PORSCHE SE

Interim report

1 January – 9 November

2015

1 January – 9 November

2015

1 January – 9 November 2015

Porsche Automobil Holding SE ("Porsche SE" or the "company"), as the ultimate parent of the Porsche SE Group, is a European Company (Societas Europaea) and is headquartered at Porscheplatz 1 in 70435 Stuttgart, Germany. As of 30 September 2015, the Porsche SE Group had 33 employees (31 December 2014: 31 employees).

This interim report by Porsche SE relates to the development of business and its effects on the results of operations, net assets and financial position in the first nine months of the fiscal year 2015, and contains information on the reporting period from 1 January to 9 November 2015.

Porsche SE is a holding company. In particular, it holds the majority of the ordinary shares in Volkswagen Aktiengesellschaft, Wolfsburg ("Volkswagen AG" or "Volkswagen"), one of the leading automobile manufacturers in the world. The Volkswagen Group comprises 12 brands from 7 European countries: Volkswagen passenger cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen commercial vehicles, Scania and MAN.

Alongside this core investment in Volkswagen AG, Porsche SE plans to acquire further strategic investments. Porsche SE's principal criteria for future investments are the connection to the automotive value chain, and above-average growth potential based on macroeconomic trends and industry-specific trends derived from them.

The automotive value chain comprises the entire spectrum of basic technologies geared to supporting the development and production process through to vehicle- and mobility-related services. The relevant macro trends include, for example, sustainability and conservation of resources, demographic change, urbanization and the increasingly networked automotive world. The industry-specific trends derived from these include new materials and drive concepts, shorter product life cycles and rising customer demands regarding safety and connectivity.

Porsche SE's investment focus is therefore on strategic investments in companies that meet these criteria and contribute to the goal of achieving sustainable value enhancement. New potential investment opportunities are examined on an ongoing basis.

Contents

8 Significant events and developments in the Porsche SE Group

16 Key events at the Volkswagen Group

20 Business development

22 Explanatory notes on results of operations, net assets and financial position

26 Opportunities and risks of future development

31 Outlook

Significant events and developments in the Porsche SE Group

Significant events and developments in the Porsche SE Group are presented in the following. The explanations refer to events and developments in the third quarter of the fiscal year 2015, unless reference is made in this section to another time period.

Personnel changes

Porsche SE reached an agreement with Prof. Dr. Martin Winterkorn that he would cease his function as member and chairman of the executive board of Porsche SE as of the end of the day on 31 October 2015. In his function as chairman of the board of management of Volkswagen AG, Prof. Dr. Winterkorn had already assumed responsibility on 25 September 2015 for the irregularities concerning the software used for certain diesel engines ("diesel issue"), which had earlier come to light, and laid down his office.

On 25 September 2015, Matthias Müller, member of the executive board responsible for strategy and corporate development at Porsche SE, was appointed CEO of Volkswagen AG by the supervisory board of Volkswagen AG with immediate effect.

Hans Dieter Pötsch, CFO of Porsche SE, was appointed by the supervisory board to succeed Prof. Dr. Winterkorn as CEO of Porsche SE, effective as of 1 November 2015. Mr. Pötsch, who had also been CFO of the Volkswagen Group since 2003, had already been appointed a member of the supervisory board of Volkswagen AG on 7 October 2015 by court appointment. On the same day, the supervisory board of Volkswagen AG appointed him chairman of the supervisory board with immediate effect. Also on 7 October 2015, the supervisory board of Volkswagen AG appointed Mr. Frank Witter, previously chairman of the board of management of Volkswagen Financial Services AG, as successor of Mr. Pötsch on the board of management of Volkswagen AG.

Changes in Porsche SE's shareholding in Volkswagen AG

At the end of September 2015, Porsche SE reached an agreement with Suzuki Motor Corporation, Shizuoka, Japan, to acquire a 1.5% stake in the ordinary shares of Volkswagen AG in an off-market transaction. This increased Porsche SE's shareholding in the ordinary share capital of Volkswagen AG to 52.2%. The share held in the subscribed capital of Volkswagen AG increased to 32.4% as of the date of acquisition.

Due to the issue of preference shares in connection with the mandatory convertible bonds issued by Volkswagen AG that mature on 9 November 2015, Porsche SE's share in the subscribed capital of Volkswagen AG decreased to 30.8%.

Effects of the diesel issue on Porsche SE

As the majority shareholder, Porsche SE is affected by developments at the level of the Volkswagen Group. During the reporting period, in particular the diesel issue had an impact on Porsche SE's development. For details of this matter, please refer to the explanations of the key events at the

Volkswagen Group, the explanatory notes on results of operations, net assets and financial position, the section “Opportunities and risks in the Volkswagen Group” and the “Outlook” section.

Moreover, during Volkswagen AG’s internal investigations in connection with clarifying the diesel issue, unexplained inconsistencies were found when determining type approval CO_2 levels. Please refer to the explanations on this point in the key events at the Volkswagen Group.

Significant developments and current status relating to litigation risks and legal disputes

For several years, Porsche SE has been involved in various legal proceedings. The main developments of these legal proceedings during the reporting period are described in the following:

Actions for damages concerning the allegation of market manipulation in Germany and England

At the end of 2011, six plaintiffs asserting damages from their own rights and one plaintiff asserting damages from allegedly assigned rights of six other claimants filed an action for damages against Porsche SE, which is pending before the Regional Court of Hanover. In this action, the plaintiffs last alleged overall damages of about €1.81 billion (plus interest) based on alleged market manipulation and alleged inaccurate information in connection with the acquisition of the shareholding in Volkswagen AG by Porsche SE. An oral hearing before the Regional Court of Hanover took place on 14 October 2014. During two further oral hearings on 6 and 7 May 2015 evidence was taken through examination of two witnesses. Dates for continuation of taking evidence and for examination of further witnesses have not yet been scheduled. Porsche SE considers these claims to be without merit.

Based on the same alleged claims, the aforementioned plaintiffs filed an action against two members of the supervisory board of Porsche SE before the Regional Court of Frankfurt am Main in September 2013. Porsche SE joined the proceeding as intervenor in support of the two supervisory board members. A trial date for hearing the case took place on 30 April 2015. By interim judgment dated 21 May 2015 the court has assigned six of the seven plaintiffs to provide a security for costs for the legal procedures. Porsche SE considers the claims to be without merit.

