribution and more intense competition. The currency environment had a positive effect overall on the development of operating profit for the Automotive segment. We addressed the continued high upfront expenditures for new models and innovative technologies as well as the ongoing expansion of our worldwide production network by intensifying our efforts to optimize processes and costs along the entire value chain.

In the Motorcycles segment, the higher delivery volume as well as exchange rate effects had a beneficial impact on operating profit. Considering mix effects and expenses for launching new models, the operating profit reached EUR 31 (23) million. After adjustment for the effects of subsequent measurement in connection with the purchase price allocation, operating profit came to EUR 54 (48) million.

The financial result of the Audi Group declined to EUR 448 (841) million in the past fiscal year mainly due to a lower result from the measurement of derivative financial instruments. The result from participations including equity-accounted investments, which contributes towards the financial result, almost matched the previous year's figure. It also includes a share of the income of the associated company FAW-Volkswagen Automotive Company, Ltd., Changchun (China), which was maintained at the previous year's level despite a challenging market situation in China.

The profit before tax of the Audi Group for the 2015 fiscal year totaled EUR 5,284 (5,991) million. After deduction of income tax expense, the Company generated a profit of EUR 4,297 (4,428) million.

Key earnings figures of the Audi Group

in %	2015	2014
Operating return on sales before special items	**8.8**	**9.6**
Operating return on sales	**8.3**	**9.6**
Automotive segment	8.3	9.6
Motorcycles segment	4.5	4.0
Adjusted for PPA effects [1]	*7.8*	*8.4*
Return on sales before tax	**9.0**	**11.1**

1) Effects of purchase price allocation

With investment spending remaining at a high level, the Audi Group achieved an operating return on sales of 8.3 (9.6) percent in the 2015 fiscal year. Before special items, the operating return on sales came to 8.8 (9.6) percent. We consequently again reached an operating return on sales within our strategic target corridor of 8 to 10 percent in 2015. To build on our strong brand position, we prepared and carried out the gradual market introduction of numerous volume models in the past fiscal year. These make up around 40 percent of deliveries worldwide. The return on sales before tax was 9.0 (11.1) percent.

Return on investment (ROI) reached 19.4 (23.2) percent. We therefore clearly exceeded our minimum required rate of return of 9 percent of invested assets. The invested assets figure is calculated from operating assets (property, plant and equipment, intangible assets, investment property, inventories and

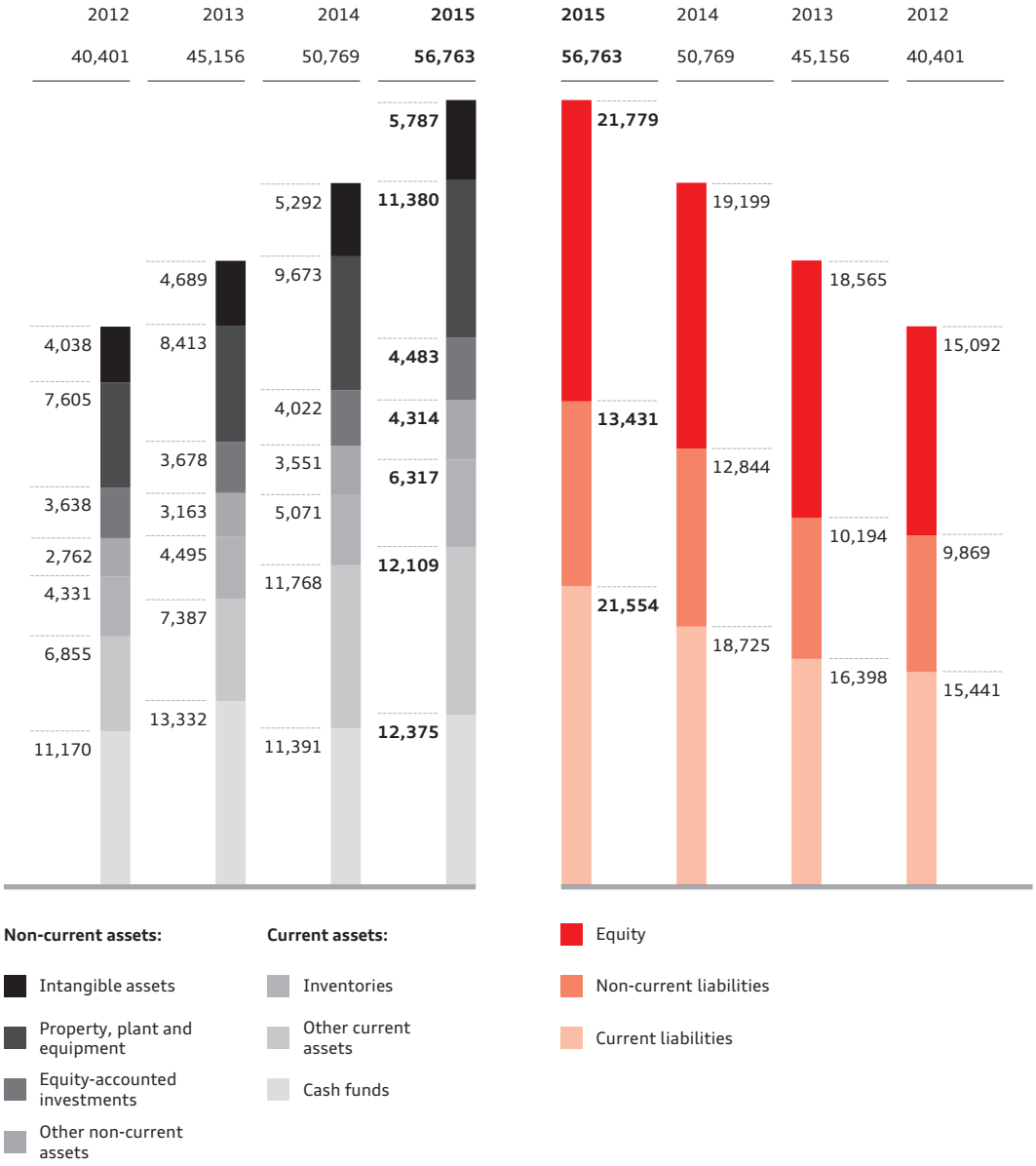
receivables) less non-interest-bearing liabilities (trade payables and advance payments received). Invested assets averaged EUR 17,467 (15,567) million in the 2015 fiscal year. The Audi Group achieved an operating profit after tax of EUR 3,385 (3,605) million in 2015. The standardized average tax quota for the Volkswagen Group of 30 percent was assumed for this purpose. The reduced return on investment is mainly attributable to the higher invested assets resulting from the Company's current investment phase.

Return on investment of the Audi Group

EUR million	2015	2014
Operating profit after tax	3,385	3,605
Invested assets (average)	17,467	15,567
Return on investment (ROI) in %	**19.4**	**23.2**

NET WORTH

Audi Group balance sheet structure (EUR million)



As of December 31, 2015, the Audi Group's balance sheet total increased by 11.8 percent to EUR 56,763 (50,769) million.

Non-current assets amounted to EUR 25,963 (22,538) million. The increase is mainly attributable to the higher property, plant and equipment, which reached EUR 11,380 (9,673) million, as a result of capital investments. In addition, deferred tax assets increased as a result of fluctuations in the market value of hedge-effective currency hedging instruments. Intangible assets rose to EUR 5,787 (5,292) million mainly due to the higher balance sheet item of capitalized development costs. The increase in investments accounted for using the equity method to EUR 4,483 (4,022) million also reflects the new participation in connection with the HERE transaction.

Total capital investments in the past fiscal year came to EUR 5,700 (4,500) million.

The rise in current assets to EUR 30,800 (28,231) million is predominantly attributable to the increase in the level of securities as well as higher inventories. The inventories reflect the preparations for further regional market introductions of new models – in particular of the Audi A4 family and the Audi Q7.

As of December 31, 2015, equity grew by 13.4 percent to EUR 21,779 (19,199) million. The increase is attributable in particular to the capital injection by Volkswagen AG, Wolfsburg, of EUR 1,620 million into the capital reserve of AUDI AG. The balance remaining after the transfer of profit furthermore increased retained earnings by EUR 1,452 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 572 million in the 2015 fiscal year. This mainly stemmed from fluctuations in the market value of hedge-effective currency hedging instruments prompted by the fall in the external value of the euro. The revaluation of pension obligations following interest rate rises had an opposite effect. The equity ratio for the Audi Group as of December 31, 2015, was 38.4 (37.8) percent.

As of December 31, 2015, the non-current liabilities of the Audi Group totaled EUR 13,431 (12,844) million. This development resulted above all from the increase in other financial liabilities due to the negative fair values of derivative financial instruments from the appreciation in the U.S. dollar and Chinese renminbi against the euro. Lower provisions for pensions attributable to the change in the interest rate had an offsetting effect.

Current liabilities increased to EUR 21,554 (18,725) million compared with the prior-year reporting date, mainly because of higher business-related trade payables. As in the case of non-current liabilities, the higher negative fair values of derivative financial instruments due to the weaker euro impacted this figure. In addition, other provisions rose to EUR 4,153 (3,353) million above all as a result of volume- and market-related higher obligations from sales operations. The other provisions also include the accounting provisions for the diesel issue. These comprise items for technical measures, sales measures and legal risks. The other provisions also include the precautionary measures in connection with the airbag recall.

FINANCIAL POSITION

/ PRINCIPLES AND GOALS OF FINANCIAL MANAGEMENT

The Audi Group is integrated into the financial management of the Volkswagen Group, which concerns itself with such matters as liquidity management and the management of exchange rate and commodity price risks. The management of financial risks within the Audi Group is organizationally a matter for the Treasury area, which handles these centrally for all Audi Group companies on the basis of internal guidelines and risk parameters.

The overriding financial goal is to ensure the solvency and financing of the Audi Group at all times, while at the same time achieving a suitable return on the investment of surplus liquidity. To that end, payment streams are identified in a multistage liquidity planning process and consolidated at Audi Group level. The main companies of the Audi Group are included in the cash pooling of the Volkswagen Group. This permits the efficient handling of intragroup and external transactions, and also reduces transaction costs for the Audi Group.

As a globally active company, the Audi Group also manages exchange rate and commodity price risks. Exchange rate risks are minimized by natural hedging, along with foreign currency hedging transactions with matching currencies and maturities. The goal here is to hedge planned payment streams in particular from investment, production and sales planning. In the area of commodity price risks, the Audi Group pursues the goal of achieving price stability for product costing purposes by concluding long-term agreements and hedging transactions that involve derivative financial instruments, as well as by making use of synergies with the Volkswagen Group.

Credit and country risks are managed centrally by Volkswagen Group Treasury. A diversification strategy is applied and contracting partners are evaluated to counter the risk of losses or defaults.

Through its partnership with Volkswagen Financial Services AG, Braunschweig, the Audi Group enables its customers to make use of borrowing and leasing arrangements. The Audi Group consequently sets up hedging arrangements with the retailer or partner company to guard against fluctuations in residual values.

*Further information can be found in the **"Report on risks and opportunities"** on pages 189 ff. as well as in the Notes under item 36 **"Management of financial risks"** on pages 267 ff.*

/ FINANCIAL SITUATION

Cash flow from operating activities of the Audi Group amounted to EUR 7,203 (7,421) million in the past fiscal year.

The cash outflow for investing activities attributable to operating activities came to EUR 5,576 (4,450) million for the 2015 fiscal year.
The greater part of this amount, or EUR 3,534 (2,979) million, was for investments in property, plant and equipment, investment property and other intangible assets (excluding capitalized development costs). This investment spending was in particular for the expansion of our manufacturing structures and the product range. The investment priorities for the 2015 fiscal year were the new model versions of the Audi A4 and Audi Q7 as well as the construction of the new production sites in Brazil and Mexico. The ratio of capex (investments in property, plant and equipment, investment property and other intangible assets, without capitalized development costs) in the 2015 fiscal year was 6.0 (5.5) percent.
In addition, investing activities in the past fiscal year included capitalized development costs of EUR 1,262 (1,311) million.

In terms of the segments, EUR 4,737 (4,229) million of investments in property, plant and equipment, investment property and intangible assets (including capitalized development costs) was for the Automotive segment and EUR 58 (61) million for the Motorcycles segment.
Furthermore, the Audi Group additionally used EUR 856 (191) million in cash for the acquisition and sale of participations. The majority of this was for the HERE transaction, which had a cash effect of EUR 668 million in the 2015 fiscal year.

Net cash flow was clearly positive at EUR 1,627 (2,970) million despite the extensive operating and strategic investments in the 2015 fiscal year. Adjusted for the HERE transaction, we achieved a net cash flow of EUR 2,295 million.

Overall, cash flow from investing activities, taking account of changes in cash deposits and loans extended, came to EUR –2,204 (–8,940) million. The redeployment of fixed deposits into cash funds in the 2015 fiscal year was a major factor behind this change.

Cash outflow for financing activities amounted to EUR 1,575 (1,501) million. It includes both the profit transfer to Volkswagen AG, Wolfsburg, in the amount of EUR 3,239 million, and the capital injection into AUDI AG by Volkswagen AG in the amount of EUR 1,620 million.

As of the balance sheet date, cash funds showed an increase of EUR 3,529 million to EUR 7,218 (3,689) million.

Net liquidity as of December 31, 2015, increased to EUR 16,420 (16,328) million. This sum includes an amount of EUR 50 (54) 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 committed but currently unused external credit lines.

Condensed Cash Flow Statement of the Audi Group

EUR million	2015	2014
Cash and cash equivalents at beginning of period	3,689	6,540
Cash flow from operating activities	**7,203**	**7,421**
Investing activities attributable to operating activities	– 5,576	– 4,450
of which investments in property, plant and equipment, investment property and other intangible assets	*– 3,534*	*– 2,979*
of which capitalized development costs	*– 1,262*	*– 1,311*
of which acquisition and sale of participations	*– 856*	*– 191*
Net cash flow	1,627	2,970
Change in cash deposits and loans extended	3,372	– 4,490
Cash flow from investing activities	**– 2,204**	**– 8,940**
Cash flow from financing activities	**– 1,575**	**– 1,501**
Change in cash and cash equivalents due to changes in exchange rates	105	171
Change in cash and cash equivalents	**3,529**	**– 2,850**
Cash and cash equivalents at end of period	**7,218**	**3,689**

EUR million	Dec. 31, 2015	Dec. 31, 2014
Cash funds as per Cash Flow Statement	7,218	3,689
Fixed deposits, securities and loans extended	11,086	14,276
Gross liquidity	**18,304**	**17,966**
Credit outstanding	– 1,885	– 1,637
Net liquidity	**16,420**	**16,328**

Other financial obligations, which comprise ordering commitments in particular, totaled EUR 5,311 (4,973) million as of December 31, 2015. There were other off-balance-sheet obligations in the form of contingent liabilities and financial guarantees amounting to EUR 339 (400) million. Further details can be found in the Notes under item 41 “Other financial obligations” and item 38 “Contingent liabilities.”

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

In the past fiscal year of 2015, AUDI AG succeeded in maintaining its course of growth and further increasing revenue. However, as a result of heavy upfront expenditures for new products, technologies and locations coupled with a challenging market environment, we were unable to match the previous year's result. Thanks to the Company's financial strength remaining at a high level, it was again able to finance all capital investments from its own resources in 2015.

FINANCIAL PERFORMANCE

In the 2015 fiscal year, AUDI AG increased its revenue by 8.1 percent to a new record of EUR 48,825 (45,183) million, mainly thanks to positive exchange rate effects and the rise in deliveries to customers. The revenue brought in by sales of cars of the Audi brand was up by 12.6 percent to EUR 39,078 (34,693) million. The main driver of revenue growth was high demand for our SUV models and for the updated A6 family. The very popular A3 models also had a positive impact on revenue. In the Western Europe and North America regions, demand showed a very healthy development despite intense competition. The weaker performance in China due to the prevailing economic and market conditions there had an off-setting effect on vehicle business as well as on other revenue due to lower deliveries of parts sets.
The cost of goods sold increased as a result of growth to EUR 41,816 (39,334) million. The gross profit of AUDI AG thus reached EUR 7,009 (5,849) million in the past fiscal year. Distribution costs were above the prior-year level at EUR 3,810 (3,353) million due to the higher delivery volume, a challenging market environment as well as current and future market introductions of new models. Administrative expenses increased to EUR 334 (287) million mainly as a result of growth and through mergers of subsidiaries with AUDI AG.

As a result of higher expenditure for the settlement of foreign currency hedges, which offset the positive exchange rate effects in revenue, the other operating result of AUDI AG came to EUR 291 (1,849) million in the past fiscal year.

In contrast, the result from participations increased to EUR 1,318 (755) million in the year under review. Net interest declined to EUR –568 (–320) million principally as a result of the lower actuarial interest rate applied in measuring long-term obligations. The financial result for the past fiscal year was EUR 585 (434) million.

As a result of cost-intensive upfront expenditures for new products, technologies and locations as well as the weaker market performance in China, profit from ordinary business activities for AUDI AG decreased to EUR 3,741 (4,492) million. There were further effects from the diesel issue. These are presented as part of the management's overall assessment on pages 145 ff.
After deduction of income tax expense, AUDI AG earned EUR 2,752 (3,239) million. Consequently, the return on sales after tax was 5.6 (7.2) percent.

Condensed Income Statement of AUDI AG

EUR million	2015	2014
Revenue	48,825	45,183
Cost of goods sold	– 41,816	– 39,334
Gross profit	**7,009**	**5,849**
Distribution costs	– 3,810	– 3,353
Administrative expenses	– 334	– 287
Other operating result	291	1,849
Financial result	585	434
Profit from ordinary business activities	**3,741**	**4,492**
Income tax expense	– 989	– 1,253
Profit transferred under a profit transfer agreement	– 2,752	– 3,239
Net profit for the year	**–**	**–**

NET WORTH

The balance sheet total of AUDI AG grew by 9.0 percent to EUR 33,839 (31,031) million in the 2015 fiscal year.
Fixed assets of EUR 13,286 (10,628) million were up on the previous year's level 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 4,376 (2,844) million.
The slight increase in current assets including deferred expenses, to EUR 20,553 (20,403) million, is attributable to offsetting effects. Thus, the rise in securities within current assets was almost completely offset by the decrease in receivables.
The past fiscal year saw equity, including special items with an equity portion, rise to EUR 11,723 (10,104) million mainly as a result of the capital injection of EUR 1,620 million into the capital reserve by Volkswagen AG, Wolfsburg. The equity ratio of AUDI AG therefore climbed to 34.6 (32.6) percent.

Borrowed capital (including deferred income) showed a year-on-year rise to EUR 22,116 (20,927) million. Provisions in particular increased to EUR 13,352 (12,196) million as a result of the volume-related higher obligations from sales operations.

Condensed Balance Sheet of AUDI AG

EUR million	Dec. 31, 2015	Dec. 31, 2014
Fixed assets	13,286	10,628
Current assets incl. deferred expenses	20,553	20,403
Balance sheet total	**33,839**	**31,031**
Equity incl. special items with an equity portion	11,723	10,104
Provisions	13,352	12,196
Liabilities incl. deferred income	8,764	8,731
Balance sheet total	**33,839**	**31,031**

FINANCIAL POSITION

AUDI AG increased cash flow from operating activities to EUR 5,319 (5,095) 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 4,282 (2,262) million. The spotlight in the 2015 fiscal year, alongside capital investments in property, plant and equipment, was on long-term financial investment spending. These comprise capital injections into international subsidiaries, especially in Mexico and Brazil, for the development of these two new production facilities. Cash was also used for the participation in the map information service HERE. Other investment priorities alongside the development of new products included the advancement of forward-looking drive technologies as well as connectivity and information services.
Despite the extensive operating and strategic investments, net cash flow before the change in cash deposits in marketable securities came to EUR 1,037 (2,833) million, meaning that we were again able to finance all capital investments from our own resources. Including cash deposits in securities, the cash used in investing activities reached a figure of EUR 5,763 (3,263) million, representing a net cash flow of EUR –444 (1,832) million.
Net liquidity as of December 31, 2015, was down on the previous year's level at EUR 13,138 (14,195) million.

PRODUCTION

In the 2015 fiscal year, AUDI AG increased production of cars of the Audi brand by 3.5 percent to 1,299,434 (1,255,115) units.

It also manufactured a total of 451,505 (582,930) parts sets for local production in China.

DELIVERIES AND DISTRIBUTION

In the past fiscal year, 1,803,246 (1,741,129) cars of the Audi brand were delivered to customers worldwide. A total of 270,063 (255,582) vehicles were handed over to customers in the home market Germany. Deliveries to international customers rose to 1,533,183 (1,485,547) cars.

EMPLOYEES

Workforce of AUDI AG

Average for the year	2015	2014
Ingolstadt plant	40,724	37,286
Neckarsulm plant	15,334	14,846
Employees	**56,058**	**52,132**
Apprentices	2,318	2,279
Workforce	**58,376**	**54,411**

Overall, AUDI AG had an average total of 58,376 (54,411) employees in 2015. At the end of the year, the workforce reached a record size of 59,506 (55,927) employees. Major factors behind the year-on-year increase are the hiring of personnel in the lightweight construction, digitalization and electric mobility areas of expertise, and mergers of subsidiaries with AUDI AG.

RESEARCH AND DEVELOPMENT

On average, 9,947 (8,467) people were employed in the Research and Development area of AUDI AG in the past fiscal year. Research and development activities amounted to EUR 3,640 (3,484) million.

PROCUREMENT

The cost of materials for AUDI AG totaled EUR 34,482 (32,087) million in the 2015 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 189 ff.

CORPORATE RESPONSIBILITY

For us, corporate responsibility means taking account of economic, social and ecological aspects in corporate decisions. It is our ambition to act in a comprehensively responsible manner. This impacts our products and services, the entire value chain, our employees and the social involvement of Audi. Further information on corporate responsibility can also be found at www.audi.com/cr.

PRODUCT-BASED ENVIRONMENTAL ASPECTS

/ *FUTURE MOBILITY*

With our innovative products, technologies and services, we play a pivotal role in shaping the future of mobility and bring "Vorsprung durch Technik" to life. We attach great importance to reconciling driving pleasure, sportiness and comfort with reduced fuel consumption and CO_2 emissions and using finite resources responsibly.
We will consistently apply the insights gained through the diesel issue in current and future development projects.

In the year under review, we reaffirmed our innovativeness in engine development with the new 2.0 TFSI four-cylinder engine. This efficient two-liter gasoline engine with its new combustion principle develops an output of 140 kW (190 hp) and has an average fuel consumption of 4.8 to 5.9 liters of premium-grade fuel per 100 kilometers in the new Audi A4 Sedan. Weighing around 140 kilograms, the 2.0 TFSI four-cylinder engine also features additional efficiency technologies. For example, coolant flows are regulated in such a way as to keep the engine's warming-up phase very short – the exhaust manifold integrated into the cylinder head plays an instrumental role in that.

The development of alternative drive concepts is gaining increasing prominence among our research and development activities. We group together all activities concerned with electric driving under the term Audi e-tron. In the year under review, we exhibited the Audi e-tron quattro concept at the 2015 International Motor Show (IAA). This technology study offers a real glimpse of electric mobility at Audi. We are pursuing a holistic approach that takes account of every aspect of electric driving. Advances in the field of charging technology are an important factor. For example, we have made further progress with Audi Wireless Charging (AWC) – automatic, contactless charging by induction – in the Audi e-tron quattro concept technology study.

*More details can be found under **"Audi e-tron"** on page 151 f.*

*Further information can be found under **"Charging technologies"** on page 152.*

In addition, Audi has been involved in the development of synthetic fuels since 2009. The Audi e-gas plant in Werlte, Lower Saxony, is one example: It has now been producing synthetic methane – known as Audi e-gas – from green electricity, water and CO_2 since 2013. This power-to-gas facility converts power from a variety of sources such as wind and solar into synthetic gas. Drivers of the Audi A3 Sportback g-tron can pay for fuel at CNG (compressed natural gas) filling stations with the Audi e-gas fuel card. Audi then supplies the corresponding amount of e-gas into Germany's natural gas network from the Werlte facility. This means the vehicle runs with a largely carbon-neutral footprint. The A3 Sportback g-tron can also run on natural gas or conventional fuel. At the turn of 2016/2017, we will be gradually rolling out the second g-tron model in the shape of the Audi A4 Avant g-tron.

Audi is also working on the development of carbon-neutral synthetic fuels, known as Audi e-fuels. The last fiscal year yielded initial progress for us and one of our strategic partners at the pilot plant in Dresden. Four months after commissioning the facility, we succeeded in producing Audi e-diesel from water, CO_2 and green power, without the need for mineral oil.

We are also conducting research into the synthetic production of Audi "e-benzin" in partnership with a French company. In 2015, we successfully obtained purely synthetic Audi "e-benzin" without the use of mineral oil. Audi "e-benzin" allows higher engine compression ratios and therefore greater fuel efficiency. Furthermore, we have teamed up with a U.S. partner to produce the synthetic fuels Audi e-diesel and Audi e-ethanol with the help of microorganisms.

*Further information on Audi e-fuels can be found in the **magazine section** on pages 92 ff.*

/ LIFE-CYCLE ASSESSMENTS

As part of our quest for a holistic assessment of environmental impact, we also look at the entire value chain of our products and processes besides reducing the fuel consumption and CO_2 emissions of our vehicles. We have set ourselves the goal of reducing the environmental impact of every new model compared with its predecessor. In order to gauge this accurately, we intend to draw up a detailed life-cycle assessment for every vehicle line. We identify the environmental impact of every vehicle over its entire life cycle – starting with development, through the operating phase to recycling.
We have already disclosed the life-cycle assessments for the Audi TT Coupé as well as the Audi A4, Audi A6, Audi Q7, Audi R8 and the Audi e-gas projects.

*Further information on the life-cycle assessments can be found at **www.audi.com/cr**.*

/ AUDI TRON TECHNOLOGIES

With new drive technologies, sustainable energy sources and mature concepts, we aim to deliver carbon-neutral mobility without expecting our customers to settle for any compromises. Audi tron technologies already demonstrate our expertise in developing alternative drive concepts.

For instance, we brought the new Audi A3 Sportback g-tron onto the German market at the start of 2014. The five-door premium compact car can run on any of a choice of natural gas, conventional fuel or climate-friendly Audi e-gas.

The year under review saw us unveil our second model that can run on natural gas or climate-friendly Audi e-gas, the Audi A4 Avant g-tron. The new g-tron model again allows drivers to use the Audi e-gas fuel card initially introduced for the Audi A3 Sportback g-tron, to enjoy the benefits of almost entirely carbon-neutral mobility.

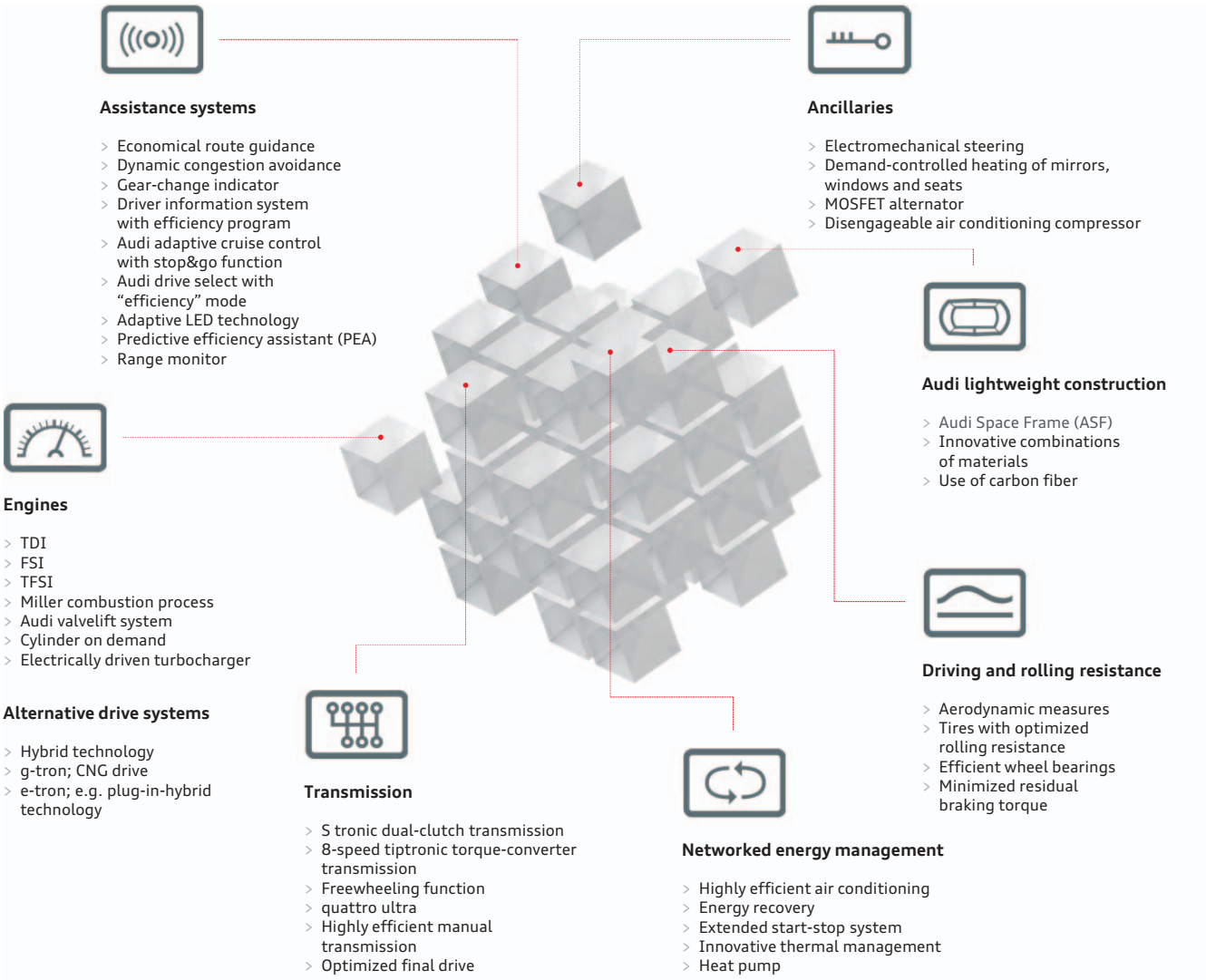
Our Audi A3 Sportback e-tron has been available since the end of 2014 and combines the best of two drive principles with its plug-in hybrid drive. The 1.4 TFSI engine with an output of 110 kW (150 hp) and the electric motor developing 75 kW and 330 Nm of torque achieve combined system power of 150 kW (204 hp). In the all-electric mode, the e-tron model can cover up to 50 kilometers.
The Audi Q7 e-tron 3.0 TDI quattro is a further e-tron model presented in the past fiscal year. The first plug-in hybrid with a V6 TDI engine and quattro drive achieves a range of up to 56 kilometers solely on its electric motor. This vehicle will become available in our home market Germany in 2016. We have also developed the e-tron models Audi A6 L e-tron and Audi Q7 e-tron 2.0 TFSI quattro specifically for Asian markets and plan to introduce them in those markets in the near future.

We provided a first glimpse into fuel cell technology from Audi in our Audi A7 Sportback h-tron quattro technology study at the end of 2014. 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 is thus able to cover a distance of more than 500 kilometers on a single tank of fuel.
Based on the Audi e-tron quattro concept technology study, we presented the Audi h-tron quattro concept study at the start of 2016. The concept car combines an efficient fuel cell achieving an output of up to 110 kW with a powerful lithium-ion battery that can temporarily provide an additional boost of 100 kW. The vehicle can be fully refueled with hydrogen in around four minutes and then has an operating range of up to 600 kilometers. The concept car also provides a preview of the new technologies for piloted driving and parking, which we will be introducing in series production as early as 2017 with the next generation of the A8 luxury sedan.

/ MODULAR EFFICIENCY PLATFORM

At Audi we group together all our technologies that promote the further reduction of fuel consumption and CO_2 emissions within the modular efficiency platform. This comprises an array of building blocks in many different areas of technology that are being steadily refined and elaborated. We are gradually integrating these efficiency technologies into our various model series in the form of product improvements and at model changeovers. For example, the cylinder on demand technology that can significantly improve fuel efficiency by deactivating cylinders is already available in three engines. We brought a further efficiency technology onto the market last year in the new Audi Q7. The predictive efficiency assistant provides anticipatory advice that helps the driver adopt an economical driving style. In combination with adaptive cruise control, speed can then be adjusted automatically – to comply with speed limits or on bends, for example.

The modular efficiency platform

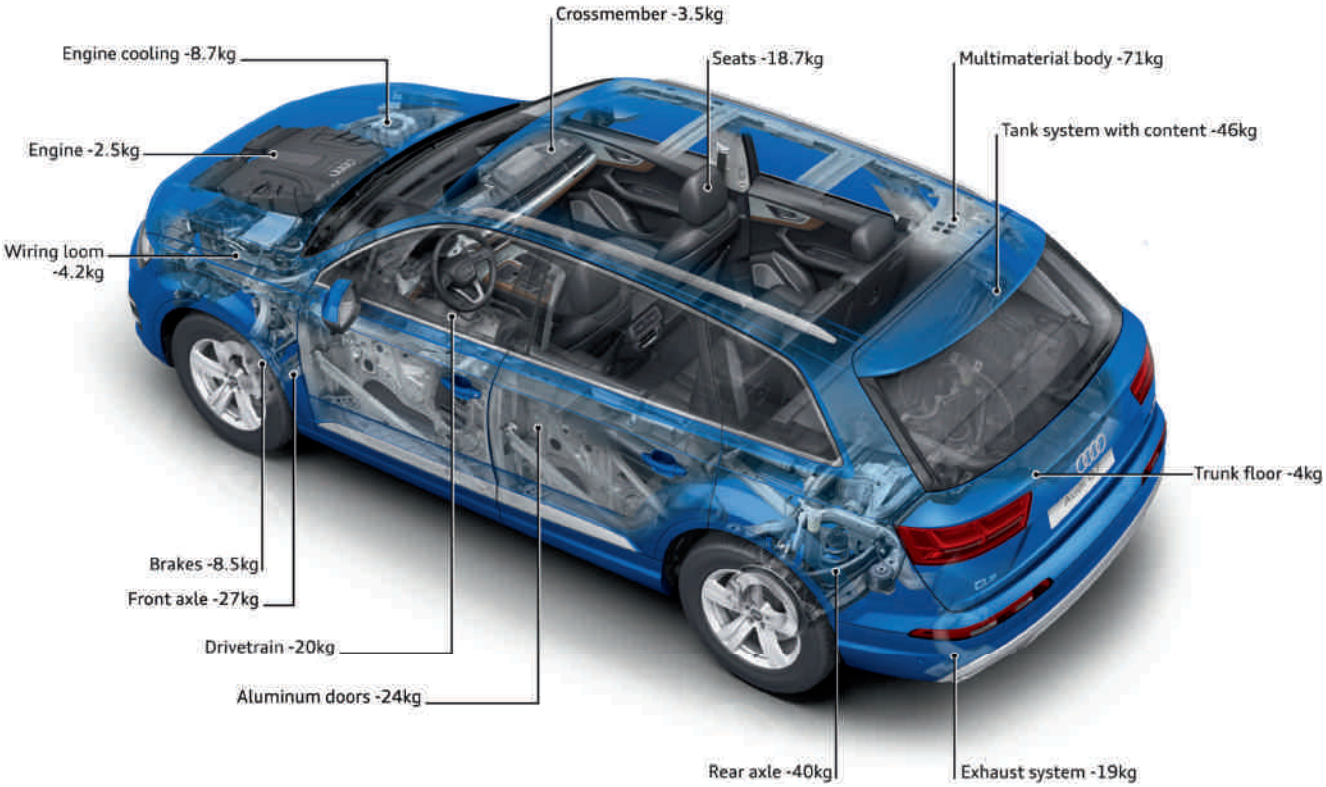


/ AUDI LIGHTWEIGHT CONSTRUCTION

Lightweight construction, which has been a key technology for our Company for many years, makes a vital contribution towards achieving fleet targets for CO_2 emissions. More than merely prioritizing a single material, we follow the principle of combining materials intelligently. The bodies of the new Audi A4 and new Q7 have been designed accordingly. The new Audi A4 Sedan and A4 Avant are up to 120 kilograms lighter than their predecessor versions, even though their dimensions have increased. For example, the Audi A4 Avant in the basic equipment version with 1.4 TFSI engine weighs 1,370 kilograms without a driver. Thanks to geometrical lightweight construction and an intelligent combination of materials, this body has shed 15 kilograms.

Our new Audi Q7 3.0 TDI quattro redefines the benchmark for lightweight construction in the premium SUV segment. Thanks to the new multimaterial body containing high proportions of ultra-high-strength steels and aluminum, the five-seater with the 3.0 TDI engine has an unladen weight of 1,995 kilograms without a driver; depending on engine version, it is up to 325 kilograms lighter than the predecessor model.

