

Audi of America

Volkswagen Group Americas Investor and Analyst Conference

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President

Chattanooga, 26 September 2011

Disclaimer

This presentation contains forward-looking statements and information on the business development of the Volkswagen Group. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions relating to the development of the economies of individual countries, and in particular of the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given involve a degree of risk, and the actual developments may differ from those forecast.

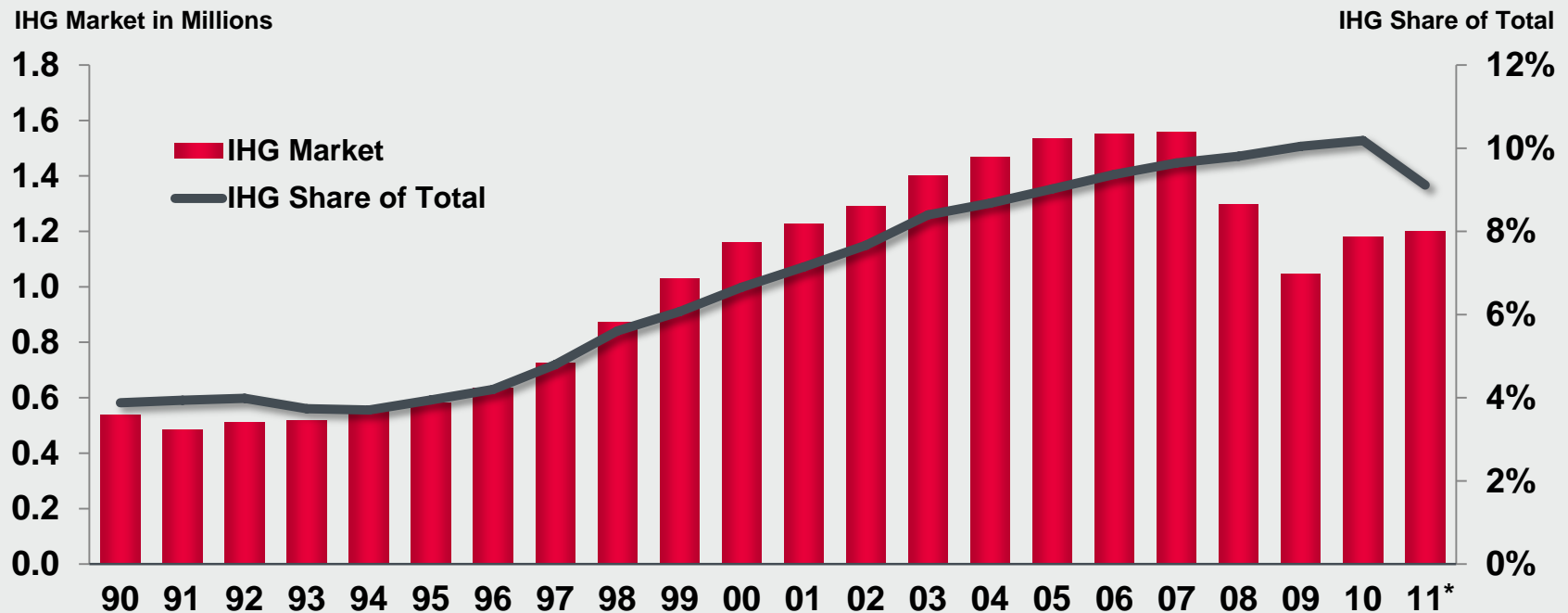
Consequently, any unexpected fall in demand or economic stagnation in our key sales markets,

such as in Western Europe (and especially Germany) or in the USA, Brazil or China, will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

Imported High Group (IHG) Market Definition and Development



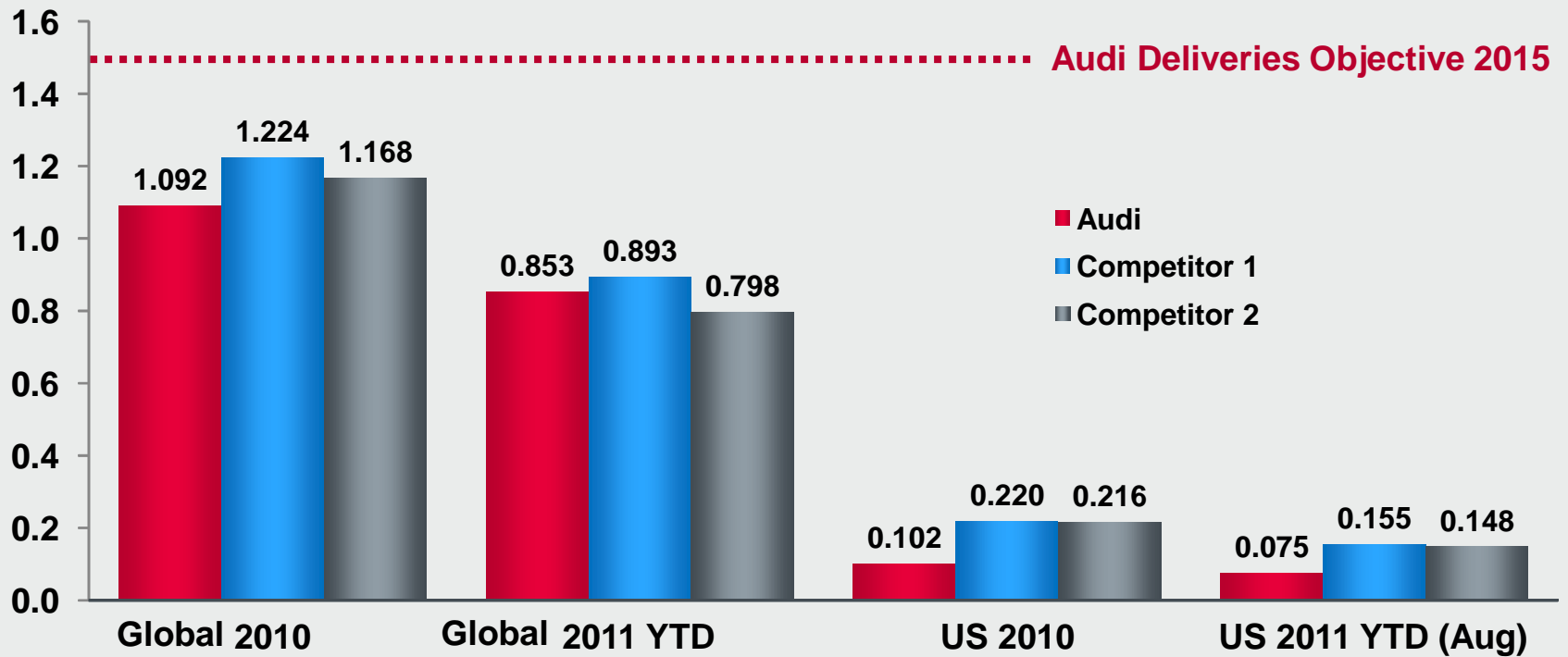
Source: AutoData * 2011: internal Forecast

- ▶ IHG represents about 10% of the total automotive market vs. 27% in Germany and 18% in Western Europe (Premium Market)
- ▶ Brands included in IHG: Japanese: Acura, Infiniti Lexus; European: Audi, BMW, Jaguar, Land Rover, Mercedes-Benz, MINI, Porsche, Saab, Volvo

Deliveries to Customers

Globally and in the U.S.

