PORSCHE SE

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Report of the Executive Board on Agenda Items 6 and 7

The capital increase proposed under agenda items 6 and 7 for resolution by the general shareholders meeting and separate resolution by the holders of preferred shares under Art. 60 SE Regulation serves to secure the liquidity of Porsche Automobil Holding SE (the "**Company**"). The first tranche of the facility loan of the Company in the principle amount of € 2.5 billion is due for repayment on 30 June 2011. The funds required for this are supposed to be provided to the Company by way of the proposed capital increase. The capital increase also serves the purpose of establishing the prerequisites for a merger of the Company with Volkswagen Aktiengesellschaft, Wolfsburg ("**VW AG**") and, thus, represents an important intermediate step on the way to an integrated automobile group. The equity capital funds required by the Company can only be provided by a capital increase with the proposed volume. Porsche Gesellschaft m.b.H., Salzburg, has committed under certain conditions to secure the subscription of new common shares having an issuing volume totaling up to € 2.5 billion.

The proposals for resolutions under agenda items 6 and 7 provide that the share capital of the Company will be increased by up to € 2.5 billion to up to € 2.675 billion by issuing, each in exchange for cash contributions, up to 1.25 billion new bearer common shares and up to 1.25 billion new bearer preferred shares without voting rights having the same rights under the articles of association as the existing preferred shares without voting rights. The number of the common shares and preferred shares without voting rights to be issued depends on the subscription price to be established by the executive board with the consent of the supervisory board. The number of the preferred shares without voting rights to be issued will not exceed the number of the common shares to be issued because preferred shares can only be issued up to an amount of one half of the share capital (§ 139 para. 2 German Stock Corporation Act – AktG[1]), and the share capital of the Company presently consists one half each of common shares and preferred shares. Common shares can only be issued under the capital increase to the extent statutory subscription rights for common shares are exercised.

The new common shares and preferred shares without voting rights to be issued are supposed to be subscribed at the minimum issuing price of € 1.00 per new share by the credit

[1] The provisions of the German Stock Corporations Act apply for the Company pursuant to Art. 9 para. 1 point c) (ii) of the Regulation (EC) no. 2157/2001 of the Council of 8 October 2001 on the Statute of the European Corporation (SE) (the "SE Regulation").

institution(s) which assume(s) the placement of the new shares. Under the proposed resolution, the subscription price to be paid by the shareholders exercising their subscription right must be identical for the new common shares and preferred shares without voting rights. The executive board considers a similar subscription price to be appropriate. The voting right tied to the common shares is offset by the preferred dividend and the right to a higher dividend of the preferred shares as well as their increased fungibility existing as a result of the listing on the stock exchange. The subscription price will be established as best as possible by the executive board with the consent of the supervisory board, taking into account the current market situation existing at the time of implementing the capital increase and a reasonable discount for placement, but under no circumstances will it be less than € 2.00 per new share. This enables the executive board to react to the market conditions existing at the time of implementing the capital increase and to set the subscription price in such a manner that, if possible, the full targeted issue volume of € 5 billion will be achieved.

The shareholders must be granted a subscription right in the case of a capital increase (§ 186 para. 1 sentence 1 AktG). The resolution on the capital increase provides that the new shares to be issued will be subscribed to by one or more credit institutions together with the obligation to offer the shares to the shareholders of the Company at the subscription price set by the executive board with the consent of the supervisory board (so-called indirect subscription right under§ 186 para. 5 AktG). This does not restrict the subscription right of the shareholders. The shareholders are, in essence, granted the same subscription right as in the case of direct subscription. One or more credit institutions may only be involved due to technical reasons in the processing.

At the time of calling the general shareholders meeting, the share capital of the Company amounts to € 175 million and is divided into 175 million shares without par value. Of these shares, 87.5 million are common shares and 87.5 million are preferred shares without voting rights. The resolution on the capital increase provides that the same number of new common shares and new preferred shares without voting rights will be offered to the shareholders for subscription. However, the subscription right of the holders of common shares for preferred shares without voting rights and the subscription right of the holders of preferred shares without voting rights for common shares will be excluded (so-called “crossed exclusion of subscription rights”). As a result of this crossed exclusion of subscription rights, the relationship of the two classes of shares, i.e. the common shares and the preferred shares without voting rights, to each other and the relative participation of the shareholders of the respective classes in the Company will be retained. The crossed exclusion of subscription rights specifically accomplishes the function of the subscription right to maintain the proportionate voting and economic rights of the shareholders.

In the context of the implementation of the capital increase, the Company will provide for a market to trade subscription rights for preferred shares without voting rights. Shareholders who do not wish to exercise their subscription right are free to sell their subscription rights or parts of their subscription rights, subject to the possibilities provided by the market for subscription rights.

Stuttgart, 13 Oktober 2010
Porsche Automobil Holding SE
The Executive Board

Prof. Dr. Martin Winterkorn **Thomas Edig**

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