

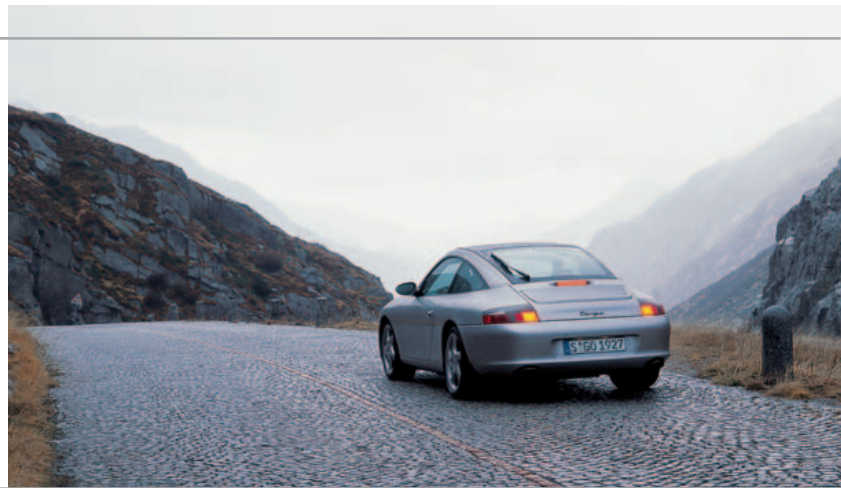
Porsche AG's Declaration of Conformity

Porsche AG has complied with the bulk of the code's non-mandatory requirements for many years, and others are now being implemented. However, there are also several requirements with which Porsche AG will not comply, mainly on account of specific in-company factors. These requirements are listed below together with the reasons for non-compliance.

___ "The company must notify all domestic and foreign financial service providers, shareholders and shareholders' associations who submitted a request to this effect not more than one year previously of the summoning of a general meeting and make the relevant documents available by electronic means as well on demand."

Porsche cannot see any necessity for such information to be forwarded electronically. Documents will be dispatched on paper and can also be called up on the Internet.

DECLARATION OF CONFORMITY WITH THE CORPORATE GOVERNANCE CODE



Background Information

On February 26, 2002 a government commission submitted the German Corporate Governance Code as rules of behavior for the executive and supervisory boards of corporations quoted on the stock exchange. The aim is to render the German corporate governance system more transparent and to promote the confidence of investors in the supervisory measures applicable to German companies quoted on the stock exchange.

This is another area in which the legislature considers reforms to be necessary. The German Transparency and Publicity Act (TransPuG) came into force on July 26, 2002 and provides the legal foundation for the Corporate Governance Code. It adds a new Paragraph 161 to German corporation law, which obliges the Executive and Supervisory Boards of companies listed on the stock exchange to declare once a year that the code has been and is being conformed with, or which code recommendations were not applied. In accordance with transitional regulations, this declaration has to be made for the first time in 2002.

___ "If the company takes out Directors' and Officers' (D&O) insurance for its executive and supervisory boards, it must agree on a reasonable deduction for own risk."

Porsche will not comply with this recommendation. It has until now insured the D&O risk under a general assets and liabilities policy without any specific deductible own risk element in the overall premium. Any significant own risk element, which would have to be uniform in amount in view of the need to comply with the equality principle, would have a markedly varied effect on members of the executive and supervisory boards according to their private income and assets situations. In the worst case a member of the supervisory board with few personal assets could face existential difficulties, and this cannot be considered as just in view of the fact that all the board's members incur the same obligations.

___ "The supervisory board must set up an audit committee to concern itself in particular with accounting and risk management questions, the necessary neutrality of account auditors, the granting of official instructions to auditors, the determina-

tion of the principal items to be audited and the fee to be paid to the auditors.”

The particular character of Porsche's shareholder structure calls for all members of the supervisory board to be informed to the same extent and standard of quality of all important topics. Porsche's practice has always been noted for the supply of extremely detailed information to the entire supervisory board, in particular on the company's accounts and risk management, and for the holding of a detailed discussion of the annual accounts with the auditor.

____ “The payments made by the company to members of the supervisory board or the benefits granted to them for personal services rendered, in particular consulting or negotiating services, are to be shown individually as an annex to the Group's annual report.”

The ability to have recourse at any time to the expertise possessed by individual members of the families that own the company in special topic-areas represents a particular advantage for Porsche AG. This cooperation takes place in accordance with the usual conditions in this trade and which are also applied in comparable dealings with third parties. We therefore see no necessity for a schematic publication of these details.

____ “As an annex to the Group annual report, relevant details are to be supplied regarding the purchase and sale of shares in the Group and its companies and options on these or other derivatives relating thereto by members of the executive and supervisory boards. The possession of shares including options and other derivatives by individual members of the executive and supervisory boards is to be stated if they amount directly or indirectly to more than one percent of the shares issued by the company. If the total number of shares held by all members of the executive and supervisory boards exceeds one percent of the shares issued by the company, the total holding must be stated separately for the executive board and the supervisory board.”

It is a well-known fact that all common stock is held by the Porsche and Piëch families; the proportions of these holdings are published in accordance with share trading legislation. The recommendation does not take the situation as it applies to Porsche into account and will therefore not be complied with.

____ “The Group accounts and interim reports are to be compiled in conformity with internationally accepted accounting principles.”

The Porsche AG Executive Board has decided to make use of the period of grace allowed by law and to convert to international accounting standards (IAS) only from the 2004 | 05 fiscal year on. The principal reason for this is that the IAS rulings have still not been finalized. Later conversion on a basis that has in the meantime been consolidated will greatly reduce the effort and expense involved.

____ “The Group accounts must be publicly accessible not more than 90 days following the end of the fiscal year, and interim reports not more than 45 days following the end of the relevant review period.”

Porsche's fiscal year deviates from the calendar year and has led to a well-established publication rhythm that assures the company optimum publicity. We do not regard any deviation from this practice as justified by circumstances.

____ “The Group annual report should describe relations with shareholders who can be regarded as closely associated persons in the sense understood by the applicable accounting regulations.”

In view of the special character of the Porsche AG shareholders' structure, this recommendation will not be complied with. Even in the past there have been justifiable relations of various kinds with the common stockholders who are members of the Porsche and Piëch families, and these relations cannot be correctly represented if published in schematic form. Furthermore, the remarks made earlier also apply to this form of cooperation: it is conducted in accordance with conditions commonly practiced in the trade.

____ “Shareholders and third parties obtain the information they require primarily from the annual report. They should also be informed by means of interim reports during the fiscal year.”

In addition to its half-yearly interim report, the company will in future issue a further interim report in May of each year. There will also be extensions to the existing policy of supplying information on a regular basis, which has been the subject of both national and international awards. However, Porsche continues to reject a policy of issuing regular quarterly reports for fundamental reasons that have already been set out in full detail.

____ “Payments to members of the executive board should be shown in an annex to the annual report and divided up according to fixed payments, success-related components and components with a long-term incentive effect. These details should be individualized.”

We quote the salaries of members of our executive board according to fixed and success-related components. Porsche AG does not operate a stock options program. We shall not comply with the code's suggestion that payments to board members' should be shown individually. In our opinion the associated disadvantages, particularly an unavoidable leveling-up of board members' salaries – outweigh any supposed advantages of this practice.

Dr. Ing. h.c. F. Porsche Aktiengesellschaft
Supervisory Board and Executive Board