PORSCHE AUTOMOBIL HOLDING SE

Interim report

Report on the period from 1 January 2011 to 3 November 2011
of the fiscal year 2011

This interim report by Porsche Automobil Holding SE ("Porsche SE" or "company") relates to the development of business in the first nine months of the fiscal year 2011, and contains information on the reporting period from 1 January 2011 through to 3 November 2011.

Since early December 2009, Porsche SE has essentially functioned as a holding company for its investments in the two operating companies Porsche Zwischenholding GmbH, Stuttgart, (together with its subsidiaries "Porsche Zwischenholding GmbH group") and Volkswagen Aktiengesellschaft, Wolfsburg ("Volkswagen AG", "Volkswagen" or "VW" and together with its subsidiaries the "Volkswagen group"). Volkswagen AG as an associate of Porsche SE, and Porsche Zwischenholding GmbH as a joint venture of Porsche SE and Volkswagen AG, are included in the consolidated financial statements as entities accounted for at equity. The long-term profit/loss of the Porsche SE group (Porsche SE and its subsidiaries) is largely dependent on the results of operations of these two equity investments and the attributable share of the profit/loss of the entities accounted for at equity. For the period from 1 August 2010 to 31 December 2010 Porsche SE reported a short fiscal year; since 1 January 2011, the fiscal year corresponds to the calendar year.

Significant events

<u>No merger of Porsche SE into Volkswagen AG within the framework and timeframe of the basic agreement – aim to achieve integrated automotive group with Volkswagen unchanged</u>

The basic agreement on the creation of an integrated automotive group between Porsche and Volkswagen, which was agreed in 2009 and which contains the concept of such creation, provides for the merger of Porsche SE into Volkswagen AG as the final step. On 8 September 2011, both companies announced that, during the negotiations of the merger, they could not yet agree on the valuation of Porsche SE required for calculating the exchange ratio. Therefore, in the opinion of both companies, it is no longer possible to achieve the merger within the framework and timeframe of the basic agreement, i.e., to adopt the required merger resolutions by 31 December 2011. Thus, the preparations for Porsche SE's shareholders' meeting on the merger scheduled for December 2011 have been terminated.

The companies could not agree on how to valuate, for purposes of the merger, those risks that might arise for Porsche SE out of damages claims asserted in the United States and in Germany, also in light of the ongoing investigations conducted by the Public Prosecutor's Office, inter alia regarding alleged market manipulation. Porsche SE continues to hold the view that the allegations raised in the investigation as well as the damages claims asserted in Germany are without merit and that the damages claims asserted in the United States are inadmissible and without merit (for more information on this point, and on the status of all legal proceedings, please see "Litigation risks and legal disputes" in this section of the interim report).

In the event that the required merger resolutions have not been adopted by the shareholders' meetings of Porsche SE and Volkswagen AG by 31 December 2011 or, if adopted, that approval proceedings have been unsuccessful and filed claims continue to prevent the entry of the merger in the commercial register ("failure of the merger within the framework and timeframe of the basic agreement"), Porsche SE and Volkswagen AG have granted each other reciprocal put and call options. These options relate to the remaining 50.1 percent shareholding in Porsche Zwischenholding GmbH that is held by a trustee on behalf of Porsche SE and can theoretically be exercised at defined times within the period from 15 November 2012 to 31 January 2015. In the executive board's view, the probability of the failure of the merger within the framework and timeframe defined by the basic agreement, and thus the theoretical probability that the put and call options will be exercised, was still 50 percent as of 30 June 2011. In the view of the executive board this probability increased to 100 percent as of 30 September 2011 ("reporting date") after both companies' announcements on 8 September 2011 that a merger within the framework and timeframe of the basic agreement was no longer realistic (for more information on the significant effects on the results of operations of the Porsche SE group please see the section “Results of operations, net assets and financial position” in this interim report).

Porsche SE’s and Volkswagen AG’s aim to achieve the integrated automotive group remains unchanged. Both companies are examining whether alternatives to the measures provided for in the basic agreement are available.

Capital increase at Porsche SE

In April 2011, Porsche SE successfully completed its capital increase in return for cash contributions. With the entry of the implementation of the capital increase in the commercial register of the Stuttgart district court on 13 April 2011, the company‘s share capital was increased by 131,250,000.00 euro from 175,000,000.00 euro to 306,250,000.00 euro through the issuance of 65,625,000 new ordinary shares (no-par-value shares) and 65,625,000 new preference shares (no-par-value shares), with each no-par-value share representing a notional share of one euro in the share capital. Since then, Porsche SE’s subscribed capital has comprised 153,125,000 ordinary shares and 153,125,000 preference shares.

The new ordinary shares and the new preference shares are each entitled to dividends as of 1 August 2010. Taking into account transaction costs of 95 million euro, there were net issue proceeds of 4,893 million euro. The company used the proceeds to repay liabilities to banks.

Repayment of indebtedness and refinancing of the previous syndicated loan

The liabilities to banks of Porsche SE, which still amounted to a nominal amount of 7.0 billion euro as of 31 December 2010, were significantly reduced, mainly as a result of the capital increase performed in April 2011. The proceeds were used to repay in full and ahead of schedule the first tranche of the previous syndicated loan totaling 2.5 billion euro, which would have been due on 30 June 2011. Any proceeds exceeding this figure were used to further reduce liabilities to banks. As a result of the partial repayment of the previous syndicated loan, the unutilized revolving credit line increased from 1.5 billion euro to 1.9 billion euro pursuant to the loan terms agreed with the banking syndicate, according to which the overall credit line was not to exceed 8.5 billion euro. Following the partial repayment of the previous syndicated loan and an additional repayment from available liquidity, Porsche SE's liabilities to banks amounted to a nominal amount of 2.0 billion euro as of 30 September 2011. The collateral for the remaining loan was provided primarily by pledging all of Porsche SE's shares in Volkswagen AG.