On 30 April 2013, 25 plaintiffs filed a complaint against Porsche SE at the Regional Court of Stuttgart and asserted claims for damages based on allegations of market manipulation and inaccurate information in connection with the acquisition of the shareholding in Volkswagen AG in 2008. After withdrawal of the complaint by one plaintiff, the merger of two other plaintiffs and after the partial correction of the alleged damage claim, the remaining 23 plaintiffs asserted claims for damages in an amount of around €1.36 billion (plus interest) in the proceeding before the Regional Court of Stuttgart. The Regional Court of Stuttgart dismissed the action by decision of 17 March 2014. 19 of the 23 plaintiffs filed appeals against this decision on 22 April 2014. The four plaintiffs who did not file appeals originally had asserted claims for damages in the amount of approximately €177 million (plus interest). Hence, the remaining claims for damages asserted in the appellate proceedings amounted to approximately €1.18 billion (plus interest). The Higher Regional Court of Stuttgart dismissed the appeals by decision of 26 March 2015 and thus confirmed the dismissal by the Regional Court of Stuttgart. Leave to appeal on points of law was not permitted. All 19 plaintiffs have lodged a complaint against the refusal of leave to appeal on points of law to the Federal Court of Justice (Bundesgerichtshof). A decision on the complaint against the refusal of leave to appeal has not yet been made. Porsche SE considers the claims to be without merit.

At the end of 2011, ARFB Anlegerschutz UG (haftungsbeschränkt), Berlin, brought two actions before the Regional Court of Braunschweig against Porsche SE based on claims for damages in an amount of around €1.92 billion (plus interest) allegedly assigned to it by 69 investment funds, insurance companies and other companies. In each case, 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 derivatives relating to shares in Volkswagen AG and incurred losses from these transactions due to the share price development in the amount claimed. During the oral hearings before the Regional Court of Braunschweig on 10 December 2014, the plaintiff filed an application for establishment of a model case according to the Capital Markets Model Case Act (KapMuG) and filed as a precautionary measure a motion to refer the case. By decisions of 4 March 2015, the Regional Court of Braunschweig referred the case to the Regional Court of Hanover as the competent court for antitrust matters because the plaintiff based its alleged claims also on antitrust law. The Regional Court of Hanover has scheduled a trial date concerning the KapMuG motions for 8 December 2015. Porsche SE considers the KapMuG motions to be inadmissible and the claims to be without merit.

An individual filed an action against the company in the amount of approximately €1.3 million (plus interest) with the Regional Court of Stuttgart in August 2012 based on asserted damage claims due to allegedly inaccurate information and the omission of information. After an oral hearing before the Regional Court of Braunschweig had taken place, the case was referred to the antitrust chamber of the Regional Court of Hanover in accordance with a request of the plaintiff. By a pleading of 18 February 2015, the plaintiff filed an application for establishment of a model case according to the Capital Markets Model Case Act (KapMuG). The Regional Court of Hanover scheduled a trial date concerning the KapMuG motion for 8 December 2015. Porsche SE considers the KapMuG motion to be inadmissible and the claim to be without merit.

In September 2012, another company filed an action against Porsche SE in the amount of approximately €213 million (plus interest) with the Regional Court of Braunschweig. The plaintiff claims that it entered into options relating to ordinary shares in Volkswagen AG in 2008 on the basis of inaccurate information and the omission of information by Porsche SE and that it incurred losses from these options due to the share price development in the amount claimed. By decision dated 10 June 2015, the Regional Court of Braunschweig referred the case to the Regional Court of Hanover as the competent court for antitrust matters because the plaintiff based its alleged claims also on antitrust law. A decision on further steps to be taken in the proceedings has not yet been made. Porsche SE considers the claim to be without merit.

In January 2013, another individual had substantiated his claim in the amount of around €130,000 (plus interest) based on allegedly inaccurate information and omission of information, previously asserted by reminder notice, entering thereby legal proceedings. After being referred, the proceeding was pending before the Regional Court of Braunschweig. The Regional Court of Braunschweig dismissed the plaintiff's action by decision dated 30 July 2014. The plaintiff has appealed this decision. A trial date before the Higher Regional Court of Braunschweig has been set for 19 November 2015. Porsche SE considers the claim to be without merit.

In March 2015, 32 companies (hedge funds, pension funds and other investment funds) filed claims for damages against Porsche SE before the Regional Court of Braunschweig. In this action, the plaintiffs allege overall damages of about €507 million (plus interest) based on allegedly inaccurate information and the alleged omission of information and have filed an application for establishment of a model case according to the Capital Markets Model Case Act (KapMuG). By decision dated 10 June 2015, the Regional Court of Braunschweig referred the case to the Regional Court of Hanover as the competent court for antitrust matters because the plaintiffs based their alleged claims also on antitrust law. The Regional Court of Hanover scheduled a trial date concerning the KapMuG motion for 8 December 2015. Porsche SE considers the KapMuG motion to be inadmissible and the claims to be without merit.

On 7 June 2012, Porsche SE filed an action for declaratory judgment with the Regional Court of Stuttgart that alleged claims of an investment fund in the amount of around US$ 195 million do not exist. The investment fund had asserted out-of-court that Porsche SE had made false and misleading statements in connection with its acquisition of a stake in Volkswagen AG during 2008 and announced that it intended to file the alleged claim before a court in England. On 18 June 2012, the investment fund filed an action against Porsche SE with the Commercial Court in England. On 6 March 2013, the English proceedings were suspended at the request of both parties until a final decision had been reached in the proceedings begun at the Regional Court of Stuttgart concerning the question of which court is the court first seized. On 24 July 2013, the Regional Court of Stuttgart decided that the Regional Court of Stuttgart is the court first seized. This decision of the Regional Court of Stuttgart was appealed by way of an immediate appeal by one of the defendants. By decision dated 28 November 2013, the Regional Court of Stuttgart did not allow the appeal and submitted the appeal to the Higher Regional Court of Stuttgart for a decision. By decision dated 30 January 2015, the Higher Regional Court of Stuttgart dismissed the immediate appeal. The defendant has filed an appeal on points of law to the Federal High Court of Justice. Porsche SE considers the action filed in England to be inadmissible and the claims to be without merit.

Proceedings regarding shareholders' actions

A shareholder has filed an action of nullity and for annulment before the Regional Court of Stuttgart regarding the resolutions of the annual general meeting on 30 April 2013 on the exoneration of the executive board and the supervisory board for the fiscal year 2012, the election of five persons as members of the supervisory board as well as the resolution to refuse the motion to vote out the chairman of the general meeting. The Regional Court of Stuttgart dismissed the action by decision of 23 September 2014. The shareholder appealed this decision. By decision dated 8 July 2015, the Higher Regional Court of Stuttgart dismissed the appeal and thus confirmed the dismissal of the action by the Regional Court of Stuttgart. Leave to appeal on points of law was not permitted. The shareholder has filed a complaint against the refusal of leave to appeal with the Federal Court of Justice (Bundesgerichtshof). Porsche SE considers the action to be partially inadmissible and in any event to be without merit.

The same shareholder has also filed an action of nullity and for annulment regarding the resolutions of the annual general meeting on 27 May 2014 as well as a precautionary action for determination that a shareholders' resolution has been adopted before the Regional Court of Stuttgart. Subject of the actions are the shareholders' resolutions on the exoneration of the executive board and the supervisory board for the fiscal year 2013 as well as the resolution to refuse the motion to vote out the chairman of the general meeting. As a precautionary measure, the shareholder additionally filed an action for determination that a shareholders' resolution has been adopted regarding the motion to vote out the chairman of the general meeting. The trial date scheduled for 20 October 2015 was postponed to 22 March 2016. Porsche SE considers the action to be partially inadmissible and in any event to be without merit.

