

PORSCHE SE

Annual Report

2012



Key figures

		2012 IFRS	2011 IFRS	2010 ¹ IFRS
Porsche SE group				
Total assets	€ million	31,211	32,965	29,666
Shareholders' equity ²	€ million	30,150	21,645	17,214
Investments accounted for at equity	€ million	27,517	28,008	24,258
Personnel expenses	€ million	14	14	11
Financial result	€ million	-30	-185	-104
Profit/loss before tax	€ million	7,861	28	639
Profit/loss for the year	€ million	7,829	59	1,286
Earnings per ordinary share ³	€	25.52	0.13	6.57
Earnings per preference share ³	€	25.53	0.14	6.58
Net liquidity	€ million	2,562	-1,522	-6,342
Employees on 31 December		29	31	36

		2012 HGB	2011 HGB	2010 ¹ HGB
Porsche SE				
Net profit	€ million	1,488	146	879
Dividend per ordinary share	€	4	0.754	0.00
Dividend per preference share	€	4	0.760	0.50

¹ Short fiscal year from 1 August 2010 to 31 December 2010

² 2010 and 2011 including hybrid capital

³ basic und diluted

⁴ A proposal of the appropriation of profit was not available for submission to the annual general meeting by the time the financial statements were authorized by the executive board.

Investments of Porsche SE

PORSCHE SE

Stake of ordinary shares

50.7 %

(Stake of total capital 32.2 %)

VOLKSWAGEN

AKTIENGESELLSCHAFT



Audi



SEAT



ŠKODA



BENTLEY



BUGATTI



LAMBORGHINI



PORSCHE



Commercial
Vehicles



SCANIA



VOLKSWAGEN FINANCIAL SERVICES

AKTIENGESELLSCHAFT



2012





e-hybrid

2012



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Concept study Porsche Panamera Sport Turismo

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To our shareholders



Letter to our shareholders

Dear shareholders,

2012 was a successful year for Porsche Automobil Holding SE (Porsche SE). As of 1 August 2012, our company contributed its remaining share in Porsche's operating business to Volkswagen AG. As a result, we achieved our major common goal: the integrated automotive group.

In return for the contribution, Porsche SE received one new ordinary Volkswagen share as well as a cash amount of some 4.5 billion euro from Volkswagen AG. Part of the cash received was used to repay liabilities to banks in full and as a result Porsche SE has reduced most of its debts. Overall, net liquidity improved considerably as of 31 December 2012 to 2.6 billion euro.

Porsche SE has therefore developed into a financially strong holding company and is today in an excellent position. As the anchor shareholder of Volkswagen AG, Porsche SE, and in the future our shareholders as well, will benefit from the integrated automotive group and in particular from the potential synergies arising from close Cooperation between Volkswagen AG and Dr. Ing. h.c. F. Porsche Aktiengesellschaft.

In the fiscal year 2012, our core investment, Volkswagen AG, developed outstandingly, completing the year with a record result thanks to its three profitable business areas passenger cars, commercial vehicles and power engineering, as well as its financial services. The Volkswagen group for the first time delivered more than nine million vehicles to customers. This result, the best in the company's history, confirms the success of the multibrand strategy and shows that Volkswagen is also ideally positioned worldwide. The vehicles of sports car manufacturer Porsche, which has been fully consolidated in the Volkswagen group since 1 August 2012, also sold better than ever before: at approximately 140,000, deliveries in 2012 are again significantly higher than the prior-year record, surpassing this figure by 18.7 percent.



Porsche SE is also looking back on a very successful fiscal year 2012. Overall, the company achieved a profit after tax of 7.8 billion euro at group level. In this context, Porsche SE particularly benefited from the profit from its investment accounted for at equity in Volkswagen AG, as well as from a non-recurring positive effect on earnings from the contribution of its holding business operations to Volkswagen AG. Moreover, Porsche SE significantly improved its financial results, in particular by repaying its liabilities to banks in full.

And you, our shareholders, should also benefit from the positive development of the company. This is why the dividend proposed for distribution for the fiscal year 2012 is higher than in the prior year. Executive board and supervisory board propose to the annual general meeting that a dividend of 2.010 euro per share be distributed to the holders of preference shares and a dividend of 2.004 euro per share to the holders of ordinary shares.

In addition, Porsche SE has very promising growth prospects. We intend to use the major portion of our net liquidity to acquire investments, focusing along the automotive value chain. We are currently analyzing and examining suitable investments. At the same time, we want to further enhance our internal competencies and bring select, highly qualified new employees on board. Our network of experts is also a key factor for a successful investment strategy. Specifically, we have excellent links to industry, banks and consultants, helping us secure decisive expertise.

As you see, we are wholeheartedly focusing our efforts on continuing Porsche SE's success path. And we continue to count on your trust and support.

A handwritten signature in blue ink that reads "Martin Winterkorn". The signature is fluid and cursive, with "Martin" on the left and "Winterkorn" on the right.

Prof. Dr. Martin Winterkorn

Company boards
of Porsche Automobil
Holding SE

Members of the supervisory board

Dr. Wolfgang Porsche

Diplomkaufmann
Chairman

Uwe Hück*

Deputy chairman
Deputy chairman of the SE works council
of Porsche Automobil Holding SE
Chairman of the general and group works council of
Dr. Ing. h.c. F. Porsche AG
Chairman of the works council
Zuffenhausen / Ludwigsburg

His Excellency Sheikh

Jassim bin Abdulaziz bin Jassim Al-Thani
Chairman of the boards of
Qatar Foundation International, USA
Qatar Foundation Endowment Executive
Committee,
Qatar National Broadband Network Company,
Qatar Small and Medium Enterprises Authority,
Doha, Qatar

Hansjörg Schmierer (since 23 January 2012)*

Manager of IG Metall trade union administration,
Stuttgart

Berthold Huber*

1st chairman of IG-Metall trade union

Prof. Dr. Ulrich Lehner

Member of the shareholders' committee
of Henkel AG & Co. KGaA

Peter Mosch*

Member of the SE works council
of Porsche Automobil Holding SE
Chairman of the AUDI AG general works council

Bernd Osterloh*

Chairman of the SE works council
of Porsche Automobil Holding SE
Chairman of the general and group works council
of Volkswagen AG

Hon.-Prof. Dr. techn. h.c. Ferdinand K. Piëch

Diplom-Ingenieur ETH

Dr. Hans Michel Piëch

Attorney at law

Dr. Ferdinand Oliver Porsche

Investment management

Werner Weresch*

Member of the SE works council of
Porsche Automobil Holding SE

Deputy chairman of the group works council and

member of the general works council of

Dr. Ing. h.c. F. Porsche AG

Member of the works council

Zuffenhausen / Ludwigsburg

Members of the executive board

Prof. Dr. Dr. h.c. mult. Martin Winterkorn
Diplom-Ingenieur

Chairman of the executive board
of Porsche Automobil Holding SE
Chief Executive Officer of Volkswagen AG
Member of the board of management of
Volkswagen AG
Corporate research and development

Matthias Müller
Diplom-Informatiker

Strategy and corporate development
Member of the executive board of
Porsche Automobil Holding SE
Chairman of the executive board of
Dr. Ing. h.c. F. Porsche AG

Hans Dieter Pötsch
Diplom-Wirtschaftsingenieur

Chief Financial Officer of
Porsche Automobil Holding SE
Member of the board of management of
Volkswagen AG
Finance and controlling

Philipp von Hagen (since 1 March 2012)
B.Sc. (Economics), M.Phil. (Economics)

Investment management
Member of the executive board of
Porsche Automobil Holding SE

Thomas Edig (until 29 February 2012)
Diplom-Betriebswirt (BA)

Commercial and administrative issues
Member of the executive board of
Porsche Automobil Holding SE
(until 29 February 2012)

Deputy chairman of the executive board of
Dr. Ing. h.c. F. Porsche AG



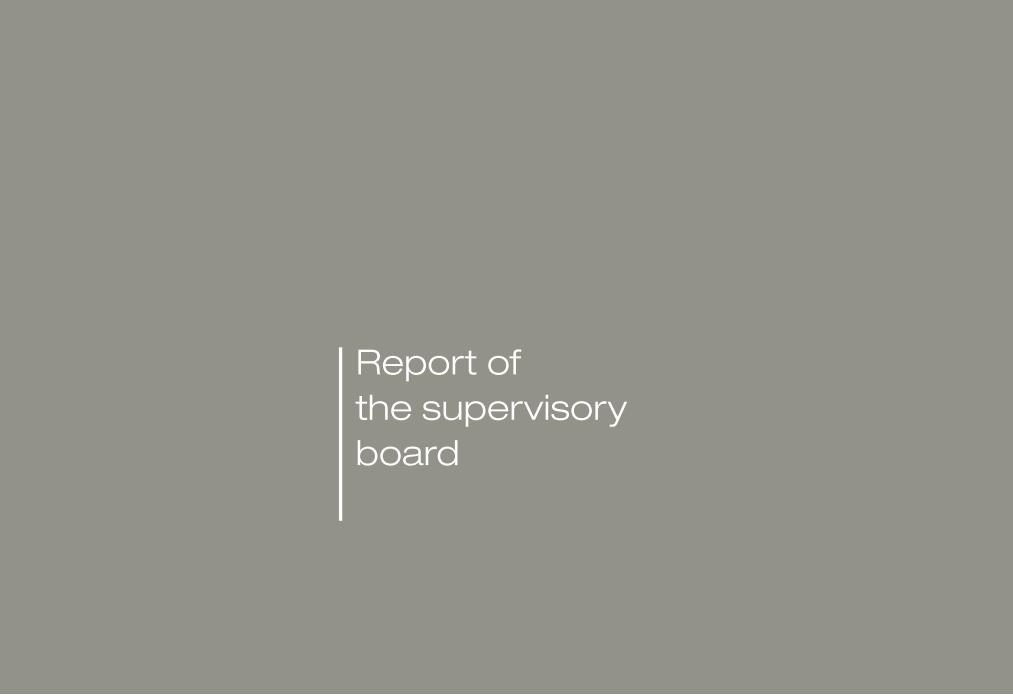
Philipp von Hagen
Investment management
Member of the executive board

Hans Dieter Pötsch
Finance
Member of the executive board



**Prof. Dr. Dr. h.c. mult.
Martin Winterkorn**
Chairman of the executive board

Matthias Müller
Strategy and
corporate development
Member of the executive board



Report of the supervisory board

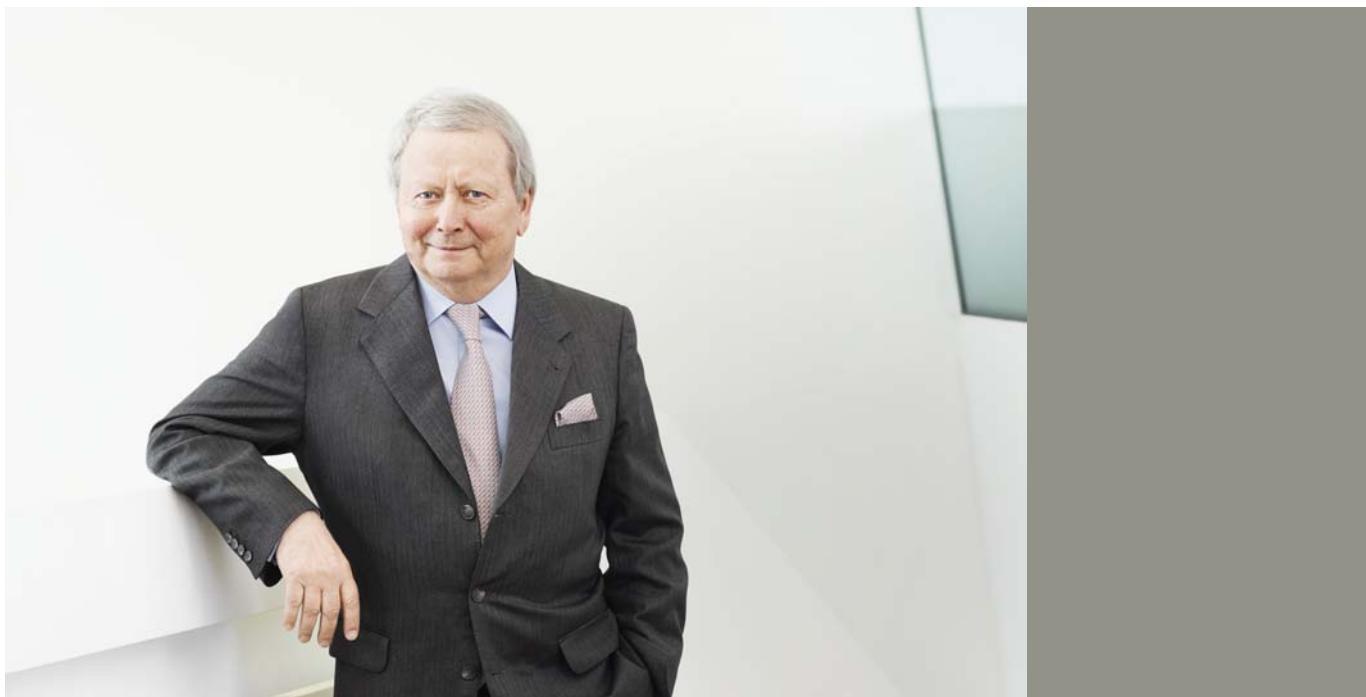
Ladies and gentlemen,

Porsche SE can look back on a very successful fiscal year 2012.

On 1 August 2012, Porsche SE contributed its operational holding business, including its 50.1 percent investment in Porsche's operating business, to Volkswagen AG, thereby creating the integrated automotive group. Porsche SE received one new ordinary Volkswagen AG share as well as cash of around 4.5 billion euro from the transaction. The cash inflow enabled Porsche SE's bank liabilities of 2 billion euro that existed at the time to be repaid in full. It is planned to use the majority of the net liquidity remaining thereafter for further strategic equity investments, focusing along the automotive value chain. Since the execution of the transaction, Porsche SE has become a financially strong holding company with attractive potential for increasing value added, with clear, sustainable structures and a solid outlook for the future. As the largest shareholder in Volkswagen AG, Porsche SE continues to hold the majority of the ordinary shares in the Wolfsburg-based automotive group and holds 32.2 percent of its share capital. Since the creation of the integrated automotive group, Dr. Ing. h.c. F. Porsche Aktiengesellschaft and Volkswagen AG have been able to leverage synergies in their operating business at an earlier stage and cooperate more easily. Porsche SE will also greatly benefit from this through its shareholding in Volkswagen AG.

Throughout the fiscal year the supervisory board discussed the economic situation as well as the net assets, results of operations, and liquidity situation of Porsche SE and its affiliated companies pursuant to Sec. 15 German Stock Corporation Act (AktG), and complied with the advisory and oversight functions imposed on it by law and the articles of association.

During the fiscal year, the supervisory board held four ordinary and two extraordinary meetings. If unable to attend meetings, the supervisory board members sometimes participated in the resolutions by casting votes in writing.



Cooperation between the supervisory board and the executive board

As part of its advisory and oversight functions, the supervisory board was kept informed throughout the fiscal year by means of written and verbal reports from the executive board and in joint meetings. The reporting dealt in particular with the situation of the company, business development and business policy, as well as development of the net assets, financial position, results of operations, and the liquidity situation. The supervisory board examined the main planning and reporting documents submitted to it and satisfied itself that these were correct and adequate. It reviewed and discussed all the reports and documents presented to the extent required and subjected them to a critical review. Between the individual meetings of the supervisory board, various members of the supervisory board held talks with members of the executive board. In the reporting year, the chairman of the supervisory board was also continually in contact with the executive board.

The supervisory board, both as a whole and via the integrated automotive group committee deployed by it, intensively reviewed the creation of the integrated automotive group and its effect on the company's net assets, financial position and results of operations. In addition, it examined other fundamental issues of corporate planning, in particular financial, liquidity, investment and human resources planning. After a thorough examination, the supervisory board approved all matters presented to it by the executive board for approval or passed resolutions in accordance with the co-determination agreement, the articles of association or the rules of procedure of the executive board. In the meetings of the whole supervisory board, such matters specifically included the voting behavior at the annual general meeting of Volkswagen AG regarding the exoneration of the management for the fiscal year 2011 and the election of members of the supervisory board, the voting behavior of Porsche Zwischenholding GmbH at the annual general meeting of Dr. Ing. h.c. F. Porsche Aktiengesellschaft regarding the exoneration of the management for the fiscal year 2011, the conclusion of a framework service agreement with Dr. Ing. h.c. F. Porsche Aktiengesellschaft, as well as the formation of a shelf company.

The supervisory board satisfied itself that the executive board duly conducted the company's business. This also applies to appropriate risk provisioning and compliance. The supervisory board monitored whether the executive board took the measures for which it is responsible pursuant to Sec. 91 (2) AktG and that the risk monitoring system prescribed therein works effectively.

Significant issues addressed by the supervisory board in the fiscal year 2012

At an extraordinary meeting on 27 February 2012, the supervisory board discussed the concept for the accelerated creation of the integrated automotive group by way of the contribution of Porsche's operating business to Volkswagen AG, the appointment of Mr. von Hagen as a member of the executive board of the company, the change to the remuneration structure of the executive board and its implementation.

At the following ordinary meeting on 9 March 2012, the supervisory board specifically discussed the separate financial statements and consolidated financial statements for the fiscal year 2011 and the status of the rescission proceedings relating to the resolution of the annual general meeting of 29 January 2010 regarding the exoneration of the supervisory board.

At another extraordinary meeting, held on 2 May 2012, the supervisory board discussed the agenda of the annual general meeting on 25 June 2012 and decided on its resolutions for proposal to the annual general meeting. In addition, the supervisory board resolved on the voting behavior of Porsche Zwischenholding GmbH at the annual general meeting of Dr. Ing. h.c. F. Porsche Aktiengesellschaft regarding the exoneration of the members of management for the fiscal year 2011.

At the second ordinary meeting on 25 June 2012, the supervisory board obtained information on the status of the review of the concept for the accelerated creation of the integrated automotive group by way of contributing Porsche's operating business to Volkswagen AG.

At the meeting of 4 October 2012, the supervisory board was informed about the meeting of the integrated automotive group committee on 4 July 2012 and the resolutions passed. At the meeting on 4 July 2012, the committee had approved the concept for the accelerated creation of the integrated automotive group by way of the contribution of Porsche's operating business to Volkswagen AG and the measures for implementing the concept. Moreover, the executive board reported on the status of the investment concept with which it is intended to use the majority of the existing net liquidity for strategic equity investments, focusing along the automotive value chain. In addition, the supervisory board obtained information on the status of the claim for damages before the New York State Supreme Court, the claim for damages before the American Federal Court, the claims for damages pending with the Regional Court of Braunschweig, and the status of the ongoing investigations and actions relating to former members of the executive board of the company. Finally, the supervisory board passed the declaration of compliance pursuant to Sec. 161 (1) AktG.

At the last meeting of the supervisory board in the fiscal year 2012, which took place on 6 December 2012, the executive board reported on the status of the investment concept and the status of the claim before the New York State Supreme Court and the claim before the American Federal Court. Furthermore, the executive board reported on a claim for damages that had been filed in England but not yet served on the company and on the action (filed at the Stuttgart Regional Court) for declaratory judgment that the alleged claim does not exist. In addition, the supervisory board obtained information on the progress of the main proceedings in the action in connection with the accusation of gaining credit by deception and the status of the investigations in connection with the allegations of information-based market manipulation and breach of fiduciary duty against former members of the executive board of the company. Finally, the supervisory board discussed the rescission proceedings relating to the resolution of the annual general meeting on 29 January 2010 regarding the exoneration of the supervisory board.

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Efficient work of the supervisory board committees

In the reporting period, the supervisory board set up a total of four committees, which effectively supported or support the work of the whole supervisory board and enhance efficiency. These are, on the one hand, permanent committees: the executive committee, the audit committee, and the nomination committee. In the fiscal year 2012, there was also the integrated automotive group committee, a temporary committee set up in the fiscal year 2011, which existed until 31 December 2012.

The committees prepare supervisory board resolutions as well as topics for discussion by the whole supervisory board. Moreover, the decision-making authority of the supervisory board has been transferred to individual committees to the extent permitted by law. This relates in particular to the integrated automotive group committee.

Executive committee

The executive committee decides in urgent cases about transactions requiring the approval of the supervisory board and about concluding, amending and canceling employment agreements of members of the executive board as well as decisions on remuneration levels or their reduction. In addition, the executive committee draws up a proposal for the individual amount of the variable remuneration for each completed fiscal year, taking into account the respective business and earnings situation and based on the specific performance of the individual member of the executive board. This proposal is submitted to the supervisory board of Porsche SE for decision.

The executive committee comprises the chairman of the supervisory board, his deputy and a shareholder representative and employee representative elected from the supervisory board. Besides supervisory board chairman Dr. Wolfgang Porsche and his deputy Mr. Uwe Hück, the members of the executive committee are Dr. Hans Michel Piëch as shareholder representative and Mr. Bernd Osterloh as employee representative. The executive committee met six times in the fiscal year 2012, in each case immediately before the supervisory board meetings. In addition to personnel matters pertaining to the executive board, such as the appointment of Mr. von Hagen as a member of the executive board and the change to the remuneration structure and its implementation, the respective agenda topics of the subsequent supervisory board meetings were addressed. The full supervisory board was regularly informed of the work of the executive committee.

It was not necessary to convene the mediation committee.

Audit committee

The audit committee provides the supervisory board with support for monitoring the company management with special focus on the accounting process, the effectiveness of the systems of internal control, compliance, risk management and the internal audit function and the independent audit of the financial statements.

The audit committee has four members: Prof. Dr. Ulrich Lehner (chairman) and Messrs. Uwe Hück, Bernd Osterloh and Dr. Ferdinand Oliver Porsche. It held four meetings and reported to the full supervisory board regularly on its work in the past fiscal year 2012.

At its meeting on 1 March 2012, the audit committee focused on the separate financial statements and consolidated financial statements for the fiscal year 2011, the combined management report, the current risk report and the recommendation for the election of the independent auditor for the fiscal year 2012. At the following meeting on 7 May 2012, the audit committee addressed the interim report for the first quarter of 2012 and the current risk report. The meeting of 27 July 2012 focused on the six-month financial report 2012, the accounting effects of the accelerated creation of the integrated automotive group and the status of litigation. At its final meeting in the fiscal year 2012 on 23 October 2012, the audit committee discussed the interim report for the third quarter of 2012, the compliance management status report and the current risk report.

Nomination committee

The nomination committee provides the supervisory board with recommendations for the supervisory board's proposals to the annual general meeting concerning the election of supervisory board members of the shareholders. The nomination committee consists of the supervisory board chairman, who is at the same time the chairman of the nomination committee, and three other shareholder representatives. The current members of the nomination committee are Dr. Wolfgang Porsche, who chairs the committee, and Prof. Dr. Ferdinand K. Piëch, Dr. Hans Michel Piëch and Dr. Ferdinand Oliver Porsche. The nomination committee did not meet in the fiscal year 2012.

Integrated automotive group committee

The integrated automotive group committee adopted resolutions on behalf of the supervisory board as a whole where required by law or otherwise conducive to the creation of an integrated automotive group. These competencies were transferred only to the extent that the resolution is not required by Sec. 107 (3) Sentence 3 AktG to be passed by the supervisory board as a whole. According to the provisions of the supervisory board resolution, resolutions in the integrated automotive group committee had to be passed unanimously. The committee was established until 31 December 2012 and therefore no longer exists.

In the fiscal year 2012, the integrated automotive group committee comprised the following members: Messrs. Dr. Wolfgang Porsche, Uwe Hück, Prof. Dr. Ulrich Lehner, Dr. Hans Michel Piëch, Hansjörg Schmierer (since 23 January 2012) and Werner Weresch. In the reporting period, the committee had five members until the court appointment of Mr. Hansjörg Schmierer as a member of the supervisory board by the Stuttgart Local Court on 23 January 2012, and six members following the appointment.

The committee met twice in the fiscal year 2012. At its meeting on 30 January 2012, the integrated automotive group committee obtained information on the ongoing review of the concept for the accelerated creation of the integrated automotive group by way of contributing Porsche's operating business to Volkswagen AG.

At the second and final meeting of the integrated automotive group committee, which was held on 4 July 2012, the committee intensively discussed the concept for the accelerated creation of the integrated automotive group. After receiving information from the executive board and reviewing the concept in detail, the committee resolved to approve the concept for the accelerated creation of the integrated automotive group by way of the contribution of Porsche's operating business to Volkswagen AG and the measures for implementing the concept.

Corporate governance

The supervisory board and executive board have repeatedly and intensively discussed the recommendations and suggestions of the German Corporate Governance Code, submitted the declaration of compliance in accordance with Sec. 161 AktG in October 2012 and made it permanently accessible to shareholders on the website www.porsche-se.com. The current declaration of compliance is reproduced in full in the Corporate Governance Report published together with the declaration of compliance on the company's website. The supervisory board reviewed the efficiency of its activities as part of its self-assessment.

Due to the influence of individual members of the supervisory board of Porsche SE on ordinary shareholders of Porsche SE or the fact that individual supervisory board members are also members of the supervisory boards of Porsche SE and Volkswagen AG or Dr. Ing. h.c. F. Porsche Aktiengesellschaft, conflicts of interest can arise for these supervisory board members in individual cases.

This was a key consideration in the setting up of the integrated automotive group committee to prepare and implement the concept for the accelerated creation of the integrated automotive group by way of contributing Porsche's operating business to Volkswagen AG. The integrated automotive group committee was staffed with four of six members for whom the possible conflicts of interests described above were precluded. The aim here was to further limit the effects of possible conflicts of interest for Dr. Wolfgang Porsche and committee member Dr. Hans Michel Piëch. Both abstained in the votes of the supervisory board of Volkswagen AG in connection with the creation of the integrated automotive group nor did they belong to the integrated automotive group committee of the supervisory board of Volkswagen AG, which was also set up to prepare and implement the concept for creating the integrated automotive group.

If there were specific conflicts of interest or if there were fears of such arising, the respective conflict of interest was disclosed to the supervisory board. In the past fiscal year, this pertained to the supervisory board's resolution approving the establishment of a GmbH as a preparatory measure for the accelerated creation of the integrated automotive group by way of contributing Porsche's operating business to Volkswagen AG. Messrs. Peter Mosch and Bernd Osterloh did not take part in these votes. The other members of the supervisory board, who are also members of the supervisory board of Volkswagen AG, i.e., Dr. Wolfgang Porsche, Prof. Dr. Ferdinand K. Piëch, Dr. Hans Michel Piëch and Dr. Ferdinand Oliver Porsche, participated in the votes on the establishment of a GmbH.

In the resolution on the voting behavior of Porsche Zwischenholding GmbH at the annual general meeting of Dr. Ing. h.c. F. Porsche Aktiengesellschaft regarding the individual exoneration of members of the supervisory board for the fiscal 2011, all the shareholder representatives voting individually on this resolution, who are also members of the supervisory board of Dr. Ing. h.c. F. Porsche Aktiengesellschaft, i.e., Dr. Wolfgang Porsche, Prof. Dr. Ferdinand K. Piëch, Dr. Hans Michel Piëch and Dr. Ferdinand Oliver Porsche, abstained in the resolution on the voting regarding their own exoneration.

In the resolution by circularization on the voting of the company at the annual general meeting of Volkswagen AG regarding the individual exoneration of members of the supervisory board for the fiscal 2011, all the shareholder representatives voting individually on this resolution, who are also members of the supervisory board of Volkswagen AG, i.e., Dr. Wolfgang Porsche, Prof. Dr. Ferdinand K. Piëch, Dr. Hans Michel Piëch and Dr. Ferdinand Oliver Porsche, abstained in the resolution on the voting regarding their own exoneration.

Audit of the separate financial statements and consolidated financial statements for the fiscal year 2012

The separate financial statements prepared by the executive board of Porsche SE and the consolidated financial statements for the fiscal year 2012, together with the bookkeeping system, and the combined management report, have been audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart. The auditors have not raised any objections and have confirmed this by rendering an unqualified audit opinion.

The earnings before tax of the Porsche SE group came to 7,861,189,815.56 euro in the fiscal year 2012. Profit after tax was 7,828,807,536.60 euro. The financial statements of Porsche SE disclose net income for the year of 1,488,360,948.51 euro and a net profit available for distribution of 744,180,474.26 euro.

The key areas of the audit of the financial statements specified by the supervisory board in conjunction with the audit committee were the implementation of the steps connected with the concept for the accelerated creation of the integrated automotive group by way of the contribution of Porsche's operating business to Volkswagen AG in the company's separate financial statements and consolidated financial statements as well as Porsche SE's recognition and measurement of the legal risks.

In accordance with Sec. 313 AktG, the audit of financial statements included a review of the executive board's report on relations with affiliated companies (Sec. 312 AktG).

Based on the findings of the audit, the independent auditor came to the conclusion that the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) German Commercial Code (HGB), and that the separate financial statements comply with requirements of German commercial law respectively, and that both sets of financial statements give a true and fair view of the net assets, financial position and results of operations of the group, and the company, respectively, in accordance with these requirements. Moreover, the auditor found that the combined management report is consistent with the separate financial statements and consolidated financial statements and as a whole provides a suitable view of the position of the company and the group and suitably presents the opportunities and risks of future development. Based on the assessment of the independent auditor, Porsche SE's early warning system for the detection of risk satisfies the legal requirements of Sec. 91 (2) AktG.

The separate financial statements of Porsche SE, the consolidated financial statements and the combined management report, on which Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, has rendered an unqualified audit opinion, as well as the audit reports of the auditors of the financial statements and the proposal of the executive board on the appropriation of net profit available for distribution were made available to the supervisory board for review.

At its meetings on 4 March 2013 and 8 March 2013, the audit committee had a discussion with the independent auditor on the separate financial statements, the consolidated financial statements and the combined management report as well as the implementation of the steps connected with the concept for the accelerated creation of the integrated automotive group by way of the contribution of Porsche's operating business to Volkswagen AG in the company's separate financial statements and consolidated financial statements as well as Porsche SE's recognition and measurement of the legal risks. It was the task

of the audit committee to check the appropriateness of the accounting and whether the legal requirements for the preparation of the separate and consolidated financial statements and the combined management report had been complied with and also whether the representations give a true and fair view of the net assets, financial position and results of operations of the company and of the group. Representatives of the auditor attended the meeting of the audit committee on the relevant point of the agenda and reported on the significant results of their audit of the separate and consolidated financial statements. In particular, the representatives of the auditors commented on the net assets, financial position and results of operations of Porsche SE and were available to the committee to provide any additional information. The proposal of the executive board on the appropriation of net profit available for distribution was discussed by the audit committee at its meeting of 13 March 2013.

The audit committee decided to recommend to the supervisory board to approve the separate and consolidated financial statements and to follow the proposal of the executive board on the appropriation of net profit available for distribution. A declaration of independence was obtained from the auditor in accordance with No. 7.2.1 of the German Corporate Governance Code. The audit committee also decided to recommend to the supervisory board to propose to the annual general meeting on 30 April 2013 to elect Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, as auditors.

In its meeting of 8 March 2013, the supervisory board conducted a detailed review and discussion of the documents presented pursuant to Art. 9 (1) c (ii) Council Regulation (EC) No. 2157/2001 and Sec. 170 (1) and (2) AktG as well as the audit reports of the auditors of the financial statements. The chairman of the audit committee gave a detailed report on the review of the separate financial statements, the consolidated financial statements and the combined management report in the audit committee. The supervisory board's review related in particular to the implementation of the steps connected with the concept for the accelerated creation of the integrated automotive group by way of the contribution of Porsche's operating business to Volkswagen AG in the company's separate financial statements and consolidated financial statements as well as Porsche SE's recognition and measurement of the legal risks. Representatives of the auditor attended the meeting of the supervisory board on the relevant point of the agenda and reported on the significant results of their audit of the separate and consolidated financial statements. In particular, the representatives of the auditors commented on the net assets, financial position and results of operations of Porsche SE and the group, and were available to the supervisory board to provide any additional information.

The supervisory board agrees with the audit findings of Ernst & Young GmbH Wirtschaftsprüfungs-gesellschaft, Stuttgart. Subsequent to its own reviews, the supervisory board has found that no objections can be raised. In accordance with the recommendation of the audit committee, the supervisory board has approved the separate financial statements and the consolidated financial statements for the fiscal year 2012. The separate financial statements are therewith ratified. The supervisory board has declared that it agrees with the combined management report. The supervisory board agrees to the proposal of the executive board on the appropriation of net profit available for distribution.

In accordance with, Art. 9 (1) c (ii) Council Regulation (EC) No. 2157/2012 and Sec. 312 AktG the executive board has prepared a report on related companies (dependent company report) for the fiscal year 2012. The auditors have audited the dependent company report and have rendered the following audit opinion:

"Based on our audit and assessment in accordance with professional standards, we confirm that

- (1) the factual statements made in the report are correct,
- (2) the payments made by the company in connection with transactions detailed in the report were not unreasonably high."

The dependent company report together with the audit report of the auditor of the financial statements were provided to the supervisory board in a timely manner. Both reports were discussed in detail at the meetings of the audit committee and the supervisory board on 4 and 8 March 2013 and checked in particular for completeness and correctness. Representatives of the auditors participated in these meetings, reported on the significant findings of the audit and were available to the audit committee and the supervisory board to provide additional information. The supervisory board concurred with the result of the auditors' review of the dependent company report. According to the concluding results of its own review, there were no objections with respect to the closing declaration of the executive board in the dependent company report.

Composition of the executive board and supervisory board

Mr. Thomas Edig laid down his office on the executive board with effect as of 29 February 2012. The supervisory board would like to thank Mr. Edig for his committed, entrepreneurial work. As his successor, Mr. Philipp von Hagen was appointed to the executive board of Porsche SE on 1 March 2012. Mr. von Hagen is responsible for the investment management function.

Hans Baur laid down his office as a member of the supervisory board of Porsche SE on 31 December 2011. As his successor, Mr. Hansjörg Schmiederer was appointed by the courts as a member of the supervisory board on 23 January 2012. The supervisory board would like to thank Mr. Baur for the good and trusting working relationship.

Thanks

The supervisory board expresses its gratitude to the executive board and all employees in acknowledgement of their outstanding work and unflagging commitment to the company in the past fiscal year.

Stuttgart, 13 March 2013

A handwritten signature in blue ink, appearing to read "Wolfgang Porsche".

Supervisory board
Dr. Wolfgang Porsche
Chairman

Corporate governance report



Responsible, transparent and efficient corporate governance is an integral part of Porsche Automobil Holding SE's corporate culture.

Declaration of compliance required by Sec. 289a German Commercial Code (HGB)

You can find the declaration of compliance required by Sec. 289a German Commercial Code (HGB) on our website at www.porsche-se.com/pho/en/investorrelations/declaration/.

Corporate statutes of Porsche Automobil Holding SE

The main legal basis for the corporate statutes of Porsche SE is formed by the European SE provisions and the German SE Implementation Act as well as the German Stock Corporations Act (AktG). The differences this leads to compared to the statutes of a stock corporation mainly pertain to the formation and composition of the supervisory board. The dual management system with a strict separation of executive board and supervisory board, the principle of parity co-determination in the supervisory board, as well as the co-administration and control rights of the shareholders in the annual general meeting are also parts of the current company statutes of Porsche SE.

Corporate management by the executive board

The executive board has sole responsibility for the management of Porsche SE and the Porsche group and represents the company in transactions with third parties. Its main tasks pertain to the strategy and management of the company as well as the implementation and monitoring of an efficient risk management system. The activity of the executive board is regulated in more detail in the rules of procedure issued by the supervisory board.

The executive board informs the supervisory board regularly, without delay and comprehensively about the planning, business development and the risk management of the company and consults with the supervisory board on the strategy of the company. Certain transactions stipulated in the articles of association of Porsche SE and the executive board's rules of procedure may only be carried out by the executive board subject to the prior approval of the supervisory board. These include the acquisition and sale of companies of a certain size, the establishment and closure of plants, the introduction or discontinuation of business divisions as well as transactions with holders of ordinary shares or supervisory board members of Porsche SE.



Corporate governance takes into consideration conflicts of interest that can arise from membership of two executive boards (at Porsche SE on the one hand, and at Volkswagen AG or Porsche AG on the other) and addresses these in the company's interest. For example, members of the executive board who are also members of the Volkswagen AG board of management do not participate in any resolutions concerning issues relating to Volkswagen AG.

In accordance with the provisions of the German Corporate Governance Code, the executive board ensures compliance with legal provisions and internal policies, and works toward ensuring they are taken into account. The task of Porsche SE's Chief Compliance Officer is to advise the executive board on all questions relating to compliance, to introduce preventive measures, manage these and monitor compliance with regulations. Compliance activities are based on a strategy aimed at prevention. The Chief Compliance Officer of Porsche SE reports directly to the chairman of the executive board.

Monitoring of management by the supervisory board

The supervisory board appoints the members of the executive board, and also advises and monitors the executive board in their managerial activi-

ties. The structure already ensures the fundamental independence of the supervisory board in its control of the executive board since a member of the supervisory board may not at the same time belong to the executive board and the competencies of the two bodies are strictly segregated.

The supervisory board is composed of twelve members. The size and composition of the supervisory board are governed by the European SE provisions. These are supplemented by the co-determination agreement entered into with representatives of the European Porsche employees. This defines the competencies of the employees in the works council of Porsche SE, the procedure for the election of the Porsche SE works council and the representation of the employees in the Porsche SE supervisory board as well as the relevant rulings in the articles of association. Shareholder and employee representatives are equally represented on the supervisory board of Porsche SE, following the basic principles of German co-determination law. None of the current members of the supervisory board is a former member of the executive board of Porsche SE or Porsche AG. The supervisory board is of the opinion that it has a sufficient number of independent members.

The supervisory board takes its decisions with a simple majority of votes cast by the participating supervisory board members. In the event of a tie,



the supervisory board chairman, who always has to be a member of the supervisory board elected by the shareholders, casts a deciding vote.

The supervisory board currently has four committees. Three of these are permanent: an executive committee, an audit committee and a nomination committee. In the fiscal year 2012, there was also the integrated automotive group committee, a temporary committee set up in the fiscal year 2011, which existed until 31 December 2012.

The executive committee functions as the personnel committee and decides in urgent cases on transactions requiring approval. The audit committee supports the supervisory board in monitoring the company's management and reviews the accounting process, the effectiveness of the internal control system, compliance system, risk management system and internal audit system, and the independent audit of the financial statements. The nomination committee provides the supervisory board with recommendations for the supervisory

board's proposals to the annual general meeting concerning the election of supervisory board members.

The integrated automotive group committee adopted resolutions on behalf of the supervisory board as a whole where required by law or otherwise conducive to the creation of an integrated automotive group. These competencies were transferred only to the extent that the resolution is not required by Sec. 107 (3) Sentence 3 AktG to be passed by the supervisory board as a whole. According to the provisions of the supervisory board resolution, resolutions in the integrated automotive group committee had to be passed unanimously. The committee was established until 31 December 2012 and therefore no longer exists.

Rights of the shareholders

Porsche SE's share capital is equally divided into ordinary shares and preference shares without voting rights. The shareholders exercise their rights

in the annual general meeting. When passing resolutions, each ordinary share of Porsche SE grants one vote. There are no shares with multiple or preferential voting rights, nor are there maximum voting rights. Every shareholder is entitled to take part in the annual general meeting, to express an opinion on items on the agenda, to table motions and to demand information about company matters if this is needed to properly judge an item on the agenda.

Among other things, the annual general meeting adopts resolutions on the exoneration of the executive board and the supervisory board, the appropriation of profits, capital measures and amendments to the articles of association.

The representatives of the shareholders on the supervisory board are elected by the annual general meeting. The following applies to the election of employee representatives on the supervisory board: The articles of association of Porsche SE provide for the appointment of employee representatives to the supervisory board by the annual general meeting, unless an agreement reached in accordance with the German Act on Employee Involvement in SEs (SEBG) provides for any other procedure for the appointment of employee representatives to the supervisory board. The latter is currently the case. The agreement on the involvement of employees at Porsche SE contains the provision that employee representatives are directly appointed to office following their election by the Porsche SE works council. Even if no such agreement had been made, the annual general meeting would be bound by the nominations of the employees when electing employee representatives.

Financial reporting and annual audit

The Porsche group's financial reporting is based on the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards

Board (IASB) as adapted by the European Union, and the additional requirements of German commercial law pursuant to Sec. 315a (1) German Commercial Code (HGB). The financial statements of Porsche SE as parent company of the Porsche group are based on the accounting provisions of the German Commercial Code. Both sets of financial statements are audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, as independent auditor. In addition, the underlying facts of the declaration of compliance in accordance with Sec. 161 (1) German Stock Corporation Act (AktG) are taken into account during the annual audit.

Risk management

The Porsche group has a group-wide risk management system which helps management to recognize major risks at an early stage, thus enabling them to initiate countermeasures in good time. The risk management system at the Porsche group is continuously tested for efficiency and continually optimized to reflect changed conditions. For details, please refer to pages 107ff. of this annual report.

Communication and transparency

Porsche attaches great importance to transparent communication and regularly keeps shareholders, financial analysts, shareholder associations, the media and the general public informed about the situation of the company and its business development. This information can be sourced at the website

www.porsche-se.com,

which contains all press releases and financial reports as well as the articles of association of Porsche SE and information about the annual general meeting.



Besides the regular reporting, Porsche announces details of circumstances that are not in the public domain in accordance with Sec. 15 German Securities Trading Act (WpHG) which, when they become known, could significantly impact on the share prices of the Porsche share. These ad hoc announcements are also presented on the homepage of Porsche Automobil Holding SE.

Directors' dealings

Pursuant to Sec. 15a German Securities Trading Act (WpHG), members of the executive board and supervisory board as well as other management personnel and persons closely related to them must disclose the purchase and sale of Porsche shares and related financial instruments. Porsche SE publishes such announcements about transactions of this kind on the Porsche homepage.

Declaration of compliance with the German Corporate Governance Code

The background

On 26 February 2002 the Federal German Government Commission on the Corporate Governance Code introduced a standard of good and responsible corporate governance for companies listed on the stock exchange. Pursuant to Sec. 161 (1) German Stock Corporation Act (AktG), the executive and supervisory boards of listed companies are obliged

to make an annual declaration of whether they have complied and are continuing to comply with the code, or which of the recommendations contained in the code have not been or are not applied, and why.

For the period from 5 October 2011 until 15 June 2012 the declaration below refers to the version of the code amended on 26 May 2010 and since 16 June 2012 to the version of the code amended on 15 May 2012, which was published in the Bundesanzeiger (German Federal Gazette) on 15 June 2012.

Text of the declaration of compliance pursuant to Sec. 161 (1) AktG of Porsche Automobil Holding SE (version of October 2012, which was valid as of the reporting date):

The executive board and supervisory board of Porsche Automobil Holding SE declare in accordance with Sec. 161 (1) AktG that the company has generally complied and does comply with the recommendations of the Government Commission on the German Corporate Governance Code announced by the Federal Ministry of Justice in the official part of the German Federal Gazette. However, the following recommendations have not been complied with nor will they be complied with in the future:

The recommendation on objectives regarding the composition of the supervisory board in No. 5.4.1 (2) and (3) in the version of 26 May 2010 has not been complied with. The supervisory board wel-

comes the intention of the code to define rules for the composition of supervisory boards and is committed to this goal. Notwithstanding this, the specification of concrete goals would not have been appropriate at that time as the integrated automotive group was to be created with Volkswagen AG before the next planned new elections of shareholder representatives to the supervisory board are due, if possible. In this case, questions regarding the composition of the supervisory board of the company could arise that are of a quite different character than at that time.

The recommendation on objectives regarding the composition of the supervisory board in No. 5.4.1 (2) and (3) in the version of 15 May 2012 has not been complied with nor will it be complied with in the future. The supervisory board supports a balanced composition of the board as defined by the recommendation in No. 5.4.1 (2) and (3) of the code. The supervisory board believes that the specification of concrete objectives continues to be inappropriate, as candidates are nominated in each individual case taking into consideration the male or female candidates available at the particular time. However, in the interests of the company, election recommendations will in particular take into consideration the possibility of increasing the degree of female representation, and the representation of independent members on the supervisory board that is appropriate in the opinion of the supervisory board.

As regards the recommendation in No. 5.4.1 (4) of the German Corporate Governance Code in the version of 15 May 2012 regarding the disclosure of certain matters in the supervisory board's election recommendations to the general meeting, the requirements of the Code are indefinite and their boundaries unclear. As a precautionary measure, the executive board and supervisory board therefore declare non-compliance with the Code in this point. This notwithstanding, the supervisory board will endeavor to meet the requirements of No. 5.4.1 (4).

The recommendation in No. 5.4.6 (2) of the German Corporate Governance Code in the version of 15 May 2012 regarding the orientation of supervisory board compensation toward sustainable growth has

not been complied with nor will it be complied with in the future. Taking into consideration the primarily supervisory function of the supervisory board, which, in the shared opinion of the executive board and the supervisory board, does not entail any risk with regard to the creation of short-term incentives, the executive board and supervisory board believe that the current performance-related compensation of the supervisory board members includes adequate sustainability components. However, in light of the indefinite nature of the recommendation in the Code and the as yet unclear scope of the requirement that variable compensation components be oriented toward sustainable growth, as a precautionary measure, the executive board and supervisory board declare non-compliance with No. 5.4.6 (2) of the Code.

The recommendation in No. 6.6 of the German Corporate Governance Code regarding disclosure of shares in the company held by executive board and supervisory board members, which remains unaffected by the change in the Code, has not been complied with nor will it be complied with in the future. Porsche Automobil Holding SE publishes voting rights notifications by our shareholders in accordance with the German Securities Trading Act (WpHG) as required by this law. Notifications concerning the purchase and sale of Porsche preference shares by members of the executive board and supervisory board in accordance with Sec. 15a German Securities Trading Act (WpHG) are published insofar as this is required by Sec. 15a German Securities Trading Act (WpHG). The shares in the company and related financial instruments held by members of the company's governing bodies have not been published in the past and will not be published in the future as we believe our complete compliance with statutory disclosure requirements provides the capital markets and our shareholders in particular with sufficient information.

Porsche Automobil Holding SE
Stuttgart, 8 March 2013

The supervisory board The executive board



Volkswagen XL 1

2

The company

Group management report and management report of Porsche Automobil Holding SE



Significant events

Porsche SE and Volkswagen AG create integrated automotive group

Porsche Automobil Holding SE (“Porsche SE” or “company”), Stuttgart, and Volkswagen Aktiengesellschaft, Wolfsburg, (“Volkswagen AG” or “VW”) achieved their shared goal of creating the integrated automotive group on 1 August 2012.

The executive board of Porsche SE and the board of management of Volkswagen AG, with the agreement of the competent bodies, approved the concept for the complete integration of Porsche’s operating business into the Volkswagen group (Volkswagen AG and its subsidiaries) on 4 July 2012. Implementing this concept, both companies concluded a contribution agreement on 12 July 2012. Porsche SE contributed its operating holding business to Volkswagen AG by way of singular succession with effect as of 1 August 2012 as part of a capital increase with a mixed non-cash contribution. In return, Volkswagen AG issued one new ordinary Volkswagen AG share, created by partly using an existing authorization, to Porsche SE and made a payment of 4.5 billion euro to Porsche SE.

The cash amount of 4.5 billion euro includes the base purchase price agreed upon in the basic agreement of 2009 and discounted to the fair value as of the date of the contribution for Porsche SE’s 50.1 percent share in Porsche’s operating business. In addition, the amount includes the fair value of the dividend payments from this investment that would have been due to Porsche SE until 2014. Economically, this means that Porsche SE was in the same position, as regards its 50.1 percent share in Porsche’s operating business, as it would be if Volkswagen exercised its call option in August 2014, as provided for in the basic agreement of 2009. The cash amount additionally includes, half of the additional net synergies made possible by the accelerated creation of the integrated automotive group, as well as the fair value of the other Porsche SE assets that were contributed to Volkswagen AG. To safeguard the transaction from a tax point of view, binding information was obtained from the competent tax authorities.

Before the contribution of the holding business operations on 1 August 2012, various restructuring measures were performed. From the point of view of the Porsche SE group, these mainly pertained to the merger of Porsche Zwischenholding GmbH, Stuttgart, into Porsche Zweite Zwischenholding GmbH, Stuttgart, (previously operating under the name Porsche Sechste Vermögensverwaltung GmbH, Stuttgart), which at that time was also held



by Porsche SE and Volkswagen AG, and – following completion of this merger – a resolution on an advance profit distribution from Porsche Zweite Zwischenholding GmbH being passed. Porsche Zweite Zwischenholding GmbH was renamed Porsche Holding Stuttgart GmbH, Stuttgart, on 24 October 2012 (hereinafter Porsche Holding Stuttgart GmbH, unless explicitly indicated).

As a result of contributing Porsche SE's holding business operations, the main items that were directly or indirectly transferred to Volkswagen AG were the investment in Porsche Holding Stuttgart GmbH (then still operating under the name Porsche Zweite Zwischenholding GmbH) and all of Porsche SE's other subsidiaries at the time of the contribution, the put and call options for Porsche SE's shares – after the merger and renaming – in Porsche Holding Stuttgart GmbH remaining up to the execution of the contribution, as well as receivables from and liabilities to companies belonging to the Porsche Holding Stuttgart GmbH group. This includes Porsche SE's proportionate net entitlement based on the resolution regarding the advance profit distribution of Porsche Holding Stuttgart GmbH as well as any future tax credits arising from this. In particular, the investment in Volkswagen AG was not transferred. The contribution transaction resulted in a one-time positive effect on earnings of 4.75 billion euro in the consolidated financial statements of Porsche SE.

Immediately following the contribution of the holding business operations, the equity investment in Volkswagen AG as well as income tax assets and cash and cash equivalents remained in Porsche SE's consolidated financial statements as significant assets. Immediately following the execution of the contribution, the liabilities and equity side of the consolidated financial statements essentially contained equity, provisions, liabilities to banks, a loan liability due to a former subsidiary of Porsche SE, which has been a subsidiary of Volkswagen AG since the contribution of the business operations, and other liabilities.

Due to the decision to contribute the holding business operations, accounting for the investment in Porsche Holding Stuttgart GmbH at equity in the consolidated financial statements of Porsche SE had to cease in July 2012, with the result that no further profit from investments accounted for at equity is attributable to Porsche SE from July 2012 from this investment. Following execution of the contribution, Porsche SE continues, however, to hold a share of 32.2 percent of Volkswagen AG's capital and will therefore participate indirectly and in proportion to its share in capital in the result of Porsche's operating business and benefit from the realization of the full synergy potential of the integrated automotive group in the future.



In addition, the contribution also has effects on the collateral concept agreed with the involvement of Porsche SE. Following execution of the contribution, the secondary lien of Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart, ("Porsche AG") on 70 million ordinary shares in Volkswagen AG belonging to Porsche SE and Bankhaus Metzler's corresponding tertiary lien on these ordinary shares were canceled.

Since the transaction was executed, Porsche SE has become a financially strong holding company with attractive potential for increasing value added, with clear, sustainable structures and a solid outlook for the future. Porsche AG and Volkswagen AG will be able to leverage synergies in their operating business at an earlier stage and cooperate more easily following execution of the transaction. Porsche SE, as the largest shareholder in Volkswagen AG, will also greatly benefit from this.

For further information on the effects of the transaction on the results of operations, net assets and financial position, on the opportunities and risks of the Porsche SE group and on its future development, please refer to the sections "Results of operations, financial position and net assets", "Opportunities and risks of future development" and "Forecast report and outlook" in this management report.

Following execution of the transaction, Porsche SE founded a wholly owned subsidiary, Porsche Beteiligung GmbH, Stuttgart, which was entered in the Stuttgart commercial register on 18 September 2012.

Expansion of structures for investment management

On the basis of the structures and processes in connection with the investment in Volkswagen AG which have been in place for several years, since August 2012 Porsche SE has gradually created the conditions in terms of organization and substance for the acquisition and management of new investments. To this end, clearly defined criteria and a systematic process have been created in order to identify and examine future investment opportunities.

Porsche SE's principal investment criteria are the connection of a future investment to the automotive value chain, and above-average growth potential based on macro 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.

Taking these criteria into account, Porsche SE's investment focus is on strategic investments in midsize companies in Germany and abroad with experienced management. The aim is to achieve a long-term increase in value. First potential investments opportunities have already been examined.

Repayment in full of liabilities to banks

Porsche SE repaid in full the syndicated loan of a nominal amount of 2.0 billion euro that was utilized at the time it contributed its holding business operations to Volkswagen AG, by using the cash inflow resulting from the execution of the contribution. Due to the applicable terms of the syndicated loan agreement of October 2011, the previously undrawn revolving credit line of 1.5 billion euro decreased to 1.0 billion euro as a result of the repayment. This credit line remains undrawn.

The primary lien on 70 million ordinary Volkswagen AG shares belonging to Porsche SE in favor of the syndicate of banks has not been utilized yet, but secures the possible future use of the revolving credit line by the company.

After repayment of the liabilities to banks in full, the cap on the amount of dividend distributions by Porsche SE to its shareholders contained in the syndicated loan agreement was canceled.

Changes to the supervisory board and executive board of Porsche SE

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

Mr. Thomas Edig left the executive board of Porsche SE effective as of 29 February 2012. He was the member of this Porsche SE board in charge of commercial and administrative issues. The supervisory board of Porsche SE approved the premature termination of his appointment to the executive board in its meeting on 27 February 2012. In June 2011, the Porsche AG supervisory board had appointed Mr. Thomas Edig as deputy chairman, board member for human resources and social issues, and labor director of Porsche AG for a further five years, effective as of 1 May 2012.

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

Extension of the appointment of Prof. Dr. Winterkorn and Mr. Pötsch

In its meeting of 9 March 2012, the supervisory board of Porsche SE extended the appointment of the Chief Executive Officer (CEO), Prof. Dr. Dr. h.c. mult. Martin Winterkorn, and the Chief Financial Officer (CFO), Mr. Hans Dieter Pötsch, by five years, effective from 25 November 2012. Both members of the executive board will perform their functions alongside their respective roles on the board of management of Volkswagen AG.

Significant developments relating to claims for alleged damages

In early March 2013, 12 plaintiffs, of the most recent total of 32 plaintiffs in the appellate proceeding, withdrew their appeal before the U.S. Court of Appeals for the Second Circuit with Porsche SE's consent. The effectiveness of the withdrawal of the appeal is subject to its acceptance by the court. The appellate proceeding concerning the remaining 20 plaintiffs remains unaffected by the withdrawal of the

appeal. Porsche SE continues to consider the actions to be inadmissible and the claims to be without merit. The original total of 46 plaintiffs brought action for damages against Porsche SE and against former members of the management board of Porsche SE and alleged damages of more than 2.5 billion US dollars in aggregate. The actions were dismissed in December 2010 in the first instance. 32 plaintiffs appealed that decision. For the twelve plaintiffs who have now withdrawn their appeal, the action for damages against Porsche SE that has been pending before the Regional Court of Braunschweig since the end of 2011, remains unaffected by the withdrawal of the appeal. In this action the plaintiffs last alleged an overall damage of about 1.8 billion euro, though it remained unclear to what extent the alleged damage was comprised of damage already asserted before the U.S. Court. Porsche SE considers the claim to be without merit. We refer to the corresponding reporting in the section "Subsequent events" in this management report.

Two claims for damages were filed with a New York State Court (court of first instance) on 18 February 2011 and 15 March 2011. In their complaints, the plaintiffs asserted claims for common law fraud and unjust enrichment on the basis of allegations similar to those made in their complaints before the United States District Court for the Southern District of New York. The plaintiffs claimed to have lost at least 1.4 billion US dollars. Porsche SE's motion to dismiss the complaints and for summary judgment was denied on 6 August 2012. Porsche SE appealed this decision to the New York Supreme Court Appellate Division for the First Department and also moved to stay discovery in New York State Court pending a decision on Porsche's appeal. Porsche's motion to stay discovery pending the appeal was granted on 9 October 2012 and on 27 December 2012 the New York Supreme Court Appellate Division for the First Department reversed the decision of the lower court and dismissed the complaints. Plaintiffs filed a motion to reargue or in the alternative leave to appeal on 10 January 2013. On 31 January 2013, the parties entered into a

stipulation under which Porsche SE agreed not to raise any statute-of-limitations defense against the plaintiffs' claims, provided these are filed before a court in Germany within 90 days and provided these claims were not already statute-barred when the plaintiffs first filed their actions in the USA. Irrespective of this, Porsche SE considers the claims filed to be without merit. Under the settlement, the plaintiffs withdrew their petition for a second hearing or, alternatively, an appeal. The parties consented to entry of a final judgment dismissing plaintiffs' complaints against Porsche SE in the New York State Court in their entirety. We refer to the corresponding reporting in the section "Subsequent events" in this management report.

In 2009, 2010 and 2011, market participants in Germany applied for conciliatory proceedings against Porsche SE and in part against Volkswagen AG with regard to the assertion of claims for damages on the basis of alleged breaches of statutory capital market regulations in connection with the acquisition of a shareholding in Volkswagen AG. Various market participants have filed further applications for conciliatory proceedings against Porsche SE based on the same claims; the company received these applications in January, February and November 2012. Some of the new applications are also directed against Volkswagen AG and in one case against Porsche AG. All of the claims alleged in conciliatory proceedings relate to alleged lost profits or alleged losses incurred estimated by the market participants to total approximately 3.3 billion euro. Porsche SE considers the allegations to be without merit and has not taken part in the conciliatory proceedings.

In January 2011, an individual filed a claim for damages against Porsche SE and another defendant in the amount of approximately 3 million euro. The plaintiff claimed to have entered into options relating to shares in Volkswagen AG in 2008 on the basis of inaccurate information and the omission of information as well as market manipulation by Porsche SE and to have incurred losses from these options due to the share price development in

2008 in the amount claimed. On 27 June 2012 a hearing took place. By decision of 19 September 2012 the Regional Court of Braunschweig dismissed the claim. The plaintiff did not appeal the judgment. Thus, the judgment has become final and binding.

In December 2011, a market participant filed an action against Porsche SE at the Regional Court of Braunschweig and asserted claims for damages against the company in the total amount of some 1.5 million euro, based on allegations of market manipulation in connection with the acquisition of a shareholding in Volkswagen AG in 2008. The plaintiff based the alleged damage on alleged losses incurred due to a total of 205 investment decisions (comprising purchases and sales of VW ordinary shares) on 27 October 2008. On 27 June 2012 a hearing took place. By decision of 19 September 2012 the Regional Court of Braunschweig dismissed the claim. The plaintiff did not appeal the judgment. Thus, the judgment has become final and binding.

In September 2012, a further company filed an action against Porsche SE in the amount of approximately 213 million euro with the Regional Court of Braunschweig. The action comprises alleged own and assigned claims. The claims were asserted before out-of-court and in conciliatory proceedings. 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 2008 in the amount claimed. Porsche SE considers the alleged claims to be without merit and has responded by filing a motion to dismiss. A trial date for hearing the case has been set for 30 October 2013.

On 28 February 2012, an investment fund asserted an out-of-court claim for alleged damages in the amount of some 195 million US dollars and announced that it intended to file the alleged claim before a court in England. In the letter of claim, it

is alleged that, in connection with its acquisition of a stake in Volkswagen AG during 2008, Porsche SE made false and misleading statements. Porsche SE considers the claim to be without merit and therefore on 7 June 2012 filed an action for declaratory judgment with the Regional Court of Stuttgart that the alleged claim does not exist. A trial date for hearing the case has not been scheduled yet. On 18 June 2012, the investment fund filed an action against Porsche SE with the Commercial Court in England. The claim form was transmitted to Porsche SE on 28 November 2012. Porsche SE has moved for a stay of the proceedings with the Commercial Court in England, due to the earlier referral to the Regional Court of Stuttgart.

