

Joint report by the Board of Management of DEUTZ AG and the Board of Management of DEUTZ Asien Verwaltungs 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 Asien Verwaltungs GmbH

I. Introduction

On 29 February 2012, DEUTZ AG and DEUTZ Asien Verwaltungs GmbH concluded a Control and Profit and Loss Transfer Agreement in which DEUTZ Asien Verwaltungs GmbH placed its company under the management of DEUTZ AG and undertook to transfer its profits to DEUTZ AG. At the same time, DEUTZ AG undertakes to assume its losses.

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 Asien Verwaltungs GmbH in order to become valid.

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 Asien Verwaltungs GmbH provide the following report.

II. DEUTZ Asien Verwaltungs GmbH

DEUTZ Asien Verwaltungs GmbH, in which DEUTZ AG holds a 100% share, was established by conclusion of its Articles of Association on 14 December 2011. The object of the Company is "in particular, capital investment in the DEUTZ Engine (Shandong) Co., Ltd (Joint Venture) based in the district Linshu, province Shandon, People's Republic of China, which is to be set up, whose business purpose shall be the manufacturing and sale of the manufactured engines and their parts under licence. DEUTZ Asien Verwaltungs GmbH holds a share of 70% in the Joint Venture. Shandong Changlin Machinery Group Co. Ltd., the other shareholder, holds a share of 30%.

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

It is our aim, to offset the results made by DEUTZ Asien Verwaltungs GmbH for purposes of corporation and trade tax against the results of other domestic companies of the DEUTZ Group (single entity for tax consolidation purposes). Furthermore, value-added tax liabilities and input tax receivables of companies who form part of the single entity are to be offset against each other. Conclusion of a Control and Profit and Loss Transfer Agreement between DEUTZ Asien Verwaltungs GmbH (subordinated company) and DEUTZ AG (controlling company) is a prerequisite for the necessary formation of a corporation and trade tax entity. Results will be allocated to DEUTZ AG 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. Analogous, value-added tax liabilities and/or input tax receivables of DEUTZ Asien Verwaltungs GmbH shall be allocated to and set off against DEUTZ AG.

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

The setting off of profit and loss and/or value-added tax liabilities / input tax receivables of legal entities for tax purposes 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.

Therefore there are no alternatives to the conclusion of the Agreement in order to achieve the tax objectives described above.

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

(1) DEUTZ Asien Verwaltungs GmbH (in the following also referred to as: subordinated company) places itself under the management of DEUTZ AG (in the following also referred to as: controlling company). DEUTZ AG is entitled to issue general instructions, instructions on the ongoing business or on individual matters, to the Board of Management of DEUTZ Asien Verwaltungs GmbH. DEUTZ Asien Verwaltungs GmbH undertakes to comply with DEUTZ AG's instructions.

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

§ 2 Profit Transfer

(1) DEUTZ Asien Verwaltungs GmbH undertakes to transfer its entire profits to DEUTZ AG, starting as of the beginning of the financial year ongoing at the date this Agreement is entered in the commercial register. The provisions of Section 301 German Stock Corporation Act (AktG), Section 17 (2) No. 1 German Corporation Tax Act (KStG) as amended from time to time are to be applied to this Agreement.

(2) The subordinated company may only place amounts arising from the annual net profit into other retained earnings with the consent of the controlling company (Section 272 para 2 German Commercial Code – HGB) if and insofar as this is permitted under commercial law and necessary on the basis of a prudent commercial assessment.

(3) Other retained earnings recognised during the term of this Agreement as per Section 272 para 3 HGB are to be reversed when requested by the controlling company and to be used to offset an annual deficit or to be transferred as profit. Other reserves, profit carried forward and retained earnings originating from the time before this Agreement became effective may neither be transferred as profit to the controlling company nor used to offset an annual deficit. This also applies for additional paid-in capital irrespective of whether it was recognised before or after this Agreement became effective.

§ 3 Determination of Profits

(1) The profits and losses of DEUTZ Asien Verwaltungs 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.

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

During the term of this Agreement, the subordinated company undertakes to accept the transfer of losses. This is regulated by the provisions of Section 302 German Stock Corporation Act as amended from time to time.

§ 5 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 DEUTZ Asien Verwaltungs 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 DEUTZ Asien Verwaltungs 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. The right of early termination for cause shall remain unaffected thereof. In particular, the parties shall be entitled to terminate the Agreement for cause in case of

- a) sale or contribution of the shares in the single entity for tax purposes by the controlling company or
- b) merger, split off or liquidation of the controlling company or the subordinated company.

VI. Contractual Review, Compensation, Financial Settlement

As all shares in DEUTZ Asien Verwaltungs 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 2012

Board of Management of DEUTZ AG

Dr. Helmut Leube

Dr. Margarete Haase

Board of Management of DEUTZ Asien Verwaltungs GmbH

Dr. Helmut Leube

Dr. Margarete Haase