CLAAS

ANNUAL REPORT 2001

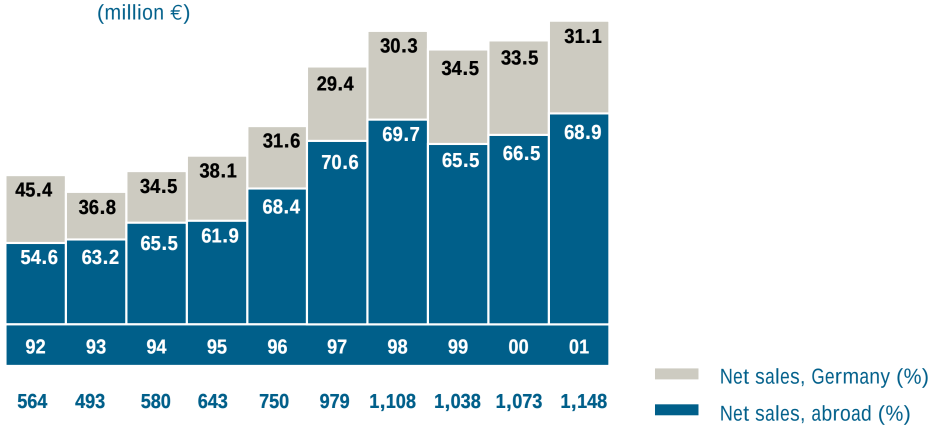
CONSISTENT CHANGE

KEY DATA FOR THE GROUP ACCORDING TO US GAAP

		2001	2000	Change %
PROFIT AND LOSS ACCOUNT				
Net sales	million €	1,147.9	1,072.5	7.0
EBIT	million €	67.1	54.0	24.3
EBITDA	million €	111.9	82.5	35.6
Net income	million €	14.3	11.7	22.2
Income before taxes	million €	36.5	26.2	39.3
Cash flow	million €	67.7	39.6	71.0
Research and development expenses	million €	48.5	46.5	4.3
BALANCE SHEET				
Equity	million €	268.8	263.5	2.0
Capital expenditures	million €	58.1	32.3	79.9
Balance sheet total	million €	931.4	859.6	8.4
EMPLOYEES				
Number of employees on balance sheet date *		5,488	5,558	(1.8)
Personnal expenses	million €	277.3	269.8	2.8

** including trainees*

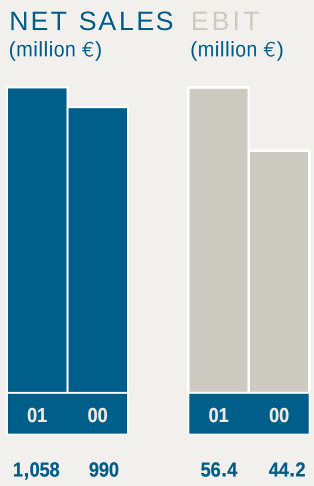
NET SALES
(million €)



SEGMENTS OF
THE CLAAS GROUP

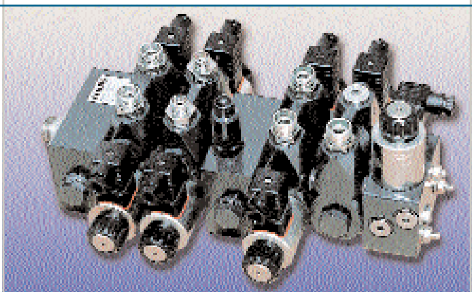
AGRICULTURAL ENGINEERING

Agricultural engineering is CLAAS' core business. In Europe, we are the undisputed market leader for our main products, combine harvesters and self-propelled forage harvesters. Our world market share of combine harvesters is 17%. Almost every other self-propelled forage harvester sold in the world comes from Harsewinkel. CLAAS also holds top market shares in the baler and green harvest machinery product lines.

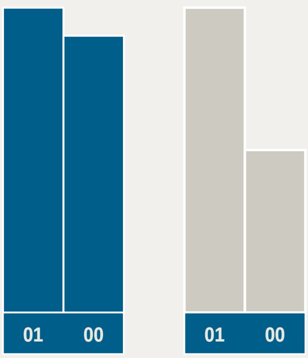


INDUSTRIAL ENGINEERING

CLAAS Industrietechnik GmbH is the system supplier of drive assemblies and hydraulic components within the CLAAS Group. Ultra-modern transmissions and axles for mobile machines, both within the Group itself and (increasingly) for the international construction machinery and commercial vehicle sector, are developed and produced at the Paderborn factory.



NET SALES (million €) EBIT (million €)

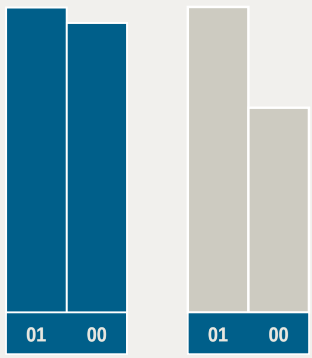


106 96 6.6 3.5

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 machinery and toolmaking. Among other things, it develops and manufactures complete transfer lines and production lines for groups in the automotive and aviation industries.

NET SALES (million €) EBIT (million €)



75 71 4.2 2.8

MISSION STATEMENT

The human race is expanding by the hour. Feeding the world's population is a global and so far unsolved challenge. In that respect, agriculture is the most vital and at the same time the oldest industry in the world. Professional cultivation of the soil began long before our era. Today, there are 6 billion people in the world; only 20 years from now, the figure will be 8 billion. Arable land is limited, and is set to become a bottleneck factor.

To meet the demand for nutrition and at the same time in order to farm the land in a sustainable, ecologically and environmentally sound way, the world economy needs sophisticated agricultural machinery and expert know-how. As the market and technological leader in agricultural machines, CLAAS may be regarded as a pioneer of this vital process. We provide the international agricultural industry with machines of a quality and technical performance that set standards – in order to continue feeding people in future.

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MANAGEMENT

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.

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.

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.

RÜDIGER A. GÜNTHER

FINANCE AND CONTROLLING/MERGERS & ACQUISITIONS

Born 1958, Business graduate, international career in banking and finance with a US bank, Finance Manager of a leading global trading company, responsible for Finance at CLAAS since 1993.

LADIES AND GENTLEMEN,

»Consistent change« is our motto for the annual report for fiscal year 2001. We have learned that only those who are capable of change achieve their goals via the fastest route. Agricultural engineering is undergoing dramatic transformations in its core markets and constantly evolving through of mergers and completely new trading dynamics. Changes in underlying conditions require continuous adaptation by the Group. Those who react to the radical changes in the markets only after they have occurred are waiting far too long. We see consistent change as an opportunity. We wish to be at the forefront.

CLAAS emerged stronger than ever from the crises which afflicted the agricultural economy in the year under review, and posted significant growth. The robust condition of the Group is measured against an environment characterized by declining sales in agricultural engineering. In addition to the general economic slowdown, the markets were supressed by sustained low prices for grain as well as the effects of BSE and foot-and-mouth. The sales development in the German agricultural engineering sector in the first six months of 2001 illustrates the difficult situation. Domestic revenues fell by 17%. Across Europe, sales in this sector dropped by approximately 10%.

Development at CLAAS clearly bucked this market trend. We not only achieved but, for the most part, even surpassed our planned goals. Sales of € 1.148 billion set a new record. Growth was 7%. The result before income taxes improved by 40% to € 36.5 million, reflecting the considerable efforts to reduce costs. Inventories were again € 12.7 million below last year´s low levels.

The positive figures hide a variety of developments. Growth was based first and foremost on the good performance of our core products, the combine harvester and the self-propelled forage harvester, which achieved noteworthy sales growth. The already high market share in the combine harvester segment in Germany rose to over 44%, while in Western Europe it rose by 2 percentage points to nearly 36%. In the forage harvester segment, we have consolidated our worldwide market leadership with a share of approximately 50%. We had to increase the total production planned for 2001 in stages by 500 to a total of 4,800 self-propelled harvesters.

The absorptive capacity of the markets varied from region to region. The overall market decline of more than 25% in France contrasted with considerable sales increases in Central and Eastern Europe. The German market and most of the West European markets proved to be stable to a large degree. Foot-and-mouth disease and BSE influenced the baler and forage harvest machinery segment only slightly for the year overall.

The development of our Group demonstrates that we made the right decisions early to secure our future and are on the right path. Unlike our competitors CLAAS is investing even in economic downturns.

The newly defined Group architecture, with its flexible, independent units, has further increased our reactive capabilities as well as our efficiency. We do not rely on conventional solutions, but search for new and innovative approaches throughout all company divisions. This applies to product development, production, sales and marketing, and finance. This strategy has made CLAAS the leader in the market as well as in technology.

The changes that we are implementing throughout the Group are not changing our strategy, but driving it forward. We are a globally active company, customer-oriented and easily accessible to our customers everywhere. We take care of our customers with well-designed service and spare parts systems throughout the world. Our regional focus is on Europe as well as North and South America. At the same time, we are looking at the potential for growth in the densely populated regions of Asia. Our customer-oriented service includes financing tailored specifically to our customers’ needs. Through CLAAS Financial Services (CFS), which now serves the Polish market as well as many West European countries, we secure local financing for CLAAS customers.

The development of innovative financing instruments is an important part of our growth strategy. Effective financial management is closely connected to the potential of our markets; exploitation of which can lead us to exceed our operative capital requirements. Asset-backed financing (ABS), introduced last year, has completely fulfilled expectations with regard to the improvement of short-term liquidity and balance sheet structure. Being a global market leader in a cyclical market environment and a company listed on the debt capital market, we maintain close relationships with our investors. The annual report you are presently reading is the 25th in our history. It will contribute to making the workings of CLAAS even more transparent. It enables investors and analysts to compare our financial reporting with regard to content and currency with international capital market standards. With the present financial statement we have converted Group accounting to US GAAP format and published a consolidated financial statement with a discharging effect.

We have high expectations for the future. One sign of our optimism are the extensive investment programs we have undertaken to secure our market and technological leadership as well as to improve quality. All projects are integrated in a program which should increase efficiency for our customers as well as operational efficiency in our plants. We have set a new record with our planned capital expenditures of € 141 million for the new fiscal year. The primary focus thereby is on the remodeling of the plant in Harsewinkel, but also on the structural renovation of the plant in Bad Saulgau. We will also increase the budget for research and development. The conversion of internal information processing to the SAP R/3 system will make our operating processes even more efficient. System migration starting in autumn of 2002 will occasionally increase workload in the organization.

We are quietly confident with the outlook for the new fiscal year. The tendency to invest in agriculture is slightly better since the crises have abated. Our new products will create additional stimuli. Current cash resources of well over one third of a billion euros provides us with financial flexibility and ensures entrepreneurial independence in a sector which is highly concentrated worldwide.

Our management and employees are well prepared to react decisively to unforeseeable events. The lean organization of cooperative management introduced in June 2001 takes the different requirements of research and development, production, finance, sales and marketing into account and leads to pragmatic solutions. The guiding principles practised are cooperation, the ability to give and receive constructive criticism, teamwork, and open communication.

The expanded definition of cooperative management also includes employee participation in the decision-making process. In a globally active company, it is the organization of employee cooperation which determines success. The cornerstones of such a global organization are trust and independence.

At this point we would like to thank our employees for their hard work and their help us to achieve our company goals. We extend our thanks to our customers, dealers and importers, suppliers and other business partners. Your continued confidence is foundation of our work. Last but not least, we thank our shareholders and their comitees for their constructive input during the year.

Best regards,

NIKOLAUS FEIL *DR. ING. HERMANN GARBERS*

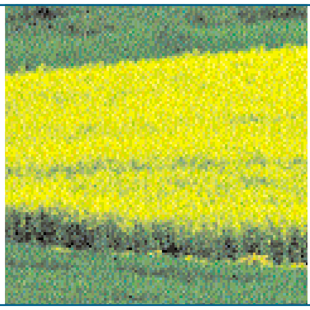
RÜDIGER A. GÜNTHER *MARTIN RICHENHAGEN*


CLAAS
LEXION

CONSISTENT CHANGE

Planning horizons are getting shorter all the time. Customers' expectations and the competition are changing ever more rapidly. The ability to react swiftly to new developments and demands is essential for growth and secure employment.

WE KNOW THE GLOBAL AGRICULTURAL ENGINEERING MARKET



- Agricultural engineering has been and is a vital growth sector
- The opening up of new markets calls for specific concepts and processes
- Electronics and information technology are driving development of innovative products
- Our strategy in agricultural engineering is: Think global, act local
- We know the trends on our markets because we have many years of experience and expertise

FEEDING THE WORLD – A GLOBAL CHALLENGE

MORE AND MORE PEOPLE...

The human race is expanding by the hour. Today, there are over 6 billion people in the world; in 12 years' time, the figure will be 7 billion. This increase is accompanied by a change in nutritional habits. The population explosion and improved standards of living are pushing up demand for cereals and meat, a trend which is more marked in the developed industrialized countries than in developing countries. According to FAO estimates, annual per capita cereal consumption in the industrialized countries will rise from 572 kg at present to 615 kg by the year 2015, with meat consumption rising from 87 kg to 94 kg. In the developing countries, per capita cereal consumption over the same period is set to grow from 249 kg to 268 kg, and that of meat from 23 kg to 30 kg.

The LEXION is the world's most powerful combine harvester, with a throughput of over 40 tonnes of wheat per hour.

...AND LESS AND LESS LAND

The agricultural acreage available to meet the demand cannot be increased significantly. Worldwide, approximately 1 billion hectares of land are currently used for agriculture. Without increasing harvest yields, almost 4 billion hectares would need to be available by 2050. However, farm land is no longer a ubiquitous resource. The belief that it could be endlessly increased has been dissipated certainly since the huge land losses in the US Midwest in the early nineteen-twenties. A careless attitude to the land allows wind and water to erode and carry away the arable topsoil, until in the end it can no longer be used for farming.

Erosion is a virulent problem. All the continents are now in the grip of advancing desertification. 10 million hectares of fertile farmland are lost every year – equivalent to the area of Bavaria and Baden-Württemberg together. The growing world population calls for more intensive agriculture, which in turn takes more and more out of the soil. The fallow period, part of the natural regenerative cycle in times past, has today been omitted from the crop rotation cycle.

THE RACE BETWEEN THE STORK AND THE PLOUGH

The only way to guarantee a food supply for the world's population and improve living standards at the same time is to achieve sizeable harvest productivity increases and to treat the sensitive system that is the land with respect. Mechanized agriculture, in the form of tractors and other machines, runs over the soil time and time again, compressing and compacting it. The race between the stork and the plough, or between more population and more food production, will be decided by responsible, efficient farming practices. Agricultural engineering, which supplies international agriculture with the machinery it needs, will thus continue to be a vital growth sector for a long time to come.

A CHANGING AGRO INDUSTRY

The world agricultural industry has been undergoing a process of structural change for years. In particular, it has to withstand growing pressure from the food industry, which in turn is feeling the effects of concentration on the distribution side. Four trends are pushing ahead the structural change in agriculture:

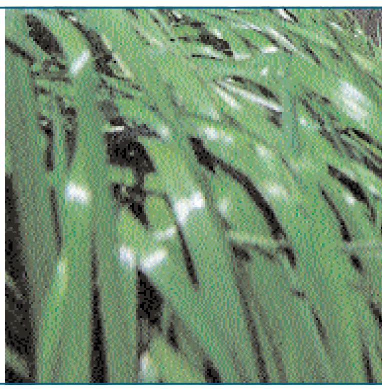
The JAGUAR: a successful product that is a world leader. Every other self-propelled forage harvester sold in the world is made by CLAAS.

- an on-going process of concentration into larger units, in order to utilize economies of scale;
- increasing mechanization;
- a move away from the traditional farmer's single-machine approach, towards working with machine systems;
- greater use of information technology, aimed at precision cultivation via yield mapping.

A significant rise in demand for efficient, high-quality agricultural machinery is foreseeable on an increasingly competitive agricultural market. For the agricultural engineering industry, professional groups such as big farmers and contractors are set to play a growing role.

Developments in Western Europe serve as an example. Progress in biological engineering has led to higher yield levels and ever-growing surpluses. Despite state controls and shielding of markets, falling prices and pressure on incomes have been unavoidable. The structural change under way has brought a decline in the number of farms, an increase in the land area per farm and growing involvement of contractors and shared machine use across large parts of Europe. The large machinery segment now covers around two-thirds of the total West European market.

The world market volume in the main segments is considerable. Last year, just under 24,000 combine harvesters, over 30,000 round balers, 2,900 large-square balers and 2,100 self-propelled forage harvesters were sold worldwide.



CLAAS machines are the leaders when it comes to harvesting grass or sugar cane (right).

ELECTRONICS AND INFORMATION TECHNOLOGY AS A MOTOR OF GROWTH

The breathtaking advances of electronics and information technology are opening up a whole new world for agricultural engineering, of a significance comparable with genetic engineering. No area of agriculture will be untouched. The emphasis is on the further development of precision farming through parcel-specific management.

AGRICULTURAL ENGINEERING IS A GLOBAL BUSINESS

Competition in agricultural engineering is international. All round the world, farmers are dependent on the use of economical, crop-specific machines. Unpredictable weather and sharply fluctuating prices involve a high risk. Harvest seasons are getting shorter all the time, as a result of developments in plant breeding. The ever-closer association between maximum yield and fast ripening places big demands on the efficiency of machines.

The trend towards globalization began in the early 1980s and has been increasing ever since. The decision by many countries to throw their markets open to free competition has changed the framework conditions, creating new opportunities for tapping markets. The opening up of the former state-trading countries of Comecon, China, most of Eastern Asia, India and many South American countries offers various openings for market penetration, besides traditional exporting. Uncompetitiveness, shortage of foreign exchange and also geographical distances in these countries mean that production and added value creation take place in the areas where the machines are sold. Think global, act local is the distinguishing characteristic of globalization in the present-day context, in comparison to the largely concentrated added value creation in conventional export business.

The global orientation of agricultural engineering is accompanied by a wave of mergers and acquisitions. In Western Europe alone, due to this movement of concentration, of the thirteen manufacturers formerly in business besides CLAAS, only three international full liners are left.


The harvesting systems approach is gaining ground in agriculture. Several harvest, transport and storage vehicles are involved.

AN INDUSTRY CHARACTERIZED BY CYCLICAL SWINGS

Willingness to invest in agriculture is largely determined by grain prices. The market experienced a vigorous growth phase in the 90s. Demand outstripped production, and with rising prices, worldwide stocks shrank considerably. 1998 saw a reversal of the trend, as grain prices plunged. The drop in income suffered by farmers as a result, especially in the growing countries of the West, coupled with financing difficulties in some key importing countries, led to a sharp cutback in investment in agriculture. A sustained improvement of the market situation in Western Europe has been held back, in the past year, by outbreaks of BSE and foot-and-mouth disease.

CLAAS – A FIRST MOVER ON THE MARKET

The CLAAS Group's path to world leadership in agricultural engineering has been marked by technological milestones. These denote unique positions on the market and set us apart from the competition as a First Mover. We can put forward plenty of instances in support of this claim. CLAAS presented Europe's first pick-up baler in 1934, the first combine harvester designed for Europe in 1936 and the first self-propelled forage harvester in 1973. We can also lay claim to the invention of continuous yield measurement during combining, using the photo cell principle; the development of 3D combine cleaning; and a laser-assisted automatic steering system for agricultural machines. A further milestone was the market launch of the Lexion, a high-performance machine using the hybrid threshing system.

Our First Mover strategy has helped us become market leader and has broken down significant barriers to market entry. We are the technological leaders and we hold patents that put us way out in front. CLAAS is Number One in Europe in combine harvesters and the world leader in self-propelled forage harvesters.

LEAD IN PRODUCT DEVELOPMENT

We play a big part in shaping the markets, because we are quicker than the competition to identify customer needs and trends. CLAAS did not wait until the early 1980s to join the globalization trek, but on the contrary took positions in Europe, North America, South Africa and Australia very early on. This early market entry firmly anchored the CLAAS brand in the consciousness of international agriculture and created a pool of experience to consolidate the lead in product development. As suppliers of system solutions, our staff in every corner of the world cover a wide range of customer requirements. A CLAAS service team is available to assist and advise customers, as well as having an ear to the market. Getting off to a prompt start on international terrain has enabled us to get to know our markets of tomorrow.

- CLAAS – a well-known name in global agricultural engineering
- Market leader, technology leader
- We look after customers all over the world
- Financing products are included in our service package
- »Win-win« positions with our partners

KEEPING AHEAD OF THE PRESENT

MARKET LEADERSHIP IN AGRICULTURAL ENGINEERING

The CLAAS Group holds excellent positions on agricultural engineering markets. We sell one combine harvester in every three in Europe, and every second self-propelled forage harvester in the world. Our product range is a wide one, tailored to the needs of farmers on every continent. As well as combine harvesters and forage harvesters, we produce large-square balers and round balers, along with conventional balers. Our green harvest machinery range comprises mowers, tedders, swathers and self-loading forage wagons. We supply the world's tropical and subtropical regions with sugar cane harvesters. Also included in our product line are modern system, transport and commercial vehicles for agricultural use, together with the latest agricultural information technology. We are system suppliers on the drive assemblies and hydraulic components markets, not just for the CLAAS Group but also for outside customers. We manufacture through seven product companies in Germany and other countries; we have seven sales companies and we have relations with over 80 importers. Many of our product companies run their own research and development departments.