In October 2011, Porsche SE concluded a new syndicated loan agreement that replaces the previous syndicated loan. The refinancing was executed on 31 October 2011. It was completed with a view to securing the company's long-term liquidity and at more favorable conditions from Porsche SE's perspective. These conditions take into account the significantly improved net assets and financial position of the company compared to the time when the previous syndicated loan agreement was concluded in 2009 and, particularly, the repayment of indebtedness. The new syndicated loan has a volume of up to 3.5 billion euro and comprises a loan tranche of 2.0 billion euro as well as a revolving credit line of up to 1.5 billion euro that was unutilized as of the publishing date of this interim report. The loan matures on 30 November 2013, however, the company has two options to extend it such that under certain circumstances the maturity date may be prolonged until 30 June 2015 in two steps.

In connection with the refinancing of the syndicated loan, the collateral provided by Porsche SE was also restructured. In particular, the number of pledged shares in Volkswagen AG held by Porsche SE was significantly reduced to 70 million VW ordinary shares.

Annual general meeting of Porsche SE

At the annual general meeting of Porsche SE held on 17 June 2011, a dividend of 50 cents per old and new preference share for the short fiscal year 2010 was approved. For the fiscal year 2009/10, the dividend had been 9.4 cents per ordinary share and 10 cents per preference share. The significant increase in the dividend distribution to the holders of preference shares was made possible by the ordinary shareholders stating that they would not participate in the dividend distribution for the short fiscal year 2010 and that the dividend should be distributed exclusively to the holders of preference shares.

Litigation risks and legal disputes

To the knowledge of Porsche SE – which is not a party to the investigations and therefore has only limited knowledge of the subject matter and status of investigations – the Stuttgart public prosecutor has initiated investigations against the former members of the executive board Dr. Wendelin Wiedeking and Holger P. Härter in connection with allegations of information-based manipulation of the market in Volkswagen shares. According to the public prosecutor, the allegations involve public statements made by representatives of Porsche SE and the failure to make certain required statements regarding the acquisition of the shareholding in Volkswagen AG between 2006 and 2009. In addition, the public prosecutor is investigating the two former members of the executive board in connection with allegations of breach of fiduciary duty to the detriment of Porsche SE. According to the public prosecutor, there is reason to suspect that the two former members of the executive board may have taken risks jeopardizing the company’s ability to continue as a going concern by entering into share price hedging transactions in the course of acquiring the shareholding in Volkswagen AG. Furthermore, the public prosecutor has launched investigations against Holger P. Härter and two employees of Porsche SE on suspicion of obtaining credit by deception in connection with a loan that has already been repaid. The Stuttgart public prosecutor announced in February 2011 that the investigations would take longer than anticipated and are not expected to be concluded before the start of 2012. Porsche SE considers the allegations made to be without merit.

In 2010, 46 plaintiffs filed six actions for damages against Porsche SE in the United States District Court for the Southern District of New York. The plaintiffs alleged damages of more than 2.5 billion US dollars. In three of the six actions, the former members of the executive board Dr. Wendelin Wiedeking and Holger P. Härter are also named as defendants. Plaintiffs alleged in their complaints that, in connection with its acquisition of a stake in Volkswagen AG during the year 2008, Porsche SE issued false and misleading statements and engaged in market manipulation in violation of the US Securities Exchange Act as well as in common law fraud. Porsche SE considers the complaints to be without merit and filed a motion to dismiss. On 30 December 2010, the US court granted the motion to dismiss the complaints in their entirety. Thirty-two of the original 46 plaintiffs have appealed this decision with the United States Court of Appeals for the Second Circuit.

Moreover, on 18 February 2011, three of the plaintiffs, and on 15 March 2011 a further 23 of the plaintiffs, filed two actions in New York state court. In their complaints, they assert claims for common law fraud and unjust enrichment on the basis of allegations similar to those made in their complaints in the actions referred to above. The plaintiffs claim to have lost at least 1.4 billion US dollars. Porsche SE considers these actions to be legally insufficient and without merit.

In 2009 and 2010, institutional investors in Germany applied for conciliatory proceedings against Porsche SE with regard to the assertion of claims for damages on the basis of alleged breaches of statutory capital market regulations in connection with the acquisition of a shareholding in Volkswagen AG. Various investors have filed further applications for conciliatory proceedings against Porsche SE based on the same claims; the company received these applications on 11 April 2011 and on 17 August 2011. The new applications are also directed against Volkswagen AG. All of the alleged claims relate to alleged lost profits or alleged losses incurred, estimated by the investors to total approximately 3.05 billion euro. Porsche SE considers the alleged claims to be without merit and has not taken part in the conciliatory proceedings.

In January 2011, a private investor filed a claim for damages against Porsche SE and another defendant in the amount of approximately three million euro. The plaintiff claims to have entered into options relating to shares in Volkswagen AG in 2008 on the basis of inaccurate information and the omission of information as well as market manipulation by Porsche SE and to have incurred losses from these options due to the share price development in 2008 in the amount claimed. The action was referred by the Regional Court of Stuttgart to the Regional Court of Braunschweig. Porsche SE considers the alleged claim to be without merit and has responded by filing a motion to dismiss.

