03/ Consolidated Financial Statements

MAN Consolidated Income Statement

		MAN Group		Industrial Business (unaudited additional information)		Financial Services (unaudited additional information)	
€ million	Note	2012	2011	2012	2011	2012	2011
Revenue	[7]	15,772	16,472	15,772	16,472	–	–
Cost of goods sold and services rendered		–12,499	–12,791	–12,499	–12,791	–	–
Gross margin		**3,273**	**3,681**	**3,273**	**3,681**	**–**	**–**
Other operating income	[8]	540	622	322	445	218	177
Selling expenses		–1,181	–1,173	–1,168	–1,161	–13	–12
General and administrative expenses		–950	–854	–922	–829	–28	–25
Other operating expenses	[9]	–877	–979	–704	–843	–173	–136
Share of net income/loss of equity-method investments	[17]	–14	39	–14	42	0	–3
Impairment losses on equity-method investments		–231	–	–231	–	–	–
Reversals of impairment losses on equity-method investments	[17]	–	25	–	25	–	–
Net income from reclassification as financial investments		–	495	–	495	–	–
Income/loss from financial investments		63	–600	63	–600	–	–
Earnings before interest and taxes (EBIT)		**623**	**1,256**	**619**	**1,255**	**4**	**1**
Interest income	[10]	35	69	35	69	–	–
Interest expense	[10]	–347	–203	–347	–203	0	0
Earnings before tax (EBT)		**311**	**1,122**	**307**	**1,121**	**4**	**1**
Income taxes	[11]	–122	–434	–215	–414	93	–20
Loss from discontinued operations, net of tax	[6]	–	–441	–	–441	–	–
Net income/loss		**189**	**247**	**92**	**266**	**97**	**–19**
Net income attributable to noncontrolling interests		12	9	12	9	0	–
Net income/loss attributable to shareholders of MAN SE		**177**	**238**	**80**	**257**	**97**	**–19**
Diluted/basic earnings per share from continuing operations in €	[12]	**1.20**	**4.62**				
Diluted/basic earnings per share from continuing and discontinued operations in €	[12]	**1.20**	**1.62**				

MAN Consolidated Reconciliation of Comprehensive Income for the Period

€ million	Note	2012	2011
Net income		**189**	**247**
Currency translation differences		– 192	– 137
Change in fair values of marketable securities and financial investments		463	–
Change in fair values of derivates	[32/33]	22	– 39
Actuarial losses attributable to pensions and other post-employment benefits	[26]	– 147	– 154
Overfunding of pension plans in accordance with IAS 19.58		– 1	0
Other comprehensive income for the period from equity-method investments	[17]	2	– 17
Deferred taxes		42	43
Other comprehensive income for the period		**189**	**– 304**
Total comprehensive income for the period		**378**	**– 57**
of which attributable to noncontrolling interests		11	8
of which attributable to shareholders of MAN SE		**367**	**– 65**

See also **note (24)** for additional information on equity.

MAN Consolidated Balance Sheet

Assets

€ million	Note	MAN Group 12/31/2012	MAN Group 12/31/2011	Industrial Business (unaudited additional information) 12/31/2012	Industrial Business (unaudited additional information) 12/31/2011	Financial Services (unaudited additional information) 12/31/2012	Financial Services (unaudited additional information) 12/31/2011
Intangible assets	[15]	2,140	1,883	2,115	1,876	25	7
Property, plant, and equipment	[16]	2,245	2,091	2,232	2,090	13	1
Equity-method investments	[17]	521	838	519	836	2	2
Financial investments	[18]	1,702	1,251	1,702	1,251	0	–
Assets leased out	[19]	2,501	2,303	1,183	1,366	1,318	937
Noncurrent financial services receivables	[20]	1,071	953	–	–	1,071	953
Deferred tax assets	[11]	1,335	1,078	1,168	1,045	167	33
Other noncurrent assets	[23]	237	226	210	198	27	28
Noncurrent assets		**11,752**	**10,623**	**9,129**	**8,662**	**2,623**	**1,961**
Inventories	[21]	3,373	3,513	3,311	3,443	62	70
Trade receivables	[22]	2,141	2,331	2,011	2,258	130	73
Current financial services receivables	[20]	575	532	–	–	575	532
Current income tax receivables		58	117	58	116	0	1
Other current assets	[23]	652	596	581	570	71	26
Marketable securities		1	1	1	1	–	–
Cash and cash equivalents		1,366	957	1,330	937	36	20
Current assets		**8,166**	**8,047**	**7,292**	**7,325**	**874**	**722**
		19,918	**18,670**	**16,421**	**15,987**	**3,497**	**2,683**

Liabilities

€ million	Note	MAN Group 12/31/2012	MAN Group 12/31/2011	Industrial Business (unaudited additional information) 12/31/2012	Industrial Business (unaudited additional information) 12/31/2011	Financial Services (unaudited additional information) 12/31/2012	Financial Services (unaudited additional information) 12/31/2011
Subscribed capital		376	376	–	–	–	–
Capital reserves		795	795	–	–	–	–
Retained earnings		4,263	4,428	–	–	–	–
Accumulated other comprehensive income		116	–71	–	–	–	–
Equity attributable to shareholders of MAN SE		**5,550**	**5,528**	**5,297**	**5,384**	**253**	**144**
Noncontrolling interests		69	62	69	62	0	–
Total equity	[24]	**5,619**	**5,590**	**5,366**	**5,446**	**253**	**144**
Noncurrent financial liabilities	[25]	2,966	1,976	2,834	1,712	132	264
Intragroup financing		–	–	–275	–	275	–
Pensions and other post-employment benefits	[26]	591	378	588	377	3	1
Deferred tax liabilities	[11]	958	724	866	672	92	52
Other noncurrent provisions	[27]	684	709	684	709	0	0
Other noncurrent liabilities	[28]	1,106	951	1,072	951	34	0
Noncurrent liabilities and provisions		**6,305**	**4,738**	**5,769**	**4,421**	**536**	**317**
Current financial liabilities	[25]	2,333	1,194	1,314	347	1,019	847
Intragroup financing		–	–	–1,540	–1,163	1,540	1,163
Trade payables		2,006	2,324	1,905	2,186	101	138
Prepayments received		908	823	907	820	1	3
Current income tax payables		147	623	146	622	1	1
Other current provisions	[27]	1,166	1,485	1,162	1,481	4	4
Other current liabilities	[28]	1,434	1,893	1,392	1,827	42	66
Current liabilities and provisions		**7,994**	**8,342**	**5,286**	**6,120**	**2,708**	**2,222**
		19,918	**18,670**	**16,421**	**15,987**	**3,497**	**2,683**