For further explanations of the litigation described above, other damage claims asserted, and the investigations of the Stuttgart public prosecutor relating to other proceedings regarding shareholders' actions, we refer to the subsection "Litigation risk" in the risk report of Porsche SE of this management report. Porsche SE considers all the damages claims asserted in the USA and England to be legally insufficient and without merit and all the damages claims asserted in Germany to be without merit and will defend itself against them.

Significant events at the Porsche Holding Stuttgart GmbH group

The events presented below relate to the period from 1 January to 31 July 2012. Since 1 August 2012, 100 percent of the shares in Porsche Holding Stuttgart GmbH have been held by Volkswagen AG. Events since this date are therefore presented in the subsection "Significant events at the Volkswagen group" in this section of the management report.

Changes to the supervisory board of Porsche AG

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

Test facilities in Italy taken over

Porsche Engineering Group GmbH took over responsibility for the Nardò Technical Center s.r.l. automobile test facilities in Apulia, southern Italy, from Prototipo SpA in May 2012. Covering an area of more than 700 hectares, the test ground includes a handling circuit and an oval circuit as well as facilities for simulating different road surfaces and weather conditions. The engineering services subsidiary of Porsche AG intends to further optimize the test facilities and make these available to clients for testing and trial purposes.

Porsche AG issues debenture bond

The Porsche AG group (Porsche AG and its subsidiaries) called a high-yield 1.0 billion US dollars hybrid bond in June 2012. Repayment was made on 1 August 2012. The repayment amount will be refinanced by, among other things, all cash inflows from a debenture bond of 500 million euro issued by Porsche AG in July 2012. This further reduces Porsche AG's interest expenses.

Significant events at the Volkswagen group

Structural and management changes at the Volkswagen group

The Volkswagen group is implementing extensive restructuring at an organizational and management level in response to the increased demands following the strong growth seen in recent years. A new China board of management function was created, underpinning the growing significance of the larg-

est sales market in the world. Prof. Dr. Jochem Heizmann, the member of the group board of management responsible for commercial vehicles, took on responsibility for the new function. Dr. Leif Östling, Chief Executive Officer of Scania until 31 August 2012, assumes responsibility for the commercial vehicles function on the board of management. In this context, the Volkswagen commercial vehicles brand will become part of the group's commercial vehicles business area going forward. Dr. Georg Pachta-Reyhofen, speaker for the executive board of MAN SE, took on additional responsibility for group-wide coordination of the industrial engines business as a member of the executive committee of the Volkswagen group. Other important changes were also made at brand level. All of the new positions were filled internally, including the appointment of three female senior managers to the brand boards of management. The extensive realignment gives the group additional momentum on the road to achieving its Strategy 2018 objectives.

Share of voting rights in MAN SE increased

Effective 6 June 2012, Volkswagen increased its share of voting rights in MAN SE, Munich, to 75.03 percent, thus strengthening the alliance between MAN, Scania and Volkswagen Commercial Vehicles. MAN will continue to operate its business in the Volkswagen group, while maintaining its brand-specific characteristics and business fields.

Audi acquires motorcycle manufacturer Ducati

As of 19 July 2012, the Volkswagen group acquired 100 percent of the voting rights of motorcycle manufacturer Ducati Motor Holding S.p.A., Bologna, Italy, ("Ducati") against payment of a purchase price of 747 million euro, via Automobili Lamborghini S.p.A., Sant'Agata Bolognese, Italy, a subsidiary of AUDI AG. The acquisition of Ducati – a leading international manufacturer of premium motorcycles with extensive expertise in high-performance engines and lightweight construction – has seen the group move into the growth market for high-quality motorcycles.

2

New group locations

The Volkswagen group opened a new vehicle plant in Yizheng in the Chinese province of Jiangsu ahead of schedule at the end of July 2012. The production facilities have an annual production capacity of around 300,000 vehicles and include a press shop, body shell production, paint shop and final assembly. It is one of the Volkswagen group's most environmentally friendly plants. Production began with the Volkswagen Polo, which will be joined by ŠKODA models in a next step.

The Volkswagen group added a new location to its Chinese production network, laying the foundation for a new gearbox plant in the Chinese city of Tianjin. The 450,000-unit capacity plant is scheduled to start production in 2014. This is expected to create over 1,500 new jobs.

As part of its growth strategy, the Volkswagen group is also increasing its production capacity in Russia. The contracts for a new engine plant to be built close to Volkswagen's Kaluga location were signed at the end of August. Designed to have an annual capacity of 150,000 engines, the plant is expected to commence production in 2015.

At the beginning of September, the Audi brand announced plans to build a new production facility in the Americas in the central Mexican city of San José Chiapa. 150,000 units of the successor to the Audi Q5 are to be produced there every year from 2016. Construction will begin in mid-2013.

In August, the Volkswagen group of America opened a state-of-the-art research and development center in California. Drives and vehicles from several group brands will be tested and optimized here from fall 2012 before going into production. A central part of the 6,000 m² facility is the climate-controlled emissions lab where vehicles can be tested for exhaust emissions and performance at temperatures of down to minus 35°C.

Volkswagen Osnabrück starts production of Porsche Boxster

The first Porsche Boxster to be produced in Lower Saxony rolled off the production line at Volkswagen's Osnabrück plant on 19 September 2012 in the presence of Prof. Dr. Martin Winterkorn, chairman of the board of management of Volkswagen AG, David McAllister, former Minister President of the Federal State of Lower Saxony and Matthias Müller, Chairman of the executive board of Porsche AG. Porsche manufactures the new Boxster together with the Porsche 911 at its main production facility in Stuttgart-Zuffenhausen. The decision to start production at Osnabrück was made as current capacity at Porsche's main plant is no longer sufficient. The Osnabrück plant is the competence center for convertible and small series production within the Volkswagen group.



2



Business development

Mixed picture in automotive market in difficult macroeconomic environment

The global economy grew less strongly in the reporting year 2012 than in the prior year. According to information from the International Monetary Fund (IMF), the increase in economic performance was 3.2 percent, down 0.7 percent on the figure for 2011. The global economy was weakened in particular by the sovereign debt crisis in Europe, which caused the recession there to continue, as well as by the uncertainty regarding the future fiscal policy of the USA. Despite the difficult environment for foreign trade, Germany bore up well and increased its exports compared with the prior year. On the whole, however, German economic growth fell, from three percent in 2011 to 0.9 in the reporting period. China's exports decreased due to lower demand and overall economic growth also fell in the world's second largest trading nation from 9.3 percent in the prior year to 7.8 percent in 2012. The USA benefited from factors including robust domestic consumer spending and the largest economy in the world escaped the downturn in 2012, with an increase in economic growth of half a percentage point to 2.3 percent.

Overall, the global automobile market presented a mixed picture in 2012. The number of new passenger vehicle registrations worldwide rose by 4 percent from 65.4 million in 2011 to just over 68 million vehicles. The markets in the USA, China, Brazil, India and Russia again reported stable growth. With 4.6 million vehicles, Japan recorded an increase of around 30 percent, the highest number of new registrations for 6 years, as the German Association of the Automobile Industry (VDA) announced. In China, growth came to around 8 percent, with 13.2 million new registrations. The US market grew by more than 13 percent and saw sales of 14.4 million new passenger vehicles and light trucks. In Russia, sales grew by almost 11 percent to 2.9 million vehicles, Brazil

achieved an increase of 6 percent to 3.6 million units, and India saw an increase of around 10 percent compared with 2011 to 2.8 million new registrations.

Western Europe saw a considerable drop in new vehicle sales. Unit sales fell overall by 8 percent to 11.7 million vehicles. The British market fought against this negative trend: around two million new vehicles being sold in the UK, an increase of more than five percent. Germany saw a drop in new registrations of some three percent in 2012. 3.1 million vehicles were sold during this period.

The following statements on sales, production, financial services and employees take into account the operational developments of the Volkswagen group and – until the contribution of the holding business operations of Porsche SE to Volkswagen AG, effective 1 August 2012 – of the Porsche Holding Stuttgart GmbH group. The connections to the Porsche SE group (Porsche SE and its subsidiary) are not taken into account. For the business development of Porsche SE, please refer to the sections “Significant events” and “Results of operations, financial position and net assets” in this management report. The employee information includes figures for the Porsche SE group.

Business development of the Porsche Holding Stuttgart GmbH group

Due to the contribution of the holding business operations of Porsche SE to Volkswagen AG as of 1 August 2012, the following disclosures comprise only the period from 1 January to 31 July 2012. From this date, sales and production figures are contained in the disclosures on the Volkswagen group. The comparative period from 1 January to 31 December 2011, however, comprises 12 months.

In the period from 1 January to 31 July 2012, the Porsche Holding Stuttgart GmbH group sold 81,370 vehicles. In the comparative period from 1 January to 31 December 2011, 116,978 vehicles were sold.

Between 1 January and 31 July 2012, 88,315 vehicles were produced, compared with 127,793 in the 12-month comparative prior-year period.

Business development of the Volkswagen group

Unit sales

In the period from 1 January to 31 December 2012, the Volkswagen group sold a total of 9,344,559 vehicles. Sales are therefore 11.8 percent higher than in the comparative prior-year period. 4,849,824 of the vehicles sold around the globe in this period were from the Volkswagen passenger car brand (prior year: 4,450,270 out of a total of 8,361,294 vehicles sold). There was strong demand in particular for the Touareg, Tiguan, Golf Cabriolet and Fox models, as well as for the US version of the Passat. The new Golf, up! and Beetle models also met with a positive market reception.

The Audi brand sold 1,298,778 vehicles in the period from 1 January to 31 December 2012 (prior year: 1,543,497 vehicles); furthermore, the Chinese joint venture FAW-Volkswagen sold around 329 thousand additional Audi vehicles. The Audi A6, Audi A5 Sportback, Audi A8, Audi Q5 and Audi Q7 models were the main growth drivers. The new Audi A1 Sportback and Audi Q3 models were also highly popular. The figures for the Lamborghini brand are included in the key figures for the Audi brand.

The ŠKODA brand sold 726,576 vehicles in the reporting period, an increase of 5.2 percent on the prior year. Growth in demand was particularly high for the Citigo and Yeti models, as well as for the Rapid in India.

In the fiscal year 2012, unit sales of the SEAT brand came to 429,445 vehicles (up 18.8 percent). This includes the Q3 manufactured for Audi.

The Bentley brand sold 9,186 vehicles in the first half of 2012 (up 24.1 percent). The Continental GT and Mulsanne were particularly successful.

The figures for the Porsche brand were included for the first time in the data for the Volkswagen

group from August to December 2012. The brand recorded unit sales of 61,726 vehicles.

From 1 January to 31 December 2012, Volkswagen commercial vehicles sold 437,174 vehicles, a year-on-year decrease of 0.8 percent. The Amarok was particularly popular, while demand for the Crafter and Multivan/Transporter series also increased. Scania brand unit sales were down 15.9 percent in the reporting period to 67,401 vehicles. Between January and December 2012, the MAN brand sold 134,241 vehicles.

The Chinese joint venture entities contributed a total of 2,608,896 vehicles to unit sales (up 18.5 percent). The elimination of intercompany deliveries within the Volkswagen group accounts for 1,278,688 vehicles.

Regional differences

Over the period from 1 January to 31 December 2012, the Volkswagen group sold 4,179,349 vehicles in the Europe/Other markets region, 2.8 up on the level of the corresponding prior-year period in which 4,065,952 vehicles were sold. In the North American market, unit sales of 896,171 thousand vehicles by the group were 32.2 percent above the prior-year figure. Unit sales in South America increased by 13.9 percent in comparison to the prior year, coming to 1,074,633 vehicles. In the Asia-Pacific region, demand for the group's models remained consistently high. Including the joint ventures in China, the Volkswagen group sold 3,194,406 vehicles over the period from 1 January to 31 December 2012, up 19.5 percent on fiscal year 2011.

Production

The Volkswagen group produced 9,255,384 vehicles over the period from 1 January to 31 December 2012, after 8,494,280 vehicles in the prior year.



As of 31 December 2012, global vehicle inventories at group companies and in the dealer organizations were higher than a year earlier.

Financial services in demand

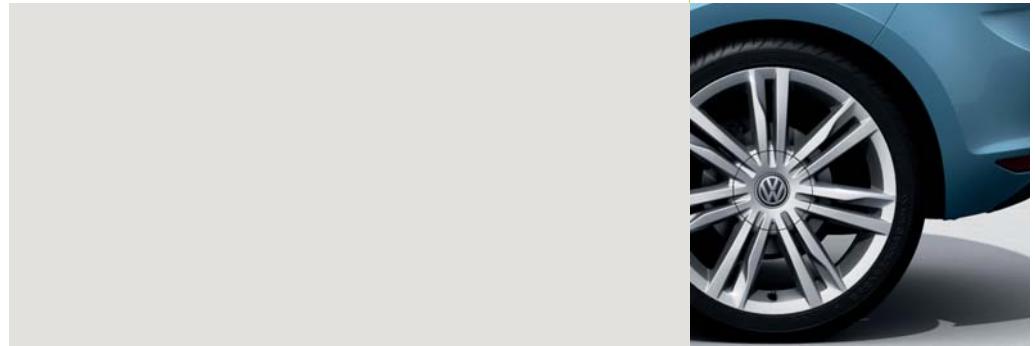
Volkswagen Financial Services' portfolio of services covers dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility offerings. Volkswagen Financial Services AG coordinates the global financial services activities of the Volkswagen group, with the exception of the Scania, MAN and Porsche brands and the financial services business of Porsche Holding Salzburg. The principal companies in this division in Europe are Volkswagen Bank GmbH, Volkswagen Leasing GmbH and Volkswagen Versicherungs-dienst GmbH. Financial Services activities in North America are performed by VW CREDIT, INC.

Volkswagen Leasing GmbH acquired the dealer-owned rental company Euromobil on 1 January 2012. The acquisition expanded Volkswagen Financial Services AG's mobility offering to include the classic short-term car rental business.

The number of new finance, leasing and service/insurance contracts signed in fiscal 2012 amounted to 3.8 million, a 21.0 percent increase on the prior-year figure. The number of contracts in the Customer Financing/Leasing area was up 14.5 percent on the previous year to 6.4 million as

of 31 December 2012. The number of contracts in the Service/Insurance area rose to 3.3 million, up 21.9 percent on the previous year. The total number of contracts reached a new record of 9.6 million (up 16.9 percent). Based on unchanged credit eligibility criteria, the share of financed or leased vehicles was 27.5 percent (36.3 percent) of total group delivery volumes. This decline was due to the inclusion of the Chinese market since the beginning of 2012. In China, the share of leased or financed vehicles is significantly below the average in other automotive markets. Volkswagen Bank direkt was managing 1,438 thousand accounts at the end of the reporting period (prior year: 1,442 thousand).

The number of contracts in the Volkswagen group's fleet management business at the end of 2012 was up 1.5 percent on year-end 2011; the Volkswagen group's joint venture LeasePlan Corporation N.V. managed around 1.4 million vehicles.



Employees

As of 31 December 2012, the Porsche SE group had 29 employees (31 December 2011: 31 employees).

The Volkswagen group employed 549,763 people as of 31 December 2012. This was 9.5 percent more than as of 31 December 2011 (501,956). This increase is primarily due to the full consolidation of Porsche and Ducati in the course of the reporting year, in addition to the expansion of production volume abroad. There were 249,470 employees in Germany. This is equivalent to 45.4 percent of the total headcount.

Capital market

2012 was largely characterized by a solid capital market environment. The cooling of the European sovereign debt crisis during the course of the year and the effect of monetary measures of the central banks resulted in a marked recovery of the stock market in comparison to the prior-year period. The German share index DAX ended 2012 at 7,612 points, up 29 percent compared to the end of the prior year. The Composite DAX (CDAX), a key index of all shares listed in the Prime and General Standard segments of the Frankfurt Stock Exchange, developed equally positively during the comparative period and also saw an increase of around 29 percent from 521 to 673 points.

The price of Porsche SE's preference share followed the general upward trend, but saw more dynamic development than the overall market in the second half of the reporting period. The share closed 2012 at a price of 61.70 euro, a high for the year. This corresponds to a price increase of 49 percent in 2012.

Implementation of the requirements of the German Corporate Governance Code

In accordance with the declaration of compliance from October 2012, Porsche SE complies with the recommendations of the German Corporate Governance Code with the following exceptions.

The recommendation on objectives regarding the composition of the supervisory board in No. 5.4.1 (2) and (3) has not been complied with nor will it be complied with in the future. The supervisory board supports a balanced composition of the board as defined by the recommendation in No. 5.4.1 (2) and (3) of the code. The supervisory board believes that the specification of concrete objectives is inappropriate, as candidates are nominated in each individual case taking into consideration the male or female candidates available at the particular time. However, in the interests of the company, election recommendations will in particular take into

consideration the possibility of increasing the degree of female representation, and the representation of independent members on the supervisory board that is appropriate in the opinion of the supervisory board.

As regards the recommendation in No. 5.4.1 (4) of the German Corporate Governance Code regarding the disclosure of certain matters in the supervisory board's election recommendations to the general meeting, the requirements of the Code are indefinite and their boundaries unclear. As a precautionary measure, the executive board and supervisory board have therefore declared non-compliance with the Code in this point. Notwithstanding this, the supervisory board will endeavor to meet the requirements of No. 5.4.1 (4).

The recommendation in No. 5.4.6 (2) of the German Corporate Governance Code regarding the orientation of supervisory board compensation toward sustainability has not been complied with nor will it be complied with in the future. Taking into consideration the primarily supervisory function of the supervisory board, which, in the shared opinion of the executive board and the supervisory board, does not entail any risk with regard to the creation of short-term incentives, the executive board and supervisory board believe that the current performance-related compensation of the supervisory board members includes adequate sustainability components. However, in light of the indefinite nature of the recommendation in the Code and the as yet unclear scope of the requirement that variable compensation components be oriented toward sustainable corporate development, as a precautionary measure, the executive board and supervisory board declare non-compliance with No. 5.4.6 (2) of the Code.

The recommendation in No. 6.6 of the German Corporate Government Code regarding disclosure of shares in the company held by executive board and supervisory board members has not been complied with nor will it be complied with in the future. This is because the disclosure obligations,

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which have been complied with in full, are sufficient to provide the capital market and Porsche SE's shareholders with adequate information.

Publication of the declaration of compliance

Porsche SE has issued the declaration of compliance as required by Sec. 289a German Commercial Code (HGB). It can be viewed under www.porsche-se.com/pho/en/investorrelations/declaration/.

Annual general meeting of Porsche SE

Around 4,200 shareholders attended the annual general meeting of Porsche SE held on 25 June 2012 at the Stuttgart trade fair center. The dividend approved for fiscal year 2011 amounts to 76 cents per share to holders of preference shares and 75.4 cents per share for holders of ordinary shares.

At this annual general meeting, it was also decided to amend Art. 2 of the articles of association of Porsche SE – and thus the business purpose of the company.

The background to the decision to amend the articles of association is that, following repayment of the existing bank loans in full, most of the cash that Porsche SE receives from the creation of the integrated automotive group with Volkswagen is to be used for strategic investments along the automotive value chain. The amendment of Porsche SE's articles of association will ensure adequate room to maneuver in the future. The amendment to the articles of association was entered in the commercial register on 23 July 2012 and is therefore effective.

Shareholder composition

Since the capital increase in April 2011, Porsche SE's subscribed capital has comprised 153,125,000 ordinary shares and 153,125,000 non-voting preference shares, each share representing a 1 euro nominal value of the subscribed capital. Until the end of the fiscal year 2008/09, the ordinary shares had

been held indirectly only by members of the Porsche and Piëch families. Since August 2009, Qatar Holding LLC, Doha, Qatar, has indirectly held ten percent of the ordinary shares of Porsche SE.

More than half of the preference shares are held by institutional investors, primarily in the USA, UK and Germany. The remaining free float preference shares are mainly held by private investors in Germany. The holders of ordinary shares of Porsche SE also own Porsche SE preference shares.

Indices

The major international indices in which the share of Porsche SE is represented include the EURO STOXX Index, the MSCI Euro Index and the Dow Jones Automobile & Parts Titans 30 Index.

Results of operations, financial position and net assets

Porsche SE contributed its holding business operations, in particular its 50.1 percent investment in Porsche Holding Stuttgart GmbH (formerly operating under the name Porsche Zweite Zwischenholding GmbH), to Volkswagen AG with effect as of 1 August 2012. Volkswagen AG now directly holds 100 percent of the shares in Porsche Holding Stuttgart GmbH and thus now indirectly holds 100 percent of the shares in Porsche AG.

Results of operations

In the period from 1 January to 31 December 2012, the Porsche SE group generated a profit after tax of 7,829 million euro (prior year: 59 million euro), which was significantly influenced by the contribution of the operating holding business of Porsche SE to Volkswagen AG. The contribution transaction resulted in a total one-time positive effect on earnings of 4.75 billion euro in the consolidated financial statements. This effect on earnings is primarily attributable to the income from the contribution of the business operations itself (3.4 billion euro) and to the positive effect on profit on the investments accounted for at equity in Volkswagen AG and Porsche Holding Stuttgart GmbH (1.3 billion euro in total).

Other operating income of 3,847 million euro for the fiscal year 2012 (prior year: 12 million euro) mainly contains income from the contribution of the business operations of 3.4 billion euro. In addition, it includes the effect from the valuation of the call option relating to the remaining shares held by Porsche SE in Porsche Holding Stuttgart GmbH until 31 July 2012 at fair value totaling 405 million euro. In the comparative period, other operating income contained in particular income from the reversal of provisions.

Personnel expenses in the Porsche SE group came to 14 million euro in the period from 1 January to 31 December 2012 (prior year: 14 million euro).

The Porsche SE group's other operating expenses of 274 million euro (prior year: 4,445 million euro) mainly contain the effect from the valuation of the put option for the shares in Porsche Holding Stuttgart GmbH remaining with Porsche SE until 31 July 2012 totaling 200 million euro (prior year: effect of the valuation of the put and call options of 4,372 million euro). The put and call options had to be valued through profit or loss for the last time as of 31 July 2012 and were transferred to Volkswagen AG as of 1 August 2012 as part of the contribution of the holding business operations. They were therefore derecognized by Porsche SE and are included correspondingly in the positive effect on earnings from the contribution.

Profit from investments accounted for at equity totals 4,332 million euro (prior year: 4,660 million euro). This contains the share attributable to the Porsche SE group in the Volkswagen group's profit for the fiscal year 2012 of 4,208 million euro (prior year: 4,265 million euro) and in the Porsche Holding Stuttgart GmbH group's profit for the year of 124 million euro (prior year: 395 million euro). Due to the resolution of the executive board and the approval of the competent bodies on 4 July 2012 regarding the contribution of the holding business operations of Porsche SE to Volkswagen AG, accounting for the investment in Porsche Holding Stuttgart GmbH at equity had to cease in accordance with IFRS 5. For this reason, the profit from the Porsche Holding Stuttgart GmbH group in the 2012 fiscal year pertains only to the period from the beginning of the fiscal year until accounting for the investment at equity ceased. The profit/loss from investments accounted for at equity contains effects from the contribution of the holding business operations as of 1 August 2012 of 1.3 billion euro. This consists of 1.5 billion euro attributable to the Volkswagen group and minus 0.2 billion euro attributable to the Porsche Holding Stuttgart GmbH group due to the recycling of the



income and expenses previously recognized directly in equity. The profit or loss from investments accounted for at equity for the Volkswagen group also includes the effect at the level of the Volkswagen group from the valuation of the put and call options relating to the remaining shares held by Porsche SE in Porsche Holding Stuttgart GmbH until 31 July 2012 totaling minus 66 million euro (prior year: 1,407 million euro). The contributions to profit of both investments also include effects from the subsequent measurement of the purchase price allocations performed at the time of inclusion of Porsche Holding Stuttgart GmbH as a joint venture and Volkswagen AG as an associate, i.e., the subsequent measurement of hidden reserves and liabilities identified in the process. These have negatively influenced the profit/loss from investments accounted for at equity – and therefore the Porsche SE group's profit after tax – by a total of some 361 million euro (prior year: 165 million euro).

In the reporting period, the financial result, which essentially contains income and expenses from loans, came to minus 30 million euro (prior year: minus 185 million euro). The marked improvement in the financial result is mainly attributable to the repayment in full of the liabilities to banks in August 2012. In addition, as the accounting for the investment in Porsche Holding Stuttgart GmbH at equity, which ceased in July 2012, the financial result contains the dividend of 13 million euro received from Porsche Holding Stuttgart GmbH in July 2012.

In the fiscal year 2012, the Porsche SE group achieved a profit before tax of 7,861 million euro (prior year: 28 million euro). Taking into consideration income tax expense of 32 million euro (prior year: income of 31 million euro), the profit after tax of the Porsche SE group comes to 7,829 million euro (prior year: 59 million euro).

Financial position

The cash flow from operating activities of the Porsche SE group came to 202 million euro in the 2012 fiscal year (prior year: 43 million euro). This contains the positive effect from dividends received from Volkswagen AG of 330 million euro (prior year: 243 million euro) and from Porsche Holding Stuttgart GmbH of 104 million euro (prior year: 128 million euro). A further cash outflow of 149 million euro resulted from the settlement in August 2012 of a liability due to Qatar Holding LLC. Interest paid in the fiscal year 2012 came to 141 million euro (prior year: 366 million euro); interest received came to 114 million euro (fiscal year 2011: 191 million euro). In addition, there was an inflow from income tax refunds of 1 million euro in the fiscal year 2012 (prior year: 176 million euro). On the other hand, there was a cash outflow from income taxes paid of 2 million euro (prior year: 278 million euro).

There was a cash inflow from investment activities totaling 2,627 million euro in the fiscal year 2012 (prior year: 115 million euro). In the fiscal year 2012, this mainly includes the payment received from Volkswagen AG in return for the contribution of the holding business operations less the cash and cash equivalents disposed of in connection with the contribution of the business operations. The investment of cash and cash equivalents in time deposits with an original term of more than three months had a counter effect.

There was a cash outflow from financing activities of 2,295 million euro (prior year: 196 million euro) in the fiscal year 2012. In the fiscal year 2012, this is essentially attributable to the full repayment of the liabilities to banks of 2.0 billion euro (prior year: 7.0 billion euro), which was made using part of the consideration received from Volkswagen AG in return for the contribution of the holding business operations. Moreover, cash outflows result from the dividend distribution to the shareholders of Porsche SE of 232 million euro (prior year: 77 million euro) and payments to the hybrid capital investors of 11 million euro

(prior year: 22 million euro). In addition, there was a cash outflow of 52 million euro from the repurchase of hybrid capital in the fiscal year 2012. The cash flow from financing activities in the fiscal year 2011 contained in particular the gross issue proceeds of 4,988 million euro from the capital increase in April 2011, less all related transaction costs of 85 million euro incurred in 2011.

Compared with 31 December 2011, cash funds increased by 534 million euro to 902 million euro.

Gross liquidity, i.e., cash and cash equivalents and time deposits of the Porsche SE group, increased from 469 million euro in the prior year to 2,862 million euro as of 31 December 2012. Liabilities to banks were repaid in full. As of 31 December 2011, liabilities to banks still amounted to 1,991 million euro. Taking into account the loan liabilities of 300 million euro due to the Volkswagen group net liquidity – i.e., cash and cash equivalents and time deposits less loan liabilities (prior year: liabilities to banks) – is clearly positive at 2,562 million euro as of 31 December 2012. As of 31 December 2011, the corresponding figure had still been minus 1,522 million euro.

Net assets

Compared with 31 December 2011, Porsche SE's total assets decreased by 1,754 million euro from 32,965 million euro to 31,211 million euro as of 31 December 2012, mainly as a result of the contribution of the holding business operations of Porsche SE to Volkswagen AG, and the full repayment of the liabilities to banks.

As of 31 December 2012, the non-current assets of the Porsche SE group essentially comprise the investment accounted for at equity in Volkswagen AG of 27,517 million euro (31 December 2011: 24,272 million euro). The increase in the carrying amount of this investment of 3,245 million euro is primarily attributable to the profit of the Volkswagen group. The investment in Porsche

Holding Stuttgart GmbH, whose carrying amount had been 3,736 million euro as of 31 December 2011, was transferred to Volkswagen AG as part of the contribution of the holding business operations of Porsche SE effective as of 1 August 2012. Due to the contribution of loan receivables due from companies of the Porsche Holding Stuttgart GmbH group and of the put option on the remaining shares held by Porsche SE in Porsche Holding Stuttgart GmbH until 31 July 2012, non-current assets fell overall in comparison with 31 December 2011 from 32,261 million euro by 4,742 million euro to 27,519 million euro as of 31 December 2012.

Non-current assets expressed as a percentage of total assets decreased from 97.9 percent at the end of the comparative period to 88.2 percent at the end of the fiscal year 2012.

Current assets of 3,692 million euro (31 December 2011: 704 million euro) essentially consist of cash and cash equivalents of 2,862 million euro, which increased considerably in comparison with 31 December 2011 (469 million euro) due to the consideration received from Volkswagen AG, even following repayment of the liabilities to banks, as well as of income tax assets of 816 million euro (31 December 2011: 214 million euro).

As a percentage of total assets, current assets rose from 2.1 percent in the prior year to 11.8 percent as of 31 December 2012.

As a result of the profit after tax for the fiscal year 2012, the equity of the Porsche SE group increased considerably. This was partially offset by the disposal of the hybrid capital, which had a carrying amount of 345 million euro as of 31 December 2011, as a result of the contribution of the holding business operations. The equity of the Porsche SE group totaled 30,150 million euro as of 31 December 2012 (31 December 2011: 21,645 million euro). The equity ratio (as of 31 December 2011 taking hybrid capital into account) increased from 65.7 percent in the prior year to 96.6 percent on 31 December 2012 in view of a decrease in total assets.

Current and non-current provisions increased slightly from 195 million euro at the end of the fiscal year 2011 to 215 million euro as of 31 December 2012.

Compared with 31 December 2011, current and non-current financial liabilities decreased markedly by 5,571 million euro from 5,871 million euro to 300 million euro as of 31 December 2012, mainly as a result of the contribution of financial liabilities due to companies of the Porsche Holding Stuttgart GmbH group and the repayment of liabilities to banks. As a result of the deconsolidation of entities performed due to the contribution, a loan of 300 million euro due to a former subsidiary of Porsche SE, which has been a subsidiary of Volkswagen AG since the contribution of the business operations, is included in the consolidated balance sheet under non-current financial liabilities. This loan had to be eliminated as an inter-company transaction prior to the contribution of the operating holding business.

Other current and non-current liabilities operating expenses have decreased from 5,237 million euro to 504 million euro in particular due to the contribution of the call option relating to the remaining shares held by Porsche SE in Porsche Holding Stuttgart GmbH until 31 July 2012.



Operating result of significant investments

The following statements relate to the ongoing operating business of the Porsche Holding Stuttgart GmbH group and the Volkswagen group. Effects from inclusion in the consolidated financial statements of Porsche SE, i.e., particularly relating to the subsequent measurement of the hidden reserves and liabilities identified in the course of the purchase price allocations, are not taken into consideration. The disclosures for the Porsche Holding Stuttgart GmbH group pertain to the period from 1 January to 31 July 2012.

The Porsche Holding Stuttgart GmbH group sold 81,370 vehicles in the period from 1 January to 31 July 2012. Revenue amounted to 7,987 million euro. The operating result of the Porsche Holding Stuttgart GmbH group for the first 7 months of the fiscal year 2012 amounted to 1,478 million euro.

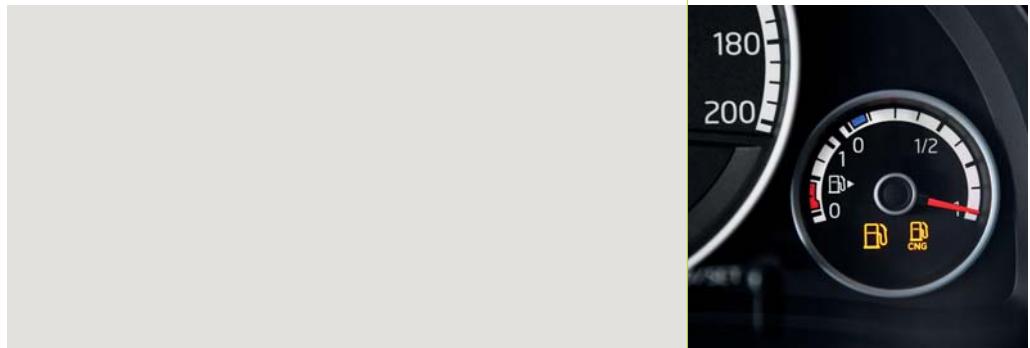
The Volkswagen group sold 9,344,559 vehicles in the period from 1 January to 31 December 2012. With revenue of 192,676 million euro in that period, the operating result came to 11,510 million euro.

Overall statement on the economic situation of the Porsche SE group

Following the contribution of the holding business operations and in particular its investment in Porsche Holding Stuttgart GmbH, Porsche SE currently acts essentially as a holding company for its investments in the operating company Volkswagen AG.

The Porsche SE group's results of operations in the past fiscal year 2012 were influenced in particular by the one-time special effect from the contribution of the holding business operations of Porsche SE to Volkswagen AG. In addition, the results of operations were impacted materially by the profit contributions of the investments accounted for at equity in Volkswagen AG and – until the beginning of July 2012 – in Porsche Holding Stuttgart GmbH.

The financial position of the Porsche SE group in the past fiscal year 2012 was significantly influenced by the payment received from Volkswagen AG in return for the contribution of the operating holding business as well as by the full repayment of the liabilities to banks performed using this and the investment in time deposits. Interest payments have decreased considerably.



The executive board of Porsche SE considers the economic situation of the company and its significant investment to be positive. In the past fiscal year, Porsche SE benefited from the positive economic development and the significantly increased profits in comparison with the prior year of its investments in Volkswagen AG and, prior to the contribution of the holding business operations to Volkswagen AG, Porsche Holding Stuttgart GmbH. Moreover, Porsche SE's interest burden was further reduced by the repayment in full of the liabilities to banks. Porsche SE is now a financially strong holding company with attractive potential for increasing value added, with clear, sustainable structures and a solid outlook for the future.

Additional information on the composition and development of the items in the balance sheet, the income statement and the statement of cash flows of the Porsche SE group is included in the notes to the consolidated financial statements of the Porsche SE group as of 31 December 2012.

Porsche Automobil Holding SE (financial statements pursuant to the HGB)

These financial statements of Porsche SE for the fiscal year 2012 cover the reporting period from 1 January to 31 December 2012.

Net profit for the period

Porsche SE achieved net profit of 1,488 million euro in the fiscal year 2012. The net profit for the year pursuant to the HGB was determined to a large extent by the effect on earnings of the restructuring measures undertaken as part of the contribution of Porsche SE's holding business operations to Volkswagen AG totaling 1.1 billion euro.

Other operating income mainly contains income of 16 million euro resulting from the contribution of various assets and liabilities to Porsche Siebte Vermögensverwaltung GmbH and the assumption of certain liabilities of Porsche Siebte Vermögensverwaltung GmbH at fair value.

Other operating expenses for the fiscal year 2012 mainly contain legal and consulting costs of 28 million euro. In the comparative period, these came to 111 million euro, with this amount containing expenses in connection with the capital increase performed in April 2011 of 85 million euro. Porsche SE recognized dividends of 449 million euro from Volkswagen AG in the fiscal year 2012 (prior year: 330 million euro) and of 1,930 million euro from Porsche Holding Stuttgart GmbH (prior year: 155 million euro), of which 1,839 million euro is attributable to the advance profit distribution from Porsche Holding Stuttgart GmbH resolved immediately prior to the contribution of the business operations to Volkswagen AG.

Immediately after the advance profit distribution, Porsche SE's investment in Porsche Holding Stuttgart GmbH had to be written down to its fair value. This resulted in a loss of 782 million euro.

The interest result for fiscal year 2012 essentially consists of income and expenses from loans. Interest expenses (159 million euro) decreased considerably compared with the fiscal year 2011 (409 million euro). This is attributable to the contribution of loan liabilities due to companies of the Porsche Holding Stuttgart GmbH group in connection with the contribution of Porsche SE's holding business operations to the Volkswagen group and to the repayment of liabilities to banks with part of the consideration received from Volkswagen AG in return. Interest income decreased from 190 million euro in the fiscal year 2011 to 116 million euro as a result of the contribution to Volkswagen AG of loan liabilities due to companies of the Porsche Holding Stuttgart GmbH group.

Income from ordinary activities rose from 136 million euro in the comparative period to 1,499 million euro in the fiscal year 2012.

The taxes totaling 11 million euro contain expenses from the addition to the provision for other taxes of 7 million euro. In the fiscal year 2011, taxes totaled 10 million euro. This figure contains income from the reversal of income tax provisions of 41 million euro and expenses from the addition to the provision for other taxes of 30 million euro.

The net profit for the year comes to 1,488 million euro in the fiscal year 2012 (prior year: 146 million euro).

Income statement of Porsche Automobil Holding SE

€ million	2012	2011
Other operating income	28	12
Personnel expenses	-14	-14
Other operating expenses	-69	-128
Income from investments	2,379	485
Depreciation of financial assets	-782	0
Interest result	-43	-219
Income from ordinary activities	1,499	136
Income taxes	-4	41
Other taxes	-7	-31
Net profit	1,488	146
Withdrawals from retained earnings	0	86
Transfer to retained earnings	-744	0
Net profit available for distribution	744	232

Net assets and financial position

Following the contribution of the investment in Porsche Holding Stuttgart GmbH to Volkswagen AG, the financial assets of Porsche SE predominantly comprise the investment held in Volkswagen AG, which is recognized at cost in the separate financial statements. Porsche SE's receivables recorded in the prior year primarily contained loan receivables from Porsche Holding Stuttgart GmbH (2,703 million euro) and from Porsche AG (1,313 million euro). These receivables were also contributed to Volkswagen AG.

Other assets principally relate to tax refunds based on the reimbursement claims against the tax authorities relating to dividends received. Amortized costs of 13 million euro for the put option with Volkswagen AG for the remaining shares in Porsche Holding Stuttgart GmbH held at that time by Porsche SE, which were still contained in other assets at the end of the comparative period, were also contributed to Volkswagen AG in August 2012.

Cash and cash equivalents increased as of 31 December 2012 to 2,862 million euro (31 December 2011: 460 million euro) due to the consideration received from Volkswagen AG, even following repayment of the liabilities to banks.

Provisions contain provisions for pensions and similar obligations, tax provisions for prior-year taxes that have not been assessed yet as well as other provisions.

Liabilities to banks, which still amounted to 2,000 million euro as of 31 December 2011, were repaid in full in August 2012. This repayment was made using the consideration received from Volkswagen AG in connection with the contribution of the holding business operations.

Sundry liabilities decreased to 805 million euro as of 31 December 2012 compared to the end of the comparative period (4,393 million euro) and mainly pertain to liabilities to affiliated companies of 803 million euro (31 December 2011: 4,232 million euro). The decrease is primarily due to the loan receivables due from the Porsche Holding Stuttgart GmbH group contributed directly or indirectly to Volkswagen AG, which had a total carrying amount of 3,880 million euro as of 31 December 2011. Other liabilities for the prior year additionally included 10 million euro for Volkswagen AG's call option for the remaining shares in Porsche Holding Stuttgart GmbH held by Porsche SE at that time. These were also transferred to Volkswagen AG as part of the contribution of the holding business operations.

Balance sheet of Porsche Automobil Holding SE as of 31 December 2012

€ million	31/12/2012	31/12/2011
Assets		
Financial assets	21,487	24,771
Receivables	5	4,030
Other receivables and assets	823	228
Cash and cash equivalents	2,862	460
Prepaid expenses	3	5
	25,180	29,494
Equity and liabilities		
Equity	24,154	22,897
Provisions	221	204
Liabilities to banks	0	2,000
Sundry liabilities	805	4,393
	25,180	29,494

Risks relating to the business development

The risks relating to the development of Porsche SE's business as the parent company of the Porsche SE group are closely connected to the risks relating to the significant investment in Volkswagen AG. Acting as a holding company also entails additional risks. Please refer to the section "Opportunities and risks of future development" in this management report for a description of the risks.

Proposed dividend

The statutory financial statements of Porsche SE as of 31 December 2012 report a distributable profit of 744,180,474 euro. A proposal for the appropriation of profit was not available for submission to the annual general meeting by the time the financial statements were authorized by the executive board.

Dependent company report drawn up

As in previous years, in accordance with Sec. 312 AktG, Porsche SE has drawn up a report on relations with companies affiliated with holders of its ordinary shares (a dependent company report). The conclusion of this report is as follows: "In accordance with the circumstances known to it when the transactions stated in the report were conducted, Porsche Automobil Holding SE has rendered or, as the case may be, received reasonable payment. The company was not disadvantaged by these transactions. There were no reportable measures in accordance with Sec. 312 (1) Sentence 2 AktG in the fiscal year 2012".

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Remuneration report

The remuneration report describes the main features of the remuneration system for members of the executive board and supervisory board of Porsche SE and explains the basic structure, composition and the individualized amounts of remuneration. In addition, the report includes disclosures on other benefits granted or promised to active members of the executive board in the event of termination of their service.

Remuneration of the executive board

Remuneration principles at Porsche SE

At regular intervals the supervisory board addresses remuneration matters concerning the executive board, examining the structure and amount of remuneration of the executive board in the process. In light of the reorganization and the resulting realignment of Porsche SE, in the fiscal year 2012 the supervisory board again addressed the structure of the remuneration of the members of the Porsche SE executive board, which was last amended in the fiscal year 2009/10, and decided on further amendments. These pertain to the remuneration structure for the executive board members Matthias Müller (strategy and corporate development) and Philipp von Hagen (investment management), for whom a variable remuneration system was introduced for the first time for the fiscal year 2012. In this connection, the remuneration received by Mr. Müller from Porsche AG was also adjusted. Since 1 January 2012, he has no longer received variable remuneration from Porsche AG.

The supervisory board of Porsche SE explicitly reserves the option of also introducing a variable remuneration system for members of the executive board of the company who have not received performance-related remuneration to date.

The members of the executive board Prof. Dr. Dr. h.c. mult. Martin Winterkorn (CEO) and Hans Dieter Pötsch (CFO) receive a fixed basic component, which is paid out as a monthly salary, for their work at the company. This was also the case for Mr. Thomas Edig, who left the executive board of Porsche SE as of the end of the day on 29 February 2012, and who had been responsible for commercial and administrative issues up to that time.

For the fiscal year 2012, the member of the executive board Matthias Müller for the first time receives variable remuneration from the company in addition to a fixed basic component paid out in monthly amounts. Mr. von Hagen, who was appointed as a member of the executive board of Porsche SE with effect as of 1 March 2012, also receives variable remuneration in addition to a fixed basic component paid out in monthly amounts.

The amount of the variable remuneration of these members of the executive board of Porsche SE is specified by the supervisory board at its discretion, taking into account the respective business and earnings situation, as well as the performance of the individual executive board member. Performance is measured specifically in terms of the extent to which the individual (in some cases, differently weighted) targets agreed with the member of the executive board for the respective fiscal year have been achieved.

The individual targets are based on the business area of the respective executive board function and refer to the parameters presented below for the term of the agreement.

The parameters specified for Mr. Müller are:

- Implementation of the concept for the investment strategy,
- Professional risk management and coordination in connection with legal and administrative proceedings and
- Cost management with regard to the administration of Porsche SE and its investments.

The parameters specified for Mr. von Hagen are:

- Creation of the organizational foundations for professional investment management,
- Further development and operationalization of the investment strategy,
- Positioning Porsche SE on the capital market as a powerful investment platform and
- profit- and risk-based management of the investment portfolio.

For each fiscal year completed, the executive committee of the supervisory board of Porsche SE draws up a proposal for the individual amount of the variable remuneration, taking into account the respective business and earnings situation and based on the specific performance of the individual member of the executive board. This proposal is submitted to the supervisory board of Porsche SE for decision.

The amounts of variable remuneration paid are limited to 3,500,000 euro for Mr. Müller and to 300,000 euro for Mr. von Hagen.

When payment of variable remuneration falls due depends on the achievement of short- and long-term targets. The short-term component, amounting to 40 percent of the variable remuneration, is paid out three months after the end of the fiscal year concerned, on the condition that the Porsche SE group has reported a profit before tax for the respective fiscal year at group level. The remaining 60 percent of the variable remuneration is paid out depending on the development of the company over several years. A payment is made

two years after the short-term variable component is due, but only if the Porsche SE group has reported a profit before tax for the respective fiscal year at group level, and if the net liquidity of Porsche SE is positive as of 31 December of the last calendar year before payment falls due.

Moreover, at its discretion, the supervisory board may grant the individual members of the executive board of Porsche SE a special bonus for previously agreed targets or a subsequent bonus in recognition of extraordinary performance.

Since the fiscal year 2012, all members of the executive board of Porsche SE, except Mr. Thomas Edig, who left the board as of the end of the day on 29 February 2012, have received benefits in kind in the form of the use of company cars. Porsche SE bears any taxes incurred in this connection. In addition, the company provides Messrs. Müller and von Hagen with insurance cover. This also applied for Mr. Edig until he left the executive board of Porsche SE. The company also bears costs for security services for Mr. von Hagen. Any benefits in kind are included at their tax values in the presentation of the non-performance-related remuneration of the members of the executive board.

The agreements concluded with Prof. Dr. Winterkorn and Mr. Pötsch provide for continued payment of the fixed basic component for a period of 12 months in the event of illness. In the event of death, the fixed basic component will continue to be paid for six months following the month of death. The agreements concluded with Messrs. Müller and von Hagen provide for continued payment of the fixed and variable components for a period of 12 months in the event of illness and for a period of 6 months following the month of death in the event of death.

Remuneration of the executive board in the fiscal year 2012

Prof. Dr. Winterkorn (CEO), Mr. Pötsch and Mr. Müller were members of the company's executive board for the entire fiscal year 2012. Mr. Edig, who was still a member of the executive board of Porsche SE at the beginning of the fiscal year 2012, left the executive board as of the end of the day on 29 February 2012. His successor, Mr. von Hagen, was appointed to Porsche SE's executive board with effect as of 1 March 2012.

The remuneration for fiscal 2012 presented below for the individual members of Porsche SE's executive board comprises only the remuneration paid for their service on the executive board of Porsche SE.

Remuneration of the members of the executive board according to Secs. 285 No. 9a, 314 (1) No. 6a HGB for the fiscal year 2012

in €	Non-performance-related components	Performance-related components	thereof long-term incentive ¹	Total
Prof. Dr. Dr. h.c. mult. Martin Winterkorn	765,838	0	0	765,838
Thomas Edig (until 29 February 2012)	83,333	0	0	83,333
Philipp von Hagen (since 1 March 2012)	463,472	100,000	0	563,472
Matthias Müller	500,000	1,400,000	0	1,900,000
Hans Dieter Pötsch	520,506	0	0	520,506
Porsche SE group	2,333,149	1,500,000	0	3,833,149

¹ In accordance with the legal requirements and the provisions of German Accounting Standard No. 17 regarding reporting on the remuneration of members of governing bodies, the long-term component amounting to 60 percent of the variable remuneration is only taken into account when all conditions precedent are met. We refer to the following statements.

For the fiscal year 2012, provision is made for a variable component totaling 3,500,000 euro for Mr. Müller, and variable remuneration totaling 250,000 euro for Mr. von Hagen. 60 percent of this variable remuneration is subject to the conditions precedent described in the subsection on the remuneration principles and is therefore not included in the above table.

Post-employment benefits in the event of regular or early termination of service

With the exception of Mr. von Hagen, the members of Porsche SE's executive board do not have any pension benefits from the company. In addition to retirement benefits and surviving dependents' benefits, Mr. von Hagen's pension benefits include benefits in the event of permanent disability. Future benefits are calculated as a percentage of the agreed fixed annual remuneration at the time the benefits fall due. Starting at 25 percent, this

percentage increases by one percentage point for each full year of active service on the executive board of Porsche SE. The defined maximum is 40 percent. As of 31 December 2012, Mr. von Hagen has a retirement pension entitlement of 25 percent of his fixed annual remuneration. Immediate vesting was agreed.

The retirement pension is paid in monthly amounts upon reaching the age of 65 or earlier in the event of permanent disability. In the event of entitlement to a retirement pension before reaching the age of 65, the retirement pension is calculated using actuarial principles by annuitization of the pension provision permissible in accordance with tax law prior to the point in time the payment of the retirement pension falls due.

The surviving dependents' benefits comprise a widows' pension of 60 percent of the retirement pension and orphans' benefits of 20 percent of the retirement pension for each child, decreasing to 10 percent for each child if a widow's pension is paid. The total amount of widows' pensions and orphans' benefits may not exceed the amount of the retirement pension. Orphans' benefits are limited to a total of 80 percent of the retirement pension.

The expense recognized for the current addition to the pension provision for Mr. von Hagen amounts to 227,863 euro in the fiscal year 2012. This amount corresponds to the present value of the pension obligations for Mr. von Hagen as of 31 December 2012.

Mr. Müller will continue to be entitled to a company car following the date of retirement.

In the event of early termination of service on the executive board without due cause, provision is made for a severance payment cap, according to which any severance payments, including fringe benefits, may not exceed a maximum of two years' compensation. Under no circumstances may the payments exceed the amount of remuneration due for the remaining term of the employment agree-

ment. The severance payment cap is calculated on the basis of the total compensation for the past full fiscal year and, if appropriate, also the expected total compensation for the current fiscal year.

Messrs. Müller and von Hagen receive variable remuneration components from the company. In the event of departure from the executive board prior to the date when payment falls due as a result of termination for cause by Porsche SE, the entitlements to variable components that have not yet been paid out (in full or in part) expire. In the event of departure for other reasons prior to the date when payment falls due, the two executive board members retain their entitlement to payment of their performance-related remuneration. The date when payment falls due is not affected by early departure from the executive board of the company. In the case of Mr. Müller, however, the variable remuneration components still outstanding will be paid only if the Porsche SE group has reported a profit before tax for the respective fiscal year at group level and if the net liquidity of Porsche SE is positive as of 31 December of the last calendar year before payment falls due.

Benefits granted in connection with termination of service in the fiscal year 2012 and remuneration of former members of the executive board of Porsche SE

Mr. Edig left the executive board of Porsche SE effective as of the end of the day on 29 February 2012. The company paid Mr. Edig an amount of 460,000 euro in this connection. Of this amount, 196,237 euro arithmetically pertains to compensation for all income that he would have received as non-performance-related remuneration after the end of the day on 29 February 2012 until the end of the term of the employment agreement on 22 July 2012. The arithmetically remaining amount of 263,763 euro was granted to him as compensation for all disadvantages arising as a result of terminating his service and in recognition of his extraordinary performance and is thus performance-related.

At the end of the fiscal year 2012, just as at the end of the comparative period, Porsche SE had no pension obligations to former members of the executive board and their surviving dependents.

Remuneration of the executive board in the fiscal year 2011

Prof. Dr. Martin Winterkorn (CEO), Thomas Edig, Hans Dieter Pötsch, and Matthias Müller were members of Porsche SE's executive board throughout the fiscal year 2011. The members of Porsche SE's executive board received a fixed basic component from the company in the fiscal year 2011.

In addition, Prof. Dr. Winterkorn and Mr. Pötsch received benefits in kind in the form of the use of company cars in the fiscal year 2011. Porsche SE bore any taxes incurred in this connection. Moreover, the company provided Messrs. Matthias Müller and Thomas Edig with insurance cover. Benefits in kind, where these were paid, were included at their tax values in the remuneration of the members of the executive board.

The remuneration for the individual members of Porsche SE's executive board for the fiscal year 2011 presented below comprises only the remuneration paid for their service on the executive board of Porsche SE.

Remuneration of the members of the executive board according to Secs. 285 No. 9a, 314 (1) No. 6a HGB for the fiscal year 2011

in €

Non-performance-related components

Prof. Dr. Dr. h.c. mult. Martin Winterkorn	767,167
Thomas Edig	500,000
Matthias Müller	500,000
Hans Dieter Pötsch	515,991
Total	2,283,158

Remuneration of the supervisory board

The remuneration of Porsche SE's supervisory board is governed by Art. 14 of the company's articles of association. It is composed of a fixed component and an attendance fee for the meetings of the supervisory board and the respective committees. In addition, the supervisory board members receive a performance-related component. This is based on the income from ordinary activities from continuing operations before taxes of the Porsche SE group. For each full 1 million euro by which this result at group level exceeds the amount of 300 million euro in the expired fiscal year, the members of the supervisory board receive an amount of 10 euro. For each full 1 million euro by which this result at group level exceeds the average amount of 300 million euro during the three fiscal years preceding the expired fiscal year, the members of the supervisory board of Porsche SE receive a further amount of 10 euro. Supervisory board members who have been a member of the supervisory board or one of its committees for only part of a fiscal year shall receive the remuneration subject to a reduction pro rata temporis.

The chairman of the supervisory board and the chairman of the audit committee receive twice the amount of remuneration, and the deputy chairman of the supervisory board and the members of the audit committee receive one-and-a half times the amount of remuneration of a supervisory board member. If a member of the supervisory board holds several offices at the same time, such member receives remuneration only for the office with the highest remuneration.

Remuneration of the supervisory board in the fiscal year 2012

The composition of the members of Porsche SE's supervisory board changed in the fiscal year 2012. Effective 23 January 2012, Mr. Hansjörg Schmierer was appointed to the supervisory board of Porsche SE by the court as an employee representative. He took over this function from Mr. Hans Baur, who had laid down his office effective as of the end of the day on 31 December 2011.

In accordance with Art. 14 of Porsche SE's articles of association, the supervisory board received remuneration totaling 2,181,631 euro for its service at Porsche SE in the fiscal year 2012. This amount includes fixed components of 724,972 euro and variable components of 1,456,659 euro.

Beyond this, the supervisory board members did not receive any other remuneration or benefits in the past fiscal year 2012 for any services they provided personally, such as consultancy and referral services.

The remuneration presented below for the individual members of Porsche SE's supervisory board for the fiscal year 2012 comprises only the remuneration paid for their service on the supervisory board of Porsche SE.

**Remuneration of the members of the supervisory board according to
Secs. 285 No. 9a, 314 (1) No. 6a HGB for the fiscal year 2012**

in €	Non-performance-related components	Performance-related components	Total
Dr. Wolfgang Porsche	92,000	188,700	280,700
Uwe Hück ¹	91,500	141,525	233,025
Berthold Huber ¹	37,000	94,350	131,350
Prof. Dr. Ulrich Lehner	83,000	188,700	271,700
Peter Mosch ¹	43,000	94,350	137,350
Bernd Osterloh ¹	79,500	141,525	221,025
Hon.-Prof. Dr. techn. h.c. Dipl. Ing. ETH Ferdinand K. Piëch	43,000	94,350	137,350
Dr. Hans Michel Piëch	67,000	94,350	161,350
Dr. Ferdinand Oliver Porsche	61,500	141,525	203,025
Hansjörg Schmierer ¹ (since 23 January 2012)	47,472	88,584	136,056
His Excellency Sheikh Jassim bin Abdulaziz bin Jassim Al-Thani	31,000	94,350	125,350
Werner Weresch ¹	49,000	94,350	143,350
Total	724,972	1,456,659	2,181,631

¹ These employee representatives have declared that their supervisory board remuneration is transferred to the Hans-Böckler-Stiftung foundation in accordance with the regulations of the German Federation of Trade Unions (DGB).

**Remuneration of the supervisory board
in the fiscal year 2011**

The composition of the members of Porsche SE's supervisory board did not change in the fiscal year 2011.

In accordance with Art. 14 of Porsche SE's articles of association, the remuneration of the supervisory board for its service at Porsche SE in the fiscal year 2011 totaled 1,033,420 euro. This amount includes fixed components of 744,500 euro and variable components of 288,920 euro.

Beyond this, the supervisory board members did not receive any other remuneration or benefits in the fiscal year 2011 for any services they provided personally, such as consultancy and referral services.

The remuneration presented below for the individual members of Porsche SE's supervisory board for the fiscal year 2011 comprises only the remuneration paid for their service on the supervisory board of Porsche SE.

**Remuneration of the members of the supervisory board according to
Secs. 285 No. 9a, 314 (1) No. 6a HGB for the fiscal year 2011**

in €	Non-performance-related components	Performance-related components	Total
Dr. Wolfgang Porsche	98,000	37,280	135,280
Uwe Hück ¹	97,500	27,960	125,460
Hans Baur ¹	49,000	18,640	67,640
Berthold Huber ¹	34,000	18,640	52,640
Prof. Dr. Ulrich Lehner	92,000	37,280	129,280
Peter Mosch ¹	40,000	18,640	58,640
Bernd Osterloh ¹	79,500	27,960	107,460
Hon.-Prof. Dr. techn. h.c. Dipl. Ing. ETH Ferdinand K. Piëch	40,000	18,640	58,640
Dr. Hans Michel Piëch	70,000	18,640	88,640
Dr. Ferdinand Oliver Porsche	64,500	27,960	92,460
His Excellency Sheikh Jassim bin Abdulaziz bin Jassim Al-Thani	31,000	18,640	49,640
Werner Weresch ¹	49,000	18,640	67,640
Total	744,500	288,920	1,033,420

¹ These employee representatives have declared that their supervisory board remuneration is transferred to the Hans-Böckler-Stiftung foundation in accordance with the regulations of the German Federation of Trade Unions (DGB).

Supplementary disclosures in accordance with the German Corporate Governance Code

Remuneration of the executive board

General principles

In the fiscal year 2012, Porsche Holding Stuttgart GmbH, Stuttgart, (formerly: Porsche Zweite Zwischenholding GmbH, Stuttgart, and before that Porsche Sechste Vermögensverwaltung GmbH, Stuttgart, into which Porsche Zwischenholding GmbH, Stuttgart, was merged) and therefore also Porsche AG as well as Volkswagen AG continued to be – irrespective of their classification in the consolidated financial statements of Porsche SE, which are prepared in accordance with International Financial Reporting Standards (IFRSs) – group companies of Porsche SE as defined by Sec. 18 AktG due to the existing majority of voting rights.

With economic effect as of 1 August 2012, Porsche SE contributed its entire holding business operations and in particular its investment in Porsche Holding Stuttgart GmbH to Volkswagen AG, which now holds all shares in Porsche Holding Stuttgart GmbH and therefore also indirectly holds all of shares in Porsche AG. The Porsche Holding Stuttgart GmbH group (Porsche Holding Stuttgart GmbH and its subsidiaries) has therefore been part of the Volkswagen group since 1 August 2012. Porsche SE continues to indirectly hold shares in Porsche Holding Stuttgart GmbH via its investment in Volkswagen AG, which means that, after the implementation of the integrated automotive group through the contribution, this company and its subsidiaries remain a group company of Porsche SE as defined by Sec. 18 AktG.

However, neither the Porsche Holding Stuttgart GmbH group nor the Volkswagen group (Volkswagen AG and its subsidiaries) are group companies of Porsche SE within the meaning of IFRSs.

Therefore, the total remuneration for Porsche SE's executive board members that is required to be published according to the German Corporate Governance Code also includes any remuneration that these members of the executive board received during the period of their membership of the executive board of the company due to their service on the boards of the group entities Porsche AG and/or Volkswagen AG as well as for holding other offices in the Porsche Holding Stuttgart GmbH group and, if applicable, elsewhere in the Volkswagen group.

Prof. Dr. Winterkorn and Mr. Pötsch are members of the board of management of Volkswagen AG as well as members of various bodies in the Volkswagen group and in the Porsche Holding Stuttgart GmbH group. Messrs. Müller and Edig are members of the management of Porsche Holding Stuttgart GmbH, members of the executive board of Porsche AG, as well as members of various bodies within the Porsche Holding Stuttgart GmbH group. While Mr. Müller was a member of the executive board of Porsche SE throughout the entire fiscal year 2012, Mr. Edig left the executive board of the company as of the end of the day on 29 February 2012. However, his membership of the management of Porsche Holding Stuttgart GmbH and of the executive board of Porsche AG continues unchanged. Mr. von Hagen, who has been a member of the executive board of Porsche SE since 1 March 2012, does not hold any other positions on executive boards or supervisory boards in addition to his position on the company's executive board.

