PORSCHE AUTOMOBIL HOLDING SE

Interim report

Report on the first three months of the fiscal year 2009/10

This interim report of Porsche Automobil Holding SE ("Porsche SE") decisively refers to the operating business in the first three months of the 2009/10 fiscal year and includes information about the period from 1 August 2009 to 18 December 2009. With respect to the figures as of 31 October 2009, the prior-year figures (report on the first four months of the 2008/09 fiscal year from 1 August 2008 to 30 November 2008) were restated as of 31 October 2008 to ensure comparison with the changed cut-off date. Volkswagen Aktiengesellschaft, Wolfsburg, ("Volkswagen AG", "Volkswagen" or "VW") and its subsidiaries ("Volkswagen subgroup") have been included in this interim report with the income statement for the period from 1 July to 30 September 2009 and with balance sheet figures as of 30 September 2009. The effects of the amortization of hidden reserves and liabilities identified in the course of the purchase price allocation as well as the unit sales and production figures published in this interim report also refer to this period.

A purchase price allocation involves the comprehensive revaluation of all of the Volkswagen subgroup's assets and liabilities, and comparing their values with the purchase price given as consideration for the VW shares in order to determine goodwill. It had been completed by the date of publication of this interim report. The final values of the hidden reserves and liabilities identified were included in the consolidated financial statements of Porsche SE retroactively as of 5 January 2009 following completion of the purchase price allocation. No restatements were made to the figures contained in the consolidated financial statements of Porsche SE as of 31 July 2009.

Main events of the reporting period

Enlargement of the executive board of Porsche SE

Prof. Dr. Martin Winterkorn, chairman of the executive board of Volkswagen AG, and Hans Dieter Pötsch, CFO of Volkswagen AG, joined Porsche SE's executive board as of 25 November 2009, while maintaining their responsibilities at Volkswagen. Prof. Winterkorn now chairs the board and Mr. Pötsch is the CFO. They both took up positions at Porsche after the two companies' supervisory boards approved the implementing agreements to the basic agreement on the creation of an integrated automotive group of Porsche and Volkswagen.

Basic agreement for an integrated automotive group

In November 2009, Porsche SE and Volkswagen AG took the first steps towards creating an integrated automotive group pursuant to the basic agreement.

Porsche's operating business was contributed to a (new) Dr. Ing. h.c. F. Porsche AG ("Porsche AG"), in which Volkswagen took a shareholding of 49.9 percent via a joint intermediate holding company (Porsche Zwischenholding GmbH) based on a business value of 12.4 billion euro by way of a capital increase. In connection with the capital increase Porsche SE received cash of approximately 3.9 billion euro, which were mainly used to repay debts. Porsche SE and Volkswagen AG granted each other put and call options for the remaining 50.1 percent share of Porsche Zwischenholding GmbH. These options can be exercised on certain dates over the period until 31 January 2015 in the event that the merger of Porsche and VW does not take place.

In accordance with the basic agreement, at Volkswagen Aktiengesellschaft's general meeting Porsche SE voted in favor of creating a blocking minority of 20 percent and a right of the State of Lower Saxony to appoint supervisory board members as well as in favor of authorization to issue up to 135 million new preference shares with subscription right for all shareholders of Volkswagen AG in order to lay the foundation for a solid financing structure of the integrated automotive group. The federal state has the right to appoint two members to the supervisory board of Volkswagen AG provided that it directly or indirectly holds 15 percent or more of the ordinary shares in Volkswagen AG.

In addition, Volkswagen AG has granted the shareholders of Porsche Gesellschaft m.b.H, Salzburg, the right to sell the operative sales and distribution business of the company.

In a next step, a capital increase is scheduled for the first half of 2011 at Porsche SE to allow liabilities to be reduced further and to prepare for the merger with Volkswagen. The Porsche and Piëch families have entered into a commitment vis-à-vis Porsche SE to subscribe for an amount of up to 2.5 billion euro in this capital increase.

Plans are to reach the final stage in creating an integrated automotive group, namely the merger between Porsche SE and Volkswagen AG, in 2011.

The combination of Volkswagen and Porsche in a group with ten strong brands has compelling strategic, industrial and financial logic. The integrated group is expected to realize considerable additional growth potential in future.

The implementation in Volkswagen AG's articles of association of the right of the State of Lower Saxony to appoint two members of the supervisory board of Volkswagen AG prevents Porsche SE from continuing to fully consolidate Volkswagen as a subgroup. The ensuing deconsolidation will not affect liquidity, but it will have a lasting impact on Porsche SE's consolidated financial statements. In future, Volkswagen AG will again be accounted for as an associated company in the consolidated financial statements of Porsche SE. In accordance with current international financial reporting standards (IFRS), the investment will be recognized in the balance sheet based on the quoted stock price of Volkswagen AG's ordinary shares at the time of deconsolidation. Deconsolidation will therefore result in a significant loss.