Furthermore, the same shareholder claims a right to information against Porsche SE before the Regional Court of Stuttgart. With this motion, the disclosure of questions asked at the annual general meeting in 27 May 2014 is demanded. The trial date scheduled for 20 October 2015 was postponed to 22 March 2016. Porsche SE considers the motion to be without merit.

Investigations and criminal proceedings

In December 2012 charges were brought against the former members of the executive board Dr. Wendelin Wiedeking and Holger P. Härter with the chamber of the Regional Court of Stuttgart responsible for economic offenses on suspicion of information-based manipulation of the market in Volkswagen shares. The accused are held responsible for five false declarations made and issued in public statements of the company at their instigation in the period from 10 March 2008 to 2 October 2008 relating to the acquisition of the shareholding in Volkswagen AG. In these statements Porsche SE allegedly denied any intention to step up its investment to 75% of the voting capital even though it was allegedly by February 2008 at the latest already the intent of the accused former members of the executive board to increase Porsche SE's investment in Volkswagen AG to 75% of the voting capital before the end of the first quarter of 2009 in preparation for a control and profit and loss transfer agreement. By indictment dated 10 June 2015, the Stuttgart public prosecutor brought further charges against the two former executive board members concerning the press release by Porsche SE of 26 October 2008. The public prosecutor raises the accusation that the press release of 26 October 2008 had been misleading because it suggested that in the future there would only be just a few Volkswagen ordinary shares available in the market, thus generating the false impression of a long-term narrow market. Furthermore the public prosecutor raises the accusation that the press release contained a recommendation to short sellers of Volkswagen ordinary shares to purchase Volkswagen ordinary shares under pretense of alleged altruism and concealment of alleged selfish motives. Both indictments were accepted for trial. The Regional Court of Stuttgart has consolidated these proceedings for joint hearing. The Regional Court of Stuttgart followed a request of the public prosecutor and ordered the participation of Porsche SE as a secondary party. In case of conviction of the former members of the executive board, the Regional Court of Stuttgart could impose a fine in accordance with Sec. 30 of the German Act against Regulatory Offenses (OWiG) against Porsche SE. Should the former members of the executive board be convicted, a possible fine in the maximum amount of €1 million per criminal offense could be imposed. Beside a possible economic benefit obtained by Porsche SE from the alleged criminal offense of the former members of the executive board could also be confiscated. The amount of the possible forfeitable economic benefit will be determined in the course of the main hearing. The Stuttgart public prosecutor noted in advance that it currently does not assume that Porsche SE obtained an economic benefit from the five statements made between 10 March 2008 and 2 October 2008 that could be confiscated. Concerning the press release dated 26 October 2008, the public prosecutor stated in the indictment as one (however not quantified) possible forfeitable economic benefit that Porsche SE allegedly saved to provide additional securities. In addition the public prosecutor asserted in the indictment a possible forfeitable economic benefit in the amount of around €381 million that Porsche SE allegedly obtained from the alleged sale of Volkswagen ordinary shares on 30 October 2008. The main hearings began on 22 October 2015.

In February 2013, it became known that the Stuttgart public prosecutor launched investigations against all members of the supervisory board of Porsche SE from 2008 and a former employee with the allegation of jointly aiding and abetting violation of the prohibition on market manipulation by omission as charged against Dr. Wendelin Wiedeking and Holger P. Härter in the indictment of 17 December 2012. On 7 August 2015 charges were brought against the former employee with the Regional Court of Stuttgart on suspicion of aiding and abetting violation of the prohibition in market manipulation. The Regional Court of Stuttgart announced that it would not decide on the opening of the main proceedings before the main proceeding pending against the former members of the executive board had ended. According to a press release of the Stuttgart public prosecutor dated 17 August 2015, the investigations against the members of the supervisory board had been terminated according to Sec. 170 (2) of the German Code of Criminal Procedure (StPO) due to a lack of sufficient suspicion of a criminal act. The analysis of all the evidence had not produced any factual indications that the members of the supervisory board had been directly or indirectly involved as offenders in the submission of the statements to which the proceedings relate. The investigations had also produced no factual indications that the members of the supervisory board had committed any acts constituting participation as instigators or accomplices.

Porsche SE considers all allegations made in the aforementioned investigations and criminal proceedings to be without merit.

Other legal proceedings and legal risks

In September 2015 it became known that irregularities in relation to nitrogen oxide emissions had been discovered in emissions tests on vehicles with Volkswagen Group diesel engines. In an ad-hoc-statement issued on 22 September 2015, Volkswagen AG announced that there were discrepancies in around 11 million vehicles worldwide with type EA 189 diesel engines. In addition Volkswagen AG announced in its interim report January – September 2015 that several legal risks existed in connection with the diesel issue that could not be assessed at present. The ongoing investigations meant that assessment of the circumstances is subject to estimation risk. In particular, considerable financial charges might be incurred as the legal risks crystallize. In its interim report January – September 2015 Volkswagen AG stated inter alia that investors had announced that they were examining the possibility of pursuing claims for damages against Volkswagen AG due to the movements in Volkswagen AG's share price following publication of the notice of violation of the U.S. Environmental Protection Agency. In October Volkswagen AG had already been served with three lawsuits from private investors that claim damages due to alleged misconduct in communications surrounding the emissions issue. An application was simultaneously made to instigate proceedings in accordance with the KapMuG. Comparable damage claims were not asserted against Porsche SE. Porsche SE would deem such claims to be without merit.

In October 2015, a minority shareholder of Volkswagen AG filed a (partial) claim against Porsche SE concerning damage claims in the amount of €10.000 (plus interest) to be paid to Volkswagen AG. Subject of this action are alleged damages incurred by Volkswagen AG and its minority shareholders in connection with the diesel issue which Porsche SE is alleged to have caused. A trial date has not yet been scheduled. Porsche SE considers the action to be without merit.

Key events at the Volkswagen Group

Key events at the Volkswagen Group in the third quarter of the fiscal year 2015 are presented in the following.

Locations

In September 2015, Volkswagen became the first foreign automobile manufacturer to open its own engine plant in Russia. The plant is located in Kaluga in direct proximity to the vehicle production facilities. Some 400 new jobs have been created in the region. The plant has an annual capacity of 150,000 units. The petrol engines are used in the Polo and ŠKODA Rapid models, as well as the Jetta and ŠKODA's Octavia and Yeti.

In July 2015, the Audi brand celebrated the topping out of a new paint shop at the company's base in Ingolstadt. The paint shop is due to begin operation in June 2016 and will use new technology to ensure optimum coating. It will also boast environmentally friendly features such as waste air purification. It is here that the series car bodies for the new Audi A4 will be painted.

