

Report by Supervisory Board

Dear Ladies and Gentlemen,



Hans Neunteufel
Chairman

Center stage at the start of 2008 was the business of preparing resolutions to transform Wacker Neuson into a European company (SE) and change its name to Wacker Neuson SE. The second half of the year, however, was increasingly dominated by the global financial crisis and its impact on our business. Yet despite this development, we were still able to increase sales and remain profitable. We would like to thank our employees in particular for this achievement. Their dedication and active sense of responsibility was a great support to company management over the year.

Cooperation between Supervisory and Executive Boards

In the period under review, the Supervisory Board performed the tasks assigned to it by law and the Articles of Incorporation and was satisfied that the company was properly managed (Corporate Governance). Furthermore, the Supervisory Board regularly advised the Executive Board on the management of the company and supervised management activities. It maintained continuous dialog with the Executive Board regarding business development and corporate strategy and was directly involved in all major decisions regarding the company.

In the run-up to and during its meetings, the Supervisory Board was brought up to date on business developments, changes in assets/liabilities, profit and finances, fundamental issues regarding company planning, company strategy and other key measures by means of detailed written and verbal reports from the Executive Board. These reports were not only discussed in depth by the Supervisory Board during Supervisory Board meetings, they were also discussed with the Executive Board. Particular emphasis was placed on the company's strategic orientation during these joint discussions. Based on reports and information provided by the Executive Board, the Supervisory Board is satisfied that the company was properly managed.

Members of the Executive Board regularly took part in Supervisory Board meetings. When necessary, the committees also convened without the Executive Board. Once again, all Supervisory Board members attended more than half of the Supervisory Board Meetings in fiscal 2008.

Furthermore, the Executive Board provided the Supervisory Board with regular, comprehensive and timely information between meetings about current business trends as well as special or urgent projects. This information was made available in writing and also in person. Where necessary, the Executive Board requested approval from the Supervisory Board for suggested courses of action. Together with the Executive Board, the Supervisory Board discussed and

examined in detail proposals that required Supervisory Board ratification. The Supervisory Board voted on resolutions of this kind during scheduled meetings. In addition, the Executive Board submitted monthly reports on key financial and economic figures. In instances where the Executive Board, or the CEO in particular, was not in direct communication with the Chairman of the Supervisory Board, the Chairman of the Supervisory Board maintained regular contact with the Executive Board, ensuring a continuous flow of information regarding the current business and financial situation of the company and its holdings as well as major business transactions.

Main topics of Supervisory Board meetings in fiscal 2008

Throughout fiscal 2008, eight Supervisory Board meetings, four Audit Committee and three Presiding Committee meetings allowed the Supervisory Board to form a sound view of the work and policies of the Executive Board.

During these meetings, the Supervisory Board regularly focused on current business development of the Wacker Neuson Group and plans drawn up by Executive Board. Particular emphasis was placed on the financial situation as well as the development of sales, costs and earnings. During the relevant meetings, any questions from the Supervisory Board that arose from the regular written and verbal reports were answered in full by the Executive Board. Supervisory Board meetings focused on the following items in particular:

At the meetings held on February 11, 2008 and March 4, 2008, the Supervisory Board focused its discussions on the legal transition of Wacker Construction Equipment AG to Wacker Neuson SE.

Following relevant preparations carried out by the Audit Committee, the Supervisory Board undertook a thorough examination of the Annual Financial Statements, the Consolidated Financial Statements and the Management Reports for Wacker Construction Equipment AG and the Group for fiscal 2007 in the Supervisory Board meeting to approve the financial statements on April 7, 2008. In addition to the regular examinations performed in the run-up to this meeting, Supervisory Board members also raised numerous questions with the auditor present at the meeting and discussed these issues with him in detail. The Supervisory Board also ratified the AGM agenda at this meeting.

In its meetings held on June 3, 2008 and July 4, 2008, the Supervisory Board focused its deliberations on the construction of the new headquarters in Munich (Germany) as well as the purchase of a tract of land and the possible construction of a new plant in Hörsching (Austria).

Company- and Group-wide cost-cutting and restructuring measures were the main points on the agenda at the September 24, 2008 and November 6, 2008 meetings. Here, the Supervisory Board approved the closure of the manufacturing plant in Wales (UK) and the relocation of production to the Linz site in Austria. At the November 6, 2008 meeting, the Supervisory Board also dealt with publication of the forthcoming interim financial report (quarterly report).

During its meeting on December 19, 2008, the Supervisory Board examined the business plan for fiscal 2009. Board members not only assessed the plan, but also discussed the associated opportunities and risks in detail with the Executive Board against the backdrop of the worsening general global economic situation.

The Supervisory Board also examined each of the monthly reports. During numerous meetings, it also addressed various planned acquisitions aimed at expanding the product portfolio, and assessed the Group sales strategy.

Changes in the composition of the executive bodies

During the period under review, there were no changes to the composition of the Supervisory and Executive Boards. On June 3, 2008, the AGM agreed to change the company's name and legal form to Wacker Neuson SE. This change came into effect after the end of the period under review, upon entry of the new company in the Register of Companies (Handelsregister) on February 18, 2009. The composition of Wacker Neuson SE's executive bodies is identical to that of Wacker Construction Equipment AG. The composition of the Supervisory Board committees also remains unchanged, as do the positions CEO and Chairman of the Supervisory Board.

Work performed by the Supervisory Board committees in fiscal 2008

The two Supervisory Board committees (the Presiding and Audit Committees) also continued their work during the period under review, thus helping the entire Supervisory Board to work more efficiently.