Deliveries in Millions

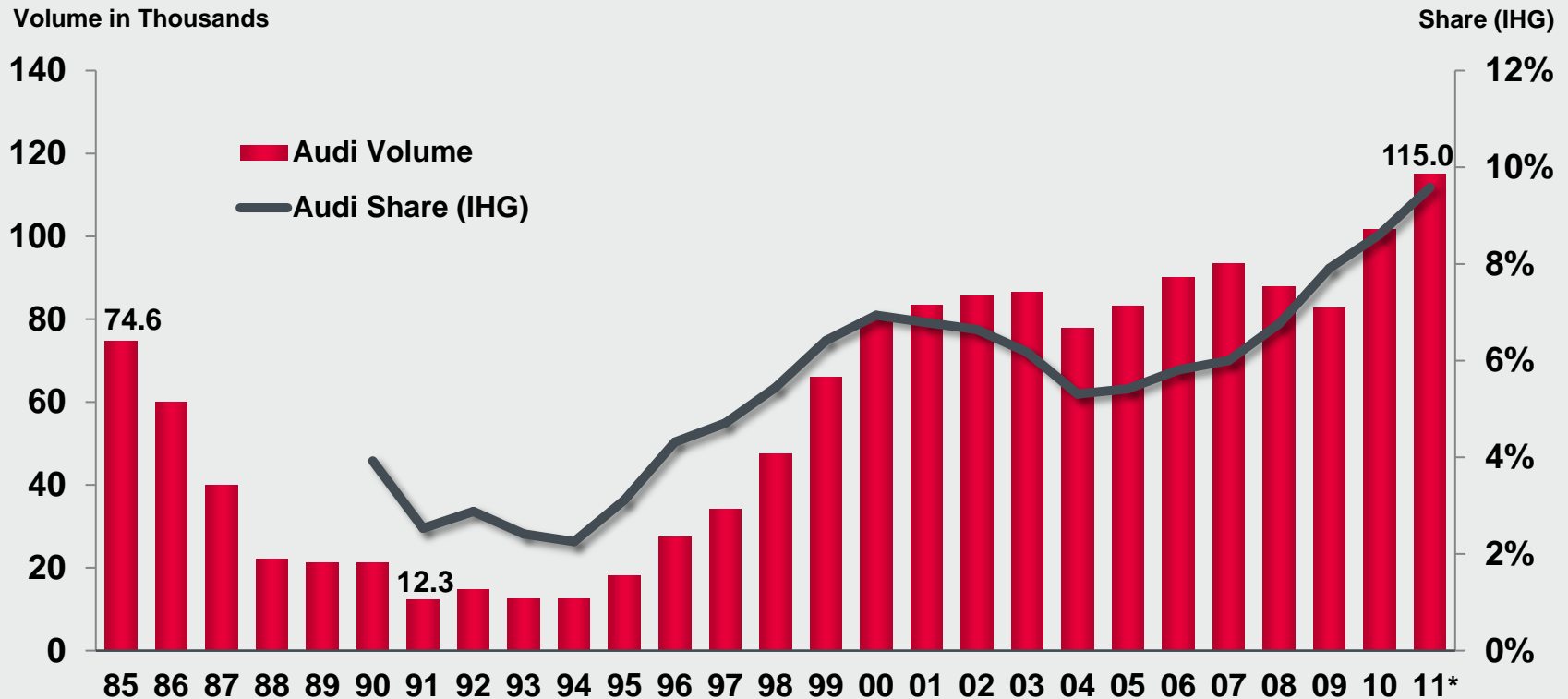


Source: Global: Audi AG; US: AutoData

▶ Audi in the US needs to grow to support the global delivery goal

Audi of America

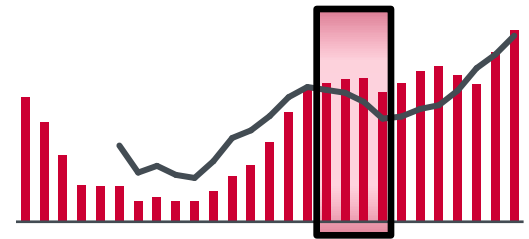
Development since 1985



Source: AutoData * 2011: internal Forecast

- ▶ 1986 – 1994: The Lost Decade
- ▶ Volume recovery focus in the end 1990's

Stagnation: 2001-2004 Market Share Losses



2005 Audi A6 3.2

\$399 MO.
00 MONTH LEASE

Given payment	\$ 0.00
Refundable security deposit	\$ 0.00
Acquisition fee	\$ 0.00
First month's payment	\$ 0.00
Amount due at lease inception	\$ 0.00

A6
CLASS

Greater power, beauty and comfort. The all-new Audi A6 is greater than ever before. Humming with the advanced power of a 256 hp V8 with race-proven FSI[®] technology, standard road-gripping quattro[®] all-wheel drive, a dynamic suspension for better handling, and a bold new look, the A6 poses a new threat to the status quo. It's greater to lead than follow.

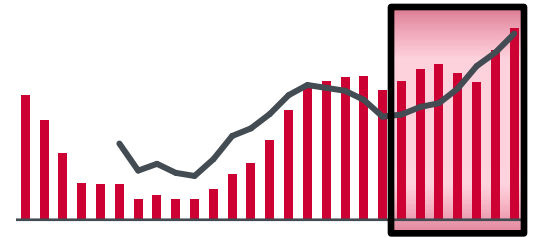
Audi Advantage[™] 4 years or 80,000 kilometres no-charge scheduled maintenance*

► **Move the Metal mentality**



► **Aging facilities, lack of dealer profitability impediment to brand**

Strategy for Sustainable Growth



Closing the Gap

Short term

Acceleration

Medium Term

Victory

Long Term

2006

2008

2012

2020

Objective:

Win trust of market

Strategy:

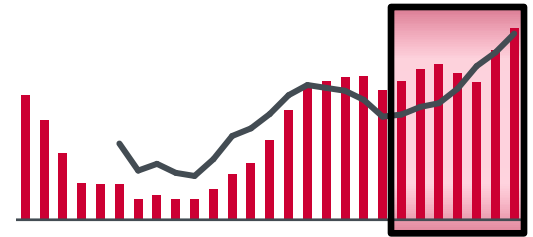
- ▶ Build brand
- ▶ Capitalize on product quality

Actions:

- ▶ Invest in network & top priority markets
- ▶ Product portfolio
- ▶ Reduce incentives
- ▶ Strengthen residuals



Build the Brand



Closing the Gap

Short term

Acceleration

Medium Term

Victory

Long Term

2006

2008

2012

2020

Objective:

Brand = Aspirational, Familiar

Strategy:

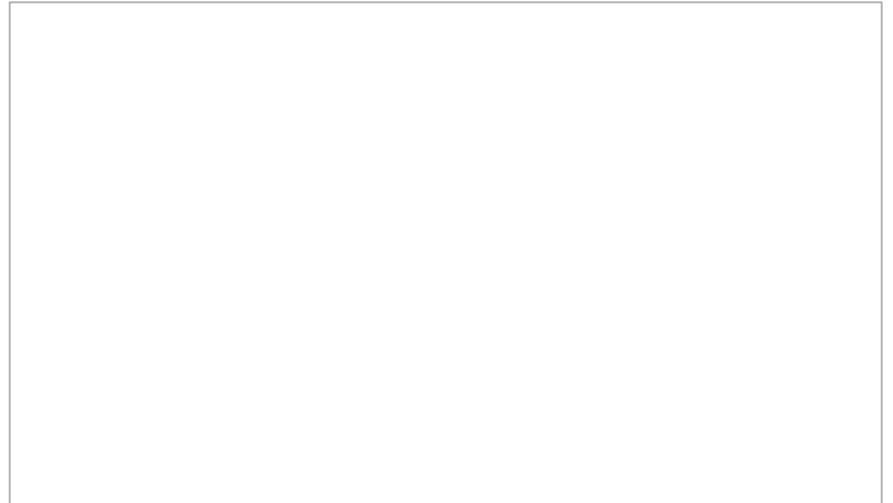
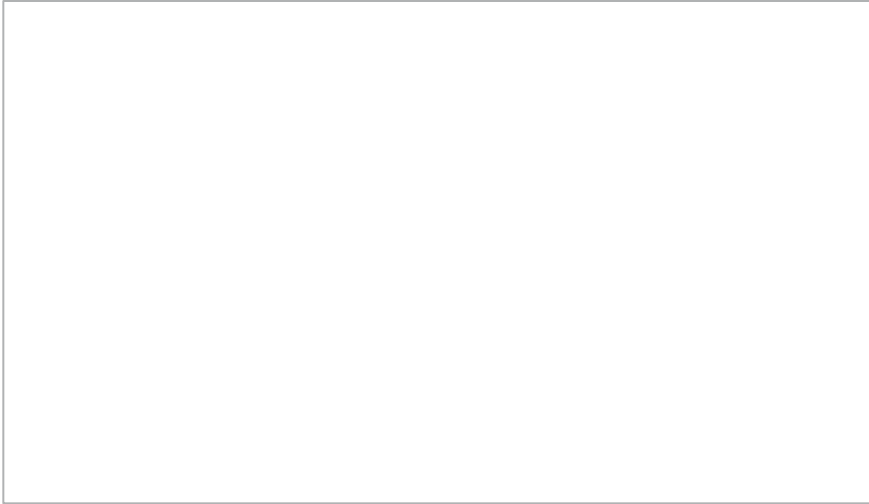
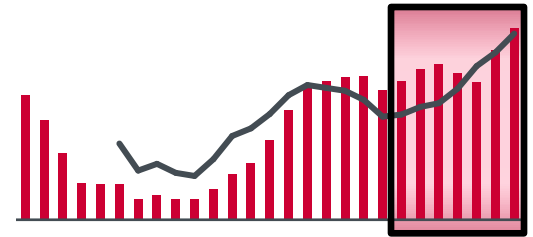
- ▶ Expand customer base
- ▶ Leverage products
- ▶ Drive traffic
- ▶ Growth via conquest

