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INSIGHT
CORPORATE GOVERNANCE GERMANY

Essential: Information, Analysis and Opinion for Investment Professionals, Advisers and Academics

Piëch AG Volkswagen

Car manufacturer Porsche is confronting criticisms regarding quality of corporate governance in relation to its purchase of a block of shares in car manufacturer VW. Porsche wants to buy 20 % of the VW shares. There were checks on whether a conflict of interests was present in the case of Ferdinand K. Piëch. The report is claimed to have shown that the situation is not problematic.

One potential conflict of interests is seen in the fact that Piëch, as a major Porsche shareholder (the Piëch and Porsche families hold half the Porsche voting capital), is a Supervisory Board member at Porsche and at the same time Supervisory Board chair at Volkswagen. Supervisory Board members are supposed, for the sake of good corporate governance, to be committed only to the company's interests, and not pursue any personal interests in their decisions. Otherwise, they should resign their appointment. Questions are being asked about this in media reports in Piëch's case. Porsche is in the up-market sports-car business, VW in mass-produced cars under heavy price pressure. The new shareholder wants to affect VW's business policy in his favour. Wiedeking's declaration that through this commitment Porsche was wanting "to safeguard for the long term both our business relations with VW and a major part of our future planning" is regarded, at an estimated 3 billion Euro purchase price for the VW shares, as not very convincing. Porsche is expecting the investment to produce a yield in double figures. Media accounts presume that given the close historical relation between VW and Porsche through the Piëch family the manager wishes to guarantee his influence on VW. The car manufacturer is regarded as takover-prone because of its low valuation on the stock exchange; for this reason, there are said to have been talks over the years about a merger with automobile group DaimlerChrysler. The EU is expected to abolish the so-called VW Act, which has been in force since 1960 and involves a voting cap at 20 %.

Also on the VW Supervisory Board is Gerhard Cromme, Chair of the German Corporate Governance Code Commission.

CONTENTS

Shareholders sue DaimlerChrysler

The actions surrounding the change of leadership at the top of automobile group DaimlerChrysler have had a further legal sequel. The Rotter law firm has brought an action for damages on behalf of a shareholder before the Stuttgart Regional Court. The plaintiff accuses DaimlerChrysler of having informed the public too late of the impending resignation of CEO Jürgen Schrempp. This had made him sell too early and therefore too cheaply. "According to the information available to us, Jürgen Schrempp's resignation was settled at least five weeks before the announcement", says lawyer Klaus Rotter. But this insider information was not disclosed until 28 July, in a special announcement. The Securities Trading Act requires immediate disclosure of news of relevance to the stock price. Securities regulatory authority BaFin is investigating the matter. In a magazine, Schrempp had said he had already talked of resigning "with Supervisory Board chair Hilmar Kopper some time ago".
The spokesman for the Asscoiation of Critical Shareholders is said to have received information of Schrempp's resignation 12 days before the official announcement.
BaFin and the Stuttgart public prosecutors are proceeding with investigations into the suspicion of insider trading. The range of people under investigation has been extended.

Burgundy criticizes hedge funds

One of the bigger shareholders in the Frankfurt stock exchange has criticized the conduct of hedge funds in the group of shareholders in Deutsche Börse AG. Canadian fund company Burgundy Asset Management criticizes the short-term orientation of the hedge funds and their multiple investments in the major European stock-exchange operators. The funds ought to take a position on their conflicts of interests, and must disclose their strategy in the imminent consolidation of European stock exchanges.
After hedge funds led by British hedge fund TCI caused the takeover of the London Stock Exchange (LSE) to fail, forcing Deutsche Börse CEO Werner G. Seifert out of office, David Herro, Chief Investment Officer of hedge fund Harris
Associates, is now pushing for a merger of the European four-country exchange Euronext with Deutsche Börse AG. Harris belongs to the circle around TCI. Euronext also wants to buy the London Stock Exchange. A merger with or takeover by
Deutsche Börse AG "makes much more sense than the LSE," says Herro. The hedge funds involved in Euronext are said to approve that step and to be exercising pressure internally on Euronext's CEO. Herro is said to have made it clear to the latter that he would not support an offer for the LSE of more than £5 per share. Harris Associates apparently is the biggest shareholder in Euronext at 10%, and has a holding of just 3% in Deutsche Börse AG.

Siemens contingency fund for VA Tech

Siemens Österreich AG has unexpectedly had to set aside reserves amounting to some 70 million Euros in connection with VA Tech, which it bought in summer for around a billion Euros, because VA Tech's subsidiary Elin is showing surprising losses. Company auditing of VA Tech's branches is still not completed. Electronics group Siemens had, according to indications from the departing General Manager of Siemens Österreich, no chance to take a look at the books before the takeover because of resistance to it by the VA Tech management.

Did Siemens Supervisory Board Chair take an election break?

Electronics group Siemens waited on political grounds till after the federal elections before announcing job cuts, according to media reports. "We've certainly not seen the end of things regarding job reduction figures," said Siemens Supervisory Board deputy chair Ralf Heckmann in early September.
Chair Heinrich von Pierer is said to have waited till after voting day, 18 September, to agree to the cuts at Siemens, in deference to the ongoing election campaign.
It had earlier been announced that von Pierer is to head the "Council for Innovation and Growth" initiated by CDU Chancellorship candidate Angela Merkel. Immediately after the elections Siemens CEO Klaus Kleinfeld presented a comprehensive reorganization programme. Siemens emphasize there is no connection.

Influence of institutional investors – the example of Fresenius Medical Care (FMC)

STRENGER'S VIEW

The presence of a majority shareholder always poses potential conflicts of interest for minority shareholders. With the recently proposed change of its legal AG form to the rather complex and unusual ‚KGaA', the Fresenius group, then holding 50.7% of FMC's voting rights, intended to increase the liquidity of FMC stock to remain in the top DAX30 segment without loosing control of FMC, its most important group entity. Following the Extraordinary General Meeting (EGM) on August 30 the Fresenius group now keeps its controlling position by means of the new legal form although the equity stake will be reduced to 37%. This is an obvious disadvantage to outside shareholders as the new KGaA structure has diluted their voting rights.
Secondly, the basic governance principle of management accountability is now outside the reach of minority shareholders: the KGaA legal form does not provide the right for outside shareholders to hold the FMC management accountable through the supervisory board and especially to initiate the dismissal of management board members by the KGaA supervisory board in case of unsatisfactory performance. With the proposed structure this right has been transferred from the supervisory board of the KGaA to the supervisory board of the unlimited liability partner, FMC Management AG, fully controlled by Fresenius.
In such a situation investors obviously wished to protect and enhance their ownership position as much as possible. To do so three different approaches of shareholder engagement were pursued: intensive dialogue with management in the run-up to the EGM, action at the EGM (i.e. speech), and of course the ultimate voting decision.
During the weeks prior to the EGM several institutional shareholders had expressed their concerns in direct communication with FMC. The management's reaction was rather unspecific by saying that the governance quality at FMC before and after the transaction was unchanged and highlighted the advantages the KGaA structure offers for ‚the company'. Yet, for outside shareholders, the governance quality had been significantly reduced in favour of the controlling shareholder, Fresenius AG.
In search for a constructive solution to achieve a better balance between the controlling and the outside shareholders, a separate governance report by a committee of independent supervisory board members was regarded as a minimum requirement. This report should be prepared annually and any actions by the controlling shareholder that potentially concern the fair and equal treatment of outside shareholders would have to be explained to the AGM. One example is the approval of extraordinary management actions – usually subject to a veto right by the limited liability, i.e. outside, shareholders (Zustimmungsvorbehalt der Kommanditaktionäre) that are now solely resting with the Fresenius group.
The proposal was also discussed with and subsequently supported by other FMC institutional investors. Fresenius maintained that the ‚related parties report' (Abhängigkeitsbericht) would sufficiently substitute for a separate corporate governance report by independent supervisory board members. While this argument convinced one foreign institution with significant shareholdings to vote in favour of the transformation, two crucial issues regarding the related parties report would have been ignored: (i) this report is prepared by the management board and (ii) it covers only a limited range of financial transactions. Thus, any other actions detrimental to outside shareholders fall outside the reporting requirement and would therefore not be presented to the committee.
Threatening to vote against the proposed transaction, there was sufficient motivation for leading institutional investors to speak up at the EGM and to reiterate the demands to the Fresenius group. This combined shareholder criticism led to the required concession made by the Fresenius group in the course of the meeting. While the compromise now found does not deliver a fully satisfactory restoration of the basic shareholder rights in a normal AG it provides reasonable comfort for outside shareholders that independent directors have to control and achieve disclosure of the influence of the Fresenius group.
This case demonstrates the importance of institutional shareholder engagement on behalf of all outside shareholders. Managers and controlling shareholders, who often describe active institutional investors as short-term focussed with no fundamental interest in the company, should reconsider their position. As in the Infineon case of early 2005 where a proposal to ask shareholders for additional ‚duties of loyalty' was dismissed by action of substantial shareholders, companies should improve their ex ante communication with their shareholders. Investors today have not enough trust in general promises of the management and supervisory board. Listening early to institutional shareholders that are committed to achieve a proper balance for the ownership rights of all shareholders is a prerequisite to avoid a negative governance perception.