MAN Consolidated Statement of Cash Flows

€ million	MAN Group		Industrial Business (unaudited additional information)		Financial Services (unaudited additional information)	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Earnings before tax	311	1,122	307	1,121	4	1
Current income taxes	– 124	– 439	– 120	– 438	– 4	– 1
Depreciation, amortization, and impairment of noncurrent assets (other than assets leased out)*	706	1,129	704	1,128	2	1
Change in pensions and other post-employment benefits	– 7	– 7	– 7	– 7	0	0
Share of net income/loss of equity-method investments	14	– 39	14	– 42	0	3
Dividends received from equity-method investments	10	11	10	11	–	–
Net income from reclassification as financial investments	–	– 495	–	– 495	–	–
Reversals of impairment losses on equity-method investments	–	– 25	–	– 25	–	–
Other noncash income and expense	70	– 163	70	– 163	–	–
Cash earnings	**980**	**1,094**	**978**	**1,090**	**2**	**4**
Change in inventories	129	– 692	104	– 634	25	– 58
Change in prepayments received	92	61	94	62	– 2	– 1
Change in trade and financial services receivables	44	– 542	219	– 390	– 175	– 152
Change in trade payables	– 365	374	– 314	335	– 51	39
Change in assets leased out	– 179	– 359	– 138	– 92	– 41	– 267
Change in customer payments for assets leased out	172	113	172	113	–	–
Change in tax assets and liabilities	– 465	101	– 466	101	1	0
Change in other provisions	– 202	253	– 201	253	– 1	0
Change in other assets	– 124	– 88	– 90	– 67	– 34	– 21
Change in other liabilities	– 160	212	– 149	201	– 11	11
Elimination of gains/losses from asset disposals	– 4	– 9	– 4	– 9	–	–
Other changes in miscellaneous net current assets	– 2	0	– 5	1	3	– 1
Net cash provided by/used in operating activities	**– 84**	**518**	**200**	**964**	**–284**	**– 446**
Payments to acquire property, plant, and equipment, investment property, and intangible assets	– 754	– 601	– 741	– 595	– 13	– 6
Payments to acquire investees	– 11	– 18	– 11	– 18	–	–
Payments to acquire subsidiaries, net of cash acquired	– 164	– 52	– 134	– 52	– 30	–
Proceeds from asset disposals	41	34	41	34	0	0
Disposal of discontinued operations	– 345	–	– 345	–	–	–
Net cash provided by/used in investing activities	**– 1,233**	**– 637**	**– 1,190**	**– 631**	**– 43**	**– 6**
Free cash flow from operating and investing activities	**– 1,317**	**– 119**	**– 990**	**333**	**– 327**	**– 452**
Intragroup dividend distributions	–	–	– 14	– 50	14	50
Dividend payments	– 342	– 297	– 342	– 297	–	–
Change in marketable securities	–	12	–	12	–	–
Capital transactions with noncontrolling interests	– 6	–	– 6	–	–	–
Issuance of bonds and promissory note loans	1,812	–	1,812	–	–	–
Repayment of bonds and promissory note loans	– 53	–	– 53	–	–	–
Proceeds from borrowings and other finance	958	–	501	–	457	–
Repayment of borrowings and other finance	– 542	–	– 194	–	– 348	–
Change in other financial liabilities	– 74	343	7	82	– 81	261
Change in intragroup financing	–	–	– 301	– 121	301	121
Net cash provided by/used in financing activities	**1,753**	**58**	**1,410**	**– 374**	**343**	**432**
Net change in cash and cash equivalents	**436**	**– 61**	**420**	**– 41**	**16**	**– 20**
Cash and cash equivalents at beginning of period	**957**	**1,057**	**937**	**1,017**	**20**	**40**
Change in cash and cash equivalents due to changes in consolidated Group structure	12	– 5	12	– 5	–	–
Effect of exchange rate changes on cash and cash equivalents	– 39	– 34	– 39	– 34	0	0
Cash and cash equivalents at end of period	**1,366**	**957**	**1,330**	**937**	**36**	**20**

* Intangible assets, property, plant, and equipment, and investments.

Net cash flows from operating activities include interest received of €38 million (previous year: €83 million), interest paid of €283 million (previous year: €221 million), income taxes paid of €609 million (previous year: €294 million), and dividends of €70 million (previous year: €70 million) received from investees.

MAN Consolidated Statement of Changes in Equity

€ million	Subscribed capital	Capital reserves	Retained earnings	Other comprehensive income	Equity attributable to shareholders of MAN	Noncontrolling interests	Total
Balance at December 31, 2010	**376**	**795**	**4,483**	**280**	**5,934**	**56**	**5,990**
Net income	–	–	238	–	238	9	247
Other comprehensive income	–	–	–	–303	–303	–1	–304
Total comprehensive income	–	–	238	–303	–65	8	–57
Dividend payment	–	–	–294	–	–294	–3	–297
Other changes	–	–	1	–48	–47	1	–46
Balance at December 31, 2011	**376**	**795**	**4,428**	**–71**	**5,528**	**62**	**5,590**
Net income	–	–	177	–	177	12	189
Other comprehensive income	–	–	–	190	190	–1	189
Total comprehensive income	–	–	177	190	367	11	378
Dividend payment	–	–	–338	–	–338	–4	–342
Other changes	–	–	–4	–3	–7	0	–7
Balance at December 31, 2012	**376**	**795**	**4,263**	**116**	**5,550**	**69**	**5,619**

See also **note (24)** for additional information on equity.

MAN Notes to the Consolidated Financial Statements

Basis of preparation

1 General principles

MAN SE (referred to in the following as MAN or MAN SE) is a listed corporation headquartered in Munich, Germany and entered in the commercial register at the Munich Local Court under no. HRB 179426. With its four divisions of MAN Truck & Bus, MAN Latin America, MAN Diesel & Turbo, and Renk, the MAN Group is one of Europe's leading engineering players, generating annual revenue of €15.8 billion (previous year: €16.5 billion) and employing a worldwide workforce of approximately 54,300 employees, including around 1,800 subcontracted employees (previous year: approximately 52,500 employees, including around 2,400 subcontracted employees).

In compliance with section 315a (1) of the *Handelsgesetzbuch* (HGB — German Commercial Code), the accompanying consolidated financial statements of MAN SE for the fiscal year January 1 to December 31, 2012, have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), as adopted by Regulation (EC) No. 1606/2002 of the European Parliament and of the Council on the application of international accounting standards in the European Union. The Executive Board prepared these consolidated financial statements on January 30, 2013, and resolved to authorize them for submission to the Supervisory Board.

MAN SE is a subsidiary of Volkswagen AG, Wolfsburg, which holds a 73.72% interest in MAN SE's capital. MAN SE is included in Volkswagen AG's consolidated financial statements, which are published in the *Bundesanzeiger* (German Federal Gazette).

To enable a better insight into the MAN Group's net assets, financial position, and results of operations, the consolidated financial statements have been supplemented by a breakdown of figures into the Industrial Business and Financial Services. The Industrial Business comprises all companies of the MAN Group with the exception of MAN Finance International GmbH, Munich, and the national companies assigned to it (MAN Finance). In the MAN Group, MAN Finance primarily operates the sales financing business for MAN Truck & Bus and is presented under the "Financial Services" heading. MAN Truck & Bus transferred the shares of EURO-Leasing GmbH, Sittensen, to MAN Finance as of December 31, 2012.

To simplify presentation, the elimination of intragroup transactions between the Industrial Business and Financial Services is presented within the Industrial Business. The classification into Industrial Business and Financial Services merely represents additional information and is therefore unaudited.