Actions:

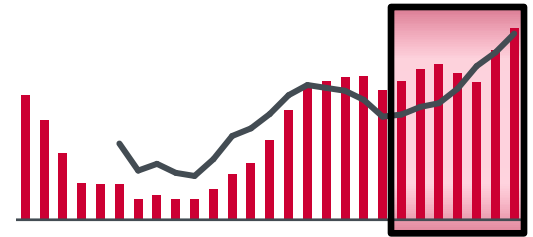
- ▶ Assertive marketing
- ▶ Strengthen organization
- ▶ Dealer partnerships
- ▶ Execute product portfolio



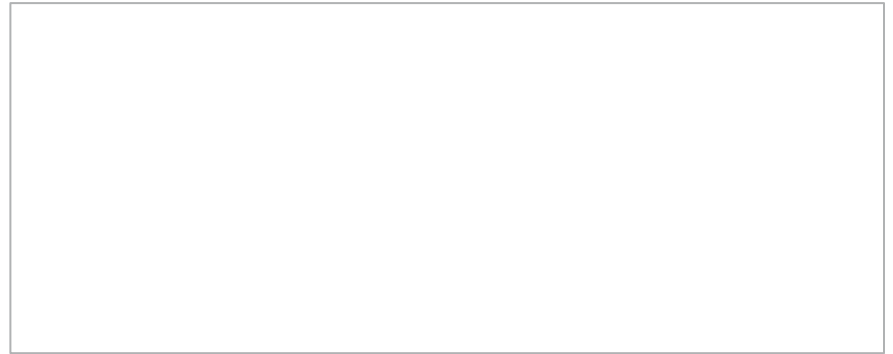
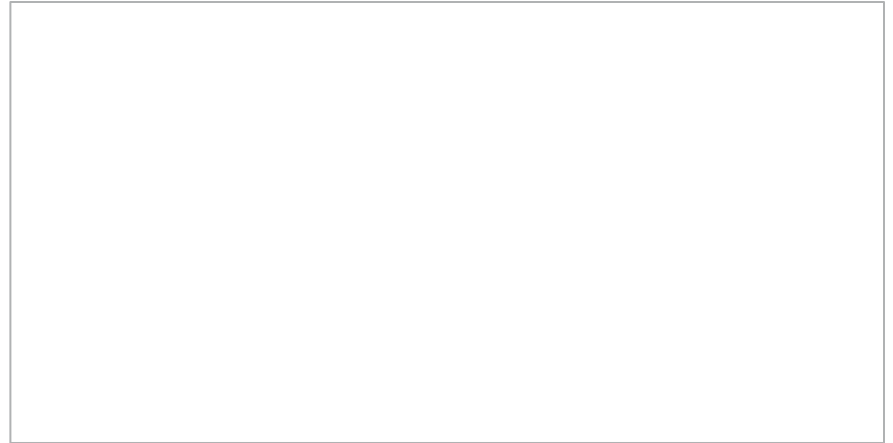
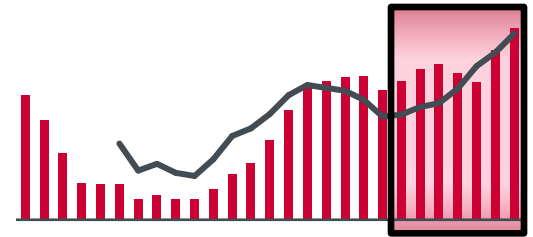
Fill out the White Space



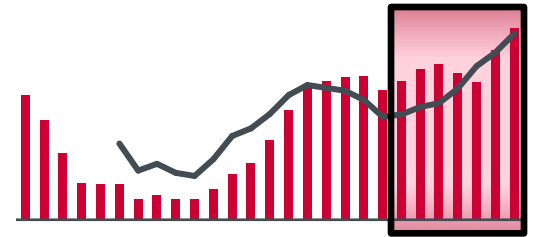
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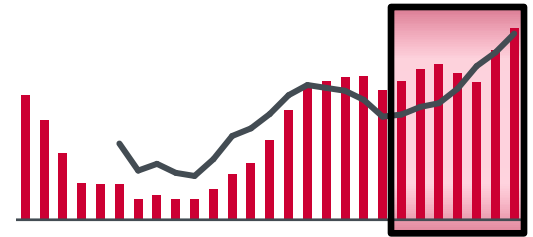
Emotionalize the Brand