By Christian Strenger (Member of the Supervisory Board, DWS Investment GmbH, Frankfurt, and Member of the "German Government Commission on Corporate Governance") and Roland Rott (Corporate Governance Research & Consulting and Goethe-University Frankfurt)

Dissent between HVB Supervisory Board and management board

Six of the 20 Supervisory Board members at HypoVereinsbank are rejecting the takeover bid by Italian bank UniCredito as far as their personal holdings go.
They have not given indications of the amount of the holdings. They are thus lining up against the HVB management board led by Dieter Rampl. The six members (including Supervisory Board chair Albrecht Schmidt and former Bank Austria chief Gerhard Randa) voted against at the first vote on the issue, according to a report in news magazine "Der Spiegel". They are said to fear a break-up of HypoVereinsbank. Schmidt, who took the chair of the Supervisory Board after resorting to litigation, was indirectly called on by the central works council to resign.

Allianz tops Best Corporate Governance list

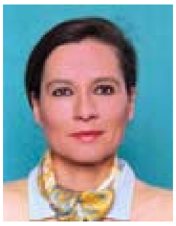
Insurance group Allianz is the company with the best corporate governance in Germany. It meets 82 % of the criteria in the list of requirements for good corporate governance drawn up by the University of Hamburg and analysts' association DVFA. A co-initiator of the ranking is Christian Strenger. The Deutsche Bank follows Allianz in second place, and Altana in third 3; last year's best, ThyssenKrupp, came in at fifth place.

➔ Study: www.hwp-hamburg.de/finance/

OPINION

Allianz SE – A Signal for Germany

Allianz AG is intending to transform itself into a European Company (Societas Europaea, SE), in connection with a border-crossing merger with its Italian subsidiary RAS. It is noteworthy that while the Allianz insurance group is thereby playing a pioneer role in Germany, the possibilities offered by the SE are being only very partly exploited.
The SE allows a change from the traditional German dual structure (management board and supervisory board) to a monistic one (board of directors). For the monistic SE, the SE Implementing Act (SEAG) contains extensive regulations permitting recourse to national company law only if explicitly referred to. To be sure, corporate-governance objections have been raised, to the effect that creating a single managerial body responsible for both management and oversight may lead, by comparison with the dual-type SE, to less easy monitorability and transparency of management. On the other hand, this model is successful particularly in English-speaking countries, and enables German firms to enhance their competitiveness.
Allianz has nonetheless opted to retain its dual structure, so that the differences from the traditional AG are small, as the SEAG largely refers to national company law.
At Allianz SE, moreover, parity co-determination is to be retained, although the extent of participation rights for workers is in principle a matter for negotiation in the SE. However, Allianz is intending to make the supervisory board considerably smaller, thus adapting it to international standards. The personal composition of both supervisory board and management board is also to be made more international. We shall therefore have to wait and see whether this approach will already be enough really to enhance management efficiency. Indubitably, though, a strong signal is being sent out to other firms in Germany.



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IPO Boom à la Neuer Markt

The market for new issues in Germany is again being conspicuous for its high increases in quotations. One example is Interhyp. On 28 September this Internet mortgage broker went public. The proceeds of the issue, €103.4 million, went 70% to the founders and the venture-capital companies Earlybird and 3i. The quotation rose on the first day by some 30 %, and the price-earnings ratio was over 100 on the same day. Very reminiscent of the Neuer Markt that went down four years ago!

Interhyp came into regulated trade. Still more phenomenal than these enormous rises in quotations is what has been happening for six months or so in the so-called unregulated market, in over-the-counter trade. The over-the-counter market has existed in Germany since ever there was stock trading. The companies listed there are only marginally supervised: they are not subject to ad-hoc disclosure obligations, and the IPO costs around 100,000 Euros. If they want, they can even do without the prospectus, a particularly attractive possibility. Whoever in an IPO is selling shares exclusively to investors "professionally or commercially" engaged in selling their own or others' securities can by §2 of the Securities Sales Prospectus Act do without a prospectus. Resourceful bankers – which by no means implies conscientious ones – hit on the idea that this could let them revive and legalize the Friends-and-Family concept so beloved on the Neuer Markt: the shares issued go first to business friends, who ensure in the common interest that the quotations will head strongly upwards. In a second stage, the shares are then offered to a wider investing public. Many – like Thomas Stewens, CEO of securities bank Concord Effekten, are already warning, says the "vwd" news agency, that: "Well-placed rumours are then used to bring about sharp rises in quotations." A closer look at some stock-exchange dwarves reveals surprising things: in April the Babelsberg Studio went to the stock exchange. This service provider for TV and film productions wants to achieve a turnover of 20 million this year. The share closed 75 % up on the first day, and climbed 215 % within two weeks. In late June DLO followed, with an IPO combined with a capital increase. The capital increase was fully subscribed by the VEM joint-stock bank (already notable on the Neuer Markt) and brought to market. The rate increase is around 25 %. Whether it's Nanostart (up 212 %), EOP Biodiesel (up 115 %) or net mobile (up 31 %) – the story once again counts for more than the often meagre profit. In the case of EOP, that was last year only some 30,000 Euros.

NEWSLETTER

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Troubles at the Commerzbank

Financial regulatory authority BaFin is accusing Commerzbank of irregularities of "in part considerable importance". BaFin had spent over six months doing a special audit on money-laundering affairs between 1996 and 2001 at the bank. The authority criticizes the bank's then compliance culture; compliance aspects had been insufficiently incorporated into the normal course of business. Criticisms also go to the personnel in the compliance division. The Commerzbank is now to improve its compliance-relevant systems and structures. On the basis that appropriate steps have been initiated by Commerzbank to eliminate the shortcomings, BaFin is refraining from legal measures under bank regulatory law. Particularly in the now dissolved Central and Eastern Europe sector of the former Relationship Management business segment, the authority found inadequate handling of the provisions of the Money-Laundering Act then in force. CEO Andreas de Maizière has already taken responsibility for these organizational shortcomings and has resigned.