The ŠKODA brand is boosting its development expertise and expanding the engine center it opened in Mlada Boleslav in 2014. ŠKODA is adding a new facility to measure emissions from vehicles with petrol and diesel engines and alternative drives. The aim of this measure is to continually reduce the fuel consumption and emissions of the new ŠKODA models as part of the brand's growth strategy. The opening of the new facility is planned for the second half of 2016.

The MAN brand began construction of a new cab paint shop at its Munich plant in September 2015. The benefits of the modern facility include not only the extremely efficient painting process, but among other things also innovative and resource-saving technologies that help to reduce energy consumption and emissions. The opening is planned for late 2017.

Partnerships

In August 2015, AUDI AG, BMW Group and Daimler AG signed an agreement with Nokia Corporation to acquire Nokia's HERE maps and location services business. The move aims to make HERE's products and services available for the long term in the form of an open, independent and value-creating platform for cloud-based maps and mobility services. HERE's digital maps form the basis for the next generation of mobility and location services. These are the foundation for new assistance systems, all the way through to fully automated driving. Highly accurate digital maps are integrated with real-time vehicle data to increase road safety and enable innovative products and services. The three parties have each acquired an equal interest in HERE. AUDI AG's share of the purchase price will amount to approximately €0.85 billion. Pending approval by the competent antitrust authorities, the transaction is expected to close in the next six months.

In September 2015, Volkswagen AG, Allianz SE, BASF SE and Bayer AG announced their plan to create the German cybersecurity organization, DCSO. The company aims to serve as a competence center, accumulate specialist knowledge on cybersecurity and become the preferred service provider in this field to German business. Early warning systems and security audits, for example, are to help German companies improve the security architecture of their IT systems. It is hoped that close exchange of information with the Federal Ministry of the Interior (BMI) and the Federal Office for Information Security (BSI) will help compile an anonymized status report on national cybersecurity. Each of the four founding companies will hold a 25% stake in DCSO. Profits are to be reinvested in research and development and in strategic projects.

Sale of Suzuki shares

On 29 August 2015, an arbitration ruling was delivered to the parties in the proceedings between Suzuki Motor Corporation and Volkswagen AG. It found that Volkswagen had acted in accordance with the agreement. The arbitration court also confirmed that Suzuki was in breach of contract and, on the merits of this case, acknowledged that Volkswagen had a claim to damages. In addition, the arbitration court established that the parties had the right to give regular notice to terminate the cooperation agreement. It said that Suzuki had exercised this right, ending the partnership. According to the court, the agreements had to be interpreted in such a way that Volkswagen had to sell its equity investment in Suzuki on termination of the partnership. Volkswagen consequently sold its 19.9% equity investment in Suzuki to Suzuki on 17 September 2015 at the quoted market price of €3.1 billion. The sale of the shares generated total income in the amount of €1.5 billion, which was recognized in the other financial result in Volkswagen's consolidated financial statements.

Settlement with noncontrolling interest shareholders of MAN SE

In the award proceedings regarding the appropriateness of the cash settlement to be paid to the noncontrolling interest shareholders of MAN SE, the Munich Regional Court ruled in the first instance at the end of July 2015 that the settlement payable to the shareholders should be increased from €80.89 to €90.29 per share. Both Volkswagen and a number of the applicants have appealed to the Higher Regional Court in Munich.

Irregularities in the software used in particular Volkswagen Group diesel engines

In September 2015, the California Air Resources Board (CARB) and the US Environmental Protection Agency (EPA) publicly announced that irregularities in relation to nitrogen oxide emissions had been discovered in emissions tests on vehicles with Volkswagen Group diesel engines and that violations of US environmental laws had occurred as a result.

In a statement issued on 22 September, the Volkswagen Group announced that there are discrepancies in around 11 million vehicles worldwide with type EA 189 diesel engines. A difference between the figures achieved in testing and in real-life vehicle operation has been identified for this engine type. The difference is attributable to the engine management software. The vehicles remain technically safe and legal to drive.

Volkswagen is cooperating openly and fully with the responsible authorities in the US to clarify the matter completely, quickly and transparently. To this end, the company has ordered both an internal and an external investigation. The impartial investigation and full clarification of the issue involves lawyers in Germany and the US. The company has also filed a criminal complaint with the responsible public prosecutor's office in Braunschweig. In addition, the supervisory board of Volkswagen AG has formed a special committee to investigate the issue. The committee will report regularly to the supervisory board.

Volkswagen is working hard to resolve the irregularities with technical measures. The company is in contact with the responsible authorities and the Kraftfahrtbundesamt (German Federal Motor Transport Authority). Volkswagen presented a timetable and an action plan in early October 2015. Rectification of the vehicles is scheduled to begin in January 2016. This will be free of charge to customers. The technical solutions will cover software and in some cases hardware modifications, depending on the series and model year. The German Federal Motor Transport Authority ordered a recall of the affected vehicles in Germany in mid-October.

Risk provisions totaling €6.7 billion were recognized and charged to operating profit in the third quarter of 2015, primarily to cover the planned measures. In addition, legal risks exist in connection with the diesel issue that cannot be assessed at present. The ongoing investigations mean that assessment of the circumstances is subject to estimation risks. In particular, considerable financial charges may be incurred as the legal risks crystallize. The group's earnings targets for 2015 have been adjusted, planned investments are being re-examined and the ongoing efficiency programs intensified.

Moreover, according to a statement from Volkswagen AG, the United States Environmental Protection Agency (EPA) informed Volkswagen AG on 2 November 2015 that vehicles with V6 TDI engines had a software function which had not been adequately described in the application process.

In a press release dated 2 November 2015, Volkswagen AG emphasized that no software had been installed in the 3-liter V6 diesel power units to alter emissions characteristics in a forbidden manner. Volkswagen stated that it would cooperate fully with the EPA to clarify this matter in its entirety.

Volkswagen finds irregularities in CO_2 figures during internal investigations

On 3 November 2015, Volkswagen reported in an ad-hoc announcement that internal investigations relating to clarifying the diesel issue had found unexplained inconsistencies when determining type approval CO_2 levels for vehicles. Based on present knowledge around 800,000 vehicles from the Volkswagen Group are affected. An initial estimate puts the economic risks at approximately €2 billion.

Restructuring at Volkswagen Group

At its meeting on 25 September 2015, the supervisory board of Volkswagen AG passed resolutions for a restructuring of the company. The group and its brands are to have a new management structure, which will be implemented from the beginning of 2016. This is unconnected to the diesel issue. The main changes are as follows:

At group level, the management structure will be based even more consistently on the modular toolkit system. Volkswagen passenger cars will be grouped with SEAT and ŠKODA as the volume brands, Audi, Lamborghini and Ducati will form a brand group and Porsche will be in a brand group with Bentley and Bugatti. The commercial vehicles holding will remain in place, as will the power engineering and financial services business areas.

