PORSCHE SE

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CEO Prof. Winterkorn: Porsche SE well on track

Porsche with sustainable product campaign and advantages from cooperation with Volkswagen / Capital increase planned for 2011

Stuttgart, 19 October 2010. Prof. Dr. Martin Winterkorn, CEO of Porsche Automobil Holding SE (Porsche SE) believes that the holding company of Porsche and Volkswagen is well on track. Important milestones on the way to the intended merger of Porsche SE with Volkswagen AG have already been reached in the fiscal year 2009/10, Winterkorn stated on the occasion of the presentation of Porsche SE's consolidated financial statements in Stuttgart. However, important tasks still have to be mastered - above all, the planned capital increase at Porsche SE - said the CEO.

In view of the technological challenges and increasing competition, Porsche AG and the Volkswagen group had chosen just the right time to join forces: "With its outstanding expertise in the field of sports cars, Porsche will play an important role in the integrated group. Porsche will remain true to itself and its brand values," stressed Winterkorn. This was guaranteed by the cooperation with the Volkswagen group and with its development and production resources, added Winterkorn. The CEO went on to explain that joint project teams had launched a whole range of cooperation projects - in areas ranging from development to production, and from procurement to sales - and were now making great progress towards realizing the intended synergies. "Porsche and the Volkswagen group's brands are joining forces to become the number 1," Winterkorn emphasized.

Porsche SE's two investments - Volkswagen AG and Dr. Ing. h.c. F. Porsche AG (Porsche AG) - recorded very good operating performance in the fiscal year 2009/10 (ended 31 July). "We are looking back at a very successful year," said Matthias Müller, new CEO at Porsche AG. Porsche sold a total of 81,850 vehicles worldwide - an 8.8 percent improvement on the prior-year figure. Revenue

increased by 17.9 percent to 7.792 billion euro - a record figure in the company's history. Porsche's operating result was 1.185 billion euro.

The positive trend is set to continue in the current short business year, which ends on 31 December 2010, said Müller: "To date, our sales and revenue are above the levels for the comparable prior-year period. This is further evidence that Porsche is back on track for growth." Müller announced a major product campaign with a sustainable impact ranging from new generations of models, to additional model series, through to cross-brand modules and platforms. For example, Porsche is currently considering whether to build a compact SUV as an additional model series alongside its successful sporty off-roader, the Cayenne. However, the final decision has not yet been taken. The company's goal remains to continue achieving a double-digit return on sales. In the past fiscal year, the Porsche AG group generated a return on sales before tax of 16 percent, making the company the most profitable carmaker in the world.

In the period from 1 July to 31 December 2009, the Volkswagen group generated revenue of 53.985 billion euro and an operating result of 616 million euro. From 1 January to 30 June 2010, revenue came to 61.809 billion euro and the operating result was 2.841 billion euro.

In the past fiscal year 2009/10 (ended 31 July) Porsche SE achieved earnings after tax of minus 454 million euro. This is an improvement on the figure expected when Porsche SE published its sixmonthly financial report. The result for the past fiscal year was chiefly attributable to the effects of deconsolidation of the Volkswagen group and the Porsche Zwischenholding GmbH group, of which the operating company Dr. Ing. h. c. F. Porsche AG is a part, in December 2009. Other key factors were the inclusion of the two investments in Volkswagen AG and Porsche Zwischenholding GmbH at equity, and the dilutive effect of Porsche SE's non-participation in the Volkswagen capital increase in March 2010.

Porsche SE's CFO Hans Dieter Pötsch expects at least to break even for the current short fiscal year to
31 December 2010. Pötsch expects positive group earnings in the fiscal year 2011. This forecast is primarily based on the positive development from its investments accounted for at equity that is attributable to Porsche SE as a result of the recovering automobile markets. However, the results from Porsche SE's investments accounted for at equity will continue to include effects of

amortization of the purchase price allocations for Porsche Zwischenholding GmbH and Volkswagen AG which commenced in December 2009. But these burdens will decrease in future. In addition, the associated interest payments will have a negative impact on the group's results until the existing syndicated loan has been repaid.

With regard to reducing the company's liabilities, Porsche SE has made a major step forward, said Pötsch. Net liquidity improved from minus 11.4 billion euro (31 July 2009) to minus 6.0 billion euro on 31 July 2010. It is planned to further reduce Porsche SE's liabilities by means of a capital increase which the executive board and supervisory board will propose to the company's annual general meeting on 30 November 2010. The goal is to increase the share capital in return for contributions in cash by means of a direct capital increase, said Pötsch. The intended issue volume is five billion euro. The same number of ordinary and preference shares is to be offered for subscription and a "crossed exclusion of subscription rights" is planned. This means that holders of shares of one class are precluded from subscribing to shares of the other class. The subscription price, which still has to be determined, will be identical for ordinary and preference shares.

The planned capital increase is another important requirement for the creation of the integrated automotive group of Volkswagen and Porsche. Following completion of the capital increase, Porsche SE is to be merged into Volkswagen AG in accordance with the basic agreement. However, from today's perspective, it remains uncertain whether the timetable for the merger provided for in the basic agreement can be met. The legal and tax assessment of the transaction to be made in accordance with the basic agreement has not yet been completed.

This is due to external factors, among them the fact that the tax framework conditions for the merger are not yet set. Further, with regard to the damages claims filed in the US against Porsche SE and the damages claims raised by certain funds in Germany against Porsche SE, at the current stage of those proceedings, no final assessment of the consequences of those claims for the merger is possible. The executive board of Porsche SE believes the US claims to be inadmissible and without merit and will seek their dismissal; in addition, the board has refused to join the conciliatory proceedings applied for in Germany. The executive board of Porsche SE currently assumes that a successful clarification of the current uncertainties is possible and hence the merger will take place, even though possibly not within the ambitious timetable provided for in the basic agreement.

It is intended to use the income from the planned capital increase to repay the first 2.5 billion euro tranche of the syndicated loan. Any income exceeding this figure will be used to further reduce liabilities.

To ensure the greatest possible flexibility, the agenda of the annual general meeting of Porsche SE includes resolutions on the authorization to issue convertible bonds and on the creation of contingent capital and new authorized capital. These measures are intended to increase Porsche SE's flexibility, particularly if the direct capital increase cannot be performed on time or completely. In this connection, Porsche SE's lending banks have expressed their willingness to extend the first tranche of the credit line of 2.5 billion euro, which is due on 30 June 2011, by up to four months. No matter which capital measure is implemented, the aim is to generate no more than five billion euro.

As part of the overall basic agreement concept, the Porsche and Piëch families have made a commitment to approve the resolution and to subscribe to the new ordinary shares under certain circumstances. The required financial resources may be sourced from the income resulting from the sale of the operating business of Porsche Salzburg Holding to Volkswagen AG. The executive board and supervisory board of Porsche SE will also obtain the approval of holders' of preference shares for the capital measures.

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