This loss is reduced, on the one hand, by the gain generated from including Volkswagen AG as an associated company in the consolidated financial statements of Porsche SE. The deconsolidation of the Porsche subgroup will also lead to a positive effect. Deconsolidation became necessary after Volkswagen AG assumed an investment of 49.9 percent in Porsche Zwischenholding GmbH on 7 December 2009. The 49.9 percent shareholding means that Porsche SE will lose control over Porsche AG. These structural changes to Porsche SE's consolidated financial statements will lead to a loss in the low single-digit billion euro range.

<u>Strategic investor Qatar</u>

Porsche SE already satisfied another condition for the integrated automotive group on 14 August 2009, by selling a significant portion of the cash settled options for shares in Volkswagen AG to Qatar Holding LLC. The transaction provided Porsche SE with more than 1 billion euro in cash, which has been used as collateral for the option arrangement. At the same time, Qatar Holding LLC acquired 10 percent of the ordinary shares in Porsche SE and participated with an amount of 265 million euro in Porsche SE's syndicated loan, which was replaced in November 2009 by a new financing arrangement. Qatar Holding LLC is also participating in this loan.

There are plans for Porsche SE to sell its remaining cash settled options for some three percent of VW's ordinary shares.

Conclusion of negotiations with syndicate banks

While the first steps were being taken to implement the basic agreement, stand-alone financing arrangements were made for Porsche SE and the newly formed Porsche AG in November 2009, replacing the previous loans and concluding two new syndicated loans.

The total credit line available to Porsche SE now amounts to 8.5 billion euro and is divided into one tranche of 2.5 billion euro with a term until 30 June 2011 and two other tranches with terms until 31 December 2012.

A new operating credit line was also successfully concluded for Porsche AG with a syndicate of banks in late November 2009. The revolving credit line of up to 2.5 billion euro will be used to replace existing credit lines of Porsche AG and ensure that there is sufficient financial headroom for the development of the operating business through 31 December 2012.

Investigations by the public prosecutor

There are investigations by the public prosecutor against the former members of the executive board Dr. Wendelin Wiedeking and Holger P. Härter in connection with allegations of share price manipulations, delayed publication of an ad hoc announcement and distribution of insider information in one case. The company examined these matters in detail, also from a legal perspective, and commissioned expert opinions from two university professors with special expertise in capital market law. The examination and the expert opinions come to the conclusion that there were no infringements of the law. Porsche SE is providing its full support to the responsible public prosecutor´s office in order to clarify the matter as quickly as possible.

Repurchase of hybrid bond

In the fiscal year 2008/09 the Porsche group agreed to repurchase a part of the hybrid bond issued in December 2007 at a total notional amount of 1.0 billion euro. Porsche made use of attractive conditions to repay a portion of the hybrid bond issued as part of a private placement. The repurchase, which was executed on 31 August 2009, led to a cash outflow of 0.5 billion euro.

Put options for LeasePlan shares

In the course of the acquisition of all shares in LeasePlan Corporation N.V., Amsterdam and the subsequent sale of 50 percent of the shares to two co-investors, Volkswagen AG reached an agreement with the co-investors on put options which entitles the latter to sell their shares to Volkswagen AG. On 22 December 2008, the co-investors announced that they would make use of their put options. In September 2009, Volkswagen agreed with the co-investors to acquire shares in the fiscal year 2009/10 for a purchase price of approximately 1.3 billion euro. The planned simultaneous transfer of the shares to a new co-investor requires the approval of the oversight authorities.

Energy partnership signed with LichtBlick

The Volkswagen subgroup and the power company LichtBlick are cooperating on new approaches to intelligent energy supplies. In an exclusive global partnership, Volkswagen will manufacture the highly efficient EcoBlue combined heat and power plants, which are powered by state-of-the-art natural gas turbines. These will then be sold by LichtBlick as “domestic power plants” and networked to produce large virtual power plants. The electricity that they generate will be fed into the national grid. The resulting heat will be stored and used in the house to provide hot water and heating. Volkswagen’s efficient turbine technology means that the EcoBlue power plants can produce up to 60 percent less CO_2 than conventional means of power and heat generation. In addition, the partnership agreement will help secure jobs at Volkswagen’s Salzgitter engine plant and other group locations.

Automobile production at the Karmann location in Osnabrück

The supervisory board of Volkswagen AG approved the acquisition of machines, equipment and real estate in Osnabrück from Karmann Besitzgesellschaft at its meeting on 20 November 2009. Volkswagen will recommence vehicle production at Osnabrück in 2011. According to the latest plans this will create more than 1,000 jobs by 2014. Some 200 specialists will be needed next year already at short notice in connection with the start-up of operations and the project launch.