In addition, group functions will concentrate more closely on efficiency and topics for the future. Organizational units will be set up, among others, for group product strategy, new business fields, partnerships and equity investments as well as for connected car technology and CO_2 management. Furthermore, a Chief Technology Officer will analyze and, if necessary, co-steer technical developments throughout the group.

At the same time, existing corporate bodies, structures and processes will be streamlined at group level, in particular by strengthening the individual brands and regional accountability. Responsibility for production in the group board of management will be discontinued as responsibility moves to the brands and regions.

Business development

The following statements in this section on deliveries, sales and production take into consideration operating developments in the passenger cars and commercial vehicles business areas at the Volkswagen Group in the first nine months of the fiscal year 2015. For the business development of Porsche SE, please refer to the sections “Significant events and developments in the Porsche SE Group” and “Explanatory notes on results of operations, net assets and financial position”.

General economic development
The robust growth in the global economy weakened slightly during the course of 2015. While the pace of growth increased slightly in many industrialized nations, the majority of the emerging economies recorded below-average economic growth. Although the comparatively low energy and raw materials prices had a negative impact on individual countries’ economies, their effect on the global economy as a whole was supportive.

Trends in the passenger car markets
Global new passenger car registrations were up 2.4% year-on-year in the first nine months of 2015, although trends in demand varied by region. While demand for passenger cars rose in Western and Central Europe, North America and the Asia-Pacific region compared with the prior-year period, the drastic decline in the Eastern European and South American markets continued.

Trends in the markets for commercial vehicles
Global demand for light commercial vehicles in the period from January to September 2015 was slightly down on the prior-year level. In this period, global demand for mid-sized and heavy trucks with a gross weight of more than six tonnes was noticeably down on the previous year. Demand for buses, both globally and in the markets that are relevant for the Volkswagen Group, was lower than in the previous year in the period from January to September 2015.

Employees in the Volkswagen Group
As of 30 September 2015, the Volkswagen Group had a total of 613,929 employees worldwide, up 3.6% on the number at 31 December 2014. The expansion of the workforce was primarily attributable to the recruitment of specialists and experts, the transfer of temporary workers to permanent contracts and the expansion of the production facilities in China, Mexico and Poland. The number of employees in Germany increased by 2.6% compared to year-end 2014 and totaled 278,187. This represented 45.3% (31 December 2014: 45.7%) of the Group’s total workforce.

Sales and production in the Volkswagen Group
From January to September 2015, the Volkswagen Group’s unit sales to the dealer organization (including the Chinese joint ventures) amounted to 7,439,879 vehicles, a decline of 2.7% on the prior-year period. The Volkswagen Group produced 7,438,400 vehicles in the first three quarters of 2015, which represented a decline of 2.6% year-on-

year. Production in Germany rose by 6.9% to 2,028,693 units. The proportion of vehicles produced in Germany increased to 27.3% (comparative period: 24.9%).

The following table presents the Volkswagen Group's deliveries by region and by brand.

Deliveries of passenger cars, light commercial vehicles, trucks and buses from 1 January to 30 September[1]

	2015	2014	Change %
Regions			
Europe/Other markets	3,419,700	3,296,998	3.7
North America	693,111	655,144	5.8
South America	439,738	586,352	–25.0
Asia-Pacific	2,878,245	3,003,293	–4.2
Worldwide	**7,430,794**	**7,541,787**	**–1.5**
by brands			
Volkswagen passenger cars	4,349,598	4,563,365	–4.7
Audi	1,347,972	1,298,638	3.8
ŠKODA	791,458	774,062	2.2
SEAT	308,384	293,990	4.9
Bentley	6,854	7,786	–12.0
Lamborghini	2,696	1,570	71.7
Porsche	173,085	135,642	27.6
Bugatti	19	36	–47.2
Volkswagen commercial vehicles	321,348	324,827	–1.1
Scania	54,935	56,193	–2.2
MAN	74,445	85,678	–13.1

1 The deliveries for 2014 have been updated to reflect subsequent statistical trends. Includes the Chinese joint ventures.

Explanatory notes on results of operations, net assets and financial position

In the following explanations, the significant results of operations as well as the financial position and net assets for the first nine months of the fiscal year 2015 or as of 30 September 2015 are compared to the corresponding comparative figures for the period from 1 January to 30 September 2014 (results of operations) and as of 31 December 2014 (net assets and financial position), respectively.

Porsche SE has found that the carrying amount of the investment accounted for at equity in Volkswagen AG recognized in the past was too high. This was due to Volkswagen AG's pension provisions having been valued too low in the purchase price allocation as of 3 December 2009. In accordance with IAS 8, it was therefore necessary to retrospectively restate the carrying amount of the investments accounted for at equity, group equity, deferred tax liabilities, profit/loss from investments accounted for at equity, and thus group profit before tax and group profit for the year; the respective restated figures are presented in the following explanations.

Results of operations of the Porsche SE Group

In the period from 1 January to 30 September 2015, the Porsche SE Group recorded a profit for the period of €1,193 million (comparative period: €2,500* million, before restatement: €2,493 million). This result was significantly influenced by profit/loss from the investments accounted for at equity of €1,248 million (comparative period: €2,658* million: before restatement: €2,651 million), of which €1,250 million (comparative period: €2,658* million: before restatement: €2,651 million) was attributable to the investment in Volkswagen AG and minus €2 million (comparative period: €0 million) to the investment in INRIX Inc., Kirkland, Washington, USA ("INRIX") acquired in September 2014.

Other operating expenses decreased from €42 million in the comparative period to €21 million. They mainly pertain to legal and consulting fees, expenses for other external services as well as back payments for contributions for the Chamber of Industry and Commerce in the reporting period. The decrease in other operating expenses is attributable in particular to the expenses included in the prior year from additions for provisions in connection with tax field audits, which do not relate to income taxes.

Compared to the corresponding prior-year period, profit/loss from investments accounted for at equity decreased from €2,658* million to €1,248 million. The profit/loss from investments accounted for at equity attributable to the investment in Volkswagen contains profit contributions from ongoing equity accounting which have decreased from €2,720 million to €1,215 million, in particular on account of expenses incurred at the level of the Volkswagen Group in connection with the diesel issue. In addition, it includes effects from changes in Porsche SE's share in the subscribed capital of Volkswagen AG. As a result of the purchase of ordinary shares in Volkswagen AG on 30 September 2015, the share in capital increased from 31.5% to 32.4% as of 30 September 2015. The purchase resulted in a preliminary book gain without an effect on cash of €124 million. As a calculated value, this resulted from the difference between the equity of the Volkswagen Group attributable to the purchased

* Retrospective restatement of the accounting for the Volkswagen Group at equity in accordance with IAS 8.

tranche, which is remeasured as part of a purchase price allocation, and the purchase price for this tranche. Work on the purchase price allocation required for this acquisition has commenced; the analysis of the assets, liabilities and contingent liabilities has not yet been completed. The results of the required purchase price allocation and the resulting book gain are therefore to be regarded as provisional; the latter can be subject to major fluctuations, depending on the hidden reserves and liabilities that still have to be identified before the purchase price allocation is finalized.