In October 2011, ARFB Anlegerschutz UG (a limited liability undertaking), Berlin, brought an action before the Regional Court of Braunschweig against Porsche SE and Volkswagen AG based on claims for damages allegedly assigned to it by 41 investment funds, insurance companies and other companies in the amount of approximately 1.1 billion euro. Some of the 41 investors are also applicants in the aforementioned conciliatory proceedings. Four of the investors are hedge funds that have filed claims against Porsche SE before a US federal court that were dismissed in a first instance. The plaintiff alleges that, in 2008, on the basis of inaccurate information and the omission of information as well as market manipulation by Porsche SE, the companies behind the complaint either failed to participate in price increases of shares in Volkswagen AG and, hence, lost profits or entered into options relating to shares in Volkswagen AG and incurred losses from these options due to the share price development in the amount claimed. Porsche SE considers the alleged claims to be without merit and will defend itself against them.

In 2010, the appointment of a special auditor was applied for before the Regional Court of Stuttgart. The application related to the examination of the management activities of the company's executive board and supervisory board in connection with hedging transactions relating to shares in Volkswagen AG that were aimed at creating the conditions to enable the company to purchase Volkswagen AG shares at economically secured conditions, if it later decided to purchase them, as well as payment agreements with, and severance payments to, former members of Porsche SE's executive board. All the applicants withdrew their applications in May 2011, thereby ending the proceedings.

The company believes that adequate provisions have been recognized for the anticipated attorneys' fees and litigation expenses arising from the above cases.

Significant events at the Porsche Zwischenholding GmbH group

At its meeting on 15 March 2011, the supervisory board of Porsche AG appointed Uwe-Karsten Städter to the executive board of Porsche AG, effective as of 1 April 2011. He took up the newly created procurement function. In addition, Mr. Städter was appointed to the management of Porsche Zwischenholding GmbH. Before, procurement had been part of the finance and business administration function. Uwe-Karsten Städter had been head of group procurement for electrics/electronics at Volkswagen AG since 2007, after heading up group procurement for exteriors from 2002.

To ensure its liquidity, in early June 2011 Porsche AG renegotiated a syndicated line of credit of up to 2.5 billion euro with a banking syndicate which falls due at the end of June 2013, or, if Porsche AG exercises a unilateral option to prolong it, at the end of June 2014 or the end of March 2015.

Porsche AG executed two financing transactions through its subsidiaries in July 2011: Porsche Financial Services GmbH, Bietigheim-Bissingen, issued a debenture bond for 500 million euro in Germany, while Porsche Financial Services Inc., Lisle, Illinois, issued an ABS bond in the United States for about 500 million US dollars. Both transactions serve to secure Porsche AG's continued growth.

As of 1 September 2011, Porsche Deutschland GmbH took over Porsche-Zentrum Leipzig through Porsche Niederlassung Leipzig GmbH. Before that, the business had belonged to the Kamps group. Apart from the branches in Stuttgart, Berlin and Hamburg, Leipzig is the fourth German location at which Porsche has internally run dealerships. The dealership's employees were transferred to Porsche Deutschland GmbH.

In September 2011, Porsche AG put into operation a new paint shop at the company's headquarters in Stuttgart-Zuffenhausen. Total investment in the innovative and environmentally compatible facilities came to about 200 million euro.

Already at its meeting on 15 March 2011, the supervisory board of Porsche AG had approved the decision of Porsche AG's executive board to develop the Leipzig plant into a fully fledged production location, including body shell production and paint shop, for the production of the planned new model with the working title “Cajun”. On 18 October 2011, the chairman of the supervisory board, Dr. Wolfgang Porsche, and the CEO of Porsche AG, Matthias Müller, laid the foundation stone for the extension of the Leipzig plant. An investment of 500 million euro is being dedicated to the manufacturing facilities for the “Cajun”.

Significant events at the Volkswagen group

<u>Transfer of the operating business of Porsche Holding GmbH, Salzburg</u>

As part of the concept agreed upon in the basic agreement, the put option to sell the operating business of Porsche Gesellschaft m.b.H., Salzburg, to Volkswagen was exercised on 10 November 2010; the operating business of Porsche Gesellschaft m.b.H., Salzburg, had previously been transferred to Porsche Holding GmbH, Salzburg (formerly: Porsche Automotive Gesellschaft m.b.H, Salzburg), an affiliate of Porsche Piëch Holding GmbH. Porsche Holding GmbH, Salzburg, was transferred on 1 March 2011 at a price of 3.3 billion euro.

All completion conditions for the acquisition of a majority stake in MAN SE now met

Volkswagen AG announced on 9 May 2011 that its share of the voting rights in MAN SE, Munich, had exceeded the threshold of 30 percent and amounted to 30.47 percent. On 31 May 2011, Volkswagen therefore made a public mandatory offer to all external shareholders of MAN SE in accordance with the provisions of German takeover law to purchase their shares of MAN SE. Following receipt of the approval from the Chinese antitrust authorities on 3 November 2011, all worldwide regulatory clearances necessary for completion had been received at the time of this interim report of Porsche SE. The mandatory offer and the associated acquisition of a majority stake in MAN SE are expected to be completed on 9 November 2011. On completion of the mandatory offer, Volkswagen will hold a total of 55.90 percent of the voting rights and 53.71 percent of the share capital of MAN SE. The acquisition of a majority stake in MAN SE brings Volkswagen significantly closer to its goal of creating an integrated commercial vehicles group consisting of MAN, Scania and Volkswagen. The closer cooperation between MAN, Scania and Volkswagen will enable substantial synergies to be leveraged in the future in the areas of procurement, development and production.

