PORSCHE SE

Interim report 1.1. – 6.5. 2012

1.1.–6.5. 2012

Porsche Automobil Holding SE
Interim report

This interim report by Porsche Automobil Holding SE, Stuttgart, (“Porsche SE” or “company”) relates to the development of business and its effects on the results of operations, net assets and financial position in the first three months of the fiscal year 2012, and contains information on the reporting period from 1 January 2012 through to 6 May 2012.

Porsche SE essentially functions 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 “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 investments 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 significant investments and the share of the profit/loss of the investments accounted for at equity attributable to Porsche SE.

Aim of achieving the integrated automotive group with Volkswagen remains unchanged

Preparations for the merger of Porsche SE into Volkswagen AG, which is provided for as the final step in the basic agreement for the creation of an integrated automotive group of Porsche and Volkswagen, were terminated on 8 September 2011. The two 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 and Volkswagen AG have granted each other reciprocal put and call options, in case the required merger resolutions from the annual general meetings of Porsche SE and Volkswagen AG were not adopted by 31 December 2011, i.e., in the event of "failure of the merger within the framework and timeframe defined by the basic agreement". These options relate to the remaining 50.1 percent shareholding in Porsche Zwischenholding GmbH held by Porsche SE and can be exercised at defined times within the period from 15 November 2012 to 31 January 2015.

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

1.1.–6.5. 2012

Significant events and developments

Changes to the supervisory board and executive board of Porsche SE

Effective 23 January 2012, Mr. Hansjörg Schmierer was appointed to the supervisory board of Porsche SE by the court as an employee representative. He takes over this function from Mr. Hans Baur, who had laid down his office effective as of 31 December 2011.

Mr. Thomas Edig left the executive board of Porsche SE of his own volition and in agreement with the supervisory board on 29 February 2012 in order to focus on his tasks on the board of Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart, ("Porsche AG") and vigorously drive forward Strategy 2018. Mr. Edig was the member of Porsche SE's executive board in charge of commercial and administrative issues. The supervisory board of Porsche SE approved the premature termination of his appointment to the executive board in its meeting on 27 February 2012. In June 2011, the Porsche AG supervisory board had appointed Mr. Thomas Edig as deputy chairman, board member for human resources and social issues, and labor director of Porsche AG for a further five years, effective as of 1 May 2012.

The supervisory board appointed Mr. Philipp von Hagen as a new member of the executive board of Porsche SE, effective as of 1 March 2012. Mr. von Hagen, who is the member of the board responsible for investment management, had previously been Chief Operating Officer and director in the corporate finance division at Rothschild.

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. The Stuttgart public prosecutor stated in a press release of 6 March 2012 that it had brought charges against three managers of the finance department of Porsche SE with the chamber of the Regional Court of Stuttgart responsible for economic offenses on suspicion of obtaining credit by deception. They are accused of providing one of the banks involved during the negotiations for follow-up financing for the 10-billion-euro loan due for repayment in March 2009 with false information on cash-settled options held by Porsche SE relating to VW ordinary shares. The 11th chamber of the Regional Court of Stuttgart now has to decide on the opening of the main proceedings and the hearing dates. In the same press release, the Stuttgart public prosecutor also stated that investigations into the allegations of information-based manipulation of the market and breach of fiduciary duty against the former members of Porsche SE's executive board are continuing. The further investigations were proving to be extremely complex and time-consuming and would not be completed before mid-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 USD 2.5 billion. 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 USD 1.4 billion. Porsche SE considers these actions to be legally insufficient and without merit, and has sought their dismissal.

