

Report of the Supervisory Board

Dear Shareholders,

The Supervisory Board continued to discharge its duties under the law, the Articles of Association, and its Rules of Procedure in the course of the past fiscal year. We regularly advised the Executive Board in its management of the Company and monitored its activities.

The Executive Board provided the Supervisory Board with regular, timely, and comprehensive information, in both written and verbal form, on the development of the business, relevant business events, corporate planning, and deviations in the course of business from forecasts as well as their causes. The Executive Board also reported to the Supervisory Board on the MAN Group's strategy and the implementation status of strategic projects, the MAN Group's risk position and risk management, as well as compliance issues.

The Supervisory Board was involved in an advisory capacity in all matters and decisions of major importance to the MAN Group.

During my regular talks with the Chief Executive Officer outside the Supervisory Board meetings, I also discussed matters and issues relevant to the Company, such as the development of the business, strategic projects, risk management, and compliance.

The Supervisory Board held six regular meetings in fiscal year 2012. One of the meetings was held in the form of a conference call.

Average attendance at Supervisory Board meetings was 98%. All members were present at more than half of the meetings.

Key areas of committee work in the year under review

The Supervisory Board established two committees – the **Presiding Committee** and the **Audit Committee** – on which shareholders and employees are represented equally, with three representatives in each case, as well as the **Nomination Committee**, which consists solely of shareholder representatives.

The main role of the committees is to prepare Supervisory Board resolutions. In some cases, the Supervisory Board's decision-making powers or tasks are transferred to committees. The **Nomination Committee** is tasked with identifying candidates for Supervisory Board positions and recommending suitable candidates to the Supervisory Board as the latter's proposals for election at the Annual General Meeting. In this capacity, the shareholder representatives on the Presiding Committee act as the Nomination Committee.

Rupert Stadler is Chairman of the Audit Committee, while the Presiding Committee is always chaired by the Chairman of the Supervisory Board.

At the Supervisory Board meetings, Mr. Stadler and I provided regular reports on the work of the committees.

A list of the members of the committees as of the end of 2012 is provided on [page 182](#) of this Annual Report.

The **Presiding Committee** met a total of five times in 2012. It dealt in particular with all the key issues to be discussed at the following Supervisory Board meetings and prepared Supervisory Board resolutions.

The **Nomination Committee** met once in 2012. The resignation of Ulf Berkenhagen, Dr. Matthias Bruse, and Dr. Thomas Kremer required the election of three shareholder representatives (see below).

The **Audit Committee** held a total of six meetings in the year under review. The Committee also adopted one written resolution.

The Audit Committee dealt in detail with financial reporting issues, the annual financial statements of MAN SE and the MAN Group, and the audit reports submitted by the auditors, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Munich (PwC).

The Committee regularly discussed the quarterly financial reports with the Executive Board prior to their issue.

PwC reviewed the MAN Group's interim financial statements as of June 30, 2012. This did not lead to any objections. The Committee discussed the findings of the review with the auditors in detail.

The Committee also addressed the engagement of the auditors (PwC) to audit the annual financial statements for 2012, the areas of emphasis of the audit, and the statement regarding the auditors' independence in accordance with section 7.2.1 of the German Corporate Governance Code.

The Audit Committee continued to focus on internal audit issues in 2012, including the audit plan for MAN's Corporate Audit function and its implementation status, risk management and the MAN Group's risk position, as well as its internal control system.

The Audit Committee regularly discussed business developments in the MAN Group, the status of corporate planning, financial issues, and commercial matters relating to strategic projects. The Audit Committee also addressed MAN Diesel & Turbo SE's turnkey power plant business, among other things.

Once again, compliance was another focus of the Audit Committee's work in the past year. MAN's Chief Compliance Officer also reported in person to the Committee.

Issues addressed by the full Supervisory Board


Topics discussed regularly by the full Supervisory Board included trends with respect to orders, revenue, earnings, and employment within the MAN Group. We also continuously addressed key strategic matters and compliance issues in detail.

The following information relates to the Supervisory Board meetings held in 2012:

On **February 13, 2012**, we primarily addressed the annual financial statements for 2011 and the dependent company report. Other issues discussed at this meeting included the agenda and the proposed resolutions for the 2012 Annual General Meeting, as well as the review on the efficiency of our work in accordance with the recommendation contained in section 5.6 of the German Corporate Governance Code, which was conducted on the basis of a questionnaire.

