Prepared for change

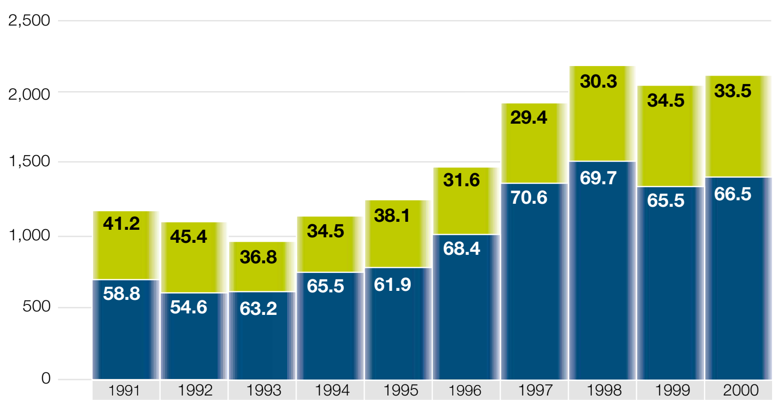
ANNUAL REPORT 2000

KEY DATA FOR THE GROUP ACCORDING TO THE GERMAN COMMERCIAL CODE

PROFIT AND LOSS ACCOUNT	Page	Million DM 2000	Million € 2000	Million DM 1999	Change %
Net sales	42	2,100.2	1,073.8	2,031.1	3.4
EBIT		98.9	50.6	95.2	3.9
EBITDA		155.7	79.6	156.3	(0.4)
Net income	46	14.5	7.4	11.4	27.2
DVFA/SG result	46	14.3	7.3	15.9	(10.1)
Cash flow	47	98.5	50.4	103.9	(5.2)
Expenditure on R&D	50	91.0	46.5	88.7	2.6
BALANCE SHEET					
Equity	50	519.8	265.8	511.6	1.6
Investments in fixed assets	46	63.2	32.3	92.9	(32.0)
Balance sheet total	49	1,588.2	818.0	1,478.7	7.4
EMPLOYEES					
Number of employees on balance sheet date*	34	5,558	–	5,853	(5.0)
Staff costs	34	527.5	269.7	526.2	0.2

* Including trainees

NET SALES (million DM/million €)

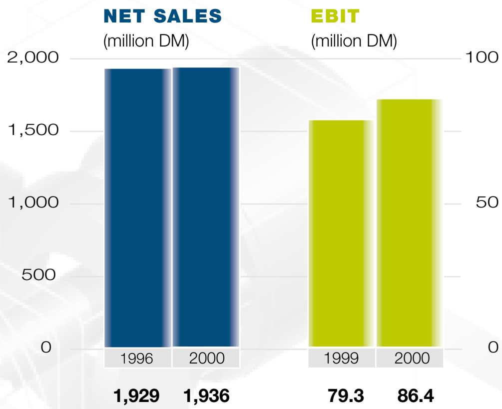


1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
1,164	1,103	965	1,134	1,257	1,467	1,914	2,168	2,031	2,100
595	564	493	580	640	750	979	1,108	1,038	1,074

Net sales, Germany (%)

Net sales, abroad (%)

SEGMENTS OF THE CLAAS GROUP



AGRICULTUR

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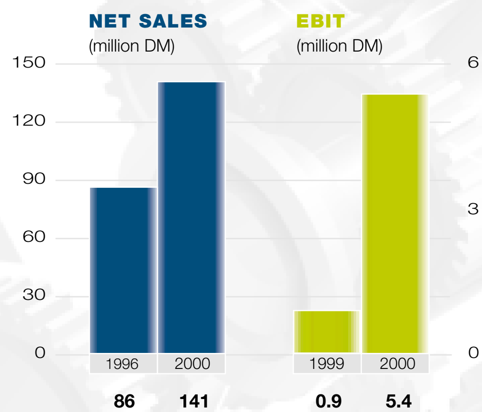
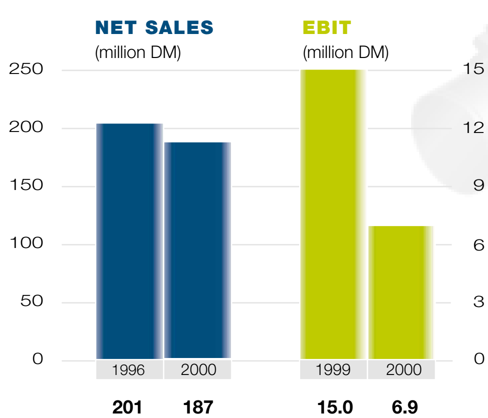




INDUSTRIAL

CLAAS Industri
assemblies and
Ultra-modern t
within the Grou
national constr
are developed

RAL ENGINEERING

gineering is CLAAS' core business. In Europe, we
utated market leader for our main products, com-
s and self-propelled forage harvesters.
ket share of combine harvesters is 17%. Almost
elf-propelled forage harvester sold in the world
rsewinkel. CLAAS also holds top market shares
d green harvest machinery product lines.

PRODUCTION ENGINEERING

Sophisticated production engineering comes from our subsidiary, CLAAS Fertigungstechnik GmbH. This company, based in Beelen, Westphalia with subsidiaries in Baden-Württemberg and the UK, has specialist expertise in the area of special-purpose mechanical engineering and toolmaking. Among other things, it develops and manufactures complete transfer lines and production lines for groups in the automotive and aviation industries.

ENGINEERING

ietechnik GmbH is the system supplier of drive
d hydraulic components within the CLAAS Group.
ransmissions and axles for mobile machines, both
up itself and also (and increasingly) for the inter-
uction machinery and commercial vehicle sector,
and produced at the Paderborn factory.

MISSION STATEMENT

The human race is increasing by the hour. Feeding this fast-expanding world population is a global challenge. Existing resources and the land available for agriculture are limited. In order to meet demand, a more intelligent, sustained environmentally conscious management of available land is necessary. To do this, the world economy needs sophisticated machinery, along with skills and expertise.

CLAAS has a high degree of responsibility in this process. As the market and technological leader we supply international agriculture with machines of a quality and technical performance that set standards on world markets. We have the innovative ability and the expertise to play our part in shaping all aspects of knowledge management in farming and agricultural machinery.

Our entrepreneurial endeavours are based on social responsibility for giving people enough to eat.

CLAAS KOMMANDITGESELLSCHAFT AUF AKTIEN, HARSEWINKEL (commercial partnership limited by shares)

Holding company, Sales, Customer Service, Parts

INDUSTRIAL ENGINEERING

100% **CLAAS Industrietechnik GmbH, Paderborn**

Executive management
Hans-Joachim Herbermann (spokesman)
Karl Heinz Kalze
(since 10/2000)

PRODUCTION ENGINEERING

100% **CLAAS Fertigungstechnik GmbH, Beelen**

Executive management
Hans-Bernd Veltmaat

AGRICULTURAL ENGINEERING

PRODUCT COMPANIES

100% **CLAAS Selbstfahrende Erntemaschinen GmbH, Harsewinkel**

Executive management
Lothar Kriszun
Hermann Garbers

98% **CLAAS Saulgau GmbH, Saulgau**

Executive management
Rolf Meuther

100% **Usines CLAAS France S.A., Metz-Woippy/France**

President
Philippe Lagache

Executive management
Guy Larrue
(since 3/2000)

STRUCTURE OF CLAAS KGaA mbH

Personally liable partner

Helmut Claas GmbH

Shareholders

Helmut Claas
Günther Claas
Reinhold Claas

KGaA shareholders

Family Helmut Claas
Family Günther Claas
Familiy Reinhold Claas

BODIES OF CLAAS KGaA mbH

Shareholders' committee

Helmut Claas, Harsewinkel
Chairman

Supervisory Board

Helmut Claas, Harsewinkel,
Chairman

Guntram Schneider, Münster *
Deputy Chairman

Bernard Blömer, Harsewinkel *
(until 1/2000)

Günther Claas, Harsewinkel
(until 10/2000)

Oliver Claas, Wedel/Holstein
(since 11/2000)

Reinhold Claas, Harsewinkel
(until 10/2000)

Volker Claas, Harsewinkel
(since 11/2000)

Günther Groß, Beckum *

Claus Helbig, München

Dietrich Hoffmann, Düsseldorf
(until 1/2000)

Heinz Jacobi, Lichtenau *

Volker Kotnig, Paderborn
(until 1/2000)

Günter Laumann, Harsewinkel *

Wilfried Lochte, Groß Schwülper

Jens Möller, Rheda-Wiedenbrück *
(since 2/2000)

Gerd Peskes, Düsseldorf
(since 2/2000)

Carmelo Zanghi, Paderborn *
(since 2/2000)

* Employee representatives

Executive Board

Eckart Kottkamp,
Chief Executive

Nikolaus Feil
(since 10/2000)

Hermann Garbers

Rüdiger A. Günther

Martin Richenhagen

100 % **CLAAS Hungaria Kft.,**
Törökszentmiklos/Hungary

Executive management
Thomas Lorf

87,5 % **AGROCOM GmbH & Co.**
Agrarsystem KG,
Bielefeld

Executive management
Michael Quinckhardt

50 % **CLAAS CATERPILLAR**
EUROPE GmbH & Co. KG *,
Harsewinkel

Executive management
Jim Brophy

50 % **CATERPILLAR CLAAS**
AMERICA LLC. *,
Omaha/Nebraska/USA

Executive management
Theo Freye

40 % **Escorts CLAAS Ltd. *,**
Faridabad/India

Executive management
P. K. Malik

SALES COMPANIES

100 % **CLAAS Vertriebsgesellschaft mbH,**
Harsewinkel

Executive management
Henning-Christian Paulsen (spokesman)
Uwe Lütkeschümer

100 % **CLAAS France S.A.,**
Paris/France

President
Philippe Lagache

Executive management
Thierry Lemaire
(since 10/2000)
Luc Mongobert
(since 11/2000)

100 % **CLAAS U.K. Ltd.,**
Saxham/U.K.

Executive management
Clive E. Last

100 % **CLAAS Italia S.p.A.,**
Vercelli/Italy

Executive management
Pierluigi Navone

100 % **CLAAS Ibérica S.A.,**
Madrid/Spain

Executive management
August Moormann

100 % **CLAAS of America Inc.,**
Columbus/Indiana/USA

President
Theo Freye

Executive management
Roger A. Parker

100 % **CLAAS Argentina S.A.,**
Sunchales/Argentina

President
Gero Schulze-Isfort

Executive management
Kai Gieselmann

FINANCING COMPANIES

49 % **CLAAS Valtra Finance Ltd.,**
Basingstoke/U.K.

10 % **CLAAS Financial Services S.A.S.,**
Paris/France

* substantial investments

(As per: 31.12.2000)

Prof. Dr. Eckart Kottkamp

LADIES AND GENTLEMEN,

Trends in the 2000 financial year have once again confirmed that we are on the right track strategically to turn the positive long-term growth prospects for agricultural engineering to our advantage and further improve our leading position on the world market. CLAAS has held its ground well in a very difficult context.

Following five years of rapid growth, the international agricultural equipment market has slowed significantly since 1999. This tendency continued into the year 2000. The significant downturn in sales in North America the previous year was felt in the year under review in our home market, Western Europe. Willingness to invest has plummeted especially in the commercial crop sector, which buys our core product, combine harvesters – even more so than in the dairy and beef farming sector, where CLAAS acts as a supplier of forage harvesters and green harvest technology.

There are several reasons for the downturn in agricultural engineering. First, grain prices continue at a very low level, despite higher world consumption and reduced stocks. This means an appreciable drop in income for farmers, particularly in the main producing countries. Second, with a high degree of mechanization the machinery fleet is very new, which limits replacement demand. And thirdly, for the first time markets are now feeling the effects of Agenda 2000 on agricultural policy. However, the significant improvements in general economic conditions in Asia and recently also in Russia give grounds for optimism.

CLAAS developed better than the market in the 2000 financial year. Through intensive activity in the market we succeeded in increasing our market shares for almost all our products, from a high starting level, and pushed up turnover slightly. We have the advantages of our product quality, our ability to innovate, the new products introduced and an organization which is running smoothly worldwide. The profit level in absolute terms cannot be considered satisfactory, though. In a difficult market context we, nevertheless, succeeded by considerable efforts on the cost side, to outperform the competition.

Since the very beginning of professional agriculture the growing human population has constantly pushed up demand for grain. Today, there are six billion people on Earth – in 20 years' time, there will be 8 billion.

With little scope for expanding agricultural land, substantially boosting productivity is a way not only to provide enough food for the world's population but also to raise the standard of living. The efficiency of agricultural equipment plays a big part in this process. This explains why it has been and still is a vital long-term growth sector.

Potential for growth is emerging in the densely populated regions of Asia and South America – and hopefully also, in the medium-term, increasingly in Africa. Since home production will not be able to meet demand in some countries on these continents, grain imports will be necessary. For North America, parts of South America and some Eastern European countries, this generates additional export opportunities. In any case high-performance technology is needed in order to achieve high yields and economic efficiency. As a result, machines around the world are becoming increasingly similar. Agricultural engineering is already a consolidating global business, and this trend is likely to continue.

CLAAS has been pursuing this trend towards globalization for several years. Based on our leading position in Western Europe, which we intend to develop further, we shall seize openings for profitable growth and improve our relative competitive position worldwide. This applies particularly to combine harvesters and forage harvesters. In balers and green harvest machinery, though, we can see opportunities for exports to new markets, especially if efficient Western forage production methods become established in Eastern Europe.

Outside Western Europe, we are concentrating on two main markets. In North America we plan to develop a significant market position in combine harvesters in the next few years, through our joint venture with Caterpillar (CAT). We are backing up this project with local manufacture. A new, jointly owned factory in Omaha is due to go into production in the autumn of 2001.

In addition, developing and expanding our leading position in Central and Eastern Europe is our main focus. Here too, we investigate the setting up of local production in order to optimize costs, logistics and distribution. Being the market leader demands products to suit the customer and an efficient distribution and service network.

As regards function and cost-effectiveness, we aim for maximum benefit for our customers. Leadership in terms of customer benefit is closely linked to relevant technological leadership in the various user segments. We regard innovation to create better solutions for the future as a permanent commitment. Our core expertise includes knowledge about customer benefits and development of machinery and services that are superior in terms of benefits. We intend to continue their improvement.

At the same time, ensuring our competitiveness also depends on our cost efficiency. A lean organization and increasing networking with a selected number of qualified suppliers enable us to make use of the very best knowledge and skills, while keeping costs down. Our deliberately flat organization structure also makes it easier for us to react promptly and appropriately to the cyclical swings that typify the agricultural machinery business.

One feature of modern agriculture is the steady shortening of harvest times as a result of continuing developments in plant breeding. As optimum yield becomes ever more closely linked to a short ripening time, there is greater demand for machinery to be available at the right time for harvesting. We have developed a high level of proficiency in modern information technology and service logistics. They are and will remain key areas in which we will continue to invest substantially in order to shape their future. This includes joint development of networked systems with our distribution partners so as to ensure readiness for use at the required time.

In a global organization, the creation of a seamless co-operation between all the employees involved is, ultimately, a component of business success. We rely on customer-oriented, decentralized processes with delegation of responsibility in order to take decisions quickly and appropriately. The foundations of our global organization are confidence in and a high degree of independence for our employees.

Prospects for the coming financial year are governed by the continuing weakness of key markets. We are confident of further improved conditions for growth and development of our worldwide market position. Above all, this means constant willingness to change and even more rapid, consistent implementation of decisions. The onward march of globalization sets the strategic direction: Opening up new markets, while safeguarding and consolidating our position on our core markets. We shall arrange our priorities in terms of projects, organizational measures and joint ventures, thereby continuing to play our part in guiding future market developments.

At this point the Executive Board would like to thank all our business partners for their confidence in the Group and would like to extend this appreciation to our employees, whose skills and hard work have made a decisive contribution to the success of CLAAS.

Prof. Dr. Eckart Kottkamp
Chief Executive

Dr. h.c. Helmut Claas

LADIES AND GENTLEMEN,

The Supervisory Board of CLAAS KGaA monitored and analyzed the Group's business situation at its regular meetings during the 2000 financial year. The Board's assessments were based on reports by the Executive Board on the Group's strategic direction, asset, financial and profit position and operating decisions. These reports were received at the meetings or used as a basis for the decisions of the Supervisory Board. The Chairman of the Supervisory Board also held regular exchanges of information and ideas with the Chief Executive.

Main focuses of the Supervisory Board's deliberations included plans for the year 2001, comprising:

– New plant layout for the Harsewinkel production site,

– Preparations for the changeover of the system environment to SAP R/3,

– Stabilizing the dealer structure on important European markets,

– Reorganization of Usines CLAAS France S.A.,

– Restructuring of Teleporters Ltd,

– Personnel reductions among salaried staff and indirect labour within the CLAAS Group,

– Further development of joint venture activities with Caterpillar,

– Creation of an Asset Backed Securities (ABS) program,

– Extension of the activities of the international sales financing company, CLAAS Financial Services, to Germany, France and Spain and

– Introducing the principles of management and co-operation.

The Supervisory Board was re-elected in rotation at the ordinary general meeting in February 2000 for a further statutory period of office. Messrs Bernard Blömer and Volker Kotnig resigned from the Supervisory Board. Dr. Jens Möller and Mr Carmelo Zanghi have joined the Supervisory Board as new members. At its meeting on October 4, 2000 the Supervisory Board appointed Dr. h.c. Helmut Claas as Chairman and Mr Guntram Schneider as Deputy Chairman.

On November 2, 2000 Messrs Günther Claas and Reinhold Claas resigned. In their place their sons, Oliver Claas and Volker Claas, were appointed to the Supervisory Board.

With regard to the globalization of capital markets, and in order to better international comparability of separate financial statements, CLAAS has now – following a reconciliation in the past two years – for the first time published consolidated financial statements according to US Generally Accepted Accounting Principles (U.S. GAAP).

The financial statements of CLAAS KGaA mbH and the consolidated financial statements of the CLAAS Group as at September 30, 2000 along with the Group reports for CLAAS KGaA mbH and the Group were audited by the auditors elected by the general meeting on February 7, 2000 and appointed by the Supervisory Board, Deloitte & Touche GmbH, Düsseldorf and received a qualified audit certificate on November 17 and November 24, 2000 respectively.

The auditors' audit assignment also included the risk management system required by the Law on Control and Transparency in Business (KonTraG). The audit revealed that the Group's risk early warning system meets the statutory requirements.

The separate financial statements, consolidated financial statements and reports, proposal for the appropriation of profit and auditors' reports were presented to the members of the Supervisory Board and were discussed in detail at the Supervisory Board's balance sheet meeting on January 10, 2001 in the presence of the auditor.

Thereupon the Supervisory Board passed the following resolution:

Following an audit of its own, the Supervisory Board agrees with the audit findings. The final result of the audit by the auditor did not give rise to any objections. The Supervisory Board therefore recommends to shareholders that the annual financial statements be approved as they stand and agrees with the proposal for appropriation of profit made by the Executive Board of the personally liable partner.

The Supervisory Board would like to thank the Executive Board and all the employees for their hard work during the past year. With regard to the difficult market situation, close co-operation between the Supervisory Board, the Shareholders' Committee, the Executive Board and the employees has made it possible to achieve a satisfactory course of business.

Harsewinkel, January 10, 2001

Helmut Claas

Dr. h.c. Helmut Claas
Supervisory Board (Chairman)

NIKOLAUS FEIL

Production

Born 1944, Engineering graduate, factory manager at an automotive group's central plant, developed an automotive plant in South America, in charge of Production at all CLAAS factories since 2000.

RÜDIGER A. GÜNTHER

Finance and Controlling/Mergers & Acquisitions

Born 1958, Business graduate, career in banking and finance in the US and Germany, finance manager of a leading international trading company, responsible for Finance at CLAAS since 1993.

PROF. DR.-ING. ECKART KOTTKAMP

Chief Executive

Born 1939, development management and management positions in the aerospace industry, vehicle electronics companies and warehouse and material flow systems companies. Chief Executive of CLAAS since 1996.