In 2009, 2010 and 2011, institutional investors in Germany applied for conciliatory proceedings against Porsche SE and in part against Volkswagen AG 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 in January and February 2012. Some of the new applications are also directed against Volkswagen AG and in one case against Porsche AG. All of the alleged claims relate to alleged lost profits or alleged losses incurred estimated by the investors to total approximately 3.3 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 3 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 (haftungsbeschränkt), 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 also filed claims against Porsche SE before a US federal court that were dismissed in a first instance. In December 2011, this claim was extended to include the alleged claims for damages filed by ARFB Anlegerschutz UG (haftungsbeschränkt) on behalf of another 24 entities for an allegedly assigned right in the amount of approximately 700 million euro. Two of these other investors are hedge funds that have also filed claims against Porsche SE before a US federal court that were dismissed in first instance. In connection with the extension of the claim in December 2011, ARFB Anlegerschutz UG (haftungsbeschränkt) also partly withdrew its original action to the extent that alleged claims for damages of an investment fund in the amount of approximately 4.5 million euro arising from an allegedly assigned right are no longer upheld. In addition, ARFB Anlegerschutz UG (haftungsbeschränkt) filed another action against the company at the Regional Court of Braunschweig in December 2011, asserting alleged claims for damages on behalf of another five companies, again from an alleged assigned right, for a total of approximately 351 million euro. 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 complaints either failed to participate in price increases of shares in Volkswagen AG and, hence, lost profits or entered into transactions relating to shares in Volkswagen AG and incurred losses from these transactions due to the share price development in the amount claimed. Porsche SE considers the alleged claims to be without merit and has responded by filing motions to dismiss.

In December 2011, a total of seven plaintiffs filed a complaint against Porsche SE at the Stuttgart Regional Court and asserted claims for damages against the company in the total amount of some 2 billion euro, based on allegations of market manipulation and inaccurate information in connection with the acquisition of a shareholding in Volkswagen AG in 2008. Six of the plaintiffs are hedge funds that have also filed claims against Porsche SE before a US federal court that were dismissed in first instance. The Regional Court of Stuttgart referred the action to the Regional Court of Braunschweig. Porsche SE considers the alleged claims to be without merit and will defend itself against them.

In addition, an investor filed an action against Porsche SE at the Regional Court of Braunschweig in December 2011 and asserted claims for damages against the company in the total amount of some 1.5 million euro, based on allegations of market manipulation in connection with the acquisition of a shareholding in Volkswagen AG in 2008. Porsche SE considers the alleged claims to be without merit and has responded by filing a motion to dismiss.

A total of four reminder notices were served on the company in December 2011 and January 2012, asserting alleged claims for damages based on allegations of market manipulation and of inaccurate information or the omission of information, for a total of approximately 31 million euro. Porsche SE considers the alleged claims to be without merit and has filed an objection against the reminder notices.

In February 2012, an investment fund made an out-of-court claim for alleged damages in the amount of some USD 195 million. In the letter of claim, it is alleged that, in connection with its acquisition of a stake in Volkswagen AG during 2008, Porsche SE made false and misleading statements. The alleged claims are announced to be filed before a court in England. Porsche SE considers these claims to be without merit and will defend itself against them.

In its appeal judgment of 29 February 2012, the Higher Regional Court of Stuttgart declared the resolution of the annual general meeting of 29 January 2010 on the exoneration of the supervisory board for the fiscal year 2008/09 null and void. The first-instance decision of the Regional Court of Stuttgart of 17 May 2011 in favor of Porsche SE was altered accordingly. The Higher Regional Court of Stuttgart did not permit leave to appeal to Germany's Federal Court of Justice. Porsche SE then lodged an appeal with the Federal Court of Justice against the denial of leave to appeal. The decision of the Higher Regional Court of Stuttgart is therefore not final and legally binding.

In its ruling of 17 April 2012, the Federal Court of Justice dismissed the appeal lodged by two shareholders against the Higher Regional Court of Stuttgart's denial of the leave to appeal in its ruling of 17 November 2010. In this ruling, the Higher Regional Court of Stuttgart dismissed actions of nullity and for annulment regarding resolutions of the annual general meeting on 30 January 2009 and upheld the first-instance ruling of the Regional Court of Stuttgart of 28 May 2010 in favor of Porsche SE. The dismissal of the appeal against the denial of leave to appeal clarifies that the resolutions of the annual general meeting on the exoneration of the executive board and supervisory board, the supervisory board election, and the remuneration of the first supervisory board of Porsche SE remain effective.

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

Hans Baur laid down his office as a member of the supervisory board of Porsche AG on 31 December 2011. Mr. Bernd Kruppa was appointed as his successor by the Stuttgart local court on 15 February 2012.