In the comparative period, the dilution of the share in capital (at that time 32.2%) to 31.5% in connection with a capital increase carried out at Volkswagen AG had a total positive impact of €64* million (before restatement: €57 million) which affected profit but not cash. The profit/loss from investments accounted for at equity also includes effects of the subsequent measurement of the purchase price allocations performed at the time of the renewed inclusion of Volkswagen AG as an associate from 3 December 2009 onwards as well as for purposes of the first-time inclusion of INRIX. The profit/loss from investments accounted for at equity was reduced by €89 million (comparative period: €126 million) in total by the subsequent effects of these purchase price allocations, i.e., the subsequent measurement of hidden reserves and liabilities identified in the process.

The financial result for the first nine months of the fiscal year 2015 comes to minus €23 million (prior year: minus €44 million). In the reporting period, this amount mainly contains expenses from loan interest of €16 million (comparative period: €16 million), as well as expenses for interest on tax back payments of €7 million (comparative period: €34 million). Moreover, within the scope of liquidity management, investments were made in a newly established alternative investment fund in the second quarter of 2015. In this context, net expenses totaling €4 million from bonds and investment fund shares as well as from the measurement of derivatives were incurred in the financial result up to 30 September 2015.

Group profit before tax comes to €1,195 million (comparative period: €2,563* million, before restatement: €2,556 million). Income tax comprises income of €1 million from the reversal of the income tax provisions (comparative period: tax expenses in connection with findings of the tax field audits of €62 million) as well as expenses of €3 million from deferred taxes (comparative period: €1 million). Group profit for the first nine months of the fiscal year 2015 therefore comes to €1,193 million (comparative period: €2,500* million).

Net assets and financial position of the Porsche SE Group

The Porsche SE Group's total assets remained virtually unchanged at €30,150 million as of 30 September 2015 compared to €30,157* million (before restatement: €30,465 million) as of 31 December 2014.

* Retrospective restatement of the accounting for the Volkswagen Group at equity in accordance with IAS 8.

The non-current assets of the Porsche SE Group as of 30 September 2015 totaling €28,393 million (31 December 2014: €27,407* million, before restatement: €27,715 million) mainly comprise the shares accounted for at equity. These include the carrying amount of the investment in Volkswagen AG accounted for at equity, which rose in comparison to the end of the fiscal year 2014 from €27,364* million (before restatement: €27,672 million) to €28,352 million. This increase results from the profit/loss from the investments accounted for at equity and from the purchase of ordinary shares in Volkswagen AG. This was countered in particular by dividend payments received amounting to €719 million. Impairment testing performed as of 30 September 2015 for the carrying amount of the investments accounted for at equity confirmed the recoverability of the investment in Volkswagen AG on the basis of the information currently available. The testing involved performing scenario analyses, based on the current corporate planning, which take into account the various possible developments regarding the impact of the diesel issue at the level of the Volkswagen Group. In particular, new findings in connection with the diesel issue could make it necessary to update the impairment testing as of 31 December 2015 (please refer to the explanations in the section “Opportunities and risks in the Volkswagen Group”).

The shares accounted for at equity also include the carrying amount of the investment in INRIX, which totaled €39 million as of 30 September 2015.

Current assets mainly consist of cash and cash equivalents, time deposits and securities of Porsche SE and its subsidiaries and decreased from €2,750 million as of 31 December 2014 to €1,757 million as of 30 September 2015, in particular as a result of the purchase of ordinary shares in Volkswagen AG.

As of 30 September 2015, equity of the Porsche SE Group increased to a total of €29,678 million mainly due to the profit for the period (31 December 2014: €29,187* million, before restatement: €29,493 million).

Current and non-current provisions decreased from €592 million as of 31 December 2014 to €113 million as of 30 September 2015. This decrease is mainly attributable to payments in connection with a completed tax field audit and corresponding notices issued for past assessment periods.

Non-current financial liabilities as of 30 September 2015 remained unchanged compared to 31 December 2014, at a total of €300 million.

Gross liquidity, i.e., cash and cash equivalents, time deposits and securities decreased from €2,567 million as of 31 December 2014 to €1,744 million as of 30 September 2015, in particular as a result of the purchase of ordinary shares in Volkswagen AG. Taking into account the loan liabilities of €300 million due to the Volkswagen Group, net liquidity – i.e., gross liquidity less financial liabilities – is clearly positive at €1,444 million as of 30 September 2015. As of 31 December 2014, net liquidity came to €2,267 million.

* Retrospective restatement of the accounting for the Volkswagen Group at equity in accordance with IAS 8.

Results of operations of the significant investment

The following statements relate to the original profit/loss figures of the Volkswagen Group in the first nine months of the fiscal year 2015. This means that effects from inclusion in the consolidated financial statements of Porsche SE, particularly relating to the subsequent measurement of the hidden reserves and liabilities identified in the course of the purchase price allocation as of 3 December 2009, as well as from applying uniform group accounting policies, are not taken into consideration.

In the period from January to September 2015, the Volkswagen Group's sales revenue was 8.5% higher than in the previous year, at €160,263 million. The rise was primarily due to positive mix effects, a favorable trend in exchange rates and the positive business development in the financial services division. The proportion of the Group's sales revenue generated outside Germany was 79.8% (comparative period: 80.1%).

Less cost of sales, gross profit in the reporting period amounted to €26,464 million, down €707 million year-on-year; the charges in connection with the diesel issue are primarily included in cost of sales. The gross margin was 16.5% (comparative period: 18.4%), or 20.1% before special items.

Despite lower vehicle volumes and higher fixed costs, the Volkswagen Group's operating profit before special items improved to €10,197 million (comparative period: €9,416 million) in the first nine months of 2015 due to optimized product costs as well as to more favorable exchange rate and mix effects; the operating return on sales before special items was 6.4% (comparative period: 6.4%). Charges in the passenger cars area relating to the diesel issue and restructuring measures in the trucks business resulted in total special items of minus €6,855 million in the reporting period. As a result, operating profit declined sharply to €3,342 million (comparative period: €9,416 million). The operating return on sales fell to 2.1% (comparative period: 6.4%).

At €5,142 million, profit before tax was down €6,348 million year-on-year. Profit after tax declined to €3,990 million (comparative period: €8,687 million).

Opportunities and risks of future development

Opportunities and risks at Porsche SE

The report on opportunities and risks at Porsche SE in the group management report and management report of Porsche SE for the fiscal year 2014 must be updated as of 30 September 2015 with regard to the statements on the current status of the legal proceedings. We refer to the section “Significant events and developments in the Porsche SE Group” in this interim report.