Volkswagen and Suzuki sign comprehensive alliance agreement

Volkswagen AG and Suzuki Motor Corporation establish a close long-term strategic partnership. A framework agreement was signed in Tokyo by representatives of both companies on 9 December 2009. Volkswagen will acquire 19.9 percent of the Suzuki shares as the basis for this strategic alliance. The closing of the transaction is subject to approval of the relevant authorities and is expected for January 2010. Suzuki, in turn, intends to invest up to half of the purchase price payment that it will receive into shares of Volkswagen.

Business development

General downward trend

In the first three months of the current 2009/10 fiscal year, the Porsche group (Porsche SE and its subsidiaries) was again partially unable to buck the general downward trend in the global automotive industry. The Porsche group sold a total of 1,619,768 vehicles.

Unit sales of the Porsche subgroup (Porsche AG and its subsidiaries) fell 39.6 percent to 11,385 vehicles compared to the same period in the prior year. Analyzed by individual model series, unit sales of the Panamera in the first few months after the new model series went on sale already came to 2,973 vehicles. The Gran Turismo thus straightaway took second place after the Porsche model series. Top of the sales statistics is the Cayenne which sold 4,095 vehicles, a drop of 57.4 percent. In the period from 1 August 2009 to 31 October 2009, unit sales of the 911 dropped 64.2 percent to 2,600 vehicles. Unit sales of vehicles from the Boxster model series, including the Cayman models, dropped 13.5 percent to 1,717 vehicles.

In the first quarter of the 2009/10 fiscal year, the Volkswagen subgroup sold 891,335 Volkswagen brand passenger cars. Demand for the Fox, Gol, Golf and

Tiguan models developed favorably. Demand was also up for the new Scirocco and Passat CC models.

Unit sales of the Audi brand in this period stood at 285,044. Sales figures were particularly pleasing for the models from the Audi A5 series and the Audi A3 Sportback. The market responded enthusiastically to the new Audi Q5 which as a result also made a major contribution to the sales of the Audi brand.

The Škoda brand sold 146,281 vehicles from July to September of this year. Demand for the Fabia and Superb models was lively. The new Škoda Yeti was well received by the market. A further deterioration of the situation on the Spanish passenger car market had an adverse effect on sales of the SEAT brand. In the first quarter of 2009/10, 76,638 vehicles were sold. Demand for the Exeo and Ibiza models developed well. The Bentley brand was not left unscathed by the significant drop in sales in the luxury segment, selling 957 vehicles in the first quarter. The Chinese joint ventures sold 378,871 vehicles.

Volkswagen commercial vehicles sold 69,048 units in the first quarter of 2009/10. Scania sold 9,023 vehicles. The “Other” item, which essentially comprises the elimination of intercompany deliveries in the Volkswagen subgroup, accounts for 248,814 vehicles.

Worldwide recession

A look at the worldwide distribution of unit sales shows that only a few regions were spared from the dramatic downturn of the automotive markets around the globe.

In Germany, unit sales of the Porsche subgroup decreased from 1 August 2009 to 31 October 2009 by 33.7 percent to 1,544 units, while in North America the 3,995 vehicles sold represented a drop of 50.7 percent. In all other regions of the world, the Porsche subgroup sold 5,846 units in the first three months of the current fiscal year, 30.7 percent fewer than in prior year.

The Volkswagen subgroup sold 833,214 vehicles in the first quarter of 2009/10 in the Europe / other markets region. In North America, 113,342 vehicles were sold.

Unit sales in South America in the first quarter of 2009/10 came to 222,174 vehicles and were impacted above all by the loss of the Brazilian commercial vehicles business. In the first three months of the 2009/10 fiscal year, including the joint ventures in China, the Volkswagen subgroup sold 439,654 vehicles on the passenger car markets in the Asia Pacific region.

Production brought into line with sales

The difficult market environment led to a decrease in production of the Porsche group. A total of 1,558,804 vehicles were produced in the reporting period.

The Porsche subgroup reduced production by 11.9 percent. A total of 20,009 vehicles rolled off the line at Porsche's three production locations in the period from 1 August 2009 to 31 October 2009. In Leipzig, 8,160 units of the Cayenne series were built, 32.6 percent fewer vehicles than in the same period of the prior fiscal year. The new Panamera, which has been on sale since September 2009, rolled off the line 5,205 times. The 4,197 vehicles of the 911 series produced at the Zuffenhausen plant represented a drop of 49.0 percent. Production of the Boxster series increased 5.9 percent to 2,447 units. In Finland, the number of vehicles produced fell by 28.1 percent to 1,662 units. Here it should be considered that since February 2009 the Boxster models have been partly manufactured in Zuffenhausen.