A combine harvester at work, with the latest technology such as a Laser Pilot on the cutterbar.

We maintained our dominant position in the major segments of agricultural engineering in 2001, developing it further in some instances. The sale of close on 3,900 combine harvesters represents a world market share of nearly 17%. In Western and Central Europe, that figure is over 35%. We also have a significant market share in the CIS. Our worldwide market share of self-propelled forage harvesters has reached 50%, corresponding to sales of around 1,100 units. On nearly all the main markets, our share is at the upper end in terms of percentage. Of 100 self-propelled forage harvesters sold in the CIS, no fewer than 95 are CLAAS machines. We have approximately a 10% share of the world round baler market, and nearly 20% of the world large-square baler market. We also hold a leading position with engineering and machines from our »green harvest company«.

HIGH-TECH FROM HARSEWINKEL

Success on world markets is due to our ability to keep ahead of the competition with progressive technologies and rapid implementation of new products. The history of CLAAS is marked by innovations. The development of the first European combine harvester and, later, the first self-propelled machines revolutionized the market. The launch of the totally new Lexion combine harvester in the mid-nineties set new standards. We invest approximately 4.2% of our turnover in research and development, a high figure for the industry worldwide. Technological leadership is the key to maintaining and developing market leadership.

Our strategy is an integrated approach to agricultural operations. We see the individual harvest machines as components of an economically and environmentally oriented agricultural production system. Our engineers and technicians develop machines which slot into the harvesting process, to offer the customer maximum functionality on an economical basis. Mastery of the entire process chain calls for skilful knowledge management, which increasingly combines crop-farming knowledge with expertise in machine design and co-ordination. Our objective is to blend customer ideas with technical feasibility.

The efforts we put into research and development are reflected in a young product line, protected by patents. This gives us an edge when supplying big farmers and contractors, and is recognized by the market as a strategic differentiation and unique position characteristic.

EFFICIENT AND CLOSE TO THE MARKET

For us, market leadership is not some abstract goal to be achieved as an embellishment in the competitive context. Leading positions on the market lead to a series of synergistic effects, which we systematically utilize. Concentrating on core skills and gathering outstanding expertise around us have also secured us technological leadership.

One aspect of our strategy is the combination of focussed facility and factory marketing. By focussed facility, we mean creating legally independent corporate units which, using their own know-how and under their own control, develop and manufacture the products of a division. The network developed at CLAAS, of distributed expertise and added value creation in development and production, links central process and design competence with local application requirements. At the same time, we have expanded production management to include tasks from the area of sales and marketing. The combination of focussed facility and factory marketing creates corporate units that are innovation-driven, cost-conscious, market-oriented, profitable and competitive. Not only Sales but our technical staff, too, have their ear to the market.

A PLANT FOR TOMORROW

At our Harsewinkel factory, where nearly two-thirds of the Group’s sales originate, a forward-looking investment project worth € 55 million is under way. The aim is to enable us to act even faster and more flexibly on the markets. The ever larger, highly complex combine harvesters and forage harvesters, tailored to individual customers’ requirements, demand changes to production systems and plant. In future, not only will complete combine harvesters come off the production line at Harsewinkel, but components and assemblies will also be produced there, in order to build combine harvesters elsewhere in the world.

STRENGTH BASED ON CLOSENESS TO THE CUSTOMER

Successful agricultural machinery business without comprehensive service is inconceivable. Service to the customer is part of our corporate culture. The range of applications for our machines is as diverse as our customers. They work with varying field sizes, different types of soil, vegetation and harvesting conditions. Their work is a loop of interlinking processes. A breakdown at any point has serious consequences for the process as a whole.

Harvest seasons are getting shorter all the time, due to modern farming methods, and are affected by the weather and the time of day. If the general conditions are favorable, the machines then have to perform flawlessly at top output. If the weather is good and the grain is dry, but the machines are not working, then the farmer or contractor depends on getting service and parts on site as fast as possible.

Powerful green harvest machinery from Bad Saulgau: mower units ahead of the forage harvester (left). The LINER (center) quickly clears the field, forming neat swaths.

CLAAS pays due regard to the complex conditions that govern cultivation of the soil. We have set up a full network of service stations and parts warehouses in Germany to carry out service and repairs in a matter of hours at harvest season. The worldwide supply of parts is handled by our Logistics Center at Hamm-Uentrop, which performs the functions of accepting incoming goods, storage, order picking and distribution of some 88,000 items. Our status of global player is underpinned by a service task force, which can be deployed worldwide to service CLAAS machines.

NEW FINANCING CHANNELS

Our international customers expect a package of services that includes more than just sale of machinery and after-sales service. By founding CLAAS Financial Services (CFS), Paris, a joint venture with the French BNP-Paribas group, we have opened up new channels in financial services for our customers. The product range comprises credit, leasing, hire and insurance. One area of particular significance is flexible sales financing in the emerging markets, which almost without exception are growth markets for agricultural engineering. We have now developed numerous sales financing programs in newly industrializing countries and countries in transition, using unconventional channels, which substantially increase our selling opportunities in growth regions while eliminating significant balance sheet risks. CFS, which has processed several thousand applications since its formation and handles a financing volume of over € 240 million, has expanded into Poland in the year under review, besides doing business in Germany, France, Italy, Spain, the USA and Canada.

AT WORK IN FIELDS ALL OVER THE WORLD

The business has its origins in agriculture in Westphalia. Being rooted in the soil and conscious of tradition doesn´t preclude from operating globally. We started setting this company on an international course long before the word 'globalization' even existed. Today, CLAAS machines are at work in nearly all the world's fields. The success of our international strategy is not measured in terms of numbers present on all the continents, though. The strategic core of our globalization is the development and production of machines that can process a wide variety of crops, in very different climatic zones, rationally and efficiently. Standardized products are not suitable for global use.

Our international strength can also be attributed to our readiness to take risks in worldwide business. Global presence involves substantial financial and human resources and requires willingness to co-operate. We are pursuing this path of partnership. Through collaboration and the interplay of different skills and abilities in the areas of product line, manufacture and distribution, we build »win-win« partnerships for everyone concerned, without any loss of independence.

WIN-WIN PARTNERSHIPS IN WEST AND EAST

The joint venture with Indian tractor manufacturer, Escorts Ltd., is a pioneering one. With 140 million hectares under cultivation and a mechanization level of 10%, India is one of the growth markets par excellence for agricultural engineering. The Crop Tiger combine harvester produced by the joint venture represents exemplary technology for this huge market, giving us jointly a very good market position. The development of local added value has made it possible to operate profitably at a very early stage.

We are also resolutely pursing the development of local added value in Eastern Europe. Tapping these markets remains a challenge. The growth potential is enormous. The road to joint ventures is a stony one. Political framework conditions are uncertain, the climate is still not particularly business- or investment-friendly. In Russia, we are negotiating for a production facility; in the Ukraine, we are one stage further, with local combine harvester production already under way there.

INNOVATION ON THE LINE

CLAAS is an established name in agricultural engineering. No other competitor has effectively achieved a comparable profile on the relevant markets. Year by year, we launch beneficial innovations on to the market. The LEXION 480 is the world's most powerful combine harvester, with a throughput of over 40 tonnes of wheat per hour – unimaginable only a few years ago. During the year under review, only six years since the market launch, the 10,000th vehicle in the LEXION product family rolled off the production line, fitted – like the others – with an on-board computer. Customers now have a choice of three new models, with the LEXION 470 and the two evolutionary models, the LEXION 460 and the LEXION 430.

In all the LEXION models, we offer Caterpillar engines, which are characterized by high power and fuel efficiency. The vehicle cabs feature a number of new equipment details to further optimize stress-free working with CLAAS combine harvesters.

The new series of the JAGUAR self-propelled forage harvester, introduced last year, met with excellent market acceptance in the year under review. In the round baler segment, the UNIWRAP product is a new combination machine that wraps the bales directly in plastic. Another new addition to the product line is the VARIANT 280 round baler, equipped with a function-enhanced control unit and a new pick-up generation.

In the area of electronic assistance for farmers, our subsidiary AGROCOM is working on the further development and internationalization of the interface between tractor, mounted implements and on-board computer. LBS+ has been approved and implemented as an industry standard, based on DIN 9684, with the collaboration of CLAAS and AGROCOM. At Group level, CLAAS has developed an on-board computer for the control of tractor-mounted implements with standardized interfaces, which meets both LBS+ and the future ISO standard. During the year under review, Agrocom won the silver medial for a pioneering innovation in precision farming for its AGRO-NET software. AGRO-NET offers the user yield mapping, a crop cutting record and area management in a single software product with a standard interface for all the necessary management and control operations in crop growing.

WE ARE ALL CLAAS

- High level of identification with the firm
- A living culture
- Personnel development is a priority
- Career opportunities for young people
- We reward performance and innovation

REGARDING THE GROUP AS A SINGLE ENTITY

CLAAS sells high-tech agricultural machinery all over the world. Our staff are deployed internationally. The bond that unites them is a common will. We regard CLAAS as a single entity. The cohesion of the individual parts of the Group and shared use of potential are what determine our success.

We are living in a knowledge-based society. Products and systems are becoming increasingly complex, and the demands made on staff skills and know-how are growing all the time. The CLAAS Group represents a huge pool of knowledge. That knowledge has to be available to everyone. Willingness to transfer and exchange knowledge across divisions and boundaries is part of our corporate culture.

PRINCIPLES OF MANAGEMENT AND COLLABORATION

We do a lot in order to be successful with professional, motivated employees. During the year under review, we invested over € 6 million in personnel development. This is investment in the future. Our principles of management and collaboration state that we are guided by mutual respect, readiness to accept change, reliability and involvement in decision processes. The yardstick by which the success of our personnel policy is measured is customer satisfaction.

During the year under review, we received the Company Award from the Federal Association of German Management Consultants for our innovative company management. One of the award criteria was trendsetting personnel management.

IDENTIFICATION WITH CORPORATE GOALS

One key pillar of our personnel strategy is a working relationship without hierarchies and developing the ability to take responsibility and demonstrate own initiative at all levels of the company. Absence of barriers and freedom from self-doubt creates a »feeling of belonging«. This is firmly anchored in the consciousness of all CLAAS employees.

Commitment to the Group is attested by low staff turnover and the continuing success of our employee shareholding scheme. During the year under review, more than 56% of the 4,100 employees entitled to subscribe in the CLAAS domestic companies acquired shares in CLAAS Mitarbeiterbeteiligungs-Gesellschaft (CMG). CMG now has capital of over € 15 million. The total interest payout for the 2001 financial year amounts to over € 2.8 million.

Benefits paid out by the company pension scheme for the German companies increased further during the year. Superannuation payments to former employees and their surviving dependents rose by 4.1% to € 5.3 million. The number of eligible pensioners reached 2,497.

The CLAAS Group as a whole had an average for the year of 5,458 employees, 209 fewer than the previous year. The domestic companies employed 4,187 people, and the international companies 1,271.

A PLATFORM FOR KNOWLEDGE TRANSFER

We have institutionalized the gathering and exchange of knowledge by founding the CLAAS Academy. This is a worldwide training organization, open not only to our staff but also to distribution partners and importers. Through training courses and practical work in the field, we equip staff from the engineering side with production and service knowledge, and support our marketing specialists with benefit arguments for our machine and system product lines. In 2001, a total of 2,755 people from the technical and marketing functions took this opportunity for further training at our training centers in Harsewinkel, Bad Saulgau, Metz and Belgorod in Russia.

OPPORTUNITIES FOR YOUNG PEOPLE

The training ratio, i.e. the proportion of trainees to employees, at the CLAAS production plants is 7.5%, two to three percentage points higher than the industry average. During the year under review, 82 young people were taken on. At the end of the year, we had 374 trainees in the Group. It is part of the CLAAS tradition to invite the trainees' families to come along on introduction day and find out about the Group, our position on the world market, training places available and career opportunities.

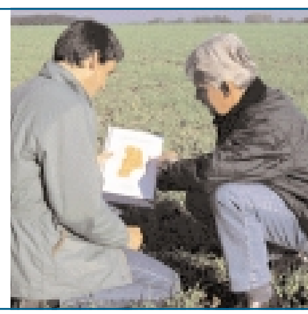
Maintaining our leading position on agricultural engineering markets calls for a big pool of specialists and managers. To meet that need, we lost no time in designing an effective international trainee program. Within the framework of this program, university graduates from a range of disciplines spend 12 to 18 months with the firm, moving from Production to Administration to Sales. At least one period of time spent with one of our subsidiaries abroad is always a requisite in order to work in our global business.

Through this postgraduate further training scheme, we gain employees who have both the theoretical knowledge of their subject and an in-depth understanding of the Group and its markets. Our traditional close links with prominent universities stand us in good stead when recruiting graduates.

CLAAS has pioneered twin-track studying at professional training institutions and technical colleges. This has proved to be an extremely effective way of training up highly qualified staff with a commitment to the Group.

SCHOLARSHIPS IN GERMANY AND BRITAIN

For several years now, the CLAAS Foundation has made awards to outstanding dissertations or project work in the agricultural engineering, engineering and business management fields. The first bursary awarded, the »Helmut Claas Scholarship«, provides € 300 per month for a period of two years. The second prize is of € 250 for one and a half years. During the year under review, these scholarships were awarded in Germany to students at Munich Technical University and the University of Stuttgart-Hohenheim. In Britain, the prizes went to students at Cranfield University.



CLAAS encourages its employees to think and act internationally. The CLAAS Foundation awards annual scholarships to gifted young students (left).

- We take responsibility for soil conservation
- We build machines for economically…
- …and environmentally well-designed processes
- Exemplary, environmentally friendly painting line
- Grant from the Federal Minister for the Environment

OUR ENVIRONMENT REMAINS LIVELY

THE SOIL NEEDS TO BE CONSERVED…

Agriculture and environmental protection are interdependent. Farmers and contractors not only need to provide the food essential for life, but at the same time, they have to ensure that the basis of their work remains intact.

Without fertile, healthy soil, agriculture is impossible. For a long time, this was not a problem in the world. As recently as the 19th century, land was still regarded as a ubiquitous commodity, which only required to be taken in hand by human beings. Its unlimited availability was taken for granted. Marshes were drained, lowlands were diked and sand turned into arable land. In Prussia, farmers from all over Europe showed how Brandenburg heaths and marshy land on the Oder and the Havel could be developed into fertile farmland.

Times have changed. The idea of unlimited land at our disposal is now an illusion. The world population explosion, rising standards of living and globalization of markets have hugely pushed up demand for food. The agricultural industry has to work the soil intensively, allowing it only a short time to recover.

However, this development has not altered our responsibility for successful conservation of the soil. On the contrary, countermovements are emerging, demanding better soil conservation. CLAAS is among them. Our big agricultural machines and tractors are essential for economically efficient agriculture. We realize that when used intensively, they exert tremendous pressure on the ground. This realization is a key component of our development strategy: if agricultural machinery has to travel over the soil, then better that it should do so in a way that avoids environmental damage.

...AND THAT´S SUPPLIED BY CLAAS

We develop machines to meet both economic and environmental demands in the closed system that is soil cultivation. We bring our influence to bear in tire technology and we build agricultural machines that combine individual operations into one. That saves costs, as well as protecting the environment.

Our CHALLENGER models and some of the big LEXIONs are fitted with rubber track roller units to protect the ground, while also making them more economical to operate. Our modern cane harvesters can also process green sugar cane. These machines permit more environmentally compatible harvesting, as they collect up the leafy part of the sugar cane from the field in a second pass, for use as an energy source. The traditional burning down of plantations before harvest is no longer necessary. We develop agricultural software systems to help make not only harvesting processes but also livestock breeding operations more economical and environmentally sound.

EXEMPLARY PAINTING LINE

Looking after the environment also means making our own production facilities more environmentally friendly. At our new plant in Harsewinkel, fitted out at a cost of € 55 million for modern combine harvester and self-propelled forage harvester production, the painting line is the core of the operation. Introduction of a new surface treatment method has enabled pollution to be significantly reduced. Compared to conventional processes, emissions of volatile organic compounds, which are precursors of surface ozone, spray-painting residues and contaminated wastewater are avoided. The new CLAAS powder coating process also reduces the use of organic solvents, lacquers and other chemicals.

The Federal Ministry of the Environment is supporting the modern painting process at our main factory with subsidized interest rates under the »Investment program for the reduction of environmental pollution«. The Ministry regards the line as an example for other industries to follow. »This approach to surface treatment,« the Environment Minister said in his commendation, »serves as an example not only for agricultural engineering but also for whole sectors of large vehicle painting and mechanical engineering. The process is superior to previous painting methods and is sure to find many emulators, following the demonstration run.«

WE INTEND TO CONTINUE GROWING

- We are geared up for globalization
- Focus on Eastern Europe and America
- We look for innovative financing for our customers
- We develop benefit leadership and cost competence
- Above all, though, we remain a First Mover in agricultural engineering

GLOBALIZATION SETS THE STRATEGIC DIRECTION

CLAAS has developed world leadership in agricultural engineering through the work of past years. We are determined to create the conditions for further growth and to develop this dominant position. The necessary readiness to accept change is already assured within the Group. Our new structures permit even faster, consistent implementation of decisions. The strategic direction is set by globalization: opening up new markets, while maintaining and strengthening our position on our core markets. We make it our priorities to ensure that CLAAS will continue to play its part in shaping trends on agricultural engineering markets in future and perform the function of First Mover.

The pillars of our corporate philosophy are still innovative products, customer-oriented solutions, high productivity, excellent service and distribution. We have identified opportunities to further improve our relative competitive positions in the case of our self-propelled machines, i.e. combines and forage harvesters, on the one hand. Towed machines too, namely balers and green harvest machinery, also offer export opportunities on new markets.

The CROP TIGER, a small rice harvester made in India, at work in the rice-growing areas of Eastern Asia.

NEW FOCUSES OF ATTENTION OUTSIDE WESTERN EUROPE

Expansion into the major markets outside Western Europe is essential in pursuit of our growth strategy. Machine ownership in the principal West European markets is comparatively high, and replacement demand tends to be low. The only way to further expand our positions is at the expense of the competition. To some extent, this also applies to North America. We are strengthening our overseas position through our partnerships and are in the process of securing a significant market share, by developing local manufacture.

The FAO predicts that future growth in cereal production will mainly take place in South America and Eastern Europe. In the CIS especially, the technology is obsolete and domestic production is too low. In many countries, lack of machinery puts the harvest in jeopardy. We already have strong positions in Central and Eastern Europe. The CLAAS name is well known on fields nearly everywhere. Our existing market leadership in combine harvesters and forage harvesters built in Western Europe is set to be developed. In order to optimize costs, logistics and distribution, we are striving to set up local production. This is a necessary step, albeit an arduous one.

In India, we launched a successful joint venture with a major local company quite a few years ago, to manufacture rice harvesters. In Russia, talks are in progress for an assembly plant in the south of the country. In the Ukraine, where our machines are built under contract, further joint ventures are planned.

OVERCOMING FINANCING BARRIERS

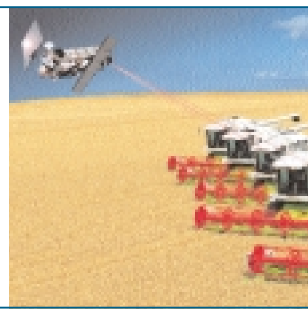
The bottleneck in expansion into Eastern Europe is, in many cases, financing the big agricultural machines sold. We have already accumulated a lot of valuable experience in assisting our customers with intelligent financing solutions. We regard it as proof of our successful efforts in this area that CLAAS is the first agricultural engineering manufacturer to obtain Hermes export credit insurance again for sales to the CIS since the Russian crisis of 1998. In order to seize our opportunities, which stem in particular from the rapid expansion of mechanization in many threshold countries, we shall further refine the instruments of innovative financing and orient ourselves more firmly to the international financial markets.

INVESTMENT OFFENSIVE LAUNCHED

The bases of our growth strategy are extensive investment in our plants, our production and logistics concepts and a Web-based purchasing system. We are investing € 55 million in rebuilding and restructuring the main factory at Harsewinkel. This is the biggest corporate investment in Westphalia. At Bad Saulgau, a further € 3 million are going into replacing the plant structure and we are devoting significant resources to building up our distribution networks. Finally, every year we spend a lot of money on consolidating our technological leadership. Expenditure on research and development has risen steadily and is set to continue to do so in coming years.