Mannesmann appeal hearing on 20 October

The Federal Supreme Court of Justice has set the date for oral hearings on the appeal in the Mannesmann case for 20 October 2005. The public prosecutors in Düsseldorf had appealed on points of law against the July 2004 judgment handed down by Düsseldorf Regional Court. In those proceedings then CEO Klaus Esser, three former Supervisory Board members (Joachim Funk, Josef Ackermann and Klaus Zwickel)
and the former chief staff lawyer of the Mannesmann group (Dietmar Droste) were accused of infringement of their duties as manager or as Supervisory Board member.

Legal defeat for Metro

The appointment of long-standing auditing company Fasselt & Partner by the board of commercial group Metro is not legal, the Düsseldorf Regional Court has ruled. This means a legal defeat for Metro in the dispute over its accounting policy. The Court finds infringement of the principle that auditors may attest a company's final accounts no more than six times in a ten-year period. Former Metro CEO Hannjörg Hereth had brought an action before the court against the choice of Fasselt & Partner as auditors for the business year 2003. Hereth accuses Metro of accounting irregularities that would not have been possible with a different auditor. Metro had regularly been audited by the same two Fasselt auditors, he claimed. Metro indicates that the accusations have already all been refuted. At its last AGM, Metro appointed another auditor, KPMG. It remains unclear whether the 2003 accounts need to be reattested.

Salzgitter arming against a takeover

The board of steel and pipe manufacturer Salzgitter is defending itself against a takeover or the involvement of hedge funds. While Salzgitter CEO **Wolfgang Leese** considers himself adequately protected by the State of Lower Saxony's blocking minority, since it holds 25.2 % of the shares and does not want to sell before 2010, at the same time a programme to safeguard independence is being developed. In a first stage, Salzgitter is buying back its own shares; 8.1% of the shares are already in its own hands, and it is likely that the 10 % of the registered capital authorized by the AGM will be bought back. Additionally, the board is discussing hiving off the pension commitments of 1.6 billion Euros. In parallel, liquid resources and other assets of the same amount are to be transferred to an external pension fund, thus countering the interest of possible buyers in the company's liquid resources. Finally, the dividend is to be very considerably increased.

Degussa sticks with group

According to information from news magazine "Der Spiegel", there has been a clash between Degussa Supervisory Board chair **Werner Müller** and the specialist chemical company's CEO Utz-**Hellmuth Felcht** over the placing of a contract. Felcht is said to have been planning up to two new coal-fired power stations for a site at Marl and to have

called on a small number of companies to join in tendering for the project. Müller, who is also CEO of energy group RAG, is said to have shot down the tender. If Degussa needed more power, RAG subsidiary Steag would get the contract to build and run a new power station.

State withdraws from Fraport

The government is preparing to give up its 18.2 % participation in airport operator Fraport. It is considering placing the shares on the stock exchange. Investment house Rothschild is said to have been entrusted with the preparations. However, the City of Frankfurt has an interest, for regional-policy reasons, in taking on part of the government holdings, so as to reach a blocking minority (25 % plus 1 share). At the moment the City of Frankfurt holds a good 20 % of the Fraport shares, and the State of Hessen a bare 32 %.

„DAX30 is becoming a playing field for the hedge funds"

Thomas Krenz, head of investment firm Permira, rules out takeover of a DAX30 company: "I regard a takeover of a DAX company by private equity as not feasible." Instead he sees the DAX30 becoming a playing field for the hedge funds, which might attempt to influence a company through a Supervisory Board post. For

private equity, DAX companies are uninteresting because German takeover law protects the big German groups from being bought up by financial investors. In Germany, by contrast with other markets, there is a lack of standards for an efficient takeover process.

Additionally, corporate-governance aspects make purchase of a DAX company into an incalculable risk. Because of rules for the conduct of Supervisory Board members and of the uncertainty over payoffs to minority shareholders, buying a DAX company involves too-high risks. By contrast with Britain, for instance, investors are left open to the arbitrariness of the Supervisory Board if they want to discuss an offer with it, since in Germany there is no obligation to negotiate. Krenz stresses the danger that because of an evaluation using the Institute of Auditors (IDW) formula, an offer might retrospectively be made more expensive by judicial decision. Moreover, the often widely spread holdings hamper a complete takeover. MDAX or SDAX companies are more interesting, since they often have a major shareholder it could be easier to reach agreement with.
Other financial investors like Apax, Advent or BC Partners by contrast do see a possibility of DAX30 companies getting into the sights of investment companies.

German companies under the control of hedge funds

Acccording to estimates by investment bank Lehman Brothers, hedge funds control around a quarter of German public companies (AGs). The proportion is said to have risen by some 5 % in 2004. The Lehman Brothers estimates are based on studies of trading movements and talks with companies. German companies are said to be interesting because of the rising quotations on the stock exchange.

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INTERVIEW

"A tiger with very small teeth"

On 1 November the essential parts of the UMAG will enter into force. One of the Act's major objectives is to increase attendance at German AGMs.

Dr. Simon, what changes will the UMAG make, particularly in relation to foreign institutional investors?
SIMON: Foreign investors will have to pay closer attention, particularly when deciding to buy or sell blocks of shares before an annual general meeting. On the legal position to date, the charters of exchange-listed companies as a rule call for deposit of the shares, i.e. seven days before the AGM the company has to be notified through the depositary institution of the depositing of the shares.
On the basis of the UMAG the investor must instead, if the company has amended its articles accordingly, procure from the depositary institution by the start of tue 21st day before the AGM, the so-called Record Date, a certificate of tue shareholding, and forward this to the company by the 7th day before it. This certificate entitles the investor to attend the AGM, irrespective of whether on the day of it he is actually still a shareholder.
So this is of decisive importance particularly for decisions to buy or sell shares in the run-up to the AGM?
SIMON: Precisely. An investor who buys shares within 21 days of the AGM cannot take part in it, whereas a seller holding the Record Date certificate on the 21st day before it is entitled to attend. This right is not transferable. So an investor wishing to exert business influence at the annual general meeting must have the shares on deposit before the 21st day, in order to have the Record Date certificate issued.
Does this rule on Record Date certification change the entitlement to dividend?
SIMON: No, as before entitlement to dividend goes to whoever is the shareholder on the day of the dividend decision.
Does the UMAG fulfil the expectations especially of foreign institutional investors?
SIMON: Now clarity prevails. The procedure becomes more transparent. Substantively, the provision largely already applied, but was called something else, namely deposit. However, many market participants associated with deposit the notion that the shares were blocked, so that they were not allowed to sell the shares during the deposit period
And the blocking note (Sperrvermerk)?
SIMON: That did in fact cause additional confusion, but as a matter of fact even depositing the shares did not imply a block on selling them. Anyway, from now on what applies is: an investor holding a Record Date certificate who sells the shares between the 21st day before the AGM and the day of it is still entitled to participate in it.
And the buyer of those shares?
SIMON: Has no right to take part in the annual general meeting.
Was the Record Date, then, just the introduction of a concept familiar in the Anglo-American financial world?
SIMON: That was one of our aims, to make the procedure more transparent for foreign investors. The decisive difference from existing law is that the Record Date certification introduced in the UMAG fixes who is entitled to take part in the AGM, namely only whoever holds the certificate – irrespective of whether or not still a shareholder on the day of the AGM.
Why should an investor who is no longer a shareholder still be able to cast a vote?
SIMON: From an economic viewpoint that really does hardly ever make sense. But with the UMAG Germany is coming closer to Anglo-American usages. The UMAG signals to foreign, especially institutional, investors that in Germany rules prevail that they are familiar with. >>

INTERVIEW

Dr. Stefan Simon is a company-law expert at the firm Flick Gocke Schaumburg

>> INTERVIEW

Furthermore, the legitimating effect of the Record Date certificate is an alleviation for the intermediaries in the run-up to the AGM, mainly the depositary banks. The previous procedure of reconciliation, i.e. subsequent notification of share transactions between the deposit date and the qualifying date for the AGM, ceases. Transactions happening between the 21st day before the AGM and the AGM itself will accordingly no longer entail bank processing expenditures. This will bring a considerable alleviation in procedural and cost terms.

