



Declaration of compliance with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG)

The German Corporate Governance Code contains recommendations and proposals for managing and monitoring German listed companies in relation to shareholders and the Annual General Meeting (AGM), the Executive Board and the Supervisory Board, transparency, accounting and auditing. The German Stock Corporation Act requires the Executive Board and the Supervisory Board of listed companies to declare each year which recommendations of the German Corporate Governance Code have been followed or not, and why.

The Executive Board and the Supervisory Board identify with the duty as outlined in the German Corporate Governance Code to uphold the principles of a social market economy and maintain the substance of the company and its ability to generate value in a sustainable fashion (company interest) and to further promote responsible and transparent management and governance of the company.

In accordance with Section 161 AktG, the Executive Board and the Supervisory Board of Wacker Neuson SE declare that the company complied with the recommendations issued by the German Corporate Governance Code Commission published by the German Federal Ministry of Justice (BMJ) in the official section of the electronic Federal Gazette as amended on June 6, 2008 and/or as amended on June 18, 2009 (as of the effective dates respectively), with the exceptions listed and explained in more detail below:

- 1. Section 3.8, para. 2:** The company's directors and officers' (D&O) liability insurance policies for its Executive Board and the Supervisory Board have been concluded without a deductible.

The company will of course comply with the new legal rules in the act regarding the appropriateness of management/executive board remuneration (VorstAG).

The company is of the opinion that a deductible would not improve the sense of motivation and responsibility with which the Supervisory Board members perform their duties. D&O insurance safeguards the company against

substantial internal risks and – only as a secondary function – protects the assets of members of its executive bodies. Hence it is the company's intention to refrain from implementing a deductible on Supervisory Board members until further notice. Previously, the company's position on the Executive Board members was the same.

- 2. Section 4.2.2:** The Presiding Committee was previously responsible for approving the remuneration system for the Executive Board, including significant contractual terms, and for regular reviews of the remuneration structure. The Presiding Committee regularly reported on its activities at the Supervisory Board's plenary meetings.

Prior to the coming into effect of the VorstAG, the Supervisory Board did not see the need for any further approvals or reviews of the remuneration system in the Supervisory Board plenary meetings.

Since VorstAG has come into effect, the remuneration system is reviewed and officially approved during Supervisory Board plenary meetings in keeping with the provisions of the new law.

- 3. Section 4.2.3, para. 2 and 3:** According to VorstAG, in future the Supervisory Board must ensure that assessments of variable components of Executive Board remuneration extend over a period of several years. The German Corporate Governance Code in this regard suggests that variable components of remuneration should be adapted to reflect both positive and negative developments.

The new regulations under VorstAG have already been incorporated in the German Corporate Governance Code, which has been supplemented to include a proposal suggesting that variable components of remuneration should be adapted to reflect both positive and negative developments. The recommendations under the Code preempt the VorstAG, since the VorstAG only applies to newly concluded contracts and to contract extensions. To the extent that recommendations under the Code extending beyond the VorstAG have not yet been implemented in parts of the Executive Board members' contracts, these additional recommendations will be complied with when new contracts are concluded or existing ones are extended. The Supervisory Board is of the view that premature implementation of the new recommendations would violate the Executive Board members' justifiable trust in the agreed

terms and conditions of the employment agreements. The regulations of existing contracts of employment thus enjoy a valid right of protection and continuity.

In the case of new contacts and contractual extensions, the Supervisory Board intends to follow the recommendation proposing that variable components of remuneration should be aligned with both positive and negative developments.

- 4. Section 4.2.3 para. 4 and 5:** The recommendation that severance payments, including additional benefits, shall not exceed two year's remuneration (severance pay cap) and are to be based on the total remuneration from the prior year and/or the current year if an Executive Board member's contract is terminated prematurely without good cause is not fully complied with under current contracts, due in part to the long-standing service of Executive Board members. The Supervisory Board is of the opinion that the existing rules in the Executive Board members' contracts are appropriate and therefore does not see the need to implement any changes here. Executive Board members' contracts do not contain agreements on severance pay in the event of a change of control.

The Supervisory Board will generally observe this recommendation under the Code when concluding new contracts and extending existing contracts.

- 5. Section 4.2.3, para. 6:** The AGM is not informed separately about the main terms of and changes to the remuneration system for Executive Board members as this information is already disclosed in the Group Management Report, which is available to all shareholders.
- 6. Section 4.2.4, 4.2.5, 5.4.6, para. 3 and 7.1.3:** The AGM has decided not to publish the income of each individual Executive Board member in the notes to the Annual and Consolidated Financial Statements. In line with this, the corporate governance report does not include an individualized remuneration report. Neither does it contain specific information about share-based incentive systems for the Executive Board.

Following expiry of the current exemption period approved by the AGM, however, the company does not intend to propose further exemption from this recommendation to the AGM.

The income of individual Supervisory Board members has also thus far not been published. The Executive Board and Supervisory Board consider that the mandatory legal statements have thus far provided investors and the public with sufficient information in this area.

The company also intends to follow this recommendation of the Code in future and disclose the income of individual Supervisory Board members broken down into individual components in the notes to the Annual and Consolidated Financial Statements.

- 7. Section 5.1.2, para. 2, sent. 3:** The Supervisory Board has not set an age limit for members of the Executive Board.

The Supervisory Board is convinced that individual performance is the defining factor in suitability for company management, rather than age.

- 8. Section 5.3.3:** The Supervisory Board has not formed a nomination committee. The size of the Supervisory Board (four shareholder representatives) does not warrant a dedicated committee for proposing Supervisory Board candidates.

- 9. Section 5.4.1, sent. 2:** Nominations for Supervisory Board members shall respect an age limit to be defined.

The rules and procedures of the Supervisory Board stipulate that members of the Supervisory Board should not generally be older than 75. To ensure the greatest possible transparency in advance, the company draws attention to the fact that one of the Supervisory Board nominations for the company's AGM scheduled for May 28, 2010 will turn 75 during the proposed term of office.

- 10. Section 5.4.3., sent. 3:** So that the Supervisory Board can continue to vote impartially for its chairperson, the proposed candidates will not be announced in advance.

- 11. Section 5.4.4:** Should the AGM elect a (previous) member of the Executive Board to the Supervisory Board, taking the regulations of the German Stock Companies Act into consideration, the Supervisory Board intends to comply

with the recommendation that this new member should not assume the chairmanship of the Supervisory Board.

12. Section 6.6: Share ownership by individual members of the executive bodies exceeding one percent of shares issued by the company has not been and will not be stated in the corporate governance report. The Executive Board is of the view that protecting personal and family privacy takes priority here.

Munich, March 25, 2010

Wacker Neuson SE
Executive and Supervisory Boards