We held a further meeting following the Annual General Meeting on **April 20, 2012**.

We reappointed Frank H. Lutz as a member of the Executive Board for the period January 1, 2013, to December 31, 2017.

The regular agenda covered Executive Board remuneration matters. In particular, we decided on the basic remuneration awarded to members of the Executive Board. Further information is provided in the Remuneration Report for fiscal year 2012, which was published in the management reports contained in the annual financial statements of MAN SE and the MAN Group, see also  **pages 66 ff.** of this Annual Report, **MAN Group Management Report**.

Furthermore, we resolved to engage PwC to audit MAN SE's annual financial statements for 2012, its risk early recognition system, and dependent company report.

In our meeting on **June 2, 2012**, we primarily dealt with personnel matters relating to the Executive Board.

We approved Jörg Schwitalla's resignation from the Executive Board effective June 30, 2012, and addressed the details relating to the termination of his contract of service.

We appointed Jochen Schumm as a member of the Executive Board and Arbeitsdirektor (member responsible for employee relations) with effect from July 1, 2012, until June 30, 2015, and Ulf Berkenhagen as a member of the Executive Board with effect from September 1, 2012, until August 31, 2017 (see below).

On **July 31, 2012**, we held a conference call to address in particular MAN Truck & Bus AG's earnings and measures to improve earnings.

One of the key issues discussed at our meeting on **October 10, 2012**, was again MAN Truck & Bus AG's economic situation. We were also informed of the status of MAN Truck & Bus AG's activities in India, among other things.

In addition, we resolved to propose Dr. Leif Östling to the responsible registry court as the successor to Prof. Dr. Jochem Heizmann, who stepped down from the Supervisory Board with effect from October 12 (see below).

In our meeting on **December 12, 2012**, we addressed in particular the MAN Group's corporate planning for the years 2013 to 2015, as well as the Group's strategic focus and corporate governance issues.

We also amended performance component two of the variable remuneration. The entitlement to common shares of the Company previously included in this remuneration component (variable stock bonus) was changed to an entitlement to a cash payout in the corresponding amount. This change also applies to the year under review. Further information on remuneration is provided in the Remuneration Report (see above).


Corporate governance and Declaration of Conformity

The current version of the German Corporate Governance Code (the Code) and its implementation at MAN were discussed at the Supervisory Board meeting on December 12, 2012.

In December 2012, the Executive Board and Supervisory Board issued the most recent annual Declaration of Conformity in accordance with section 161 of the *Aktiengesetz* (AktG – German Stock Corporation Act). This is permanently available on MAN SE's website at → www.man.eu.

According to this Declaration of Conformity, MAN SE will comply with the recommendations of the German Corporate Governance Code (the Code) as amended on May 15, 2012, with the exception of section 5.3.2 sentence 3 (independence of the Chairperson of the Audit Committee), section 5.4.6 (2) sentence 2 (performance-related compensation of the Supervisory Board), and section 5.5.3 sentence 1 (report to the Annual General Meeting on any conflicts of interest that have occurred and their treatment). Detailed explanations of and the reasoning behind the above-mentioned departures from the recommendations of the Code can be found in the Declaration of Conformity.

No conflicts of interest involving members of the Supervisory Board within the meaning of section 5.5 of the German Corporate Governance Code were notified in the year under review.

Further information on corporate governance at MAN is available in our Corporate Governance report see  **pages 17 ff.** of this Annual Report.

Audit of the 2012 annual and consolidated financial statements and dependent company report

In accordance with our proposal, the Annual General Meeting elected PwC as the auditors for fiscal 2012 on April 20, 2012. The Supervisory Board issued the concrete audit engagement letter to PwC in line with the Audit Committee's recommendations and specified the areas of emphasis of the audit.

The auditors issued unqualified audit opinions on the annual financial statements of MAN SE and the consolidated financial statements for the MAN Group, plus the relevant management reports.

In addition, the auditors assessed the internal control system and the risk management system and concluded that the Executive Board had taken the measures required by section 91 (2) of the AktG to identify at an early stage risks that could endanger the Company's continuing existence.