The consolidated financial statements have been prepared in euros (€), the Group's reporting currency. All amounts are shown in millions of euros (€ million) unless otherwise stated.

2 Consolidation and measurement of investees

a) Investees

MAN SE's investees comprise subsidiaries, joint ventures, associates, and financial investments.

Subsidiaries are those investees whose financial and operating policies can be controlled by MAN SE by virtue of the majority of voting rights held directly or indirectly by MAN SE, the articles of association, an intercompany agreement, or other contractual arrangement. Special purpose entities in which MAN SE does not hold a majority of voting rights are consolidated if these companies are constructively controlled by MAN SE.

Joint ventures are investees that are jointly controlled by MAN SE and one or more other venturers. Joint control is always established by a contractual arrangement.

Associates are investees over which MAN SE can exercise significant influence by virtue of its power to participate in the associate's financial and operating policies. As a rule, significant influence is assumed when MAN holds between 20% and 50% of the voting rights. All other investees are financial investments.

b) Basis of consolidation

Consolidated subsidiaries

In addition to MAN SE, all subsidiaries are consolidated in the consolidated financial statements. Subsidiaries that are acquired during the fiscal year are consolidated from the date when MAN SE is able to control their financial and operating policies. Subsidiaries that are disposed of in the fiscal year are deconsolidated from the date when MAN loses the ability to control their financial and operating policies.

Number of companies consolidated

	Germany	Abroad	Total
Consolidated as of Dec. 31, 2011	**32**	**98**	**130**
Initially consolidated in fiscal 2012	3	9	12
Deconsolidated in fiscal 2012	2	4	6
Consolidated as of Dec. 31, 2012	**33**	**103**	**136**

Changes in the MAN Group's basis of consolidation in fiscal 2012 resulted in particular from the acquisition of the remaining shares of the former joint venture MAN FORCE TRUCKS Private Limited, Akurdi/India (MAN FORCE TRUCKS). See **note (6)** for further information.

Other changes in the basis of consolidation resulted from the initial consolidation of newly formed companies and of existing companies that have now started operating. Other deconsolidated companies relate in particular to intragroup mergers.

A list of the MAN Group's shareholdings in accordance with section 313 (2) of the HGB is provided on **pages 176 ff.**

Income, expenses, receivables, and liabilities between consolidated companies, as well as intercompany profits or losses from intragroup deliveries of inventories and noncurrent assets, are eliminated. Deferred taxes are recognized for consolidation adjustments recognized in profit or loss. Financial liabilities from intragroup finance transactions are included in current financial liabilities at the level of the companies consolidated.

Business combinations

Business combinations are accounted for using the purchase method of accounting. In the course of initial consolidation, the identifiable assets, liabilities, and contingent liabilities of the acquiree are recognized at fair value. Any remaining excess of cost of acquisition over the MAN Group's share of the revalued net assets of the acquiree is allocated to the relevant division of the MAN Group, as the cash-generating unit, and recognized separately as goodwill. The division, including allocated goodwill, is tested for impairment at least once a year and its carrying amount is written down to the recoverable amount if it is found to be impaired. If a subsidiary is disposed of, the attributable goodwill is included in the calculation of the disposal gain or loss. Acquisition-related costs that are not equity transaction costs are not added to the purchase price, but instead recognized as expenses in the period in which they are incurred.

c) Equity-method investments

Equity-method investments include associates and joint ventures. Associates and joint ventures are initially measured at cost. In subsequent periods, the MAN Group's share of profits and losses generated after acquisition is recognized in the income statement. Other changes in the equity of associates and joint ventures, such as currency translation differences, are recognized in other comprehensive income. Intercompany profits or losses from transactions by Group companies with associates and joint ventures are eliminated ratably in the profit or loss of the Group companies. If there are indications that the carrying amount may be impaired, equity-method investments are tested for impairment; any impairment loss is recognized in the income statement.

Goodwill arising from the acquisition of an associate or joint venture is included in the carrying amounts of investees in associates or joint ventures.

d) Financial investments

Financial investments for which a quoted market price or a reliably determinable fair value is available are measured at that amount. Financial investments in equity instruments that are classified as available for sale but for which no quoted price is available in an active market and whose fair value cannot be measured reliably are exempt from measurement at fair value. Such financial investments are measured at cost. If there are indications that the carrying amount may be impaired, financial investments carried at cost are tested for impairment; any impairment loss is recognized in the income statement.

e) Currency translation

Transactions in foreign currency are translated at the relevant exchange rates at the transaction date. In subsequent periods, monetary assets and liabilities are measured at the closing date, with any translation differences recognized in profit or loss. Nonmonetary items carried at historical cost in a foreign currency are translated at the rate prevailing at the transaction date.

Financial statements of subsidiaries and associates in countries outside the euro zone are translated using the functional currency method. The functional currency of subsidiaries is the currency of the primary economic environment in which they operate and is almost always their local currency. The functional currency of certain subsidiaries is the euro, rather than their local currency.

Financial statements are translated using the modified closing rate method, under which balance sheet items (with the exception of equity) are translated at the closing rate, while income statement items are translated at the average exchange rate for the year. The average exchange rate for the year is generally derived from monthly average exchange rates. With the exception of income and expenses recognized directly in equity, equity is translated at historical exchange rates.

In the statements of changes in assets, provisions, and equity, the beginning and ending balances for the fiscal year and changes in the consolidated Group are translated at the relevant closing rates. The other items are translated at average exchange rates for the year. Differences between the translation of balance sheet items in the reporting period compared with the prior period are recognized in other comprehensive income. If a subsidiary is sold, these currency translation differences are recognized in profit or loss.

The exchange rates of the most important currencies to the euro (€) were:

	Closing rate		Average rate	
	12/31/ 2012	12/31/ 2011	2012	2011
US dollar	1.3194	1.2939	1.2921	1.4018
UK pound sterling	0.8161	0.8353	0.8127	0.8723
Danish krone	7.4610	7.4342	7.4440	7.4504
Swiss franc	1.2072	1.2156	1.2047	1.2333
Swedish krona	8.5820	8.9120	8.6977	9.0092
Polish zloty	4.0740	4.4580	4.1837	4.1179
Russian ruble	40.3295	41.7650	40.1678	40.9993
Brazilian real	2.7036	2.4159	2.5189	2.3297
Chinese yuan renminbi	8.2207	8.1588	8.1425	9.0577
Indian rupee	72.5600	68.7130	68.8599	65.1794
Japanese yen	113.6100	100.2000	102.9304	111.6729
South African rand	11.1727	10.4830	10.55126	10.0760

3 Accounting policies

With the exception of certain financial instruments measured at fair value, the consolidated financial statements have been prepared under the historical cost convention. The consolidated financial statements are based on the financial statements of MAN SE and the consolidated subsidiaries prepared in accordance with the MAN Group's uniform accounting policies.

a) Revenue recognition

Revenue is recognized when the products or goods have been delivered, or the services rendered, and the risk has passed to the customer. It must be possible to measure the amount of revenue reliably, and collectibility of the receivable must be probable. Discounts, customer rebates, and other sales allowances are deducted from revenue.