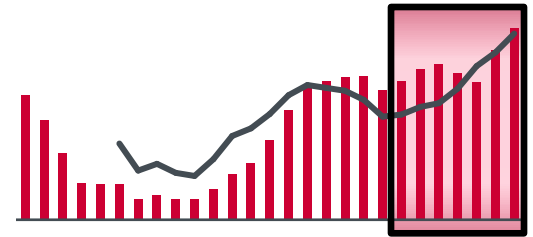
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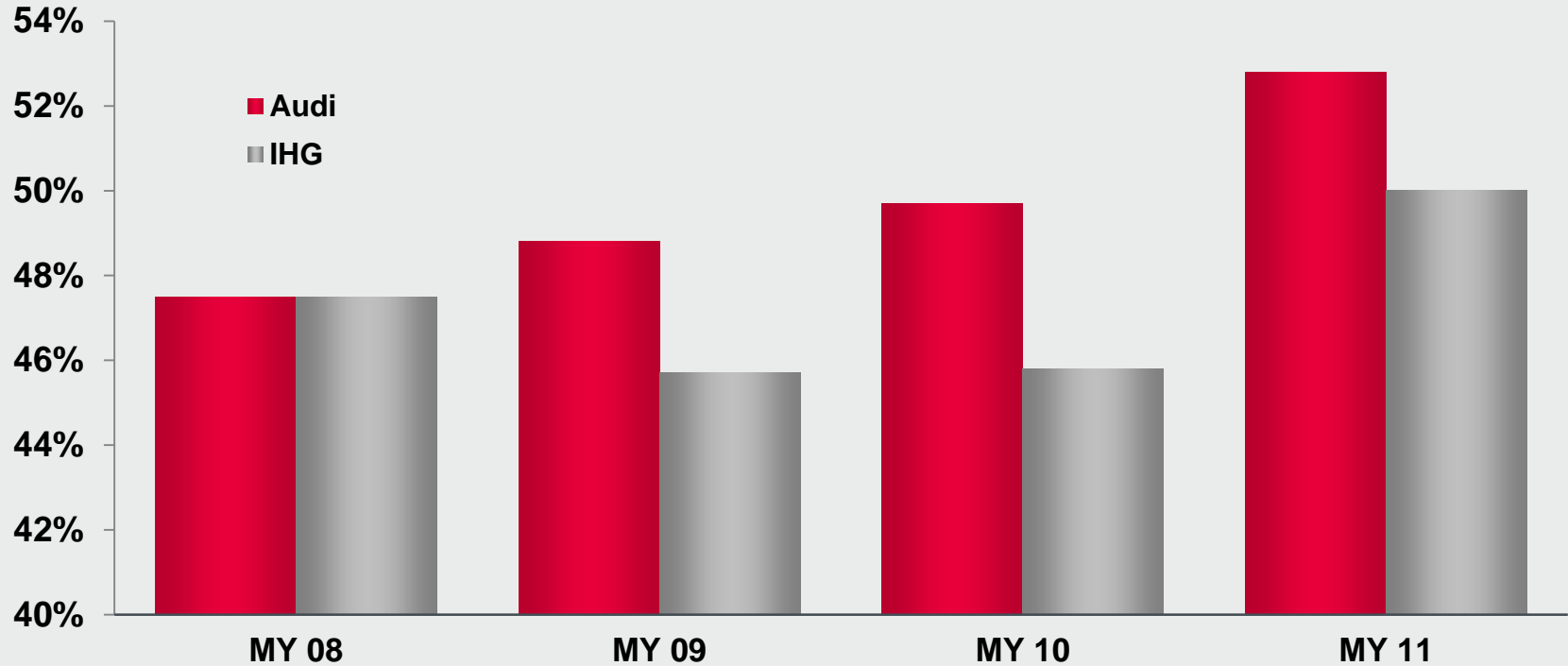
Update the Volume Core



Residual Value Development



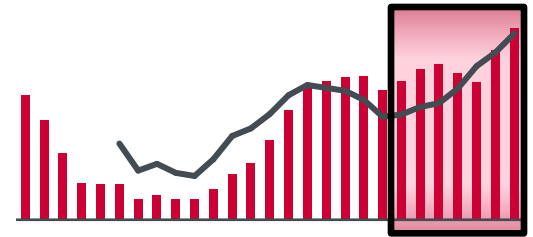
Residual Value as % of MSRP



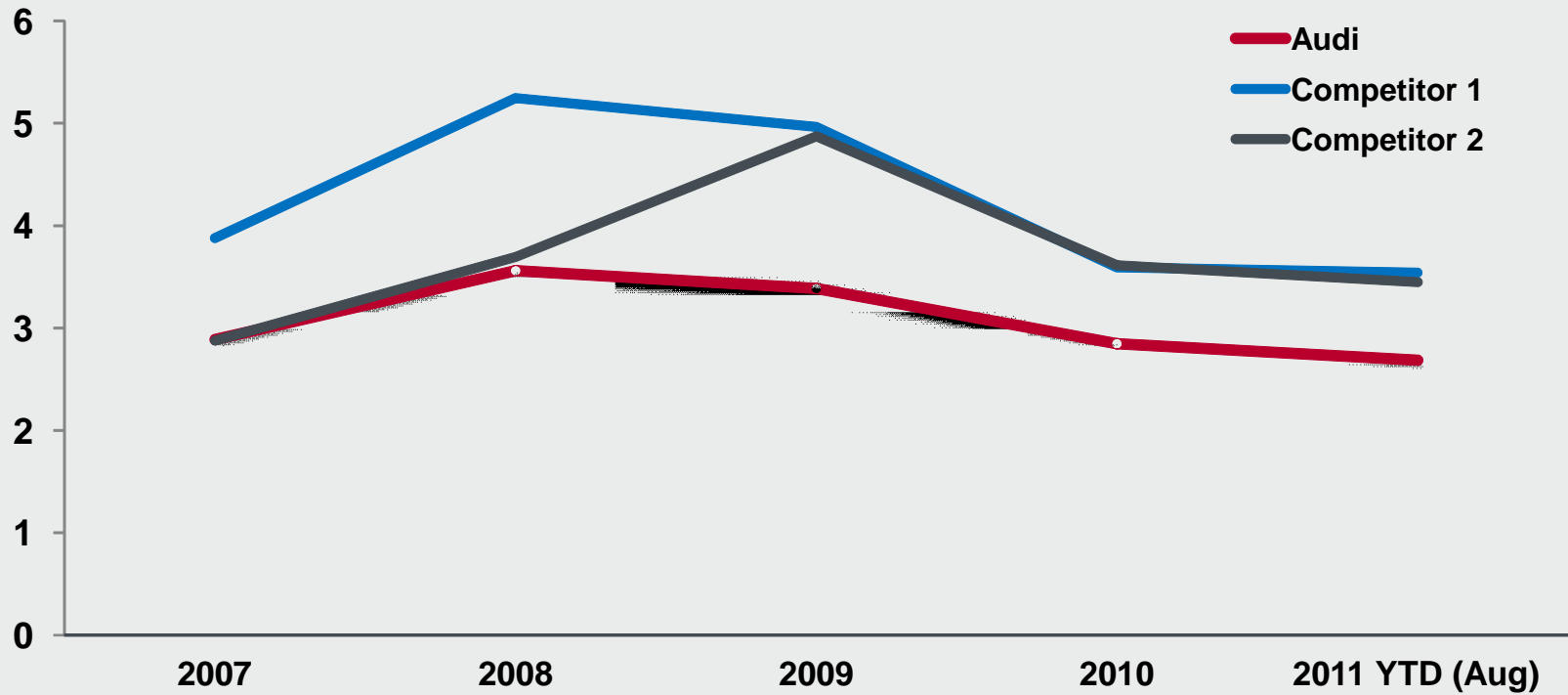
Source: ALG Jan/Feb 2008, 2009, 2010, 2011 editions; 36 Months; Portfolio Average

- ▶ Audi residual value development outperforms luxury sector
- ▶ Audi leads all European luxury brands