Evaluation process for Suzuki

On 11 September 2011, Volkswagen informed Suzuki Motor Corporation that, in the group's opinion, Suzuki had infringed the cooperation agreement signed in December 2009. This is the first result of the reevaluation of the cooperation that was previously announced and that is currently still underway. The notification that the agreement has been infringed relates to Suzuki's sourcing of diesel engines from another manufacturer, a move that in Volkswagen's view contravenes the provisions of the agreement. In turn, Suzuki has accused Volkswagen of infringing the agreement. Volkswagen believes that these allegations are unfounded. It is not currently possible to assess whether cooperation will be reestablished. Volkswagen continues to see Suzuki as an attractive investment.

Future-driven investment package approved

In September 2011, the supervisory board of Volkswagen AG gave the green light for the largest investment package in the group’s history. With this approval, the company will invest approximately 62.4 billion euro in the automotive division over the next five years, thus putting in place key preconditions for becoming the economic and environmental leader in the automotive sector. The bulk of the investments will be made in environmentally friendly, sustainable models and technologies, and in new and existing plants. This will help Volkswagen extend its leadership position in the areas of innovation and technology. More than half of the company’s total investments in property, plant and equipment of 49.8 billion euro will be made at its German locations. This underscores Germany’s importance as a production location in relation to the international competition. The package does not include investments by the Chinese joint ventures. The latter will invest 14.0 billion euro of their own funds in new plants and models in the period from 2012 to 2016.

Business development

The following statements on sales, production and employees only take into consideration operating developments at the Porsche Zwischenholding GmbH group and at the Volkswagen group, and do not take into account the association with Porsche SE group.

Increased sales

The Porsche Zwischenholding GmbH group, which includes Porsche AG and its subsidiaries as well as Porsche Zwischenholding GmbH, and the Volkswagen group did well in the first nine months of the current fiscal year.

The Porsche Zwischenholding GmbH group generated unit sales of 85,872 vehicles in the period from 1 January 2011 to 30 September 2011, an increase of 26.0 percent on the comparative period in the prior year. This growth can be attributed to the high appeal of Porsche's model offering. Particularly the sporty off-roader Cayenne saw very robust demand around the world: 43,924 vehicles sold constitute an increase of 74.1 percent in comparison to the prior year. The Gran Turismo Panamera accounted for 18,750 units in the reporting period, up 6.1 percent on the comparative period in the prior year. Vehicle sales of the 911 came to 13,777, the 12.3 percent drop in sales was due to the product life cycle. The new generation of the 911 was unveiled in September 2011 at the International Motor Show in Frankfurt. The Boxster model series reached unit sales of 9,421 vehicles (down 0.9 percent). Of these, 5,631 were Boxsters and 3,790 Caymans.

In the period from 1 January 2011 to 30 September 2011, the Volkswagen group sold a total of 6,199,840 vehicles, up 16.0 percent on the sales figures for the comparative prior-year period. Unit sales of Volkswagen passenger car brand came to 3,317,158 vehicles (up 16.7 percent). There was particularly strong demand for the Polo, Golf, Tiguan, Touareg, Jetta, Passat Variant, Touran and Sharan models.

Unit sales of the Audi brand increased by 17.8 percent on the comparative prior-year period to 1,140,123 vehicles. The Audi Q5 and Audi Q7 models reported the highest growth rates. There was also a very encouraging development in demand for the new Audi A1, Audi A7 Sportback and Audi A8 models. The Škoda brand sold 511,101 vehicles, an increase of 19.9 percent on the prior year. All of the brand's model series contributed to this success. In the first three quarters of 2011, unit sales of the SEAT brand came to 266,537 vehicles (up 2.7 percent). The new Ibiza ST and Alhambra grew in popularity. Unit sales of the Bentley brand increased by 51.2 percent to 5,197 vehicles over this period. The Chinese joint venture entities boosted unit sales by 1,618,500 vehicles (up 19.0 percent).

Over the period from 1 January to 30 September of this year, Volkswagen commercial vehicles sold 327,929 units (up 32.4 percent). Scania's unit sales came to 58,985 vehicles, which is equivalent to an increase of 35.4 percent in comparison to the prior year. The 1,045,690 vehicles assigned to the item "Other" mainly pertain to the elimination of intercompany deliveries within the Volkswagen group.

Regional differences

In the first nine months of the current fiscal year, the Porsche Zwischenholding GmbH group generated the largest increase in unit sales in the Asia/Rest of the world regions, up 54.2 percent to 31,954 vehicles. The Chinese market alone accounted for 17,683 units, up 81.6 percent on the comparative prior-year period. In the Americas region, unit sales rose by 17.3 percent to 24,839 vehicles; 22,307 vehicles thereof (up 15.1 percent) were attributable to North America. But Europe as whole also reported a double-digit growth rate at 10.8 percent. Unit sales came to 29,079 vehicles. In the period from 1 January 2011 to 30 September 2011, the Porsche Zwischenholding GmbH group sold 10,422 vehicles in the German market, an increase of 5.3 percent.

Over the period from 1 January 2011 to 30 September 2011, the Volkswagen group sold 3,052,446 vehicles in the Europe/Other markets region, thus substantially exceeding the level of the corresponding prior-year period in which 2,695,311 vehicles were sold. In North America, unit sales increased by 21.0 percent to 481,945 units. Unit sales in South America increased by 6.3 percent in comparison to the prior year, coming to 706,695 vehicles. Including the joint ventures in China, the Volkswagen group sold 1,958,754 vehicles on the passenger car markets in the Asia Pacific region over the period from 1 January 2011 to 30 September 2011 (up 23.4 percent).