MARTIN RICHENHAGEN

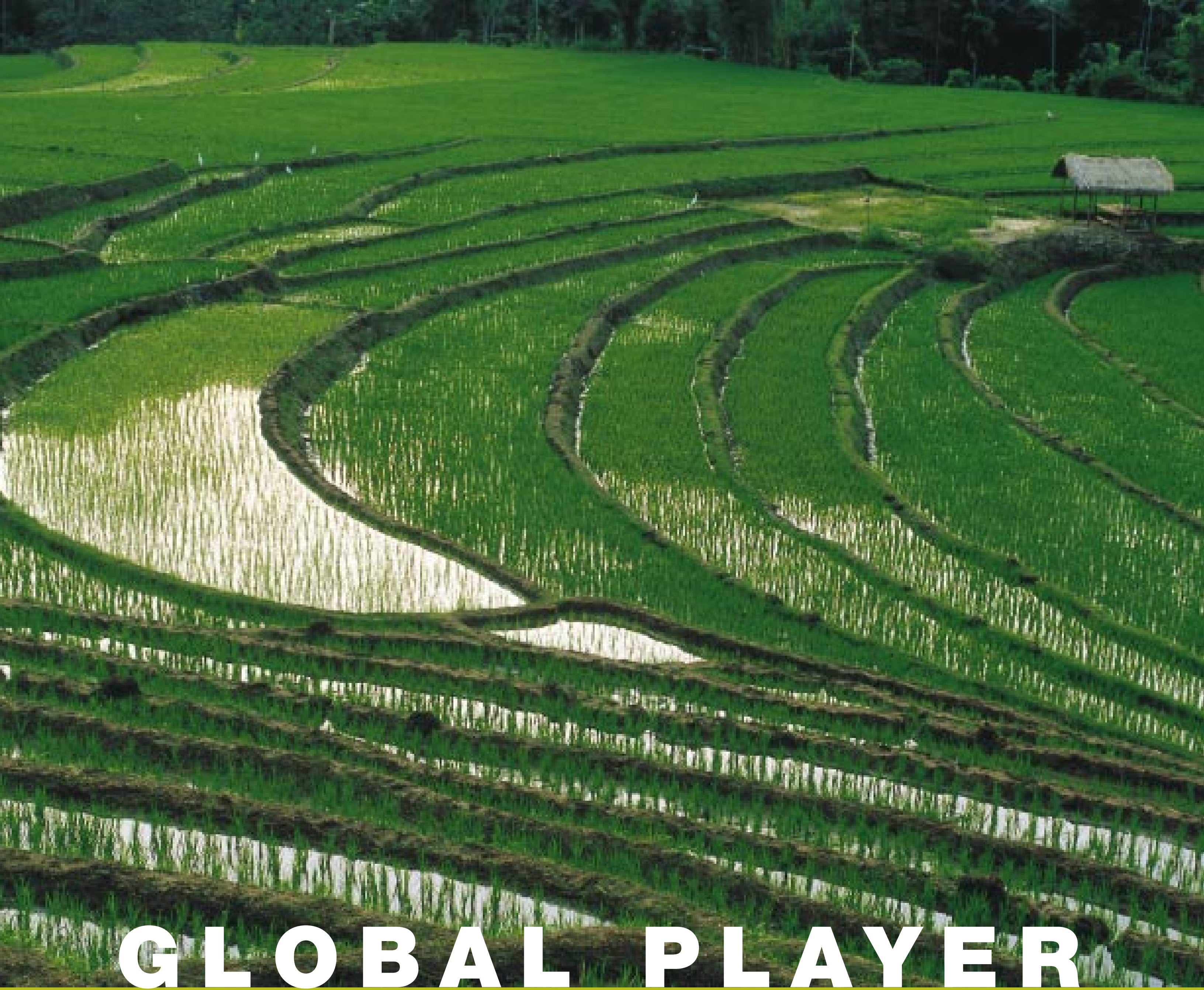
Sales/Marketing and Personnel

Born 1952, studied philology (senior master), company trainee, distribution and logistics management, executive in charge of materials management, logistics, sales in the steel industry, marketing director of an elevator manufacturer, Marketing Manager at CLAAS since 1998.

DR.-ING. HERMANN GARBERS

Research & Development

Born 1951, held research and teaching posts at Braunschweig Technical University (Agricultural Machinery Institute), development manager for combine harvesters, self-propelled forage harvesters and tractors, R & D Manager with CLAAS since 1999.



GLOBAL PLAYER

A wide variety of plants from different climate zones and countries are harvested cost-effectively and rationally – from rice in India to sugar cane in the Caribbean or grain in the Ukraine.

Farmers around the globe have confidence in our products. Even in the design phase it is taken into consideration that the machines will be used all over the world. CLAAS machines are at home in all the world's fields.

Philip Wynn, farmer in East Anglia:

»We've cut our costs by almost 20% by using CLAAS«

AT HOME IN ALL THE WORLD'S FIELDS CLAAS machines are being used in fields all round the world. Farmers around the globe have confidence in products made by CLAAS. The machines are, so to speak, implanted in the design phase with the ability to operate all over the world. The development and manufacture of the products are considered from the point of view of being able to process different plants from various climatic zones, economically and efficiently.

On all continents the biggest event of the agricultural calendar is the harvest and this is also the greatest risk for the farmer. The weather is unpredictable and prices for produce are subject to fluctuation. High profitability and the exact timing of the machine operation are often of vital significance for agricultural businesses.

For many years the CLAAS Group has set itself the task of offering farmers customer-oriented agricultural machine systems. We can show how competent we are at offering solutions with examples from around the globe.

BRITAIN Philip Wynn and Philip Ashton are the owners of Auburn Farming in East Anglia, England. Their farm has 1,600 hectares of cereals. The problem they had was the constantly increasing cost of machinery. They had high hopes of help from a sensible rationalization of the plant.

They exchanged their three existing combine harvesters for two LEXION 480s. They got the same output with these machines, yet saved a full ten working days during harvesting. In addition to this, they included a CHALLENGER crawler tractor in the machine team, which allowed a large part of the area under cultivation to be drilled early, consequently saving time and money. Taking stock, the two farmers comment: »By purchasing CLAAS machines and making some changes to our sequences in sowing and harvesting we have reduced our costs by 18%.«

AUSTRALIA A good 20,000 kilometres lie between the CLAAS factory and the area of use of several CLAAS balers in Beaufort, Australia. Mark Dyer and Damien Brady's Quadrant Bailing Company works as a contractor on the fields of Victoria. The newest large-square baler, QUADRANT 2200 Roto Cut, has brought decisive progress to their business. »We are extremely pleased with CLAAS technology and are thinking of expanding our bale business to other areas in Australia. Depending on the situation, we can change the length and density of the bales from the tractor's cab or switch the knives on or off. This saves a lot of time and increases daily output.«

The team from Australia's Quadrant Bailing Company (top); LEXION 480, the most powerful combine harvester in the world (above).

During the season in Australia, which starts in the middle of October and extends right through until January, the new QUADRANT pressed more than 15,000 perfect bales. The Australian contractor's verdict: »As far as we're concerned CLAAS QUADRANT technology is without any doubt the best solution for producing square bales.«

JAPAN In Japan it is the weather which separates the wheat from the chaff in agricultural technology. The harsh climate places particularly high demands on reliability, quality and the perfect technology of harvesting machinery. On the island of Hokkaido for instance, the largest wheat-growing area in the country, farmers struggle with rain, wind and low temperatures. The harvest time is limited to only a few days and the average cereal moisture is over 40%.

Under these circumstances Japanese farmers need machines with the greatest possible power and technology which is indisputably reliable. CLAAS provides this with LEXION, whose superior technology has even managed to convince the hardest-hit farmers on Hokkaido. With its high output and clean grain separation, the LEXION gets to grips with even the most difficult harvest situations.

SOUTH KOREA South Korea is one of the most densely populated countries on earth. Every little green patch, no matter how small, is used for farming and rice growing. There are very few fields larger than one hectare. CLAAS is able to meet the great demand for manoeuvrable combine harvesters which have high threshing quality. Korea has proved to be the ideal area for use of the CROP TIGER, produced by the German-Indian joint venture, Escorts CLAAS Ltd.

Laid rice and a sludgy subsoil make harvesting conditions extremely difficult and place great demands on the machines. In agriculture, in addition to the special local machines for rice harvesting, the CROP TIGER has proved to be an efficient tool for the Korean cereal fields. With its crawler chassis, technical ability to harvest various crops and its very long service life, it meets the requirements for using agricultural machinery in awkward harvest areas.

Globalization is not a phenomenon which is new to CLAAS. The company has been ahead of internationalization for decades. CLAAS has been selling its products in conjunction with its specialist service all over the world since the 1920s. In our point of view, we should be in the places where the natural products which can be harvested are growing.

There are hardly any gaps left in existing markets and yet fresh market potential is emerging over and over again on different continents. For instance, new markets are opening up due to the slow but sure removal of political and economic barriers. In the last few years, encouraging new prospects have been opening up in South America, Eastern Europe and Asia – prospects which we are following closely.

ARGENTINA A new marketing company has been set up in Argentina to supply the entire South American continent with efficient agricultural technology. The headquarters of the subsidiary company are in Sunchales, in the Federal state of Santa Fe, to the north-west of the capital, Buenos Aires. There are 40 people employed at CLAAS Argentina S.A. The trade barriers which previously closed off an extensive part of the Argentinian market to European products are beginning to relax. In the foreseeable future Argentina's agriculture will make up one of the largest growth markets for efficient agricultural technology.

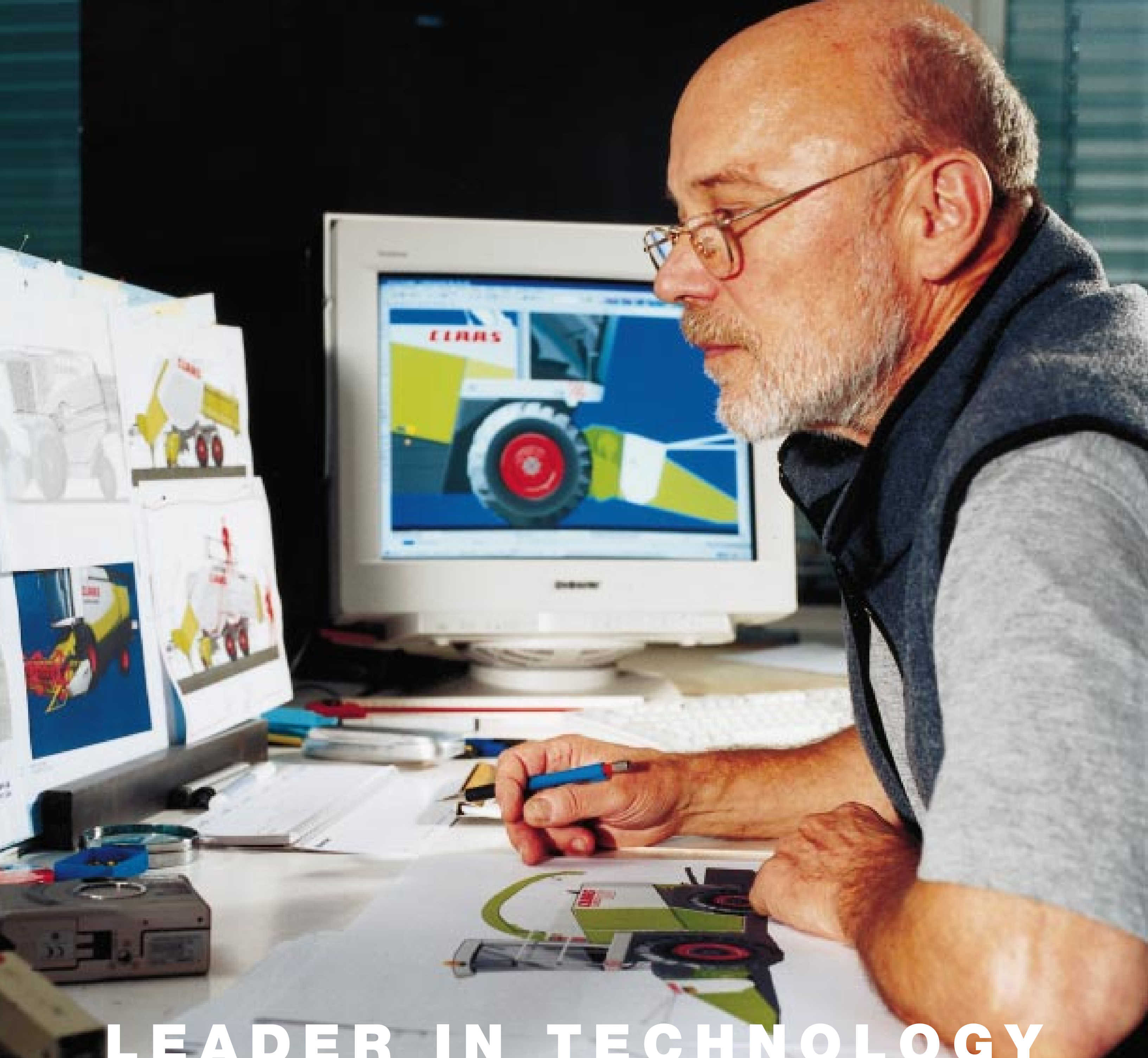
EASTERN EUROPE We are linking high expectations with the future development of the East European markets and those of the former Soviet Union. Fertile soils and enormous areas of land offer ideal conditions for use of high-performing CLAAS products. Immediately after the collapse of the Communist system and the opening up of the former Iron Curtain countries, we created conditions, through targeted working of the market and new sales and service structures, to supply farms with high-tech agricultural machinery.

Crop Tiger rice combine harvester in Korean fields (top). The LEXION's first appearance in Argentina caused a lot of interest (above).

RUSSIA In Russia and also in other East European states CLAAS already has the highest number of machines of all the Western manufacturers. Our representatives are directly on the spot in their own companies or in joint venture businesses. In the Ukraine there is a production venture in co-operation with state-run corporations to assemble combine harvesters and in Russia we are considering the setting up an additional production joint venture.

The headquarters of CLAAS' own service subsidiaries are in Moscow and Kiev, which are available to Russian and Ukrainian farmers for service and parts. Business development has, in the main, been held back due to inadequate financing available to local farms. This restricted finance availability has limited, above all, the supply of urgently needed modern harvesting technology. Accordingly CLAAS has built up a great deal of competence in the area of finance, giving considerable support to finding suitable solutions in such cases.

NORTH AMERICA CLAAS has a very firm foothold in North America, the largest agricultural technology market in the world. The combine harvester sector is covered by the joint venture with Caterpillar. LEXION machines, which from 2002 should come from the new combine harvester factory in Nebraska, already have an excellent reputation amongst farmers in America. CLAAS' own sales subsidiary, CLAAS of America, supplies the ever-growing market for forage harvesters, balers and green harvest machinery.



LEADER IN TECHNOLOGY

The development of a new JAGUAR forage harvester series, a modern combine harvester family and a new round baler attracted a lot of interest from agricultural experts.

A number of innovations were successfully launched on to the market in 2000. These demonstrated that CLAAS still holds the lead when it comes to technology. An important component of the new products is the combination of rugged harvesting machinery with modern information technology.

NEW MACHINES AND SYSTEMS – FOR ECONOMY AND THE ENVIRONMENT

Over almost 90 years of the firm's history, CLAAS has developed the ability to keep always a little ahead of the competition with progressive technologies and rapid implementation of new products. The development of the first combine harvester for Europe in the 1930's is evidence of the Group's ability to innovate. The technological leadership gained in agricultural engineering, coupled with quality, flexibility and reliability, are and remain the keys to yield-oriented growth.

The year 2000 was, as in previous years, characterized by a number of innovations which had been successfully introduced on to the market. The new MEDION combine harvester model hit the headlines in the summer. Based on the well-proven DOMINATOR threshing technology, we have equipped the new combine harvester with computer-assisted controls for up-to-the-minute data transmission and electronic communications with the information system back at the farm. In addition, the cab of the MEDION has been redesigned with the emphasis on ergonomics to make life easier for the operator. The enhanced level of convenience takes account of the fact that the person driving a machine is still the most important link in the chain of operations at harvest time.

HIGH PERFORMANCE A new generation of JAGUAR forage harvesters attracted a lot of attention among farmers. The series comprises five new machines with appreciably enhanced performance. The most powerful of these forage harvesters, the JAGUAR 900, has 605 hp and, like all the other machines, is characterized by low specific fuel consumption and high cost-effectiveness. A new maize header, which can cope with any number of rows, with a working width of six metres produces a significant increase in chop volume. With its performance the JAGUAR gives fresh stimulus to the whole sequence of operations in green harvesting.

CLAAS machinery is particularly suitable for large-scale farming in international agriculture. We have expanded the Profi Line of machines with the addition of a new, self-propelled mower unit based on a JAGUAR model. The JAGUAR 8500 C, which has a working width of 8.50 metres, in combination with the DISCO 8500 large-area mower unit can achieve rates of work of up to 15 hectares per hour.

Information systems on board the combine harvester for precision farming

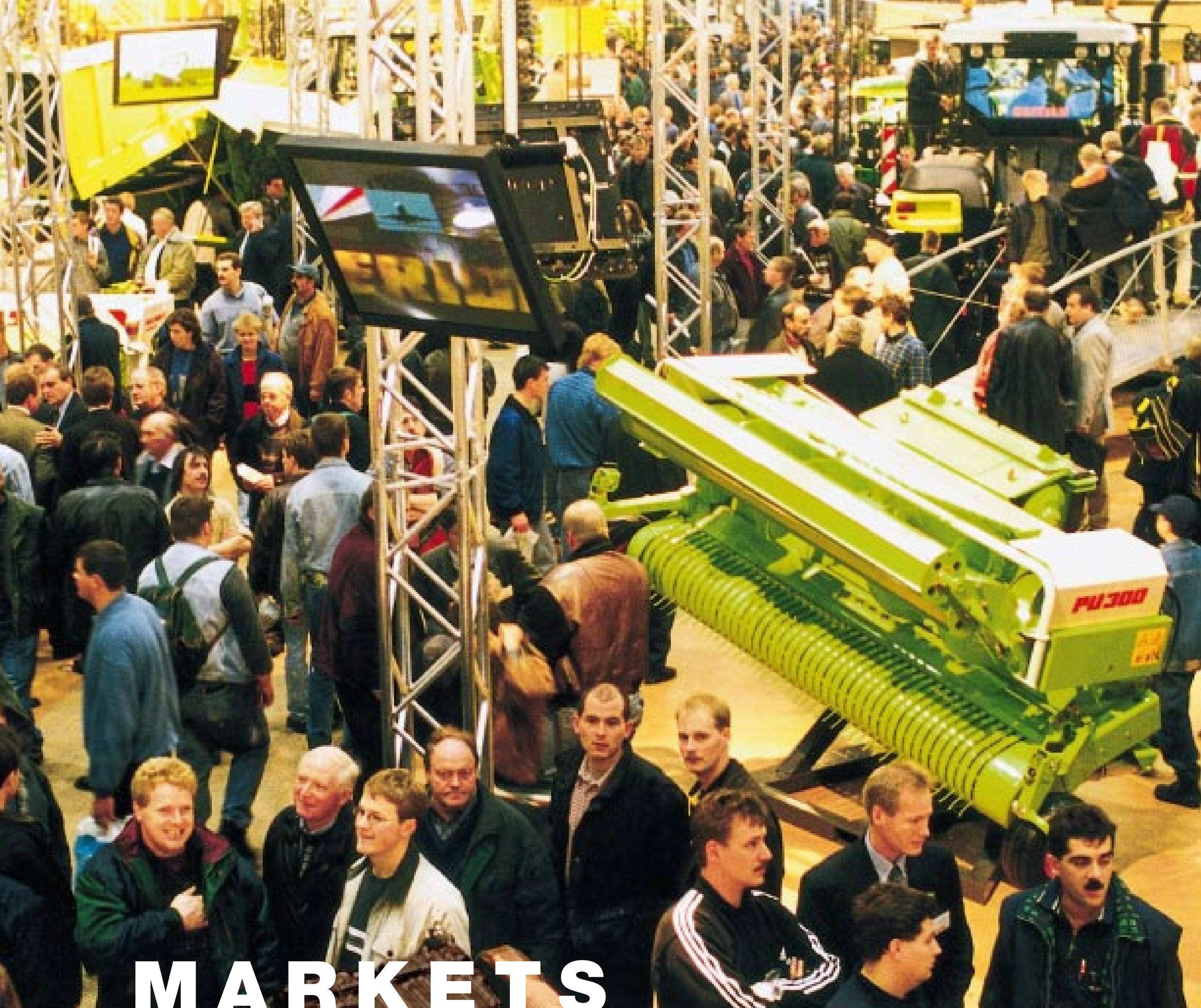
LATEST TECHNOLOGIES The latest technologies are a feature of the new UNIWRAP round baler. This forms the bales and wraps them securely in plastic by means of an integral wrapping machine in a single pass. Once the round bale has been wrapped, it is automatically dropped off as the machine travels over the ground. UNIWRAP can produce 45 to 50 finished bales per hour.

The technological edge of one new CLAAS product earned us a particular award during the 2000 business year, when the Laser Pilot on the combine harvester was the recipient of a special prize from Deutsche Landwirtschaftsgesellschaft (DLG). The Laser Pilot is an optomechanical controller mounted on the cutterbar which detects the boundary of the standing crop with precision and automatically guides the combine harvester along the edge of the crop. The driver does not even need to steer any more. Information systems in the area of precision farming, used for pinpoint accuracy and cost-effectiveness in agriculture, are supplied by CLAAS subsidiary Agrocom. This company develops software systems for agriculture which allow harvesting processes and also working processes in cattle and pig farming to be made considerably more precise, economical and environmentally compatible.

MOBILE DATA ACQUISITION Mobile data acquisition in the field is another form of electronic assistance for farmers which we have developed. The Agrocom programs designed for this purpose run on a compact palmtop computer with a GPS receiver which permits surveying and detailing of weeds or breakdown of cutting data by plot over the field. The locations of all obstacles are recorded and input into the farm's database takes place via the docking station. Mobile data acquisition provides farmers with an innovative tool to enable them to take sound decisions quickly.

All of CLAAS' research and development activities are directed at an integrated view of work in agriculture. Hundreds of in-house specialists, principally technicians and engineers, are engaged in developing machines that mesh smoothly into the harvesting process.

The individual harvest machine is increasingly becoming a component of an economically and environmentally oriented agricultural production system. Controlling the entire process chain requires qualified knowledge management. An even closer link is needed between knowledge of plant cultivation and expertise in the design and fine tuning of machinery.



MARKETS

Willingness on the part of farms to invest is concentrated in new machinery which performs efficiently from both an economic and an environmental point of view.

As the leading manufacturer of agricultural machinery, our modern machine fleet has enabled us to increase our share of sales everywhere, despite restrained world demand generally.

SHARES INCREASED ON WEAK MARKETS Trends on agricultural machinery markets were generally down in 2000. With the exception of relatively stable demand for large tractors, the market volume for all other agricultural machines shrank appreciably.

Grain prices, particularly wheat, stuck at a world market level which remained low. Willingness on the part of grain farmers to invest was correspondingly restrained. In these difficult conditions, CLAAS managed at least to secure its market share and in some key areas actually increased it.

