

**RULES OF PROCEDURE**  
**of the Management Board of**  
**DEUTZ AG**

By way of a resolution of 10<sup>th</sup> December 2009, the Supervisory Board confirmed the following version of the Rules of Procedure of the Management Board of DEUTZ AG dated 7 November 2002 pursuant to section 77 (2) of the German Stock Corporation Act (AktG) and inserted a new section 5 1. (a).

**§ 1**

1. The duties, powers and responsibilities of the Management Board shall be based on legal statutes, the Articles of Association, these Rules of Procedure and the resolutions of the Supervisory Board.
2. The primary duty of the Management Board shall be to manage the operations of DEUTZ AG and to determine the strategic orientation of the DEUTZ Group, i.e. of DEUTZ AG and its subsidiaries.

**§ 2**

1. The members of the Management Board shall bear joint responsibility for all management activities (collegial principle). They shall keep each other informed of all significant transactions and measures in their respective business areas.

2. Without prejudice to the joint responsibility of the Management Board, each member shall bear responsibility for managing his own business area. Each member of the Management Board shall be entitled to make independent decisions within his business area and to give orders, unless otherwise stipulated in these Rules of Procedure and provided such orders do not affect the business areas of other Management Board members.
3. The scope of duties and the business area of the individual Management Board members shall be based on the business distribution plan drawn up by the Supervisory Board.
4. Each member of the Management Board shall be obligated to keep himself informed of all major transactions. Accordingly, each Management Board member must prepare written reports on all major transactions occurring in his business area and inform his fellow Management Board members thereof in a suitable manner. Without prejudice to his departmental responsibilities, the Management Board member responsible in each case must coordinate issues of fundamental or major significance with the Chairman of the Management Board in due time.
5. To the extent that transactions and measures in the business area of a Management Board member also relate to one or more other Management Board business areas, the Management Board member in question must coordinate such transactions and measures with the other members. If no agreement can be reached, all Management Board members involved shall be obligated to bring about a resolution of the Management Board as a whole.
6. Any transactions or measures involving a specific business area that will have a considerable influence on the situation of the Company or the Group must be approved in advance by the Management Board. This shall also apply to those transactions and measures for which the Chairman of the Management Board requires a prior resolution of the Management Board.

7. Management Board members may undertake transactions or measures of the type described in No. 5 and No. 6 above without prior approval of the Management Board or, in the case of No. 5, without prior coordination with the other affected members provided such transactions or measures are necessary to eliminate an immediate threat of adverse affects on the Company or the Group and a prior resolution by the Management Board is not possible. The other members of the Management Board must be informed without delay of any such occurrences.
8. Interference in the business area of another Management Board member shall only be permitted or required provided it is not possible for the member responsible to make a decision in due time and the decision cannot be postponed. The member prevented from making the decision must be informed of the decision without delay.
9. In the event a member of the Management Board has serious concerns regarding a matter in another business area, such Management Board member shall be obligated to bring about a resolution of the Management Board as a whole if such concerns cannot be alleviated through discussion with the other Management Board member.
10. Without prejudice to the above provision, each Management Board member shall be entitled to demand that items specified by him be placed on the agenda of a meeting of the Management Board.

### **§ 3**

1. Cooperation of the entire Management Board shall be required for
  - a) all matters requiring a resolution of the Management Board as a whole pursuant to legal statutes, the Articles of Association or these Rules of Procedure, specifically:

- aa) preparation of the annual financial statements and the management report;
  - bb) convocation of the Annual General Meeting as well as the proposals for resolution by the Annual General Meeting;
  - cc) periodic reporting to the Supervisory Board;
  - dd) transactions or measures requiring the consent of the Supervisory Board or its committees;
  - ee) transactions or measures that affect the working areas of all Management Board members;
- b) all matters presented by a member to the Management Board for resolution;
  - c) adoption of the strategic and operating Group budget as well as the annual budget and multi-year budget of DEUTZ AG and its direct subsidiaries, including measures to be taken in the event of budget deviations;
  - d) transactions and measures pursuant to section 2 (6), with the question of when any such case exists to be decided by the Chairman of the Management Board;
  - e) all matters not allocated to a specific business area by the business distribution plan.

2. As a rule, the Management Board shall adopt resolutions in meetings to be held at least twice monthly and to be convened by the Chairman of the Management Board. Each member may demand that a meeting be convened; the matter to be discussed must be disclosed. The date for the meeting shall be set no later than three days in advance, whereby the agenda shall be disclosed and the process of resolving on the items on the agenda shall be conveyed.
3. The Chairman of the Management Board shall chair the meetings. He shall determine the order in which the items on the agenda are to be dealt with and the type and result of the voting process. He may decide to call in persons who are not part of the Management Board to give advice on certain matters. The Chairman of the Management Board may postpone discussion and resolution of certain items on the agenda.
4. The Management Board shall have a quorum when all members have been invited and at least half of the members are present at the meeting. The absent members must be informed without delay of any resolutions adopted in their absence. Matters relating to the business area of an absent member shall not be dealt with or resolved on without such member's approval except in urgent cases.
5. By order of the Chairman of the Management Board, resolutions may also be adopted outside of the meetings by written vote or by votes submitted by telegraph, fax or telephone, provided no members of the Management Board oppose such procedure. Votes submitted by telephone must be confirmed in writing.
6. Management Board resolutions shall be adopted at meetings by simple majority of the votes cast and outside of meetings by simple majority of the Management Board members. In view of the joint responsibility of the Management Board members, unanimous decisions should be aimed for. In the event of a tie, the Chairman of the Management Board shall cast the deciding vote.
7. Minutes must be kept of the Management Board meetings and shall contain the place and date of the meeting, the participants, the agenda and the wording of all