Construction contracts are recognized using the percentage of completion method; details are contained in the explanations on construction contracts in **note (22)**.

Sale transactions in which a Group company incurs a buyback obligation at a predetermined value are not immediately recognized in full as revenue, but are recognized as revenue ratably over the period until the return of the item sold and are accounted for as operating leases.

If the sale of products includes a certain amount for future services (multiple-element arrangements), the revenue attributable to these services is deferred and recognized in the income statement over the term of the agreement as the service is rendered.

b) Operation expenses and income

Operating expenses are recognized when the underlying products or services are utilized. Advertising and sales promotion expenses, as well as other sales-related expenses, are recognized when incurred. Cost of goods sold and services rendered comprises the production cost of products sold and the purchase cost of merchandise sold. In addition to direct material and labor costs, production cost also includes production-related indirect costs, including depreciation of production facilities. Warranty provisions are recognized when the products are sold. Research expenditures are recognized as expenses when incurred. Interest and other borrowing costs are recognized as expenses in the period in which they arise, with the exception of borrowing costs that are capitalized as part of the cost of qualifying assets.

Finance and operating lease revenue generated by Financial Services is reported as other operating income. Correspondingly, interest expenses from refinancing assets leased out are reported as other operating expenses.

c) Intangible assets

Separately purchased intangible assets are recognized at cost. Intangible assets acquired in the course of a business combination are measured at their fair value at the acquisition date.

Finite-lived intangible assets are amortized on a straight-line basis over their useful lives. The amortization period for software is mainly three to eight years. Licenses and similar rights are amortized over the contractual terms. Intangible assets whose useful life cannot be determined are not amortized, but are tested for impairment at least once a year. An impairment loss is recognized if the asset is found to be impaired.

Expenditures incurred to develop new products and series are capitalized if completion of the products or series is technically and economically feasible, they are intended for use or sale, the expenditures can be measured reliably, and adequate resources are available to complete the development project. Development expenditures that do not meet these criteria and all research expenditures are recognized immediately as expenses. Capitalized development costs are amortized from the date of market rollout. They are generally amortized over five to seven years on a straight-line basis, or ten years at MAN Diesel & Turbo. While a development project is still in progress, the accumulated capitalized amounts are tested for impairment at least once a year.

d) Property, plant, and equipment

Property, plant, and equipment is measured at cost less accumulated depreciation and any impairment losses. The production cost of internally manufactured items of property, plant, and equipment comprises directly attributable production costs, proportionate production overheads, and borrowing costs attributable to the period of production. If items of property, plant, and equipment consist of significant identifiable components with different useful lives, such components are recognized and depreciated separately.

Maintenance and repair expenditures are recognized as expenses unless required to be capitalized.

Items of property, plant, and equipment are depreciated by the straight-line method over their estimated useful lives. Depreciation is based on the following uniform Group useful lives: buildings (10 to 50 years), leasehold improvements (5 to 33 years), production plant and machinery (3 to 33 years), and other equipment, operating and office equipment (3 to 25 years).

e) Investment property

Investment property consists of land and buildings held for rental and/or capital appreciation. Like items of property, plant, and equipment, it is measured at cost less accumulated depreciation and impairment losses and (except for land) depreciated by the straight-line method over its estimated useful life. The remaining useful lives of investment property are mainly between 5 and 25 years. The fair value of investment property is disclosed in the notes; see **note (16).** It is normally estimated by means of internal appraisals (using recognized valuation techniques). For reasons of materiality, the disclosures on investment property are combined with the disclosures on property, plant, and equipment.

f) Leases, assets leased out

MAN Group companies are lessees in lease transactions for items of property, plant, and equipment (investment leases). If MAN Group lessees bear substantially all the risks and rewards incidental to ownership of the leased asset, the lease is classified as a finance lease. In such cases, the lessee recognizes the leased item as an asset in the amount of the present value of the minimum lease payments or the lower fair value of the leased asset. The leased asset is depreciated over the estimated useful life or the shorter lease term in subsequent periods. At the same time, the lessee recognizes a corresponding financial liability, which is reduced in the following periods using the effective interest method and adjusted correspondingly. All other leases in which MAN Group companies are lessees are accounted for as operating leases, and the lease payments are recognized as expenses.

MAN Finance companies are lessors in the case of lease transactions involving assets leased out (sales financing). Depending on their substance, such contracts may be finance leases or operating leases. A receivable in the amount of the net investment in the lease is recognized in the case of finance leases, in other words where substantially all the risks and rewards incidental to ownership are transferred to the lessee. Leases under which MAN Finance retains the asset after expiration of the lease, as well as assets sold with a buyback obligation, are accounted for as operating leases in the MAN Group.

The asset leased out is measured at cost and written down to its residual value on a straight-line basis over the term of the lease or until it is bought back. The forecast residual values are adjusted to include constantly updated internal and external information on residual values, depending on specific local factors and the experiences gained in the marketing of used cars.

g) Impairment losses

An impairment test is performed if there are indications that the carrying amounts of intangible assets, property, plant, and equipment, equity-method investments, financial investments carried at cost, or assets leased out may be impaired. Indefinite-lived intangible assets, capitalized development costs, and goodwill are tested for impairment at least once a year. In such cases, the asset's recoverable amount is first estimated to determine the amount of any impairment loss that may need to be recognized. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. The discount rate used is a current pre-tax market rate of interest. If no recoverable amount can be measured for an individual asset, the recoverable amount is determined for the smallest identifiable group of assets to which the asset belongs (cash-generating unit). For impairment testing purposes, goodwill is allocated to the smallest cash-generating unit to which the goodwill relates. If an asset's recoverable amount is less than its carrying amount, an impairment loss is recognized immediately in profit or loss and is either reported separately or in other operating expenses.

If the recoverable amount of an impaired asset or cash-generating unit increases in a subsequent period, the impairment loss is reversed up to a maximum of the cost that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Reversals of impairment losses are recognized in profit or loss and reported either separately or in other operating income. An impairment loss recognized for goodwill may not be reversed in subsequent periods.

h) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost comprises directly attributable production costs and proportionate fixed and variable production overheads. Overheads are mainly allocated on the basis of the normal capacity of the production facilities. Selling expenses and general and administrative expenses are not included in the cost of inventories. Raw materials and merchandise are measured at average purchase costs.

i) Construction contracts

Construction contracts are recognized using the percentage of completion (PoC) method, under which revenue and cost of goods sold and services rendered are recognized by reference to the stage of completion at the end of the reporting period, based on the contract revenue agreed with the customer and the expected contract costs. As a rule, the stage of completion is determined as the proportion that contract costs incurred by the end of the reporting period bear to the estimated total contract costs (cost-to-cost method). In certain cases, in particular those involving innovative, complex contracts, the stage of completion is measured using contractually agreed milestones (milestone method). If the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only in the amount of the contract costs incurred to date (zero profit method). In the balance sheet, contract components whose revenue is recognized using the percentage of completion method are reported as trade receivables, net of prepayments received.