Do you expect that foreign investors will exercise their voting rights more actively?

SIMON: The change from deposit to Record Date certification will at most have a subsidiary effect, and certainly not spark off a run on German AGMs.

What measures have to follow?

SIMON: For those investors who are pursuing business interests and therefore

also wish to affect what happens at the AGM, the protective rights for minority shareholders and in that connection also the gradually increasing spread of company-law suits in Germany too will play an important part. Actions for avoidance unfortunately bring the possibility that small shareholders may torpedo AGM resolutions – and they may well increasingly actually do so. I'm afraid that on this point the UMAG is a tiger with very small teeth. The UMAG lays down rules intended to impede actions for avoidance, for instance that a plaintiff has to be a shareholder at the time of convocation of the AGM. Hitherto it was possible to buy one share once the agenda was published and bring an action.

But what's more important is the UMAG's objective of making liability suits against management easier, thereby taking "pressure" off actions for avoidance. Management is to have broad entrepreneurial discretion, for which the business judgement rule is now also being explicitly included in German company law. But if management breaches its entrepreneurial duties, personal liability claims against it are to be made easier. The possibilities for shareholders to bring liability actions have accordingly been considerably widened. This too is a reminder of Anglo-American thinking and legal tradition, where there are many fewer actions for avoidance than liability suits. This is the objective of the German legislator. However, there is a danger of opening up the flank of liability suits without closing the flank for actions of avoidance.

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BUHLMANN'S CORNER

What's the difference between Corporate Governance and real life?

Just a few years ago, respectable German CEOs were still fond of ignoring Corporate Governance, as a passing fad – today it has slipped into "their" Supervisory Board, not without numbers of compliance declarations being signed first. For the final starting signal, it is undoubtedly the various "Enrons" we have to thank – and in turn the ultimately clearest beneficiaries, the advisers, owe them thanks too. If before the crash they were pleading "for" SPEs (special purpose entities), after it they swung round onto the side of the swindled investors, who were suing for small parts of the losses.

Yesterday there were talks between managers and the Works Council on VW's in-house pay scales, on the tried-and-true principle "more labour costs for the same performance". Tomorrow the CEO is to make a report to the deputy chair of the Supervisory Board, and also negotiate his own contract. Disturbingly, the negotiating partners are the same people.

Since 23 September 2005 the first phase of the EU directive on "Institutions for Occupational Retirement Provision" has been in force – the first step in Europe towards turning the pension schemes into a common market. At latest since the ratings shock at the ThyssenKrupp AGM, German CFOs have been planning to follow the example of energy group E.ON, which according to its own announcement wishes to hive off its pension commitments to workers into stand-alone pension schemes. Instead of converting them temporarily, as at Siemens, into Infineon shares, or (as with Hoechst) offsetting them with chemical investments, pension commitments are now to be handled with new responsibility.

Who is now going to decide how much can and should be restructured into special funds (outside the owners' control), and when? And who is to watch over the operations, and their administrators? A self-appointed working party, primarily pushed by Christian Strenger, has initiated a Corporate Governance Conduct Code for Institutional Investors – an important building block, and at the right time. For something is now going to emerge in Germany that to date has remained pure theory: co-determination for management on the Supervisory Board combined with social demands from the representatives of the beneficial owners of equity capital (politically controlled pension funds).

Precisely that is once more and all the more urgently a reason for yield-oriented investors to analyse the situation (on the spot) sensitively, using all the levers of their participation in proper doses and in line with their own interests. They should do so in regular contact with the managers of the assets, as well as on their own behalf in conflict-free involvement within the general meeting, the supreme decision-making body.

Hans-Martin Buhlmann is the founder of the proxy voting Agency VIP Vereinigung Institutionelle Privatanleger e.V. (www.vip-cg.com)

Dividend bonus to increase attendance at AGMs

The German Association for the Protection of Security Holders (DSW) advocates a dividend bonus to increase attendance at annual general meetings. Investor interest in taking part in AGMs has fallen further this year. At AGMs of DAX30 companies, on average only 45.9 % of voting share certificates were represented; in 2004, average AGM attendance was 47.2 %. On the view of the German Companies' Institute DAI (Deutsches Aktieninstitut) and of DSW shareholder representatives, this brings a danger of random majorities and unpredictable influence peddling by big shareholders vis-à-vis those with smaller and medium-sized holdings.

By contrast with the competing private investors' association SdK (Schutzgemeinschaft der Kapitalanleger), however, it is in the view of DSW and DAI that only those investors who actually vote should also receive a bonus in the form of a higher dividend. On an initial assessment by a senior representative of the Federal Ministry of Justice, the principle of equal treatment should be no bar to introduction of this sort of bonus. However, the Ministry is not at present looking into a dividend bonus for shareholders. Alternative proposals, such as a voting-rights restriction for short-term-oriented investors, are rejected by the DSW on the ground that that would create second-class investors. The fund company Union Investment suggests that AGM attendance could be increased by abolishing so-called golden shares, multiple voting rights, voting-rights restrictions or non-freely-transferable registered shares.

Jockeying for position at the Codetermination Commission

In the run-up to the sessions of the Codetermination Commission the contracting parties, the unions and the employers, are predictably jockeying for position, with maximum demands. The Commission has a mandate from the government to produce proposals for worker participation in companies (codetermination), to make it more modern and European. In particular, equal representation on the Supervisory Board for employees and employers is regarded as a restriction on competition for companies. The unions are calling for an increase in numbers of Supervisory Board members, to improve codetermination. It should also be extended to more companies.
At present, parity codetermination applies to companies with 2,000 workers or more. The legislature should in the eyes of union representatives lay down a binding list of issues, such as investment projects over a set amount, that will require Supervisory Board assent. The casting vote for the employer-appointed Supervisory Board chair should be abolished. The employers' side rejects these demands. They advocate a restriction of codetermination in companies. For instance, it should be possible to regulate it on the spot in individual companies through negotiation.

Hedge funds in regulators' sights

International financial-market authorities are starting a worldwide study to analyse the role of speculative investors in the financial system. The unregulated capital accumulators have now become a "considerable hazard for the stability of the financial system," opines Jochen Sanio, President of regulatory authority BaFin. Bank experts are proposing, in order to enhance transparency in the hedge-fund business, that the funds' most important banks (prime brokers) should report their large positions to the central banks. These should break down the positions by individual addresses and determine the overall positions of the individual funds and the sector as a whole. These data should be sent back to the banks, which should then, in the event of an emerging major risk or too high a single risk of funds, cut their lendings to individual hedge funds.

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Haarmann Hemmelrath zählt mit 22 Standorten in 14 Ländern zu den großen Gesellschaften für integrierte Rechtsberatung, Steuerberatung und Wirtschaftsprüfung.