Porsche Engineering Group GmbH took over responsibility for the Nardò Technical Center automobile test ground in Apulia, southern Italy, from Prototipo SpA. Covering an area of more than 700 hectares, the test ground includes a handling circuit and an oval circuit as well as facilities for simulating different road surfaces and weather conditions. The engineering services subsidiary of Porsche AG intends to further optimize the test facilities and make these available to clients for testing and trial purposes.

Significant events at the Volkswagen group

Fundamental ecological reorganization of the Volkswagen group

Volkswagen launched a fundamental ecological reorganization of the group at the International Motor Show in Geneva. Volkswagen is raising the bar for environmental protection and has set itself ambitious new sustainability targets. The Volkswagen group also aims to become the leading automobile manufacturer from an ecological perspective. By 2016, the group will have invested 62.4 billion euro worldwide, plus a further 14.0 billion euro in China. Over two-thirds of this investment program will flow directly and indirectly into increasingly efficient vehicles, drives and technologies, as well as environmentally friendly production at its plants. The European new vehicle fleet is expected to cut CO_2 emissions by 30 percent from 2006 to 2015 and produce less than 120 g CO_2/km for the first time in 2015. Each new model generation will be around 10 to 15 percent more efficient than the last one. By 2018, Volkswagen aims to reduce its energy and water consumption, waste and emissions in production by 25 percent. Greenhouse gas emissions in energy supply for production are to be cut by 40 percent by 2020. Around 600 million euro from the investment package will go towards expanding solar, wind and hydroelectric energy.

This is the context in which test fleets of the Golf blue-e-motion, which is powered solely by electricity, are being launched in Belgium, France, Austria and the USA to examine the technical and administrative aspects of e-mobility in detail.

Official start to vehicle production in Malaysia

The Volkswagen group continued to expand its activities in the ASEAN region. Together with its partner DRB-HICOM, the Volkswagen group Malaysia officially started production of the Passat on a semi knocked-down basis in Pekan, Malaysia, in mid-March 2012. The company also laid the foundation stone for the next step – a new production facility where the Jetta and Polo will be produced for the Malaysian market on a CKD basis. Volkswagen and DRB-HICOM plan to progressively expand local production in Malaysia.

Supervisory board matters

The 52nd annual general meeting and the 11th special meeting of preferred shareholders of Volkswagen AG were held at the Congress Center Hamburg on 19 April 2012. The scheduled terms of office of Prof. Dr. Ferdinand K. Piëch and Dr. Michael Frenzel as members of Volkswagen AG's supervisory board expired at the end of the annual general meeting. The annual general meeting elected Ms. Ursula M. Piëch to the supervisory board for a full term of office as a shareholder representative. Prof. Dr. Ferdinand K.

Piëch was reelected to the supervisory board, likewise for a full term of office.

Following the shareholders' meetings, the supervisory board of Volkswagen AG elected Prof. Dr. Ferdinand K. Piëch as chairman of the supervisory board for a full term of office and Berthold Huber as deputy chairman at its constituent meeting on 19 April 2012.

Following the election of employee representatives on the supervisory board by over 800 Volkswagen group delegates on 22 March 2012, Mr. Uwe Fritsch, chairman of the works council at the Braunschweig plant, was elected as a member of the supervisory board of Volkswagen AG for the first time to succeed Mr. Peter Jacobs. The other employee representatives on the supervisory board remain as members of this governing body.

Business development

The following statements on sales, production and employees describe operating developments at the Porsche Zwischenholding GmbH group and the Volkswagen group.

Significant rise in unit sales

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

The Porsche Zwischenholding GmbH group reported unit sales of 30,231 vehicles in the period from 1 January 2012 to 31 March 2012, up 29.0 percent on the comparative period in the prior year. The greatest increase was achieved by the Panamera model series, with a rise of 58.4 percent to 7,467 units. Unit sales of the 911 sports car increased by a total of 37.6 percent to 6,536 vehicles, including 5,272 units of the new generation of the 911 Carrera introduced at the end of 2011. The sporty off-roader Cayenne also saw very robust demand around the world: 14,867 vehicles sold constitute an increase of 29.4 percent in comparison to the prior year. Unit sales of vehicles from the Boxster model series, which includes the Cayman models, fell by 45.3 percent to 1,361 vehicles due to the life cycle. The new generation of the Boxster debuted at the International Motor Show in Geneva in early March 2012.