Increased production

The number of vehicles manufactured by the Porsche Zwischenholding GmbH group in the reporting period increased by 38.1 percent on the comparable prior-year period to 93,799 units. Of this number, 67,432 units rolled out of the Leipzig plant alone. In Saxony, 46,223 units of the Cayenne model series rolled off the line during the first nine months of the fiscal year, up 86.0 percent on the prior-year period; the Panamera saw an increase of 11.6 percent to 21,209 vehicles. During the reporting period, 15,709 units of the 911 model series were manufactured at the Zuffenhausen plant, an increase of 5.6 percent in comparison to the prior year. Production figures for the Boxster model series increased by a total of 16.0 percent to 10,658 vehicles, including 6,249 Boxster and 4,409 Cayman models. 2,015 units were produced in Finland.

The Volkswagen group produced 6,301,072 vehicles worldwide in the first three quarters of 2011. This is equivalent to an increase of 17.8 percent in comparison to the prior year.

More new jobs created at the significant investments

As of 30 September 2011, the Porsche SE group had 30 employees. As of 30 September 2011, the headcount at the Porsche Zwischenholding GmbH group of 14,346 employees was up 9.0 percent on the figure as of 31 December 2010 (13,159 employees). The total headcount of the Volkswagen group came to 448,668 as of 30 September 2011, up 12.3 percent in comparison to 31 December 2010. In Germany there were 191,615 employees (up 5.7 percent), accounting for 42.7 percent of the total workforce.

Results of operations, net assets and financial position

Porsche SE functions as a holding company for its investments in the operating companies Porsche Zwischenholding GmbH and Volkswagen AG. Following the change of the fiscal year at Porsche SE in 2010, the fiscal year runs concurrently with the calendar year.

Results of operations

In the period from January to September 2011, the Porsche SE group recorded a loss after tax of 462 million euro. The company reported a positive result from investments accounted for at equity of 3,423 million euro. However, this was overcompensated by a non-cash special effect on earnings from the adjustment of the valuation of the put and call options for the shares in Porsche Zwischenholding GmbH remaining with Porsche SE totaling minus 3,703 million euro. The main parameters for the valuation of the put and call options are above all the theoretical probability of exercise of the options as well as the actual enterprise value of Porsche Zwischenholding GmbH. The enterprise value of Porsche Zwischenholding GmbH in turn depends to a large extent on the underlying planning and the cost of capital derived as of the respective valuation date.

An update of the business planning of Porsche Zwischenholding GmbH resulted in an increase in the enterprise value in the first six months of the fiscal year 2011 and an adjustment in the valuation of the put and call options that reduced Porsche SE’s profit/loss.

As, in the opinion of Porsche SE and Volkswagen AG, it is no longer possible to achieve the merger within the framework and timeframe of the basic agreement, the valuation of the put and call options as of 30 September 2011 was to be based on a theoretical probability of 100 percent that the options will be exercised. Since the theoretical probability was still 50 percent as of 31 December 2010, the increase to 100 percent placed a further considerable burden on earnings (we also refer to our statements under “No merger of Porsche SE into Volkswagen AG within the framework and timeframe of the basic agreement – aim to achieve integrated automotive group with Volkswagen unchanged” in the “Significant events” section of this interim report).

The increase in the cost of capital used for valuation purposes compared to the prior fiscal year had an opposite effect on the valuation of the put and call options. However, this increase only partially compensated for the increase in the enterprise value and, in turn, the net valuation result.

Other operating income for the first nine months of the fiscal year 2011 chiefly comprises income from the reversal of provisions.

Other operating expenses mainly contain the aforementioned effect from the valuation of the put and call options for the shares in Porsche Zwischenholding GmbH remaining with Porsche SE at fair value.

The profit from investments accounted for at equity totaling 3,423 million euro contains the share of net profit generated by the Porsche Zwischenholding GmbH group and Volkswagen group that is attributable to the Porsche SE group in the reporting period. The contributions to profit of both investments also include effects of amortization of the purchase price allocations performed at the time of inclusion of Porsche Zwischenholding GmbH as a joint venture and Volkswagen AG as an associate. The profit from investments accounted for at equity – and therefore the Porsche SE group’s profit after tax – was reduced by 312 million euro in total by the subsequent effects of these purchase price allocations for the Porsche Zwischenholding GmbH group and the Volkswagen group, i.e., the amortization of hidden reserves and liabilities identified in the process.

The financial result, which primarily contains interest on loans, came to minus 158 million euro in the reporting period.

Net assets and financial position

The Porsche SE group's total assets increased by 2,594 million euro, from 29,666 million euro as of 31 December 2010 to 32,260 million euro as of 30 September 2011.

The non-current assets of the Porsche SE group essentially comprise the shares in Porsche Zwischenholding GmbH and Volkswagen AG accounted for at equity. The increase in the carrying amounts of these investments accounted for at equity is primarily attributable to the positive business development of both investments. As of the end of the reporting period, other non-current receivables and assets particularly concern loan receivables from Porsche Zwischenholding GmbH and Porsche AG. In addition, the other non-current receivables and assets contain a positive fair value totaling 311 million euro (31 December 2010: 459 million euro) for the put option Porsche SE received from Volkswagen under the basic agreement for the remaining shares that it holds in Porsche Zwischenholding GmbH.

Current assets primarily consist of cash and cash equivalents of Porsche SE and its subsidiaries as well as income tax assets that, inter alia, relate to reimbursement claims for tax on investment income from dividends received.

Despite the consolidated net loss incurred in the first nine months of the fiscal year 2011, the equity of the Porsche SE group increased, on account of the capital increase performed in April 2011, to 21,507 million euro in total as of 30 September 2011 (as of 31 December 2010: 17,214 million euro). Compared to 31 December 2010, current financial liabilities decreased by a total of 4,968 million euro to 1,996 million euro as of the reporting date. This decrease is attributable to the partial repayment of the liabilities to banks presented in current financial liabilities totaling 5,000 million euro, which was undertaken using the issue proceeds from the capital increase in April 2011 as well as using other available liquidity. As on 31 December 2010, the non-current financial liabilities pertain to liabilities to companies belonging to the Porsche Zwischenholding GmbH group of

3,880 million euro. Non-current other liabilities contain a negative fair value of 4,497 million euro (31 December 2010: 942 million euro) for Volkswagen AG's call option pursuant to the basic agreement for the remaining shares held by Porsche SE in Porsche Zwischenholding GmbH.