For Mr. Müller, therefore, the total remuneration of the members of Porsche SE's executive board for the fiscal year 2012 presented below includes remuneration for serving on the executive board of Porsche AG in addition to the remuneration for his office on the executive board of the company. He received no remuneration for holding other offices in the Porsche Holding Stuttgart GmbH group for the fiscal year 2012. Mr. Edig's remuneration for serving on the executive board of Porsche AG is taken into account until his departure from the executive board of Porsche SE effective as of

29 February 2012. He also received no remuneration for holding other offices in the Porsche Holding Stuttgart GmbH group.

In addition to the remuneration received from Porsche SE in the fiscal year, total remuneration for Prof. Dr. Winterkorn and Mr. Pötsch includes remuneration for serving on the board of management of Volkswagen AG, as well as for holding other offices in the Volkswagen group and in the Porsche Holding Stuttgart GmbH group in the fiscal year 2012. On the basis of the amendment of Art. 13 (2) of the Porsche AG's articles of association regarding remuneration of the members of the supervisory board of Porsche AG, which was entered in the Stuttgart commercial register on 13 December 2012, Prof. Dr. Winterkorn and Mr. Pötsch no longer receive remuneration for serving on the supervisory board of Porsche AG with effect as of 1 August 2012. As regards the scope of the amendment to the articles of association of Porsche AG, we refer to the explanations of the remuneration of the supervisory board below.

Remuneration principles at Volkswagen AG

The positive business performance of the Volkswagen group in the fiscal years 2011 and 2012 made it necessary to modify and realign the existing remuneration system and the remuneration of the Volkswagen AG board of management and the comparative parameters on which it is based. The remuneration of the board of management was modified with the assistance of a remuneration consultant, whose independence was assured by the management board and Volkswagen AG.

Material changes to the remuneration system relate to the bonus, the calculation of which will be realigned to reflect business development. It now explicitly takes also into account the individual performance of members of the board of management.

The retroactive adjustment of the comparative parameters for the bonus requires a departure from

the recommendation in article No. 4.2.3 (3) Sentence 3 of the German Corporate Governance Code, which precludes retroactive adjustment of performance targets or comparative parameters. This recommendation will be complied with again in the future.

The level of board of management remuneration should be appropriate and attractive in the context of the company's national and international peer group. Criteria include the tasks of the individual board of management member, their personal performance, the economic situation, the performance of and outlook for the company, as well as how customary the remuneration is when measured against its peer group and the remuneration structure that applies to other areas of Volkswagen. In this context, comparative studies on remuneration are conducted on a regular basis.

The remuneration principles of Volkswagen AG presented below pertain exclusively to the agreements made with Prof. Dr. Winterkorn and Mr. Pötsch.

The remuneration received by them for their service in the Volkswagen group comprises fixed and variable components. The fixed components of the package ensure firstly a basic level of remuneration enabling the individual members of the board of management to perform their duties in the interests of the company and to fulfill their obligation to act with proper business prudence without needing to focus on merely short-term performance targets. On the other hand, variable components, dependent among other criteria on the financial performance of the company, serve to ensure the long-term impact of behavioral incentives.

The fixed remuneration also includes differing levels of remuneration for appointments assumed at Volkswagen group companies as well as the cost or cash equivalent of non-cash and other benefits, such as the use of company cars and the payment of insurance premiums. Taxes due on the non-cash benefits were mainly borne by Volkswagen AG. The

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basic remuneration is reviewed regularly and adjusted if necessary.

The variable remuneration comprises a bonus, which relates to business performance over the previous two years, and, since 2010, a Long-Term Incentive (LTI) plan, which is based on the previous four fiscal years, subject to an introductory phase. Both components of variable remuneration are therefore calculated on a multiyear basis and reflect both positive and negative developments.

The bonus rewards the positive business development of the Volkswagen group. The basis for calculating the bonus is adjusted to reflect the positive business development in recent years in connection with the changes to the board of management remuneration. The bonus is calculated on the basis of the average operating profit of the Volkswagen group, including the share of the operating profit in China, over a period of two years. A significant change was the introduction of a calculation floor below which no bonus will be paid. This floor was set at 5.0 billion euro for 2012 and 2013. In addition, a cap for extraordinary developments is explicitly provided for by limiting the maximum theoretical bonus. The theoretical cap for 2012 and 2013 is 6.75 million euro for Prof. Dr. Winterkorn, the chairman of the board of management, and 2.5 million euro for Mr. Pötsch. The system and the cap are regularly reviewed by the supervisory board to establish whether any adjustments are necessary.

Another material change relates to the supervisory board of Volkswagen AG's ability to increase the theoretical bonus, which is calculated on the basis of average operating profit of the Volkswagen group, by up to 50 percent by applying individual adjustment factors that are not linked to the theoretical cap so as to reward members of the board of management for extraordinary individual performance. This can be adjusted by the supervisory board in the event of extraordinary individual performance by a member of the board of management that strengthens the company's long-term

growth. This may take into account extraordinary performance in the area of integration, or the successful implementation of special projects, for example.

The existing Long-Term Incentive plan, which is still in the introductory phase, was not adjusted in connection with changes to the board of management remuneration. The amount of the LTI depends on the achievement of the targets laid down in the Strategy 2018. The target areas are:

- Top customer satisfaction, measured using the Customer Satisfaction Index,
- Top employer, measured using the Employee Index,
- Unit sales growth, measured using the Growth Index and
- Increase in the return on sales, measured using the Return Index.

The Customer Satisfaction Index is calculated using indicators that quantify the overall satisfaction of our customers with the delivering dealers, new vehicles and the service operations based on the previous workshop visit. The Employee Index is determined using the "employment" and "productivity" indicators as well as the participation rate and results of employee surveys. The Growth Index is calculated using the "deliveries to customers" and "market share" indicators. The Return Index is derived from the return on sales and the dividend per ordinary share.

The indices on customer satisfaction, employees and unit sales are aggregated and the result is multiplied by the Return Index. This method ensures that the LTI is only paid out if the Volkswagen group is also financially successful. If the 1.5 percent threshold for the return on sales is not exceeded, the Return Index is zero. This would mean that the overall index for the fiscal year concerned is also zero.

Each fiscal year, the supervisory board can set a new LTI target on the basis of the four-year aver-

age of the overall indices. During the reporting period, the LTI target was 2.25 million euro for Prof. Dr. Winterkorn, the chairman of the board of management of Volkswagen AG, and 1.0 million euro for Mr. Pötsch in his function as a member of the board of management of Volkswagen AG. The maximum amount payable is 4.5 million euro for Prof. Dr. Winterkorn and 2.0 million euro for Mr. Pötsch. The LTI was calculated and paid to the board of management for the first time in 2011 for fiscal year 2010 using an introductory scenario and on the basis of the likely performance for 2011. The performance for fiscal years 2010 and 2011 was reflected in the calculation in 2012, and the performance for 2010 to 2012 will be reflected in the calculation in 2013. From 2014 onwards, the previous four years will be used as a basis for analysis.

The supervisory board may cap the total of variable remuneration components in the event of extraordinary business developments.

Prof. Dr. Winterkorn and Mr. Pötsch are entitled to payment of their normal remuneration for 12 months in the event of illness from the Volkswagen AG.

There were no changes to the existing contracts of Prof. Dr. Winterkorn and Mr. Pötsch in the fiscal year 2012.

Remuneration principles at Porsche AG

The remuneration principles of Porsche AG presented below pertain exclusively to the agreements made with Messrs. Matthias Müller and Thomas Edig. In addition to their membership of Porsche SE's executive board, they were members of the executive board of Porsche AG in the fiscal year 2012 and received remuneration for their service. The management of Porsche Holding Stuttgart GmbH, which, except for one member, comprises the same individuals as the executive board of Porsche AG, does not receive any remuneration for the assumption of its duties.

In connection with the creation of the integrated automotive group between Porsche and Volkswagen, the agreements on Mr. Müller's remuneration at Porsche AG were also adjusted. Since 1 January 2012, he has received only a fixed annual salary and as a fixed annual management bonus. Mr. Müller has no longer received variable remuneration from Porsche AG since then.

For his membership of the executive board of Porsche AG, Mr. Edig receives fixed remuneration comprising a fixed annual salary and a fixed annual management bonus.

In addition, Mr. Edig receives a short-term variable remuneration component, the starting amount of which is calculated as a percentage of the result from ordinary activities determined in accordance with IFRSs of the Porsche AG group (Porsche AG and its subsidiaries) adding back the allocation to the provision set up for variable executive board remuneration, and its amount is based on the extent to which certain individual targets agreed with the supervisory board of Porsche AG are achieved (bonus). This remuneration component is paid out three months after the end of a fiscal year (short-term variable remuneration). The targets that are arranged in a separate agreement are oriented towards a sustainable development of the Porsche AG group.

Furthermore, the remuneration structure for Mr. Edig agreed with the supervisory board of Porsche AG provides for long-term variable remuneration (LTI component), the starting amount of which is also calculated as a percentage of the result from ordinary activities (determined in accordance with IFRSs) and with a defined minimum amount, adding back the amount allocated to the provision set up for the variable remuneration of the executive board. It is not, however, paid out until two years later. Payment of the LTI component is subject to the conditions precedent of a profit being generated in the last fiscal year before it falls due. The amount paid out for the LTI component depends on the targets set forth in the long-term business plan

concerning the fiscal year in question and the earnings target defined there. The LTI component is paid out in full if the result from ordinary activities determined in accordance with IFRSs is no more than 20 percent lower than provided for in the long-term business plan. If the result from ordinary activities determined in accordance with IFRSs falls short of the target figure by at least 50 percent, the LTI component is forfeited. If the shortfall is between 20 and 50 percent, the component is reduced proportionate to the difference between the result from ordinary activities determined in accordance with IFRSs and the result provided for in the long-term business plan.

The authoritative starting amount for calculating the remuneration components is limited to 4.0 million euro for both components together (bonus cap).

The short-term incentive makes up 40 percent of the maximum variable total remuneration, while the long-term incentive accounts for 60 percent. There was also a corresponding rule on variable remuneration for Mr. Müller until the end of the fiscal year 2011.

In addition, the supervisory board has the option of reducing these variable remuneration components at its discretion provided it considers this appropriate in light of extraordinary developments.

Moreover, at its discretion, the supervisory board of Porsche AG may grant Messrs. Müller and Edig a special bonus for previously agreed targets or a subsequent bonus in recognition of extraordinary performance.

In addition to this, Mr. Edig and Mr. Müller receive benefits in kind, in particular the use of company cars and leased vehicles as well as provision of insurance cover. Moreover, it was agreed in principle to pay the costs for security services and preventive healthcare. Taxes arising in connection with the benefits in kind are regularly borne by Porsche AG.

Messrs. Müller and Edig have also concluded direct insurance policies. The annual premiums of 1,742 euro each are paid by Porsche AG.

Porsche AG will continue to pay Mr. Müller's fixed component for a period of 12 months in the event of illness. In the event of death, the remuneration agreed with Mr. Müller will continue to be paid for six months following the month of death.

Remuneration of the executive board in the fiscal year 2012

The table below presents the remuneration of the members of the executive board of Porsche SE for their service at Porsche SE and group companies in accordance with Sec. 18 AktG. The total remuneration of the members of Porsche SE's executive board presented in the table below therefore includes not only remuneration for their service as a member of the company's executive board, but for Mr. Müller additionally remuneration for his service on the executive board of Porsche AG for fiscal 2012 and for Prof. Dr. Winterkorn and Mr. Pötsch additionally remuneration for their service on the board of management of Volkswagen AG and for their other offices in the Volkswagen group and in the Porsche Holding Stuttgart GmbH group in the fiscal year 2012.

Mr. Müller's remuneration for his service on the Porsche AG executive board in the fiscal year 2012 comprises a fixed annual salary, a fixed annual management bonus, and payment of as yet unpaid variable remuneration components for previous fiscal years of 2,353,360 euro. In addition, he received a bonus in recognition of extraordinary performance for the fiscal year 2011 amounting to 75,000 euro. These payments by Porsche AG settle all Mr. Matthias Müller's claims against Porsche AG for variable remuneration payments with regard to past fiscal years. This does not affect the payment of the bonus in recognition of extraordinary performance.

The remuneration of Mr. Edig for service on the executive board of Porsche AG is taken into account until his departure from the executive board of Porsche SE effective as of the end of the day on 29 February 2012. The short-term performance-based remuneration of Porsche AG for the fiscal year 2012 was included pro rata temporis. The long-term variable remuneration components of Porsche AG for the short fiscal year 2010 were also taken

into account pro rata temporis, while long-term variable remuneration components for the subsequent fiscal years were not taken into account due to the existing conditions precedent. In the fiscal year 2012, he was also paid a bonus in recognition of extraordinary performance of 70,000 euro for the fiscal year 2011.

Remuneration of the members of the executive board in accordance with the German Corporate Governance Code for the fiscal year 2012¹

in €	Non-performance-related components	Performance-related components	thereof long-term incentive	Total
Prof. Dr. Dr. h.c. mult. Martin Winterkorn	2,714,698	12,606,196	3,940,000	15,320,894
Thomas Edig (until 29 February 2012)	242,404	370,280	87,240	612,684
Philipp von Hagen (since 1 March 2012)	463,472	100,000	0	563,472
Matthias Müller	2,341,895	3,828,360	0	6,170,255
Hans Dieter Pötsch	1,578,136	4,986,196	1,750,000	6,564,332
Porsche SE group	7,340,605	21,891,032	5,777,240	29,231,637

¹ The figures in the table above **take into account** the remuneration received in the Porsche Holding Stuttgart GmbH group and in the Volkswagen group that are no group companies of Porsche SE as defined by IFRSs.

Post-employment benefits in the event of regular or early termination of service

In the event of regular termination of their service on the board of management of the Volkswagen group, Prof. Dr. Winterkorn and Mr. Pötsch are entitled to a pension, including a surviving dependents' pension as well as the use of company cars for the period in which they receive their pension. The agreed benefits are paid or made available on reaching the age of 63. The retirement pension is calculated as a percentage of the fixed basic salary, which accounts for most of the fixed individual remuneration for members of the board of management received from Volkswagen AG. Starting at 50 percent, the individual percentage increases by two percentage points for each year of service. The executive committee of Volkswagen AG's supervisory board has defined a maximum of 70 percent. These benefits are not broken down any further into performance-related components and long-term incentive components. Both Prof. Dr. Winterkorn and Mr. Pötsch have a retirement pension entitlement of 70 percent as of 31 December 2012.

In the event of disability, they are entitled to the retirement pension. Surviving dependents receive a widows' pension of 66 2/3 percent and orphans' benefits of 20 percent of the former member of the board of management's pension. The members of the board of management Prof. Dr. Winterkorn and Mr. Pötsch are also entitled to a pension and to a surviving dependents' pension as well as the use of company cars for the period in which they receive their pension in the event of early termination of their service on the board of management. The retirement pension to be granted after leaving the Volkswagen AG is payable immediately if their membership of the board of management is terminated by Volkswagen AG, and in other cases on reaching the age of 63. Any remuneration received from other sources until the age of 63 is deductible from the benefit entitlement up to a certain fixed amount.

Prof. Dr. Winterkorn and Mr. Pötsch are also subject to the following rule for members of the board of management of Volkswagen AG: if mem-

bership of the board of management is terminated for cause through no fault of the board of management member, the claims under board of management contracts entered into since 20 November 2009 are limited to a maximum of two years' remuneration, in accordance with the recommendation in No. 4.2.3 (4) of the German Corporate Governance Code (cap on severance payments). For board of management members who are commencing their third or later term of office, existing rights under contracts entered into before 20 November 2009 are grandfathered.

No severance payment is made if membership of the board of management is terminated for a reason for which the board of management member is responsible.

Matthias Müller will receive future benefits from Porsche AG that amount to 50 percent of the fixed annual salary agreed with Porsche AG at the date of his retirement. If Mr. Müller retires on reaching the age of 63 or in the event of disability, he is entitled to monthly payment of the pension. If he leaves the executive board of Porsche AG of his own volition, he has a vested right to pension benefits.

Surviving dependents of Mr. Müller receive a widows' pension of 60 percent and half orphans' benefits of 15 percent and full orphans' benefits of 30 percent of the former member of the board of management's retirement pension. The orphans' benefits are limited to a total of 60 percent of the retirement pension.

Of the current addition to pension provisions an amount 360,753 euro was recognized at Porsche AG for Mr. Müller. The amount recognized at Volkswagen AG for the addition to pension provisions amounts to 904,811 euro for Prof. Dr. Winterkorn and 1,699,477 euro for Mr. Pötsch. Current pensions for Mr. Müller, Prof. Dr. Winterkorn and Mr. Pötsch are index-linked in accordance with the index-linking of the highest collectively agreed salary insofar as the application of Sec. 16 of the German Company Pension Act (BetrAVG) does not lead to a larger increase.

Remuneration of the supervisory board

Porsche Holding Stuttgart GmbH (and thus also Porsche AG) and Volkswagen AG as well as their subsidiaries were still group entities as defined by Sec. 18 AktG in the fiscal year 2012. Therefore, the total remuneration required to be published according to the German Corporate Governance Code for Porsche SE's supervisory board members also includes any remuneration that the members of the supervisory board received on account of their service in the Volkswagen group and in the Porsche Holding Stuttgart GmbH group.

The remuneration of the members of Porsche SE's supervisory board presented below therefore includes not only remuneration for their service on the company's supervisory board but additionally remuneration for their membership in the supervisory boards and other control bodies within the meaning of Sec. 125 (1), Sentence 5 AktG of the Porsche Holding Stuttgart GmbH group and of the Volkswagen group. The remuneration paid is based on the respective articles of association of the companies.

In accordance with article 13 (2) of Porsche AG's articles of association, members of Porsche AG's supervisory board who are also on Porsche SE's supervisory board did not receive performance-related remuneration from Porsche AG in the fiscal year 2012 in order to avoid duplicate payment. Art. 13 (2) of the articles of association of Porsche AG was amended in the fiscal 2012. As of the fiscal year 2013, members of the supervisory board of Porsche AG who already receive remuneration for membership of a supervisory body of an affiliated company of Porsche AG as defined by the AktG do not receive remuneration for their service on the supervisory board of Porsche AG in order to avoid duplicate payment.

Beyond this, the supervisory board members of Porsche SE did not receive any other remuneration or benefits in the past fiscal year 2012 for any services they provided personally, such as consultancy and referral services.

**Remuneration of the members of the supervisory board in accordance with
the German Corporate Governance Code for the fiscal year 2012¹**

in €	Non-performance-related components	Performance-related components	Total
Dr. Wolfgang Porsche	192,775	635,940	828,715
Uwe Hück ²	159,000	141,525	300,525
Berthold Huber ²	73,000	741,483	814,483
Prof. Dr. Ulrich Lehner	83,000	188,700	271,700
Peter Mosch ²	68,500	440,117	508,617
Bernd Osterloh ²	94,500	560,275	654,775
Hon.-Prof. Dr. techn. h.c. Dipl. Ing. ETH Ferdinand K. Piëch	222,500	1,022,950	1,245,450
Dr. Hans Michel Piëch	134,000	417,917	551,917
Dr. Ferdinand Oliver Porsche	124,000	766,458	890,458
Hansjörg Schmierer ² (since 23 January 2012)	96,472	89,757	186,229
His Excellency Sheikh Jassim bin Abdulaziz bin Jassim Al-Thani	31,000	94,350	125,350
Werner Weresch ²	104,000	94,350	198,350
Total	1,382,747	5,193,822	6,576,569

¹ The figures in the table above **take into account** the remuneration received in the Porsche Holding Stuttgart GmbH group and in the Volkswagen group that are no group companies of Porsche SE as defined by IFRSs.

² These employee representatives have declared that their supervisory board remuneration is transferred to the Hans-Böckler-Stiftung foundation in accordance with the regulations of the German Federation of Trade Unions (DGB).

Value-enhancing factors

On the basis of the existing structures and processes in connection with the investment in Volkswagen AG, Porsche SE has gradually created the organizational and material conditions for the acquisition and management of new investments. To this end, clearly defined criteria and a systematic process have been established in order to identify and examine future investment opportunities along the automotive value chain. With the strategic acquisition of long-term investments, Porsche SE's objective is to promote the development of these investments thereby generating a sustainable increase in the value of net assets. We also refer to the subsection "Expansion of structures for investment management" in the section "Significant events" and to the section "Forecast report and outlook" in this management report.

This section presents the main non-financial performance indicators of the Volkswagen group. These value drivers help raise the value of this significant investment held by Porsche SE in the long-term. They include newly developed products, the processes in the fields of research and development, procurement, production, sales and marketing, and the environment. Above all, Volkswagen is always aware of its responsibility towards its employees, the society and the environment. We also report on new launches of the Porsche Holding Stuttgart GmbH group up to its contribution to Volkswagen AG in the subsection "Research and development".

Sustainability

Corporate social responsibility and sustainability at the Volkswagen group

Volkswagen is unlike any other company thanks to its corporate culture, which combines a modern understanding of responsibility and sustainability with the traditional values of running a business. As a global company, Volkswagen's worldwide commitment and corporate giving policy support social projects and help those in need. At the same time, it integrates this concept with a modern vision that is focused on strategically anchoring corporate social responsibility (CSR) and sustainability in the value chain. The challenges of the 21st century, particularly resource and climate conservation as well as fairness within and between generations, are reflected in the vision of responsibility and sustainability. Sustainability requires a commitment to balancing economic, ecological and social dimensions. The CSR concept is aimed at ensuring that the Volkswagen group avoids risks at every step along the value chain, identifies opportunities for development early on and improves its reputation. CSR therefore makes a necessary contribution to increasing the value of the company and safeguarding it in the long-term.

Sustainability management

The board of management of the Volkswagen group is also the supreme sustainability board in the company. It receives regular updates from the Group CSR & Sustainability steering group about the issues of responsibility and sustainability. Senior executives from central board of management business areas, the group works council and representatives of the brands and regions are members of this steering group. It resolves the sustainability strategy, which aims to help the group achieve its goal of becoming the most sustainable automaker in the world in 2018.

Since 2006, the CSR office has coordinated all activities within the group and the brands, using standardized structures, processes and reports. It strategically aligns all CSR activities and acts as a guidance unit for internal management processes and dialog with stakeholders. CSR project teams work on current topics across business areas, such as sustainability in supplier relationships. An international interchange between the CSR coordinators of all brands and regions has been taking place regularly since 2009. There is also a group environmental conference and a group environmental strategy group to coordinate environmental officers throughout the group. The course for an ecological reorganization of the Volkswagen group has been set by appointing a Group Chief Officer for the Environment, Energy and New Business Areas.

With the introduction of the IT-based sustainability management system and the further integration of the KPI (key performance indicator) systems, the Volkswagen group has created the basis for comprehensive and timely CSR and sustainability reporting in the group. The improved control efficiency and transparency of the KPI system allow Volkswagen to meet the increasing expectations of its stakeholders for an up-to-date, differentiated presentation of the company's CSR and sustainability performance.

Code of Conduct and guidelines

The Code of Conduct, which is applicable throughout the Volkswagen group, provides employees of the Volkswagen group with guidance on how to manage legal and ethical challenges in their daily work. These principles include the group values of closeness to customers, maximum performance, creating value, renewability, respect, responsibility and sustainability. All employees are equally responsible for adhering to these principles.

International conventions, laws and internal rules are also key guidelines for conduct. The Volkswagen group also acknowledges its commitment to the "Declaration on Social Rights and Industrial Relationships at Volkswagen" (Volkswagen Social Charter), the Temporary Work Charter and the Charter on Labor Relations, all of which address fundamental social rights and principles.





Research and development

New launches of the Porsche Holding Stuttgart GmbH group

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

The Boxster and Boxster S are powered by six-cylinder boxer gasoline engines with direct fuel injection and improved efficiency based on electrical system recuperation, thermal management and start/stop function. The new 2.7-liter engine of the

entry model churns out 265 hp (195 kW) – that is 10 hp more than its larger predecessor. It is based on the 3.4-liter engine of the Boxster S, which now delivers 315 hp (232 kW), an increase of 5 hp.

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

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

New launches from the Porsche Holding Stuttgart GmbH from 1 August 2012 are contained in the reporting of the Volkswagen group.

New launches by the Volkswagen group

The Volkswagen group selectively expanded its model portfolio in key segments in 2012. The first products based on the Modular Transverse Toolkit (MQB) were also introduced. This will form the basis for many other new models in the coming years. With the new group brands, Porsche and Ducati, the group's range now comprises around 280 passenger car, commercial vehicle and motorcycle models and their derivatives. The group covers almost all key segments and body types, with offerings from small cars to super sports cars in the passenger car sector, and from small pickups to heavy trucks and buses in the commercial vehicles sector, as well as motorcycles. The Volkswagen group will continue to resolutely move into open market segments that offer profitable opportunities for the company.

The Volkswagen passenger cars brand premiered a large number of new vehicles in 2012. As the highest-volume group model and one of the biggest-selling cars worldwide, the focal point was the new, seventh generation Golf, which is still setting new standards in the compact segment. The Volkswagen group moved into key volume and niche segments with the four-door up! and the Passat Alltrack offroad estate model. The Polo GTI, the new Beetle Convertible and the upgrade to the CC further strengthened Volkswagen's brand image. Volkswagen took account of special customer and market requirements in key regions outside Europe through product upgrades and country-specific models. The biggest selling model in Brazil overall, the Gol, and its notchback derivative, the Voyage, were upgraded in 2012. In China, the compact notchback saloons Sagitar and New Lavida and the upgraded New Bora were launched. In addition, a successor to the Santana – the first group model to be sold in China – was introduced after almost 30 years. Looking to the future, Volkswagen drove

forward the electrification of its product range with the launch of the Jetta Hybrid – the group's first hybrid model in the compact class. Another highlight was the eco-up!, the most economical gas-powered series-produced car, which generates just 79 g/km of CO₂.

The Audi brand put its technical and sporting expertise to the test in 2012 and again met its own high standards. In the premium compact segment, the popular Audi A3 was updated to be the first group vehicle based on the MQB. Additional derivatives were launched in the form of the Audi A4 all-road, RS 4 Avant, A6 allroad quattro, S6 saloon and Avant, S7 Sportback and S8 models, which occupy different premium segments. Key volume models, including the Audi A4 saloon and Avant, the Audi Q5, and the versions of the Audi A4 and Audi A6 specially adapted with longer wheelbases for markets such as China, were upgraded or modernized. The Audi RS5 Coupé was also upgraded. The Audi brand demonstrated its growing electrical expertise with the launch of the Audi A6 hybrid and Audi A8 hybrid.

With the new Rapid, a locally produced version of which was launched on the Indian market in 2011, the ŠKODA brand presented a compact notchback saloon, specially designed for international growth markets like China and Russia, as well as price-sensitive customer segments in Europe. Like the up! at Volkswagen, the four-door Citigo supplements the offering in the expanding small car segment.

Spanish brand SEAT updated the Leon – again based on the MQB. Its sporty appearance stands out in the compact, everyday hatchback segment. As a sister model to the ŠKODA Rapid, the Toledo will open up new market segments for SEAT. The upgrades of the high-volume Ibiza product family and the launch of the four-door version of the Mii small car were also significant.

New group brand Porsche emphasized its dominance of the global premium and sports segment

with its new models. The relaunch of the iconic 911 Carrera was a highlight. The updated Porsche Boxster and Porsche Boxster S roadsters with mid-mounted engines, now in their third generation, boast improved dimensions and significantly reduced weight and fuel consumption. With GTS versions of the Panamera and Cayenne, Porsche expanded its offering in these two ranges with particularly sporty derivatives.

The group's luxury brands also introduced fascinating new models and derivatives in the market in the reporting period. Bentley debuted the V8-powered Continental GT and Continental GTC models, as well as the Continental GT Speed with a W12 engine. Lamborghini presented a new, even more striking design of its most successful super sports car ever, the Gallardo LP 560-4 as a Coupé and Spyder. Bugatti confirmed its unique position by launching the Veyron Grand Sport Vitesse, the fastest roadster of all time with a top speed of 431 km/h.

Volkswagen commercial vehicles introduced two new special models – the Caddy Edition 30 and the Multivan Edition 25 – and thus confirmed its decades-long dominance of the light commercial vehicles market. The California Edition Beach strengthened the brand's presence in the camper van market. Another fuel-efficient commercial vehicle was launched in the form of the BlueTDI Crafter panel van.

In the fiscal year 2012, the first Scania trucks whose engines meet the new Euro 6 emissions standard were registered.

MAN launched the new premium NEOPLAN Jetliner, which can be used as both a public service bus and coach.

Leveraging synergies to increase efficiency
For new vehicle projects, the individual brands of the Volkswagen group have access to "modular toolkits". These ensure that the synergy effects that

exist both between models in one series and across all series and brands can be optimized and increased at the same time. Leveraging them allows vehicles for both existing and still to be developed markets to be planned more efficiently.

The Modular Longitudinal Toolkit (MLB), which was primarily developed by the Audi brand, and its evolutionary step MLB evo are the basis for vehicles whose engine is mounted longitudinally to the direction of travel. Volkswagen is pushing forward with MLB development in particular with a view to topics such as lightweight construction and electrification. At Audi, vehicles based on the MLB have already been rolling off the production line since 2007. By employing the Modular Transverse Toolkit (MQB), the Volkswagen group has made a quantum leap in the enhancement of the cross-brand platform and modular strategy in 2012. The MQB allows vehicles to be designed whose architecture permits a transverse arrangement of the engine components. This enables Volkswagen to produce vehicles with differing lengths, widths and wheelbases, and thus to meet growing customer wishes for a variety of models, equipment features and design. At the same time, the MQB reduces the complexity, unit costs and time required for development. Volkswagen takes advantage of the savings gained to further improve its vehicles' equipment features, among other things. In spring 2012, the first vehicle to be based on the MQB – the Audi A3 – was introduced to the market. The Volkswagen passenger cars brand's most important model – the new Golf – followed over the course of the year. In the future, the MQB will form the technical foundation for a large number of models under the Volkswagen Passenger Cars, Audi, SEAT and ŠKODA brands. This means that innovations in the areas of infotainment and driver assistance systems, for example, will be widely available.

Under the leadership of the Porsche brand, the group is taking the next step in the enhancement of this strategy with the Modular Standard Toolkit (MSB). The MSB is the basis for vehicles whose

engine is installed in a longitudinal direction and that feature rear-wheel drive in the base version.

Volkswagen is also systematically transferring this modular concept to other areas of automotive production. The Modular Infotainment System (MIB) provides a variable hardware platform across brands and vehicle classes for a wide variety of infotainment features and individual designs. The Modular Diesel System (MDB), which forms the basis for the new, efficient and dynamic generation of three- and four-cylinder diesel engines of the Volkswagen group, debuted in 2012 in the new Audi A3.

Pooling strengths with strategic alliances

Volkswagen continued the existing cooperation arrangement with Daimler AG and Chrysler Group in the fiscal year 2012. The Volkswagen group is systematically pressing ahead with the further research and development of high-voltage battery systems for plug-in hybrid drives and electric vehicles, while entering into alliances with expert battery manufacturers; the company intensified these in 2012. VOLKSWAGEN VARTA Microbattery Forschungsgesellschaft mbH & Co. KG, which the Volkswagen group established in 2010 with its partner VARTA Microbattery GmbH in Ellwangen, ramped up its activities and started seeing very positive results in the reporting period. It aims to research and develop battery cells suitable for cars as well as the associated production technology. The Volkswagen group is expanding its expertise in the field of electric traction by cooperating with a large number of universities.

Integration of external R&D expertise

In addition to the Volkswagen group's own internal resources, the expertise of its suppliers plays a key role in the development process and will help the company to systematically advance its new model rollout in the coming years. The early-stage, close collaboration between the internal and external resources of the Volkswagen group guarantees that

the company can successfully complete projects with the quality it expects in reduced development times. The Volkswagen group is able to draw on external expertise primarily in creative processes, as well as in the area of virtual technologies and megatrends.

The Volkswagen group also uses external capacity for support services, downstream processes such as series management, and activities that are not customer-facing but generate improvements. In addition, the Volkswagen group is expanding its cooperation with subsequent series suppliers, as their expertise in the development phase of modules and components is particularly important.

Numerous patents submitted by employees

The large number and technical quality of the ideas submitted in 2012 demonstrate once again that Volkswagen group's employees are an enormous source of innovation. In the reporting period, they applied for 4,313 patents – 2,128 in Germany and 2,185 abroad. The main focus of these innovations was on the areas of modular infotainment, driver assistance systems, electric drive technology and lightweight steel design.

Research and development costs

In the fiscal year 2012, research costs and development costs in the Volkswagen group totaled 9,515 million euro; in the fiscal year 2011, they came to 7,203 million euro. Of these development costs, a total of 2,615 million euro was capitalized (comparative period: 1,666 million euro). The capitalization rate for the Volkswagen group was 27.5 percent in the period from 1 January to 31 December 2012, compared to 23.1 percent in the prior year.



2



Procurement

Stable supply situation for procured components and raw materials in the Volkswagen group

In the reporting period, the supply situation was dominated by growing vehicle sales in China, North and South America, as well as the further increase in demand in all segments for vehicles with high-quality equipment features. Because of this, the need for procured components grew and changed. Supplies to all component and vehicle plants were nevertheless guaranteed at all times. Particularly noteworthy is the fact that the Volkswagen group successfully safeguarded new vehicle start-ups based on the Modular Transverse Toolkit (MQB) at the Audi, Volkswagen and SEAT brands.

In addition, there were unplanned events in 2012 that led to production shortfalls at the raw materials suppliers of the Volkswagen group, among other things. The effectiveness of the processes and safety mechanisms that the Volkswagen group had installed and embedded as a fundamental part of the organization after the lessons learned from the natural disasters in Japan in 2011 became clear in these situations. In addition to working together with suppliers, a cross-business task force, which is an established part of Volkswagen's crisis management, helps to guarantee the security of supplies at all times.

Continuously integrating the suppliers of the Volkswagen group to the demand and capacity management systems is a key tool for safeguarding supplies. The integrated capacity management system INCA offers the suppliers involved the ability to manage their capacities online. They also receive an insight into the requirement forecasts for their parts for a planning horizon of up to 24 months.



Most input and raw materials saw declining prices on the spot markets in 2012 because of the ongoing crisis in the euro zone. However, despite this trend, prices remained at a high level and were subject to pronounced volatility. Overall, the markets were very strained and nervous, and crude oil prices in particular were extremely volatile and highly sensitive in relation to political uncertainties and the impact of speculation.

The economic effects also impacted prices for rare earths. In comparison to the historical high prices reached in 2011, they declined on the Chinese-dominated market. However, they remained at a comparatively high level.

Developing new procurement markets

The Volkswagen group defined measures to achieve the cost targets set as part of the group's Strategy 2018, and these were also systematically implemented in 2012. One of these measures is implementing the C3 Sourcing (Cost-Competitive Country Sourcing) program to develop affordable procurement markets. The objective of this program is to use competitive procurement markets to not only produce localized vehicle projects there, but also to use them for vehicle projects in other countries. Components from the C3 regions are also being exported without Volkswagen having to lower its quality standards.

The Volkswagen group further developed its regional offices worldwide at a cross-business area level so as to guarantee the share of C3 contracts in the flow of goods for the long term. These offices identify new suppliers and guide them until the contract award decision, while procured components management at the regional offices subsequently ensures the ability of the suppliers to deliver.

Southeast Asia is one example of where the Volkswagen group has successfully developed new markets. Via the regional office in Kuala Lumpur, which opened in 2010, more than 250 suppliers from the whole of Southeast Asia have already been linked to the Volkswagen systems environment. These local suppliers have been awarded a significant purchasing volume.



Production

Product and supplier quality in the Volkswagen group

Customers are satisfied and loyal only when their expectations of a product or service are met or even exceeded. Reliability, appeal and service determine the quality perceived by the customer throughout the entire product experience. The objective of the Volkswagen group is to surprise and excite its customers in all these areas so that the company can win them over with outstanding quality.

In the reporting period, several new facilities went into operation, numerous product start-ups happened and Volkswagen used the Modular Transverse Toolkit (MQB) for the first time. Despite these challenging conditions, the Volkswagen group maintained the high quality of the prior year for all group brands and locations, and kept the number of repairs at a consistently low level. The Volkswagen group's suppliers also made significant contributions to this. The company expects sustainable practices in addition to the highest product quality and reliability of supply from them.

In 2012, the Volkswagen group continued to standardize its defect elimination process so that the company can react even more quickly in the future to vehicle problems and help its customers

even faster. Eliminating defects quickly pays off for the Volkswagen group both by increasing customer satisfaction and reducing warranty and ex gratia repair costs.

The Volkswagen group's production locations

The Volkswagen group's production network was extended by five locations in 2012, and consisted of a total of 99 production facilities worldwide at the end of the reporting period. It comprises 58 automobile, commercial vehicle and motorcycle factories as well as 41 component plants. For the first time, motorcycle plants are part of the production network due to the integration of Ducati into the Volkswagen group. Following the contribution in full of Porsche's automotive business to the Volkswagen group, the corresponding plants in Zuffenhausen and Leipzig are now members of the network. The new vehicle plant in Yizheng in China started production in the reporting period.

With 67 vehicle and component locations, Europe remains the center of the Volkswagen group's production activities. The Asia-Pacific region is becoming increasingly important and now has 17 locations. In order to continue serving the key North America market in the long term with locally manufactured vehicles, the Volkswagen group is now represented there at three production sites. The number of production sites in South America (nine sites) and Africa (three sites) remained unchanged in the reporting period.

China is the Volkswagen group's largest sales market. To continue building on the success story in this market, the Volkswagen group has decided with its two joint venture partners to extend the environmentally-friendly production capacity. The Shanghai Volkswagen joint venture opened the vehicle plant in Yizheng in southern China in mid-year. Production of the Polo started there initially; manufacturing began for ŠKODA brand vehicles as well in December 2012. The expansion of the existing plants in Changchun, Nanjing as well as Chengdu and other new plants in Foshan and Ningbo will extend annual capacity in China to around four million vehicles by 2018. The Shanghai Volkswagen joint venture agreed to build a vehicle plant in Urumqi in western China so as to anticipate the expected market growth in the more rural areas of China. In a first step, semi-knocked down vehicles are to be assembled there as early as 2013. To meet the increasing demand for powertrains resulting from the expansion of vehicle production in China, the Volkswagen group is building four engine manufacturing sites at different locations, which will produce the latest generation of engines from 2013 onwards. The foundation stone was also laid for a new plant to produce direct shift gearboxes in Tianjin.

In addition to China, the ASEAN region is becoming increasingly important as part of the growth strategy of the Volkswagen group. The Volkswagen group began construction of a Volkswagen production facility in March 2012 on the grounds of its partner DRB-Hicom in Malaysia. Up to approximately 30,000 additional Volkswagen models will be manufactured there on a CKD basis starting in the first quarter of 2013. This is a step towards opening up the Malaysian automotive market for the long term and is a key component in the Volkswagen group's ASEAN strategy. Vehicles for Volkswagen passenger cars, Audi and Volkswagen commercial vehicles are already assembled by Volkswagen's Indonesian partner Indomobil.

The start of engine production in Silao in Mexico in 2013 marked the opening of the Volkswagen

group's 100th plant and added additional capacity for local production to the production network in North America. This further strengthens the local presence – as do the locations in Chattanooga, Puebla and San José Chiapa – in the key North America sales market, supports the Volkswagen group's ambitious growth target in this region and makes an important contribution to hedging currency fluctuations.

The ongoing strong growth of the market in Russia is strategically important to the Volkswagen group. To continue to strengthen and extend the Volkswagen group's position in this market, the company created the basis for increasing short-term local production capacity to approximately 110,000 vehicles each year by signing a contract manufacturing agreement with the GAZ Group in Nizhny Novgorod in June 2011. Volkswagen launched CKD production of the ŠKODA Yeti there together with GAZ in December 2012. Production of the Jetta will follow in March 2013 and the ŠKODA Octavia in mid-2013. An engine production plant with an annual capacity of 150,000 units is being built close to the Volkswagen group's vehicle plant in Kaluga to locally supply its vehicle production facilities with state-of-the-art engines. The next generation of engines will be manufactured there starting in 2015.

Start of production based on the Modular Transverse Toolkit

The need and demand for vehicles and the number of vehicle and powertrain derivatives is growing just as steadily as customer-specific requirements in the global markets. In order to accomplish this, the Volkswagen group must make optimal use of its production capacity. The modular toolkits developed by the Volkswagen group give the company the opportunity to reproduce a wide variety of vehicle and drive concepts with a minimum of effort using a uniform vehicle architecture, thus meeting the demands of the various markets. Thanks to the Volkswagen group's standardized products and production processes, the company

can manufacture different models of different brands on a single production line. This significantly increases Volkswagen's flexibility when planning how to adapt its plants.

The MQB was used by the Audi and Volkswagen passenger car brands for the first time for the roll-out of the new Audi A3 and the production start of the new Golf. Another new development, the Modular Production Toolkit (MPB), transfers the modular concept from the vehicle to production. Standardized facilities and operating equipment are enhancing flexibility and profitability in existing structures. The modular systems enable the widest variety of models to be produced, including with different drive types and wheelbases. For example, multiple variants of the Golf can be manufactured in a single working day on one production line – the hatchback, the estate and the Golf Plus.

Use of the MPB will deliver additional efficiency gains when other models based on the MQB are rolled out. For example, the factories in Foshan and Puebla, which will also produce the Golf, will benefit from the standardized, proven modules.

In engine manufacturing, production of a new petrol engine and a new diesel engine family has started as part of the launch of the MQB.

The Volkswagen group's production system

The "Volkswagen Way" works agreements signed at the end of 2007 laid the foundation stone for a long-term process of change in the corporate culture and a new common understanding at Volkswagen. The goal is a holistic development process for the company on its way to becoming the leading automobile manufacturer in the world.

With the "Volkswagen Way", the Volkswagen group aims to improve its efficiency, productivity, quality, communication, cooperation, ergonomics and teamwork. Volkswagen does this by permanently avoiding waste and by perfecting work



methods. The focus is always on people. Thus, workplaces and workflows are – directly and indirectly – optimized in multiple steps using the CIP cascade (Continuous Improvement Process). Using workshops and the active participation of employees, the Volkswagen group has already identified many solutions that have been further developed to create product or process standards. The group's value-driven, synchronous production system supplies the necessary methods and instruments for implementing the "Volkswagen Way", improving quality and adherence to schedules while simultaneously reducing costs. Uniform group standards and stable processes increase productivity and shorten throughput times. Training is an important way to approach this. To establish the standards for the long term, employees complete group-wide training on the CIP cascade at lean and training centers. The logistics training center at VOLKSWAGEN SLOVAKIA, which only opened last year, has already won an award: the "Lean & Green Efficiency Award 2012" was awarded



jointly by trade magazine "ATZproduktion" and consulting company "Growth Consulting Europe" to the Bratislava plant for its lean and environmentally-friendly production. The main production facility in Wolfsburg also received an award. The successes of the "Volkswagen Way" associated with sustainably improving productivity and management processes were recognized by the "Automotive Lean Production Award 2012" from trade magazine "Automobil Produktion". This year, the Volkswagen group opened a training center for optimizing production and management processes at the main ŠKODA production facility in Mladá Boleslav. Continuously qualifying employees is an integral feature of the Volkswagen group's production strategy.

A new logistics concept for the Volkswagen group, which is currently being implemented and continually enhanced, is designed to make supplies for production locations and the corresponding material and information flows even more efficient. The focus is not limited to the internal processes for

providing materials to the assembly lines, but also includes the upstream transportation and logistics processes between Volkswagen and its suppliers. It is primarily here where the group's different brands and plants can leverage potential synergies. These mainly result from smaller inventories, more stable processes, higher-quality information and more transparency.

Sales and marketing

Sales structure of the Volkswagen group

The independence of the Volkswagen group's brands is backed by its multibrand structure. Nevertheless, Volkswagen focuses on cross-brand sales activities in order to increase sales volumes and market share, lift earnings contributions and sales efficiency, and decrease costs at the same time.

In 2012, the Volkswagen group integrated dealers more tightly into the group's IT systems environment; this is part of its distribution network strategy and serves to optimize the exchange of information between dealers themselves and between them and the company's wholesale operations. The Volkswagen group's close working relationship with dealers and their profitability are a key focus. The Volkswagen group manages its wholesale business in over 20 markets through companies belonging to the group. A central department that manages these national sales companies makes sales activities more transparent and more profitable, creating synergies between the different brands and their activities. This enables the Volkswagen group to transfer the best practice approaches of individual companies to the other wholesale companies quickly and efficiently. The central department is instrumental in helping the Volkswagen group achieve the goals laid down in the group's Strategy 2018.

Following the Volkswagen group's acquisition of the trading business of Porsche Holding Salzburg on 1 March 2011, the company pushed ahead with the integration of this company in 2012 and reorganized tasks in the Volkswagen group so as to be able to take full advantage of its specific skills. Volkswagen has combined the majority of the group's own trading activities under the management responsibility Porsche Holding Salzburg so as to make them even more efficient and powerful. Porsche Holding Salzburg is a key element in

assuming the role of importer in emerging markets, for example in South America.

Customer satisfaction and customer loyalty in the Volkswagen group

The Volkswagen group's sales activities are always oriented to making its customers more satisfied – this is the top priority for the company. Volkswagen again increased the satisfaction of its vehicle buyers, customers in the after-sales area and that of its dealership partners in 2012 by deploying the measures and processes introduced in the fiscal year 2011.

The group brands regularly measure the satisfaction of their customers. The main focus is on product quality and service. Based on the survey results, they derive measures to further increase customer satisfaction.

Measured by overall customer satisfaction with products, the Audi and Porsche brands occupy leading positions in the core European markets in comparison to both other group brands and their competitors. The other brands in the group score just as high as or higher than competing brands.

Customer satisfaction is a precondition for customer loyalty. If the Volkswagen group's customers are satisfied with its products and services, then they are loyal to its brands and trust them. The extent of this trust is impressively illustrated by the Volkswagen group's loyalty figures, which are measured on a regular basis. The Volkswagen passenger cars brand, for example, has maintained a high level of customer loyalty in its core European markets for several years in a row. The loyalty of ŠKODA customers has likewise kept that brand in the upper rankings in a competitive comparison for several years.



Service quality

The Volkswagen group's goal is to improve global service quality and thus increase customer satisfaction in the area of service. As the direct interface with the customer, the starting point in customer satisfaction is the dealership operation, as is the after-sales business. Through the Volkswagen group's close cooperation with the dealers, the company can identify at an early stage any defects that may be revealed in the emotional moment of vehicle handover and correct them systematically.

In 2012, the Volkswagen group continued to refine the processes at the interface between markets and dealers. To accomplish this, Technical Service, previously a part of Quality Assurance, was integrated into the after-sales business. The greater closeness to the market helps the Technical Service to recognize vehicle problems at an even earlier stage, prioritize them, take countermeasures and evaluate their effectiveness. Quality Assurance and Technical Service continue to work together closely in the new structure.



Employees

Employment situation in the Volkswagen group
As of 31 December 2012, the Volkswagen group had 525,245 active employees; 7,804 were in the passive phase of their partial retirement. 16,714 people were in training. At the end of the fiscal year 2012, the Volkswagen group employed 549,763 people. The number of employees has thus increased by 9.5 percent compared to the figure as of 31 December 2011. A total of 249,470 people were employed in Germany (plus 10.9 percent). The German share of the workforce increased from 44.8 percent as of 31 December 2011 to 45.4 percent as of 31 December 2012.

Vocational training at Volkswagen

Vocational training is a key factor in the development of Volkswagen's outstanding team. Volkswagen has stepped up its commitment to dual education and training and has introduced vocational training at additional international sites. In December 2012, the group had 16,714 employees in vocational training worldwide, 11,913 of whom were in Germany.

As of 31 December 2012, Volkswagen AG was training 4,838 vocational trainees and students in 32 professions and 26 degree courses at its six German locations (Wolfsburg, Hanover, Braunschweig,

Kassel, Emden and Salzgitter) under the StIP integrated study and traineeship scheme. A further 125 vocational training positions were created as against 2011. 50 additional vocational training positions were established at Volkswagen Sachsen GmbH, Automobilmanufaktur Dresden GmbH and Volkswagen Osnabrück GmbH.

As of the end of 2012, AUDI AG recorded a total of 2,459 vocational trainees in 23 professions. Furthermore, 2,212 vocational trainees were employed at MAN and 453 vocational trainees at Porsche in Germany at the end of the year.

Dual vocational training and education now exists at a large number of sites abroad and is in development at additional sites. In the Kaluga plant at Volkswagen Group Rus, for example, the third year of vocational training began in 2012. Trainees can now also train to be warehouse logistics specialists alongside the previous vocational training careers of vehicle mechatronics specialists, design and production mechanics, vehicle painters and mechatronics specialists.

Vocational trainees at Volkswagen in Chattanooga, USA, have started a training program for mechatronics for the third time. This is run in cooperation with the local partners: Tennessee Technology Center and Chattanooga State Community College.



A modern training center opened at Volkswagen Navarra in Pamplona in April 2012. Building the training center and being committed to education is credited in this region of Spain as a key factor in Volkswagen's assumption of social responsibility.

Every year, the group board of management and the world works council present the "Best Apprentice Award" to Volkswagen's best trainees around the world. This prize was awarded for the twelfth time at the end of November 2012 in Munich. Twenty-nine vocational trainees from 13 countries received the honor.

Volkswagen supports particularly talented vocational trainees in the talent group for young specialists. This is a key instrument to guide employees who are outstanding at both a professional and personal level through the transition from vocational traineeship to professional practice. A total of 232 talented young people at Volkswagen AG and Volkswagen Financial Services AG took part in this

two-year development and training program in December 2012. 163 talented employees have already completed it.

The focus of Volkswagen's vocational training is on the professional development of the participants. They also benefit from a series of supplementary programs and opportunities. In Germany, these include the cooperation between Volkswagen vocational training and the "Youth Start-Ups" high-tech and business start-up competition as well as organizing of the "ProTalent" and "ProMechanic" competitions. In cooperation with Porsche Inter Auto GmbH & Co. KG in Salzburg and VOLKSWAGEN SLOVAKIA a.s. in Bratislava, Volkswagen AG vocational trainees already have the opportunity to expand their acquired knowledge and skills abroad and to develop professional mobility and flexibility.

Volkswagen vocational trainees have a more than twenty-year tradition of involvement with the Auschwitz memorial site. Prepared and supervised

by the International Auschwitz Council and Volkswagen Coaching GmbH, the trainees from Volkswagen and Polish young people travel to Auschwitz at least four times a year for two weeks in each case in order to work on maintaining the memorial. More than 2,100 young people from Germany and Poland have participated in the program so far. Since 2012, vocational trainees at other Volkswagen subsidiaries and investment companies have now also had the opportunity to help with the maintenance work on the memorial site in Auschwitz.

On completion of their training, since 2006 young people at the start of their career have had the opportunity to take part in the "Wanderjahre" (Years Abroad) program, spending twelve months at one of the group's international locations. Today, 32 the Volkswagen group companies in 17 different countries participate in this development program. So far, over 320 young employees of the Volkswagen group have taken advantage of this opportunity. 46 young people from Germany and ten participants from seven other countries started their Years Abroad program in the Volkswagen group in 2012.

Developing university graduates

Highly qualified young talent is essential for the future of the company because innovative strength is one of the decisive competitive factors in the automotive industry. Volkswagen uses a differentiated approach to support its academic young talent: the Student Talent Bank and the Academic Talent Pool.

Volkswagen has been using the Student Talent Bank since 1998 to develop particularly high-achieving students in functional and crossfunctional areas. Since then, roughly 2,100 students have successfully completed an internship at Volkswagen thanks to their committed approach. Volkswagen supports these former interns during their further studies and invites them to presentations and seminars by specialists or on excursions to Volkswagen locations, for example.

Talented students are added to the Academic Talent Pool just before they complete their degree or doctorate. This new recruiting tool makes selected potential employees visible in the company, meaning that they are considered for starting a career in one of the functional areas because of their prior experience.

Volkswagen offers the "StartUp Direct" trainee program to young university graduates to get them off to a flying start in the company. Over a two-year period, participants in the program not only work in their own department and familiarize themselves with the company, but also attend supplementary training seminars. The program additionally includes multiple-week placements in production and sales as well as an optional foreign placement.

University graduates with an international focus can alternatively enter the "StartUp Cross" program. This international program includes a three-month international placement during its 18-month period. Over 2,000 trainees have gained their first Volkswagen experience in one of these two programs since 2008.

With its "StartUp Europe" trainee program, the Volkswagen group has offered young engineers from Southern Europe an opportunity to gain international work experience since 2012. This Volkswagen program is initially targeted at university graduates from Spain and Portugal. The graduates start off in a company in either Spain or Portugal, followed by up to 21 months in a group company in Germany. Permanent positions may be offered after completion of the two-year program.

Advancement of women, family-friendly HR policies at Volkswagen

Volkswagen's corporate culture places a very high value on both job and family. For Volkswagen, family-friendly human resources policies are a key success factor. This commitment has tradition behind it: in 1989, Volkswagen was the first major German



corporation to establish guidelines for the advancement of women and to support them with targeted programs. Volkswagen AG first set concrete targets for raising the proportion of women in the company in 2007. In spring 2011, the Volkswagen group proposed individual goals to raise the proportion of women at Volkswagen in Germany as part of a voluntary commitment.

A pioneering instrument for achieving the goal is the quota for university graduates the Volkswagen group hires. Volkswagen hires the year's best university graduates in the necessary fields and then trains them further. Volkswagen is guided in this by the proportion of female graduates in each field of study. Consequently, approximately 10 percent of graduate engineer recruits have to be women. For electrical engineering, the ratio is also 10 percent and for business and economics 50 percent. Averaged across all fields of study relevant to Volkswagen, the individual ratios produce an overall goal of at least a 30 percent ratio of women among university graduates hired. Volkswagen approaches female students at an early stage: for example, Volkswagen uses its Germany-wide "Woman Driving Award" and the newly introduced "Woman Experience Days" to focus on female engineering students and graduates so as to recruit them for technical positions at Volkswagen.

This increased proportion of qualified women joining the company will enable the Volkswagen

group to steadily lift the proportion of female executives in the coming years. The Volkswagen group is aiming to have a proportion of 30 percent of women at all levels of the management hierarchy in Germany in the long-term. For example, the proportion of women in management positions at the Volkswagen group in Germany increased from 8.5 percent (2011) to 9.3 percent (2012). 41 women at Volkswagen AG participated in a mentoring program in 2012, giving them support on their path into management.

Volkswagen also has the goal of raising the proportion of women among skilled workers and master-level workers to 10 percent. The current proportion of women among workers at the master level at Volkswagen AG is 4.3 percent. In 2012, 31 women were helped in their effort to become master craftswomen through a targeted mentoring program.

The Volkswagen group is leading the way in the automotive industry in Germany, with a share of 26.8 percent female trainees in 2012, and especially with 20.9 percent in industrial and technical fields. We aim to increase this to around 30 percent. Volkswagen therefore specifically recruits female talent, for example by offering special information days for industrial and technical vocational training at Volkswagen and career experience days for young women. The company has participated for many years in the national "Girls' Day" in Germany and in 2012 offered roughly



2,000 schoolgirls a behind-the-scenes look into careers in the automotive industry.

Volkswagen is also attempting to systematically improve its work/family balance alongside hiring and supporting talented female employees. This includes a high level of working time flexibility and a range of part-time and shift models, as well as local and on-site childcare facilities. Volkswagen offers meetings and seminars for employees on parental leave in order to retain contact with employees on parental leave and help ease their transition back into the workforce.

Performance incentives and bonus arrangements at Volkswagen

For the Volkswagen group, professional development and training are a key component in creating an outstanding team. A major part of the Volkswagen group's strategy includes systematically supporting and recognizing achievements and switching to remuneration systems that allow employees to share in the company's success in the long term. Universal and uniform criteria for developing skills and recognizing achievements have been in place at Volkswagen AG since 2010. This applies to the entire workforce – from trainees to senior executives. The criteria are underpinned by concrete incentive systems in the remuneration structure.

Volkswagen AG's employees covered by collective pay agreements have a remuneration system that comprises three key elements:

- the basic pay in the form of a monthly remuneration,
- the right to a bonus arrangement anchored in the collective pay agreement,
- since the beginning of 2011, the performance-based remuneration component, which recognizes all employees' individual achievements.

Volkswagen AG's remuneration system, which was expanded to include a performance-based remuneration component, has proven itself as a tool for the workforce to participate in the company's success. At the same time, it helps individual achievements to be recognized while maintaining competitiveness. This three-tier remuneration system is being increasingly implemented throughout the group.

Employee participation in the Volkswagen group

Volkswagen group employees can actively help shape the company through participating in the opinion survey. This uniform, group-wide employee survey gathers information about employee satisfaction once a year. Following the survey, the results are discussed together by supervisors and employees. Complaints and problems are discussed just as much as suggestions on how to improve the structure of

work. The areas of improvement that are agreed upon are then implemented in the period before the next survey. The opinion survey was conducted for the fifth time in 2012. A total of 102 locations and companies in 32 countries were included in the survey. Of the over 378,000 employees invited to participate, more than 342,000 took part. Porsche Holding Salzburg, Volkswagen Osnabrück GmbH and Volkswagen Group Japan K. K. took part for the first time. The sentiment rating is a key parameter for the opinion survey, in addition to the level of employee participation. The Volkswagen group also identified a positive trend here.

Another instrument for whose success the involvement of employees has special significance is the “Volkswagen Way”. This has been an integral feature at Volkswagen for five years. It aims to safeguard competitiveness and employment. It focuses on a comprehensive improvement process that aims to achieve continuous improvement in productivity and efficiency, as well as quality, ergonomics, leadership and teamwork. The “Volkswagen Way” is a durable instrument that offers across-the-board, systematic and binding solutions to problems using high standards and drives improvements. Every employee's participation allows Volkswagen to continuously improve the workplaces, processes and structures in the individual areas of the company. The Volkswagen group's other brands have similar efficiency enhancement programs. For example, during production, a group-wide uniform production system is used for all brands.

Volkswagen places tremendous value on facilitating the flow of ideas and improvement suggestions from its employees into the work organization and production process. The input of employees is screened and evaluated by Volkswagen Ideas Management, which is represented at all German locations. The origin of the suggestion system at the Volkswagen goes back to 1949. Since then, involvement in the improvement of products and processes has been a firm indicator of the creativity, expertise and motivation of Volkswagen employees.

Ideas Management is an important leadership and motivational instrument for line supervisors. The Volkswagen group worked on systematically integrating all of Volkswagen's locations worldwide in the reporting period.

In fiscal 2012, Volkswagen employees throughout the group submitted a total of 536,532 improvement proposals, 12.9 percent more than in the prior year (475,073). The implementation of 380,475 of these suggestions in the reporting period significantly helped to improve the quality of the Volkswagen group's products and the efficiency of its processes, and helped to reduce costs in the group by a total of 358.1 million euro. Employees who submitted ideas received bonuses worth some 34.1 million euro in acknowledgment of their creativity and contributions in shaping the company. Ideas Management also helps work at Volkswagen to be safer and more compatible with good health. Occupational health and safety measures are being continuously improved thanks to successfully implemented ideas.

Preventive healthcare and occupational safety in the Volkswagen group

Healthcare management at Volkswagen is much more than classic preventive healthcare and occupational safety. The holistic healthcare management system that has been in place at Volkswagen for a long time also comprises aspects of work organization, ergonomics, management culture and prospects for all individuals.

The “CheckUp”, a free, comprehensive medical examination, was made available to all employees at Audi in 2006 and at Volkswagen in 2010. This now firmly established tool also helps to maintain and improve employees' health, fitness and performance. The high level of diagnostic quality of the check-ups is widely acknowledged by the employees: more than 42,000 Volkswagen check-ups and more than 51,000 Audi check-ups have been performed to date.



