

Joint report by the Board of Management of DEUTZ AG and the Board of Management of Deutz Abgastechnik GmbH pursuant to Section 293 a German Stock Corporation Act relating to the conclusion of the Control and Profit and Loss Transfer Agreement between DEUTZ AG and Deutz Abgastechnik GmbH (formerly: gatus 250. GmbH)

I. Introduction

On 16 December 2009, DEUTZ AG and gatus 250.GmbH concluded a Control and Profit and Loss Transfer Agreement in which gatus 250.GmbH placed its company under the management of DEUTZ AG and undertook to transfer its profits to DEUTZ AG. gatus 250.GmbH changed its name to Deutz Abgastechnik GmbH by way of an entry in the Cologne Register of Companies dated 23 December 2009. The Control and Profit and Loss Transfer Agreement requires the consent of the Supervisory Board and the General Shareholders' Meeting of DEUTZ AG as well as the Shareholders' Meeting of Deutz Abgastechnik GmbH in order to become valid.

The Shareholders' Meeting of Deutz Abgastechnik GmbH gave its approval in notarised form, on 19 November 2009, to a draft version of the Control and Profit and Loss Transfer Agreement, which was identical to the text signed subsequently. The Supervisory Board of DEUTZ AG gave its approval in the meeting on 11 March 2010. The Agreement will be submitted to the General Shareholders' Meeting of DEUTZ AG for approval on 6 May 2010 pursuant to Section 293 German Stock Corporation Act.

For the purposes of setting out the legal and economic grounds and providing an explanation for the conclusion and content of the Agreement, the Board of Management of DEUTZ AG and the Board of Management of Deutz Abgastechnik GmbH provide the following report.

II. Deutz Abgastechnik GmbH

Deutz Abgastechnik GmbH, in which DEUTZ AG holds a 100% share, holds an equity interest of 25% plus one vote as limited partner in Bosch Emission Systems GmbH & Co. KG. Bosch Emission Systems GmbH & Co. KG is the Joint Venture which is to be set up by Bosch, Eberspächer and DEUTZ for the development, manufacture and sale of complete systems for the further treatment of diesel exhaust gases.

The object of Deutz Abgastechnik GmbH is therefore "in particular, capital investment in the GmbH & Co. KG, based in Stuttgart, which is to be set up in accordance with the joint venture contract between DEUTZ, Bosch and Eberspächer, whose business purpose includes the development (including the provision of development services), manufacture and sale (including supplying the aftermarket) of complete systems for the further treatment of diesel exhaust gases and burners as well as burner systems for the further treatment of diesel exhaust gases, for the non-road market and the on-road market (not cars), based on the construction kit developed for the non-road market."

III. Reasons for concluding the Control and Profit and Loss Transfer Agreement

As a result of the profit-and-loss transfer agreement, a single entity will be established for the purposes of corporation and trade tax, i.e. profit and loss made by DEUTZ AG at the level of Deutz Abgastechnik GmbH will be allocated on an accrual basis, for the purposes of commercial and tax law, and consolidated at group level with the earnings of the group companies who also form part of the single entity for tax purposes.

The justification for having a single entity for tax purposes, which for its validity requires the conclusion of the Control and Profit and Loss Transfer Agreement, is based on reasons of greater flexibility in the allocation of earnings from Bosch Emission Systems GmbH & Co. KG to DEUTZ AG.

The direct allocation of profit shares under tax law from Bosch Emission Systems GmbH & Co. KG to DEUTZ AG can be shielded by Deutz Abgastechnik GmbH insofar as the Control and Profit and Loss Transfer Agreement is not implemented under tax regulations pursuant to Section 14 (1) No. 3 Corporation Tax Act (KStG). This allows us to control whether shares in profit or loss from Bosch Emission Systems GmbH & Co. KG remain in Deutz Abgastechnik GmbH or should be allocated to DEUTZ AG.

When compared with direct investment by DEUTZ AG in Bosch Emission Systems GmbH & Co. KG, there are no special consequences for the shareholders of DEUTZ AG arising from the Agreement apart from the statutory losses which have to be taken on where appropriate.