In the first three months of the 2009/10 fiscal year, the Volkswagen subgroup produced 1,538,795 vehicles. The share of vehicles manufactured in Germany came to 31.7 percent. The production volume has been adapted to the current market situation which helped reduce inventories and improve working capital.

At the Zuffenhausen plant of Porsche AG, reduced working hours, which were imposed in the period from September to December 2009 for a total of 18 days, will be continued. Around 2,300 employees in the sports car production will not work on a further 16 days in the period until the end of March 2010. Flexible working time models have allowed Porsche AG to manage sales fluctuations in the production in recent years. In the fall of 2009, however, the flex-time accounts had reached rock bottom and the executive board and works council decided to apply for reduced working hours.

Headcount development

As of 31 October 2009, the Porsche group employed a total of 379,750 people.

Despite the sales crisis being experienced throughout the automotive industry in the markets around the world, the Porsche group once again succeeded in creating further jobs in the first three months of the 2009/10 fiscal year. As of 31 October 2009, the number of employees, not including the Volkswagen subgroup, stood at 12,700, that is 0.4 percent up on the figure recorded on 31 July 2009, the last day of the 2008/09 fiscal year.

At the end of the third quarter of this calendar year, the Volkswagen subgroup had 349,346 active employees. A further 7,767 were in the passive phase of phased retirement and 9,937 young people were employed as apprentices and trainees. On 30 September 2009, the Volkswagen subgroup had a total headcount of 367,050 (compared to 363,307 employees as of 30 June 2009).

Net assets, financial position and results of operations

Revenue development

In the first three months of the 2009/10 fiscal year, the Porsche group generated revenue of 26.8 billion euro. The 25.2 billion euro increase compared to the prior year is due to the full consolidation of Volkswagen since 5 January 2009.

The revenue of the Porsche group, without the Volkswagen subgroup, continued to suffer from the repercussions of the general economic and financial crisis, falling 30.5 percent to 1.1 billion euro.

Before elimination of intercompany transactions with the Porsche subgroup of 0.2 billion euro as well as effects of the purchase price allocation of 0.1 billion euro, the Volkswagen subgroup generated total revenue of 26.0 billion euro in the first three months of the 2009/10 fiscal year. The automotive division accounted for 23.1 billion euro of total revenue. As the Chinese joint ventures are accounted for using the equity method, the positive development of sales on the Chinese passenger car market is only reflected in the revenue figures of the Volkswagen subgroup in the form of increased deliveries of vehicle parts. The financial services division recorded revenue of 2.9 billion euro in the first quarter of 2009/10.

Significant drop in profit

Compared to the prior-year period, the profit before tax decreased in the first three months of the 2009/10 fiscal year from 3.2 billion euro to minus 0.4 billion euro.

In the Porsche group, without the Volkswagen subgroup, the profit in the first three months of the 2009/10 fiscal year was – like revenue and unit sales – below the prior-year level. In the prior year, the result from cash settled stock options on Volkswagen AG shares, that were sold at the beginning of the current fiscal year, had had a significant positive impact on the profit before tax. In the first three months of the 2009/10 fiscal year, the profit before tax decreased from 3.2 billion euro to minus 0.2 billion euro.

Despite disciplined cost management, the operating profit of the Volkswagen subgroup decreased significantly in the first quarter of the 2009/10 fiscal year. This was mainly due to declining sales. The shift of sales to vehicles in the lower price bracket, particularly in Germany and Brazil, had a negative effect here. In the period from July to September, the Volkswagen subgroup recorded a profit before tax of 0.3 billion euro.

The repercussions of the purchase price allocation, i.e. the amortization and depreciation as well as the settlement of the hidden reserves mainly identified in fixed assets and inventories, had a negative impact on the profit before tax of the Porsche group of about 0.5 billion euro.

Net assets and financial position

Since the voting right threshold of 50 percent was exceeded on 5 January 2009, the Volkswagen group has been included in the consolidated financial statements of Porsche SE by way of full consolidation. As a result of this, the total assets of the Porsche group increased significantly in the 2008/09 fiscal year.

The fixed assets of the Porsche group, without the Volkswagen subgroup, stayed virtually unchanged compared to 31 July 2009, while current assets decreased slightly. The decrease was mainly seen in other assets and cash and cash equivalents.

The adjustment of the assets and liabilities of the Volkswagen subgroup for the hidden reserves and liabilities identified in the course of the purchase price allocation with retroactive effect as of 5 January 2009 increased the fixed assets and current assets of Volkswagen attributable to Porsche SE.