Expected losses from construction contracts are recognized immediately in full as expenses by recognizing impairment losses on recognized contract assets, and additionally by recognizing provisions for amounts in excess of the impairment losses.

j) Nonderivative financial instruments

Nonderivative financial instruments include in particular customer receivables, loans, financial investments, marketable securities, and cash and cash equivalents, as well as financial liabilities and trade payables. They are generally recognized at the trade date. Nonderivative financial instruments are initially measured at fair value, which generally corresponds to the transaction price, i.e., the consideration given or received.

Following initial recognition, nonderivative financial instruments are either measured at fair value or at amortized cost, depending on the category to which they are assigned.

Loans and receivables that are not held for trading are generally carried at amortized cost less impairment losses. In the MAN Group, loans and receivables primarily include customer receivables, other receivables, and loans. The future cash flows associated with non- or low-interest-bearing receivables with a remaining term of more than twelve months are discounted using a market rate of interest.

Default risk on financial assets classified as loans and receivables is accounted for by recognizing specific valuation allowances and portfolio-based valuation allowances.

More specifically, significant individual receivables (e.g., dealer finance receivables and fleet customers) are tested for objective evidence of individual impairment. A potential impairment is assumed in the case of a number of situations such as delayed payment over a certain period, the institution of enforcement measures, the threat of insolvency or overindebtedness, application for or the opening of bankruptcy proceedings, or the failure of reorganization measures. If an individual impairment is determined, specific valuation allowances are recognized in accordance with Group-wide standards in the amount of the incurred loss.

Portfolio-based valuation allowances are recognized by grouping together insignificant receivables and significant individual receivables for which there is no indication of impairment into homogeneous portfolios. As long as no definite information is available as to which receivables are in default, average historical default probabilities for the portfolio concerned are used to calculate the amount of the valuation allowances.

Valuation allowances on receivables are generally recognized in separate allowance accounts.

Financial instruments that are not held to maturity or for speculative purposes and that do not belong to any of the other categories described above are classified as available-for-sale financial assets. Available-for-sale financial assets are measured at fair value. In the MAN Group, this category mainly includes marketable securities and financial investments. The difference between cost and fair value is recognized in other comprehensive income and reported as accumulated other comprehensive income, net of deferred taxes. An impairment loss is recognized on financial assets available-for-sale if there is objective evidence of permanent impairment. For example, an impairment loss is recognized in the income statement if there is a significant or prolonged decline in the fair value of an available-for-sale financial asset below its carrying amount.

The fair value of marketable securities is generally their quoted market price. Financial investments for which no quoted market price is available, and whose fair value cannot be reliably measured, are carried at cost. An impairment test is performed if there are indications of impairment, and any impairment loss is recognized in the income statement.

Held-to-maturity investments are measured at amortized cost. However, this category is generally not used by the MAN Group; the same applies to the fair value option.

Financial liabilities other than derivatives are subsequently measured at amortized cost.

k) Derivatives

Derivatives are used in the MAN Group to hedge foreign currency, interest rate, and other market risks resulting mainly from ongoing business operations. Derivatives are recognized initially and at the end of each subsequent reporting period at fair value. They are generally recognized at the trade date.

In the case of derivatives with quoted market prices, fair value is the positive or negative fair value, if necessary after any reduction for counterparty risk. If no quoted market prices are available, fair value is estimated on the basis of the conditions obtaining at the end of the reporting period, such as interest rates or exchange rates, and using recognized valuation techniques, such as discounted cash flow models or option pricing models.

The recognition of gains and losses from fair value measurement depends on the classification of the derivative.

Derivatives that do not form part of an effective hedging relationship in accordance with IAS 39 are classified as assets held for trading and are measured at fair value through profit or loss. If no price is available in an active market, fair value is estimated using appropriate valuation techniques, such as discounted cash flow methods.

If the hedge accounting criteria described in IAS 39 are met, MAN designates and documents the hedging relationship from that date either as a fair value hedge or as a cash flow hedge.

A fair value hedge is a hedge of the MAN Group's exposure to changes in the fair value of recognized assets and liabilities, or unrecognized firm commitments. In a fair value hedge, changes in the fair value of the derivative and the related underlying (hedged item) are recognized in profit or loss. In the case of a perfect hedge, the changes in the fair value of the derivative financial instrument and the underlying recognized in profit or loss offset each other almost entirely.

A cash flow hedge is a hedge of the MAN Group's exposure to variability in the cash flows associated with recognized assets and liabilities, unrecognized firm commitments, and highly probable forecast transactions. In a cash flow hedge, the effective portion of the change in the fair value of the derivative is initially recognized in other comprehensive income and reported in accumulated other comprehensive income, net of deferred taxes. As soon as the hedged item affects profit or loss, the gains or losses recognized in other comprehensive income are reclassified as revenue in the case of sale transactions. If the hedge subsequently results in the recognition of a nonfinancial asset (purchase transaction), the gains and losses recognized in other comprehensive income from measurement of the derivative are included in the carrying amount of the hedged nonfinancial asset. The ineffective portion of the change in fair value is recognized immediately in profit or loss. If the hedging instrument expires, or is sold, terminated, or exercised or the hedging relationship no longer exists, but the forecast transaction is still expected to occur, the unrealized gains/losses accumulated from the hedging instrument until that point remain in other comprehensive income and are recognized in profit or loss as described above if the hedged forecast transaction affects the income statement. If the originally hedged forecast transaction is no longer expected to occur, the unrealized cumulative gains or losses recognized in other comprehensive income until that point are also recognized in profit or loss.

See **note (33)** for information on the MAN Group's hedging strategy and the related volumes at the end of the reporting period.

l) Deferred taxes

Deferred tax assets and liabilities are recognized for temporary differences between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements, for consolidation adjustments recognized in profit or loss, for tax credits, and for tax loss carryforwards. Deferred taxes are measured using the tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are only recognized to the extent that taxable income will probably be available to use deductible temporary differences.

Deferred tax assets that are unlikely to be realized within a clearly predictable period are reduced by valuation allowances.

Deferred tax assets and deferred tax liabilities are offset where taxes are levied by the same taxation authority and relate to the same tax period.

Changes in deferred taxes in the balance sheet generally result in deferred tax income or expense. If the change in deferred taxes results from items recognized in other comprehensive income, the change in deferred taxes is also recognized in other comprehensive income.

m) Pensions and other post-employment benefits

Pension obligations from defined benefit plans are determined using the projected unit credit method, under which the future defined benefit obligation is measured on the basis of the proportionate benefit entitlements earned by the end of the reporting period and discounted to its present value. Measurement reflects assumptions about the future development of certain parameters that affect the level of future benefits. Differences between the assumptions made and the trends that actually materialized, or changes in actuarial assumptions, may lead to actuarial gains and losses. Such actuarial gains and losses are recognized in other comprehensive income, net of deferred taxes, and reported in total comprehensive income for the period.

Pension provisions are reduced by the fair value of plan assets used to cover benefit obligations; for information on measurement, see **note (26).** If plan assets exceed the defined benefit obligation, the excess is only recognized in other assets to the extent that it results in a refund from the plan or the reduction of future contributions.

The current service cost, which represents the entitlements of active employees in accordance with the benefit plan, is reported in the functional expenses in the income statement. The interest expense contained in the net benefit expense and the expected return on plan assets are included in net interest income.

