

Corporate Governance

Revision to Code in 2006	<p>In 2006, the Federal Ministry of Justice revised the German Corporate Governance Code and promulgated the version dated June 12, 2006. The Board of Management and Supervisory Board of AUDI AG discussed the amendments at length in the past financial year and passed the appropriate resolutions.</p>
Implementation of the recommendations and suggestions	<p>The Code in the version dated June 12, 2006 is complied with. However, the restriction applies that AUDI AG will not disclose the remuneration of members of the Supervisory Board individually, broken down by component (Section 5.4.7 Para. 3 Sentence 1 of the Code), in order not to infringe privacy rights.</p> <p>The Code's suggestion of taking long-term performance into consideration in the Supervisory Board's remuneration (Section 5.4.7 Para. 2 Sentence 2 of the Code) and taking one-off variable components tied to business success into consideration in the Board of Management's remuneration (Section 4.2.3 Para. 2 Sentence 2 of the Code) is not currently implemented by AUDI AG, as the debate in specialist quarters as to the specific form to be taken has still not yet reached a conclusion. The outcome of this debate is to be awaited.</p> <p>The restriction moreover applies that 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. The following qualifications moreover apply to the suggestions made in the Code:</p> <p>The Annual General Meeting will not be broadcast on the internet (Section 2.3.4 of the Code) in order not to infringe the privacy rights of individual shareholders. For this reason, the provision for absent shareholders to contact the company's proxy exercising voting rights (Section 2.3.3 Sentence 3, 2nd half of sentence of the Code) even during the Annual General Meeting is not necessary.</p>
Particulars pursuant to Section 6.6 of the Code	<p>No notifiable acquisition and sale transactions were carried out in the past financial year.</p>
Stock option schemes and similar securities-based incentive arrangements	<p>AUDI AG does not offer any such schemes or incentive arrangements.</p>
System of remuneration	<p>The basic principles of the system of remuneration for the members of the Board of Management are described in detail 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).</p>
Internet declaration on the Code	<p>The joint declaration of the Board of Management and Supervisory Board of AUDI AG on the recommendations of the German Corporate Governance Code was placed on the Audi website (www.audi.com/cgk-declaration) on December 6, 2006.</p>