Furthermore, the report on opportunities and risks at Porsche SE must be updated relating to the impact of the diesel issue at the level of the Volkswagen Group. In this context, the Volkswagen Group has recorded risk provisions totaling €6.7 billion in operating profit. In addition, legal risks exist in connection with the diesel issue that cannot be assessed at present. The ongoing investigations mean that assessment of the circumstances is subject to estimation risks. In particular, considerable financial charges may be incurred as the legal risks crystallize. In this context, the Volkswagen Group’s earnings targets for the year 2015 were adjusted. We refer to the explanations in the section “Key events at the Volkswagen Group”, in the “Outlook” section as well as in the following section, “Opportunities and risks in the Volkswagen Group”.

In light of Porsche SE’s investment in Volkswagen AG, the diesel issue has the effect of reducing the Porsche SE Group’s profit/loss from the investments accounted for at equity in proportion to its shareholding. The Porsche SE Group’s earnings target was therefore also adjusted. We refer to the explanations in the section “Outlook”. This issue could possibly have very serious impacts regarding the recoverability of the investment in Volkswagen AG as well as other negative effects, for example on the amount of future dividend payments to Porsche SE.

Opportunities and risks in the Volkswagen Group

The Volkswagen Group has adjusted its expected deliveries to customers due to weaker global economic growth, the tense situation in the Chinese, Brazilian and Russian vehicle markets and the diesel issue. The exceptional charges relating to the diesel issue, which are subject to estimation risks due to the ongoing investigations, have resulted in a downward revision to the earnings forecasts for the passenger cars business area and the group. As a result, the return on investment (RoI) for the automotive division will also be substantially less than the figure for the previous year. The Volkswagen Group expects the net cash flow for the automotive division to be up slightly year-on-year at the end of 2015 due to the sale of the shares in Suzuki.

Beyond this, the following additions have been made in the reporting period compared with the disclosures in the section “Opportunities and risks in the Volkswagen Group” in the group management report and management report of Porsche SE for the fiscal year 2014.

Liquidity risk

The rating agency Moody's Investor Services downgraded the rating for Volkswagen AG and its subsidiaries from A–2 auf A–3 on 4 November 2015 after already having downgraded the outlook for Volkswagen AG and its subsidiaries from stable to negative on 24 September 2015 as a result of the irregularities in the software used for certain diesel engines from the Volkswagen Group.

Also in this connection, Standard & Poor's downgraded the short- and long-term ratings for Volkswagen AG, Volkswagen Financial Services AG and Volkswagen Bank GmbH by one notch each on 12 October 2015 to A–2 and A– respectively. Additionally, the long-term ratings for Volkswagen AG and Volkswagen Financial Services AG are on the watch list for a further potential downgrade. The outlook for Volkswagen Bank GmbH was changed to negative.

The ability to access the established capital market programs may be temporarily restricted due to the current uncertainties regarding the impact of the diesel issue on the Volkswagen Group.

Litigation

The US Environmental Protection Agency (EPA) published a notice of violation on 18 September 2015. This alleged that Volkswagen had used specialized engine control units in the four cylinder diesel engines fitted in certain model years to circumvent nitrogen oxide emissions standards in test conditions to comply with homologation requirements. According to the EPA's findings, this affects approximately 482,000 vehicles in the USA.

Volkswagen's reaction was highly comprehensive and the company is working intensively to clarify the irregularities in the software used. This includes a review of all technical concepts. The investigations have not been completed at the present time. In addition to an internal inquiry, an official external investigation by US law firm Jones Day was commissioned for this purpose. This will be wide-ranging and comprehensive, and will address all of the issues currently in question. The supervisory board will ensure that Jones Day can carry out its clarification work independently. Jones Day will update the supervisory board about the results of its investigation on an ongoing basis.

The supervisory board of Volkswagen AG has formed its own committee to support the independent external investigation and to closely manage and supervise the internal investigation. It will report regularly to the supervisory board on the progress made.

As the investigations stand at present, the issue affects approximately 11 million vehicles worldwide fitted with certain diesel engines. The vast majority of these are Type EA 189 Euro 5 engines.

Based on decisions dated 15 October 2015 the Kraftfahrtbundesamt (KBA – German Federal Motor Transport Authority) ordered the Volkswagen passenger cars, Volkswagen commercial vehicles and SEAT brands to recall all of the diesel vehicles that had been issued with vehicle type approval by the KBA from among the 11 million affected. The recall concerns the member states of the European Union (EU28). The timetable and action plan forming the basis for the recall order correspond to the proposals presented in advance by Volkswagen. The KBA's recall order includes retrospective additional requirements relating to the type approvals issued, which otherwise remain in force. Depending on the technical complexity of the remedial actions, this means that the affected vehicles, of which there are around 8.5 million in total in the EU28, will be recalled to the service workshops from January 2016. Based on current knowledge, the remedial actions will differ in scope depending on the engine variant involved. The technical solutions will cover software and in some cases hardware modifications, depending on the series and model year. The details of the remedial actions will be agreed in close cooperation with the KBA, which must approve them in advance. Discussions are currently underway with the authorities in the other EU member states with the aim of ensuring that no legal actions above and beyond this will be taken in this connection by public authorities in the other member states. In addition, group brands SEAT and ŠKODA are currently holding talks and consultations with the same objective with their respective type approval authorities, Spain's Ministry of Industry, and the Vehicle Certification Agency (VCA) in the UK. Moreover, EC/ECE type approval is often used as the basis for the corresponding national type approval in non-EU countries such as Switzerland, Australia, Turkey and others. The Volkswagen Group is also in close contact with the authorities in these countries to coordinate the consequences and actions. In addition, there is an intensive exchange of information with the authorities in the USA, where Volkswagen's planned actions will also have to be approved.

Various legal risks can have potential consequences for Volkswagen's results of operations, financial position and net assets:

1. Criminal proceedings worldwide (excluding the USA/Canada)

Criminal investigations have been opened or announced in some countries in addition to the approval processes with the competent registration authorities. It is too early to gauge whether this will result in fines for the company, and if so what their amount might be. It must be taken into consideration that the core issue is being investigated by the public prosecutor's office in Braunschweig.

2. Product-related lawsuits worldwide (excluding the USA/Canada)

In principle, it is possible that customers in the affected markets will file civil lawsuits against Volkswagen AG and other Volkswagen Group companies involved in the sales process. In addition, it is possible that non-group importers and dealers could assert claims against Volkswagen AG, e.g., through recourse claims. As well as individual lawsuits, class action lawsuits are possible in various jurisdictions (albeit not in Germany). It is too early to estimate how many customers will take advantage of the option to file lawsuits. Volkswagen is working intensively to develop the above-mentioned remedial actions, to coordinate them with the competent authorities and to obtain approval for them. Volkswagen AG is examining the legal situation for potential claims in the relevant markets. It is also currently unclear whether customers will be faced with a reduction in the value of or adverse changes to their vehicles following the planned remedial actions. As a result, it is too early to estimate the prospect of success for any lawsuit.