In the period from 1 January 2012 to 31 March 2012, the Volkswagen group sold a total of 2,259,542 vehicles, up 11.3 percent on the sales figures for the comparative prior-year period. Unit sales of the Volkswagen passenger car brand came to 1,177,206 vehicles (up 9.3 percent). There was increased demand for the Tiguan, Passat, Touareg and Sharan models. The new up!, Beetle and CC models were also highly popular.

Unit sales of the Audi brand came to 339,659 vehicles in the period. Worldwide, the Audi A6, Audi A7 Sportback and Audi A8 models recorded the highest growth rates. There was also a very encouraging development in demand for the new Audi A1 Sportback and Audi Q3 models. Unit sales by the ŠKODA brand were up 13.9 percent year-on-year to 206,277 vehicles. Demand for the Fabia, Yeti and Octavia models as well as for the Rapid in India was encouraging. Unit sales of the SEAT brand increased by 6.7 percent year-on-year to 99,397 vehicles worldwide in the first quarter of 2012. The SEAT Alhambra was increasingly popular and the SEAT Mii was well received by the market. The Bentley brand sold 2,378 vehicles in the reporting period (up 88.0 percent). The Chinese joint venture entities contributed to unit sales by 588,139 vehicles (up 14.9 percent). From 1 January to 31 March 2012, Volkswagen commercial vehicles sold 118,522 vehicles, 9.8 percent more than in the prior-year period. Demand increased for the Crafter and Amarok models. Scania's unit sales came to 16,238 vehicles, which is equivalent to a decrease of 14.8 percent in comparison to the prior year. The MAN brand sold 35,002 vehicles in the reporting period. The 323,276 vehicles assigned to the item "Other" mainly pertain to the elimination of intercompany deliveries within the Volkswagen group (we refer to our summary "Volkswagen group in numbers" at the end of this interim report).

Regional differences

In the first three months of the fiscal year 2012, the Porsche Zwischenholding GmbH group generated the largest increase in unit sales in the Asia/Rest of the world region, up 40.8 percent to 11,145 vehicles. The Chinese market alone accounted for 7,099 units, up 79.2 percent on the comparative prior-year period. In the Americas region, unit sales rose by 12.5 percent to 7,994 vehicles; 6,671 vehicles thereof (up 15.1 percent) were attributable to the USA. In Europe, too, the Porsche Zwischenholding GmbH group saw significant overall growth of 31.7 percent to 11,092 vehicles. In the German market, unit sales increased by 32.6 percent to 3,873 units.

Over the period from 1 January 2012 to 31 March 2012, the Volkswagen group sold 1,092,951 vehicles in the Europe/Other markets region, thus exceeding the level of the corresponding prior-year period in which 1,030,180 vehicles were sold. In North America, unit sales increased by 29.8 percent to 195,312 units. Unit sales in South America increased by 1.1 percent in comparison to the prior year, coming to 230,793 vehicles. Including the joint ventures in China, the Volkswagen group sold 740,486 vehicles on the passenger car markets in the Asia Pacific region over the period from 1 January 2012 to 31 March 2012 (up 19.1 percent).

More vehicles manufactured

The number of vehicles manufactured by the Porsche Zwischenholding GmbH group in the reporting period increased by 15.0 percent on the comparable prior-year period to 36,067 units. The Cayenne model series accounted for 17,913 of these vehicles, 17.9 percent up on the first quarter of the fiscal year 2011. The Panamera saw an increase of 34.0 percent to 8,268 vehicles. Production of the 911 increased by 39.3 percent in the reporting period to a total of 8,417 units. Production of the Boxster series decreased by a total of 62.9 percent to 1,469 units.