The key details of weight reduction on the new Audi Q7 3.0 TDI quattro

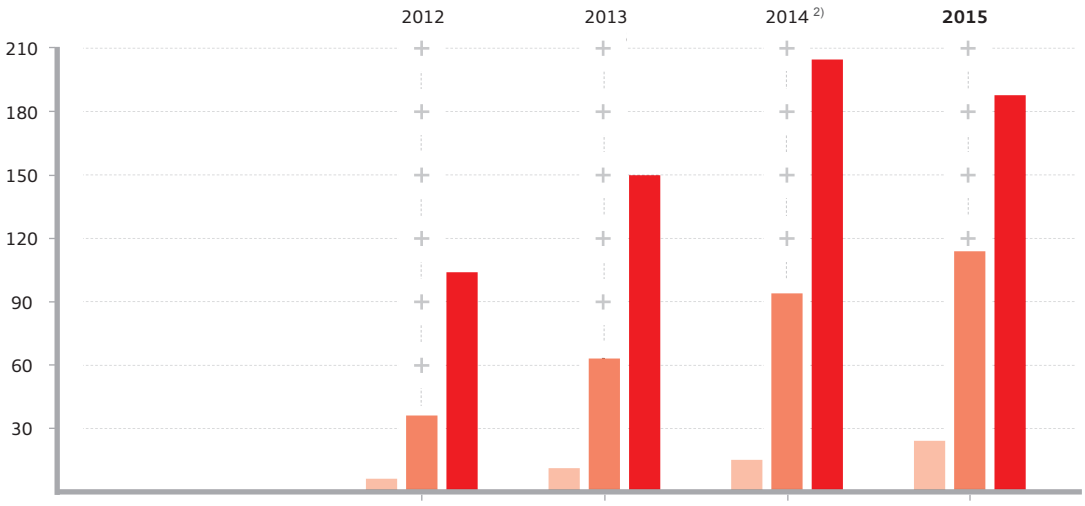


/ AUDI MODELS WITH AVERAGE CO_2 EMISSIONS OF UP TO 140 G/KM

To coincide with the switch to the Euro 6 emission standard, we reduced the number of drive versions available in the 2015 fiscal year. By the end of the 2015 reporting year, there were 188 Audi models available with CO_2 emissions averaging up to 140 g/km. Of these, 114 drive versions achieved CO_2 emissions averaging 120 g/km or less. 24 Audi models had average CO_2 emissions of 100 g/km or less, with 5 drive versions achieving an outstanding average of 95 g CO_2/km or less. In addition to our alternative drive concepts in the Audi A3 Sportback e-tron and A3 Sportback g-tron, our particularly efficient ultra models play a pivotal role in further lowering the CO_2 emissions of our vehicles.

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 2014 was 131 g/km. Based on provisional calculations, the average CO_2 emissions of newly registered Audi vehicles in the EU 28 is expected to be around 125 g/km in 2015.

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



	2012	2013	2014 [2)]	**2015**
Number of Audi models ≤ 140 g CO_2/km	104	150	205	**188**
Number of Audi models ≤ 120 g CO_2/km	36	63	94	**114**
Number of Audi models ≤ 100 g CO_2/km	6	11	15	**24**

1) All data apply to features of the German market.
2) The 44 drive versions to Euro 5 emission standard still included in the 2014 figures no longer appear in the 2015 figures following the switch to the Euro 6 emission standard.

LOCATION-BASED ENVIRONMENTAL ASPECTS

Our integrated approach involves considering not only the CO_2 emissions generated by a vehicle's operation, but also location-based environmental aspects of the Company's value creation.

/ *EMISSIONS REDUCTION AND RESOURCE EFFICIENCY*

The location-based environmental activities focus on reducing energy consumption and the associated emissions, along with using production resources efficiently.

The Audi Group is striving to reduce its specific CO_2 emissions by 25 percent by 2018 compared with emissions in 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 is pursuing the long-term vision of an entirely carbon-neutral automotive manufacturing process. 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. In 2014, the Audi Group became the first premium automobile manufacturer to obtain accreditation of its corporate carbon footprint under the globally valid DIN EN ISO 14064 standard. This process involves disclosing our Company-wide greenhouse gas emissions along the entire value chain so that we can analyze them in even greater detail and influence them more actively in the future.

As well as CO_2 emissions, we look at the key environmental metrics for energy, organic solvents (volatile organic compounds), fresh water, waste water and solid waste.

The Audi Group has set itself challenging targets with regard to the sparing use of resources. The Group is striving for a 25 percent improvement per reference unit in the key environmental metrics for energy, fresh water, waste requiring disposal and organic solvents (volatile organic compounds) over the period of 2010 through 2018.

Environmental structural data [1)]

		2015	2014
Direct CO_2 emissions [2)]	t	220,306	199,584
Energy consumption [3)]	GWh	2,707	2,543
VOC emissions [4)]	t	1,774	1,959
Fresh water purchased	m³	4,044,587	3,867,569
Volume of waste water	m³	2,695,054	2,624,488
Total volume of waste [5)]	t	87,872	82,285
of which recyclable waste	*t*	*73,775*	*68,279*
of which disposable waste	*t*	*14,097*	*14,006*
Metal waste	t	353,741	345,855

1) Ingolstadt, Neckarsulm, Brussels, Győr, Sant'Agata Bolognese and Bologna plants; 2015 figures provisional
2) 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.
3) Total electrical energy, heat, fuel gases for production processes and externally supplied refrigeration
4) VOC emissions (volatile organic compounds): This figure is made up of emissions from the paint shops, test rigs and other facilities.
5) Including non-product-specific waste

In the 2015 fiscal year, new projects and measures additionally contributed to emissions reduction and resource efficiency.

At the Ingolstadt site, a modern plug-in hybrid locomotive has been in service for rail shunting operations since November 2015. It brings a significant reduction in emissions compared with conventional locomotives. We have also improved energy efficiency in body manufacturing by introducing modern control technology for our robots. Since January 2015, electrical energy has been sourced exclusively from renewable sources in Münchsmünster. This has already been the case in Ingolstadt since 2012.

Energy-saving processes are also in the spotlight at the Neckarsulm site. Highly energy-efficient Automated Guided Vehicles are used in the production of the Audi R8 at the new Böllinger Höfe facility.

Since fall 2015, Audi Hungaria has covered around 60 percent of our Hungarian site's heat requirements from the new geothermal energy plant near Győr. It offers the prospect of cutting CO_2 emissions at the location by a further 19,800 metric tons annually.

In Sant'Agata Bolognese (Italy), Automobili Lamborghini S.p.A. put a new CCHP (combined cooling, heat and power) plant into operation in the 2015 fiscal year. In addition, our Italian subsidiary has been utilizing surplus waste heat from a nearby biogas plant since 2015. Both measures bring about a significant reduction in CO_2 emissions.

Environmental protection concerns were furthermore accommodated when creating the new Audi driving experience center in Neuburg. Thanks to the use of waste heat from neighboring industrial establishments and of green power from hydroelectric power stations, the power and heat supply is carbon-neutral. Audi was awarded a Gold certificate for sustainable construction by the DGNB (German Sustainable Building Council) for its customer building.

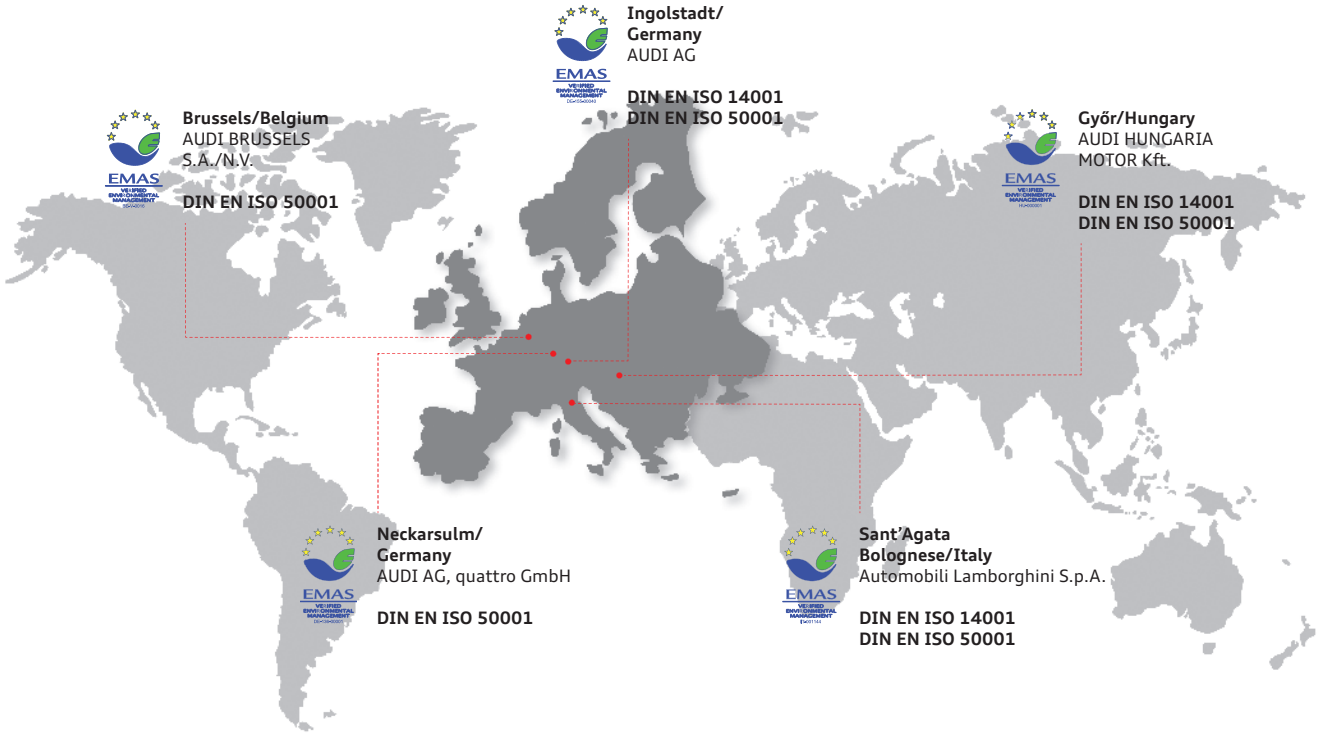
/ EMISSIONS TRADING

The third trading period in the EU-wide trading of CO_2 emission rights has been running since 2013. This phase ends in 2020. The Ingolstadt, Neckarsulm, Brussels (Belgium) and Győr (Hungary) locations are subject to EU emissions trading rules. Unused certificates from past trading periods were carried forward to the third trading period to minimize the risk of a future shortfall in cover, through which the Audi Group would potentially incur costs.

/ ACCREDITATION

Alongside using innovative technologies, organizational measures within the environmental management systems are a very important aspect for the Audi Group. All European automotive plants of the Audi Group are accredited under the European Union's EMAS (Eco-Management and Audit Scheme), which goes well beyond the minimum standards required. Furthermore, the Ingolstadt, Győr (Hungary) and Sant'Agata Bolognese (Italy) plants are accredited under the globally valid DIN EN ISO 14001 standard. The same accreditation has been obtained for the new location in in São José dos Pinhais (Brazil) and for the motorcycle plant in Bologna (Italy) as well as for the Volkswagen Group production locations that we use in Bratislava (Slovakia), Martorell (Spain) and Aurangabad (India). The Changchun and Foshan plants of the associated company FAW-Volkswagen Automotive Company, Ltd., Changchun (China), have likewise obtained accreditation to DIN EN ISO 14001. The environmental management systems for the Ingolstadt, Neckarsulm, Győr, Brussels (Belgium) and Sant'Agata Bolognese locations also meet the requirements of DIN EN ISO 50001, which sets particularly high standards for continuous, systematic reductions in energy consumption.

Audi Group locations with EMAS accreditation [1)]



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

/ AUDI ENVIRONMENTAL FOUNDATION

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.

The Audi Environmental Foundation also finances scientific support for the Oak Forest international research project. The aim of this project is to identify how trees need to be planted optimally in order to achieve maximum carbon capture and create the best possible conditions for biodiversity.

The foundation has also established a partnership with the Julius Maximilian University of Würzburg to create the HOBOS (HOneyBee Online Studies) high-tech smart beehive. Interested parties will be able to observe the beehive at any time via an Internet platform and retrieve the data that has been collected. This gives research establishments a wide range of opportunities for research-based learning.

Within the Germany-wide project "Stelen der Biodiversität" (Towers of Biodiversity), disused transformer towers are to be repurposed to provide valuable nesting and breeding habitats for endangered animal species and to raise awareness of biodiversity. The pilot phase was brought to a successful conclusion in 2015.

EMPLOYEES

/ WORKFORCE

Average for the year	2015	2014
Domestic companies [1]	**57,191**	**53,848**
of which AUDI AG	*56,058*	*52,132*
Ingolstadt plant	*40,724*	*37,286*
Neckarsulm plant	*15,334*	*14,846*
Foreign companies	**22,775**	**20,619**
of which AUDI BRUSSELS S.A./N.V.	*2,520*	*2,532*
of which AUDI HUNGARIA MOTOR Kft.	*11,367*	*10,954*
of which AUDI MÉXICO S.A. de C.V.	*2,006*	*879*
of which Automobili Lamborghini S.p.A.	*1,146*	*1,058*
of which Ducati Motor Holding S.p.A.	*1,168*	*1,088*
Employees	**79,966**	**74,467**
Apprentices	2,486	2,421
Employees of Audi Group companies	**82,452**	**76,888**
Staff employed from other Volkswagen Group companies not belonging to the Audi Group	386	359
Workforce of the Audi Group	**82,838**	**77,247**

1) Of these, 1,159 (1,589) employees were in the passive stage of their partial retirement.

The Audi Group employed an average of 82,838 (77,247) people in the past fiscal year. At the end of 2015, our workforce reached a level of 84,435 (79,483) employees. The increase compared with the previous year is attributable mainly to a higher personnel total at AUDI AG and the building of the plant in Mexico.

Employee structural data (AUDI AG)

		2015	2014
Average age [1]	Years	40.3	40.4
Average length of service	Years	16.1	16.6
Proportion of women [1]	Percent	14.3	14.0
Proportion of academics [2]	Percent	48.0	46.6
Proportion of foreign nationals	Percent	8.3	8.3
Proportion of people with severe disabilities	Percent	5.8	6.0
Contracts to workshops for people with mental disabilities	EUR million	6.8	6.6
Frequency of accidents [3]		3.9	3.1
Attendance rate	Percent	96.0	96.3
Savings through Audi Ideas Program	EUR million	84.1	67.5
of which implementation rate	*Percent*	*57.0*	*56.9*

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

As part of our strategic goal to be an "attractive employer worldwide," we create a needs-based human resources structure as well as an appropriate social and work environment for our employees. We seek to accommodate the requirements of our employees while pursuing the economic objectives of the Audi Group. A culture of codetermination is the basis for the economic success of our Company.

The issue of leadership is an essential part of working life. We already launched a broad-based project in 2014 to develop our leadership culture. The goal was to develop universally practiced leadership principles together with the Board of Management, managers, employees and Works Council. Through the participation of all divisions and employee groups in discussions, workshops and Board of Management meetings, we have drawn up ten guiding principles of leadership at Audi. Appreciation and respect are at the focus of the Audi leadership principles. We are currently in the process of anchoring our Audi leadership principles in the Company, first in Germany and then at our international locations.

An important component of our human resources policy involves enabling all employees to participate in the success of Audi – with profit-sharing arrangements for the workforce constituting a core element. Based on an agreement between the management and the Works Council of AUDI AG, profit shares are determined by a combination of the previous year's profit and the attainment of certain goals. There are also specific profit-sharing arrangements for a large number of domestic and international subsidiaries.

/ OVER 7,000 EMPLOYEES NEWLY RECRUITED IN THE AUDI GROUP

The Audi Group took on 7,415 new employees in the 2015 fiscal year. Of this total, 4,182 employees were recruited primarily for the expertise areas of lightweight construction, digitalization and electric mobility at the Ingolstadt and Neckarsulm sites. In addition, around 1,000 new employees are supporting the construction of the new plant in Mexico. We received over 200,000 applications for these new jobs. Application centers were set up in San José Chiapa and Puebla to assist candidates with online applications.

*Further information on the hiring of personnel in Mexico can be found in the **magazine section** on pages 80 ff.*

/ ATTRACTIVE EMPLOYER WORLDWIDE – HIGH RANKINGS IN ATTRACTIVENESS SURVEYS

In the past fiscal year, we continued to pursue our strategic goal to be an "attractive employer worldwide." Numerous awards already confirm our popularity as an employer.

- **Top honors awarded by the two market researchers Universum and trendence in Germany:**
  In the latest employer rankings compiled by the highly regarded consultants Universum, we again achieved top rankings in the survey of German graduates and young professionals. For yet another year, Audi consequently remains the employer of choice for engineers starting their career. We were also rated as one of the most attractive employers among business students, IT graduates and young IT professionals (universumglobal.com/rankings/germany/; www.trendence.com/en/company/rankings/germany.html).
- **First place in trendence study in Hungary:**
  AUDI HUNGARIA MOTOR Kft., Győr (Hungary), topped the latest trendence survey of engineering and IT students. The Company achieved an outstanding second place among business students (www.trendence.com/en/company/rankings/hungary.html).
- **Top ranking in trendence survey in Belgium:**
  AUDI BRUSSELS S.A./N.V., Brussels (Belgium), finished in third place in the "Engineering and IT" category of the Graduate Employer Ranking compiled by the consultancy firm trendence. In Belgium, Audi consequently remains one of the most attractive employers for engineers and computer scientists about to embark on their career (www.trendence.com/en/company/rankings/belgium.html).
- **Top Employer Italia 2015:**
  Our Italian subsidiaries Automobili Lamborghini S.p.A., Sant'Agata Bolognese, and Ducati Motor Holding S.p.A., Bologna, inspired confidence as attractive employers in the year under review. Both companies were honored with the renowned "Top Employer Italia 2015" award (www.top-employers.com/Certified-Top-Employers/?Certificate=61).
- **Top Engineering Universum Mexico:**
  Even though production has not yet started in Mexico, Audi has already made it into the country's top three most popular employers among future engineers (universumglobal.com/de/2016/02/deutsche-automobilkonzerne-in-mexiko/ – link only available in German).
- **Best Employer Top 100 in China:**
  Audi (China) Enterprise Management Co., Ltd., Beijing, again clinched the "Best Employer Top 100" award of China's largest job portal zhaopin.com from a list of 5,400 companies. In an associated survey of 20,000 women, we were the only

foreign automotive company to make it into the "Most attractive employer among female Top 10" ranking (zhaopin.investorroom.com/2015-12-21-Zhaopin-Holds-2015-Top-30-Employers-in-China-Awards-Ceremony).

/ TRAINING AND ADVANCEMENT

In the 2015 fiscal year, over 750 young people embarked on training at AUDI AG in one of our 21 vocations. As of the end of the year under review, there were a total of 2,532 apprentices and dual-system students in employment at AUDI AG. The Company plans to increase the number of apprentices to more than 2,700 by 2018. The future specialists will be deployed mainly on the current model and technology initiative to support the Company's course of growth. Through the "Mobile Learning" concept launched in the 2015 fiscal year, we offer our apprentices the opportunity to access course content at any time, share knowledge online and study working techniques either individually or as a team. We have introduced tablet computers in all areas to serve as learning aids in 16 vocations.

The successful German model of "dual vocational training," which combines classes at a vocational college with in-company training, is being introduced at other international locations and systematically rolled out. So far, around 1,700 young people have completed vocational training at our Hungarian location Győr, for example – this model has been recognized there as dual training since 2011. In Mexico, too, over 300 young people are receiving instruction under the proven dual training system, including 54 apprentices at our new Training Center in San José Chiapa (Mexico). In Italy, 40 young people, who are mostly from socially disadvantaged families, are completing dual vocational training at the Lamborghini and Ducati brands through the "Dual Education System Italy" (DESI) social project.

Alongside training, the further development of our employees' areas of expertise is a very high priority. Our employees attended a large number of further training seminars over the past fiscal year.

/ HEALTH MANAGEMENT

The central aim of our occupational health management is to maintain and promote the health of all employees. Our health management work addresses a variety of topics ranging from workplace design and providing advice on health-appropriate working assignments to gradual reintegration after a lengthy illness. Important links in the occupational health management chain are our managers and the Health Care, Human Resources and Industrial Safety departments, as well as the Works Council, the representatives of disabled employees and social care coordinators.

In the 2015 reporting year, the Company and Works Council concluded a company agreement for the Ingolstadt and Neckarsulm locations that, for the first time, covers all measures and programs to protect and promote the health of the Audi workforce. The agreement contains seven preventive goals relating to the main factors that influence health. One new feature is an integrated risk assessment now also for indirect workplaces. In addition, the company agreement raises the profile of mental health.

To sensitize the workforce to the importance of exercise, a healthy diet and mental health, as well as increase the motivation to act, Audi offers Company-backed health activities and fitness programs. Individual employees can attend a variety of seminars and workshops, for example, to improve their personal health literacy.

One core element of our occupational health management is the Audi Check-up, which has been available since 2006. The aim of this individual preventive program is the prevention and early detection of health risks. By the end of 2015, we had carried out almost 80,000 check-ups in the health centers at our various locations.

/ JOB AND FAMILY

AUDI AG attaches particular importance to helping employees achieve a good balance between work and family life. We give parents additional flexibility at work by offering a wide range of flexible working-hour models and various child care arrangements under the "Audi Spielraum" program.

At the Ingolstadt and Neckarsulm locations, we offer our employees professional child care during the summer vacation through the "Audi Summer Children" program. In Ingolstadt, Audi has also teamed up with the city's "Local Alliance for the Family" to offer child care arrangements in the other school vacations. For the Day of Repentance and Prayer, when schools in Ingolstadt are closed, Audi organized care arrangements promoted as "My Day at Audi" in 2015 for the second time. Employees in Neckarsulm can also make use of the child care arrangements during the Easter, spring and fall breaks, as well as during the main summer vacation. In the past fiscal year, over 700 children and young people attended the vacation programs on offer in Ingolstadt and Neckarsulm. In addition, AUDI AG can provide flexible short-term care for employees' children in Ingolstadt.

Parents can register children aged between 2 and 14 for child care at the miedelHaus partner establishment up until 7 p.m. the evening before. This is a valuable service for our employees especially when professional appointments come up at short notice, on days when the regular facilities are closed and at the start or end of the working day. Child care consultancy and placement services complete the range of services available under the "Audi Spielraum" program.

A total of 2,362 employees took parental leave during the year under review, 63 percent of who were male colleagues. 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.

To support employees who need to care for family members, AUDI AG offers a variety of working-hour models. For example, "Audi caregiver leave" enables employees to be released from work for up to three years over and above the statutory entitlements under the Caregiver Leave and Family Caregiver Leave Act. After taking "Audi caregiver leave," employees may choose to leave the company for up to four years with a reemployment guarantee, so that they can continue to devote their full attention to looking after close relatives requiring care.

/ WOMEN AT AUDI

Under our corporate strategy, we attach particular importance to attracting female employees to Audi and promoting their careers. To achieve a permanent increase in the proportion of women in our Company at all levels – from apprenticeship to top management – we set internal targets in 2011. The aim is to increase diversity as well as the creative and innovative potential of our Company. This approach was affirmed by the adoption of the "Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector" in 2015, which requires companies to define specific targets and deadlines. In connection with this, AUDI AG has set itself the target of 5.6 percent women for the top management tier by the end of 2016, and 13.3 percent for the second management tier.

Furthermore, the Supervisory Board of AUDI AG has resolved to increase the proportion of women on the Board of Management to 30 percent in the long term.

As an engineering company, Audi is dependent on specific framework conditions. Many areas of the company require predominantly graduates in engineering sciences – yet in mechanical engineering, for example, only around ten percent of them are women. When recruiting employees with an academic background, we therefore take account of the proportion of women studying each course. 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. At management level, too, our long-term target is a proportion of 30 percent women.

By holding a variety of workplace discovery days such as the "Girls' Day," the "Women in Research" and the "Girls for Technology" camp as well as excursions and internships, we seek to generate enthusiasm among girls for technical topics from an early age and recruit qualified women for our Company.

In addition to supporting various women's networks, the Company helps talented, high-performing female employees from all areas and at all levels along their career path with the "Sie und Audi" program series. As part of this drive we offer, for instance, a mentoring program for high potentials, along with various seminars and networking opportunities. In addition, the framework conditions for achieving a work-life balance are continually being improved.

Proportion of women at AUDI AG

in %	2015	2014
Total proportion of women	**14.8**	**14.2**
Apprentices	28.1	26.9
of which industrial apprentices	*24.6*	*23.3*
of which clerical trainees	*81.2*	*81.7*
Management	8.9	8.3

AUDI IN SOCIETY

We are convinced that our Company's long-term success and therefore its future viability depend on society. Social involvement is therefore an important part of our corporate responsibility. For this reason, we strive for a steady improvement in the quality of life at our locations – and lend our support to regional initiatives in particular.
In keeping with the support guideline of the Audi Group, the areas of education, technology, social involvement and worldwide disaster relief are given priority.

/ ACADEMIC COOPERATION AND EDUCATION

Our many university partnerships enhance our innovativeness and prepare the way for our Company's recruitment of qualified young employees. We are currently cooperating with over 30 research establishments worldwide. Audi is consequently pursuing the goal 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 2003, we have also supported various endowed chairs at German universities in partnership with the "Stifterverband für die Deutsche Wissenschaft" (Association for the Promotion of Science and Humanities in Germany). Audi is currently supporting six such endowed professorships.

We support other knowledge transfer projects as well as university research projects. For example, 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 2,500 attended the various events in this series in the 2015 fiscal year.
In addition, over 120 Audi employees help as lecturers at more than 40 national and international universities.

The Ingolstadt special-profile school, which operates under the motto of "No talent wasted," provides children and young people who have had a difficult start in life with the security of an individual scholarship and support program as a pathway to achieving a high school diploma. We also joined forces with various partners during the year under review to launch a project aimed at providing training for disadvantaged young people. For example, "Café Vergissmeinnicht" on the Audi Technical Development site in Ingolstadt employs disadvantaged young people in the course of their training.

/ SOCIAL MATTERS AND SOCIAL INVOLVEMENT

Since the "Audi Volunteers" initiative was launched in 2012, over 4,000 employees have lent their practical support to a good cause. They have put in more than 30,400 hours of work as volunteers in around 440 social projects. Furthermore, these projects have attracted donations totaling around EUR 346,300.

In the past fiscal year, around 900 employees participated in 77 social projects connected to the Company during the "Audi Volunteer Days" held at the Ingolstadt, Neckarsulm and Győr (Hungary) locations. Many departments also support social organizations in the form of "team campaigns" held over the course of the year.

AUDI AG made the sum of EUR 1 million available for refugee projects in the 2015 fiscal year. The funds are aimed at providing relief at the Ingolstadt, Neckarsulm, Brussels (Belgium) and Győr locations. Through the Audi Volunteers initiative, employees can suggest regional projects they would like to implement in cooperation with charitable organizations. Since January 2016, Audi has supported a school class for the integration, occupational orientation and cultural assimilation of refugees in partnership with the city of Ingolstadt, the Volkshochschule Ingolstadt (Adult Education Center) and Ingolstadt Vocational School I. This pilot project is about helping young refugees aged 18 to 25 who are highly likely to remain in the country to learn German and find an occupation.

In May 2015, around 3,800 employees took part in the 24-Hour Run in Ingolstadt, as a result of which AUDI AG donated around EUR 175,000 to social organizations. In addition, the Christmas fundraising campaign – which has been held by the Works Council since 1977 – attracted a participation rate of over 99 percent of employees in the past fiscal year. Regional social and charitable organizations at the Ingolstadt and Neckarsulm sites benefit from the money raised by the employees. After being topped up by the Company, the donated total reached the record sum of EUR 960,000.
Many of our employees also took part in the "Last Cents" campaign. Thanks to employees donating the cents remaining after the decimal point on their monthly payslip, around EUR 264,000 could be donated to street children projects run by "terre des hommes" in the past fiscal year.

REPORT ON EXPECTED DEVELOPMENTS, RISKS AND OPPORTUNITIES

Both the global economy and global demand for cars should continue to expand in 2016. The Audi Group is expected to be able to maintain its course of growth despite an intensely competitive environment. Numerous capital investments are strengthening the company's future viability.

REPORT ON EXPECTED DEVELOPMENTS

/ *ANTICIPATED DEVELOPMENT OF THE ECONOMIC ENVIRONMENT*

// *GENERAL ECONOMIC SITUATION*

The forecasts regarding the overall economic situation are based on assumptions derived from the current assessments of external institutions. These include economic research institutes, banks, consultancy firms and multinational organizations.

We at the Audi Group expect 2016 to bring slightly stronger growth in the global economy than the previous year. Economic activity should increase slightly in most industrial nations. The vast majority of the emerging markets – especially in the region of Asia – should continue to grow at higher rates than the industrialized countries. However, growth is not expected to regain the comparatively high levels of earlier years. Geopolitical tensions and the development in prices on financial and commodity markets could adversely affect the global economy.

In Western Europe, economic recovery should continue in 2016. Its development, however, remains dependent on how effectively structural problems in a large number of countries can be overcome.
The German economy should likewise continue to grow, with positive consumer confidence and continuing high employment providing crucial support.

For Central Europe, we expect economic development again to be positive. Assuming the conflict between Russia and Ukraine does not escalate further, economic conditions in Eastern Europe should stabilize. The Russian economy's growth is expected to remain negative, although not as acutely so.

In the United States, despite the new stance of the Federal Reserve on interest rates, we expect solid economic growth to continue. Alongside consumer and public spending, corporate investment should also provide increasing economic stimulus. The economy of Brazil is likely to remain in recession in 2016.

We expect the Asia-Pacific region to enjoy the most dynamic economic development over the coming year. The Chinese economy is one of its driving forces. It should continue to achieve a high level of growth in international terms, even if the rate of expansion will be much lower than in recent years. Japan should experience slight economic growth in 2016.

// *CAR MARKET*

The Audi Group estimates that global car markets will show only slight growth in 2016. Patterns of demand are likely to develop differently from region to region.

Registrations of new passenger cars in Western Europe should reach roughly the level of the previous year. We also expect demand for automobiles in Germany to be largely unchanged from the previous year.

In Central Europe, new registrations of passenger cars should show slight growth in 2016, in particular thanks to the economy's robust development. By contrast, the car market in Eastern Europe is likely to continue to contract. However, we expect the significant downward trend of 2015 to slow down.

Sales of passenger cars and light commercial vehicles in the United States will grow more slowly than in the previous year as the market shows signs of saturation, with only slight growth. For South America, we expect there to be a slight drop in demand for passenger cars and light commercial vehicles. Falling demand in Brazil is expected to be a major factor in this development.

The Asia-Pacific region should again be a major driver of the rise in worldwide demand for cars in 2016. With China's vehicle density still comparatively low, the growth trend for new registrations there should continue, but less dynamically than in the previous year. On the other hand, we expect demand for passenger cars in Japan to fall.

// MOTORCYCLE MARKET

Demand in the motorcycle markets above 500 cc that are of relevance for the Ducati brand should again rise moderately in 2016. The slight revival in economic development as a whole should benefit new registrations of motorcycles in the established markets. In emerging markets, we expect weaker growth overall than in recent years primarily due to the economic development in China, Brazil, Russia and South Africa. However, rising demand for high-displacement motorcycles should have a positive impact there.

/ OVERALL ASSESSMENT OF THE ANTICIPATED DEVELOPMENT OF THE AUDI GROUP

Our assessments for the 2016 fiscal year are based on our expectations with regard to how the economy as a whole and the car market will develop. We assume that the upward trend will continue, while acknowledging that the individual regions will present a mixed picture. In addition, numerous geopolitical trouble spots and the high volatility of financial markets complicate the task of forecasting economic developments.
In addition to these areas of uncertainty, various developments are making a lasting impact on the automotive industry. For example, competition is becoming increasingly intense, especially in major sales markets. Tougher CO_2 requirements worldwide will accelerate the trend toward alternative drive concepts. The growing prominence of connectivity and digitalization in our society is opening up new, far-reaching potential for the automotive industry. This calls for the cross-industry development of existing business models and new, innovative mobility concepts. In this context, we need to be mindful of the entry of new competitors into the mobility business and related services, some of them crossing over from other industries.
Bearing in mind our strategic objectives, value-oriented corporate management is of key importance for the Audi Group.
To safeguard and build on our strong competitive position worldwide, we are constantly developing and implementing a succession of targeted measures. For instance, the Audi Group continues to invest heavily in strategic future topics, in the broadening of its product portfolio and in the expansion of the international manufacturing network. All in all, the Board of Management considers the Company to be well-placed to continue successfully addressing upcoming challenges and to maintain its course of qualitative growth.

The following forecasts for the key performance indicators are subject to various risks and opportunities which could result in the actual development in the key performance indicators deviating from the forecast. We present the principal risks and opportunities in the Report on risks and opportunities.
The effects from the diesel issue are reflected and presented in the 2015 Annual Financial Statements under our forecast for the 2016 fiscal year, as well as in the Report on risks and opportunities based on current assessments.

// ANTICIPATED DEVELOPMENT OF DELIVERIES

In the 2015 fiscal year, the Audi Group delivered over 1.8 million vehicles of the Audi brand to customers worldwide, again establishing record new registrations for the brand with the Four Rings in a large number of individual markets. In 2016, we want to continue our worldwide growth and, assuming a stable environment, expect to see a moderate rise in deliveries to customers by the Audi brand. We should therefore also succeed in outperforming the market as a whole.
Especially in key markets, we are planning to increase our market shares or consolidate our competitive position.
Our objective for Western Europe in 2016 therefore is to develop better than the market overall and increase customer deliveries of our core brand.
In the Central and Eastern Europe region, vehicle sales of the Audi brand are also expected to be up on the prior-year level.
We also aim to maintain our course of growth in North America, and especially in the U.S. car market. We believe we will be able to outperform the market overall in the United States in 2016.

In China, the world's largest single market, we want to confirm our market leadership in the premium automotive segment again in the coming year and expect the volume of deliveries to be slightly above the level of the previous year. The Audi Group expects the arrival of various new and updated models in our product portfolio for China to provide a positive impetus. However, the market environment there is likely to remain very challenging in 2016.

The brand with the Four Rings is currently updating a large number of models and extending its product portfolio with a particular focus on SUV models. Following the successful launches of new versions of the popular A4 family, the new Audi Q7 and the Audi R8 in 2015, these models will gradually be rolled out in other car markets worldwide. 2016 will also see the market introduction of the new Audi Q2 car line, for example. We expect to attract a large number of young customers to the Audi brand with our new entry-level SUV. We will also be gradually rolling out the Q7 e-tron quattro in the markets in 2016. Another new model to delight our customers from 2016 will be the SQ7. Furthermore, new generations of the popular models of the A5 family and the sporty, versatile Audi Q5 are to be introduced in the near future. The new A4 car line will be joined by the A4 allroad quattro, S4 Sedan and S4 Avant in the course of this year. We also look forward to the updated models of our successful Audi A3 line providing fresh impetus in 2016. In China, the new long-wheelbase version of the popular full-size model A6, the A6 L, became available at the start of 2016, with the A6 L e-tron due to follow later in the year.

We expect a moderate increase in deliveries to customers for the Lamborghini brand in 2016. New models, such as the Huracán LP 610-4 Coupé, which is available with extensive new features from the 2016 model year, as well as the new rear-wheel-drive Lamborghini Huracán LP 580-2 and the Lamborghini Huracán LP 610-4 Spyder, both of which are making their market appearance in spring 2016, should positively impact deliveries to customers.

We anticipate a significant rise in deliveries to customers by the motorcycle brand Ducati thanks to the large number of new products such as the new Flat Track Pro premium lifestyle model in the Scrambler model line and the new XDiavel.

// ANTICIPATED FINANCIAL PERFORMANCE

With the volume growth we are targeting, we should be able to moderately increase revenue for the Audi Group in 2016, subject to the economic environment and exchange rate movements. For 2016, we currently anticipate that average exchange rates for the euro against the U.S. dollar, the Chinese renminbi and other significant currencies for the Audi Group will be at similar levels to 2015. High fluctuations in exchange rates could nevertheless occur in the course of the year.
Our 2016 target for the operating return on sales is a figure within the strategic target corridor of 8 to 10 percent. As well as the increase in volume, our ongoing improvements to processes and costs should also have a positive impact on the operating return on sales. High upfront spending on the future of our Company – for example for pioneering technologies and for updating and expanding our product range – will initially weigh on profit. The same is true of the high number of product launches and market introductions planned for the 2016 fiscal year. The further expansion of our production network strengthens our global presence in important sales regions, but along with the expansion of our corporate structures it will have a dampening effect on profit in 2016. We will, for example, start up our new production plant in San José Chiapa (Mexico). We plan to build 150,000 Audi Q5 models annually. We will invest a total of more than EUR 1 billion in facilities and infrastructure at the new location, and plan to employ around 3,800 employees there by the time series production starts.

We expect the return on investment (ROI) for the Audi Group to be within the range of 16 to 18 percent in 2016. We consequently clearly exceed our minimum required rate of return of 9 percent. The development in ROI will essentially reflect our continuing high product and structural investments. These result in a rise in invested assets and have a corresponding impact on ROI.

// ANTICIPATED FINANCIAL POSITION

The Audi Group intends to finance its planned corporate growth entirely from internally generated cash flow in 2016. We expect a net cash flow of between EUR 2.0 and 2.5 billion. The principal factors affecting the net cash flow, over and above the profit performance, are likely to remain high cash outflows for investing activities to maintain our long-term model and technology initiative, plus the expansion of the international location structures.

// CAPITAL INVESTMENTS

The Audi Group will continue to invest in the future and in additional growth in 2016. The Company plans capital investments of more than EUR 3 billion in property, plant and equipment. The German locations Ingolstadt and Neckarsulm are to account for around half of the investment volume. The ratio of capex (investments in property, plant and equipment, investment property and other intangible assets, without capitalized development costs) should lie within the strategic target corridor of 5.0 to 5.5 percent of revenue.
The focus is mainly on investment in new models and future technologies – in the areas of digitalization and alternative drive technologies, for example – and the expansion of the worldwide production network. From 2016, for instance, we will be building the successor version of the Audi Q5 at the new plant in Mexico, and the additional car line of the Audi Q2 in Ingolstadt. The volume production of our first all-electric-drive SUV will commence at the Brussels site in 2018. The overall product portfolio of the Audi brand will grow to 60 different models by 2020. The overriding aim of the measures in our investment program is to further consolidate and steadily improve the strong position of the Audi brand.
We will continue to optimize costs and processes to give ourselves the necessary leeway for future investment projects.