After the check-ups were successfully implemented at the German plants, the focus in 2012 was on expanding the internal and external prevention offerings that are linked to this tool. The Volkswagen CheckUp was also rolled out on a large scale at group locations abroad, for example at Volkswagen de Mexico's Puebla plant. Existing preventive medical examination programs at other companies are being adapted to meet the group-wide standard for the CheckUp. At the same time, Volkswagen uses improvements along the entire product development process to guarantee that the quality of workplaces and the strains on employees that arise as a result of production are already taken into account in the planning and design stages of vehicle models. The common objective is to align the creation of ergonomically state-of-the-art workplaces and innovative work processes, taking both science and practice into account. The deployment of occupational therapists to the production lines means that employees are able to receive advice and guidance directly at their workplace about the more ergonomic implementation of their workflows.

In the course of the Volkswagen group's management development programs, line supervisors are taught to give stronger consideration in their leadership practices to the link between leadership and employee health. We have also been developing compulsory training modules on occupational safety and introducing them for all prospective managers since the beginning of 2012. Based on the group occupational safety management system implemented in 2010, all group brands and companies covered by it analyzed their existing occupational safety organizations and processes. The results are now available throughout the group in a central database system. This includes the systematic communication of examples of good practice identified in the Volkswagen group.

Social benefits at Volkswagen

All Volkswagen AG employees are insured by a group accident insurance policy against accidents resulting in death or disability. Employees in the international group companies enjoy additional



benefits. Depending on the location, these include transportation and subsistence allowances, affordable housing, monthly childcare allowances as well as subsidies towards selected leisure activities. Additional preventive healthcare services or supplementary pension insurances round off this offering on a location-specific basis.

To secure the retirement income of former employees, Volkswagen AG along with its brands and subsidiaries operates a number of occupational pension systems. In Germany, this is based on a direct pension commitment. The occupational pension arrangements at Volkswagen AG comprise the basic pension and the additional retirement benefits of contributory pension schemes I and II. While the basic pension and contributory pension scheme I are funded by the employer, contributory pension scheme II offers employees the opportunity to provide for their own retirement income through deferred compensation.

Since 2001, funds for the Volkswagen AG direct pension commitment have been invested in the capital markets by the company pension fund administered in trust by Volkswagen Pension Trust e.V.

At the end of 2012, an additional 22 group companies in Germany made use of this facility. A total of 3,009 million euro had been contributed to the company pension fund by the end of 2012 as lifelong pension payments for employee retirement and disability pensions, and for benefits in the event of death. Direct insurance is another opportunity for employees to provide for their own retirement income through deferred compensation.

Volkswagen AG's Time Asset is an instrument that gives staff the opportunity to retire earlier. Since 1998, employees have been able to make contributions from their gross salary and time credits, which are invested in the capital markets by the Time Asset investment fund administered in trust by Volkswagen Pension Trust e.V. The accumulated Time Asset credits can be used for paid early retirement. At the end of the reporting period, the assets in the Time Asset investment fund amounted to 1,329 million euro.

Information technology (IT) in the Volkswagen group

The communication society, the nearly universal information technology support for business processes and the development of new locations bring constant challenges to the IT functions of large companies. An adequately equipped IT infrastructure, both technologically and quantitatively, is the foundation for stable IT systems and thus for optimal IT support.

It is of considerable importance to Volkswagen that the IT infrastructure's equipment is energy-efficient and resource-friendly: for the Volkswagen group, "Green IT" is not a buzzword. It is a priority. The Audi brand's new data center at the Ingolstadt location is an example of the systematic approach adopted in the Volkswagen group: as soon as an ambient temperature of 12°C is reached, outside air is exclusively used for cooling. Although more than twice as many servers are being used as before, innovative technology makes it possible to eliminate the use of energy-intensive refrigeration compressors for cooling for more than six months a year. This enabled the data center to reduce its energy consumption by around one-third despite its expansion.

The efficient enhancement of the application environment at the different corporate locations, in the business processes and in the sales network is just as vital as having a modern IT infrastructure. The IT staff are responsible not only for programming the systems at all of the Volkswagen group's brands, but also for supporting users in Technical Development, Production and Sales. This is how applications tailored to the exact needs of the users are created. Volkswagen's factory planners can use the "digital factory," for example, to virtually walk through the future production buildings long before the ground is broken. IT ensures that employees on the production line can build the right vehicle at the right time using the "Fertigungs-, Informations- und Steuerungssystem" (FIS – Production, Information and Control System) system used throughout the

group. The IT-based car sharing "Quicar – Share a Volkswagen" project, was launched in 2011 in co-operation with Volkswagen Financial Services AG. At currently 50 stations in Hanover, Quicar customers have 200 Golf BlueMotion cars available for use 24/7. Expert teams on the ground develop solutions that can be applied globally and across brands for all of these IT services. This enables Volkswagen to establish IT standards in the business areas that are the basis for leveraging potential synergies, among other things.



Environment

Environmental management in the Volkswagen group

By 2018, the Volkswagen group also intends to be the number one in the automotive industry in ecological terms. To reach this goal, the Volkswagen group must first make production in its plants around the world more environmentally friendly. Volkswagen aims to reduce energy and water consumption, emissions and waste at all of the group's sites by 25 percent compared with 2010. Second, the Volkswagen group intends to make its products more environmentally friendly. Thus, the Volkswagen group plans to reduce the CO₂ emissions of the European new vehicle fleet by 30 percent compared with 2006 by 2015. Every new model generation is designed to be 10 percent to 15 percent more efficient than its immediate predecessor. The group environmental policy and group-wide environmental management are the foundation for reaching these goals.

Environmental management ensures that the ecological aspects of sustainability in product development and in production are taken into account at all locations. The main pillars are the group's globally applicable environmental principles for products and production. Since 2010, these efforts have been supported by a group-wide energy management system.

Since 1995, Volkswagen's German locations have voluntarily participated in the EU's Eco-Management and Audit Scheme as well as worldwide in the environmental certification process under international standard EN ISO 14001. Since 1996, this standard has also applied to the environmental management system used by Volkswagen's Technical Development function, which has additionally been certified in accordance with DIN ISO/TR 14062 since 2009. By means of recertifications and external validations, the Volkswagen group also confirmed its role as a trailblazer in the reporting period.

The Volkswagen group specifically trains environmental protection experts at many of its locations in order to implement environmental aspects across the group. These experts support the environmental officers on the ground and help to build a broad foundation for environmental protection. The environmental officers from the European locations have been regularly sharing their experiences since 1976. They discuss current topics at environmental conferences that take place at regional and group levels, present examples of best practice and initiate concrete measures and thus synchronize their work with Volkswagen's environmental policies. In the reporting period, the 5th group environmental conference was held in Wolfsburg, where over 400 experts from the locations met and discussed implementation strategies, measures and projects.

Climate protection in the Volkswagen group

Protecting the climate is one of the most important tasks facing Volkswagen in terms of sustainability because a company that produces over nine million vehicles a year has a special responsibility. The Volkswagen group discharges this responsibility by efficiently producing efficient vehicles and by using renewable energy sources.

The board of management embeds climate change and the resulting opportunities and risks into all of its strategic decisions. These decisions are primarily based on information provided by the CSR & Sustainability steering group and the group's CO₂ steering group, for example the "CO₂ Registry" management and analysis tool. This is an instrument that analyzes every one of the Volkswagen group's vehicle projects over the entire product development process with regard to their CO₂ emissions. The requirements for CO₂ savings are laid down in the Volkswagen group's environmental policies as well as in the environmental goals of the Technical Development function. A Group Expert Network for Climate and Energy was established to facilitate the exchange of knowledge and experience between all brands and regions.

Efficient production in the Volkswagen group

A car has the greatest ecological impact when it is being used. However, there is still tremendous potential for production to be more sustainable as well.

The individual group brands launched overarching initiatives to make production more efficient. These initiatives identify potential, develop strategies and solutions, and implement measures. Examples include the Volkswagen Passenger Cars brand's "Think Blue. Factory." initiative and the ŠKODA brand's "GreenFuture" initiative.

Examples from the reporting period illustrate clearly that these initiatives are effective: a new demand-driven way to sequence the generation of compressed air is cutting usage by 15 percent at the Chattanooga site. In the Russian Kaluga plant, hot waste gases from the boiler house are vented through an additional heat exchanger. This recovers heat, which is then used for the hot water system, saving approximately 1,000 megawatt hours (MWh) of energy each year and reducing annual CO₂ emissions by 485 tonnes. A new body shell production facility was established in 2012 at the Emden site. Volkswagen uses the approximately 5,000 foundation piles, bored into the ground, to store energy: in the summer, the piles store the waste heat from the welding machines in the ground; in the winter, the stored heat is used to heat the production sheds.

Volkswagen relies on generating its own energy from renewable sources at many of its locations so as to reduce the proportion of additional primary energy it purchases. For example, the photovoltaic installation on the roof of the production facility for body shells for the Audi A3 in Ingolstadt generates around 460 MWh of electricity a year. Additional systems came into operation in 2012, for example in Braunschweig and Hanover (each generating 420 MWh a year). Another solar energy system with over 33,000 solar panels will be installed at the beginning of 2013 at Volkswagen's Chattanooga location. A new, 17,000 m² solar power plant reduced CO₂

emissions by 30 percent at the Lamborghini brand's Italian location in Sant'Agata Bolognese in the reporting period.

Warm forming of sheet steel is an example of a case where saving energy can also sometimes mean that more energy is used initially. This process forms and heat-treats the steel by cooling it in seconds from 950°C to about 175°C in a single step. This means that the material can be stretched up to six times more than steel used in conventional deep drawing. The result is thinner and lighter components that are just as stable as conventional parts. Although more energy is used at first for this warm forming process, the energy that the vehicle requires over its overall life cycle is lower because it weighs less. The new Golf, for example, is produced using such parts.

Volkswagen also set new milestones in 2012 in terms of materials efficiency. At the Wolfsburg site, the width of the coils – flat-rolled steel strips that are used to make parts for the body – was reduced. This creates significantly less waste. Additionally, the tools, the component geometries and plates nesting were optimized to improve materials utilization. The new Golf generates 15 percent less waste during production than its predecessor. Each year, optimization measures save around 73,000 tonnes of steel in the aggregate for other models.

In the paintshop at the Wolfsburg location, 48 of the latest generation of painting robots went into operation in the reporting period. The robots are equipped with color changing and application systems, which cut the amount of paint and cleaning products used as well as paint waste by up to 50 percent, corresponding to a saving of 800,000 euro. In addition, the robots require up to 20 percent less compressed air and significantly less energy than their predecessors. This avoids 120 tonnes of CO₂ emissions annually.

Fuel and drivetrain strategy

The use of efficient, sustainable drivetrains is a highly important strategic issue for Volkswagen. The group is not only working to continuously optimize its existing drivetrains but is also – as in the past – pursuing a variety of alternative drive concepts, and especially electric traction. At present, the Volkswagen group's customers primarily choose conventional engines to drive their vehicles. Electrified drive technology and conventional combustion engines will continue to coexist in the future on the road to carbon-neutral, sustainable mobility. This coexistence will be flanked by a steady increase in the share of carbon-neutral energy sources, be it in the form of renewable power for electric vehicles, the production of carbon-neutral biofuels, or synthetic natural gas. The latter is produced in electrolysis and methanation plants fueled by wind-powered electricity. It can be used among other things to power specially developed CNG combustion engines. In addition, the group is examining innovative renewable fuels that bind CO₂ during production and that put carbon-neutral mobility within grasping distance.

Particularly in global growth markets such as Russia, India and the Far East, combustion engines look set from today's perspective to serve as the broad basis for drive technology in the coming years. Given the need to use resources responsibly, it is crucial to optimize combustion engines here so as to facilitate sustainable, forward-looking mobility. In response to this challenge, the Volkswagen group has developed entirely new generations of petrol and diesel engines that are being incorporated successively into its vehicle range. These drivetrains were used in the successor models for the Audi A3 and Golf for the first time in 2012.



All the new engines feature turbocharging, direct injection and a start-stop system as a standard feature. In addition, they make use of other fuel-saving technologies such as intelligent thermomangement for reducing mechanical and energy losses, recuperation, demand-driven auxiliary power unit management and variable valve management. Many group vehicles with petrol engines started using active cylinder management for the first time in 2012, which automatically switches off individual cylinders without the driver noticing when they are not needed. This innovative technology cuts fuel consumption by up to 0.5 liters per 100 km, depending on the engine involved. Active cylinder management is used in the Polo BlueGT, the new Golf, the Audi A3, S6, S7 Sportback and S8 models and the Bentley Continental.

Driver profile selection is another means of reducing fuel consumption. It is already integrated into several Volkswagen group vehicles and was included in a volume model – the new generation of the Golf – for the first time in 2012. The eco, normal and sport modes selected by the driver are used in engine and gear management and to switch auxiliary power units and the air conditioning on and off as necessary.

The group's efficiency models show what can already be achieved today by combining efficient conventional drives and vehicle innovations such as low rolling resistance tires and aerodynamic

measures. At Volkswagen, they are available under the "BlueMotion" label, at ŠKODA they are known as the "GreenLine" models and at SEAT they go by the name of "ECOMOTIVE". With CO₂ emissions of 87 g/km and fuel consumption of only 3.3 liters per 100 km, the Polo BlueMotion is one of the most environmentally-friendly and economical five-door vehicles in the world. The new Golf BlueMotion – available from mid-2013 onwards – with its new 1.6 TDI engine will have an average fuel consumption of only 3.2 liters per 100 km and CO₂ emissions of a mere 85 g/km. The ŠKODA Octavia GreenLine that will be introduced in 2013 emits only 89 g/km CO₂ and uses 3.4 liters diesel per 100 km. The eco up! that was launched at the end of 2012 has a 1.0 CNG engine and CO₂ emissions of merely 79 g/km.

What is more, the Audi and Porsche brands provide impressive proof that premium-segment diesel engines can be both dynamic and economical. The twin turbocharged 3.0 TDI engine in the new Audi SQ5 TDI has an output of 230 kW (313 PS) and uses a mere 6.8 liters of diesel per 100 km. Porsche's Cayenne S diesel offers another example of twin turbocharger technology in the form of its 4.2 liters V8 diesel engine, which has an output of 281 kW (382 PS). It uses a mere 8.3 liters of diesel per 100 km.

The Volkswagen group's successful TSI, TFSI and TDI engines, ideally combined with the group's innovative direct shift gearboxes, offer a



good starting point for efficient vehicle propulsion now and in the future. They can be combined with electrical components on a modular basis to produce hybrid drives. Plug-in versions of these vehicles can be recharged via electrical outlets and – depending on the model concerned – can cover between 20 and 80 km in purely electric mode.

When it comes to drive electrification, hybrids – and particularly plug-in hybrids – are a core topic for the Volkswagen group, since these are currently the best way of supplementing petrol and diesel engines. They combine the benefits of two technologies and hence meet a number of customer expectations: an unlimited range thanks to their combustion engines, an attractive electric drive unit for day-to-day urban use, no restrictions on speed, hill-climbing ability, or trailer loads and substantial potential for reducing CO₂ emissions. As a result, the Volkswagen group is mounting a major new push for this technology, a key element of which is its integration into the modular toolkit strategy. This underscores the importance of e-mobility within the group, giving it a firm, long-term place in its product strategy. Combined drives are already available today in a large number of vehicle classes in the form of the hybrid versions of the Jetta, Touareg, Audi Q5, Audi A6, Audi A8, Porsche Cayenne S and Porsche Panamera S models.

Volkswagen will also ring in the age of pure-play e-mobility in 2013 with the market launch of the e-up! and then the e-Golf. The Volkswagen group's brands performed extensive international fleet trials with purely electric vehicles and a large number of different customer groups in the fiscal year 2012 and were able to optimize the technology, its suitability for daily use and user requirements for later series production. At present, for example, ten ŠKODA Octavia Green E Line vehicles are in use at a number of customers in the Czech Republic. However, a number of challenges still have to be mastered before electric vehicles can be launched onto the wider market. Developing high-performance batteries and building up technological expertise in the area of battery chemistry are both vital to increasing the range and hence the attractiveness of electric vehicles. Another challenge is integrating electric cars into the existing infrastructure. A large number of questions still needs to be answered together with the government, municipal authorities and utilities with respect to the recharging strategy to be adopted ("smart grid"), how to construct an end-to-end infrastructure, particularly of rapid charging stations, and how to book charging points and bill the electricity provided. In the Volkswagen group's opinion, the intelligent combination of the automotive, power generation and telecommunications sectors offers the opportunity to ease the



transition to e-mobility for customers, or to make it attractive for them – for example by providing new services and business models, such as mobile online services that give details on battery charge levels and recharging options.

Volkswagen will manufacture not only the body-work but also the core components of electric cars – the electric motor and the battery system. The Kassel plant has been designated to manufacture the motors, while the battery modules will be assembled into battery systems in the Braunschweig facility.

This basic mix of conventional and alternative technologies and Volkswagen's modular toolkit strategy, which allows innovations to be incorporated rapidly into different vehicles, means that the Volkswagen group is optimally positioned to meet the challenges that the future will bring.



2



Opportunities and risks of future development

Risk report of Porsche SE

Integrated internal control and risk management system relevant for the financial reporting process

Porsche SE contributed its holding business operations and in particular also its 50.1 percent investment in Porsche Holding Stuttgart GmbH to Volkswagen AG with economic effect as of 1 August 2012. Volkswagen AG now directly holds 100 percent of the shares in Porsche Holding Stuttgart GmbH and thus now indirectly holds 100 percent of the shares in Porsche AG. Porsche SE's shareholding in the total capital of Volkswagen AG remains unchanged at 32.2 percent as of 31 December 2012. For more details on the transaction, we refer to the "Significant events" section of this management report.

Organization and responsibilities

The accounting-related internal control and risk management system that is relevant for the financial statements of Porsche SE and the Porsche SE group is designed to ensure the complete, accurate and timely transmission of the information required for the preparation of the financial statements and the combined management report of Porsche SE, and to minimize the risk of material misstatement in the accounts and in the external reporting.

For this purpose, key controls are integrated into Porsche SE's accounting-related internal control and risk management system, covering the areas of finance, treasury, investments, consolidation and reporting with clearly defined responsibilities. On aggregate, they are designed to ensure recording, preparation and assessment of business matters in financial reporting that is accurate and in compliance with the law.

An internal control and risk management system that is relevant for the financial reporting process is also implemented in the Volkswagen group. Details of its scope are presented in the “Risk report of the Volkswagen group” subsection. Porsche Beteiligung GmbH, which is included in the consolidated financial statements of Porsche SE as of 31 December 2012 in addition to the Volkswagen group, is covered by the systems implemented at Porsche SE.

In the fiscal year 2011, Porsche SE also established a compliance organization that is specifically tasked with preventing breaches of laws, other legal provisions and company-internal guidelines and rules, and that is closely linked to the risk management system. In particular, a compliance council was set up, which comprises executives from the key departments. The compliance council's meetings in the fiscal year 2012 led in particular to the creation of guidelines and other compliance-relevant regulations.

Key features

Porsche SE has implemented an internal control system relevant for the financial reporting process and guidelines that also apply for the companies included in the consolidated financial statements.

The reporting package of the Volkswagen group as well as the related adjustments to the carrying amount of this investment accounted for at equity and the inclusion and consolidation of the Porsche SE subsidiary's reporting package are processed at group level.

The group accounting manual of Porsche SE and formal instructions ensure uniform recognition and measurement based on the accounting policies applicable at Porsche SE. The components of the formal reporting packages required to be prepared for Porsche SE are set out in detail and updated regularly. The reporting dates that are relevant for the reporting units are set out in a reporting calendar.

In the course of preparation of the consolidated financial statements, the reporting packages are analyzed in detail and tested for plausibility. In addition, interviews are held with representatives of the companies included in the consolidated financial statements as part of the financial statements closing process.

The data reports are processed in a consolidation system, which is based on standard software and to which access and rights are restricted by the existing authorization and access rules. The clear delineation of areas of responsibility and the application of the dual control principle during preparation of the financial statements is ensured by means of unambiguous rules.

Testing for reasonableness, the clear delineation of areas of responsibility and the application of the dual control principle are control mechanisms applied during the preparation of the financial statements of Porsche SE. At Porsche SE, provisions and accruals and deferrals are set up, and the recoverability of the company's equity investments included in the balance sheet are checked in cooperation with the departments. These figures



are accounted for only after internal approval. The accounting processes implemented at Porsche SE ensure that matters arising from agreements that are relevant in terms of accounting and subject to disclosure requirements are identified in full and presented appropriately in the financial statements. There are authorization and access rules for the IT systems of relevance for the financial reporting process.

The internal control system relevant for the financial reporting process and the guidelines for Porsche SE and the companies included in the consolidated financial statements were implemented with the involvement of Porsche SE's internal audit function. The accounting-related internal control system and the guidelines are subject to appropriateness reviews and are updated on an ongoing basis.

Risk management and early risk warning

According to Sec. 91 (2) AktG in conjunction with Art. 9 (1) c (ii) Council Regulation (EC) No. 2157/2001, Porsche SE is required to operate a risk management and early warning system which allows the company to identify any risks to the ability of the company to continue as a going concern at an early stage. The risk management system of the Porsche SE group was set up to identify at an early stage any potential risks to the ability of the group to continue as a going concern as well as any risks that could significantly and negatively impact the net assets, financial position and results of operations of the group and to avoid these by means of suitable countermeasures that allow the group to rule out any risks to its ability to continue as a going concern.

Following the contribution of its holding business operations to Volkswagen AG, Porsche SE is a financially strong holding company which continues to hold a significant investment in Volkswagen AG. The income of Porsche SE currently consists mainly of the dividend payments of this equity investment. The risks from investment in Volkswagen AG only have an indirect effect on Porsche SE in the form of valuation, consolidation, dividend and liability risks. In addition, there continue to be risks from the basic agreement and the associated corporate restructuring as well as from the investment by Volkswagen AG in Porsche Holding Stuttgart GmbH. The underlying rules were updated in the course of the contribution and in some cases supplemented.

As a result of the accelerated creation of the integrated automotive group, the risk management of the Porsche SE group was adjusted. It takes the new group structure into account and, since the contribution of the holding business operations of Porsche SE to Volkswagen AG, has consisted of two autonomous risk management subsystems. One subsystem is at the level of Volkswagen AG (we refer to the section "Risk report of the Volkswagen group"). Since 1 August 2012, it has also covered the relevant risks at the level of the Porsche Holding Stuttgart GmbH group. This subsystem is intended to identify, manage and monitor the risks resulting from the operating activities of the investment that could jeopardize the investment's ability to continue as a going concern. Volkswagen AG is itself responsible for its risk management, but is required at the same time to inform Porsche SE as the holding company – within the scope of the legally permissible exchange of information – at an early stage of any risks jeopardizing the investment's ability to continue as a going concern.

The second subsystem, the risk management system at the level of Porsche SE, continues to monitor the direct risks of Porsche SE as a single entity and the risks at the level of its subsidiaries. The direct risks of Porsche SE as a single entity

mainly comprise the financial and legal risks that are typical for a holding company.

The indirect effect of risks from the investment in Volkswagen AG is taken into account within the group risk management system. Regular communication, for example, in management talks and by forwarding risk reports to Porsche SE – within the scope of the legally permissible exchange of information – ensures that Porsche SE is informed directly of any risks to the company's ability to continue as a going concern should any such risks arise there.

Porsche SE thus bears the responsibility for monitoring its own risks and, moreover, draws together all the findings from the existing risk early warning system of the Volkswagen group. Consequently, it ensures a synoptic presentation of the individual risks as well as the monitoring and management of risks. The design of information flows and the decision-making bodies at group level guarantees that the executive board of Porsche SE is always informed of significant risk drivers and the potential impact of the identified risks so as to take suitable countermeasures. The audit committee and the entire supervisory board are kept continuously informed of the risk situation in regular reports.

The implementation and general effectiveness of the early warning system for the detection of risk was checked during the audit of Porsche SE's consolidated financial statements.

In addition, the financial services segment in the Volkswagen group is subject to scheduled controls as part of the audit of the financial statements and to unscheduled audits as defined by the German Federal Financial Supervisory Authority (BaFin) pursuant to Sec. 44 German Banking Act (KWG) and other controls by association auditors.

Specific risks faced by Porsche SE

Due to its function as a holding company, Porsche SE faces mainly financial and legal risks. Financial risks are managed using a comprehensive liquidity and financial management system that constitutes the central component of the integrated early warning system for the detection of risk. Freely available liquidity is a significant financial and risk indicator that reflects both the financing and the investment strategy and that is therefore included in the regular reporting.

Porsche SE's risks have changed in the fiscal year 2012 due to the contribution of its holding business operations to Volkswagen AG and are as described below.

Risks originating from the capital and credit markets

Day-to-day monitoring ensures that the executive board is informed at an early stage about changes in the conditions on the credit and capital markets allowing it to develop and decide on suitable methods of handling and transferring the risk. The main focus here is primarily on the situation on the financial markets. The relationship to creditors is another key aspect of the strategic considerations and risk analyses.

Some of the cash received by Porsche SE on contributing its holding business operations to Volkswagen AG was used to repay in full the previously utilized syndicated loan of 2.0 billion euro. Potential risks from floating-rate debt capital therefore no longer exist following the repayment.

Liquidity risk

As considerations for the contribution of its operating holding business to Volkswagen AG, Porsche SE received a cash amount of 4.5 billion euro, in addition to one new ordinary Volkswagen AG share. As a result, Porsche SE now has a clearly positive net liquidity.



The syndicated loan of a nominal amount of 2.0 billion euro that existed at the time the holding business operations were contributed to Volkswagen AG, was repaid in full using the cash inflow. However, Porsche SE continues to have a currently undrawn revolving line of credit at its disposal. In accordance with the applicable terms of the syndicated loan agreement of October 2011, this line has decreased as a result of the repayment of the utilized syndicated loan from a maximum of 1.5 billion euro to a maximum of 1.0 billion euro. The maturity date of 30 November 2013, and the options to extend the loan such that under certain circumstances the maturity date may be prolonged until 30 June 2015 in two steps, remain unaffected.



In connection with existing liabilities, there is generally the risk that Porsche SE is not in a position to repay these when they fall due. Considering the financial situation of the company, the executive board assesses this risk as currently not relevant.

The cash and cash equivalents of the Porsche SE group totaled 2.9 billion euro as of 31 December 2012. In principle, Porsche SE additionally has at its disposal the aforementioned, currently undrawn, line of credit of 1.0 billion euro.

Risks originating from financial covenants

Porsche SE and various banks agreed on financial covenants that must be complied with in connection with the new syndicated loan concluded in October 2011. They relate to an earnings indicator of Volkswagen AG and to the value of the shares in Volkswagen pledged by Porsche SE and therefore cannot be directly influenced by Porsche SE. During the fiscal year 2012 and as of 31 December 2012, the financial covenants were complied with. The clauses of the syndicated loan agreement provide for four dates per year on which the two financial covenants must be simultaneously checked and complied with. The loan agreement is deemed to have been infringed only if the two financial covenants are breached at the same time. In that case, the banking syndicate is entitled to terminate the syndicated loan. Under

certain circumstances, this would give rise to a short-term refinancing requirement at Porsche SE.

The reduction of the syndicated loan from a total of up to 3.5 billion euro to a maximum of 1.0 billion euro in the fiscal year 2012 has had a positive effect on the financial covenants agreed between Porsche SE and various lenders. These still have to be complied with, even if the 1.0 billion euro line of credit available to Porsche SE has not currently been drawn. Compliance with the covenants is continuously monitored.

The executive board continues to see no indication that these covenants will not be met in the future.

Valuation risk

The share in Porsche's business operations, and thus in the Porsche Holding Stuttgart GmbH group, was a major part of the contribution of the holding business operations of Porsche SE to Volkswagen AG. Following the execution of the contribution, potential risks arising from the impairment of this share will no longer affect Porsche SE directly, but only indirectly via the investment in Volkswagen AG. Accordingly, the regular valuations performed by Porsche SE and monitoring of assessments made by analysts for early detection of a possible impairment pertain only to the investment in Volkswagen AG.



If the financial position and results of operations of the Volkswagen group were to deteriorate materially, this could lead to an impairment loss being recorded on the significant investment in Volkswagen AG recognized in Porsche SE's consolidated financial statements and could reduce the profit or loss reported by the Porsche SE group. In order to ascertain any need to record an impairment, the company prepares its own evaluations regularly and the assessments made by analysts are additionally monitored. Moreover, Porsche SE would carry out further impairment testing if there were an indication that this asset may be impaired. Porsche SE's valuations are based on a discounted cash flow method and take into consideration the most recent plans approved by the management of Volkswagen AG. Cash flows are discounted using a weighted cost of capital derived from a peer group. There were no indications of a need to record an impairment loss as of 31 December 2012.

Risk arising from the use of financial instruments

In its business activities Porsche SE is exposed to risks arising from the financial instruments used.

The principles and responsibilities for managing and controlling these risks are defined by the executive board and monitored by the supervisory board. The risk controlling processes implemented

in particular govern the ongoing monitoring of the liquidity situation in the Porsche SE group, the development of interest levels on the capital markets and monitoring of the financial covenants. Porsche SE's risk controlling ensures that risks are identified, analyzed and monitored using suitable information systems. Transactions may only be concluded in permitted financial instruments and only with approved counterparties.

Derivative financial instruments used by Porsche SE related to the sale of the remaining shares in Porsche Holding Stuttgart GmbH.

Up to the contribution of Porsche SE's holding business operations to Volkswagen AG, most of the Porsche SE group's receivables were due from companies in the Porsche Holding Stuttgart GmbH group. As part of the contribution, these receivables were transferred directly or indirectly to Volkswagen AG. As a result, there will be no direct default risk for Porsche SE in the future.

In addition to the share in Porsche's business operations, and thus in the Porsche Holding Stuttgart GmbH group, the put and call options relating to the shares in Porsche Holding Stuttgart GmbH previously remaining at Porsche SE were a particular part of the contribution of the holding business operations of Porsche SE to Volkswagen AG. The put and call options terminated with the execution of the transaction. These therefore have no further effects on the net assets and results of



operations of the Porsche SE group since the date of the contribution. Correspondingly, risks that have hitherto existed from these options, which both companies granted each other, no longer exist. The retention mechanism agreed with Volkswagen AG within the scope of the option agreement has expired.

Following receipt of the consideration of 4.5 billion euro from Volkswagen AG and the repayment in full of the drawn syndicated loan, Porsche SE intends to use the major portion of the liquidity remaining to acquire strategic investments focusing along the automotive value chain. Due to the investment of this cash in the interim, there are counterparty risks in terms of credit risks and interest rate risks, similar to the risks pertaining to other cash and cash equivalents. To mitigate the risk, Porsche SE monitors the creditworthiness of the counterparties. Moreover, the cash is invested with different counterparties in order to spread risk.

The use of fixed-interest financial liabilities results in the risk of the fair value of these liabilities changing due to changes in market interest rates. There is also the risk of the fair value changing due to changes in market interest rates with regard to cash and cash equivalents invested by Porsche SE at a fixed interest rate, although the risk is already considerably mitigated by the short-term nature of the investment. In both cases, there are no effects on the results of operations, net assets and financial position.

For the risks from financial covenant rules regarding the syndicated loan concluded in October 2011, please refer to "Risks originating from financial covenants" in this section of the management report.

Porsche SE's executive board now expects the risks arising from the use of financial instruments to be low overall.

For further information on financial risk management, and on the financial instruments used, please also refer to note [21] of the consolidated financial statements of Porsche SE as of 31 December 2012.

Further risks in connection with the creation of the integrated automobile group

As part of the basic agreement and the associated agreements implementing it, Porsche SE entered into a number of agreements with Volkswagen AG and entities of the Porsche Holding Stuttgart GmbH group. The rules of the basic agreement were updated in the course of the contribution of the holding business operations of Porsche SE to Volkswagen AG and in some cases supplemented. For further details, we refer to our disclosures on related parties in note [26] of the consolidated financial statements of Porsche SE as of 31 December 2012. The company's executive board considers the risk that the agreements made could have a



significant adverse effect on the net assets, financial position and results of operations of the Porsche SE group to be low.

Litigation risk

Porsche SE and the entities in which it holds a direct or indirect investment are involved in legal disputes and administrative proceedings both nationally and internationally within the framework of their operating activities. Where such risks are foreseeable, adequate provisions are created in order to account for any ensuing risks. The company does not believe, therefore, that these risks will have a sustained effect on the economic position of the group. However, due to the fact that some risks cannot be estimated, or only to a limited degree, it cannot be ruled out that very serious losses may eventuate that are not covered by the provisions already created.

Investigations of the Stuttgart public prosecutor

To the knowledge of Porsche SE – which is not a party to the investigations and therefore has only limited knowledge of the subject matter and status of investigations – in December 2012, the Stuttgart public prosecutor filed an action with the Chamber for Commercial Crimes of the Regional Court of Stuttgart against former members of the executive board Dr. Wendelin Wiedeking and Holger P. Härtel in connection with allegations of information-based manipulation of the market in Volkswagen shares.

According to the press release of the Stuttgart public prosecutor of 19 December 2012, they are held responsible for false declarations made in public statements of the company at their instigation in 2008 concerning the acquisition of the investment in Volkswagen AG. In five statements made in the period from 10 March 2008 to 2 October 2008, Porsche SE is alleged to have denied any intention to step up its investment to 75 percent despite already planning to do so at the time. In its charges, the public prosecutor assumes that, by February 2008 at the latest, it was already the intent of the accused former members of the executive board to increase Porsche SE's investment in Volkswagen AG to 75 percent of the voting capital before the end of the first quarter of 2009 in preparation for a domination and profit and loss transfer agreement. The Stuttgart public prosecutor alleges that in March 2008 the former members of the executive board had effectively begun to increase the investment through the acquisition of corresponding price hedging transactions relating to ordinary and preference shares in VW. Porsche SE's denials are alleged to have had an actual impact on the stock market price of Volkswagen ordinary shares. This is alleged to have led specific investors to sell Volkswagen ordinary shares that they already held and to sell short Volkswagen ordinary shares.

As the Stuttgart public prosecutor had already announced in the aforementioned press release of 19 December 2012, the Stuttgart public prosecutor

has dropped its investigations against the two former members of the executive board Dr. Wiedeking and Mr. Härter in connection with allegations of breach of fiduciary duty.

The Stuttgart public prosecutor brought charges against three managers of the finance department of Porsche SE with the Chamber for Commercial Crimes of the Regional Court of Stuttgart on suspicion of obtaining credit by deception. The main proceedings were opened by decision of the Regional Court of Stuttgart dated 25 June 2012. The accusation is that one of the banks involved during the negotiations for follow-up financing for the 10 billion euro loan due for repayment in March 2009 was provided with false information on derivatives held by Porsche SE relating to VW ordinary shares. The main proceedings began on 5 September 2012 and are still ongoing. On 26 November 2012, the Regional Court announced in the public main proceedings that the case against one of the accused would be dropped pursuant to Sec. 153 a German Code of Criminal Procedure (StPO).

Porsche SE considers the allegations made by the public prosecutor to be without merit.

Actions for damages in the United States

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

the U.S. District Court for the Southern District of New York granted Porsche's motion to dismiss the complaints in their entirety. Thirty-two of the original 46 plaintiffs have appealed the District Court's decision to the U.S. Court of Appeals for the Second Circuit. Oral argument before the Second Circuit was held on 24 February 2012 and the appeal is pending. In early March 2013, 12 plaintiffs, of the most recent total of 32 plaintiffs in the appellate proceeding, withdrew their appeal before the U.S. Court of Appeals for the Second Circuit with Porsche SE's consent. The effectiveness of the withdrawal of the appeal is subject to its acceptance by the court. The appellate proceeding concerning the remaining 20 plaintiffs remains unaffected by the withdrawal of the appeal. Porsche SE continues to consider the actions to be inadmissible and the claims to be without merit. For the twelve plaintiffs who have now withdrawn their appeal, the action for damages against Porsche SE that has been pending before the Regional Court of Braunschweig since the end of 2011, remains unaffected by the withdrawal of the appeal. In this action the plaintiffs last alleged an overall damage of about 1.8 billion euro, though it remained unclear to what extent the alleged damage was comprised of damage already asserted before the U.S. Court. Porsche SE considers the claim to be without merit. We refer to the corresponding reporting in the section "Subsequent events" in this management report.

Moreover, on 18 February 2011, three of the plaintiffs, and on 15 March 2011 a further 23 of the plaintiffs, filed two actions in New York State Court (court of first instance). In their complaints, they asserted claims for common law fraud and unjust enrichment on the basis of allegations similar to those made in their complaints in the actions referred to above. The plaintiffs claim to have lost at least 1.4 billion US dollars. Porsche SE's motion to dismiss the complaints and for summary judgment was denied on 6 August 2012. Porsche SE appealed this decision to the New York Supreme Court Appellate Division for the First Department and also moved to stay discovery in New York



State Court pending a decision on Porsche's appeal. Porsche SE's motion to stay discovery pending a decision on Porsche SE's appeal was granted on 9 October 2012 and on 27 December 2012 the New York Supreme Court Appellate Division for the First Department reversed the decision of the lower court and dismissed the complaints. Plaintiffs filed a motion to reargue or in the alternative leave to appeal on 10 January 2013. On 31 January 2013, the parties entered into a stipulation under which Porsche SE agreed not to raise any statute-of-limitations defense against the plaintiffs' claims, provided these are filed before a court in Germany within 90 days and provided these claims were not already statute-barred when the plaintiffs first filed their actions in the USA. Irrespective of this, Porsche SE considers the claims filed to be without merit. Under the settlement, the plaintiffs withdrew their motion to reargue or in the alternative leave to appeal. The parties consented to entry of a final judgment dismissing plaintiffs' complaints against Porsche SE in the New York State Court in their entirety.

We refer to the corresponding reporting in the section "Subsequent events" in this management report.

Actions for damages in Germany and England

In 2009, 2010 and 2011, market participants in Germany applied for conciliatory proceedings against Porsche SE and in part against Volkswagen AG with regard to the assertion of claims for damages on the basis of alleged breaches of statutory capital market regulations in connection with the acquisition of a shareholding in Volkswagen AG. Various market participants have filed further applications for conciliatory proceedings against Porsche SE based on the same claims; the company received these applications in January, February and November 2012. Some of the new applications are also directed against Volkswagen AG and in one case against Porsche AG. All of the claims alleged in conciliatory proceedings relate to alleged lost profits or alleged losses incurred estimated by the market participants to total approximately 3.3 billion euro.

Porsche SE considers the allegations to be without merit and has not taken part in the conciliatory proceedings.

In January 2011, an individual filed a claim for damages against Porsche SE and another defendant in the amount of approximately 3 million euro. The plaintiff claimed to have entered into options relating to shares in Volkswagen AG in 2008 on the basis of inaccurate information and the omission of information as well as market manipulation by Porsche SE and to have incurred losses from these options due to the share price development in 2008 in the amount claimed. On 27 June 2012 a hearing took place. By decision of 19 September 2012 the Regional Court of Braunschweig dismissed the claim. The plaintiff did not appeal the judgment. Thus, the judgment has become final and binding.

In October 2011, ARFB Anlegerschutz UG (haftungsbeschränkt), Berlin, brought an action before the Regional Court of Braunschweig against Porsche SE and Volkswagen AG based on claims for damages allegedly assigned to it by 41 investment funds, insurance companies and other companies in the amount of approximately 1.1 billion euro. Some of the 41 companies are also applicants in the aforementioned conciliatory proceedings. Four of the companies are hedge funds that have also filed claims against Porsche SE before a US Federal Court that were dismissed. In December 2011, this claim was extended to include the alleged claims for damages filed by ARFB Anlegerschutz UG (haftungsbeschränkt) on behalf of another 24 entities for an allegedly assigned right in the amount of approximately 700 million euro. Two of these other companies are hedge funds that have also filed claims against Porsche SE before a US Federal Court that were dismissed. In connection with the extension of the claim in December 2011, ARFB Anlegerschutz UG (haftungsbeschränkt) also partly withdrew its original action to the extent that alleged claims for damages of an investment fund in the amount of approximately 4.5 million euro

arising from an allegedly assigned right are no longer upheld. In addition, ARFB Anlegerschutz UG (haftungsbeschränkt) filed another action against the company at the Regional Court of Braunschweig in December 2011, asserting alleged claims for damages on behalf of another five companies, again from the alleged assigned right, for a total of approximately 351 million euro. The plaintiff alleges that, in 2008, on the basis of inaccurate information and the omission of information as well as market manipulation by Porsche SE, the companies behind the complaints either failed to participate in price increases of shares in Volkswagen AG and, hence, lost profits or entered into derivatives relating to shares in Volkswagen AG and incurred losses from these transactions due to the share price development in the amount claimed. Porsche SE considers the alleged claims to be without merit and has responded by filing motions to dismiss. On Porsche SE's petitions for providing security for the costs of the proceedings filed in both proceedings hearings took place on 27 June 2012. After Porsche SE and the plaintiff agreed on security for the costs of the first instance of both proceedings, the Regional Court of Braunschweig postponed the decision on Porsche SE's remaining petitions until the end of the first instance. A trial date for hearing the case has been set for 17 April 2013 in both proceedings.

In December 2011, a total of seven plaintiffs filed a complaint against Porsche SE at the Stuttgart Regional Court and asserted claims for damages against the company in the total amount of some 2 billion euro, based on allegations of market manipulation and inaccurate information in connection with the acquisition of a shareholding in Volkswagen AG in 2008. Six of the plaintiffs are hedge funds that have also filed claims against Porsche SE before a US Federal Court that were dismissed. The Regional Court of Stuttgart referred the action to the Regional Court of Braunschweig. Porsche SE considers the alleged claims to be without merit and has responded by filing a motion to dismiss. With their reply, four of the plaintiffs partially withdrew their action in the

amount of some 154 million euro. In December 2012 Porsche SE and six of the plaintiffs concluded an agreement regarding security for the costs of the first instance. A trial date for hearing the case has been set for 17 April 2013.

In December 2011, a market participant filed an action against Porsche SE at the Regional Court of Braunschweig and asserted claims for damages against the company in the total amount of some 1.5 million euro, based on allegations of market manipulation in connection with the acquisition of a shareholding in Volkswagen AG in 2008. The plaintiff based the alleged damage on alleged losses incurred due to a total of 205 investment decisions (comprising purchases and sales of VW ordinary shares) on 27 October 2008. On 27 June 2012 a hearing took place. By decision of 19 September 2012 the Regional Court of Braunschweig dismissed the claim. The plaintiff did not appeal the judgment. Thus, the judgment has become final and binding.

In May 2012 a private investor had filed a motion for legal aid with the Regional Court of Braunschweig. The applicant had announced its intention to file an action against Porsche SE in the total amount of approximately 125,000 euro. He had alleged that he had entered into options relating to ordinary shares in Volkswagen AG in 2008 on the basis of inaccurate information and the omission of information as well as market manipulation by Porsche SE and to have incurred losses from these options due to the share price development in 2008 in the amount claimed. By decision of 20 September 2012 the Regional Court of Braunschweig denied to grant the legal aid sought by the applicant. The applicant did not appeal the decision within the appeal period. Thereby, the legal aid proceedings ended.

In July 2012, an individual had substantiated his claim previously asserted out-of-court and by reminder notice, entering thereby legal proceedings with the Regional Court of Stuttgart. The plaintiff alleged that he entered into options in



October 2008 speculating on a decreasing price of Volkswagen AG's ordinary shares and that he suffered losses in the amount of approximately 146,000 euro due to the company's press release of 26 October 2008. After the filing of a motion to dismiss by Porsche SE, the plaintiff withdrew his action. Thereby, the legal proceedings ended.

A further individual, who has previously initiated conciliatory proceedings against Porsche SE, filed an action against the company in the amount of approximately 1.3 million euro with the Regional Court of Stuttgart in August 2012. The plaintiff claims that he entered into options relating to ordinary shares in Volkswagen AG in 2008 on the basis of inaccurate information and the omission of information as well as market manipulation by Porsche SE and that he incurred losses from these options due to the share price development in 2008 in the amount claimed. The Regional Court of Stuttgart referred the action to the Regional Court of Braunschweig by decision of 17 October 2012.



Porsche SE considers the alleged claim to be without merit and has responded by filing a motion to dismiss. A trial date for hearing the case has been set for 30 October 2013.

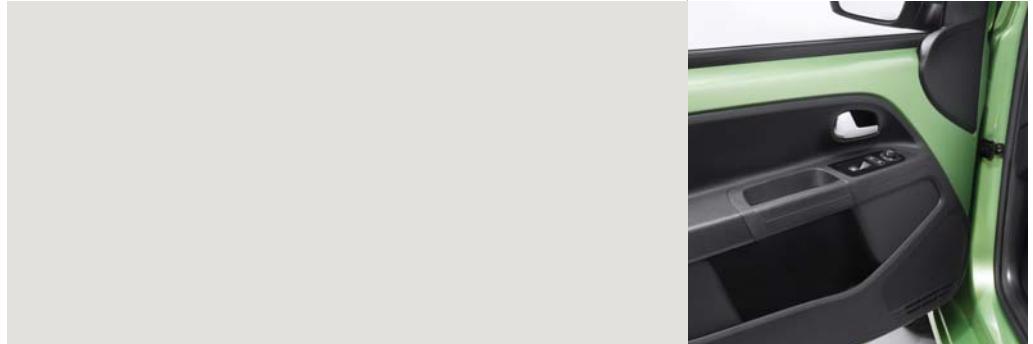
In September 2012, a further company filed an action against Porsche SE in the amount of approximately 213 million euro with the Regional Court of Braunschweig. The action comprises alleged own and assigned claims. The claims were asserted before out-of-court and in conciliatory proceedings. The plaintiff 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 2008 in the amount claimed. Porsche SE considers the alleged claims to be without merit and will respond by filing a motion to dismiss. A trial date for hearing the case has been set for 30 October 2013.

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

court hearing. In one case, the applicant has withdrawn its motion for contradictory proceedings. In another case the plaintiff had substantiated its alleged claim in the meantime, as mentioned above, but subsequently withdrew his action.

On 28 February 2012, an investment fund asserted an out-of-court claim for alleged damages in the amount of some 195 million US dollars and announced that it intended to file the alleged claim before a court in England. In the letter of claim, it is alleged that, in connection with its acquisition of a stake in Volkswagen AG during 2008, Porsche SE made false and misleading statements. Porsche SE considers the claim to be without merit and therefore on 7 June 2012 filed an action for declaratory judgment with the Regional Court of Stuttgart that the alleged claim does not exist. A trial date for hearing the case has not been scheduled yet. On 18 June 2012, the investment fund filed an action against Porsche SE with the Commercial Court in England. The claim form was transmitted to Porsche SE on 28 November 2012. Porsche SE has moved for a stay of the proceedings with the Commercial Court in England, due to the earlier referral to the Regional Court of Stuttgart.

Furthermore, in May and June 2012 three market participants asserted claims for damages against Porsche SE out-of-court. The claims are based on alleged inaccurate information and the omission of information by Porsche SE in connection with the



acquisition of a stake in Volkswagen AG during 2008. Two of the market participants had effected service of the above mentioned reminder notices before. The total amount claimed by the three market participants out-of-court amounts to around 31 million euro. Porsche SE considers the claims to be without merit and has rejected them.

Proceedings regarding shareholders' actions

In its appeal judgment of 29 February 2012, the Higher Regional Court of Stuttgart declared the resolution of the annual general meeting of 29 January 2010 on the exoneration of the supervisory board for the fiscal year 2008/09 null and void. The first-instance decision of the Regional Court of Stuttgart of 17 May 2011 in favor of Porsche SE was altered accordingly. The Higher Regional Court of Stuttgart did not permit leave to appeal to the German Federal Court of Justice. Porsche SE then lodged an appeal with the Federal Court of Justice against the denial of leave to appeal. Following the dismissal of this appeal by the Federal Court of Justice in its ruling of 6 November 2012, the decision of the Higher Regional Court of Stuttgart is final and legally binding.

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



Tax risk

The contribution of the holding business operations of Porsche SE to Volkswagen AG is generally associated with tax risks. To safeguard the transaction from a tax point of view, and thus avoid subsequent taxes for the spin-offs performed in the past, rulings were obtained from the competent tax authorities. Porsche SE implemented the necessary measures to execute the contribution transaction in accordance with the rulings received and is monitoring compliance with them.

Porsche SE's executive board therefore considers the tax risk from these transactions to be extremely low.

Opportunities and risks of cooperation projects

Cooperation projects include opportunities and risks, particularly in the areas of development and production.

Following the implementation of the integrated automotive group, the opportunities and risks of cooperation projects only affect Porsche SE indirectly through the investment in Volkswagen AG. Porsche AG and Volkswagen AG will be able to leverage synergies in their operating business at an earlier stage and cooperate more easily following execution of the transaction. Porsche SE, as the largest shareholder in Volkswagen AG, will significantly benefit from this.

Risk report of the Volkswagen group

Integrated internal control and risk management system relevant for the financial reporting process

The accounting-related internal control and risk management system that is relevant for the financial statements of Volkswagen AG and the Volkswagen group comprises measures that are intended to ensure the complete, accurate and timely transmission of the information required for the preparation of the financial statements of Volkswagen AG, the consolidated financial statements and the group management report and to minimize the risk of material misstatement in the accounts and in the external reporting.

Main features of the integrated internal control and risk management system relevant for the financial reporting process

The Volkswagen group's accounting is organized along decentralized lines. For the most part, accounting duties are performed by the consolidated companies themselves or entrusted to the group's centralized shared service centers. The financial statements of Volkswagen AG and the subsidiaries prepared in accordance with IFRSs and the Volkswagen group accounting manual and reported on by the auditors are transmitted to the group in encrypted form. A standard market product is used for encryption.

The group accounting manual ensures the application of uniform accounting policies based on the requirements applicable to the parent. In particular, these include more detailed guidance on the application of legal requirements and industry-specific issues. Components of the reporting packages required to be prepared by the group companies are also set out in detail and requirements established regarding the presentation and settlement of intra-group transactions and the balance reconciliation process that builds on that.

Control activities at group level include analyzing and, if necessary, adjusting the data reported in the financial statements presented by the subsidiaries, taking into account the reports submitted by the auditors and the outcome of the meetings on the financial statements with representatives of the individual companies. These discussions address both the reasonableness of the single-entity financial statements and specific critical issues at the subsidiaries. Alongside reasonableness reviews, the clear delineation of areas of responsibility and the application of the dual control principle are further control mechanisms applied during the preparation of the single-entity and consolidated financial statements of Volkswagen AG.

In addition, the financial reporting-related internal control system is independently reviewed by Group Internal Audit in Germany and abroad.

Integrated consolidation and planning system

The Volkswagen consolidation and corporate management system (VoKUs) enables the Volkswagen group to consolidate and analyze both Financial Reporting's backward-looking data and Controlling's forward-looking data. It offers centralized master data management, uniform reporting and maximum flexibility with regard to changes to the legal environment, providing a future-proof technical platform that benefits Group Financial Reporting and Group Controlling in equal measure. To verify data consistency, VoKUs has a multi-level validation system that primarily checks content plausibility between the balance sheet, the income statement and the notes.

Risk early warning system in line with the KonTraG

The company's risk situation is ascertained, assessed and documented annually in accordance with the requirements of the German Act on Control and Transparency in Business (KonTraG). The purpose of risk management as an operational component of the

business processes is to identify risks at an early stage, assess their extent, promptly initiate any necessary countermeasures and report to the board of management in accordance with the internal rules. Each year, the auditors check the processes and procedures implemented for this as well as the adequacy of the documentation.

The Scania brand, which has been consolidated in the group since 22 July 2008, has not yet been incorporated into the Volkswagen group's risk management system due to various provisions of Swedish company law. According to Scania's Corporate Governance Report, risk management and risk assessment are integral parts of corporate management. Risk areas are evaluated by the Controlling department and reflected in the financial reporting.

Porsche Holding Salzburg, which was consolidated in 2011, was fully integrated into the Volkswagen group's existing systems in the reporting period. MAN SE, likewise consolidated in 2011, and Porsche AG, which was consolidated in 2012, have already implemented mature structures for a risk early warning system and are included in the annual reporting. Ducati Motor Holding S.p.A., which was also consolidated in 2012, will gradually be integrated starting in 2013.

Updating the risk documentation

The risk managers of the individual divisions and the members of the boards of management and managing directors of significant investees receive standardized risk position surveys annually. Their responses are used to update the overall picture of the potential risk situation. In the process, the expected likelihood of occurrence and the expected loss are assigned to each significant risk identified and the measures taken are documented. The annual updating of the risk documentation is coordinated centrally by the Governance, Risk and Compliance function. Under the guidance of the auditors, the plausibility and adequacy of the risk reports are examined on a test basis in detailed interviews with the divi-

sions and companies concerned. The auditors assessed the effectiveness of the risk early warning system based on this information and established both that the risks identified were presented in a suitable manner and that measures and rules were assigned to the risks adequately and in full. The Volkswagen group therefore meets the requirements of the KonTraG. In addition, the Financial Services Division is subject to scheduled checks as part of the audit of the annual financial statements and unscheduled checks within the meaning of section 44 of the German Banking Act (KWG) by the German Federal Financial Supervisory Authority (BaFin), as well as checks by association auditors.

Workflow rules, guidelines, instructions and descriptions are systematically recorded and can for the most part be accessed online. Adherence to these rules is assured by internal controls performed by the heads of the Group Internal Audit, Quality Assurance, Group Treasury, Brand Controlling and Group Controlling organizational units.

The risk management system – goals and operation

The group's risk management system is designed to identify potential risks at an early stage so that suitable countermeasures can be taken to avert the threat of loss to the company, and any risks that might jeopardize its continued existence can be ruled out.

The risk management system is an integral part of the Volkswagen group's structure and workflows and is embedded in its business processes. Events that may give rise to risk are identified and assessed on a decentralized basis in the divisions and at the investees. Countermeasures are introduced immediately, their effects are assessed and the information is incorporated into the planning in a timely manner. The results of the operational risk management process flow into budget planning and controlling on an ongoing basis. The targets agreed in the budget planning rounds are continually verified in revolving planning reviews.



At the same time, the results of risk mitigation measures that have already been taken are incorporated into the monthly forecasts on further business development in a timely manner. This means that the board of management has access to an overall picture of the current risk situation through the documented reporting channels during the year as well.

We are prepared to enter into transparent risks that are proportionate to the benefits expected from the business.

Continuous monitoring and enhancement

As part of the continuous monitoring and improvement process, the internal control system and risk management system of the Volkswagen group are constantly optimized. In doing so, equal consideration is given to both internal and external requirements – such as the provisions of the German Accounting Law Modernization Act (BilMoG). External appraisers support continuous development of the control and risk management systems of the Volkswagen group on a case-by-case basis. The objective of monitoring and improvement is to ensure the effectiveness of the internal control and risk management systems. The results culminate in both regular and event-driven reporting to the board of management and supervisory board of Volkswagen AG.

Specific risks faced by the Volkswagen group

The following section explains the individual risks arising from the business activities of the Volkswagen group.

Macroeconomic risk

The Volkswagen group believes the biggest risks to continued global economic expansion consist primarily of unanswered questions surrounding the resolution of the European and US debt crises and the future institutional structures in the euro zone. Imbalances in foreign trade and volatile financial markets are also contributing to a high level of uncertainty. Added to this are geopolitical risks resulting from tensions in the Middle East and North Africa, which could impact negatively on the trend in energy and commodity prices.

Due to the persistent structural challenges in the industrialized nations, a climate of uncertainty remains in evidence in the international markets. This is indicated by a lack of investment by businesses and hesitant lending on the part of commercial banks. This has a considerable impact on the Volkswagen group's risk position.

The Volkswagen group sees further risks in protectionist tendencies in the economic policies adopted by certain countries, which could lead to the implementation of trade restrictions and hence hinder the international exchange of goods.

Volkswagen considers the risk of renewed global recession to be relatively low, but sees the possibility of a prolonged period of below-average growth due to the factors mentioned.

Sector-specific risk

The growth markets of Asia, South America, and Central and Eastern Europe are particularly important in terms of the global trend in demand for passenger cars. Although these markets harbor the greatest potential, the overall environment in some of the countries in these regions makes it difficult to increase unit sales figures there. Some have high customs barriers or minimum local content requirements for domestic production, for example. Following the reduction in the number of new vehicles allowed to be registered in places such as Beijing, further restrictions on registrations could enter into force in other Chinese metropolitan areas as well. Furthermore, the global economic slowdown could impact negatively on consumer confidence in some of these countries.

Likewise, the risk of freight deliveries being shifted from commercial vehicles to other means of transport and of demand for the group's commercial vehicles falling as a result cannot be ruled out entirely.

Price pressure in established automotive markets is a particular challenge for the Volkswagen group as a supplier of volume and premium models due to its high level of market coverage. If global economic conditions deteriorate, competitive pressures are likely to increase further. Manufacturers will respond by offering price discounts in order to meet their sales targets, thereby putting the entire sector under pressure, particularly in Western Europe, the USA and China.

Western Europe is one of the Volkswagen group's main sales markets. A combination of a drop in prices due to the economic climate and a fall in demand in this region would therefore have a particularly strong impact on the company's earnings. Volkswagen counters this risk with a clear, customer-oriented and innovative product and pricing policy. Outside Western Europe, its overall delivery volume is broadly diversified throughout the world. The Chinese market accounts for an increasing share of the volume. In addition, the Volkswagen group is already market leader in numerous existing and developing markets or is working resolutely to take pole position. Moreover, strategic partnerships help Volkswagen to increase its presence in the relevant countries and regions and cater to requirements there.

The global economic climate deteriorated noticeably during the reporting period. The resulting challenges for the trading and sales companies of the Volkswagen group, for example efficient warehouse management and the profitability of the dealer network, are considerable. They meet them by taking appropriate measures. Although it remains difficult to finance business activities through bank loans, the financial services companies of the Volkswagen group offer dealers financing on attractive terms with the aim of bolstering their business model and reducing operational risk. The Volkswagen group has also developed and installed a comprehensive liquidity risk management system so that it can promptly counteract any liquidity bottlenecks at the dealers' end that could hinder smooth business operations.

Volkswagen continues to approve loans for vehicle finance on the basis of the same cautious principles applied in the past, taking into account the regulatory requirements of Sec. 25a (1) of the KWG.

Volkswagen may be exposed to increased competition in aftermarkets for two reasons: firstly, because of the provisions of the new Block Exemption Regulation, which have been in force for after-

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sales service since June 2010, and, secondly, because of the amendments included in EU Regulation 566/2011 dated 8 June 2011 expanding independent market participants' access to technical information.

The European Commission is planning to end design protection for visible vehicle parts. If this plan is actually implemented, it could adversely affect the Volkswagen group's genuine parts business.

Research and development risk

The Volkswagen group ensures that the group gives its customers' requirements adequate consideration during development by conducting extensive trend analyses, customer surveys and scouting activities. These measures guarantee that trends can be recognized at an early stage and their relevance for customers is verified in good time.

The Volkswagen group counters the risk that it may not be possible to develop products or modules within the specified timeframe, to the required quality standards, or in line with cost specifications by continuously and systematically monitoring the progress of all projects. Volkswagen regularly compares this progress with the original targets; in the event of deviations, appropriate countermeasures are introduced in good time. The end-to-end project organization of the Volkswagen group supports effective cooperation among all areas involved in the process, ensuring that specific requirements are incorporated into the development process as early as possible and that their implementation is planned in good time.

