PORSCHE SE

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Porsche heads for domination agreement

Interest in Volkswagen increased to 42.6 percent

Stuttgart, 26 October 2008. Due to the dramatic distortions on the financial markets Porsche Automobil Holding SE, Stuttgart, has decided over the weekend to disclose its holdings in shares and hedging positions related to the takeover of Volkswagen AG, Wolfsburg. At the end of last week Porsche SE held 42.6 percent of the Volkswagen ordinary shares and in addition 31.5 percent in so called cash settled options relating to Volkswagen ordinary shares to hedge against price risks, representing a total of 74.1 percent. Upon settlement of these options Porsche will receive in cash the difference between the then actual Volkswagen share price and the underlying strike price in cash. The Volkswagen shares will be bought in each case at market price.

Assuming the economic framework conditions are suitable, the aim is to increase to 75 percent in 2009, paving the way to a domination agreement. The intention to increase the Volkswagen stake to above
50 percent in November/December 2008 remains unchanged.

Porsche has decided to make this announcement after it became clear that there are by far more short positions in the market than expected. The disclosure should give so called short sellers - meaning financial institutions which have betted or are still betting on a falling share price in Volkswagen - the opportunity to settle their relevant positions without rush and without facing major risks.

In addition, the EU commission will - according to media reports over the weekend - sometime soon qualify the new draft of the VW Act tabled by the Federal Government as not complying with EU law. It is therefore to be expected that a new lawsuit will be filed with the European Court of Justice.

Also as a reason for today's step served the fact, that the families Porsche and Piëch, who own all Porsche ordinary shares, have expressed their unconditioned and undivided backing of the steps taken by the members of Porsche SE's board of management Dr. Wendelin Wiedeking and Holger Härter. As reported, both families clearly expressed last week their support for a domination of the Volkswagen group by Porsche.

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