Anticipated development in the key performance indicators of the Audi Group

	Forecast for 2016
Deliveries of cars of the Audi brand to customers	moderate increase
Revenue	moderate increase
Operating profit/operating return on sales	within the strategic target corridor of 8 to 10 percent
Return on investment (ROI)	between 16 and 18 percent and therefore significantly above the minimum rate of return of 9 percent
Net cash flow	between EUR 2.0 and 2.5 billion
Ratio of capex	within the strategic target corridor of 5.0 to 5.5 percent

REPORT ON RISKS AND OPPORTUNITIES

/ THE RISK MANAGEMENT SYSTEM IN THE AUDI GROUP

// OPERATING PRINCIPLE OF THE RISK MANAGEMENT SYSTEM

The Audi Group bears economic, ecological and social responsibility towards its stakeholders. This principle is enshrined in its corporate guidelines and corporate culture. In our understanding, the objective is the value-oriented, sustained development of our Company. As an automotive group with global operations, we are exposed to a dynamic environment and as such are continually confronted with a wide variety of opportunities and risks. The Audi Group seeks to maintain constructive dialogue when addressing opportunities and risks in order to ensure the continuing success of its entrepreneurial activities. 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 and competitiveness of our Company. Hand in hand with refining our risk management organization, we seek to steadily improve the risk culture in particular. In that way, we want to create transparency regarding potential risks and optimize the controllability of risks.

The Audi Group formulates and pursues ambitious corporate goals based on conscientious risk/return analyses. These are synchronized both Company-wide and with the Volkswagen Group. They express the risk propensity of the Audi Group.

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).

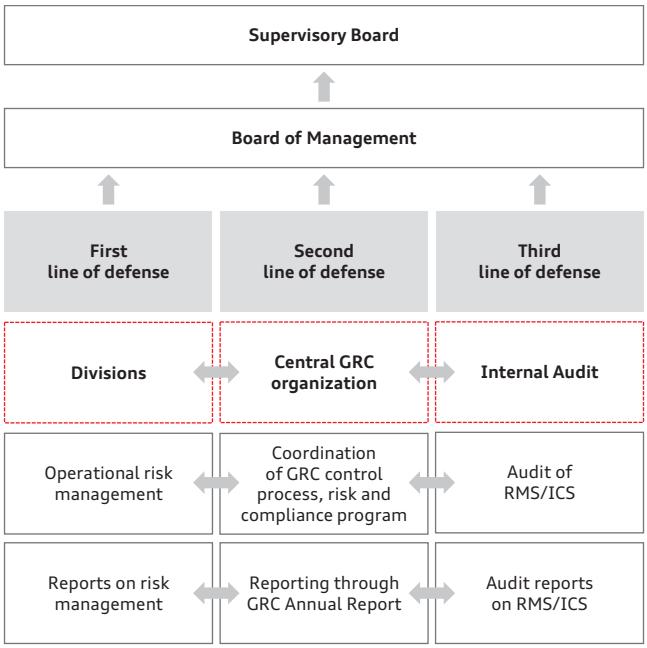
Within each scope of responsibilities, risks are to be identified, evaluated, appropriately managed and monitored. Furthermore, transparent, accurate, timely communication up the chain of command to the appropriate internal business units and Group functionalities is required. All organizational levels are to be integrated into the Risk Management System. The inclusion of Group, brand, corporate and divisional levels also meets statutory requirements. Changes in the legal framework with respect to risk management are continually observed and are acted on promptly where relevant for the Company. The integration of all principal subsidiaries is currently already ensured. New companies are integrated promptly.

The Risk Management System and Internal Control System is closely interlocked with the compliance functionality (central governance, risk & compliance organization/central GRC organization) as part of an integrated and inclusive management approach. 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 the Compliance Management System in a combined report.

The central task of risk management is to identify and analyze risks, then systematically render them transparent and improve their controllability using suitable risk management tools. This process also creates scope for generating and exploiting opportunities. Using the COSO framework, risk-appropriate internal controls are defined and performed along the entire value chain (Internal Control System). So that suitable measures and controls can be implemented early on, cross-disciplinary topics and activities in particular are examined for risk potential both continually and ad hoc.
The Audi Group promotes the ongoing development of the Risk Management System through cross-divisional and cross-company projects. One of the priorities here is to interlink the system closely with financial corporate planning and management, 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 the systemic design of its risk management architecture, the Audi Group adopts the “Three Lines of Defense” model – a recommendation of the European Confederation of Institutes of Internal Auditing (ECIIA). The Risk Management System and Internal Control System of the Audi Group consequently 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 individual risk owners of the AUDI AG divisions and subsidiaries are responsible for the operational management of risks and their control, as well as for reporting on them. They represent the first line of defense. Controlling maintains a constant dialogue with the individual departments of the Company throughout. This ensures that the financial impacts are continuously taken into account in corporate planning and management.

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 Central 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, Central Risk Management handles the Group-wide ongoing development of risk management governance and tools. These include directives and standards, as well as methods and processes that are adapted to the scale of the individual company. In addition, consultancy on operational risk management is available for the divisions and subsidiaries. Regular training courses and fact-finding events are held to lastingly reinforce awareness of risk management and compliance as well as promote a positive risk culture in the Audi Group. AUDI AG also has risk com-

pliance coordinators who liaise between the first and second lines of defense. At the subsidiaries, this function is handled by risk and compliance officers.

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. The risk early warning system and Internal Control System for accounting is additionally subject to scrutiny by the independent auditor of the Consolidated Financial Statements.

// OPERATING PRINCIPLE OF OPPORTUNITIES MANAGEMENT

We aim to ensure the sustained success of the Audi Group and the consistent implementation of our Strategy 2020 by managing risks from our business activities effectively, while at the same time identifying and exploiting entrepreneurial opportunities to our best advantage.

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 continuously analyze the international context for potential impacts on our business model in order to identify trends and industry-specific key factors early on (Audi environment radar). Relevant trends are studied in detail 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 opportunity 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. We aim to safeguard our long-term growth pathway through effective efficiency initiatives such as the continuous improvement process (CIP). We are intensifying these activities with our Group-wide fitness program. This 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.

The accounting system of Audi Group companies is a fundamentally decentralized organization. The consolidated companies for the most part 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. Data security during data transfer to Group Accounting at AUDI AG is ensured using a commercial encryption product.

The IFRS accounting manual published by the Volkswagen Group is used, with the intention of ensuring uniformity with regard to accounting and measurement principles in accordance with the applicable accounting standards. The Audi Group accounting guideline stipulates further 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 processes and instruments such as comprehensive rules on the reconciliation of balances between the Group companies.

At Group level, the individual financial statements of our subsidiaries are analyzed and validated as part of control activities. 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. Systematic plausibility checks are run to some extent automatically, but also conducted by experts. Complex specific matters

concerning the subsidiaries are regularly coordinated during the 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 foreign companies. Changes in the statutory framework and prescribed standards with respect to the financial reporting process are continually observed and are acted on promptly where relevant for the Company. This ensures compliance with standards.

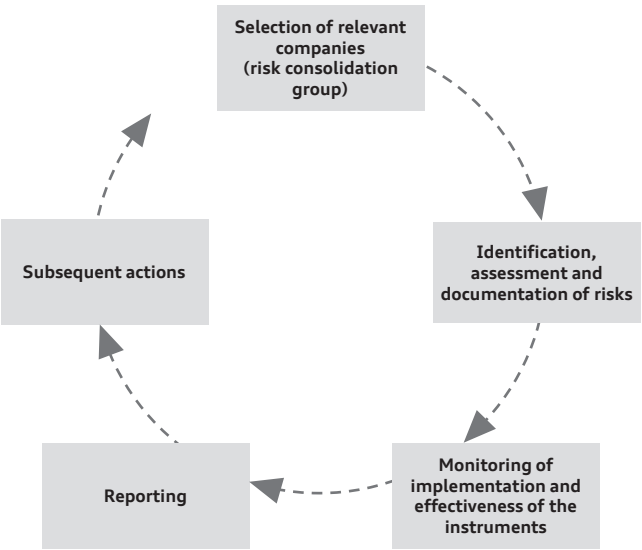
Financial reporting is mapped on the basis of the Group-wide Volkswagen consolidation and corporate management system (VoKUs). Furthermore, continuous information sharing with Volkswagen Group Accounting takes place. VoKUs contains both historical data from Accounting and planning data from Controlling, 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 early identification obligations of the Board of Management concerning 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 (AktG) (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 and Internal Control System.

The Board of Management is responsible for the organizational structure of the Risk Management System and Internal Control System. To meet the statutory 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. The Group-wide systematized risk identification process (governance, risk & compliance/GRC process) generates an overall picture of the risk situation. Meanwhile, 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. As of December 31, 2015, the risk consolidation group resulting from this process comprises AUDI AG along with 23 other subsidiaries, which have carried out the GRC process in full.

Germany:

- AUDI AG
- Audi Electronics Venture GmbH
- CC WellCom GmbH
- PSW automotive engineering GmbH
- quattro GmbH

International:

- 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.

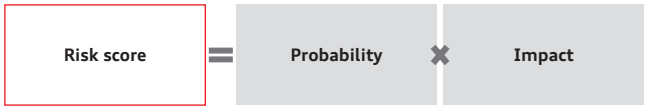
- Automobili Lamborghini S.p.A.
- Ducati Motor Holding S.p.A.
- DUCATI DO BRASIL INDÚSTRIA E COMÉRCIO DE MOTOCICLETAS LTDA
- Italdesign Giugiaro S.p.A.
- VOLKSWAGEN GROUP ITALIA S.P.A.

Subsidiaries that are not included in the risk consolidation group are included in the Risk Management System of the Audi Group on the basis of Group-wide minimum requirements for the Risk Management System and Internal Control System. This is subject to a majority interest or management responsibility being held.

/// RISK IDENTIFICATION, ASSESSMENT AND DOCUMENTATION

The individual risks reported by the risk managers in the respective divisions, departments and subsidiaries are recorded and evaluated in the GRC process using a specially developed IT system. Risks are evaluated in accordance with the Volkswagen Group's standard system. Multiplication of the probability of occurrence and potential impact criteria yields the individual risk score. The probability of occurrence is determined by the risk manager based on ranges and thus operationalized. The second criterion of impact is broken down into various subcategories. This allows additional criteria such as the strategic relevance of the risk to be considered as well as material and non-material evaluation aspects.

Calculation of risk score



We fundamentally adopt a net perspective, in other words the probability of occurrence and potential impact 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 by the central GRC organization 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, REPORTING, SUBSEQUENT ACTIONS

To comply with the requirements under commercial law, by way of an operational check the departments or external assessors seek proof of concept for the main risks and also where corrective action and management checks substantially reduce the risk. If their effectiveness is deemed inadequate, the department must ensure that improvements are made as a subsequent action. Central Risk Management monitors implementation. Reports on the Risk Management System and Internal Control System as well as on the further development of risk management are submitted both regularly and on an ad hoc basis to the Board of Management and to the Audit Committee of the Supervisory Board. The regularity and effectiveness of selected elements are also monitored by Internal Audit and by external auditors in their capacity as impartial bodies.

// ONGOING EXAMINATION AND REFINEMENT

Significant changes in the risk situation that may occur at short notice due to unexpected external events, for example, are dealt with by a separate process in the Audi Group. 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 reports. 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.

Because of the diesel issue within the Volkswagen Group, since September 2015 additional analyses have been carried out in partnership with the risk compliance coordinators and members of the task force set up by the Company to investigate the diesel issue. The risk and compliance officers of AUDI AG subsidiaries were also involved. The updated risk situation was presented to the Board of Management and the Audit Committee of the Supervisory Board.

The Risk Management System and Internal Control System is constantly optimized and refined within our continuous monitoring and improvement processes. In light of the diesel issue, internal processes and areas of responsibility, especially regarding control and approval steps, are being systematically analyzed and optimized.

/ RISKS AND OPPORTUNITIES OF THE AUDI GROUP

The ten most significant risks which, based on our current assessment, we consider to be material to the future development of the Audi Group are listed below. The opportunities stated are determined analytically. They are operationalized when an opportunity becomes sufficiently specific. The following presentation of our risks and opportunities uses appropriate categories for the sake of clarity. In addition, we indicate latent risks and opportunities for the Audi Group.
The risks within each category are presented in descending order of significance and are explained within the context of the overall assessment of the risks and opportunities situation. We indicate below the risks and opportunities that could lead to a negative or positive departure from our forecast for the key performance indicators.

Compared with the previous year, at the time of reporting there are additional risks to the Audi Group from the diesel issue. The impact on the risk situation of the Audi Group is not presented collectively, but assigned separately to the individual risk categories and described there.

// ECONOMIC RISKS

The economic environment is of major importance to the economic success of the Audi Group. The sales markets in Europe, as well as the U.S. and Chinese sales markets, are of particular interest in our case. The business cycle in the individual regions and countries may exhibit significant differences and high fluctuations that impact deliveries, 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. In China, the cooling-down of the economy, the car market's declining rate of growth and the gradual intensification of competition compared with the previous year present increased risks to the attainment of our delivery targets. Changes in political decisions and in the underlying situation can also have an effect. The position with regard to economic risks has changed compared with the previous year in particular as a result of the diesel issue. There could therefore be volume risks in individual markets from voluntary or mandatory sales restrictions, prolonged type approval processes or a lack of customer trust. This risk is to be counteracted through preventive customer loyalty programs as well as close, constructive cooperation with the authorities.
For risk management, we fundamentally employ comprehensive risk early warning systems with which we continuously monitor sales markets, analyze customer preferences and further define these in regular dialogue with our counterparts in the sales regions. We seek to secure the competitiveness and long-term commercial success of the Audi Group through the strong brand, an attractive product portfolio and steady focus on premium quality. We respond to short-term developments with market-specific measures and management tools. Consistently needs-based production planning helps us to respond flexibly to fluctuations in demand. Important tools available to 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.

Other latent economic risks stem from external developments that we are unable to influence and interruptions to our supply chain.
Occurrences such as political intervention in the economy, social conflicts, terrorist attacks, pandemics and natural disasters may present additional risks that could affect economic activity, the international financial and capital markets and therefore also our business activities.
Furthermore, disruptions to the supplier network and its environment may lead to temporary supply bottlenecks. Their causes may include natural disasters, political unrest and strikes, but also economic crises, as well as quality problems and disruptions to production processes at suppliers and their own suppliers. The Audi Group manages this risk by practicing preventive and reactive risk management within Procurement as well as continually analyzing the wider situation. In addition, contracts are awarded to suppliers on the basis of a risk assessment and such decisions are put through rigidly defined processes.
We also employ comprehensive scenario and future analyses, emergency plans and appropriate insurance cover to minimize risks. The Audi Group continues to develop its crisis organization to reinforce Group-wide crisis management. In light of the diesel issue, for example, we promptly extended existing committees into a task force and significantly stepped up the frequency of reports to the Board of Management and Supervisory Board.

// ECONOMIC OPPORTUNITIES

By updating and expanding our product portfolio, further market potential can arise in both established and rapidly growing markets. To realize these opportunities, we are steadily increasing our market presence especially in the growth markets. The continuing internationalization of our production network is boosting worldwide awareness of our brand and giving us the flexibility to meet specific customer requirements. Economic developments and customer requirements are also continually monitored worldwide in order to seize opportunities afforded by innovative solutions and new technologies at an early stage.

// INDUSTRY RISKS

Meeting sustainability requirements is a major driver of the political and social agenda. Resulting laws, regulations and shifts in social values influence our industry. A prolonged failure to address market-determining sustainability and responsibility aspects in products and processes would therefore lead to significant competitive disadvantages and image losses, and as such represents a risk.
The diesel issue means sustainability risks have come even more sharply into focus compared with the previous year.
The objectives agreed with the Board of Management are anchored in the overall strategy and are managed both brand-wide and Group-wide through central functions, committees and work groups. In addition, target attainment is monitored in terms of economic, ecological and social responsibility. Furthermore, in the Corporate Responsibility Report, we render our sustainability goals and activities transparent for our stakeholders. The findings from sustainability assessments and stakeholder dialogues for gauging current and future expectations are integrated into our sustainability strategy. At its own request, in fall 2015 Audi suspended its membership in the United Nations “Global Compact” in the wake of the diesel issue. Audi will reactivate its membership once the diesel issue has been resolved.

Statutory CO_2 limits in particular have a direct impact for the Audi Group on the development, manufacturing and sale of vehicles. Above all, we are pressing ahead with reducing fuel consumption and vehicle emissions in order to honor our responsibility to meet CO_2 requirements. We also take the expectations of our stakeholders into account. We manage change in the field of drive technology through our product and powertrain strategy. For conventional combustion engines, we back efficient, progressive vehicle concepts and use various technologies from the modular efficiency platform. The risk of non-fulfillment of CO_2 fleet targets has been reduced compared with the previous year thanks to our more widespread electrification strategy.

A shift in the mix of gasoline and diesel engines as a result of the diesel issue could however cause us to fall short of CO_2 targets. In addition, development costs could increase due to the need to meet technical requirements resulting from tougher external regulations. The Audi Group continues to regard diesel technology as an important component in achieving the CO_2 targets and backs innovative engine technologies as a means of ensuring high levels of customer acceptance.
We are also giving high priority to the advanced development of alternative drive systems based on electric, hybrid, fuel cell and CNG technologies, and will be bringing several such models onto the market over the coming years. As well as the Audi A3 e-tron already successfully introduced into the markets, we expect the Audi Q7 e-tron in particular to provide a positive impetus. We will offer our customers further models with hybrid and electric technology by the start of 2019. We intend to make sure we achieve our objectives by defining and pursuing CO_2 targets for our vehicle fleet and regularly updating electrification roadmaps.

Furthermore, the development of the industry worldwide is characterized by a latent risk from intense competition that manifests itself through price positioning or the increased use of sales incentives. This could also lead to a financial risk to the development of residual values in the used car business. Our brand strength and attractive product range, along with our active monitoring and management of the market, counter this risk.

// INDUSTRY OPPORTUNITIES

We are translating the megatrends of digitalization and connectivity into viable business models. Audi connect already provides us with an established platform that we are steadily building on. As the interface between customer, dealer, vehicle and environment, we are constantly adjusting our products and services in line with customer requirements. The innovative assistance systems already optionally available in our vehicles are being steadily refined in order to realize further 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. The participation in HERE, a provider of cloud-based real-time maps and mobility services, provides new opportunities for advancing assistance systems and mobility services. Furthermore, we have identified potential in the area of mobility and fleet services. In implementing these innovative topics in the technology and service domains, for example under the banner of Audi mobility, we want to continue to meet the sustainability, efficiency and connectivity expectations of our customers worldwide.

// RISKS FROM OPERATING ACTIVITIES

It is a characteristic feature of the automotive industry that it involves high upfront expenditures for future products in the form of development costs and capital investments. Yet the payback period generally stretches over a product life cycle spanning several years. This fundamentally harbors the risk of deviations from project goals during the product development and product creation process. The risk of planned product characteristics failing to meet objectives laid down in the technical specifications should also be mentioned here. Changed planning assumptions, deadline overruns and quality shortcomings could thus have corresponding consequences for financial targets. Our growing product range and therefore increasing complexity also add to this risk. In addition, unscheduled developments in the market could influence product decisions, for example product definition and product positioning, leading to changes in the development process.
To counter these risks, the Audi Group follows a systematic product development and product creation process. It involves a wide range of management and control instruments at certain milestones to validate both a project's 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 corresponding escalation processes, hold financial and technical project risks in check.
It is not possible to fully guarantee the future market success of new vehicle projects, technologies or services despite extensive market studies and thorough project planning and management. The main profit and cost drivers in the product development and product creation process are managed and monitored by our Controlling area and as a project management task. The ratios applied are for project-based cost and profit management, and for corporate financial management.
In the wake of the diesel issue, the Audi Group is scrutinizing the product development and product creation process in particular and optimizing the Internal Control System above all in the area of powertrain type approval. In addition, future emission tests are also to be conducted externally and independently.

There are further risks from operating activities if grants already budgeted are not released in the amount originally planned due to regulatory changes, potentially leading to financial expenditure. We address this risk by regularly monitoring the legal framework and keeping detailed documentation on the applications submitted. Based on new findings after the balance sheet date, this risk should decline markedly.

Furthermore, additional risks can result from quality problems. These may necessitate technical measures which involve a considerable financial burden if there is no, or only limited, scope for passing on costs to suppliers.

There are latent operating risks in the form of unforeseeable events giving rise to losses, such as explosions or major fires. These can both result in considerable damage to the Company's assets and cause 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 harbor considerable potential impact, 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. Adequate insurance coverage serves to reduce the financial risk. The high flexibility of the worldwide production network of the Audi Group, which makes it possible to move production capacity to other locations, also reduces the risk.

// OPPORTUNITIES FROM OPERATING ACTIVITIES

Further progress has been made in recent years with the internationalization of the Audi production network. Opportunities exist in the scope for local sourcing, leading to more reliable supplies and an improved costs structure for parts and logistics. There could also be positive effects from increased natural hedging. 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.

Closer cooperation between manufacturer and dealers could produce further opportunities for the Audi Group. For example, the further expansion of innovative communication media and retail platforms such as "Audi City" pave the way for even more intensive contact with customers. We aim to establish "Audi City" as the technological basis for equipping dealers in the field with digital technologies such as the virtual reality headset. As well as providing a high-class customer experience, we believe this channel offers extra potential for the manufacturer and dealers to improve profit and costs.
Contact with customers is being intensified as a result of the diesel issue. This can have positive effects on customer retention. Furthermore, changes in and improvements to corporate processes that are already under way could be accelerated, for example in the domain of product creation.

// LEGAL RISKS

Because it has to deal with a large number of country-specific legal systems and standards, the Audi Group is confronted with an increasingly complex regulatory framework. It needs to comply with and meet technical, fiscal and customs regulations. The tightening of safety-relevant standards and accreditation systems in particular should be described as a risk. 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. We address the risk by continuously monitoring the legal framework and by adopting suitably designed processes and control systems. These processes and control systems are continually refined and are supported by specific IT systems.

In addition, there are fundamentally latent risks associated with legislative changes, which could also give rise to differences in interpretation. There could be unforeseen legal disputes in such areas as competition law, product liability and patents in particular. Adequately funded provisions reflect the current situation in accordance with international and national accounting standards.
We back up our decisions and actions in all legal areas with the expertise of the Audi 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 our corporate bodies, managers and employees must comply with the current legal framework and with internal corporate guidelines. Thanks to the preventive action of the Audi Group's compliance organization, we are able to sensitize our employees using a wide range of internal communication and information measures. Advisory programs on how to handle compliance topics are extensively offered and being expanded. We take organizational steps to ensure that all actions are in accordance with the law, even if misconduct by individuals cannot be ruled out altogether.

As a result of the diesel issue, the Audi Group is also involved in several legal proceedings that concern both the affected four-cylinder TDI engines and the type V6 3.0 TDI engines. In connection with the affected four-cylinder TDI engines in question, civil class actions, various other legal proceedings and criminal investigations have been launched against several companies of the Volkswagen Group, including Audi Group companies. On the basis of existing agreements with Volkswagen AG with respect to the affected four-cylinder TDI engines, the Audi Group bears no direct economic risk from these proceedings. We therefore comment exclusively on proceedings concerning the affected V6 3.0 TDI vehicles in the following.
On November 2, 2015, EPA informed the public in the form of a "Notice of Violation" that irregularities in nitrogen oxide (NOx) emissions had been detected on certain vehicles with diesel engines of type V6 3.0 TDI. Also on November 2, 2015, and in a supplement on November 25, 2015, CARB issued letters stating that engine management software was installed in certain vehicles with type V6 3.0 TDI diesel engines developed by the Audi Group, which circumvented NOx emissions standards under test conditions in order to comply with homologation requirements. It declared that the software contained so-called auxiliary emission control devices (AECDs) that were not adequately described in the application process for U.S. type approval.
These allegations relate to approximately 113,000 vehicles of model years 2009 through 2016 of the Audi, Volkswagen Passenger Cars and Porsche brands in the United States and Canada.
The V6 3.0 TDI engines are also included in legal proceedings concerning the four-cylinder TDI engines affected, including:

- Class action and individual lawsuits in the USA and Canada
- Civil and administrative investigations by the EPA/CARB and U.S. Department of Justice (DOJ)/Environment Canada, including the civil complaint filed by the DOJ, on behalf of the EPA, on January 4, 2016
- Criminal investigations
- Investigations and litigations by the attorney generals of various U.S. states
- Other government investigations and inquiries

We believe that appropriate protection against risks was taken in the form of provisions.
Audi is engaged in cooperative discussions with the authorities in the United States and continues to work intensively on the coordination of corrective measures. Furthermore, Jones Day, the international law firm appointed by Volkswagen AG, overseen by the Supervisory Board of Volkswagen AG and assisted by the auditing firm Deloitte is conducting an independent investigation concerning the diesel issue at Volkswagen and Audi. At the time of compilation of the Management Report and the preparation of the Annual Financial Statements/Consolidated Financial Statements, the Supervisory Board and Board of Management have received a verbal initial status report on the investigation at Audi regarding the V6 3.0 TDI engine issue. Further risks could subsequently arise for the Audi Group as a result of the ongoing investigations, the pending proceedings and the discussions still in progress with the U.S. authorities.

// PERSONNEL RISKS

Against the backdrop of our global value chain and the demographic change, we are exposed to the latent risk of a shortage of specialists. As part of our human resources work, we therefore ensure clearly focused, needs-based human resources development and workforce training. As well as providing traditional qualification in automotive manufacturing, we are increasingly creating and developing expertise in forward-looking subject areas such as digitalization.
Furthermore, we face a fundamental risk of strikes. We seek to reduce this risk by maintaining a regular dialogue with the employees' elected representatives and by providing attractive working conditions in the Company.

// PERSONNEL OPPORTUNITIES

The Audi Group is already one of the most attractive employers worldwide, as confirmed by many national and international awards. 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. However, the growing professionalization of white-collar crime poses an increased threat to IT security. This could lead to unauthorized access to and manipulation of data, as well as to sabotage in our Company, thus limiting business operations. We address this risk through the continuing refinement of our IT security setup. The key approaches include Group-wide security standards and regular simulations of extreme situations. In addition, risk analyses, security audits and optimization projects have the goal of sustainably ensuring the continuity and security of internal processes. New IT systems are subjected to increased stress testing both before their adoption and also while in use.

// INFORMATION AND IT OPPORTUNITIES

Alongside innovativeness, efficient, IT-based processes are key success factors for the Audi Group. The continuing digitalization of the relationship between customer, dealer and manufacturer offers an array of opportunities to improve our products and services, and to develop innovations. In the domain of connectivity, for example, there are additional business opportunities, including 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. However, the limiting factors are currently data protection regulations and the readiness of our customers and business partners to place their data at our disposal.

// FINANCIAL RISKS

Financial risks for the Audi Group may arise from changes in interest rates, exchange rates, commodity prices and movements in stock and bond markets. The management of financial and liquidity risks is organizationally the responsibility of the Treasury area, which uses original and derivative financial instruments to minimize these risks. The current risk situation and the hedging strategies necessitated by it are agreed regularly with the full Board of Management and actioned by Volkswagen Group Treasury.

As a globally active company, the Audi Group is fundamentally exposed to exchange rate risks and opportunities. Exchange rate fluctuations can influence the payment streams and assets of the Audi Group. These risks are minimized by natural hedging and by the use of original and derivative financial instruments. Natural hedging is achieved, for example, through local production in important sales regions and through the global sourcing of components. We limit the residual exchange rate risk by means of foreign currency hedging transactions with matching currencies and maturities, in the form of both forward transactions and options contracts. The goal of this cover is to hedge planned payment streams in particular from investment, production and sales planning. This approach then also improves short, medium and long-term planning certainty. In terms of methodology, we use cash-flow-at-risk models as the decision-making basis for our currency management. Risks exist predominantly in the following currencies: the U.S. dollar, the Chinese renminbi, the pound sterling, the Korean won and the Japanese yen. The Audi Group employs an established control process to manage these risks. Currency risks have increased compared with the previous year. The derivatives used by the Audi Group, provided the conditions are met, are fundamentally also reflected in the accounts as hedging relationships.
As a result of the diesel issue, increased volatility in future financial streams could impact the hedging result. In addition, a deterioration in the rating of Volkswagen Group companies could have an adverse effect on the costs of hedging transactions for the Audi Group.

The most important financial goal is to ensure the solvency and financing of the Audi Group at all times. At the same time, we seek to achieve a suitable return on the investment of surplus liquidity. Liquidity risks could arise particularly if there are substantial deviations from plan, for example in the event of short-term negative economic developments. These could lead to increased costs of capital or hinder access to financing for capital investments. This latent risk is countered through a multi-stage liquidity planning process, the involvement of decision-making committees and daily cash disposition. The main companies of the Audi Group are included in the cash pooling of the Volkswagen Group. This arrangement makes intra-Group and external transactions efficient and also reduces transaction costs.
The risks from the diesel issue and the associated need for financing could have an effect on liquidity.

There exists a further latent risk in the price development of commodities, which can lead to considerable additional financial outlay. We tackle this risk by concluding long-term agreements and hedging transactions involving derivative financial instruments. We also make use of synergies with the Volkswagen Group. The goal is to ensure price stability in our product costings.

Counterparty risks fundamentally occur if a contracting partner is no longer able to meet its contractual payment or delivery obligation. This can have considerable financial consequences. These credit risks are managed centrally by Volkswagen Group Treasury. A diversification strategy is applied and contracting partners are evaluated using creditworthiness criteria to counter the latent risk of losses or defaults.

Through cooperation with Volkswagen Financial Services AG, Braunschweig, the Audi Group enables its customers to make use of borrowing and leasing arrangements. In connection with the refinancing of leasing agreements, deterioration in the cost of capital could lead to financial risks or sales risks for the Audi Group.

*Further information on the hedging policy and risk management in the area of financial risks is provided in the Notes under item 36 **"Management of financial risks"** on pages 267 ff.*

*Further information on the principles and goals of financial management of the Audi Group can be found under **"Financial performance indicators"** on pages 165 ff.*

// FINANCIAL OPPORTUNITIES

Increasing growth in economic output in our main export markets may prompt further appreciation of a country's national currency and have a correspondingly beneficial impact on the Audi Group. Furthermore, falling commodity prices may represent a major opportunity for the Audi Group. In addition, rising interest rates may have a positive effect on returns from the investment of surplus liquidity.

/ MOTORCYCLES SEGMENT

As well as the most significant and latent risks and opportunities for the Audi Group, there are segment-specific risks and opportunities for the Motorcycles segment. The significance of these risks is also reflected in the order in which they are presented here.

// RISKS FOR MOTORCYCLES SEGMENT

The Ducati Group enjoys worldwide renown 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 the changing requirements of customers and stakeholders (with regard to sustainability, for example). Ducati addresses this risk by continuously optimizing its structures and processes, and providing regular training for its employees.

Bologna (Italy) is where the Ducati Group has its main production facility for motorcycles. The main warehouse is also located there. The Ducati Group therefore needs the Bologna facility to be functioning and operational at all times. 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. Fire prevention measures and safety plans as well as insurance cover constitute risk-minimizing measures; these are regularly reviewed and developed.

There is also a fundamental risk that measures will need to be carried out on Ducati motorcycles retroactively in the field. This could have a negative effect on image and sales figures. Comprehensive quality management along with ongoing monitoring in the field and customer surveys are used as countermeasures.

The Ducati Group is exposed to natural fluctuations in the market and is in competition with a large number of motorcycle manufacturers. Particularly in traditional markets such as the United States and Europe, it is highly challenging to remain competitive when there is the risk of lasting market saturation. To shore up its planned market shares, Ducati revises its attractive product portfolio annually. In addition, Ducati regularly analyzes opportunities for growth in new markets.

Motorcycle quality and design are the key premium expectations of Ducati customers. The risks of non-conformity within product development and quality assurance processes are addressed through a wide array of measures. These include a specific product development process with regular quality and approval milestones. This approach tackles the risk of possible field campaigns, image loss, additional costs and compensation claims or penalties.

The 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 and endeavors to preempt any risk of a shortage of experts. In addition, the company actively addresses this risk by using 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.

// OPPORTUNITIES FOR MOTORCYCLES SEGMENT

New market opportunities could be created for Ducati by adding yet more attractive models to an expanded product range and by entering new customer segments, for example. In addition, Ducati could unlock extra potential through innovative business areas, for instance related to customer racing activities. The entry into new markets, which includes the establishment of dealer functions, and the expansion of local manufacturing operations in Asia are generating additional opportunities.

The expertise and experience of the Audi Group can help with the quick and efficient implementation of the Ducati brand's internationalization measures. In addition, the Audi Group offers the Ducati brand further synergy potential in operational 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 constitutes a systematic approach that fundamentally ensures transparency and effective management of risks.
The Audi Group is characterized by an attractive product range, a strong brand image, 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. Our Company's clear financial strength and the sound profit ratios of the Audi Group confirm this. We thus secure the necessary scope for investment – 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 risk stems from the product development and product creation process. Other significant risks include the failure to meet technical targets laid down in the specifications, meeting sustainability requirements and certification.

Compared with the previous year, at the time of reporting the Audi Group faces additional risks from the diesel issue, which when aggregated represent one of the most significant risks; attention is currently focused on managing these. The diesel issue is indirectly included in the risks from product creation, from the failure to meet technical targets, from sustainability aspects and from meeting CO_2 regulations.

Principal opportunities are offered by the renewal and broadening of the product portfolio as well as the expansion of our international market presence, especially in growth markets. Furthermore, the continuing internationalization of the production network creates further opportunities for us to capitalize on local sourcing, for example. Our expertise in the subject areas of digitalization and connectivity as well as its application in the form of viable business models can be listed as further principal opportunities. Audi plays an important role within the Volkswagen Group and is at the same time able to exploit 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 in Research and Development.

The overall risk within the Audi Group has risen compared with the previous year, against the backdrop of the diesel issue. On the basis of the information currently known to us, there are no risks that could pose a threat to material 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, 2015.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

/ GERMAN CORPORATE GOVERNANCE CODE IN 2015

On June 12, 2015, the Federal Ministry of Justice announced a new version of the German Corporate Governance Code dated May 5, 2015, in the official section of the Bundesanzeiger (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 Board of Management and Supervisory Board of AUDI AG hereby declare that AUDI AG has complied with the recommendations of the "Government Commission on the German Corporate Governance Code" as amended on June 24, 2014, published by the Federal Justice Ministry in the official part of the Bundesanzeiger (Federal Gazette) during the period since the last compliance statement issued on November 27, 2014, and up until the entry into force on June 12, 2015, of the Code as amended on May 5, 2015, with the following exceptions:

- 4.2.3, para. 2, sentence 6 (caps for the overall compensation of members of the Board of Management and for the variable compensation components);
- 5.1.2, para. 2, sentence 3, 5.4.1, para. 2, sentence 1 (age limit for members of the Board of Management and of the Supervisory Board);
- 5.3.2, sentence 3 (independence of the Audit Committee Chairman);
- 5.3.3 (nominating committee);
- 5.4.1, para. 4 through 6 (disclosures in making election recommendations);
- 5.4.2, sentence 3 (Not more than two former members of the Board of Management shall be members of the Supervisory Board) until April 25, 2015;
- 5.4.6, para. 2, sentence 2 (performance-related compensation of the Supervisory Board).

In reference to the recommendation formulated in number 4.2.3, para. 2, sentence 6 of the German Corporate Governance Code, the Supervisory Board believes that caps for the overall compensation of the members of the Board of Management and for the variable compensation components are generally useful and will develop and implement such caps. Until then, an exception is declared.

The Board of Management and the Supervisory Board feel that an age limit is not appropriate. The ability to successfully manage a company, or to supervise the Board of Management or the Supervisory Board in their management activities as required is not lost upon reaching a certain age.

According to recommendation no. 5.3.2, sentence 3, the Chairman of the Audit Committee shall, among other things, be "independent." The Audit Committee Chairman's membership in the Board of Management of Volkswagen AG and of Porsche Automobil Holding SE may be indicative of a lack of independence as defined in the recommendations. In the view of the Board of Management and of the Supervisory Board, these activities neither give rise to a conflict of interest, nor do they have an adverse effect on the work of the Chairman of the Audit Committee. As the notion of independence is not clearly defined in the Code, we are declaring this exception merely as a precaution.

A nominating committee would, in the view of the Supervisory Board, only increase the number of committees without, however, leading to a noticeable improvement in the work of the Board.

Regarding the recommendation set forth in no. 5.4.1, para. 4 through 6, on the disclosure of certain circumstances when the Supervisory Board makes election recommendations to the General Meeting, the requirements in the Code are vague and not clearly defined. An exception is therefore declared merely as a precaution, while the Supervisory Board will endeavor to fulfill the recommendation of the Code.

In number 5.4.2, sentence 3, the Code recommends that no more than two former members of the Board of Management shall be members of the Supervisory Board. The Board of Management and the Supervisory Board believe that, given the current majorities in the Supervisory Board, having a larger number of former members of the Board of Management on the Supervisory Board would not result in the Board of Management being improperly advised or supervised by the Supervisory Board. Moreover, restricting access of former members of the Board of Management to the Supervisory Board purely based on numbers could lead to a loss of valuable expertise. For those reasons, an exception is being declared. Nonetheless, the Supervisory Board, in making election recommendations, will always be vigilant to ensure that the number of former members of the Board of Management in the Supervisory Board does not have any adverse effect on the independent advice to and supervision of the Board of Management.