IV. Alternatives to concluding the Control and Profit and Loss Transfer Agreement

The shielding effect of interposing Deutz Abgastechnik GmbH for profit shares from Bosch Emission Systems GmbH & Co. KG while at the same time maintaining the desired flexibility in relation to the allocation of profits can only be achieved by establishing a single entity for tax purposes, for which the conclusion and implementation of the Control and Profit and Loss Transfer Agreement is a necessary prerequisite.

There are therefore no alternatives to the conclusion of the Agreement.

V. Content of the Control and Profit and Loss Transfer Agreement

The Control and Profit and Loss Transfer Agreement has the following content:

§ 1 Senior Management

gatus 250. GmbH places itself under the management of DEUTZ AG. DEUTZ AG is entitled to issue general instructions, or instructions on individual matters, to the Management Board of gatus 250. gatus 250. GmbH undertakes to comply with DEUTZ AG's instructions.

§ 2 Profit Transfer

(1) gatus 250. undertakes to transfer its entire profits, within the meaning of Section 275 (2) No. 20 and (3) No. 19 German Commercial Code (HGB), and in accordance with Clause 2 of this Agreement, to DEUTZ AG so that, subject to the stipulation agreed in the following sub-clause 2, gatus 250. GmbH does not accrue any operating profits of its own.

(2) gatus 250. GmbH may only place shares in the annual net profit into free reserves with the consent of DEUTZ AG. DEUTZ AG undertakes to give consent if and insofar as this is permitted under commercial law and necessary on the basis of a prudent commercial assessment. Free reserves set up during the period of this Agreement must be released and used to offset losses, or transferred as profits, if DEUTZ AG requires it and if this is justified on the basis of a prudent commercial assessment. The same applies mutatis mutandis to profit carried forward.

§ 3 Determination of Profits

(1) The profits and losses of gatus 250. GmbH are determined according to the regulations under commercial law.

(2) In this regard, the provisions of Section 300 No. 1 German Stock Corporation Act (AktG) must be observed; the amount of the transfer must not exceed the amount arising under Section 301 German Stock Corporation Act.

(3) DEUTZ AG may issue instructions to the Management Board of gatus 250. GmbH relating to the preparation of the balance sheet.

§ 4 Transfer of losses (Section 302 German Stock Corporation Act)

The transfer of losses is regulated by the provisions of Section 302 German Stock Corporation Act.

§ 5 Due Date for Payment

The entitlement to receive the transfer of profits falls due on approval of the annual accounts, the entitlement to receive transfer of losses, on expiry of the financial year for which they were established. They shall bear interest at a rate of 5% per annum as from the due date for payment.

§ 6 Right to Information

DEUTZ AG is at all times entitled to have access to the books and other business documents of gatus 250. GmbH. The Board of Management of gatus 250. GmbH is obliged to provide DEUTZ AG with all the information which it requires relating to the business of gatus 250. GmbH.

§ 7 Commencement, Duration and Termination of the Agreement

(1) The obligation to transfer profits and offset losses first comes into being with respect to the profit or loss for the financial year of gatus 250. GmbH in which this Agreement takes effect.

(2) This Agreement is concluded for an indefinite period but may not be terminated before five years have expired. Thereafter it may be terminated by way of six months' notice to the end of the financial year of gatus 250. GmbH. Notice to terminate must be in writing. The date on which notice to terminate is received by the other company shall determine whether the notice period has been complied with.

VI. Contractual Review, Compensation, Financial Settlement

As all shares in Deutz Abgastechnik GmbH belong to DEUTZ AG there is no need for a review of the Control and Profit and Loss Transfer Agreement, a review report or any regulation relating to compensation or a financial settlement for external shareholders.

Cologne, 1 March 2010

Board of Management of DEUTZ AG

(signatures Dr. Leube, Biondi and Dr. Haase)

Board of Management of Deutz Abgastechnik GmbH

(signatures Biondi and Dr. Haase)