

## **Porsche SE files action against rejection of its supplementary motion**

Volkswagen General Meeting does not implement judgment of the ECJ

Stuttgart, 27 May 2008. Porsche Automobil Holding SE, Stuttgart, has filed an action against the rejection of its supplementary motion by the annual general meeting of Volkswagen on April 24, 2008. The company had filed a motion to amend the Articles of Association of Volkswagen AG to fully reflect the judgment of the European Court of Justice (ECJ) on the VW Act given that the ECJ's ruling has a direct legal impact on the Articles of Association. However, the State of Lower Saxony with its participation of just over 20 percent of the voting rights in VW refused its approval. As pointed out by Porsche on Tuesday, the action is aimed at clarifying the legal situation in line with the prior motion. The action will be heard by the District Court of Braunschweig.

In its judgment of October 23, 2007, the European Court of Justice has ruled that three provisions of the VW Act are incompatible with the free movement of capital guaranteed under European law. These are the right of the Federal Republic of Germany and the State of Lower Saxony to each appoint two board members of the VW Supervisory Board, irrespective of the size of their shareholding in VW, the limitation of voting rights to a maximum of 20 per cent, and the special provision according to which a majority of 80 per cent is required for resolutions of the general meeting, for which according to generally applicable stock corporation law, a majority of three-fourths of the voting rights present is required. This special provision reduces the blocking minority from 25 to 20 percent.

To only partially implement the ECJ's judgment in the Articles of Association, as proposed by the State of Lower Saxony at the Volkswagen General Meeting, does not create clarity but causes confusion. The shareholders and employees of VW and the capital market have a right to be able to

see, by looking at the Articles of Association, what legal rules apply at VW. This is now to be ensured through Porsche's court proceedings.

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