resolutions. The minutes shall be signed by the Chairman of the meeting, and copies shall be provided to all Management Board members. The minutes shall be considered approved if no objections are raised by any Management Board members by the time of the next meeting following the meeting for which the member has received the minutes. Minutes must likewise be kept of any Management Board resolutions adopted outside of meetings. Any objection by a Management Board member to a resolution adopted by a majority of the Management Board must be taken down in the minutes.

#### § 4

1. In addition to his duties as head of the business area allocated to him, the Chairman of the Management Board shall be responsible for coordinating the business areas of all members of the Management Board. He must attempt to ensure that management of the business areas of the other members of the Management Board is geared toward the goals determined by resolution of the Management Board. He may at any time demand information from Management Board members on specific transactions and measures in their business areas and determine which matters must be presented to him.
2. The Chairman of the Management Board shall represent the Management Board of the Company vis-à-vis the public, particularly government authorities, private associations, business organisations and publication bodies. He may transfer these duties to another Management Board member in specific cases or for certain types of matters.
3. The Chairman of the Management Board shall be responsible for overseeing the ongoing verbal and written communication with the Supervisory Board and individual Supervisory Board members. Without prejudice to the periodic reports to be made by the Management Board pursuant to section 90 of the Stock Corporation Act, the Chairman of the Management Board shall inform the Chairman of the Supervisory Board of all important Group matters. On behalf of the

Management Board, the Chairman of the Management Board shall report to the Supervisory Board within the deadlines specified in section 90 (2) of the Stock Corporation Act on planned business policy and other fundamental questions of corporate planning – particularly financial, investment and human resources planning – the profitability of the Company and the Group – particularly revenues and the situation of the Company and the Group – as well as on any transactions that might be of major significance for the profitability or liquidity of the Company and the Group. Moreover, the Supervisory Board shall receive information each month as a rule regarding revenues, unit sales, earnings and cash flow trends, financial position and financial performance, and any significant risks to the Group.

4. In the event of any incapacity on the part of the Management Board Chairman, his duties shall be assumed by the longest-serving Management Board member unless the Supervisory Board has appointed a deputy Management Board Chairman.

## **§ 5**

1. Except in cases prescribed by law or the Articles of Association, the Management Board shall require the consent of the Supervisory Board to undertake the following transactions and measures:
  - a) fixing and changing of the fundamental mid-term – i.e. related to the next five years - planning figures of DEUTZ AG and DEUTZ Group (strategic planning, product planning, investment planning);
  - b) annual budget including annual investment planning for DEUTZ AG and the DEUTZ Group, which shall be submitted by the Management Board to the Supervisory Board in the last quarter of each financial year for the following year;
  - c) purchase or sale of shares in other companies outside of the DEUTZ Group provided the shares in question exceed 5% of the share capital of DEUTZ AG in specific cases;

- d) conclusion of control and profit transfer agreements with DEUTZ AG;
  - e) taking out or collateralising bonds;
  - f) taking out or granting credit and assuming guarantees or similar liabilities for third parties that are not part of the DEUTZ Group insofar as the value of the transaction in question exceeds €5,000,000 and is not part of normal business processes;
  - g) hiring relatives by blood or marriage of Management Board members or their spouses;
  - h) undertaking significant transactions between members of the Management Board as well as persons or companies related thereto and DEUTZ AG or its subsidiaries.
2. The Supervisory Board may also define other transactions that shall require its consent.
  3. The required consent shall be granted by the Supervisory Board Chairman or, in the event of incapacitation of the Chairman, his deputy following a corresponding resolution by the Supervisory Board. In the event a transaction or measure cannot be brought about in accordance with the above paragraphs in due time owing to the urgency of such transaction or measure, the Supervisory Board Chairman or, in the event of incapacitation of the Chairman, his deputy shall be entitled to grant his consent without a resolution of the Supervisory Board.

## **§ 6**

All Management Board members must disclose any conflicts of interest to the Supervisory Board and inform the other members of the Management Board thereof.

**§ 7**

Holiday leave is to be coordinated between the members of the Management Board acting in agreement with the Management Board Chairman. The Management Board Chairman shall coordinate his own holiday leave with the Chairman of the Supervisory Board. In the event a member of the Management Board is on holiday, away on business or ill, the remaining Management Board members shall be entitled and obligated to act on behalf of the member unable to be present. The Management Board Chairman shall provide for a substitute during the absence of a Management Board member unless already provided for in the business distribution plan.