The Board of Management and the Supervisory Board believe that the current remuneration arrangements for Supervisory Board members set forth in Section 16 of the Articles of Incorporation and Bylaws of AUDI AG provide for a performance-related component that is also oriented toward sustainable growth of the company. In view of the vagueness of the recommendation in number 5.4.6, para. 2, sentence 2 of the Code, and considering that the scope of a performance-related compensation component aimed at a sustainable growth of the enterprise has not yet been clarified, the Board of Management and the Supervisory Board declare this exception merely as a precaution.

AUDI AG has complied with the recommendations of the "Government Commission on the German Corporate Governance Code" as amended on May 5, 2015, and published by the Federal Justice Ministry in the official part of the Bundesanzeiger (Federal Gazette) on June 12, 2015, during the period since the entry into force of the amended Code on June 12, 2015, with the following exceptions:

- 4.2.3, para. 2, sentence 6 (caps for the overall compensation of members of the Board of Management and for the variable compensation components);
- 5.1.2, para. 2, sentence 3, 5.4.1, para. 2, sentence 1 (age limit for members of the Board of Management and of the Supervisory Board, and regular limit in the length of time a person can serve on the Supervisory Board);
- 5.3.2, sentence 3 (independence of the Audit Committee Chairman);
- 5.3.3 (nominating committee);
- 5.4.1, para. 5 (disclosures in making election recommendations);
- 5.4.6, para. 2, sentence 2 (performance-related compensation of the Supervisory Board).

The reasons for the declared exceptions have already been explained above. The exception from the recommendation to limit the length of time a person can serve on the Supervisory Board is declared for the first time. The ability to supervise the Board of Management or the Supervisory Board in their management activities as required is not lost upon reaching a certain length of service.

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 December 3, 2015.

/ GOALS FOR THE COMPOSITION OF THE SUPERVISORY BOARD

Taking into account the specific situation of the Company, our international activities and potential conflicts of interest, the goal of the Supervisory Board uses the following two points of reference with regard to its composition: Two seats on the Supervisory Board are to be filled by persons who fulfill the criteria of internationality to a particular extent. In addition, one shareholder seat on the Supervisory Board is to be filled by a person who is independent and has no business or personal ties with AUDI AG or its Board of Management and performs no advisory or executive functions at customers, suppliers, lenders or other business partners of the Audi Group.

FURTHER DEVELOPMENT OF CORPORATE GOVERNANCE

The Audi Group is continuously developing the principles for the management and monitoring of the Company. For example, in the first half of 2015 we introduced a new set of leadership principles with the in-depth involvement of the Board of Management, managers and employees. The challenges of digitalization and electrification require our Company to set aside appropriate financial and human resources. We create the necessary leeway for these important future topics through various efficiency initiatives in particular. With the corporate program Audi ultra, we are creating a framework for topics such as the conservation of resources, sustainability in the value chain and social involvement in the interests of our internal and external stakeholders. We are also making swift progress with the strategic and organizational development of our Company. From an organizational viewpoint, for example, we are making the product creation process even more efficient by increasing model-series responsibility.
Integrity and transparency are important elements of our value system. We address the threat of irregularities and misconduct by continuously optimizing the reporting and control systems in sensitive areas of the Company.

CORPORATE MANAGEMENT DECLARATION

The corporate management declaration pursuant to Section 289a of the German Commercial Code (HGB) contains both the Declaration of Conformity by the Board of Management and Supervisory Board pursuant to Section 161 of the German Stock Corporation Act (AktG) and disclosures on corporate governance practices. The methods and practices of the Board of Management and Supervisory Board as well as the committees established and gender quotas are also described. The corporate management declaration is permanently available on the Internet at www.audi.com/corporate-management.

COMPLIANCE

The aim of compliance is to ensure that members of the Audi Group operate within the rules. A preventive compliance approach is adopted with the aim of eliminating in advance any opportunities to breach the rules. 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. He is supported in this function by the 26 compliance officers of the 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 2015. The annual compliance program is an essential tool for the creation of a uniform starting point for all compliance activities throughout the Audi Group.

For the purposes of further increasing employee awareness of compliance issues, a new communication campaign was launched in the period under review. The campaign revolves around the values of team spirit, responsibility, respect, trust, honesty and fairness.

Training represents 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. The new training platform "Audi Qualifizierung" offers face-to-face courses covering the topics of anti-corruption, antitrust law, money laundering prevention and outsourcing. The new web based training on anti-corruption was also launched in 2015.

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 misconduct. 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.

In the light of recent developments, particular focus is being placed on the structures, processes and distribution of responsibilities in Technical Development.

RISK MANAGEMENT

It is the goal of the Audi Group to manage the Company in a value-oriented and forward-looking way in the interests of our stakeholders, and to adopt a responsible approach to risks. The early identification, evaluation and effective management of risks and opportunities from operating activities are priorities. The Group-wide Risk Management System and Internal Control System (RMS/ICS) serves 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 fundamentally 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, this system enables the Audi Group to manage the key risks that it faces from a holistic perspective, taking account of both material and non-material criteria. An internal Board Directive lays down the rules and standards to be observed in this respect, thus ensuring a uniform approach to the identification and evaluation of risks. Target groups are kept abreast of the content and methodology of the Risk Management System through training courses, fact-finding events or internal communication media such as the Audi intranet. Opportunity management is also 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 RMS/ICS on the "Three Lines of Defense" model. This architectural framework is recommended by the European Confederation of Institutes of Internal Auditing (ECIIA). 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 – represent the first line of defense. 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. The risk officers are also required to report any material risks that arise as a result of unexpected external influences without delay in ad hoc announcements.

In addition to ongoing operational risk management, the central GRC organization, as the second line of defense, safeguards the fundamental functioning of the Risk Management System and Internal Control System. Its principal activities include carrying out an annually standardized survey in the divisions and principal subsidiaries around the world. The results of this survey form 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. The central GRC organization additionally keeps the Audit Committee of the Supervisory Board comprehensively informed about the RMS/ICS. 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.

In response to the diesel issue, the Board of Management has commissioned additions to the risk management process in the Audi Group. These include for instance deeper risk analyses with an increase in the reports submitted to the Board of Management on current risks topics. Furthermore, the risk culture is to be refined through such measures as additional training and counseling options. The powertrain type approval process has also been reviewed from a risk and control perspective. This approach is being gradually broadened to include other risk areas.

*Detailed explanations 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"** on pages 189 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. It is available for public consultation at any time on our website at www.audi.com/financialcalendar.

We publish the invitation to and the agenda for the Annual General Meeting, as well as any countermotions received, at www.audi.com/annualgeneralmeeting. We publish supplementary information for our shareholders at www.audi.com/investor-relations. 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 issuing and canceling powers of attorney or for making changes to instructions at www.audi.com/annualgeneralmeeting. On this page, registered shareholders may also view the live broadcast of the Annual General Meeting up to the end of the general discussion.

Under Section 15 of the German Securities Trading Act (WpHG), all domestic issuers of financial instruments are obliged 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 announcements" section, under the menu item "Ad hoc announcements." "News and ad hoc" also contains further news and information about the Audi Group, 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 comparison. 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 2015 fiscal year amounts to EUR 20,079 (24,908) thousand, of which EUR 4,691 (4,939) thousand relate to fixed remuneration components and EUR 15,388 (19,969) thousand to variable components.

/// FIXED REMUNERATION

The fixed remuneration for members of the Board of Management of AUDI AG totaled EUR 4,691 (4,939) 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 2015 fiscal year totaled EUR 15,388 (19,969) 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 10,293 (14,452) thousand, with the LTI reaching EUR 5,095 (5,517) 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. The targets are as follows:

- 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.
The growth index is calculated from the indicators "deliveries to customers" and "market share."
The return index is determined from the development in the return on sales and the dividend per ordinary share.
The calculated indices for customer satisfaction, employees and the sales situation are added together and the total is then multiplied by the return index. This method ensures that the LTI is only paid out if the Volkswagen Group as a whole has been financially successful. If the return on sales does not exceed a threshold of 1.5 percent, the return index will equal zero. Consequently, the overall index for the fiscal year in question will then also be zero.

// 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 agreed benefits are paid out 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, 2015, provisions for pensions pursuant to IAS 19 for current members of the Board of Management totaled EUR 26,684 (33,882) thousand. Allocations to the provisions including transfers totaled EUR 1,430 (16,287) thousand. The measurement of pension obligations also includes other benefits such as surviving dependents' pensions. Measured in accordance with the rules under German commercial law, pension obligations totaled EUR 19,658 (20,723) thousand, with EUR 5,192 (7,000) thousand, including transfers, having been allocated. 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 (BetrAVG) does not lead to a higher increase.
Former members of the Board of Management and their surviving dependents received EUR 9,409 (8,017) thousand during the reporting period. This included payments resulting from termination of office of EUR 6,877 (6,003) thousand, with regard to which there remained obligations totaling EUR 7,421 (5,345) thousand as of the balance sheet date. As at December 31, 2015, pension obligations for the above group of individuals, calculated pursuant to IAS 19, totaled EUR 67,276 (67,868) thousand. The equivalent figure calculated in accordance with the rules under German commercial law was EUR 57,404 (49,881) 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 member of the Board of Management 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. Pursuant to Section 314, Para. 1, No. 6a) of the German Commercial Code (HGB), these amount to EUR 202 (1,417) thousand. The remuneration comprises EUR 202 (208) thousand in fixed and EUR – (1,209) thousand in variable components. The level of the variable remuneration components is based on the compensatory payment made for the 2015 fiscal year in accordance with the applicable provision in the Articles of Incorporation and Bylaws. The compensatory payment was not yet known at the time the Annual Financial Statements were concluded.

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 2016 fiscal year pursuant to Section 16 of the Articles of Incorporation and Bylaws.

Expenses for remuneration of the Supervisory Board

EUR	Fixed	Variable [1]	Total 2015	
Matthias Müller (since November 30, 2015)	–	–	–	Chairman [2] Shareholder representative
Prof. Dr. Dr. h. c. mult. Martin Winterkorn (resigned with effect from November 6, 2015)	–	–	–	Chairman [2] Shareholder representative
Berthold Huber [3]	20,500	–	20,500	Vice Chairman [2] Employee representative
Mag. Josef Ahorner (since November 30, 2015)	1,275	–	1,275	Shareholder representative
Senator h. c. Helmut Aurenz	11,000	–	11,000	Shareholder representative
Dr. rer. pol. h. c. Francisco Javier Garcia Sanz	–	–	–	Shareholder representative
Johann Horn [3]	11,500	–	11,500	Employee representative
Rolf Klotz [3]	11,500	–	11,500	Employee representative
Peter Kössler	11,500	–	11,500	Employee representative
Mag. Julia Kuhn-Piëch (since November 30, 2015)	1,275	–	1,275	Shareholder representative
Peter Mosch [3]	16,000	–	16,000	Employee representative [2]
Prof. h. c. Dr. rer. pol. Horst Neumann (resigned with effect from December 4, 2015)	–	–	–	Shareholder representative
Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch (resigned with effect from April 25, 2015)	4,813	–	4,813	Shareholder representative [2]
Dr. jur. Hans Michel Piëch	11,500	–	11,500	Shareholder representative
Ursula Piëch (resigned with effect from April 25, 2015)	3,375	–	3,375	Shareholder representative
Dipl.-Wirtsch.-Ing. Hans Dieter Pötsch	5,200	–	5,200	Shareholder representative [4]
Dr. jur. Ferdinand Oliver Porsche	15,500	–	15,500	Shareholder representative [5]
Dr. rer. comm. Wolfgang Porsche	11,500	–	11,500	Shareholder representative
Norbert Rank [3]	16,000	–	16,000	Employee representative [6]
Jörg Schlagbauer [3]	16,000	–	16,000	Employee representative [5]
Helmut Späth [3]	11,500	–	11,500	Employee representative
Max Wäcker [3]	11,500	–	11,500	Employee representative
Sibylle Wankel [3]	11,000	–	11,000	Employee representative
Prof. Dr. rer. pol. Carl H. Hahn	–	–	–	Honorary Chairman
Total	**202,438**	**–**	**202,438**	

1) The compensatory payment was not yet known at the time the Annual Financial Statements were concluded.
2) Member of the Presiding Committee and the Negotiating Committee
3) 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.
4) Chairman of the Audit Committee
5) Member of the Audit Committee
6) Vice Chairman of the Audit Committee

MANDATES OF THE BOARD OF MANAGEMENT

Status of all data: December 31, 2015

Prof. Rupert Stadler (52)
Chairman of the Board of Management
Mandates:
- ▪ FC Bayern München AG, Munich (Vice Chairman)
- ◆ Porsche Holding Gesellschaft m.b.H., Salzburg, Austria

Dr. Bernd Martens (49)
Procurement

Prof. h. c. Thomas Sigi (51)
Human Resources
Mandate:
- ▪ Volkswagen Pension Trust e.V., Wolfsburg

Axel Strotbek (51)
Finance and Organization
Mandate:
- ▪ VOLKSWAGEN FINANCIAL SERVICES AG, Braunschweig

Dr. Dietmar Voggenreiter (46)
Marketing and Sales

Prof. Dr.-Ing. Hubert Waltl (57)
Production
Mandates:
- ▪ Technische Hochschule Ingolstadt, Chairman of the University Council
- ◆ VOLKSWAGEN FAW Engine (Dalian) Co., Ltd., Dalian, China

Dr.-Ing. Stefan Knirsch (49)
Technical Development *(with effect from January 1, 2016)*

Resigned from the Board of Management with effect from October 31, 2015:
- **Luca de Meo** (48)

Resigned from the Board of Management with effect from December 3, 2015:
- **Prof. Dr.-Ing. Ulrich Hackenberg** (65)

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, 2015

Matthias Müller (62) [1)]
Chairman
Chairman of the Board of Management of Volkswagen AG, Wolfsburg

Berthold Huber (65)
Vice Chairman
Mandate:
- Porsche Automobil Holding SE, Stuttgart

Mag. Josef Ahorner (55)
Businessman, Vienna, Austria
Mandates:
- Automobili Lamborghini S.p.A., Sant'Agata Bolognese, Italy
- Emarsys AG, Vienna, Austria (Chairman)

Senator h. c. Helmut Aurenz (78)
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 (58) [1)]
Member of the Board of Management of Volkswagen AG, Wolfsburg
Mandates:
- Hochtief AG, Essen
- Criteria Caixaholding S.A., Barcelona, Spain

Johann Horn (57)
Chief Executive of the Ingolstadt office of the IG Metall trade union
Mandates:
- EDAG Engineering GmbH, Wiesbaden (Vice Chairman)
- EDAG Engineering Holding GmbH, Munich (Vice Chairman)

Rolf Klotz (57)
Vice Chairman of the Works Council of AUDI AG, Neckarsulm plant

Peter Kössler (56)
Head of Engine Planning, AUDI AG, Ingolstadt plant
Chairman of the Board of Management of AUDI HUNGARIA SERVICES Zrt., Győr, Hungary
Chairman of the Board of Directors AUDI HUNGARIA MOTOR Kft., Győr, Hungary

Mag. Julia Kuhn-Piëch (34)
Property Manager, Salzburg, Austria
Mandates:
- MAN SE, Munich
- MAN Truck & Bus AG, Munich

Peter Mosch (43)
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

Dr. jur. Hans Michel Piëch (73)
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

Dipl.-Wirtsch.-Ing. Hans Dieter Pötsch (64)
Chairman of the Supervisory Board of Volkswagen AG, Wolfsburg
Chairman of the Board of Management and Chief Financial Officer of Porsche Automobil Holding SE, Stuttgart
Mandates:
- Autostadt GmbH, Wolfsburg (Chairman)
- Bertelsmann Management SE, Gütersloh
- Bertelsmann SE & Co. KGaA, Gütersloh
- Dr. Ing. h. c. F. Porsche AG, Stuttgart
- Volkswagen AG, Wolfsburg (Chairman)
- Porsche Austria Gesellschaft m.b.H., Salzburg, Austria (Chairman)
- Porsche Holding Gesellschaft m.b.H., Salzburg, Austria (Chairman)
- Porsche Retail GmbH, Salzburg, Austria (Chairman)
- VfL Wolfsburg-Fußball GmbH, Wolfsburg (Vice Chairman)
- Volkswagen Truck & Bus GmbH, Braunschweig

Dr. jur. Ferdinand Oliver Porsche (54)
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
- ◆ Volkswagen Truck & Bus GmbH, Braunschweig

Dr. rer. comm. Wolfgang Porsche (72)
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 (60)
Chairman of the Works Council of AUDI AG, Neckarsulm plant
Mandate:
- ■ Audi BKK, Ingolstadt

Jörg Schlagbauer (38)
Member of the Works Council of AUDI AG, Ingolstadt plant
Mandates:
- ■ Audi BKK, Ingolstadt
- ■ BKK Landesverband Bayern, Munich (Chairman)
- ■ Sparkasse Ingolstadt, Ingolstadt

Helmut Späth (59)
Member of the Works Council of AUDI AG, Ingolstadt plant
Mandates:
- ■ Audi BKK, Ingolstadt
- ■ Volkswagen Pension Trust e.V., Wolfsburg

Max Wäcker (61)
Vice Chairman of the Works Council of AUDI AG, Ingolstadt plant
Mandate:
- ■ Audi BKK, Ingolstadt

Sibylle Wankel (51)
IG Metall trade union, Bavarian regional headquarters, Munich
Mandates:
- ■ Siemens AG, Munich
- ■ Vaillant GmbH, Remscheid

Resigned from the Supervisory Board with effect from April 25, 2015:
- **Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch** (78)
- **Ursula Piëch** (59)

Resigned from the Supervisory Board with effect from November 6, 2015:
- **Prof. Dr. Dr. h. c. mult. Martin Winterkorn** (68)

Resigned from the Supervisory Board with effect from December 4, 2015:
- **Prof. h. c. Dr. rer. pol. Horst Neumann** (66)

1) In connection with his duties of Group steering and governance within the Volkswagen Group, this member of the Supervisory Board holds further supervisory board seats at Group companies and significant participations.

■ Membership of statutorily constituted domestic supervisory boards

◆ Membership of comparable domestic and foreign regulatory bodies

DISCLAIMER

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

CONSOLIDATED FINANCIAL STATEMENTS OF THE AUDI GROUP FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2015

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INCOME STATEMENT OF THE AUDI GROUP

EUR million	Notes	2015	2014
Revenue	1	58,420	53,787
Cost of goods sold	2	– 47,043	– 44,415
Gross profit		**11,376**	**9,372**
Distribution costs	3	– 5,782	– 4,895
Administrative expenses	4	– 640	– 587
Other operating income	5	3,150	2,329
Other operating expenses	6	– 3,269	– 1,069
Operating profit		**4,836**	**5,150**
Result from investments accounted for using the equity method	7	451	488
Finance expenses	8	– 155	– 287
Other financial results	9	152	639
Financial result		**448**	**841**
Profit before tax		**5,284**	**5,991**
Income tax expense	10	– 987	– 1,563
Profit after tax		**4,297**	**4,428**
of which profit share of non-controlling interests		*92*	*62*
of which profit share of AUDI AG shareholders		*4,204*	*4,367*
Appropriation of profit share due to AUDI AG shareholders			
Profit transfer to Volkswagen AG	11	– 2,752	– 3,239
Transfer to retained earnings		1,452	1,128

EUR	Notes	2015	2014
Earnings per share	12	97.78	101.55
Diluted earnings per share	12	97.78	101.55

STATEMENT OF COMPREHENSIVE INCOME OF THE AUDI GROUP

EUR million	2015	2014
Profit after tax	**4,297**	**4,428**
Revaluations from pension plans recognized in other comprehensive income		
Revaluations from pension plans before tax recognized in other comprehensive income	373	– 1,344
Deferred taxes on revaluations from pension plans recognized in other comprehensive income	– 133	401
Revaluations from pension plans after tax recognized in other comprehensive income	240	– 943
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	**240**	**– 943**
Currency translation differences		
Gains/losses from currency translation recognized in other comprehensive income	100	136
Currency translation differences transferred to profit or loss	–	–
Currency translation differences before tax	100	136
Deferred taxes on currency translation differences	–	–
Currency translation differences after tax	100	136
Cash flow hedges		
Fair value changes recognized in other comprehensive income	– 3,020	– 1,875
Fair value changes transferred to profit or loss	1,709	– 147
Cash flow hedges before tax	– 1,311	– 2,022
Deferred taxes on cash flow hedges	391	603
Cash flow hedges after tax	– 920	– 1,419
Available-for-sale financial assets		
Fair value changes recognized in other comprehensive income	17	81
Fair value changes transferred to profit or loss	– 107	– 51
Available-for-sale financial assets before tax	– 91	30
Deferred taxes on available-for-sale financial assets	27	– 9
Available-for-sale financial assets after tax	– 64	21
Share of other comprehensive income of equity-accounted investments that will be reclassified subsequently to profit or loss after tax	72	87
Items that will be reclassified subsequently to profit/loss after tax	**– 812**	**– 1,176**
Other comprehensive income before tax	– 857	– 3,114
Deferred taxes relating to other comprehensive income	285	995
Other comprehensive income after tax [1]	**– 572**	**– 2,119**
Total comprehensive income	**3,725**	**2,309**
of which profit share of non-controlling interests	*128*	*110*
of which profit share of AUDI AG shareholders	*3,597*	*2,199*

1) A share of EUR 35 (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.

BALANCE SHEET OF THE AUDI GROUP

ASSETS *in EUR million*	Notes	Dec. 31, 2015	Dec. 31, 2014
Intangible assets	14	5,787	5,292
Property, plant and equipment	15	11,380	9,673
Investment property	16	319	293
Investments accounted for using the equity method	17	4,483	4,022
Other participations		295	268
Deferred tax assets	18	2,939	2,351
Other financial assets	19	580	590
Other receivables	20	181	50
Non-current assets		**25,963**	**22,538**
Inventories	21	6,317	5,071
Trade receivables	22	4,097	3,648
Effective income tax assets	23	29	40
Other financial assets	19	2,357	4,100
Other receivables	20	844	610
Securities	24	4,782	3,370
Cash funds	24	12,375	11,391
Current assets		**30,800**	**28,231**
Total assets		**56,763**	**50,769**

EQUITY AND LIABILITIES *in EUR million*	Notes	Dec. 31, 2015	Dec. 31, 2014
Subscribed capital	25	110	110
Capital reserve	25	10,190	8,570
Retained earnings	25	12,308	10,628
Other reserves	25	– 1,360	– 513
AUDI AG shareholders' interest		21,248	18,796
Non-controlling interests	25	531	403
Equity		**21,779**	**19,199**
Financial liabilities	26	247	215
Other financial liabilities	28	1,421	741
Other liabilities	29	1,069	958
Provisions for pensions	30	4,221	4,585
Other provisions	32	5,431	5,246
Effective income tax obligations	31	849	889
Deferred tax liabilities	27	192	211
Non-current liabilities		13,431	12,844
Financial liabilities	26	1,637	1,422
Trade payables	33	7,204	5,824
Other financial liabilities	28	6,040	5,454
Other liabilities	29	2,249	2,008
Other provisions	32	4,153	3,353
Effective income tax obligations	31	271	665
Current liabilities		21,554	18,725
Liabilities		**34,985**	**31,570**
Total equity and liabilities		**56,763**	**50,769**

CASH FLOW STATEMENT OF THE AUDI GROUP

EUR million	2015	2014
Profit before profit transfer and income taxes	5,284	5,991
Income tax payments	– 1,698	– 1,136
Amortization of and impairment losses (reversals) on capitalized development costs	739	681
Depreciation and amortization of and impairment losses (reversals) on property, plant and equipment, investment property and other intangible assets	1,926	1,751
Depreciation of and impairment losses (reversals) on financial investments	0	4
Result from the disposal of assets	– 5	– 1
Result from investments accounted for using the equity method	392	– 138
Change in inventories	– 1,143	– 438
Change in receivables	– 1,446	– 701
Change in liabilities	2,009	852
Change in provisions	885	864
Other non-cash income and expenses	261	– 306
Cash flow from operating activities	**7,203**	**7,421**
Additions of capitalized development costs	– 1,262	– 1,311
Investments in property, plant and equipment, investment property and other intangible assets	– 3,534	– 2,979
Acquisition of subsidiaries and changes in capital	– 50	– 42
Acquisition of investments in associates and other participations	– 816	– 156
Sale of subsidiaries, other participations and changes in capital	11	6
Other cash changes	75	31
Change in investments in securities	– 1,301	– 842
Change in fixed deposits and loans extended	4,673	– 3,648
Cash flow from investing activities	**– 2,204**	**– 8,940**
Capital contributions	1,620	1,591
Transfer of profit	– 3,239	– 3,182
Change in financial liabilities	54	98
Lease payments	– 10	– 8
Cash flow from financing activities	**– 1,575**	**– 1,501**
Change in cash and cash equivalents due to changes in exchange rates	105	171
Change in cash and cash equivalents	**3,529**	**– 2,850**
Cash and cash equivalents at beginning of period	3,689	6,540
Cash and cash equivalents at end of period	**7,218**	**3,689**

EUR million	Dec. 31, 2015	Dec. 31, 2014
Cash funds	7,218	3,689
Fixed deposits, securities and loans extended	11,086	14,276
Gross liquidity	**18,304**	**17,966**
Credit outstanding	– 1,885	– 1,637
Net liquidity	**16,420**	**16,328**

The Cash Flow Statement is explained in Note 37.

STATEMENT OF CHANGES IN EQUITY OF THE AUDI GROUP

EUR million	Subscribed capital	Capital reserve	Retained earnings
			Statutory reserve and other retained earnings
Position as of Jan. 1, 2014	110	6,979	10,470
Profit after tax	–	–	4,367
Other comprehensive income after tax	–	–	– 943
Total comprehensive income	**–**	**–**	**3,424**
Capital increase	–	1,591	–
Profit transfer to Volkswagen AG	–	–	– 3,239
Miscellaneous changes	–	–	– 27
Position as of Dec. 31, 2014	**110**	**8,570**	**10,628**
Position as of Jan. 1, 2015	110	8,570	10,628
Profit after tax	–	–	4,204
Other comprehensive income after tax	–	–	240
Total comprehensive income	**–**	**–**	**4,444**
Capital increase	–	1,620	–
Profit transfer to Volkswagen AG	–	–	– 2,752
Miscellaneous changes	–	–	– 13
Position as of Dec. 31, 2015	**110**	**10,190**	**12,308**

	Other reserves				Equity		
	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
	–17	717	12	0	18,271	294	18,565
	–	–	–	–	4,367	62	4,428
	87	–1,419	21	87	–2,168	48	–2,119
	87	**–1,419**	**21**	**87**	**2,199**	**110**	**2,309**
	–	–	–	–	1,591	–	1,591
	–	–	–	–	–3,239	–	–3,239
	–	–	–	–	–27	–	–27
	70	**–702**	**32**	**87**	**18,796**	**403**	**19,199**
	70	–702	32	87	18,796	403	19,199
	–	–	–	–	4,204	92	4,297
	64	–920	–64	72	–607	35	–572
	64	**–920**	**–64**	**72**	**3,597**	**128**	**3,725**
	–	–	–	–	1,620	–	1,620
	–	–	–	–	–2,752	–	–2,752
	–	–	–	–	–13	–	–13
	135	**–1,622**	**–31**	**159**	**21,248**	**531**	**21,779**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DEVELOPMENT OF FIXED ASSETS IN THE 2015 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, 2015							Dec. 31, 2015
Concessions, industrial property rights, and similar rights and assets as well as licenses and customer bases	1,200	0	0	123	–	–1	100	1,222
Brand names	459	–	–	–	–	–	–	459
Goodwill	378	–	–	–	–	–	–	378
Capitalized development costs, products currently under development	2,492	–	–	832	–	–1,625	–	1,700
Capitalized development costs, products currently in use	4,388	–	–	429	–	1,625	990	5,453
Payments on account for intangible assets	3	–	0	1	–	–2	0	2
Intangible assets	**8,920**	**0**	**0**	**1,386**	**–**	**–3**	**1,090**	**9,213**
Land, land rights and buildings, including buildings on third-party land as well as leased land and buildings	6,487	39	10	457	–	538	37	7,494
Plant and machinery	6,345	0	–10	456	–	313	160	6,944
Other plant and office equipment, as well as leased plant and office equipment	13,863	0	2	1,219	–	550	293	15,341
Payments on account and assets under construction	1,910	–	61	1,324	–	–1,410	20	1,865
Property, plant and equipment	**28,606**	**39**	**63**	**3,456**	**–**	**–8**	**510**	**31,645**
Investment property	**343**	**24**	**4**	**1**	**–**	**11**	**0**	**383**
Investments accounted for using the equity method	**4,022**	**–**	**71**	**781**	**–391**	**–**	**–**	**4,483**
Other participations	**273**	**–37**	**1**	**77**	**–**	**–**	**13**	**300**
Fixed assets	**42,164**	**26**	**139**	**5,700**	**–391**	**–**	**1,614**	**46,024**

	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, 2015								Dec. 31, 2015	Dec. 31, 2015	Dec. 31, 2014
	824	0	1	147	–	–2	99	–	871	351	375
	43	–	–	2	–	–	–	–	45	414	416
	–	–	–	–	–	–	–	–	–	378	378
	–	–	–	–	–	–	–	–	–	1,700	2,492
	2,761	–	–	739	–	–	990	–	2,510	2,942	1,627
	–	–	–	–	–	–	–	–	–	2	3
	3,628	**0**	**1**	**889**	**–**	**–2**	**1,089**	**–**	**3,427**	**5,787**	**5,292**
	2,744	1	3	211	–	0	28	–	2,930	4,564	3,743
	4,506	0	0	464	–	0	151	–	4,819	2,126	1,840
	11,683	0	3	1,090	0	2	261	–	12,517	2,824	2,180
	–	–	–	–	–	–	–	–	–	1,865	1,910
	18,933	**1**	**5**	**1,765**	**0**	**2**	**440**	**–**	**20,266**	**11,380**	**9,673**
	50	**1**	**2**	**11**	**–**	**–**	**0**	**–**	**64**	**319**	**293**
	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,483**	**4,022**
	5	**–**	**–**	**–**	**0**	**–**	**0**	**–**	**6**	**295**	**268**
	22,616	**2**	**8**	**2,665**	**0**	**–**	**1,529**	**–**	**23,761**	**22,263**	**19,547**

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 and customer bases	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 as well as 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**

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 in accordance with 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 in accordance with the 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 25, 2016. 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 2015 fiscal year.

With effect from January 1, 2015, changes have been made to IFRS 1, IFRS 3, IFRS 13 and IAS 40 as part of the Annual Improvement Project 2013 in relation to the International Financial Reporting Standards. These amended rules do not have any impact on the net worth, financial position and financial performance of the Audi Group.

IFRIC 21 is also applicable on levies that are not subject to IAS 12. This interpretation specifies when to recognize a liability in the financial statements for payment of a levy. Likewise, there is no resulting impact on the net worth, financial position and financial performance of the Audi Group.

// 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 2015 fiscal year because their application was not yet mandatory:

Standard/Interpretation		Published by the IASB	Mandatory application [1]	Endorsed by the EU	Prospective Effects
IFRS 9	Financial Instruments	July 24, 2014	Jan. 1, 2018	No	Modified reporting of fair value changes relating to financial instruments previously categorized as available for sale, the tendency for increased risk provisions as a result of the expected loss model when compared to the incurred loss model as previously used, 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	Postponed [2]	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. 18, 2014	Jan. 1, 2017	No	None
IFRS 11	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations	May 6, 2014	Jan. 1, 2016	Yes	None
IFRS 14	Regulatory Deferral Accruals	Jan. 30, 2014	none [3]	No	None
IFRS 15	Revenue from Contracts with Customers	May 28, 2014	Jan. 1, 2018 [4]	No	No significant impacts on revenue recognition, notes to the financial statements
IFRS 16	Leases	Jan. 13, 2016	Jan. 1, 2019	No	For the lessee, leasing relationships are not classified as finance and operate leases but they are always recorded as a right of use and a leasing liability in the Balance Sheet. No significant changes to the lessor's balance sheet in comparison with IAS 17. Notes to the financial statements.
IAS 1	Presentation of Financial Statements	Dec. 18, 2014	Jan. 1, 2016	Yes	No material impact
IAS 7	Statement of Cash Flows: Disclosures	Jan. 29, 2016	Jan. 1, 2017	No	Preparing a reconciliation statement for liabilities from financing activities, disclosure of information about liquidity constraints
IAS 12	Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses	Jan. 19, 2016	Jan. 1, 2017	No	Recognition of deferred tax assets relating to debt instruments measured at fair value
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	May 12, 2014	Jan. 1, 2016	Yes	No material impact
IAS 16 and IAS 41	Agriculture: Bearer Plants	June 30, 2014	Jan. 1, 2016	Yes	None
IAS 19	Employee Benefits: Defined Benefit Plans – Employee Contributions	Nov. 21, 2013	Jan. 1, 2016	Yes	No material impact
IAS 27	Individual Financial Statements: Equity Method	Aug. 12, 2014	Jan. 1, 2016	Yes	None
	Improvements to International Financial Reporting Standards 2012 [5]	Dec. 12, 2013	Jan. 1, 2016	Yes	Essentially extension of disclosures in relation to segment reporting
	Improvements to International Financial Reporting Standards 2014 [6]	Sept. 25, 2014	Jan. 1, 2016	Yes	Extended disclosures pursuant to IFRS 7 likely

1) Mandatory first-time application from the perspective of AUDI AG.
2) Decision made by the IASB on December 15, 2015 to postpone the date of initial application for an indefinite period.
3) Its application is not compulsory from the perspective of AUDI AG, as a consequence of the EU resolution of October 30, 2015 not to incorporate IFRS 14 into EU law.
4) Postponed until January 1, 2018 (Decision made by the IASB on September 11, 2015)
5) Minor changes to a number of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16/38, IAS 24).
6) Minor changes to a number of IFRS (IFRS 5, IFRS 7, IAS 19, IAS 34).

/ NOTES ON THE DIESEL ISSUE

On September 18, 2015, the U.S. Environmental Protection Agency (EPA) publicly announced in a "Notice of Violation" that irregularities in relation to nitrogen oxide (NO_x) emissions had been detected in emissions tests on certain vehicles with Volkswagen Group diesel engines. EPA alleged that engine management software installed in four-cylinder diesel engines used in certain 2009 to 2015 model year vehicles circumvented NO_x emissions standards under test conditions in order to comply with homologation requirements. The alleged discrepancies relating to the engine management software described above affected approximately 2.4 million Audi vehicles worldwide that were equipped with four-cylinder TDI engines developed by Volkswagen. Whilst technical measures have been devised for the European variants of this engine type, the implementation of which was begun at the start of 2016, Volkswagen is still in the process of coordinating measures with U.S. authorities because of the greater technical challenge resulting from the stricter nitrogen oxide limits.
A provision has been recognized for the technical measures which need to be carried out. Based on contractual agreements, the Audi Group is entitled to a corresponding compensation from Volkswagen AG, meaning that there will be no direct impact on the Audi result.

Furthermore, the Audi Group is involved in several lawsuits regarding the affected four-cylinder TDI engines. In a number of countries, class actions under civil and criminal law have been launched against several companies of the Volkswagen Group, including Audi Group companies. Volkswagen AG bears responsibility for defending these cases and the ensuing consequences. AUDI AG therefore expects no outflow of resources in this regard.

In November 2015, the U.S. environmental agencies EPA and CARB announced that certain vehicles with type V6 3.0 TDI diesel engines developed by Audi contained so-called auxiliary emission control devices (AECDs) that were not adequately described in the application process for U.S. type approval. This affects approximately 113,000 vehicles of model years 2009 through 2016 of the Audi, Volkswagen Passenger Cars and Porsche brands in the United States and Canada. Following talks with EPA and CARB, the Audi Group informed the public on November 23, 2015, that software parameters were being revised so that the software can be resubmitted for approval in the United States. The technical solutions will be implemented as soon as they have been approved by the authorities. A provision was therefore recognized for technical measures, which also cover the engines supplied to Volkswagen and Porsche.

The V6 3.0 TDI engines are also included in legal proceedings in the United States concerning the four-cylinder TDI engines affected, including:

- class action and individual lawsuits in the USA and Canada;
- civil and administrative investigations by the EPA/CARB and U.S. Department of Justice (DOJ)/Environment Canada, including the civil complaint filed by the DOJ, on behalf of the EPA, on January 4, 2016;
- criminal investigations;
- investigations and litigations by the attorney generals of various U.S. states;
- other government investigations and inquiries.

Jones Day, the international law firm appointed by Volkswagen AG, overseen by the Supervisory Board of Volkswagen AG and assisted by the auditing firm Deloitte is conducting an independent investigation concerning the diesel issue at Volkswagen and Audi. At the time of preparation of the Consolidated Financial Statements, the Supervisory Board and Board of Management have received a verbal initial status report on the investigation at Audi regarding the V6 3.0 TDI engine issue and the investigation is continuing.

The incumbent members of the Board of Management of AUDI AG have declared that prior to their notification by the U.S. environmental protection agency EPA in November 2015, they had no knowledge of matters concerning the V6 3.0 TDI engines that the authorities are now treating as infringements. With regard to the V6 3.0 TDI engine issue, at the time of reporting the Board of Management considers that the investigations have not produced any indications to the contrary. Investigation of the four-cylinder TDI engine issue is being conducted at Volkswagen AG.