OUR CORE EXPERTISE

CLAAS' market leadership is based on core expertise built up throughout our history. That includes mature technologies, leadership in value, cost competence and lots of know-how in the areas of information technology and service logistics. We see the continual improvement of these core skills as an on-going commitment. We shall further expand our knowledge about value for the customer and the development of superior benefit machines and services. Our streamlined organization and increasing networking with selected qualified suppliers will enable us to react even faster and more specifically to cyclical swings. To take account of rising demands for machine availability for harvests, we shall continue to invest in jointly developing integrated systems with our distribution partners. Lastly, we will continue along our chosen path of internal Group structuring. We place our reliance in customer-oriented, decentralized processes and delegation of responsibility.



CLAAS has successfully maintained market leadership over the competition through numerous technical innovations, such as the GPS satellite navigation system.

CLAAS ON THE CAPITAL MARKET

We were one of the first names in European industry to take the step on to the new European debt capital market with the issuance of a euro bond with a nominal value of €100 million in March 1999.

- Euro bond showing high resilience
- Great flexibility in capital procurement

TURBULENCE IN THE MARKET ENVIRONMENT

Developments in the international capital markets were not under a lucky star in 2001. From autumn/spring onwards, the economic environment declined appreciably. The terrorist attacks of 11 September accelerated the recession beginning in the U.S.A. and the slowdown in economic growth in Europe. The decline in the world economic activity was accompanied by a sharp downturn in the stock and bond markets. Individual sectors were pushed to the edge of a major slump. As a result of the unfavorable market outlook combined with drastic profit warnings, the major rating agencies downgraded the ratings of many renowned industrial companies. Indications of a crisis in several emerging markets repeatedly flared up, which further exacerbated the economic situation.

In this environment, the risk awareness of international capital market investors increased significantly and led to an expansion of the credit spreads in existing and new capital market transactions in the corporate sector. From the point of view of the issuers, the changed risk awareness of the investors meant that advantages of the generally favorable interest rates could no longer be fully exploited due to the increased credit spreads.

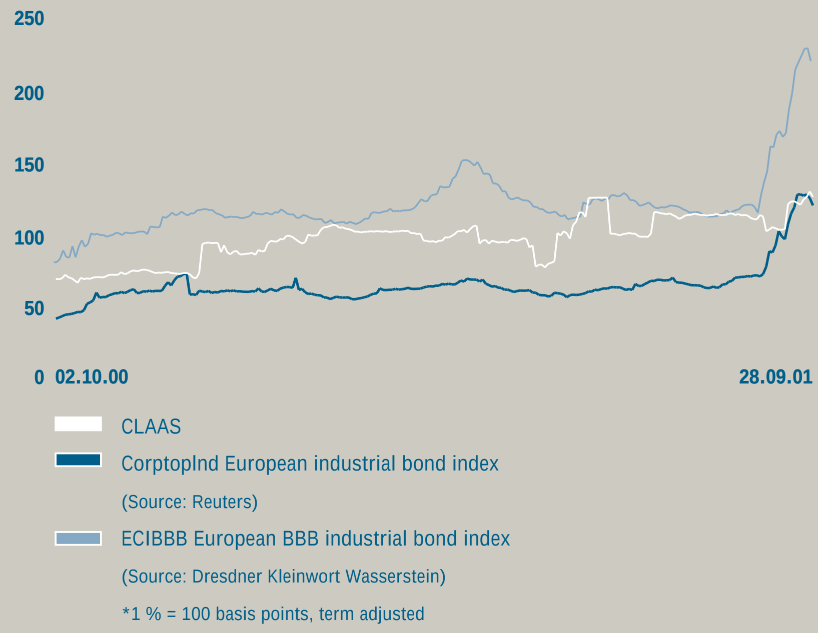
HIGH RESILIENCE OF THE CLAAS BOND AND FLEXIBILITY IN CAPITAL PROCUREMENT

The bond issue, floated at a nominal value of € 100 million by CLAAS in March 1999, which was one of the first euro bonds, has remained very steady under these economic conditions. The increase in credit spread was moderate compared to the industry overall and confirmed the stability of the CLAAS bond.

However, the spread development in the individual debt capital market segments – like the euro bond market listed on the stock exchange – conceals two issues. On the one hand, there are still price differences between the traditional bilateral credit market and the growing euro bond market. On the other, our financial result is influenced by our overall financial liabilities profile (terms, currencies, etc.) as well as by the spread development.

We have drawn appropriate conclusions from this for our position in the capital market. Our policy is to individually address specific segments of the debt capital market with regard to the procurement of financial resources and to separate funding considerations from the management of our liabilities profile. For instance, such separation may ensue via a combination of fund-raising and currency derivatives or via interest rate hedging policies using interest rate swaps preceding such fund-raising.

CLAAS BOND SPREAD TRENDS COMPARISON (basis points*)



THE GROWING SIGNIFICANCE OF NAME RECOGNITION

The establishment of the euro currency area has further globalized the world of finance and increased the significance of name recognition in capital market transactions. International financial investors are more and more emphasizing a neutral evaluation standard when taking their investment decisions. The official rating by a neutral rating agency is being increasingly used to evaluate the credit quality of capital market operators. In most cases, non-rated capital market transactions can be placed only upon acceptance of a significantly higher credit spread. For European industrial borrowers a rating has gained additional significance due to the plans of the Bank for International Settlements (BIS) to make equity capital reserves required at commercial banks in lending transactions dependent on the rating of the borrower on an individual basis.

CLAAS is considering the option to obtain an external rating. We have already familiarized ourselves in detail with the implications of the rating process.

SUCCESSFUL ASSET-BACKED PROGRAM

The asset-backed financing program introduced last year has completely fulfilled our stipulated goals. Asset-backed securities (ABS) programs facilitate the efficient management of short term capital employed, improve balance sheet ratios within the business year and open up additional financing opportunities.

- Profitable growth through value based management
- Focus is on cash flow, capital base and cost of capital

ENTERPRISE VALUE AS THE GUIDING PRINCIPLE FOR MANAGEMENT

Only those companies whose return on capital exceeds cost of capital will attain long-term success. The same applies to large publicly held corporations and family-owned companies. Over the past years, CLAAS has established consistent value management throughout all levels of the Group. Since the beginning of the new fiscal year, incentive systems for management are also based on our value based management concept.

Value based management sets internal guiding principles for operative units and divisions and provides important assistance in making investment decisions. Thus the increase in enterprise value is taken into account in all decisions. This benefits not only investors, but employees and other stakeholders as well. After all, the value increase is a primary requirement for the continuing existence of the company. Externally, we use value based management as an instrument to open up the company to investors and the interested financial community, customers, suppliers and other partners important to us. Examples of our open communication policy include our transparent accounting in accordance with US GAAP, a considerably extended coverage of our annual report, increasingly so in the past several years, and an intensive information sharing with our financial partners.

FOCUS ON CASH FLOW, INVESTED CAPITAL AND COST OF CAPITAL

The primary measure used in our value based management concept is cash flow return on investment (CF ROI), which provides information on how much after-tax liquidity has been generated through operations in comparison to the invested capital.

GROSS CASH FLOW	/	GROSS INVESTED CAPITAL
Operating result after tax (special impacts adjusted)		**Assets**
+ interest expense		– tax and other provisions
+ depreciation/amortization		– trade liabilities
+/- changes of long-term provisions		– other non-interest bearing liabilities
+/- other non-cash expenses/income		+ accumulated depreciation
Gross cash flow		**Gross invested capital**

The CF ROI is defined as the ratio of gross cash flow to gross invested capital. In the gross cash flow, non-operative variables and variables not counted as payments – such as depreciation – are eliminated. As this cash flow is calculated before interest expense we are effectively applying a ‘Cash flow to Total Capital’ approach. The gross invested capital reflects invested operating assets by which gross cash flow is generated. Non-interest bearing capital (e.g. provisions), is eliminated from gross investment.

The CF ROI becomes economically meaningful when it is compared with the cost of capital. These determine the weighted required returns after tax to equity and debt capital providers. A company-specific expected market yield to an investment in a »fictitious« CLAAS share is applied, which we derive from a risk analysis of our competitors listed on the stock market. The cost of debt is based on the long-term financing conditions of CLAAS. The cost of capital rate determined in this fashion is approximately 10% per year – this includes a system-dependent reinvestment premium of 2%.

Being traditionally results-focused, CLAAS now gives additional priority to three criteria: cash flow, the management of the capital base and the cost of capital. In 2001, despite the difficult environment, we nearly achieved our capital costs.

Value based management targets profitable growth. The value increase during one period, i.e. the cash value added (CVA), is thereby calculated from the difference between the return on investment (CF ROI) and the capital cost rate, multiplied by the capital used.

RETURN ON INVESTMENT (CF-ROI)	15 %	X	GROSS INVESTED CAPITAL	=	CASH VALUE ADDED (CVA)
./.			100 €		5 €
COST OF CAPITAL	10 %				
=					
ADDED PROFIT	5 %				

As the most important components of CF ROI, the gross cash flow and the gross invested capital can be broken down into individual operative value drivers. For product and sales companies in our group, working capital is a value driver that must be constantly optimized. The development of our inventories confirms the interaction of value drivers and CF ROI. In the year under review, we have reduced once again our inventories at € 169 million below the already low figure of the previous year (€ 181 million). Since 1999, the share of the inventories in the balance sheet total has been reduced by over 9 percentage points to the current level of 18%, which corresponds in absolute figures to a reduction of € 53 million in the past three years.

We view value based management as the task of every single employee. Value based management with its core values is the bridge between daily work and the valuation standards, the capital market is already applying to CLAAS and will apply even more when additional capital market segments will be addressed. We see this as a decisive factor in profitable growth.

88 YEARS OF CLAAS

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
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 Production of green harvest machinery begins (takeover of Bautz, Saulgau)
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	CLAAS Fertigungstechnik (Engineering for Production) starts up in Harsewinkel
1992	CLAAS Fertigungstechnik moves to new factory at Beelen in Westphalia

1995 Launch of the LEXION large combine harvester

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

1997 Takeover of a new plant at Törökszentmiklos, Hungary

1998 LEXION combine harvester is »Machine of the Year«

1999 CLAAS Foundation set up. First company bonds issued on the Euro capital market

2000 New parts logistics centre at Hamm-Uentrop becomes operational

Combine harvesters in the olden days. A big summer party is held to celebrate the development of a machine that revolutionised agriculture. Left: Helmut Claas and his daughter, Cathrina, who hosted the event.

2001 **AND IN 2001…**

Laying of the foundation stone for the new factory building at Harsewinkel. At € 55 million, this plant structuring project is the biggest corporate investment in the whole of Westphalia.

Supervisory Board Chairman, Helmut Claas, celebrates his 75th birthday.

The European combine harvester marks an anniversary. Series production began 66 years ago. A summer birthday party attended by many prominent personalities from the world of business and politics is a big success.

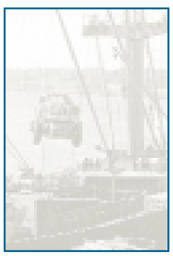
The highest sales in the Group’s history are achieved: € 1.148 billion.

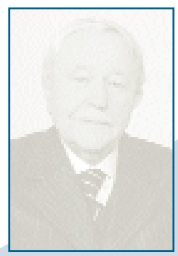
25 YEARS

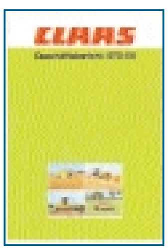
ANNUAL REPORT

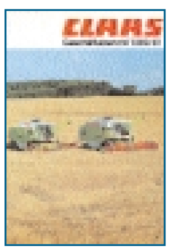
The need for information in the world of finance is constantly growing. Convincing and reliable investor relations do require a high degree of corporate transparency. As a company not listed on the stock exchange, we have taken up the challenge of achieving material comparability of our publications with listed peers. The annual report has been particularly significant for 25 years as the calling card of our company. Our customers, partners, banks and employees are in a position to obtain regular information about our current business development.

Commencement of documented financial communication: the first annual report in 1977

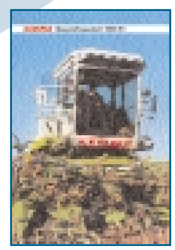


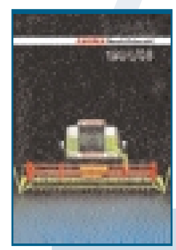




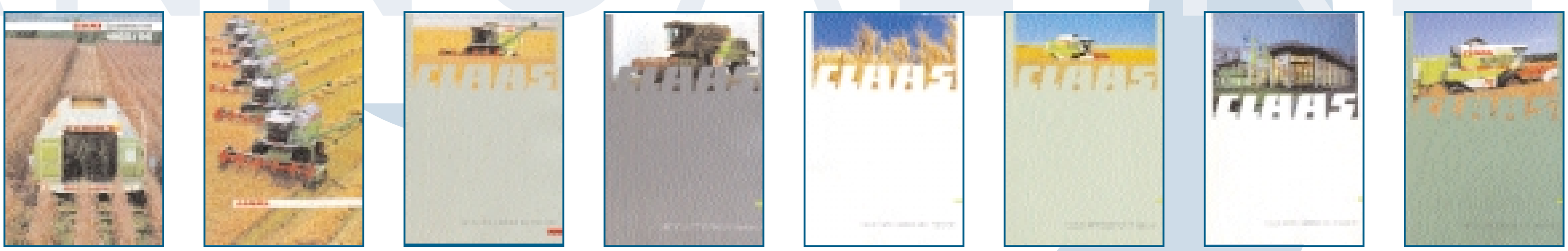


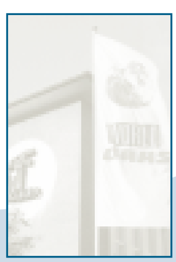
The portrait of our company founder August Claas in the annual report.



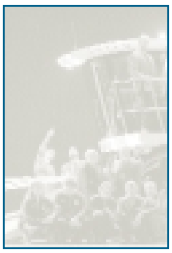


The 300,000th combine harvester rolls off the assembly line. The annual report also shows how machines are transported overseas.





The annual report is distinguished by a special design for several years.



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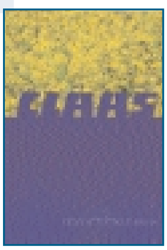
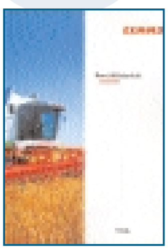
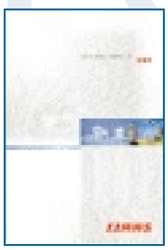
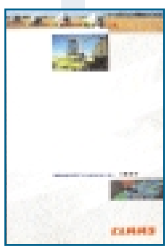
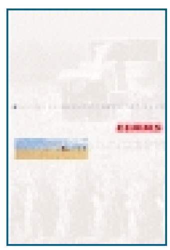
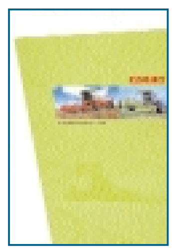


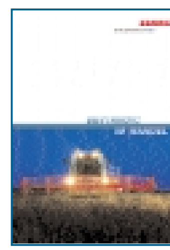












Agricultural motifs on the cover provide color in the annual report.

Professional financial communication characterizes the company at the end of the century.

LADIES AND GENTLEMEN,

The Supervisory Board of CLAAS KGaA mbH monitored and analyzed the Group's business situation at its regular meetings during fiscal year 2001. The Board's assessments were based on reports by the Executive Board on the Group's strategic orientation, the asset, financial and income positions and operating decisions. The reports were received at two sessions and used as a basis for the decisions of the Supervisory Board.

The primary focal points of the Supervisory Board's deliberations comprised plans for the year 2002, including:

- Implementation of the new plant layout for the Harsewinkel production site
- Conversion to SAP R/3
- Growth strategy for Claas production engineering
- Conversion to the euro
- Projects in the Ukraine and Russia
- Structural changes in production designed to improve material flow for CLAAS Saulgau
- After-sales strategy
- Preparation for founding a Brazilian subsidiary
- Cooperation with a well-known German manufacturer in the field of gear development
- Restructuring measures at Usines CLAAS France

At its meeting on October 4, 2000, the Supervisory Board elected Dr. h.c. Helmut Claas as its chairman and Mr. Guntram Schneider as the deputy chairman. On November 2, 2000, Dr. h.c. Günther Claas and Mr. Reinhold Claas resigned their positions. Their sons Oliver Claas and Volker Claas were elected as their successors. Otherwise, the composition of the Supervisory Board remains unchanged from the previous year.

In order to meet the increased demands of the capital markets for transparency and international comparability of annual financial statements, CLAAS published consolidated financial statements in accordance with the US Generally Accepted Accounting Principles (US GAAP) for the first time. These consolidated financial statements release from preparing consolidated financial statements in accordance with German GAAP (§ 292 HGB).

The financial statements of CLAAS KGaA mbH and the consolidated financial statements of the CLAAS Group as at September 30, 2001 as well as the management reports for CLAAS KGaA mbH and the Group were audited by Deloitte & Touche GmbH, Düsseldorf, the auditors elected by the general meeting on January 22, 2001 and appointed by the Supervisory Board, and received a full audit opinion on November 26 and December 7, 2001 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 financial statements of CLAAS KGaA, the consolidated financial statements and management reports as well as the proposal for the appropriation of profit were presented to the Supervisory Board upon completion. These documents as well as the auditors' reports were available to the members of the Supervisory Board and were discussed in detail at the Supervisory Board's meeting on January 14, 2002 in the presence of the auditor.

Thereupon the Supervisory Board passed the following resolution:

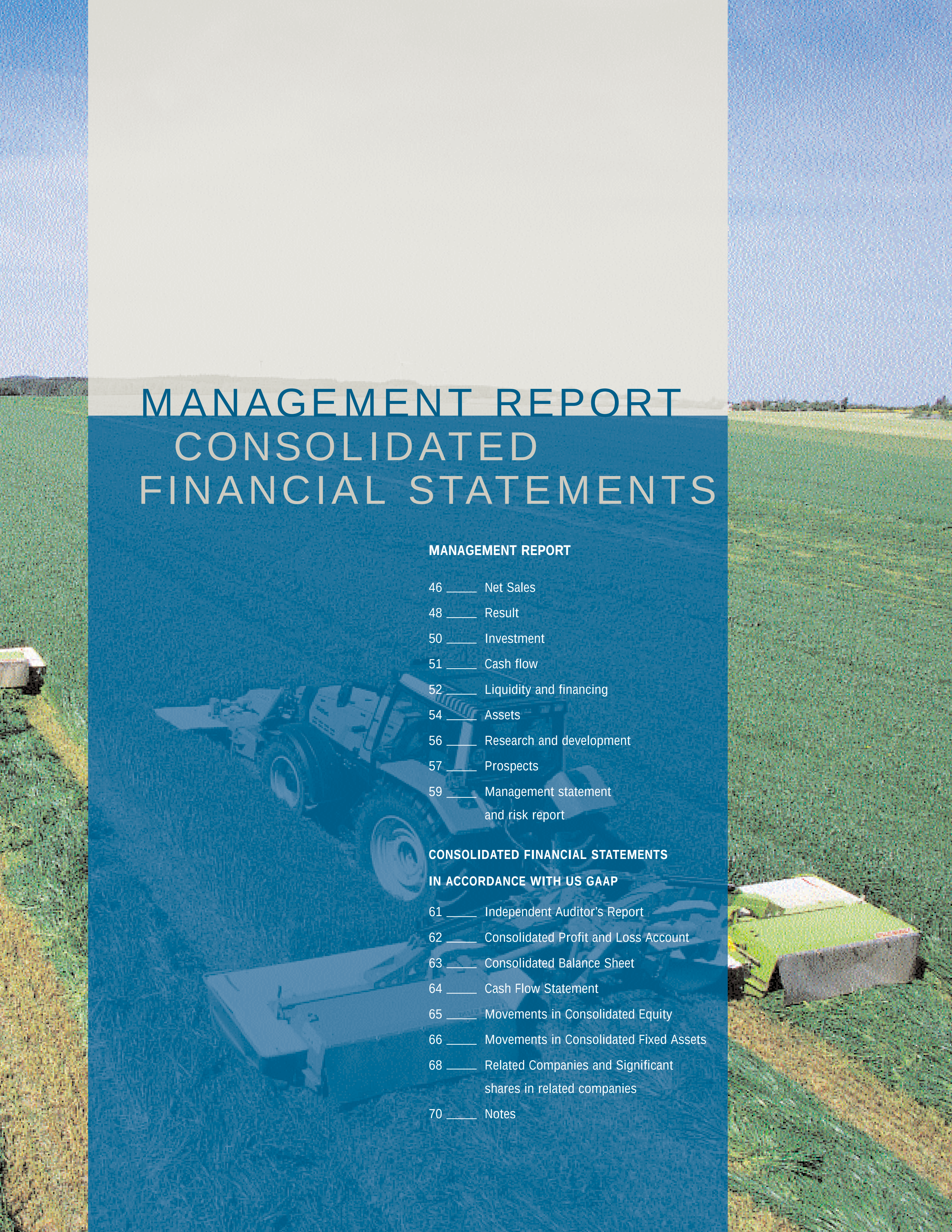
Following an audit of its own, the Supervisory Board agrees with the audit findings. The final result of the audit by the auditor did not give rise to any objections. The Supervisory Board therefore recommends to the shareholders that the annual financial statements be approved as they stand and agrees with the proposal for appropriation of income 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 commitment during the past fiscal year. Despite the crises in the agricultural sector (BSE and foot-and-mouth disease) as well as the general slowdown of the economy, close cooperation among the Supervisory Board, the Shareholders' Committee, the Executive Board and the employees made it possible to achieve a result significantly higher than that of the previous year.