3. Lawsuits filed by investors worldwide (excluding the USA/Canada)

Investors have announced that they are examining the possibility of pursuing claims for damages against Volkswagen AG due to the movements in Volkswagen AG's share price following publication of the EPA's notice of violation. In October, Volkswagen AG had already been served with three lawsuits from private investors that claim damages due to alleged misconduct in communications surrounding the emissions issue. An application was simultaneously made to instigate proceedings in accordance with the Capital Markets Model Case Act (KapMuG). Volkswagen is of the opinion that it properly complied with its capital market obligations.

4. USA/Canada

The US and Canadian authorities have launched investigations. Volkswagen is cooperating with the authorities, and has acknowledged irregularities in the US emissions concepts. There are five distinct areas.

a. Civil and administrative investigations by the EPA and US Department of Justice (DoJ)/Environmental Canada

The EPA is currently investigating violations of US environmental law in connection with the circumvention of emissions standards. It is likely that Environmental Canada will also open an investigation. Due to the complexity of the individual factors and the large number of open questions, it is currently impossible to estimate potential financial penalties due to the ongoing uncertainty.

b. Criminal investigations by the US Department of Justice (DoJ)

The DoJ has also opened a criminal investigation. This focuses on allegations that various federal law criminal offenses were committed. It is too early in the investigation to provide a sufficiently reliable estimate of the potential financial penalties.

c. Class action lawsuits by customers in the USA and Canada

A large number of motions for leave to file class action lawsuits by affected customers have been announced, both in the USA and in Canada. Although some of these have already been served on the local companies, none have yet been served on Volkswagen AG. The claims primarily relate to compensation for material damage caused to the affected customers, and are specifically based on consumer fraud and unjust enrichment. In particular, compensation for alleged loss of value is being claimed or has been announced in addition to the performance of remedial actions. Claims for punitive damages are also being asserted. It will only be possible to reliably estimate the outcome of these proceedings once the complaints have been served and the alleged circumstances and legal arguments presented in them have been thoroughly examined and assessed.

d. Investigations by the attorney generals of various US states

The attorney generals are investigating whether Volkswagen Group of America inappropriately advertised clean diesels and whether customers were misled into purchasing Volkswagen diesel vehicles as a result. It is not yet possible to reliably estimate the conceivable consequences since these investigations are also still in their early stages.

e. Class action lawsuits by investors

In addition to product-related class action lawsuits, it is possible that purchasers of American Depository Receipts (ADRs) could potentially file claims for damages in the USA and Canada against Volkswagen AG and its subsidiaries due to alleged price losses. Although according to publicly available information a small number of these class action lawsuits have been filed with US courts to date, Volkswagen has not yet been served with these. It will only be possible to reliably estimate the outcome of these proceedings once the complaints have been served and the alleged circumstances and legal arguments presented in them have been thoroughly examined and assessed. Volkswagen is of the opinion that it properly complied with its capital market obligations.

It is currently impossible to assess the legal risks connected with the diesel issue due to the early stage of the comprehensive and exhaustive investigations, the complexity of the individual factors and the large number of open questions. As a consequence, corresponding provisions have not been recognized in the interim financial statements.

Outlook

Anticipated development of the Volkswagen Group

The Volkswagen Group's strengths include in particular its unique brand portfolio, its diverse range of models, its steadily growing presence in all major world markets and its wide selection of financial services. Volkswagen offers an extensive array of attractive, environmentally friendly, cutting-edge, high-quality vehicles for all markets and customer groups. This ranges from motorcycles through compact, sports and luxury cars to heavy trucks and buses, and covers almost all segments. The Volkswagen Group's brands will continue to press ahead with their product initiative in the remaining months of 2015, modernizing and expanding their offering by introducing new models. The Volkswagen Group's goal is to offer all customers the products and innovations they need, sustainably strengthening its competitive position in the process.

The Volkswagen Group expects its deliveries to customers in 2015 to be on a level with the previous year in a persistently challenging market environment.

In addition to the diesel issues, challenges include the difficult market environment and fierce competition, as well as interest rate and exchange rate volatility and fluctuations in raw materials prices. A positive effect is expected from the efficiency programs implemented by all brands and, increasingly, from the modular toolkits.

Depending on the economic conditions, the Volkswagen Group expects 2015 sales revenue for the group and its business areas to increase by up to 4% above the prior-year figure. However, economic trends in Latin America and Eastern Europe will need to be continuously monitored in the commercial vehicles/power engineering business area.

Because of charges related to the irregularities in the software used for certain diesel engines, the Volkswagen Group expects 2015 operating profit for both the group and the passenger cars business area to be down significantly year-on-year. In terms of operating profit before special items, the Volkswagen Group is anticipating an operating return on sales of between 5.5% and 6.5% for the group, and between 6.0% and 7.0% for the passenger cars business area. The operating return on sales in the commercial vehicles/power engineering business area will probably be in the 2.0% to 4.0% range. For the financial services division, Volkswagen is forecasting an operating profit at the prior-year level. The Volkswagen Group will step up its disciplined cost and investment management and the continuous optimization of its processes. More than ever, these are integral elements of the Volkswagen Group's Strategy 2018.

Anticipated development of the Porsche SE Group

The Porsche SE Group's profit/loss will be largely dependent on the results of operations of the Volkswagen Group and therefore on the profit/loss of the investment in it accounted for at equity that is attributable to Porsche SE. The forecast is therefore largely based on the expectations of the Volkswagen Group regarding its future development, particularly with regard to the diesel issue (we refer to the explanations in the section "Opportunities and risks in the Volkswagen Group" as well as the explanations above in this section). Differences between the forecasts of the Volkswagen Group and the Porsche SE Group can arise, as Porsche SE's forecast cannot be based on the core management indicators forecast by the Volkswagen Group.

The following forecast is based on the current structure of the Porsche SE Group. Effects from future investments of the company are not taken into account as it is not possible to make statements regarding their future effects on the results of operations, financial position and net assets of the group.

In particular due to the acquisition of 1.5% of Volkswagen AG's ordinary shares from Suzuki Motor Corporation, Porsche SE's net liquidity as of 30 September 2015 has decreased to €1,444 million. Porsche SE currently expects – not taking possible additional investments into account – net liquidity of between €1.3 billion and €1.5 billion as of 31 December 2015.

Taking into consideration the special effects of the diesel issue and the other development of earnings in the Volkswagen Group, and based on the current group structure, Porsche SE expects overall group profit for the fiscal year 2015 of between €0.8 billion and €1.8 billion. This does not take into consideration dilutive effects from the mandatory convertible bonds issued by Volkswagen AG. Porsche SE's forecast is subject in particular to further findings in connection with the diesel issue and is based on the assumption that the Volkswagen Group's financial result as of year-end will be within the range of the expectations to date. Due to these constraints, Porsche SE's forecast is inevitably subject to estimation risks.

Porsche Automobil Holding SE
Investor Relations
Box
70432 Stuttgart
Germany
Phone +49 (0) 711 911 - 244 20
Fax +49 (0) 711 911 - 118 19
InvestorRelations@porsche-se.com
www.porsche-se.com