Die Anforderungen an die Kapitalmärkte werden in Zeiten der Europäisierung und der Globalisierung immer ausgeprägter. Ein hohes Maß an Kompetenz ist ein absolutes Muss, um erfolgreich auf dem Kapitalmarkt zu agieren. Haarmann Hemmelrath verfügt als eine der führenden Kanzleien für Unternehmenstransaktionen über fundierte und langjährige Praxiserfahrung in allen Kapitalmarktfragen, sowohl im Primär- als auch im Sekundärmarkt. Mit standortübergreifenden Teams begleiten wir Unternehmen bei allen Fragen betreffend Equity Capital Markets - von der konzeptionellen Planung über die konkrete Vorbereitung bis zur individuellen Umsetzung.

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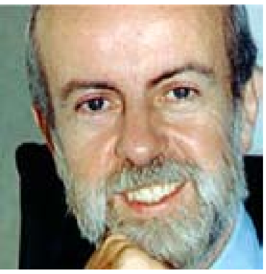

Enrico Cucchiani


Clement Booth

In connection with the transformation of **Allianz AG** into a European Company (Societas Europaea, SE), new management board members for the insurance group are being appointed as from 1 January. **Enrico Cucchiani**, currently CEO of Lloyd Adriatico, will be responsible for the insurance markets in Italy, Spain, Switzerland, Austria, Portugal, Turkey and Greece, as well as for the durability programme in the damage/accident sector. **Jean-Philippe Thierry**, currently CEO of AGF, takes charge of the insurance markets in France, Benelux, Middle East, South America and Africa, as well as credit insurance, assistance and the durability programme in the Life sector. **Clement Booth**, presently CEO of Aon Re International, answers for the insurance markets in Britain, Ireland and Australia, as well as the reinsurance business, and for Allianz Global Risks, Allianz Marine & Aviation and Allianz Risk Transfer. Allianz CEO **Dr. Gerhard Rupprecht** will be responsible, in addition to the IT sector, also for insurance activities in Germany. Rupprecht is currently additionally CEO of Allianz Life. Allianz director (responsible for the Europe I division and credit insurance) and Allianz Versicherungs-AG CEO Dr. Reiner Hagemann is resigning his positions at the year's end. Hagemann rejected the organizational change. Also resigning from the board at his own desire on 31 December is Detlev Bremkamp, currently responsible for the Europe II division and the international reinsurance and industrial insurance business. The insurer is further planning to reduce the Supervisory Board from 20 to 12 members and to Europeanize employee-side representation. Nothing is to change regarding the principle of parity codetermination, i.e. equal representation on the Supervisory Board for employee and employer representatives.


Eric Ridenour

Eric Ridenour, who previoously held executive posts at Chrysler Corporation, has since 1 September been a director of **DaimlerChrysler**. Ridenour succeeds Thomas W. LaSorda as Chief Operating Officer (COO) of the Chrysler Group.

Dr. Matthias Mosler, Ex Germany Chief at Merrill Lynch, will be on the Executive Committee of **Depfa Bank** as from 1 October. Among his areas of responsibility are product infrastructure financing, consultancy services and financial guaranty. He will also be involved with issues of strategic planning.

Reto Francioni is to take over the management board chair at **Deutsche Börse AG** on 10 October. To date the stock-exchange operator has been headed by CFO Mathias Hlubek. Dr. Rolf-E. Breuer is passing on the Supervisory Board chair to Kurt F. Viermetz. Due to enter the Supervisory Board are Richard Berliand (Deputy Chairman Futures Industry Association, Washington D.C.), Craig Heimark (Managing Partner, Hawthorne Group, Palo Alto), Hermann-Josef Lamberti (Member of the Board of Managing Directors, Deutsche Bank, Frankfurt) and Dr. Erhard Schipporeit (Chief Executive for Finance, Accounting, Taxation and IT, EON, Düsseldorf). Resigning from it are Mehmet Dalman (Chief Executive Officer, WMG Limited, London), Dr. Stefan Jentzsch (Member of Management Board, HypoVereinsbank AG, Munich), Hessel Lindenbergh (Senior Counsel, Boer & Croon, Amsterdam) and Lord Peter Levene (Chairman Lloyd's, London).


Eckhard Spoerr

Christian Burger, Vice President at management consultants Booz Allen Hamilton in Munich, has become Supervisory Board member at telecoms firm **Freenet.de**. From 1 September, **Eckhard Spoerr**, CEO of Freenet.de, became simultaneously CEO of **Mobilcom**. Mobilcom CEO Dr. Thorsten Grenz had already left the Supervisory Board of Freenet.de when the AGM voted in favour of the merger of Mobilcom and Freenet.de.

Joachim Stöber, Secretary of the management board of IG Metall, was appointed to the Supervisory Board of conglomerate **GEA Group** on 15 September. He replaces Michael Vassilliadis as employee representative on the Supervisory Board.


Dr. Burkhard Lohr

Hochtief CFO Dr. Hans-Georg Vater is due to retire on 31 March 2006. His successor in the construction group will be **Dr. Burkhard Lohr**, currently director in the Hochtief Construction AG division. Lohr will take on the sectors Controlling, Accounting and Taxation. Responsibility for the areas of Corporate Finance and Investor Relations will be passed on by Vater as from 1 October to Hochtief director Dr. Peter Noé.

Wolfgang-Dietrich Hein has since 1 September been the new CEO of system provider for the car and consumer-goods industry **IWKA**. Hein has inter alia worked internationally for machinery and plant construction groups MAN and Krupp.

Marc Oliver Sommer, Management Board member of DirectGroup Bertelsmann and managing director of Groupe France Loisirs (Paris) and Der Club Bertelsmann (Berlin/Rheda), becomes a member of the **KarstadtQuelle** management board as from 1 Januar 2006. He will take on management of the struggling mail-order sector. Till then, CFO Harald Pinger continues to head it. Sommer is regarded as an intimate of KarstadtQuelle CEO Thomas Middelhoff, who was until 2002 CEO of media group Bertelsmann. Since May this year Middelhoff has been CEO of KarstadtQuelle.


Karlheinz Hornung

New CFO at **MAN**: Dr. Ferdinand Graf von Ballestrem is leaving the board of the machinery and commercial-vehicle manufacturing group at the end of 2005. His successor is to be MAN chief auditor **Karlheinz Hornung**, who will then be taking on both responsibilities. MAN CEO **Håkan Samuelsson** is taking over the Investor Relations sector. Count Ballestrem's contract was not renewed by the Supervisory Board. Hornung is regarded as a very close ally of MAN CEO Håkan Samuelsson, who wants to reorient the conglomerate. Count Ballestrem is regarded as an intimate of MAN Supervisory Board chair Rudolf Rupprecht.

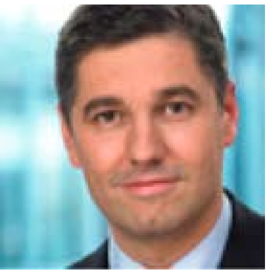

Håkan Samuelsson

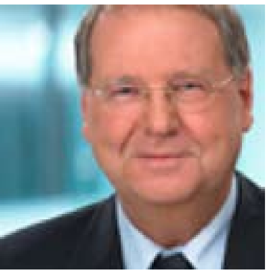
Walter W. Zywottek has since 1 September been a management member and personally liable partner at **Merck KGaA**. He will initially be dealing with strategic issues in the company's chemicals sector. As from January 2006 he will take over operational management of the worldwide Merck chemical business from Professor Dr. Dr. Thomas Schreckenbach, also a management member and personally liable partner at Merck KGaA.

Swiss management consultant **Peter Küpfer** has since 1 September been Supervisory Board member at commercial group **Metro**, replacing Volker Claus. Küpfer is inter alia Vice-President of the bank Julius Bär & Co. AG in Zürich, Chair of the Audit Committee of Holcim in Bern and member of the Audit Committee of Valora Holding in Bern.