Harsewinkel, January 14, 2002
The Supervisory Board

Dipl.-Ing. Dr. h. c. Helmut Claas
(Chairman)


CLAAS
JAGUAR



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MANAGEMENT REPORT OF CLAAS GROUP

CONTINUAL ALTERNATIONS BETWEEN GOOD AND BAD PERIODS IN THE AGRICULTURAL ENGINEERING INDUSTRY

The agricultural engineering industry experienced continual alterations between good and bad periods in the year 2001. In the first half of 2001 the consequences of the cattle disease BSE and the foot and mouth disease led to reductions by about 2% of worldwide sales from the German production of agricultural machinery. In the year before, the total sales from agricultural machines and tractors were increased by 2% to € 3.51 billion.

Only in summer 2001 did the influence of BSE and foot and mouth disease slowly recede and reduced the uncertainty in agriculture. New confidence of the farmers who before had delayed planning and realization of capital expenditure on machines led to clearly rising sales in the second half of the year.

On account of the unchanged, weak development in Western Europe, marked by the structural changes in agriculture, two substantial growth regions have developed for the agricultural engineering industry: North America and Central and Eastern Europe. In particular in the countries of the former Comecon community of states, the financial possibilities for capital expenditure on urgently required modern agricultural engineering stabilized.

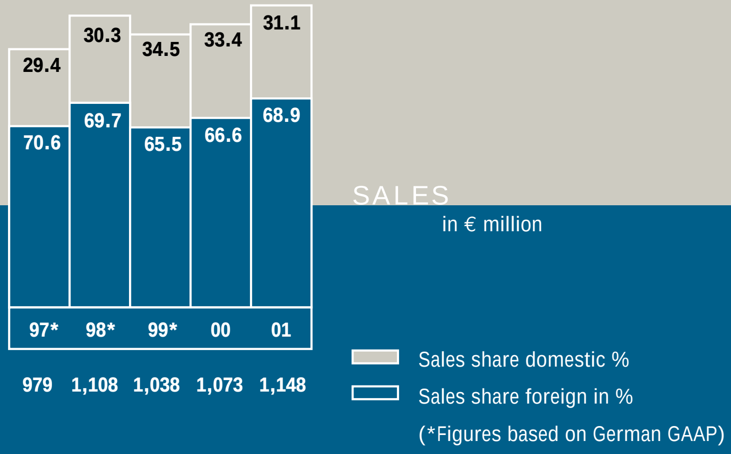
The global market for combine harvesters, for example, clearly reflects the different demand development. While the Western European market declined from about 8,050 machines in 2000 to about 7,300 combine harvesters in 2001, sales in Central and Eastern Europe were increased from approximately 2,050 to 2,740 machines. The North American market rose from 6,940 in the year 2000 to 7,800 machines. Overall, the global market recorded sales of about 23,700 combine harvesters in 2001 (22,570 in the year 2000).

The demand for green harvest machinery that had still been substantially influenced by the BSE crisis in the first quarter, increased, however, before the harvest period. The unit figures fell in Germany by 13% in the seasonal year, but were more or less on the prior year level with 80,000 machines sold in Western Europe.

In respect of the other harvest machinery, the seasonal year was declining slightly overall. While the Western European market for round balers and large square balers suffered losses of about 13% (approximately 13,700 machines in 2001), the global market remained approximately on prior year level. With about 2,050 machines sold worldwide, self-propelled forage harvesters recorded a slightly lower demand.

The countries of Central and Eastern Europe offer grounds for optimism, above all the new candidates for accession to the European Union (EU). Despite the generally overcast world economic climate, the macroeconomic data leads to the conclusion of a considerable expansion of these economies, also resulting in benefits for the agricultural engineering industry.

The exports to Central and Eastern European countries have been increasing continuously since the bottom in 1999. In the first half of 2001, they exceeded the prior year period by 26%. Exports to the Ukraine, Belarus, Poland and the Czech Republic increased disproportionately. The sales volume growth was supported by harvesters – above all by combine harvesters. In the course of an on-going changeover in agriculture to free-market processes, the industry in future expects growing volumes in these markets.



RECORD SALES: INCREASE BY 7%

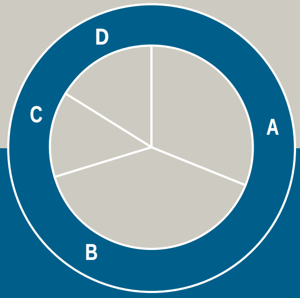
In contrast to the general slow-down in the economy and the business decline in agricultural engineering industry, CLAAS showed a positive development in the business year 2001**. Sales increased by 7% to € 1,147.9 million and exceeded the previous high figure of 1998 (€ 1,108.4 million).

The sales push into Central and Eastern Europe has been successful. Following the slump in the years 1998 and 1999, the business volume in the region increased markedly for the second year in a row. The positive development is based, on the one hand, on the general economic stabilization in these states and, on the other hand, on the continuous high commitment of CLAAS in these future markets.

Russia, Belarus and the Ukraine have been showing clear economic growth in the meantime that goes hand in hand with an increase in agricultural production. CLAAS benefits from this process through trendsetting service and the use of intelligent financing products. The Company has been the first manufacturer to meet the Hermes collateralization requirements for Russia and accordingly obtained the first Hermes guarantee in the Russian Federation since the Russia crisis 1998. Also in countries such as Poland, the Czech Republic and Hungary, sales increases of more than 50% were generated. State promotional programs to modernize agriculture gave additional positive impulses to CLAAS operations. Overall, sales in European countries outside the European Union (other European countries) rose by about 49% to € 155.9 million.

In non-European countries, sales also clearly improved to € 185.3 million and exceeded the prior year by € 32.3 million or 21.1%. Above all, the U.S.A., Argentina – represented through our new sales subsidiary –, Mexico and India contributed to this positive development.

*** The annual figures refer to the respective business years*



SALES
BY REGION
in € million

A	356.8	(-0.4%)	Domestic
B	449.9	(-1.5%)	EU without Germany
C	155.9	(+48.9%)	Other European countries
D	185.3	(+21.1%)	Non-European countries

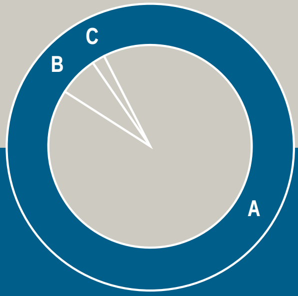
Sales in the EU fell slightly by 1.0% to € 806.7 million (prior year: € 814.8 million). The individual countries developed differently. In Germany, the high prior year level was maintained more or less; the expansion of market leadership in particular for combine harvesters to more than 44% proves the leading role of CLAAS in this market. In France, sales declined on account of a shrunken overall market by 12%; after some top-selling years, the French market is characterized by a marked capital expenditure restraint. The decrease in this important market was mitigated largely by positive developments in other EU countries. Very satisfactory was the business in Great Britain, where we could realize a clear sales growth, starting out from a low level; our market share for combine harvesters increased in Great Britain from 34% in the prior year to 38% in 2001.

CLAAS further expanded the market shares for its main products on the Western European market that declined as a whole. This success is closely connected with the product program offered by CLAAS that concentrates on more powerful and higher performanced classes of machines.

In particular the growth of CLAAS in Central and Eastern Europe affected a further increase in the foreign share in total sales from 66.6% in the prior year to 68.9%.

SALES OF COMBINE HARVESTERS AND FORAGE HARVESTERS CLEARLY POSITIVE

In agricultural engineering, sales rose overall to € 1,051.2 million. Above all, CLAAS realized growth with its main products of combine harvesters and self-propelled forage harvesters. The newly introduced combine harvester family MEDION and a new forage harvester series JAGUAR proved to be a success already in its first year. By contrast, the sales volume declined slightly for balers and green harvest machinery. This development reflects the – even if only minor – effects of the crisis in agriculture (BSE and foot and mouth disease). The sales with spare parts/accessories returned to normal compared with the prior year. Roughly half of the increase by 12.8% to € 166.3 million is accounted for by the expansion of merchandise business and the sales increase for the other products in the spare parts sector, respectively. Without including the spare parts business, sales of agricultural machines increased by 5.8% to € 884.9 million.



SALES BY PRODUCT GROUPS
in € million

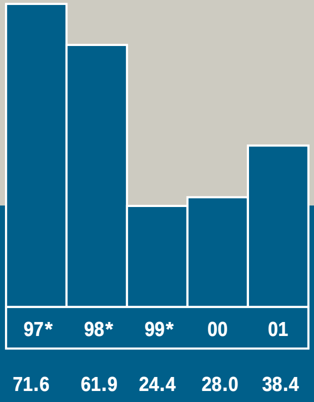
A	1,051.2	(+6.9%)	Agricultural Engineering*
B	72.9	(+6.3%)	Production Engineering
C	23.8	(+18.2%)	Industrial Engineering
*	166.3	(+12.8%)	thereof spare parts/accessories

In the area of production engineering, sales rose by 6.3% to € 72.9 million. In this segment, order intake and sales could be increased considerably for the fifth consecutive time; in the last three years alone, sales more than doubled. External sales in the area of industrial engineering grew more strongly than in the previous years to € 23.8 million and exceeded those of the prior year by 18.2%.

HIGH INCREASE IN RESULTS ON ACCOUNT OF STRONG CORE BUSINESS

The gross profit increased above all on account of the strong core business by 12.7% to € 332.9 million against the prior year. In many regions we achieved sales increases with combine harvesters and forage harvesters. The gross profit increased disproportionately in relation to sales; this is mainly due to the encouraging development in reductions to cost of goods sold. It shows that our measures to cut costs were successful (notably through increasing efficiency in the production facilities). The better utilization of the factories also impacted positively. Overall, cost of goods sold rose less than sales despite a special burden due to non-scheduled depreciation on our factory in Metz (€ 6.9 million).

The income from investments declined further in this year, since write-offs in the amount of € 9.6 million on the book values of the joint venture companies with Caterpillar had to be managed. Furthermore, the start-up expenses of these companies led to high proportionate losses so that the income from investments shows a negative result of € -17.6 million (prior year: € -7.5 million).



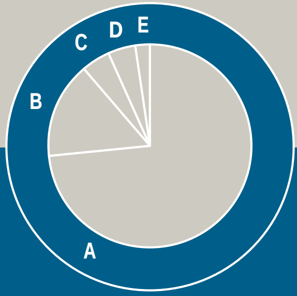
PROFITS FROM ORDINARY ACTIVITIES
in € million

(*Figures based on German GAAP)

The financial income changed only slightly in the year under review. In the past years, CLAAS took precautions against a possible capital-market interest rate rise. Thus, at the beginning of 1999, advantage was taken of the historically low interest rate level with a Euro bond issuance in the amount of € 100 million. In addition, we almost eliminated the interest risk for a part of the seasonally fluctuating current capital requirement through derivatives. However, due to these measures we could not fully participate in the declining capital-market interest rate level. This development also influenced the derivatives position that had a clearly lower positive valuation influence on the net interest income/expenditure against the prior year. By contrast, the increase in the money market interest level in the prior year was used by CLAAS to improve the income from interest and securities through active asset management. The thus stabilized income from interest and securities could be improved through positive results in foreign currency management; in total, the financial income improved compared with the prior year by approx. € 2.3 million to € -13.1 million.

The successes realized in the operative areas are also reflected in the profits from ordinary activities; with 37% they rose considerably from € 28.0 million to € 38.4 million. The measures to reduce administration expenses also contributed to this result. Despite the increased business volume, we lowered the general and administration expenses by 4% to € 50.7 million. Thus, we were able in the past business year to influence central elements of our expense structure – notably cost of goods sold and administration expenses – and to raise the results potentials. The chart on expense structure clarifies that cost of goods sold and administration expenses comprise about 79% of our operating expenses. The selling expenses, which increased in proportion with sales and the research and development expenses, increased by 4% and developed as expected. The increase in selling expenses results mainly from the increased sales in other European countries. Overall, the special burdens in the results from investments were more than compensated by the good core business and successful cost reduction measures.

These effects also impacted on the income before taxes of € 36.5 million, which is nearly 40% higher than that of the prior year (€ 26.2 million).



EXPENSE STRUCTURE

in % of Total Operative Expenses

	2001	2000	
A	74.0	73.8	Cost of goods sold
B	14.7	14.4	Selling expenses
C	4.6	5.0	General and administration expenses
D	4.4	4.4	Research and development expenses
E	2.3	2.4	Other operating expenses

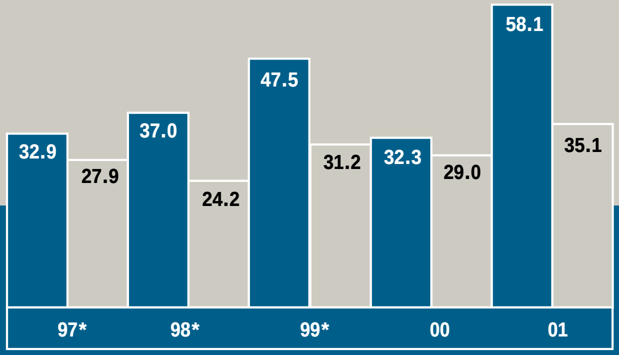
The net income increased by 22.2% from € 11.7 million to € 14.3 million; it increased less than the income before taxes notably on account of the taxes on income charge. The high burden from taxes on income was, among other things, due to the net losses for the year of foreign companies that are disallowed as a deduction for tax purposes. Furthermore, the write-offs on the US joint venture with Caterpillar that had no tax effects could not be balanced through deferred taxes, so that the net income was burdened with a disproportionately high income taxes charge.

GROWTH STRATEGY: CAPITAL EXPENDITURE IN INNOVATION AND MODERNIZING

The capital expenditures reached a record level with € 58.1 million. The increased depreciation on tangible assets and intangible assets of € 35.1 million, which rose in connection with the high capital expenditure, was again clearly below the capital expenditure.

Capital expenditure focused, as in the prior years, on measures for the structural adjustment of production facilities and production processes. The consistent modernization of the main factory in Harsewinkel continued swiftly with a total expenditure of almost € 60 million. The Federal Ministry for the Environment decided to partially fund the pilot project »Erection of an innovative painting plant« as core of the new factory from a special capital expenditure program. The environmentally friendly plant is considered a model for other industries.

The changeover of production processes will direct the production to completely new methods. While so far only finished machines left the assembly line, components and packages can now be produced in Harsewinkel for worldwide assembly. This is the decisive precondition for building up a flexible production network around the globe.



CAPITAL EXPENDITURES AND DEPRECIATION

in € million

Capital expenditures

Depreciation

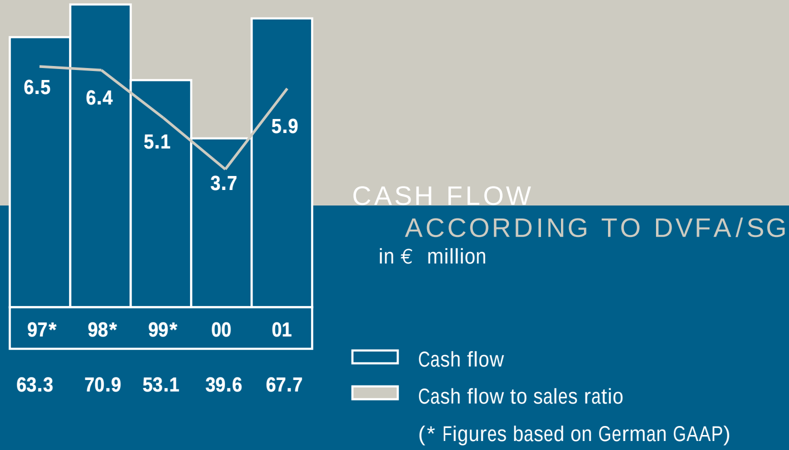
(* Figures based on German GAAP)

The project, started in the prior year, to introduce the SAP R/3 software in the whole Group will enable CLAAS to be able to react simply and flexibly to the requirements of the markets with newly structured corporate processes. In the year under review, the first module was set successfully »Go Live”.

The innovation push in the product range required additional capital expenditure on type-related tools and specific installations for model maintenance. This related, among other things, to the new baler series »VARIANT« and the combine harvester »VOLLHANG MEDION« which can also be used on extreme slopes. CLAAS' capital expenditure on securing and expanding the market presence on the European core markets remained unchanged on a high level and the activities of CLAAS Financial Services were intensified further.

CASH FLOW FROM OPERATING ACTIVITIES INCREASED BY MORE THAN 50%

The cash inflow for CLAAS Group from current business activities totaled € 113.1 million (prior year: € 73.1 million). This is above all due to the very good core business which also led to an improvement of gross profit by € 37.5 million – analogously to the cash flow from operating activities. Another positive effect was the further reduction of working capital, since it was possible in the year under review to further lower the already low inventories by another € 12.7 million. The capital expended in the year under review – above all to expand and modernize our production facilities – led to a rise of net capital expenditure on fixed assets (capital expenditure less disinvestments) to € 61.5 million; it thus exceeded the prior year value (€ 31.3 million) by € 30.2 million. The total cash flow used for investing activities exceeded the cash flow from operating activities by € 12.5 million. This includes also the cash outflow for additions to securities under US GAAP in the amount of € 64.0 million (prior year: € 46.1 million). These securities constitute short-term investments. Connected with a slight cash outflow from financing activities, cash and cash equivalents fell by a total of € 14.4 million or 8% to € 172.4 million.



CASH FLOW STATEMENT	2001 € million	2001 %	2000 € million	2000 %
Cash flow according to DVFA/SG	67.7	39	39.6	21
Cash flow from operating activities	113.1	66	73.1	39
Cash flow used for investing activities	(125.6)	(73)	(77.4)	(41)
Cash flow from financing activities	(1.9)	(1)	5.3	3
Change in cash and cash equivalents with cash flow impact	(14.4)	(8)	1.0	1
Influence of foreign exchange	(0.4)	0	0.9	0
Opening balance of cash and cash equivalents	187.2	109	185.4	99
Closing balance of cash and cash equivalents	172.4	100	187.2	100

The cash flow according to DVFA/SG of € 67.7 million exceeded the prior year level (€ 39.6 million) by 71%; the cash flow to sales ratio increased from 3.7% to 5.9%.

LIQUIDITY AND FINANCING FLUCTUATE DURING THE YEAR

At the balance sheet date, CLAAS discloses liquidity which increased from € 284.8 million to € 334.1 million (liquidity includes cash and cash equivalents plus securities held as current assets). This high level of cash and cash equivalents results above all from the fact that the funds commitment in the working capital is lowest towards the end of the business year. Liquidity at year-end is thus not representative for the entire business year. Rather, the cyclical course of business typical for the agricultural machines industry leads to considerable liquidity fluctuations during the year. This »swing« has been reduced considerably with an Asset Backed Securities Program (ABS Program) started in the prior year. In this ABS Program, trade receivables are sold to a special purpose vehicle, in particular to reduce the liquidity requirement during the year.

The first-degree liquidity (liquidity in relation to short-term external capital) fell to a value of 109.7% (prior year: 118.3%) through the build-up of cash and cash equivalents with simultaneous increase in short-term liabilities. The second-degree liquidity (monetary current assets in relation to short-term external capital) fell to 173.1% (prior year: 197.2%).

Apart from the ABS Program (volume: € 114 million), the CLAAS Group has financing commitments of about € 500 million which are broken down in the notes to the accounts. They include a Euro bond that CLAAS issued on the international capital market. This bond in the amount of € 100 million was issued by CLAAS KGaA mbH on 8 March 1999, at the time of a historically favorable interest rate level. It bears an interest coupon of 4.5% and has a maturity of 7 years. Furthermore, we took precautions for the financial safeguarding of future growth of CLAAS Group through the issuance of profit participation rights in the amount of € 41 million and the conclusion of a syndicated credit facility of more than € 100 million.