Before considering these adjustments of the carrying amounts of the Volkswagen subgroup, there was only a slight change in assets of the Volkswagen subgroup compared to 30 June 2009. There was an increase in particular in the financial assets and other financial assets (including investments accounted for at equity and deferred taxes). The intangible assets and property, plant and equipment of the Volkswagen subgroup as well as cash and cash equivalents and securities also increased slightly. A further reduction in inventories as well as lower financial services receivables partly offset this increase. On the liabilities side, long-term bonds and commercial papers as well as notes decreased in particular. By contrast, short-term bonds, commercial papers and notes increased.

The net liquidity of the Porsche group, which is defined as gross liquidity less financial liabilities, excluding the financial services business, is slightly positive. The net liquidity of the Porsche group, without the Volkswagen subgroup, which had amounted to minus 11.4 billion euro as of 31 July 2009, improved due to the funds of 3.9 billion euro received in connection with the investment of Volkswagen AG in the newly founded company Porsche Zwischenholding GmbH. These were mainly used to redeem existing liabilities to banks.

The unqualified opinion of the auditor of the consolidated financial statements of Porsche SE as of 31 July 2009 contained a comment about the explanations relating to the liquidity situation of Porsche SE until the end of the calendar year 2009 in the company’s group management report for the 2008/09 fiscal year. Following the investment of Volkswagen AG in Porsche Zwischenholding GmbH in return for a cash contribution of 3.9 billion euro, which was mainly used to repay Porsche SE's debts, and the related refinancing of Porsche SE, the imminent liquidity problems to which Porsche SE was exposed as described in the audit opinion of the independent auditor no longer apply.

Dividends

The total distributable profit determined in accordance with the provisions of the German commercial code is to be distributed to the shareholders. After the withdrawal of one billion euro from retained earnings, this amounts to 8.23 million euro. A dividend per preference share of 0.05 euro and per ordinary share of 0.044 euro will be proposed to the annual general meeting which will take place at the Stuttgart Porsche Arena on 29 January 2010.

Attractive new models

The reporting period saw the launch of the new Panamera*. Porsche put the Gran Turismo on the market on 12 September 2009, initially with an eight-cylinder engine and outputs of 400 and 500 hp as well as rear-wheel and all-wheel drive; the offering will later be rounded off by a six-cylinder gasoline engine and a hybrid variant.

Like no other vehicle in its class, the Panamera combines sportiness with comfort. Despite its flat silhouette, the 4.97 meter long and just 1.42 meter high vehicle offers a generous feeling of space in all four seats. A number of technical innovations celebrated their world debut in the premium segment in the Panamera. These included the first automated start/stop function in conjunction with an automatic transmission, air suspension with additional volume at the push of a button in each spring and active aerodynamics with an adjustable, multi-dimensional, deployable rear spoiler in the case of the Panamera Turbo model.

All Panamera models have direct fuel injection (DFI) and Vario-Cam Plus, the variable camshaft adjuster with valve-lift switching system on the inlet side. The Panamera 4S and Panamera Turbo come with the Porsche double-clutch gearbox (PDK) as standard. The combination of performance and low consumption is also enabled by the intelligent, light-weight construction. The axles, doors, hood, wings and trunk lid are all made of aluminum. Based on the EU cycle, the Panamera S needs 12.5 liters of fuel per 100 kilometers, which even drops to 10.8 liters with PDK. Despite its outstanding performance, the Turbo needs just 12.2 liters per 100 kilometers.

At the Frankfurt international motor show in September, Porsche presented three new models of the successful 911 sports car series. All key features of the high-performance 911 Turbo* sports car were significantly improved. The vehicle is not only more powerful, faster and even more dynamic, it is now significantly more economical and lighter. The new top 911 model thus sets itself even further apart from the competition in its segment, particularly in terms of consumption and acceleration.

The new engine with a displacement of 3.8 liters and 500 hp (368 kW) has direct fuel injection and Porsche's exclusive turbocharger with variable turbine geometry for gasoline engines. Optionally, the six-cylinder turbo engine can be combined with Porsche's seven-gear double clutch gearbox. Compared to its predecessor, CO_2 emissions have been cut by up to just under 18 percent. Depending on the vehicle configuration, the new top model only needs 11.4 to 11.7 liters per 100 kilometers in accordance with the EU5 standard. Equipped with the Sport-Chrono Package Turbo and PDK, the 911 Turbo accelerates from 0 to 100 km/h in 3.4 seconds. Top speed is 312 km/h.

For a limited number of enthusiasts, Porsche has launched the 911 Sport Classic. The exclusive small series has been limited to 250 vehicles. The unique character of this 911 model is instantly recognizable from its newly developed dual-domed roof. Based on the Carrera S with rear-wheel drive, the rear of the sports car is 44 millimeters wider and has a wider track on the rear axle. The striking SportDesign apron with its own front spoiler lip and the fixed rear spoiler shaped like the legendary "duck tail" of the Carrera RS 2.7 from 1973 round off the unmistakable appearance of the 911 Sport Classic.