COMBINE HARVESTERS The market volume covered by the Western combine harvester manufacturers fell by approximately 6% to just on 21,600 machines. CLAAS' share of the world market remained more or less unchanged at around 17%.

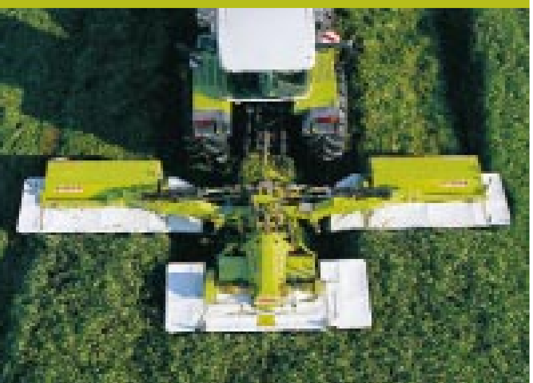
In Western Europe, the market suffered a drop of about 16%, with a sales volume of some 8,060 machines. Once again CLAAS succeeded in increasing its market share slightly, to just under 34%.

In Central Europe, comprising the former Soviet block countries apart from Russia, the total market fell by nearly 10% to something over 700 combine harvesters. CLAAS improved its market share in this sales region by around 10 percentage points to approximately 34%.

In the former CIS states, following a phase of severe depression and completely inadequate financing resources, market behaviour stabilized in some way. The sales volume of just on 1,450 machines corresponds to growth of around 45%. CLAAS' share increased from over 15% the previous year to around 22%.

SELF-PROPELLED FORAGE HARVESTERS CLAAS is the world market leader for self-propelled forage harvesters, a position which we further consolidated during the year under review. The total market volume shrank 2% to around 2,150 machines. CLAAS pushed up its market share again by about 2 percentage points to approximately 48%.

The market in Western Europe fell by 12% to around 1,390 forage harvesters. Following a further improvement in its position during the year under review, CLAAS holds almost half of the West European market. Market shares in all the



The ROLLANT produces round bales (top). Mower in professional use (above).

other key regions of the world are also up: In Central Europe from 50% to 53%, in Eastern Europe from 15% to 22% and in North America from 35% to 36%.

BALERS Baler markets were unable to hold the previous year's level. CLAAS manufactures its baler product line through the French product company, Usines CLAAS France S.A., in Metz.

In the case of large square balers, world sales fell by approximately 3% to 3,100 machines. CLAAS, with sales of just under 550, achieved a market share of 17.5%, more or less equivalent to the previous year's figure. The West European market contracted by around 2% to just under 1,800 units.

Sales of round balers dropped by approximately 5% worldwide to just under 30,000 units. CLAAS' share of this volume was nearly 3,200 sales, corresponding to a world market share of about 11%. The most important market, with approximately 14,000 machines sold, remained Western Europe, where CLAAS maintains a share of about 18%. Sales in Western Europe were 5% down.

The conventional baler market is diminishing worldwide. During the year under review the volume dropped by 4% to 5,860 balers. CLAAS' market share remained virtually unchanged at just under 9%.

GREEN HARVEST MACHINERY Trends on green harvest machinery markets were likewise weaker. CLAAS produces its range of mower units, tedders, swathers and forage wagons at the CLAAS Saulgau GmbH factory in Saulgau, Upper Swabia and in Hungary.

CLAAS maintained its good positions on almost all the markets during the past year and actually developed them in some sub-segments. We are obviously benefiting from the continuing structural change in agriculture, which led to a tangible stimulation of demand for machinery with a large working width during the year 2000.

We are targeting this group with our strategic orientation to the professional segment. CLAAS large-area mowing units have now established themselves as a successful product worldwide. Profi Line machines for the green harvest not only have sound sales positions in Western Europe but are also well accepted by the market outside Europe, including in North America.

RUBBER-BELTED TRACTORS CLAAS entered the tracked tractor market in 1997. Over 800 machines of this towing vehicle type have been sold since the market launch. Due to their rubber-belted track assembly, these tractors exert only a low ground pressure and are at the same time more cost-effective. The number of large tractors powered at over 200 hp sold in the last few years has risen sharply overall, and this trend is set to increase in the future. The CLAAS CHALLENGER rubber-belted tractor is built by our joint venture partner, Caterpillar, in the US.

TELESCOPIC LOADERS Telescopic loaders are becoming increasingly widespread as carrying vehicles in professional agriculture. CLAAS supplies this market with machines from the new factory in Britain.

We share the relevant development work and distribution with Caterpillar. Transfer of responsibility for production at the plant in Saxham, East Anglia to our joint venture partner takes account of the fact that a large proportion of the telescopic loader output is purchased by the construction and industrial sectors.

Since mid-2000 CLAAS has handled distribution of UK-made telescopic loaders to the agricultural sector, while Caterpillar looks after the construction machinery side.

CANE HARVESTERS CLAAS supplies cane harvesting machinery to markets in the world's tropical and subtropical areas. Sales rose significantly during the year under review, especially in India and Mexico. We are now market leader in both these countries.

CLAAS' modern products can also process green sugar cane. This more environmentally friendly way of harvesting green plants using CLAAS machinery allows the foliage of the plant to be gathered from the plantation in a second pass and recycled to produce energy, for instance at the sugar mill. Sugar cane fields are traditionally burned down before harvesting to facilitate extraction of the valuable part of the plants.

PRODUCTION ENGINEERING MARKET CLAAS Fertigungstechnik GmbH (CFT) operates on a non-agricultural engineering market. This company, based in Beelen near Warendorf, and its two subsidiaries, Burkhardt Systemtechnik GmbH in Nördlingen (Bavaria) and S.I.S. Ltd. in Coventry (Great Britain) deal in special-purpose mechanical engineering and toolmaking.

Powerful tractor, the CHALLENGER (top), new CLAAS telescopic loader TARGO (middle), growth market production engineering (above).

During the past year the company succeeded in increasing sales by 73% to DM 137 million. Customers are predominately the big automotive groups, as well as household appliance manufacturers and the aviation industry.

This huge leap in net sales is due in part to the invoicing of a major order. It is to be noted, though, that CFT started the 2001 financial year with an order book worth DM 120 million.

Growth in the special-purpose machinery sector has been highly outstanding. The company is reporting more and more large orders for integrated systems. Such systems might include, for example, press dies and a welding line. CFT is now a certified component supplier to the aviation industry and has already received a number of orders.

Future trends predicted for production engineering are entirely positive. Accordingly, the company has also expanded shop capacity for special-purpose mechanical engineering by 50%. The workforce has risen from 260 to 282 people.

DRIVE TECHNOLOGY AND HYDRAULICS MARKET Subsidiary CLAAS Industrietechnik (CIT), Paderborn, is a system supplier on the drive technology – transmissions and axles – and hydraulics markets. As its core CIT supplies the CLAAS Group with components, but third-party business is also growing steadily.

External sales during the year rose from DM 38 to 39 million. Customers are concentrated in the areas of municipal vehicle manufacture, construction machinery and commercial vehicles.

CLAAS Industrietechnik GmbH is currently developing the second generation of a modern automatic transmission for agricultural machinery and commercial vehicles at a new testing center.

The 2000 financial year saw investments of DM 8.3 million in industrial engineering, with a further DM 8 million planned for 2001.

CUSTOMER ORIENTATION

Our comprehensive service and parts network ensures that an urgently needed part is delivered where it is required as quickly as possible. Technical support is also continuously provided.

Closeness to the customer is the measure of good service. At CLAAS, service is an essential part of corporate culture. Keeping our customers satisfied is the primary aim of everything we do.

SERVICE TO THE CUSTOMER IS PART OF OUR CORPORATE CULTURE The customer is the focus of all business activities at CLAAS. The Group's strength is due not to its size but to its closeness to the customer. Satisfying customer's requirements and meeting their expectations in terms of technology, quality and service is part of our corporate culture. Our customers span as wide a range as the applications for CLAAS machinery. The various demands with regard to power and equipment of CLAAS machines stem from the differing field sizes, soil types, vegetation and harvesting conditions.

In the agricultural machinery business, the service factor is particularly important. This is due to the specific nature of farming. Cultivating the soil is a continuous chain of different processes, which mesh together like cogs. Stopping has disastrous consequences for the whole process. The operating manager at a firm of agricultural contractors, moving his combine harvester fleet from one field to another at the height of the harvest season, cannot afford to have a machine fail at this time.

NEW CHALLENGES Developments in plant cultivation are shortening the time to harvest all the time. The duration of the harvest period is also affected by weather conditions and time of the day. In good weather and with a dry crop, the machines have to operate correctly at full output.

Nothing is perfect. There are no guarantees that neither parts will fail nor an entire machine comes to a standstill. One thing we can ensure, however, is that service and parts will be on the scene as quickly as possible. The person to contact in every case is the dealer providing after-sales service for the customer and the machine.

FAST SERVICE In all the countries where large numbers of machines operate, CLAAS has a comprehensive network of service centers and parts warehouses. In Germany alone there are eight regional parts warehouses, which hold stocks of all the main parts. The very latest parts center was opened during the year at Saulgau, on the CLAAS Saulgau GmbH site, to serve customers in the southwest of Germany with the service and parts they require even more efficiently.

This comprehensive customer service covers the whole of Germany. At harvest time, a part which is needed can be delivered to a site anywhere in the country in a matter of hours to prevent the customer having their machinery out of action for an extended period. A round-the-clock on-call service is also offered during the harvest months to deal with customer requests at any time of day or night.

CLAAS accessories and fast parts service ensure the harvest runs smoothly.

The hub of our worldwide parts distribution organization is the new logistics center at Hamm-Uentrop. Conveniently located on the A 2, this facility is operated jointly by CLAAS and logistics specialist, Stute-Verkehrs GmbH, a wholly-owned subsidiary of Kühne & Nagel AG. CS (CLAAS-Stute) Parts Logistics is the center's operating company. This company has taken on the functions of incoming goods reception, storage, order picking and distribution of some 88,000 lines for the CLAAS distribution network, both within Germany and internationally.

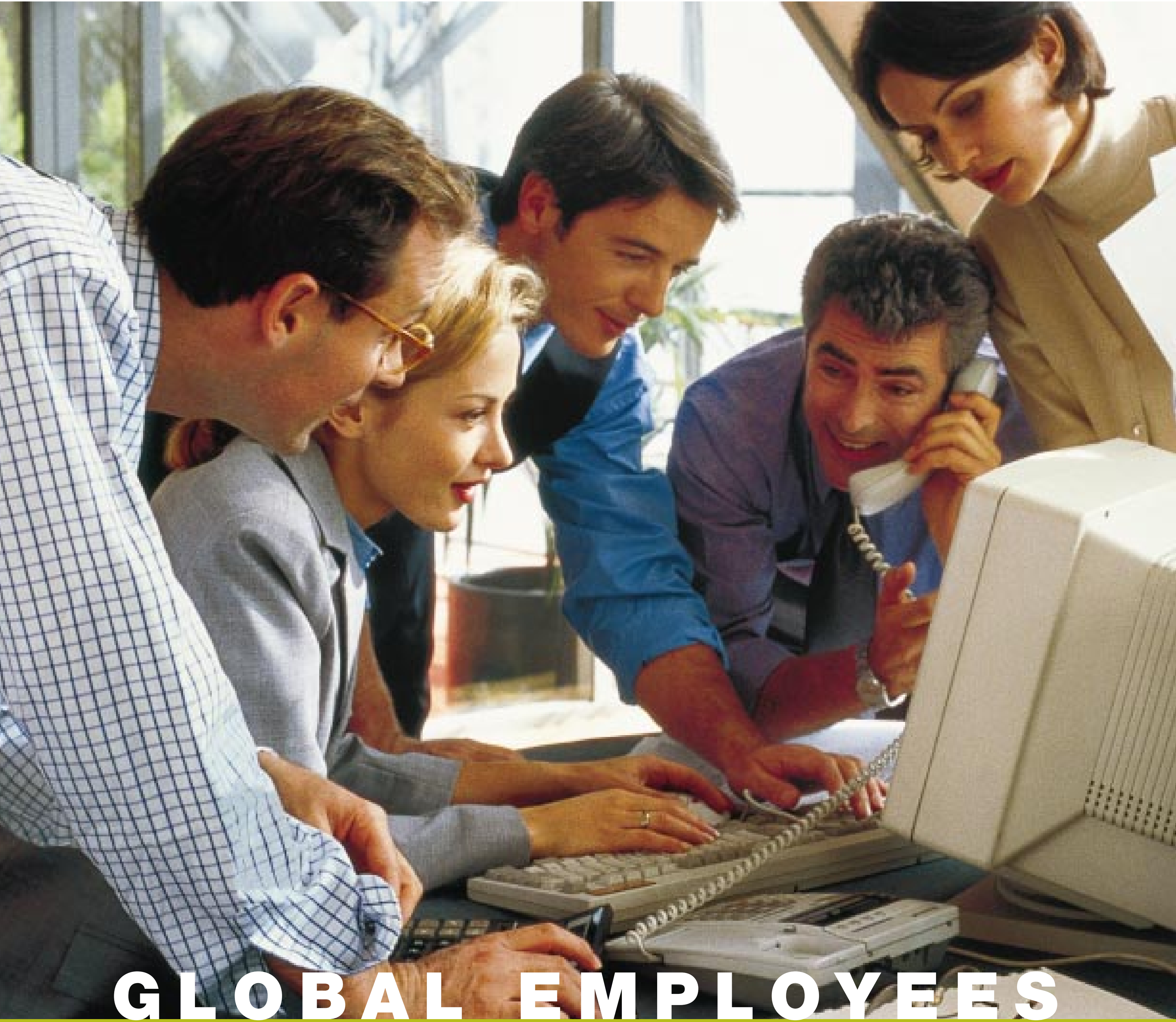
GLOBAL EMPLOYEES The service which CLAAS offers its customers in the form of parts procurement and after-sales service goes even further and is global. We have trained staff who, with a high degree of flexibility and extensive product knowledge, can be deployed all over the world to open up new markets and look after our machines anywhere in the world. A global player like CLAAS needs global employees.

COVERING EVERY ASPECT Our range of services also takes account of the fact that our international customers are more professionally equipped than ever. They expect manufacturers to provide a package of services in which the basic sale of a machine is only part of the picture. Financial services are playing an increasingly important role in the customer's purchase decision. The proportion of machines purchased under a financing, leasing or hire scheme has risen to 50% in Germany, is over 60% in France and close to 90% in Britain.

We responded to this trend by setting up CLAAS Financial Services (CFS) in Paris in July 1999. CFS is run jointly with a major French bank (BNP-Paribas Group) and offers special sales financing in Germany and France.

This is in addition to a longstanding joint venture which offers sales financing in Great Britain.

At the end of the financial year the West European credit portfolio for CLAAS sales financing reached a volume of DM 500 million. CFS, with a staff of 40 throughout Europe, has a customer base of 4,000. The product range includes loans, leasing, hire and life assurance. Expansion into other countries is planned for the coming year.



GLOBAL EMPLOYEES

Globally thinking, committed employees help secure the Group's position. Management guidelines consider staff loyalty and flexibility equally. These guidelines describe what is expected in everyday business life: to be respected, reliable, involved and prepared to change.

Employee development and support are top priorities for us. We make contact with suitably qualified young graduates interested in joining the Group.

PRECIOUS CAPITAL High-tech machinery in operation worldwide calls for globally thinking, committed, knowledgeable specialists. Marketing of technical developments and management of the processes by means of which CLAAS secures its position require rapid, comprehensive transfer of knowledge between competent people

Employee development and support are high priorities at CLAAS. Recruitment of qualified junior staff starts at an early stage. We are in contact with young agricultural engineering and business management students while they are still at college.

SCHOLARSHIPS Each year the CLAAS Foundation awards the Helmut Claas scholarship to gifted students. These awards, intended to support students during their course, are made for either one or two years. Last year, for the first time, these prizes were awarded internationally, to students at the Universities of Munich-Weihenstephan and Stuttgart-Hohenheim and also the Harper Adams and Cranfield universities in Britain.

INVESTMENT IN THE FUTURE During the year under review the CLAAS Group invested approximately DM 14 million in training and further education, a sum equivalent to the previous year's level. Training costs alone amounted to DM 9.26 million, with a further DM 1.6 million going into the trainee programs for young people. At the end of the year a total of 384 trainees were working with the CLAAS Group. In spite of difficult economic conditions, the number of young people was 14 up on the previous year at 119.

Additional resources were devoted to improving our training facilities with the opening of a new Technical Training Center.

The number of employees in the Group as a whole fell slightly during the year as a result of further staffing rationalization. At year-end CLAAS employed 5,590 people (previous year: 5,853). Personnel costs amounted to DM 527.5 million. This figure includes supplementary staff costs of DM 107.6 million.

COMPANY SPIRIT A number of initiatives introduced in recent years have successfully created a spirit which bonds our employees to the Group. The growing feeling of »belonging« is demonstrated, among other things, by the continuing interest in the employee shareholding scheme. During the year under review

Training, information and further training are very important at CLAAS.

some 2,300 people out of 4,100 employees entitled to subscribe in the CLAAS domestic companies acquired shares in CLAAS-Mitarbeiterbeteiligungs-Gesellschaft. The subscription level reached a new peak of 56%.

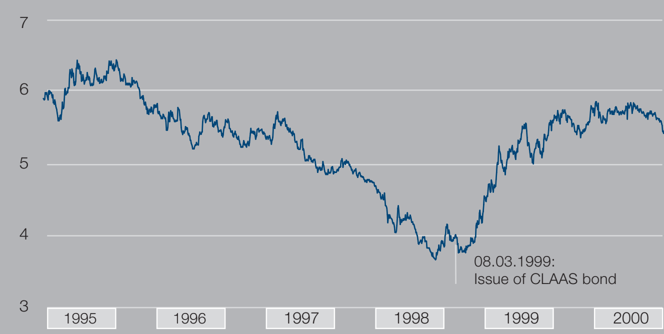
On the other hand, the increasing benefits paid out by the company pension scheme also reflect the workforce's attachment to the Group. Superannuation payments to former employees and their surviving dependants rose by 6.3% in the 1999/2000 financial year to a total of DM 10 million. The number of eligible pensioners rose by 2.8% to reach 2,438.

CLAAS ACADEMY Staff management at CLAAS is also based on the twin pillars of training and imparting knowledge. The institution of the CLAAS Academy is an expression of this philosophy. The CLAAS Academy is a special training facility operating worldwide. Its doors are open not only to CLAAS employees but also to distribution partners and importers.

During the year under review we trained around 3,000 people from the technical and marketing functions at training centers in Harsewinkel, Saulgau, Metz and in Belgorod, Russia, with a mix of classroom lessons and field work. Seminars give technical staff general product and service know-how, while marketing people learn the arguments about machine benefits and system products.

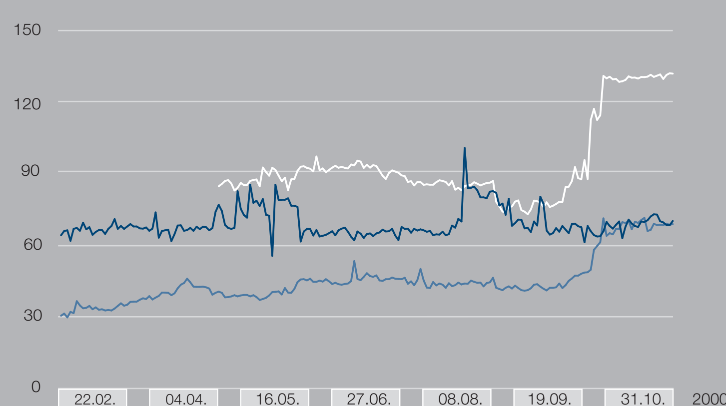
NEW GUIDELINES A new management and supervision culture throughout the CLAAS Group underlines the importance we attach to well-informed, duly recognized employees in our business. One of the principles enshrined in the way we function is that every CLAAS employee deserves personal respect and recognition of his or her work. Collaboration on a basis of partnership is founded on credibility, loyalty and trust. For this to be effective, employees need to play a part both in opinion-forming and decision-taking. We are confident that CLAAS will be very successful as a business if employees and management seize and exploit the opportunity offered by the process of continual change.

TIMING OF THE CLAAS BOND Seven-year swap rate trend (%)



CLAAS was one of the first names in European industry to take the step on to the new European Debt Capital Market with the issue of a euro bond with a nominal value of EUR 100 million in March 1999. The seven-year swap rate development shows that the timing was almost ideal with regard to general interest rate level and also that the CLAAS bond spread has performed well in comparison with industry bond-spreads in general. The CLAAS bond thus demonstrated resilience in value, countering the trend towards higher risk premiums on industrial bonds.

CLAAS BOND SPREAD TREND COMPARISON (basis points*)



CLAAS

CorptopInd European industrial bond index
(Source: Reuters, monitored since 22.02.2000)

ECIBBB European BBB industrial bond index
(Source: Dresdner Kleinwort Benson, monitored since 16.05.2000)

* 1 % = 100 basis points, term adjusted

The markets which CLAAS serves offer considerable medium-term growth prospects. In particular, consolidation on the supplier side, the fast pace of entry on to the US market and the rapidly expanding level of mechanization in many highly populated threshold countries present some very promising opportunities. Seizing these may exceed our operating capital requirements. In a cyclical market environment, CLAAS ensures long-term success by means of a sound, conservative financing policy. On the basis of the existing balance sheet and financial structure, the Group is prepared for additional capital requirements that may indeed reach a considerable level.