Based on the facts of the diesel issue available to and assessed by the incumbent Board of Management of AUDI AG at the time of preparation of the financial statements, relating both to the four-cylinder TDI engine issue for which Volkswagen AG is accountable and to the V6 3.0 TDI engines of AUDI AG, as well as based on the status of discussions with EPA/CARB concerning the V6 3.0 TDI engine, it is the opinion of the Board of Management of AUDI AG that adequate risk provisioning has been made in the form of provisions for legal risks, technical measures and sales measures. The provisions created at AUDI AG in connection with the development responsibility for the V6 3.0 TDI engine also cover claims by other brands of the Volkswagen Group (see Note 32 "Other provisions").

The risk provisioning takes account of the accountabilities as clarified within the Volkswagen Group. In connection with the four-cylinder TDI engine issue, Volkswagen AG has confirmed to AUDI AG that, on the basis of existing agreements, AUDI AG has a corresponding entitlement to compensation and that Volkswagen AG will release AUDI AG in particular from the direct and indirect expenses arising in this connection, including those for legal risks. In addition, AUDI AG has concluded an agreement with Volkswagen AG on the V6 3.0 TDI engine issue in the event that the U.S. authorities, U.S. courts and potential out-of-court settlements do not differentiate between the four-cylinder TDI engine issue for which Volkswagen AG is accountable and the V6 3.0 TDI engine issue of AUDI AG, and that joint and several liability thus arises. In that eventuality, costs for legal risks will be passed on to AUDI AG according to a causation-based cost allocation. In view of this arrangement with Volkswagen AG and the relatively low costs of the technical measures planned by AUDI AG to rectify the AECD issue for the V6 3.0 TDI, in all probability the share of costs allocable to AUDI AG will have no material effect on the present and future net worth, financial position and financial performance of the Audi Group.

Nor are any facts currently known to the incumbent Board of Management which would imply that the Consolidated Financial Statements for 2014 were materially incorrect if individual Board of Management members responsible for them possessed knowledge of the matter earlier, or that the comparative figures for 2014 would correspondingly need to be changed. However if, in the course of further investigations, new findings should come to light that indicate that individual members of the Board of Management at that time were aware of the diesel issue earlier, this could potentially have an effect on the Consolidated Financial Statements for the 2015 fiscal year and the comparative figures for 2014.

/ NOTES ON THE AIRBAG RECALL

Audi, along with other automotive manufacturers, has been informed by the U.S. National Highway Traffic Safety Administration (NHTSA) that certain front airbags (driver's side) made by the Japanese airbag manufacturer Takata might be faulty. On the advice of NHTSA, the Audi Group will recall 170,000 vehicles of the model years 2005 to 2013 as a precaution. A provision was created for this in the 2015 fiscal year.

/ 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.

Special securities 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 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 0.6 (0.8) percent of consolidated equity, 0.4 (0.4) percent of profit after tax, and 0.5 (0.6) percent 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. Where there is evidence that the fair value is lower, this fair value is recognized.
The group of consolidated companies was extended on December 31, 2014 to include the established Audi Luxembourg S.A. (Luxembourg). Also during the fiscal year, A-K Projekt Éplog Kft., Győr (Hungary), Audi Akademie Hungaria Kft., Győr (Hungary), and Audi Real Estate S.L., El Prat de Llobregat (Spain), were merged into the Group. These integrated companies are immaterial subsidiaries.

The Audi Group does not wholly own PSW automotive engineering GmbH, Gaimersheim. However, given that in business terms Audi also bears the risks and has access to the economic

benefits of the remaining shares it does not own, this company is included in the Consolidated Financial Statements on a 100 percent basis. The remaining shares in Italdesign Giugiaro S.p.A., Turin (Italy) were acquired in July 2015. This company has also been included on a 100 percent basis to date.

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.

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 or Section 264b of the German Commercial Code (HGB) and make use of the exemption rule:

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

// COMPOSITION OF THE AUDI GROUP

Total	2015	2014
AUDI AG and fully consolidated subsidiaries/structured entities	42	44
of which in Germany	*7*	*10*
of which in foreign countries	*35*	*34*
Non-consolidated subsidiaries	31	34
of which in Germany	*20*	*20*
of which in foreign countries	*11*	*14*
Investments accounted for using the equity method (in foreign countries)	4	3
Investments and joint ventures not accounted for using the equity method	22	16
of which in Germany	*16*	*14*
of which in foreign countries	*6*	*2*
	99	**97**

// 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.

Audi also holds a 49 percent stake in Volkswagen Automatic Transmission (Tianjin) Company Limited, Tianjin, a Chinese manufacturer of transmission systems, including for Audi models. The stake held in this company increased by 9 percent during the fiscal year. The purchase price paid was EUR 127 million. As the acquisition involved a common control transaction, the predecessor method was applied, resulting in the positive difference of EUR 13 million being adjusted against equity, without affecting profit or loss.

The Audi Group, BMW Group and Daimler AG each acquired a 33.3 percent interest in There Holding B.V., Rijswijk (Netherlands), which was established in 2015. There Holding B.V. acquired all shares in the HERE Group at a price of EUR 2,602 million via its fully owned subsidiary, There Acquisition B.V., Rijswijk (Netherlands) with effect from December 4, 2015. HERE develops and distributes high-resolution maps with location-specific real-time information. The purchase price was largely financed through capital contributions at There Holding B.V. The Audi stake amounts to EUR 668 million. The remaining portion of the purchase price was financed by bank loans taken out by There Acquisition B.V. There Acquisition B.V. was renamed HERE International B.V. on January 29, 2016.

There Holding B.V. is an associated company consolidated using the equity method. Given the close proximity to the balance sheet date, it was not possible for all of the hidden reserves and liabilities to be definitively identified, but this is expected to be carried out in the first quarter of 2016. Against this background and also for reasons of materiality, There Holding B.V. was not consolidated as of the balance sheet date on the basis of pro rata profit.

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 as applied to subsidiaries 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 investments in 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 at the prevailing exchange rate 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. Only AUDI HUNGARIA MOTOR Kft., Győr (Hungary), AUDI HUNGARIA SERVICES Zrt., Győr (Hungary), AUDI MÉXICO S.A. de C.V., San José Chiapa (Mexico), and AUDI VOLKSWAGEN MIDDLE EAST FZE, Dubai (United Arab Emirates), issue their annual financial statements in EUR or USD rather than in their national currencies. 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 differences arising from the varying 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, 2015	Dec. 31, 2014	2015	2014
Australia	AUD	1.4897	1.4829	1.4777	1.4719
Brazil	BRL	4.3117	3.2207	3.7004	3.1211
United Kingdom	GBP	0.7340	0.7789	0.7259	0.8061
Japan	JPY	131.0700	145.2300	134.3140	140.3061
Canada	CAD	1.5116	1.4063	1.4186	1.4661
Mexico	MXN	18.9145	17.8679	17.6161	17.6550
Switzerland	CHF	1.0835	1.2024	1.0679	1.2146
Singapore	SGD	1.5417	1.6058	1.5255	1.6824
South Korea	KRW	1,280.7800	1,324.8000	1,256.5444	1,398.1424
Taiwan	TWD	35.8543	38.4259	35.2497	40.2518
Thailand	THB	39.2480	39.9100	38.0278	43.1469
USA	USD	1.0887	1.2141	1.1095	1.3285
People's Republic of China	CNY	7.0608	7.5358	6.9733	8.1858

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, mobile services 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 a business combination has an indefinite useful life and is subject to regular impairment testing.

Brand names from business combinations generally have an indefinite useful life and are therefore not amortized. An indefinite useful life frequently arises from the continued use and maintenance of a brand. Brand names 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. 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 costs of purchase include the purchase price, ancillary costs and cost reductions.

In the case of self-constructed fixed assets, the cost of construction includes both the directly attributable material and labor costs as well as indirect material and indirect labor costs that must be capitalized, including pro rata depreciation.

Depreciation is generally based on the following useful lives, which are reassessed on a yearly basis:

	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 leasing arrangements where not all opportunities and risks associated with the leased property (operate lease) 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. These calculations are made based on the rental income generated from real estate and the real estate-specific discounting rates.

/ 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.

/ BORROWING COSTS

Borrowing costs that can be allocated directly to a qualifying asset are capitalized as part of that asset's cost of purchase or construction. A qualifying asset is deemed to exist if a relatively long period of time will be required before the asset will be ready for use or sale.

/ 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 as a general rule 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. In each case, the planning assumptions are 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. Growth in the operating profit of the two cash generating units Automotive and Motorcycles is expected up to the end of the detailed planning period. Estimated cash flow following onto the detailed planning period is based on an annual growth rate of 1.0 (1.0) percent in the Automotive unit and 1.0 (1.0) 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:

%	2015	2014
Automotive segment	6.5	6.1
Motorcycles segment	6.9	7.1

The cost of capital is calculated based on a risk-free interest rate. As well as the market risk premium and borrowing interest rate, specific peer group information for beta factors and the debt ratio is 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 of the financial instrument in question 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.

Financial assets are recognized on the settlement date. 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 uncollectable 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 market pricing techniques, for example by discounting future cash flows at a market rate or applying established option pricing models.

Financial instruments are abandoned if the rights to payments have expired or been transferred and the Audi Group has transferred all opportunities and risks associated with their title. With regard to factoring, 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,
- other current assets and liabilities,
- financial liabilities,
- cash and cash equivalents.

Receivables and liabilities in foreign currencies are measured at the relevant year-end exchange 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 rate. Recognizable credit risks associated with "Loans and receivables" are accounted for by creating 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 over-indebtedness, application for or opening of insolvency proceedings or failure of restructuring measures. Impairment losses on receivables are regularly posted to separate impairment accounts and written off 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 bonds. 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 fair value measurement of securities, taking deferred tax into account.

"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 difference between the cost of purchase and fair value is posted under the financial result with an effect on profit or loss. Any loss previously recorded in the reserve for fair value measurement of securities, without affecting profit or loss, is abandoned.

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.

The category "Available-for-sale financial assets" comprises securities. With effect from the 2015 fiscal year, interests in non-consolidated subsidiaries and participations in associated companies and joint ventures that are not valued according to the equity method are no longer classed as financial instruments. The disclosures on financial instruments pursuant to IFRS 7 (including the previous year's figures) were adjusted accordingly. Other participations that do not fall within the scope of IAS 28, IFRS 10 or IFRS 11 and are measured at their respective amortized cost pursuant to IAS 39.46(c) are reported in the category "Measured at fair value."

Where there is evidence that the fair value of the securities and participations is lower, the 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 the Balance Sheet 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

Other financial assets 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.

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 and deferred tax assets from tax relief are also recognized, if it is likely that they will be used. Deferred tax liabilities depict future tax charges and are generally recorded for all taxable time differences between the figures posted in the tax balance sheet and those in the Consolidated Balance Sheet.

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 never recognized until the resolution on the appropriation of profits is adopted. 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. The carrying amount is reduced for deferred tax assets that are unlikely to be realized.

Deferred tax assets and deferred tax liabilities are netted if the taxable entities and maturities are identical. Deferred taxes are reported pursuant to IAS 1 in relation to non-current assets/ liabilities.

/ INVENTORIES

Raw materials and supplies are measured at the lower of average cost of purchase or net realizable value. Other acquisition-related costs and 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 production 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.

Finished goods and products are 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 the marketing of used cars, 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 financial management of the Volkswagen Group. As part of cash pooling arrangements, balances are settled on a daily basis and transformed into amounts owed to or by companies of the Volkswagen Group. This increases the efficiency of both intra-Group and external transactions and also reduces transaction costs. The cash pool receivables are allocated to cash and cash equivalents on the basis of their character as cash equivalents.

/ PROVISIONS FOR PENSIONS

Actuarial measurement of provisions for pensions is based on the projected unit credit method for defined retirement benefit plans as specified in IAS 19. 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. 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 0.5 (0.4) percent was applied within the eurozone. The settlement value also includes the expected cost increases. The non-current portions of provisions for long-service awards were discounted at 2.7 (2.3) percent.

Recourse entitlements in relation to provisions are reported separately in the Balance Sheet as receivables if it is almost certain that compensation will be paid upon settlement of the obligation. They are reported under Miscellaneous receivables in the "Other receivables" item in the Balance Sheet.

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

/ LIABILITIES

Non-current liabilities are reported in the Balance Sheet at amortized cost. Any differences between the historical costs 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 as a general rule 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 recognized at nominal amount.

/ 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 receivables 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 participations 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 a significant 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 of 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. The aforementioned points also contain information on the diesel issue.

Government grants are recorded based on 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 the 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 subject 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 anticipates a slight increase in global economic growth in 2016. The economy in most industrialized nations should grow slightly. The vast majority of the emerging markets should continue to grow faster than the industrialized countries. However, it does not look as if the comparatively high growth rates of earlier years will be matched. 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 2016 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	2015	2014
Audi brand	41,428	37,784
Lamborghini brand	811	586
Other Volkswagen Group brands	3,860	3,076
Other automotive business	11,619	11,767
Automotive	**57,718**	**53,213**
Ducati brand	563	457
Other motorcycles business	138	118
Motorcycles	**702**	**575**
Revenue	**58,420**	**53,787**

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 proceeds from the sale of engines and genuine parts.

2 / *COST OF GOODS SOLD*

Amounting to EUR 47,043 (44,415) 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 creation of provisions for warranty costs, for development costs that cannot be capitalized, for depreciation and scheduled and non-scheduled impairment losses of capitalized development costs, and for property, plant and equipment for manufacturing purposes. Impairment losses on property, plant and equipment were insignificant in the 2015 fiscal year (previous year: EUR 5 million).

Government grants amounting to EUR 23 (25) million were recognized in profit or loss in the 2015 fiscal year. In principle, these allocations are allocated to the corresponding functional areas.

3 / *DISTRIBUTION COSTS*

Distribution costs of EUR 5,782 (4,895) 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 640 (587) million include labor and material costs, as well as depreciation attributable to administrative operations.

5 / *OTHER OPERATING INCOME*

EUR million	2015	2014
Income from derivative hedging transactions	806	609
Income from rebilling	591	485
Income from the dissolution of provisions	543	289
Income from the processing of payments in foreign currency	539	297
Income from ancillary business	325	211
Income from the disposal of assets	16	5
Income from the reversal of impairment losses of receivables and other assets	2	2
Income from the write-up of intangible assets	–	20
Miscellaneous operating income	327	411
Other operating income	**3,150**	**2,329**

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 20 (18) million.

Income from the processing of payments in foreign currency largely 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.

6 / *OTHER OPERATING EXPENSES*

EUR million	2015	2014
Expenses from derivative hedging transactions	2,245	503
Expenses from the processing of payments in foreign currency	460	189
Expenses from the allocation and rebilling of costs	123	76
Impairment losses on receivables	18	14
Losses on disposal of assets	13	4
Miscellaneous operating expenses	410	284
Other operating expenses	**3,269**	**1,069**

Expenses 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."

7 / *RESULT FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD*

The result from investments accounted for using the equity method amounted to EUR 451 (488) million. Further information on investments accounted for using the equity method is provided in Note 17.

8 / *FINANCE EXPENSES*

EUR million	2015	2014
Interest expense	**62**	**58**
Interest effect from the measurement of provisions for pensions	104	116
Interest effect from the measurement of other provisions	– 12	113
Interest effect from the measurement of liabilities	0	0
Interest effect from compounding	**93**	**229**
Finance expenses	**155**	**287**

Interest expenses are attributed on an accrual basis.

9 / OTHER FINANCIAL RESULTS

EUR million	2015	2014
Result from participations	68	53
of which income from profit transfer agreements	*3*	*3*
Result from disposals of securities	25	– 1
Income and expense from the measurement of non-derivative financial instruments	– 20	0
Write-ups on non-derivative financial instruments	5	7
Income and expense from fair value measurement of derivative financial instruments	– 540	– 35
Interest and similar income	139	131
Other income	476	485
Other financial results	**152**	**639**

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 930 (1,213) million of the actual income tax expense was charged to Volkswagen AG.

EUR million	2015	2014
Actual income tax expense	1,301	1,499
of which in Germany	*994*	*1,257*
of which in foreign countries	*308*	*242*
of which income from the dissolution of tax provisions	*– 5*	*– 11*
Deferred tax income/expense	– 315	64
of which in Germany	*96*	*– 31*
of which in foreign countries	*– 411*	*95*
Income tax expense	**987**	**1,563**
of which non-periodic tax expense/income	*42*	*– 121*

The actual taxes in Germany are calculated at a tax rate of 29.8 (29.8) 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 tax-exempt foreign revenues and tax benefits on research and development expenditure in Hungary are reported under tax-exempt revenues in the tax reconciliation accounts.

The impairment testing of deferred tax assets is generally based on future taxable income in the context of a planning period of five fiscal years. The result of the impairment test is a deferred tax expense from the devaluation of deferred tax claims of EUR 6 (222) million and a deferred tax income from the appreciation of deferred tax assets of EUR 162 million (none in the previous year).

Loss carryforwards total EUR 3,445 (3,170) million, of which 97 (47) million may be used indefinitely, with EUR 3,349 (3,123) million to be used within the next ten years (eleven years in the previous year). Overall, loss carryforwards in the amount of EUR 3,183 (3,117) million were classed as unusable. In the 2015 fiscal year, the realization of tax losses led to a reduction in current income tax expense of EUR 1 (1) million. Deferred tax assets of EUR 362 (482) 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 (160) million or for tax concessions in the amount of EUR 12 (101) million.

Deferred tax liabilities of EUR 28 (34) 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 9 (13) 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.

Of the deferred taxes reported in the Balance Sheet, a total of EUR 285 (995) million was recorded in the current fiscal year with a resulting increase in equity, without influencing the Income Statement.

The recording of actuarial profits without affecting profit or loss, pursuant to IAS 19, led to an decrease in equity of EUR 133 million in the current fiscal year from the creation of deferred taxes. During the previous year, deferred taxes of EUR 401 million on actuarial losses were taken into account, resulting in an increase in equity. The change in deferred taxes on the effects recognized in equity for derivative financial instruments and securities led to an increase of EUR 418 (594) million in equity during the course of the year.

Deferred taxes posted directly in equity in the current fiscal year are broken down in detail in the Statement of Comprehensive Income.

10.1 / *DEFERRED TAX ASSETS AND LIABILITIES ON RECOGNITION AND MEASUREMENT DIFFERENCES RELATING TO INDIVIDUAL BALANCE SHEET ITEMS AND ON TAX LOSS CARRYFORWARDS*

EUR million	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Intangible assets	112	127	1,285	1,158
Property, plant and equipment	293	289	66	72
Long-term financial investments	–	–	42	41
Inventories	63	49	26	17
Receivables and other assets	361	81	369	550
Other current assets	136	114	0	0
Provisions for pensions	872	985	–	–
Liabilities and other provisions	2,356	2,288	27	15
Impairment losses on deferred tax assets from temporary differences	– 86	– 189	–	–
Temporary differences after impairment	4,108	3,742	1,815	1,854
Loss carryforwards after impairment	79	16	–	–
Tax credits after impairment	119	10	–	–
Value before consolidation and balancing	**4,305**	**3,768**	**1,815**	**1,854**
of which non-current	*2,695*	*1,702*	*1,501*	*1,289*
Offsetting	– 1,626	– 1,643	– 1,626	– 1,643
Consolidation measures	260	226	3	0
Carrying amount	**2,939**	**2,351**	**192**	**211**

10.2 / RECONCILIATION OF EXPECTED TO REPORTED INCOME TAX EXPENSE

EUR million	2015	2014
Profit before income tax	5,284	5,991
Expected income tax expense 29.8% (29.8%)	1,574	1,785
Reconciliation:		
Divergent foreign tax burden	– 60	– 25
Tax portion for tax-exempt income	– 447	– 211
Tax portion for expenses not deductible for tax purposes	17	19
Tax portion for effects from loss carryforwards and tax credits	– 83	47
Tax portion for permanent accounting differences	4	– 9
Tax expense/income relating to other periods	42	– 121
Effects of tax rate changes	– 10	3
Other tax effects	– 50	75
Income tax expense reported	**987**	**1,563**
Effective tax rate in %	18.7	26.1

11 / PROFIT TRANSFER TO VOLKSWAGEN AG

The amount of EUR 2,752 (3,239) million will be transferred to Volkswagen AG, Wolfsburg, under the profit transfer agreement with AUDI AG.

12 / EARNINGS PER SHARE

	2015	2014
Profit share of AUDI AG shareholders (EUR million)	4,204	4,367
Weighted average number of shares	43,000,000	43,000,000
Earnings per share in EUR	**97.78**	**101.55**

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, 2015 or December 31, 2014.

Outside shareholders of AUDI AG will receive a compensatory payment for each no-par share in lieu of a dividend for the 2015 fiscal year. The level of this payment corresponds to the dividend that is paid on one ordinary share of Volkswagen AG, Wolfsburg. A decision regarding the dividend payment will be made at the Annual General Meeting of Volkswagen AG.

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.

Shares in non-consolidated subsidiaries, as well as investments in associated companies and joint ventures are not within the scope of IFRS 7. These are not deemed to be financial instruments for the purposes of IAS 39.

13.2 / NET RESULTS OF FINANCIAL INSTRUMENTS BASED ON MEASUREMENT CATEGORIES PURSUANT TO IAS 39

EUR million	2015	2014
Financial instruments measured at fair value through profit or loss	– 515	– 50
Loans and receivables	153	178
Available-for-sale financial assets	171	106
Financial liabilities measured at amortized cost	– 88	– 46
Net results of financial instruments	**– 279**	**188**

The net results from financial instruments include the net income or expense from interest, fair value measurements, foreign currency translation, adjustments 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" and "Financial liabilities measured at amortized cost" categories essentially consist of interest income and expenses, income and expenses from the measurement and processing of foreign currency transactions. Financial liabilities also include factoring expenses. The "Loans and receivables" category also includes impairment losses on receivables. The net result for "Available-for-sale financial assets" predominantly comprises income from investments in securities.

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

EUR million	2015	2014
Interest income	59	74
Interest expense	– 36	– 26
Interest income and expense	**23**	**48**

Interest income that does not relate to 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	2015	2014
Measured at fair value	–	–
Measured at amortized cost	18	16
Impairment losses	**18**	**16**

The impairment losses relate to financial assets, such as impairment losses on receivables or securities.

13.5 / GAINS AND LOSSES FROM HEDGING ACTIVITIES

In 2015, EUR 1,701 million was transferred with a negative effect on the result from the cash flow hedge reserve to other operating profit and EUR 8 million was transferred to cost of goods sold, with a negative effect on the result. In the 2014 fiscal year, EUR 154 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, 2015	Dec. 31, 2014
Concessions, industrial property rights, and similar rights and assets, as well as licenses and customer bases	351	375
Brand names	414	416
of which Automotive	*10*	*12*
of which Motorcycles	*404*	*404*
Goodwill	378	378
of which Automotive	*88*	*88*
of which Motorcycles	*290*	*290*
Capitalized development costs	4,642	4,120
of which products currently under construction	*1,700*	*2,492*
of which products currently in use	*2,942*	*1,627*
Payments on account for intangible assets	2	3
Intangible assets	**5,787**	**5,292**

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. In capitalized development costs, borrowing costs of EUR 24 million were capitalized.

// *RESEARCH AND DEVELOPMENT EXPENDITURE RECOGNIZED AS AN EXPENSE*

EUR million	2015	2014
Research expense and non-capitalized development costs	2,979	3,005
Amortization of and impairment losses (reversals) on capitalized development costs	739	681
Research and development expenditure	**3,718**	**3,685**

During the 2015 fiscal year, a total of EUR 4,240 (4,316) million was spent on research and development. Of this total, EUR 1,262 (1,311) million was capitalized. The capitalization quota is 29.8 (30.4) percent.

15 / *PROPERTY, PLANT AND EQUIPMENT*

EUR million	Dec. 31, 2015	Dec. 31, 2014
Land, land rights and buildings, including buildings on third-party land as well as leased land and buildings	4,564	3,743
Plant and machinery	2,126	1,840
Other plant and office equipment	2,824	2,180
Payments on account and assets under construction	1,865	1,910
Property, plant and equipment	**11,380**	**9,673**
of which finance lease	*70*	*25*

Land and buildings are secured with mortgages totaling EUR 16 (16) million. 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 an interest rate of up to 11.3 (3.5) percent depending on the region.

// FINANCE LEASE PAYMENTS DUE IN THE FUTURE

EUR million	2016	2017 to 2020	from 2021	Total
Lease payments	7	31	88	127
Interest elements	1	7	54	61
Present value	**7**	**25**	**35**	**66**

Payments totaling EUR 191 (155) million for assets rented on the basis of operate leases were recognized as an expense.

16 / INVESTMENT PROPERTY

In relation to investment property totaling EUR 319 (293) million, no impairment losses were recorded during the 2015 fiscal year, as was also the case in the previous year. The fair value of investment property exceeds the amortized costs by EUR 33 (28) 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.

The investment property includes buildings and land with a value of EUR 167 (175) million 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 are listed in the table below together with their present values. Only low operating costs were incurred in relation to maintaining the investment property, in addition to depreciation and amortization.

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

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

EUR million	2016	2017 to 2020	from 2021	Total
Lease payments	13	38	229	279
Interest elements	7	22	75	103
Present value	**6**	**16**	**154**	**176**
Payment flows from sub-leasing (operate lease)	12	40	272	323

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

EUR million	2016	2017 to 2020	from 2021	Total
Lease payments from non-cancelable operate leases	8	28	25	60

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.

17.1 / *NOTES TO THE BALANCE SHEET*

EUR million	Dec. 31, 2015			
	FAW-Volkswagen Automotive Company, Ltd.	Volkswagen Group Services S.A./N.V.	Volkswagen Automatic Transmission (Tianjin) Company Limited	There Holding B.V. [1]
Non-current assets	7,997	7,543	959	3,115
Current assets	12,674	15,995	338	365
Non-current liabilities	1,424	390	665	1,093
Current liabilities	11,422	13,461	309	384
Net carrying amount	7,825	9,686	323	2,003

1) The data in the Balance Sheet is based on the financial statements available at the time of the HERE Group being acquired in December 2015.

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

17.2 / *RECONCILIATION AT CARRYING AMOUNT OF PARTICIPATIONS*

EUR million	2015			
	FAW-Volkswagen Automotive Company, Ltd.	Volkswagen Group Services S.A./N.V.	Volkswagen Automatic Transmission (Tianjin) Company Limited	There Holding B.V. [1]
Net carrying amount as of Jan. 1 [2]	**7,956**	**10,508**	**277**	**2,003**
Profit after tax	4,705	180	– 155	–
Other comprehensive income after tax	589	– 1	23	–
Change in capital	–	–	179	–
Dividends paid	– 5,425	– 1,000	–	–
Net carrying amount as of Dec. 31	**7,825**	**9,686**	**323**	**2,003**
Pro rata equity	782	2,906	158	668
Consolidation/Other	– 32	–	–	–
Carrying amount of equity share	**751**	**2,906**	**158**	**668**

1) The pro-rata earnings had not been taken into account as of the balance sheet date.
2) The net carrying amount of There Holding B.V. is entered as at the time of the acquisition of the HERE Group in December 2015.

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

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

17.3 / *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]	
	2015	2014	2015	2014	2015	2014
Revenue	40,462	42,812	43	34	60	4
Profit after tax [2]	**4,705**	**4,714**	**180**	**190**	**– 155**	**– 65**
Other comprehensive income after tax	589	757	– 1	– 1	23	33
Total comprehensive income	**5,294**	**5,471**	**178**	**188**	**– 133**	**– 32**
Dividends received	542	350	300	–	–	–

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.

As described under the general notes on the associated companies, There Holding B.V. has not been consolidated taking account of the pro rata profit as at the balance sheet date. The information in the financial statements is based on the data available at the time of the HERE Group being acquired. Consequently, there are no disclosures on the result.

18 / *DEFERRED TAX ASSETS*

The temporary differences between the tax bases and the 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, 2015	Dec. 31, 2014
Positive fair values from derivative financial instruments	243	302
Fixed deposits and loans extended	310	261
Miscellaneous financial assets	26	26
Non-current other financial assets	**580**	**590**

The non-current fixed deposits and loans extended accrue interest at 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, 2015	Dec. 31, 2014
Positive fair values from derivative financial instruments	341	268
Fixed deposits and loans extended	839	2,947
Miscellaneous financial assets	1,177	885
Current other financial assets	**2,357**	**4,100**

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

EUR million	Dec. 31, 2015	Dec. 31, 2014
Cash flow hedges	495	472
of which to hedge against currency risks from future cash flows	*495*	*472*
of which to hedge against commodity price risks from future cash flows	*0*	*0*
Other derivative financial instruments	89	98
Positive fair values of derivative financial instruments	**584**	**570**

20 / OTHER RECEIVABLES

20.1 / NON-CURRENT OTHER RECEIVABLES

EUR million	Dec. 31, 2015	Dec. 31, 2014
Tax claims	1	40
Miscellaneous receivables	180	10
Non-current other receivables	**181**	**50**

20.2 / CURRENT OTHER RECEIVABLES

EUR million	Dec. 31, 2015	Dec. 31, 2014
Tax claims	542	412
Miscellaneous receivables	302	198
Current other receivables	**844**	**610**

21 / INVENTORIES

EUR million	Dec. 31, 2015	Dec. 31, 2014
Raw materials and supplies	592	553
Work and services in progress	760	623
Finished goods and products	4,238	3,239
Current leased assets	726	656
Inventories	**6,317**	**5,071**

Inventories amounting to EUR 42,726 (39,831) million were recorded as cost of goods sold at the same time that the revenue from them was realized. EUR 1,934 (1,318) 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 116 (83) 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 227 (206) 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 726 (656) million. In the following fiscal year, payments in the amount of EUR 48 (44) million are expected from non-cancelable leasing arrangements.

22 / *TRADE RECEIVABLES*

Trade receivables of EUR 4,097 (3,648) million will be realized within the next twelve months. Impairment losses on trade receivables are detailed under Note 36.2, “Credit and default 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 4,782 (3,370) million.

Cash funds essentially comprise credit balances with banks and affiliated companies amounting to EUR 12,375 (11,391) million. The credit balances with banks amounting to EUR 1,004 (787) 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 11,257 (10,555) 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 additional payments from the issuance of shares in the company, as well as cash injections by Volkswagen AG, Wolfsburg. During the year under review, the capital reserve of AUDI AG rose to EUR 10,190 million as a result of a contribution in the amount of EUR 1,620 million by Volkswagen AG.

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 forward exchange contracts and foreign exchange options, and those 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 shown in 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 1,452 (1,128) million remaining after the transfer of profit to Volkswagen AG is transfered 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.

25.1 / NOTES TO THE BALANCE SHEET

EUR million	Audi of America, LLC		Audi Canada Inc.	
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Non-current assets	387	290	38	33
Current assets	3,357	2,654	454	363
Non-current liabilities	621	530	82	85
Current liabilities	2,665	2,073	339	250
Non-controlling interests	458	341	72	61

25.2 / DISCLOSURES ON THE RESULT AND THE CASH FLOW STATEMENT

EUR million	Audi of America, LLC		Audi Canada Inc.	
	2015	2014	2015	2014
Revenue	9,032	6,695	1,055	910
Profit after tax [1]	**76**	**48**	**16**	**13**
Other comprehensive income after tax	41	46	– 6	3
Total comprehensive income	**117**	**94**	**10**	**16**
Share of total comprehensive income of non-controlling interests	117	94	10	16
Dividends paid to other non-controlling interests	–	–	–	–
Cash flow from operating activities	65	– 8	58	34
Cash flow from investing activities	95	– 674	93	– 119
of which change in fixed deposits and loans extended	*99*	*– 669*	*103*	*– 117*
Cash flow from financing activities	– 20	92	– 122	136
Change in cash and cash equivalents due to changes in exchange rates	88	133	– 10	7
Change in cash and cash equivalents	**227**	**–457**	**19**	**57**

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

26 / FINANCIAL LIABILITIES

26.1 / NON-CURRENT FINANCIAL LIABILTIES

EUR million	Dec. 31, 2015	Dec. 31, 2014
Loans	18	20
Liabilities from finance leases	229	195
Non-current financial liabilities	**247**	**215**

26.2 / CURRENT FINANCIAL LIABILTIES

EUR million	Dec. 31, 2015	Dec. 31, 2014
Liabilities to factoring companies	1,462	1,376
Loans	162	38
Liabilities from finance leases	13	8
Current financial liabilities	**1,637**	**1,422**

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 the tax bases and the 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, 2015	Dec. 31, 2014
Negative fair values from derivative financial instruments	1,373	739
Miscellaneous financial liabilities	48	1
Non-current other financial liabilities	**1,421**	**741**

The derivative currency hedging instruments reported under other financial liabilities, which largely refer to currency hedges, are measured at market value. 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, 2015	Dec. 31, 2014
Negative fair values from derivative financial instruments	1,774	975
Liabilities from the transfer of profit	2,752	3,239
Miscellaneous financial liabilities	1,514	1,240
Current other financial liabilities	**6,040**	**5,454**

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

EUR million	Dec. 31, 2015	Dec. 31, 2014
Cash flow hedges	2,444	1,450
of which to hedge against currency risks from future cash flows	*2,401*	*1,432*
of which to hedge against commodity price risks from future cash flows	*43*	*18*
Other derivative financial instruments	703	264
Negative fair values of derivative financial instruments	**3,147**	**1,714**

29 / *OTHER LIABILITIES*

29.1 / *NON-CURRENT OTHER LIABILITIES*

EUR million	Dec. 31, 2015	Dec. 31, 2014
Advance payments received for service agreements	645	533
Liabilities from other taxes	13	16
Social security liabilities	29	23
Liabilities from payroll accounting	68	54
Miscellaneous liabilities	314	333
Non-current other liabilities	**1,069**	**958**

Liabilities with a time to maturity of more than five years amount to EUR 28 (33) million.

29.2 / *CURRENT OTHER LIABILITIES*

EUR million	Dec. 31, 2015	Dec. 31, 2014
Advance payments received for orders from customers and for service agreements	538	403
Liabilities from other taxes	216	166
Social security liabilities	126	121
Liabilities from payroll accounting	1,124	1,163
Miscellaneous liabilities	244	155
Current other liabilities	**2,249**	**2,008**

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 368 (341) million. Of this, contributions of EUR 343 (319) million were paid in Germany toward statutory pension insurance.

The retirement benefit systems are based predominantly on defined benefit plans, whereby a distinction is made between provision-based systems and externally financed 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. 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 and staff turnover rates. 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 developed 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, 2015	Dec. 31, 2014
Present value of externally funded defined benefit obligations	1,724	1,662
Fair value of plan assets	1,291	1,156
Financing status (balance)	**432**	**505**
Present value of defined benefit obligations not externally funded	3,788	4,079
Due to the limit on a defined benefit asset amount not capitalized under IAS 19	–	–
Provisions for pensions recognized in the Balance Sheet	**4,221**	**4,585**

30.2 / *PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS*

EUR million	2015	2014
Present value as of Jan. 1	5,741	4,181
Service costs	150	131
Interest expense	130	151
Actuarial gains (–)/losses (+) following changes in demographic assumptions	– 1	+ 1
Actuarial gains (–)/losses (+) following changes in financial assumptions	– 512	+ 1,379
Actuarial gains (–)/losses (+) following experience-based adjustments	+ 122	0
Pension payments from company assets	– 105	– 98
Pension payments from fund assets	– 9	– 9
Past service costs (incl. plan curtailment)	0	1
Effects from transfers	– 5	4
Currency differences	2	0
Present value as of Dec. 31	**5,512**	**5,741**

30.3 / *SENSITIVITY ANALYSES*

Present value of defined benefit pension obligation if		Dec. 31, 2015		Dec. 31, 2014	
		EUR million	*in %*	*EUR million*	*in %*
Discount rate	+ 0.5 percentage points	5,000	– 9.29%	5,184	– 9.70%
	– 0.5 percentage points	6,105	10.76%	6,390	11.30%
Remuneration trend	+ 0.5 percentage points	5,606	1.70%	5,845	1.81%
	– 0.5 percentage points	5,425	– 1.59%	5,644	– 1.69%
Retirement benefit trend	+ 0.5 percentage points	5,830	5.77%	6,091	6.09%
	– 0.5 percentage points	5,222	– 5.26%	5,424	– 5.52%
Life expectancy	+ 1 year	5,656	2.61%	5,900	2.77%

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	2015	2014
Active beneficiary employees	3,646	3,877
Former beneficiary employees	139	159
Pensioners	1,726	1,705
Present value as of Dec. 31	**5,512**	**5,741**

30.5 / *MATURITY PROFILE OF DEFINED BENEFIT OBLIGATION*

EUR million	2015	2014
Due within the next fiscal year	119	114
Due within two to five years	545	510
Due after more than five years	4,848	5,117
Present value as of Dec. 31	**5,512**	**5,741**

The average weighted term during which the Audi Group's defined benefit obligation will apply, based on the current perspective, is 21 (22) years (Macaulay Duration).

30.6 / *FAIR VALUE OF PLAN ASSETS*

EUR million	2015	2014
Plan assets as of Jan. 1	1,156	972
Interest income from plan assets	26	35
Income/expense from plan assets not recognized in interest income	– 17	36
Employer contributions to the fund	133	122
Employee contributions to the fund	0	0
Pension payments from the fund	– 9	– 9
Effects from transfers	0	0
Currency differences	1	0
Plan assets as of Dec. 31	**1,291**	**1,156**

Employer contributions to the fund totaling EUR 111 (100) million are expected for the following fiscal year.