Procurement risk

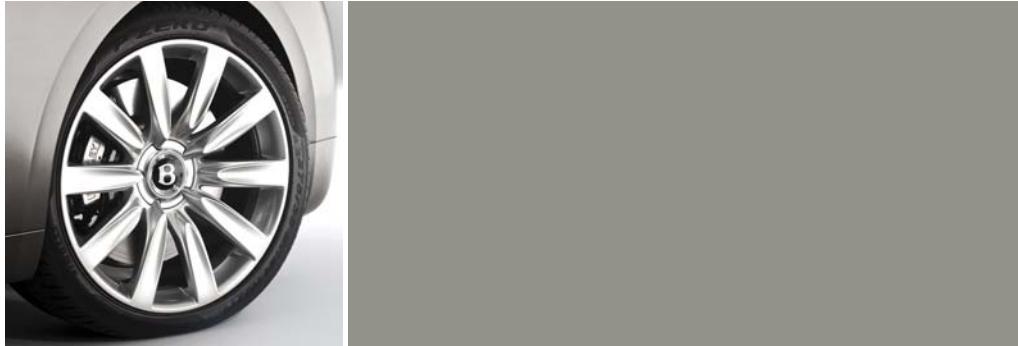
The global rise in automotive industry unit sales is also reflected in an increased need among suppliers for investment financing and working capital. In the euro zone, however, the euro crisis is impeding provision of the necessary financing. This may lead

to declines in individual market segments and an adverse effect on suppliers' financial position. In the second half of 2012, investors became more reluctant to invest in the automotive supply sector due to the drop in demand in Europe and the difficult situation facing competitors. The procurement risk management system is well prepared for this situation. Changes at the suppliers' end are continuously monitored and, if there are any negative developments, a suite of different measures intended to help reduce risks and ensure supplies is used. This enables the Volkswagen group both to largely avoid supply risks due to supplier defaults and minimize the financial effects of crises up to and including insolvencies in the supply chain.

Production risk

In the second half of the reporting period, most European markets experienced a sharp fall in unit sales that had a noticeable impact on the entire European automotive industry. At the Volkswagen group's largest competitors, the drop in unit sales in core segments led to a decline in plant and workforce capacity utilization, which in extreme cases even resulted in factory closures. For several reasons, the Volkswagen group was able to address this risk successfully and thus keep capacity utilization at its European locations largely unchanged: firstly, the Volkswagen group benefits from its broad product range, so that declines in individual vehicle segments can be offset elsewhere. Secondly, its presence in almost all the world's markets also helps to absorb fluctuations in demand in one region in the global production network. However, these two factors can only come into play as a result of the flexible production network, which uses turntable concepts, for example, to distribute production volumes evenly and hence minimize the impact on individual sites. This applies to both vehicle and component factories.

Nevertheless, shifts between the vehicle segments – as a result of the sales crisis in Europe – may, for example, cause the balance of demand between different vehicle equipment features to



deviate sharply from the original plan in the short term, potentially leading to supply bottlenecks, for example. The Volkswagen group has various tools to spot such changes in demand as early as possible, introduce appropriate measures to adjust capacity and thus minimize the supply risk during peaks in demand for individual vehicle features. For instance, it regularly examines the feasibility of various demand scenarios in light of the components available and, if necessary, identifies appropriate adjustment measures based on the findings. The Volkswagen group also has extensive flexibility in the areas of logistics and existing working time models.

Special risks may arise during large projects. These result in particular from contracting deficiencies, miscosting, post-contracting changes in economic and technical conditions, and poor performance on the part of subcontractors. Appropriate project control throughout all project phases helps to counter this risk.

Risks arising from changes in demand

Consumer demand not only depends on real factors such as disposable income; it is also shaped by psychological factors that are impossible to plan for.

Increased fuel and energy prices could lead to unexpected buyer reluctance, which could be further exacerbated by media reports. This is particularly the case in saturated automotive markets such as Western Europe, where demand could drop as a result of owners holding on to their vehicles for longer.

In 2012, the effect of unplannable psychological demand factors was exacerbated by the euro crisis and its impact on the global economy and the entire automotive industry. Several automotive markets, particularly in Southern Europe, were in a downward spiral, which in some cases assumed dramatic proportions. The Volkswagen group is countering this buyer reluctance with its attractive range of models and in-depth customer orientation.

In addition to buyer reluctance as a result of the crisis, a combination of vehicle taxes based on CO₂ emissions – like those already structured in some European countries – and high oil and energy prices is causing a shift in demand towards smaller segments and engines in individual markets. The Volkswagen group counters the risk that such a shift will negatively impact its earnings by constantly developing new, fuel-efficient vehicles and alternative drive technologies on the basis of the Volkswagen group's drivetrain and fuel strategy. In



the rapidly expanding markets of Asia and Eastern Europe, risks arise due to government intervention in the form of tax increases, for example, which could reduce private consumption.

Dependence on fleet customer business

In the fiscal year 2012, the percentage of total registrations in Germany accounted for by business fleet customers increased to 12.7 percent (12.4 percent). The Volkswagen group's share of this segment rose to 47.7 percent (46.8 percent). In Europe, Volkswagen's extensive product range and target group-specific customer care enabled it to extend its successful position in this segment: although registrations by business fleet customers fell by 4.3 percent in a declining market, the group's share increased to 29.3 percent (28.7 percent). The fleet customer business continues to be marked by increasing concentration and internationalization. Thanks to its broad product portfolio, however, the Volkswagen group is well positioned to face the growing importance of the issue of CO₂ and the trend towards downsizing. No default risk concentrations exist for individual corporate customers.

Quality risk

Sustained high demand in the Volkswagen group's key markets poses particular challenges for quality assurance. Quality assurance is of fundamental importance especially in the growing automotive markets of Brazil, Russia, India and China, for which dedicated vehicles are developed and where local manufacturing operations and suppliers have been established. The Volkswagen group analyzes the conditions specific to each market and thus ensures growth in these regions. In cooperation with the central quality assurance function, Volkswagen continuously develops effective measures to counter identified local risks and then implements those measures locally, thus minimizing quality defects from the outset.

The Volkswagen group's need for high-grade supplier components of impeccable quality is rising due to growing production volumes, increasing complexity and the use of the group's toolkit system. To ensure production and hence meet customer expectations, it is extremely important that the Volkswagen group's own plants and suppliers deliver on time. The introduction of an internally-tested risk management system at suppliers is an important step towards ensuring long-term quality and supply capability early on in the supply chain. Quality assurance thus helps to fulfill customer expectations and consequently boost the reputation, sales figures and earnings of the company.



Personnel risk

The individual skills and technical expertise of the employees are a major factor contributing to the Volkswagen group's success. The aim of becoming the top employer in the automotive industry improves Volkswagen's chances of recruiting and retaining the most talented employees.

The strategic, end-to-end personnel development gives all employees attractive training and development opportunities, with particular emphasis placed on increasing technical expertise in the company's different vocational groups. By continuously expanding the recruitment tools and boosting training programs, particularly at international locations, the Volkswagen group is able to adequately address the challenges posed by growth on the human resources side.

In addition to the standard twin-track vocational training, programs such as the StIP integrated degree and traineeship scheme ensure a pipeline of highly qualified and motivated employees. At a

cross-functional level, the Top 100 program ensures that key expertise continues to be acquired and propagated within the Volkswagen group. The program is based on the tandem principle, i.e. knowledge and expertise are transferred from person to person. Volkswagen counters the risk that knowledge will be lost as a result of employee fluctuation and retirement with intensive, department-specific training. Volkswagen has also expanded the base of senior experts in the group to ensure that the valuable knowledge of specialists retiring is transferred to other employees.

Participation and codetermination are factors in the Volkswagen group's success. Employee involvement and motivation are two sides of the same coin. The Volkswagen group aims to maintain a culture of participation internationally as well. The challenge lies in crafting labor relations with the many trade unions and stakeholder representatives worldwide. Volkswagen has created a framework for this with its Labor Relations Charter and has pledged its commitment to it.

IT risk

At Volkswagen, a global company geared towards further growth, the information technology (IT) used in all divisions group-wide is assuming an increasingly important role. IT risks include unauthorized access to sensitive electronic corporate data as well as limited systems availability as a consequence of downtime or natural disasters. The Volkswagen group addresses the risk of unauthorized access to corporate data by using firewall and intrusion prevention systems and a dual authentication procedure. Additional protection is achieved by restricting the allocation of access rights to systems and information and by keeping backup copies of critical data resources. For this, Volkswagen uses technical resources that have been tried and tested in the market, adhering to standards applicable throughout the company. By implementing redundant IT infrastructures, the Volkswagen group protects itself against risks that occur in the event of a systems failure or natural disaster.

Back in 2011, a new group data center was put into operation at the Wolfsburg site, which sets high standards across the entire automotive industry in terms of security, performance and energy efficiency. Volkswagen maintained this course in 2012 commissioning additional data centers at the Mladá Boleslav and Ingolstadt sites.

In addition, measures are continuously taken to combat identified and anticipated risks during the software development process, when protecting the IT infrastructure and also in the allocation of access rights to systems and data resources. These preventative measures are taken with the aim of counteracting the growing intensity and quality of attacks on IT systems and data resources at an early stage.

Environmental protection regulations

The EU regulations governing CO₂ emissions from passenger cars (443/2009/EC) and light commercial vehicles of up to 3.5 tonnes (510/2011/EU), in effect since April 2009 and June 2011 respectively, set the specific emission limits for all new passenger car

and light commercial vehicle models and the fleet targets calculated from the individual vehicle data of brands and groups in the 27 EU member states until 2019. They are an important component of European climate protection regulations and therefore form the key regulatory framework for product design and marketing by all vehicle manufacturers operating in the European markets.

From 2012 onwards, the average CO₂ emissions of European manufacturers' new passenger car fleets may not exceed 130 g CO₂/km. This requirement is to be introduced in four stages: 65 percent of the fleet must meet this requirement as of 2012 and the entire fleet by 2015. A further significant reduction in European passenger car fleet emissions to 95 g CO₂/km from 2020 onwards has already been resolved, although the details as to how it will be reached have not. These are expected to be agreed by mid-2013 in the course of the European Commission's current review.

The EU CO₂ regulation for light commercial vehicles requires limits to be met from 2014 onwards, with targets being phased in over the period to 2017: the average CO₂ emissions of new registrations in Europe may not exceed 175 g CO₂/km. The long-term target for the period after 2020 has also been set (at 147 g CO₂/km), subject to the European Commission's current review. Like the CO₂ regulation for passenger cars, the regulation provides for derogations from the targets, for example by offering relief for eco-innovations.

The European Commission intends to set out the CO₂ regime for the period after 2020 by the end of 2014. Politicians are already discussing reduction targets for the transport sector for the period to 2050, such as the 60 percent reduction in greenhouse gases from 1990 levels cited in the EU White Paper on transport published in March 2011. It will only be possible to meet these long-term goals by also making extensive use of non-fossil sources of energy, in particular in the form of renewable electricity.

At the same time, CO₂ or fuel consumption regulations are also being developed or introduced outside Europe – in Japan, China, India, Brazil, Australia and Mexico, for example. In the USA, a new consumption regulation will prolong uniform fuel consumption and greenhouse gas rules in all states of the USA for the period from 2017 to 2025. The law was signed by the US president on 28 August 2012.

Increasing CO₂ and consumption regulations mean that the latest mobility technologies are required in all key markets worldwide.

The Volkswagen group closely coordinates technology and product planning with its brands so as to avoid target breaches, which entail severe sanctions. In principle, the EU legislation permits some flexibility. For example:

- Excess emissions and emission shortfalls may be offset between vehicle models
- Emission pools may be formed
- Relief may be provided in the form of credits that are granted for additional eco-innovations contained in the vehicle and that apply outside the test cycle
- Special rules are in place for small and niche manufacturers.

Whether the targets are met, however, depends crucially on the Volkswagen group's technological and financial capabilities, which are reflected, among other things, in its drive train and fuel strategy.

The other main EU regulations affecting the automotive industry include

- EU Directive 2009/33/EC on the promotion of clean and energy-efficient road transport vehicles (Green Procurement Directive)
- Passenger car energy consumption labeling directive 1999/94/EC,

- Fuel Quality Directive 2009/30/EC: updates the fuel quality specifications and introduces energy efficiency specifications for fuel production,
- Renewable Energy Directive 2009/28/EC: introduces sustainability criteria,
- Revised Energy Taxation Directive 2003/96/EC: updates the minimum tax rates for all energy products and power.

The implementation of the above-mentioned directives by the EU member states serves as a flanking measure for the CO₂ regulations in Europe. As well as vehicle manufacturers, they are also aimed at other stakeholders such as the mineral oil industry. Plans to tax vehicles based on CO₂ emissions are having a similar effect; many EU member states have already incorporated CO₂ elements into their rules on vehicle taxation.

At the same time as the CO₂ legislation for passenger cars and light commercial vehicles, the EU is preparing CO₂ regulation for heavy commercial vehicles. Setting one overarching limit for these vehicles – like that in place for passenger cars and light commercial vehicles – is extremely complicated because of the wide range of variants (tractors with different trailers or bodywork). Therefore, a system for measuring and certifying CO₂ emissions by heavy commercial vehicles that considers the vehicle as a whole is currently being worked on. This is expected to be the basis for the EU's concrete regulatory proposals, which are expected for 2014 and are likely to enter into force in 2017/2018.

Manufacturers of heavy commercial vehicles are urging the adoption of a system for quantifying CO₂ figures that is accessible to everyone and that looks at the vehicle as a whole, and not simply at the engine or the tractor, in order to increase transparency and therefore competition in the market.

As part of its efforts to reduce the CO₂ emissions of heavy commercial vehicles, the European Commission is also planning to revise the provisions regarding the maximum permissible dimensions of trucks (Directive 96/53/EC, the "weights and

measures" directive). By relaxing the legal length restrictions, it may be possible to design vehicles in an aerodynamic way without losing any loading space. As air resistance is lower in a rounded and streamlined design, this leads to lower fuel consumption. Considering the vehicle as a whole could save up to 25 percent in fuel through the aerodynamic design of cabs and trailers, as well as additional technical innovations.

In the Power Engineering segment, the International Maritime Organization (IMO) has laid down the International Convention for the Prevention of Pollution from Ships (MARPOL), which phases in limits on exhaust emissions from marine engines. Emission limits also apply, for example, under EU directive 97/68/EC and the US EPA (Environmental Protection Agency) marine regulations. As regards stationary equipment, national rules are in place worldwide and have to be applied locally. On 18 December 2008, the World Bank Group set limits for gas and diesel engines in its "Environmental, Health, and Safety Guidelines for Thermal Power Plants", which are binding if individual countries have adopted no or less strict national requirements. In addition, back in 1979, the United Nations adopted the Convention on Long-range Transboundary Air Pollution, setting limits on total emissions as well as nitrogen oxide limits for the signatory states (including all EU states, other countries in Eastern Europe, the USA and Canada). Enhancements to the product portfolio in the Power Engineering segment are focusing on improving the efficiency of the equipment and systems.

In order to be optimally prepared for the third emissions trading period starting in 2013, the Volkswagen group calculated and reported the CO₂ emissions to be reported for its German plants in accordance with the German Data Collection Regulation (DEV 2020). The appropriate applications for the allocation of certificates to the German Emissions Trading Authority (DEHSt) have been submitted for all plants. The other plants in the European Union were also checked in accordance with the



national laws in force at those locations and action was taken to ensure that applications were submitted to the relevant national authorities in good time.

The changes to the Emissions Trading Directive and their transposition into German law have been completed. From a current perspective, the number of plants included in the European emissions trading system from 2013 onwards and the related amount of CO₂ emissions requiring to be traded will not increase significantly.

The allocation of the necessary emissions certificates will change fundamentally as of 2013. They will no longer be allocated mostly free of charge through national allocation plans. Instead, a steadily falling number of certificates, for heat generation using natural gas for example, will be allocated free of charge. Companies will have to purchase any additional certificates they require at auction. Unlike before, CO₂ emissions certificates for power generation will have to be purchased in full. Estimates



to date indicate that the energy costs incurred by the Volkswagen group's European sites will increase as a result of purchasing the emission allowances required for the operation of proprietary power plants and heating facilities. The amount of the additional costs will depend essentially on the price at which the certificates are traded.

The European Commission is currently giving detailed consideration to intervening in EU emissions trading in order to boost it. The Commission is currently in favor of withdrawing a defined number of freely allocated certificates at the beginning of the third trading period and not allocating them until the end of the trading period. This artificial shortage of certificates at the beginning of the trading period may cause certificate prices to rise.

The future political direction of global climate protection agreements remains unclear. There is currently no sound long-term prospect of specific reduction targets, responsibilities and funding arrangements or more stringent climate protection requirements based on them. At the UN, a new climate protection agreement for 2020 onwards is to be negotiated by 2015 at the latest.

Litigation

In the course of their operating activities, Volkswagen AG and the companies in which it is directly or indirectly invested become involved in legal disputes and official proceedings in Germany and internationally. In particular, such proceedings may occur in relation to suppliers, dealers, customers, employees, or investors. For the companies involved, these may result in payment or other obligations. Particularly in cases where US customers assert claims for vehicle defects individually or by way of a class action, highly cost-intensive measures may have to be taken and substantial compensation or punitive damages paid. Corresponding risks also result from US patent infringement proceedings.

Where transparent and economically viable, adequate insurance cover is taken out for these risks and appropriate provisions recognized for the remaining identifiable risks. The company does not believe, therefore, that these risks will have a sustained effect on the economic position of the Volkswagen group. However, as some risks cannot be assessed or can only be assessed to a limited extent, the possibility of loss or damage not being covered by the insured amounts and provisions cannot be ruled out.

After the two actions filed by the Verbraucherzentrale für Kapitalanleger e.V. (VzfK – German Protection Agency for Investors) with regard to the General Meetings on 23 April 2009 (action for avoidance) and 22 April 2010 (action for avoidance and disclosure) had been dismissed by the courts of first and second instance, the plaintiff lodged an appeal with the Federal Supreme Court against denial of leave to appeal in both cases. Both appeals were dismissed in 2012.

ARFB Anlegerschutz UG (haftungsbeschränkt), Berlin, brought an action against Porsche Automobil Holding SE, Stuttgart, and Volkswagen AG for claims for damages allegedly assigned to it in the amount of approximately 1.8 billion euro. The plaintiff asserts that these claims are based on alleged breaches by the defendants of legislation to protect the capital markets in connection with Porsche's acquisition of Volkswagen shares in 2008. In 2011, investors initiated conciliation proceedings for other alleged damages – including claims against Volkswagen AG – that amount to approximately 2.6 billion euro in total and also relate to transactions at that time. Volkswagen rejected all claims at the time and refused to participate in any conciliation proceedings.

In the fiscal years 2010/2011, antitrust authorities launched investigations at truck manufacturers including MAN and Scania. Such investigations normally take several years. It is still too early to judge whether these investigations pose any risk to MAN or Scania.

MAN has also launched an investigation into the extent to which irregularities occurred in the course of the handover of four-stroke marine diesel engines, and in particular whether technically calculated fuel consumption figures were externally manipulated. MAN has informed the Munich Public Prosecution Office (I) about the ongoing investigation and has handed the matter to the Augsburg Public Prosecution Office. It is also still too early to judge the outcome of this matter.

Suzuki Motor Corporation has filed an action against Volkswagen AG at a London court of arbitration for retransfer of the 19.9 percent interest held in Suzuki, and for damages. Volkswagen considers the claims to be unfounded and has itself filed counterclaims. The court of arbitration is not expected to reach a decision until mid-2013 at the earliest.

Strategies for hedging financial risks

In the course of the business activities of the Volkswagen group, financial risks may arise from changes in interest rates, exchange rates, raw materials prices, or share and fund prices. Management of financial and liquidity risks is the responsibility of the central group Treasury department, which minimizes these risks using nonderivative and derivative financial instruments. The board of management is informed of the current risk situation at regular intervals.

The Volkswagen group hedges interest rate risk, where appropriate in combination with currency risk, and risks arising from fluctuations in the value of financial instruments by means of interest rate swaps, cross-currency swaps and other interest rate contracts with matching amounts and maturity dates. This also applies to financing arrangements within the Volkswagen group.

Foreign currency risk is reduced in particular through natural hedging, i.e. by flexibly adapting the production capacity at the locations of the Volkswagen group around the world, establishing new production facilities in the most important currency regions and also procuring a large percentage of components locally, currently for instance in India, Russia, the USA, China and Mexico. Volkswagen hedges the residual foreign currency risk using hedging instruments. These include currency forwards, currency options and cross-currency swaps. The Volkswagen group uses these transactions to limit the currency risk associated with forecasted cash flows from operating activities and intra-group financing in currencies other than

the respective functional currency. The currency forwards and currency options can have a term of up to six years. The Volkswagen group uses them to hedge its principal foreign currency risks associated with forecasted cash flows, mostly against the euro and primarily in US dollars, British pounds (sterling), Chinese renminbi, Russian rubles, Swedish kronor, Mexican pesos, Australian dollars and Korean won.

In purchasing raw materials, risks arise relating to the availability of raw materials and price trends. The Volkswagen group limits these risks mainly by entering into forward transactions and swaps. The Volkswagen group has used appropriate contracts to hedge some of its requirements for commodities such as aluminum, copper, lead, platinum, rhodium, palladium and coal over a period of up to seven years. Similar transactions have been entered into for the purpose of supplementing and improving allocations of CO₂ emission certificates.

The Volkswagen group ensures that it remains solvent at all times by holding sufficient liquidity reserves, through confirmed credit lines and through tried-and-tested money market and capital market programs. Volkswagen covers the capital requirements of the growing financial services business mainly through borrowings at matching maturities raised in the national and international financial markets as well as through customer deposits from the direct banking business. Financing conditions in the reporting period were almost unchanged compared with 2011. For this reason and thanks to the broadly diversified structure of the refinancing sources, the Volkswagen group was always able to raise sufficient liquidity in the various markets.

Credit lines from banks are generally only ever used within the group to cover short-term working capital requirements. Projects are financed by, among other things, loans provided at favorable interest rates by development banks such as the European Investment Bank (EIB), the International Finance Corporation (IFC) and the European Bank

for Reconstruction and Development (EBRD), or by national development banks such as Kreditanstalt für Wiederaufbau (KfW) and Banco Nacional de Desenvolvimento Econômico e Social (BNDES). This extensive range of options means that the liquidity risk to the Volkswagen group is extremely low.

Risks arising from financial instruments

Channeling excess liquidity into investments gives rise to counterparty risk. Partial or complete failure by a counterparty to perform its obligation to pay interest and repay principal would have a negative impact on the Volkswagen group's earnings and liquidity. Volkswagen counters this risk through its counterparty risk management. In addition to counterparty risk, the financial instruments held for hedging purposes hedge balance sheet risks, which are limited by applying hedge accounting.

By diversifying when the Volkswagen group invests excess liquidity and by entering into financial instruments for hedging purposes, it ensures that it remains solvent at all times, even in the event of a default by individual counterparties.

Liquidity risks

A downgrade of the company's rating could adversely affect the terms attached to the Volkswagen group's borrowings. In the reporting period, the contribution in full of Dr. Ing. h.c. F. Porsche AG to the Volkswagen group as of 1 August 2012, the increase in the equity interest in MAN SE and the acquisition of sports motorcycle manufacturer Ducati Motor Holding S.p.A. resulted in a large outflow of liquidity. However, the strong performance by the company's operating business minimized the impact of these transactions on its liquidity position, thus maintaining Volkswagen's financial stability and flexibility overall: Standard & Poor's (S&P) affirmed the group's existing rating and raised its outlook to "positive". Moody's Investor Service assigned the rating a positive outlook in the prior year.



In the reporting period, a mandatory convertible note was issued in the amount of 2.5 billion euro in order to further strengthen the liquidity and capital base of the Volkswagen group with an eye toward future global growth and the systematic implementation of its Strategy 2018. This transaction increased not only the Volkswagen group's net liquidity, but also its equity.

Residual value risk in the financial services business

In the financial services business, the Volkswagen group agrees to buy back selected vehicles at a residual value that is fixed at inception of the contract. Residual values are set realistically so that the Volkswagen group is able to leverage market opportunities. Volkswagen evaluates the underlying lease contracts at regular intervals and recognizes any necessary provisions if any potential risks are identified.

Management of the residual value risk is based on a defined feedback loop ensuring the full assessment, monitoring, management and communication of risks. This process design ensures not only professional management of residual risks but also that the handling of residual value risks is systematically improved and enhanced.

As part of risk management, the Volkswagen group uses residual value forecasts to regularly assess the appropriateness of the provisions for risks and the potential for residual value risk. In so doing, the Volkswagen group compares the contractually agreed residual values with the fair values obtainable. These are determined utilizing data from external service providers and the Volkswagen group's own marketing data. The Volkswagen group does not take account of the upside in residual market values when making provisions for risks.

Other factors

Going beyond the risks already outlined, there are other factors that cannot be predicted and are therefore difficult to control. Should these transpire, they could have an adverse effect on the further development of the Volkswagen group. These factors include natural disasters, epidemics and terror attacks.

Summary of the risk situation of the Volkswagen group

The Volkswagen group's overall risk situation results from the specific risks shown above. The Volkswagen group has put in place a comprehensive risk management system to ensure that these risks are controlled. Furthermore, taking into account all the information known to the company at present, no risks exist which could pose a threat to the continued existence of the Volkswagen group.

Overall statement on the risks faced by the Porsche SE group

The overall risk exposure of the Porsche SE group is made up of the individual risks relating to the significant investment held in Volkswagen AG presented above and the specific risks of Porsche SE. The risk management system ensures that these risks can be controlled. Based on the information currently available to us, the executive board has not identified any risks which could endanger the ability of the Porsche SE group to continue as a going concern.



Subsequent events

On 27 December 2012, the Court of Appeals of the New York State Supreme Court overruled the decision of the court of first instance and dismissed the claims for damages brought before this court. On 10 January 2013, the total of 26 plaintiffs responded by filing a petition for a second hearing or, alternatively, an appeal. On 31 January 2013, the parties entered into a stipulation under which Porsche SE agreed not to raise any statute-of-limitations defense against the plaintiffs' claims, provided these are filed before a court in Germany within 90 days and provided these claims were not already statute-barred when the plaintiffs first filed their actions in the USA. Irrespective of this, Porsche SE considers the claims filed to be without merit. Under the settlement, the plaintiffs withdrew their motion to reargue or in the alternative leave to appeal. The parties consented to entry of a final judgment dismissing plaintiffs' complaints against Porsche SE in the New York State Court in their entirety.

In February 2013, it became known that the Stuttgart public prosecutor had launched investigations against all members of the supervisory board of Porsche SE from 2008 and a former employee in connection with the allegation of jointly aiding and abetting violation of the prohibition on market manipulation by omission.

In early March 2013, 12 plaintiffs, of the most recent total of 32 plaintiffs in the appellate proceeding, withdrew their appeal before the U.S. Court of Appeals for the Second Circuit with Porsche SE's consent. The effectiveness of the withdrawal of the appeal is subject to its acceptance by the court. The appellate proceeding concerning the remaining 20 plaintiffs remains unaffected by the withdrawal of the appeal. Porsche SE continues to consider the actions to be inadmissible and the claims to be without merit. The original total of 46 plaintiffs brought action for damages against Porsche SE and against former members of the management board of Porsche SE and alleged damages of more than 2.5 billion US dollars in aggregate. The actions were dismissed in December 2010 in the first instance. 32 plaintiffs appealed that decision. For the twelve plaintiffs who have now withdrawn their appeal, the action for damages against Porsche SE that has been pending before the Regional Court of Braunschweig since the end of 2011, remains unaffected by the withdrawal of the appeal. In this action the plaintiffs last alleged an overall damage of about 1.8 billion euro, though it remained unclear to what extent the alleged damage was comprised of damage already asserted before the U.S. Court. Porsche SE considers the claim to be without merit.



Forecast report and outlook

Overall economic development

In the past fiscal year 2012, the global economy grew less strongly than in 2011. Despite current uncertainties, the International Monetary Fund (IMF) expects gradual global growth for the current year. The IMF sees the euro zone as a great downside risk for the global economy. The economists expect moderate rates of increase for economic growth in the USA. The key impetus for global economic development is expected to come from the emerging countries in Asia and South America. The main growth driver will again be China. The IMF forecasts economic growth of 0.6 percent for Germany for 2013.

Exchange rate development

The global economic uncertainties in 2012 impacted market players' expectations resulting in massive exchange rate fluctuations. The euro appreciated against the US dollar during the first two months of the year. The euro lost in value until the middle of the year, then recovered again as the year progressed. Although the financial markets remain highly volatile, for 2013 and 2014 Porsche SE expects the euro to be stable against the US dollar, the British pound (sterling), the Chinese renminbi and other major currencies. However, the risk of unforeseeable market developments has increased.

Development of interest rates

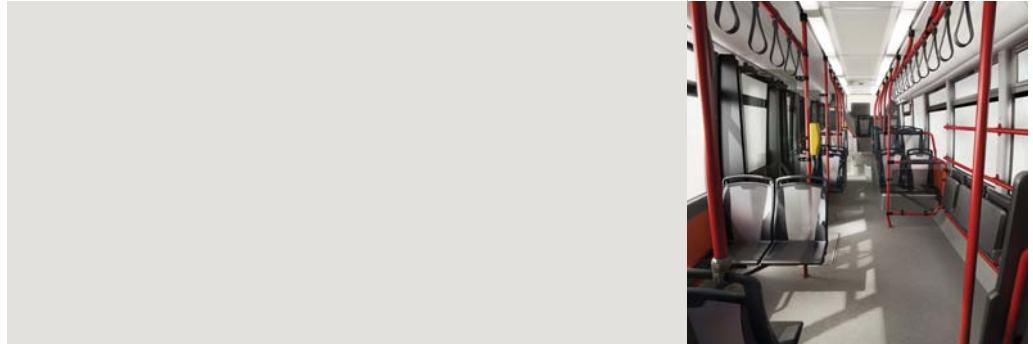
In 2012, interest rates continued to be very low as a result of expansive monetary policy. Porsche SE considers a departure from this policy to be unlikely for 2013 and therefore regards increases in interest rates in Europe and the USA to be unlikely. Porsche SE expects interest rates to increase in 2014 only in the event of rising inflation rates.

Commodity price development

Commodity prices in the past year were high and also characterized by a high level of volatility. At the beginning of 2012, commodity prices increased, but quickly decreased again during the first quarter due to lower growth forecasts. Following a renewed increase in prices in the third quarter, they fell again at the end of the year. On the basis of current assumptions regarding global financial growth, Porsche SE expects the price of listed commodities to remain high during the next two years.

Prospects on the automotive markets

In our opinion, the worldwide automotive market will see tentatively positive development, with expected growth rates tending to stagnate or fall in Europe and Germany. Porsche SE sees Asia, and China in particular, as strong growth drivers in all vehicle segments. In North America, further growth is to be expected.



Anticipated development of the Volkswagen group

Future legal structure of the Volkswagen group
 The Volkswagen group increased its share of voting rights in MAN SE to 75.03 percent, strengthening the alliance between MAN, Scania and Volkswagen Commercial Vehicles in the reporting period. Volkswagen is aiming for closer cooperation between group companies in the commercial vehicles segment and is keeping all options open going forward on the future structure of the commercial vehicles business. In this context, Volkswagen announced on 9 January 2013 that it was seeking to enter into a control and profit and loss transfer agreement with MAN SE. The aim is to facilitate enhanced and simplified cooperation between Volkswagen and MAN and make the two companies more competitive. MAN will continue its business activities under a control and profit and loss transfer agreement, retaining its brand-specific features and business fields within the Volkswagen group.

Anticipated development in 2013 and 2014

The Volkswagen group's unique brand portfolio covering almost all segments from motorcycles through subcompact cars to heavy trucks and buses, its steadily growing presence in all major markets in the world and its wide range of financial services give us decisive competitive

advantages. The Volkswagen group offers an extensive range of environmentally friendly, cutting-edge, high-quality vehicles for all markets and customer groups that is unparalleled in the industry. Volkswagen therefore estimates that its deliveries in 2013 and 2014 will exceed the prior-year figure in each case. The Chinese joint ventures, as well as the new production facilities in China, Russia, the USA and India, will make a significant contribution to this development.

Challenges will come from the difficult market environment and increasingly fierce competition as well as interest rate and exchange rate volatility and considerable fluctuations in raw materials prices.

The Volkswagen group expects sales revenue in the Automotive and Financial Services Divisions to increase in 2013 and 2014 as against 2012. The goal for the Volkswagen group's operating profit is to match the 2012 figure in 2013, and to exceed it in 2014. The Volkswagen group believes that this will be the case for the Passenger Cars Business Area and the Commercial Vehicles, Power Engineering Business Area – which remains affected by high write-downs relating to purchase price allocation, among other things – and the Financial Services Division. Starting in 2013, the Volkswagen group will report the Volkswagen Commercial Vehicles brand as part of the Commercial Vehicles, Power Engineering Business Area, in line with the management structure created.

Volkswagen aims to achieve a sustainable return on sales before tax at group level of at least 8 percent. The average ratio of capital expenditure to sales revenue in the Automotive Division will fluctuate around a competitive level of 6 to 7 percent. The goal of the Volkswagen group is also to maintain its positive rating compared with the industry as a whole and to continue its solid liquidity policy.

The decisive advantages that the Volkswagen group can exploit to master the challenges of the automotive future and to achieve its Strategy 2018 targets are its unique brand portfolio, its young, innovative and environmentally friendly model range, its broad international presence with local value added in many key regions, the significant synergy potential offered by the group-wide development of technologies and models, and finally its financial strength. Volkswagen is working to make even more focused use of the strengths of its multi-brand group by constructing new plants, developing technologies and platforms, and agreeing strategic partnerships. Disciplined cost and investment management remains an integral part of Strategy 2018.

Anticipated development of the Porsche SE group

Porsche SE contributed its operating holding business and in particular its investment in Porsche Holding Stuttgart GmbH to Volkswagen AG with effect as of 1 August 2012. Following execution of the transaction, Porsche SE continues to hold 50.7 percent of the voting rights and around 32.2 percent of the total capital of Volkswagen AG.

In the future, the Porsche SE group's profit/loss will be largely dependent on the results of operations and the profit/loss of the Volkswagen group accounted for at equity that is attributable to Porsche SE. Porsche SE will participate indirectly in the results of the Porsche Holding Stuttgart GmbH group and in the realization of the full synergy potential in the integrated automotive group via the

profit/loss from investments accounted for at equity attributable to Volkswagen AG.

In the separate financial statements prepared in accordance with the HGB, Porsche SE's future earnings will essentially depend on income from investments in the form of dividends of Volkswagen AG.

As of the end of the fiscal year 2012, Porsche SE has net liquidity of 2,562 million euro. With regard to its anchor investment in Volkswagen AG, one of the largest and most successful automobile manufacturers in the world, Porsche SE plans to use the major portion of the net liquidity to acquire investments along the automotive value chain.

With the strategic acquisition of long-term investments, Porsche SE's objective is to promote the development of these investments, thereby generating a sustainable increase in the value of net assets. On the basis of macro trends and industry-specific trends, suitable potential investments in selected sectors along the automotive value chain are continuously being identified and examined. This comprehensive approach will ensure that as broad a range of potential targets for investment as possible can be captured.

Within the scope of the development of investments, Porsche SE's headcount will be selectively increased in order to further strengthen existing expertise. In addition, a network of experts is a key success factor for a successful investment strategy. Porsche SE is therefore continuing to expand its network, in particular to include experts from industry, banks and consulting.

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 net assets, financial position and results of operations of the group.



In view of the Volkswagen group's expectations regarding future developments in the fiscal years 2013 and 2014, the company expects a profit attributable to it from investments accounted for at equity in the low single-digit billion euro range. However, this will continue to be reduced by effects resulting from amortization of the purchase price allocation performed in 2009.

The available liquidity of Porsche SE is invested at an interest rate that is in line with the market. From this investment, the amount of which depends in particular on the scope and timing of future investments, Porsche SE will earn interest income which in turn depends on the development of the interest rates. Finance costs will primarily arise from interest expenses for an existing loan liability due to a company of the Volkswagen group.

Overall, on the basis of the current group structure, Porsche SE expects a low single-digit billion-euro profit after tax for the fiscal years 2013 and 2014.

Stuttgart, 8 March 2013

Porsche Automobil Holding SE
The executive board

Markets



The international automobile markets mainly saw stable development in the past year. Passenger car sales increased from 62 million to over 66 million vehicles worldwide. For the first time, the Volkswagen group delivered more than 9 million vehicles worldwide, surpassing the record figure for the prior year. Since the contribution of the holding business operations of Porsche SE to Volkswagen AG as of 1 August 2012, the Volkswagen group has owned 100 percent of the shares in the sports car manufacturer.

Porsche Holding Stuttgart GmbH group deliveries

The number of Porsche brand vehicles delivered came to 81,562 for the period from 1 January to 31 July 2012. Together with the 59,513 vehicles delivered from 1 August to 31 December under the umbrella of Volkswagen AG, the total number of units for the whole of 2012 was 141,075. This is an increase of 18.7 percent on the record number of deliveries in 2011.

Volkswagen group deliveries

The Volkswagen group delivered more than 9,275,909 vehicles to customers worldwide in 2012. This corresponds to an increase of 1,010,643 or 12.2 percent compared with the prior year. Details for deliveries of passenger cars and light commercial vehicles, and of trucks and buses, are provided separately in the following.

Passenger car and light commercial vehicle deliveries worldwide

With its brands, the Volkswagen group has a presence in all relevant automotive markets around the world. Western Europe, China, Brazil, the USA, Russia, Argentina and Mexico are currently the key sales markets for the group. The group continued to extend its strong competitive position in the reporting period thanks to its wide range of attractive and environmentally friendly models. Volkswagen has increased its market share in key core markets and again recorded an encouraging global increase in demand. The Volkswagen group delivered 9,074,283 passenger cars and light commercial vehicles to customers in 2012. Since 1 August 2012, these figures also include Porsche brand vehicles.



The prior year's record figure was exceeded by 11.2 percent. With the exception of the SEAT brand, which was hit particularly hard by the difficult market conditions in Western Europe, and Bugatti, all group brands surpassed their prior-year sales figures. Volkswagen Passenger Cars, Audi, ŠKODA and Volkswagen Commercial Vehicles all recorded their best ever delivery figures. Bentley and Lamborghini also registered strong growth rates. Demand for Volkswagen group models was higher than in the prior-year period in virtually all markets outside Western Europe. The demand trends for group models in the individual markets are described in the following sections.

Deliveries in Europe/Remaining markets

The overall market slowdown in Western Europe in 2012 resulted in the Volkswagen group's deliveries to customers in this region declining year-on-year. Volkswagen group's sales figures were down on the prior year in all major markets here, apart from Germany and the United Kingdom. Vehicles sold in Western Europe accounted for 33.3 percent (prior year: 38.4 percent) of the group's total delivery volumes. Except for SEAT, all volume brands sold more vehicles in the reporting period than in the prior year. The Tiguan, Audi A6, ŠKODA Roomster, ŠKODA Yeti, SEAT Alhambra, Amarok and Crafter models all registered positive growth rates. The new up!, Beetle, Golf Cabriolet, Audi Q3, ŠKODA

Citigo and SEAT Mii models were also very popular. The Volkswagen group's share of the overall passenger car market in Western Europe rose to 24.4 percent (23.0 percent). The Volkswagen group's sales figures in Central and Eastern Europe surpassed the prior-year level by 17.6 percent. The Volkswagen group recorded the highest growth rates in Russia (+38.8 percent) and the Ukraine (+29.6 percent). The Polo Sedan, Tiguan, Passat, CC, Touareg, the Audi A3, A6 and Q7, the ŠKODA Octavia and all Volkswagen Commercial Vehicles models experienced higher demand in Central and Eastern Europe than in the prior year. The new Jetta, Audi Q3 and ŠKODA Citigo models were also very popular. The Volkswagen group's deliveries in the South African market increased by 10.0 percent. The Volkswagen group's entry-level models were particularly sought-after. The group's market share of 22.7 percent remained unchanged. Demand for group vehicles in the Middle East region grew by 17.6 percent compared with the prior year.

Deliveries in Germany

Group deliveries to customers in the German market increased by 1.9 percent in the fiscal year 2012 compared with the prior year. By contrast, the overall passenger car market volume declined by 2.9 percent. The Tiguan, CC, Touareg, Audi A1, Audi A6, ŠKODA Roomster, ŠKODA Yeti, SEAT Ibiza, SEAT Leon and Crafter models experienced



the highest growth rates. The new up!, Beetle, Golf Cabriolet, Audi Q3, ŠKODA Citigo and SEAT Mii models were also very popular. At the end of 2012, eight Volkswagen group models led the Kraftfahrtbundesamt (KBA – German Federal Motor Transport Authority) registration statistics in their respective segments: the up!, Polo, Golf, Passat, Touran, Tiguan, Audi A6/A7 and Caddy. The Golf continued to top the list of the most frequently registered passenger cars in Germany. The Volkswagen group's market share in the German passenger car market increased to 37.7 percent in the reporting period (prior year: 35.9 percent), further cementing the Volkswagen group's market leadership.

Deliveries in North America

Demand for group vehicles in the US market grew by 34.2 percent year-on-year, outperforming the positive trend in the overall market (up 13.4 percent). The Golf, Tiguan, Passat, Audi Q5, Audi A6 and Audi Q7 models recorded the highest growth rates. In Canada the Volkswagen group recorded year-on-year growth of 15.7 percent. Demand for the Passat, Touareg, Audi A4, Audi Q5 and Audi A7 models was encouraging there. The group's sales figures in Mexico surpassed the prior-year level by 7.8 percent. Demand increased for the Voyage, Beetle, Passat, Audi A1 and SEAT Ibiza models.

Deliveries in South America

The Volkswagen group's deliveries in the South America region rose 8.2 percent in the reporting period. After declining slightly in 2011, the group's sales figures in Brazil were again positive in 2012 (up 10.7 percent). This was attributable to a temporary tax cut for new vehicles as well as the market launch of the new generations of the Gol and the Voyage. The Fox was also highly popular and sales of the Amarok almost doubled. Demand for Volkswagen group vehicles declined by 5.1 percent in Argentina. However, the Fox, Audi A3 and Saveiro models recorded stronger demand than in 2011. With a market share of 25.0 percent (prior year: 25.1 percent), the Volkswagen group maintained its market leadership.

Deliveries in the Asia-Pacific region

The Volkswagen group increased sales in the Asia-Pacific region by 23.3 percent compared with the prior-year figure, outperforming the passenger car market as a whole (+13.3 percent). Growth in the region was again driven by the Chinese market, which saw demand for group vehicles rise by 24.5 percent. Virtually all models contributed to this positive result. Volkswagen extended its leadership of the Chinese market with a market share of 20.8 percent (prior year: 18.2 percent). Deliveries to customers in the Indian market increased by 2.1 percent. The Passat, Audi A4, Audi A6 and ŠKODA



Rapid models recorded the highest growth rates. In Japan, the group's sales figures were up 14.4 percent year-on-year. The Beetle, Passat and Audi A6 models were particularly popular. Deliveries to customers continued to develop positively in the other markets in the Asia-Pacific region.

Deliveries of trucks and buses

In the fiscal year 2012, the Volkswagen group delivered 201,626 trucks and buses to customers worldwide, with trucks accounting for 180,055 units. In any comparison with the prior year, it should be noted that the MAN brand's sales figures are included from 9 November 2011. The Scania brand registered a 15.9 percent decline in deliveries year-on-year to 67,401 units. Demand for Volkswagen group trucks and buses in Western Europe amounted to 68,557 units, of which 64,544 were trucks. The Western European market continues to be dominated by the ongoing sovereign debt crisis and the uncertainty associated with it. In Central and Eastern Europe, the group delivered 27,502 vehicles, of which 26,887 were trucks. In Russia, the positive trend in the relevant economic sectors, such as the construction industry and the consumer goods market, continued to have a positive impact on market growth and thus on our group brands.

However, the market slowed down in the second half of the year after the introduction of a new recycling fee for all vehicles. In the Remaining markets, Volkswagen sold 21,052 vehicles, of which 18,626 units were trucks. In the North American markets Volkswagen delivered 410 trucks and 1,381 buses in the reporting period. In South America, the Volkswagen group sold 71,750 vehicles, of which 60,294 were trucks. The Volkswagen group delivered 51,137 trucks and 8,833 buses to customers in the Brazilian market. The implementation of the Euro 5 emission standard had a dampening effect. Sales to customers in the markets of the Asia-Pacific region comprised 10,974 units, 9,294 of which were trucks. The group delivered 2,983 trucks and 196 buses in the Chinese market.



A dynamic photograph of a silver Audi Q7 SUV driving from a low-angle perspective. The car's front end is angled towards the viewer, with its hood propped open to reveal the engine compartment. The background is blurred, suggesting motion on a road. The Audi logo is visible on the front grille.

3

Financials

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Consolidated income statement of Porsche Automobil Holding SE
for the period from 1 January to 31 December 2012

€ million	Note	2012	2011
Other operating income	[1]	3,847	12
Personnel expenses	[2]	- 14	- 14
Other operating expenses	[3]	- 274	- 4,445
Profit/loss from investments accounted for at equity	[4]	4,332	4,660
Profit/loss before financial result		7,891	213
Finance costs	[5]	- 159	- 374
Financial revenue	[6]	129	189
Financial result		- 30	- 185
Profit/loss before tax		7,861	28
Income tax	[7]	- 32	31
Profit/loss for the year		7,829	59
thereof attributable to			
shareholders of Porsche Automobil Holding SE		7,818	37
non-controlling interests – hybrid capital investors	[8]	11	22
Earnings per ordinary share (basic)	[9]	25.52	0.13
Earnings per preference share (basic)	[9]	25.53	0.14
Earnings per ordinary share (diluted)	[9]	25.52	0.13
Earnings per preference share (diluted)	[9]	25.53	0.14

**Consolidated statement of comprehensive income of Porsche Automobil Holding SE
for the period from 1 January to 31 December 2012**

€ million	2012	2011
Profit/loss for the year	7,829	59
Other comprehensive income from investments accounted for at equity (after tax)	858	-327
Other comprehensive income after taxes	858	-327
Total comprehensive income	8,687	-268
thereof attributable to		
shareholders of Porsche Automobil Holding SE	8,676	-290
non-controlling interests – hybrid capital investors	11	22

Consolidated balance sheet of Porsche Automobil Holding SE
as of 31 December 2012

€ million	Note	31/12/2012	31/12/2011
Assets			
Investments accounted for at equity	[11]	27,517	28,008
Other receivables and assets	[12]	2	4,253
Non-current assets		27,519	32,261
Other receivables and assets	[12]	14	21
Income tax assets	[13]	816	214
Cash, cash equivalents and time deposits	[14]	2,862	469
Current assets		3,692	704
		31,211	32,965
Equity and liabilities			
Subscribed capital	[15]	306	306
Capital reserves	[15]	4,884	4,884
Retained earnings	[15]	24,960	16,110
Equity before non-controlling interests	[15]	30,150	21,300
Non-controlling interests – hybrid capital investors	[15]	0	345
Equity		30,150	21,645
Provisions for pensions and similar obligations	[16]	7	7
Other provisions	[17]	14	17
Deferred tax liabilities	[7]	35	8
Financial liabilities	[19]	300	5,871
Other liabilities	[20]	0	5,087
Non-current liabilities		356	10,990
Income tax provisions	[17]	81	79
Other provisions	[17]	113	92
Trade payables	[18]	7	9
Other liabilities	[20]	504	150
Current liabilities		705	330
		31,211	32,965

**Consolidated statement of cash flows of Porsche Automobil Holding SE
for the period from 1 January to 31 December 2012**

€ million	2012	2011
1. Operating activities		
Profit/loss for the year	7,829	59
Change in other provisions	18	17
Income taxes	5	-39
Change in deferred taxes	27	8
Income taxes paid	-2	-278
Income taxes received	1	176
Income from investments	-13	0
Income from the contribution of the operating business	-3,430	0
Non-cash expenses and income	-4,521	-245
Dividends received	434	371
Change in other receivables and other assets	-9	11
Change in trade payables and other liabilities (excluding tax provisions and other provisions)	-137	-37
Cash flow from operating activities	202	43
2. Investing activities		
Net payment from the contribution of the holding business operations	4,486	0
Cash flow from investing activities before investments in time deposits	4,486	0
Change in investments in time deposits	-1,859	115
Cash flow from investing activities	2,627	115
3. Financing activities		
Dividends paid to shareholders of Porsche SE	-232	-77
Dividends paid to non-controlling interests – hybrid capital investors	-11	-22
Cash paid for the repurchase of hybrid capital	-52	0
Cash paid for the settlement of loans	-2,000	-7,000
Cash received for loans borrowed	0	2,000
Cash received from capital increase	0	4,903
Cash flow from financing activities	-2,295	-196
4. Cash funds		
Change in cash funds (subtotal of 1 to 3)	534	-38
Cash funds as of 1 January 2012 and 1 January 2011	368	406
Cash funds as of 31 December 2012 and 31 December 2011	902	368
Presentation of gross liquidity		
Cash, cash equivalents and time deposits	2,862	469
Gross liquidity	2,862	469

Note [10] contains further explanations on the statement of cash flows.

Consolidated statement of changes in equity of Porsche Automobil Holding SE
for the period from 1 January to 31 December 2012

	Subscribed capital	Capital reserves	Retained earnings		Equity before non-controlling interests	Non-controlling interests hybrid capital	Group equity
			Accumulated profit	Investments accounted for at equity ³			
€ million							
As of 1 January 2011	175	122	15,513	1,059	16,869	345	17,214
Profit/loss for the year			37		37	22	59
Other comprehensive income after taxes				-327	-327		-327
Total comprehensive income for the period	0	0	37	-327	-290	22	-268
Capital increase in return for cash contributions	131	4,857			4,988		4,988
Transaction costs		-95			-95		-95
Dividend payment			-77 ¹		-77	-22	-99
Other changes in equity arising from the level of investments accounted for at equity			-98		-98		-98
Other changes			3		3		3
As of 31 December 2011	306	4,884	15,378	732	21,300	345	21,645
As of 1 January 2012	306	4,884	15,378	732	21,300	345	21,645
Profit/loss for the year			7,818		7,818	11	7,829
Other comprehensive income after taxes				858	858		858
Total comprehensive income for the period	0	0	7,818	858	8,676	11	8,687
Dividend payment			-232 ²		-232	-11	-243
Buyback of hybrid capital			-4		-4	-48	-52
Effect from deconsolidations					0	-297	-297
Other changes in equity arising from the level of investments accounted for at equity			409		409		409
Other changes			1		1		1
As of 31 December 2012	306	4,884	23,370	1,590	30,150	0	30,150

¹ Distribution of a dividend of €0.50 per preference share; total €76,562,500

² Distribution of a dividend of €0.754 per ordinary share; total €115,456,250

Distribution of a dividend of €0.76 per preference share; total €116,375,000

³ Accumulated other comprehensive income of investments accounted for at equity

Equity is explained in note [15].

Notes to the consolidated financial statements of Porsche Automobil Holding SE for the fiscal year 2012

Basis of presentation

Porsche Automobil Holding SE ("Porsche SE" or the "company"), as the ultimate parent of the Porsche SE group (Porsche SE and its subsidiaries), is a European Company (Societas Europaea) and is headquartered at Porscheplatz 1 in 70435 Stuttgart, Germany. The company is registered at the Stuttgart Local Court under HRB 724512. The business purpose of Porsche SE was amended at the annual general meeting of the company on 25 June 2012 and since then comprises the management of companies or the administration of investments in companies, in particular companies operating in the following business fields or parts thereof:

- The development, design, manufacture and distribution of vehicles, engines of all kinds and other technical or chemical products as well as of parts and components thereof;
- The provision of advice in the area of development and production, especially in the area of vehicle and engine construction;
- The provision of advice on and development of data processing as well as the creation and distribution of data processing products;
- The marketing of products using trademark rights;
- The provision of financial and mobility services;
- The exploitation, procurement, processing and distribution of raw materials used in the automobile industry;
- The generation and procurement of energy, especially of renewable energies, as well as the trading of energy;
- The acquisition, holding and administration as well as the disposal of real estate.

The purpose of the company includes in particular the acquisition, holding and administration as well as the sale of investments in such companies, their combination under common control and the provision of support and advice to them, including the provision of services on behalf of such companies.

The company may also be active itself in the business areas specified. This does not apply to banking transactions and financial services requiring approval. The company may limit its activities to parts of the business fields specified above.

The company may engage in all kinds of business and take all measures that are related to the business purpose or that it deems directly or indirectly useful for achieving that purpose. To this end, it may also establish branches, in Germany and abroad, establish and purchase other companies or acquire interests in such companies.

The amendment to the articles of association was entered in the commercial register on 23 July 2012 and is therefore effective.

The consolidated financial statements of Porsche SE as of 31 December 2012 were prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union. The standards published by the International Accounting Standards Board (IASB), London, that have been endorsed as part of the comitology procedure and are applicable as of the reporting date as well as the interpretations issued by the IFRS Interpretations Committee

(IFRS IC) that are valid for the fiscal year have been taken into account. The requirements of the standards and interpretations applied were satisfied in full. In addition, all applicable requirements of German commercial law were observed in the preparation. The financial statements give a true and fair view of the net assets, financial position and results of operations and cash flows of the Porsche SE group.

These consolidated financial statements comply with the requirements of Sec. 315a HGB [“Handelsgesetzbuch”: German Commercial Code]. This regulation represents the legal basis for group accounting according to International Financial Reporting Standards in Germany in conjunction with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the adoption of international accounting.

The fiscal year of the Porsche SE group covers the period from 1 January to 31 December of a year.

The group's presentation currency is the euro. Unless otherwise stated, all figures are presented in millions of euro (€ million).

The income statement has been prepared using the nature of expense method.

After the contribution of Porsche SE's holding business operations to Volkswagen AG, Wolfsburg, ("Volkswagen AG" or "VW"), as of the balance sheet date, the business activities of the Porsche SE group are essentially limited to holding and managing the investment in Volkswagen AG (see explanations in the section “Consolidated group”). The prerequisites for the application of segment reporting pursuant to IFRS 8 were therefore not satisfied.

The consolidated financial statements and group management report of Porsche SE were authorized for issue to the supervisory board by the executive board by resolution dated 8 March 2013.

Consolidated group

The consolidated financial statements of Porsche SE essentially include by means of full consolidation all companies in which Porsche SE has the power to govern the financial and operating policy, either directly or indirectly, so as to obtain benefits from its activities (control concept). Initial consolidation by way of full consolidation is performed as of the date on which the acquirer obtains the possibility of control. A company is no longer consolidated upon loss of control. Subsidiaries that are immaterial on a stand-alone basis and in total for a true and fair presentation of the net assets, financial position and results of operations may, as an alternative, also be accounted for at cost in the consolidated financial statements.

Material companies where Porsche SE is able, directly or indirectly, to significantly influence financial and operating policy decisions (associates), or where Porsche SE shares joint control together with another party (joint ventures), are accounted for at equity.

Joint ventures and associates also include companies in which the Porsche SE group holds the majority of voting rights, but whose articles of association or partnership agreements stipulate that important decisions may not be made without the approval of the other shareholders or where Porsche SE does not have control as defined by IFRSs for other reasons.

The articles of association of Volkswagen AG prescribe that the State of Lower Saxony has a right to appoint two members of the supervisory board, provided that it holds at least 15% of the ordinary shares in Volkswagen AG. On account of the interest held by the State of Lower Saxony in Volkswagen AG, this delegation right prevents Porsche SE from including the Volkswagen group in the consolidated financial statements of Porsche SE by way of full consolidation because Porsche SE cannot determine the majority on the supervisory board of Volkswagen AG and it consequently does not have control as defined by IFRSs. Due to the significant influence exercised by Porsche SE, however, its investment in Volkswagen AG is accounted for in the consolidated financial statements of Porsche SE at equity.

Prior to the contribution of the holding business operations to Volkswagen AG, Porsche SE did not have control within the meaning of IFRSs over this company despite holding the majority of the voting rights at 50.1% due to the rulings established in the articles of association of Porsche Holding Stuttgart GmbH, Stuttgart, (successor of Porsche Zwischenholding GmbH) and other agreements. It was therefore accounted for at equity as a joint venture of Porsche SE and Volkswagen AG prior to the resolution to make the contribution.

Porsche Holding Stuttgart GmbH was originally named Porsche Sechste Vermögensverwaltung GmbH, Stuttgart, and renamed Porsche Zweite Zwischenholding GmbH, Stuttgart, on 27 July 2012. On 30 July 2012, Porsche Zwischenholding GmbH, and thus Porsche's operating business, was merged into the then Porsche Zweite Zwischenholding GmbH. On 24 October 2012, the company was renamed Porsche Holding Stuttgart GmbH.

Porsche SE contributed its entire holding business operations, and thus the remaining share in Porsche's operating business, to Volkswagen AG as of 1 August 2012. Since then, Volkswagen AG has held 100% of the shares in Porsche Holding Stuttgart GmbH and therefore also indirectly holds 100% of the shares in Dr. Ing. h. c. F. Porsche Aktiengesellschaft, Stuttgart, ("Porsche AG"). Porsche SE's shareholding in the capital of Volkswagen AG remains unchanged at 32.2%.

Consequences of the contribution of the holding business operations of Porsche SE to Volkswagen AG

On 4 July 2012, the executive board of Porsche SE and the board of management of Volkswagen AG, with the agreement of the competent bodies, approved a concept for the accelerated creation of the integrated automotive group. In order to implement the concept, the two companies entered on 12 July 2012 into a contribution agreement that provides for the creation of the integrated automotive group, after the various restructuring measures have taken effect, by means of the contribution of the holding business operations of Porsche SE to Volkswagen AG by way of singular succession with effect as of 1 August 2012 as part of a capital increase with a mixed non-cash contribution. In return for the contribution of the holding business operations of Porsche SE, Volkswagen AG issued one new ordinary Volkswagen AG share, created by partly using an existing authorization, to Porsche SE and made a total payment of €4,495 million to Porsche SE.

From the point of view of the Porsche SE group, the executed restructuring measures prior to the contribution of the holding business operations mainly pertained to the merger of the former Porsche Zwischenholding GmbH into Porsche Sechste Vermögensverwaltung GmbH, which is also held by Porsche SE and Volkswagen AG, which was renamed Porsche Zweite Zwischenholding GmbH prior to the merger (now named Porsche Holding Stuttgart GmbH), effective 1 January 2012 as well as – after the merger was completed – a resolution on an advance profit distribution from Porsche Zweite Zwischenholding GmbH (now named Porsche Holding Stuttgart GmbH) being adopted.

As a result of contributing Porsche SE's holding business operations to Volkswagen AG, particularly the investment in Porsche Holding Stuttgart GmbH and all of Porsche SE's other equity investments of Porsche SE were transferred at the time of the contribution (with the exception of the investment in Volkswagen AG). The carrying amounts of the assets, equity and liabilities of the holding business operations contributed to Volkswagen AG broke down as follows at the time of the contribution:

€ million	Carrying amount
Assets	
Investment in Porsche Holding Stuttgart GmbH	2,097
Other receivables due from joint ventures	4,016
Dividend receivables	1,354
Other receivables from derivative financial instruments	32
Cash and cash equivalents	9
	7,508
Equity and liabilities	
Non-controlling interests – hybrid capital investors	297
Financial liabilities due to joint ventures	3,880
Other liabilities from derivative financial instruments	4,682
Other liabilities	2
	8,861

Due to the contribution and the resulting deconsolidation of subsidiaries, financial liabilities of €300 million and other liabilities of €489 million had to be recognized in the consolidated financial statements of Porsche SE that were previously eliminated in the course of consolidation measures, reducing the income from the contribution of the holding business operations accordingly.

As the contribution was made to Volkswagen AG, which is an associate of Porsche SE, an intercompany profit of €1,629 million had to be eliminated. This led to a corresponding decrease in the carrying amount of the investment in Volkswagen AG which is accounted for at equity. The contribution thus directly resulted in income of €3,430 million, which was recognized in other operating income.

Due to the resolution to make the contribution, the investment in Porsche Holding Stuttgart GmbH ceased to be accounted for at equity in the Porsche SE consolidated financial statements in July 2012. As a result of the disposal of this investment, expenses and income from the recognition of the investment in Porsche Holding Stuttgart GmbH at equity in the amount of €184 million, which had previously been recognized under other comprehensive income, had to be derecognized and recognized as an expense in the result from associates.