Owing to the capital increase performed in April 2011 the net liquidity of the Porsche SE group, i.e., cash and cash equivalents less liabilities to banks, improved significantly to minus 1,506 million euro (31 December 2010: minus 6,342 million euro).

Operating result of significant investments

The following statements relate to the ongoing operating business of the Porsche Zwischenholding GmbH group, which comprises Porsche AG and its subsidiaries ("Porsche AG group"), and of the Volkswagen group. Effects from inclusion in the consolidated financial statements of Porsche SE, i.e., particularly relating to amortization of the hidden reserves and liabilities identified in the course of the purchase price allocations; are not taken into consideration.

The Porsche Zwischenholding GmbH group sold 85,872 vehicles in the period from January to September 2011. Revenue came to 7,927 million euro. The operating result of the Porsche Zwischenholding GmbH group for the first nine months of the fiscal year 2011 amounts to 1,505 million euro. The Porsche Zwischenholding GmbH group reports a healthy double-digit return on sales.

The Volkswagen group sold 6,199,840 vehicles in the period from 1 January 2011 to 30 September 2011. With revenue of 116,279 million euro, the operating result came to 8,977 million euro in that period.

Attractive new models

In September, the International Motor Show (IAA) in Frankfurt am Main saw the worldwide unveiling of the new generation of the 911 Carrera[1]. Compared to the predecessor generation, the fuel consumption and emissions of the new coupés have been cut by up to 16 percent. Equipped with a 350 hp 3.4 liter Boxer engine and the optional Porsche double-clutch gearbox (PDK), the 911 Carrera sips 8.2 liters per 100 kilometers (km) based on the NEDC, or 1.6 liters less per 100 km than its predecessor model. The 911 Carrera is also the first sports car from the Porsche stable to deliver carbon emissions below the 200 g per km mark (194 g per km). Even the more powerful 911 Carrera S featuring a 3.8 liter Boxer engine and 400hp delivers a cut in fuel consumption compared to its predecessor when coupled with the optional PDK of 15 percent or 1.5 liters per 100km, which means that it consumes 8.7 liters per 100 km despite a 15 hp power increase and emits 205 g of CO_2 per km. The new lightweight body featuring aluminum and steel construction plays a major role in the 45 kilogram weight reduction of the new 911 Carrera. New active control systems increase handling to unprecedented levels. Moreover, the world's first seven-speed manual gearbox is included as standard. Functions like the start-stop system increase the 911 Carrera’s efficiency further.

The Volkswagen group presented visitors to the 64th International Motor Show (IAA) in Frankfurt am Main, held under the motto “Future comes as standard”, with a wide range of fascinating models and concepts.

The focus of attention at the Volkswagen passenger cars brand’s stand was the world premiere of the new entry-level model in the range, the “up!”. This compact runabout offers an impressive combination of maximum room within minimum dimensions, safety features such as ESP and the city emergency braking function, and compelling quality. Coupled with its pared-down design, this gives the up! an attractive, high-quality appearance. State-of-the-art navigation and infotainment solutions intelligently round off the vehicle concept.

[1] Fuel consumption and emission data can be found on page 22 of this report.

The Audi brand's stand was one of the highlights of the Frankfurt show in its own right: the "Audi Ring" – a temporary building constructed specially for the marque – with its 400-meter long integrated test track and suitably dynamic design was a magnet for visitors. Inside, the main focus of interest was on the Audi A2 concept car. The technical study is an evolution of the Audi A2 and is powered solely by electricity, permitting sustainable mobility in megacities. Rounding off the Audi brand's display were the new, sporty S6[2], S6 Avant[2], S7 Sportback[2] and S8[2] models, as well as the new Audi RS5[2] and the motorsports Audi A5 DTM.

The Škoda brand is also focusing on the future. The close-to-production MissionL concept car offered an outlook on the Czech brand's sixth model series, designed to fill the gap between the Fabia and Octavia models.

The SEAT brand's IBL concept car follows in the footsteps of the concept vehicles presented at earlier shows, further underlining the appearance of future SEAT models. Also on show in Frankfurt was the next generation of the Exeo model series.

Bentley presented the new generation of the Continental GT Cabriolet[1]. The new GTC has sharper contours than its predecessor, giving it a contemporary, self-assured image. The spacious interior of the four-seater, which is hand-made from exquisite materials, offers plenty of room for the luxury synonymous with the Bentley brand.

A more extreme experience was on show at the Lamborghini stand. The Italian luxury brand showed visitors the Lamborghini Gallardo LP 570-4 Super Trofeo Stradale[1], a limited-edition super sports car (only 150 will be made) that combines racing car elements with state-of-the-art automotive construction. The 419 kW (570 hp) V10 engine takes the new top-of-the-range model in the Gallardo series from 0 to 100 km/h in only 3.4 seconds.

1 Fuel consumption and emission data can be found on page 22 of this report.
2 No binding consumption and emission data is currently available for this model.

The new Multivan BlueMotion[1] was one of the highlights at the Volkswagen commercial vehicles stand. At 6.4 liters of diesel/100 km, the van's fuel economy rating would previously have been inconceivably low for this vehicle class. Other head turners were the 8-speed automatic gearbox version of the Amarok[2] and the Caddy Edition 30, a special model whose high-quality features and powerful engines offer a taste of things to come when this highly successful model turns thirty next year.