Starting from the priority of safeguarding liquidity, an essential role of CLAAS' financial management is the organization of an efficient and stable profit- and risk-sharing between capital providers and the Group. The ongoing development of the existing capital structure along the market, conditions and broadening our capital base are the prerequisites for an optimum investment policy and for durable support to our growth objectives. In the last few years CLAAS has further developed its capital composition in line with strategic requirements, e. g. by forming an employee shareholding program, converting the CLAAS OHG – a partnership by German Law – into the CLAAS KGaA and issuing participation certificates.

BANKS AND CAPITAL MARKET To finance typical fluctuations in working capital requirements during the year we are in a position to draw extensively on lines of credit. We also make use of banking services in the area of sales and export financing and group payment/settlement systems. Furthermore, we cover some of our financial requirements on the debt capital markets. However, we assume that irrespective of the discussion on the declining significance of the bank credit market, bilateral or syndicated lines of credit will still be needed in future. Banks which cover a substantial part of the possible range of services, which are internationally active and show customer orientation, even at the highest decision-making level, remain our preferred partners.

FINANCING COMMITMENTS	Up to 1 year million DM		1-5 years million DM		More than 5 years million DM		Total million DM	
	30.09.00	30.09.99	30.09.00	30.09.99	30.09.00	30.09.99	30.09.00	30.09.99
1. Bond issue	0	0	0	0	195.6	195.6	195.6	195.6
2. Credit syndication	0	0	200.0	0	0	200.0	200.0	200.0
3. Lines of credit provided by Banks and Insurance Companies	389.5	335.2	40.0	35.0	106.1	84.4	535.6	454.6
Total	**389.5**	**335.2**	**240.0**	**35.0**	**301.7**	**480.0**	**931.2**	**850.2**

ASSET BACKED SECURITIES PROGRAM (ABS) During the past year CLAAS launched an ABS program with a volume of up to EUR 114 million. The basis of the transaction is a revolving non-recourse sale of trade receivables by individual CLAAS companies to a Special Purpose Vehicle (SPV). The SPV finances its receivables purchase program on the euro commercial paper market. CLAAS is thereby able to borrow on the commercial paper market through the ABS program, as a function of the volume of trade receivables sold.

Major advantages of the ABS program include a more efficient management of working capital tied within a business year, improved balance sheet ratios and, in particular, the creation of an additional funding channel. The European Securitization Market is expanding rapidly and is now also attractive to non-banks. The frequently high quality of ABS programs makes them an interesting alternative to the corporate loan market for institutional investors. ABS programs have been almost unaffected by drops in rating in the last 12 months. Demand from investors for asset-backed papers has risen accordingly.

The first-class rating of our ABS program has been confirmed by Moody's and Standard & Poors. We owe the rapid realization of the program within 6 months to a well-tuned interdepartmental project team, a traditionally well-performing receivables management and a strong IT department.

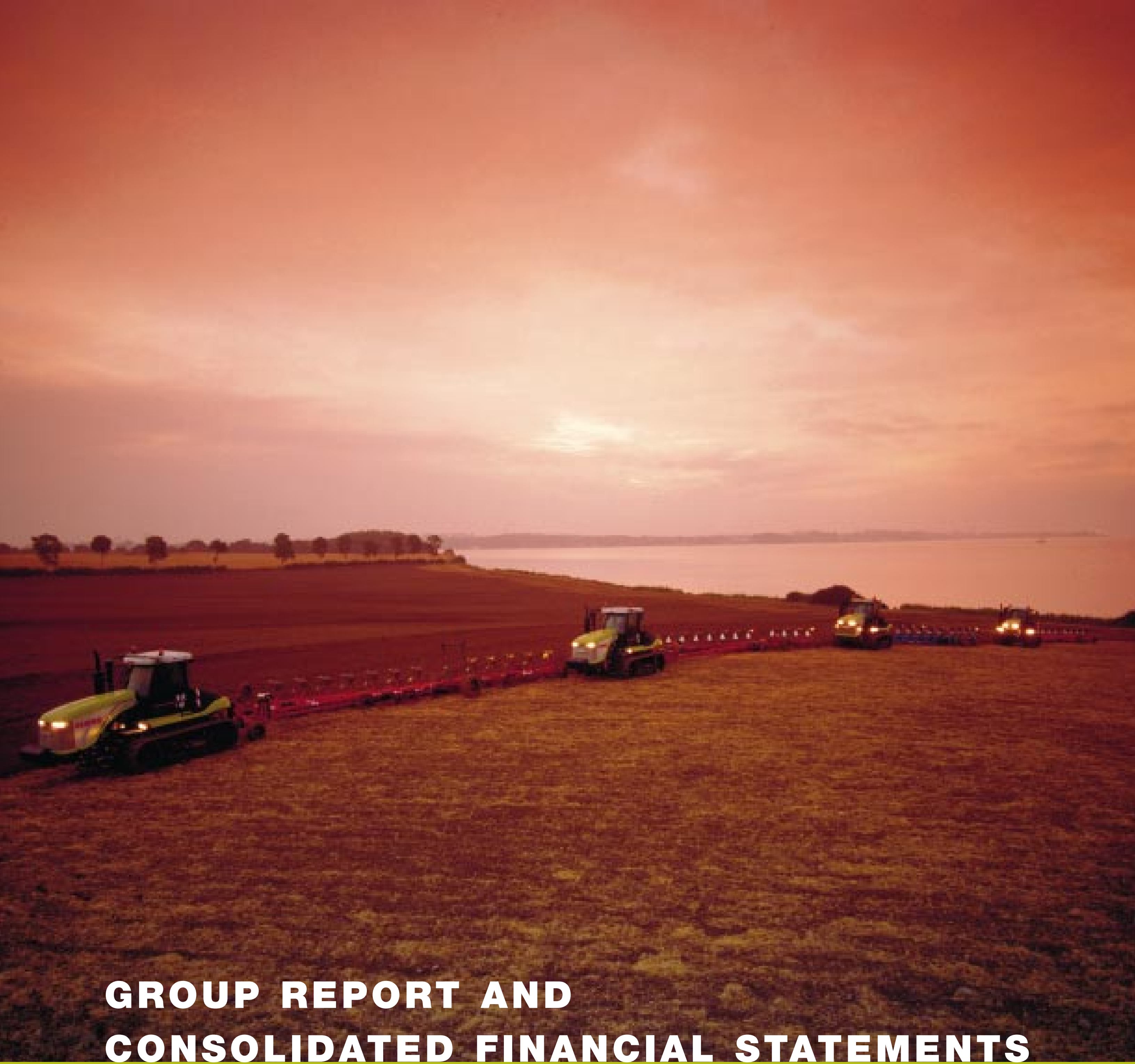
CASH FLOW BASED CONTROL The introduction of a value-based control system for the CLAAS Group has been prepared for a two-year pilot phase. The system will be implemented during the 2001 financial year. We are accompanying value-based control with an industry-oriented, calibrated benchmarking. Our systems in treasury and sales financing have the capability to carry out computer-assisted risk assessments of financial cash flows, incorporating interest rate, currency and also credit risk parameters of our financial portfolio.

THE SHAREHOLDER VALUE, LENDER/BONDHOLDER VALUE AND CO-INVESTOR VALUE TRIANGLE The capital goods industry is typically characterized by close, long-term co-operation between manufacturers, their customers and distribution partners. From our point of view, this working relationship creates an off-balance-sheet added value which has considerable influence on our own enterprise value. Customers and distribution partners investing in our products and the accompanying infrastructure are, as we see it, »co-investors«.

The residual value trend of CLAAS products has shown for many years that investment and R & D policy have a positive effect on our customers' asset position. The establishing of the »First CLAAS« brand for used machines enables our distribution partners to make full use of market opportunities in international marketing of second-hand machinery.

The setting up of CLAAS Financial Services S.A.S. (CFS) gives further testimony to our financial activities in the added value triangle for owners, outside lenders and co-investors. We use CFS to secure local end-customer financing without recourse to the CLAAS balance sheet.

TRANSPARENCY BASED ON DETAILED INFORMATION The financial world's demand for information is growing all the time. Building investor relations based on confidence calls for a high degree of transparency in the business. The value characteristics of capital provider positions depends, among other things, on a reliable information policy. As a Company not listed on the stock exchange, we have risen to the challenge of comparability of our published information, as regards content and immediacy, with international capital market standards. Introduction of a dual accounting system based on U.S. GAAP is nearing completion. Regular one on one meetings with our financial partners provide an opportunity for a detailed exchange of information. Every six months we disseminate to our banks and financial partners our view on current business developments in letter format. Once a year we hold an information day to develop personal contacts.

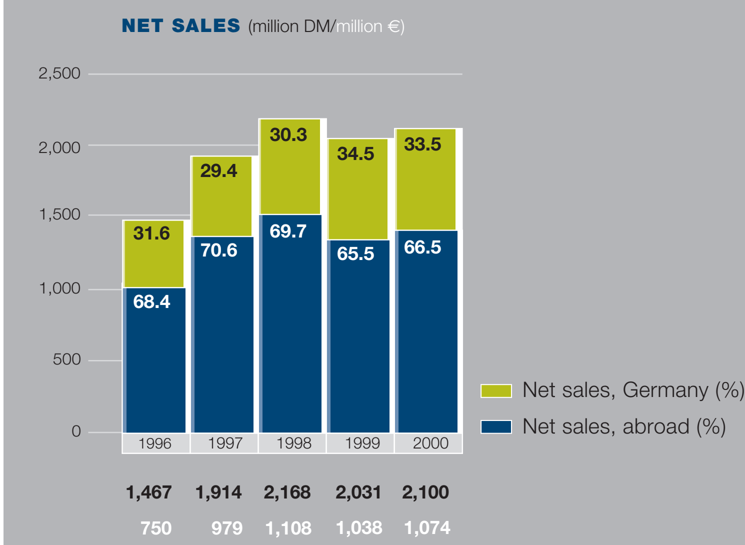


GROUP REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

GROUP REPORT

CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO GERMAN GAAP (HGB)

CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO U.S. GAAP



Agricultural machinery markets declined in 2000 and in the case of some products, the market volume shrank considerably. Nevertheless, CLAAS succeeded not only in consolidating its market position during the year under review but actually increasing it in some areas. The profit remains at the previous year's level.

NET SALES UP 3.4%

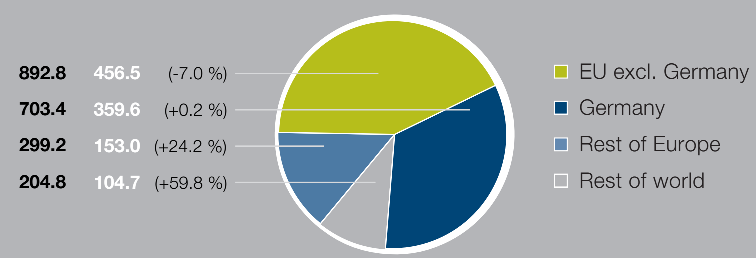
In these difficult circumstances, CLAAS increased net sales by 3.4% to DM 2,100.2 million, thus surpassing the DM 2 billion threshold for the consecutive third year. At the same time, the figures again came close to the 1998's peak of DM 2,167.9 million.

Most of the increase in net sales was achieved in Europe but outside the European Union (EU). The volume of business in Eastern Europe in particular rose considerably, after the steep decline of the previous two years. The reason for this positive trend can be found in the general economic stabilization which took place in the countries of Eastern Europe. CLAAS has maintained its strong commitment to these markets of the future, even through the weak phases of recent years.

Expansion in this region was supported by CLAAS' ability to provide service and to the quality of that service in particular, combined with the resumption of state export credit insurance (Hermes). In all the non-EU European states taken together, CLAAS attained an overall growth of 59.8% to DM 204.8 million (previous year: DM 128.2 million).

Outside Europe, net sales also showed a clear improvement with DM 299.2 million. This was DM 58.4 million or 24.2% higher than the previous year's figure. Some central Asian countries such as Kazakhstan and Uzbekistan made a significant contribution to this result.

NET SALES BY REGION 2000 (million DM/million €)



Net sales in the EU, in contrast, fell slightly by 4.0% to DM 1,596.2 million (previous year: DM 1,662.1 million). The reluctance to invest was due partly to uncertainty among customers and also to the effects of Agenda 2000. On the other hand, the vast quantity of new machines on the market made further machinery sales difficult. CLAAS was particularly affected by this fact, due to its high market shares in Western Europe.

In Germany, following the previous year's considerable increase in net sales, a renewed growth of 0.2% to DM 703.4 million was achieved during the year. Falling sales of new machinery were more than compensated for by high sales volumes of used machinery and the trend towards more powerful, and thus higher-priced, classes of machine.

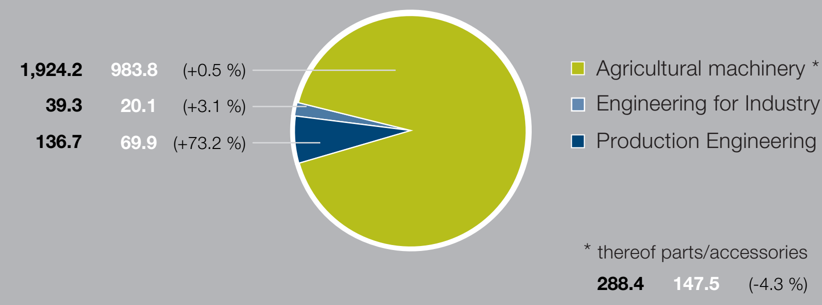
CLAAS' success in Central and Eastern Europe in particular resulted in an increase in the export share of total net sales to 66.5% (previous year: 65.5%).

PRODUCT TRENDS VARIED

In agricultural engineering, net sales overall rose to DM 1,924.2 million. CLAAS mainly achieved increases in sales of forage harvesters and used machines. The volume of combined harvester sales, on the other hand, decreased. Sales of parts and accessories also dropped by 4.3% to DM 288.4 million, partly due to good weather conditions at harvest time. Sales of agricultural machinery, not including spare parts business, increased by 1.4% to DM 1,635.8 million.

There was a large increase in turnover in the Production Engineering division, where net sales rose by 73.2% to DM 136.7 million, mostly due to the invoicing of a large order. Export sales in Engineering for the Industry division were 3.1% higher than the previous year's level with DM 39.3 million.

EXPORT NET SALES BY PRODUCT GROUP (million DM/million €)



SLIGHT IMPROVEMENT IN RESULT

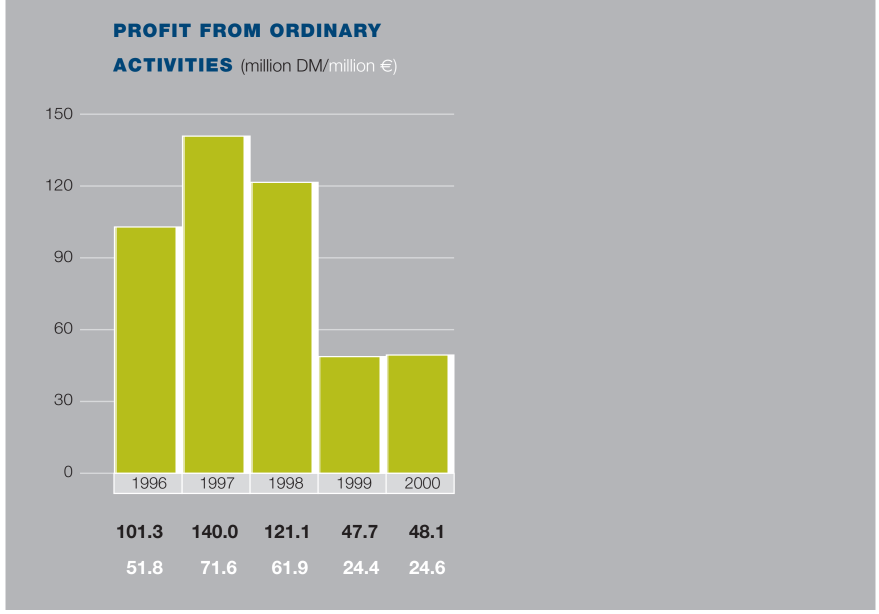
The gross profit increased 2.8% compared to the previous year to DM 606.7 million. This rise, which is rather proportional to sales, reflects counter-cyclical trends. Despite shrinking margins, CLAAS succeeded in improving the business benefits in Eastern Europe.

The previous year's burden on results caused by the product companies in Great Britain and France was considerably reduced. On the one hand, telescopic handler manufacture had been transferred to Caterpillar during the previous financial year, thus enabling telescopic handlers to be produced more efficiently due to higher sales volumes. In the agricultural machinery sector, telescopic handlers continued to be sold through the CLAAS marketing network. In the case of Usines CLAAS France S.A., the non-recurrence of the previous year's restructuring expenses was a positive factor.

The impact of higher purchasing costs through the 2000 (mainly, oil and steel) was also cushioned. CLAAS deployed specific counter-measures to ensure that costs of goods sold increased only slightly and ranged in proportion to the higher net sales (2000: 71.1% of net sales; 1999: 70.9%).

Investment income was down on the previous year. This was due to start-up costs of the two joint ventures with Caterpillar, which had led to proportional results of DM –17.0 million during the year ended (previous year: DM –12.7 million) and the profit situation of the joint venture in the USA, which had also been affected by the expense of developing combine harvester production in that country, and exchange rate movements.

Presentation of the financial income was restructured during the year under review and considerably expanded to make it more meaningful. The financial income consists of two components: »Income from interest and securities« and »other financial income«.



In previous years CLAAS prepared itself for anticipated rises in interest rates. At the beginning of 1999, at the time of a historic low of capital market interest rates, a Euro bond with the amount of 100 million Euro was issued. Use was also made of derivatives to largely eliminate the risk of interest rate increase for seasonally fluctuating short-term borrowing. These measures served to limit the drop in income from interest and securities from DM –12.6 million the previous year to DM –16.4 million in the 2000, despite a rise in interest rates of almost 2%.

Since other financial income included higher interest expenses in respect to CLAAS Mitarbeiterbeteiligungs-Gesellschaft (CMG), the overall financial income decreased from DM –17.9 million in 1999 to DM –25.1 million.

As regards profit from ordinary activities, the effects described cancelled each other out more or less completely. The profit from ordinary activities has remained unchanged at DM 48.1 million (previous year: DM 47.7 million).

The income before taxes DM 44.5 million is slightly up on the previous year's figure (DM 43.8 million). The increase in gross profit is offset by a proportional rise in selling, general and administrative expenses as well as by a further increase in research and development expenses. Positive contributions to this result are attributable to special influences, principally the sale of telescopic handler production in Great Britain and the release of provisions that are no longer necessary. A one-off negative effect, though to a lesser extent, was due to expenses of providing for the first time for commitments in respect of collectively agreed part-time working for older employees. The rise in gross profit is, as already mentioned, offset by the change in the financial income and investment income.

Net income during the year 2000 rose from DM 11.4 million to DM 14.5 million. The taxes on income reported on the Group are still disproportionately high when compared to the income before income tax. This is partly due to burdens on profit by foreign companies, which are not tax-deductible. The amount of deferred taxes reported as assets does not compensate for these factors. Taxes on income were further increased by the adjustment of deferred taxes to take account of lower domestic tax rates in the future.

The figures for the year ended according to DVFA/SG (Deutsche Vereinigung für Finanzanalyse und Anlageberatung e.V./Schmalenbach-Gesellschaft für Betriebswirtschaft) of DM 14.3 million are slightly lower than the previous year's level (DM 15.9 million). Besides other profit contributions not identified within the period (e.g. full depreciation of individual goodwill, adjustment of deferred taxes carried as assets to current tax rates), this figure is also adjusted for the special effects referred to above.

INVESTMENT IN INNOVATION AND MODERNISATION

Investments in tangible and intangible assets, at DM 63.2 million, were once again well above depreciation, which amounted to DM 56.7 million. The main focus of investment during the past year was structural adjustments to production facilities and processes. The drive to modernize the Metz baler plant continued. Work also began on implementing the plant structural plan at the main Harsewinkel factory. A total of around DM 100 million is to be invested in this project over the next few years. In order to underpin the redesigned processes with intelligent systems, introduction of SAP R/3 software throughout the Group also got under way. It is then expected that this project will tie up substantial investment in the future.

The CLAAS Group's willingness to innovate is shown by high expenditure on consolidating and expanding the product range. Examples include the investment in model-specific tools for the manufacture of the new MEDION combine harvester series and the new JAGUAR models.

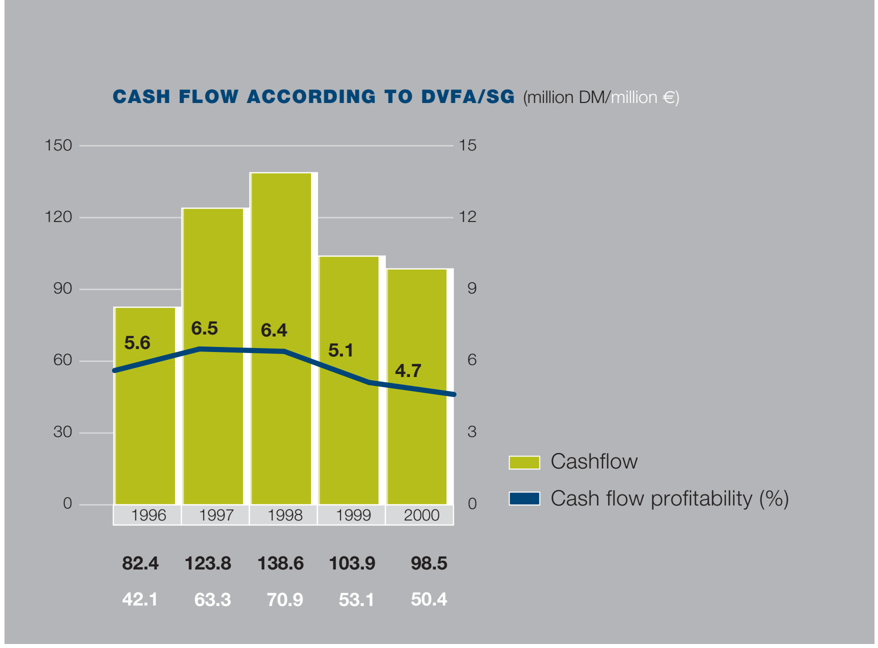
CLAAS has once again invested considerably in marketing in order to develop international market shares. One significant venture is the formation of a new company, CLAAS Argentina S.A. The role of this company will be to consolidate and increase sales on the important South American agricultural machinery markets. Substantial investment has also been made in the dealer network in Western Europe.