The contribution also had effects at the level of Volkswagen AG that, taking into account adjustments to the group's uniform accounting policies, increased the result from Porsche SE's investments accounted for at equity by €1,526 million.

Other expenses in connection with the contribution came to €22 million.

The number of entities included in the consolidated financial statements of Porsche SE as of the reporting date is shown in the following table:

	31/12/2012	31/12/2011
Fully consolidated subsidiaries		
Germany	1	0
International	0	1
Subsidiaries accounted for at cost		
Germany	0	1
Associates and joint ventures		
Germany	1	2
Joint ventures accounted for at cost		
Germany	0	1
	2	5

List of shareholdings of the group

	Share in capital as of 31/12/2012	Equity	Profit/loss
	%	€'000	€'000
Fully consolidated entities			
Germany			
Porsche Beteiligung GmbH, Stuttgart	100.0	24	–1
Associates accounted for at equity			
Germany			
Volkswagen Aktiengesellschaft, Wolfsburg	32.21	24,433,828	6,380,244

¹ Diverging from the capital share, the share in voting rights is 50.73% as of the reporting date.

Porsche Beteiligung GmbH, Stuttgart, was established in September 2012.

Investments in associates

Volkswagen AG is included in the consolidated financial statements of Porsche SE as an associate. As of 31 December 2012, the market value of the investment in Volkswagen AG amounted to €24,375 million (31 December 2011: €15,524 million).

The Volkswagen group reported the following figures for the fiscal year 2012:

€ million	2012	2011
Non-current assets	196,582	147,986
Current assets	113,061	105,640
Non-current liabilities	122,306	89,216
Current liabilities	105,513	101,057
Revenue	192,676	159,337
Profit	21,717	15,409

The figures presented above have not been adjusted for the purpose of accounting for the investment at equity at the level of Porsche SE.

Interests in joint ventures

Prior to the resolution to contribute holding business operations of Porsche SE to Volkswagen AG, Porsche Holding Stuttgart GmbH was included as a joint venture accounted for at equity in the consolidated financial statements of Porsche SE.

Based on the proportionate interest in the joint ventures, the figures summarized below are attributable to the Porsche SE group. The disclosures on income and expenses in the fiscal year 2012 relate to the period from the start of the fiscal year until the end of accounting at equity.

€ million	2012	2011
Non-current assets	-	11,511
Current assets	-	3,399
Non-current liabilities	-	10,953
Current liabilities	-	5,211
Income	7,569	12,800
Expenses	6,809	11,630

The figures presented above have not been adjusted for the purpose of accounting for the investment at equity at the level of Porsche SE.

Consolidation principles

As the accounting at equity has a significant influence on the net assets and results of operations of the Porsche SE group, the consolidation principles applicable only within the Porsche Holding Stuttgart GmbH group and the Volkswagen group are also included in the explanations below.

In the reporting period, the financial statements of all subsidiaries and investments accounted for at equity were prepared as of the reporting date of the consolidated financial statements, which is the reporting date of Porsche SE. Where necessary, adjustments are made to uniform group accounting policies.

Business combinations are accounted for by applying the acquisition method pursuant to IFRS 3 (rev. 2008).

The cost of a business combination is measured in accordance with IFRS 3 (rev. 2008) as the aggregate of the consideration transferred at fair value as of the acquisition date, measured at acquisition-date fair value, and the non-controlling interests in the entity. The non-controlling interests can be measured either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed and therefore do not constitute a component of cost. Contingent consideration is measured at the fair value on the acquisition date. Subsequent changes in value do not generally lead to an adjustment in the measurement as of the acquisition date.

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as of the acquisition date and the gain or loss resulting from remeasurement recognized in profit or loss.

Where the cost of a business combination exceeds the fair value of identifiable assets acquired net of liabilities assumed as of the acquisition date, the excess is recognized as goodwill. In contrast, where the cost of a business combination is less than the fair value of identifiable assets acquired net of liabilities assumed as of the acquisition date, the difference is recognized in the income statement after reassessing the fair values.

Any difference arising upon acquisition of additional shares or sale of shares after initial consolidation without loss of control in a subsidiary that has already been fully consolidated is recognized within equity.

Intragroup expenses and income as well as receivables, liabilities and provisions are eliminated. Intercompany profits from the sale of assets within the group which have not yet been resold to third parties are eliminated. Deferred taxes are recognized for intragroup transactions that affect income taxes. In addition, guarantees and warranties assumed by Porsche SE or one of its consolidated subsidiaries in favor of other consolidated subsidiaries are eliminated.

In the event that control is lost and the parent company continues to hold shares in the previous subsidiary, such shares are measured at fair value on the date of loss of control. If the shares are listed on the stock exchange, the fair value of the shares on the date when control is lost is the product of the number of shares retained and the quoted market price of the shares as of that date.

When deconsolidating a previous subsidiary, the difference between the consideration received (upon disposal) or the fair value of the investment retained (upon partial sales or loss of control for other reasons) and the net assets disposed of at the date when control is lost (including any goodwill from acquisition accounting disposed of) and the carrying amount of the non-controlling interests disposed of as of the date of loss of control is recognized in profit or loss. Income and expenses recognized directly in the previous subsidiary's equity for foreign currency effects, securities marked to market, cash flow hedges and investments accounted for at equity are also derecognized through profit or loss at the date of loss of control. Any revaluation reserve recognized in accordance with IFRS 3 (rev. 2004) is not derecognized through profit or loss at the date of deconsolidation but reclassified to accumulated profits within equity.

Equity accounting

When investments accounted for at equity are acquired, they are recognized at cost as of the date of initial recognition at equity. In the event of partial sale or loss of control of previously fully consolidated subsidiaries for other reasons, they are recognized at fair value as of the date when control is lost. The consolidation procedures generally apply by analogy to investments accounted for at equity. Any goodwill that arises as part of the investment carrying amount is not amortized or tested for impairment separately. Any negative goodwill is reassessed and recognized through profit or loss at the date when the investment is initially accounted for at equity.

In subsequent periods, the carrying amount is changed to reflect the Porsche SE group's share of changes in net assets of the associate or joint venture. The group's share in profit/loss after tax and after non-controlling interests is recognized in the income statement within the item "profit/loss from investments accounted for at equity". Dilutive effects reducing the investment carrying amount that arise from capital increases at the level of the investment without participation or with disproportionately low participation of the Porsche SE group and which do not lead to any changes in the status of the investment as an associate or joint venture are also recorded in this item when the dilutive effects arise.

Changes in income and expenses recognized directly in equity at the level of the associate or joint venture are recognized in a separate item within Porsche SE's group equity. Distributions received lead to a reduction of the investment's carrying amount. Other changes in equity at the level of investments accounted for at equity include the proportionate changes in the non-controlling interests within the respective group of investments accounted for at equity attributable to Porsche SE which do not lead to a change in control and are therefore recognized in other comprehensive income in their consolidated financial statements. Other changes in equity at the level of the investee recognized directly in equity are also recognized in other comprehensive income in Porsche SE's consolidated financial statements, provided they do not dilute the capital share.

An impairment test is carried out whenever there is any indication in accordance with IAS 39 that the entire carrying amount of the investment is impaired. Where the carrying amount of the investment exceeds its recoverable amount determined in accordance with IAS 36, an impairment loss is recognized in profit or loss to account for the difference. Value in use is determined on the basis of the estimated future cash flows expected to be generated by the investment accounted for at equity in accordance with IAS 28.33a. Where an impairment loss was recognized in prior periods, it is assessed at least once a year whether there is any indication that the reason for a previously recognized impairment loss no longer exists or has decreased. If this is the case, the recoverable amount is recalculated and an impairment previously recognized that no longer exists is reversed.

An impairment test was carried out in the reporting period for both the investment in Volkswagen AG and, directly prior to classification as held for sale, for the investment in Porsche Holding Stuttgart GmbH. The recoverable amount of these investments was determined using the discounted cash flow method. The most recent three-year plan (prior year: five-year plan) for Volkswagen AG and the five-year plan (prior year: five-year plan) for the Porsche Holding GmbH group approved by the management of the equity investments was used as a basis. One integral component of the corporate planning for the Porsche Holding Stuttgart GmbH group (Porsche Holding Stuttgart GmbH as well as Porsche AG and its subsidiaries) is the increase in the annual sales volume to around 200,000 vehicles by 2018 and a return on sales of 15%. The corporate planning of the Volkswagen group includes reaching and maintaining a sustainable return on sales before taxes of 8% or more in the medium term. A growth rate of 1% was used to extrapolate the cash flow beyond the detailed planning phase. The sustainable EBIT margin was determined conservatively, taking into account the EBIT margins generated in the past and used for detailed planning purposes. A weighted average cost of capital of 7.1% or 7.0% (prior year: 7.0%

or 7.7%) was used to discount cash flows. This was derived from a peer group for each equity investment to reflect a return on capital that is appropriate for the risks involved in the respective business operations. When selecting the two peer groups, the special aspects of the multi-brand strategy pursued by the Volkswagen group (Volkswagen AG and its subsidiaries) as well as of those of the sports car business of the Porsche Holding Stuttgart GmbH group were taken into consideration. Even an isolated decrease in the sustainable EBIT margin by 20% or a growth rate of 0%, or an isolated increase in the weighted average cost of capital by 20% would not lead to an impairment of the carrying amounts of the investment in Volkswagen AG as of 31 December 2012.

Currency translation

Foreign currency items in the financial statements of the entities included in the consolidated financial statements by way of full consolidation or at equity are measured at the spot exchange rates on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing rate. Non-monetary items denominated in a foreign currency measured at historical cost are translated using the exchange rate on the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate prevailing on the date when the fair value was determined. Exchange rate gains and losses as of the reporting date are recorded in profit or loss.

Goodwill and adjustments to recognize assets and liabilities arising from business combinations at their fair value are expressed in the functional currency of the subsidiaries.

Financial statements prepared in a foreign currency are translated to the euro in accordance with IAS 21. The functional currency of the company included in consolidation is the currency of the primary economic environment in which it operates.

Assets, liabilities and contingent liabilities are translated at the closing rate as of the reporting date, while equity is translated at historical rates with the exception of income and expenses recognized directly in equity. The income statement is translated using average exchange rates. Exchange rate differences resulting from the translation of financial statements are recognized as a separate component directly in equity until the disposal of the subsidiary. Upon disposal the separate item is reclassified to profit or loss.

The foreign currency rates applied for translating transactions to the euro are presented in the following tables.

		Porsche SE group	VW group ¹	Porsche SE group and Porsche Holding Stuttgart GmbH group ¹	VW group ¹	Balance sheet Closing rate
1€=		31/12/2012	31/12/2012		31/12/2011	31/12/2011
Argentina	ARS	N/A	6.4840		N/A	5.5744
Australia	AUD	N/A	1.2712		1.2725	1.2723
Brazil	BRL	N/A	2.7036		2.4145	2.4159
Canada	CAD	N/A	1.3137		1.3217	1.3215
China	CNY	N/A	8.2207		8.1444	8.1588
Czech Republic	CZK	N/A	25.1510		25.7840	25.7870
India	INR	N/A	72.5600		N/A	68.7130
Japan	JPY	N/A	113.6100		100.1802	100.2000
Mexico	MXN	N/A	17.1845		18.0502	18.0512
Poland	PLN	N/A	4.0740		N/A	4.4580
Republic of Korea	KRW	N/A	1,406.2300		1,500.1100	1,498.6900
Russia	RUB	N/A	40.3295		41.7640	41.7650
South Africa	ZAR	N/A	11.1727		10.4887	10.4830
Sweden	SEK	N/A	8.5820		8.9118	8.9120
United Kingdom	GBP	N/A	0.8161		0.8353	0.8353
USA	USD	1.3194	1.3194		1.2940	1.2939

¹ Accounted for at equity

					Income statement Average rate
	Porsche SE group	Porsche Holding Stuttgart GmbH group ²	VW group ¹	Porsche SE group and Porsche Holding Stuttgart GmbH group ¹	VW group ¹
	1€=	2012	2012	2012	2011
Argentina	ARS	N/A	N/A	5.8444	N/A
Australia	AUD	N/A	1.2562	1.2413	1.3475
Brazil	BRL	N/A	2.4147	2.5097	2.3253
Canada	CAD	N/A	1.3047	1.2848	1.3758
China	CNY	N/A	8.2013	8.1094	8.9978
Czech Republic	CZK	N/A	25.1330	25.1457	24.5586
India	INR	N/A	N/A	68.6295	N/A
Japan	JPY	N/A	103.4547	102.6212	111.0040
Mexico	MXN	N/A	17.1680	16.9087	17.2770
Poland	PLN	N/A	N/A	4.1843	N/A
Republic of Korea	KRW	N/A	1,480.3535	1,448.2000	1,539.7686
Russia	RUB	N/A	39.7015	39.9238	40.8725
South Africa	ZAR	N/A	10.2883	10.5546	10.0814
Sweden	SEK	N/A	N/A	8.7067	N/A
United Kingdom	GBP	N/A	0.8227	0.8111	0.8677
USA	USD	1.2856	1.2977	1.2856	1.3921
					1.3920

¹ Accounted for at equity² The disclosure on average exchange rates in the fiscal year 2012 pertains to the period from the start of the fiscal year to the end of accounting at equity in July 2012.

Accounting policies

The assets and liabilities of Porsche SE and the consolidated German and foreign subsidiaries included are accounted for using uniform accounting policies applicable within the Porsche SE group. The same accounting policies are also used at the level of the associates and joint ventures of Porsche SE. Where necessary, adjustments are made. Generally, the comparative information for the fiscal year 2012 is based on the same accounting policies as for the fiscal year 2011.

Since the contributions to profit or loss made by the investments accounted for at equity have a significant impact on the net assets and results of operations of the Porsche SE group, those accounting policies applicable at the Porsche SE group only within the Porsche Holding Stuttgart GmbH group and the Volkswagen group are also included in the explanations below.

With the exception of certain items, such as investments accounted for at equity or derivative financial instruments, the consolidated financial statements are prepared using the historical cost principle. The measurement principles used are described below in detail.

Intangible assets

Purchased intangible assets that are not acquired in a business combination are initially recognized at cost in accordance with IAS 38. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets acquired for a consideration with a finite useful life are written off on a straight-line basis over their economic useful life, taking any impairments into account. Useful lives generally range from three to five years. Useful lives, residual values and methods of amortization are reviewed, and adjusted if appropriate, at least at the end of the reporting year. If adjustments are made, these are accounted for as changes in estimates.

Intangible assets with indefinite useful lives are not amortized. These include goodwill and brand names from business combinations. The useful lives of brands are considered indefinite based on the assessment that the inflow of economic benefits from these assets cannot be attributed to a specific period. Each asset or cash-generating unit is tested at least once a year for impairment. Intangible assets with indefinite useful lives are reviewed once a year to determine whether the indefinite life assessment continues to be supportable. If this is no longer the case, the change in the useful life assessment from indefinite to finite is made prospectively.

With the exception of their capitalizable portion, development costs are not capitalized, but recognized in profit or loss in the period in which they are incurred. The portion of development expenditure that can be measured reliably and meets all other recognition criteria of IAS 38 is capitalized. The capitalized development costs include all costs and overhead expenditure directly attributable to the development process incurred after the point in time at which all recognition criteria are met. Capitalized development costs are amortized beginning at the start of production using the straight-line method over the expected useful life of the product, taking any impairments into account. The useful life is usually five to ten years. Research costs are expensed as incurred.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation over the useful life of the assets and any accumulated impairment losses. The cost of items of property, plant and equipment acquired as part of a business combination is the fair value as of the date of acquisition. Self-constructed items of property, plant and equipment are recognized at cost. Cost is determined on the basis of the direct and the proportionate indirect production-related costs. Grants are generally deducted from cost. Costs for repairs and maintenance are recognized as an expense.

Depreciation, which is generally charged on a straight-line basis, reflects the pattern of the assets' expected utility to the company. Higher depreciation rates are applied for some equipment used in shift operations.

Depreciation is based on the following useful lives:

	Years
Buildings	25 to 50
Site improvements	9 to 20
Technical equipment and machinery	6 to 20
Other equipment, furniture and fixtures (including special tools)	3 to 15

Residual values, depreciation methods and useful lives are reviewed, and adjusted prospectively as changes in estimates if appropriate, at each reporting date.

Property, plant and equipment are either derecognized upon disposal or when no future economic benefits are expected from the continued use or sale of a recognized asset. The gain or loss arising from the derecognition of the asset, determined as the difference between net disposal proceeds and the asset's carrying amount as of the date of disposal, is included in profit or loss for the period when the asset is derecognized.

Leases

Whether an arrangement is, or contains a lease, is determined on the basis of the economic substance of the arrangement at its inception date and requires an assessment whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment after the inception of the lease is only performed under the prerequisites set forth in IFRIC 4.

Operating leases

Leases under which substantially all the risks and rewards incidental to ownership of the asset are not transferred to the lessee are classified as operating leases.

Most of the assets leased to third parties under operating leases are vehicles leased from the group's leasing companies and are presented in non-current assets. Leased vehicles are recognized at cost and depreciated on a straight-line basis over the term of the lease to the lower of estimated residual value and fair value.

Where group companies are the lessee in operating leases, i.e. when not all significant risks and rewards incidental to ownership are transferred to the group entities, lease or rental payments are recognized as an expense in the income statement.

Finance leases

A lease is classified as a finance lease if substantially all risks and rewards incidental to ownership are transferred to the lessee.

Where items of property, plant and equipment are used under a finance lease, the lessee recognizes the individual assets and liabilities resulting from the lease at fair value or, if lower, the present value of the minimum lease payments. Items of property, plant and equipment are depreciated on a straight-line basis over the economic useful life or the term of the lease, if shorter.

Where group companies act as the lessor under finance leases, receivables relating to the leases are initially recognized at an amount equal to the net investment.

Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are recognized as part of the cost of that asset. The Porsche SE group did not capitalize any borrowing costs either in the 2012 reporting period or in the fiscal year 2011.

Impairment test

At the end of each reporting period, the group assesses whether there is any indication of impairment. An impairment test is performed at least once a year for goodwill, capitalized costs for products under development and intangible assets with an indefinite useful live. For intangible assets with finite useful lives, property, plant and equipment as well as investments accounted for at equity an impairment test is performed when there is an indication that the asset may be impaired. With respect to the latter, please also refer to the section "Measurement at equity" under "Consolidation principles" above.

The recoverable amount is determined in the course of impairment testing. The recoverable amount is the higher of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less any costs to sell. Costs to sell are incremental costs incurred to sell the asset or cash-generating unit. Value in use is determined using the discounted cash flow method or capitalized earnings method on the basis of the estimated future cash flows expected to arise from the continuing use of the asset and its disposal.

The recoverable amount is generally determined separately for each asset. If it is not possible to determine the recoverable amount for an individual asset because it does not generate cash inflows that are largely independent of the cash inflows from other assets, it is determined on the basis of a group of assets that constitutes a cash-generating unit.

If the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognized to account for the difference. It is reviewed on an annual basis whether the reasons for any previously recognized impairment loss still exist. If such reasons longer exist, the impairments are reversed through profit or loss (with the exception of goodwill). The amount reversed cannot exceed the amount that would have been determined as the carrying amount, net of any depreciation and amortization, had no impairment loss been recognized for the asset in prior years.

Any impairment losses or reversals of impairment losses are recognized through profit or loss in the item amortization of intangible assets and depreciation of property, plant and equipment, leased assets and investment property.

Investment property

Investment property held to generate rental income is accounted for at depreciated cost. The underlying useful lives and depreciation methods used in subsequent measurement correspond to those applied for items of property, plant and equipment used by the group.

Other receivables and financial assets

Other receivables and financial assets (excluding derivative financial instruments) are accounted for at amortized cost. Appropriate allowance is made for known individual risks and general credit risks.

Inventories

Inventories are stated at the lower of cost or net realizable value as of the reporting date.

The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. In addition to costs directly attributable, the costs of conversion of the internally produced goods include an appropriate portion of incurred materials and production overheads as well as production-related depreciation and other directly attributable costs.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

If the carrying amounts are no longer realizable due to a decrease in prices in the sales market, inventories are written down accordingly.

Inventories of similar nature are generally measured using the weighted average cost method.

Long-term development contracts

Future receivables from long-term development contracts are recognized according to their percentage of completion. The percentage of completion to be recognized per contract is calculated by comparing the accumulated costs with the total costs expected (cost-to-cost method). If the result of a development contract cannot be determined reliably, income is only recognized at the

amount of the contract costs incurred (zero profit method). If the total of accumulated contract costs and reported profits exceeds advance payments received, the development contracts are recognized as an asset under trade receivables as future receivables from long-term development contracts. Any negative balance is reported under trade payables. The principle of measuring assets at the lower of carrying amount and net realizable value is taken into consideration.

Financial instruments

According to IAS 39, a financial instrument is any contract that gives rise to a financial asset at one entity and a financial liability or equity instrument at another entity. If the trade date of a financial asset differs from the settlement date, it is initially accounted for at the settlement date. Initial recognition of a financial instrument is at fair value. Transaction costs are included for financial instruments not designated as at fair value through profit or loss. Subsequent measurement of financial instruments is either at fair value or amortized cost depending on their category. Each financial instrument is allocated to a category upon initial recognition.

With respect to measurement, IAS 39 distinguishes between the following categories of financial assets:

- Financial assets at fair value through profit or loss (FVtPL) and held for trading (HfT)
- Held-to-maturity investments (HtM)
- Available-for-sale financial assets (AfS)
- Loans and receivables (LaR)

Financial liabilities are divided into the two categories:

- Financial liabilities at fair value through profit or loss (FVtPL) and held for trading (HfT)
- Financial liabilities measured at amortized cost (FLAC)

Depending on the category, measurement of financial instruments is either at fair value or amortized cost.

Fair value corresponds to the market price provided the financial instruments measured are traded on an active market. If there is no active market for a financial instrument, fair value is calculated using appropriate valuation techniques such as generally accepted option price models or discounting future cash flows with the market interest rate, or by referring to the most recent business transactions between knowledgeable, willing and independent business partners for one and the same financial instrument, if necessary confirmed by the banks processing the transactions.

Amortized cost corresponds to the original cost less redemption, impairment losses and the release of any difference between costs and the amount repayable upon maturity calculated by applying the effective interest method. Financial instruments are recognized as soon as the Porsche SE group becomes a party to the contractual provisions of the financial instrument. Financial assets are generally derecognized when the contractual right to the cash flows expires or this right is transferred to a third party. Financial liabilities are derecognized when the obligation underlying the liability has been canceled or extinguished.

Non-derivative financial instruments

Financial instruments accounted for at fair value include financial instruments held for trading and financial assets classified as at fair value through profit or loss upon initial recognition. Gains and losses from subsequent measurement are recognized in profit or loss. In the Porsche SE group, financial instruments in the category held for trading can include derivative financial instruments. No financial assets or liabilities were classified as at fair value through profit or loss upon initial recognition in the 2012 reporting period or in the comparative period.

Any financial instruments held to maturity are accounted for at amortized cost. Gains and losses from subsequent measurement are recognized in profit or loss. The Porsche SE group did not hold any financial instruments in this category as of the reporting date.

Any available-for-sale financial instruments are measured at fair value. Non-derivative financial assets that are classified as available for sale and that cannot be allocated to any other category are included in this category. Unrealized gains and losses from subsequent measurement are recognized in equity taking into account deferred taxes until the financial instruments are derecognized or there is objective evidence of impairment. Investments presented as non-current financial assets that are not accounted for at equity also constitute available-for-sale financial instruments and are generally measured at fair value. If no active market exists and fair value cannot be reliably estimated, they are measured at cost.

Loans and receivables, held-to-maturity financial instruments and financial liabilities are measured at amortized cost unless they are related to hedging instruments. In particular, these include other financial receivables, financial guarantees, trade payables, financial liabilities and other financial liabilities.

With regard to financial guarantees, the Porsche SE group is required to make specified payments if a debtor fails to make payment when due. Financial guarantees are presented on a net basis. The compensation paid for assumption of the liability is not recognized before it is due. It is presented as other receivables and assets or other liabilities. Liabilities are not recognized until the utilization of a financial guarantee becomes probable. No liability had to be recognized in the fiscal year 2012 or in the comparative period.

Financial assets are subject to an impairment test if there is objective evidence that the asset is permanently impaired. An impairment loss is immediately recorded as an expense.

Specific valuation allowances are recognized for individually significant receivables by applying uniform guidelines and are measured at the amount of incurred losses. Indicators of a potential impairment include delayed payments over a certain period of time, the institution of enforcement measures, the threat of insolvency or overindebtedness, application for or the opening of insolvency proceedings or the failure of financial reorganization measures.

An impairment in value is generally recognized in separate allowance accounts and gives rise to impairment losses that are recognized in profit or loss.

An impairment test is performed on the carrying amount of available-for-sale financial assets if there is objective evidence of permanent impairment. In the case of equity instruments, evidence of impairment is considered to exist, among other things, if the fair value decreases significantly below cost and the decrease in fair value is prolonged. Where there is evidence of impairment, the cumulative loss of available-for-sale financial instruments – measured as the difference between cost and their current fair value, less any impairment loss previously recognized on that financial instrument in the income statement – is derecognized from equity and recognized in the income statement. Any increase in the value of debt securities at a later date is accounted as a reversal of the impairment loss recognized in profit or loss. In the case of equity instruments, reversals of impairment losses are recognized directly in equity.

Derivative financial instruments

The derivative financial instruments recognized in the consolidated financial statements of Porsche SE relate to an interest derivative that expired at the end of the 2011 reporting period and had been used to hedge interest rate risks arising from existing liabilities. In addition,

prior to the contribution of the holding business operations of Porsche SE to Volkswagen AG, Porsche SE had a put option and Volkswagen AG a call option for Porsche SE's 50.1% of shares in Porsche Holding Stuttgart GmbH remaining prior to the contribution of the holding business operations to Volkswagen AG. For options that are not traded on an active market, IAS 39.48 et seq. requires that a suitable valuation technique or recent transaction be used for measurement purposes. Options were measured using generally accepted valuation techniques based on observable market data and historical values.

Derivative financial instruments are generally recognized at fair value through profit or loss and remeasured at fair value in subsequent periods.

As soon as the criteria of IAS 39 for hedge accounting are satisfied, the derivative financial instruments are designated from then on either as fair value or cash flow hedges. Otherwise, they are allocated to the category financial assets or liabilities held for trading.

A fair value hedge hedges the exposure to changes in fair value of a recognized asset, a recognized liability or an unrecognized firm commitment. Gains or losses arising from marking hedging instruments to market and the secured portion of the risk of the hedged transaction are recognized in profit or loss. If the fair value hedge ends, the adjustment of the carrying amount arising from fair value hedge accounting for financial instruments measured at amortized cost as hedged transaction is released to profit or loss over the remaining term of the hedged transaction.

In the case of portfolio-based fair value hedges, the accounting for changes in fair value corresponds to the accounting for fair value hedges. Gains or losses from changes in measurement are recognized through profit or loss.

A cash flow hedge is used to hedge exposures from highly probable future cash flows. Hedges are only included in hedge accounting to the extent that they offset changes in the value of the cash flows of the hedged transaction. The ineffective portion is immediately recognized in profit or loss. When included in cash flow hedge accounting, changes in value are recorded directly in other comprehensive income, taking deferred taxes into account. When the hedged transaction occurs, the change in value is reclassified from other comprehensive income to profit or loss. If the forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognized in equity is reclassified to profit or loss. Gains or losses from cash flow hedge accounting are presented under other operating income or expenses in the income statement.

Offsetting of financial instruments

Financial assets and liabilities are presented net in the balance sheet only if the group has a present contractual right to settle net and if it intends to settle net or by realizing the liability together with the asset.

Cash, cash equivalents and time deposits

The cash, cash equivalents and time deposits include checks, cash on hand and at banks. This item may also include cash and cash equivalents that are not freely available for use by the Porsche SE group.

Deferred taxes

Deferred tax assets are generally recognized for deductible temporary differences between the tax base and carrying amounts in the consolidated balance sheet (taking into account temporary differences arising from consolidation) as well as on unused tax losses and tax credits if it is probable that they will be used. Deferred tax liabilities have to be recorded for all temporary differences between the carrying amounts in the tax accounts and the consolidated balance sheet (temporary concept). Deferred tax liabilities for taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures are not recognized if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Valuation allowances are recorded on deferred tax assets whose realization in the foreseeable future is not likely. A previously unrecognized deferred tax asset is reassessed and recognized to the extent that it has become probable that future taxable profit will allow it to be recovered.

Deferred taxes are measured on the basis of the tax rates that apply or that are expected to apply based on the current legislation in the individual countries at the time of realization. Deferred taxes are not discounted.

Deferred taxes referring to items recognized directly in equity are presented in equity. Deferred tax assets and deferred tax liabilities are offset if the group entities have a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be refunded by or paid to the taxation authorities. The tax rates and tax laws applied for measurement are those that are enacted or substantively enacted by the reporting date. Adequate provisions were recognized for future probable tax liabilities, considering a large number of factors such as interpretations, commentaries and jurisdiction on the pertinent tax legislation as well as past experience.

Current tax relating to items recognized directly in equity is also recognized directly in equity.

Discontinued operations and non-current assets held for sale

Discontinued operations are components of an entity that have either been disposed of or are classified as held for sale and which

- represent a separate major line of business or geographical area of operations,
- are part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- are a subsidiary acquired exclusively with a view to resale.

Discontinued operations are presented separately in accordance with IFRS 5. The income and expenses associated with discontinued operations and any gain or loss arising from discontinuation are disclosed separately in the income statement as profit from discontinued operations below the profit from continuing operations. The prior-year information in the income statement is restated accordingly.

Under IFRS 5, non-current assets or groups of assets and liabilities are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such assets are carried at the lower of their carrying amount and fair value less costs to sell, and are presented separately in current assets and liabilities in the balance sheet.

Hybrid capital

Provided the bond conditions of the hybrid capital issued satisfy the criteria, hybrid capital is accounted for as an equity instrument of the group in accordance with IAS 32. If the hybrid capital is classified as equity, the deductible interest is not presented as interest expenses but accounted for corresponding to the accounting for dividends to the shareholders. Any transaction costs are deducted from the hybrid capital, taking tax effects into account.

If classified as a debt instrument, hybrid capital is presented under bonds. Interest is included in other interest and similar expenses.

Provisions for pensions and similar obligations

In accordance with IAS 19, the actuarial measurement of pension obligations arising from defined benefit plans is based on the projected unit credit method. This method considers not only the pension payments and the future claims known on the reporting date but also future anticipated increases in salaries and pensions. The calculation of pension obligations is based on actuarial expert opinions taking into account biometric assumptions. The interest rate used to discount provisions is determined on the basis of the return on long-term high-quality corporate bonds at the reporting date.

If pension obligations are funded by plan assets, the obligation and the assets are offset. The company applies the corridor method to measure the pension obligations and determine the pension cost. Actuarial gains and losses from a pension plan are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses of the plan exceed 10% of the defined benefit obligation or 10% of the fair value of existing plan assets of the prior year (corridor method). The amount exceeding the corridor is recognized by allocation to the average remaining working lives of the employees. Past service cost is recognized on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognized immediately in profit or loss. Service cost is presented as personnel expense while the interest expense of the obligation and return on plan assets are presented in finance costs.

Other provisions

Other provisions are recognized if a past event has led to a current legal or constructive obligation to third parties which is expected to lead to a future outflow of resources that can be estimated reliably. Provisions are generally measured at the expected settlement amount taking into account all identifiable risks. The settlement amount is calculated using best estimates, including estimated cost increases.

Non-current provisions are stated at their present value at the reporting date. The interest rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The interest expense resulting from the unwinding of the discount is presented in finance costs.

Provisions are not offset against reimbursement claims from third parties. Reimbursement claims are recognized separately in other assets if it is virtually certain that the Porsche SE group will receive the reimbursement when it settles the obligation.

Accruals are not presented under provisions, but under trade payables or other liabilities, depending on their nature.

Liabilities

Non-current liabilities are recognized at amortized cost. Differences between their historical cost and their repayment amount are accounted for using the effective interest method. Current liabilities are recognized at their repayment or settlement value.

Revenue and expenses

Revenue is generally recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

Revenue from the sale of products is generally not recognized until the point in time when the significant opportunities and risks associated with ownership of the goods and products being sold are transferred to the buyer. Revenue is reported net of discounts, customer bonuses and rebates.

Income from assets for which a group entity has a buyback obligation cannot be realized until the assets have definitely left the group. If a fixed repurchase price was agreed when the contract was concluded, the difference between the selling and repurchase price is recognized as income ratably over the term of the contract. Prior to that time, the assets are accounted for as inventories.

Revenue from receivables from financial services is realized using the effective interest method.

Revenue is generally recorded separately for each business transaction. If two or more transactions are linked in such a way that the commercial effect cannot be understood without reference to the series of transactions as a whole, the criteria for revenue recognition are applied to these transactions as a whole. If, for example, loans in the financial services sector are issued at below market interest rates to promote sales of new vehicles, revenue is reduced by the incentive arising from the loan.

Revenue from long-term development contracts is recognized in accordance with the percentage of completion method.

Interest income and expenses are determined using the effective interest method for financial instruments measured at amortized cost and interest-bearing securities held for sale.

Dividend income is recognized when the group's right to receive the payment is established.

Production-related expenses are recognized upon delivery or utilization of the service, while all other expenses are recognized as an expense as incurred. The same applies for development costs not eligible for recognition as part of the cost of an asset.

Contingent liabilities

A contingent liability is a possible obligation to third parties that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Porsche SE group. A contingent liability may also be a present obligation that arises from past events but is not recognized because an outflow of resources is not probable or the amount of the obligation cannot be measured with sufficient reliability. The amount of contingent liabilities is only stated in cases where the probability of an outflow of resources is not classified as remote by management.

Significant accounting judgments and estimates

The preparation of consolidated financial statements requires certain judgments and estimates that have an effect on recognition, measurement, presentation and disclosure of assets, liabilities, income and expenses as well as contingent assets and contingent liabilities. These judgments and estimates reflect the current information available. Key sources of estimations at the level of investees are thereby influencing the profit or loss from investments accounted for at equity are the determination of the fair value of assets and liabilities for which observable market data are not available when performing purchase price allocations, the impairment testing of financial and non-financial assets, the useful lives and amortization or depreciation methods as well as the measurement of pension and other provisions. Additional key sources of estimations at the level of Porsche SE in particular include the testing of their carrying amounts of investments for impairment or any need to reverse a prior impairment (see also section "Equity accounting" under "Consolidation principles"), the measurement of provisions and contingent liabilities (see also note [22] in particular with regard to legal disputes) and the recoverability of receivables. In individual cases, amounts realized may differ from the estimates. The carrying amounts of the assets and liabilities affected by estimates can be seen in the breakdowns of the individual balance sheet items.

Key sources of judgment are the classification of financial instruments as well as determining the parameters underlying their measurement (see section 4.2.2 in note [21]), deciding which indicators are indicative of an impairment of associates and joint ventures (see the section “Equity accounting” under “Consolidation principles”) as well as the recognition of deferred tax assets, provisions and contingent liabilities (see note [22] on litigation in particular). At the level of the investees, further key sources of judgment include determining the starting point for the recognition of development costs as an asset, the classification of leases as operating or finance leases and deciding which indicators are indicative of an impairment of items of property, plant and equipment and leased assets.

The judgments and estimates are based on assumptions that are derived from the current information available. In particular, the circumstances given when preparing the consolidated financial statements and assumptions as to the expected future development of the global and industry environment were used to estimate the company’s future business performance.

The estimates on which accounting is based are associated with uncertainties. This applies above all to forecasted cash flows and discount rates. Another factor which may cause variances from expectations is the outcome of litigation. Factors which may cause variances from judgments and estimates at the level of associates include expectations about global economic growth and any resulting changes in planning, developments in exchange rates, interest rates and the price of raw materials as well as environmental and other legal provisions.

In such cases, the assumptions, and if necessary the carrying amounts of the assets and liabilities concerned, are adjusted accordingly. Prior to the date of authorization of the financial statements by the executive board for issue to the supervisory board, there were no indications that the carrying amounts of the assets and liabilities presented in the consolidated balance sheet would require any significant adjustment in the following reporting period other than as described under subsequent events. Judgments and estimates by management included assumptions relating to macroeconomic development, the development of automotive markets and the legal environment that are described in the forecast report as part of Porsche SE’s group management report for the 2012 reporting period.

New accounting standards

- a) **The following new or revised standards and interpretations which were adopted for the first time in the fiscal year had no material effect on the consolidated financial statements**

Amendments to IFRS 7 "Financial Instruments: Disclosures"

The amendment governs new disclosures of transferred financial assets that are not derecognized. In addition, disclosures on the continuing involvement in transferred and derecognized financial assets are required.

This amendment had no effect on the consolidated financial statements.

- b) **The following standards and interpretations, which have been published but whose adoption is not yet mandatory or which are not yet applicable in the EU, have not yet been applied**

Publication of the Annual Improvements to IFRSs 2009-2011 Cycle

The IASB has published the final amendments under the Annual Improvements Project (2009-2011 Cycle). The following standards are essentially affected by these amendments:

- IFRS 1 "First-time Adoption of International Financial Reporting Standards": Repeated application of IFRS 1
- IFRS 1 "First-time Adoption of International Financial Reporting Standards": Borrowing costs incurred on a qualifying asset when the commencement of capitalisation is prior to first-time adoption of IFRSs
- IAS 1 "Presentation of Financial Statements": Clarification of the requirements for comparative information
- IAS 16 "Property, plant and equipment": Clarification of servicing equipment
- IAS 32 "Financial Instruments: Presentation": Income tax effects of distributions to equity holders are accounted for in accordance with IAS 12 "Income Taxes"
- IAS 34 "Interim Financial Reporting": Consistency of disclosures relating to segment information for the sum of segment assets

The amended standards are applicable for reporting years beginning on or after 1 January 2013.

IFRS 10-12: Transition Guidance

The amendments specify and clarify the transition requirements in IFRS 10 "Consolidated Financial Statements". In addition, simplification is also provided in that, on initial application, the required disclosure of adjusted comparative figures is limited to the immediately preceding comparative period and the disclosure of comparative information relating to unconsolidated structured entities when applying IFRS 12 for the first time is no longer required.

Under the IASB transition guidance, the amended standards are applicable for reporting years beginning on or after 1 January 2013. At EU level, however, it is planned to prescribe mandatory application for reporting years beginning on or after 1 January 2014.

IFRS 10, IFRS 12, IAS 27: Investment Entities

Under these amendments investment entities are defined as a separate category of entities that, as parent companies, are exempted from the consolidation requirements in IFRS 10 "Consolidated Financial Statements". Instead, in order to improve the usefulness of financial reporting information, accounting at fair value must be applied. The amended standards are applicable for reporting years beginning on or after 1 January 2014.

From the application of IFRS 12, Porsche SE expects new disclosure requirements, but no effects on the net assets, financial position and results of operations of the Porsche SE group.

In addition, the consolidated financial statements for prior years already presented amendments that have still not been applied in the fiscal year 2012. There are no changes regarding the assessment of potential effects resulting from this on future consolidated financial statements.

Voluntary early adoption of the amendments before they become mandatory under the transitional provisions of IASB is not planned.

**Notes to the consolidated income statement
and consolidated statement of cash flows**

[1] Other operating income

Other operating income breaks down as follows:

€ million	2012	2011
Income from the contribution of the operating business	3,430	0
Income from valuation of options on non-stock company shares	405	0
Income from reversal of provisions and accruals	5	11
Sundry other operating income	7	1
	3,847	12

The income from the valuation of options on non-stock company shares concerns the change in the fair value of the call option of Volkswagen AG relating to the remaining shares held by Porsche SE in Porsche Holding Stuttgart GmbH prior to the contribution of the holding business operations to Volkswagen AG. The income in the fiscal year 2012 is attributable to the update of parameters underlying the calculation of the business value and, in turn, the fair value of the option.

The income from the contribution of the operating business stems from the contribution of the holding business operations – i.e., the contribution of corresponding assets and liabilities – of Porsche SE to Volkswagen AG and takes into account the effect from the elimination of related intercompany profits. Reference is made to the section "Consolidated group" in these notes.

[2] Personnel expenses

€ million	2012	2011
Wages and salaries	13	13
Social security contribution, pension and other benefit costs	1	1
	14	14
Employees (annual average)		
Salaried staff	31	32
Employees according to Section 314 – 1 No. 4 HGB	31	32
Other	2	5
Total	33	37

[3] Other operating expenses

Other operating expenses consist of:

€ million	2012	2011
Expenses from valuation of options on non-stock company shares	200	4,372
Legal and consulting fees	29	24
Cost transfer	17	0
Other taxes	7	30
Sundry other operating expenses	21	19
	274	4,445

Expenses from the valuation of options on non-stock company shares in the fiscal year 2012 pertain to the change in the fair value of the put option of Porsche SE relating to the remaining shares held by the company in Porsche Holding Stuttgart GmbH prior to the contribution of the holding business operations to Volkswagen AG.

Expenses from valuation of options on non-stock company shares of the comparative period contain the change in the fair value of the put and call options on the remaining shares held by Porsche SE in Porsche Holding Stuttgart GmbH prior to the contribution of the holding business operations to Volkswagen AG.

Other taxes relate to additions to the tax provisions.

The cost transfer item concerns costs assumed by Porsche SE for the transferred investments in connection with the contribution of the holding business operations of Porsche SE to Volkswagen AG.

In the fiscal year 2012, other operating expenses did not contain any expenses from fees that were not included in the calculation using the effective interest method (prior year: €1 million).

[4] Profit/loss from investments accounted for at equity

The profit or loss from investments accounted for at equity breaks down as follows:

€ million	2012	2011
Profit/loss from ongoing equity accounting before purchase price allocation	4,693	4,827
Effects from purchase price allocation	-361	-165
Profit/loss from ongoing equity accounting	4,332	4,662
Effects from dilution of share in capital	0	-2
	4,332	4,660

The profit/loss from investments accounted for at equity consists of the profit/loss contribution from the investment in Volkswagen AG of €4,208 million (prior year: €4,265 million) and in Porsche Holding Stuttgart GmbH, until the end of accounting at equity in July 2012, of €124 million (prior year: €395 million).

The profit/loss from ongoing equity accounting before purchase price allocation was mainly influenced as follows in the fiscal year 2012 through the contribution of the holding business operations: on the one hand, the contribution resulted in income at the level of Volkswagen AG totaling €1,526 million; on the other hand, expenses of €184 million resulted from the derecognition of income and expenses from the investment in Porsche Holding Stuttgart GmbH previously recorded in accumulated other comprehensive income. Reference is made to the section "Consolidated group".

[5] Finance costs

€ million	2012	2011
Interest expenses from loans issued by joint ventures	102	175
Loan interest from banks	27	135
Interest expenses from loans issued by associates	9	0
Interest from using the effective interest rate method	9	36
Interest on deferred payments	2	6
Other interest and similar expenses	10	22
	159	374

The interest from using the effective interest method relates to the total interest expenses from financing activities determined using the effective interest method. The finance costs contain interest expenses of €156 million (prior year: €367 million) from financial instruments that are not measured at fair value through profit or loss.

[6] Finance revenue

€ million	2012	2011
Interest income on loans issued to joint ventures	105	181
Income from investments	13	0
Other interest and similar income	11	8
	129	189

The income from investments relates to dividends received from Porsche Holding Stuttgart GmbH in the period between the end of accounting at equity and the disposal of this investment.

Finance revenue contains interest income of €116 million (prior year: €189 million) from financial instruments that are not measured at fair value through profit or loss.

[7] Income tax

The income tax expense (+) and income (-) disclosed breaks down into:

€ million	2012	2011
Current tax income/expense, Germany	3	-42
Current tax income/expense, other countries	2	3
Current tax income/expense	5	-39
thereof income/expenses relating to other periods	-1	-42
Deferred tax income/expense, Germany	27	8
Deferred tax income/expense, other countries	0	0
Deferred taxes	27	8
Income tax	32	-31

The overall income tax rate for the German entities is 30% (prior year: 30%). The tax rate applied for the foreign subsidiary is 12.5% (prior year: 12.5%). There were no changes to the tax rates in either reporting period.

The current tax expense was reduced by €7 million as a result of the utilization of previously unrecognized unused tax losses and tax credits.

Previously unused tax losses for which no deferred tax assets were recognized amounted to € 2,241 million (prior year: €2,293 million) and are unforfeitable.

Deductible temporary differences on which no deferred taxes were recognized amount to €19 million in the reporting period (prior year: €1 million).

The following reconciliation shows the differences between the expected income tax expense calculated at the theoretical group tax rate of 30% (prior year: 30%) and the actual reported income tax expense:

€ million	2012	2011
Profit/loss before tax	7,861	28
Group tax rate	30%	30%
Expected income tax expense	2,358	8
Tax rate related differences	-2	-4
Difference in tax base	-2,313	-12
Recognition and measurement of deferred taxes	-3	19
Taxes relating to other periods	-8	-42
Reported income tax expense	32	-31

The reconciliation item “Recognition and measurement of deferred taxes” mainly contains deferred taxes not recognized on unused tax losses and deductible temporary differences and, conversely, the additional recognition of deferred tax assets on unused tax losses (€9 million). In the reporting period the item “Difference in tax base” mainly relates to the tax exemption of profit/loss from investments accounted for at equity and the effects in connection with the preparation of execution of the contribution of the holding business operations, including the related deconsolidation entries. The taxes relating to other periods essentially result from the use for the first time of unused tax losses.

The deferred tax assets and liabilities break down by item in the balance sheet as follows:

€ million	Deferred tax assets		Deferred tax liabilities	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Investments accounted for at equity	0	0	90	54
Other receivables and assets	0	0	1	0
Unused tax losses	55	46	0	0
Provisions for pensions and similar obligations	0	1	0	0
Other provisions	1	3	0	0
Other liabilities	0	0	0	4
Valuation allowances on deferred tax assets	0	0	0	0
Reversal of an impairment loss on deferred tax assets	0	0	0	0
Gross value	56	50	91	58
Offsetting	-56	-50	-56	-50
Balance according to consolidated balance sheet	0	0	35	8

[8] Profit/loss attributable to non-controlling interests

The profit/loss attributable to non-controlling interests, which is allocable to the investors in hybrid capital prior to its disposal as a result of the contribution of the business operations (please also see section “Consolidated group” in these notes), amounts to €11 million (prior year: €22 million).

[9] Earnings per share

		2012	2011
Profit/loss for the year	€ million	7,829	59
Profit/loss attributable to non-controlling interests – hybrid capital investors	€ million	11	22
Profit/loss attributable to shareholders of Porsche SE	€ million	7,818	37
Profit/loss attributable to ordinary shares (basic)	€ million	3,908.5	17.7
Profit/loss attributable to preference shares (basic)	€ million	3,909.5	19.3
Profit/loss attributable to ordinary shares (diluted)	€ million	3,908.5	17.7
Profit/loss attributable to preference shares (diluted)	€ million	3,909.5	19.3
Average number of ordinary shares outstanding	Number	153,125,000	137,524,543
Average number of preference shares outstanding	Number	153,125,000	137,524,543
Earnings per ordinary share (basic)	€	25.52	0.13
Earnings per preference share (basic)	€	25.53	0.14
Earnings per ordinary share (diluted)	€	25.52	0.13
Earnings per preference share (diluted)	€	25.53	0.14

Earnings per share are calculated by dividing the profit or loss attributable to the shareholders of Porsche SE by the total number of shares outstanding in the reporting period. The additional dividend of 0.6 cents per share to which the preference shares are entitled was deducted when calculating earnings per share for ordinary shares. This gave rise to the difference in earnings per share between ordinary and preference shares.

The new ordinary and preference shares that were issued within the scope of the capital increase performed in April 2011 were included pro rata in the calculation of the earnings per share of the comparative period.

There were no dilutive effects.

[10] Notes to the consolidated statement of cash flows

The statement of cash flows shows how the cash funds of Porsche SE group have changed during the reporting year as a result of cash inflows and outflows. For this purpose the cash flows in the statement of cash flows are categorized into operating activities, investing activities (including investments in time deposits), and financing activities. Cash inflows and outflows from investing and financing activities are presented using the direct method.

Cash inflows from investing activities comprise the net cash flows from the contribution of the holding business operations of Porsche SE to Volkswagen AG and the changes in investments in time deposits.

The cash outflow from financing activities contain cash paid for dividends, for the settlement of loans and for distributions to hybrid capital investors as well as cash outflows from the redemption of hybrid capital and, in the prior year, cash received from loans borrowed and from the capital increase performed in April 2011.

In contrast, the cash flow from operating activities is derived indirectly, starting from profit/loss after tax. Therefore, all non-cash expenses and income – mainly changes in provisions and gains on the business contribution made in the fiscal year 2012 as well as other non-cash income and expenses – are eliminated and adjusted for changes in operating assets and liabilities. Non-cash expenses and income mainly relate to expenses and income from subsequent measurement of the investments accounted for at equity as well as from the valuation of the put and call options for the remaining shares in Porsche Holding Stuttgart GmbH held by Porsche SE prior to the contribution of its holding business operations.

The cash inflow from operating activities includes:

€ million	2012	2011
Interest paid	– 141	– 366
Interest received	114	191

The table below reconciles the cash, cash equivalents and time deposits as recognized in the balance sheet to cash funds reported in the statement of cash flows:

€ million	31/12/2012	31/12/2011
Cash, cash equivalents and time deposits	2,862	469
– time deposits	– 1,960	– 101
Cash funds according to statement of cash flows	902	368

Cash funds according to the statement of cash flows comprise cash and cash equivalents with an original term of up to three months.

The time deposits represent current investments with an original term of more than three months.

Notes to the consolidated balance sheet

[11] Development of investments accounted for at equity

As of 31 December 2012, the shares accounted for at equity solely comprise the carrying amount of the investment in Volkswagen AG. The required elimination of the intercompany profit in the income from the contribution of the business operations reduced the carrying amount by €1,629 million. Reference is made to the section "Consolidated group".

As of 31 December 2011, the shares accounted for at equity comprise a carrying amount of the investment in Volkswagen AG of €24,272 million and a carrying amount for the investment in Porsche Holding Stuttgart GmbH of €3,736 million.

70 million of the ordinary shares held by Porsche SE in Volkswagen AG have been pledged as collateral for liabilities to banks, when given, and unused revolving lines of credit until they are settled or otherwise canceled (see also note [19]). The main receivable of the syndicate of banks, which is secured by first-rank security, is not effective at present as the line of credit has not been utilized yet. The lien secures the repayment claims of any potential future use by the company of the revolving line of credit. Porsche SE can still exercise its voting rights and is also entitled to dividends from the ordinary shares subject to the creditors' right to issue instructions otherwise in restrictively defined, exceptional cases. All of the pledged ordinary shares could not and cannot be sold without the prior written approval of a trustee of the collateral before the liabilities with first-rank security are repaid or the corresponding loan commitments are canceled. However, Porsche SE is entitled to obtain the approval of the trustee of the collateral provided the proceeds from the sale are used to repay the line of credit or reduce the loan commitments and all shares in Volkswagen AG not pledged as collateral have been sold previously or concurrently. In addition, Porsche SE may sell subscription rights associated with the shares. Even before the complete repayment of the utilized syndicated loan and prior to the contribution of its holding business operations in Volkswagen AG, Porsche SE was already able to exercise its voting rights and was entitled to dividends from ordinary and preference shares subject to the creditors' right to issue instructions otherwise in restrictively defined, exceptional cases.

[12] Non-current and current other receivables and assets

€ million	31/12/2012	31/12/2011
Derivative financial instruments	0	232
Other receivables and assets		
from joint ventures	0	4,030
from associates	5	0
Sundry other receivables and assets	11	12
	16	4,274
thereof non-current	2	4,253
thereof current	14	21

As part of the contribution of the holding business operations of Porsche SE to Volkswagen AG, other receivables and assets previously reported as non-current as well as derivative financial instruments with a carrying amount of €4,048 million in total were derecognized. Reference is made to the section "Consolidated group".

The receivables from joint ventures reported for the comparative period were due from companies in the Porsche Holding Stuttgart GmbH group. They were counterbalanced by financial liabilities due to these entities of €3,880 million as of 31 December 2011. A lien on a loan receivable of €2,703 million from Porsche Holding Stuttgart GmbH (as the legal successor of Porsche Zwischenholding GmbH) had been pledged to this company. This lien served as collateral on a liability of the same amount due from Porsche SE to Porsche Holding Stuttgart Holding GmbH and was recognized within financial liabilities to joint ventures. Porsche Holding Stuttgart GmbH was entitled to exercise its right of lien if Porsche SE were in arrears with payments as they fell due for the secured liability due to Porsche Holding Stuttgart GmbH. Due to the contribution of the holding business operations of Porsche SE to Volkswagen AG, the aforementioned receivables and liabilities together with the liens ceased to exist.

Offsetting was not permitted during the term of the loan unless any mandatory or optional grounds for insolvency had arisen at Porsche SE. Permission to offset the loan could have been given upon falling due for repayment. Volkswagen AG would have assumed the loan obligations of Porsche Holding Stuttgart GmbH due to Porsche SE in the event of insolvency of this company provided it would have been possible to offset the obligations against claims against Porsche SE had the company not become insolvent.

Until the contribution was executed, Volkswagen AG had a corresponding obligation to settle a loan receivable due from Porsche AG of €1,313 million (prior year: €1,313 million) in the case of insolvency of Porsche AG. The loan agreement contained a premature repayment clause in the event of Porsche AG's insolvency. Offsetting with the liability to Porsche AG existing prior to the execution of the contribution and amounting to €1,177 million (prior year: €1,177 million) was not permitted unless any mandatory or optional grounds for insolvency had arisen at Porsche AG. Prior to the execution of the contribution, the loan receivables from the Porsche Holding Stuttgart GmbH group exceeded the corresponding financial liabilities by €136 million (prior year: €136 million). There was neither a guarantee by Volkswagen AG for the partial amount nor could it be offset. As a result of the contribution of the holding business operations of Porsche SE to Volkswagen AG as of 1 August 2012, this obligation was transferred to the Volkswagen group, such that after the contribution, no obligations of Volkswagen AG towards Porsche SE can result from the guarantee any more.

There was no compensation for the assumption of liability from financial guarantees recognized as of 31 December 2012 (prior year: €1 million).

Valuation allowances are recognized to take account of default risks. The maximum default risk corresponds to the carrying amounts of the other receivables and assets. The current other receivables and assets are non-interest-bearing. The non-current other receivables and assets do not contain any derivative financial instruments as of 31 December 2012 (prior year: €232 million).

Other receivables and assets excluding derivative financial instruments have a carrying amount of €16 million (prior year: €4,042 million). This value comprises other financial receivables with a carrying amount of €10 million (prior year: €4,029 million) and other non-financial receivables and assets with a carrying amount of €6 million (prior year: €12 million). No financial guarantees are recognized as of 31 December 2012 (prior year: €1 million). The non-financial other receivables and assets mainly contain prepaid expenses.

The positive fair values of derivative financial instruments relate to the following items:

€ million	31/12/2012	31/12/2011
Fair values of:		
Options on non-stock company shares	0	232
Assets from derivatives without hedging relationship	0	232

The options on non-stock company shares contained the positive fair value of the put option on the remaining shares held by Porsche SE in Porsche Holding Stuttgart GmbH prior to the contribution of the holding business operations to Volkswagen AG.

Further details on derivative financial instruments are given in note [21].

[13] Income tax assets

The income tax assets are mainly reimbursement claims for tax on investment income (including solidarity surcharge) which relate to profit distributions or dividends. The line item contains the tax on investment income (including solidarity surcharge) triggered by the decision to pay out an advance profit distribution from Porsche Holding Stuttgart GmbH prior to the contribution of the holding business operations of Porsche SE to Volkswagen AG. The related claims of Porsche SE to future refunds were assigned to an associate. Reference is made to the section "Consolidated group" and note [20].

[14] Cash, cash equivalents and time deposits

Bank balances are held at various banks in different currencies. The maximum default risk is equivalent to the carrying amount of cash, cash equivalents and time deposits.

[15] Equity

The development of equity is presented in the Porsche SE group's consolidated statement of changes in equity.

Subscribed capital

Unchanged from the figure at the end of the comparative period, Porsche SE's subscribed capital totals €306.25 million and continues to be divided into 153,125,000 ordinary shares and 153,125,000 non-voting preference shares which have been fully paid in. Each share represents a €1 notional value of the subscribed capital. The preference shares carry an additional dividend of 0.6 cents per share in the event of there being net profit available for distribution and a corresponding resolution on a distribution.

A capital increase in return for cash contributions was performed in the comparative period between 27 March and 13 April 2011. With the entry of the implementation of the capital increase in the commercial register of the Stuttgart district court on 13 April 2011, the company's share capital was increased by €131,250,000.00 from €175,000,000.00 to €306,250,000.00 through the issuance of 65,625,000 new ordinary shares (no-par-value shares) and 65,625,000 new preference shares (no-par-value shares), with each no-par-value share representing a notional share of €1.00 in the share capital. Since then, Porsche SE's subscribed capital has comprised 153,125,000 ordinary shares and 153,125,000 preference shares.

A subscription price of €38.00 was set for each new ordinary or preference share. Taking into account transaction costs of €95 million, the net issue proceeds came to €4,893 million.

Capital reserves

The capital reserves increased by €4,762 million from €122 million to €4,884 million in fiscal year 2011 following the capital increase performed in return for cash contributions. The increase arose from the share premiums of €4,857 million paid by the shareholders. It was reduced by transaction costs of €95 million for costs directly associated with the capital increase, e.g., for banks, lawyers and auditors.

Retained earnings

The retained earnings include the reserve for accumulated profits and reserves for investments accounted for at equity.

The reserve for accumulated profits includes the profits of Porsche SE and its consolidated subsidiaries earned in prior years and the reporting period that have not yet been distributed. These also include the reclassified revaluation reserves from deconsolidated subsidiaries. This item also recognizes tax effects from accounting for hybrid capital that is attributable to non-controlling interests.

The changes in equity at the level of investments accounted for at equity presented under equity include the proportionate changes in the non-controlling interests within the Volkswagen group attributable to Porsche SE which did not lead to a change in control and therefore had to be recognized directly in equity with no effect on the consolidated income statement in the Volkswagen group's consolidated financial statements. In addition, other changes in equity of the Volkswagen group that are not part of total comprehensive income are reported in this item.

The statutory financial statements of Porsche SE as of 31 December 2012 report a net profit available for distribution of €744 million (prior year: €232 million). A proposal for the appropriation of profit was not available for submission to the annual general meeting by the time the financial statements were authorized by the executive board.

The clauses of the syndicated loan agreement concluded in October 2011 restricted the distributable dividends per fiscal year to the total of distributions received from Volkswagen AG and Porsche Holding Stuttgart GmbH in the fiscal year. Due to the complete repayment of the liabilities to banks, this restriction was removed in the fiscal year 2012.

Expenses and income from investments accounted for at equity recognized directly in equity are presented in the separate reserve for investments accounted for at equity. The Porsche SE group does not have any other income and expenses recognized directly in equity. The changes in income and expenses recognized directly in equity are therefore presented in the statement of changes in equity as changes in the reserve for investments accounted for at equity.

The expenses and income recognized directly in equity which arose from investments accounted for at equity include the following: income before tax from currency translation of €1,199 million (prior year: €1,360 million), income before tax from marking securities to market of €206 million (prior year: €98 million), income before tax from cash flow hedges of €131 million (prior year: expenses of €1,088 million), income after tax recognized directly in equity arising from investments accounted for at equity of €105 million (prior year: €14 million) and tax expenses of €51 million (prior year: tax income of €348 million). In the fiscal year 2012, expenses of €184 million recognized directly in equity (prior year: €0 million) were released to the income statement as a result of the contribution of the holding business operations of Porsche SE to Volkswagen AG (please refer to the section "Consolidated group").