30.7 / *COMPOSITION OF PLAN ASSETS*

EUR million	Dec. 31, 2015			Dec. 31, 2014		
	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	36	–	36	43	–	43
Debt instruments	1	–	1	1	–	1
Equity funds	158	–	158	317	–	317
Pension funds	965	92	1,058	664	90	753
Real estate funds	23	–	23	23	–	23
Other funds	16	–	16	19	–	19
Other	–	–	–	0	–	0
Plan assets	**1,199**	**92**	**1,291**	**1,067**	**90**	**1,156**

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 are 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 longevity risk into account, the most up-to-date generation mortality reference tables “HEUBECK-RICHTTAFELN 2005 G” are used, as these have already considered the probability of greater life expectancy in the future. As an additional measure, an 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	2015	2014
Service costs	150	131
Net interest expense (+) and income (–)	+ 104	+ 116
Past service costs (incl. plan curtailment)	0	1
Balance of amounts from defined benefit obligations recognized through profit or loss	**253**	**248**

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	2015	2014
Provisions for pensions as of Jan. 1	4,585	3,209
Service costs	150	131
Interest expense	130	151
Interest income from plan assets	– 26	– 35
Income/expense from plan assets not recognized in interest income	17	– 36
Actuarial gains (–)/losses (+) following changes in demographic assumptions	– 1	+ 1
Actuarial gains (–)/losses (+) following changes in financial assumptions	– 512	+ 1,379
Actuarial gains (–)/losses (+) following experience-based adjustments	+ 122	0
Past service costs (incl. plan curtailment)	0	1
Pension payments from company assets	– 105	– 98
Employer contributions to the fund	– 133	– 122
Effects from transfers	– 6	4
Currency differences	1	– 1
Provisions for pensions as of Dec. 31	**4,221**	**4,585**

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

in %	2015	2014
Discount rate	2.66	2.29
Remuneration trend	3.66	3.57
Retirement benefit trend	1.65	1.80
Fluctuation	1.07	1.02

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, 2015		Dec. 31, 2014	
	Total	Of which due within one year	Total	Of which due within one year
Obligations from sales operations	7,443	3,176	6,382	2,314
Workforce-related provisions	961	235	1,056	249
Provisions for legal and litigation risks	484	150	403	123
Miscellaneous provisions	696	591	759	666
Other provisions	**9,584**	**4,153**	**8,599**	**3,353**

Other provisions include provision totaling EUR 228 million for the V6 3.0 TDI issue as well as EUR 70 million resulting from the airbag recall.

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 generated prior to the balance sheet date. Furthermore, provisions were recognized for technical measures for the affected four-cylinder TDI engines and the V6 3.0 TDI engines, as well as for sales measures. Obligations from sales operations also include provisions for the airbag recall.

The workforce-related provisions are recognized for such purposes as partial retirement arrangements and long-service awards. Regarding the implementation of the partial retirement model, the German Federal Employment Agency will reimburse the amount of EUR 18 (30) million.

Provisions for legal and litigation risks include a range of court proceedings and claims primarily relating to product liability and patent infringements. Furthermore, provisions were recognized for litigation in relation to the diesel issue affecting the V6 3.0 TDI engines. Audi Group companies in several countries are involved in litigation regarding the affected four-cylinder TDI engines. Based on the agreements in place, Volkswagen AG, Wolfsburg, is responsible for defending these cases and the ensuing consequences. As a result, no resource outflows that would justify the recognition of provisions are anticipated. It is considered highly improbable that the Audi Group will be the subject of a joint liability claim with regard to the four-cylinder TDI issue described. For this reason, no contingent liabilities were recognized.

The other provisions include reserves for price risks of EUR 108 (182) million.

Volkswagen AG is the subject of a claim for reimbursement amounting to EUR 180 million as a consequence of the four-cylinder TDI issue.

Anticipated outflows from other provisions are 43 percent in the following year, 48 percent in the years 2017 through 2020 and 9 percent thereafter.

// CHANGE IN OTHER PROVISIONS

EUR million	Jan. 1, 2015	Currency-differences	Change in scope of consolidated companies	Utilization	Dissolution	Addition	Interest effect from measurement	Dec. 31, 2015
Obligations from sales operations	6,382	95	–	2,076	313	3,362	–7	7,443
Workforce-related provisions	1,056	2	0	167	71	149	–8	961
Provisions for legal and litigation risks	403	2	–	33	17	130	–1	484
Miscellaneous provisions	759	10	–	249	142	314	4	696
Change in other provisions	**8,599**	**109**	**0**	**2,525**	**543**	**3,955**	**–12**	**9,584**

33 / TRADE PAYABLES

Trade payables totaled EUR 7,204 (5,824) 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 ensure financial flexibility in order to achieve business and growth targets and to enable a 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 as of December 31, 2015.

For this purpose, the development of key costs and value factors is 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 respect, the Audi Group has been using the return on investment as an indicator based on capital expenditure for a number of years.

// DEVELOPMENT OF CAPITAL

EUR million	Dec. 31, 2015	Dec. 31, 2014
Equity	21,779	19,199
as % of total capital	38.4	37.8
Financial liabilities and liabilities from profit transfer	4,637	4,876
of which current financial liabilities	*1,637*	*1,422*
of which non-current financial liabilities	*247*	*215*
of which liabilities from the transfer of profit	*2,752*	*3,239*
as % of total capital	8.2	9.6
Balance sheet total	**56,763**	**50,769**

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 2015 fiscal year, equity rose by 13.4 percent compared with the prior year. This is primarily due to the transfer to retained earnings and a cash injection to the capital reserve made 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 ratings 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 ratings 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 DEC. 31, 2015*

EUR million	Reconciliation of balance sheet items to classes of financial instruments			
	Carrying amount as per Balance Sheet as of Dec. 31, 2015	Measured at fair value through profit or loss	Available for sale	Loans and receivables
Other participations[1]	1	–	1	–
Other financial assets	580	– 21	–	337
of which from the positive fair values of derivative financial instruments	*243*	*– 21* [2]	–	–
of which fixed deposits and extended loans	*310*	–	–	*310*
of which miscellaneous other financial assets	*26*	–	–	*26*
Non-current financial assets	**581**	**– 21**	**1**	**337**
Trade receivables	4,097	–	–	4,097
Other financial assets	2,357	110	–	2,015
of which from the positive fair values of derivative financial instruments	*341*	*110*	–	–
of which fixed deposits and extended loans	*839*	–	–	*839*
of which miscellaneous other financial assets	*1,177*	–	–	*1,176*
Securities	4,782	–	4,782	–
Cash funds	12,375	–	–	12,375
Current financial assets	**23,610**	**110**	**4,782**	**18,487**
Financial assets	**24,191**	**89**	**4,782**	**18,823**
Financial liabilities	247	–	–	–
of which liabilities from finance leases	*229*	–	–	–
of which other financial liabilities	*18*	–	–	–
Other financial liabilities	1,421	352	–	–
of which from the negative fair values of derivative financial instruments	*1,373*	*352*	–	–
of which miscellaneous other financial liabilities	*48*	–	–	–
Non-current financial liabilities	**1,669**	**352**	**–**	**–**
Financial liabilities	1,637	–	–	–
of which liabilities from finance leases	*13*	–	–	–
of which other financial liabilities	*1,625*	–	–	–
Trade payables	7,204	–	–	–
Other financial liabilities	6,040	351	–	–
of which from the negative fair values of derivative financial instruments	*1,774*	*351*	–	–
of which miscellaneous other financial liabilities	*4,266*	–	–	–
Current financial liabilities	**14,882**	**351**	**–**	**–**
Financial liabilities	**16,550**	**703**	**–**	**–**

1) As explained in the recognition and measurement principles, participations within the scope of IAS 28, IFRS 10 and IFRS 11 are no longer classified as financial instruments. The value of these other participations amounts to EUR 294 million.
2) The forward element of derivative financial instruments with hedging relationships, which is not part of the hedging relationship and is allocated to the "Measured at fair value through profit or loss" category, currently has a negative value.

				Classification in measurement levels pursuant to IFRS 7			
	Financial liabilities measured at amortized cost	No category assigned under IAS 39		Measured at fair value			Measured at amortized cost
		Derivative financial instruments with hedging relationships	Not within the scope of IAS 39	Level 1	Level 2	Level 3	
	–	–	–	–	–	1	–
	–	264	–	–	239	5	337
	–	*264*	–	–	*239*	*5*	–
	–	–	–	–	–	–	*310*
	–	–	–	–	–	–	*26*
	–	**264**	**–**	**–**	**239**	**6**	**337**
	–	–	–	–	–	–	4,097
	–	231	1	–	335	6	2,017
	–	*231*	–	–	*335*	*6*	–
	–	–	–	–	–	–	*839*
	–	–	*1*	–	–	–	*1,177*
	–	–	–	4,782	–	–	–
	–	–	–	–	–	–	12,375
	–	**231**	**1**	**4,782**	**335**	**6**	**18,488**
	–	**495**	**1**	**4,782**	**574**	**11**	**18,825**
	18	–	229	–	–	–	247
	–	–	*229*	–	–	–	*229*
	18	–	–	–	–	–	*18*
	48	1,021	–	–	1,219	154	48
	–	*1,021*	–	–	*1,219*	*154*	–
	48	–	–	–	–	–	*48*
	66	**1,021**	**229**	**–**	**1,219**	**154**	**295**
	1,625	–	13	–	–	–	1,637
	–	–	*13*	–	–	–	*13*
	1,625	–	–	–	–	–	*1,625*
	7,204	–	–	–	–	–	7,204
	4,266	1,423	–	–	1,706	68	4,266
	–	*1,423*	–	–	*1,706*	*68*	–
	4,266	–	–	–	–	–	*4,266*
	13,095	**1,423**	**13**	**–**	**1,706**	**68**	**13,108**
	13,161	**2,444**	**242**	**–**	**2,925**	**222**	**13,403**

35.3 / *CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS AS OF DEC. 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[1]	1	–	1	–
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	**590**	**46**	**1**	**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	**23,100**	**98**	**3,370**	**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**	**–**	**–**

1) As explained in the recognition and measurement principles, participations within the scope of IAS 28, IFRS 10 and IFRS 11 are no longer classified as financial instruments. The value of these other participations amounts to EUR 267 million.

				Classification in measurement levels pursuant to IFRS 7			
	Financial liabilities measured at amortized cost	No category assigned under IAS 39		Measured at fair value			Measured at amortized cost
		Derivative financial instruments with hedging relationships	Not within the scope of IAS 39	Level 1	Level 2	Level 3	
	–	–	–	–	–	1	–
	–	257	–	–	294	9	287
	–	*257*	–	–	*294*	*9*	–
	–	–	–	–	–	–	*261*
	–	–	–	–	–	–	*26*
	–	**257**	**–**	**–**	**294**	**9**	**287**
	–	–	–	–	–	–	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**	**18**	**19,160**
	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**

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

EUR million	2015	2014 [1]
Positive fair values of level 3 derivative financial instruments as of Jan. 1	18	31
Income (+) and expense (–) recognized in the financial result	– 1	+ 1
Income (+) and expense (–) recognized in other comprehensive income	+ 0	+ 2
Settlements	– 6	– 11
Transfer from level 3 to level 2	0	– 4
Positive fair values of level 3 derivative financial instruments as of Dec. 31	**11**	**18**
Income (+) and expense (–) recognized in the financial result from level 3 derivative financial instruments still held at Dec. 31	– 1	+1

1) The previous year was adjusted to take account of the other participations.

EUR million	2015	2014 [1]
Negative fair values of level 3 derivative financial instruments as of Jan. 1	227	176
Income (–) and expense (+) recognized in the financial result	+ 108	+ 101
Income (–) and expense (+) recognized in other comprehensive income	+ 1	+ 3
Settlements	– 99	– 47
Transfer from level 3 to level 2	– 15	– 6
Negative fair values of level 3 derivative financial instruments as of Dec. 31	**222**	**227**
Income (–) and expense (+) recognized in the financial result from level 3 derivative financial instruments still held at Dec. 31	+ 108	+ 101

1) The previous year was adjusted to take account of the other participations.

The residual value hedging model is categorically allocated to level 3. The transfer from level 3 to level 2 contains commodity futures for whose measurement it is no longer necessary to extrapolate the exchange rates because they 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, 2015 would have no impact on equity (previous year: EUR 1 million). The positive or negative effect on profit after tax of such a rise or fall would be EUR 1 (6) million.

35.5 / FINANCIAL INSTRUMENTS MEASURED AT COST

EUR million	Dec. 31, 2015	Level 1	Level 2	Level 3
Trade receivables	4,097	–	4,097	–
Other financial assets	2,345	–	2,345	–
Cash funds	12,375	7,218	5,156	–
Fair values of financial assets measured at amortized cost	**18,816**	**7,218**	**11,598**	**–**
Trade payables	7,204	–	7,204	–
Financial liabilities	1,885	–	1,885	–
Other financial liabilities	4,315	–	4,315	–
Fair values of financial liabilities measured at amortized cost	**13,403**	**–**	**13,403**	**–**

EUR million	Dec. 31, 2014	Level 1	Level 2	Level 3
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	**19,160**	**3,689**	**15,470**	**–**
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**	**–**

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 are 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 169.

36.2 / *CREDIT AND DEFAULT 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 parties for cash and capital investments, as well as currency and commodity hedging instruments, have impeccable credit standings. In addition to 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 the 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, 2015	Neither past due nor impaired	Past due and not impaired	Impaired
Trade receivables	4,149	3,626	463	61
Other receivables	2,388	2,340	13	35
of which receivables from loans	*1,149*	*1,149*	*0*	*–*
of which miscellaneous receivables	*1,238*	*1,190*	*13*	*35*
	6,537	**5,966**	**476**	**95**

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**

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 5,966 (7,203) 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."

There are no past due financial instruments measured at fair value within the Audi Group. The fair values of these financial instruments are determined based on their market prices. In the 2015 fiscal year, no specific allowances were carried out in the Audi Group regarding securities measured at fair value.

// MATURITY ANALYSIS OF GROSS CARRYING AMOUNTS

EUR million	Past due and not impaired	Past due		
	Dec. 31, 2015	up to 30 days	between 30 and 90 days	more than 90 days
Trade receivables	463	92	188	182
Other receivables	13	4	4	5
Gross carrying amounts	**476**	**96**	**192**	**187**

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**

The credit risk is low overall, as the vast majority of the past due and not impaired financial assets – predominantly owing to customers' purchase invoices and payment processes – are with customers with very high creditworthiness.

// *IMPAIRMENTS*

EUR million	2015	2014
Position as of Jan. 1	98	92
Changes in scope of consolidated companies	–	0
Addition	13	12
Utilization	– 21	– 4
Dissolution	– 2	– 2
Position as of Dec. 31	**87**	**98**

The development of impairments on receivables that existed as of the balance sheet date and that were measured at amortized cost can be broken down as shown in the above table for the fiscal years 2015 and 2014. Portfolio-based impairments are not used within the Audi Group.

// *COLLATERAL*

The credit and default risk is reduced by collateral held of EUR 1,978 (2,161) 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 ensures adequate liquidity within the Audi Group at all times.

// MATURITY ANALYSIS OF UNDISCOUNTED CASH FROM FINANCIAL INSTRUMENTS

EUR million	Total	Residual contractual maturities		
	Dec. 31, 2015	up to 1 year	between 1 and 5 years	over 5 years
Financial liabilities	1,885	1,638	48	199
Trade payables	7,204	7,204	–	–
Other financial liabilities and obligations	4,315	4,266	48	–
Derivative financial instruments	44,092	18,912	25,180	–
Undiscounted cash outflows	**57,496**	**32,020**	**25,276**	**199**

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**

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.

The Audi Group has provided various financial guarantees, mainly in the form of sureties. As of December 31, 2015 the maximum permitted use of financial guarantees amounts to EUR 321 (323) million.

// COLLATERAL

The Audi Group recorded financial assets as collateral for liabilities in the amount of EUR 57 (8) million. This collateral is primarily 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 defined at brand level in accordance with the Volkswagen organizational guideline, coordinated in the Volkswagen Group and implemented by the Group Treasury of Volkswagen AG.

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 concluded for 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 (forward exchange contracts, 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 2015 fiscal year primarily focused on the U.S. dollar, the Chinese renminbi, the Korean won, 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 by 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 hedging instruments.

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, 2015		Dec. 31, 2014	
	+10%	–10%	+10%	–10%
EUR/CNY				
Hedging reserve	320	–320	381	–381
Profit after tax	–31	31	–48	48
EUR/GBP				
Hedging reserve	831	–831	526	–526
Profit after tax	2	–2	–1	1
EUR/JPY				
Hedging reserve	170	–170	80	–80
Profit after tax	–3	3	–1	1
EUR/KRW				
Hedging reserve	88	–88	50	–50
Profit after tax	–17	17	–9	9
EUR/USD				
Hedging reserve	955	–965	786	–783
Profit after tax	–35	45	–57	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 and 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	2015		2014	
	+10%	– 10%	+10%	– 10%
Fund price risks				
Effects on equity with change in share prices	20	– 23	21	– 30
Commodity price risks				
Effects on equity with change in commodity prices	13	– 13	18	– 18
Effects on profit after tax with change in commodity prices	26	– 26	42	– 42
Residual value risks of used cars				
Effects on profit after tax with change in market prices	219	– 219	194	– 194
	+100 bps	– 100 bps	+100 bps	– 100 bps
Interest rate change risks				
Effects on equity with change in market interest rate	– 65	65	– 74	74
Effects on profit after tax with change in market interest rate	14	– 14	3	– 3

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. The retrospective evaluation of the effectiveness of hedges involves a 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. The ineffectiveness resulting from cash flow hedges in 2015 led to a EUR 19 million decrease in the financial result. In 2014 the ineffectiveness amounted to EUR 15 million, which led to an increase in the financial result.

// NOMINAL VOLUME OF DERIVATIVE FINANCIAL INSTRUMENTS

EUR million	Nominal volumes			
	Dec. 31, 2015	Remaining term of up to 1 year	Remaining term of between 1 and 5 years	Dec. 31, 2014
Forward exchange contracts	42,839	17,463	25,376	32,973
Foreign exchange options	551	–	551	399
Commodity futures	234	129	105	275
Cash flow hedges	**43,624**	**17,593**	**26,032**	**33,647**
Forward exchange contracts	3,169	2,349	820	966
Commodity futures	486	293	193	656
Other derivatives	**3,655**	**2,642**	**1,013**	**1,622**

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 2015 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 2015 included payments for interest received amounting to EUR 51 (39) million and for interest paid amounting to EUR 44 (31) million. In 2015 the Audi Group received dividends and profit transfers totaling EUR 604 (416) 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 investments in subsidiaries, and changes in capital at non-consolidated subsidiaries resulted in a total outflow of EUR 50 (42) million. The acquisition of investments in associated companies and other participations resulted in an outflow of EUR 816 (156) million. This increase is mainly the consequence of the participation in There Holding B.V. and the HERE Group.

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, 2015	Dec. 31, 2014
Cash funds as per Balance Sheet	12,375	11,391
Currently due fixed deposits with an investment period > 3 months	– 5,156	– 7,702
Cash and cash equivalents as per Cash Flow Statement (bank assets and cash deposits with maturities of no more than three months)	**7,218**	**3,689**

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 6,059 (2,330) million.

38 / CONTINGENT LIABILITIES

EUR million	Dec. 31, 2015	Dec. 31, 2014 [1)]
Contingent liabilities from sureties	7	67
Other contingent liabilities	12	9
Contingent liabilities	**18**	**77**

1) The previous year was adjusted.

Contingent liabilities are unrecognized contingencies whose amount corresponds to the likely utilization as of the balance sheet date. Financial guarantees as defined under IFRS 7 are now only reported under liquidity risks under Note 36.3 and are no longer included under liabilities from sureties.

As explained under Note 32 “Other provisions,” no contingent liabilities exist in connection with the diesel issue.

39 / LITIGATION

As part of their operational activities, AUDI AG and the companies in which it holds direct or indirect interests are involved in legal disputes and official proceedings. Such legal disputes and procedures are particularly likely to occur in relation to suppliers, dealers, customers or employees. They may result in payment or other obligations for the companies involved. Particularly in cases where U.S. customers assert claims relating to vehicle faults, whether individually or in the form of class actions, very expensive measures may be required and may necessitate the payment of significant amounts in compensation or punitive damages. U.S. patent infringement proceedings are also associated with similar risks. 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 a degree of uncertainty.

For information regarding the legal risks arising from the diesel issue, please refer to the disclosures under the point “Notes on the diesel issue” in the general information in the Notes.

Furthermore, 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.

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.

A contract relating to the acquisition of the HERE Group companies and the associated establishment of There Holding B.V., Rijswijk (Netherlands) was concluded by AUDI AG, BMW AG and Daimler AG during the fiscal year. In the event of a change of control at one of the contractual partners, the contract obliges that partner to offer to sell its shares in There Holding B.V. to the other shareholders. If none of the other parties takes on these shares, the other parties have the right to resolve the winding up of There Holding B.V.

Moreover, 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, 2015				Due Dec. 31, 2014	
	Within 1 year	1 to 5 years	Over 5 years	Total	Over 1 year	Total
Purchase orders for property, plant and equipment	2,384	705	–	3,090	985	3,110
Purchase orders for intangible assets	267	36	–	303	85	392
Commitments from long-term rental and lease agreements	157	297	131	585	409	550
Miscellaneous financial obligations	853	343	138	1,334	341	921
Other financial obligations	**3,661**	**1,381**	**270**	**5,311**	**1,820**	**4,973**

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.

42 / DISCONTINUED OPERATIONS

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

43 / COST OF MATERIALS

EUR million	2015	2014
Expenses for raw materials and supplies, as well as purchased goods	34,055	32,343
Expenses for purchased services	3,529	3,680
Cost of materials	**37,583**	**36,024**

44 / PERSONNEL COSTS

EUR million	2015	2014
Wages and salaries	5,512	5,081
Social insurance and expenses for retirement benefits and support payments	1,090	987
of which relating to retirement benefit plans	*199*	*167*
of which defined contribution pension plans	*368*	*341*
Personnel costs	**6,602**	**6,068**

Subsidies from the German Federal Employment Agency in the amount of EUR 5 (13) 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

	2015	2014
Domestic companies [1]	57,191	53,848
Foreign companies	22,775	20,619
Employees	**79,966**	**74,467**
Apprentices	2,486	2,421
Employees of Audi Group companies	**82,452**	**76,888**
Staff employed from other Volkswagen Group companies not belonging to the Audi Group	386	359
Workforce Audi Group	**82,838**	**77,247**

1) Of these, 1,159 (1,589) employees were in the passive stage of their partial retirement.

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 52.2 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 the ordinary shares of Volkswagen AG. 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	2015	2014
Goods and services supplied to		
Volkswagen AG	7,156	6,386
Volkswagen AG subsidiaries and other participations not belonging to the Audi Group	15,845	13,489
Goods and services received from		
Volkswagen AG	9,323	6,685
Volkswagen AG subsidiaries and other participations not belonging to the Audi Group	7,318	5,624
Receivables from		
Volkswagen AG	5,887	4,746
Volkswagen AG subsidiaries and other participations not belonging to the Audi Group	3,102	2,575
Commitments toward		
Volkswagen AG	7,406	7,153
Volkswagen AG subsidiaries and participations not belonging to the Audi Group	6,013	3,918
Contingent liabilities to		
Volkswagen AG	–	–
Volkswagen AG subsidiaries and participations not belonging to the Audi Group	50	86
Collateral posted with		
Volkswagen AG	–	–
Volkswagen AG subsidiaries and participations not belonging to the Audi Group	50	–

As of December 31, 2015, sales of receivables to subsidiaries of Volkswagen AG, Wolfsburg, which do not belong to the Audi Group amounted to EUR 3,598 (3,256) million. This also includes sales of receivables to Volkswagen Group Services S.A./N.V., Brussels (Belgium), totaling EUR 2,551 (2,183) million. The possibility of a claim arising from contingencies is not anticipated.

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

EUR million	Goods and services supplied to		Goods and services received	
	2015	2014	2015	2014
Associates and joint ventures	7,504	11,255	361	207
Non-consolidated subsidiaries	51	25	155	138

EUR million	Receivables from		Liabilities to	
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Associates and joint ventures	2,376	1,827	1,749	1,598
Non-consolidated subsidiaries	149	118	44	30

As of December 31, 2015 there were guarantees totaling EUR 259 (129) million in favor of associated companies, joint ventures and non-consolidated subsidiaries. The possibility of a claim arising from contingencies is not anticipated. Irrevocable credit commitments to non-consolidated subsidiaries total EUR 94 (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 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.

The Audi Group's cash funds are in large part loaned to or invested in 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 333 (304) thousand were provided to the German State of Lower Saxony and to companies in which the State of Lower Saxony holds a majority stake, and goods and services amounting to a total value of EUR 20 thousand (none in the previous year) were received from them. No claims existed in the fiscal year (previous year: 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 2015 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 34 (162) 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. In addition, no claims existed (previous year: EUR 21 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	2015	2014
Auditing of the financial statements	1,101	998
Other assurance services	275	251
Tax consultancy services	10	7
Other services	422	642
Auditor's fees	**1,808**	**1,898**

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 in accordance with IFRS 8. The decision-making body for both segments with regard to the allocation of resources and the valuation of profitability is the full Board of Management.

The segment reporting is based on the economic activities of the Audi Group and is divided into the two segments of Automotive and Motorcycles. Whilst the Motorcycles segment does not meet the quantitative threshold set out in 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 Volkswagen Group brands 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	2015			
	Automotive	Motorcycles	Reconciliation	Audi Group
Revenue with third parties	57,719	701	–	58,420
Revenue with other segments	–	1	– 1	–
Revenue	**57,719**	**702**	**– 1**	**58,420**
Depreciation and amortization	– 2,596	– 69	–	– 2,665
Impairment losses	0	–	–	0
Reversal of impairment losses	–	–	–	–
Segment profit (operating profit)	4,804	31	–	4,836
Result from investments accounted for using the equity method	451	–	–	451
Net interest and other financial results	– 3	0	–	– 3
Investments accounted for using the equity method	4,483	–	–	4,483
Investments in property, plant and equipment, investment property and intangible assets	4,737	58	–	4,795

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

Taking into account additional depreciation and amortization 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 4.5 (4.0) percent. Adjusted to take account of these one-off effects, the operating profit totaled EUR 54 (48) million and the operating return on sales 7.8 (8.4) percent. The Automotive segment recorded an operating return on sales of 8.3 (9.6) percent.

The operating return on sales of the Audi Group totaled 8.3 (9.6) percent.

48.2 / *RECONCILIATION STATEMENT*

EUR million	2015	2014
Segment revenue	58,420	53,789
Consolidation	– 1	– 1
Group revenue	**58,420**	**53,787**
Segment profit (operating profit)	4,836	5,150
Consolidation	–	–
Operating profit	4,836	5,150
Financial result	448	841
Group profit before tax	**5,284**	**5,991**

48.3 / *BY REGION*

EUR million	2015						
	Germany	Rest of Europe	Asia-Pacific	North America	South America	Africa	Total
Revenue	12,055	19,502	14,966	10,861	657	379	58,420
Property, plant and equipment, intangible assets and investment property	10,973	4,893	193	1,341	85	–	17,485

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

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	2015	2014
Audi brand	41,428	37,784
Lamborghini brand	811	586
Other Volkswagen Group brands	3,860	3,076
Other automotive business	11,620	11,768
Automotive segment	**57,719**	**53,214**
Ducati brand	563	457
Other motorcycles business	138	118
Motorcycles segment	**702**	**575**
Reconciliation	– 1	– 1
Revenue	**58,420**	**53,787**

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

	2015		2014	
	EUR million	*in %*	*EUR million*	*in %*
Volkswagen AG	5,224	9	4,688	9
Volkswagen AG subsidiaries not belonging to the Audi Group	15,348	26	12,894	24
Two associated companies	7,453	13	11,230	21

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 December 3, 2015, 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 2015 fiscal year totaled EUR 20,079 (24,908) thousand, of which EUR 4,691 (4,939) thousand related to fixed remuneration components and EUR 15,388 (19,969) thousand to variable components. There were obligations totaling EUR 13,000 (17,940) thousand as of the balance sheet date, for which appropriate provisions have been created.

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. Allocations to provisions for pensions including transfers totaled EUR 1,430 (16,287) thousand; pension provisions as of December 31, 2015 totaled EUR 26,684 (33,882) thousand. Other long-term benefits for this group totaled EUR 2 (4) thousand.

Former members of the Board of Management and their surviving dependents received EUR 9,409 (8,017) thousand. This included payments resulting from termination of office of EUR 6,877 (6,003) thousand, with regard to which there remained obligations totaling EUR 7,421 (5,345) thousand as of the balance sheet date. The provisions for pensions for the above group of individuals amount to EUR 67,276 (67,868) 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 202 (1,417) thousand, of which EUR 202 (208) thousand related to fixed components. The level of the variable remuneration components is based on the compensatory payment made for the 2015 fiscal year in accordance with the applicable provision in the Articles of Incorporation and Bylaws. The compensatory payments were not yet known at the time when the Annual Financial Statements were concluded. In the previous year, compensatory payments amounted to EUR 1,209 thousand.

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 2016 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, 2015 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 Electronics Venture GmbH, Gaimersheim	100.0
Audi Immobilien GmbH & Co. KG, Ingolstadt	100.0
Ducati Motor Deutschland GmbH, Cologne	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 Luxembourg S.A., Luxembourg	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., Martorell	100.0
Audi Volkswagen Korea Ltd., Seoul	100.0
Audi Volkswagen Middle East FZE, Dubai	100.0
Audi Volkswagen Taiwan Co., Ltd., Taipei	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
Italdesign Giugiaro S.p.A., Turin	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
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	49.0
There Holding B.V., Rijswijk	33.3
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 worth, financial position and financial performance 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 25, 2016

The Board of Management

Prof. Rupert Stadler

Dr.-Ing. Stefan Knirsch

Dr. Bernd Martens

Prof. h. c. Thomas Sigi

Axel Strotbek

Dr. Dietmar Voggenreiter

Prof. 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, 2015. 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 of the German Commercial Code (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 of the German Commercial Code (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.

Without qualifying our opinion, we point out that the interim status of the investigation in connection with the diesel issue, presented in the Notes to the Financial Statements on pages 228 f. and in the Combined Management Report on pages 147 f., was taken into account in the creation of provisions for legal risks and warranties. On that basis, there are as yet no indications that incumbent members of the Board of Management of the Company had knowledge of the unregistered software components (auxiliary emission control devices) in connection with V6 3.0 TDI engines, or knowledge of irregularities in connection with control software used on the four-cylinder diesel engines developed and submitted for type approval by Volkswagen AG, until notified by the U.S. Environmental Protection Agency (EPA) in fall 2015. Nevertheless, if in the course of further investigations new findings should come to light that indicate that members of the Board of Management were aware of the diesel issue earlier, these could potentially have an effect on the Consolidated Financial Statements as well as on the Combined Management Report for the 2015 fiscal year and the comparative figures for 2014."

Munich, February 25, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Frank Hübner
Wirtschaftsprüfer
(German Public Auditor)

Klaus Schuster
Wirtschaftsprüfer
(German Public Auditor)

FUEL CONSUMPTION AND EMISSION FIGURES

As at: January 2016
(All data apply to features of the German market.)

Model	Wheels (inches)	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
					urban	extra urban	combined		
Audi A1									
A1 1.0 TFSI	15, 16	60	5-speed	Premium	5.0	3.7	4.2	97	A
A1 1.0 TFSI	17, 18	60	5-speed	Premium	5.2	3.9	4.4	102	B
A1 1.0 TFSI ultra	15, 16	70	5-speed	Premium	5.0	3.7	4.2	97	A
A1 1.0 TFSI ultra	17, 18	70	5-speed	Premium	5.2	3.9	4.4	102	B
A1 1.0 TFSI ultra	15, 16	70	S tronic, 7-speed	Premium	5.4	3.8	4.4	102	B
A1 1.0 TFSI ultra	17, 18	70	S tronic, 7-speed	Premium	5.6	4.0	4.6	107	B
A1 1.4 TFSI	15, 16	92	6-speed	Premium	6.4	4.1	4.9	115	C
A1 1.4 TFSI	17, 18	92	6-speed	Premium	6.6	4.3	5.1	120	C
A1 1.4 TFSI	15, 16	92	S tronic, 7-speed	Premium	6.2	4.2	4.9	112	B
A1 1.4 TFSI	17, 18	92	S tronic, 7-speed	Premium	6.3	4.4	5.1	117	C
A1 1.4 TFSI COD	16	110	6-speed	Premium	5.9	4.0	4.7	109	B
A1 1.4 TFSI COD	17, 18	110	6-speed	Premium	6.1	4.3	5.0	117	C
A1 1.4 TFSI COD	16	110	S tronic, 7-speed	Premium	5.8	4.1	4.7	109	B
A1 1.4 TFSI COD	17, 18	110	S tronic, 7-speed	Premium	6.1	4.4	5.0	116	B
A1 1.8 TFSI	16	141	S tronic, 7-speed	Premium	7.1	4.7	5.6	129	C
A1 1.8 TFSI	17, 18	141	S tronic, 7-speed	Premium	7.4	4.9	5.8	134	C
S1 2.0 TFSI quattro	17	170	6-speed	Premium	9.1	5.8	7.0	162	E
S1 2.0 TFSI quattro	18	170	6-speed	Premium	9.2	5.9	7.1	166	E
A1 1.4 TDI	15, 16	66	5-speed	Diesel	4.1	3.3	3.6	94	A
A1 1.4 TDI	17, 18	66	5-speed	Diesel	4.2	3.5	3.8	99	A
A1 1.4 TDI	15, 16	66	S tronic, 7-speed	Diesel	4.3	3.5	3.8	99	A
A1 1.4 TDI	17, 18	66	S tronic, 7-speed	Diesel	4.4	3.7	4.0	104	B
A1 1.6 TDI	15, 16	85	5-speed	Diesel	4.5	3.2	3.7	97	A
A1 1.6 TDI	17, 18	85	5-speed	Diesel	4.7	3.4	3.9	102	A
A1 1.6 TDI	15, 16	85	S tronic, 7-speed	Diesel	4.4	3.4	3.8	99	A
A1 1.6 TDI	17, 18	85	S tronic, 7-speed	Diesel	4.6	3.6	4.0	106	A
Audi A1 Sportback									
A1 Sportback 1.0 TFSI	15, 16	60	5-speed	Premium	5.0	3.7	4.2	97	A
A1 Sportback 1.0 TFSI	17, 18	60	5-speed	Premium	5.2	3.9	4.4	102	B
A1 Sportback 1.0 TFSI ultra	15, 16	70	5-speed	Premium	5.0	3.7	4.2	97	A
A1 Sportback 1.0 TFSI ultra	17, 18	70	5-speed	Premium	5.2	3.9	4.4	102	B
A1 Sportback 1.0 TFSI ultra	15, 16	70	S tronic, 7-speed	Premium	5.4	3.8	4.4	102	B
A1 Sportback 1.0 TFSI ultra	17, 18	70	S tronic, 7-speed	Premium	5.6	4.0	4.6	107	B
A1 Sportback 1.4 TFSI	15, 16	92	6-speed	Premium	6.6	4.2	5.1	118	C
A1 Sportback 1.4 TFSI	17, 18	92	6-speed	Premium	6.7	4.4	5.2	123	C
A1 Sportback 1.4 TFSI	15, 16	92	S tronic, 7-speed	Premium	6.2	4.2	4.9	112	B
A1 Sportback 1.4 TFSI	17, 18	92	S tronic, 7-speed	Premium	6.3	4.4	5.1	117	B
A1 Sportback 1.4 TFSI COD	16	110	6-speed	Premium	5.9	4.0	4.7	109	B
A1 Sportback 1.4 TFSI COD	17, 18	110	6-speed	Premium	6.1	4.3	5.0	117	B
A1 Sportback 1.4 TFSI COD	16	110	S tronic, 7-speed	Premium	5.8	4.1	4.7	109	B
A1 Sportback 1.4 TFSI COD	17, 18	110	S tronic, 7-speed	Premium	6.1	4.4	5.0	116	B
A1 Sportback 1.8 TFSI	16	141	S tronic, 7-speed	Premium	7.1	4.7	5.6	129	C
A1 Sportback 1.8 TFSI	17, 18	141	S tronic, 7-speed	Premium	7.4	4.9	5.8	134	C
S1 Sportback 2.0 TFSI quattro	17	170	6-speed	Premium	9.2	5.9	7.1	166	E
S1 Sportback 2.0 TFSI quattro	18	170	6-speed	Premium	9.3	6.0	7.2	168	E
A1 Sportback 1.4 TDI	15, 16	66	5-speed	Diesel	4.2	3.4	3.7	97	A
A1 Sportback 1.4 TDI	17, 18	66	5-speed	Diesel	4.3	3.6	3.9	102	A
A1 Sportback 1.4 TDI	15, 16	66	S tronic, 7-speed	Diesel	4.3	3.5	3.8	99	A
A1 Sportback 1.4 TDI	17, 18	66	S tronic, 7-speed	Diesel	4.4	3.7	4.0	104	A
A1 Sportback 1.6 TDI	15, 16	85	5-speed	Diesel	4.5	3.2	3.7	97	A
A1 Sportback 1.6 TDI	17, 18	85	5-speed	Diesel	4.7	3.4	3.9	102	A