Hans Mahr


Thomas Ganswindt


Stefan Auerbach


Jürgen Wilde

Hans Mahr moved from RTL Group (Operations Management Committee) to **Premiere** on 1 September. Mahr becomes executive officer there for the newly created sector for Sport and New Business. As part of the management reorganization, Dr. Friedrich-Carl Wachs has left the Premiere board. The functions of his management sector Strategy and Development will be integrated into other sectors.

Eugen Münch took over from auditor and tax adviser Wolfgang Mündel on 1 September as Supervisory Board chair of hospital operator **Rhön-Klinikum**. In late July Münch had given up the management board chair to Wolfgang Pföhler.

Dr. Dieter Brunke has resigned from the **Salzgitter** Supervisory Board. On 16 September **Dr. Johannes Teyssen** took over the post. To replace Supervisory Board members Hans-Jürgen Ladberg, Bernd Lange and the late Kurt van Haaren, Walter Skiba, Michael Sommer and Professor Dr. Ulrich Zachert were appointed.

Professor Dr. Rainer Metternich has been appointed director (Research) at pharma group **Schering**, replacing Professor Dr. Dr. Günter Stock who is retiring because of age at the end of 2005. Metternich will also as from 1 January be heading the Corporate Research Management Board. Metternich is currently head of Schering's Research Center Europe.

Lothar Pauly will as from 1 October become director at **Deutsche Telekom** and new CEO of Telekom subsidiary T-System. Pauly was to date CEO of the Communications sector at Siemens, and is replacing the late Telekom CEO Konrad F. Reiss. Telekom is a big customer for electronics group Siemens, so that observers are wondering about a possible conflict of interest.

After Pauly's departure, **Siemens** CEO **Thomas Ganswindt** will also head the Siemens communications technology branch Com. Ganswindt is responsible on Siemens central management board for Information and Communications.

The new deputy chair of Volkswagen's central and group works council, **Bernd Wehlauer**, has since 1 September been a member of the **VW** Supervisory Board. Wehlauer succeeds Dr. Klaus Volkert, who resigned in connection with the VW corruption affair.

Wilfried Kaiser is the new Supervisory Board chair of transport technology group **Vossloh**. He replaces Kajo Neukirchen, defeated in the power struggle with Vossloh CEO Burkhard Schuchmann. Kaiser was already Supervisory Board member since late May, and earlier CEO at ABB, Mannheim.

With effect from 1 October there will be three new Supervisory Board members at IT solutions provider for retail banks and commercial firms **Wincor Nixorf**: **Philip Mantle** will be reponsible for worldwide banking business, **Jürgen Wilde** takes on overall responsibility for the solutions business on the commercial side, and **Stefan Auerbach** becomes responsible worldwide for the Services sector. CFO and deputy CEO Eckard Heidloff will additionally be responsible, in the post of COO (Chief Operating Officer) for worldwide production and logistics.

Too little transparency in forecasts in business reports

Only 11 % of DAX30 and MDAX companies give a transparent picture with informative qualitative descriptions and extensive quantitative predictions about their future business development in their business reports. Only every second firm informs the investor with quantitative statements about expected turnover and results figures. This is the finding of an analysis by Kirchhoff Consult of 2004 annual reports for qualitative and quantitative forecasts on the overall economy, sector development, financing strategies, dividend policy, development of segments, investments, R & D expenditure, employees, turnover and results. Special value was attached to quantitative indications as to turnover and results. Exemplary transparency on future business developments was shown among the DAX30, according to Kirchhoff Consult, by Adidas, Fresenius Medical Care, Munich Re, RWE and ThyssenKrupp. In the MDAX Bilfinger Berger, Fraport, Fresenius and Vossloh shone. On a comparison between MDAX and DAX30, the DAX30 companies predictably cut a better figure: 16 % of DAX30 companies came into the category "high transparency", while in MDAX the figure was 8 %. The group of DAX30 companies with "low transparency" includes e.g. BASF, Deutsche Bank and Infineon, and in the MDAX AWD, Depfa Bank and Fielmann.

➔ **Study: www.kirchhoff-consult.de**

„Top salaries for German top managers"

Directors of DAX30 companies earned an average of €1.6 million in 2004 (without such elements of remuneration as share options). That means they earned on average 8 % more than in 2003. CEOs earned an average of €2.6 million. This is the finding of a study by private investors' association Deutsche Schutzvereinigung für Wertpapierbesitz (German Association for the Protection of Security Holders, DSW). The study was based on company publications supplemented by enquiries. The biggest increase in remuneration went to managers at Adidas, with a rise of just 89 %; the yield per share of the sports goods manufacturer grew by 20.3 %. On average, each Adidas director received compensation of €1.8 million (in tenth place). The second-biggest rise was at ThyssenKrupp, where there was a salary increase of 60 % as against a yield rise of 66 %. Average compensation was €1.5 million for a ThyssenKrupp director (17th place). The heaviest salary cut was for E.ON directors (at €2.1 million per head almost 25 % less, 5th place), while the energy group's yield per share fell by 7 %. At Volkswagen (average salary €1.5 million, 19th place) the salary was by contrast lowered only 2.3 %, though yield fell by 31 %. Deutsche Bank directors got 18 % less, though at €3 million the CEO still receives by far the most money in the DAX30.

➔ **Study: www.dsw-info.de**

High liquidity of German firms

In the business year 2004 cash holdings of companies in the DAX30, MDAX, SDAX and TecDAX rose by around 10 billion to 100 billion Euros. This is the finding of a study by the Institute for Auditing (IWP) at the University of Saarbrücken and management consultants Mercer Management. The companies had more financial leeway because of the high pension reserves for employees' occupational pensions of around €110 billion. The highest liquidity in the DAX30 was at electronics group Siemens with €12.2 billion, followed by E.ON (€12 billion) and VW (€10 billion). The lowest liquidity was at Altana (€317 million), Adidas-Salomon (€196 million) and Fresenius Medical Care (€43 million). In the MDAX the leaders were EADS (€8.7 billion), Hochtief (€770 million) and Bilfinger Berger (€731 million), in the SDAX Dyckerhoff (€214 million), Jungheinrich (€187 million) and WCM (€154 million), and in the TecDAX Mobilcom (€367 million), Epcos (€238 million) and Micronas Semiconductor (€224 million).

➔ **Study: www.handelsblatt.com/firmencheck**

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Inadequate stock option programmes

Many of the DAX30 companies are according to a study by fund company Union Investment still failing to achieve important minimum standards when giving stock options. For instance, many managers profit from the programmes even when the share price is hardly rising, or those of competitors in the same industry doing better. By comparison with last year, according to Union Investment, ten firms launched better programmes and seven a worse one. The fund company examined the option programmes for ambitious minimum yield goals, additional own investments, appropriate size, treatment on the balance sheet and factors like duration, caps on maximum values and transparency. 22 companies have a compensation system oriented to share-price development. Of these, Deutsche Lufthansa again ranked first. The airline was convincing for such things as the high own investment managers must make for every option. Bayer improved to second place with its recast option programme (last year: sixth place). Union Investment also stresses the ambitious yield requirements: the Bayer share must reach an annual mimimum yield of 4.9 % and at the same time beat the EuroStoxx 50. BASF follows in third place (high own investment for beneficiaries and low volume of the programme). SAP comes last for its compensation scheme, as in the previous year. The absolute price advance of 10 % in five years called for is on Union Investment's view inadequate, since a rise of a mere 1.9 % per annum would already be enough to let beneficiaries count the cash. SAP managers mooreover, shun the comparison with a representative sector index. Since the range of beneficiaries has been widened yet again, the internal value of the options already stands at €475 million. This means the programme is threatening to dillute share holdings by 7.3 %, thinks Union Investment. Infineon too again takes one of the bottom places. Its current option programme sets the semiconductor manufacturer's yield target at 5 % in seven years, corresponding to an annual yield of a mere 0.7 %. This is the lowest absolute yield target of all DAX30 copmanies. Again, there is no index comparison. Thus, managers will benefit if there is a both absolutely and relatively inadequate performance by the share, criticizes the fund company. Fresenius Medical Care's programme comes third-last. The dialysis specialist was disappointing particularly because of the inadequate yield targets. Additionally, managers need make no own investments.