Non-controlling interests – hybrid capital investors

As of the reporting date of the prior fiscal year, the hybrid capital had a nominal volume of €360 million. It had an indefinite term to maturity and represented equity of the group pursuant to the regulations set forth in IAS 32.

During the first half of the fiscal year 2012, the Porsche SE group repurchased hybrid capital with a nominal volume of €50 million. The difference between the purchase price of €52 million and the share of the carrying amount of €48 million was offset against the accumulated profits. In the course of the contribution of the holding business operations of Porsche SE to Volkswagen AG, the remaining hybrid capital with a nominal volume of €310 million was transferred and was thus derecognized from the consolidated financial statements of Porsche SE (reference is made to the section "Consolidated group").

Capital management

The target of capital management at Porsche SE is the continuous increase in the enterprise value, securing its liquidity and a return on investment that is commensurate with the risk involved. These goals aim to protect the interests of the shareholders and employees and other stakeholders in the long term. By means of a systematic investment and financial management system, Porsche SE continually ensures that costs of capital as well as capital structure are optimized.

The Porsche SE group's total capital, defined for capital management purposes as the sum of equity and financial liabilities, is as follows as of the reporting date:

€ million	31/12/2012	31/12/2011
Equity	30,150	21,645
Share of total capital	99%	79%
Non-current financial liabilities	300	5,871
Current financial liabilities	0	0
Total financial liabilities	300	5,871
Share of total capital	1%	21%
Total capital	30,450	27,516

[16] Provisions for pensions and similar obligations

The Porsche SE group provides both defined contribution and defined benefit plans.

In the case of defined contribution plans, the company makes contributions to state or private pension schemes based on legal or contractual requirements, or on a voluntary basis. Once the contributions have been paid, there are no further obligations for the company. Contributions are recognized as expenses of the period concerned and were immaterial.

The Porsche SE group's pension plans are unfunded defined benefit plans. The obligations for defined benefit plans are measured using the projected unit credit method in accordance with IAS 19. The defined benefit obligations are recognized at the present value of vested benefits as of the measurement date taking probable future increases in pensions and salaries into account. The defined benefit obligation for active employees increases annually by the interest cost plus the present value of the new benefit entitlements earned in the current period. Actuarial gains or losses result from changes in the composition of the plan and deviations of actual parameters (for example, increases in income and pensions or changes in interest rates) compared to the assumptions made in the valuation.

Provisions for pensions and similar obligations are recognized for benefits in the form of retirement, invalidity and dependents' benefits payable under pension plans. The benefits generally depend on the length of service, remuneration and working hours arrangements of the employees. The direct and indirect obligations include both current pension obligations and future pension and retirement benefit obligations. In addition, personal retirement capital is accumulated in Germany by way of employee contributions to Porsche VarioRente.

Actuarial assumptions

The defined benefit obligations are calculated using actuarial methods. These include assumptions concerning future wage and salary developments and pension increases. The measurement is based on the following assumptions:

	Germany	
%	2012	2011
Discount rate	3.50	5.00
Increase in wages and salaries	3.00	3.00
Career progress	0.50	0.50
Increase in pensions	1.80	1.50

Changes in the present value of pension obligations:

€ million	2012	2011
As of 1 January	8	8
Current service cost	1	1
Interest expenses	0	0
Actuarial gains (–) and losses (+)	2	0
Benefits paid	0	0
Past service cost	0	0
Other changes	-2	-1
As of 31 December	9	8

The amounts recognized through profit or loss relate to current service cost of €1 million (prior year: €1 million).

The following amounts were recognized in the balance sheet for defined benefit obligations:

€ million	2012	2011
Present value of unfunded benefit obligations	9	8
Net obligations	9	8
Unrecognized net actuarial gains (+) and losses (-)	-2	-1
Carrying amount on 31 December	7	7
thereof pension provisions	7	7
thereof other asset	0	0

The table below presents experience adjustments, meaning differences between changes in assets and obligations expected on the basis of actuarial assumptions and actual changes in those assets and obligations.

€ million	2012	2011	SFY 2010	2009/10	2008/09
Defined benefit obligation	9	8	8	8	17,222
Plan assets	0	0	0	0	-3,510
Deficit (+)/Surplus (-)	9	8	8	8	13,712
Experience adjustments on pension obligation	-2.3%	2.7%	-8.8%	1.7%	-0.7%
Experience adjustments on plan assets	-	-	-	-	-0.5%

[17] Non-current and current income tax provisions and other provisions

€ million	31/12/2012		31/12/2011	
	thereof due within one year			
Income tax provisions	81	81	79	79
Other provisions	127	113	109	92
Provisions for employee expenses	7	7	7	7
Provisions for costs of litigation	41	27	40	24
Sundry other provisions	79	79	62	61

Provisions for employee expenses are recognized for bonuses, long-service awards, the phased retirement scheme and similar obligations, among other items.

Sundry other provisions mainly comprise provisions for other taxes and for interest on deferred tax payments.

89% of the other provisions are expected to result in cash outflow in the following year and 11% in between one and five years.

Other provisions developed as follows:

€ million	As of 1/1/2012	Additions	Utilization	Reversal	As of 31/12/2012
Provisions for employee expenses	7	7	4	3	7
Provisions for costs of litigation	40	8	6	1	41
Sundry other provisions	62	22	5	0	79
	109	37	15	4	127

The effects of unwinding the discount on provisions were immaterial in the fiscal year 2012 and in the fiscal year 2011.

[18] Trade payables

The trade payables disclosed, amounting to €7 million (prior year: €9 million), were mainly liabilities for legal and consulting services.

[19] Non-current and current financial liabilities

Financial liabilities break down as follows:

€ million	Total	Current	Non-current
31/12/2012			
Liabilities to banks	0	0	0
Financial liabilities due to associates	300	0	300
Financial liabilities due to joint ventures	0	0	0
	300	0	300
31/12/2011			
Liabilities to banks	1,991	0	1,991
Financial liabilities due to associates	0	0	0
Financial liabilities due to joint ventures	3,880	0	3,880
	5,871	0	5,871

Liabilities to banks were recognized at amortized cost.

Porsche SE's syndicated loan of nominal €2.0 billion was repaid in full following the execution of the contribution and using a portion of the cash received from it. Due to the applicable terms of the syndicated loan agreement of October 2011, the previously undrawn revolving credit line of €1.5 billion was reduced to €1.0 billion as a result of the repayment. This credit line's maturity date of 30 November 2013, and the option to extend the loan such that under certain circumstances the maturity date may be prolonged until 30 June 2015 in two steps, remain unaffected. The line of credit is still secured by a first-rank lien on 70 million VW ordinary shares of Porsche SE to the benefit of the syndicate of banks (reference is made to the explanations in note [11]).

Due to the contribution of subsidiaries of Porsche SE and the resulting deconsolidation, financial liabilities of €300 million had to be recognized in the consolidated financial statements of Porsche SE that were previously eliminated in the course of consolidation measures. They are now recognized in financial liabilities to associates.

As part of the contribution of the holding business operations of Porsche SE to Volkswagen AG, financial liabilities with a carrying amount of €3,880 million due to joint ventures were also transferred. Financial liabilities to joint ventures are due to companies in the Porsche Holding Stuttgart GmbH group. These are counterbalanced by other loan receivables of €4,016 million that were presented as other receivables and assets until the contribution.

[20] Non-current and current other liabilities

As of the reporting date, other liabilities break down as follows:

€ million	31/12/2012	31/12/2011
Derivative financial instruments	0	5,087
Liabilities to associates	503	0
Sundry other liabilities	1	150
	504	5,237
thereof non-current	0	5,087
thereof current	504	150

In the course of the contribution of the holding business operations of Porsche SE to Volkswagen AG, the call option of Volkswagen AG on the shares in Porsche Holding Stuttgart GmbH remaining at Porsche SE until the contribution of the holding business operations, which had a carrying amount of €4,682 million and was previously presented as non-current, was derecognized. Reference is made to the section "Consolidated group".

The liabilities to associates mainly concern liabilities from the assignment of pending tax refunds to the Volkswagen group that relate to the advance profit distribution resolved by Porsche Holding Stuttgart GmbH prior to the contribution of the business operations (reference is made to the section "Consolidated group"). Corresponding receivables from the tax authorities are recognized under income tax assets.

Other liabilities excluding derivative financial instruments have a carrying amount of €504 million (prior year: €150 million). The full amount (prior year: €149 million) is attributable to other financial liabilities of €504 million. As of 31 December 2011, this additionally included non-financial other liabilities with a carrying amount of €1 million.

The negative fair values of derivative financial instruments relate to the following items:

€ million	31/12/2012	31/12/2011
Options on non-stock company shares	0	5,087
Liabilities from derivatives without hedging relationship	0	5,087

The options on non-stock company shares contained, until the contribution, the fair value of Volkswagen AG's call option relating to the remaining shares held by Porsche SE in Porsche Holding Stuttgart GmbH.

Further details on derivative financial instruments are given in note [21].

Other notes

[21] Financial risk management and financial instruments

1 Hedging guidelines and financial risk management principles

The principles and responsibilities for managing and controlling the risks that could arise from financial instruments are defined by the executive board and monitored by the supervisory board. The risk management processes are clearly defined in the Porsche SE group. The processes govern in particular the ongoing monitoring of the liquidity situation in the Porsche SE group, the monitoring of the enterprise value of Volkswagen AG, the development of interest levels on the capital markets and monitoring of the financial covenants. Any concentrations of risk within the Porsche SE group are also analyzed using these processes. The processes are based on statutory requirements. The risks are identified, analyzed and monitored using suitable information systems.

The guidelines and the supporting systems are checked regularly and brought into line with current market development. The Porsche SE group manages and monitors these risks primarily via its business operations and financing activities and, where necessary, by using derivative financial instruments.

For further details on risks relating to financial instruments, reference is made to the “Opportunities and risks of future development” section in Porsche SE’s group management report.

2 Credit and default risk

The credit and default risk arising from financial assets involves the risk of default by counterparties, and therefore comprises at a maximum the amount of the positive fair values of claims against them. In addition, there is a credit and default risk at the amount of financial guarantees issued. The default risk of financial assets is generally taken into account through adequate valuation allowances considering collateral that has already been provided. Various measures are taken into account as needed to reduce the default risk for non-derivative financial instruments, such as monitoring the credit rating of counterparties, requesting hold harmless agreements or remuneration for the assumption of liability. Moreover, cash, cash equivalents and time deposits are invested with different counterparties in order to spread risk. The contracting partners for monetary investments, capital investments and, if necessary, derivative financial instruments needed are domestic and, to a lesser extent, international counterparties. Derivative financial instruments are entered into in accordance with standardized guidelines, and are continuously monitored.

There are no significant concentrations of risk that are not evident from the notes to the financial statements and management report.

The table below shows the credit and default risk of financial assets by gross carrying amount:

€ million	Neither past due nor impaired
31/12/2012	
Other financial receivables	10
Financial guarantees	0
Derivative financial instruments	0
Cash, cash equivalents and time deposits	2,862
	2,872
31/12/2011	
Other financial receivables	4,029
Financial guarantees	1
Derivative financial instruments	232
Cash, cash equivalents and time deposits	469
	4,731

There are no past due or impaired financial assets in the Porsche SE group.

The credit ratings of the gross carrying amounts of financial assets that are neither past due nor impaired were as follows:

€ million	Risk class 1	Risk class 2	Total
31/12/2012			
Other financial receivables	10	0	10
Financial guarantees	0	0	0
Derivative financial instruments	0	0	0
Cash, cash equivalents and time deposits	2,862	0	2,862
	2,872	0	2,872
31/12/2011			
Other financial receivables	4,029	0	4,029
Financial guarantees	1	0	1
Derivative financial instruments	232	0	232
Cash, cash equivalents and time deposits	469	0	469
	4,731	0	4,731

The receivables rated as good are allocated to risk class 1. Receivables from customers whose credit rating are not good, but have not yet defaulted, are allocated to risk class 2. Allocation to the risk classes is based on the borrower's external rating or liquidity planning, which documents their solvency. In the latter case, compliance with any existing covenants from other loan agreements is checked as of the reporting date.

3 Liquidity risk

The solvency and liquidity of the Porsche SE group is continuously monitored by means of liquidity planning. Solvency and liquidity are additionally secured by a cash liquidity reserve and guaranteed credit lines. Porsche SE's total credit facility as of the reporting date amounts to €1,000 million (prior year: €3,500 million). This was not utilized as of the reporting date (prior year: €2,000 million), such that an undrawn line of credit of €1,000 million remains (prior year: €1,500 million). Reference is made to explanations on the management of liquidity risks in the Porsche SE group and risks originating from financial covenants presented in the risk report as part of the group management report.

Liquid funds comprise the cash, cash equivalents and time deposits reported in the balance sheet.

The following overview shows the contractual undiscounted cash outflows from financial liabilities and financial guarantees:

	Remaining contractual maturities			
	within one year	in 1 to 5 years	in more than five years	Total
€ million				
31/12/2012				
Financial liabilities	21	376	0	397
Trade payables	7	0	0	7
Other financial liabilities	501	0	0	501
Financial guarantees	1,674	0	0	1,674
	2,203	376	0	2,579
31/12/2011				
Financial liabilities	382	6,247	0	6,629
Trade payables	9	0	0	9
Other financial liabilities	150	0	0	150
Financial guarantees	2,152	0	0	2,152
	2,693	6,247	0	8,940

The financial guarantees mostly relate to financial liabilities of the Porsche Holding Stuttgart GmbH group. As of the reporting date, there was a hold harmless agreement issued by Volkswagen AG for 100% of these financial guarantees (prior year: 49.9%); this is equivalent to a hold harmless agreement of €1,674 million (prior year: €1,074 million).

There are no significant concentrations of risk that are not evident from the notes to the financial statements and management report.

4 Market risk

4.1 Hedging policy and financial derivatives

In the reporting period, the Porsche SE group was exposed to interest rate risks and, until they were transferred under the contribution of the holding business operations of Porsche SE to Volkswagen AG, to risks from the put and call options for Porsche SE's shares in Porsche Holding Stuttgart GmbH remaining prior to the contribution of the holding business operations. The risks arise from fluctuations in the general interest rate level, from fluctuations in the enterprise value of Porsche Holding Stuttgart GmbH and to a small extent from cash investments. It is company policy to exclude or limit some of these risks if necessary by entering into hedge transactions. All necessary hedging activities are coordinated by Porsche SE's finance department.

The nature and volume of hedging transactions is generally chosen with regard to the hedged item. Hedging transactions may only be concluded to hedge existing underlyings or forecast transactions. Only financial instruments approved by type and volume may be entered into.

There are no significant concentrations of risk that are not evident from the notes to the financial statements and management report.

4.2 Market price risks

A sensitivity analysis is used to calculate the market price risk from the general interest rate risk and from the put and call options relating to the shares in Porsche Holding Stuttgart GmbH remaining at Porsche SE prior to the contribution of the holding business operations. In the course of the sensitivity analysis, the effect on equity and profit or loss is determined by modifying risk variables within the respective market risk.

4.2.1 Interest rate risk

The interest rate risk essentially results from changes in market interest rates. This affects the current interest result for short-term deposits and medium- and long-term variable-rate liabilities, but can equally impact on the market value of fixed-interest receivables and liabilities. Porsche SE will continue to permanently monitor the development of interest rates and, if necessary, enter into economically feasible hedges of exposure to changes in interest rates on a case-by-case basis.

The effects on the financial result and on equity arising from market interest rates as risk variables are presented in the following. An increase in the market interest rates by 100 base points as of 31 December 2012 (prior year: 50 base points) would not have affected equity. Likewise, a decrease in the market interest rates by 100 base points as of 31 December 2012 would not have affected equity, as in the prior year. If market interest rates had been 100 base points higher in the fiscal year 2012, profit would have been €12 million lower (prior year: €35 million lower). If market interest rates had been 100 base points lower in the fiscal year 2012, profit would have been €12 million higher (prior year: €35 million higher).

4.2.2 Risk from the put and call options relating to the shares in Porsche Holding Stuttgart GmbH remaining at Porsche SE until the contribution of the holding business operations.

In the course of the contribution of the holding business operations of Porsche SE to Volkswagen AG, the put and call options for the shares in Porsche Holding Stuttgart GmbH until then remaining at Porsche SE were transferred to Volkswagen AG in the reporting period. Consequently there is no longer an exposure to risks arising from these options as of the reporting date.

The market price risk was due in particular to changes in the enterprise value of Porsche Holding Stuttgart GmbH. It affected the measurement of the put and call option and consequently their measurement in the balance sheet as well as the profit or loss reported in the income statement. The enterprise value was determined on the basis of the key measurement parameters used in impairment testing of the investment in Porsche Holding Stuttgart GmbH accounted for at equity (for the description of these parameters, please refer to the section “Consolidated group”). The risk due to changes in the enterprise value was determined by means of a sensitivity analysis.

If the enterprise value of Porsche Holding Stuttgart GmbH as of 31 December 2011 had been 10% higher, the group’s profit would have been €931 million lower. If the enterprise value as of 31 December 2011 had been 10% lower, the group’s profit would have been €932 million higher.

This was partly offset by the accounting for the investment in Volkswagen AG at equity, as the accounting for the options at the level of Volkswagen AG had an reverse effect on the pro rata profit/loss attributable to Porsche SE in accordance with its share in capital held in Volkswagen AG.

5 Measurement of financial instruments

The table below contains the notional amounts of the derivative financial instruments both on the assets and the liabilities side:

	Notional amount			Total notional amount
	Due within one year	Due in 1 to 5 years	Due in more than five years	
€ million				
31/12/2012				
Options on non-stock company shares	0	0	0	0
	0	0	0	0
31/12/2011				
Options on non-stock company shares	0	7,886	0	7,886
	0	7,886	0	7,886

Hedge accounting is not applied for derivative financial instruments. In the prior year, the notional amounts of options on non-stock company shares contained at €3,943 million the put option and in the same amount the call option relating to the shares in Porsche Holding Stuttgart GmbH remaining at Porsche SE until the contribution of the holding business operations.

Market values of the derivatives were determined using market data as of the reporting date and, where no market data are available, also using suitable valuation techniques.

The market value of financial instruments is determined by reference to stock market listings, reference prices or generally accepted valuation techniques such as the discounted cash flow method. The underlying interest and discount rates were determined based on the EURIBOR.

The following table shows the reconciliation of the items of the balance sheet to the classes of financial instruments, as well as the comparison of carrying amount and fair value:

€ million	Measurement category under IAS 39	31/12/2012		31/12/2011	
		Carrying amount	Fair value	Carrying amount	Fair value
Assets					
Derivative financial instruments	HfT	0	0	232	232
Other financial receivables	LaR	10	10	4,029	4,249
Financial guarantees	LaR	0	0	1	1
Cash, cash equivalents and time deposits	LaR	2,862	2,862	469	469
Equity and liabilities					
Financial liabilities	FLAC	300	374	5,871	6,097
Trade payables	FLAC	7	7	9	9
Other financial liabilities	FLAC	504	504	149	149
Derivative financial instruments	HfT	0	0	5,087	5,087

For materiality reasons, the fair value of current items of the balance sheet is assumed to equal the amount recognized in the balance sheet.

The fair value of any financial derivatives is presented in the balance sheet under other receivables and assets or other liabilities.

Financial assets and liabilities measured at fair value can be broken down as follows according to the measurement hierarchy:

€ million	31/12/2012	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivative financial instruments	0	0	0	0
Financial assets accounted for at fair value	0	0	0	0
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	0	0	0	0
Financial liabilities accounted for at fair value	0	0	0	0

€ million	31/12/2011	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivative financial instruments	232	0	0	232
Financial assets accounted for at fair value	232	0	0	232
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	5,087	0	0	5,087
Financial liabilities accounted for at fair value	5,087	0	0	5,087

The allocation of fair value is based on the availability of observable market data on an active market. Level 1 shows the fair values of financial instruments, such as securities, where a quoted price is directly available on active markets for identical financial instruments. The fair value of financial instruments in level 2, such as derivatives, is derived from market data such as exchange rates or interest rate curves using market valuation techniques. The fair value of financial instruments in level 3 is calculated using valuation techniques with inputs that are not based on observable market data. These include options for equity instruments of non-listed companies. The put and call options relating to the shares in Porsche Holding Stuttgart GmbH remaining at Porsche SE prior to the contribution of the holding business operations were therefore allocated to level 3.

The changes in fair values that were allocable to level 3 in the fiscal years 2012 as well as 2011 are shown in the table below.

€ million	Financial assets at fair value through profit or loss	Financial liabilities at fair value through profit or loss
As of 1 January 2012	232	- 5,087
Additions (acquisitions)	0	0
Reclassification from level 2 to level 3	0	0
Total comprehensive income	0	0
with effect on profit/loss	- 200	405
recognized directly in equity	0	0
Disposal (sales)	32	4,682
As of 31 December 2012	0	0
Results recognized in profit or loss in fiscal year 2012		
Other operating profit/loss	- 200	405
thereof attributable to assets/liabilities held on reporting date	0	0
€ million	Financial assets at fair value through profit or loss	Financial liabilities at fair value through profit or loss
As of 1 January 2011	459	- 942
Additions (acquisitions)	0	0
Reclassification from level 2 to level 3	0	0
Total comprehensive income	0	0
with effect on profit/loss	- 227	- 4,145
recognized directly in equity	0	0
Disposal (sales)	0	0
As of 31 December 2011	232	- 5,087
Results recognized in profit or loss in fiscal year 2011		
Other operating profit/loss	- 227	- 4,145
thereof attributable to assets/liabilities held on reporting date	- 227	- 4,145

The principal risk variable for measurement of the options held by Porsche SE for its shares in Porsche Holding Stuttgart GmbH remaining until the contribution of the holding business operations was the enterprise value in each case. Effects on profit or loss arising from this change in the risk variables are presented in section 4.2.2.

The carrying amounts of financial assets and liabilities are allocated to the measurement categories in accordance with IAS 39 as follows:

€ million	31/12/2012	31/12/2011
Financial assets at fair value through profit or loss	0	232
thereof held for trading (HfT)	0	232
Loans and receivables (LaR)	2,872	4,499
Financial liabilities at fair value through profit or loss	0	5,087
thereof held for trading (HfT)	0	5,087
Financial liabilities measured at amortized cost (FLAC)	811	6,029

The net gains or losses of the respective measurement categories are as follows:

€ million	2012	2011
Financial instruments at fair value through profit or loss	205	- 4,372
thereof held for trading (HfT)	205	- 4,372
Loans and receivables (LaR)	112	189
Financial liabilities measured at amortized cost (FLAC)	- 152	- 367

The net gains or losses from financial instruments at fair value through profit or loss are derived from the fair value measurement.

The net gains or losses from the loans and receivables category include interest income.

The net gains or losses from financial liabilities at amortized cost essentially comprise interest expenses.

[22] Litigation

Investigations of the Stuttgart public prosecutor

To the knowledge of Porsche SE – which is not a party to the investigations and therefore has only limited knowledge of the subject matter and status of investigations – in December 2012, the Stuttgart public prosecutor filed an action with the Chamber for Commercial Crimes of the Regional Court of Stuttgart against former members of the executive board Dr. Wendelin Wiedeking and Holger P. Härter in connection with allegations of information-based manipulation of the market in Volkswagen shares.

According to the press release of the Stuttgart public prosecutor of 19 December 2012, they are held responsible for false declarations made in public statements of the company at their instigation in 2008 concerning the acquisition of the investment in Volkswagen AG. In five statements made in the period from 10 March 2008 to 2 October 2008, Porsche SE is alleged to have denied any intention to step up its investment to 75% despite already planning to do so at the time. In its charges, the public prosecutor assumes that, by February 2008 at the latest, it was 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 domination and profit and loss transfer agreement. The Stuttgart public prosecutor alleges that in March 2008 the former members of the executive board had effectively begun to increase the investment through the acquisition of corresponding price hedging transactions relating to ordinary and preference shares in VW. Porsche SE's denials are alleged to have had an actual impact on the stock market price of Volkswagen ordinary shares. This is alleged to have led specific investors to sell Volkswagen ordinary shares that they already held and to sell short Volkswagen ordinary shares.

As the Stuttgart public prosecutor had already announced in the aforementioned press release of 19 December 2012, the Stuttgart public prosecutor has dropped its investigations against the two former members of the executive board Dr. Wiedeking and Mr. Härter in connection with allegations of breach of fiduciary duty.

The Stuttgart public prosecutor brought charges against three managers of the finance department of Porsche SE with the Chamber for Commercial Crimes of the Regional Court of Stuttgart on suspicion of obtaining credit by deception. The main proceedings were opened by decision of the Regional Court of Stuttgart dated 25 June 2012. The accusation is that one of the banks involved during the negotiations for follow-up financing for the €10 billion loan due for repayment in March 2009 was provided with false information on derivatives held by Porsche SE relating to VW ordinary shares. The main proceedings began on 5 September 2012 and are still ongoing. On 26 November 2012, the Regional Court announced in the public main proceedings that the case against one of the accused would be dropped pursuant to Sec. 153a StPO ["Strafprozessordnung": German Code of Criminal Procedure].

Porsche SE considers the allegations made by the public prosecutor to be without merit.

Actions for damages in the United States

In 2010, 46 plaintiffs filed six actions for damages against Porsche SE in the United States District Court for the Southern District of New York. The plaintiffs alleged damages of more than USD 2.5 billion. In three of the six actions, the former members of the executive board Dr. Wendelin Wiedeking and Holger P. Härter are also named as defendants. Plaintiffs alleged in their complaints that, in connection with its acquisition of a stake in Volkswagen Aktiengesellschaft during the year 2008, Porsche SE issued false and misleading statements and engaged in market manipulation in violation of the United States Securities Exchange Act as well as in common law fraud. Porsche SE considers the complaints to be without merit and filed a motion to dismiss. On 30 December 2010, the U.S. District Court for the Southern District of New York granted Porsche's motion to dismiss the complaints in their entirety. Thirty-two of the original 46 plaintiffs have appealed the District Court's decision to the U.S. Court of Appeals for the Second Circuit. Oral argument before the Second Circuit was held on 24 February 2012 and the appeal is pending. In early March 2013, 12 plaintiffs, of the most recent total of 32 plaintiffs in the appellate proceeding, withdrew their appeal before the U.S. Court of Appeals for the Second Circuit with Porsche SE's consent. The effectiveness of the withdrawal of the appeal is subject to its acceptance by the court. The appellate proceeding concerning the remaining 20 plaintiffs remains unaffected by the withdrawal of the appeal. Porsche SE continues to consider the actions to be inadmissible and the claims to be without merit. For the twelve plaintiffs who have now withdrawn their appeal, the action for damages against Porsche SE that has been pending before the Regional Court of Braunschweig since the end of 2011, remains unaffected by the withdrawal of the appeal. In this action the plaintiffs last alleged an overall damage of about €1.8 billion, though it remained unclear to what extent the alleged damage was comprised of damage already asserted before the U.S. Court. Porsche SE considers the claim to be without merit.

Moreover, on 18 February 2011, three of the plaintiffs, and on 15 March 2011 a further 23 of the plaintiffs, filed two actions in New York State Court (court of first instance). In their complaints, they asserted claims for common law fraud and unjust enrichment on the basis of allegations similar to those made in their complaints in the actions referred to above. The plaintiffs claim to have lost at least USD 1.4 billion. Porsche SE's motion to dismiss the complaints and for summary judgment was denied on 6 August 2012. Porsche SE appealed this decision to the New York Supreme Court Appellate Division for the First Department and also moved to stay discovery in New York State Court pending a decision on Porsche's appeal. Porsche SE's motion to stay discovery pending a decision on Porsche SE's appeal was granted on 9 October 2012 and on 27 December 2012 the New York Supreme Court Appellate Division for the First Department reversed the decision of the lower court and dismissed the complaints. Plaintiffs filed a motion to reargue or in the alternative leave to appeal on 10 January 2013. On 31 January 2013, the parties entered into a stipulation under which Porsche SE agreed not to raise any statute-of-limitations defense against the plaintiffs' claims, provided these are filed before a court in Germany within 90 days and provided these claims were not already statute-barred when the plaintiffs first filed their actions in the USA. Irrespective of this, Porsche SE considers the claims filed to be without merit. Under the settlement, the plaintiffs withdrew their motion to reargue or in the alternative leave to appeal. The parties consented to entry of a final judgment dismissing plaintiffs' complaints against Porsche SE in the New York State Court in their entirety.

Actions for damages in Germany and England

In 2009, 2010 and 2011, market participants in Germany applied for conciliatory proceedings against Porsche SE and in part against Volkswagen AG with regard to the assertion of claims for damages on the basis of alleged breaches of statutory capital market regulations in connection with the acquisition of a shareholding in Volkswagen AG. Various market participants have filed further applications for conciliatory proceedings against Porsche SE based on the same claims; the company received these applications in January, February and November 2012. Some of the new applications are also directed against Volkswagen AG and in one case against Porsche AG. All of the claims alleged in conciliatory proceedings relate to alleged lost profits or alleged losses incurred estimated by the market participants to total approximately €3.3 billion. Porsche SE considers the allegations to be without merit and has not taken part in the conciliatory proceedings.

In January 2011, an individual filed a claim for damages against Porsche SE and another defendant in the amount of approximately €3 million. The plaintiff claims to have entered into options relating to shares in Volkswagen AG in 2008 on the basis of inaccurate information and the omission of information as well as market manipulation by Porsche SE and to have incurred losses from these options due to the share price development in 2008 in the amount claimed. On 27 June 2012 a hearing took place. By decision of 19 September 2012 the Regional Court of Braunschweig dismissed the claim. The plaintiff did not appeal the judgment. Thus, the judgment has become final and binding.

In October 2011, ARFB Anlegerschutz UG (haftungsbeschränkt), Berlin, brought an action before the Regional Court of Braunschweig against Porsche SE and Volkswagen AG based on claims for damages allegedly assigned to it by 41 investment funds, insurance companies and other companies in the amount of approximately €1.1 billion. Some of the 41 companies are also applicants in the aforementioned conciliatory proceedings. Four of the companies are hedge funds that have also filed claims against Porsche SE before a US Federal Court that were dismissed. In December 2011, this claim was extended to include the alleged claims for damages filed by ARFB Anlegerschutz UG (haftungsbeschränkt) on behalf of another 24 entities for an allegedly assigned right in the amount of approximately €700 million. Two of these other companies are hedge funds that have also filed claims against Porsche SE before a US Federal Court that were dismissed. In connection with the extension of the claim in December 2011, ARFB Anlegerschutz UG (haftungsbeschränkt) also partly withdrew its original action to the extent that alleged claims for damages of an investment fund in the amount of approximately €4.5 million arising from an allegedly assigned right are no longer upheld. In addition, ARFB Anlegerschutz UG (haftungsbeschränkt) filed another action against the company at the Regional Court of Braunschweig in December 2011, asserting alleged claims for damages on behalf of another five companies, again from the alleged assigned right, for a total of approximately €351 million. 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. Porsche SE considers the alleged claims to be without merit and has responded by filing motions to dismiss. On Porsche SE's petitions for providing security for the costs of the proceedings filed in both

proceedings hearings took place on 27 June 2012. After Porsche SE and the plaintiff agreed on security for the costs of the first instance of both proceedings, the Regional Court of Braunschweig postponed the decision on Porsche SE's remaining petitions until the end of the first instance. A trial date for hearing the case has been set for 17 April 2013 in both proceedings.

In December 2011, a total of seven plaintiffs filed a complaint against Porsche SE at the Stuttgart Regional Court and asserted claims for damages against the company in the total amount of some €2 billion, based on allegations of market manipulation and inaccurate information in connection with the acquisition of a shareholding in Volkswagen AG in 2008. Six of the plaintiffs are hedge funds that have also filed claims against Porsche SE before a US Federal Court that were dismissed. The Regional Court of Stuttgart referred the action to the Regional Court of Braunschweig. Porsche SE considers the alleged claims to be without merit and has responded by filing a motion to dismiss. With their reply, four of the plaintiffs partially withdrew their action in the amount of some €154 million. In December 2012 Porsche SE and six of the plaintiffs concluded an agreement regarding security for the costs of the first instance. A trial date for hearing the case has been set for 17 April 2013.

In December 2011, a market participant filed an action against Porsche SE at the Regional Court of Braunschweig and asserted claims for damages against the company in the total amount of some €1.5 million, based on allegations of market manipulation in connection with the acquisition of a shareholding in Volkswagen AG in 2008. The plaintiff based the alleged damage on alleged losses incurred due to a total of 205 investment decisions (comprising purchases and sales of VW ordinary shares) on 27 October 2008. On 27 June 2012 a hearing took place. By decision of 19 September 2012 the Regional Court of Braunschweig dismissed the claim. The plaintiff did not appeal the judgment. Thus, the judgment has become final and binding.

In May 2012 a private investor had filed a motion for legal aid with the Regional Court of Braunschweig. The applicant had announced its intention to file an action against Porsche SE in the total amount of approximately €125,000. He had alleged that he had entered into options relating to ordinary shares in Volkswagen AG in 2008 on the basis of inaccurate information and the omission of information as well as market manipulation by Porsche SE and to have incurred losses from these options due to the share price development in 2008 in the amount claimed. By decision of 20 September 2012 the Regional Court of Braunschweig denied to grant the legal aid sought by the applicant. The applicant did not appeal the decision within the appeal period. Thereby, the legal aid proceedings ended.

In July 2012, an individual had substantiated his claim previously asserted out-of-court and by reminder notice, entering thereby legal proceedings with the Regional Court of Stuttgart. The plaintiff alleged that he entered into options in October 2008 speculating on a decreasing price of Volkswagen AG's ordinary shares and that he suffered losses in the amount of approximately €146,000 due to the company's press release of 26 October 2008. After the filing of a motion to dismiss by Porsche SE, the plaintiff withdrew his action. Thereby, the legal proceedings ended.

A further individual, who has previously initiated conciliatory proceedings against Porsche SE, filed an action against the company in the amount of approximately €1.3 million with the Regional Court of Stuttgart in August 2012. The plaintiff claims that he entered into options

relating to shares in Volkswagen AG in 2008 on the basis of inaccurate information and the omission of information as well as market manipulation by Porsche SE and that he incurred losses from these options due to the share price development in 2008 in the amount claimed. The Regional Court of Stuttgart referred the action to the Regional Court of Braunschweig by decision of 17 October 2012. Porsche SE considers the alleged claim to be without merit and has responded by filing a motion to dismiss. A trial date for hearing the case has been set for 30 October 2013.

In September 2012, a further company filed an action against Porsche SE in the amount of approximately €213 million with the Regional Court of Braunschweig. The action comprises alleged own and assigned claims. The claims were asserted before out-of-court and in conciliatory proceedings. 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 2008 in the amount claimed. Porsche SE considers the alleged claims to be without merit and will respond by filing a motion to dismiss. A trial date for hearing the case has been set for 30 October 2013.

A total of four reminder notices were served on the company in December 2011 and January 2012, asserting alleged claims for damages based on allegations of market manipulation and of inaccurate information or the omission of information, for a total of approximately €31 million. Porsche SE considers the alleged claims to be without merit and has filed an objection against the reminder notices. In three cases the proceedings were subsequently referred to the Regional Court of Stuttgart for implementation of a contradictory court hearing. In one case, the applicant has withdrawn its motion for contradictory proceedings. In another case the plaintiff had substantiated its alleged claim in the meantime, as mentioned above, but subsequently withdrew his action.

On 28 February 2012, an investment fund asserted an out-of-court claim for alleged damages in the amount of some USD 195 million and announced that it intended to file the alleged claim before a court in England. In the letter of claim, it is alleged that, in connection with its acquisition of a stake in Volkswagen AG during 2008, Porsche SE made false and misleading statements. Porsche SE considers the claim to be without merit and therefore on 7 June 2012 filed an action for declaratory judgment with the Regional Court of Stuttgart that the alleged claim does not exist. A trial date for hearing the case has not been scheduled yet. On 18 June 2012, the investment fund filed an action against Porsche SE with the Commercial Court in England. The claim form was transmitted to Porsche SE on 28 November 2012. Porsche SE has moved for a stay of the proceedings with the Commercial Court in England, due to the earlier referral to the Regional Court of Stuttgart.

Furthermore, in May and June 2012 three market participants asserted claims for damages against Porsche SE out-of-court. The claims are based on alleged inaccurate information and the omission of information by Porsche SE in connection with the acquisition of a stake in Volkswagen AG during 2008. Two of the market participants had effected service of the above mentioned reminder notices before. The total amount claimed by the three market participants

out-of-court amounts to around €31 million. Porsche SE considers the claims to be without merit and has rejected them.

Proceedings regarding shareholders' actions

In its appeal judgment of 29 February 2012, the Higher Regional Court of Stuttgart declared the resolution of the annual general meeting of 29 January 2010 on the exoneration of the supervisory board for the fiscal year 2008/09 null and void. The first-instance decision of the Regional Court of Stuttgart of 17 May 2011 in favor of Porsche SE was altered accordingly. The Higher Regional Court of Stuttgart did not permit leave to appeal to the German Federal Court of Justice. Porsche SE then lodged an appeal with the Federal Court of Justice against the denial of leave to appeal. Following the dismissal of this appeal by the Federal Court of Justice in its ruling of 6 November 2012, the decision of the Higher Regional Court of Stuttgart is final and legally binding.

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

[23] Other financial obligations

As of the reporting date, other financial obligations break down as follows:

€ million	Payable			Total
	1 year	in 1 to 5 years	> 5 years	
31/12/2012				
Sundry other financial obligations	0	0	0	0
31/12/2011				
Sundry other financial obligations	1	3	0	4

The other financial obligations in the comparative period resulted from warranties that were cancelled in the course of the contribution of the holding business operations of Porsche SE to Volkswagen AG.

[24] Subsequent events

On 27 December 2012, the Court of Appeals of the New York State Supreme Court overruled the decision of the court of first instance and dismissed the claims for damages brought before this court. On 10 January 2013, the total of 26 plaintiffs responded by filing a petition for a second hearing or, alternatively, an appeal. On 31 January 2013, the parties entered into a stipulation under which Porsche SE agreed not to raise any statute-of-limitations defense against the plaintiffs' claims, provided these are filed before a court in Germany within 90 days and provided these claims were not already statute-barred when the plaintiffs first filed their actions in the USA. Irrespective of this, Porsche SE considers the claims filed to be without merit. Under the settlement, the plaintiffs withdrew their motion to reargue or in the alternative leave to appeal. The parties consented to entry of a final judgment dismissing plaintiffs' complaints against Porsche SE in the New York State Court in their entirety.

In February 2013, it became known that the Stuttgart public prosecutor had launched investigations against all members of the supervisory board of Porsche SE from 2008 and a former employee in connection with the allegation of jointly aiding and abetting violation of the prohibition on market manipulation.

In early March 2013, 12 plaintiffs, of the most recent total of 32 plaintiffs in the appellate proceeding, withdrew their appeal before the U.S. Court of Appeals for the Second Circuit with Porsche SE's consent. The effectiveness of the withdrawal of the appeal is subject to its acceptance by the court. The appellate proceeding concerning the remaining 20 plaintiffs remains unaffected by the withdrawal of the appeal. Porsche SE continues to consider the actions to be inadmissible and the claims to be without merit. The original total of 46 plaintiffs brought action for damages against Porsche SE and against former members of the management board of Porsche SE and alleged damages of more than USD 2.5 billion in aggregate. The actions were dismissed in December 2010 in the first instance. 32 plaintiffs appealed that decision. For the twelve plaintiffs who have now withdrawn their appeal, the action for damages against Porsche SE that has been pending before the Regional Court of Braunschweig since the end of 2011, remains unaffected by the withdrawal of the appeal. In this action the plaintiffs last alleged an overall damage of about €1.8 billion, though it remained unclear to what extent the alleged damage was comprised of damage already asserted before the U.S. Court. Porsche SE considers the claim to be without merit.

**[25] Disclosure pursuant to Sec. 160 (1) No. 8 AktG
[“Aktiengesetz”: German Stock Corporation Act]**

Notification on 29 January 2008:

Prof. Dr. Ing. h.c. Ferdinand Porsche and others, Austria, notified us of the following on 29 January 2008 in accordance with Sec. 21 (1) Sentence 1 WpHG [“Wertpapierhandelsgesetz”: German Stock Corporation Act]:

“The two parties who have signed this notification hereby announce to you on behalf of and with the authorization of the individuals or entities listed under no. 1 and 2 below, which at the time of this notification directly or indirectly held shares in Porsche Automobil Holding SE (then operating under the name of Dr. Ing. h.c. F. Porsche Aktiengesellschaft) or their heirs and legal successors (hereinafter also referred to as the “notifying parties”) in accordance with Sec. 21 (1) WpHG, as a correction to the notification of 5 February 1997:

The voting share held by each notifying party in Porsche Automobil Holding SE (formerly: Dr. Ing. h.c. F. Porsche Aktiengesellschaft), Porscheplatz 1, 70435 Stuttgart, Germany, exceeded the voting right threshold of 75% on 3 February 1997 and on that date amounted to 100% of the voting rights (875,000 voting rights). As of today, it also amounts to 100% for the persons that still exist today (8,750,000 voting rights).

The following voting rights were allocated to the individual notifying parties based on the existing consortium agreement pursuant to Sec. 22 (1) No. 3 WpHG in the version dated 26 June 1994 ("old version") or Sec. 22 (2) WpHG in the currently applicable version ("new version"):

Notifying party and address	Pursuant to Sec. 22 – 1 No. 3 WpHG old version or Sec. 22 – 2 WpHG new version	
	%	Voting rights
Prof. Dr. Ing. h.c. Ferdinand Porsche, Zell am See, Austria	99.84	873,569
Prof. Ferdinand Alexander Porsche, Gries/Pinzhau, Austria	87.82	768,461
Hans-Peter Porsche, Salzburg, Austria	87.82	768,461
Gerhard Anton Porsche, Mondsee, Austria	94.27	824,895
Dr. Wolfgang Porsche, Munich	87.82	768,461
Dr. Oliver Porsche, Salzburg, Austria	99.96	874,625
Kommerzialrat Louise Piëch, Thumersbach, Austria	99.80	873,216
Louise Daxer-Piëch, Vienna, Austria	93.89	821,499
Mag. Josef Ahorner, Vienna, Austria	99.24	868,313
Mag. Louise Kiesling, Vienna, Austria	99.24	868,313
Dr. techn. h.c. Ferdinand Piëch, Salzburg, Austria	86.94	760,719
Dr. Hans Michel Piëch, Salzburg, Austria	86.94	760,719
Porsche GmbH, Porscheplatz 1, 70435 Stuttgart	76.43	668,749

A share in voting rights of 23.57% (206,251 voting rights) was allocated to the former company Porsche Holding KG, Fanny-von-Lehnert Strasse 1, A-5020 Salzburg (current legal successor: Porsche Holding Gesellschaft m.b.H., Vogelweiderstrasse 75, A-5020 Salzburg) and Porsche GmbH, Vogelweiderstrasse 75, A-5020 Salzburg each in accordance with Sec. 22 (1) No. 2 WpHG, old version, and Sec. 22 (1) No. 1 WpHG, new version, and a share of voting rights of 76.43% (668,749 voting rights) was allocated pursuant to Sec. 22 (1) No. 3 WpHG, old version, or Sec. 22 (2) WpHG, new version.

The share in voting rights of Porsche GmbH, Salzburg, allocated to the notifying parties pursuant to Sec. 22 (1) No. 2 WpHG, old version, or Sec. 22 (1) No. 1 WpHG, new version, were actually held via Porsche GmbH, Stuttgart. The share in voting rights of Porsche Holding KG allocated to the notifying parties pursuant to Sec. 22 (1) No. 2 WpHG, old version, or Sec. 22 (1) No. 1 WpHG, new version, were actually held via Porsche GmbH, Salzburg and Porsche GmbH, Stuttgart. In both cases, the share in voting rights held in Porsche GmbH, Stuttgart, allocated to the notifying parties pursuant to Sec. 22 (1) No. 2 WpHG, old version, or Sec. 22 (1) No. 1 WpHG, new version, amounted to 3% or more.

The share in voting rights allocated to the other notifying parties pursuant to Sec. 22 (1) No. 3 WpHG, old version, or Sec. 22 (2) WpHG, new version, amounted to 3% or more: Prof. Ferdinand Alexander Porsche, Hans-Peter Porsche, Dr. Wolfgang Porsche, Louise Daxer-Piëch, Dr. h.c. Ferdinand Piëch, Dr. Hans-Michel Piëch, Porsche GmbH, Stuttgart.

Dr. Wolfgang Hils

– representing the notifying parties Kommerzialrat Louise Piëch, Dr. techn. h. c. Ferdinand Piëch and Dr. Hans Michel Piëch –

Dr. Oliver Porsche

– representing the other notifying parties – ”

Notification on 1 September 2009:

We were notified of the following on 1 September 2009:

“(1) Pursuant to Sec. 21 (1) WpHG we hereby notify for and on behalf of the State of Qatar, acting by and through the Qatar Investment Authority, P.O. Box: 23224, Doha, Qatar, that its indirect voting rights in Porsche Automobil Holding SE exceeded the thresholds of 3% and 5% and reached the threshold of 10% on 28 August 2009 and amounted to 10% of the voting rights of Porsche Automobil Holding SE (8,750,000 voting rights) as per this date, all of which are attributed to the State of Qatar pursuant to Sec. 22 (1) Sentence 1 No. 1 WpHG. Voting rights that are attributed to the State of Qatar are held via the following entities which are controlled by it and whose attributed proportion of voting rights in Porsche Automobil Holding SE amounts to 3% each or more:

- (a) Qatar Investment Authority, P.O. Box: 23224, Doha, Qatar;
- (b) Qatar Holding LLC, Qatar Finance Centre, 8th Floor, Q-Tel Tower, West Bay, Doha, Qatar;
- (c) Qatar Holding Luxembourg II S.à.r.l., 65 Boulevard Grande-Duchesse Charlotte, L-1331, Luxembourg;
- (d) Qatar Holding Netherlands B.V., Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands.

(2) Pursuant to Sec. 21 (1) WpHG we hereby notify for and on behalf of Qatar Investment Authority, P.O. Box: 23224, Doha, Qatar, that its indirect voting rights in Porsche Automobil Holding SE exceeded the thresholds of 3% and 5% and reached the threshold of 10% on 28 August 2009 and amounted to 10% of the voting rights of Porsche Automobil Holding SE (8,750,000 voting rights) as per this date, all of which are attributed to the Qatar Investment Authority pursuant to Sec. 22 (1) Sentence 1 No. 1 WpHG. Voting rights that are attributed to the Qatar Investment Authority are held via the entities as set forth in (1) (b) through (d) which are controlled by it and whose proportion of voting rights in Porsche Automobil Holding SE amounts to 3% each or more.

(3) Pursuant to Sec. 21 (1) WpHG we hereby notify for and on behalf of Qatar Holding LLC, Qatar Finance Centre, 8th Floor, Q-Tel Tower, West Bay, Doha, Qatar, that its indirect voting rights in Porsche Automobil Holding SE exceeded the thresholds of 3% and 5% and reached the threshold of 10% on 28 August 2009 and amounted to 10% of the voting rights of Porsche

Automobil Holding SE (8,750,000 voting rights) as per this date, all of which are attributed to Qatar Holding LLC pursuant to Sec. 22 (1) Sentence 1 No. 1 WpHG. Voting rights that are attributed to Qatar Holding LLC are held via the entities as set forth in (1) (c) through (d) which are controlled by it and whose proportion of voting rights in Porsche Automobil Holding SE amounts to 3% each or more.

(4) Pursuant to Sec. 21 (1) WpHG we hereby notify for and on behalf of Qatar Holding Luxembourg II S.à.r.l., 65 Boulevard Grande-Duchesse Charlotte, L-1331, Luxembourg, that its indirect voting rights in Porsche Automobil Holding SE exceeded the thresholds of 3% and 5% and reached the threshold of 10% on 28 August 2009 and amounted to 10% of the voting rights of Porsche Automobil Holding SE (8,750,000 voting rights) as per this date, all of which are attributed to Qatar Holding Luxembourg II S.à.r.l. pursuant to Sec. 22 (1) Sentence 1 No. 1 WpHG. Voting rights that are attributed to Qatar Holding Luxembourg II S.à.r.l. are held via the entity as set forth in (1) (d) which is controlled by it and whose attributed proportion of voting rights in Porsche Automobil Holding SE amounts to 3% or more.

(5) Pursuant to Sec. 21 (1) WpHG we hereby notify for and on behalf of Qatar Holding Netherlands B.V., Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, that its direct voting rights in Porsche Automobil Holding SE exceeded the thresholds of 3% and 5% and reached the threshold of 10% on 28 August 2009 and amounted to 10% of the voting rights of Porsche Automobil Holding SE (8,750,000 voting rights) as per this date.

Frankfurt am Main, 1 September 2009"

Notification on 18 December 2009:

We were notified of the following on 18 December 2009:

"Pursuant to Sec. 21 (1) WpHG we hereby notify for and on behalf of Qatar Holding Germany GmbH, Frankfurt am Main, Germany, that its direct voting rights in Porsche Automobil Holding SE exceeded the thresholds of 3% and 5% and reached the threshold of 10% on 18 December 2009 and amounted to 10% of the voting rights of Porsche Automobil Holding SE (8,750,000 voting rights) as per this date.

Frankfurt am Main, 18 December 2009"

Notification on 30 May 2011:

On 30 May 2011, we were informed of the following pursuant to Sec. 21 (1) WpHG:

"The percentage of voting rights held by the following notifying parties in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart ("Porsche SE"), fell below the voting rights threshold of 75% on 24 May 2011 and, including the allocations in accordance with Sec. 22 WpHG, amounts to 57.88% (88,627,458 voting rights) as of that date in each case.

1. Dipl.-Ing. Prof. Dr. h.c. Ferdinand Piëch, Salzburg, Austria
2. Ferdinand Karl Alpha Privatstiftung, Vienna, Austria
3. Dr. Hans Michel Piëch, Salzburg, Austria
4. Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg, Austria
5. Dr. Hans Michel Piëch GmbH, Salzburg, Austria
6. Ferdinand Piëch GmbH, Grünwald, Germany
7. Hans Michel Piëch GmbH, Grünwald, Germany

A share of 13.97% of the voting rights (21,394,758 voting rights) is allocable to the notifying parties 1 through 5 in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG and 43.91% (67,232,700 voting rights) is allocable in accordance with Sec. 22 (2) WpHG.

A share of 43.91% of the voting rights (67,232,700 voting rights) is allocable to the notifying parties 6 and 7 in accordance with Sec. 22 (2) WpHG.

The voting rights allocable to the notifying parties listed in the investment chain below are actually held by the controlled entities listed in the investment chain below, whose voting share in Porsche SE amounts to 3% or more in each case:

Investment chain Dipl.-Ing. Dr. h.c. Ferdinand Piëch, Salzburg

1. Dipl.-Ing. Prof. Dr. h.c. Ferdinand Piëch, Salzburg (notifying party)
2. Ferdinand Karl Alpha Privatstiftung, Vienna (notifying party and controlled entity)
3. Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg (notifying party and controlled entity)
4. Ferdinand Piëch GmbH, Grünwald (notifying party and controlled entity)

Investment chain Dr. Hans Michel Piëch, Salzburg

1. Dr. Hans Michel Piëch, Salzburg (notifying party)
2. Dr. Hans Michel Piëch GmbH, Salzburg (notifying party and controlled entity)
3. Hans Michel Piëch GmbH, Grünwald (notifying party and controlled entity)

3% or more of the voting rights arising from the shares of the following shareholders were allocated to the other notifying parties in accordance with Sec. 22 (2) WpHG (excluding those notifying parties that have already been allocated voting rights arising from the shares of the respective shareholder in accordance with Sec. 22 (1) No. 1 WpHG): Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald, Porsche GmbH, Stuttgart, Ferdinand Piëch GmbH, Grünwald, Hans Michel Piëch GmbH, Grünwald.”

Notification on 30 May 2011:

On 30 May 2011, we were informed of the following pursuant to Sec. 21 (1) Sentence 1 WpHG:

I.

1. The percentage of voting rights held by the following notifying parties in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, fell below the voting rights threshold of 75% on 24 May 2011 and amounts to 64.20% (98,310,794 voting rights) as of that date.
 - a) Mag. Josef Ahorner, Vienna, Austria
 - b) Mag. Louise Kiesling, Vienna, Austria
 - c) Prof. Ferdinand Alexander Porsche, Gries/Pinzigau, Austria
 - d) Dr. Ferdinand Oliver Porsche, Salzburg, Austria
 - e) Kai Alexander Porsche, Innsbruck, Austria
 - f) Mag. Mark Philipp Porsche, Salzburg, Austria
 - g) Gerhard Anton Porsche, Mondsee, Austria
 - h) Ferdinand Porsche Privatstiftung, Salzburg, Austria
 - i) Ferdinand Porsche Holding GmbH, Salzburg, Austria
 - j) Louise Daxer-Pièch GmbH, Salzburg, Austria
 - k) Louise Daxer-Piech GmbH, Grünwald, Germany
 - l) Prof. Ferdinand Alexander Porsche GmbH, Salzburg, Austria
 - m) Ferdinand Alexander Porsche GmbH, Grünwald, Germany
 - n) Gerhard Anton Porsche GmbH, Salzburg, Austria
 - o) Gerhard Porsche GmbH, Grünwald, Germany
 - p) Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Germany
2. A share of 27.44% of the voting rights in the issuer (42,021,894 voting rights) is allocable to the notifying parties 1.a) through 1.o) of this section I in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG and 36.76% (56,288,900 voting rights) is allocable on account of an existing consortium agreement in accordance with Sec. 22 (2) WpHG.
3. A share of 36.76% of the voting rights in the issuer (56,288,900 voting rights) is allocable to Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, as listed under no. 1.p) of this section I on account of an existing consortium agreement in accordance with Sec. 22 (2) WpHG.
4. The voting rights allocated to Mag. Josef Ahorner, Vienna, Mag. Louise Kiesling, Vienna, Prof. Ferdinand Alexander Porsche, Gries/Pinzigau, Dr. Ferdinand Oliver Porsche, Salzburg, Kai Alexander Porsche, Innsbruck, Mark Philipp Porsche, Salzburg, and Gerhard Anton Porsche, Mondsee, are actually held via the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Ferdinand Porsche Privatstiftung, Salzburg, Ferdinand Porsche Holding GmbH, Salzburg, Louise Daxer-Pièch GmbH, Salzburg, Louise Daxer-Piech GmbH, Grünwald, Prof. Ferdinand Alexander Porsche GmbH, Salzburg, Ferdinand Alexander Porsche GmbH, Grünwald, Gerhard Anton Porsche GmbH, Salzburg, Gerhard Porsche GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald

5. The voting rights allocable to Ferdinand Porsche Privatstiftung, Salzburg, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Ferdinand Porsche Holding GmbH, Salzburg, Louise Daxer-Piech GmbH, Salzburg, Louise Daxer-Piech GmbH, Grünwald, Prof. Ferdinand Alexander Porsche GmbH, Salzburg, Ferdinand Alexander Porsche GmbH, Grünwald, Gerhard Anton Porsche GmbH, Salzburg, Gerhard Porsche GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald

6. The voting rights allocable to Ferdinand Porsche Holding GmbH, Salzburg, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Louise Daxer-Piech GmbH, Salzburg, Louise Daxer-Piech GmbH, Grünwald, Prof. Ferdinand Alexander Porsche GmbH, Salzburg, Ferdinand Alexander Porsche GmbH, Grünwald, Gerhard Anton Porsche GmbH, Salzburg, Gerhard Porsche GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald

7. The voting rights allocable to Louise Daxer-Piech GmbH, Salzburg, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Louise Daxer-Piech GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald

8. The voting rights allocable to Prof. Ferdinand Alexander Porsche GmbH, Salzburg, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Ferdinand Alexander Porsche GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald

9. The voting rights allocable to Gerhard Anton Porsche GmbH, Salzburg, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Gerhard Porsche GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald

10. The voting rights allocable to Louise Daxer-Piech GmbH, Grünwald, Ferdinand Alexander Porsche GmbH, Grünwald, and Gerhard Porsche GmbH, Grünwald, are actually held by the following controlled entity, whose voting share in Porsche SE amounts to 3% or more:

Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald

11. 3% or more of the voting rights arising from the shares of the following shareholders were allocated to the notifying parties listed under no. 1.a) through 1.p) of this section I in accordance with Sec. 22 (2) WpHG: Familie Porsche Beteiligung GmbH, Grünwald, Porsche Gesellschaft mit beschränkter Haftung, Stuttgart, Ferdinand Piech GmbH, Grünwald, Hans Michel Piech GmbH, Grünwald.

II.

1. The percentage of voting rights held by the following individuals and legal entities in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, fell below the voting rights threshold of 75% on 24 May 2011 and amounts to 63.21% (96,784,524 voting rights) as of that date:

- a) Ing. Hans-Peter Porsche, Salzburg, Austria
- b) Peter Daniell Porsche, Salzburg, Austria
- c) Dr. Wolfgang Porsche, Salzburg, Austria
- d) Familie Porsche Privatstiftung, Salzburg, Austria
- e) Familie Porsche Holding GmbH, Salzburg, Austria
- f) Ing. Hans-Peter Porsche GmbH, Salzburg, Austria
- g) Hans-Peter Porsche GmbH, Grünwald, Germany
- h) Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG, Stuttgart, Germany
- i) Wolfgang Porsche GmbH, Stuttgart, Germany
- j) Familie Porsche Beteiligung GmbH, Grünwald, Germany

2. A share of 25.74% of the voting rights in the issuer (39,413,724 voting rights) is allocable to the notifying parties 1a) through i) in this section II in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG and 37.47% (57,370,800 voting rights) is allocable in accordance with Sec. 22 (2) WpHG.

3. A share of 37.47% of the voting rights in the issuer (57,370,800 voting rights) is allocable to Familie Porsche Beteiligung GmbH, Grünwald, as listed under no. 2 j) of this section II in accordance with Sec. 22 (2) WpHG.

4. The voting rights allocable to Ing. Hans-Peter Porsche, Salzburg, and Peter Daniell Porsche, Salzburg/Aigen, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Familie Porsche Privatstiftung, Salzburg, Familie Porsche Holding GmbH, Salzburg, Ing. Hans-Peter Porsche GmbH, Salzburg, Hans-Peter Porsche GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald

5. The voting rights allocable to Dr. Wolfgang Porsche, Salzburg, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Familie Porsche Privatstiftung, Salzburg, Familie Porsche Holding GmbH, Salzburg, Ing. Hans-Peter Porsche GmbH, Salzburg, Hans-Peter Porsche GmbH, Grünwald, Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG, Stuttgart, Wolfgang Porsche GmbH, Stuttgart, Familie Porsche Beteiligung GmbH, Grünwald

6. The voting rights allocable to Familie Porsche Privatstiftung, Salzburg, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Familie Porsche Holding GmbH, Salzburg, Ing. Hans-Peter Porsche GmbH, Salzburg, Hans-Peter Porsche GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald

7. The voting rights allocable to Familie Porsche Holding GmbH, Salzburg, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Ing. Hans-Peter Porsche GmbH, Salzburg, Hans-Peter Porsche GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald

8. The voting rights allocable to Ing. Hans-Peter Porsche GmbH, Salzburg, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Hans-Peter Porsche GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald

9. The voting rights allocable to Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG, Stuttgart, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Wolfgang Porsche GmbH, Stuttgart, Familie Porsche Beteiligung GmbH, Grünwald

10. The voting rights allocable to Hans-Peter Porsche GmbH, Grünwald, and Wolfgang Porsche GmbH, Stuttgart, are actually held by the following controlled entity, whose voting share in Porsche SE amounts to 3% or more:

Familie Porsche Beteiligung GmbH, Grünwald

11. 3% or more of the voting rights arising from the shares of the following shareholders were allocated to the notifying parties listed under no. 1.a) through 1.j) of this section II in accordance with Sec. 22 (2) WpHG: Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Porsche Gesellschaft mit beschränkter Haftung, Stuttgart, Ferdinand Piech GmbH, Grünwald, Hans Michel Piech GmbH, Grünwald.