Worldwide the Volkswagen group produced 2,317,497 vehicles in the first quarter of 2012. This is equivalent to an increase of 12.2 percent in comparison to the prior year.

High level of employment

As of 31 March 2012, the Porsche SE group had 33 employees (31 December 2011: 31 employees). As of 31 March 2012, the headcount at the Porsche Zwischenholding GmbH group of 16,032 employees was up 4.7 percent on the figure as of 31 December 2011 (15,307 employees).

The total headcount of the Volkswagen group came to 513,023 as of 31 March 2012, up 2.2 percent in comparison to 31 December 2011. In Germany there were 226,195 employees (up 0.6 percent), accounting for 44.1 percent of the total workforce.

Results of operations, net assets and financial position

Results of operations

In the period from 1 January to 31 March 2012, the Porsche SE group recorded a profit after tax of 327 million euro. The positive result is primarily attributable to the profit from investments accounted for at equity totaling 1,169 million euro. However, this was counterbalanced specifically by a non-cash special effect on profit/loss 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 810 million euro.

The valuation of the put and call options is affected in particular by the 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. The effect of the valuation of the options recognized as an expense in the first quarter of the fiscal year 2012 resulted from the higher enterprise value of Porsche Zwischenholding GmbH in comparison to 31 December 2011, which was attributable in particular to a decrease in the cost of capital derived as of the valuation date.

The profit from investments accounted for at equity of 1,169 million euro contains the share of net profit generated by the Porsche Zwischenholding GmbH group and the Volkswagen group in the reporting period that is attributable to Porsche SE. The contributions to profit of the two groups also include effects of the subsequent measurement of the purchase price allocations performed at the time of first-time inclusion of Porsche Zwischenholding GmbH as a joint venture and at the time of the renewed inclusion of 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 100 million euro in total by the subsequent measurement of these purchase price allocations for the Porsche Zwischenholding GmbH group and the Volkswagen group, i.e., the subsequent measurement of hidden reserves and burdens.

The financial result, which primarily contains interest paid for and received from loans, came to minus 14 million euro in the reporting period.

Net assets and financial position

The Porsche SE group's total assets increased by 1,461 million euro, from 32,965 million euro as of 31 December 2011 to 34,426 million euro as of 31 March 2012.

The non-current assets of the Porsche SE group essentially comprise the investments accounted for at equity in Porsche Zwischenholding GmbH and Volkswagen AG. 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 154 million euro (31 December 2011: 232 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.

As of 31 March 2012, the equity of the Porsche SE group increased to a total of 22,363 million euro (as of 31 December 2011: 21,645 million euro). The non-current financial liabilities totaled 5,872 million euro, virtually unchanged in comparison to 31 December 2011, and contain, as they did on 31 December 2011, liabilities to companies belonging to the Porsche Zwischenholding GmbH group totaling 3,880 million euro as well as liabilities to banks. Non-current other liabilities contain the negative fair value of 5,819 million euro (31 December 2011: 5,087 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.

The net liquidity of the Porsche SE group, i.e., cash, cash equivalents and time deposits less liabilities to banks, came to minus 1,508 million euro as of 31 March 2012, a slight increase in comparison to 31 December 2011 (minus 1,522 million euro). This figure does not yet include the net dividend for the fiscal year 2011 paid out by Volkswagen AG in April 2012 (after deduction of tax on investment income withheld by Volkswagen AG plus solidarity surcharge) of 331 million euro. The gross dividend totals 449 million euro.

Operating result of significant investments

The following statements relate to the ongoing operating business of the Porsche Zwischenholding GmbH group and the Volkswagen group. Effects from inclusion in the consolidated financial statements of Porsche SE, i.e., particularly relating to the subsequent measurement of the hidden reserves and burdens identified in the course of the purchase price allocations, are not taken into consideration.

The Porsche Zwischenholding GmbH group sold 30,231 vehicles in the period from 1 January to 31 March 2012. Sales revenue came to 3,025 million euro. The operating result of the Porsche Zwischenholding GmbH group for the first three months of the fiscal year 2012 amounts to 528 million euro. The Porsche Zwischenholding GmbH group reports a clear double-digit operating return on sales revenue.