Emission and consumption data

Model	Output kW (hp)	Fuel consumption urban (l/100km)	Fuel consumption extra-urban (l/100km)	Fuel consumption combined (l/100km)	CO_2 emissions combined (g/km)
Bentley Continental GTC	423 (575)	25.4	11.4	16.5	384
Lamborghini Gallardo LP 570-4 Super Trofeo Stradale	419 (570)	20.4	9.4	13.5	319
Porsche 911 Carrera	257 (350)	12.8	6.8	9.0	212
Porsche 911 Carrera S	294 (400)	13.8	7.1	9.5	224
Porsche 911 Carrera PDK	257 (350)	11.2	6.5	8.2	194
Porsche 911 Carrera S PDK	294 (400)	12.2	6.7	8.7	205
Volkswagen Multivan BlueMotion	84 (115)	7.6	5.7	6.4	169

1 Fuel consumption and emission data can be found on page 22 of this report.
2 No binding consumption and emission data is currently available for this model.

Updating the risk assessment

Opportunities and risks at Porsche SE

In addition to the details of the failure of the merger within the framework and timeframe of the basic agreement, the capital increase, the repayment of indebtedness and the refinancing of the previous syndicated loan as well as the current status of the legal proceedings in the “Significant events” section of this interim report, the risk report of the Porsche SE group in the annual report of Porsche SE for the short fiscal year 2010 must now be updated with regard to liquidity risks as follows:

Following the repayment in full of the first and the partial repayment of the second tranche of the previous syndicated loan as well as following the refinancing, Porsche SE has a total loan facility of 3.5 billion euro, of which a nominal amount of 2.0 billion euro has been utilized to date. The new loan matures on 30 November 2013, however, under certain circumstances the company has two options to extend it such that the maturity date may be prolonged until 30 June 2015 in two steps. This secures the Porsche SE group’s liquidity beyond 31 December 2012.

Opportunities and risks in the Porsche Zwischenholding GmbH group

The following comments must now be added to the risk report of the Porsche Zwischenholding GmbH group in the annual report of Porsche SE for the short fiscal year 2010:

With regard to the natural disasters in Japan and their potential consequences, at the time of this interim report, Porsche Zwischenholding GmbH group expects that, while individual effects cannot be ruled out, the resulting effects for the group remain limited.

To ensure its liquidity, in early June 2011 Porsche AG renegotiated a syndicated line of credit of up to 2.5 billion euro with a banking syndicate which falls due at the end of June 2013, or, if Porsche AG exercises a unilateral option to prolong it, at the end of June 2014 or the end of March 2015.

Opportunities and risks in the Volkswagen group

There were no significant changes to the opportunity position of the Volkswagen group compared with the information contained in the forecast report in the annual report of Porsche SE for the short fiscal year 2010. The natural disasters in Japan and their potential consequences can now be assessed with a greater degree of certainty. The Volkswagen group therefore believes that the overall impact of these events will remain limited, although specific effects cannot be ruled out.

ARFB Anlegerschutz UG (a limited liability undertaking), Berlin, has brought an action against Porsche Automobil Holding SE, Stuttgart, and Volkswagen AG for damages allegedly assigned to it in the amount of approximately 1.1 billion euro. These claims are supposedly based on alleged breaches by the defendants of capital market legislation in connection with Porsche’s acquisition of Volkswagen shares in 2008. Volkswagen considers the action to be unjustified and has rejected the claims.

Outlook

Anticipated development of significant investments

The Porsche Zwischenholding GmbH group expects that sales and revenue will continue to grow in the fiscal year 2011 in comparison to the calendar year 2010. This growth is likely to be driven by continued high demand for Porsche vehicles in China and other emerging markets. Moreover, the Porsche Zwischenholding GmbH group expects its attractive product range to fuel further growth in demand in the main markets of Europe and North America.

In the current fiscal year 2011, this development and the strong competitiveness of the Porsche Zwischenholding GmbH group and the Porsche brand should have a positive impact on revenue and on income from ordinary activities, as well as on cash flow from operating activities. In addition, the group aims to increase sales and revenue for the coming two years and to maintain the double-digit return on sales. The Porsche Zwischenholding GmbH group continually monitors the development of the sovereign debt situation around the globe and the measures aimed at stabilizing the European economic and monetary area, as well as potential effects on the economic situation. At present there are no indications to subject that the positive development of the group will not continue.

The Volkswagen group expects trends in the global automotive markets to remain mixed in the final months of 2011. The strained debt situation in certain eurozone countries and the end of subsidy programs will have a negative impact on demand for new vehicles in many western European countries. By contrast, Volkswagen expects an increase in vehicle sales in central and eastern Europe. The positive trends will continue in the strategically important markets of China and India, and the Volkswagen group also expects new vehicle registrations to rise in the markets of North and South America. Overall, global demand for passenger cars in 2011 is expected to exceed the level for 2010.

The Volkswagen group's key competitive advantages are its unique brand portfolio and its continually growing presence in all key regions of the world. Thanks to the group's expertise in technology and design, it has a diverse, attractive and environmentally friendly range of products that meets all customer desires and needs. In addition, the modular toolkit system, which Volkswagen is continually optimizing, will have an increasingly positive effect on the group's cost structure. The Volkswagen group's brands will continue to launch fascinating new models in the remaining months of 2011, thus further expanding the group's strong position in the global markets. Volkswagen therefore expects its full-year deliveries to customers to increase as against the previous year.