➔ **Study: www.union-investment.de**

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Invision is an independent private equity / venture capital firm investing in technology oriented growth companies.
We are dedicated to back entrepreneurs that have the drive and ability to build world class companies that have the potential to become a dominant player in their market. We mainly invest expansion capital in ICT, medical technology and innovative service companies.

Invision is proud to announce the following IPO and trade sale transactions of its portfolio companies:

- Micrus is engaged in the design and development of highly differentiated and proprietary interventional neuroradiology (INR) devices
- June 2005: Micrus went public on the NASDAQ raising USD 30 m

- US based Trados provides translation software that enables global businesses to operate their multilingual content more efficiently
- July 2005: Trados has been sold for up to USD 60 m to UK based SDL plc., a world leading provider of translation services and technology solutions

- CyberGuard provides IT security solutions that protect business-critical assets at global 2000 organizations and government entities worldwide
- August 2005: Secure Computing announced the acquisition of CyberGuard for USD 295 m in stock and cash

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Holdings: Buying & Selling
in September

Bayer (ISIN DE0005752000): The US fund company Capital Group Companies has raised its stake in pharma group Bayer to 5 % of voting shares. Capital Group also holds noteworthy shares of e.g. Continental (5.1 %) and E.ON (3.4 %).

Heidelberger Druckmaschinen (ISIN DE0007314007): Commerzbank has completely divested itself of its 10 % holding (8.6 million shares) in the printing-machine maker. Commerzbank is said to have sold two thirds of its stake to hedge funds. Previously, RWE had already announced it would sell its holding (15 %) to service its redemption bond. Heidelberger Druckmaschinen still has two major shareholders, Allianz (12 %) and Munich Re (6 %).

HeidelbergCement (ISIN DE0006047004): Spohn Cement, controlled by pharma manufacturer Adolf Merckle, has raised its stake in cement producer HeidelbergCement after completion of the takeover bid by 2.9 % of the share capital. Spohn Cement now holds 79 % of the shares.

IVG Immobilien (ISIN DE0006205701): Banking houses Sal. Oppenheim and HSH Nordbank have both reduced their holdings in real-estate group IVG by 5 %, to 20.1% and 5.1 % respectively. The shares were mainly placed with foreign investors. Sal. Oppenheim stated it wished to keep the remaining portion for a few years more as strategic investor. HSC Nordbank committed itself only to not selling the shares in the next twelve months. IVG's free float rose to 75 % with this transaction.

KarstadtQuelle (ISIN DE0006275001): The major shareholder in the commercial group, Madeleine Schickedanz, is raising her share still further through a share pool. In September alone on two successive days she bought a good 2 million more shares for a total of €22.3 million, thus raising her holding to 56.5 %. In late May the shareholder pool around Madeleine Schickedanz had taken the majority, at 50.1 %. Since March she is said to have bought some €300 million worth of KarstadtQuelle shares. Madeleine Schickedanz is allegedly aiming at a three-fourths majority; she seemingly wants enough votes to push through charter amendments.

Premiere (ISIN DE000PREM111): Some six months after the pay-TV channel Premiere's IPO, a group of financial investors around holding company Permira has sold the bullk of its shares. Permira, Bayerische Landesbank, HypoVereinsbank and Austrian company Bawag divested themselves of a total of some 25 % of the Premiere shares; their holding now still totals around 8.5 %. The sale cut the stake in Premiere of the biggest individual shareholder, holding company Permira, from 23.7 to 5.9 %. If all the shares are placed, Premiere chief Dr.Georg Kofler will be the biggest individual shareholder, with a holding of 13.9 %.

Puma (ISIN DE0006969603): Hamburg investors Günter and Daniela Herz have expanded their share of sports goods manufacturer Puma further through asset management company Mayfair to more than 25 %, thus holding a blocking minority. Mayfair is the bigest shareholder in Puma, and does not rule out an increase.

RWE (ISIN DE0007037129): The City of Düsseldorf is selling its RWE holding through a warrant issue (basic price €64). Düsseldorf holds 5.67 million shares in the energy company, or 2.8 % of the capital.

Schering (ISIN DE0007172009): Insurance group Allianz's asset management company AZ-SER 2 holds 10.58 % of the shares in the pharma group.

Software AG (ISIN DE0003304002): The Deka Investment fund company has raised its share in Software AG to 5.1 %.

INSIGHT Shareholder ID: DAX 30

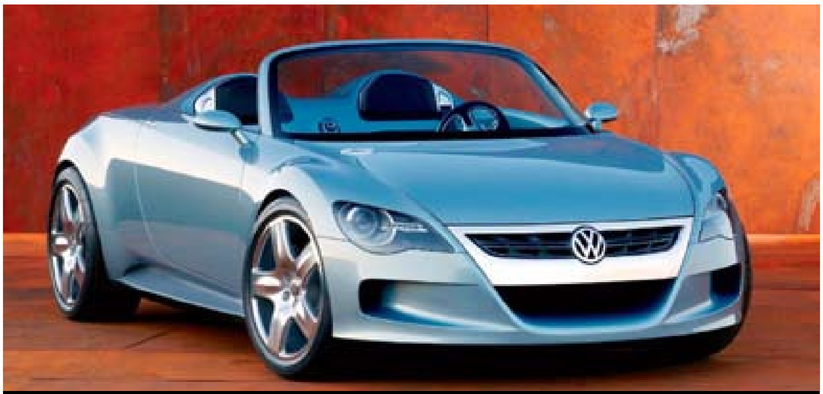
Company	own shares	Manage-ment	reporting shareholders*		reporting capital investment company**	biggest reporting capital investment company **	
adidas-Salomon	no	5,00%	no		22,25%	1,81%	DWS
Allianz	0,10%	no	no		26,87%	2,00%	Activest
Altana	3,64%	no	50,10%	Susanne Klatten	13,59%	2,00%	Fidelity Funds Sicav
BASF	0,15%	no	no		14,07%	1,25%	Deka Investments
HypoVereinsbank	no	no	18,40% 4,80% 4,31% 3,60%	Münchener Rückversicherung The Capital Group Companies Brandes Investment Partners Anteilsverwaltungs-Zentralsparkasse	9,84%	2,18%	American Funds
Bayer	no	no	5,04%	The Capital Group Companies	19,39%	2,06%	DWS
BMW	no	no	46,60%	Family Quandt	10,99%	1,47%	DIT
Commerzbank	0,68%	no	9,10% 1,90% 0,60% 0,60%	Assicuracioni Generali Banca Intesa Banco Santander Mediobanca	15,19%	3,74%	MEAG
Conti	no	no	10,05% 5,49% 5,14%	AXA S.A. Barclays PLC The Capital Group Companies	24,67%	2,56%	Harbor Fund
Daimler	no		7,20% 6,90% 2,20%	Kuwait Deutsche Bank AG Emirat Dubai	11,57%	1,02%	Deka Investment
Dt.Bank	4,86%	no	no		16,74%	1,57%	Deka Investment
Deutsche Börse	no	no	7,89% 5,02% 5,01% 4,91% 4,75%	TCI Fund Management Fidelity Management & Research Atticus Capital LLC The Capital Group Companies Fidelity International Ltd.	21,13%	2,20%	Fidelity USA
Deutsche Lufthansa	no	no	8,60%	GENUJO Achte Beteiligungs-GmbH	24,30%	4,80%	DWS
Deutsche Post	no	no	44,70%	Kreditanstalt für Wiederaufbau	11,15%	2,59%	DWS
Deutsche Telekom	0,06%	no no	22,10% 15,44%	Kreditanstalt für Wiederaufbau Bundesanstalt Post und Telekommunikation	13,50%	1,14%	Deka Investment
E.on	4,75%	no	4,86%	Freistaat Bayern	18,43%	1,04%	Deka Investment
FMC	no	no	50,76%	Fresenius AG	8,49%	0,85%	Jupiter
Henkel	4,20%	no	51,48% 6,11% 3,89%	Family Henkel Jahr Vermögensverwaltung Family Schwarzkopf	4,71%	0,50%	Deka Investment

