



COVID-19 Update

Dear Audi Partners,

The Coronavirus (COVID-19) is presenting us with an unprecedented challenge. While there are many unknowns, our best path forward is to be thoughtful and strategic about what we can do to mitigate risk, support the continuity of our business and control the controllables.

Our position is clear. We will stand together, shoulder to shoulder, as we navigate the steps needed to support you our partners, the brand, and of course our customers through this period of uncertainty. Audi of America remains operational, accessible and engaged. Our field teams will continue to call and answer your calls, our Distribution help desk and CXC are active and AFS is open for business and continuing to serve our customers.

To support business continuity there are a number of measures we are implementing immediately:

- 1. 1% Sales Bonus:** Dealer objectives for March have been waived and dealers will earn the 1% Sales Bonus on all eligible retail vehicles sold and delivered during the month. This process will be reviewed monthly. As a result, the Growth Objective has been suspended for the month of March and no bonus payments will be made on this program.
- 2. Audi Ascent:** The program objectives for March have been waived and the applicable ABS and Sales Manager Bonuses will be paid on all eligible vehicles retail sold and delivered during the month.
- 3. CPO Purchase Bonus:** The purchase objectives for Quarter 1 2020 have been waived and dealers will earn the 1% bonus on all eligible retail sales.
- 4. Supply chain:** AoA is conducting regular updates with Audi AG to support production and supply chain continuity.
- 5. Port inventory:** Please work directly with your Area team to optimize inventory management. We will monitor the overall inventory on a constant basis.
- 6. ILT Training:** AoA is suspending all ILT training for the next two weeks and will continue to monitor the situation accordingly. In-dealer trainings will continue as long as requested by our partners.
- 7. Digital customer templates:** Our marketing team is developing appropriate templates to support offerings of pick-up and delivery for service and out of store test drive and delivery where appropriate and deliverable for our partners. These will be provided next week.
- 8. AFS Floorplan Assistance:** All Audi dealers who floorplan their new Audi vehicle inventory with AFS will qualify for the maximum Wholesale Partnership benefit of 80bps for Q1 & Q2 regardless of earned levels. Additional details will be provided by AFS in separate dealer communication.

We appreciate the above measures are not going to solve all the issues at hand, however, it will provide some relief and address some concerns raised by partners and the dealer council over the past few days. This is not a one-off communication, we will continue to keep a regular and open line of communication with you to ensure we understand the market dynamics on the ground and in your respective operations. We are prepared to react and make adjustments in real-time.

It is clear we are operating in a complex environment and we had intended to send a note this week on what was presented during the Audi Brand and Business summit a couple of weeks ago. However, over

the past several days, we've had to put our focus on more immediate business topics. We will share the content about Strategy 2025 and all the great work happening in 2020 with all of you soon.

Thank you for all the hard work you put in each and every day to represent our great brand. Above all, stay safe and healthy. Look after your employees and treat your customers well. We are a brand that rises to any challenge, and we will do it together. We are Audi.



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