Model	Wheels (inches)	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
					urban	extra urban	combined		
A1 Sportback 1.6 TDI	15, 16	85	S tronic, 7-speed	Diesel	4.4	3.4	3.8	99	A
A1 Sportback 1.6 TDI	17, 18	85	S tronic, 7-speed	Diesel	4.6	3.6	4.0	106	A
Audi TT Coupé									
TT Coupé 1.8 TFSI	17	132	6-speed	Premium	7.4	4.9	5.8	134	C
TT Coupé 1.8 TFSI	17–20[1)]	132	6-speed	Premium	7.6	5.1	6.0	138	D
TT Coupé 1.8 TFSI	17	132	S tronic, 7-speed	Premium	7.0	4.9	5.7	129	C
TT Coupé 1.8 TFSI	17–20[1)]	132	S tronic, 7-speed	Premium	7.2	5.1	5.9	133	C
TT Coupé 2.0 TFSI	17	169	6-speed	Premium	7.3	5.0	5.9	137	C
TT Coupé 2.0 TFSI	17–20[1)]	169	6-speed	Premium	7.5	5.2	6.1	141	D
TT Coupé 2.0 TFSI	17	169	S tronic, 6-speed	Premium	8.2	5.2	6.3	146	D
TT Coupé 2.0 TFSI	17–20[1)]	169	S tronic, 6-speed	Premium	8.4	5.4	6.5	150	D
TT Coupé 2.0 TFSI quattro	17	169	S tronic, 6-speed	Premium	8.3	5.4	6.4	149	D
TT Coupé 2.0 TFSI quattro	17–20[1)]	169	S tronic, 6-speed	Premium	8.5	5.6	6.6	153	D
TTS Coupé 2.0 TFSI quattro	18	228	6-speed	Premium	9.2	5.9	7.1	164	D
TTS Coupé 2.0 TFSI quattro	19, 20	228	6-speed	Premium	9.4	6.1	7.3	168	E
TTS Coupé 2.0 TFSI quattro	18	228	S tronic, 6-speed	Premium	8.2	5.8	6.7	155	D
TTS Coupé 2.0 TFSI quattro	19, 20	228	S tronic, 6-speed	Premium	8.4	6.0	6.9	159	D
TT Coupé 2.0 TDI ultra	17	135	6-speed	Diesel	4.9	3.7	4.2	110	A
TT Coupé 2.0 TDI ultra	17–20[1)]	135	6-speed	Diesel	5.2	4.0	4.5	116	B
Audi TT Roadster									
TT Roadster 1.8 TFSI	17	132	6-speed	Premium	7.5	5.0	5.9	138	C
TT Roadster 1.8 TFSI	17–20[1)]	132	6-speed	Premium	7.7	5.2	6.1	142	C
TT Roadster 1.8 TFSI	17	132	S tronic, 7-speed	Premium	7.1	5.0	5.8	132	C
TT Roadster 1.8 TFSI	17–20[1)]	132	S tronic, 7-speed	Premium	7.3	5.2	6.0	136	C
TT Roadster 2.0 TFSI	17	169	6-speed	Premium	7.5	5.2	6.0	140	C
TT Roadster 2.0 TFSI	17–20[1)]	169	6-speed	Premium	7.7	5.4	6.2	144	C
TT Roadster 2.0 TFSI	17	169	S tronic, 6-speed	Premium	8.4	5.4	6.5	151	D
TT Roadster 2.0 TFSI	17–20[1)]	169	S tronic, 6-speed	Premium	8.6	5.6	6.7	155	D
TT Roadster 2.0 TFSI quattro	17	169	S tronic, 6-speed	Premium	8.5	5.6	6.7	154	D
TT Roadster 2.0 TFSI quattro	17–20[1)]	169	S tronic, 6-speed	Premium	8.7	5.8	6.9	158	D
TTS Roadster 2.0 TFSI quattro	18	228	6-speed	Premium	9.3	6.1	7.3	169	D
TTS Roadster 2.0 TFSI quattro	19, 20	228	6-speed	Premium	9.5	6.3	7.5	173	E
TTS Roadster 2.0 TFSI quattro	18	228	S tronic, 6-speed	Premium	8.4	6.0	6.9	159	D
TTS Roadster 2.0 TFSI quattro	19, 20	228	S tronic, 6-speed	Premium	8.6	6.2	7.1	163	D
TT Roadster 2.0 TDI ultra	17	135	6-speed	Diesel	5.1	3.9	4.3	114	A
TT Roadster 2.0 TDI ultra	17–20[1)]	135	6-speed	Diesel	5.4	4.2	4.6	120	B
Audi A3									
A3 1.2 TFSI	16[2)]	81	6-speed	Premium	6.2	4.2	4.9	114	B
A3 1.2 TFSI	16–18	81	6-speed	Premium	6.4	4.4	5.1	119	B
A3 1.2 TFSI	16[2)]	81	S tronic, 7-speed	Premium	5.9	4.1	4.8	110	B
A3 1.2 TFSI	16–18	81	S tronic, 7-speed	Premium	6.2	4.4	5.1	118	B
A3 1.4 TFSI	16[2)]	92	6-speed	Premium	6.7	4.1	5.1	117	B
A3 1.4 TFSI	16–19	92	6-speed	Premium	7.1	4.5	5.5	125	C
A3 1.4 TFSI	16[2)]	92	S tronic, 7-speed	Premium	6.0	4.1	4.8	110	B
A3 1.4 TFSI	16–19	92	S tronic, 7-speed	Premium	6.4	4.5	5.2	118	B
A3 1.4 TFSI COD ultra	16[2)]	110	6-speed	Premium	5.6	3.9	4.5	105	A
A3 1.4 TFSI COD ultra	16–19	110	6-speed	Premium	6.0	4.3	4.9	112	B
A3 1.4 TFSI COD ultra	16[2)]	110	S tronic, 7-speed	Premium	5.5	3.9	4.5	104	A
A3 1.4 TFSI COD ultra	16–19	110	S tronic, 7-speed	Premium	5.9	4.3	4.9	113	B
A3 1.8 TFSI	16[2)]	132	6-speed	Premium	7.4	4.9	5.8	134	C
A3 1.8 TFSI	16–19	132	6-speed	Premium	7.7	5.2	6.1	139	D
A3 1.8 TFSI quattro	16[2)]	132	S tronic, 6-speed	Premium	8.0	5.5	6.4	149	D
A3 1.8 TFSI quattro	16–19	132	S tronic, 6-speed	Premium	8.3	5.8	6.7	154	D
S3 2.0 TFSI quattro	18	221	6-speed	Super Plus	9.1	5.8	7.0	162	D
S3 2.0 TFSI quattro	19	221	6-speed	Super Plus	9.2	5.9	7.1	164	D
S3 2.0 TFSI quattro	18, 19	221	S tronic, 6-speed	Super Plus	8.5	5.9	6.9	159	D
A3 1.6 TDI	16[2)]	81	6-speed	Diesel	4.5	3.4	3.8	99	A
A3 1.6 TDI	16–18	81	6-speed	Diesel	4.8	3.7	4.1	107	A
A3 1.6 TDI	16[2)]	81	S tronic, 7-speed	Diesel	4.3	3.5	3.8	99	A
A3 1.6 TDI	16–18	81	S tronic, 7-speed	Diesel	4.6	3.8	4.1	107	A

Model	Wheels (inches)	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
					urban	extra urban	combined		
A3 2.0 TDI	16[2)]	110	6-speed	Diesel	4.9	3.5	4.0	105	A
A3 2.0 TDI	16–19	110	6-speed	Diesel	5.2	3.8	4.3	110	A
A3 2.0 TDI	16[2)]	110	S tronic, 6-speed	Diesel	5.2	4.0	4.4	116	B
A3 2.0 TDI	16–19	110	S tronic, 6-speed	Diesel	5.5	4.3	4.7	122	B
A3 2.0 TDI quattro	16[2)]	110	6-speed	Diesel	5.6	4.1	4.7	122	B
A3 2.0 TDI quattro	16–19	110	6-speed	Diesel	5.9	4.4	5.0	128	B
A3 2.0 TDI	16[2)]	135	6-speed	Diesel	5.0	3.6	4.1	109	A
A3 2.0 TDI	16–19	135	6-speed	Diesel	5.3	3.9	4.4	116	B
A3 2.0 TDI quattro	16[2)]	135	S tronic, 6-speed	Diesel	5.4	4.3	4.7	124	B
A3 2.0 TDI quattro	16–19	135	S tronic, 6-speed	Diesel	5.7	4.6	5.0	130	B
Audi A3 Sportback									
A3 Sportback 1.2 TFSI	16[2)]	81	6-speed	Premium	6.2	4.2	4.9	114	B
A3 Sportback 1.2 TFSI	16–18	81	6-speed	Premium	6.4	4.4	5.1	119	B
A3 Sportback 1.2 TFSI	16[2)]	81	S tronic, 7-speed	Premium	5.9	4.1	4.8	110	B
A3 Sportback 1.2 TFSI	16–18	81	S tronic, 7-speed	Premium	6.2	4.4	5.1	118	B
A3 Sportback 1.4 TFSI	16[2)]	92	6-speed	Premium	6.7	4.1	5.1	117	B
A3 Sportback 1.4 TFSI	16–19	92	6-speed	Premium	7.1	4.5	5.5	125	C
A3 Sportback 1.4 TFSI	16[2)]	92	S tronic, 7-speed	Premium	6.1	4.2	4.9	113	B
A3 Sportback 1.4 TFSI	16–19	92	S tronic, 7-speed	Premium	6.5	4.6	5.3	120	B
A3 Sportback 1.4 TFSI COD ultra	16[2)]	110	6-speed	Premium	5.7	4.0	4.6	107	A
A3 Sportback 1.4 TFSI COD ultra	16–19	110	6-speed	Premium	6.1	4.4	5.0	115	B
A3 Sportback 1.4 TFSI COD ultra	16[2)]	110	S tronic, 7-speed	Premium	5.7	4.0	4.6	106	A
A3 Sportback 1.4 TFSI COD ultra	16–19	110	S tronic, 7-speed	Premium	6.1	4.4	5.0	115	B
A3 Sportback 1.4 TFSI g-tron	16[2)]	81	6-speed	Premium	6.9	4.3	5.2	121	B
				Natural gas	4.4 kg	2.8 kg	3.4 kg	92	A+
A3 Sportback 1.4 TFSI g-tron	16–18	81	6-speed	Premium	7.2	4.6	5.5	128	C
				Natural gas	4.6 kg	3.0 kg	3.6 kg	98	A+
A3 Sportback 1.4 TFSI g-tron	16[2)]	81	S tronic, 7-speed	Premium	6.3	4.4	5.1	117	B
				Natural gas	4.2 kg	2.7 kg	3.3 kg	89	A+
A3 Sportback 1.4 TFSI g-tron	16–18	81	S tronic, 7-speed	Premium	6.6	4.7	5.4	124	B
				Natural gas	4.4 kg	2.9 kg	3.5 kg	95	A+
A3 Sportback 1.8 TFSI	16[2)]	132	6-speed	Premium	7.4	4.9	5.8	134	C
A3 Sportback 1.8 TFSI	16–19	132	6-speed	Premium	7.7	5.2	6.1	139	C
A3 Sportback 1.8 TFSI quattro	16[2)]	132	S tronic, 6-speed	Premium	8.0	5.5	6.4	149	C
A3 Sportback 1.8 TFSI quattro	16–19	132	S tronic, 6-speed	Premium	8.3	5.8	6.7	154	D
A3 Sportback 1.4 TFSI e-tron	16	150[3)]	S tronic, 6-speed	Premium			1.5	35	A+
				Electricity			11.4 kWh		
A3 Sportback 1.4 TFSI e-tron	17, 18	150[3)]	S tronic, 6-speed	Premium			1.7	39	A+
				Electricity			12.4 kWh		
S3 Sportback 2.0 TFSI quattro	18	221	6-speed	Super Plus	9.1	5.8	7.0	162	D
S3 Sportback 2.0 TFSI quattro	19	221	6-speed	Super Plus	9.2	5.9	7.1	164	D
S3 Sportback 2.0 TFSI quattro	18	221	S tronic, 6-speed	Super Plus	8.5	5.9	6.9	159	D
S3 Sportback 2.0 TFSI quattro	19	221	S tronic, 6-speed	Super Plus	8.6	6.0	7.0	160	D
RS 3 Sportback 2.5 TFSI quattro	19[4)]	270	S tronic, 7-speed	Super Plus	11.2	6.3	8.1	189	E
RS 3 Sportback 2.5 TFSI quattro	19[5)]	270	S tronic, 7-speed	Super Plus	11.4	6.5	8.3	194	E
A3 Sportback 1.6 TDI	16[2)]	81	6-speed	Diesel	4.5	3.4	3.8	99	A
A3 Sportback 1.6 TDI	16, 17	81	6-speed	Diesel	4.7	3.6	4.0	105	A
A3 Sportback 1.6 TDI	17, 18	81	6-speed	Diesel	4.8	3.7	4.1	107	A
A3 Sportback 1.6 TDI	16[2)]	81	S tronic, 7-speed	Diesel	4.3	3.5	3.8	99	A+
A3 Sportback 1.6 TDI	16, 17	81	S tronic, 7-speed	Diesel	4.5	3.7	4.0	105	A
A3 Sportback 1.6 TDI	17, 18	81	S tronic, 7-speed	Diesel	4.6	3.8	4.1	107	A
A3 Sportback 2.0 TDI	16[2)]	110	6-speed	Diesel	4.9	3.5	4.0	105	A
A3 Sportback 2.0 TDI	16–19	110	6-speed	Diesel	5.2	3.8	4.3	110	A
A3 Sportback 2.0 TDI	16[2)]	110	S tronic, 6-speed	Diesel	5.2	4.0	4.4	116	A
A3 Sportback 2.0 TDI	16–19	110	S tronic, 6-speed	Diesel	5.5	4.3	4.7	122	B
A3 Sportback 2.0 TDI quattro	16[2)]	110	6-speed	Diesel	5.6	4.1	4.7	122	B
A3 Sportback 2.0 TDI quattro	16–19	110	6-speed	Diesel	5.9	4.4	5.0	128	B
A3 Sportback 2.0 TDI	16[2)]	135	6-speed	Diesel	5.0	3.7	4.1	109	A
A3 Sportback 2.0 TDI	16–19	135	6-speed	Diesel	5.3	4.0	4.4	116	A
A3 Sportback 2.0 TDI quattro	16[2)]	135	S tronic, 6-speed	Diesel	5.4	4.3	4.7	124	B
A3 Sportback 2.0 TDI quattro	16–19	135	S tronic, 6-speed	Diesel	5.7	4.6	5.0	130	B

Model	Wheels (inches)	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
					urban	extra urban	combined		
Audi A3 Sedan									
A3 Sedan 1.4 TFSI	16[2)]	92	6-speed	Premium	6.7	4.0	5.0	115	B
A3 Sedan 1.4 TFSI	16–19	92	6-speed	Premium	7.1	4.4	5.4	123	B
A3 Sedan 1.4 TFSI	16[2)]	92	S tronic, 7-speed	Premium	6.1	4.1	4.8	111	B
A3 Sedan 1.4 TFSI	16–19	92	S tronic, 7-speed	Premium	6.5	4.5	5.2	119	B
A3 Sedan 1.4 TFSI COD ultra	16[2)]	110	6-speed	Premium	5.7	3.9	4.6	106	A
A3 Sedan 1.4 TFSI COD ultra	16–19	110	6-speed	Premium	6.1	4.3	5.0	114	B
A3 Sedan 1.4 TFSI COD ultra	16[2)]	110	S tronic, 7-speed	Premium	5.6	3.9	4.5	104	A
A3 Sedan 1.4 TFSI COD ultra	16–19	110	S tronic, 7-speed	Premium	6.0	4.3	4.9	114	B
A3 Sedan 1.8 TFSI	16[2)]	132	6-speed	Premium	7.4	4.9	5.8	134	C
A3 Sedan 1.8 TFSI	16–19	132	6-speed	Premium	7.7	5.2	6.1	139	C
A3 Sedan 1.8 TFSI quattro	16[2)]	132	S tronic, 6-speed	Premium	8.0	5.5	6.4	149	C
A3 Sedan 1.8 TFSI quattro	16–19	132	S tronic, 6-speed	Premium	8.3	5.8	6.7	154	D
S3 Sedan 2.0 TFSI quattro	18	221	6-speed	Super Plus	9.1	5.8	7.0	162	D
S3 Sedan 2.0 TFSI quattro	19	221	6-speed	Super Plus	9.2	5.9	7.1	164	D
S3 Sedan 2.0 TFSI quattro	18	221	S tronic, 6-speed	Super Plus	8.5	5.9	6.9	159	D
S3 Sedan 2.0 TFSI quattro	19	221	S tronic, 6-speed	Super Plus	8.6	6.0	7.0	160	D
A3 Sedan 1.6 TDI	16[2)]	81	6-speed	Diesel	4.4	3.3	3.7	98	A+
A3 Sedan 1.6 TDI	16–18	81	6-speed	Diesel	4.7	3.6	4.0	106	A
A3 Sedan 1.6 TDI	16[2)]	81	S tronic, 7-speed	Diesel	4.2	3.4	3.7	98	A+
A3 Sedan 1.6 TDI	16–18	81	S tronic, 7-speed	Diesel	4.5	3.7	4.0	106	A
A3 Sedan 2.0 TDI	16[2)]	110	6-speed	Diesel	4.9	3.5	4.0	104	A
A3 Sedan 2.0 TDI	16–19	110	6-speed	Diesel	5.2	3.8	4.3	109	A
A3 Sedan 2.0 TDI	16[2)]	110	S tronic, 6-speed	Diesel	5.2	4.0	4.4	115	A
A3 Sedan 2.0 TDI	16–19	110	S tronic, 6-speed	Diesel	5.5	4.3	4.7	121	B
A3 Sedan 2.0 TDI quattro	16[2)]	110	6-speed	Diesel	5.6	4.1	4.7	122	B
A3 Sedan 2.0 TDI quattro	16–19	110	6-speed	Diesel	5.9	4.4	5.0	128	B
A3 Sedan 2.0 TDI	16[2)]	135	6-speed	Diesel	5.0	3.6	4.1	109	A
A3 Sedan 2.0 TDI	16–19	135	6-speed	Diesel	5.3	3.9	4.4	116	A
A3 Sedan 2.0 TDI quattro	16[2)]	135	S tronic, 6-speed	Diesel	5.4	4.3	4.7	124	B
A3 Sedan 2.0 TDI quattro	16–19	135	S tronic, 6-speed	Diesel	5.7	4.6	5.0	130	B
Audi A3 Cabriolet									
A3 Cabriolet 1.4 TFSI	16[2)]	85	6-speed	Premium	7.0	4.3	5.3	122	B
A3 Cabriolet 1.4 TFSI	16–19	85	6-speed	Premium	7.4	4.8	5.8	130	B
A3 Cabriolet 1.4 TFSI	16[2)]	92	6-speed	Premium	7.0	4.3	5.3	122	B
A3 Cabriolet 1.4 TFSI	16–19	92	6-speed	Premium	7.4	4.8	5.8	130	B
A3 Cabriolet 1.4 TFSI	16[2)]	92	S tronic, 7-speed	Premium	6.3	4.4	5.1	116	A
A3 Cabriolet 1.4 TFSI	16–19	92	S tronic, 7-speed	Premium	6.7	4.8	5.5	124	B
A3 Cabriolet 1.4 TFSI COD ultra	16[2)]	110	6-speed	Premium	5.9	4.1	4.8	110	A
A3 Cabriolet 1.4 TFSI COD ultra	16–19	110	6-speed	Premium	6.3	4.5	5.2	119	A
A3 Cabriolet 1.4 TFSI COD ultra	16[2)]	110	S tronic, 7-speed	Premium	5.9	4.2	4.8	109	A
A3 Cabriolet 1.4 TFSI COD ultra	16–19	110	S tronic, 7-speed	Premium	6.3	4.6	5.2	119	A
A3 Cabriolet 1.8 TFSI	16[2)]	132	6-speed	Premium	7.7	5.0	6.0	139	C
A3 Cabriolet 1.8 TFSI	16–19	132	6-speed	Premium	8.0	5.3	6.3	144	C
A3 Cabriolet 1.8 TFSI quattro	16[2)]	132	S tronic, 6-speed	Premium	8.1	5.6	6.5	152	C
A3 Cabriolet 1.8 TFSI quattro	16–19	132	S tronic, 6-speed	Premium	8.4	5.9	6.8	158	C
S3 Cabriolet 2.0 TFSI quattro	18	221	S tronic, 6-speed	Super Plus	8.8	6.1	7.1	164	C
S3 Cabriolet 2.0 TFSI quattro	19	221	S tronic, 6-speed	Super Plus	8.9	6.2	7.2	165	C
A3 Cabriolet 1.6 TDI	16[2)]	81	6-speed	Diesel	4.6	3.5	3.9	104	A+
A3 Cabriolet 1.6 TDI	16–19	81	6-speed	Diesel	5.0	3.9	4.3	113	A
A3 Cabriolet 2.0 TDI	16[2)]	110	6-speed	Diesel	5.1	3.7	4.2	110	A+
A3 Cabriolet 2.0 TDI	16–19	110	6-speed	Diesel	5.4	4.0	4.5	116	A
A3 Cabriolet 2.0 TDI	16[2)]	110	S tronic, 6-speed	Diesel	5.4	4.2	4.6	120	A
A3 Cabriolet 2.0 TDI	16–19	110	S tronic, 6-speed	Diesel	5.7	4.5	4.9	127	B
A3 Cabriolet 2.0 TDI quattro	16[2)]	110	6-speed	Diesel	5.8	4.2	4.8	125	A
A3 Cabriolet 2.0 TDI quattro	16–19	110	6-speed	Diesel	6.1	4.5	5.1	132	B
A3 Cabriolet 2.0 TDI	16[2)]	135	6-speed	Diesel	5.2	3.8	4.3	114	A
A3 Cabriolet 2.0 TDI	16–19	135	6-speed	Diesel	5.5	4.1	4.6	121	A

Model	Wheels (inches)	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
					urban	extra urban	combined		
A3 Cabriolet 2.0 TDI quattro	16[2)]	135	S tronic, 6-speed	Diesel	5.7	4.5	4.9	129	A
A3 Cabriolet 2.0 TDI quattro	16–19	135	S tronic, 6-speed	Diesel	6.0	4.8	5.2	135	B
Audi A4 Sedan									
A4 Sedan 1.4 TFSI	16[6)]	110	6-speed	Premium	6.6	4.3	5.1	119	B
A4 Sedan 1.4 TFSI	16–19	110	6-speed	Premium	7.0	4.8	5.5	131	B
A4 Sedan 1.4 TFSI	16[6)]	110	S tronic, 7-speed	Premium	6.4	4.1	4.9	114	A
A4 Sedan 1.4 TFSI	16–19	110	S tronic, 7-speed	Premium	7.1	4.7	5.6	129	B
A4 Sedan 2.0 TFSI ultra	16[6)]	140	6-speed	Premium	7.0	4.4	5.4	122	B
A4 Sedan 2.0 TFSI ultra	16–19	140	6-speed	Premium	7.4	5.0	5.9	134	B
A4 Sedan 2.0 TFSI ultra	16[6)]	140	S tronic, 7-speed	Premium	6.2	4.0	4.8	109	A
A4 Sedan 2.0 TFSI ultra	17–19	140	S tronic, 7-speed	Premium	6.6	4.7	5.4	122	A
A4 Sedan 2.0 TFSI	17	185	S tronic, 7-speed	Premium	7.4	4.7	5.7	129	B
A4 Sedan 2.0 TFSI	18, 19	185	S tronic, 7-speed	Premium	7.4	5.0	5.9	137	B
A4 Sedan 2.0 TFSI quattro	17	185	S tronic, 7-speed	Premium	7.7	5.0	5.9	136	B
A4 Sedan 2.0 TFSI quattro	18, 19	185	S tronic, 7-speed	Premium	7.9	5.4	6.3	144	B
A4 Sedan 2.0 TDI	16	110	6-speed	Diesel	4.6	3.4	3.8	99	A+
A4 Sedan 2.0 TDI	17–19	110	6-speed	Diesel	5.0	3.9	4.2	111	A
A4 Sedan 2.0 TDI ultra	16[6)]	110	6-speed	Diesel	4.4	3.3	3.7	95	A+
A4 Sedan 2.0 TDI ultra	17[7)]	110	6-speed	Diesel	4.5	3.4	3.8	99	A+
A4 Sedan 2.0 TDI	16	110	S tronic, 7-speed	Diesel	4.8	3.6	4.0	104	A+
A4 Sedan 2.0 TDI	17–19	110	S tronic, 7-speed	Diesel	5.1	3.9	4.3	112	A
A4 Sedan 2.0 TDI ultra	16[6)]	110	S tronic, 7-speed	Diesel	4.6	3.4	3.8	99	A+
A4 Sedan 2.0 TDI ultra	17[7)]	110	S tronic, 7-speed	Diesel	4.7	3.5	3.9	101	A+
A4 Sedan 2.0 TDI ultra	16	140	6-speed	Diesel	4.7	3.4	3.8	99	A+
A4 Sedan 2.0 TDI ultra	17	140	6-speed	Diesel	4.8	3.5	3.9	102	A+
A4 Sedan 2.0 TDI	17	140	6-speed	Diesel	5.1	3.8	4.3	111	A
A4 Sedan 2.0 TDI	18, 19	140	6-speed	Diesel	5.4	4.1	4.5	118	A
A4 Sedan 2.0 TDI ultra	16	140	S tronic, 7-speed	Diesel	4.6	3.4	3.9	101	A+
A4 Sedan 2.0 TDI ultra	17	140	S tronic, 7-speed	Diesel	4.7	3.5	4.0	103	A+
A4 Sedan 2.0 TDI	17	140	S tronic, 7-speed	Diesel	4.8	3.7	4.1	107	A+
A4 Sedan 2.0 TDI	18, 19	140	S tronic, 7-speed	Diesel	5.0	3.9	4.3	113	A
A4 Sedan 2.0 TDI quattro	17	140	S tronic, 7-speed	Diesel	5.1	4.0	4.4	114	A+
A4 Sedan 2.0 TDI quattro	18, 19	140	S tronic, 7-speed	Diesel	5.3	4.3	4.6	121	A
A4 Sedan 3.0 TDI	17	160	S tronic, 7-speed	Diesel	4.8	4.0	4.2	109	A+
A4 Sedan 3.0 TDI	18, 19	160	S tronic, 7-speed	Diesel	4.9	4.3	4.5	117	A
A4 Sedan 3.0 TDI quattro	17	160	S tronic, 7-speed	Diesel	4.9	4.4	4.6	119	A+
A4 Sedan 3.0 TDI quattro	18, 19	160	S tronic, 7-speed	Diesel	5.1	4.7	4.8	127	A
A4 Sedan 3.0 TDI quattro	17	200	tiptronic, 8-speed	Diesel	5.4	4.6	4.9	129	A
A4 Sedan 3.0 TDI quattro	18, 19	200	tiptronic, 8-speed	Diesel	5.6	4.9	5.2	137	A
Audi A4 Avant									
A4 Avant 1.4 TFSI	16[6)]	110	6-speed	Premium	6.8	4.5	5.3	124	B
A4 Avant 1.4 TFSI	16–19	110	6-speed	Premium	7.3	5.0	5.8	139	C
A4 Avant 1.4 TFSI	16[6)]	110	S tronic, 7-speed	Premium	6.7	4.3	5.2	119	A
A4 Avant 1.4 TFSI	16–19	110	S tronic, 7-speed	Premium	7.2	4.8	5.7	131	B
A4 Avant 2.0 TFSI ultra	16	140	6-speed	Premium	7.1	4.5	5.5	124	B
A4 Avant 2.0 TFSI ultra	17–19	140	6-speed	Premium	7.5	5.1	6.0	136	B
A4 Avant 2.0 TFSI ultra	16[6)]	140	S tronic, 7-speed	Premium	6.4	4.3	5.0	114	A
A4 Avant 2.0 TFSI ultra	17–19	140	S tronic, 7-speed	Premium	6.8	4.9	5.6	128	B
A4 Avant 2.0 TFSI quattro	17	185	S tronic, 7-speed	Premium	7.7	5.1	6.1	139	B
A4 Avant 2.0 TFSI quattro	18, 19	185	S tronic, 7-speed	Premium	7.9	5.5	6.4	147	B
A4 Avant 2.0 TDI	16	110	6-speed	Diesel	4.8	3.6	4.0	104	A+
A4 Avant 2.0 TDI	17–19	110	6-speed	Diesel	5.1	4.0	4.3	116	A
A4 Avant 2.0 TDI ultra	16[6)]	110	6-speed	Diesel	4.5	3.4	3.8	99	A+
A4 Avant 2.0 TDI ultra	17[7)]	110	6-speed	Diesel	4.7	3.6	4.0	104	A+
A4 Avant 2.0 TDI ultra	16	110	S tronic, 7-speed	Diesel	4.7	3.5	3.9	102	A+
A4 Avant 2.0 TDI ultra	17	110	S tronic, 7-speed	Diesel	4.8	3.6	4.0	104	A+
A4 Avant 2.0 TDI	16	110	S tronic, 7-speed	Diesel	4.9	3.7	4.1	106	A+
A4 Avant 2.0 TDI	17–19	110	S tronic, 7-speed	Diesel	5.2	4.0	4.4	115	A

Model	Wheels (inches)	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
					urban	extra urban	combined		
A4 Avant 2.0 TDI ultra	16	140	6-speed	Diesel	4.9	3.6	4.0	104	A+
A4 Avant 2.0 TDI ultra	17	140	6-speed	Diesel	5.0	3.7	4.1	106	A+
A4 Avant 2.0 TDI	17	140	6-speed	Diesel	5.1	3.9	4.4	114	A
A4 Avant 2.0 TDI	18, 19	140	6-speed	Diesel	5.4	4.1	4.6	121	A
A4 Avant 2.0 TDI ultra	16	140	S tronic, 7-speed	Diesel	4.7	3.5	4.0	104	A+
A4 Avant 2.0 TDI ultra	17	140	S tronic, 7-speed	Diesel	4.8	3.6	4.1	106	A+
A4 Avant 2.0 TDI	17	140	S tronic, 7-speed	Diesel	4.9	3.8	4.2	109	A+
A4 Avant 2.0 TDI	18, 19	140	S tronic, 7-speed	Diesel	5.0	4.1	4.4	116	A
A4 Avant 2.0 TDI quattro	17	140	S tronic, 7-speed	Diesel	5.2	4.1	4.5	116	A+
A4 Avant 2.0 TDI quattro	18, 19	140	S tronic, 7-speed	Diesel	5.4	4.4	4.7	123	A
A4 Avant 3.0 TDI	17	160	S tronic, 7-speed	Diesel	4.9	4.1	4.4	114	A+
A4 Avant 3.0 TDI	18, 19	160	S tronic, 7-speed	Diesel	5.0	4.5	4.6	121	A
A4 Avant 3.0 TDI quattro	17	160	S tronic, 7-speed	Diesel	5.0	4.4	4.7	123	A
A4 Avant 3.0 TDI quattro	18, 19	160	S tronic, 7-speed	Diesel	5.2	4.8	4.9	129	A
A4 Avant 3.0 TDI quattro	17	200	tiptronic, 8-speed	Diesel	5.6	4.8	5.1	134	A
A4 Avant 3.0 TDI quattro	18, 19	200	tiptronic, 8-speed	Diesel	5.8	5.1	5.4	142	B
Audi A4 allroad quattro [8)]									
Audi A5 Sportback									
A5 Sportback 1.8 TFSI	17	106	6-speed	Premium	7.3	4.9	5.8	134	B
A5 Sportback 1.8 TFSI	17–19 [9)]	106	6-speed	Premium	7.8	5.6	6.4	148	C
A5 Sportback 1.8 TFSI	17	106	multitronic, CVT	Premium	7.2	5.2	5.9	136	B
A5 Sportback 1.8 TFSI	17–19 [9)]	106	multitronic, CVT	Premium	7.6	5.8	6.4	149	C
A5 Sportback 1.8 TFSI	17	130	6-speed	Premium	7.3	4.9	5.8	134	B
A5 Sportback 1.8 TFSI	17–19 [9)]	130	6-speed	Premium	7.8	5.6	6.4	148	C
A5 Sportback 1.8 TFSI	17	130	multitronic, CVT	Premium	7.2	5.2	5.9	136	B
A5 Sportback 1.8 TFSI	17–19 [9)]	130	multitronic, CVT	Premium	7.6	5.8	6.4	149	C
A5 Sportback 2.0 TFSI	17	169	6-speed	Premium	7.9	4.9	6.0	138	B
A5 Sportback 2.0 TFSI	17–20 [9)]	169	6-speed	Premium	8.3	5.5	6.5	149	C
A5 Sportback 2.0 TFSI	17	169	multitronic, CVT	Premium	7.4	5.0	5.9	136	B
A5 Sportback 2.0 TFSI	17–20 [9)]	169	multitronic, CVT	Premium	7.9	5.6	6.4	149	C
A5 Sportback 2.0 TFSI quattro	17	169	6-speed	Premium	8.8	5.3	6.6	152	C
A5 Sportback 2.0 TFSI quattro	17–20 [9)]	169	6-speed	Premium	9.2	5.9	7.1	164	C
A5 Sportback 2.0 TFSI quattro	17	169	S tronic, 7-speed	Premium	8.3	5.5	6.6	153	C
A5 Sportback 2.0 TFSI quattro	17–20 [9)]	169	S tronic, 7-speed	Premium	9.0	6.2	7.2	166	C
A5 Sportback 3.0 TFSI quattro	18	200	S tronic, 7-speed	Premium	10.1	6.2	7.6	177	C
A5 Sportback 3.0 TFSI quattro	19, 20	200	S tronic, 7-speed	Premium	10.2	6.4	7.8	182	D
S5 Sportback 3.0 TFSI quattro	18	245	S tronic, 7-speed	Premium	10.2	6.3	7.7	179	C
S5 Sportback 3.0 TFSI quattro	19, 20	245	S tronic, 7-speed	Premium	10.3	6.5	7.9	184	D
A5 Sportback 2.0 TDI ultra	17	100	6-speed	Diesel	4.9	3.7	4.2	109	A+
A5 Sportback 2.0 TDI	17	100	multitronic, CVT	Diesel	5.3	4.1	4.6	119	A
A5 Sportback 2.0 TDI	17–19 [9)]	100	multitronic, CVT	Diesel	5.7	4.6	5.0	131	A
A5 Sportback 2.0 TDI	17	110	6-speed	Diesel	5.4	3.9	4.5	118	A
A5 Sportback 2.0 TDI	17–19 [9)]	110	6-speed	Diesel	5.7	4.3	4.8	127	A
A5 Sportback 2.0 TDI	17	110	multitronic, CVT	Diesel	5.3	4.1	4.6	119	A
A5 Sportback 2.0 TDI	17–19 [9)]	110	multitronic, CVT	Diesel	5.7	4.6	5.0	131	A
A5 Sportback 2.0 TDI ultra	17	120	6-speed	Diesel	5.0	3.8	4.3	111	A+
A5 Sportback 2.0 TDI	17	140	6-speed	Diesel	5.5	4.0	4.6	119	A
A5 Sportback 2.0 TDI	17–19 [9)]	140	6-speed	Diesel	5.9	4.5	5.0	132	A
A5 Sportback 2.0 TDI	17	140	multitronic, CVT	Diesel	5.4	4.1	4.5	119	A
A5 Sportback 2.0 TDI	17–19 [9)]	140	multitronic, CVT	Diesel	5.7	4.5	5.0	131	A
A5 Sportback 2.0 TDI quattro	17	140	6-speed	Diesel	5.9	4.4	4.9	128	A
A5 Sportback 2.0 TDI quattro	17–19 [9)]	140	6-speed	Diesel	6.2	4.8	5.3	141	B
A5 Sportback 2.0 TDI quattro	17	140	S tronic, 7-speed	Diesel	6.1	4.6	5.1	135	A
A5 Sportback 2.0 TDI quattro	17–19 [9)]	140	S tronic, 7-speed	Diesel	6.4	5.1	5.6	147	B
A5 Sportback 3.0 TDI quattro	18	160	S tronic, 7-speed	Diesel	7.3	5.4	6.1	159	B
A5 Sportback 3.0 TDI quattro	19, 20	160	S tronic, 7-speed	Diesel	7.5	5.7	6.3	164	C
A5 Sportback 3.0 TDI quattro	18	180	S tronic, 7-speed	Diesel	7.3	5.4	6.1	159	B
A5 Sportback 3.0 TDI quattro	19, 20	180	S tronic, 7-speed	Diesel	7.5	5.7	6.3	164	C