BALANCE SHEET STRUCTURE	2001 € million	2001 %	2000 € million	2000 %
Fixed assets	211.2	22.7	187.1	21.8
Current assets	720.2	77.3	672.5	78.2
Assets	**931.4**	**100.0**	**859.6**	**100.0**
Equity	268.8	28.9	263.5	30.6
Funds similar to equity	56.3	6.0	55.5	6.5
Long-term liabilities	301.9	32.4	299.9	34.9
Short-term liabilities	304.4	32.7	240.7	28.0
Equity and liabilities	**931.4**	**100.0**	**859.6**	**100.0**

ACTIVE INVENTORY MANAGEMENT, HIGH LIQUIDITY

The balance sheet total expanded in the year under review by € 71.8 million to € 931.4 million.

Fixed assets changed from € 187.1 million to € 211.2 million. The additions and increases from first-time consolidation totaling € 84.8 million (prior year: € 70.7 million) are contrasted with disposals at residual book values of € 15.1 million (prior year: € 33.6 million) and depreciation of € 44.7 million (prior year: € 28.5 million). The disposal amount disclosed in the movements in fixed assets under financial assets under shares in associated companies constitutes changes caused by valuation in the amount of € 11.9 million (prior year: € 10.1 million).

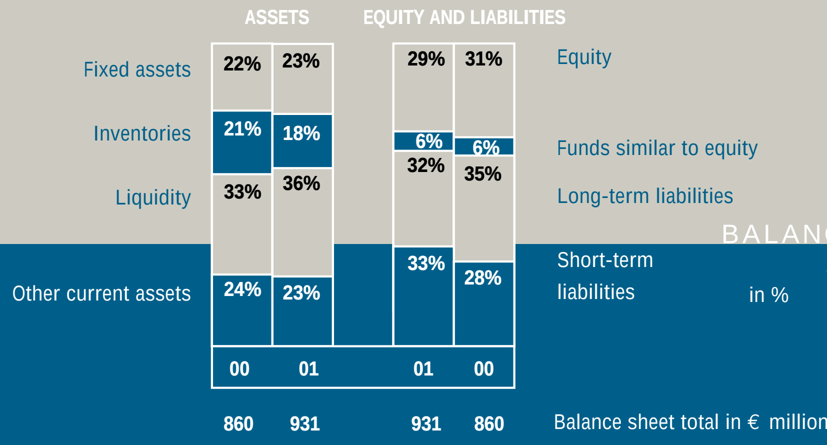
After inventories were reduced already in the prior year, a further reduction of € 12.7 million to € 168.5 million has been achieved. This low inventory level is due to targeted inventory management besides very good sales.

Trade receivables increased from € 122.9 million to € 130.5 million, but thus still remain on a low level. The ratio of trade receivables to sales revenues amounts to about 11%. This favorable ratio is caused, apart from the receivables sale through the ABS Program, by a strict receivables control that also aims at minimizing credit and country risks.

Liquidity, already high in the prior year (including securities held as current assets), increased from € 284.8 million to € 334.1 million. It accounts for 36% (prior year: 33%) of the balance sheet total.

CAPITAL WITH SOLID COVER RATIOS

Equity increased slightly against the prior year from € 263.5 million to € 268.8 million with the equity ratio falling from 30.6% to 28.9%. The decline of this ratio is due to the only to low increase in equity against the clearly expanded financing volume.



BALANCE SHEET STRUCTURE
in %

The long-term external capital amounts to € 301.9 million (prior year: € 299.9 million). It is composed of pension provisions, the other non-current pension provisions and liabilities with a remaining term of more than one year. The silent partnership of CLAAS-Mitarbeiterbeteiligungs-Gesellschaft (CMG) which is not classified as equity in the actual sense under US GAAP amounts to € 15.0 million (prior year: € 14.1 million).

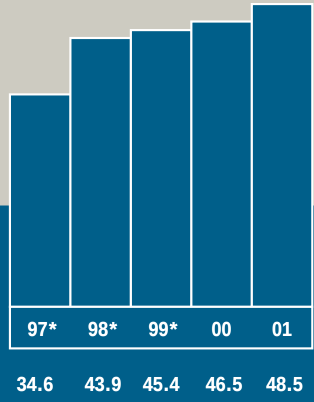
Including equity, the equity-to-fixed-assets ratio amounts to 297.0% (prior year: 330.9%). The extended equity-to-fixed-assets ratio (non-current capital in relation to sum of fixed assets and 50% of inventories) amounted to 212.2% (prior year: 222.9%). The cover ratios between non-current capital and assets thus again reached very good values.

COST REDUCTION IN PROCUREMENT

In purchasing, the supplier basis in Central and Eastern Europe has been expanded. We support further internationalization through intensive qualifying measures at supplier level in order to safeguard the high requirements to our product quality. Apart from process optimizing in the supply chain, we advanced the development of electronic order catalogues for indirect goods and direct supply concepts through logistic service providers.

QUALITY CONTINUES ON HIGH LEVEL

Our products and services continued to be subject to highest requirements in the year under review. We ensured this, among other things, through introducing product release audits in pilot series machines and quality improvements of internal material transport. With a new painting plant in our Hungarian production facility, we further improved the quality of the cutterbars. CLAAS Industrietechnik was certified in April 2001 according to the new norm DIN EN ISO 9001-2000.



RESEARCH AND DEVELOPMENT EXPENSES
in € million

(* Figures based on German GAAP)

OPTIMIZING PRODUCTION STRUCTURE: MORE FLEXIBLE, FASTER AND LEANER!

The main Harsewinkel factory is at present renovated from top to bottom and is equipped with a state-of-the-art central enameling line with powder coating varnish technology. At the same time, shell construction and assembly of combine harvesters and forage harvesters will be performed in future on three instead of two production lines in order to be able to react more flexible to the market. This capital expenditure in connection with matching logistic measures will allow a further reduction of inventories until the end of 2003 according to our planning and lead to considerable cost savings.

In the Saulgau factory, production structure and logistics will be made more flexible and leaner with the project »ProLog«. Through changed material flow, leaner parts manufacture (among other things setting up machine tool islands), more flexible assembly with shorter assembly line change times and mixed assembly as well as increased modularizing, we strive for even higher flexibility to supply the market.

Highly specialized production know-how has been gathered at CLAAS Fertigungstechnik, which manufactures, among other things, press dies for complicated body parts. »Manufactured camshafts« are in the meantime being produced with full automation. The constantly increasing orders at CLAAS Fertigungstechnik confirm our strategic intention to build up a further successful line outside of agricultural engineering.

HIGH RATING FOR RESEARCH AND DEVELOPMENT

For years, CLAAS has expended capital on a knowledge management system in order to preserve and expand its leadership in technology. A material element is the search and selection of trendsetting technologies and their conversion into products. In the entire CLAAS Group, technology teams have been created who work together on new product ideas. Electronic support, which makes available the acquired knowledge in a structured form, is being prepared.

Throughout the Group, CLAAS develops an on-board computer to control add-on units at standard interfaces. This helps to establish a uniform operation philosophy for the »human-machine-interface«.

In the business year 2001, CLAAS continued its intensive development activities and once more increased the expenses for research and development (R&D) from € 46.5 million to € 48.5 million. They account for more than 4% of sales. This documents the high standing that CLAAS attributes to the further development of its products and systems.

Results of R&D activities:

- Reworking of entire LEXION series
- LEXION 470 and LEXION 460/430 Evolution
- Entire green harvest machinery chain more efficient through new powerful machines

OUTLOOK

The attacks in the U.S.A. have clearly led to a more unstable political and economic situation. The effects on agriculture and agricultural engineering are hard to predict.

In Western Europe, the concentration process in agriculture will continue so that overall a further reduction of the total market is to be expected. The structural adjustments that could be observed in the past years are likely to increase. In many agricultural operations, funds will increasingly be directed towards enlargement, specialization and rationalization of machine capacities.

In Central Europe and CIS countries, the domestic food production with local inputs has a high priority. Therefore, capital expenditure on a pool of agricultural machines in order to expand harvesting capacity is a material precondition to stabilize the economic development. CLAAS already consistently took advantage of the resulting growth opportunities in the past and sees further sales potential in future.

The North American market recovered slightly in the past year. It is likely to stabilize on this level.

Overall, we largely expect a balance of positive and negative market developments for the CLAAS operations. However, the risk structure of the operations tends to become higher with the expansion of the market position in Central Europe and CIS countries, since a set back in respect of financing in these countries might be possible in the future. The development in Argentina is cause for particular concern. To which extent the payment crisis in Argentina will spill over to other newly industrializing countries cannot be estimated conclusively at present.

Against this background, CLAAS will further consolidate its position as market leader in Western Europe and expand its positions in Central and Eastern Europe.

The successful introduction of new products and the leadership in technology are two material factors for success. Although the increase in the required research and development budget will burden the results in the short term, it also safeguards the company's future and makes it faster and more flexible.

CLAAS Fertigungstechnik has expanded its position in the automobile, supply and aviation industry through the development of specific components in tool manufacture and in transfer lines. The once more extended capacities are fully utilized and will hence lead to higher business volume. At the level of CLAAS Industrietechnik, too, the business with external customers will grow on the basis of attractive new developments of hydraulic components and drive assemblies and improved production and test facilities.

The product innovations are accompanied by a capital expenditure offensive. CLAAS will spend more than € 50 million in the year 2002 on expanding its production locations. The most important single capital expenditure is the newly structured production in the main Harsewinkel factory including a modern, green painting plant.

Likewise, the introduction of a new generation of information technology will be the focus of the business year 2002. The SAP/R3 system is accompanied by e-commerce and further Internet business processes. We are convinced that our company will gain a substantial competitive advantage from the intelligent use of data networks.

For the business year 2002, we expect to be able to again achieve the record sales of the prior year. The result will have to absorb some special charges for research and development, for information technology as well as burdens from the planned restructuring. Therefore, we consider achieving the results of the prior year level to be an ambitious goal.

The core business of agricultural engineering is always subject to uncertainties caused by weather and politics, for which the company is prepared. Employees and management are ready to react appropriately and decisively to unforeseen developments. CLAAS will take advantage of every opportunity to consolidate and expand its position on the global market.

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

The management of CLAAS KGaA mbH is responsible for the preparation of the consolidated financial statements and the group management report. The consolidated financial statements as at 30 September 2001 were prepared according to United States Generally Accepted Accounting Principles (US GAAP). They correspond with the directive 83/349/EEC. The prior year figures have been determined according to the same principles. According to § 292a HGB, the consolidated financial statements under US GAAP thus have exempting effect. Therefore, consolidated financial statements prepared according to German GAAP were no longer required.

The internal control system, standardized guidelines throughout the Group and continuous employee training and further training ensure that the consolidated financial statements and group management report are orderly 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, Wirtschaftsprüfungsgesellschaft, audited the consolidated financial statements and group management report and issued the full audit opinion 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 (KonTraG).

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 the product market, the environment and the financial markets. A risk information system has also been developed to enable significant risks to the Group being detected at an early stage.

From the business year 2001, 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. By doing so, we can respond even more promptly to developments in the competitive environment. The same applies to risks stemming from agricultural policy decisions and climate changes that indirectly affect the profit situation of CLAAS.

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 gathering of information relevant to the outside world by the marketing divisions and companies of the CLAAS Group. In addition there are new indicators that take account of predicted income developments 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. On an on-going basis, deviations from budgets, the satisfiability of forecasts and the occurrence of new monetary and non-monetary risks are monitored and reviewed. 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 segregation of functions. The relevant risk assessments and detailed guidelines and specifications are taken into account 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, 7 December 2001

Nikolaus Feil	Dr.-Ing. Hermann Garbers
Rüdiger A. Günther	Martin Richenhagen

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report

We have audited the consolidated financial statements prepared by Claas Kommanditgesellschaft auf Aktien mbH, Harsewinkel, consisting of balance sheet, profit and loss account, statement of changes in shareholders' equity, cash flow statement and notes to the accounts for the business year from 1 October 2000 to 30 September 2001. The preparation and contents of the consolidated financial statements pursuant to United States Generally Accepted Accounting Principles (US GAAP) are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audit whether the consolidated financial statements comply with US GAAP.

We conducted our audit of the consolidated annual financial statements in accordance with the German auditing provisions and the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (German Institute of Auditors). Those standards require that we plan and perform the audit such that the opinion that the consolidated financial statements are free from material misstatements can be given with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the values and disclosures in the consolidated financial statements is examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group as well as of the cash flows of the business year in accordance with United States Generally Accepted Accounting Principles.

Our audit, which also covered the group management report prepared by management for the business year from 1 October 2000 to 30 September 2001, has not led to any reservations. In our view, the group management report on the whole provides a suitable understanding of the Group's position and suitably presents the risks of future development. Furthermore, we confirm that the consolidated financial statements and the group management report for the business year from 1 October 2000 to 30 September 2001 meet the requirements for exempting the Company from preparing consolidated financial statements and a group management report according to German law. We audited the compliance of the preparation of consolidated financial statements with the 7th EU Directive, required for exemption from the requirement to prepare consolidated financial statements under commercial law, on the basis of the interpretation of the directive by DRS 1 »Befreiender Konzernabschluss nach § 292a HGB« (exempting consolidated financial statements according to § 292a HGB).

Düsseldorf, 7 December 2001

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Euskirchen	Kalvelage
German Public Auditor	German Public Auditor

		1 Oct. 2000 to 30 Sept. 2001 € '000	1 Oct. 1999 to 30 Sept. 2000 € '000
Net sales	(1)	1,147,932	1,072,493
Cost of goods sold		815,010	777,058
Gross profit		**332,922**	**295,435**
Selling expenses	(2)	161,606	152,101
General and administration expenses	(3)	50,737	53,082
Research and development expenses		48,501	46,533
Other operating income	(4)	22,929	31,433
Other operating expenses	(5)	25,958	24,317
Operating income		**69,049**	**50,835**
Income from investments	(6)	(17,578)	(7,452)
Financial income	(7)	(13,088)	(15,350)
Profits from ordinary activities		**38,383**	**28,033**
Taxes on income	(9)	22,199	14,492
Other taxes		2,310	1,877
Minority interest		(121)	0
Income from change in accounting principles	(10)	503	0
Net income		**14,256**	**11,664**

		2001	2000
Earnings per share	(11)	4.75	3.89

ASSETS		30 Sept. 2001 € '000	30 Sept. 2000 € '000
Intangible assets		6,790	3,507
Tangible assets		155,491	138,710
Financial assets		48,872	44,838
Total fixed assets	(12)	**211,153**	**187,055**
Inventories	(13)	168,537	181,219
Accounts receivable and other assets	(14)	192,772	189,985
Securities with a maturity between 90 and 360 days	(15)	161,616	97,574
Derivative financial instruments		2,820	417
Cash and cash equivalents	(16)	172,437	187,239
Total current assets		**698,182**	**656,434**
Deferred taxes	(9)	17,660	12,267
Prepaid expenses		4,437	3,856
Balance sheet total		**931,432**	**859,612**

EQUITY AND LIABILITIES		30 Sept. 2001 € '000	30 Sept. 2000 € '000
Subscribed capital		78,000	76,694
Capital reserves		38,347	38,347
Revenue reserves		133,557	133,981
Other comprehensive Income	(17)	4,627	2,837
Net income		14,256	11,664
Total equity	(18)	**268,787**	**263,523**
Profit participation right		40,903	40,903
Silent partnership	(19)	15,044	14,100
Minority interest		390	449
Total funds similar to equity		**56,337**	**55,452**
Provisions	(20/21)	278,511	256,196
Liabilities	(22)	318,361	283,576
Deferred taxes	(9)	9,436	865
Total external capital		**606,308**	**540,637**
Balance sheet total		**931,432**	**859,612**

	2001 € '000	2000 € '000
Net income	**14,256**	**11,664**
Depreciation on fixed assets	44,740	28,536
Change in pension provisions	612	2,371
Change in other non-current provisions	(2,562)	(2,876)
Other expenditure/income not counted as payment	10,670	(114)
Cash flow according to DVFA/SG	**67,716**	**39,581**
Change in current provisions	33,458	6,165
Losses/gains on disposal of fixed assets	(2,166)	658
Change in inventories, receivables and other assets	257	10,874
Change in other liabilities and other equity	16,236	16,241
Change in derivative financial instruments	(2,403)	(417)
Cash flow from operating activities	**113,098**	**73,102**
Expenditure on investment in fixed assets	(67,005)	(69,139)
Proceeds from retirement of fixed assets	5,459	37,844
Cash outflow for purchase of securities	(180,588)	(115,452)
Cash inflow from disposal of securities	116,546	69,359
Cash flow used for investing activities	**(125,588)**	**(77,388)**
Proceeds from issuing bonds and other current and non-current borrowing	16,631	31,908
Disbursement on repayment of credit and loans	(14,556)	(19,466)
Proceeds to silent partnership (CMG)	944	1,150
Increase/decrease in loan accounts of the partners	2,823	(707)
Proceeds from minority shareholders	(58)	79
Dividends paid out	(7,669)	(7,669)
Cash flow from financing activities	**(1,885)**	**5,295**
Change in cash and cash equivalents	**(14,375)**	**1,009**
Influence of exchange rate and other value changes on cash and cash equivalents	(427)	861
Opening balance of cash and cash equivalents	187,239	185,369
Closing balance of cash and cash equivalents	**172,437**	**187,239**

	Subscribed Capital € '000	Capital reserves € '000	Revenue reserves € '000	Other Comprehensive Income Currency translation € '000	Other Comprehensive Income Additional pension provisions € '000	Other Comprehensive Income Unrealized income from securities € '000	Total € '000
As at 30 Sept. 1999/1 Oct. 1999	**76,694**	**38,347**	**141,929**	**1,447**	**(4,708)**	**0**	**253,709**
Dividend payments			(7,669)				(7,669)
Net income			11,664				11,664
Other comprehensive income (OCI)				4,128	1,624	346	6,098
Other changes			(279)				(279)
As at 30 Sept. 2000/1 Oct. 2000	**76,694**	**38,347**	**145,645**	**5,575**	**(3,084)**	**346**	**263,523**
Capital increase	1,306		(1,306)				0
Dividend payments			(7,669)				(7,669)
Net income			14,256				14,256
Other comprehensive income (OCI)				(335)	2,471	(346)	1,790
Other changes			(3,113)				(3,113)
As at 30 Sept. 2001	**78,000**	**38,347**	**147,813**	**5,240**	**(613)**	**0**	**268,787**

	Historical purchase or manufacturing cost				
	As at 30 Sept. 2000 € '000	Currency adjustment € '000	As at 1 Oct. 2000 € '000	Change in Companies included in consolidation € '000	Additions € '000
I. Intangible assets					
1. Concessions, industrial and similar rights and assets and licenses in such rights	8,055	0	8,055	0	4,733
2. Goodwill	8,925	(2)	8,923	0	0
3. Payments in advance	21	1	22	0	0
	17,001	**(1)**	**17,000**	**0**	**4,733**
II. Tangible assets					
1. Land, land rights and buildings including buildings on third-party land	96,183	(378)	95,805	207	2,456
2. Plant and machinery	188,568	(60)	188,508	96	6,663
3. Other equipment, factory and office equipment	114,069	(172)	113,897	590	10,632
4. Payments in advance for construction work in progress	3,083	7	3,090	0	18,652
5. Capital lease	6,953	0	6,953	0	14,917
	408,856	**(603)**	**408,253**	**893**	**53,320**
III. Financial assets					
1. Shares in associated companies	12,060	(41)	12,019	(94)	22,848
2. Securities held as fixed assets	33,232	(306)	32,926	0	3,134
	45,292	**(347)**	**44,945**	**(94)**	**25,982**
Total	**471,149**	**(951)**	**470,198**	**799**	**84,035**

Historical purchase or manufacturing cost		Depreciation				Net values	
Disposals € '000	Reclassi-fications € '000	Depreciation in the busi-ness year € '000	Accumulated depreciation € '000	Thereof Currency adjustments € '000	Thereof in Companies included in consolidation € '000	As at 30. Sept. 2001 € '000	As at Prior year € '000
420	1	1,279	6,038	0	0	6,331	2,913
0	0	114	8,464	(2)	0	459	572
22	0	0	0	0	0	0	22
442	**1**	**1,393**	**14,502**	**(2)**	**0**	**6,790**	**3,507**
1,422	360	2,287	30,952	(128)	24	66,454	66,332
10,331	313	17,036	156,681	(81)	53	28,568	38,822
11,222	1,102	11,220	89,374	(107)	410	25,625	25,622
622	(1,776)	0	0	0	0	19,344	3,082
1,957	0	3,179	4,413	0	0	15,500	4,852
25,554	**(1)**	**33,722**	**281,420**	**(316)**	**487**	**155,491**	**138,710**
11,880	0	9,625	10,079	0	0	12,814	11,606
2	0	0	0	0	0	36,058	33,232
11,882	**0**	**9,625**	**10,079**	**0**	**0**	**48,872**	**44,838**
37,878	**0**	**44,740**	**306,001**	**(318)**	**487**	**211,153**	**187,055**