The Volkswagen group expects its sales revenue and operating profit in 2011 to be significantly higher than in the previous year. However, the continuing volatility in interest and exchange rates and commodities prices will weaken the positive volume effect. Disciplined cost and investment management and the continuous optimization of processes remain core components of the Volkswagen group's "Strategy 2018".

Anticipated development of the Porsche SE group

The Porsche SE group's profit/loss is largely dependent on the results of operations and the profit/loss attributable to Porsche SE from the significant investments in Porsche Zwischenholding GmbH and Volkswagen AG, which are accounted for at equity as well as on the non-cash special effect on earnings from the adjustment of the valuation of the put and call options for the shares in Porsche Zwischenholding GmbH remaining with Porsche SE,.

In view of the positive expectations of its significant investments regarding future developments, Porsche SE continues to expect the profit/loss attributable to it from investments accounted for at equity to develop positively in the fiscal year 2011. The profit/loss attributable to it from investments accounted for at equity will, however, continue to include the effects resulting from amortization of the purchase price allocations performed at the time of inclusion of Porsche

Zwischenholding GmbH as a joint venture and Volkswagen AG as an associate. After the partial repayment of the previous syndicated loan, the resulting interest expenses have fallen considerably. The refinancing performed in October 2011 will further reduce Porsche SE’s interest expenses in the future. By contrast, it cannot be ruled that the aforementioned non-cash special effect on earnings might continue to burden the consolidated profit/loss of Porsche SE in the fiscal year 2011.

Despite the positive development of the contributions to profits of the significant equity investments, the non-cash special effect on earnings from the adjustment of the valuation of the put and call options for the shares in Porsche Zwischenholding GmbH remaining with Porsche SE resulted in a net loss after tax at Porsche SE in the first nine months of the fiscal year 2011 (we refer to our statements under “Results of operations, net assets and financial position”).

At the time of publishing this interim report it was not possible to assess conclusively the amount of the non-cash special effect on earnings from the adjustment of the valuation of the put and call options as of the end of the fiscal year 2011 nor, in turn, the amount of the special effect over the entire fiscal year 2011. The factors underlying the valuation are not within the control of Porsche SE and may change over time. This concerns in particular the actual enterprise value of Porsche Zwischenholding GmbH, which in turn depends to a large extent on the underlying planning and the cost of capital derived as of the respective valuation date.

If the enterprise value of Porsche Zwischenholding GmbH were to fall in the future, this would have a positive impact on the net valuation result from the point of view of Porsche SE; by contrast, an increase in the enterprise value would negatively affect the net valuation result.

The development as of 31 December 2011 of the factors underlying the valuation of the put and call options is subject to uncertainty and the amount of the resulting non-cash special effect on the consolidated net profit or loss is difficult to predict. Despite an expected positive development of profits from the significant equity investments it cannot be ruled out from a current perspective that Porsche SE group might incur an overall net loss after tax.

Even though Porsche SE and Volkswagen AG are of the opinion that it is no longer possible to achieve the merger within the framework and timeframe of the basic agreement, both companies still aim to achieve the integrated automotive group (we refer to our statements under “No merger of Porsche SE into Volkswagen AG within the framework and timeframe of the basic agreement – aim to achieve integrated automotive group with Volkswagen unchanged” in the “Significant events” section). Both companies are examining whether alternatives to the measures provided for in the basic agreement are available.

Porsche Zwischenholding GmbH group in numbers

		2011 (Jan. – Sept.)	2010 (Jan. – Sept.)	Change %
Unit sales (new cars)	**Vehicles**	**85,872**	**68,133**	**+ 26.0**
911		13,777	15,714	– 12.3
Boxster/Cayman		9,421	9,504	– 0.9
Cayenne		43,924	25,235	+ 74.1
Panamera		18,750	17,680	+ 6.1
Regions	**Vehicles**	**85,872**	**68,133**	**+ 26.0**
Europe		29,079	26,239	+ 10.8
thereof Germany		*10,422*	*9,899*	+ *5.3*
Asia/Rest of world		31,954	20,721	+ 54.2
Americas		24,839	21,173	+ 17.3
thereof North America		*22,307*	*19,386*	+ *15.1*
Production	**Vehicles**	**93,799**	**67,917**	**+ 38.1**
911		15,709	14,879	+ 5.6
Boxster/Cayman		10,658	9,185	+ 16.0
Cayenne		46,223	24,851	+ 86.0
Panamera		21,209	19,002	+ 11.6
Headcount (30 September 2011 or 31 December 2010)		14,346	13,159	+ 9.0

Volkswagen group in numbers

		2011 (Jan. – Sept.)	2010 (Jan. – Sept.)	Change %
Unit sales (new cars)	**Vehicles**	**6,199,840**	**5,345,229**	**+ 16.0**
VW Pkw		3,317,158	2,842,698	+ 16.7
Audi		1,140,123	968,223	+ 17.8
Škoda		511,101	426,288	+ 19.9
SEAT		266,537	259,629	+ 2.7
Bentley		5,197	3,437	+ 51.2
VW commerical vehicles		327,929	247,766	+ 32.4
Scania		58,985	43,549	+ 35.4
VW China		1,618,500	1,359,664	+ 19.0
Other*		– 1,045,690	– 806,025	–
Regions	**Vehicles**	**6,199,840**	**5,345,229**	**+ 16.0**
Europe/Other markets		3,052,446	2,695,311	+ 13.3
North America		481,945	398,352	+ 21.0
South America		706,695	664,593	+ 6.3
Asia/Pacific		1,958,754	1,586,973	+ 23.4
Production	**Vehicles**	**6,301,072**	**5,347,680**	**+ 17.8**
Headcount (30 September 2011 or 31 December 2010)		448,668	399,381	+ 12.3

* Elimination of intercompany deliveries