A stronger presence of the important combine harvester market in North America is to be served by the construction of a new plant in the state of Nebraska, USA. An ultra-modern combine harvester factory is being built in Omaha, jointly with Caterpillar. It will be operated by the joint venture subsidiary, CATERPILLAR CLAAS AMERICA LLC.

INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES

On balance, there has been a total cash inflow of DM 152.4 million to the CLAAS Group from operating activities (previous year: DM 52.2 million). One positive contributing factor was the appreciable drop in working capital to approximately DM 25 million. The greater part of the DM 100.1 million movement is attributable to the increase of provisions not yet affecting payment. Net capital expenditure in fixed assets and financial assets (investment less disinvestment) came to DM 71.1 million, DM 30.7 million lower than the previous year's figure (DM 101.8 million). Liquid assets increased substantially by DM 93.2 million or 20.1% compared to the previous year, to reach DM 556.4 million as at the balance sheet date.

CASH FLOW STATEMENT	2000 million DM	2000 %	2000 million €	1999 million DM	1999 %
Cashflow according to DVFA/SG	98.5	18	50.3	103.9	22
Cash flow from operating activities	152.4	27	77.9	52.2	11
Cash flow used in investing activities	(71.1)	(13)	(36.4)	(101.8)	(22)
Cash flow from financial activities	10.2	2	5.2	158.1	34
Change in liquid assets	91.5	16	46.7	108.5	23
Influence of foreign exchange	1.7	0	0.9	0.8	0
Liquid assets at beginning of period	463.2	84	236.9	353.9	77
Liquid assets at end of period	556.4	100	284.5	463.2	100



Cash flow according to DVFA/SG amounted to DM 98.5 million, only just under the previous year's level (DM 103.9 million). Cash flow profitability (cash flow to net sales) dropped slightly from 5.1% to 4.7%.

CLAAS' internal financing power – the ratio of cash flow according to DVFA/SG to net investment – increased to a factor of 1.4 (previous year: 1.0).

LIQUIDITY AND FINANCING VARIED DURING THE YEAR

Liquidity increased to DM 556.4 million (previous year: DM 463.2 million) at the balance sheet date.

The year-end liquidity position is not representative of the financial year as a whole. The cyclical course of business that characterizes the agricultural machinery industry leads to considerable variations in liquidity during the year. Such fluctuations are offset by means of the facility for variable drawing on short-term and long-term lending commitments. Moreover, an ABS (Asset Backed Securities) program implemented at the end of the financial year (volume: 114 million Euro) will reduce average indebtedness in the future.

First order liquidity (cash and short-term receivables in relation to current liabilities) reflects the increase of liquid assets a115.1% (previous year: 111.9%). Second order liquidity (liquid assets plus monetary assets in relation to current liabilities) rose a 179.6% (previous year: 174.8%) thus concluding that the liquidity ratios have further improved. As regards such ratios, CLAAS is far ahead of the average of West German companies, which is just over 80% for second order liquidity (source: Deutsche Bundesbank monthly report March 2000).

BALANCE SHEET STRUCTURE	2000 million DM	2000 %	2000 million €	1999 million DM	1999 %
Fixed assets	294.1	18.5	150.4	289.6	19.6
Current assets	1,294.1	81.5	661.6	1,189.1	80.4
Assets	**1,588.2**	**100.0**	**812.0**	**1,478.7**	**100.0**
Equity	519.8	32.7	265.7	511.6	34.6
Long-term liabilities	584.9	36.8	299.1	553.2	37.4
Short-term liabilities	483.5	30.5	247.2	413.9	28.0
Liabilities	**1,588.2**	**100.0**	**812.0**	**1,478.7**	**100.0**

ACTIVE INVENTORY MANAGEMENT, HIGH LIQUIDITY

The balance sheet total increased by DM 109.5 million to DM 1,588.2 million during the fiscal year 2000.

Fixed assets ranged only slightly to DM 294.1 million (previous year: DM 289.6 million). Additions and increases due to first-time consolidation totalling DM 137.7 million (previous year: DM 141.2 million) are offset by retirements at carrying values of DM 81.8 million (previous year: DM 52.1 million) and depreciation of DM 56.7 million (previous year: DM 61.1 million). Regarding the retirements, the total shown in the breakdown of fixed assets includes valuation changes to the shares in associated companies of DM 19.7 million as reported under the financial assets.

Following last year’s decrease in inventories, during the year under review inventories once again fell steeply by over DM 52 million to DM 363.4 million. The inventories of undelivered machines built up at the end of 1998 due to a weakening of the markets in Eastern Europe were fully run down during the year. The further streamlining of operating processes, achieved partly thanks to the new Parts and Logistics Center, contributed to the reduction of inventories.

Trade receivables increased from DM 214.1 million to DM 230.1 million, though still remaining at a low level. The ratio of trade receivables to net sales was approximately 11%. This more favourable than average ratio is chiefly the result of a receivables management policy directly focused towards minimizing credit and country risks in sales financing and which has traditionally produced very low default rates.

Liquid assets (including securities carried as current assets), already high the previous year, increased from DM 463.2 to DM 556.4 million. Their share of the balance sheet total at the year end was 35% (previous year: 31%).

CAPITAL WITH SOUND COVER RATIOS

Equity rose slightly compared to the previous year, from DM 511.6 million to DM 519.8 million. The employee shareholding held by CLAAS-Mitarbeiterbeteiligungs-Gesellschaft mbH (CMG) was DM 27.6 million (previous year: DM 25.3 million). The equity ratio decreased from 34.6% to 32.7%. mainly due to the small increase in equity compared to a larger expansion in total capitalization.

Long-term liabilities amounted to DM 584.9 million (previous year DM 553.2 million) this year. Within such liabilities, pension provisions, other long-term provisions and liabilities with a remaining term of more than one year are included.

Together with equity, asset cover is 375.6% (previous year: 367.7%). Amplified asset cover (long-term capital in relation to total fixed assets and 50% of inventories) was 232.2% (previous year: 214.0%). The long-term capital to assets cover ratios has thus once again reached the 1997 level.

HIGH LEVEL OF RESEARCH AND DEVELOPMENT

CLAAS continued its intensive development activities in the 2000 financial year with a further increasing expenditure on research and development (R&D) ranging from DM 88.7 million to DM 91.0 million. This amounted therefore to a 4.3% share of net sales. Such a high level, compared to its competitors, illustrates the particular importance given by CLAAS to further development of products and systems.

Throughout the CLAAS Group, development is to be switched in future to the proven CATIA and VPM 3D CAD packages marketed by Dassault Systems. These create the first three-dimensionally digital prototypes, right at the engineer's workstation. As all the CLAAS plants are connected to one another and also to development partners via data networks, drawings are mostly exchanged electronically from the development stage. This further cuts development lead-times.

In the area of product development, a series of five new JAGUAR forage harvesters has been launched on to the market. For combine harvesters, the old successful Dominator series has been revamped with new models carrying the Medion name.

PROSPECTS

On our core market of Western Europe, the downswing is set to continue in the new financial year. Following the high level of investments in the years up to 1998, the machinery fleet is now relatively new and this will have negative impacts on the demand for new machines. The effects of the second stage of Agenda 2000, which became effective at the beginning of 2001, are thus more significant. The speeding up of structural reforms which began in 2000 is likely to increase further, directing financial resources in many regions increasingly into expansion, core business orientation and subsequent rationalization of enterprises.

The level of investment budgets applied is determined by the producer price level and the production cost trend. These are heavily dependent on world commodity prices and energy prices

On other world markets, a moderate upturn is anticipated. Growing consumption and diminishing production have caused a discernible drop in world grain stocks. Moreover, greater availability of foreign currency has increased willingness to import grain in Asia. There are many indications of an upturn in exports by the main producing countries as prices rise. This is expected to lead to a gradual increase in investment in agricultural machinery, particularly in North America.

Similarly, economic stabilization in Russia points to a slow revival of the agricultural machinery market. Food imports have dropped sharply following the devaluation of the rouble. Domestic food production has gained significance again, following an increase in demand for domestic raw materials. Renovation and replacement of the necessary processing capacity in the farm machinery fleet is essential for the continuance of this favourable economic development. An improvement in the foreign exchange account offers opportunities for a revival of business.

Our expectation is that the negative and positive effects of the individual markets for our business will more or less balance each other out. Eastern Europe remains an uncertainty, however. The possibility of further setbacks in the financing situation makes it difficult to assess business trends with a high degree of certainty.

CLAAS is endeavouring to further improve its market position. The product range is particularly well matched to the performance and cost-effectiveness demands of larger operations. This year's new developments have additionally supported the requirements of a changing customer, thus demonstrating our ability to respond swiftly to the demands in growth segments on the different markets.

CLAAS Fertigungstechnik GmbH has consolidated its position in the automotive, component supply and aircraft industries by developing specific expertise in the areas of toolmaking and transfer lines. The extended capacity is fully utilized and will generate a higher volume of business. CLAAS Industrietechnik GmbH is also poised for growth in business with external customers on the basis of attractive new developments in hydraulics and drive technology, as well as improved production and test facilities.

Core investment in development, production and information technology will continue, boosting CLAAS' ability to supply customers expertly and swiftly with agricultural engineering products and services. Following completion of the planning work, the redesign of the Harsewinkel factory has entered the construction stage. Combine harvester production by the CLAAS/CAT joint venture is due to begin at the new plant in Omaha, Nebraska in the autumn of 2001. We are using the change-over of information processing from SAP R/2 to R/3 as an opportunity for a critical review of essential processes and redesign where necessary. The new system will become operational in stages from early 2002. Lastly, CLAAS is also committed to the growing use of new technologies, including the Internet and e-commerce in all kinds of business processes.

All of these projects are part of a program designed to increase efficiency for the customer and the cost-effectiveness of the sites. Additional measures are aimed at greater supplier involvement in development and logistics. The total number of component suppliers is set to decrease. Further extension of the modular structure of the product range, while retaining the breadth of supply, will increase the interchangeability of parts.

Overall, in the 2001 financial year we expect a comparable trend to the previous year in terms of net sales and profit. The core business area of agricultural engineering is again, nevertheless subject to unknowns, due to unpredictable weather and political context. The employees and the management are prepared and are resolved to react promptly and firmly to such unforeseeable situations.

MANAGEMENT STATEMENT CONCERNING THE PREPARATION OF THE CONSOLIDATED ACCOUNTS AND RISK CONTROL (RISK REPORT)

The management of CLAAS KGaA mbH is responsible for the preparation of the consolidated accounts and Group report. The consolidated accounts as at September 30, 2000 are prepared according to the German GAAP (HGB).

The internal control system, standardized guidelines throughout the Group and continuous employee training and further training ensure that the consolidated accounts and Group report are adequately drawn up and comply with statutory requirements. The internal auditors keep a running check on compliance with the guidelines as well as the reliability and effectiveness of the control systems.

Deloitte & Touche GmbH have audited the consolidated accounts and Group report and have issued the audit certificate reproduced below.

Monitoring and control of potential risks to the assets is part of business management. These functions are supported by an early warning system for risks, which also meets the requirements of the law on control and transparency in business.

CLAAS has systematically identified and analyzed the risks that exist in all the Group companies and has grouped them together according to potential level of damage and probability of occurrence. The main risks arise from both the market, environmental and the financial market. A risk information system has also been developed to enable significant risks to the Group being detected at an early stage.

From the 2001 financial year, control of market risks identified will be improved by structured monitoring of indicators relevant to the market and comprehensive information gathered at central points in the Group, in order to be able to respond even more promptly to developments in the competition. The same applies to risks stemming from agricultural policy decisions and climate changes which indirectly affect CLAAS' profitability.

Early recognition of environmental risks which could, for example, lead to loss of market shares due to political or economic changes on particular sales markets is facilitated by the (reorganized) gathering of information relevant to the outside world by the marketing divisions and companies of the CLAAS Group. In addition there are new indicators which take account of predicted profitability trends on certain national markets. An important component of the continuous monitoring of economic risks is the reporting system. Besides the external data, detailed internal reports and analyses are drawn up monthly on such issues as inventories, liquidity positions and outstanding debts. As part of this process, keeping to and deviations from budgets are monitored and reviewed, as are the satisfiability of forecasts and the occurrence of new monetary and non-monetary risks. This allows prompt reaction to risks arising from changes in CLAAS' business environment.

CLAAS counters financial and foreign exchange risks by hedging currency and interest positions with derivative financial instruments as well as regular close monitoring of a number of early warning indicators. To avoid foreign exchange risks and interest rate fluctuation risks, CLAAS operates systematic currency and interest rate management. This is controlled centrally by CLAAS KGaA mbH and is organized according to the principles of due functional separation. The relevant risk assessments and detailed guidelines and specifications are taken into consideration in connection with the use of derivatives.

Provisions have been made where necessary for the risks arising from the different areas. Contingencies and other financial liabilities are monitored; the extent of these is shown in the Notes.

After examining the current risk situation we have come to the conclusion that no specific risks exist which could jeopardize the continued existence of the CLAAS Group.

Harsewinkel, November 24, 2000

Prof. Dr.-Ing. Eckart Kottkamp   Rüdiger A. Günther   Dr.-Ing. Hermann Garbers

Martin Richenhagen   Nikolaus Feil

CERTIFICATE

»We have audited the consolidated financial statements including the accounting and the Group management report of the CLAAS Group, Harsewinkel, for the financial year from October 1, 1999 to September 30, 2000. Keeping the accounts and preparation of the consolidated financial statements and Group management report as required by German commercial law and the supplementary provisions of the Articles are the responsibility of the management of the parent company. Our role is to appraise the consolidated financial statements and Group management report on the basis of our audit.

We have carried out our audit of the consolidated financial statements according to section 317 of the German Commercial Code, having regard to the principles of adequate auditing laid down by the German Institute of Auditors (IDW). These stipulate that the audit is to be planned and carried out so that mistakes and contraventions affecting the picture of the asset, financial and profit position presented by the consolidated financial statements, in accordance with the principles of adequate and orderly accounting, and by the Group management report can be recognized with sufficient certainty. Knowledge of business activity and of the Group's economic and legal environment as well as expectations concerning possible errors are taken into account when laying down the audit procedures. In the course of the audit the effectiveness of the internal control system as well as proof of the details given in the consolidated financial statements and Group management report is assessed mainly on the basis of random sampling. The audit comprises an appraisal of the annual financial statements of consolidated companies, the scope of consolidation, the accounting and consolidation principles followed and the management's main assessments as well as an appraisal of the overall representation of the consolidated financial statements and Group management report. We believe our audit forms a sufficient basis for our appraisal.

Our review did not reveal any exceptions.

We are satisfied that the consolidated financial statements, in accordance with the principles of adequate and orderly accounting, provide a true and fair picture of the asset, financial and profit position of the CLAAS Group, Harsewinkel. The management report for the Group presents an accurate picture of the Group's overall position and accurately reflects the risks of future development.«

Düsseldorf, November 24, 2000

Deloitte & Touche GmbH
Auditors

Euskirchen
Auditor

Weiß
Auditor

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	01.10.1999 to 30.09.2000 '000 DM	01.10.1999 to 30.09.2000 '000 €	01.10.1998 to 30.09.1999 '000 DM
1. Net sales	(1)	2,100,187	1,073,809	2,031,063
2. Cost of goods sold		1,493,471	763,600	1,440,697
3. Gross profit		**606,716**	**310,209**	**590,366**
4. Selling expenses	(2)	304,108	155,488	291,272
5. General and administrative expenses	(3)	115,218	58,910	112,204
6. Research and development expenses		91,010	46,533	88,708
7. Other operating income	(4)	109,042	55,752	55,433
8. Other operating expenses	(5)	117,618	60,137	77,096
9. Operating Income		**87,804**	**44,893**	**76,519**
10. Income from investments	(6)	(14,574)	(7,451)	(10,842)
11. Financial income	(7)	(25,082)	(12,824)	(17,934)
12. Profits from ordinary activities		**48,148**	**24,618**	**47,743**
13. Taxes on income		29,939	15,308	32,444
14. Other taxes		3,671	1,877	3,941
15. Net income for the year		**14,538**	**7,433**	**11,358**

CONSOLIDATED BALANCE SHEET AS AT 30.09.2000

Assets	Notes	30.09.2000 '000 DM	30.09.2000 '000 €	30.09.1999 '000 M
A. Fixed assets	(9)			
I. Intangible assets		6,606	3,378	11,680
II. Tangible assets		197,271	100,863	194,123
III. Financial assets		90,272	46,155	83,801
		294,149	150,396	289,604
B. Current assets				
I. Inventories	(10)			
1. Raw materials, consumables and operating materials		56,235	28,752	59,636
2. Work in process		41,195	21,063	37,502
3. Finished products and goods		258,619	132,230	314,384
4. Advance payments made		7,303	3,734	4,356
		363,352	185,779	415,878
II. Accounts receivable and other assets	(11)	312,133	159,591	260,364
III. Liquid assets	(12)	556,368	284,466	463,238
		1,231,853	629,836	1,139,480
C. Prepaid expenses	(13)	62.179	31,792	49,633
		1,588,181	**812,024**	**1,478,717**

Liabilities	Notes	30.09.2000 '000 DM	30.09.2000 '000 €	30.09.1999 '000 M
A. Equity	(14)			
I. Subscribed capital		150,000	76,694	150,000
II. Capital reserves		75,000	38,347	75,000
III. Silent partnership		27,576	14,099	25,327
IV. Participation rights		80,000	40,903	80,000
V. Retained earnings		178,068	91,045	160,125
VI. Unappropriated income		8,257	4,222	20,459
VII. Minority interest		878	449	724
		519,779	265.759	511,635
B. Provisions	(15)	522,498	267,149	482,463
C. Liabilities	(16, 17)	545,904	279,116	484,619
		1,588,181	**812,024**	**1,478,717**

CONSOLIDATED CASH FLOW STATEMENT *

	2000 '000 DM	2000 '000 €	1999 '000 DM
Income before taxes on income	**44,477**	**22,741**	**43,802**
Taxes on income	(29,939)	(15,308)	(32,444)
Net income	**14,538**	**7,433**	**11,358**
Depreciation of fixed assets	56,749	29,015	61,088
Change in pension provisions	6,554	3,351	4,131
Change in other non-current provisions	4,098	2,095	14,108
Other expenditure/income not counted as payment	16,534	8,454	13,242
Cash flow according to DVFA/SG	**98,473**	**50,348**	**103,927**
Change in current provisions	29,383	15,024	(50,380)
Profit from retirement of fixed assets	(2,439)	(1,247)	(686)
Changes in inventory, receivables and other assets	(11,789)	(6,028)	14,867
Changes in other commitments and other liabilities	38,714	19,794	(15,522)
Cash flow from operating activities	**152,342**	**77,891**	**52,206**
Expenditure on investment in fixed assets	(135,431)	(69,245)	(142,031)
Proceeds from retirement of fixed assets	64,344	32,899	40,286
Cash flow used for investing activities	**(71,087)**	**(36,346)**	**(101,745)**
Proceeds from issuing bonds and other current and non-current borrowing	59,337	30,338	195,583
Disbursement on repayment of credit and loans	(36,472)	(18,648)	(23,484)
Proceeds to silent partnership (CMG)	2,249	1,150	932
Proceeds from minority shareholders	80	41	34
Dividends paid out	(15,000)	(7,669)	(15,000)
Cash flow from financing activities	**10,194**	**5,212**	**158,065**
Change in liquid assets	**91,449**	**46,757**	**108,526**
Influence of exchange-rate changes and other changes in value on cash resources	1.681	859	770
Overall change to liquid assets	**93,130**	**47,616**	**109,296**
Liquid assets at beginning of period	463,238	236,850	353,942
Liquid assets at end of period	**556,368**	**284,466**	**463,238**

* according to 1/1995 statement by the main technical committee of the Institute of Auditors

BREAKDOWN OF FIXED ASSETS

	Historical Purchase or Manufacturing Cost				
	Balance on 30.09.1999 '000 DM	Currency adjustments '000 DM	Balance on 01.10.1999 '000 DM	Change in Companies included in Consolidation '000 DM	Additions '000 DM
I. Intangible assets					
1. Concessions, commercial patent rights and similar patent rights and values as well as licences to such rights	17,453	24	17,477	32	3,847
2. Goodwill	32,515	1,262	33,777	0	0
3. Payments in advance	0	0	0	0	42
	49,968	**1,286**	**51,254**	**32**	**3,889**
II. Tangible assets					
1. Land, rights to land and buildings and buildings on other non-owned sites	177,792	1,897	179,689	317	12,826
2. Plant and machinery	358,298	586	358,884	0	16,936
3. Other equipment, factory and office equipment	222,905	1,124	224,029	689	20,658
4. Payments in advance for construction work in progress	13,143	(114)	13,029	1	8,113
	772,138	**3,493**	**775,631**	**1,007**	**58,533**
III. Financial assets					
1. Shares in associated companies	24,439	709	25,148	1	18,105
2. Securities held as fixed assets	60,249	2,770	63,019	0	56,301
	84,688	**3,479**	**88,167**	**1**	**74,406**
Total	**906,794**	**8,258**	**915,052**	**1,040**	**136,828**