The Volkswagen group sold 2,259,542 vehicles in the period from 1 January 2012 to 31 March 2012. With sales revenue of 47,326 million euro in that period, the operating result came to 3,209 million euro.

Attractive new models

The new Boxster debuted at the International Motor Show in Geneva in early March 2012. The open-top two-seater rolled out with an entirely new lightweight body and a completely reworked chassis. Significantly lower weight, a longer wheelbase, a wider track and bigger wheels combine to ratchet up the handling of the mid-engined sports car noticeably. The new Boxster models deliver better performance and are also as much as 15 percent more efficient. Depending on the model, they are content with less than 8 liters of fuel per 100 km.

The Boxster and Boxster S are powered by six-cylinder boxer gasoline engines with direct fuel injection and improved efficiency based on electrical system recuperation, thermal management and start/stop function. The new 2.7-liter engine of the entry model provides 265 hp (195 kW) – that's 10 hp more than its larger predecessor. It is based on the 3.4-liter engine of the Boxster S. It now delivers 315 hp (232 kW), an increase of 5 hp.

The Cayenne GTS celebrated its world premiere at Auto China in Beijing at the end of April 2012. Its concept: concentration on sporty performance. Its recipe: a more powerful engine, more dynamic power development, a tauter chassis with lower ride height, and emphatically sporty equipment and design. The new Cayenne GTS not only fills the gap between the Cayenne S and the Cayenne Turbo but also differentiates itself clearly from the other models with its own special character.

The Cayenne GTS has a 420 hp (309 kW) 4.8 liter uprated V8 engine. Power is transmitted via an eight-speed Tiptronic S transmission with integrated Auto Start Stop function. The GTS can sprint from a standing start to 100 km/h in 5.7 seconds and fuel consumption averages 10.7 liters per 100 km.

Volkswagen passenger cars kicked off the new automotive year in Detroit with the world premiere of the Jetta Hybrid and the E-Bugster concept car. After the Touareg, the Jetta Hybrid is the second Volkswagen to have a drivetrain module with both a petrol engine and an electric motor under its bonnet. The module combines a four-cylinder 1.4 TSI engine (110 kW/150 hp), 7-speed DSG and an electric motor (20 kW). At the push of a button, it can even be driven at speeds of up to 70 km/h for a distance of up to two kilometers purely in electric mode.

Bentley unveiled two new Continental V8 models in Detroit – the Continental GT and the Continental GTC. The new 4.0 liter V8 motor sets remarkable performance and emissions standards in the luxury sports car segment and offers a completely new driving experience.

The Volkswagen group premiered ten fascinating models at the International Motor Show in Geneva.

Volkswagen passenger cars unveiled the new Golf GTI Cabriolet to great acclaim at the motor show. The series version of the most powerful Golf Cabriolet of all time features a 155 kW (210 hp) engine and can accelerate from 0 to 100 km/h in 7.3 seconds. It has an average fuel consumption of only 7.6 liter per 100 km and CO_2 emissions of 177 g/km. Visually, the convertible boasts classic GTI design cues. The new Polo Blue GT also celebrated its world premiere, fittingly described as sporty, efficient, smooth and dynamic. At the heart of the fuel-efficient model is ACT cylinder deactivation – the first time this technology has been used in a Volkswagen. Active cylinder management noticeably reduces fuel consumption by temporarily deactivating the second and third cylinders under light and medium load conditions. The Polo Blue GT's 1.4 liter TSI engine uses an average of 4.7 liter of fuel per 100 km and produces 105 g/km of CO_2 per kilometer.

Volkswagen passenger cars also showcased the four-door version of the up! series model (available from May 2012) and the eco up!, which consumes an average of 2.9 kg of natural gas per 100 km and emits only 79 g CO_2/km – the lowest in its class.