Payments for defined contribution plans are recognized in the functional expenses in the income statement.

n) Other provisions

Other provisions are recognized for all identifiable risks and uncertain obligations that arise from past events, whose settlement is expected to result in an outflow of resources embodying economic benefits, and where the amount of the obligation can be estimated reliably. They are measured in the amount that represents the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is material, the provision is recognized at its present value. Discounting uses market rates of interest. If some or all of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset if it is virtually certain that it will be received.

The carrying amounts of provisions are regularly reviewed and adjusted to reflect new knowledge or changes in circumstances. If a new estimate results in a reduction in the amount of the obligation, the provision is reversed in the corresponding amount and the income recognized in the functional expenses in which the expense from recognition of the provision was originally recognized.

Provisions for warranties are recognized at the time of sale of the products in question or the rendering of the corresponding services. These provisions are measured primarily on the basis of past experience. Individual provisions are also recognized for known claims. Provisions for restructurings are recognized if there is a detailed formal plan for the restructuring that has been notified to those affected by it. Provisions for unbilled costs and for other business-related obligations are measured on the basis of the goods and services still to be provided, usually in the amount of the expected production cost still to be incurred. Provisions for expected losses from executory contracts are recognized if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

o) Noncurrent assets held for sale and discontinued operations

These include both individual noncurrent assets and groups of assets, together with liabilities directly associated with those assets (disposal groups), if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Noncurrent assets classified as held for sale, either individually or as part of a disposal group, are presented in separate line items in the balance sheet. They are measured at the lower of their carrying amount and fair value less costs to sell, and are no longer depreciated or amortized. If there is any subsequent increase in fair value less costs to sell, a remeasurement gain is recognized. The remeasurement gain may not exceed the cumulative impairment losses already recognized for that asset.

A discontinued operation is a component of an entity that represents a major line of business of the MAN Group and that is classified as held for sale or has been disposed of. The assets and liabilities of a discontinued operation are classified as held for sale in the balance sheet until the disposal is completed, and are measured at the lower of their carrying amount and fair value less costs to sell. Gains or losses recognized on measurement to fair value less costs to sell, gains or losses on the disposal, and the post-tax profit or loss of the discontinued operation are presented separately in the income statement as “Loss from discontinued operations, net of tax.” Prior-period amounts in the income statement are adjusted accordingly. Discontinued operations are presented separately in the statement of cash flows and disclosed in the notes. In these cases, too, prior-period amounts are adjusted accordingly.

p) Financial statement presentation

The presentation of assets and liabilities in the balance sheet distinguishes between current and noncurrent items. Assets and liabilities are classified as current if they will be recovered or settled within twelve months after the reporting period or within a longer operating cycle. Deferred tax assets and liabilities, and assets and provisions related to defined benefit pension plans, are presented as noncurrent items. The consolidated income statement has been prepared using the cost of sales (function of expense) format.

q) Prior-period information

To enhance comparability, certain amounts relating to the previous fiscal year have been adjusted to conform to the current presentation.

r) Estimates and management’s judgment

Preparation of the consolidated financial statements requires management to make estimates and exercise a degree of judgment in certain matters. The estimates applied were made on the basis of historical data and other relevant factors, including the assumption of the Group as a going concern. All estimates and assumptions represent the best of management’s knowledge and belief in order to convey a true and fair view of the Group’s net assets, financial position, and results of operations. Although estimation uncertainties are adequately reflected in the carrying amounts of assets and liabilities, future events may differ from these estimates. Estimates and assumptions are continuously reviewed.

The accounting estimates applied to the following matters at the end of the reporting period are of particular significance:

The goodwill impairment tests to be performed at least once a year require an estimation of future cash flows and their discounting, among other factors. Such cash flows are based on forecasts contained in financial plans approved by management. Other material assumptions relate to the weighted average cost of capital and to tax rates. Equally, if intangible assets, items of property, plant, and equipment, equity-method investments, financial investments carried at cost, or assets leased out are tested for impairment, the measurement of the recoverable amount of the assets entails estimates by management. Any reversals of impairment losses in subsequent periods also require considerable forecasts and estimates. For further information on significant impairment losses and reversals of impairment losses in fiscal 2012 and 2011, see in particular **note (17)**.

Certain Group companies, especially within the MAN Diesel & Turbo division, account for some of their construction contracts using the percentage of completion method, under which revenue is recognized by reference to the stage of completion. Application of this method depends critically on a careful analysis of the stage of completion. Depending on the methodology applied to measure the stage of completion, the key estimation parameters include contract revenue, total contract costs, costs to complete the contract, contract risks, and other estimates. Management at the operating units continuously reviews the estimates relating to such construction contracts and adjusts them if required.

Pensions and other post-employment benefits are measured using actuarial techniques. Such measurements are based primarily on assumptions relating to discount rates, the expected return on plan assets, pay and pension trends, and mortality. These actuarial assumptions may differ considerably from actual developments because of variations in the market and economic environment, leading to material changes in pensions and other post-employment benefits.

Because the Group operates in many countries, it is subject to a variety of tax laws in a large number of jurisdictions. The expected current income taxes and the deferred tax assets and liabilities must be determined for each tax entity. Among other things, this requires assumptions about the interpretation of complex tax regulations and the ability to generate sufficient taxable income, depending on the tax type and tax jurisdiction involved. Any departure of these assumptions from the actual outcome of such tax uncertainties may affect tax expense and deferred taxes.

Depending on the underlying transaction, the measurement of other provisions and similar obligations may be complex and associated with a considerable degree of estimation uncertainty. Management's assumptions about the timing and amount of settlement are based on historical data, available technical data, estimates of cost trends and potential warranty claims, possible recoverable amounts, and other factors. Other provisions also include provisions for project-related risks for contract-based plant under construction in the Power Engineering business area and for potential expenses from buyback obligations in the Commercial Vehicles business area under which the MAN Group guarantees its customers certain buyback values. Potential liabilities from projects in the Power Engineering business area must to a large extent be estimated. Such estimates may change in line with new information and increasing progress. Depending on the extent to which buyback rights are exercised, and on the development of resale prices, the actual expenses incurred by the Commercial Vehicles business area may differ from the carrying amounts of the recognized provisions. At the same time, litigation and other legal proceedings raise complex legal issues and entail numerous difficulties and uncertainties. A provision is recognized for these if it is probable that an obligation has arisen in connection with these proceedings that is likely to lead to a future outflow of resources and its amount can be estimated reliably. Assessing whether a present obligation exists at the reporting date as a result of a past event, whether a future outflow of resources is probable, and whether the obligation can be estimated reliably requires a substantial degree of judgment and significant estimates by management. Future events and developments as well as changes in estimates and assumptions may lead to a different assessment at a future date. Additional expenses that could have a material effect on MAN's net assets, financial position, and results of operations therefore cannot be entirely ruled out. For further information, see **notes (6)** and **(29)**.

4 Statement of cash flows

The statement of cash flows classifies cash flows into cash flows from operating, investing, and financing activities. The effects of changes in the consolidated Group structure and of exchange rate changes are eliminated in the corresponding line items. The change in cash and cash equivalents attributable to changes in exchange rates is presented in a separate line item. Cash flow from operating activities is reported using the indirect method.