Retail Incentives Development in the US



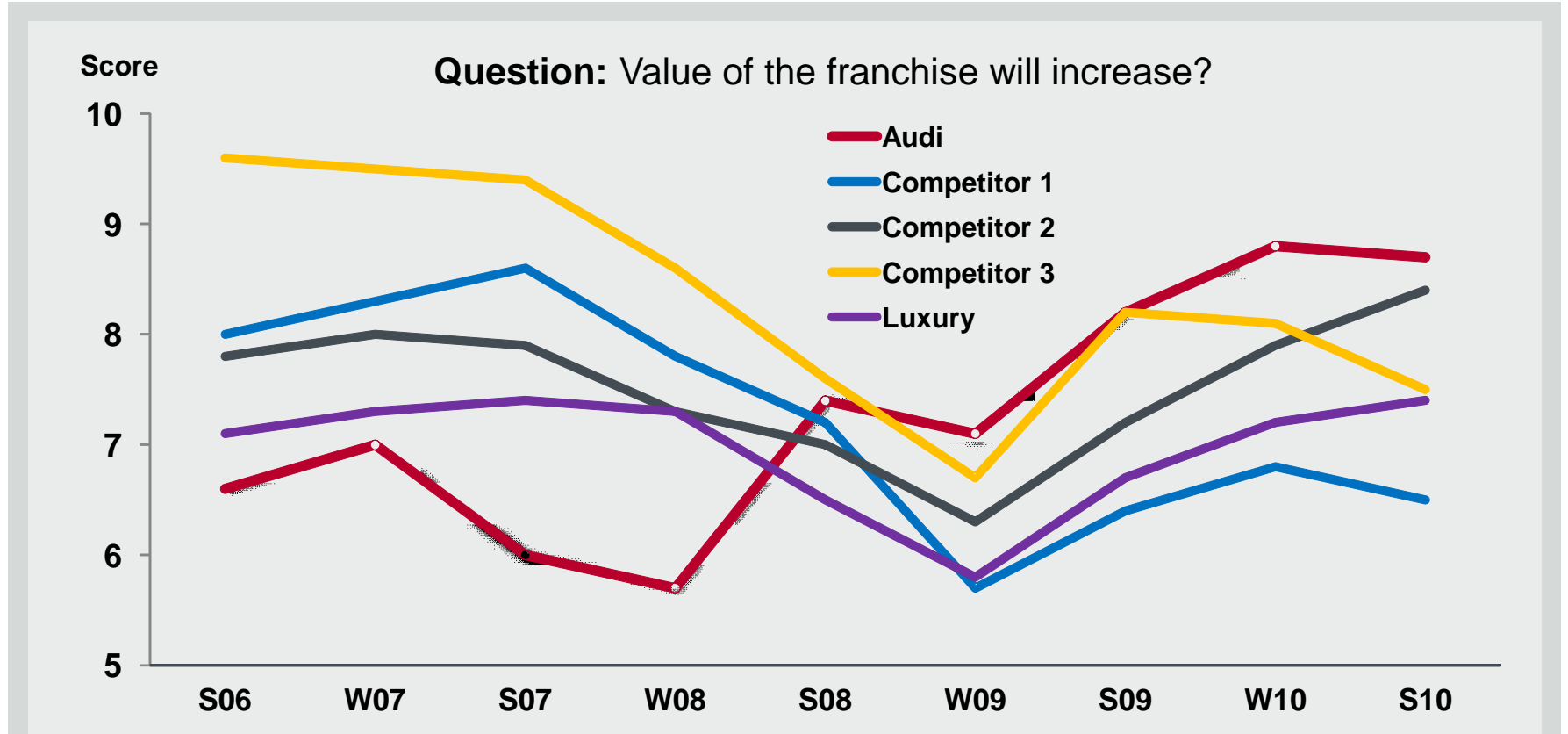
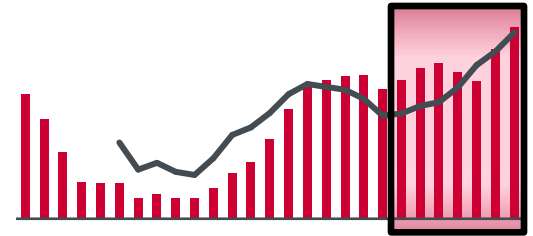
Thousand \$



Source: AutoData, 2011

▶ Audi incentives lower than key competitors, below pre-crisis level

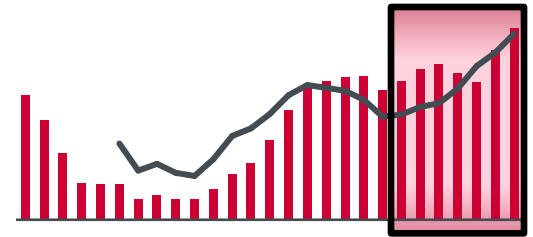
NADA Survey: Dealer with Confidence in Audi Brand



Source: NADA, Q1 2011

► Dealer confidence in value of franchise leads luxury sector

Investment in Facilities

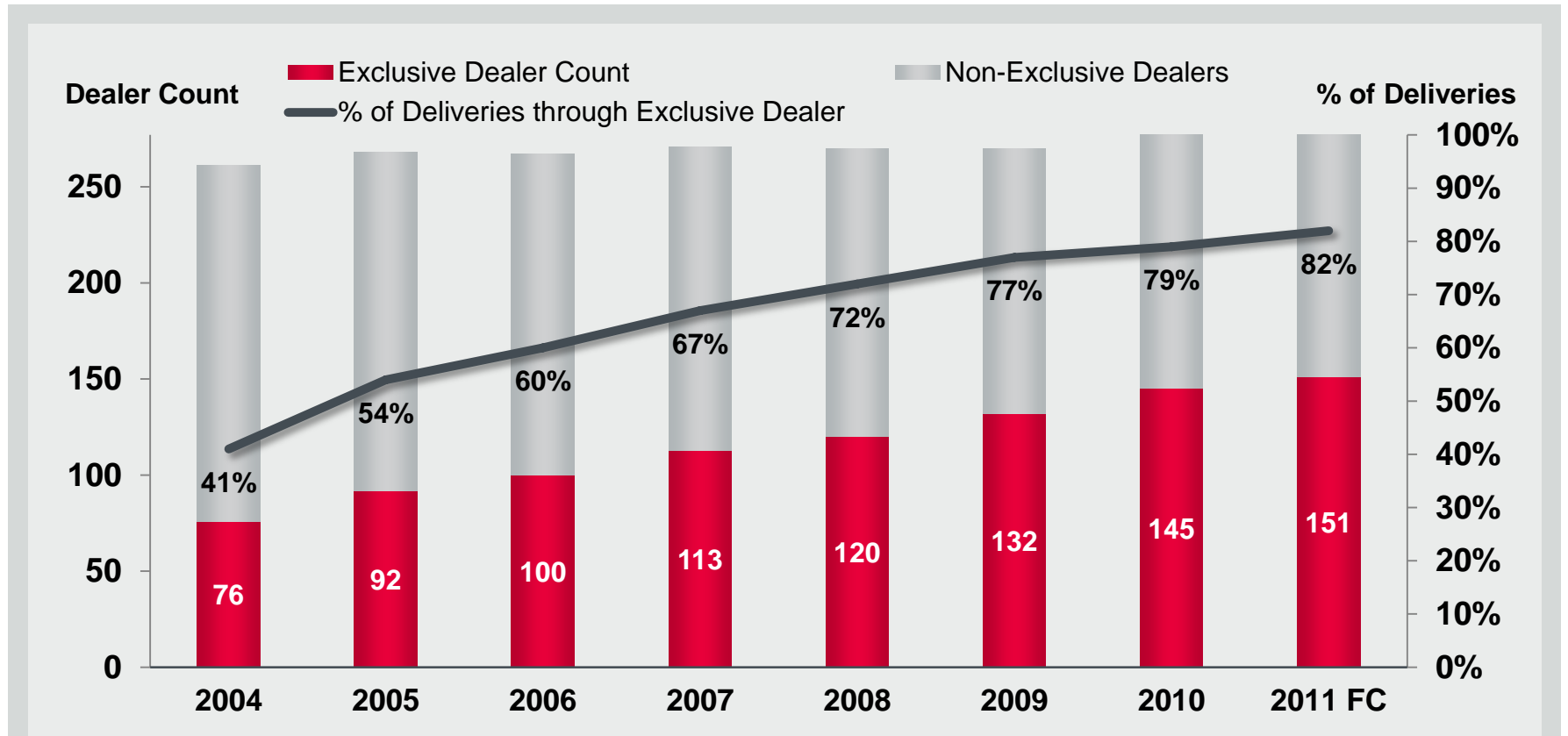
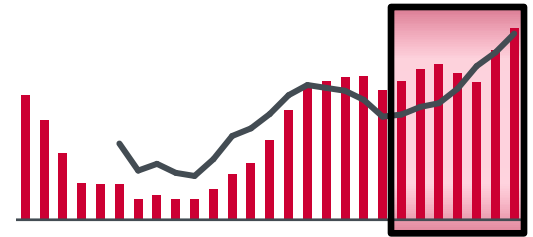


▶ Dealer confidence expressed by investment into Audi franchise



Network Development

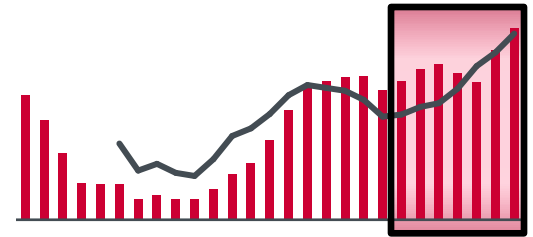
Exclusive Dealer Count and Delivery Significance



