

### Report of the Executive Board on Agenda Items 8 and 9

The authorization proposed under agenda items 8 and 9 for resolution by the general shareholders meeting and separate resolution by the holders of preferred shares under Art. 60 SE Regulation concerning the issuance of convertible bonds, participation rights or profit sharing bonds or a combination of these instruments (together, the "**Bonds**") in an aggregate nominal value of up to € 5 billion with the possibility of, in compliance with § 139 para. 2 German Stock Corporation Act – AktG<sup>1</sup>, granting the holders or creditors conversion rights or imposing on them conversion obligations for common shares and/or preferred shares without voting rights representing a proportionate amount of the share capital in the aggregate amount of up to € 175 million is supposed to expand the possibilities for Porsche Automobil Holding SE (the "**Company**") to finance its activities and to allow for the executive board, with the consent of the supervisory board, to obtain financing in a flexible manner in the interest of the Company. The issuance of Bonds can be completely or partially in exchange for payment of cash and/or completely or partially in exchange for a contribution in kind.

The gross issue proceeds from the implementation of the direct capital increase proposed for resolution by the general shareholders meeting under agenda items 6 and 7 and the gross issue proceeds from any use of the authorized capital proposed for resolution by the general shareholders meeting under agenda items 12 and 13 – to the extent that the issued shares are not used to service conversion rights – will be credited against the authorized scope for issuing Bonds in an aggregate nominal value of up to € 5 billion. The maximum gross issue proceeds which can be generated by the three instruments are, thus, limited to a total of € 5 billion. So the authorization to issue Bonds only becomes relevant if the capital increase proposed under agenda items 6 and 7 cannot be implemented or fully implemented. If the capital increase, at the level of the holders of common shares, is not implemented at all or is not fully implemented, Porsche Gesellschaft m.b.H., Salzburg, has committed under certain conditions to secure the subscription of Bonds with a conversion right or conversion obligation for common shares having a nominal value in a total amount of up to € 2.5 billion against which, however, the issue proceeds from the subscription of common shares under the direct capital increase and the authorized capital must be credited.

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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").

The executive board is only authorized to issue Bonds with conversion rights or conversion obligations if, in each case at the same time proportionately corresponding to the portion of the two classes of shares in the share capital, Bonds with conversion right or conversion obligation for common shares and Bonds with conversion right or conversion obligation for preferred shares without voting rights are offered for subscription. The subscription right for holders of shares of one class is excluded for Bonds with conversion right or conversion obligation for shares of the respective other class (so-called "crossed exclusion of subscription rights"). The subscription ratio for the Bonds with conversion right or conversion obligation and the conversion price must be set identically for the holders of both classes of shares. Due to the simultaneous issuance of Bonds with conversion rights or conversion obligations for common shares and preferred shares without voting rights together with the 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 two classes in the Company are 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.

To the extent that the shareholders are not enabled to directly subscribe to the Bonds (§§ 221 para 4 in conjunction with § 186 para 1 AktG), the executive board may issue the Bonds to one or more credit institutions together with the obligation to offer the Bonds to the shareholders in accordance with their subscription rights (so-called indirect subscription right pursuant to § 186 para 5 AktG). This, in fact, does not restrict the subscription right of the shareholders. In essence, the shareholders are granted the same subscription rights as in the case of a direct subscription. One or more credit institutions may only be involved due to technical reasons of processing.

With the consent of the supervisory board, the executive board can exclude the subscription right of the shareholders for one or more of the following reasons:

- The authorization provides for the possibility to exclude any fractional amounts from the subscription right of the shareholders. The exclusion of the subscription right for fractional amounts is necessary in order to be able to implement a technically feasible subscription ratio; thus, allows the authorization to be used for full amounts. The potential dilution effect is minor due to the limitation to fractional amounts.
- To the extent that participation rights or profit sharing bonds are supposed to be issued without conversion rights or conversion obligations, the executive board is authorized, with the consent of the supervisory board, to exclude in total the subscription right of the shareholders if these participation rights or profit sharing bonds are structured in a manner

similar to debentures, i.e. without establishing any membership rights in the Company, if they do not grant any participation in liquidation proceeds and if the amount of interest is not calculated on the basis of the amount of annual profit, the balance sheet profit or the dividend. Furthermore, it is necessary that the interest and the issue price for the participation rights or the profit sharing bonds correspond to current market conditions at the time of issuance. If the stated prerequisites are satisfied, no disadvantages result for the shareholders from the exclusion of the subscription right because the participation rights or the profit sharing bonds do not establish any membership rights and neither grant any share in the liquidation proceeds nor the profit of the Company.

If the direct capital increase proposed for resolution by the general shareholders meeting under agenda items 6 and 7 has at least been partially implemented or if the executive board, with the consent of the supervisory board, has previously resolved to use the authorized capital or issue Bonds with conversion rights or conversion obligations, the conversion price for a common share and a preferred share without voting rights to be set by the executive board with the consent of the supervisory board must correspond at least to the subscription price set for the previous capital increase or the conversion price set for the Bonds. In this event, the Bonds with conversion rights or conversion obligations shall not be issued at an issue price which is less than the nominal value. This is supposed to protect shareholders who have subscribed to shares under the previous capital increase or to Bonds with conversion rights or conversion obligations against economic dilution under a subsequent issuance of Bonds with conversion rights or conversion obligations having a lower conversion price in which they do not wish to participate. However, the conversion price shall not be less than € 2 under any circumstances.

In order to service the conversion rights and perform the conversion obligations for preferred shares in the Company without voting rights which are issued under the authorization, the conditional capital of up to € 87.5 million to be resolved under agenda items 10 and 11 can be used. Conversion rights or conversion obligations for common shares in the Company can be serviced using the authorized capital of up to € 87.5 million proposed for resolution by the general shareholders meeting under agenda items 12 and 13. Shares which already exist can also be used to service conversion rights and perform conversion obligations.

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

**Prof. Dr. Martin Winterkorn**

**Thomas Edig**

**Matthias Müller**

**Hans Dieter Pötsch**