INSIGHT Shareholder ID: DAX 30

Company	own shares	Manage-ment	reporting shareholders*		reporting capital investment company**	biggest reporting capital investment company **	
Infineon	no	no	18,23% 6,99%	Siemens AG The Capital Group International	11,84%	0,99%	Deka Investment
Linde	no	no	12,30% 10,00% 10,00%	Allianz AG Deutsche Bank AG Commerzbank AG	18,88%	2,24%	Artisan
MAN	no	no	10,09%	AXA S.A.	23,18%	5,60%	DWS
Metro	no	no	38,58% 19,00%	Otto Beisheim Vermögens-verwaltung Franz Haniel & Cie. GmbH	20,56%	0,84%	DIT
MüRück	0,46%	no	9,97% 9,40%	HypoVereinsbank Allianz AG	16,03%	1,44%	Deka Investment
RWE	no	2,00%	22,00% 10,94% 1,90%	Städte und Gemeinden RW Energie-Beteiligungs-gesellschaft mbH E.on	12,33%	0,95%	DIT
SAP	1,69%	no	9,90% 8,90% 5,10% 5,00% 1,70% 1,50% 0,20%	Hasso Plattner GmbH & Co. Beteiligungsges. Dietmar Hopp und Dietmar Hopp Stiftung Klaus Tschira Stiftung GmbH Dr. Tschira Beteiligungs GmbH & Co. Hasso Plattner Förderstiftung Golfplatz St. Leon-Rot GmbH & Co. Dr. Klaus Tschira	23,93%	0,82%	Union Privatfonds
Schering	2,06%	no	12,50% 5,00%	Allianz AG Brandes Investment Partners	14,15%	1,15%	Union Privatfonds
Siemens	no	0,11%	6,10%	Siemens-Vermögensverwaltung GmbH	16,49%	1,60%	Deka Investment
Thyssen	2,98%	no	20,00%	Alfried Krupp von Bohlen und Halbach-Stiftung	11,67%	1,72%	Deka Investment
TUI	no	no	5,10% 5,00% 4,92% 2,40%	Family Riu CAM The Capital Group Companies Grupo de Empresas	17,91%	1,91%	DIT
Volkswagen	13,02%	no	18,20% 10,65% 5,12%	Land Niedersachsen Brandes Investment Partners The Capital Group Companies	5,63%	1,14%	Deka Investment

* Reporting shareholders
** AfU covers more than 18.000 reporting funds and capital investment companies.

➔ **Source: AfU Investor Research GmbH (contact:n.paulsen@afu.de)**



INSIGHT Shareholder ID: Volkswagen AG

reported shareholders		
Capital Group Companies Inc.	21787045	5,12%
Brandes Investment Partners (Brandes), LLC	45318755	10,65&
eigene Anteile	55403774	13,02%
Land Niedersachsen	77446136	18,20%
Total	**199955711**	**46,99%**
free float		
reporting Kapitalanlagegesellschaften (KAG)	23.956.627	5,63%

TOP 10 KAG's

Deka Investment	4.836.967	1,14%
Franklin Templeton Corp.	2.091.400	0,49%
Frankfurt-Trust	1.487.832	0,35%
Universal-Inv.	1.401.031	0,33%
DIT	1.001.229	0,24%
Deka Int.	895.300	0,21%
Indexchange	834.522	0,20%
Cominvest	665.714	0,16%
Franklin Templeton Lux	616.405	0,14%
Activest	407.240	0,10%
Free Float	201615882	47,38%
Total	**425.528.220**	**100,00%**

➔ **For advanced information send please a mail to: n.paulsen@afu.de**

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BUSINESS DIARY

October

Adidas-Salomon (ISIN DE0005003404)
03.11. Third quarter results, Analyst conference on Internet, Phone conference

Altana (ISIN DE0007600801)
02.11. Third quarter results, Business press conference, Analyst conference

Aixtron (ISIN DE0005066203)
03.11. Third quarter results

BASF (ISIN DE0005151005)
02.11. Third quarter results, Analyst phone conference, Autumn press conference, Investor phone conference

BMW (ISIN DE0005190003)
03.11. Third quarter results

Commerzbank (ISIN DE0008032004)
03.11. Third quarter results

Continental (ISIN DE0005439004)
02.11. Phone conference on third quarter results

DaimlerChrysler (ISIN DE0007100000)
26.10. Third quarter results

Depfa Bank (ISIN IE0072559994)
02.11. Third quarter results

Deutsche Bank (ISIN DE0005140008)
28.10. Third quarter results

Elmos Semiconductor (ISIN DE0005677108)
03.11. Third quarter results

Fresenius (ISIN DE0005785638)
03.11. Third quarter results, Analyst conference, Press conference

Fresenius Medical Care (ISIN DE0005785802)
03.11. Third quarter results

GPC Biotech (ISIN DE0005851505)
03.11. Third quarter results

Henkel (ISIN DE0006048432)
02.11. Analyst conference

Hugo Boss (ISIN DE0005245534)
03.11. Third quarter results

HVB (ISIN DE0008022005)
27.10. Third quarter results

IDS Scheer (ISIN DE0006257009)
27.10. Third quarter results

KarstadtQuelle (ISIN DE0006275001)
03.11. Third quarter results

Kontron (ISIN DE0006053952)
27.10. Third quarter results

Leoni (ISIN DE0005408884)
03.11. Third quarter results

Linde (ISIN DE0006483001)
31.10. Third quarter results

MAN (ISIN DE0005937007)
02.11. Third quarter results

Medigene (ISIN DE0005020903)
02.11. Third quarter results

Merck (ISIN DE0006599905)
25.10. Third quarter results

Metro (ISIN DE0007257503)
02.11. Third quarter results

Morphosys (ISIN DE0006632003)
27.10. Third quarter results

Rhön-Klinikum (ISIN DE0007042301)
26.10. Third quarter results

SAP (ISIN DE0007164600)
20.10. Third quarter results, Investor phone conference

Schering (ISIN DE0007172009)
24.10. Third quarter results, phone conference

Schwarz Pharma (ISIN DE0007221905)
26.10. Third quarter results

Software (ISIN DE0003304002)
28.10. Third quarter results

Südzucker (ISIN DE0007297004)
13.10. Second quarter results 2005/06

Volkswagen (ISIN DE0007664005)
03.11. Third quarter results

Vossloh (ISIN DE0007667107)
25.10. Third quarter results

Web.de (ISIN DE0005296503)
20.10. Third quarter results

Wincor Nixdorf (ISIN DE000A0CAYB2)
27.10. Provisional annual accounts 2004/05

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Index of Companies

Index of Persons

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