			Depreciation				Net Values		
	Disposals '000 DM	Book transfers '000 DM	Write-down in the year '000 DM	Write-down cumulated '000 DM	Thereof Currency adjustments '000 DM	Thereof Change in Companies included in consolidation '000 DM	Balance on 30.09.2000 '000 DM	Balance on 30.09.2000 '000 €	Previous year '000 DM
	5,667	177	2,617	10,421	17	5	5,445	2,784	5,090
	16,421	0	5,471	16,237	1,263	0	1,119	573	6,590
	0	0	0	0	0	0	42	21	0
	22,088	**177**	**8,088**	**26,658**	**1,280**	**5**	**6,606**	**3,378**	**11,680**
	7,397	3,822	4,970	84,819	642	9	104,438	53,398	95,225
	18,078	9,649	22,126	319,491	486	0	47,900	24,491	44,699
	21,993	1,094	21,565	185,574	634	203	38,903	19,891	41,234
	371	(14,742)	0	0	0	0	6,030	3,083	12,965
	47,839	**(177)**	**48,661**	**589,884**	**1,762**	**212**	**197,271**	**100,863**	**194,123**
	19,668	0	0	887	0	0	22,699	11,606	23,552
	51,747	0	0	0	0	0	67,573	34,549	60,249
	71,415	**0**	**0**	**887**	**0**	**0**	**90,272**	**46,155**	**83,801**
	141,342	**0**	**56,749**	**617,429**	**3,042**	**217**	**294,149**	**150,396**	**289,604**

GROUP COMPANIES AND SIGNIFICANT SHARES IN RELATED COMPANIES

as at 30.09.2000

I. Consolidated related companies

Domestic

Serial number	Company	Capital		Holding in %	Holding with *
1	CLAAS Kommanditgesellschaft auf Aktien mbH, Harsewinkel	DM	150,000,000		
2	CLAAS Selbstfahrende Erntemaschinen GmbH, Harsewinkel	DM	50,000,000	100	1
3	CLAAS Beteiligungsgesellschaft mbH, Harsewinkel	DM	100,000	100	2
4	CLAAS Saulgau GmbH, Saulgau	DM	15,000,000	98	1
5	CLAAS Vertriebsgesellschaft mbH, Harsewinkel	DM	6,000,000	100	1
6	CLAAS Fertigungstechnik GmbH, Beelen	DM	10,200,000	100	1
7	CLAAS Industrietechnik GmbH, Paderborn	DM	15,000,000	100	1
8	Burkhardt GmbH, Nördlingen	DM	500,000	100	6
9	Rothe Landtechnik GmbH, Heiligengrabe	EUR	410,000	80	5
10	Landtechnik Steigra GmbH, Steigra	DM	1,200,000	90	5
11	Mühlengeez Landtechnik GmbH & Co. Handels KG, Mühlengeez	DM	100,000	100	5
12	Semmenstedt Landtechnik GmbH, Semmenstedt	EUR	500,000	100	5
13	AGROCOM GmbH & Co. Agrarsystem KG, Bielefeld	DM	196,000	87.5	1
14	AGROCOM Verwaltungs GmbH, Bielefeld	DM	50,000	87.4	1
15	agrocom. Systempartner GmbH, Rostock	DM	50,000	52.5	13

* Serial number of company owning the holding

GROUP COMPANIES AND SIGNIFICANT SHARES IN RELATED COMPANIES

as at 30.09.2000

Foreign

Serial number	Company	Capital		Holding in %	with *
16	Usines CLAAS France S.A., Metz-Woippy/France	FRF	65,000,000	100	1
17	CLAAS France S.A., Paris/France	FRF	58,000,000	100	1
18	CLAAS Holdings Ltd., Saxham/Great Britain	GBP	10,800,000	100	1
19	CLAAS U.K. Ltd., Saxham/Great Britain	GBP	101,100	100	18
20	J. Mann & Son Ltd., Saxham/Great Britain	GBP	3,000,000	100	19
21	Southern Harvesters Ltd., Saxham/Great Britain	GBP	150,000	100	19
22	Seward Agricultural Machinery Ltd., Doncaster/Great Britain	GBP	500,000	100	19
23	Kirby Agricultural Ltd., Market Harborough/Great Britain	GBP	100	100	20
24	Teleporters Ltd., Saxham/Great Britain	GBP	2,500,010	100	18
25	S.I.S. Ltd., Coventry/Great Britain	GBP	45,000	100	6
26	CLAAS Italia S.p.A., Vercelli/Italy	ITL	5,012,500,000	100	1
27	CLAAS Ibérica S.A., Madrid/Spain	ESP	550,000,000	100	1
28	CLAAS of America Inc., Columbus/Indiana/USA	USD	9,800,000	100	1
29	CLAAS Hungaria Kft., Törökszentmiklos/Hungary	HUF	552,740,000	100	1
30	CLAAS Australia Pty. Ltd., Albury/N.S.W./Australia	AUD	1,532,445	100	1
31	CLAAS Finance B.V., Amsterdam/Netherlands	NLG	40,000	100	1
32	CLAAS Vostok GmbH, Moscow/Russia	RUB	170,000	100	1
33	CLAAS Ukraina DP, Kiew/Ukraine	UAH	30,000	100	1
34	Port Mellen S.A., Montevideo/Uruguay	UYU	360,000	100	1
35	CLAAS Argentina S.A., Sunchales/Argentina	ARS	12,000	100	1

* Serial number of company owning the holding

as at 30.09.2000

II. Significant shares in related companies

Serial number	Company	Capital		Holding in %	Holding with *
36	CLAAS GUSS GmbH, Bielefeld	DM	9,000,000	44,45	1/4
37	CS Parts Logistics GmbH, Bremen	EUR	1,550,000	50	1
38	CLAAS CATERPILLAR EUROPE GmbH & Co. KG, Harsewinkel	DM	12,000,000	50	2
39	CLAAS CATERPILLAR EUROPE Verwaltungs GmbH, Harsewinkel	DM	100,000	50	2
40	Mecklenburger Landtechnik GmbH, Mühlengeez	EUR	1,000,000	40	5
41	Landtechnik-Zentrum Chemnitz GmbH, Hartmannsdorf	EUR	750,000	40	5
42	CATERPILLAR CLAAS AMERICA LLC., Omaha/Nebraska/USA	USD	20,000,000	50	3
43	Escorts CLAAS Ltd., Faridabad/India	INR	90,000,000	40	1
44	CLAAS Valtra Finance Ltd., Basingstoke/Great Britain	GBP	3,000,000	49	18
45	RW Marsh Ltd., Lincolnshire/Great Britain	GBP	310,000	25	19
46	Mill Engineers Ltd., Cheltenham/Great Britain	GBP	125,000	47	19
47	CLAAS Financial Services S.A.S., Paris/France	FRF	24,000,000	10	1
48	HMC Investments Ltd., Drogheda/Ireland	IEP	120,000	20	1

* Serial number of company owning the holding

NOTES TO THE CONSOLIDATED ACCOUNTS

GENERAL INFORMATION

The CLAAS KGaA mbH consolidated accounts and Group management report for the 2000 financial year were drawn up in accordance with the provisions of §§ 290 ff. HGB relevant to large corporations.

The Profit and Loss Account was drawn up using the cost-of-sales accounting format.

Individual balance sheet and Profit and Loss Account items have been grouped for the sake of greater clarity. These items are broken down and discussed in the Notes. Again for the sake of simplicity, notes required by statute for balance sheet and Profit and Loss Account items are given in the Annex, along with the optional comments on the balance sheet and Profit and Loss Account.

SCOPE OF CONSOLIDATION

The Group Statement of Account includes CLAAS KGaA mbH and all its subsidiaries. These total 34 (last year: 33), fourteen domestic and twenty foreign companies besides the parent company. CLAAS Argentina S.A., Sunchales/Argentina, and Semmenstedt Landtechnik GmbH, Semmenstedt, were consolidated for the first time.

The companies included according to the full consolidation principle are companies in which CLAAS KGaA mbH directly or indirectly holds the majority of voting rights or which are under the common control of CLAAS KGaA mbH.

CLAAS GUSS GmbH, Bielefeld, Escorts CLAAS Ltd., Faridabad/India and CLAAS Valtra Finance Ltd., Basingstoke/Great Britain are listed in the Group Accounts as related companies in accordance with the equity method. Also valued by this method are CLAAS CATERPILLAR EUROPE GmbH & Co., Harsewinkel, CATERPILLAR CLAAS AMERICA LLC., Omaha/Nebraska/USA, and CS Parts Logistics GmbH, Bremen.

A separate statement of the holdings is attached to this report.

CONSOLIDATION, BALANCE SHEET AND VALUATION PRINCIPLES

The financial statements for the individual companies included in the consolidated accounts have been drawn up on a uniform basis in accordance with the law, following the balance sheet and valuation guidelines applicable to the CLAAS Group; this does not apply to related companies. All financial statements were prepared as of September 30.

Capital has been consolidated by applying the book value method, i.e. the book values of interests held are balanced against the equity capital of the subsidiaries at the time of purchase. Any differences deriving from this calculation will be assigned to the capital assets of the subsidiaries up to the level of their current values. Any residual balances on the assets side are shown as assets and are written down in accordance with their service life. A service life of four to ten years is assumed as a rule. Any residual balances on the equity and liabilities side arising from consolidation of capital are transferred to accrued profits.

Investments in related companies are consolidated according to the equity principle using the book value method. The procedure follows the same principles in the case of full consolidation.

Receivables and liabilities, earnings and expenditure and intercompany results are all eliminated.

Inventory items arising from intercompany supplies of goods and services are adjusted by intragroup interim results.

In exercise of the right according to § 308 subsection 3 HGB, the option of not transfering special items with an accrual character included in the individual accounts to the consolidated accounts has been adopted.

Adjustments for deferred taxes are included in those consolidation measures which affect profits insofar as the differing tax charges will probably be cancelled out in later financial years. Accumulated tax payments are offset against one another. Tax accruals and deferrals have been adjusted to the new domestic tax rates.

For the purpose of adjustments for deferred taxes in the Group accounts, the option to report certain items in the balance sheet according to § 300 subsection 2 HGB is exercised and deferred taxes thus carried as an asset according to § 274 subsection 2 HGB.

FIXED ASSETS

Intangible assets are valued at acquisition cost less scheduled straight line depreciation.

Tangible fixed assets are valued at purchase cost or manufacturing cost less scheduled depreciation where applicable. Depreciation complies with commercial law and tax regulations. Moveable assets are usually depreciated using the declining balance method at maximum allowable tax rates; a change is made to straight-line depreciation in the year in which the straight-line method leads to higher depreciation amounts.

The useful life in the company is as a rule three years in the case of intangible assets (apart from goodwill) and 25 to 50 years for buildings. For other fixed asset items, a useful life of between four and ten years is assumed.

When the value of fixed assets according to the above principles exceeds the value attributed to them at fiscal year-end, this has been recognized by unscheduled depreciation.

Under the heading of financial assets, shares in related companies are shown at the relevant proportion of equity capital or else at cost, less write-down if applicable. Other financial assets (fixed asset securities) are shown at balance sheet date at the lower of cost or market value.

CURRENT ASSETS

Raw materials and consumables and merchandise are valued at the average cost or at market value on the balance sheet date (if lower). Work in progress and finished goods are valued at no more than the production cost which has to be capitalized for tax purposes. Inventories in the domestic companies are valued in some cases in accordance with the LIFO method.

Inventory risks arising from long periods of storage, reduced likelihood of full utilization or lower replacement costs, as well as disposal risks based on estimates of achievable sale prices, are taken into consideration by depreciation.

Accounts receivables and other assets are shown in the balance sheet at face value but with adequate provisions being made for risks of non-payment. General credit risks are taken into account by way of a lump-sum provision. A discount is applied to non-interest bearing receivables which are not expected to be received within normal payment deadlines. Currency receivables – unless the rate has been hedged – are valued either at the foreign exchange rate when established or at the rate on the balance sheet date, whichever is the lower.

Securities included in the current assets and liquid assets are shown in the balance sheet at cost or nominal values. The principle of lower of cost or market is applied.

PROVISIONS/LIABILITIES

Pension provisions and reserves for similar obligations are recorded at going-concern value in accordance with actuarial principles, applying an interest rate of 6%. All other provisions are determined in such a way as to take all recognizable risks and liabilities into account.

Liabilities are generally shown at repayment value. Liabilities in a foreign currency are shown either at the foreign exchange rate on the value date or at the exchange rate on the balance sheet date, whichever is higher.

CURRENCY CONVERSION

In the consolidated accounts, all balance sheet items and the annual earnings for foreign companies are converted at the average rate on the balance sheet date. The entries in the profit and loss account – with the exception of profit for the year – are converted at the average annual rates. Any difference between these calculations is disclosed in the section for other operating expenses or other operating income, as appropriate.

Conversion differences arising from balance sheet currency conversion are offset with revenue reserves in the consolidated financial statements and do not affect the current-period result.

For currency conversion purposes the following exchange rates are assumed for the currencies of countries not in the European Currency Union:

		Average		Balance sheet date	
	in DM	**2000**	**1999**	**2000**	**1999**
1	US dollar	2.05	1.79	2.22	1.83
1	Pound sterling	3.19	2.91	3.27	3.02
100	Hungarian forint	0.76	0.77	0.74	0.76

NOTES ON THE PROFIT AND LOSS ACCOUNT

NET SALES

1 | Breakdown of sales revenue:

Breakdown by Products	**2000 million DM**	**2000 million €**	**1999 million DM**
Agricultural machinery	1,924.2	983.8	1,914.0
thereof: spares, accessories and components	*288.4*	*147.4*	*301.4*
Engineering for production	136.7	69.9	79.0
Engineering for industry	39.3	20.1	38.1
Total	**2,100.2**	**1,073.8**	**2,031.1**

Breakdown by Region	**2000 million DM**	**2000 million €**	**1999 million DM**
Domestic	703.4	359.6	701.6
Other EU	892.8	456.5	960.5
Other Europe (non-EU countries)	204.8	104.7	128.2
Other countries	299.2	153.0	240.8
Total	**2,100.2**	**1,073.8**	**2,031.1**

SELLING EXPENSES

2 | Selling expenses rose by 4.4% from DM 291,272,000 to DM 304,108,000. Mainly due to increased sales during the year in countries outside the EU.

GENERAL AND ADMINISTRATIVE EXPENSES

3 | General and administrative expenses do not include the marketing subsidiaries' general and administrative expenses. These are shown as selling expenses from a Group point of view. General and administrative expenses altered only slightly and at a lower rate than the increase in sales, totalling DM 115,218,000 compared to the previous year (DM 112,204,000).

OTHER OPERATING INCOME

4 | Other operating income breaks down as follows:

	2000 '000 DM	2000 '000 €	1999 '000 DM
Income on retirement of fixed assets	4,343	2,221	954
Income from reduction of general debt provision	1,119	572	3,518
Income from the release of discounting adjustments and specific provisions for bad debts	3,133	1,602	4,065
Income from reversal of provisions	54,680	27,957	26,569
Other income	45,767	23,400	20,327
Total	**109,042**	**55,752**	**55,433**

The income from reversal of provisions is principally due to settlement of legal disputes. There were also warranty provisions which were reversed in view of higher product quality.

The rest of the other operating income was mainly due to the disposal of the production activities of Teleporters Ltd.

OTHER OPERATING EXPENSES

5 | Other operating expenses break down as follows:

	2000 '000 DM	2000 '000 €	1999 '000 DM
Loss on retirement of fixed assets	1,904	973	282
Bad debt provisions	2,759	1,411	4,164
Expenses of appropriation to other provisions	52,780	26,986	22,593
Other expenses	60,175	30,767	50,057
Total	**117,618**	**60,137**	**77,096**

The expenses of appropriation to other provisions mainly comprise expenses of collectively agreed arrangements for part-time working for older workers and contingency expenses among product companies.

The rest of the other operating expenses include amortization of goodwill and personnel expenses that cannot be allocated to the functional divisions.

INCOME FROM INVESTMENTS

6 | The presentation of the income from investments and the financial income is different to the previous year. The financial income breaks down into two components, 'income from interest and securities' and 'other financial income'. This modified presentation also made necessary other transfers between other Profit and Loss accounts items.

Income from investments	**2000 '000 DM**	**2000 '000 €**	**1999 '000 DM**
Income from participations	40	21	123
Income from associated companies (equity method)	2,416	1,235	1,701
Expenses from associated companies (equity method)	(17,030)	(8.707)	(12,666)
Losses from disposal of investments	0	0	0
Gains from disposal of investments	0	0	0
Write-downs/Reversal of write-downs of investments	0	0	0
Total	**(14,574)**	**(7,451)**	**(10,842)**

The income from investments also includes all the income and expenses arising in connection with holding or disposal of investments that are not consolidated.

FINANCIAL INCOME

7

Income from interest and securities	2000 '000 DM	2000 '000 €	1999 '000 DM
Interest expenses	(45,171)	(23,096)	(44,214)
Interest income	26,378	13,487	29,860
Proceeds from other securities and non-current financial investments	2,529	1,293	2,281
Losses from disposal of financial assets (not including investments)	0	0	0
Gains from disposal of financial assets (not including investments)	5	3	0
Write-downs of financial assets (not including investments) and other investments held as current assets	(92)	(47)	(501)
Reversals of write-downs of financial assets (not including investments) and other investments held as current assets	0	0	0
Total	**(16,351)**	**(8,360)**	**(12,574)**

The income from interest and securities also comprises all income and expenses arising in connection with the holding or disposal of financial assets which are not investments.

Other financial income	2000 '000 DM	2000 '000 €	1999 '000 DM
Remuneration of capital with profit participation rights	(5,488)	(2,806)	(5,412)
Profit transferred under a profit transfer agreement (CMG)	(3,778)	(1,931)	(1,758)
Exchange gains	1,457	744	3,322
Exchange losses	(922)	(471)	(1,512)
Total other financial income	**(8,731)**	**(4,464)**	**(5,360)**
Total financial income	**(25,082)**	**(12,824)**	**(17,934)**

The item »Profit transferred under a profit transfer agreement (CMG)« shows the remuneration for the CLAAS-Mitarbeiterbeteiligungs-Gesellschaft mbH (CMG)'s silent partnership holding, based on the CLAAS Group's profit for the year.

PERSONNEL COSTS AND COSTS OF MATERIALS

8

Personnel costs	**2000 '000 DM**	**2000 '000 €**	**1999 '000 DM**
Wages and salaries	419,920	214,702	422,605
Social security contributions and pensions and social welfare costs	107,630	55,030	103,643
thereof pension expenses	*15,788*	*8,072*	*14,277*
Total	**527,550**	**269,732**	**526,248**

Costs of materials	**2000 '000 DM**	**2000 '000 €**	**1999 '000 DM**
Raw materials, consumables and operating materials and goods purchased	994,656	508,560	993,003
Cost of purchased services	44,060	22,527	38,893
Total	**1,038,716**	**531,087**	**1,031,896**

Employees (annual average)	**2000**	**1999**
Hourly paid	3,156	3,535
Salaried	2,170	2,151
Trainees	342	343
Total	**5,668**	**6,029**

NOTES TO THE BALANCE SHEET

FIXED ASSETS

9 The development of CLAAS Group fixed assets in the 2000 financial year is shown on pages 60 and 61 of the notes.

The retirement under the heading of 'goodwill' is due to disposal of the production of Teleporters Ltd. to Caterpillar.

Most of the additions under the heading of shares in related companies refer to the interests in CLAAS CATERPILLAR EUROPE GmbH & Co. KG and CATERPILLAR CLAAS AMERICA LLC and the proportional results from the companies valued at equity. The retirements mainly comprise proportional results and dividends paid out by associated companies included in the individual accounts and therefore to be consolidated.

INVENTORIES

10 | The item 'work in process' includes advance payments of DM 48,870,000 as at 30.09.2000 (previous year: DM 61,924,000).

ACCOUNTS RECEIVABLES AND OTHER ASSETS

11 | Accounts receivables and other assets break down as follows:

	30.09.00 '000 DM	30.09.00 '000 €	30.09.99 '000 DM
Trade receivables	230,066	117,631	214,137
Accounts receivable from related companies	29,525	15,096	6,287
Other assets	52,542	26,864	39,940
Total	**312,133**	**159,591**	**260,364**

Accounts receivables and other assets with a remaining term of more than one year:

	30.09.00 '000 DM	30.09.00 '000 €	30.09.99 '000 DM
Trade receivables	237	121	2,751
Other assets	7,330	3,748	3,689
Total	**7,567**	**3,869**	**6,440**

During the past financial year CLAAS sold trade accounts receivable through a rolling ABS (Asset Backed Securities) program to a special-purpose company which refinances by issuing securities on the international capital market. The receivables are routinely sold and collected from the respective Group companies on behalf of the buyer. Total (gross) sales of receivables by this method in the financial year ended amounted to DM 52,571,000.