Audi celebrated the world premiere of the third-generation Audi A3 in Geneva, which is up to 80 kg lighter than its predecessor. The driver assistance system of the new Audi A3 sets new standards in the premium compact class. For instance, Audi's adaptive cruise control maintains a preset distance between the car and the vehicle in front up to a speed of 150 km/h by autonomously accelerating and decelerating. The system also warns the driver of an imminent rear-end collision and applies partial braking to reduce the impact speed. The new Audi RS4 Avant combines outstanding performance with everyday practicality. Its 450 hp V8 engine can accelerate from 0 to 100 km/h in 4.7 seconds. Audi also introduced the final member of the current A6 family – the third generation of the new Audi A6 allroad quattro. With a body that is over 20 percent aluminum, it is a good example of the Audi ultra lightweight construction principle. Audi also presented the new Audi TT RS plus, a compact sports car featuring a high-performance engine.

ŠKODA premiered the four-door Citigo in Geneva, offering all of the features ŠKODA is famous for in the smallest possible space. The Citigo is the first model with the new ŠKODA logo.

The SEAT brand also used the Geneva motor show to unveil important new models to the public. The new SEAT Ibiza is the first of the next generation of the brand's flagship model. Stylistically, it is inspired by SEAT's new design language already seen in IBE, IBX and IBL concept vehicles. SEAT also presented the four-door version of the Mii for the first time.

Lamborghini unveiled probably the most extraordinary open-top super sports car in its history, the Aventador J, to the public in Geneva. Its split, extremely flat windscreen makes it the lowest vehicle Lamborghini has ever made.

Bugatti offered a first glimpse of the most powerful roadster of all time – the Veyron 16.4 Grand Sport Vitesse. A 1,200 hp engine takes the Grand Sport Vitesse from 0 to 100 km/h in 2.6 seconds. This vehicle proves once again that the Bugatti brand is continually redefining the limits of what is technically possible.

Outlook

Anticipated development of significant investments

The Porsche Zwischenholding GmbH group expects that revenue and unit sales will continue to grow in the current fiscal year 2012 in comparison to the reporting year 2011. However, the decreasing growth rate in the global economy and the continuing debt crisis in the euro zone could restrict growth and the high growth rates planned for the fiscal year 2012. Nevertheless, on the basis of the above-average level of orders on hand, the Porsche Zwischenholding GmbH group expects higher revenue and unit sales in the fiscal year 2012 than in the fiscal year 2011. On the one hand, this growth is likely to be fueled by continued high demand for Porsche vehicles in China and other emerging markets. On the other hand, the Porsche Zwischenholding GmbH group expects its attractive product range to fuel further growth in demand in the traditional markets of Europe and North America.

In the current fiscal year, this development and the high competitiveness of the Porsche Zwischenholding GmbH group and the Porsche brand should also have a positive impact on income from ordinary activities, as well as on cash flow from operating activities. The group plans to maintain an operating return on sales revenue of at least 15 percent for the fiscal year 2012.

Porsche and Volkswagen continue to work flat out on optimizing cooperation between the two companies. On the basis of clearly defined processes, cooperation between the two companies continues to be driven forward at all levels. In all areas, joint project teams are now well on the way to leveraging the potential synergies that have been identified.

The Volkswagen group’s main competitive advantages are its multibrand strategy, a range of vehicles that covers almost all segments from subcompact cars to heavy trucks and its growing presence in all major regions of the world, together with its wide range of financial services. Thanks to its expertise in technology and design, the Volkswagen group has a diverse, attractive and environmentally friendly portfolio of products that meets all customer desires and needs. In 2012, the Volkswagen group’s brands will again launch a large number of fascinating new models and so help further expand its strong position in the global markets. As a result, the Volkswagen group expects to increase deliveries to customers year-on-year. 2012 will be dominated by the start of production for new, high-volume models as part of the renewal of the group's product range and the need to convert its plant and equipment for use with the Modular Transverse Toolkit. The modular toolkit system, which is being continuously updated, will have an increasingly positive effect on the group’s cost structure in the future.

The Volkswagen group’s 2012 sales revenue will exceed the prior-year figure. This will also be a result of the consolidation of MAN SE as of 9 November 2011; the earnings contribution will be limited because of the write-downs that will be required for purchase price allocation.