RELATED COMPANIES AND SIGNIFICANT SHARES IN RELATED COMPANIES AS AT 30 SEPTEMBER 2001

I. RELATED COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

DOMESTIC Ser. No.	Company		Capital	Holding in %	with *
1	CLAAS Kommanditgesellschaft auf Aktien mbH, Harsewinkel	€	78,000,000		
2	CLAAS Selbstfahrende Erntemaschinen GmbH, Harsewinkel	€	25,600,000	100	1
3	CLAAS Beteiligungsgesellschaft mbH, Harsewinkel	€	52,000	100	2
4	CLAAS Saulgau GmbH, Bad Saulgau	€	7,700,000	100	1
5	CLAAS Vertriebsgesellschaft mbH, Harsewinkel	€	3,100,000	100	1
6	CLAAS Fertigungstechnik GmbH, Beelen	€	5,300,000	100	1
7	CLAAS Industrietechnik GmbH, Paderborn	€	7,700,000	100	1
8	Burkhardt GmbH, Nördlingen	€	260,000	100	6
9	Rothe Landtechnik GmbH, Heiligengrabe	€	410,000	80	5
10	Landtechnik Steigra GmbH, Steigra	€	615,000	90	5
11	Mühlengeez Landtechnik GmbH & Co. Handels KG, Mühlengeez	€	52,000	100	5
12	Mühlengeez Landtechnik GmbH	€	26,000	100	5
13	Semmenstedt Landtechnik GmbH, Semmenstedt	€	500,000	100	5
14	AGROCOM GmbH & Co. Agrarsystem KG, Bielefeld	€	117,600	87.5	1
15	AGROCOM Verwaltungs GmbH, Bielefeld	€	32,150	87.5	1
16	agrocom. Systempartner GmbH, Rostock	€	26,000	52.5	14
17	CLAAS Ukraine Investitions GmbH, Harsewinkel	€	100,000	100	1

FOREIGN Ser. No.	Company		Capital	Holding in %	with *
18	Usines CLAAS France S.A.S., Metz-Woippy/France	€	2,000,000	100	1
19	CLAAS France S.A.S., Paris/France	€	8,842,043	100	1
20	CLAAS Holdings Ltd., Saxham/Great Britain	£	10,800,000	100	1
21	CLAAS U.K. Ltd., Saxham/Great Britain	£	101,100	100	20
22	J. Mann & Son Ltd., Saxham/Great Britain	£	3,000,000	100	21
23	Southern Harvesters Ltd., Saxham/Great Britain	£	150,000	100	21
24	Seward Agricultural Machinery Ltd., Doncaster/Great Britain	£	500,000	100	21
25	Mill Engineers Ltd., Cheltenham/Great Britain	£	125,000	62	21

** Serial number of company owning the holding*

FOREIGN Ser. No.	Company		Capital	Holding in %	with *
26	Kirby Agricultural Ltd., Market Harborough/Great Britain	£	100	100	22
27	Teleporters Ltd., Saxham/Great Britain	£	2,500,010	100	20
28	S.I.S. Ltd., Coventry/Great Britain	£	45,000	100	6
29	CLAAS Italia S.p.A., Vercelli/Italy	£	2,600,000	100	1
30	CLAAS Ibérica S.A., Madrid/Spain	£	3,307,000	100	1
31	CLAAS of America Inc., Columbus/Indiana/US	US-$	9,800,000	100	1
32	CLAAS Hungaria Kft., Törökszentmiklos/Hungary	HUF	552,740,000	100	1
33	CLAAS Australia Pty. Ltd., Albury/N.S.W./Australia	AUD	1,532,445	100	1
34	CLAAS Finance B.V., Amsterdam/The Netherlands	NLG	40,000	100	1
35	CLAAS Vostok GmbH, Moscow/Russia	RUB	170,000	100	1
36	CLAAS-Ukraina DP, Kiev/Ukraine	UAH	30,000	100	1
37	Port Mellen S.A., Montevideo/Uruguay	UYU	360,000	100	1
38	CLAAS Argentina S.A., Sunchales/Argentine	ARS	12,000	100	1

II. SIGNIFICANT SHARES IN RELATED COMPANIES

Ser. No.	Company		Capital	Holding in %	with *
39	CLAAS GUSS GmbH, Bielefeld	€	4,680,000	44.45	-
40	CS Parts Logistics GmbH, Bremen	€	1,550,000	50	1
41	CLAAS CATERPILLAR EUROPE GmbH & Co. KG, Harsewinkel	€	6,140,000	50	2
42	CLAAS CATERPILLAR EUROPE Verwaltungs GmbH, Harsewinkel	€	52,000	50	2
43	Mecklenburger Landtechnik GmbH, Mühlengeez	€	1,000,000	40	5
44	Landtechnik-Zentrum Chemnitz GmbH, Hartmannsdorf	€	750,000	40	5
45	Worch und Schütze Landtechnik GmbH, Schora	€	55,000	39	5
46	CATERPILLAR CLAAS AMERICA LLC., Omaha/Nebraska/US	US-$	20,000,000	50	3
47	Escorts CLAAS Ltd., Faridabad/India	INR	70,000,000	40	1
48	CLAAS Valtra Finance Ltd., Basingstoke/Great Britain	£	3,000,000	49	20
49	RW Marsh Ltd., Lincolnshire/Great Britain	£	310,000	25	21
50	CLAAS Financial Services S.A.S., Paris/France	FRF	24,000,000	10	1
51	HMC Investments Ltd., Drogheda/Ireland	IEP	120,000	20	1

** Serial number of company owning the holding*

GENERAL INFORMATION

The consolidated financial statements of CLAAS KGaA mbH for the business year 2001 (1 October 2000 to 30 September 2001) were prepared in compliance with United States Generally Accepted Accounting Principles (US GAAP). They were supplemented by a group management report and further explanations required under § 292a of the Commercial Code (HGB). They thus meet the requirements of exemption from the duty to prepare consolidated financial statements in accordance with German GAAP (HGB).

The cost of goods sales format has been applied to the consolidated profit and loss account. The classification of consolidated balance sheet and consolidated profit and loss account is based, as far as admissible under US GAAP, on disclosure principles of German GAAP in the interest of a clear and continuous disclosure. The prior year is reported accordingly.

In order to improve the clarity of presentation, individual items of the consolidated balance sheet and the consolidated profit and loss account have been grouped. These items are broken down in the notes to the accounts and explained correspondingly.

In accordance with § 264 (3) HGB, we do no publish the annual financial statements of our subsidiaries CLAAS Fertigungstechnik GmbH, Beelen, CLAAS Industrietechnik GmbH, Paderborn, CLAAS Selbstfahrende Erntemaschinen GmbH, Harsewinkel, CLAAS Vertriebsgesellschaft mbH, Harsewinkel, CLAAS Saulgau GmbH, Bad Saulgau, and Burkhardt GmbH, Nördlingen, in the Official Gazette and do not prepare notes to the accounts and management reports.

SCOPE OF CONSOLIDATION

CLAAS KGaA mbH and all subsidiaries are included in the consolidated financial statements. Apart from CLAAS KGaA mbH, these are 38 companies in total (prior year: 34), 17 domestic and 21 foreign. The companies consolidated according to the principles of full consolidation 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, CLAAS Valtra Finance Ltd., Basingstoke/Great Britain, as well as CLAAS CATERPILLAR EUROPE GmbH & Co., Harsewinkel, CATERPILLAR CLAAS AMERICA LLC., Omaha/US, and CS Parts Logistics GmbH, Bremen, are included in the consolidated financial statements as associated companies according to the equity method.

The list of shareholdings is attached to this report.

ACCOUNTING AND VALUATION METHODS

INTANGIBLE ASSETS AND TANGIBLE ASSETS

Intangible assets acquired are capitalized at cost and are amortized on a straight-line basis over their estimated useful life. For intangible assets (except for goodwill), the useful lives amount to three years as a rule; goodwill is amortized in principle over 4-10 years. Research and development expenses are not capitalized in principle.

Tangible assets are valued at acquisition or production cost and, where depreciable, taking into account scheduled depreciation. Movable assets are depreciated on a straight-line basis over their estimated useful life. The useful lives amount to 20 to 50 years for buildings. The other items of tangible assets are recognized at useful lives between three and twelve years. Material interest on borrowed capital which arises for a qualified asset during its construction time is capitalized and depreciated after completion of the asset over its useful life.

Where indications of impairments exist for fixed assets, impairment tests according to the Statement of Financial Accounting Standards (SFAS) No. 121 are performed. If an impairment exists, a write-down is made on the asset and or the superior cash-generating unit. In the case of non-current assets which continue to be used and are not intended for sale, the carrying amount of the non-current asset and the sum of the expected undiscounted cash flow resulting from the use of the asset are compaired in the impairment test. If the sum of the expected undiscounted cash flows is lower than the carrying amount, a write-down to the fair value is performed.

INVESTMENTS

To the extent that it is possible to exercise significant influence, investments in associated companies and joint ventures are accounted for at the relevant proportion of equity capital (application of the equity method). The other investments are classified as securities that are neither part of the trading portfolio nor held-to-maturity (»available-for-sale«), if the shares held by CLAAS are listed on a stock exchange and/or market prices are publicly available. If no publicly available market price is on hand for other investments, they are accounted for at cost (possibly reduced by non-scheduled depreciation).

SECURITIES

According to SFAS 115, securities are classified into three categories: held-to-maturity, available-for-sale and trading. The securities held by CLAAS are either securities held-to-maturity or sold within the last three months before final maturity (»held-to-maturity«) and securities that are neither part of the trading portfolio nor held-to-maturity (»available-for-sale«). Securities classified as »held-to-maturity« are carried at net book value. Securities classified as »available-for-sale« are valued at market price (if available). In a separate equity item, other comprehensive income, unrealized income and expenses from »available-for-sale« securities are disclosed without profit and loss impact, taking into account deferred taxes.

DERIVATIVE FINANCIAL INSTRUMENTS

CLAAS Group uses derivative financial instruments such as swaps, exchange futures, options on interest rate swaps, forward interest rate dealings, caps and floors for hedging purposes. As at 1 October 2000, CLAAS for the first time applied SFAS No. 133, »Accounting for Derivative Instruments and Hedging Activities«. Accordingly, all derivative financial instruments are either to be reported in the balance sheet either as asset or as liability at their respective fair value. If a clear hedging connection exists, hedge accounting (setting up valuation units) is possible. In hedge accounting, the market price changes of the derivatives depend on the type of the hedge. In the case of a cash flow hedge, market price changes of the effective part of the derivative are initially booked in equity (other comprehensive income) and only released with profit and loss impact, if the underlying transaction has profit and loss impact. The ineffective part of a hedge is immediately recorded with profit and loss impact. Market price changes of the derivative in the case of a fair value hedge are recognized with profit and loss impact together with the market price changes of the underlying transaction.

MARKET PRICES OF DERIVATIVES

Under US GAAP, financial instruments include derivative instruments (e.g. swaps, options) and original financial instruments (at the level of CLAAS e.g. participation certificates, silent partnership, bonds, cash and cash equivalents).

Under US GAAP, the market price of a financial instrument indicates the value at which a financial instrument can be traded among unrelated parties dealing at arm's length if there are parties willing to buy and sell and the transaction concerned is not a compulsory or winding-up sale. The buying and selling prices realized by CLAAS in transactions can, hence, deviate from the market prices disclosed.

Where the market prices of financial instruments are not stated explicitly, they do not or only insignificantly deviate from the book values.

INVENTORIES

Inventories are carried at the lower of cost or market value. Raw materials and consumables as well as merchandise are capitalized at average cost, work in process and finished goods at production-related full cost, i.e. apart from direct material and prime cost, the directly allocable parts of necessary indirect material and production overhead and production-related administration expenses are also capitalized. Inventory risks that result from reduced likelihood of full utilization, as well as disposal risks based on estimate of achievable sale prices are taken into account through depreciation.

RECEIVABLES

The accounts receivable and other assets are shown in the balance sheet at face value. Adequate allowances are being made for anticipated risks of non-payment. A discount is applied to non-interest-bearing receivables that are not expected to be received within normal payment deadlines.

The Percentage of Completion method (PoC) is applied when reporting long-term production orders. The amount to be capitalized is disclosed under receivables; at the same time, net sales are realized. The stage of completion is determined according to expenses incurred. At each balance sheet date, the existing contracts are reviewed in respect of possible risks. In the case of anticipated losses, corresponding allowances are made or provisions set up.

CASH AND CASH EQUIVALENTS

Under US GAAP, cash and cash equivalents also include securities with a remaining term at the date of acquisition of up to 90 days. The cash and cash equivalents disclosed in the cash flow statement correspond with the cash and cash equivalents in the balance sheet.

PROVISIONS/LIABILITIES

The pension commitments are measured through actuarial methods according to the projected unit credit method. This projected unit credit method does not only take into account the pensions and accrued vested rights known at the balance sheet date but also anticipated pay and pension increases. Actuarial gains and losses, which are outside a range of 10% of the scope of commitments, are distributed over the average residual period of service.

Other provisions are set up in respect of all identifiable 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. They 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 set up if there is a corresponding legal or de facto obligation to a third party.

Liabilities are generally carried at the amount at which they will be repaid; liabilities in a foreign currency are translated at the rate in effect at the balance sheet date.

CURRENT AND DEFERRED TAXES ON INCOME

With effect from 1 October 2001 the corporate income tax rate for distributed profits declined for CLAAS from 30% to 25% and the corporate income tax rate for retained profits from 40% to 25%. Gains on or losses from disposal resulting from investments in domestic companies are nontaxable for CLAAS with effect from 1 October 2002.

Deferred taxes are determined according to SFAS 109 »Accounting of Income Taxes«. They reflect future tax reduction or future tax burdens that arise from temporary balance sheet differences between consolidated balance sheet and tax balance sheet. The deferred tax assets also comprise tax reduction claims arising from the expected availability of existing loss carryforwards in subsequent years, the realization of which is probable. Deferred taxes are computed using the tax rate that will be authoritative according to the present legal situation at the probable compensation time of the temporary differences. Abroad, tax rates specific to the country are used. An allowance is made on deferred tax assets, if there is a sufficiently high likelihood that not all deferred tax assets can be realized in future through fiscal profits, or if the realization is limited in time (SFAS 109.17).

SALES RECOGNITION

Sales are regognized after passage of risk to the customer and performed delivery or service.

In the case of long-term production orders, sales are recorded according to the Percentage of Completion method in line with reaching contractually agreed milestones or performance progress.

CONSOLIDATION PRINCIPLES

In line with the statutory regulations, the accounts of the individual companies are prepared on a uniform basis for inclusion in the consolidated financial statements according to the accounting and valuation guidelines existing for CLAAS Group. All financial statements are in principle prepared as at 30 September 2001.

For the purposes of capital consolidation, the book values of the investments are offset against the proportionate shareholders' equity of the subsidiaries at the date of acquisition. We attributed debit differences, where requisite, to the assets. Any residual debit differences are capitalized as goodwill and amortized with profit and loss impact in line with their future useful life. Normally, four to ten years are taken as the basis as useful life.

The investments in associated companies are consolidated according to the equity method. In respect of the procedure the same principles as for the full consolidation are used.

Receivables and payables, net sales as well as expenses and income between consolidated entities are eliminated. Stocks from intercompany deliveries included in inventories are adjusted for unrealized profits and losses on intra-group transactions.

Consolidation measures with profit and loss impact take into account deferred taxes to the extent that the deviating tax charge will probably be balanced in later business years. Deferred tax assets and deferred tax liabilities are offset where requisite. The deferred taxes are adapted to the tax rates changed in the business year.

CURRENCY TRANSLATION

The currency translation according to SFAS 52 is based on the concept of functional currency. The functional currency is the currency predominating in the environment in which a company engages in operations. As a rule, it is the currency in which cash and cash equivalents are generated and used.

In the consolidated financial statements, all balance sheet items of foreign entities are translated at the middle price as at the balance sheet date, expenses and income at the average rate. The translation differences resulting from currency translations in the balance sheets are disclosed without profit and loss impact in equity.

The following exchange rates are used for the countries not participating in the European Monetary Union:

		Average		Balance Sheet Date	
in €		2001	2000	2001	2000
1	US dollar	1.13	1.05	1.09	1.14
1	Pound Sterling	1.62	1.63	1.60	1.67
100	Hungarian forint	0.39	0.39	0.39	0.38

LEGAL DISPUTES AND DAMAGE CLAIMS

Companies of CLAAS Group are involved in various legal and official proceedings within the framework of general operations or such proceedings could be initiated or asserted in future (e.g. concerning patents, product liability and competition). Even if the result of individual proceedings cannot be predicted with certainty with a view to the unforeseeable events surrounding legal disputes, according to present estimates the Group’s profit situation will not in any way be adversely effected beyond the risks taken into account as liabilities or provisions.

USE OF ESTIMATES

Estimates and assumptions must be made in the consolidated financial statements to a certain degree that influence the recorded assets and liabilities, the indication of contingent liabilities as at the balance sheet date and the disclosure of income and expenses during the reporting period. The amounts actually arising can deviate from the estimates.

NEW ACCOUNTING STANDARDS

In June 2001, the FASB issued the Standard SFAS No. 142 »Goodwill and Other Intangible Assets«. This standard contains new regulations on, among other things, scope of reporting and accounting of goodwill resulting from capital consolidation. Accordingly, goodwill from consolidation is no longer amortized on a scheduled basis, but its recoverability is tested periodically with impairment tests. SFAS No. 142 becomes effective for business years beginning after 15 December 2001.

Further, SFAS No. 143 was approved in June 2001 according to which obligations to demolish or remove assets can constitute an element of acquisition or production cost of the asset. The standard becomes effective for business years beginning after 15 June 2002.

Also revised were the regulations on the impairment test in APB Opinion 30 and SFAS No. 121. SFAS No. 144 approved in this respect in August 2001 contains, among other things, new regulations for impairments of discontinued operations; in the case of impairment tests for goodwill, the special standard SFAS No. 142 now applies. SFAS No. 144 becomes effective for business years beginning after 15 December 2001.

As matters stand at present, these new standards are not expected to have any material effects on the presentation of the economic situation of CLAAS.

1 | NET SALES

Net sales also include sales from long-term production orders which are accounted for according to the Percentage of Completion method. The amount to be capitalized from long-term production orders, which cannot yet be invoiced, is disclosed under PoC receivables and net sales.

2 | SELLING EXPENSES

The selling expenses disclose freight out in the amount of € 31,433 thousand (prior year: € 25,920 thousand).

3 | GENERAL AND ADMINISTRATION EXPENSES

The general and administration expenses do not contain general and administration expenses of the marketing subsidiaries, since these expenses constitute selling expenses from the point of view of the Group.

4 | OTHER OPERATING INCOME

The other operating income is composed as follows:

	2001 € '000	2000 € '000
Income on retirement of fixed assets	328	2,218
Income from release of discounts and allowances on receivables	519	1,618
Income from release of provisions	7,467	4,025
Rental and leasing income	1,225	240
Other income	13,390	23,332
Total	**22,929**	**31,433**

Above all, the disposal of the production of Teleporters Ltd. had an impact on the other operating income.

5 | OTHER OPERATING EXPENSES

	2001 € '000	2000 € '000
Loss on retirement of fixed assets	320	1,255
Allowances on receivables	1,628	1,341
Other expenses	24,010	21,721
Total	**25,958**	**24,317**

The other expenses comprise a number of minor items, e.g. for litigation, goodwill amortization, fees and charges and personnel expenses not related to functions.

6 | INCOME FROM INVESTMENTS

	2001 € '000	2000 € '000
Income from other investments	169	21
Income from investments in associated companies (equity method)	2,339	1,234
Expenses from investments in associated companies (equity method)	(10,460)	(8,707)
Gains/loss from disposal of investments	0	0
Write-downs on investments	(9,626)	0
Total	**(17,578)**	**(7,452)**

The income from investments also includes all income and expenses realized and incurred in connection with holding or disposal of not fully consolidated investments. The expenses from investments in associated companies reflect the losses from the two joint ventures with Caterpillar in the amount of € 10,460 thousand (prior year: € 8,707 thousand).

Because of the losses from these joint ventures, an impairment test was performed in accordance with APB Opinion 18. Overall, the test resulted in depreciation of € 9,626 thousand disclosed as write-downs on investments.

7 | FINANCIAL INCOME

The financial income is composed of the two components »income from interest and securities« and »other financial income«.

INCOME FROM INTEREST AND SECURITIES	2001 € '000	2000 € '000
Interest expenses	(25,001)	(23,065)
Interest income	10,642	13,487
Proceeds from other securities and non-current financial investments	1,717	1,293
Losses from disposal of securities	(423)	(1,623)
Gains on disposal of securities	2,580	3
Write- downs of financial assets (not including investments) and other investments held as current assets	0	(47)
Reversals of write-downs of financial assets (not including investments) and other investments held as current assets	0	182
Total	**(10,485)**	**(9,770)**

The income from interest and securities discloses all income and expenses realized and incurred in connection with holding or disposal of securities and/or financial assets that are not investments.

