

EWE sues VuB Claims € 300m in damages / Insists on repayment of loan

Oldenburg, Germany, 16 September 2008. Oldenburg-based energy group EWE has filed for arbitration against VNG Verwaltungs- und Beteiligungsgesellschaft (VuB). EWE seeks a ruling that VuB's bid to terminate the consortium agreement is invalid and that the agreement is still in force. The respondents are VuB and its shareholders with the exception of Jena-Pößneck. The major VNG shareholder has called on Stadtwerke Jena-Pößneck to join EWE in suing VuB. The sum involved has been set at € 300m. EWE has named Professor Mathias Habersack of Tübingen as arbitrator.

"There are no valid grounds for terminating the agreement," explained EWE's Chief Executive Officer Dr. Werner Brinker. In spite of serious breaches of confidence by VuB in the past, EWE continued to stand by the consortium agreement. "We have VNG's well-being in mind and want to develop the enterprise," he mentioned. In addition to claiming damages, EWE reserved the right to demand repayment of a loan granted to VuB in 2004 to enable it to increase its equity investment in VNG. In return for this support the consortium agreement was signed, giving EWE the right of first refusal in respect of the VNG shareholding.

The aim of the agreement is to bundle municipal authority influence on VNG AG. The assurances that EWE gave municipal authorities in eastern Germany in the 2003 agreement included a joint strategic approach and the retention of VNG's Leipzig location. These guarantees are jeopardised by VuB's bid to terminate the agreement.

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EWE, with its head office in Oldenburg, is one of Germany's largest utility companies. Its range of goods and services includes electricity, gas and water supplies, energy and environmental technology, gas transportation and trading, and telecommunications and information technology. Thus, EWE provides a range of classical and innovative services at one source. EWE's network infrastructure is characterised by a high level of technical quality, security of supplies and economically efficient operation. EWE extended its core competences at an early stage to include the operation of complex networks and provide comprehensive control and telecontrol engineering know-how in a future-oriented, multi-service offering. In addition to its established business activities in northern Germany, EWE also conducts business successfully in eastern Germany, Poland and Turkey. The EWE Group employed around 4,700 staff members at the end of 2007 and recorded sales of € 4.7bn.