Noncash operating expenses and income, as well as gains and losses from asset disposals, are eliminated in cash flow from operating activities. The change in assets leased out and in the customer payments received for them is allocated to cash flow from operating activities.

Cash flow from investing activities contains payments to acquire items of property, plant, and equipment, intangible assets, and investees, offset against proceeds from the sale of items of property, plant, and equipment, intangible assets, investees, and discontinued operations. Payments to acquire subsidiaries are reported net of cash acquired.

Cash flow from financing activities is composed of the following cash transactions: dividends paid, cash paid for and provided by securities, borrowings and repayments of financial liabilities, and pension fund endowments.

The cash and cash equivalents reported in the statement of cash flows correspond to the cash and cash equivalents recognized in the balance sheet. Cash and cash equivalents include bank balances and highly liquid financial investments of a temporary nature that are exposed to no more than minor risks of fluctuation in value. In the segments, receivables from intragroup finance transactions are also reported as cash and cash equivalents.

Amounts relating to discontinued operations are reported separately in cash flows from operating, investing, and financing activities.

5 New and revised accounting pronouncements

a) New accounting pronouncements applied

MAN has applied all accounting pronouncements required to be applied starting in fiscal 2012.

As a consequence of the amendment to IFRS 7 in October 2010, the disclosure requirements for transfers of financial assets were supplemented. The supplemented disclosures relate both to transferred financial assets that are derecognized in their entirety and to transferred financial assets that are not derecognized in their entirety. MAN has applied the amendments since January 1, 2012.

b) New or amended IFRSs not applied

In its 2012 consolidated financial statements, MAN did not apply the following accounting pronouncements that have already been adopted by the IASB, but were not yet required to be applied for the fiscal year.

Standard/ Interpretation[1]		Issued by the IASB	Effective date[2]	Adopted by the EU[1]	Expected effects
IFRS 1	First-time Adoption – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	Dec. 20, 2010	Jan. 1, 2013	Yes	None
IFRS 1	Government Loans	Mar. 13, 2012	Jan. 1, 2013	No	None
IFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	Dec. 16, 2011	Jan. 1, 2013	Yes	Enhanced disclosures on offsetting of financial instruments
IFRS 9	Financial Instruments: Classification and Measurement	Nov. 12, 2009/ Oct. 28, 2010	Jan. 1, 2015[3]	No	Change in the accounting treatment of fair value changes in financial instruments previously classified as available for sale
IFRS 10	Consolidated Financial Statements	May 12, 2011	Jan. 1, 2014	Yes	No material changes
IFRS 11	Joint Arrangements	May 12, 2011	Jan. 1, 2014	Yes	No material effects
IFRS 12	Disclosures of Interests in Other Entities	May 12, 2011	Jan. 1, 2014	Yes	Enhanced disclosures on interests in other entities
	Transition Guidance on IFRS 10, IFRS 11, IFRS 12	June 28, 2012	Jan. 1, 2013	No	No material changes
	Investment Entities (Amendments to IFRS 10, IFRS 12, IAS 27)	Oct. 31, 2012	Jan. 1, 2014	No	None
IFRS 13	Fair Value Measurement	May 12, 2011	Jan. 1, 2013	Yes	Modifications to and enhanced disclosures on fair value measurement
IAS 1	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	June 16, 2011	Jan. 1, 2013	Yes	Change in the presentation of other comprehensive income
IAS 12	Deferred Taxes – Recovery of Underlying Assets	Dec. 20, 2010	Jan. 1, 2013	Yes	No material changes
IAS 19	Employee Benefits	June 16, 2011	Jan. 1, 2013	Yes	Change in accounting for and enhanced disclosures on employee benefits
IAS 27	Separate Financial Statements	May 12, 2011	Jan. 1, 2014	Yes	None
IAS 28	Investments in Associates and Joint Ventures	May 12, 2011	Jan. 1, 2014	Yes	None
IAS 32	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	Dec. 16, 2011	Jan. 1, 2014	Yes	No material changes
	Improvements to IFRSs 2011[4]	May 17, 2012	Jan. 1, 2013	No	No material changes
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Oct. 19, 2011	Jan. 1, 2013	Yes	None

[1] By December 31, 2012.
[2] Effective date from the MAN Group's perspective.
[3] Initial application postponed from 2013 to 2015 by the Mandatory Effective Date project.
[4] Minor amendments to a number of IFRSs (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34).

6 Acquisitions and divestments

a) Acquisitions

On March 28, 2012, MAN Truck & Bus acquired all but one of the remaining shares of the former joint venture MAN FORCE TRUCKS Private Limited, Akurdi/India, from its Indian partner FORCE Motors Limited, Akurdi/India. The cost of these additional shares amounted to €150 million, while net cash acquired amounted to €2 million. This company, which was consolidated as of March 31, 2012, is being managed solely by MAN Truck & Bus under the name of MAN Trucks India Private Limited, Akurdi/India, (MAN Trucks India). MAN Trucks India produces CLA series trucks for the Indian market as well as for selected markets in Africa and Asia. The shares, which were accounted for using the equity method at the acquisition date, were measured at their fair value of €73 million at the acquisition date. Fair value measurement of the equity interest previously held did not have any effect on profit or loss at the acquisition date. These shares were recognized in the amount of €73 million at the acquisition date.

Transaction-related costs of €1 million were expensed.

The preliminary estimate of goodwill from the step acquisition is approximately €208 million.

Based on the preliminary figures, the assets acquired and liabilities assumed at the acquisition date were as follows:

€ million	Carrying amount at date of initial consolidation	Purchase price allocation (preliminary)	Amount in opening balance sheet (provisional)
Total assets	**67**	**31**	**98**
Noncurrent assets	24	31	55
Current assets	43	–	43
Total liabilities	**68**	**15**	**83**
Noncurrent liabilities	1	15	16
Current liabilities	67	–	67
Equity	**–1**	**16**	**15**

The gross value of receivables acquired amounted to €14 million at the acquisition date, while the net carrying amount corresponded to fair value and amounted to €14 million.

The inclusion of MAN Trucks India increased revenue by €41 million and reduced earnings before interest and taxes (EBIT) by €2 million in fiscal 2012. If the company had already been included in the consolidated financial statements as of January 1, 2012, revenue would have been €15,854 million and earnings before interest and taxes (EBIT) would have been €619 million in fiscal 2012.

No other acquisitions were made in fiscal years 2012 and 2011 that are material either individually or collectively.

b) Divestments

MAN and the International Petroleum Investment Company, Abu Dhabi/U.A.E. (IPIC), reached a settlement in November 2011 on the buyback of 70% of the shares of Ferrostaal GmbH, Essen (Ferrostaal, formerly Ferrostaal AG) for €350 million (IPIC settlement). Detailed information on the transfer of these shares to IPIC in March 2009 and on the litigation with IPIC and Ferrostaal is contained in MAN SE's 2011 Annual Report, and in particular in the disclosures on "Acquisitions and divestments" in the Notes to the Consolidated Financial Statements.