OTHER FINANCIAL INCOME	2001 € '000	2000 € '000
Remuneration profit participation rights	(2,806)	(2,806)
Profits transferred under a partial profits transfer agreement (CMG)	(2,856)	(1,932)
Interest expenses leasing	(353)	(435)
Exchange gains	7,713	745
Exchange losses	(3,615)	(471)
Other financing income	133	0
Other financing expenses	(819)	(681)
Total other financial income	**(2,603)**	**(5,580)**
Total financial income	**(13,088)**	**(15,350)**

The item »Profits transferred under a partial profits transfer agreement (CMG)« records the remuneration for the silent partnership held by CLAAS-Mitarbeiterbeteiligungs-Gesellschaft mbH (CMG) based on the net income/loss of CLAAS Group. A substantial part of exchange gains results from appreciation of derivatives. The other financing expenses disclosed above all under other operating expenses, mainly include bank charges, travel expenses etc. (in order to guarantee the comparison with the prior year, the prior year figures were adjusted).

8 | INCOME BEFORE TAXES

The Income before taxes is to be allocated as follows to domestic and foreign profit contributions:

	2001 € '000	2000 € '000
Domestic	48,603	21,267
Foreign	(12,149)	4,889
Total	**36,454**	**26,156**

9 | TAXES ON INCOME

The taxes on income are composed of current taxes and deferred taxes.

CURRENT TAXES	2001 € '000	2000 € '000
Domestic		
Corporate income tax/solidarity surcharge	12,228	11,782
Municipal trade tax	8,206	7,385
Subtotal current taxes domestic	**20,434**	**19,167**
Foreign	3,907	2,072
Total current taxes	**24,341**	**21,239**

DEFERRED TAXES	2001 € '000	2000 € '000
Domestic		
Corporate income tax/solidarity surcharge	(427)	(3,428)
Municipal trade tax	(290)	(1,846)
Subtotal deferred taxes domestic	**(717)**	**(5,274)**
Foreign	(1,425)	(1,473)
Total deferred taxes	**(2,142)**	**(6,747)**
Total taxes on income	**22,199**	**14,492**

Deferred taxes of domestic companies were determined based on a tax rate of 37% in the case of temporary differences.

The deferred taxes result from temporary differences for the following balance sheet items:

	30 Sept. 2001 € '000	30 Sept. 2000 € '000
Deferred tax assets		
Current assets	10,339	14,996
Capital lease	5,296	1,856
Provisions	21,617	16,655
Loss carryforwards	7,218	7,729
Other	6,317	1,003
Total	**50,787**	**42,239**
Allowances	(12,576)	(7,729)
Total	**38,211**	**34,510**
Deferred tax liabilities		
Current assets	11,180	7,052
Tangible assets	17,775	14,934
Other	1,032	1,122
Total	**29,987**	**23,108**
Surplus deferred tax assets	**8,224**	**11,402**

After netting, the deferred taxes are disclosed as follows:

	30 Sept. 2001 € '000	30 Sept. 2000 € '000
Deferred tax assets	**17,660**	**12,267**
thereof non-current	741	0
Deferred tax liabilities	**9,436**	**865**
thereof non-current	9,436	865
Surplus deferred tax assets	**8,224**	**11,402**

The following table reconciles the expenses from taxes on income expected in the prior year and the year under review with the expenses actually recorded. To determine the expected tax charge, the group tax rate valid in 2001 in the amount of 51.0% (prior year: 51.0%), which results from the domestic corporate income tax rate, the solidarity surcharge and the municipal trade tax, is multiplied with the total income for the year before taxes on income.

	2001 € '000	2000 € '000
Actual taxes on income	24,341	21,239
Deferred taxes	(2,142)	(6,747)
Effective tax charge	22,199	14,492
Income before taxes	36,454	26,156
Theoretical tax charge at 51.0%	**18,592**	**13,340**
Difference to foreign tax rates *	8,473	5,478
Tax effects on		
Payment of taxes for prior years	(530)	(176)
Application of tax burden on distributions	(1,763)	(822)
Non-tax deductibles expenses	1,028	675
Amortization of goodwill from consolidation	59	1,427
Application of the equity methode	(644)	(579)
Revaluation of deferred taxes to lower future tax rates	3,220	607
Other consolidation influences	(3,996)	(6,325)
Other	(2,240)	867
Effective tax charge	**22,199**	**14,492**
Effective tax rate in %	60.9	55.4

** including losses of associated companies not recognizable for tax purposes*

€ 13,443 thousand (prior year: € 13,235 thousand) of the tax loss carryforwards of the group in the amount of € 21,340 thousand (prior year: € 39,328 thousand) can be realized without limitation; the other loss carryforwards can be carried 2004. On account of the lack of recoverability, allowances of € 7,218 thousand (prior year: € 7,729 thousand) are made on the tax loss carryforwards and € 5,358 thousand (prior year: € 0 thousand) on other deferred tax assets. The loss carryforwards are attributable to foreign companies.

10 | INCOME FROM CHANGE IN ACCOUNTING PRINCIPLES

The first-time application of SFAS No. 133 »Accounting for Derivative Instruments and Hedging Activities« as at 1 October 2000 resulted in income in the amount of € 503 thousand (after deducting the attributable tax charge in the amount of € 295 thousand).

11 | EARNINGS PER SHARE

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) that can dilute the earnings per share. The diluted and the undiluted earnings per share are thus the same.

		2001	2000
Net income	€ thousand	14,256	11,664
Dividend per share	€	2,56	2,56
Number of shares outstanding on 30 September	(in '000 units)	3,000	3,000
Earnings per share	€	**4.75**	**3.89**

12 | FIXED ASSETS

The movements in fixed assets of CLAAS Group in the business year 2001 are presented on pages 66 and 67.

The additions in shares in associated companies are mainly attributable to the participation in CLAAS CATERPILLAR EUROPE GmbH & Co. KG and CATERPILLAR CLAAS AMERICA LLC. Besides, the proportionate net income/loss for the year of the companies accounted for at equity is recorded. The disposals mainly include proportionate results and the distributions of associated companies collected in the individual financial statements and to be consolidated to this extent.

The additions to intangible assets notably relate to capitalized expenses for the changeover from SAP R/2 to R/3. Among other things, license fees for software and software implementation costs were capitalized and depreciated over an estimated useful life of eight years.

Overall, depreciation in the amount of € 33,722 thousand (prior year: € 24,364 thousand) was booked on tangible assets and € 1,393 thousand (prior year: € 4,173 thousand) on intangible assets.

Due to the unsatisfactory profit situation of the factory in Metz (Usines CLAAS France S.A.S.), CLAAS performed an impairment test in accordance with SFAS 121. Since the book values of this cash-generating unit exceeded the allocable undiscounted cash flows from its use, a non-scheduled depreciation was made. The non-scheduled depreciation in the amount of € 6,945 thousand indicates how far the book values of the plant and machinery mainly affected exceeded their fair values. The depreciation amount is disclosed in production cost.

	30 Sept. 2001 € '000	30 Sept. 2000 € '000
Securities »held-to-maturity«	1,119	33,232
Securities »available-for-sale«	34,939	0
Total securities held as fixed assets	**36,058**	**33,232**

The fair values of these securities only differ insignificantly from the book values.

13 | INVENTORIES

As at 30 September 2001, payments received in the amount of € 26,302 thousand (prior year: € 11,734 thousand) were offset in finished goods and merchandise.

	30 Sept. 2001 € '000	30 Sept. 2000 € '000
Raw materials, consumables and supplies	29,611	29,557
Work in process	26,140	25,667
Finished goods and merchandise	103,342	122,261
Payments made on account	9,444	3,734
Total	**168,537**	**181,219**

14 | ACCOUNTS RECEIVABLES AND OTHER ASSETS

Accounts receivables and other assets are composed as follows:

	30 Sept. 2001 € '000	30 Sept. 2000 € '000
Trade receivables	130,450	122,871
Receivables from companies in which investments are held	6,556	15,096
PoC receivables	10,851	10,086
Other assets	44,915	41,932
Other	**192,772**	**189,985**

CLAAS sells trade receivables through an on-going ABS Program to a special purpose entity that is refinanced through issuing securities on the international capital market. The sold receivables constitute a so-called »True Sale« according to SFAS 125 respectively SFAS 140. In 2001 trade receivables with a carrying amount of € 282.146 thousand (prior year: € 26.879 thousand) were sold for € 195.123 thousand (prior year: € 18.063 thousand). Differences between the fair values of the remaining obligations in connection with these receivables and their carrying amounts are not material. On account of the ABS Program, funds in the amount of € 16,159 thousand (prior year: € 9,797 thousand) are held as reserves for money in trust. They are disclosed under other assets.

Only € 2,384 thousand (prior year: € 227 thousand) of the trade receivables have a remaining term of more than one year. € 18,719 thousand (€ 19,335 thousand) of the other assets have a remaining term of more than one year.

15 | SECURITIES WITH A MATURITY BETWEEN 90 AND 360 DAYS

The securities held by CLAAS with a maturity between 90 and 360 days are either securities held-to-maturity or sold within the last three months before final maturity (»held-to-maturity«) and securities (»available-for-sale«) which are neither part of the trading portfolio nor held-to-maturity.

	30 Sept. 2001 € '000	30 Sept. 2000 € '000
Funds	121,309	82,151
Total securities »available-for-sale«	**121,309**	**82,151**
Foreign notes	30,351	15,423
Domestic issue notes	9,956	0
Total securities »held-to-maturity«	**40,307**	**15,423**
Total securities maturing between 90 and 360 days	**161,616**	**97,574**

Securities classified as available-for-sale are valued at market prices (where available). Unrealized revenue from securities available-for-sale is reported in equity as other comprehensive income in the amount of € 0 (prior year: € 346 thousand) without profit and loss impact. Securities disclosed as »held-to-maturity« are reported at net book value, more or less corresponding to the current market value.

16 | CASH AND CASH EQUIVALENTS

Cash and cash equivalents are composed as follows:

	30 Sept. 2001 € '000	30 Sept. 2000 € '000
Securities (maturity up to 90 days)	0	0
Checks, cash-in-hand, bank balances	172,437	187,239
Total	**172,437**	**187,239**

17 | COMPREHENSIVE INCOME

	30 Sept. 2001 € '000	30 Sept. 2000 € '000
Net income	**14,256**	**11,664**
Translation adjustments	(335)	4,128
Unrealized income from securities	(346)	346
Difference arising on pension valuation	2,471	1,624
Other comprehensive income	**1,790**	**6,098**
Comprehensive income	**16,046**	**17,762**

The comprehensive income is comprised of the net income and the other comprehensive income (see p. 63). It covers, hence, all changes in equity that are not due to transactions with shareholders (e.g. through capital increases or dividends paid out). The components of the other comprehensive income are determined after deducting income taxes.

18 | EQUITY/MOVEMENTS IN EQUITY

The amounts disclosed as subscribed capital and capital reserves in the consolidated financial statements correspond to the amounts in the individual accounts of CLAAS KGaA mbH. The subscribed capital of CLAAS KGaA mbH is composed of 3 million individual share certificates; the capital increase in the year under review did not change the number of shares.

General partner without capital contribution is Helmut Claas GmbH; the shareholders of the commercial partnership limited by shares, CLAAS KGaA mbH, are exclusively family members.

The movements in equity are separately presented on the face of the financial statements on p. 63.

19 | SILENT PARTNERSHIP/PROFIT PARTICIPATION RIGHTS

The respective repayable profit participation rights and the silent partnership of CLAAS Mitarbeiter-beteiligungsgesellschaft mbH (CMG) are remunerated through a profit and loss-related compensation and are to be treated as subordinate in the event of liability. Under US GAAP, repayable transferred capital is, however, to be disclosed outside the so-called stockholders' equity formally cut off.

The profit participation rights disclosed include eighty registered, participation certificates made out to bearer at a total par value of € 40,903 thousand, which were issued in September 1997. The receivables from the participation certificates are subordinate and possibly participate in potential losses up to the full amount. The participation certificates are repayable on 1 March 2005; premature termination through the holders of the profit participation rights is excluded.

CMG is paid for its subordinated contribution a compensation that is based on the net income/loss for the year of CLAAS Group; there is also a corresponding loss participation. € 5,515 thousand of the silent partnership can be terminated as of 30 September 2002; there are rights of termination between 2003 and 2006 with respect to another € 4,694 thousand.

20 | PROVISIONS

An analysis of provisions is as follows:

	30 Sept. 2001 € '000	30 Sept. 2000 € '000
Provisions for pensions and similar obligations	104,601	103,986
Provisions for income and other taxes	16,081	14,237
Other provisions	157,829	137,973
Total	**278,511**	**256,196**

The provisions for income and other taxes are comprised exclusively of provisions for effective taxes; deferred tax liabilities are separately disclosed.

The long-term provisions amount to € 130,069 thousand (prior year: € 132,071 thousand).

21 | PENSION PROVISIONS AND SIMILAR OBLIGATIONS

Under the defined benefit pension plans implemented by CLAAS, the Company undertakes to comply with its pension commitments towards active and former employees. The pension provision that covers commitments under defined benefit schemes includes also pension fund commitments and is reduced by the amount of the fund assets. Fund surpluses, if any, are capitalized as other assets. Pension provisions are set up for commitments from vested rights and current benefits paid to eligible active and former employees and surviving dependants. The commitments relate primarily to old age pensions, which are paid partially as basic partially as supplementary benefits. Pension commitments are normally based on company seniority and the employees' remuneration.

The pension commitments are measured through actuarial methods according to the projected unit credit method. This projected unit credit method does not only take into account the pensions and accrued vested rights known at the balance sheet date but also anticipated pay and pension increases. Actuarial gains and losses that are outside a range of 10% of the scope of commitments are distributed over the average residual period of service.

The computation was based on an interest factor of 6% (prior year: 6%), pay rises of 3% (prior year: 3%) and pension increases of 1.5% (prior year: 2%). These assumptions refer to the employees working in Germany to whom the predominant part of the pension commitment relates. For the employees assigned abroad, deviating assumptions that take into account the specific circumstances in the country concerned have to be used.

The pension commitments (pension claims) covered by funds developed as follows:

	30 Sept. 2001 € '000	30 Sept. 2000 € '000
Projected benefit obligation financed by funds (plan assets)	27,826	28,085
Less cover by fund	(30,550)	(40,818)
Subtotal	**(2,724)**	**(12,733)**
Adjustment based on (non-recognized) actuarial gains/losses and commitments	(12,092)	(2,854)
Plan assets in excess of PBO	**(14,816)**	**(15,587)**

The surplus of plan assets in excess of PBO in the amount of € 14,816 thousand (prior year: € 15,587 thousand) is capitalized under other assets. The fund assets developed as follows:

	2001 € '000	2000 € '000
Fair value of fund assets as at 1 October	**40,818**	**37,845**
Actual return on fund assets	(7,547)	3,393
Employer's contributions	469	380
Employees' contributions	263	222
Actual pension payments	(815)	(668)
Exchange rate effects	88	(1,603)
Other	(1,035)	(441)
Fair value of fund assets as at 30 September	**30,550**	**40,818**

The pension provision is derived as follows from the projected benefit obligation not financed by funds:

	30 Sept. 2001 € '000	30 Sept. 2000 € '000
Projected benefit obligation not financed by funds	110,638	112,154
Difference arising on pension valuation carried as a liability	1,243	4,895
Adjustment based on (non-recognized) prior service costs	(1,810)	0
Adjustment based on (non-recognized) actuarial gains/losses	(5,470)	(13,063)
Pension provision	**104,601**	**103,986**

The presentation of movements shows the development of the pension provision from the previous year:

	2001 € '000	2000 € '000
Pension provision balance 1 October	**103,986**	**101,615**
Additions pension claims	2,781	3,027
Release	(3,645)	(2,577)
Interest portion of additions	6,540	6,436
Changes in scope of consolidation	0	0
Consumption	(5,061)	(4,515)
Pension provision balance 30 September	**104,601**	**103,986**

A classification of pension costs is as follows:

	2001 € '000	2000 € '000
Cost of pension claims accrued in year under review	4,453	4,154
Interest expense on existing pension claims	8,262	8,001
Adjustment based on recognized prior service costs	0	0
Adjustment based on recognized actuarial gains/losses	(801)	(635)
Fund income	(2,801)	(2,963)
Other	-	49
Pension costs	**9,113**	**8,606**

The cost of the pension claims accrued in the year under review as well as the interest paid on existing pension claims relate to pension claims that are financed, and that are not financed, by funds.

The pension claims developed as follows:

	2001 € '000	2000 € '000
Pension claims as at 1 October	**140,240**	**135,014**
Cost of pension claims accrued in year under review	4,453	4,312
Interest expense on existing pension claims	8,262	8,001
Actuarial losses/(gains)	(7,476)	(2,873)
Actual pension payments	(5,877)	(5,069)
Other	(1,137)	855
Pension claims as at 30 September of following calendar year	**138,465**	**140,240**

22 | LIABILITIES

€ '000	30 Sept. 2001 Remaining term up to 1 year	 more than 1 year	 Total 30 Sept. 01	30 Sept. 2000 Remaining term up to 1 year	 more than 1 year	 Total 30 Sept. 00
Bonds	0	100,000	100,000	0	100,000	100,000
Liabilities to insurance companies	3,801	21,459	25,260	2,062	25,260	27,322
Liabilities to banks	8,938	15,709	24,647	5,535	14,917	20,452
Payments received on account	6,876	0	6,876	0	0	0
Trade payables	44,244	0	44,244	36,429	10	36,439
Liabilities on bills accepted and drawn	1,282	0	1,282	2,187	0	2,187
Accounts payable to investments/associates	1,243	0	1,243	6,525	0	6,525
Leasing payables	10,238	7,277	17,515	1,347	3,160	4,507
Other liabilities	69,386	27,908	97,294	61,066	25,078	86,144
Total	**146,008**	**172,353**	**318,361**	**115,151**	**168,425**	**283,576**

The liabilities to insurance companies and the liabilities to banks include liabilities which are collateralized through encumbrances on real property and transfers by way of security in the amount of € 25,260 thousand (prior year: € 27,322 thousand) and € 2,876 thousand (prior year: € 8,334 thousand), respectively.

The fair values and nominal values of the bond as well as of the loans granted by banks and insurance companies are as follows:

€ million	30 Sept. 2001 Nominal value	Fair value	30 Sept. 2000 Nominal value	Fair value
Bond	100.0	95.5	100.0	91.1
Loans granted by banks and insurance companies (with fair value difference)	11.8	12.0	12.3	12.6
Loans granted by banks and insurance companies (without fair value difference)	38.1	38.1	35.4	35.4
Total	**149.9**	**145.6**	**147.7**	**139.1**

The bond (maturity until 2006) accrues interest at a rate of 4.5%; interest rates ranging from 4.8% to 8.3% apply to the loans granted by banks and insurance companies (maturity from 2001 to 2011).

The other liabilities include payables to the shareholders of the commercial partnership limited by shares in the amount of € 45,800 thousand (prior year: € 41,605 thousand) of which € 27,861 thousand are long-term (prior year: € 25,037 thousand).

23 | CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

The maturities of commitments from leasing and tenancy relationships are as follows:

	Capital lease Nominal value € '000	Operating lease Nominal value € '000
Minimum lease payments		
1 year to maturity	11,246	5,383
2 years to maturity	3,818	4,598
3 years to maturity	2,647	2,330
4 years to maturity	359	637
5 years to maturity	351	75
Total	**18,421**	**13,023**
Interest portion	906	
Present value of commitments	17,515	

In the year under review, rent and rental expenses amounted to € 7,674 thousand. The rentals received under non-terminable sublease agreements as at the balance sheet date amount to € 10,612 thousand.

The capital lease and operating lease commitments arise predominantly under leasing programs under which CLAAS agricultural machines are leased from CLAAS Leasing GmbH and subleased to final customers. The other financial commitments do not include rental and leasing commitments.

	30 Sept. 2001 € '000	30 Sept. 2000 € '000
Contingent liabilities		
Notes payable	29,909	37,945
Liabilities related to guarantees	276	282
Liabilities under warranty agreements	15,461	16,167
Total	**45,646**	**54,394**
Other financial commitments	**2,110**	**350**

On account of the capital expenditure and investments specified in the management report – notably on production facilities at the Harsewinkel location – there are presently financial commitments at group level that exceed the level of capital expenditure and investments in the course of ordinary business activities.