The output of the 3.8 liter engine with direct fuel injection was increased by 23 hp to 408 hp. The 911 Sport Classic is equipped with the Porsche Ceramic Composite Brake (PCCB), a sporty chassis with Porsche Active Suspension Management

* Consumption and emission data can be found on page 18 of this report.

(PASM) which has been lowered by 20 millimeters and the specific 19-inch wheels with black-painted hubcap spokes.

The third 911 model which Porsche presented at the international motor show is the new 911 GT3 RS. At the rear, a suction engine revs up faster and delivers more power than the 911 GT3; it now delivers 450 hp, 15 hp more than its 911 GT3 counterpart. The six-cylinder achieves a specific output of more than 118 hp per liter – for suction engines an extremely high value by world standards. Unlike many other high-performance engines, the power unit of the new 911 GT3 RS remains fully suitable for everyday use.

The new 911 GT3 RS comes exclusively with a six-speed manual gearbox. To enhance the level of performance throughout the entire range of engine and road speed, the transmission comes with shorter ratios than found in the 911 GT3. Dynamic engine mounts are standard and serve to improve the car's handling to an even higher level. Depending on driving conditions, the mounts change in their stiffness and damping effect, improving the connection between the engine and the body when driving under very lively conditions. A lithium-ion battery delivered with the car, when replacing the conventional lead-acid battery, reduces the weight by more than 10 kg. Its dynamic looks are underlined by its low ride height, the new, carbon-fiber rear wing with aluminum wing supports and the double end pipes of the lightweight titanium muffler.

Stronger, wider, faster – the new version of the Porsche 911 GT3 Cup offers its many customers all over the world even greater value for money. It is the successor of the most frequently built racing car of all time (built 1,400 times) and at the rear its body is 44 millimeters wider. Compared to the predecessor the displacement has been increased by 0.2 liters, the engine output by 30 hp. The most important figures: 3.8 liter six-cylinder Boxer engine with 450 hp (331 kW); six-speed transmission; it weighs 1,200 kg.

At the international motor show in Frankfurt in September 2009, the Volkswagen subgroup presented a number of new models and concepts for the first time.

* Consumption and emission data can be found on page 18 of this report.

The Volkswagen passenger car brand gave an impressive demonstration of its competence in the field of developing sustainable mobility. The international debuts of the E-Up! electric car and the L1 full hybrid in particular caught the attention of trade fair visitors and the industry press. The zero-emissions concept E-Up!, based on the New Small Family, is powered by an electric engine with a maximum output of 60 kW, and has a top speed of 135 km/h. The lithium-ion battery has a capacity of 18 kWh, which allows journeys of up to 130 kilometers between recharging depending on driving style. The E-Up! is also remarkable for its clear, yet emotive design, and the car fits in well with the other models of the New Small Family.

The brand’s L1 concept represents the most economical hybrid vehicle in the world. Powered by both a newly-developed common rail turbo diesel engine and an electric engine, the L1 consumes a mere 1.38 liters of fuel per 100 kilometers. It has a top speed of 160 km/h while emitting just 36g of CO_2 per kilometer. Thanks to its carbon fiber-reinforced plastic body, the car weighs just 380 kg. Aligned seats also ensure that the L1 is extremely aerodynamic, with a drag coefficient of just 0.195.

Volkswagen passenger cars also produced a number of new launches of its series-production vehicles. In addition to the new three-door Polo, the new BlueMotion generations of the Polo*, Golf* and Passat sedan* impressed visitors, setting as they do completely new standards in their respective segments in terms of consumption, emissions and costs. The successor to the Golf R32, the Golf R*, completed the brand’s premium series. Despite its high performance, the most powerful Golf ever is significantly more economical than its predecessors. This is made possible by the new, charged, high-tech TSI, which requires 21 percent less fuel than its predecessors.

Audi impressed the public with its e-tron, a concept for a high-performance, purely electric-powered sports car. Four engines with a combined output of 230 kW propel the e-tron up to a top speed of 200 km/h, with the lithium-ion battery allowing for a range of up to 248 kilometers. No less impressive was the presentation of the Audi R8 Spyder, which combines exceptional performance and handling with a feeling of freedom. The brand also presented the Audi S5 Sportback 3.0 TFSI*, the Audi A4 3.0 TDI quattro clean diesel* and the Audi A3 sedan and Sportback with newly developed 1.2-liter TFSI engine.

