PORSCHE SE

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Prof. Dr. Winterkorn: “Porsche SE is in a stronger position”

Annual general meeting in Stuttgart / Shareholders decide on capital increase

Stuttgart, 30 November 2010. Porsche Automobil Holding SE (Porsche SE), Stuttgart, is today (Tuesday) presenting a resolution to its annual general meeting for a capital increase in cash by means of which the company intends to take a decisive step towards sustainably reducing the company's liabilities. The CEO of Porsche SE, Prof. Dr. Martin Winterkorn, emphasized at the annual general meeting held at the Stuttgart trade fair center that the shareholders of Porsche SE had a stake in two of the "strongest companies in the automotive industry, companies ideally placed to master the challenges of tomorrow" that were in the process of joining forces. Addressing the shareholders, Prof. Dr. Winterkorn said: "We would ask you for your approval of the capital increase proposed by the executive board and supervisory board. This will allow us to lay a common foundation for a promisingfuture."

Hans Dieter Pötsch, CFO of Porsche SE, mentioned the capital increase as a key precondition for the planned merger of Porsche SE and Volkswagen AG. "Porsche SE's liabilities will be reduced considerably through the capital increase - which is in the interest of all shareholders," said Pötsch. He went on to say that the structure of the capital increase was likewise in the interest of all shareholders, since the issue of subscription rights allowed maintaining asset position and share in capital. The identical subscription price puts ordinary and preference shares on the same level. Pötsch considered it an important signal that the Porsche and Piëch families are backing the capital increase.

The proposed resolution aims to achieve gross issue proceeds totaling five billion euro by issuing up to 1.25 billion shares per class. The underlying idea of this approach was that flexibility and certainty were needed when issuing new shares, Pötsch said. The chosen measure is what is referred to as an "up to" capital increase. This means that the exact number of new shares issued depends on the subscription price. The subscription price should be identical for both ordinary and preference shares. With the supervisory board's approval, the executive board will set the subscription price - and thus also the number of shares to be issued - as best it can directly before the capital increase is executed, taking into account the market conditions and applying an adequate placement discount. The timetable provides for the capital increase to be executed by 30 May 2011.

The same number of ordinary and preference shares will be offered for subscription. Irrespective of the class of shares they hold, all shareholders will have a subscription right for the new shares. Under the proposed resolution, the shareholders' subscription rights are limited to new shares of the class they already hold. In other words, holders of preference shares only have a right to subscribe to preference shares and holders of ordinary shares can only subscribe to ordinary shares.

In addition to the proposed capital increase, there are also plans to authorize the executive board to issue convertible bonds, participation rights or participating bonds, or a combination of these instruments (commercial papers and notes). To allow the company to service such commercial papers and notes, resolutions will be put forward to create authorized capital and contingent capital. These capital measures would become especially relevant should the capital increase not be performed at all or not completely. These further capital measures are intended to generate a total of no more than five billion euro, including any issue proceeds from the capital increase. However, Pötsch once again made it quite clear that the executive board of Porsche SE was intent on performing the capital increase as proposed to the annual general meeting.

Prof. Dr. Winterkorn emphasized that it had been possible in 2010 to maneuver Porsche SE into calmer waters - even though overall economic conditions remained difficult: "The company is in a stronger position today," said the CEO. This positive development was driven by the "excellent performance of the two investments," he said. The revenue recorded by Porsche increased by almost 18 percent to some 7.8 billion euro in the past fiscal year 2009/10 (31 July). It was possible to substantially raise the operating profit to around 1.2 billion euro, as a result of which Porsche AG remains one of the most profitable carmakers. In the first three quarters of 2010, revenue in the Volkswagen group reached 92.5 billion euro - a year-on-year increase of almost 20 percent. Operating profit more than tripled to over 4.8 billion euro. This demonstrated the competitive advantages of the Volkswagen group's multi-brand strategy, he said.

Prof. Dr. Winterkorn emphasized that Volkswagen and Porsche had chosen just the right moment to join forces. The reasons that he cited for this were the dramatic changes facing the automotive industry. As a result, the company is having to invest billions in all relevant drive types. Prof. Dr. Winterkorn: "The intensity of competition is ever increasing and cost pressure is ever growing." He continued that it was a good thing that the integrated automotive group was beginning to take shape. The CEO of Porsche SE was confident that, "with its specialized expertise in the field of sports cars, Porsche will play a central role in the integrated group."

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