The Audit Committee is made up of members of the Supervisory Board. During the February 10, 2008 and March 31, 2008 meetings, the Audit Committee prepared the Supervisory Board's resolution on the adoption of the Annual Financial Statements and the approval of the Consolidated Financial Statements for the year ending December 31, 2007. During its June 3, 2008 and August 11, 2008 meetings, the Audit Committee addressed general issues relating to risk management, compliance, auditing and internal auditing. The Presiding Committee dealt with

general matters regarding the Executive Board as well as human resources issues during its meetings. The chairmen of the committees reported on the work performed by the committees during the Supervisory Board's plenary meetings.

Risk assessment and compliance

The Supervisory Board is satisfied that the company's risk management policy meets the requirements set down in the German law on control and transparency in business (KonTraG), insurable risks are sufficiently insured and operational, financial and contractual risks are sufficiently controlled by approval procedures and organizational processes. A detailed risk reporting system is in place throughout the Group and it is continuously maintained and further developed. The risk management system was also examined by the appointed auditing company, which confirmed that the Executive Board had met the requirements of Section 91 (2) of the German Stock Corporation Law (AktG) and established a suitable early warning system capable of monitoring and identifying developments that could pose a threat to the company's continued existence as a going concern. During Supervisory Board meetings and personal conversations, the Executive Board informed the Supervisory Board of the current risk situation. The Supervisory and Executive Boards discussed all areas deemed to be risks during these sessions. The Audit Committee addressed compliance issues.

Corporate Governance

Both the Supervisory and Executive Boards are aware that good corporate governance is essential to protect shareholder interests and secure the company's long-term success. The Supervisory Board continuously monitored the further development of the German Corporate Governance Code and kept up to date with the capital market and corporate legislative framework. On March 23, 2009, the Executive and Supervisory Boards issued a new joint declaration of compliance with the German Corporate Governance Code pursuant to Section 161 AktG. The entire declaration has been made permanently available on the Company's website and is also printed in the annual report.

Annual and Consolidated Financial Statements for 2008

At the AGM on June 3, 2008, the auditing company Rölfs WP Partner AG, based in Munich, Germany, was appointed auditor for the company and Group for fiscal 2008. The Chairman of the Audit Committee commissioned the company in writing with the task of auditing the accounting standards. Before the Supervisory Board made its proposal to the AGM, the auditing company confirmed its independence in writing to the Chairman of the Audit Committee.

The Annual Financial Statements for the year ending December 31, 2008 were prepared by the Executive Board in accordance with the German Commercial Code (HGB). The Consolidated Financial Statements for the year ending December 31, 2008 were also prepared by the Executive Board in line with IFRS as adopted in the EU and the additional requirements pursuant to Section 315a HGB. The auditing company Rölfs WP Partner AG has audited both sets of statements along with the books and approved them without qualification.

Each member of the Supervisory Board received the audit documents for appraisal in a timely manner. Together with the Audit Committee, the entire Supervisory Board undertook a thorough examination of the Annual Financial Statements as well as the Consolidated Financial Statements, the Management Reports and the related party disclosures in conjunction with the audit reports. The documents were discussed in detail at the Audit Committee meeting on March 23, 2009 and at the Supervisory Board plenary meeting, also on March 23, 2009, with the Executive Board and in the presence of the auditors, who reported the main findings of their audit and answered questions from Supervisory Board members. After its own close examination of the documents, the Supervisory Board raised no objections and endorses the results of the audit report. The Supervisory Board also approves the Management Reports and, in particular, the forecast regarding the company's further development.

The final examination by the Supervisory Board revealed no grounds for objections. The Supervisory Board has therefore endorsed the Annual Financial Statements, the Consolidated Financial Statements, the Management Report and Group Management Report prepared by the Executive Board for the year ending December 31, 2008. The Annual Financial Statements have thus been duly approved.

The Supervisory Board also examined the Executive Board's suggested appropriation of profit for fiscal 2008. It did not raise any objections and thus gives it its unqualified consent.

Examination of the Executive Board report regarding relations with related entities (related party disclosures)

The Executive Board prepared a report on related party disclosures for fiscal 2008. This report contains in particular a declaration by the Executive Board about the legal transactions undertaken by Wacker Neuson SE (formerly: Wacker Construction Equipment AG). The Executive Board states that – to the best of its knowledge and based on the information known to the Executive Board at the time the transactions were entered into – that appropriate compensation

was received in respect of all transactions outlined in the related party disclosures report. Auditing company Rölfs WP Partner AG examined the related party disclosures report and issued the following auditor's opinion:

"Based on our professional examination and evaluation, we confirm that

1. the factual statements contained in the report are correct, and
2. the performance provided by the company in respect of the transactions listed in the report was not unreasonably high."

The Audit Committee and the entire Supervisory Board received the Executive Board's report on related party disclosures in a timely manner. The contents of the report and the assessment thereof by the auditors were read and understood by these bodies, and both documents and their results were examined and discussed with the Executive Board and the auditors. The Supervisory Board endorses the auditor's assessment of the related party disclosures report. Based on the final results of the discussions and its own examination of the related party disclosures, the Supervisory Board regards the Executive Board's conclusions to be true and accurate and has no objection to the closing statement by the Executive Board.

The turbulent global economic situation in no way inhibited the great personal dedication shown by management and all employees of the Wacker Neuson Group. On the contrary, the commitment, dedication and performance of our workforce – both on a day-to-day basis and under exceptional circumstances - were crucial factors behind the company's continued positive development during the period under review. The Supervisory Board would like to thank all employees and the Executive Board for their efforts here.

Munich, March 2009

Supervisory Board

A handwritten signature in black ink, appearing to read 'Hans Neunteufel', written in a cursive style.

Hans Neunteufel
Chairman