In Frankfurt, Škoda celebrated two world debuts with its Superb Combi and the Octavia LPG*. With its above-average levels of comfort and space, the Škoda Superb Combi sets new standards in the executive segment. It stands out in particular on account of its many clever details and stylish design. The Škoda Octavia LPG can run on gasoline or the more cost-effective LPG. CO_2 emissions have been reduced around twelve percent to 149 g/km.

The highlight of SEAT's trade fair stand was the presentation of the IBZ concept, which provided a glimpse of the SEAT Ibiza station wagon planned for 2010. The multifunctional vehicle with an appealing design combines comfort and spaciousness with the sportiness that is typical for SEAT. The ECOMOTIVE variants of the Leon* and Altea* models, which increased SEAT's range of low-emissions, economical cars to five, and the Leon CUPRA R* as the most powerful SEAT ever were other highlights from the Spanish brand.

Bentley presented its new flagship, the Mulsanne**. A sedan with a spacious and elegant interior filled with hand-crafted luxury, coupled with the high performance one would expect from a Bentley. Lamborghini revealed the Reventón Roadster for the first time. The open-top two-seater is one of the most superlative and exclusive sports cars in the world. With less than 20 units built, the Reventón Roadster will be a collector's item.

The international debut of the new generation of the Multivan and California drew the attention of visitors to Volkswagen's commercial vehicles stand. The chassis was designed in accordance with Volkswagen's design philosophy. The front in particular has been made even more confident. The bestseller has also made great technological advances. Thanks to common rail engines, seven-gear DSG and a range of support systems, it is more economical, comfortable and produces fewer emissions than ever before.

* Consumption and emission data can be found on page 18 of this report.

** Reliable consumption and emissions data are not yet available for these models.

Emissions and consumption data

Model	Output kW (hp)	Fuel consumption urban (l/100 km)	Fuel consumption interurban (l/100 km)	Fuel consumption combined (l/100 km)	CO_2 emissions combined (g/km)
Audi A4 3.0 TDI quattro clean diesel	176 (240)	8.7	5.5	6.7	175
Audi S5 Sportback 3.0 TFSI	245 (333)	13.8	7.3	9.7	224
SEAT Altea ECOMOTIVE	77 (105)	5.2	4.1	4.5	119
SEAT Leon CUPRA R	195 (265)	10.7	6.6	8.1	190
SEAT Leon ECOMOTIVE	77 (105)	4.6	3.2	3.8	99
Škoda Octavia LPG (autogas)	72 (98)	12.7	7.3	9.2	149
Škoda Octavia LPG (gasoline)	72 (98)	9.8	5.6	7.1	169
VW Golf Limousine BlueMotion	77 (105)	4.7	3.4	3.8	99
VW Golf R (6-gear DSG)	199 (270)	11.2	6.8	8.4	195
VW Golf R (6-gear manual)	199 (270)	11.8	6.7	8.5	199
VW Golf Variant BlueMotion Technology	77 (105)	5.2	3.6	4.2	109
VW Passat BlueMotion	77 (105)	5.4	3.8	4.4	114
VW Polo BlueMotion	55 (75)	4.0	2.9	3.3	87
Porsche Panamera S	294 (400)	18.8	8.9	12.5	293
Porsche Panamera S PDK	294 (400)	16.0	7.9	10.8	253
Porsche Panamera 4 S	294 (400)	16.4	8.1	11.1	260
Porsche Panamera Turbo	368 (500)	18.0	8.9	12.2	286
Porsche 911 Turbo	368 (500)	17.3	8.3	11.6	272
Porsche 911 Turbo PDK	368 (500)	17.0	8.1	11.4	268
Porsche 911 Turbo Cabriolet	368 (500)	17.5	8.3	11.7	275
Porsche 911 Turbo PDK Cabriolet	368 (500)	17.2	8.2	11.5	270

Outlook

As the effects of the global financial and economic crisis persist, the economic conditions around the world will remain difficult. Although forecasts suggest that the world economy has bottomed out and the economic trend in 2010 will be upward again, the recovery is expected to be at a low level.

The automotive markets in particular give little cause for optimism. Consumer uncertainty is likely to be noticeable for a long time on the world’s largest sales markets, with the exception of China. In Germany, the discontinuation of the state environmental bonus will have a negative impact on the market in 2010. The same applies to countries like France or Italy where the state subsidy measures are also coming to an end. The association of the German automobile industry forecasts that the world market will grow one to three percent in 2010. For the US, the association forecasts sales growth of ten percent, and for China twelve percent.

The Porsche subgroup expects sales to pick up in the course of 2010. The automotive manufacturer is basing this forecast on its attractive product portfolio and on the new model Panamera in particular. This fourth series from Porsche will ensure that the sales figures of Porsche will not only stabilize but will overall rise slightly again in the fiscal year 2009/10.