LIQUID ASSETS

12 | The liquid assets break down as follows:

	30.09.00 '000 DM	30.09.00 '000 €	30.09.99 '000 DM
Securities	190,160	97,227	100,839
Cash in hand and bank balances	366,208	187,239	362,399
Total	**556,368**	**284,466**	**463,238**

PREPAID EXPENSES

13 | The prepaid expenses break down as follows:

	30.09.00 '000 DM	30.09.00 '000 €	30.09.99 '000 DM
Deferred expenses	7,275	3,720	5,960
of which discounts	*1,013*	*518*	*1,257*
Deferred tax	54,904	28,072	43,673
Total	**62,179**	**31,792**	**49,633**

The deferred taxes include deferred taxes carried as an asset according to § 274 subsection 2 HGB. This option was exercised solely for the purposes of the consolidated accounts according to § 300 subsection 2 sentence 2 HGB.

Besides this, deferred taxes arise mainly from the elimination of interim profits from inventories at the balance sheet date. The change in this figure compared to the previous year has been offset against tax on income and earnings, affecting current-period result.

Deferred taxes have been adjusted to the new tax rate in accordance with the tax reduction law.

EQUITY

14 | The corresponding figures from the CLAAS KGaA mbH individual accounts are shown as subscribed capital and capital reserves in the consolidated accounts.

A complementary partner without an equity stake is Helmut Claas GmbH; all the key (Kommandit) shareholders of CLAAS KGaA mbH are members of the family.

The employee shareholding held by CLAAS-Mitarbeiterbeteiligungs-Gesellschaft mbH (CMG) represents equity capital of CLAAS KGaA mbH and hence of the Group. CMG, with its subordinated investment, has a share in the profit, or loss if applicable, according to the annual results of the CLAAS Group. The option to terminate this shareholding takes the following form: DM 9,873,000 can be terminated on September 30, 2001 with a further option to terminate another DM 7,333,000 between 2002 and 2005.

The capital with participation rights shown comprises eighty registered, nominal participation certificates with a total nominal value of DM 80,000,000 issued in September 1997. The claims arising from these participation rights are subordinated and also share fully in any loss, should the case arise. The participation rights are redeemable on March 1, 2005. Premature termination by the holders is not permitted.

Retained earnings moved as follows in 2000:

	2000 '000 DM	2000 '000 €	1999 '000 DM
Retained earnings October 1	160,125	81,871	153,360
Increase in difference from capital consolidation	0	0	332
Influence of currency changes	6,365	3,254	2,831
Allocation from Group annual net income	11,667	5,965	2,941
Others	(89)	(45)	661
Retained earnings September 30	**178,068**	**91,045**	**160,125**

The retained earnings shown include variances from capital consolidation of DM 51,873,000 (previous year: DM 51,873,000).

The transition from the annual net income to the unappropriated income shown in the balance sheet on September 30, 2000 is as follows:

	2000 '000 DM	2000 '000 €	1999 '000 DM
Net income	14,538	7,433	11,358
Minority interest	(73)	(37)	(34)
Profit carried forward	5,459	2,791	12,076
Allocation to retained earnings	(11,667)	(5,965)	(2,941)
Unappropriated income	**8,257**	**4,222**	**20,459**

The unappropriated income corresponds to the unappropriated income for CLAAS KGaA mbH.

PROVISIONS

15 | The provisions break down as follows:

	30.09.00 '000 DM	30.09.00 '000 €	30.09.99 '000 DM
Provisions for pensions and similar obligations	175,796	89,883	169,242
Provisions for income and other taxes	29,014	14,835	22,273
Other provisions	317,688	162,431	290,948
Total	**522,498**	**267,149**	**482,463**

The »other provisions« cover all recognizable risks and obligations, e.g. for warranties, personnel costs including part-time working for older employees, legal disputes and other charges in connection with current business.

LIABILITIES

16

	Remaining term					
	Up to 1 year '000 DM	**1 to 5 year '000 DM**	**Over 5 year '000 DM**	**Total 30.09.00 '000 DM**	**Total 30.09.00 '000 €**	**Total 30.09.99 '000 DM**
Bond	0	0	195,583	195,583	100,000	195,583
Liabilities to insurance companies	4,034	29,734	19,669	53,437	27,322	25,700
Liabilities to banks	10,825	25,209	3,967	40,001	20,452	43,541
Trade liabilities	71,249	18	0	71,267	36,438	69,545
Accounts payable for bills accepted and drawn	4,278	0	0	4,278	2,187	3,471
Accounts payable to investments/associates	12,762	0	0	12,762	6,525	2,770
Other liabilities	119,527	79	48,970	168,576	86,192	144,009
Total	**222,675**	**55,040**	**268,189**	**545,904**	**279,116**	**484,619**
Previous year total	**182,506**	**42,328**	**259,785**			

Total secured liabilities (secured by real rights and by assignment) as at the balance sheet date amount to DM 68,551,000 and are made up by liabilities to insurance companies of DM 53,437,000 and liabilities to banks of DM 15,114,000.

OTHER LIABILITIES

17 | The financial statements show liabilities to the shareholders in the KGaA amounting to DM 81,373,000 (previous year: DM 80,976,000), of which DM 48,970,000 are available for more than one year (previous year: DM 48,490,000).

There are also tax liabilities of DM 11,912,000 (previous year: DM 10,380,000) and social security liabilities of DM 12,731,000 (previous year: DM 12,593,000).

CONTINGENT LIABILITIES AND OTHER FINANCIAL LIABILITIES

18 |

Contingent liabilities	30.09.00 '000 DM	30.09.00 '000 €	30.09.99 '000 DM
Contingent liabilities resulting from bills	74,215	37,945	45,467
Contingent liabilities resulting from guarantees	552	282	2,749
Contingent liabilities resulting from warranties	31,619	16,167	47,127
Total	**106,386**	**54,394**	**95,343**

Other financial commitments	30.09.00 '000 DM	30.09.00 '000 €	30.09.99 '000 DM
Leasing commitments	4,213	2,154	4,630
Rental commitments	1,620	828	4,248
Others	684	350	1,550
Total	**6,517**	**3,332**	**10,428**

MEMBERS OF THE BOARDS

19 | Helmut Claas GmbH is the sole management body.

The members of the Executive and Advisory Board and the Shareholders' Committee are named elsewhere in this Report.

REPORT OF THE MANAGEMENT

Preparation of the following Group financial statements is the responsibility of the management of the parent company, CLAAS KGaA mbH.

We use effective control and monitoring systems to ensure compliance with accounting and valuation principles and adequate and orderly reporting. These include the application of uniform guidelines throughout the Group, use of reliable software, selection and training of qualified personnel and continual checks by our in-house auditors.

With regard to the provisions of the Law on Control and Transparency in Business (KonTraG), we have combined the existing early warning systems within the Group to form a risk management system. This enables Management to identify significant risks at an early stage and take appropriate counter-measures.

The consolidated financial statements drawn up in abridged form according to US accounting principles are set out below. Auditors Deloitte & Touche GmbH have checked the details and certified them in accordance with U.S. GAAP.

Prof. Dr.-Ing. Eckart Kottkamp   Rüdiger A. Günther   Dr.-Ing. Hermann Garbers

Martin Richenhagen   Nikolaus Feil

AUDITIOR´S CERTIFICATE

CLAAS KGaA mbH, Harsewinkel, has prepared Group financial statements in respect of the financial year ended on September 30, 2000 in abridged form in accordance with United States Generally Accepted Accounting Principles (U.S. GAAP). In particular, detailed Notes on the financial statements and presentation of a cash flow statement have been omitted.

We have audited these Group financial statements having regard to conformity with U.S. GAAP according to US principles of adequate final audit procedures.

We are satisfied that the preparation of the Group financial statements as at September 30, 2000 is in conformity with U.S. GAAP, save items not reported.

Düsseldorf, November 24, 2000

Deloitte & Touche GmbH
Auditors

Euskirchen   Weiß
Auditor   Auditor

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	01.10.1999 to 30.09.2000 '000 DM	01.10.1999 to 30.09.2000 '000 €	01.10.1998 to 30.09.1999 '000 DM
1. Net sales	(1)	2,097,614	1,072,493	2,030,683
2. Cost of goods sold		1,504,745	769,364	1,415,460
3. Gross profit		**592,869**	**303,129**	**615,223**
4. Selling expenses		300,874	153,834	288,156
5. General and administrative expenses		116,684	59,660	112,279
6. Research and development expenses		91,010	46,533	88,708
7. Other operating income		101,186	51,736	55,433
8. Other operating expenses		90,328	46,184	64,783
9. Operating income		**95,159**	**48,654**	**116,730**
10. Income from investments		(14,574)	(7,452)	(10,842)
11. Financial income		(25,757)	(13,169)	(18,425)
12. Profits from ordinary activities		**54,828**	**28,033**	**87,463**
13. Taxes on income		28,344	14,492	52,844
14. Other taxes		3,671	1,877	3,941
15. Net income for the year		**22,813**	**11,664**	**30,678**

		DM	€	DM
16. Earnings per share	(2)	7.60	3.89	10.23

CONSOLIDATED BALANCE SHEET AS AT 30.09.2000

Assets	Notes	30.09.2000 '000 DM	30.09.2000 '000 €	30.09.1999 '000 DM
Cash and cash equivalents	(3)	366,208	187,239	362,551
Securities maturing between 90 and 360 days	(4)	190,837	97,574	100,687
Receivables	(5)	284,478	145,451	225,894
Inventories	(6)	354,433	181,219	434,125
Deferred taxes	(15)	23,992	12,267	23,405
Other current assets	(7)	52,553	26,870	42,224
Total current assets		**1,272,501**	**650,620**	**1,188,886**
Intangible assets	(8)	6,858	3,507	12,072
Tangible assets	(9)	271,294	138,710	268,732
Financial assets		22,699	11,606	23,553
Other non-current assets	(10)	107,902	55,169	94,262
Total non-current assets		**408,753**	**208,992**	**398,619**
Balance sheet total		**1,681,254**	**859,612**	**1,587,505**

Liabilities	Notes	30.09.2000 '000 DM	30.09.2000 '000 €	30.09.1999 '000 DM
Trade liabilities		71,249	36,429	68,859
Other current liabilities	(11)	153,786	78,629	116,298
Provisions for taxes on income		29,014	14,835	22,273
Other current provisions	(12)	213,753	109,290	194,951
Total current debt		**467,802**	**239,183**	**402,381**
Liabilities to banks and insurance companies	(13)	78,579	40,177	57,311
Bond		195,583	100,000	195,583
Provisions for pensions and similar obligations	(14)	203,380	103,986	198,743
Deferred taxes	(15)	1,690	865	12,064
Other non-current liabilities	(16)	110,359	56,426	119,160
Total non-current debt		**589,591**	**301,454**	**582,861**
Participation rights/silent partnership	(17)	107,576	55,003	105,327
Minority interest		878	449	724
Equity		**515,407**	**263,523**	**496,212**
Balance sheet total		**1,681,254**	**859,612**	**1,587,505**

CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (U.S. GAAP)

In addition to the CLAAS consolidated financial statements according to German GAAP (HGB), consolidated financial statements have also been prepared in abridged form according to U.S. GAAP.

The consolidated financial statements are based on individual statements (HB II) prepared according to U.S. GAAP.

MAIN DIFFERENCES BETWEEN THE GERMAN GAAP (HGB) AND U.S. GAAP

The main valuation and reporting differences leading to divergences from the above consolidated financial statements prepared according to the Commercial Code are described below.

NET SALES

1 | Net sales also include sales under long-term production orders reported according to the percentage of completion method. The sum to be capitalized with respect to long-term production orders not yet entered in the accounts is reported under 'receivables' and 'net sales'.

EARNINGS PER SHARE

2 | The undiluted earnings per share is obtained by dividing the net income accruing to the shares by the average number of shares. CLAAS does not issue so-called potential shares (chiefly share options and convertibles) which can dilute the earnings per share. The diluted and the undiluted earnings per share are thus the same.

		2000	1999
Net income (U.S. GAAP)	'000 DM	22,813	30,678
Dividend per share	DM	5.00	5.00
No. of shares outstanding on September 30	'000 units	3,000	3,000
Earnings per share	DM	7.60	10.23

CASH AND CASH EQUIVALENTS

3 | Cash and cash equivalents according to U.S. GAAP also include securities with a term to maturity at acquisition of up to 90 days.

SECURITIES MATURING BETWEEN 90 AND 360 DAYS

4 | Securities maturing between 90 and 360 days have to be reported separately. The securities held by CLAAS are either securities held to maturity or sold within the last three months before final maturity (»held to maturity«) or securities »available for sale« which are neither part of the trading portfolio nor held to maturity.

	30.09.2000 '000 DM	30.09.2000 '000 €	30.09.1999 '000 DM
Fund	160,672	82,151	0
Total securities available for sale	**160,672**	**82,151**	**0**
Foreign notes	30,165	15,423	40,979
Domestic issue notes	0	0	59,708
Total securities held to maturity	**30,165**	**15,423**	**100,687**
Securities maturing between 90 and 360 days	**190,837**	**97,574**	**100,687**

Securities classified as available for sale are valued at market prices (where available). Unrealized revenue from securities available for sale is reported as the Comprehensive Income in the amount of DM 677,000 (previous year: DM 0), not affecting operating result. Securities shown as held to maturity are reported at net book value, more or less corresponding to the current market value to be ascribed.

RECEIVABLES

5 | Trade receivables are shown at nominal value. Adequate allowance is made for accounts that are evidently doubtful or proven doubtful on the basis of past experience. The increase from DM 225,894,000 to DM 284,478,000 is attributable in the amount of DM 19,727,000 to the fact that incipient processing of assets under long-term production orders is shown as PoC receivables, instead as inventories as previously.

INVENTORIES

6 | Inventories are valued at the lower of cost or net realizable value. The average cost method is generally applied to raw materials and supplies. Cost of goods sold comprises not only directly allocable prime costs but also allocable shares of material and production overheads.

The percentage of completion (PoC) method is applied when reporting long-term production orders. The sum to be capitalized is shown under the receivables; at the same time, net sales are realized. The stage of completion is determined according to expenses incurred. Anticipated losses on orders are covered by write-offs or provisions and are determined taking foreseeable risks into account.

OTHER CURRENT ASSETS

7 | Other current assets include other assets in the amount of DM 45,011,000 (previous year: DM 36,264,000) and accruals of DM 7,542,000 (previous year: DM 5,960,000).

INTANGIBLE ASSETS

8 | Intangible assets acquired are carried at cost and subject to straight-line amortization on the basis of expected useful life. Goodwill is reported as an asset and amortized over 4-10 years. The carrying amount of goodwill is periodically reviewed on the basis of estimated future cash flows. During the year under review, goodwill arising from capital consolidation in the amount of DM 3,498,000 (previous year: DM 6,157,000) was written off according to FAS 121.

TANGIBLE ASSETS

9 | Tangible assets are valued at purchase cost or manufacturing cost. They are subject to straight-line depreciation on the basis of expected useful life. Useful life within the Group is 20 to 50 years in the case of real property and 3 to 12 years in that of movables.

Tangible assets also include such leased buildings, technical plants and other assets in the amount of DM 9,491,000 (previous year: DM 11,622,000) where the Group assumes beneficial ownership in accordance to U.S. GAAP (capital lease).

OTHER NON-CURRENT ASSETS

10 | Other non-current assets break down as follows:

	30.09.2000 '000 DM	30.09.2000 '000 €	30.09.1999 '000 DM
Securities »held to maturity«	64,992	33,230	60,247
Plan assets (in excess of projected benefit obligation)	30,486	15,587	27,459
Receivables with a remaining term of more than 1 year	5,089	2,602	3,230
Other non-current assets	7,335	3,750	3,326
Total	**107,902**	**55,169**	**94,262**

OTHER CURRENT LIABILITIES

11 | Other current liabilities break down as follows:

	30.09.2000 '000 DM	30.09.2000 '000 €	30.09.1999 '000 DM
Share of non-current liabilities to banks and insurance companies due in the next year	14,859	7,597	11,930
Accounts payable for acceptances and bills issued	4,278	2,187	3,471
Accounts payable to investments/associates	12,762	6,525	2,770
Leasing liabilities	2,633	1,346	2,560
Other liabilities	119,254	60,974	95,567
Total	**153,786**	**78,629**	**116,298**

OTHER CURRENT PROVISIONS

12 | Other current provisions include charge taken for restructuring commitments in the amount of DM 9,250,000 (previous year: DM 0). Such charges are shown in the income statement as other operating expenses. Due to the recessive market trend in Western Europe, restructuring measures were necessary. These affected 250 indirect labour contractors and salaried staff as at the balance sheet date. Contracts had already been concluded by that date with 47 employees on the basis of collectively agreed part-time working arrangements for older staff. The decision on reduction decided on by Management in May 2000, together with other measures, and agreed with the Workers Council. Measures already implemented at balance sheet date are included in current expenses for the financial year. Other commitments have been recognized as provisions.

LIABILITIES TO BANKS AND INSURANCE COMPANIES

13 | These liabilities break down as follows:

	30.09.2000 '000 DM	30.09.2000 '000 €	30.09.1999 '000 DM
Non-current liabilities to banks	29,176	14,917	33,211
Non-current liabilities to insurance companies	49,403	25,260	24,100
Total	**78,579**	**40,177**	**57,311**

The share of non-current liabilities to banks and insurance companies due in the next year (DM 14,589,000; previous year: DM 11,930,000) is shown under the other current liabilities. Total liabilities to banks and insurance companies amount to DM 93,438,000 (previous year: DM 69,241,000).

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

14 | The company retirement pension scheme consists of defined contribution and defined benefit pension plans. Under contribution-based pension plans, the company commitments are limited to its contribution payments to special-purpose funds. The CLAAS Group currently only has such plans in the UK. In the case of benefit-based pension plans, the Group's obligation consists of defined benefits to active and former employees. The pension provision also includes fund commitments and is reduced by the amount of the fund's assets. Any overfunding is carried as »other assets«. Pension provisions are recognized in respect of commitments based on life expectancies and current payment of benefits to entitled active and former employees and surviving dependants. The commitments principally relate to retirement pensions, partly as basic and partly as additional benefit. Pension entitlement is normally calculated according to the employee's length of service and pay.

Pension obligations are determined by the Projected Unit Credit method. This method takes account of not only the pensions and acquired expectancies known at balance sheet date but also of expected future increases in pay and pensions. Actuarial profits and losses exceeding a variance of 10% of the commitment are distributed over the average remaining length of service.

Calculations are based on a discount factor of 6% (previous year: 6%), pay increases of 3% (previous year: 2%) and pension increases of 2% (previous year: 2%). These actuarial assumptions relate to a German context, as German employees are main beneficiaries of the pension commitment. Actuarial assumptions specific to each country have to be made for employees outside of Germany.

Pension obligations covered by the fund developed as follows:

	30.09.2000 '000 DM	30.09.2000 '000 €	30.09.1999 '000 DM
Projected benefit obligation (PBO) financed by the fund (plan assets)	54,929	28,085	47,147
Less cover by fund	(79,833)	(40,818)	(74,606)
Sub-total	**(24,904)**	**(12,733)**	**(27,459)**
Adjustment based on actuarial gains/losses and commitments	(5,582)	(2,854)	0
Plan assets in excess of PBO	**(30,486)**	**(15,587)**	**(27,459)**

Plan assets in excess of PBO amounting to DM 30,486,000 (previous year: DM 27,459,000) are recognized as non-current assets.

The pension provision is derived as follows:

	30.09.2000 '000 DM	30.09.2000 '000 €	30.09.1999 '000 DM
Projected benefit obligation not financed by the fund	219,353	112,154	215,854
Additional minimum liability	9,575	4,895	14,616
Adjustment prior service costs (not recognized)	0	0	0
Adjustment due to actuarial gains/losses (not recognized)	(25,548)	(13,063)	(31,727)
Pension provision	**203,380**	**103,986**	**198,743**

The supplementary schedule shows how pension accruals have moved compared to the previous year:

	Beginning of year under review TDM	Pension expec-tancies allocated TDM	Reversals TDM	Interest share of allocations TDM	Changes to scope of con-solidation TDM	Drawings TDM	End of year under review TDM
Provision for pensions and similar obligations	198,743	5,921	(5,041)	12,588	0	(8,831)	203,380

DEFERRED TAXES

15 | Deferred tax assets and liabilities resulting from temporary differences between the consolidated balance sheet and tax balance sheet of the individual companies and from consolidation procedures are shown separately in each case. Deferred tax assets also comprise tax reduction claims arising from the expected future availability of existing tax credits carried forward, the realization of which is probable. Deferred tax assets and liabilities are determined on the basis of the tax rates in force or expected in the individual countries at the realization date.

Deferred taxes arise from temporary differences under the following items:

Deferred tax (assets)	2000 '000 DM	2000 '000 €	1999 '000 DM
Provisions	29,433	15,049	25,881
Current assets	11,530	5,895	6,544
Others	5,592	2,860	14,979
Consolidation	20,940	10,706	13,196
Total	**67,495**	**34,510**	**60,600**

Deferred tax (liabilities)	2000 '000 DM	2000 '000 €	1999 '000 DM
Fixed assets	29,208	14,934	34,119
Current assets	13,792	7,052	10,372
Others	2,193	1,122	4,768
Total	**45,193**	**23,108**	**49,259**

Net deferred tax assets and liabilities are as follows:

	2000 '000 DM	2000 '000 €	1999 '000 DM
Deferred tax (assets)	23,992	12,267	23,405
thereof non-current	*0*	*0*	*0*
Deferred tax (liabilities)	1,690	865	12,064
thereof non-current	*1,690*	*865*	*12,064*

The table below shows a reconciliation of the expenses of taxes on income expected in the previous year and the year under review with the expenses actually recorded. To determine the expected tax expenditure, the uniform domestic tax rate of 51.0% (previous year: 51.0%), make up of domestic corporation tax, the solidarity surcharge and trade tax, is multiplied by the net income before tax.