Source: Internal Data

► Better facilities, better people, better customer experience

Risk Taking Promotions

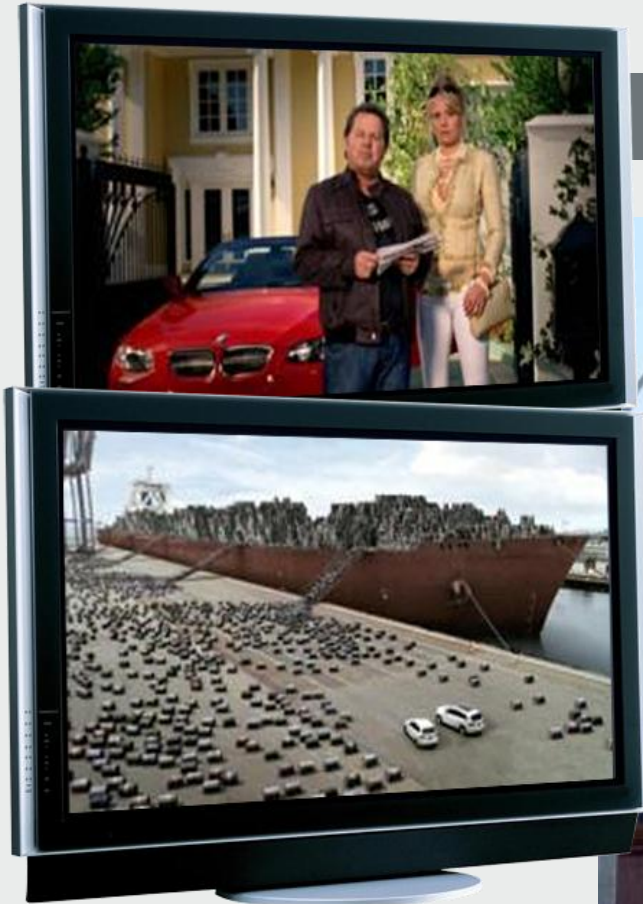


PRINT

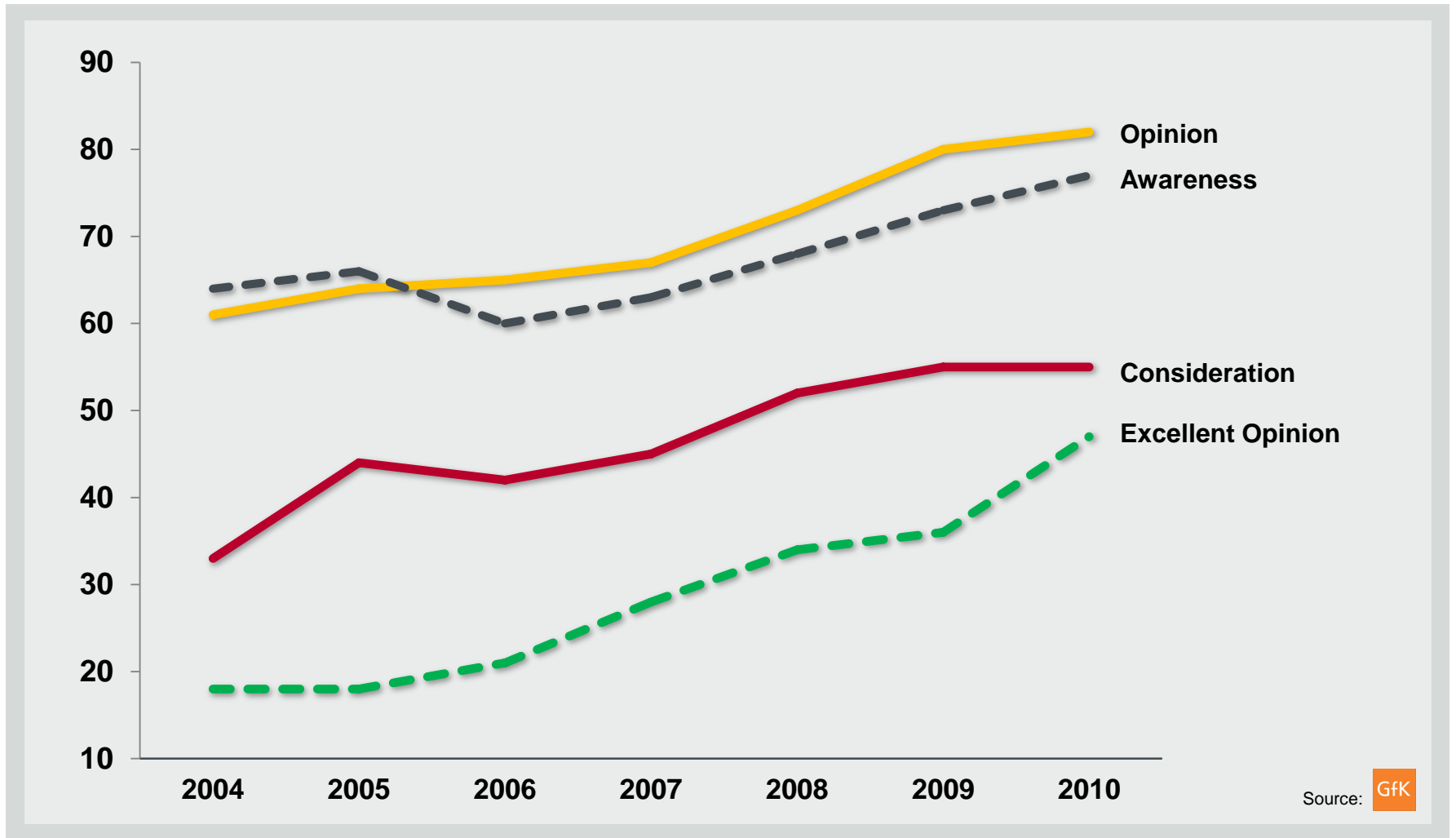
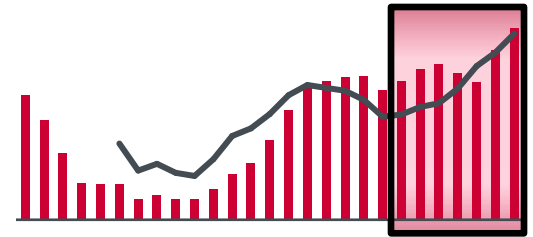


