PORSCHE SE

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Porsche: VW Articles of Association must be amended completely

Motion at Volkswagen General Meeting

Stuttgart, 24 April 2008. The Articles of Association of Volkswagen AG, Wolfsburg, must be amended to fully reflect the judgment of the European Court of Justice (ECJ) on the VW Act. This was emphasized by the corporate attorney of Porsche Automobil Holding SE, Dr. Konrad Wartenberg, on Thursday at the annual general meeting (AGM) of Volkswagen in Hamburg. Porsche has submitted a motion to this effect in order to clarify the legal situation.

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 assured 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, irrespective of the actual number of common shares held by a shareholder, 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.

Dr. Wartenberg criticized the motion proposed by the State of Lower Saxony to the general meeting according to which the special provision regarding the reduction of the blocking minority to 20 percent should not be annulled. "To only partially observe the ECJ's judgment - as proposed by the State of Lower Saxony - does not create clarity but causes confusion."

In particular, Dr. Wartenberg criticized the statement by Lower Saxony's Minister for Finance Hartmut Möllring who not only suppressed essential facts in his argumentation, but also failed to

point out some significant aspects. Dr. Wartenberg's words were: "He has really misled you as shareholders by asserting on the one hand that the ECJ's judgment has nothing to do with the VW Articles of Association, and on the other hand stating that the State of Lower Saxony would like to bring the Articles of Association at least partially in line with the ECJ's judgment. How, Minister Möllring, does this fit together?" asked Dr. Wartenberg. "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", the lawyer continued.

In the view of Porsche SE it is wrong to assume that just the combination of maximum voting right and blocking minority are inadmissible but not each provision in itself. This view was confirmed - as stated previously already by European Commissioner Charlie McCreevy - by former ECJ Advocate General Siegbert Alber (CDU) in an interview with the newspaper "Frankfurter Allgemeine Zeitung" (Thursday's edition). Although the wording of the European Court of Justice in its judgment was not explicit, Alber interpreted it in a way that each of the provisions in itself had to be annulled. He even considered the blocking minority to be the most severe breach in the VW Act of the right of free movement of capital and the right of establishment guaranteed in the European treaties.

Finally, Dr. Wartenberg pointed out that Porsche will not vote in favour of the motion of the State of Lower Saxony. He appealed to the State of Lower Saxony to remember its obligation to implement European law, and to vote in favour of Porsche's proposal. Wartenberg emphasized that Porsche SE had no intention whatsoever to weaken the Volkswagen group. With Porsche, there would be no spin-off of individual brands, nor would there be job cuts at VW: "Any allegations to the contrary can only be considered as cheap propaganda against Porsche. They are completely unfounded," said Wartenberg. On the contrary, Porsche has offered, in personal talks with Lower Saxony's Prime Minister Wulff and Minister for Economics Hirche, to regulate all possibilities for securing the VW locations in Germany in bilateral agreements at company level.

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