24 | FINANCING COMMITMENTS

The financing commitments as at the balance sheet date may be classified as follows:

	Up to 1 year		1-5 years		> 5 years		Total	
€ million	**30 Sept. 01**	**30 Sept. 00**	**30 Sept. 01**	**30 Sept. 00**	**30 Sept. 01**	**30 Sept. 00**	**30 Sept. 01**	**30 Sept. 00**
Bond issue	-	-	100.0	-	-	100.0	100.0	100.0
Credit syndication	-	-	102.3	102.3	-	-	102.3	102.3
Credit lines granted by banks and insurance companies	198.8	199.1	45.7	20.4	37.4	54.2	281.9	273.7
Total	**198.8**	**199.1**	**248.0**	**122.7**	**37.4**	**154.2**	**484.2**	**476.0**

25 | STATEMENT OF CASH FLOWS

The statement of cash flows is classified by cash flows from current business activities, from investment activities and from financing activities. Effects of changes in the scope of consolidation have been eliminated; their impact on cash and cash equivalents – like the influence of exchange rate fluctuations on cash and cash equivalents – is separately shown.

The cash flow from operating activities includes dividends received in the amount of € 1,216 thousand (prior year: € 881 thousand); the profit contributions without cash flow impact from the application of the equity method were eliminated. The additions to fixed assets without cash flow impact relate exclusively to additions of leased assets in the amount of € 14,917 thousand (prior year: € 357 thousand), which are to be classified as capital lease. Interest paid amounts to € 30,192 thousand (prior year: € 23,785 thousand); the taxes on income paid amount to € 22,803 thousand (prior year: € 12,037 thousand).

There are no restraints on dispositions with respect to cash and cash equivalents.

26 | EMPLOYEES

ANNUAL AVERAGE NUMBER OF EMPLOYEES	2001	2000
Hourly paid	3,007	3,156
Salaried	2,145	2,170
Trainees	306	342
Total	**5,458**	**5,668**

27 | DERIVATIVE FINANCIAL INSTRUMENTS

On account of its business activities, CLAAS Group is exposed to currency and interest risks. The exchange risks as well as the interest risks are controlled through systematic foreign currency and interest management, using all common financial instruments including derivative instruments. The currency risks relate basically to the US dollar, the Hungarian forint and the British pound. Exchange futures and currency options are entered into for mitigating or eliminating the exchange risk from receivables and payables denominated in foreign currencies including the netting. Interest rate swaps and interest rate options serve to hedge the interest risk of asset and liability positions.

Corresponding transactions are concluded exclusively on the basis of existing underlying transactions or transactions that are supported by concrete planning data.

The nominal volume of the hedging transactions constitutes the aggregate of all buying and selling amounts underlying the dealings. The amount of the nominal volume permits to draw conclusions as to the scope of derivatives used, but does not reflect the Group’s exposure from the use of derivatives. It is to be emphasized that the nominal volumes in the table below include interest and currency positions that were not entered into through counter transactions because a gross presentation of these amounts would not provide meaningful information in economic terms. The nominal volumes as at the balance sheet date of the interest and currency positions entered into through counter transactions amount to € 110.2 million (prior year: € 114.4 million).

There is a strict segregation of functions in physical and organizational terms between conclusion, control and booking of transactions. The competences in terms of amount and contents are defined in internal guidelines. In the finance area, risk positions are continuously measured by means of tested software.

Business partners are exclusively German and international banks of unquestionable financial standing. Since management and the supervisory bodies of CLAAS attach great importance to systematic risk management, a comprehensive monitoring system, which meets the requirements under the Act on Control and Transparency in the Corporate Sector (KonTraG), has been installed. In this context, the efficiency of the hedging instruments used and the reliability of the internal control systems are regularly controlled through internal and external examinations.

CURRENCY HEDGING	Nominal volume 30 Sept. 01 € '000	Nominal volume 30 Sept. 00 € '000	Remaining term > 1 year 30 Sept. 01 € '000	Remaining term > 1 year 30 Sept. 00 € '000	Market price 30 Sept. 01 € '000	Market price 30 Sept. 00 € '000
Exchange futures	117,341	89,880	0	0	1,966	(2,906)
Currency options	44,001	38,503	0	0	550	(300)
Other currency hedging instruments	0	0	0	0	0	0
Total	**161,342**	**128,383**	**0**	**0**	**2,516**	**(3,206)**

INTEREST RATE HEDGING	Nominal volume 30 Sept. 01 € '000	Nominal volume 30 Sept. 00 € '000	Remaining term > 1 year 30 Sept. 01 € '000	Remaining term > 1 year 30 Sept. 00 € '000	Market price 30 Sept. 01 € '000	Market price 30 Sept. 00 € '000
Interest rate options	40,903	40,903	40,903	40,903	(51)	387
Interest rate swaps	24,800	97,657	20,200	72,092	(560)	(4,096)
Other interest rate hedging instruments	20,000	20,000	20,000	20,000	(191)	(255)
Total	**85,703**	**158,560**	**81,103**	**132,995**	**(802)**	**(3,964)**

The carrying amounts of the derivative financial instruments recognized in the balance sheet are as follows:

CURRENCY HEDGING	Carrying amounts 30 Sept. 01 € '000	Carrying amounts 30 Sept. 00 € '000
Exchange futures	1,966	(1,683)
Currency options	550	(112)
Other currency hedging instruments	0	0
Total	**2,516**	**(1,795)**

INTEREST RATE HEDGING	Carrying amounts 30 Sept. 01 € '000	Carrying amounts 30 Sept. 00 € '000
Interest rate options	(51)	375
Interest rate swaps	(898)	(414)
Other interest rate hedging instruments	83	(66)
Total	**(866)**	**(105)**

28 | SEGMENT REPORTING

€ million	CLAAS Agricultural Engineering		CLAAS Industrial Engineering		CLAAS Production Engineering		Eliminations		CLAAS Group	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
External sales	1,051	984	24	20	73	69	0	0	1,148	1,073
Internal sales	7	6	82	76	2	2	(91)	(84)	0	0
Total sales	**1,058**	**990**	**106**	**96**	**75**	**71**	**(91)**	**(84)**	**1,148**	**1,073**
Operating profit (EBIT)	56	46	7	5	4	3	0	0	67	54
Segmental assets	866	815	39	33	50	36	(24)	(25)	931	859
Investment in fixed assets	53	26	3	5	2	2	0	0	58	33
Depreciation	39	24	4	3	2	1	0	0	45	28
Interest income	11	13	0	0	0	0	0	0	11	13

CLAAS defines its segments according to the areas of business covered by the different divisions. The definition of divisions and regions is based on internal reporting data.

Agricultural Engineering is CLAAS' core business. CLAAS is market leader in Europe for its main products, the combine harvester and the forage harvester. CLAAS also holds significant market shares in the baler and green harvest machinery product lines, especially in Western Europe.

The Production Engineering Division is run by CLAAS Fertigungstechnik GmbH. This company has specific expertise in special-purpose mechanical engineering and tool making and in the development and manufacturing of complete transfer and production lines.

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

Internal sales reflect the amount of sales between Group companies. Internal sales are accounted for under conditions like among unrelated parties dealing at arm's length. Investment in fixed assets relates to acquired tangible assets.

Reconciliation of the operating profit, which is defined as EBIT at the level of CLAAS, with the consolidated net income:

	2001 € '000	2000 € '000
Operating profit (EBIT)	**67,117**	**53,959**
./. Taxes on income	22,199	14,492
./. Interest expenses	25,001	23,065
./. Compensation CMG	2,855	1,932
./. Compensation profit participation rights	2,806	2,806
Consolidated net income	**14,256**	**11,664**

The increase in sales from € 1,072.5 million to € 1,147.9 million is primarily due to increases in the European countries outside the European Union (other European countries), where a sales growth from 49% to € 155.9 million was realized. In non-European countries, sales amounted to € 185.3 million, which is also a marked improvement and a 21.1% increase from the previous year.

CLASSIFICATION OF SALES BY REGIONS	2001 in € million	2000 in € million
Domestic	356.9	358.3
Other EU countries	449.8	456.5
Other European countries (excluding EU)	155.9	104.7
Non-European countries	185.3	153.0
Total	**1,147.9**	**1,072.5**

Disclosure concerning important customers: Since CLAAS realizes its sales primarily with green harvest machinery, the clientele of CLAAS also operates predominantly in the agricultural sector. On account of the large number of customers, there are no customers whose sales volume would account for a significant percentage of the Group's sales volume. Furthermore, except for the German market, the customer structure shows no significant concentration on certain geographic regions.

MATERIAL DIFFERENCES BETWEEN GERMAN GAAP (HGB) AND US GAAP

Material accounting and valuation differences between the German GAAP (HGB) and US GAAP are described below.

FIXED ASSETS

Under German GAAP, fixed assets are predominantly depreciated on a reducing-balance basis, with tax depreciation normally being applied also to the commercial balance sheet. The useful lives are generally based on fiscal depreciation tables. No asset item is permitted to be recognized under German GAAP for intangible fixed assets that were not acquired for compensation.

Under US GAAP, the depreciation method that best reflects the anticipated depreciation of the asset concerned is to be chosen. Normally, fixed assets are, hence, depreciated on a straight-line basis; no tax depreciation is made at all. Deviating from German GAAP, depreciation is based on a useful life that can differ from the useful life provided in the fiscal depreciation tables. Furthermore, leased fixed assets are capitalized if the requirements for a capital lease are met. Certain self-generated intangible fixed assets are required to be capitalized under US GAAP.

INVENTORIES

Whereas under German accounting principles, inventories are permitted to be valued at prime cost or at full cost (in compliance with tax regulations), inventories are measured at so-called production-related full cost under US GAAP. This means that all allocable overheads are capitalized. The Percentage of Completion (PoC) Method is applied under US GAAP when reporting long-term production orders. Long-term production orders in process are disclosed as PoC receivables depending on the stage of completion.

DEFERRED TAXES

According to German accounting principles, deferred tax assets and provisions are only recognized for temporary differences between the result under German GAAP and the tax result. Netting deferred tax assets and deferred provisions for income and other taxes is admissible.

Under US GAAP, deferred taxes are to be recognized for temporary differences between the values recognized in the consolidated balance sheet and the tax balance sheet. Furthermore, deferred tax assets are to be recognized for anticipated tax reductions from loss carryforwards. Netting of short-term deferred tax assets and deferred provisions for income and other taxes is admissible.

RECEIVABLES/OTHER ASSETS

Under German GAAP, a general allowance is made on receivables in accordance with the prudence principle. According to US GAAP, general allowances are only permitted to be made if substantiable empirical values are available or if a loss of receivables is probable. Furthermore, an excess of pension assets over pension commitments is disclosed under other assets at the level of CLAAS in compliance with US GAAP.

INVESTMENTS AND SECURITIES

Under German accounting principles, securities are recognized at acquisition cost or at their lower of market value as at the balance sheet date. Under US GAAP, there are the following three types of securities: Securities that are held-to-maturity (»held-to-maturity securities«) should generally be valued at acquisition cost. Securities that are available-for-sale (»available-for-sale securities«) and securities that are intended to be sold shortly (»trading securities«) are valued at their current market value as at the balance sheet date.

PENSION PROVISIONS

Under German GAAP, pension provisions are normally measured according to the going-concern value method under tax law. Probable fluctuations are taken into account on a lump-sum basis. Pay and pension rises must not be taken into account. The discounting factor can be based on tax regulations. Under US GAAP, pension provisions are measured according to the projected unit credit method. Official fluctuation probabilities as well as pay and pension rises are taken into account. The discounting factor corresponds to the interest rate in the capital market. If, on account of the change in the bases of computation, the present value of vested pension rights exceeds the pension provision that has been set up with profit and loss impact, the pension provision is increased without profit and loss impact by an additional provision amount (»additional minimum liability«) according to SFAS 87. This amount must be lower than the additional expenses from plan adjustments that remain to be allocated. Otherwise, it is offset against equity. The difference arising on the pension valuation has no profit and loss impact under US GAAP. Under German GAAP, the funding and release of this minimum pension commitment is immediately charged against profit and loss in the profit and loss account.

OTHER PROVISIONS

Under German GAAP, there are certain options with respect to provisions and accruals and provisions for charges that are based on an internal commitment are permitted to be carried as a liability. According to US GAAP, there are more restrictive requirements for setting up provisions and accruals. There are no options to show or not to show corresponding items as a liability on the balance sheet and recognition is made contingent upon a high probability that a liability will actually arise. Provisions are only recognized for obligations against third parties resulting from past events or transactions.

CASH AND CASH EQUIVALENTS

Deviating from German GAAP, cash and cash equivalents include also securities with a remaining term at the date of acquisition of up to 90 days under US GAAP.

SILENT PARTNERSHIP/PROFIT PARTICIPATION RIGHTS

The allocation to equity or external capital according to German GAAP depends decisively on profit and loss-related compensation, the loss participation and the treatment as subordinate in the case of bankruptcy. According to these criteria, the silent partnership and the profit participation rights of CLAAS are to be classified as equity in accordance with German GAAP. Under US GAAP, however, the repayability of the capital transfer decides on the disclosure within or outside equity.

MINORITY INTEREST

Under German GAAP, minority interest is taken into account within equity. Under US GAAP, minority interest is disclosed as a separate item outside equity on the balance sheet.

COMPREHENSIVE INCOME/ OTHER COMPREHENSIVE INCOME

Deviating from German accounting rules, US GAAP provides for a separate equity component, the other comprehensive income, which together with the net income forms a kind of total operating performance, the so-called comprehensive income. The following elements of the other comprehensive income are to be separately disclosed: Foreign currency translation differences, supplementary pension provisions (see pension provisions), unrealized gains and losses in connection with the market valuation of securities as well as the effective portion of the market price variance of derivative instruments that meet cash flow hedge requirements.

CLAAS KOMMANDITGESELLSCHAFT AUF AKTIEN, HARSEWINKEL

Holding company, Sales, Customer Service, Parts

INDUSTRIAL ENGINEERING

100% **CLAAS Industrietechnik GmbH, Paderborn**

Executive management
Hans-Joachim Herbermann (spokesman)
Karl Heinz Kalze

PRODUCTION ENGINEERING

100% **CLAAS Fertigungstechnik GmbH, Beelen**

Executive management
Hans-Bernd Veltmaat

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

Family Reinhold Claas

BODIES OF CLAAS KGaA mbH

Shareholders' committee

Helmut Claas, Harsewinkel
Chairman

Supervisory Board

Helmut Claas, Harsewinkel,
Chairman

Guntram Schneider, Münster *
Deputy Chairman

Oliver Claas, Wedel/Holstein
(since 11/00)

Volker Claas, Harsewinkel
(since 11/00)

Reinhold Claas, Harsewinkel
(until 11/00)

Günther Claas, Harsewinkel
(until 11/00)

Günther Groß, Beckum *

Claus Helbig, München

Heinz Jacobi, Lichtenau *

Günter Laumann, Harsewinkel *

Wilfried Lochte, Groß Schwülper

Jens Möller, Rheda-Wiedenbrück *

Gerd Peskes, Düsseldorf

Carmelo Zanghi, Paderborn *

Executive Board

Nikolaus Feil

Hermann Garbers

Rüdiger A. Günther

Martin Richenhagen

** Employee representatives*

AGRICULTURAL ENGINEERING

PRODUCT COMPANIES

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

Executive management
Lothar Kriszun (spokesman)
Hermann Garbers

100% **CLAAS Saulgau GmbH, Bad Saulgau**

Executive management
Rolf Meuther

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

Präsident
Philippe Lagache
(until 03/01)
Guy Larrue
(since 04/01)

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

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/Indien**

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.S., Paris/Frankreich**

President
Philippe Lagache
(until 12/00)
Thierry Lemaire
(since 01/01)
Generaldirektor
Luc Montgobert
(since 11/00)

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

Executive management
Clive E. Last

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

Executive management
Pierluigi Navone

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

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/Argentinien**

President
Gero Schulze-Isfort

Executive management
Kai Gieselmann

** substantial investments*

FINANCING COMPANIES

49% **CLAAS Valtra Finance Ltd., Basingstoke/Großbritannien**

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

SUMMARY OF FINANCIAL STATISTICS		2001	2000	1999 *	1998 *	1997 *	1996 *	1995 *
PROFIT AND LOSS ACCOUNT								
Net sales	€ million	1,147.9	1,072.5	1,038.5	1,108.5	978.7	749.8	642.5
Exports as a share of sales	%	68.9	66.6	65.5	69.7	70.6	68.4	61.9
Income before taxes	€ million	36.5	26.2	22.4	59.9	68.9	48.6	66.0
Net income	€ million	14.3	11.7	5.8	27.2	27.0	27.9	33.2
BALANCE SHEET								
Fixed assets	€ million	**211.2**	**187.1**	**148.1**	**132.0**	**119.3**	**101.3**	**87.2**
Intangible assets	€ million	6.8	3.5	6.0	8.4	8.0	2.6	2.6
Tangible assets	€ million	155.5	138.7	99.3	83.3	77.1	72.0	65.1
Financial assets	€ million	48.9	44.8	42.8	40.3	34.2	26.7	19.5
Current assets	€ million	**698.2**	**656.4**	**582.5**	**542.8**	**519.5**	**383.3**	**360.1**
Inventories	€ million	168.5	181.2	212.6	224.6	141.0	113.8	131.2
Accounts receivable and other assets	€ million	195.6	190.4	133.1	137.2	149.9	115.6	106.1
Liquidity	€ million	334.1	284.8	236.8	181.0	228.6	153.8	122.8
Prepaid expenses	€ million	**22.0**	**16.1**	**25.5**	**16.9**	**5.1**	**7.6**	**6.4**
Equity	€ million	**268.8**	**263.5**	**261.6**	**261.0**	**241.2**	**175.6**	**144.4**
Funds similar to equity **	€ million	**56.3**	**55.5**					
External capital	€ million	**606.3**	**540.6**	**494.5**	**430.7**	**402.7**	**316.6**	**309.2**
Provisions	€ million	287.9	257.0	246.7	263.1	234.1	198.9	184.2
Liabilities	€ million	318.4	283.6	247.8	167.6	168.6	117.7	125.0
Balance sheet total	€ million	**931.4**	**859.6**	**756.1**	**691.7**	**643.9**	**492.2**	**453.7**
RATIOS								
Return on sales	%	3.2	2.4	2.2	5.4	7.0	6.5	5.8
EBIT	€ million	67.1	54.0	48.7	89.6	90.1	69.9	55.3
EBITDA	€ million	111.9	82.5	79.9	113.8	118.0	89.9	72.7
Return on equity	%	5.3	4.4	2.2	10.4	11.2	15.9	23.0
Return on total capital employed	%	7.2	6.3	6.4	13.0	14.0	14.2	18.5
Cash flow according to DVFA/SG ***	€ million	67.7	39.6	53.1	70.9	63.3	42.1	33.3
Equity ratio	%	28.9	30.7	34.6	37.7	37.4	35.7	31.8
First-degree liquidity	%	109.7	118.3	111.9	74.3	103.6	91.0	84.5
Equity-to-fixed-assets ratio	%	297.0	330.9	367.7	339.5	354.7	318.9	353.4
Working capital	€ million	258.6	274.0	286.6	298.1	209.8	167.4	184.9
EMPLOYEES								
Employees as at the balance sheet date (including trainees)		5,488	5,558	5,853	6,030	5,571	4,831	4,511
Personnel expenses	€ million	277.3	269.8	269.1	262.0	222.8	204.6	192.2

* *The figures up to and including 1999 are based on German GAAP.*

** *Under US GAAP, profit participation rights, the silent partnership and minority interest are not part of equity in a narrow sense in contrast to German GAAP.*

*** *Deutsche Vereinigung für Finanzanalyse und Anlageberatung e.V./Schmalenbach-Gesellschaft (DVFA commission for methodology of financial analysis / Schmalenbach-Gesellschaft)*

PRODUCT OVERVIEW

COMBINE HARVESTERS

FORAGE HARVESTERS

TELESCOPIC LOADERS

GREEN HARVEST MACHINERY

BALERS


SPECIAL PRODUCTS






INDUSTRIAL ENGINEERING/ PRODUCTION ENGINEERING


DEFINITIONS

Return on sales	=	$\frac{\textit{Income before taxes}}{\textit{Net sales}}$
EBIT	=	*Net income + taxes on income + interest expense + profit transferred under a partial profit transfer agreement (CMG) + remuneration profit participation rights*
EBITDA	=	*EBIT + depreciation of tangible assets + amortization of intangible assets*
Return on equity	=	$\frac{\textit{Net income}}{\textit{Equity}}$
Return on total capital employed	=	$\frac{\textit{EBIT}}{\textit{Balance sheet total}}$
Cashflow according to DVFA/SG	=	*Net income + depreciation of tangible assets + amortization of intangible assets +/- changes of pension provisions and other long-term provisions +/- other expenses/ income without cash flow impact*
Equity ratio	=	$\frac{\textit{Equity}}{\textit{Balance sheet total}}$
First-degree liquidity	=	$\frac{\textit{Liquidity}}{\textit{Short-term liabilities}}$
Equity to fixed assets ratio	=	$\frac{\textit{Equity, funds similar to equity and long-term liabilities}}{\textit{Fixed assets}}$
Working capital	=	*Inventories ./. advance payments received +/- accounts receivable/ trade payables +/- accounts receivable/payable to investments or associates +/- notes receivable/ notes payable*

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