	2000 '000 DM	2000 '000 €	1999 '000 DM
Actual taxes on income	41,170	21,050	44,226
Deferred taxes	(12,826)	(6,558)	8,618
Effective tax expenditure	28,344	14,492	52,844
Result before taxes on income	51,157	26,156	83,522
Theoretical tax expenditure at 51.0%	26,090	13,340	42,596
Differences due to foreign tax rates	5,139	2,628	25,697
Tax effects in respect of:			
– Tax payments for prior years	(344)	(176)	5,229
– Application of tax burden on distributions	(1,607)	(822)	(3,214)
– Non-tax deductible expenses	1,320	675	2,039
– Amortization of goodwill arising from capital consolidation	2,790	1,472	1,006
– Application of the equity methode	(1,132)	(579)	(868)
– Other factors affecting consolidation	(12,370)	(6,325)	(14,918)
– Others	8,458	4,324	(4,723)
Effective tax expenditure	28,344	14,492	52,844
Effective tax rate (%)	55.4		63.3

OTHER NON-CURRENT LIABILITIES

16 Other non-current liabilities include debts and provisions not shown separately above. Other provisions are formed in respect of all recognizable commitments as at the balance sheet date that are based on past business transactions or past events and the amount and/or due date of which is uncertain. Provisions are valued at the amount repayable and are not netted with positive profit contributions. If the amount repayable is uncertain, the repayment amount with the highest probability of occurrence is taken as a basis. Provisions are only formed if there is a corresponding legal or de facto obligation to a third party.

Other non-current liabilities break down as follows:

	30.09.2000 '000 DM	30.09.2000 '000 €	30.09.1999 '000 DM
Trade liabilities	18	9	632
Leasing liabilities	6,181	3,160	8,200
Other provisions	54,929	28,085	61,732
Other liabilities	49,231	25,172	48,596
Total	**110,359**	**56,426**	**119,160**

Other non-current liabilities also include leasing liabilities carried as liabilities in the case of tangible asset items shown as Capital Lease in the fixed assets.

Leasing and rental liabilities are due as follows:

	Capital Lease		Operating Lease
Minimum lease payments	**Nominal value TDM**	**Cash value TDM**	**Nominal value TDM**
Due up to 1 year	2,740	2,585	14,226
Due 1 – 5 years	5,712	4,796	13,017
Due over 5 years	2,013	1,419	3,630
	10,465	**8,800**	**30,873**

PARTICIPATION RIGHTS/SILENT PARTNERSHIP

17 | Redeemable participation rights and the silent partnership are remunerated according to results and are subordinated in case of liability. Under U.S. GAAP, repayable capital transfers are thus to be shown separately from the formally deferred Stockholders' Equity.

The capital with participation rights shown comprises eighty registered, nominal participation certificates of a total nominal value of DM 80,000,000 issued in September 1997. The claims arising from these participation rights are subordinated and also share fully in any loss, should the case arise. The participation rights are redeemable on March 1, 2005. Premature termination by the holders is not permitted.

The employee shareholding held by CLAAS-Mitarbeiterbeteiligungs-Gesellschaft mbH (CMG), with its subordinated investment, has a share in the profit according to the annual results of the CLAAS Group, and also shares in any loss made.

DERIVATIVE FINANCIAL INSTRUMENTS

18 | Due to its business, the CLAAS Group is exposed to currency and interest rate risks. To limit exchange rate risks and interest rate risks, CLAAS practices systematic currency and interest rate management. This involves utilizing all the usual financial instruments, including derivative instruments. Foreign currency risks essentially concern the US dollar and pound sterling. Exchange futures and options are used as a means of reducing or eliminating the exchange rate risk in foreign currency receivables and liabilities, with netting. Interest rates swaps and options are used to hedge rate variation risks in the case of assets and liabilities.

Deals are concluded solely on the basis of existing or firm planned underlying transactions.

The nominal volume of currency hedging transactions represents the total of all purchase and sale amounts underlying the deals. The amount of the nominal volume permits conclusions as to the extent of the use of derivatives, but does not reflect the risk incurred by the Group due to the use of derivatives. It should be pointed out that the nominal volume in the table below does not include interest and currency positions closed by counterdeals, because gross reporting of these figures would not be economically meaningful. The nominal volume of interest and currency positions closed by counterdeals as at the balance sheet date is DM 223.8 million (previous year: DM 215.6 million).

Strict separation in space and organization is operated between concluding of a deal, control and entering in the accounts. The universe of actions as regards amount and subject is laid down in in-house guidelines. A certified program is used for routine evaluation of risk positions by the Finance division.

Our contract partners are always German and international blue chip banks. Because CLAAS management and supervisory bodies attach great importance to proper risk management, a detailed monitoring system is in place which complies with the requirements of the law on control and transparency in business (KonTraG). In this connection, regular checks on the efficiency of the hedging instruments used and the reliability of the in-house control system are made through internal and external audits.

Currency hedging	Nominal volume		Remaining tem over 1 year		Market value	
	30.09.00 '000 DM	30.09.99 '000 DM	30.09.00 '000 DM	30.09.99 '000 DM	30.09.00 '000 DM	30.09.99 '000 DM
Exchange futures	175,790	190,167	0	0	(5,684)	(5,195)
Currency options	75,306	116,133	0	0	(587)	44
Other currency hedging instruments	0	0	0	0	0	0
Total	**251,096**	**306,300**	**0**	**0**	**(6,271)**	**(5,151)**

Interest rate hedging	Nominal volume		Remaining tem over 1 year		Market value	
	30.09.00 '000 DM	30.09.99 '000 DM	30.09.00 '000 DM	30.09.99 '000 DM	30.09.00 '000 DM	30.09.99 '000 DM
Interest rate options	80,000	70,000	80,000	60,000	757	1,569
Interest rate swaps	191,000	166,000	141,000	166,000	(8,012)	(7,554)
Other interest rate hedging instruments	39,100	0	39,100	0	(499)	0
Total	**310,100**	**236,000**	**260,100**	**226,000**	**(7,754)**	**(5,985)**

SEGMENT REPORTING

19 | CLAAS delimits segments according to the areas of business covered by the Divisions. Demarcation of divisions and regions is based on internal reporting.

Million DM	CLAAS Agricultural Engineering 2000	1999	CLAAS Engineering for Industry 2000	1999	CLAAS Engineering for Production 2000	1999	Eliminations 2000	1999	CLAAS Group 2000	1999
External sales	1,924	1,914	39	38	134	79	0	0	2,098	2,031
Internal sales	12	15	148	163	4	7	(164)	(186)	0	0
Total sales	**1,936**	**1,929**	**187**	**201**	**138**	**86**	**(164)**	**(186)**	**2,098**	**2,031**
Operating Profit (EBIT)	80	110	10	17	6	1	0	0	96	128
Segmental assets	1,594	1,518	65	56	70	55	(48)	(42)	1,681	1,588
Investment in fixed assets	51	79	9	10	4	4	0	0	63	93
Depreciation	47	43	6	5	2	3	0	0	55	51
Interest income	26	30	0	0	0	0	0	0	26	30

Agricultural engineering is CLAAS' core business. CLAAS is market leader in Europe for its principal products, the combine harvester and the forage harvester. The world market share of combine harvesters is about 17% and in self-propelled forage harvesters, CLAAS is world market leader with a share of approximately 49%. CLAAS also holds significant market shares in the baler and green harvest machinery product lines, especially in Western Europe.

The »Engineering for Production« division is run by CLAAS Fertigungstechnik GmbH. This company has specific expertise in special-purpose mechanical engineering and toolmaking and in the development and production of complete transfer and production lines.

CLAAS Industrietechnik GmbH is the system supplier within the CLAAS Group for drive assemblies and hydraulic components. Third-party business mainly relates to components for construction machinery and commercial vehicles.

Reconciliation of the Operating Profit defined as EBIT in the case of CLAAS with the consolidated net income for the year:

	2000 '000 DM	2000 '000 €	1999 '000 DM
Operating Profit (EBIT)	96,328	49,252	127,736
./. Taxes on income	(28,344)	(14,492)	(52,844)
./. Interest expenses	(45,171)	(23,096)	(44,214)
Consolidated net income	**22,813**	**11,664**	**30,678**

See page 68 for a breakdown of sales by region. Internal sales show the amount of sales between Group companies. In some cases, internal sales are treated in the same way as sales between outside third parties. Investments in fixed assets refer to fixed assets acquired.

THE STORY OF CLAAS

1913 Business established by August Claas at Clarholz, Westphalia

1914 August and Franz Claas found the firm of Gebr. CLAAS

1919 Move to Harsewinkel. Manufacture of straw binders

1921 First CLAAS patent for a knotter for efficient straw binding

1930 Start of development of the first combine harvester (specially suited to the specific conditions of harvesting in Europe)

1934 Manufacture of the first pick-up baler

1936 CLAAS markets the first combine harvester built in and for Europe

1937 Volume production of trailed combine harvester starts (reaper-binder)

1953 Construction of the first self-propelled combine harvester

1956 Paderborn factory opened

1962 Production starts at the new baler factory at Metz, France

1968 Launch of CLAAS Fertigungstechnik (Engineering for Production) at Harsewinkel

1969 Range expands to include green harvest machinery at Saulgau (takeover of the Josef Bautz agricultural machinery factory)

1971 Development of a pick-up sugar cane harvester

1973 Presentation of the first self-propelled forage harvester

1976 ROLLANT, the first CLAAS round baler

1983 New range of JAGUAR self-propelled forage harvesters

1988 First CLAAS large-square baler, the QUADRANT

1992 CLAAS Fertigungstechnik moves to new factory at Beelen in Westphalia

1994 Start of AGROCOM development (electronic, satellite-assisted agricultural information system)

1995 Launch of the LEXION large combine harvester (the most powerful combine harvester in the world, capable of harvesting up to 40 tonnes of grain in 1 hour)

1996 Three plants become independent product companies: CLAAS Selbstfahrende Erntemaschinen GmbH in Harsewinkel, CLAAS Industrietechnik GmbH in Paderborn and Usines CLAAS France in Metz.

1997 Takeover of a new plant at Törökszentmiklos, Hungary. Subsidiary CLAAS Hungaria Kft. makes components for agricultural machinery.

Joint ventures with Caterpillar (USA). One joint venture (CCA) distributes LEXION combine harvesters in the USA, while another (CCE) handles CHALLENGER crawler tractors in Europe.

1998 The LEXION combine harvester wins the »Machine of the Year« title. Technical journalists made the award to CLAAS.

Formation of Europe's largest development pool for agricultural software by the new company, AGROCOM GmbH & Co. Agrarsystem KG.

1999 The CLAAS Foundation is set up. The aim is to promote science and research and training, primarily in the area of agricultural engineering.

Laying of the foundation stone of a new combine harvester plant in Omaha, Nebraska, USA, a joint undertaking with Joint Venture partner, Caterpillar.

Formation of a sales financing company, CLAAS Financial Services S.A.S. (CFS), jointly with UFB-Locabail, a subsidiary of the BNP-Paribas Group, France.

Issue of one of the first company bonds on the new € capital market by CLAAS. The bond is officially quoted on the Frankfurt stock exchange.

HISTORY

August Claas (top) first introduced the harvester in Europe.

AND IN 2000

A new Logistics Center for CLAAS parts went into operation. The new Center is conveniently located for transport on the A2 in Hamm-Uentrop and is a joint venture by CLAAS and logistics specialist Stute Verkehrs GmbH, a wholly-owned Kühne & Nagel subsidiary.

Formation of a new marketing company in Argentina. CLAAS Argentina S.A. is based in Santa Fe province, to the northwest of Buenos Aires.

A new series of self-propelled forage harvesters came on to the market. The modern JAGUAR family is even more powerful and is designed principally for large professionally-run farms.

The MEDION combine harvester series was introduced. This machine, seen as the successor to the well-proven Dominator threshing technology, is equipped with ultra-modern information technology offering even greater convenience to the operator.

CLAAS presented for the first time a round baler which formed the bales and wraps them in plastic immediately in a single pass. This machine is known as the UNIWRAP.

The new CLAAS Foundation presented the »Helmut Claas scholarship« to students of agricultural engineering for the first time.

The Chairman of the Supervisory Board, Helmut Claas, was awarded the honorary doctor degree by the prestigious University of Stuttgart-Hohenheim for his services to the development of modern agricultural engineering.

PROFIT AND LOSS ACCOUNT

		2000	1999	1998	1997	1996	1995	1994
Net sales	million DM	2,100.2	2,031.1	2,167.9	1,914.1	1,466.5	1,256.6	1,134.0
Exports as a share of sales	%	66.5	65.5	69.7	70.6	68.4	61.9	65.5
Result before taxes on income	million DM	44.5	43.8	117.1	134.7	95.0	129.1	34.2
Net income for the year	million DM	14.5	11.4	53.2	52.9	54.6	65.0	27.8

BALANCE SHEET (COMMERCIAL CODE)

		2000	1999	1998	1997	1996	1995	1994
Fixed assets	million DM	**294.1**	**289.6**	**258.2**	**233.3**	**198.1**	**170.6**	**144.4**
Intangible assets	million DM	6.6	11.7	16.5	15.7	5.0	5.1	2.2
Tangible assets	million DM	197.3	194.1	162.9	150.7	140.8	127.3	110.6
Financial assets	million DM	90.3	83.8	78.8	66.9	52.3	38.2	31.6
Current assets	million DM	**1,231.9**	**1,139.5**	**1,061.7**	**1,016.0**	**749.6**	**704.2**	**632.8**
Inventories	million DM	363.3	415.9	439.3	275.7	222.7	256.5	173.0
Accounts receivable and other assets	million DM	312.1	260.4	268.4	293.1	226.1	207.5	193.8
Liquid assets	million DM	556.4	463.2	353.9	447.2	300.9	240.2	266.0
Equity	million DM	**519.8**	**511.6**	**510.5**	**471.6**	**343.4**	**282.5**	**247.5**
Debt	million DM	**1,068.4**	**967.1**	**842.4**	**787.7**	**619.2**	**604.8**	**539.7**
Provisions	million DM	522.5	482.5	514.6	457.9	389.0	360.3	360.8
Liabilities	million DM	545.9	484.6	327.8	329.8	230.2	244.5	178.9
Balance sheet total	million DM	**1,588.2**	**1,478.7**	**1,352.9**	**1,259.3**	**962.6**	**887.3**	**787.3**

RATIOS

		2000	1999	1998	1997	1996	1995	1994
Return on sales *	%	2.1	2.2	5.4	7.0	6.5	5.8	3.0
EBIT *	million DM	98.9	95.2	175.2	176.3	136.7	108.1	62.9
EBITDA *	million DM	155.7	156.3	222.7	230.8	175.7	142.2	95.7
Return on equity *	%	2.8	2.2	10.4	11.2	15.9	23.0	11.2
Return on total capital employed *	%	6.2	6.4	13.0	14.0	14.2	18.5	8.0
Value added *	million DM	630.1	625.4	691.7	617.3	543.2	546.6	411.2
Cash flow according to DVFA/SG *	million DM	98.5	103.9	138.6	123.8	82.4	65.0	87.6
Equity ratio	%	32.7	34.6	37.7	37.4	35.7	31.8	31.4
First order liquidity	%	115.1	111.9	74.3	103.6	91.0	84.5	117.4
Equity to fixed assets ratio	%	375.6	367.7	339.5	354.7	318.9	353.4	388.2

EMPLOYEES

		2000	1999	1998	1997	1996	1995	1994
Employees at balance sheet date (including trainees)		5,558	5,853	6,030	5,571	4,831	4,511	4,379
Staff costs	million DM	527.6	526.2	512.5	435.8	400.2	375.9	343.6
Value added on staff costs		1.2	1.2	1.3	1.4	1.4	1.5	1.2
Value added per employee (not including trainees)	'000 DM	118.3	110.0	126.2	127.3	122.6	125.3	99.7

* Ratio defined in the Financial Glossary provided as a bookmark

CAT

Registered designation of Caterpillar Inc.

CHALLENGER

Large tractors up to 410 hp, which use rubber tracks to transmit the pulling power to the ground. Their considerably larger contact area, compared to a wheel, ensures very little slip and low ground pressure. Unlike the steel tracks of construction machines, the rubber tracks can travel on roads.

CONVENTIONAL BALERS

High-pressure balers with a bale section of 36 x 46 cm. The MARKANT series, made by CLAAS, comes into this category. The bales are light enough to be handled without machinery. The reduction in manual labour has pushed conventional balers into the background.

CROP TIGER

Combine harvester developed by CLAAS in Harsewinkel and now built by the joint venture with Escorts in Faridabad, India. The CROP TIGER is particularly suitable for small fields and can thresh both rice and cereals.

DOMINATOR

Name for a combine harvester series first marketed by CLAAS in 1970. This series has been further developed annually. Some of the models are still in the range today.

DRILLING

Another word for sowing. Casting seeds in regular rows, with an even, selectable seed density and sowing depth in the soil.

JAGUAR

Designation of CLAAS´ forage harvester series. Forage harvesters chop wilted green forage or forage maize into short, even lengths. This chop is then piled in large mounds and sealed to keep the air out. It ferments to provide winter feed for ruminants – dairy cows and beef bulls.

LAID RICE

Various factors, such as heavy rain and strong winds, flatten the thin stalks. The rice is then lying on the ground and poses considerable difficulties when harvesting, unlike a standing crop.

LARGE-SQUARE BALER

Balers with a large bale section to produce square bales. These bales are too heavy to move by hand and so front loaders, telescopic loaders or wheeled loaders are used.

LASER PILOT

Device on the cutterbar of CLAAS combine harvesters that detects the boundary between the standing crop and the stubble. This makes automatic steering possible, freeing the operator to concentrate on setting and optimizing the efficiency of the machine.

LEXION

Product designation for a very powerful range of combine harvesters made by CLAAS. The LEXION has an additional accelerator drum in front of the cylinder, which boosts output considerably.

MAIZE HEADER

Forage harvester attachment which cuts the two-metre tall maize plants and feeds them into the feed rollers in an even flow.

MARKET CROP

Vegetable produce which can be sold without further processing (for use as feed): cereals, rape, rice, grain maize, sugar beet, potatoes, etc.

MEDION

CLAAS combine harvester series which has taken over from the DOMINATOR series in the high-power classes.

PRECISION FARMING

Fields are not farmed all as one, but according to the natural site conditions. At harvesting time, yield measurements and GPS are used to produce a yield map. This enables the quantities of fertilizer, crop sprays or seed applied to be automatically matched against the exact yield from each field or plot.

QUADRANT

CLAAS large-square balers are named QUADRANT. There are two series: QUADRANT 1150, with a 0.50 x 0.80 m bale section and QUADRANT 2200, with a 0.70 x 1.20 bale section. The bale length is infinitely adjustable by the driver up to 2.40 m.

ROLLANT 250 UNIWRAP

A round baler which wraps the bales in plastic. This process is carried out automatically while the next bale is being formed. The reason for wrapping the bales is to preserve wilted grass for winter feed after fermentation.

ROUND BALER

Balers which produce cylindrical bales with a diameter of up to 1.80 m. These bales also can only be handled with mechanical aid. CLAAS round balers are called ROLLANT and VARIANT.

WEED DETAILING

Determing the level of weeds present in a field. New precision farming methods allow the weed clusters to be plotted on a map. Selective application of plant protection agents to the clusters significantly reduces the quantity of agent used.

ABS (ASSET BACKED SECURITIES)
Sale of receivables to a company which refinances by issuing securities on the international capital market.

CASH FLOW
Definition: Net income + depreciation on fixed assets +/- change to pension provisions and other long-term provisions +/- other expenses and revenue not affecting payments

CORPTOP/IND INDEX
Index of European corporate bonds with an average A-rating.

DERIVATIVES
Derivative financial instruments, i.e. further developments of instruments on the original markets, e.g. interest rate or currency swaps or options.

EBIT (EARNINGS BEFORE INTEREST AND TAXES)
Indicator of the operating performance of a business (definition: net income + taxes on income + interest expense + profit transferred under a partial profit transfer agreement (CMG) + remuneration of capital with profit participation rights).

EBITDA (EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION)
EBITDA is used as an indicator of the cash flow generated by a company's operating business (definition: EBIT + depreciation of fixed assets).

ECI BBB INDEX
European Corporate Bond Index with an average BBB rating.

OPERATING PROFIT
Profit figure by which CLAAS assesses the segments' contribution to profits. The operating profit represents the result made by a segment before taxes on income and interest expense.

OPTION
Derivative financial instrument evidencing the right, but not the obligation, to buy or sell (for example, a foreign currency sum at a stipulated exchange rate).

SWAP
Derivative financial instrument containing an exchange agreement: for instance, an interest rate swap represents an obligation to pay a fixed interest rate in return for a variable interest rate (or vice versa).

SYNDICATED CREDIT FACILITY
In contrast to bilateral credit agreements, this refers to agreements with a consortium of banks headed by a lead bank (known as the arranger).

RETURN ON EQUITY
Return on the funds made available by the owners of the company and earnings retained for use in the business (definition: net income divided by equity).

RETURN ON SALES
Efficiency of the company's dealings on the markets (sales and procurement market). Result before taxes on income divided by net sales.

RETURN ON TOTAL CAPITAL EMPLOYED
Return on total capital (definition: net income + taxes on income + interest expense + profit transferred under a partial profit transfer agreement (CMG) + remuneration of capital with profit participation rights over balance sheet total).

VALUE ADDED
Company's contribution to aggregate net domestic product (definition: staff costs + interest expense + profits transferred under a partial profit and loss transfer agreement + remuneration of capital with profit participation rights + taxes + net income).

CLAAS KGaA mbH

P.O. Box 1163
D-33426 Harsewinkel
Germany
Telephone: +49 (5247) 12-0