

Corporate Governance

Code amended in 2008

On August 8, 2008, the German Federal Ministry of Justice promulgated the version of the German Corporate Governance Code dated June 6, 2008. The Board of Management and Supervisory Board of AUDI AG discussed the amendments at length during the past fiscal year and passed the appropriate resolutions.

Implementation of the recommendations and suggestions

The recommendations in the Code, as amended on June 14, 2007, had been largely complied with until the announcement of the new version on August 8, 2008.

Since the announcement of the version dated June 6, 2008, the recommendations in the Code have been conformed to with the following exceptions:

The recommendation in the Code to provide for a severance payment cap when concluding contracts with Board of Management members (Section 4.2.3, Para. 4 ff. of the Code) is not complied with. There are doubts in professional circles as to the validity of such contractual clauses, which restrict the Supervisory Board's scope of action without creating significant benefits under current law.

In addition, the Supervisory Board has not formed a nominating committee (Section 5.3.3 of the Code). In the opinion of the Board, such a committee would merely increase the number of committees without noticeably improving the work of the Supervisory Board.

The elections to the Supervisory Board do not take the form of elections of individuals (Section 5.4.3, Sentence 1 of the Code). Elections by list are a common practice in democratic elections. AUDI AG moreover does not disclose the remuneration of members of the Supervisory Board individually, broken down by components (Section 5.4.6, Para. 3, Sentence 1 of the Code), in order not to infringe on privacy rights.

Four departures are made from the suggestions in the Code:

The Annual General Meeting will not be broadcast over the Internet (Section 2.3.4 of the Code) in order not to infringe on the privacy rights of individual stockholders. For this reason, the provision for absent stockholders to even be able to contact the Company's voting proxy (Section 2.3.3, Sentence 3, 2nd half of sentence of the Code) during the Annual General Meeting is superfluous.

AUDI AG continues to disregard the suggestion made by the Code to incorporate both one-off and annually recurring variable components based on business performance into the remuneration for members of the Board of Management (Section 4.2.3, Para. 2, Sentence 2 of the Code) and to incorporate components based on the Company's long-term performance into the remuneration for members of the Supervisory Board (Section 5.4.6, Para. 2, Sentence 2 of the Code). It will continue to follow the discussion in professional circles as to the specific form to be taken by such variable components before changing its stance on this matter.

Particulars pursuant to Section 6.6 of the Code

No reportable acquisition or sales transactions were conducted during the past fiscal year.

Stock option plans and similar securities-based incentive arrangements

AUDI AG does not offer any such plans or incentive arrangements.

System of remuneration

The basic principles of the remuneration system for the members of the Board of Management are detailed in the Notes to this Annual Report under "Details of the Supervisory Board and Board of Management." This information is also available on the Company's website (www.audi.com/notes).

Declaration relating to the Code on the Internet

The joint declaration of the Board of Management and Supervisory Board of AUDI AG on the recommendations of the German Corporate Governance Code was published on the Audi website (www.audi.com/cgk-declaration) on November 24, 2008.