III.

1. The percentage of voting rights held by Porsche Gesellschaft mit beschränkter Haftung, Stuttgart, in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, fell below the voting rights threshold of 75% on 24 May 2011 and amounts to 52.55% (80,462,267 voting rights) as of that date.
2. A share of 43.67% of the voting rights in the issuer (66,874,900 voting rights) is allocable to Porsche Gesellschaft mit beschränkter Haftung, Stuttgart, in accordance with Sec. 22 (2) WpHG.
3. 3% or more of the voting rights arising from the shares of the following shareholders were allocated to Porsche Gesellschaft mit beschränkter Haftung, Stuttgart, in accordance with Sec. 22 (2) WpHG: Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald, Ferdinand Piech GmbH, Grünwald, Hans Michel Piech GmbH, Grünwald.

IV.

1. The percentage of voting rights held by Porsche Familienholding GmbH, Salzburg, Austria, and Porsche Gesellschaft m.b.H., Salzburg, Austria, in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, fell below the voting rights threshold of 75% on 24 May 2011 and amounts to 73.28% (112,205,710 voting rights) as of that date.
2. A share of 8.87% of the voting rights in the issuer (13,587,367 voting rights) is allocable to Porsche Familienholding GmbH, Salzburg, and Porsche Gesellschaft m.b.H., Salzburg, in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG (in conjunction with Sec. 22 (1) Sentence 2 WpHG), 20.73% of the voting rights in the issuer (31,743,443 voting rights) in accordance with Sec. 22 (1) Sentence 1 No. 2 WpHG and 43.67% (66,874,900 voting rights) is allocable on account of an existing consortium agreement in accordance with Sec. 22 (2) WpHG.
3. The voting rights allocated to Porsche Familienholding GmbH, Salzburg, in accordance with Sec. 22 (1) Sentence 1 No. 1 group WpHG are actually held via the following controlled entities, whose voting share in Porsche Automobil Holding SE amounts to 3% or more in each case:

Porsche Gesellschaft m.b.H., Salzburg, Porsche Gesellschaft mit beschränkter Haftung, Stuttgart

4. The voting rights allocated to Porsche Gesellschaft m.b.H., Salzburg, in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG are actually held via the following controlled entity whose voting share in Porsche SE amounts to 3% or more:

Porsche Gesellschaft mit beschränkter Haftung, Stuttgart

5. 3% or more of the voting rights arising from the shares of the following shareholders are allocated to Porsche Familienholding GmbH, Salzburg, and Porsche Gesellschaft m.b.H., Salzburg, in accordance with Sec. 22 (1) Sentence 1 No. 2 WpHG (in conjunction with Sec. 22 (1) Sentence 2 WpHG):

Familie Porsche Beteiligung GmbH, Stuttgart, Familien Porsche-Daxer-Piech Beteiligung GmbH, Stuttgart

6. 3% or more of the voting rights arising from the shares of the following shareholders are allocated to Porsche Familienholding GmbH, Salzburg, and Porsche Gesellschaft m.b.H., Salzburg, in accordance with Sec. 22 (2) WpHG: Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald, Ferdinand Piech GmbH, Grünwald, Hans Michel Piech GmbH, Grünwald

Notification on 30 May 2011:

On 30 May 2011, we were informed of the following pursuant to Sec. 21 (1) Sentence 1 WpHG:

"1. The percentage of voting rights held by ESP 1520 GmbH, PP 1320 GmbH, ESP 1530 GmbH and PP 1330 GmbH, all based in Grünwald, Germany, in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, exceeded the voting rights threshold of 3% on 24 May 2011 and amounts to 4.89% in each case (7,481,664 voting rights) as of that date. All of these voting rights are allocated to ESP 1520 GmbH and ESP 1530 GmbH and PP 1320 GmbH and PP 1330 GmbH each in accordance with Sec. 22 (1) Sentence 1 No. 2 WpHG (the latter in conjunction with Sec. 22 (1) Sentence 2 WpHG). 3% or more of the shares held by Familie Porsche Beteiligung GmbH, Stuttgart, are allocated to ESP 1520 GmbH, PP 1320 GmbH, ESP 1530 GmbH and PP 1330 GmbH in each case.

2. The percentage of voting rights held by PP 1480 GmbH and PP 1420 GmbH, both based in Grünwald, Germany, in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, exceeded the voting rights threshold of 3% on 24 May 2011 and amounts to 4.91% in each case (7,514,342 voting rights) as of that date. All of these voting rights are allocated to PP 1480 GmbH and PP 1420 GmbH each in accordance with Sec. 22 (1) Sentence 1 No. 2 WpHG (the latter in conjunction with Sec. 22 (1) Sentence 2 WpHG). 3% or more of the shares held by Familien Porsche-Daxer-Piech Beteiligung GmbH, Stuttgart, are allocated to PP 1480 GmbH and PP 1420 GmbH in each case.

3. The percentage of voting rights held by Porsche Verwaltungs GmbH, Salzburg, Austria, in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, exceeded the voting rights threshold of 20% on 24 May 2011 and amounts to 20.73% (31,743,443 voting rights) as of that date. All of these voting rights are allocated to Porsche Verwaltungs GmbH in accordance with Sec. 22 (1) Sentence 1 No. 2 WpHG (in conjunction with Sec. 22 (1) Sentence 2 WpHG). 3% or more of the voting rights arising from the shares of the following shareholders were allocated to Porsche Verwaltungs GmbH: Familie Porsche Beteiligung GmbH, Stuttgart, Familien Porsche-Daxer-Piech Beteiligung GmbH, Stuttgart. These voting rights were not obtained by exercise of purchase rights resulting from financial instruments according to Sec. 25 (1) Sentence 1 WpHG."

Notification on 21 June 2011:

With reference to its voting rights notification dated 30 May 2011, Porsche Verwaltungs GmbH, Salzburg, Austria, informed Porsche Automobil Holding SE, Stuttgart, Germany, on 21 June 2011 in accordance with Sec. 21 (1) WpHG of the following:

“Correcting the voting rights notification by Porsche Verwaltungs GmbH dated 30 May 2011, we hereby inform you that the percentage of voting rights held by Porsche Verwaltungs GmbH, Salzburg, Austria, in Porsche Automobil Holding SE, Stuttgart, Germany, exceeded the voting rights threshold of 3%, 5%, 10%, 15% and 20% on 24 May 2011 and amounts to 20.73% as of that date (31,743,443 voting rights). All of these voting rights are allocated to Porsche Verwaltungs GmbH in accordance with Sec. 22 (1) Sentence 1 No. 2 WpHG (in conjunction with Sec. 22 (1) Sentence 2 WpHG). 3% or more of the voting rights arising from the shares of the following shareholders were allocated to Porsche Verwaltungs GmbH: Familie Porsche Beteiligung GmbH, Stuttgart, Familien Porsche-Daxer-Piech Beteiligung GmbH, Stuttgart. These voting rights were not obtained by exercise of purchase rights resulting from financial instruments according to Sec. 25 (1) Sentence 1 WpHG.”

Notification on 21 June 2011:

With reference to its voting rights notification dated 30 May 2011, Porsche Verwaltungs GmbH, Salzburg, Austria, informed Porsche Automobil Holding SE, Stuttgart, Germany, on 21 June 2011 in accordance with Sec. 27a (1) WpHG of the following:

“The voting rights threshold is exceeded through allocation in accordance with Sec. 22 (1) Sentence 1 No. 2 WpHG in conjunction with Sec. 22 (1) Sentence 2 WpHG of voting rights arising from shares in the issuer belonging to third parties that are held in trust by the latter for the account of subsidiaries of Porsche Verwaltungs GmbH, not through acquisition of shares by Porsche Verwaltungs GmbH.

- 1) Objective pursued with the acquisition of voting rights (Sec. 27a (1) Sentence 3 WpHG)
 - a) The matter underlying the allocation of voting rights does not serve either to implement strategic aims or to generate trading profits at Porsche Verwaltungs GmbH.
 - b) Porsche Verwaltungs GmbH does not intend to obtain further voting rights in the issuer within the next 12 months by acquisition or any other way.
 - c) Porsche Verwaltungs GmbH does not aim to gain influence over the composition of administrative, management or supervisory bodies at the issuer.
 - d) Porsche Verwaltungs GmbH does not aim to make any material changes to the issuer’s capital structure, including but not limited to the proportion of equity and liabilities and the dividend policy.

2) Origin of the funds used (Sec. 27a (1) Sentence 4 WpHG)

These voting rights are acquired merely by way of allocation of the voting rights in accordance with Sec. 22 (1) Sentence 1 No. 2 WpHG in conjunction with Sec. 22 (1) Sentence 2 WpHG. No equity or liabilities of Porsche Verwaltungs GmbH were used to finance the acquisition of the voting rights."

Notification on 5 October 2011:

Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, Germany, was informed of the following on 5 October 2011 pursuant to Sec. 21 (1) Sentence 1 WpHG:

I.

1. The percentage of voting rights held by the following notifying party in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, exceeded the voting rights threshold of 75% on 4 October 2011 and amounts to 80.23% (122,849,172 voting rights) as of that date.

- a) Mag. Josef Ahorner, Vienna, Austria
- b) Mag. Louise Kiesling, Vienna, Austria
- c) Prof. Ferdinand Alexander Porsche, Gries/Pinzingau, Austria
- d) Dr. Ferdinand Oliver Porsche, Salzburg, Austria
- e) Kai Alexander Porsche, Innsbruck, Austria
- f) Mag. Mark Philipp Porsche, Salzburg, Austria
- g) Gerhard Anton Porsche, Mondsee, Austria
- h) Ferdinand Porsche Privatstiftung, Salzburg, Austria
- i) Ferdinand Porsche Holding GmbH, Salzburg, Austria
- j) Louise Daxer-Piech GmbH, Salzburg, Austria
- k) Louise Daxer-Piech GmbH, Grünwald, Germany
- l) Prof. Ferdinand Alexander Porsche GmbH, Salzburg, Austria
- m) Ferdinand Alexander Porsche GmbH, Grünwald, Germany
- n) Gerhard Anton Porsche GmbH, Salzburg, Austria
- o) Gerhard Porsche GmbH, Grünwald, Germany
- p) Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Germany

2. A share of 27.44% of the voting rights in the issuer (42,021,894 voting rights) is allocable to the notifying parties 1.a) through 1.o) of this section I in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG and 52.79% (80,827,278 voting rights) is allocable on account of a consortium agreement in accordance with Sec. 22 (2) WpHG.

3. A share of 52.79% of the voting rights in the issuer (80,827,278 voting rights) is allocable to Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, as listed under no. 1.p) of this section I on account of a consortium agreement in accordance with Sec. 22 (2) WpHG.

4. The voting rights allocated to Mag. Josef Ahorner, Vienna, Mag. Louise Kiesling, Vienna, Prof. Ferdinand Alexander Porsche, Gries/Pinzingau, Dr. Ferdinand Oliver Porsche, Salzburg, Kai Alex-

ander Porsche, Innsbruck, Mark Philipp Porsche, Salzburg, and Gerhard Anton Porsche, Mondsee, are actually held via the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Ferdinand Porsche Privatstiftung, Salzburg, Ferdinand Porsche Holding GmbH, Salzburg, Louise Daxer-Piech GmbH, Salzburg, Louise Daxer-Piech GmbH, Grünwald, Prof. Ferdinand Alexander Porsche GmbH, Salzburg, Ferdinand Alexander Porsche GmbH, Grünwald, Gerhard Anton Porsche GmbH, Salzburg, Gerhard Porsche GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald

5. The voting rights allocable to Ferdinand Porsche Privatstiftung, Salzburg, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Ferdinand Porsche Holding GmbH, Salzburg, Louise Daxer-Piech GmbH, Salzburg, Louise Daxer-Piech GmbH, Grünwald, Prof. Ferdinand Alexander Porsche GmbH, Salzburg, Ferdinand Alexander Porsche GmbH, Grünwald, Gerhard Anton Porsche GmbH, Salzburg, Gerhard Porsche GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald

6. The voting rights allocable to Ferdinand Porsche Holding GmbH, Salzburg, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Louise Daxer-Piech GmbH, Salzburg, Louise Daxer-Piech GmbH, Grünwald, Prof. Ferdinand Alexander Porsche GmbH, Salzburg, Ferdinand Alexander Porsche GmbH, Grünwald, Gerhard Anton Porsche GmbH, Salzburg, Gerhard Porsche GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald

7. The voting rights allocable to Louise Daxer-Piech GmbH, Salzburg, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Louise Daxer-Piech GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald

8. The voting rights allocable to Prof. Ferdinand Alexander Porsche GmbH, Salzburg, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Ferdinand Alexander Porsche GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald

9. The voting rights allocable to Gerhard Anton Porsche GmbH, Salzburg, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Gerhard Porsche GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald

10. The voting rights allocable to Louise Daxer-Piech GmbH, Grünwald, Ferdinand Alexander Porsche GmbH, Grünwald, and Gerhard Porsche GmbH, Grünwald, are actually held by the following controlled entity, whose voting share in Porsche SE amounts to 3% or more:

Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald

11. 3% or more of the voting rights arising from the shares of the following shareholders were allocated to the notifying parties listed under no. 1.a) through 1.p) of this section I in accordance with Sec. 22 (2) WpHG: Familie Porsche Beteiligung GmbH, Grünwald, Porsche Gesellschaft mit beschränkter Haftung, Stuttgart, Ferdinand Piëch GmbH, Grünwald, Hans Michel Piëch GmbH, Grünwald.

II.

1. The percentage of voting rights held by the following individuals and legal entities in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, exceeded the voting rights threshold of 75% on 4 October 2011 and amounts to 79.33% (121,478,320 voting rights) as of that date:

- a) Ing. Hans-Peter Porsche, Salzburg, Austria
- b) Peter Daniell Porsche, Salzburg, Austria
- c) Dr. Wolfgang Porsche, Salzburg, Austria
- d) Familie Porsche Privatstiftung, Salzburg, Austria
- e) Familie Porsche Holding GmbH, Salzburg, Austria
- f) Ing. Hans-Peter Porsche GmbH, Salzburg, Austria
- g) Hans-Peter Porsche GmbH, Grünwald, Germany
- h) Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG, Stuttgart, Germany
- i) Wolfgang Porsche GmbH, Stuttgart, Germany
- j) Familie Porsche Beteiligung GmbH, Grünwald, Germany

2. A share of 25.74% of the voting rights in the issuer (39,413,724 voting rights) is allocable to the notifying parties 1.a) through i) in this section II in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG and 53.59% (82,064,596 voting rights) is allocable in accordance with Sec. 22 (2) WpHG.

3. A share of 53.59% of the voting rights in the issuer (82,064,596 voting rights) is allocable to Familie Porsche Beteiligung GmbH, Grünwald, as listed under no. 2 j) of this section II in accordance with Sec. 22 (2) WpHG.

4. The voting rights allocable to Ing. Hans-Peter Porsche, Salzburg, and Peter Daniell Porsche, Salzburg, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Familie Porsche Privatstiftung, Salzburg, Familie Porsche Holding GmbH, Salzburg, Ing. Hans-Peter Porsche GmbH, Salzburg, Hans-Peter Porsche GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald

5. The voting rights allocable to Dr. Wolfgang Porsche, Salzburg, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Familie Porsche Privatstiftung, Salzburg, Familie Porsche Holding GmbH, Salzburg, Ing. Hans-Peter Porsche GmbH, Salzburg, Hans-Peter Porsche GmbH, Grünwald, Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG, Stuttgart, Wolfgang Porsche GmbH, Stuttgart, Familie Porsche Beteiligung GmbH, Grünwald

6. The voting rights allocable to Familie Porsche Privatstiftung, Salzburg, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Familie Porsche Holding GmbH, Salzburg, Ing. Hans-Peter Porsche GmbH, Salzburg, Hans-Peter Porsche GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald

7. The voting rights allocable to Familie Porsche Holding GmbH, Salzburg, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Ing. Hans-Peter Porsche GmbH, Salzburg, Hans-Peter Porsche GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald

8. The voting rights allocable to Ing. Hans-Peter Porsche GmbH, Salzburg, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Hans-Peter Porsche GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald

9. The voting rights allocable to Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG, Stuttgart, are actually held by the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Wolfgang Porsche GmbH, Stuttgart, Familie Porsche Beteiligung GmbH, Grünwald

10. The voting rights allocable to Hans-Peter Porsche GmbH, Grünwald, and Wolfgang Porsche GmbH, Stuttgart, are actually held by the following controlled entity, whose voting share in Porsche SE amounts to 3% or more:

Familie Porsche Beteiligung GmbH, Grünwald

11. 3% or more of the voting rights arising from the shares of the following shareholders were allocated to the notifying parties listed under no. 1.a) through 1.j) of this section II in accordance with Sec. 22 (2) WpHG: Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Porsche Gesellschaft mit beschränkter Haftung, Stuttgart, Ferdinand Piëch GmbH, Grünwald, Hans Michel Piëch GmbH, Grünwald.

III.

1. The percentage of voting rights held by Porsche Piech Holding GmbH, Salzburg, in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, exceeded the voting rights threshold of 75% on 4 October 2011 and amounts to 90.00% (137,812,500 voting rights) as of that date.

2. A share of 8.87% of the voting rights in the issuer (13,587,367 voting rights) is allocable to Porsche Piech Holding GmbH, Salzburg, in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG, 20.44% of the voting rights in the issuer (31,297,508 voting rights) is allocable in accordance with Sec. 22 (1) Sentence 1 No. 2 WpHG (in conjunction with Sec. 22 (1) Sentence 2 WpHG) and 60.69% of the voting rights in the issuer (92,927,625 voting rights) is allocable on account of a consortium agreement in accordance with Sec. 22 (2) WpHG.

3. The voting rights allocated to Porsche Piech Holding GmbH, Salzburg, in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG are actually held via the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case:

Porsche Gesellschaft m.b.H., Salzburg, Porsche Gesellschaft mit beschränkter Haftung, Stuttgart

4. 3% or more of the voting rights arising from the shares of the following shareholders are allocated to Porsche Piech Holding GmbH, Salzburg, in accordance with Sec. 22 (1) Sentence 1 No. 2 WpHG (in conjunction with Sec. 22 (1) Sentence 2 WpHG):

Familie Porsche Beteiligung GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald

5. 3% or more of the voting rights arising from the shares of the following shareholders were allocated to Porsche Piech Holding GmbH, Salzburg, in accordance with Sec. 22 (2) WpHG:

Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald, Ferdinand Piëch GmbH, Grünwald, Hans Michel Piëch GmbH, Grünwald

The voting rights pursuant to sections I to III were not obtained by exercise of rights resulting from financial instruments according to Sec. 25 (1) Sentence 1 WpHG to acquire shares in the issuer."

Notification on 5 October 2011:

Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, Germany, was informed of the following on 5 October 2011 pursuant to Sec. 21 (1) Sentence 1 WpHG:

“1. The percentage of voting rights held by Porsche Piech Holding GmbH, Salzburg, Austria, in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, fell below the voting rights threshold of 75% on 5 October 2011 and amounts to 69.56% (106,514,992 voting rights) as of that date. A share of 8.87% of the voting rights (13,587,367 voting rights) is allocable to Porsche Piech Holding GmbH in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG and 60.69% of the voting rights in the issuer (92,927,625 voting rights) is allocable on account of an existing consortium agreement in accordance with Sec. 22 (2) WpHG. The voting rights allocated to Porsche Piech Holding GmbH in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG are actually held via the following controlled entities, whose voting share in Porsche SE amounts to 3% or more: Porsche Gesellschaft m.b.H., Salzburg, Porsche Gesellschaft mit beschränkter Haftung, Stuttgart.

3% or more of the voting rights arising from the shares of the following shareholders were allocated to Porsche Piech Holding GmbH in accordance with Sec. 22 (2) WpHG: Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Germany, Familie Porsche Beteiligung GmbH, Grünwald, Germany, Ferdinand Piëch GmbH, Grünwald, Germany, Hans Michel Piëch GmbH, Grünwald, Germany.

2. The percentage of voting rights held by Porsche Piech Zweite Familienholding Neu GmbH, Salzburg, Austria, in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, exceeded the voting rights thresholds of 3%, 5%, 10%, 15% and 20% on 5 October 2011 and amounts to 20.44% (31,297,508 voting rights) as of that date. All of these voting rights are allocated to Porsche Piech Zweite Familienholding Neu GmbH in accordance with Sec. 22 (1) Sentence 1 No. 2 WpHG (in conjunction with Sec. 22 (1) Sentence 2 WpHG). 3% or more of the voting rights arising from the shares of the following shareholders were allocated to Porsche Piech Zweite Familienholding Neu GmbH:

Familie Porsche Beteiligung GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald.

These voting rights were not obtained by exercise of purchase rights resulting from financial instruments according to Sec. 25 (1) Sentence 1 WpHG.”

Notification on 3 November 2011:

Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, Germany, was informed of the following on 3 November 2011 pursuant to Sec. 21 (1) Sentence 1 WpHG:

“1. The percentage of voting rights held by ZH 1320 GmbH, Salzburg, Austria, in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, exceeded the voting rights threshold of 3% on 28 October 2011 and amounts to 4.89% (7,481,664 voting rights) as of that date. All of these voting rights are allocated to ZH 1320 GmbH in accordance with Sec. 22 (1) Sentence 1 No. 2

WpHG in conjunction with Sec. 22 (1) Sentence 2 WpHG. 3% or more of the voting rights arising from the shares of the following shareholder were allocated to ZH 1320 GmbH: Familie Porsche Beteiligung GmbH, Grünwald, Germany.

2. The percentage of voting rights held by ZH 1330 GmbH, Salzburg, Austria, in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, exceeded the voting rights threshold of 3% on 28 October 2011 and amounts to 4.89% (7,481,664 voting rights) as of that date. All of these voting rights are allocated to ZH 1330 GmbH in accordance with Sec. 22 (1) Sentence 1 No. 2 WpHG in conjunction with Sec. 22 (1) Sentence 2 WpHG. 3% or more of the voting rights arising from the shares of the following shareholder were allocated to ZH 1330 GmbH: Familie Porsche Beteiligung GmbH, Grünwald, Germany.
3. The percentage of voting rights held by ZH 1420 GmbH, Salzburg, Austria, in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, exceeded the voting rights threshold of 3% on 28 October 2011 and amounts to 4.91% (7,514,342 voting rights) as of that date. All of these voting rights are allocated to ZH 1420 GmbH in accordance with Sec. 22 (1) Sentence 1 No. 2 WpHG in conjunction with Sec. 22 (1) Sentence 2 WpHG. 3% or more of the voting rights arising from the shares of the following shareholder were allocated to ZH 1420 GmbH: Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Germany. These voting rights were not obtained by exercise of purchase rights resulting from financial instruments according to Sec. 25 (1) Sentence 1 WpHG."

In addition, Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, Germany, was informed that:

- "4. Porsche Verwaltungs GmbH, Salzburg, Austria, has been dissolved through merger.
5. Porsche Piech Zweite Familienholding Neu GmbH, Salzburg, Austria, has been dissolved through spin-off."

Notification on 3 November 2011:

Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, Germany, was informed by Porsche Wolfgang 2. Beteiligungs GmbH & Co. KG, Stuttgart, Germany, on 3 November 2011 pursuant to Sec. 21 (1) Sentence 1 WpHG that the voting share held by this entity in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, exceeded the voting rights threshold of 3% on 28 October 2011 and amounted to 4.89% of the voting rights in the issuer (7,481,664 voting rights) as of that date.

All of these voting rights are allocated to Porsche Wolfgang 2. Beteiligungs GmbH & Co. KG in accordance with Sec. 22 (1) Sentence 1 No. 2 WpHG in conjunction with Sec. 22 (1) Sentence 2 WpHG.

3% or more of the voting rights arising from the shares of the following shareholder were allocated to Porsche Wolfgang 2. Beteiligungs GmbH & Co. KG:

Familie Porsche Beteiligung GmbH, Grünwald, Germany.

These voting rights were not obtained by exercise of purchase rights resulting from financial instruments according to Sec. 25 (1) Sentence 1 WpHG.

Notification on 3 November 2011:

Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, Germany, was informed on 3 November 2011 pursuant to Sec. 27a (1) WpHG with reference to the voting rights notifications of the following individuals and entities (the "notifying parties") dated 5 October 2011

1. Mag. Josef Ahorner, Vienna, Austria
2. Mag. Louise Kiesling, Vienna, Austria
3. Prof. Ferdinand Alexander Porsche, Gries/Pinzingau, Austria
4. Dr. Ferdinand Oliver Porsche, Salzburg, Austria
5. Kai Alexander Porsche, Innsbruck, Austria
6. Mag. Mark Philipp Porsche, Salzburg, Austria
7. Gerhard Anton Porsche, Mondsee, Austria
8. Ferdinand Porsche Privatstiftung, Salzburg, Austria
9. Ferdinand Porsche Holding GmbH, Salzburg, Austria
10. Louise Daxer-Piech GmbH, Salzburg, Austria
11. Louise Daxer-Piech GmbH, Grünwald, Germany
12. Prof. Ferdinand Alexander Porsche GmbH, Salzburg, Austria
13. Ferdinand Alexander Porsche GmbH, Grünwald, Germany
14. Gerhard Anton Porsche GmbH, Salzburg, Austria
15. Gerhard Porsche GmbH, Grünwald, Germany
16. Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Germany
17. Ing. Hans-Peter Porsche, Salzburg, Austria
18. Peter Daniell Porsche, Gaisberg 34, Salzburg, Austria
19. Dr. Wolfgang Porsche, Salzburg, Austria
20. Familie Porsche Privatstiftung, Salzburg, Austria
21. Familie Porsche Holding GmbH, Salzburg, Austria
22. Ing. Hans-Peter Porsche GmbH, Salzburg, Austria
23. Hans-Peter Porsche GmbH, Grünwald, Germany
24. Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG, Stuttgart, Germany
25. Wolfgang Porsche GmbH, Stuttgart, Germany
26. Familie Porsche Beteiligung GmbH, Grünwald, Germany
27. Porsche Piech Holding AG (formerly: Porsche Piech Holding GmbH), Salzburg, Austria,

whose voting share in the issuer exceeded the voting rights threshold of 75% on 4 October 2011 in each case, of the following:

"The voting rights thresholds are exceeded through allocation of further voting rights arising from shares in the issuer on account of a consortium agreement in accordance with Sec. 22 (2) WpHG, not through acquisition of shares by the notifying parties.

- 1) Objective pursued with the acquisition of voting rights (Sec. 27a (1) Sentence 3 WpHG)

- a) The matter underlying the allocation of voting rights does not serve either to implement strategic aims or to generate trading profits at the notifying parties.
- b) The notifying parties intend to obtain further voting rights within the next 12 months by allocation following internal restructuring within the family.
- c) Apart from exercising voting rights at the issuer's annual general meeting in supervisory board elections, the notifying parties do not aim to gain influence over the composition of administrative, management or supervisory bodies at the issuer.
- d) The notifying parties do not aim to make any material changes to the issuer's capital structure, including but not limited to the proportion of equity and liabilities and the dividend policy.

2) Origin of the funds used (Sec. 27a (1) Sentence 4 WpHG)

These voting rights are acquired merely by way of allocation of further voting rights in accordance with Sec. 22 (2) WpHG. No equity or liabilities of the notifying parties were used to finance the acquisition of the voting rights."

Notification on 7 December 2011:

Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, Germany, was informed of the following on 7 December 2011 pursuant to Sec. 21 (1) WpHG:

"The percentage of voting rights held by each of the following individuals and legal entities ("notifying parties") in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, Germany, exceeded the voting rights threshold of 75% on 5 December 2011 and amounts to 78.63% (120,395,572 of a total of 153,125,000 voting rights in Porsche Automobil Holding SE) as of that date:

1. Prof. Dipl.-Ing. Dr. h.c. Ferdinand Karl Piëch, Salzburg, Austria;
2. Ferdinand Karl Alpha Privatstiftung, Vienna, Austria;
3. Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg, Austria;
4. Dr. Hans Michel Piëch, Vienna, Austria;
5. Dr. Hans Michel Piech GmbH, Salzburg, Austria;
6. Ferdinand Piëch GmbH, Grünwald, Germany;
7. Hans-Michel Piëch GmbH, Grünwald, Germany.

A share of 13.97% of the voting rights (21,394,758 voting rights) is allocable to the notifying parties 1 through 3 in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG and 64.65% (99,000,814 voting rights) is allocable in accordance with Sec. 22 (2) WpHG.

A share of 13.97% of the voting rights (21,394,757 voting rights) is allocable to the notifying parties 4 and 5 in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG and 64.65% (99,000,815 voting rights) is allocable in accordance with Sec. 22 (2) WpHG.

A share of 64.65% of the voting rights (99,000,814 voting rights) is allocable to the notifying party 6 in accordance with Sec. 22 (2) WpHG.

A share of 64.65% of the voting rights (99,000,815 voting rights) is allocable to the notifying party 7 in accordance with Sec. 22 (2) WpHG.

The voting rights allocated to the notifying parties 1 through 5 in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG were allocated to each notifying party via the following subsidiaries as defined by Sec. 22 (3) WpHG:

1. Notifying party: Prof. Dipl.-Ing. Dr. h.c. Ferdinand Karl Piëch, Salzburg, Austria
Subsidiaries as defined by Sec. 22 (1) Sentence 1 No. 1, (3) WpHG:^{*}

- * Ferdinand Karl Alpha Privatstiftung, Vienna, Austria;
- * Dipl.-Ing. Dr. h.c. Ferdinand Piech GmbH, Salzburg, Austria;
- * Ferdinand Piëch GmbH, Grünwald, Germany;

2. Notifying party: Ferdinand Karl Alpha Privatstiftung, Vienna, Austria
Subsidiaries as defined by Sec. 22 (1) Sentence 1 No. 1, (3) WpHG:

- * Dipl.-Ing. Dr. h.c. Ferdinand Piech GmbH, Salzburg, Austria;
- * Ferdinand Piëch GmbH, Grünwald, Germany;

3. Notifying party: Dipl.-Ing. Dr. h.c. Ferdinand Piech GmbH, Salzburg, Austria
Subsidiaries as defined by Sec. 22 (1) Sentence 1 No. 1, (3) WpHG:

- * Ferdinand Piëch GmbH, Grünwald, Germany;

4. Notifying party: Dr. Hans Michel Piëch, Vienna, Austria
Subsidiaries as defined by Sec. 22 (1) Sentence 1 No. 1, (3) WpHG:

- * Dr. Hans Michel Piech GmbH, Salzburg, Austria;
- * Hans-Michel Piëch GmbH, Grünwald, Germany;

5. Notifying party: Dr. Hans Michel Piech GmbH, Salzburg, Austria

Subsidiaries as defined by Sec. 22 (1) Sentence 1 No. 1, (3) WpHG:

- * Hans-Michel Piëch GmbH, Grünwald, Germany.

3% or more of the voting rights arising from the shares of the following shareholders were allocated to the other notifying parties in accordance with Sec. 22 (2) WpHG (excluding those notifying parties that have already been allocated voting rights arising from the shares of the respective shareholder in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG):

- * Ferdinand Piëch GmbH, Grünwald, Germany;
- * Hans-Michel Piëch GmbH, Grünwald, Germany;
- * Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Germany;
- * Porsche Gesellschaft mit beschränkter Haftung, Stuttgart, Germany;
- * Familie Porsche Beteiligung GmbH, Grünwald, Germany.”

Notification on 7 December 2011:

Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, Germany, was informed of the following on 7 December 2011 pursuant to Sec. 21 (1) WpHG:

"The percentage of voting rights held by ZH 1420 GmbH, Salzburg, Austria, and PP 1420 GmbH, Grünwald, Germany, in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, fell below the voting rights threshold of 3% on 5 December 2011 and amounts to 0.00% of voting rights in the issuer in each case (0 voting rights) as of that date.

PP 1480 GmbH, Grünwald, Germany, has been dissolved through merger."

Notification on 7 December 2011:

Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, Germany, was informed of the following on 7 December 2011 pursuant to Sec. 21 (1) WpHG:

"1. The percentage of voting rights held by Porsche Piech Holding AG, Salzburg, Austria, in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, exceeded the voting rights threshold of 75% on 5 December 2011 and amounts to 78.63% (120,395,572 voting rights) as of that date. A share of 8.87% of the voting rights (13,587,367 voting rights) is allocable to Porsche Piech Holding AG in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG and 69.75% (106,808,205 voting rights) is allocable on account of an existing consortium agreement in accordance with Sec. 22 (2) WpHG. The voting rights allocated to Porsche Piech Holding AG in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG are actually held via the following controlled entities, whose voting share in Porsche SE amounts to 3% or more in each case: Porsche Gesellschaft m.b.H., Salzburg, Austria, Porsche Gesellschaft mit beschränkter Haftung, Stuttgart, Germany. 3% or more of the voting rights arising from the shares of the following shareholders were allocated to Porsche Piech Holding AG in accordance with Sec. 22 (2) WpHG: Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Germany, Familie Porsche Beteiligung GmbH, Grünwald, Germany, Ferdinand Piëch GmbH, Grünwald, Germany, Hans Michel Piëch GmbH, Grünwald, Germany.

2. The percentage of voting rights held by Porsche Gesellschaft m.b.H., Salzburg, Austria, in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, exceeded the voting rights threshold of 75% on 5 December 2011 and amounts to 78.63% (120,395,572 voting rights) as of that date. A share of 8.87% of the voting rights (13,587,367 voting rights) is allocable to Porsche Gesellschaft m.b.H., Salzburg, Austria, in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG and 69.75% (106,808,205 voting rights) is allocable on account of an existing consortium agreement in accordance with Sec. 22 (2) WpHG. The voting rights allocated to Porsche Gesellschaft m.b.H., Salzburg, Austria, in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG are actually held via the following controlled entity, whose voting share in Porsche SE amounts to 3% or more: Porsche Gesellschaft mit beschränkter Haftung, Stuttgart, Germany. 3% or more of the voting rights arising from the shares of the following shareholders were allocated to Porsche Gesellschaft m.b.H., Salzburg, Austria, in accordance with Sec. 22 (2) WpHG: Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Germany, Familie Porsche Beteiligung GmbH, Grün-

wald, Germany, Ferdinand Piëch GmbH, Grünwald, Germany, Hans Michel Piëch GmbH, Grünwald, Germany.

3. The percentage of voting rights held by Porsche Gesellschaft mit beschränkter Haftung, Stuttgart, Germany, in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, exceeded the voting rights threshold of 75% on 5 December 2011 and amounts to 78.63% (120,395,572 voting rights) as of that date. A share of 69.75% of the voting rights (106,808,205 voting rights) is allocable to Porsche Gesellschaft mit beschränkter Haftung, Stuttgart, Germany, on account of an existing consortium agreement in accordance with Sec. 22 (2) WpHG. 3% or more of the voting rights arising from the shares of the following shareholders were allocated to Porsche Gesellschaft mit beschränkter Haftung, Stuttgart, in accordance with Sec. 22 (2) WpHG: Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Germany, Familie Porsche Beteiligung GmbH, Grünwald, Germany, Ferdinand Piëch GmbH, Grünwald, Germany, Hans Michel Piëch GmbH, Grünwald, Germany.

These voting rights were not obtained by exercise of purchase rights resulting from financial instruments according to Sec. 25 (1) Sentence 1 WpHG.”

Notification on 24 January 2012:

Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, Germany, was informed of the following on 24 January 2012 pursuant to Sec. 21 (1) Sentence 1 WpHG:

“The percentage of voting rights held by
 * Porsche Wolfgang 2. Beteiligungs GmbH & Co. KG, Stuttgart, Germany
 * ZH 1320 GmbH, Salzburg, Austria
 * PP 1320 GmbH, Grünwald, Germany
 * ZH 1330 GmbH, Salzburg, Austria
 * PP 1330 GmbH, Grünwald, Germany,
 in Porsche Automobil Holding SE, Porscheplatz 1, 70435 Stuttgart, fell below the voting rights threshold of 3% on 23 January 2012 and amounts to 0.00% of voting rights in the issuer in each case (0 voting rights) as of that date.”

In addition, Porsche Automobil Holding SE, Stuttgart, Germany, was informed that PP 1520 GmbH (formerly: ESP 1520 GmbH), Grünwald, Germany, and PP 1530 GmbH (formerly: ESP 1530 GmbH), Grünwald, Germany, have both been dissolved by merger.

[26] Related parties

In accordance with IAS 24, persons or entities which are in control of or controlled by the Porsche SE group must be disclosed. Pursuant to a consortium agreement, the Porsche and Piëch families have direct and indirect control respectively of the parent company Porsche SE.

The Porsche and Piëch families, in their capacity as holders of ordinary shares in Porsche SE provided €2,245 million to Porsche SE by subscribing to new ordinary shares in the course of the capital increase in the comparative period. This contribution is presented under supplies and services rendered. Apart from that, there were only immaterial trade transactions between the Porsche SE group and the Porsche and Piëch families and their affiliates.

The disclosure requirements under IAS 24 also extend to persons, and their close family members, who have the power to exercise significant influence over the entity, i.e. who have the power to participate in the financial and operating policies of the entity, but do not control it. In the fiscal year 2012 and in the comparative period, this concerns members of the supervisory board and the executive board of Porsche SE as well as their close family members. No transactions requiring disclosure were conducted by entities of the Porsche SE group with members of the supervisory board or executive board as key management personnel or with any other entities having these persons on their executive or supervisory board and over which Porsche SE has no significant influence or does not exercise joint control. The same applies for close family members of these persons.

The disclosure requirements pursuant to IAS 24 also include persons and entities over which the Porsche SE group can exert a significant influence or joint control.

In the reporting period, Porsche SE exercised significant influence over the Volkswagen group (associate) and, until the contribution of its holding business operations to Volkswagen AG, joint control over the Porsche Holding Stuttgart GmbH group (joint venture). With regard to the effects of the contribution of holding business operations of Porsche SE, reference is made to the explanations in the section "Consolidated group".

All relationships to the respective parent companies and subsidiaries of both of these groups are presented. Supplies and services rendered include dividends and profit distributions totaling €540 million received from these groups (prior year: €485 million). The advance profit distribution resolved as part of the restructuring and contribution is not included therein. In the reporting period, it is taken into account in the goods delivered and services rendered as part of the income from the contribution of the holding business operations of Porsche SE to Volkswagen AG, of which an amount of €3,430 million is attributable to transactions between Porsche SE and the Volkswagen group. Expenses from transactions between Porsche SE and the Porsche Holding Stuttgart GmbH group that relate to the contribution of the holding business operations of Porsche SE to Volkswagen AG of €17 million were taken into account in the goods and services received in the reporting period. The obligations directly resulting from the contribution are recorded under liabilities at €499 million (see also note [20]).

Prior to the contribution of the holding business operations of Porsche SE to Volkswagen AG there were relationships to the Porsche Holding Stuttgart GmbH group in the form of receivables and liabilities subject to market interest rates (see also notes [12] and [19]). Prior to the execution of the contribution, financial services were rendered to entities in that group, giving rise to finance revenue totaling €107 million (prior year: €183 million) and cost of purchased services of €102 million (prior year: €175 million). In addition, financial and other guarantees with a total volume of €1,674 million (prior year: €2,152 million) were issued to entities of that group. The probability of claims being made on the guarantees is considered very low and Volkswagen AG has signed a hold harmless agreement in the amount of its share in capital (i.e., 49.9% prior to the contribution of Porsche SE's holding business operations to Volkswagen AG and 100% thereafter) (for further details, please refer to note [21]).

Since the contribution Porsche SE and the Volkswagen group have had relationships in the financial services sector. This led to finance revenue of €4 million (prior year: €0 million), which was counterbalanced by finance costs of €9 million (prior year: €0 million). In connection with this relationship, receivables came to €871 million and liabilities to €303 million.

The contribution of the holding business operations of Porsche SE to Volkswagen AG had the following impact on the agreements already existing prior to the contribution and entered into by Porsche SE, Volkswagen AG and entities of the Porsche Holding Stuttgart GmbH group as part of the basic agreement and the associated agreements implementing it:

- Under an agreement implementing the basic agreement Porsche SE agreed to hold Volkswagen AG as well as Porsche Holding Stuttgart GmbH and Porsche AG harmless from obligations resulting from certain lawsuits, tax liabilities (plus interest) and for certain major losses. Due to the contribution of the holding business operations of Porsche SE to Volkswagen AG, this obligation ceased to exist effective 1 August 2012.
- In addition, Porsche SE had granted Volkswagen AG various guarantees regarding Porsche Holding Stuttgart GmbH and Porsche AG under the agreement implementing the basic agreement. These related, among other things, to the proper issue and full payment of shares, to the ownership of shares in Porsche Holding Stuttgart GmbH and Porsche AG as well as to the licenses, permits and industrial property rights required for Porsche AG's operations. Due to the contribution of the holding business operations of Porsche SE to Volkswagen AG, these obligations ceased to exist effective 1 August 2012.
- Prior to the date of the contribution, if the loan obligations of Porsche Holding Stuttgart GmbH or Porsche AG due to Porsche SE had fallen due and been uncollectible in the event of insolvency of Porsche Holding Stuttgart GmbH or Porsche AG, Volkswagen AG would have assumed these obligations provided it would have been possible when they fell due to offset the obligations against claims against Porsche SE had the companies not become insolvent (please refer to note [12]). As a result of the contribution of the business operations, these loan obligations were transferred to the Volkswagen group releasing it from all liability, such that this cannot lead to any obligations of Volkswagen AG towards Porsche SE.

- Porsche SE had pledged a loan receivable due from Porsche Holding Stuttgart GmbH and 70 million of the ordinary shares that it holds in Volkswagen AG as collateral for two loan liabilities to entities of the Porsche Holding Stuttgart GmbH group (please refer to notes [11] and [19]). The lien was cancelled upon transfer of the loan liabilities in the course of the contribution, releasing Porsche SE from all liability.
- Volkswagen AG had agreed to hold Porsche SE harmless from certain financial guarantees issued by Porsche SE to the creditors of entities in the Porsche Holding Stuttgart GmbH group for the amount of its share in Porsche Holding Stuttgart GmbH's capital (please refer to note [21]). Since the contribution of the holding business operations of Porsche SE to Volkswagen AG effective 1 August 2012 the capital share has amounted to 100% and has since then also comprised guarantees issued by Porsche SE towards the bond creditors of Porsche Holding Finance plc, Dublin, Ireland, relating to the interest payment and repayment of bonds with a total volume of €310 million. Under the contribution of the holding business operations of Porsche SE to Volkswagen AG, Volkswagen AG undertook to assume a liability compensation as is customary in the market for guarantees issued vis-à-vis external creditors while holding Porsche SE harmless for internal purposes, effective as of 1 August 2012.

It remained unchanged that under certain circumstances, Porsche SE holds Porsche Holding Stuttgart GmbH, Porsche AG and their legal predecessors harmless from tax burdens that go beyond the obligations from periods up until and including 31 July 2009 recognized at the level of these entities. In return, Volkswagen AG has undertaken to transfer any tax advantages or tax refunds of Porsche Holding Stuttgart GmbH, Porsche AG or their legal predecessors and subsidiaries for fiscal years up until and including 31 July 2009 to Porsche SE.

The following new agreements were concluded under the contribution agreement:

- Under the contribution agreement, Porsche SE granted Volkswagen AG various guarantees relating to Porsche Holding Stuttgart GmbH, Porsche AG and its other investments transferred. These concern amongst other things the proper issue and complete payment of shares and/or contributions and/or the ownership of the shares in Porsche Holding Stuttgart GmbH and Porsche AG.
- Under the contribution of its holding business operations, Porsche SE also granted Volkswagen AG guarantees for other assets and liabilities transferred. Under these guarantees, Porsche SE assures that these are not pledged and are unencumbered by third-party rights prior up to the execution date of the contribution.
- Porsche SE's liability for these guarantees is limited to the consideration from Volkswagen AG.
- Porsche SE under certain circumstances holds its transferred subsidiaries, Porsche Holding Stuttgart GmbH and Porsche AG harmless from certain obligations towards Porsche SE pertaining to the period up to and including 31 December 2011 and that go beyond the obligations recognized for these entities for this period.

- Porsche SE holds Porsche Holding Stuttgart GmbH and Porsche AG harmless from obligations resulting from certain litigation, including the cost of appropriate legal counsel.
- In addition, Porsche SE holds Volkswagen AG harmless from half of the amount of the taxes (with the exception of income taxes) of Porsche Holding Stuttgart GmbH, Porsche AG and their subsidiaries arising at their respective levels in connection with the contribution and that would not have been incurred had the call options been exercised for the shares in Porsche Holding Stuttgart GmbH remaining at Porsche SE prior to the contribution. Accordingly, Volkswagen AG holds Porsche SE harmless for half the amount of such taxes incurred there. In addition, Porsche Holding Stuttgart GmbH will be held harmless for half of the amount of the real estate transfer tax and other costs triggered as a result of the merger.
- It was also agreed to allocate based on causation any subsequent VAT receivables and/or VAT liabilities from transactions up to 31 December 2009 between Porsche SE and Porsche AG.
- Various information, conduct and cooperation duties were agreed in the contribution agreement between Porsche SE and the Volkswagen group.

Within the scope of the basic agreement, Porsche SE and Volkswagen AG had granted each other put and call options relating to the 50.1% share in Porsche Holding Stuttgart GmbH (as the legal successor of Porsche Zwischenholding GmbH) remaining at Porsche SE prior to the contribution of its holding business operations to Volkswagen AG, which was held in trust on behalf of Porsche SE until 31 December 2011. Porsche SE was entitled to exercise the put option from 15 November 2012 until the end of the day on 14 January 2013 and again from 1 December 2014 until the end of the day on 31 January 2015. Volkswagen AG was entitled to exercise the call option as of 1 March 2013 until the end of the day on 30 April 2013 and again from 1 August 2014 until the end of the day on 30 September 2014. The exercise price for the two options was €3,883 million and was subject to certain adjustments (for the carrying amounts of these options and collateral provided, reference is made to notes [12] and [20]). Under the contribution, the put and call options were transferred to Volkswagen AG, such that these ceased to exist post merger.

Both Volkswagen AG (in the event that it exercises its call options) as well as Porsche SE (in the event that it exercises its put options) had both agreed to bear any tax expenses arising from exercising the options and from any downstream measures with respect to the investments in Porsche Holding Stuttgart GmbH (e.g., from back taxes on the 2007 and/or 2009 spin-off). If Volkswagen AG, Porsche Holding Stuttgart GmbH, Porsche AG or their respective subsidiaries had enjoyed tax advantages as a result of subsequent taxation of the 2007 and/or 2009 spin-off, the purchase price payable by Volkswagen AG for the transfer of the remaining 50.1% share in Porsche Holding Stuttgart GmbH would have increased by the present value of the tax advantages if Porsche SE had exercised its put options. This rule was taken over in the course of the contribution agreement to the extent that Porsche SE has a payment claim against Volkswagen AG equivalent to the present value of the recoverable tax advantages as a result of subsequent taxation of the 2007 spin-off owing to the contribution. In connection with the contribution it was also agreed that Porsche SE would release Volkswagen AG, Porsche Holding Stuttgart GmbH and its subsidiaries from any tax liability with respect to subsequent taxation in 2012 resulting from a measure taken or omitted by Porsche SE upon or subsequent to the execution of the contribution. Also in that event, Porsche SE has a payment claim against

Volkswagen AG in the amount of the present value of the recoverable tax advantages resulting from such a transaction at the level of Volkswagen AG or one of its subsidiaries.

In order to secure any remaining claims of Volkswagen AG from the agreement between Porsche SE and Volkswagen AG on the investment held by Volkswagen AG in Porsche Holding Stuttgart GmbH, a retention mechanism was agreed in favor of Volkswagen AG for the purchase price payable in the event of the put or call option being exercised. In the course of the contribution of the holding business operations of Porsche SE to Volkswagen AG, the corresponding obligations were eliminated.

Volkswagen AG has agreed to hold Porsche SE harmless for internal purposes from any claims of the deposit guarantee fund agency after Porsche SE issued a hold harmless declaration to the deposit guarantee fund agency as required by the Association of German Banks in August 2009. In addition, Volkswagen AG has undertaken to hold the deposit guarantee fund agency harmless from any losses incurred as a result of its measures in favor of a bank in which it holds the majority.

The table below shows the supplies and services rendered and received between the Porsche SE group and its related parties as well as existing receivables and liabilities.

€ million	Supplies and services rendered		Supplies and services received	
	2012	2011	2012	2011
Porsche and Piëch families	0	2,245	0	0
Joint ventures	198	340	121	176
Associates	4,294	330	212	4373
	4,492	2,915	333	4,549

	Receivables		Liabilities	
€ million	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Joint ventures	0	4,030	0	3,880
Associates	876	232	803	5,087
	876	4,262	803	8,967

The following benefits and payments were recorded for the board work of the members of the executive board and the supervisory board of Porsche SE.

€ million	2012	2011
Short-term employee benefits	6.0	3.3
Other long-term benefits	0.8	0.0
Post-employment benefits	0.2	0.0
Termination benefits	0.5	0.0

Other long-term benefits concern the addition to provisions for the long-term component of the variable incentive of the members of the executive board of Porsche SE. The expenses for post-employment benefits contain the addition to the pension provisions.

As of the end of the fiscal year, the outstanding balances for remuneration of members of Porsche SE's executive board and supervisory board amounted to €4.3 million (prior year: €0.7 million).

[27] Remuneration of the supervisory board and the executive board

The total remuneration of members of Porsche SE's executive board amounted to €3.8 million in fiscal year 2012 (prior year: €2.3 million). The benefits paid to former members of Porsche SE's executive board amounted to €0.5 million in fiscal year 2012 (prior year: €0.0 million).

The total remuneration of the supervisory board for the fiscal year 2012 amounts to €2.2 million (prior year: €1.0 million).

Individual information on the remuneration of the executive board and of the supervisory board of Porsche SE as well as a breakdown into individual components are contained in the remuneration report which is included in the combined management report for the group and for Porsche SE.

[28] Auditor's fees

The auditor's fees charged by the auditor Ernst & Young GmbH, Stuttgart, for the fiscal year in accordance with Sec. 314 (1) No. 9 HGB break down as follows:

€'000	2012	2011
Audit of financial statements	227	250
Other assurance services	120	3,525
Tax advisory services	2,705	2,264
Other services	651	1,095
	3,703	7,134

The tax advisory services do not contain services for the prior year (prior year: €537 thousand).

[29] Declaration on the German Corporate Governance Code

The executive board and supervisory board of Porsche SE issued the declaration required by Sec. 161 AktG in October 2012 and made it permanently accessible to the shareholders of Porsche SE on the website www.porsche-se.com.

Stuttgart, 8 March 2013

Porsche Automobil Holding SE

The executive board

Prof. Dr. Martin Winterkorn Matthias Müller Hans Dieter Pötsch Philipp von Hagen

Responsibility statement

We assure to the best of our knowledge, and in accordance with the applicable reporting principles and the [German] principles of proper accounting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report, which has been combined with the management report of Porsche SE, includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Stuttgart, 8 March 2013

Porsche Automobil Holding SE

The executive board

Prof. Dr. Martin Winterkorn Matthias Müller Hans Dieter Pötsch Philipp von Hagen

Auditors' report of the group auditor

"We have audited the consolidated financial statements prepared by Porsche Automobil Holding SE, Stuttgart, comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of cash flows, the statement of changes in equity as well as the notes to the financial statements, together with the combined management report for the fiscal year from 1 January to 31 December 2012. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] is the responsibility of the company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development."

Stuttgart, 8 March 2013

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Wollmert Wirtschaftsprüfer [German Public Auditor]	Matischiok Wirtschaftsprüfer [German Public Auditor]
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Other disclosures

Membership in other statutory supervisory boards and comparable domestic and foreign control bodies

Members of the supervisory board of Porsche Automobil Holding SE

**Dr. Wolfgang Porsche
(chairman)**

- A) Dr. Ing. h.c. F. Porsche AG, Stuttgart (chairman)
Volkswagen AG, Wolfsburg
AUDI AG, Ingolstadt
- B) Porsche Holding Gesellschaft m.b.H., Salzburg
Porsche Gesellschaft m.b.H., Salzburg
(deputy chairman)
Familie Porsche AG Beteiligungsgesellschaft,
Salzburg (chairman)
Porsche Cars Great Britain Ltd., Reading
Porsche Cars North America Inc., Wilmington
Porsche Ibérica S.A., Madrid
Porsche Italia S.p.A., Padua
Porsche Piech Holding GmbH, Salzburg
(deputy chairman)
Porsche Holding Stuttgart GmbH, Stuttgart
(chairman)
Schmittenhöhebahn Aktiengesellschaft,
Zell am See

**Uwe Hück
(deputy chairman)**

- A) Dr. Ing. h.c. F. Porsche AG, Stuttgart
(deputy chairman)
- B) Porsche Holding Stuttgart GmbH, Stuttgart
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Berthold Huber

- A) Volkswagen AG, Wolfsburg (deputy chairman)
AUDI AG, Ingolstadt (deputy chairman)
Siemens AG, Munich (deputy chairman)

**His Excellency Sheikh Jassim bin Abdulaziz
bin Jassim Al-Thani**

- B) Qatar Foundation International LLC.,
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Qatar Foundation Endowment Executive
Committee, Doha (chairman)
Qatar National Broadband Network Company,
Doha (chairman)
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Authority, Doha (chairman)
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Qatar Foundation Board of Trustees, Doha
InvestCorp, Manama

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Braunschweig
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Wilmington

Porsche Ibérica S.A., Madrid

Porsche Italia S.p.A., Padua

Porsche Piech Holding GmbH, Salzburg
(chairman)

Porsche Holding Stuttgart GmbH, Stuttgart

Volksoper Wien GmbH, Vienna

Schmittenhöhebahn Aktiengesellschaft,
Zell am See**Hon.-Prof. Dr. techn. h.c. Dipl. Ing. ETH****Ferdinand K. Piëch**

- A) Dr. Ing. h.c. F. Porsche AG, Stuttgart
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 - MAN SE, Munich (chairman)
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- B) Porsche Gesellschaft m.b.H., Salzburg
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 - Ducati Motor Holding S.p.A., Bologna
 - Scania AB, Södertälje
 - Scania CV AB, Södertälje

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 - PGA S.A., Paris

Werner Weresch

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- B) Porsche Holding Stuttgart GmbH, Stuttgart

Dr. Hans Michel Piëch

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 - AUDI AG, Ingolstadt
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 - Porsche Gesellschaft m.b.H., Salzburg (chairman)
 - Porsche Cars Great Britain Ltd., Reading

Hansjörg Schmiederer (since 23 January 2012)

- A) Dr. Ing. h.c. F. Porsche AG, Stuttgart
 - Mahle GmbH, Stuttgart
- B) Porsche Holding Stuttgart GmbH, Stuttgart

Members of the executive board of Porsche Automobil Holding SE

**Prof. Dr. Dr. h.c. mult. Martin Winterkorn
(chairman)**

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AUDI AG, Ingolstadt (chairman)
MAN SE, Munich
Salzgitter AG, Salzgitter
FC Bayern München AG, Munich
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Volkswagen (China) Investment Company Ltd.,
Beijing (chairman)
Volkswagen Group of America, Inc.,
Herndon, Virginia (chairman)
Porsche Austria Gesellschaft m.b.H., Salzburg
Porsche Retail GmbH, Salzburg
Porsche Holding Stuttgart GmbH, Stuttgart
Italdesign-Giugiaro S.p.A., Turin (chairman)

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Vfl Wolfsburg-Fußball GmbH, Wolfsburg
(deputy chairman)

Matthias Müller

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- B) Porsche Cars North America Inc., Wilmington
Porsche Cars Great Britain Ltd., Reading
Porsche Italia S.p.A., Padua
Porsche Ibérica S.A., Madrid
Porsche Hong Kong Ltd., Hong Kong
Porsche (China) Motors Ltd., Guangzhou
Porsche Enterprises Inc., Wilmington
SEAT S.A., Martorell

Philipp von Hagen (since 1 March 2012)

Hans Dieter Pötsch

- A) Dr. Ing. h.c. F. Porsche AG, Stuttgart
AUDI AG, Ingolstadt
Volkswagen Financial Services AG,
Braunschweig (chairman)
Autostadt GmbH, Wolfsburg (chairman)
MAN SE, Munich
Bertelsmann SE & Co. KGaA, Gütersloh
- B) Bentley Motors Ltd., Crewe
Volkswagen (China) Investment Company Ltd.,
Beijing (deputy chairman)
Volkswagen Group of America, Inc.,
Herndon, Virginia
Scania AB, Södertälje
Scania CV AB, Södertälje
Porsche Holding Gesellschaft m.b.H.,
Salzburg (deputy chairman)
Porsche Austria Gesellschaft m.b.H., Salzburg
(deputy chairman)

Thomas Edig (until 29 February 2012)

- A) DEKRA Automobil GmbH, Stuttgart
- B) Porsche Consulting GmbH,
Bietigheim-Bissingen
Porsche Logistik GmbH, Stuttgart
Porsche Leipzig GmbH, Leipzig
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Management- und IT-Beratung mbH, Freiberg/N.

(Disclosures pursuant to Sec. 285 No. 10 HGB)

As of 31 December 2012

A) Membership in German statutory supervisory boards
B) Comparable offices in Germany and abroad

Balance sheet of Porsche Automobil Holding SE as of 31 December 2012¹

€ million	31/12/2012	31/12/2011
Assets		
Non-current assets		
Financial assets	21,487	24,771
	21,487	24,771
Current assets		
Trade receivables	5	4,030
Other receivables and assets	823	228
Cash and cash equivalents	2,862	460
	3,690	4,718
Prepaid expenses	3	5
	25,180	29,494
Equity and liabilities		
Equity		
Subscribed capital	306	306
Capital reserves	4,979	4,980
Retained earnings	18,124	17,379
Net profit available for distribution	744	232
	24,153	22,897
Provisions		
Provisions for pensions and similar obligations	7	8
Sundry provisions	215	196
	222	204
Liabilities		
Liabilities to banks	0	2,000
Trade payables	1	1
Sundry liabilities	804	4,392
	805	6,393
	25,180	29,494

¹ The financial statements of Porsche SE have been prepared in accordance with German accounting standards (HGB) and are published in the elektronischer Bundesanzeiger (German Electronic Federal Gazette). They can be obtained from Porsche SE, Financial Press and Investor Relations, Porscheplatz 1, 70435 Stuttgart, Germany.

Income statement of Porsche Automobil Holding SE
for the period from 1 January to 31 December 2012

€ million	2012	2011
Other operating income	28	12
Personnel expenses	- 14	- 14
Other operating expenses	- 69	- 128
Income from investments	2,379	485
Impairment losses on financial assets	- 782	0
Interest result	- 43	- 219
Income from ordinary activities	1,499	136
Income taxes	- 4	41
Other taxes	- 7	- 31
Net profit	1,488	146
Withdrawals from retained earnings	0	86
Transfer to retained earnings	- 744	0
Net profit available for distribution	744	232

Imprint

Editor

Porsche Automobil Holding SE,
Stuttgart

Photography

Claudia Kempf, Wuppertal

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Volkswagen AG, Wolfsburg
Audi AG, Ingolstadt
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ŠKODA AUTO a.s., Mladá Boleslav
Bentley Motors Ltd, Crewe
Bugatti Automobiles S.A.S., Molsheim
Automobili Lamborghini S.p.A.,
Sant'Agata Bolognese
Ducati Motor Holding S.p.A, Bologna
Scania AB, Södertälje
MAN SE, Munich

Creative conception

Simone Leonhardt, Frankfurt am Main

Total production

IThaus Münster GmbH & Co. KG,
Kornwestheim

Inhouse produced with FIRE.sys

This annual report is available in German and English.
In case of doubt the german version is binding.



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