OUTDOOR

TV

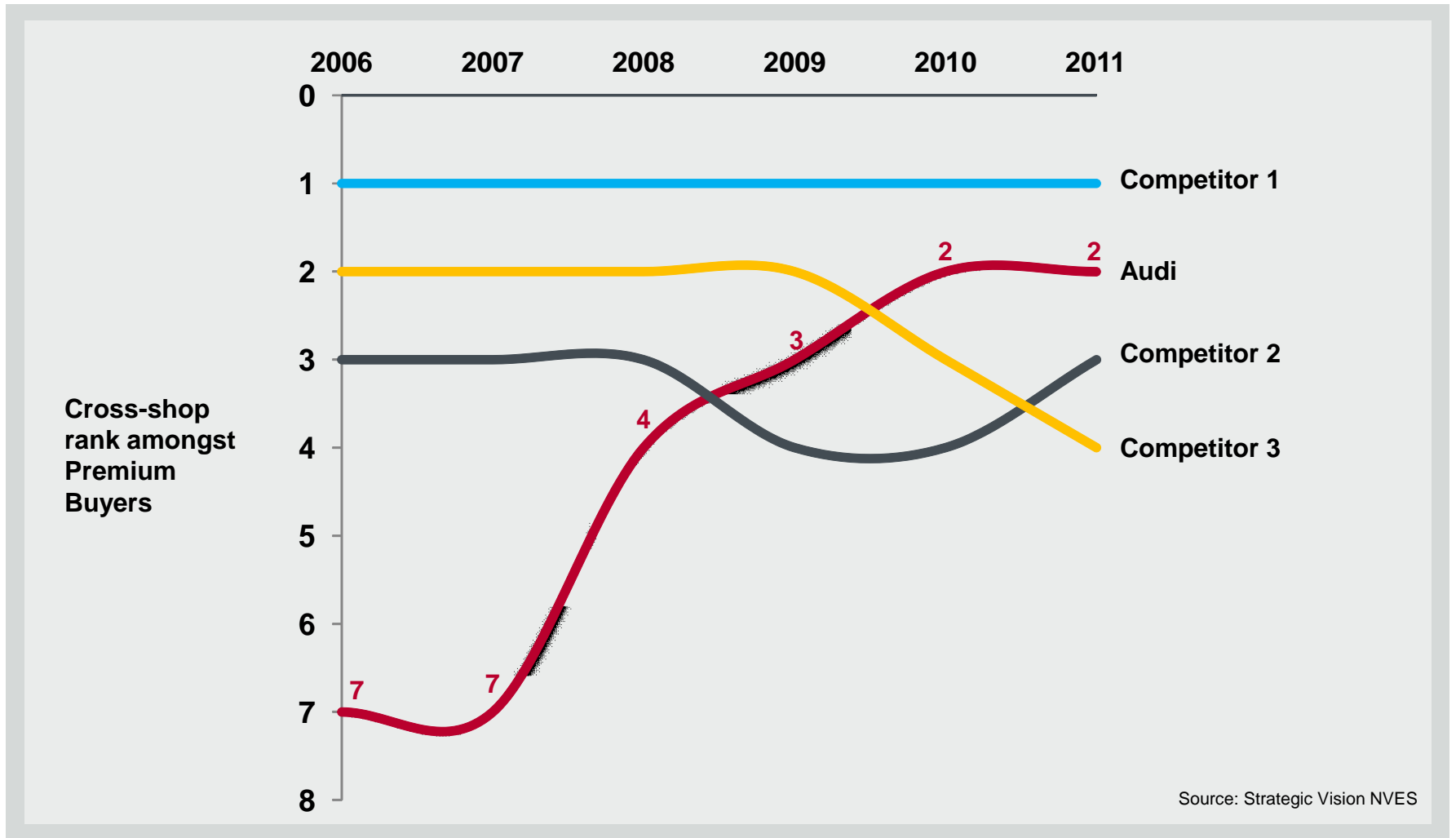
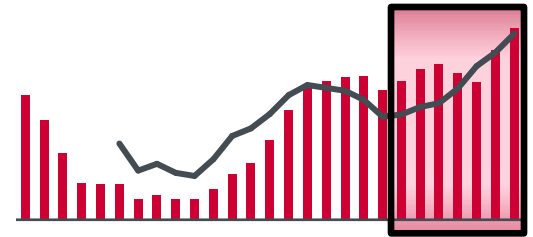