Volkswagen Aktiengesellschaft has been a majority shareholder of MAN SE since November 9, 2011. No control agreement has been signed. As a result, the Executive Board prepared a report on relationships with affiliated companies (dependent company report) in accordance with section 9 (1) c (ii) of the *SE Verordnung* (SE VO – SE Regulation) and section 312 of the AktG for the period from January 1 to December 31, 2012. The auditors audited the dependent company report and issued the following audit opinion:

"On completion of our review and assessment in accordance with professional standards, we confirm that

1. the actual disclosures are accurate,
2. the consideration paid by the Company for the transactions listed in the report was not inappropriately high or any disadvantages were compensated,
3. there are no circumstances that would indicate a materially different assessment of the measures listed in the report to that given by the Executive Board."

The Supervisory Board concurred with the results of the audit of the dependent company report by the auditors.

The members of the Audit Committee and the members of the Supervisory Board received the documents relating to the annual financial statements and the dependent company report, and the audit reports prepared by the auditors, in good time for the meetings of these committees on February 6, 2013, and February 7, 2013, respectively.

The auditors reported in detail in both meetings on the key findings of their audits and were available to provide additional information.

Based on the audit reports by the auditors and its discussion with them as well as its own findings, the Audit Committee prepared the documents for our own examination of the consolidated financial statements, the annual financial statements of MAN SE, the management reports for MAN SE and for the Group, and the dependent company report and reported on them in our meeting on February 7, 2013. After this, it recommended that we approve the annual financial statements.

We examined these documents in depth in the knowledge of, and taking into account, the report by the Audit Committee and the auditors' report, and in our discussions with these. We came to the conclusion that the assessments by the Executive Board of the position of the Company and the Group presented in the management reports correspond to those of the Supervisory Board. We therefore concurred with the results of the audit by the auditors in our meeting on February 7, 2013, and approved the annual financial statements prepared by the Executive Board and the consolidated financial statements. The annual financial statements are thus adopted.

Our examination of the dependent company report led to the conclusion that there are no objections to be raised to the declaration by the Executive Board at the end of the dependent company report.

We examined the Executive Board's proposal on the appropriation of the net profit with particular reference to the interests of the Company and its shareholders, and concurred with the recommendation.

Changes to the Composition of the Supervisory Board and the Executive Board

Ulf Berkenhagen, Dr. Matthias Bruse, and Dr. Thomas Kremer left the Supervisory Board at the end of the Annual General Meeting on April 20, 2012.

As proposed, the Annual General Meeting elected Prof. Dr. Jochem Heizmann, Hans Dieter Pötsch, and Prof. Dr. Martin Winterkorn as shareholder representatives for the remaining period of office of the outgoing Supervisory Board members mentioned above, and Prof. Dr. Horst Neumann as the alternate member for these three gentlemen.

Prof. Dr. Jochem Heizmann resigned from the Supervisory Board with effect from the end of October 12, 2012. Prof. Dr. Horst Neumann, who had been elected as the alternate member for Prof. Heizmann, among other members, was not available as a successor.

On application by the Executive Board, the registry court in Munich appointed Dr. Leif Östling as a member of the Supervisory Board in a resolution dated October 18, 2012.

Changes were also made to the composition of the Executive Board.

Jörg Schwitalla resigned from the Executive Board with effect from the end of June 30, 2012.

On June 2, the Supervisory Board appointed Jochen Schumm as a member of the Executive Board and Arbeitsdirektor (member responsible for employee relations) effective July 1, 2012. Mr. Schumm is responsible for human resources and also holds the positions of Chief Human Resources Officer and Arbeitsdirektor at MAN Truck & Bus AG.

Also on June 2, 2012, the Supervisory Board appointed Ulf Berkenhagen as a member of MAN SE's Executive Board effective September 1, 2012. He is responsible for the new Executive Board function – Procurement. Mr. Berkenhagen is also responsible for procurement in his role as a member of the Executive Board of MAN Truck & Bus AG.

Our thanks go to all of the members who stepped down from the Supervisory Board and the Executive Board in the year under review for their dedication.

The Supervisory Board would also like to thank all the members of the Executive Board and the management teams, as well as the employees of the MAN Group companies, for their achievements and active commitment. We also wish to extend our thanks to the employee representatives for their objective and constructive cooperation in the interests of our Company.

On behalf of the Supervisory Board:

Munich, February 7, 2013



Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch
Supervisory Board Chairman