Model	Wheels (inches)	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
					urban	extra urban	combined		
Audi A5 Coupé									
A5 Coupé 1.8 TFSI	17	130	6-speed	Premium	7.1	4.6	5.5	128	B
A5 Coupé 1.8 TFSI	17–19[9)]	130	6-speed	Premium	7.6	5.3	6.1	142	C
A5 Coupé 1.8 TFSI	17	130	multitronic, CVT	Premium	7.2	4.9	5.7	132	B
A5 Coupé 1.8 TFSI	17–19[9)]	130	multitronic, CVT	Premium	7.5	5.5	6.2	144	C
A5 Coupé 2.0 TFSI	17	169	6-speed	Premium	7.7	4.8	5.9	136	B
A5 Coupé 2.0 TFSI	17–20[9)]	169	6-speed	Premium	8.1	5.4	6.4	147	C
A5 Coupé 2.0 TFSI	17	169	multitronic, CVT	Premium	7.4	5.0	5.9	136	B
A5 Coupé 2.0 TFSI	17–20[9)]	169	multitronic, CVT	Premium	7.9	5.6	6.4	149	C
A5 Coupé 2.0 TFSI quattro	17	169	6-speed	Premium	8.6	5.2	6.4	149	C
A5 Coupé 2.0 TFSI quattro	17–20[9)]	169	6-speed	Premium	9.2	5.8	7.0	161	C
A5 Coupé 2.0 TFSI quattro	17	169	S tronic, 7-speed	Premium	8.3	5.5	6.6	153	C
A5 Coupé 2.0 TFSI quattro	17–20[9)]	169	S tronic, 7-speed	Premium	9.0	6.2	7.2	166	D
A5 Coupé 3.0 TFSI quattro	18	200	S tronic, 7-speed	Premium	9.9	6.1	7.5	174	D
A5 Coupé 3.0 TFSI quattro	19, 20	200	S tronic, 7-speed	Premium	10.1	6.4	7.7	179	D
S5 Coupé 3.0 TFSI quattro	18	245	S tronic, 7-speed	Premium	10.2	6.3	7.7	179	D
S5 Coupé 3.0 TFSI quattro	19, 20	245	S tronic, 7-speed	Premium	10.3	6.5	7.9	184	D
A5 Coupé 2.0 TDI ultra	17	120	6-speed	Diesel	5.0	3.8	4.2	109	A+
A5 Coupé 2.0 TDI	17	140	6-speed	Diesel	5.4	3.9	4.5	117	A
A5 Coupé 2.0 TDI	17–19[9)]	140	6-speed	Diesel	5.8	4.4	4.9	129	A
A5 Coupé 2.0 TDI	17	140	multitronic, CVT	Diesel	5.3	4.1	4.5	119	A
A5 Coupé 2.0 TDI	17–19[9)]	140	multitronic, CVT	Diesel	5.7	4.5	5.0	131	A
A5 Coupé 2.0 TDI quattro	17	140	6-speed	Diesel	5.9	4.4	4.9	128	A
A5 Coupé 2.0 TDI quattro	17–19[9)]	140	6-speed	Diesel	6.2	4.8	5.3	140	B
A5 Coupé 2.0 TDI quattro	17	140	S tronic, 7-speed	Diesel	5.9	4.5	5.0	132	A
A5 Coupé 2.0 TDI quattro	17–19[9)]	140	S tronic, 7-speed	Diesel	6.3	5.0	5.5	144	B
A5 Coupé 3.0 TDI quattro	18	160	S tronic, 7-speed	Diesel	7.3	5.4	6.1	158	C
A5 Coupé 3.0 TDI quattro	19, 20	160	S tronic, 7-speed	Diesel	7.4	5.6	6.3	162	C
A5 Coupé 3.0 TDI quattro	18	180	S tronic, 7-speed	Diesel	7.3	5.4	6.1	158	B
A5 Coupé 3.0 TDI quattro	19, 20	180	S tronic, 7-speed	Diesel	7.4	5.6	6.3	162	C
Audi A5 Cabriolet									
A5 Cabriolet 1.8 TFSI	17	130	6-speed	Premium	7.5	5.1	5.9	137	B
A5 Cabriolet 1.8 TFSI	17–19[9)]	130	6-speed	Premium	8.1	5.8	6.7	154	C
A5 Cabriolet 1.8 TFSI	17	130	multitronic, CVT	Premium	7.3	5.2	6.0	139	B
A5 Cabriolet 1.8 TFSI	17–19[9)]	130	multitronic, CVT	Premium	7.8	6.0	6.7	154	B
A5 Cabriolet 2.0 TFSI	17	169	6-speed	Premium	8.1	5.2	6.3	144	B
A5 Cabriolet 2.0 TFSI	17–20[9)]	169	6-speed	Premium	8.6	5.9	6.9	157	C
A5 Cabriolet 2.0 TFSI	17	169	multitronic, CVT	Premium	7.7	5.4	6.2	144	B
A5 Cabriolet 2.0 TFSI	17–20[9)]	169	multitronic, CVT	Premium	8.2	5.9	6.7	156	B
A5 Cabriolet 2.0 TFSI quattro	17	169	S tronic, 7-speed	Premium	8.6	5.9	6.9	160	B
A5 Cabriolet 2.0 TFSI quattro	17–20[9)]	169	S tronic, 7-speed	Premium	9.3	6.6	7.6	175	C
A5 Cabriolet 3.0 TFSI quattro	18	200	S tronic, 7-speed	Premium	10.3	6.5	7.9	184	C
A5 Cabriolet 3.0 TFSI quattro	19, 20	200	S tronic, 7-speed	Premium	10.5	6.8	8.1	189	C
S5 Cabriolet 3.0 TFSI quattro	18	245	S tronic, 7-speed	Premium	10.3	6.5	7.9	184	C
S5 Cabriolet 3.0 TFSI quattro	19, 20	245	S tronic, 7-speed	Premium	10.5	6.8	8.1	189	C
A5 Cabriolet 2.0 TDI	17	110	6-speed	Diesel	5.6	4.2	4.7	123	A+
A5 Cabriolet 2.0 TDI	17–19[9)]	110	6-speed	Diesel	5.8	4.6	5.0	132	A
A5 Cabriolet 2.0 TDI	17	140	6-speed	Diesel	5.7	4.3	4.8	125	A
A5 Cabriolet 2.0 TDI	17–19[9)]	140	6-speed	Diesel	6.2	4.8	5.3	138	A
A5 Cabriolet 2.0 TDI	17	140	multitronic, CVT	Diesel	5.5	4.3	4.7	124	A+
A5 Cabriolet 2.0 TDI	17–19[9)]	140	multitronic, CVT	Diesel	5.9	4.9	5.2	139	A
A5 Cabriolet 2.0 TDI quattro	17	140	6-speed	Diesel	6.0	4.6	5.1	134	A
A5 Cabriolet 2.0 TDI quattro	17–19[9)]	140	6-speed	Diesel	6.5	5.3	5.7	150	B
A5 Cabriolet 3.0 TDI quattro	18	160	S tronic, 7-speed	Diesel	7.5	5.6	6.2	164	B
A5 Cabriolet 3.0 TDI quattro	19, 20	160	S tronic, 7-speed	Diesel	7.6	5.8	6.5	170	B
A5 Cabriolet 3.0 TDI quattro	18	180	S tronic, 7-speed	Diesel	7.6	5.6	6.4	167	B
A5 Cabriolet 3.0 TDI quattro	19, 20	180	S tronic, 7-speed	Diesel	7.8	5.9	6.6	173	B

Model	Wheels (inches)	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
					urban	extra urban	combined		
Audi A6 Sedan									
A6 Sedan 1.8 TFSI	17, 18	140	6-speed	Premium	7.5	5.0	5.9	138	B
A6 Sedan 1.8 TFSI	19, 20	140	6-speed	Premium	7.7	5.2	6.1	143	B
A6 Sedan 1.8 TFSI ultra	17, 18	140	S tronic, 7-speed	Premium	7.1	5.0	5.7	133	B
A6 Sedan 1.8 TFSI ultra	19, 20	140	S tronic, 7-speed	Premium	7.2	5.2	5.9	138	B
A6 Sedan 2.0 TFSI	17, 18	185	S tronic, 7-speed	Premium	7.4	5.1	5.9	137	B
A6 Sedan 2.0 TFSI	19, 20	185	S tronic, 7-speed	Premium	7.5	5.3	6.1	142	B
A6 Sedan 2.0 TFSI quattro	17, 18	185	S tronic, 7-speed	Premium	8.3	5.8	6.7	153	B
A6 Sedan 2.0 TFSI quattro	19, 20	185	S tronic, 7-speed	Premium	8.4	6.0	6.9	158	C
A6 Sedan 3.0 TFSI quattro	17, 18	245	S tronic, 7-speed	Premium	9.8	6.0	7.4	172	C
A6 Sedan 3.0 TFSI quattro	19–21	245	S tronic, 7-speed	Premium	10.0	6.3	7.6	177	C
S6 Sedan 4.0 TFSI quattro COD	19	331	S tronic, 7-speed	Premium	13.1	6.9	9.2	214	E
S6 Sedan 4.0 TFSI quattro COD	20, 21	331	S tronic, 7-speed	Premium	13.3	7.1	9.4	218	E
A6 Sedan 2.0 TDI ultra	17[10)]	110	6-speed	Diesel	5.1	3.8	4.3	112	A+
A6 Sedan 2.0 TDI ultra	17–20	110	6-speed	Diesel	5.3	4.0	4.5	119	A+
A6 Sedan 2.0 TDI ultra	17[10)]	110	S tronic, 7-speed	Diesel	4.7	3.9	4.2	109	A+
A6 Sedan 2.0 TDI ultra	17–20	110	S tronic, 7-speed	Diesel	4.9	4.1	4.4	116	A+
A6 Sedan 2.0 TDI ultra	17, 18	140	6-speed	Diesel	5.2	3.9	4.4	114	A+
A6 Sedan 2.0 TDI ultra	19, 20	140	6-speed	Diesel	5.4	4.0	4.5	119	A+
A6 Sedan 2.0 TDI ultra	17[10)]	140	S tronic, 7-speed	Diesel	4.7	3.9	4.2	109	A+
A6 Sedan 2.0 TDI ultra	17–20	140	S tronic, 7-speed	Diesel	4.9	4.1	4.4	116	A+
A6 Sedan 2.0 TDI quattro	17, 18	140	S tronic, 7-speed	Diesel	5.7	4.4	4.9	128	A
A6 Sedan 2.0 TDI quattro	19–21	140	S tronic, 7-speed	Diesel	5.8	4.6	5.0	133	A
A6 Sedan 3.0 TDI	17, 18	160	S tronic, 7-speed	Diesel	4.8	4.2	4.4	114	A+
A6 Sedan 3.0 TDI	19, 20	160	S tronic, 7-speed	Diesel	4.9	4.3	4.5	119	A+
A6 Sedan 3.0 TDI quattro	17, 18	160	S tronic, 7-speed	Diesel	5.5	4.6	5.0	128	A
A6 Sedan 3.0 TDI quattro	19–21	160	S tronic, 7-speed	Diesel	5.7	4.7	5.1	134	A
A6 Sedan 3.0 TDI quattro	17, 18	200	S tronic, 7-speed	Diesel	5.9	4.6	5.1	133	A
A6 Sedan 3.0 TDI quattro	19–21	200	S tronic, 7-speed	Diesel	6.0	4.8	5.2	138	A
A6 Sedan 3.0 TDI quattro	17, 18	235	tiptronic, 8-speed	Diesel	7.3	5.3	6.0	159	B
A6 Sedan 3.0 TDI quattro	19–21	235	tiptronic, 8-speed	Diesel	7.5	5.5	6.2	164	B
A6 Sedan 3.0 TDI competition quattro	17	240	tiptronic, 8-speed	Diesel	7.3	5.3	6.0	159	B
A6 Sedan 3.0 TDI competition quattro	20, 21	240	tiptronic, 8-speed	Diesel	7.5	5.5	6.2	164	B
Audi A6 Avant									
A6 Avant 1.8 TFSI	17, 18	140	6-speed	Premium	7.8	5.3	6.2	144	B
A6 Avant 1.8 TFSI	19–21	140	6-speed	Premium	7.9	5.5	6.4	149	B
A6 Avant 1.8 TFSI ultra	17, 18	140	S tronic, 7-speed	Premium	7.1	5.1	5.9	137	B
A6 Avant 1.8 TFSI ultra	19–21	140	S tronic, 7-speed	Premium	7.2	5.3	6.0	142	B
A6 Avant 2.0 TFSI	17, 18	185	S tronic, 7-speed	Premium	7.4	5.2	6.0	140	B
A6 Avant 2.0 TFSI	19, 20	185	S tronic, 7-speed	Premium	7.5	5.4	6.2	146	B
A6 Avant 2.0 TFSI quattro	17, 18	185	S tronic, 7-speed	Premium	8.5	6.0	6.9	158	B
A6 Avant 2.0 TFSI quattro	19, 20	185	S tronic, 7-speed	Premium	8.6	6.2	7.1	163	C
A6 Avant 3.0 TFSI quattro	17, 18	245	S tronic, 7-speed	Premium	9.9	6.2	7.6	177	C
A6 Avant 3.0 TFSI quattro	19–21	245	S tronic, 7-speed	Premium	10.1	6.5	7.8	182	C
S6 Avant 4.0 TFSI quattro COD	19	331	S tronic, 7-speed	Premium	13.4	7.1	9.4	219	E
S6 Avant 4.0 TFSI quattro COD	20, 21	331	S tronic, 7-speed	Premium	13.5	7.3	9.6	224	E
RS 6 Avant 4.0 TFSI quattro COD	20, 21	412	tiptronic, 8-speed	Super Plus	13.4	7.4	9.6	223	E
RS 6 Avant 4.0 TFSI performance quattro COD	20, 21	445	tiptronic, 8-speed	Super Plus	13.4	7.4	9.6	223	E
A6 Avant 2.0 TDI ultra	17[10)]	110	6-speed	Diesel	5.3	4.0	4.5	117	A+
A6 Avant 2.0 TDI ultra	17–20	110	6-speed	Diesel	5.5	4.2	4.7	124	A
A6 Avant 2.0 TDI ultra	17[10)]	110	S tronic, 7-speed	Diesel	4.9	4.1	4.4	114	A+
A6 Avant 2.0 TDI ultra	17–20	110	S tronic, 7-speed	Diesel	5.1	4.3	4.6	121	A+
A6 Avant 2.0 TDI ultra	17, 18	140	6-speed	Diesel	5.4	4.0	4.6	119	A+
A6 Avant 2.0 TDI ultra	19, 20	140	6-speed	Diesel	5.5	4.2	4.7	124	A
A6 Avant 2.0 TDI ultra	17[10)]	140	S tronic, 7-speed	Diesel	4.9	4.1	4.4	114	A+
A6 Avant 2.0 TDI ultra	17–20	140	S tronic, 7-speed	Diesel	5.1	4.3	4.6	121	A+
A6 Avant 2.0 TDI quattro	17, 18	140	S tronic, 7-speed	Diesel	5.9	4.6	5.1	133	A
A6 Avant 2.0 TDI quattro	19–21	140	S tronic, 7-speed	Diesel	6.0	4.8	5.2	138	A

Model	Wheels (inches)	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
					urban	extra urban	combined		
A6 Avant 3.0 TDI	17, 18	160	S tronic, 7-speed	Diesel	4.8	4.3	4.5	117	A+
A6 Avant 3.0 TDI	19, 20	160	S tronic, 7-speed	Diesel	4.9	4.5	4.6	122	A+
A6 Avant 3.0 TDI quattro	17, 18	160	S tronic, 7-speed	Diesel	5.7	4.8	5.1	134	A
A6 Avant 3.0 TDI quattro	19–21	160	S tronic, 7-speed	Diesel	5.8	5.0	5.3	139	A
A6 Avant 3.0 TDI quattro	17, 18	200	S tronic, 7-speed	Diesel	6.0	4.8	5.3	138	A
A6 Avant 3.0 TDI quattro	19–21	200	S tronic, 7-speed	Diesel	6.2	5.0	5.4	144	A
A6 Avant 3.0 TDI quattro	17, 18	235	tiptronic, 8-speed	Diesel	7.5	5.5	6.2	164	B
A6 Avant 3.0 TDI quattro	19–21	235	tiptronic, 8-speed	Diesel	7.7	5.7	6.4	169	B
A6 Avant 3.0 TDI competition quattro	17	240	tiptronic, 8-speed	Diesel	7.5	5.5	6.2	164	B
A6 Avant 3.0 TDI competition quattro	20, 21	240	tiptronic, 8-speed	Diesel	7.7	5.7	6.4	169	B
Audi A6 allroad quattro									
A6 allroad quattro 3.0 TFSI quattro	18–20	245	S tronic, 7-speed	Premium	10.1	6.7	8.0	185	C
A6 allroad quattro 3.0 TDI quattro	18–20	140	S tronic, 7-speed	Diesel	6.0	5.2	5.5	145	A
A6 allroad quattro 3.0 TDI quattro	18–20	160	S tronic, 7-speed	Diesel	6.0	5.2	5.5	145	A
A6 allroad quattro 3.0 TDI quattro	18–20	200	S tronic, 7-speed	Diesel	6.4	5.2	5.6	149	A
A6 allroad quattro 3.0 TDI quattro	18–20	235	tiptronic, 8-speed	Diesel	7.7	5.8	6.5	172	B
Audi A7 Sportback									
A7 Sportback 2.0 TFSI	18, 19	185	S tronic, 7-speed	Premium	7.4	5.2	6.0	139	B
A7 Sportback 2.0 TFSI	20	185	S tronic, 7-speed	Premium	7.5	5.3	6.1	144	B
A7 Sportback 3.0 TFSI quattro	18, 19	245	S tronic, 7-speed	Premium	10.1	6.3	7.7	178	C
A7 Sportback 3.0 TFSI quattro	20, 21	245	S tronic, 7-speed	Premium	10.2	6.5	7.8	182	C
S7 Sportback 4.0 TFSI quattro COD	19	331	S tronic, 7-speed	Premium	13.2	7.0	9.3	215	D
S7 Sportback 4.0 TFSI quattro COD	20, 21	331	S tronic, 7-speed	Premium	13.4	7.2	9.5	220	E
RS 7 Sportback 4.0 TFSI quattro COD	20, 21	412	tiptronic, 8-speed	Super Plus	13.3	7.3	9.5	221	E
RS 7 Sportback 4.0 TFSI performance quattro COD	20, 21	445	tiptronic, 8-speed	Super Plus	13.3	7.3	9.5	221	E
A7 Sportback 3.0 TDI ultra	18, 19	140	S tronic, 7-speed	Diesel	4.8	4.3	4.5	118	A+
A7 Sportback 3.0 TDI ultra	20, 21	140	S tronic, 7-speed	Diesel	4.9	4.5	4.6	122	A+
A7 Sportback 3.0 TDI quattro	18, 19	140	S tronic, 7-speed	Diesel	5.7	4.8	5.1	134	A
A7 Sportback 3.0 TDI quattro	20, 21	140	S tronic, 7-speed	Diesel	5.8	4.9	5.3	137	A
A7 Sportback 3.0 TDI ultra	18, 19	160	S tronic, 7-speed	Diesel	4.8	4.3	4.5	118	A+
A7 Sportback 3.0 TDI ultra	20	160	S tronic, 7-speed	Diesel	4.9	4.5	4.6	122	A+
A7 Sportback 3.0 TDI quattro	18, 19	160	S tronic, 7-speed	Diesel	5.7	4.8	5.1	134	A
A7 Sportback 3.0 TDI quattro	20, 21	160	S tronic, 7-speed	Diesel	5.8	4.9	5.3	137	A
A7 Sportback 3.0 TDI quattro	18, 19	200	S tronic, 7-speed	Diesel	6.0	4.8	5.2	138	A
A7 Sportback 3.0 TDI quattro	20, 21	200	S tronic, 7-speed	Diesel	6.1	5.0	5.4	142	A
A7 Sportback 3.0 TDI quattro	18, 19	235	tiptronic, 8-speed	Diesel	7.5	5.5	6.2	164	B
A7 Sportback 3.0 TDI quattro	20, 21	235	tiptronic, 8-speed	Diesel	7.6	5.6	6.3	167	B
A7 Sportback 3.0 TDI competition quattro	17	240	tiptronic, 8-speed	Diesel	7.4	5.4	6.1	162	B
A7 Sportback 3.0 TDI competition quattro	21	240	tiptronic, 8-speed	Diesel	7.6	5.6	6.3	167	B
Audi A8									
A8 L 4.0 TFSI quattro	18	320	tiptronic, 8-speed	Super Plus	12.5	7.0	9.0	207	D
A8 L 4.0 TFSI quattro	19–21	320	tiptronic, 8-speed	Super Plus	12.8	7.3	9.3	215	D
S8 4.0 TFSI quattro COD	20	382	tiptronic, 8-speed	Super Plus	13.2	7.2	9.4	216	D
S8 4.0 TFSI quattro COD	21	382	tiptronic, 8-speed	Super Plus	13.3	7.4	9.6	220	E
S8 plus 4.0 TFSI quattro COD	21	445	tiptronic, 8-speed	Super Plus	13.7	7.9	10.0	231	E
A8 L W12 quattro COD	19, 20	368	tiptronic, 8-speed	Premium	15.3	8.4	11.0	254	F
A8 L W12 quattro COD	21	368	tiptronic, 8-speed	Premium	15.6	8.6	11.2	259	F
A8 3.0 TDI ultra quattro	18[6)]	193	tiptronic, 8-speed	Diesel	7.2	4.8	5.7	149	A
A8 3.0 TDI quattro	17	193	tiptronic, 8-speed	Diesel	7.3	4.9	5.8	151	A
A8 3.0 TDI quattro	18–21	193	tiptronic, 8-speed	Diesel	7.5	5.1	6.0	157	B
A8 3.0 TDI L quattro	17	193	tiptronic, 8-speed	Diesel	7.5	5.0	5.9	155	A
A8 3.0 TDI L quattro	18–21	193	tiptronic, 8-speed	Diesel	7.7	5.2	6.1	161	B
A8 4.2 TDI quattro	18	283	tiptronic, 8-speed	Diesel	9.4	6.0	7.2	189	C
A8 4.2 TDI quattro	19–21	283	tiptronic, 8-speed	Diesel	9.7	6.2	7.5	196	C
A8 4.2 TDI L quattro	18	283	tiptronic, 8-speed	Diesel	9.5	6.0	7.3	190	C
A8 4.2 TDI L quattro	19–21	283	tiptronic, 8-speed	Diesel	9.8	6.2	7.5	197	C

Model	Wheels (inches)	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
					urban	extra urban	combined		
Audi Q2 [8]									
Audi Q3									
Q3 1.4 TFSI COD ultra	16, 17	110	6-speed	Premium	6.6	4.9	5.5	127	B
Q3 1.4 TFSI COD ultra	18–20	110	6-speed	Premium	6.8	5.2	5.8	134	B
Q3 1.4 TFSI COD	16	110	S tronic, 6-speed	Premium	7.1	5.1	5.8	135	B
Q3 1.4 TFSI COD	17–20	110	S tronic, 6-speed	Premium	7.4	5.5	6.2	143	C
Q3 2.0 TFSI quattro	16	132	S tronic, 7-speed	Premium	7.8	5.7	6.5	150	C
Q3 2.0 TFSI quattro	17–20	132	S tronic, 7-speed	Premium	8.4	6.3	7.0	161	C
Q3 2.0 TFSI quattro	17	162	S tronic, 7-speed	Premium	8.1	5.9	6.7	154	C
Q3 2.0 TFSI quattro	17–20[9]	162	S tronic, 7-speed	Premium	8.6	6.5	7.2	168	D
RS Q3 2.5 TFSI quattro	19	250	S tronic, 7-speed	Super Plus	11.6	6.6	8.4	198	E
RS Q3 2.5 TFSI quattro	20	250	S tronic, 7-speed	Super Plus	11.8	6.8	8.6	203	E
RS Q3 performance 2.5 TFSI quattro	20	270	S tronic, 7-speed	Super Plus	11.8	6.8	8.6	203	E
Q3 2.0 TDI	16	88	6-speed	Diesel	5.2	4.1	4.5	117	A
Q3 2.0 TDI	17–20	88	6-speed	Diesel	5.5	4.4	4.8	126	A
Q3 2.0 TDI ultra	16[6]	110	6-speed	Diesel	4.8	3.9	4.2	109	A+
Q3 2.0 TDI	16	110	6-speed	Diesel	5.0	4.1	4.4	116	A
Q3 2.0 TDI	17–20	110	6-speed	Diesel	5.3	4.4	4.7	124	A
Q3 2.0 TDI quattro	16	110	6-speed	Diesel	5.6	4.5	4.9	127	A
Q3 2.0 TDI quattro	17–20	110	6-speed	Diesel	6.0	4.8	5.2	138	B
Q3 2.0 TDI quattro	16	110	S tronic, 7-speed	Diesel	5.9	4.4	5.0	129	A
Q3 2.0 TDI quattro	17–20	110	S tronic, 7-speed	Diesel	6.3	4.8	5.3	140	B
Q3 2.0 TDI quattro	17	135	6-speed	Diesel	6.4	4.6	5.3	138	B
Q3 2.0 TDI quattro	17–20[9]	135	6-speed	Diesel	6.7	4.9	5.6	146	B
Q3 2.0 TDI quattro	17	135	S tronic, 7-speed	Diesel	6.3	4.5	5.2	136	A
Q3 2.0 TDI quattro	17–20[9]	135	S tronic, 7-speed	Diesel	6.6	4.9	5.5	144	B
Audi Q5									
Q5 2.0 TFSI quattro	17	132	6-speed	Premium	9.3	6.4	7.5	172	C
Q5 2.0 TFSI quattro	17–21[9]	132	6-speed	Premium	9.8	6.9	7.9	181	D
Q5 2.0 TFSI quattro	17	132	tiptronic, 8-speed	Premium	8.5	6.5	7.2	168	C
Q5 2.0 TFSI quattro	17–21[9]	132	tiptronic, 8-speed	Premium	8.7	6.8	7.5	174	C
Q5 2.0 TFSI quattro	18	169	tiptronic, 8-speed	Premium	8.6	6.6	7.3	169	C
Q5 2.0 TFSI quattro	19–21	169	tiptronic, 8-speed	Premium	8.7	6.8	7.5	174	C
Q5 2.0 TDI ultra	17, 18	110	6-speed	Diesel	5.5	4.6	4.9	129	A
Q5 2.0 TDI ultra	19–21	110	6-speed	Diesel	5.8	4.9	5.2	135	A
Q5 2.0 TDI quattro	17	110	6-speed	Diesel	6.4	5.0	5.5	144	A
Q5 2.0 TDI quattro	17–21[9]	110	6-speed	Diesel	6.7	5.3	5.8	152	B
Q5 2.0 TDI quattro	17	120	S tronic, 7-speed	Diesel	6.5	5.3	5.7	149	A
Q5 2.0 TDI quattro	17–21[9]	120	S tronic, 7-speed	Diesel	6.7	5.6	6.0	157	B
Q5 2.0 TDI	17	140	S tronic, 7-speed	Diesel	5.3	4.5	4.8	126	A+
Q5 2.0 TDI	17–21[9]	140	S tronic, 7-speed	Diesel	5.7	4.9	5.2	136	A
Q5 2.0 TDI quattro	17	140	6-speed	Diesel	6.5	5.1	5.6	146	A
Q5 2.0 TDI quattro	17–21[9]	140	6-speed	Diesel	6.8	5.4	5.9	153	B
Q5 2.0 TDI quattro	17	140	S tronic, 7-speed	Diesel	6.5	5.3	5.7	149	A
Q5 2.0 TDI quattro	17–21[9]	140	S tronic, 7-speed	Diesel	6.7	5.6	6.0	157	B
Q5 3.0 TDI quattro	18	190	S tronic, 7-speed	Diesel	6.6	5.6	6.0	158	B
Q5 3.0 TDI quattro	19–21	190	S tronic, 7-speed	Diesel	6.9	5.9	6.2	163	B
SQ5 3.0 TDI competition quattro	20, 21	240	tiptronic, 8-speed	Diesel	8.0	5.9	6.6	174	B
SQ5 3.0 TDI plus quattro	20	250	tiptronic, 8-speed	Diesel	7.9	6.0	6.7	177	B
SQ5 3.0 TDI plus quattro	21	250	tiptronic, 8-speed	Diesel	7.8	5.9	6.6	174	B

Model	Wheels (inches)	Power output (kW)	Transmission	Fuel	Fuel consumption (l/100 km)			CO_2 emissions (g/km)	Efficiency class
					urban	extra urban	combined		
Audi Q7									
Q7 3.0 TFSI quattro 5 seats	18–20	245	tiptronic, 8-speed	Premium	9.4	6.8	7.7	179	C
Q7 3.0 TFSI quattro 5 seats	21	245	tiptronic, 8-speed	Premium	9.7	7.2	8.1	189	C
Q7 3.0 TFSI quattro 7 seats	18–20	245	tiptronic, 8-speed	Premium	9.6	6.9	7.9	183	B
Q7 3.0 TFSI quattro 7 seats	21	245	tiptronic, 8-speed	Premium	10.0	7.3	8.3	193	C
Q7 3.0 TDI ultra quattro 5 seats	18[11)]	160	tiptronic, 8-speed	Diesel	6.1	5.1	5.5	144	A
Q7 3.0 TDI ultra quattro 5 seats	18–21	160	tiptronic, 8-speed	Diesel	6.4	5.7	6.0	157	A
Q7 3.0 TDI ultra quattro 7 seats	18[11)]	160	tiptronic, 8-speed	Diesel	6.3	5.3	5.7	148	A
Q7 3.0 TDI ultra quattro 7 seats	18–21	160	tiptronic, 8-speed	Diesel	6.6	5.9	6.2	161	A
Q7 3.0 TDI quattro 5 seats	18–20	200	tiptronic, 8-speed	Diesel	6.2	5.4	5.7	149	A
Q7 3.0 TDI quattro 5 seats	21	200	tiptronic, 8-speed	Diesel	6.5	5.8	6.1	159	A
Q7 3.0 TDI quattro 7 seats	18–20	200	tiptronic, 8-speed	Diesel	6.4	5.6	5.9	153	A
Q7 3.0 TDI quattro 7 seats	21	200	tiptronic, 8-speed	Diesel	6.7	6.0	6.2	163	A
Q7 3.0 TDI quattro e-tron	19–21	275[3)]	tiptronic, 8-speed	Diesel Electricity			1.9–1.8 19.0–18.1 kWh	50–48	A+
Audi SQ7 [8)]									
Audi R8 Coupé									
R8 Coupé V10 5.2 FSI quattro	19, 20	397	S tronic, 7-speed	Super Plus	16.7	8.4	11.4	272	G
R8 Coupé V10 Plus 5.2 FSI quattro	19, 20	449	S tronic, 7-speed	Super Plus	17.5	9.3	12.3	287	G
Lamborghini Huracán									
Huracán LP 580-2	19	426	LDF, 7-speed	Super Plus	17.2	8.9	11.9	278	G
Huracán LP 610-4	20	449	LDF, 7-speed	Super Plus	17.2	9.0	12.0	280	G
Lamborghini Huracán Spyder									
Lamborghini Huracán LP 610-4 Spyder	20	449	LDF, 7-speed	Super Plus	17.5	9.2	12.3	285	G
Lamborghini Aventador									
Aventador LP 700-4	19/20	515	ISR, 7-speed	Super Plus	24.7	10.7	16.0	370	G
Aventador LP 750-4 Superveloce	20/21	552	ISR, 7-speed	Super Plus	24.7	10.7	16.0	370	G
Lamborghini Aventador Roadster									
Aventador LP 700-4 Roadster	19/20	515	ISR, 7-speed	Super Plus	24.7	10.7	16.0	370	G
Aventador LP 750-4 Superveloce Roadster	20/21	552	ISR, 7-speed	Super Plus	24.7	10.7	16.0	370	G

1) Order code: C0A
2) Wheel: standard with Attraction line
3) Total system output (briefly)
4) Order code: C8H/C8J
5) Order code: C4L/U65
6) Order code: low rolling-resistance tires
7) Order code: H3U low rolling-resistance tires
8) This model is not yet available on the market. It does not yet have Whole Vehicle Type Approval and is therefore not subject to Directive 1999/94/EC.
9) Wheel: 17" all season
10) Tire brand: Michelin
11) Order code: H0Q

Further information on official fuel consumption figures and the official specific CO_2 emissions of new passenger cars can be found in the "Guide on the fuel economy, 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

		2006	2007	2008
Production				
Automotive segment	Cars	926,180	980,880	1,029,041
	Engines	1,895,695	1,915,633	1,901,760
Motorcycles segment	Motorcycles	–	–	–
Deliveries to customers				
Automotive segment	Cars	1,135,554	1,200,701	1,223,506
Audi brand [4]	Cars	905,188	964,151	1,003,469
Lamborghini brand	Cars	2,087	2,406	2,430
Other Volkswagen Group brands	Cars	228,279	234,144	217,607
Motorcycles segment	Motorcycles	–	–	–
Ducati brand	Motorcycles	–	–	–
Workforce	Average	52,297	53,347	57,822
From the Income Statement				
Revenue	EUR million	31,142	33,617	34,196
Cost of materials	EUR million	21,627	23,092	23,430
Personnel costs	EUR million	3,440	3,406	3,709
Personnel costs per employee [5]	EUR	65,771	63,846	64,467
Depreciation and amortization	EUR million	2,515	2,287	1,908
Operating profit	EUR million	2,015	2,705	2,772
Profit before tax	EUR million	1,946	2,915	3,177
Profit after tax	EUR million	1,343	1,692	2,207
From the Balance Sheet (Dec. 31)				
Non-current assets	EUR million	8,285	8,325	9,537
Current assets	EUR million	10,625	14,253	16,519
Equity	EUR million	7,265	8,355	10,328
Liabilities	EUR million	11,645	14,223	15,728
Balance sheet total	EUR million	18,910	22,578	26,056
From the Cash Flow Statement				
Cash flow from operating activities	EUR million	4,428	4,876	4,338
Investing activities attributable to operating activities [6]	EUR million	1,890	2,084	2,412
Net cash flow	EUR million	1,986	2,457	1,926
Net liquidity (Dec. 31)	EUR million	5,720	7,860	9,292
Financial ratios				
Operating return on sales	Percent	6.5	8.0	8.1
Return on sales before tax	Percent	6.2	8.7	9.3
Return on investment (ROI)	Percent	14.2	18.6	19.8
Ratio of capex [9]	Percent	4.1	4.7	5.6
Equity ratio (Dec. 31)	Percent	38.4	37.0	39.6
Audi share				
Share price (year-end price) [10]	EUR	540.00	625.00	466.49
Compensatory payment	EUR	1.25	1.80	1.93

1) Financial figures were adjusted to take account of the revised IAS 19
2) Including vehicles built in China by the associated company FAW-Volkswagen Automotive Company, Ltd., Changchun
3) Since acquisition of the Ducati Group in July 2012
4) Including delivered vehicles built locally by the associated company FAW-Volkswagen Automotive Company, Ltd., Changchun (China)
5) Since 2008, calculated on the basis of employees of Audi Group companies
6) Not including changes in cash deposits and loans extended

2009	2010	2011	2012 [1]	2013	2014	2015
932,260	1,150,018	1,302,981 [2]	1,469,205 [2]	1,608,048 [2]	1,804,624 [2]	1,830,334 [2]
1,384,240	1,648,193	1,884,157	1,916,604	1,926,724	1,974,846	2,023,618
–	–	–	15,734 [3]	45,018	45,339	55,551
1,145,360	1,293,453	1,512,014	1,634,312	1,751,007	1,933,517	2,024,881
949,729	1,092,411	1,302,659	1,455,123	1,575,480	1,741,129	1,803,246
1,515	1,302	1,602	2,083	2,121	2,530	3,245
194,116	199,740	207,753	177,106	173,406	189,858	218,390
–	–	–	16,786 [3]	44,287	45,117	54,809
–	–	–	16,786 [3]	44,287	45,117	54,809
58,011	59,513	62,806	67,231	71,781	77,247	82,838
29,840	35,441	44,096	48,771	49,880	53,787	58,420
18,512	21,802	28,594	30,265	32,491	36,024	37,583
3,519	4,274	5,076	5,069	5,543	6,068	6,602
60,964	72,172	81,189	75,759	77,596	78,921	80,071
1,775	2,170	1,793	1,937	2,071	2,455	2,665
1,604	3,340	5,348	5,365	5,030	5,150	4,836
1,928	3,634	6,041	5,951	5,323	5,991	5,284
1,347	2,630	4,440	4,349	4,014	4,428	4,297
9,637	10,584	12,209	18,044	19,943	22,538	25,963
16,913	20,188	24,811	22,357	25,214	28,231	30,800
10,632	11,310	12,903	15,092	18,565	19,199	21,779
15,918	19,462	24,117	25,309	26,592	31,570	34,985
26,550	30,772	37,019	40,401	45,156	50,769	56,763
4,119	5,797	6,295	6,144	6,778	7,421	7,203
1,798	2,260	2,905	6,804 [7]	3,589	4,450	5,576 [8]
2,321	3,536	3,390	–660 [7]	3,189	2,970	1,627 [8]
10,665	13,383	15,716	13,396	14,716	16,328	16,420
5.4	9.4	12.1	11.0	10.1	9.6	8.3
6.5	10.3	13.7	12.2	10.7	11.1	9.0
11.5	24.7	35.4	30.8	26.4	23.2	19.4
4.2	4.1	5.1	4.8	4.8	5.5	6.0
40.0	36.8	34.9	37.4	41.1	37.8	38.4
500.00	650.00	542.05	525.00	643.00	648.00	680.02
1.60	2.20	3.00	3.50	4.00	4.80	X [11]

7) Taking into account the acquisition of participations in Volkswagen Group Services S.A./N.V., Brussels (Belgium), and in Ducati Motor Holding S.p.A., Bologna (Italy)
8) Taking into account the participation in There Holding B.V., Rijswijk (Netherlands), in connection with the HERE transaction
9) Investments in property, plant and equipment, investment property and other intangible assets (without capitalized development costs) according to Cash Flow Statement in relation to revenue
10) Year-end price on Munich Stock Exchange
11) In accordance with the resolution to be passed by the Annual General Meeting of Volkswagen AG, Wolfsburg, for the financial year 2015

AUDI AG

85045 Ingolstadt
Germany
Phone +49 841 89-0
Fax +49 841 89-32524
email service@audi.de
www.audi.com

Financial Communication/
Financial Analysis
I/FF-3
Phone +49 841 89-40300
Fax +49 841 89-30900
email ir@audi.de
www.audi.com/investor-relations