The goal for operating profit is to match the 2011 level. Positive effects from the Volkswagen group's attractive model range and strong market position will be offset in part by increasingly stiff competition in a challenging market environment, especially in certain European countries. 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 continues to be largely dependent on the results of operations and the profit/loss of the significant investments in Porsche Zwischenholding GmbH and Volkswagen AG, which are accounted for at equity, that is attributable to 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 be clearly positive in the fiscal year 2012. This profit/loss attributable to it from investments accounted for at equity will, however, continue to include the effects resulting from subsequent measurement 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 partial repayment of the previous syndicated loan and the refinancing performed in the fiscal year 2011 will reduce interest expenses in the fiscal year 2012 compared to the prior year. Therefore, Porsche SE expects to generate a significant profit before special effects at group level in the fiscal year 2012.

In the fiscal year 2012, too, a special effect on the group's profit/loss will arise from an adjustment through profit or loss, but without effect on cash, of the valuation of the put and call options for the shares in Porsche Zwischenholding GmbH remaining with Porsche SE. At the time of publishing this interim report it is not possible to assess conclusively the amount of the adjustment of the valuation of the put and call options nor, in turn, the amount of the special effect in the fiscal year 2012. The factors underlying the valuation are not within the control of Porsche SE and may change over time. This concerns in particular the current 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 decrease 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.

Overall, and taking into consideration the special effect described, Porsche SE considers a profit after tax in the fiscal year 2012 to remain highly probable.

Even though it is no longer possible to achieve the merger of Porsche SE and Volkswagen AG 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 "Aim of achieving integrated automotive group with Volkswagen remains unchanged" in this interim report). Both companies continue to examine whether alternatives to the measures provided for in the basic agreement are available.

Porsche Zwischenholding GmbH group in numbers

Vehicles	**2012 (Jan. – Mar.)**	2011 (Jan. – Mar.)	Change %
Unit sales (new cars)	**30,231**	**23,442**	**+ 29.0**
Models			
911	6,536	4,750	+ 37.6
Boxster/Cayman	1,361	2,490	– 45.3
Cayenne	14,867	11,487	+ 29.4
Panamera	7,467	4,715	+ 58.4
Regions	**30,231**	**23,442**	**+ 29.0**
Europe	11,092	8,422	+ 31.7
thereof Germany	3,873	2,921	+ 32.6
Asien/Rest of world	11,145	7,917	+ 40.8
thereof China	7,099	3,961	+ 79.2
Americas	7,994	7,103	+ 12.5
thereof USA	6,671	5,794	+ 15.1
Production	**36,067**	**31,366**	**+ 15.0**
911	8,417	6,044	+ 39.3
Boxster/Cayman	1,469	3,961	– 62.9
Cayenne	17,913	15,189	+ 17.9
Panamera	8,268	6,172	+ 34.0

	31 March 2012	31 December 2011	Change %
Headcount	**16,032**	**15,307**	**+ 4.7**

Volkswagen group in numbers

Vehicles	**2012 (Jan. – Mar.)**	2011 (Jan. – Mar.)	Change %
Unit sales (new cars)	**2,259,542**	**2,030,760**	**+ 11.3**
VW passenger cars	1,177,206	1,077,266	+ 9.3
Audi	339,659	373,745	– 9.1
ŠKODA	206,277	181,129	+ 13.9
SEAT	99,397	93,158	+ 6.7
Bentley	2,378	1,265	+ 88.0
VW commercial vehicles	118,522	107,897	+ 9.8
Scania	16,238	19,065	– 14.8
MAN	35,002	–	–
VW China	588,139	512,006	+ 14.9
Other*	– 323,276	– 334,771	–
Regions	**2,259,542**	**2.030.760**	**+ 11.3**
Europe/Other markets	1,092,951	1,030,180	+ 6.1
North America	195,312	150,452	+ 29.8
South America	230,793	228,241	+ 1.1
Asia/Pacific	740,486	621,887	+ 19.1
Production	**2,317,497**	**2,065,007**	**+ 12.2**

	31 March 2012	31 December 2011	Change %
Headcount	**513,023**	**501,956**	**+ 2.2**

*Elimination of intercompany deliveries

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