NBIM
Norges Bank Investment Management

The Supervisory Board
Volkswagen Aktiengesellschaft
VHH 11. floor
P.O. Box 1849
D-38436 Wolfsburg
Germany

Date: 2009-10-07
Your ref.:
Our ref.: okg

Delivery via e-mail

Dear Dr. Ferdinand K. Piëch,
Dear Supervisory Board members,

Volkswagen transactions with Porsche

We write to you to express our deep concerns over Volkswagen's agreed and planned dealing with Porsche entities and their controlling owners, concerns we believe are widely shared among investors in the equity market.

We have addressed you earlier about conflicts of interests, on treatment of shareholders in upcoming transactions and with requests for discussion. This has been met by no adequate response.

In this letter we address you again to show that we hold the Supervisory Board accountable for practices that are deemed unacceptable. We request you to remedy our concerns.

Expectations on corporate governance
We expect that Volkswagen AG, as a major industrial company in need of accessing global equity markets, adheres to generally accepted principles of corporate governance, as expressed by institutions such as the OECD and the ICGN and considered best practice also in Germany. According to such principles the company should

- Protect minority shareholders from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly
- Make sure that where board decisions may affect different shareholder groups differently, the board treats all shareholders fairly
- Ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company

Unacceptable terms of the deal
The information currently available regarding Volkswagen's transactions with Porsche entities and controlling owners fails to assure us that the plans will benefit Volkswagen's

Bankplassen 2
P.O. Box 1179 Sentrum
NO-0107 Oslo

Tel.: + 47 24 07 30 00
Fax: + 47 24 07 30 01
www.nbim.no

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various shareholders equitably. Neither does the information available assure us that conflicts of interests have been handled satisfactorily. In total therefore, the deal appears unacceptable.

We do not see that justifiable reasons have been presented to us for Volkswagen to assist the Porsche and Piëch families by buying out their privately held automobile trading business of Porsche Holding Salzburg. We call on Volkswagen to cancel plans for buying those assets unless it shows the means by which it determined the price and demonstrates that the acquisition has particular strategic value.

Further, we question the terms on which Volkswagen aims at investing in Porsche AG, the car manufacturing activity of Porsche SE. The market seems to judge that Volkswagen currently plans to pay a rich price for those assets. This is remarkable at a time when Porsche SE is more in need of a transaction than Volkswagen. We have also not seen a strong rationale why Volkswagen should start to assume responsibility for Porsche's debt if acquiring these assets. We call on Volkswagen to present an independent appraisal of the assets and explain whether the transaction design means Volkswagen will assume part responsibility for Porsche's debt.

We also question the financial logic behind raising capital in Volkswagen's preference share class only, given that the more attractive pricing of the ordinary share indicates that the company can raise additional equity at a lower cost for existing shareholders. We call on the Supervisory Board to prepare for raising capital in the ordinary, voting share class. An approval of this will help demonstrate that ordinary-share holders believe a capital raising enhances value.

The planned transactions, as presented to the market, in isolation and taken together, leave the impression of being designed to suit the needs of the Porsche controlling families at the expense of Volkswagen and its non-controlling owners.

Further, the proposed deal suffers from a lack of transparency. This stealthiness imposes unnecessary risk to the non-controlling and non-insider investors. We call on the Supervisory Board to improve transparency by providing additional information on the transactions planned.

Finally, the transactions seem compromised by conflicts of interest. We are disappointed by the fact that the Supervisory Board of Volkswagen so far has chosen not to reveal how it has sought to avoid such conflict. In the absence of convincing clarification we are left with the impression that the board is strongly conflicted and that Porsche's controlling families might have used their influence to secure values to themselves at the expense of Volkswagen AG and its non-controlling owners. We request that the Supervisory Board explain in detail how it has acted to avoid conflicts of interests. We need to know exactly which roles individual board members have played in preparing, negotiating and approving each element of the planned transactions.

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Going forward

We think there might be reason to examine whether individual Supervisory Board members have fulfilled their fiduciary duty to the company when authorising the transaction plans as they have been presented.

Volkswagen is a company with great commercial opportunities. We think this position can best be utilised by building trust and confidence in financial markets. Such trust requires that the Supervisory Board installs convincing measures of corporate governance, removes reasons for fear that inside shareholders benefit unduly from transactions, and provides full transparency on procedures and on transactions and structures planned. A first step is to provide for open communication between the Supervisory Board of Volkswagen and its owners.

Unless the Supervisory Board takes steps to alleviate our concerns we see little reason to support the execution of the proposed transactions. As investor we will consider the options open to us in this respect.

We await your response to the requests we have laid out in this letter immediately after the next Supervisory Board meeting. Please inform us of when we can expect an answer if the Supervisory Board meeting schedule is such that we will not receive an answer within two weeks.

Yours faithfully,

Anne Kvam
Global Head of Corporate Governance

Ola Peter Krohn Gjessing
Senior Analyst
okg@nbim.no