

**Porsche Automobil Holding SE: No merger into Volkswagen AG within the framework and timeframe of the Basic Agreement (Grundlagenvereinbarung) - aim to achieve integrated automotive group with Volkswagen unchanged**

**Porsche Automobil Holding SE / Key word(s): Merger/Miscellaneous**

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During the negotiations on the merger of Porsche SE into Volkswagen AG, Porsche SE and Volkswagen AG could not yet agree on the valuation of Porsche SE required for calculating the exchange ratio. Therefore, in the opinion of both companies, it is no longer realistic to achieve the merger within the framework and timeframe of the Basic Agreement from 2009, i.e. to adopt the required merger resolutions by 31 December 2011. Thus, the preparations for Porsche SE's shareholders' meeting on the merger scheduled for December 2011 will be terminated.

The companies can currently not agree on how to value, for purposes of

# PORSCHE SE

the merger, those risks that might arise for Porsche SE out of damages claims asserted in the United States and in Germany, also in the light of the ongoing investigations conducted by the Public Prosecutor's Office, inter alia regarding alleged market manipulation. Porsche SE continues to hold the view that the allegations raised in the investigation as well as the damages claims asserted in Germany are without merit and that the damages claims asserted in the United States are inadmissible and without merit.

The fact that in both companies' opinion it is no longer realistic to achieve the merger within the framework and timeframe of the Basic Agreement leads to a non cash adjustment of the valuation of the put and call options agreed upon between Porsche SE and Volkswagen AG with respect to the remaining 50.1 % of shares in Porsche Zwischenholding GmbH held by Porsche SE. Due to this accounting effect, the Company expects a negative group result for the first three quarters of fiscal year 2011 despite a continuing positive development of the Company's significant investments.

Porsche SE's and Volkswagen AG's aim to achieve the integrated automotive group remains unchanged. Both companies examine whether alternatives to the measures provided for in the Basic Agreement are available.

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