The four-month figures provide first signs of an upward trend. In the period from 1 August to 30 November 2009, the Porsche subgroup sold 18,764 vehicles. This is a decrease in sales compared to the prior-year of 25 percent after the drop of 39.6 percent suffered in the October sales figures. By 30 November the new Panamera had already sold a total of 4,792 vehicles.

With its nine brands and young model range, the Volkswagen subgroup is well prepared for the anticipated market developments. In the second quarter of the 2009/10 fiscal year, the various brands will present new, low-consumption models which will expand the product portfolio of the Volkswagen subgroup and cover new market segments. For this reason, although we assume that the Volkswagen subgroup will be unable to escape the downward trend in most markets, we believe that it will perform better than the market as a whole and will be able to gain additional market share during the crisis.

Due in particular to the weaker sales situation, the revenue of the Volkswagen subgroup for the year 2009 will be below the prior-year level. Rising refinancing costs and a negative shift in product mix will place an additional drain on earnings. Volkswagen will counter this trend in particular through disciplined cost and investment management and the continuous optimization of its processes. Ecological relevance and the rate of return on vehicle projects are the core elements of the “18 plus” strategy.

On the basis of business development in the first nine months of 2009, the Volkswagen subgroup continues to expect that earnings will not reach the level of prior years.

In the 2009/10 fiscal year, the earnings of the Porsche group will be heavily influenced by structural changes. The amendment to the articles of association approved at the extraordinary shareholders' meeting of Volkswagen AG regarding the right of the State of Lower Saxony to appoint two members of the supervisory board means that the Volkswagen subgroup can no longer be included by way of full consolidation. The substantial loss resulting from the deconsolidation will only partially be offset by the positive effect on earnings of the inclusion of Volkswagen AG as associated company. This loss will be further reduced by a counter-effect from the deconsolidation of the newly founded company Porsche Zwischenholding GmbH. The 49.9 percent shareholding assumed by Volkswagen AG in Porsche Zwischenholding GmbH meant that Porsche SE lost control over this company on 7 December 2009. On balance, these changes in the Porsche group will lead to a loss in the low single-digit billion euro range. A reliable forecast about the estimated revenue and profits of the Porsche group in the 2009/10 fiscal year is currently not possible due to the uncertainties in the economic environment and the effects of the structural changes described above.

Porsche group in figures

		2009/10 (Aug. – Oct.)	2008/09 (Aug. – Oct.)	Change (percent)
Revenue	€ billion	26.83	1.64	-
Unit sales (new cars)	Vehicles	1,619,768	18,862	-
Production	Vehicles	1,558,804	22,719	-
Employees (31 Oct. 2009 or 31 July 2009)		379,750	375,959	+1.0

Porsche group (without VW) in figures

		2009/10 (Aug. – Oct.)	2008/09 (Aug. – Oct.)	Change (percent)
Revenue	€ billion	1.14	1.64	– 30.5
Unit sales (new cars)	Vehicles	11,385	18,862	– 39.6
911		2,600	7,271	– 64.2
Boxster/Cayman		1,717	1,984	– 13.5
Cayenne		4,095	9,607	– 57.4
Panamera		2,973	0	
RS Spyder / Carrera GT		0	0	
Regions	Vehicles	11,385	18,862	– 39.6
Germany		1,544	2,330	– 33.7
North America		3,995	8,100	– 50.7
Rest of world		5,846	8,432	– 30.7
Production	Vehicles	20,009	22,719	– 11.9
911		4,197	8,225	– 49.0
Boxster/Cayman		2,447	2,311	+ 5.9
Cayenne		8,160	12,099	– 32.6
Panamera		5,205	84	> 100.0
RS Spyder / Carrera GT		0	0	
Employees (31 Oct. 2009 or 31 July 2009)		12,700	12,652	+ 0.4

Volkswagen subgroup in figures

		2009/10 * (July – Sept.)
Revenue	€ billion	25.96
Unit sales (new cars)	Vehicles	1,608,383
Volkswagen Passenger		891,335
Audi		285,044
Škoda		146,281
SEAT		76,638
Bentley		957
Volkswagen Commercial		69,048
Scania		9,023
VW China		378,871
Other**		- 248,814
Regions	Vehicles	1,608,383
Europe/Other markets		833,214
North America		113,342
South America		222,174
Asia/Pacific		439,653
Production	Vehicles	1,538,795
Volkswagen Passenger		1,019,082
Audi		220,781
Škoda		185,309
SEAT		70,400
Bentley		901
Lamborghini		370
Bugatti		12
Volkswagen Commercial		33,649
Scania		8,291

* The Volkswagen group has been included in the Porsche group since 5 January 2009.
** Elimination of intercompany deliveries