Audi Brand Image Trend



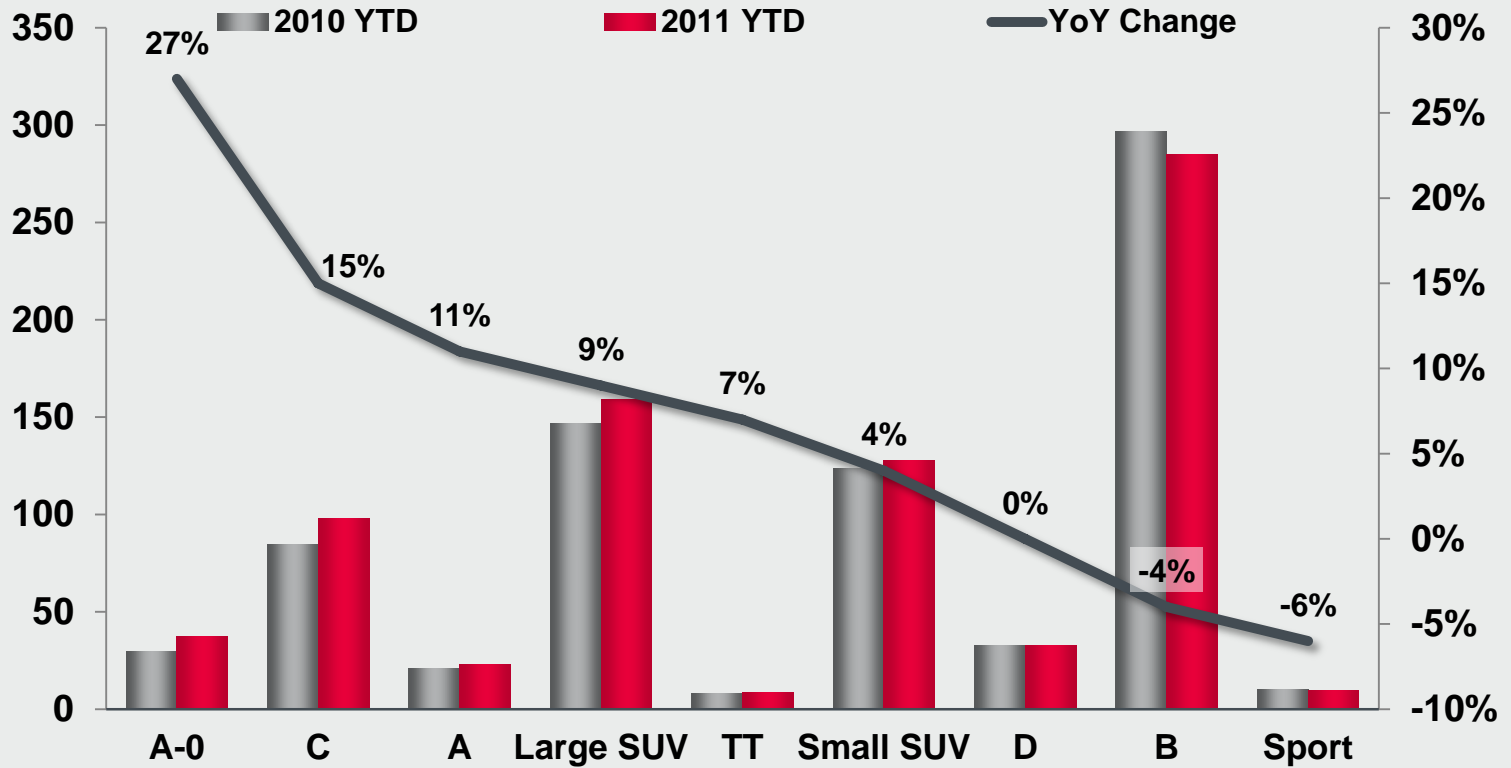
Source: GfK

Cross-Shop Development



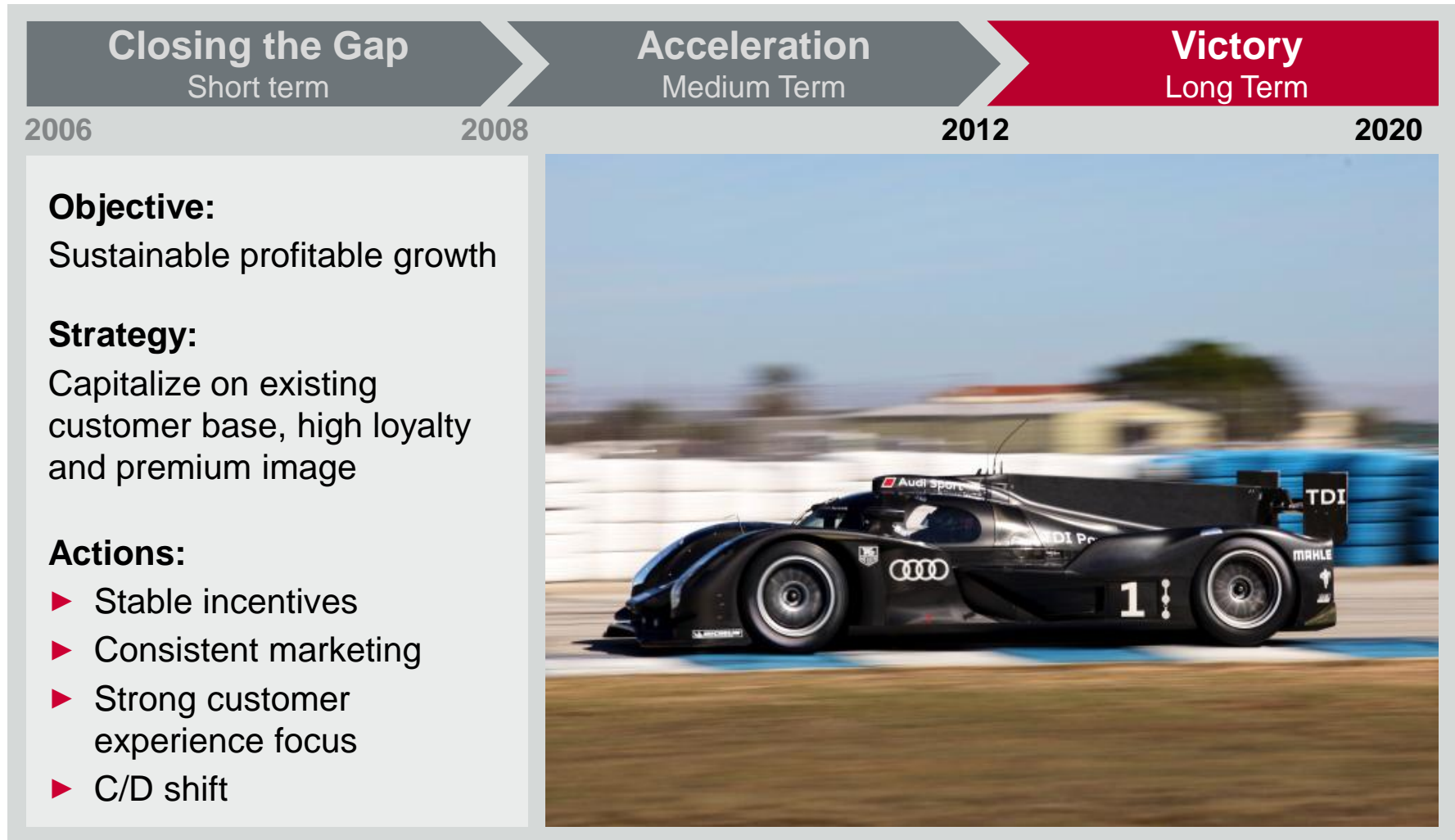
IHG Segment Performance

August YTD



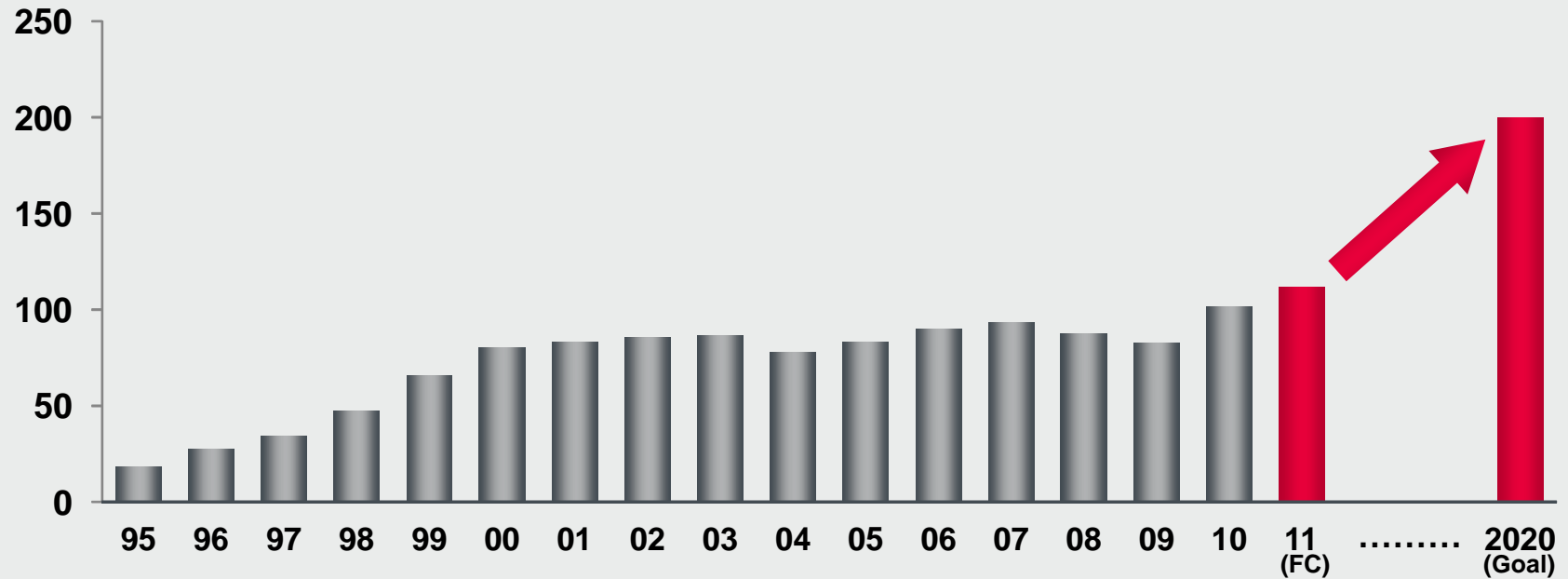
Audi Share YTD10	N/A	6.4%	19.0%	3.1%	14.5%	11.6	1.7%	11.8%	4.0%
Audi Share YTD11	N/A	9.2%	19.5%	3.9%	16.0%	12.0%	11.5%	12.0%	7.9%
Delta	N/A	+2.8pp	+0.5pp	+0.8%	+1.5pp	+0.4pp	+9.8pp	+0.2pp	+3.9pp

Future Growth



Audi Future Deliveries Goal

Volume in Thousands



- ▶ Directionally, 200k+ units prior to 2020
- ▶ Qualitative growth: Profit before volume
- ▶ An Audi in the right driveway, not in every driveway

Move Portfolio towards C/D Segment

Model	2009 Mix	C/D Segment	Model	2011 (FC) Mix	C/D Segment
A3			A3		
A4			A4		
A5			A5		
Q5			Q5		
Cabrio			Cabrio		
A6	8%	19%	A6	9%	27%
A7	0%		A7	6%	
A8	2%		A8	5%	
Q7	9%		Q7	7%	
TT			TT		
R8			R8		
TOTAL			TOTAL		

- ▶ The foundation has been prepared for sustained profitable growth

2012 Product Plans

Audi S6



Audi A4 / S4 PI



Current model shown

Audi R8 GT Spyder



Audi S7



Audi A5 / S5 PI



Audi RS 5 Coupe



Audi S8



Audi A4 Allroad Quattro



Current model shown

Audi Q5 Hybrid Quattro



Current model shown

Potential long Term Growth Platforms

– Under Consideration

e-tron



TDI – Expansion



A3



Q3



Audi of America Summary

- ▶ Audi established a strong foundation during the past 5 years
- ▶ Key to sustainable growth → Double the business before 2020
- ▶ Audi does not “buy” market share but earns it
- ▶ C/D Shift to increase transaction price and profitability
- ▶ Focus on further quality upgrading of Network in the US
– without increasing the overall number of dealers
- ▶ Continue with challenging marketing
- ▶ Product Portfolio to support demand in the US
- ▶ Opportunity to expand TDI Clean Diesel

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