The IPIC settlement took effect on March 7, 2012, at which point the agreement between MAN and MPC Industries GmbH, Hamburg (MPC), to sell all shares of Ferrostaal to MPC and a coinvestor (MPC purchase) also came into force. Ferrostaal has been part of MPC since that date. The litigation with IPIC and Ferrostaal has ended.

The entire earnings effect from the IPIC settlement and the MPC purchase amounting to €434 million was already recognized in the "Loss from discontinued operations, net of tax" in the fourth quarter of 2011. This earnings effect is primarily attributable to the impairment loss recognized on the investment in Ferrostaal and to the provision recognized for the obligation incurred in connection with the IPIC settlement. This obligation amounting to €350 million was presented in "Other current liabilities" until the transaction closed in the first quarter of 2012. The consolidated income statements for the periods January 1, 2011, to December 31, 2011, and January 1, 2012, to December 31, 2012, do not contain any other results from this transaction.

Net cash used in investing activities includes €–350 million for the payment in the first quarter of 2012 relating to the IPIC settlement. The MPC purchase also required MAN to pay to Ferrostaal an amount equal to the compensation claims relating to the profit transfer agreements previously in force. MPC paid the same amount to MAN as a fixed purchase price. A liability to Ferrostaal and a receivable from MPC, each amounting to €103 million, were reported in the consolidated financial statements as of March 31, 2012, for these payments, which were made in June 2012. The two payments were reported in net cash used in investing activities as cash outflows and inflows of €103 million, respectively. Payment to MAN of an amount of €5 million was agreed for the additional contingent consideration component, which was dependent on the outcome of certain Ferrostaal projects. This amount was reported in net cash provided by investing activities in the second quarter of 2012. The cash flows of discontinued operations in fiscal years 2012 and 2011 do not contain any other cash flows relating to the Ferrostaal transaction.

At the beginning of January 2010, MAN Truck & Bus announced that it had signed an agreement with Rheinmetall AG, Dusseldorf (Rheinmetall), on the formation of a joint entity for wheeled military vehicles. MAN and Rheinmetall combined their production capacities for wheeled military vehicles as of December 31, 2011, into Rheinmetall MAN Military Vehicles GmbH, Munich (RMMV), which had been formed in 2010, following the combination of the development and sales activities only as a first step. MAN Truck & Bus has a 49% interest in this company. The earnings effect of this transaction amounted to €111 million and was reported as other operating income in fiscal 2011. This earnings effect resulted from the contribution of MAN's activities in combination with the simultaneous acquisition of a 49% interest in the activities contributed by Rheinmetall. The 49% interest in the RMMV associate is accounted for using the equity method and amounted to €132 million as of December 31, 2011. See **note (17)** for further information.

Income statement disclosures

7 Revenue

The Group's revenue by business area is broken down as follows:

Group revenue € million	2012	2011
Commercial Vehicles*	11,692	12,563
Power Engineering*	4,256	3,999
Others/Reconciliation	– 176	– 90
	15,772	**16,472**

* Gross presentation excluding consolidation effects.

The revenue of the Commercial Vehicles business area primarily contains revenue from the sale of trucks, heavy special-purpose vehicles, and city and intercity buses and coaches.

The Power Engineering business area generates revenue mainly from the sale of marine diesel and stationary engines, turbomachinery, gear units, and testing systems. It includes revenue from construction contracts amounting to €970 million (previous year: €454 million).

See **note (40)** for a presentation of revenue by segment.

8 Other operating income

€ million	2012	2011
Income from financial services	203	162
Gains from nonrecurring items	–	111
Gains on financial instruments	57	101
Other trade income	44	34
Gains on disposal of property, plant, and equipment, and intangible assets	6	14
Miscellaneous other income	230	200
	540	**622**

Income from financial services represents the income generated by MAN Finance's business.

Gains on financial instruments result primarily from the remeasurement of foreign exchange positions and from currency and interest rate hedges. To enable a better insight into the results of operations, gains and losses from currency translation are presented as net amounts.

9 Other operating expenses

€ million	2012	2011
Research and development	428	390
Expenses from financial services	123	90
Impairment losses on inventories	94	129
Bad debt allowances on receivables	67	41
Losses on financial instruments	39	52
Legal, audit, and consulting costs	29	57
Losses from nonrecurring items	–	72
Miscellaneous other expenses	97	148
	877	**979**

Other operating expenses comprise those expenses that are not allocated to the functional expenses, and in particular to cost of goods sold and services rendered. Research and development (R&D) expenses contain only that portion of R&D expenses that is not allocated to contract-related production costs or capitalized development costs. The amortization attributable to capitalized development costs is also reported in “Other operating expenses.”

Losses on financial instruments and expenses from financial services correspond to the related items in “Other operating income.”

Losses from nonrecurring items in fiscal 2011 relate firstly to MAN Diesel & Turbo. In connection with the investigation of irregularities in the handover of four-stroke marine diesel engines, provisions amounting to €65 million were recognized in the previous year for possible on-board retrofit solutions and for expenditures for specialists engaged in connection with the investigation. See **note (29)** for further information. In addition, pro rata cost commitments of €7 million were entered into in connection with the establishment of a job creation company at manroland AG, the printing press manufacturer that is now insolvent.

The other expenses primarily include personnel expenses that cannot be specifically allocated to the functions as well as additions to provisions.

10 Net interest expense

€ million	2012	2011
Interest and similar income	35	69
Interest and similar expenses	– 384	– 245
Interest component of additions to pension provisions	– 94	– 89
Return on CTA plan assets	82	82
less: interest expenses reclassified as other operating expenses	49	49
	– 312	**– 134**

The deterioration in net interest expense is due primarily to the €68 million increase in tax interest expenses and to lower income from securities.

Moreover, the assumptions applied to determining the discount rates used to measure other provisions for which the effect of the time value of money is material, as well as non-interest-bearing and low-interest receivables and liabilities with a remaining term of more than twelve months, were reviewed in fiscal 2012. The resulting change led to an earnings effect of €–45 million. This amount is reported in net interest expense. The earnings effects for the subsequent years attributable to the change in assumptions depend on market interest rate trends.

The interest expenses of €49 million reclassified as other operating expenses, which were almost unchanged compared with the previous year, relate to the refinancing of assets leased out by MAN Finance.

11 Income taxes

The reported tax expense is broken down as follows:

€ million	2012	2011
Current income taxes		
Germany	– 35	200
Other countries	159	239
Deferred taxes		
Germany	– 56	– 13
Other countries	54	8
	122	**434**

The tax expense expected for fiscal 2012 is based on the application of the German tax rate applicable for the 2012 assessment period of 31.58% (as in the previous year) to earnings before tax. This tax rate includes municipal trade tax (15.75%), corporate income tax (15.0%), and the solidarity surcharge (5.5% of the corporate income tax liability). As in the previous year, tax rate changes outside Germany did not materially affect the total tax expense in fiscal 2012.

Deferred tax assets in respect of loss carryforwards for corporate income tax and municipal trade tax amounting to €185 million (previous year: €170 million) are currently recognized at German companies. Companies outside Germany have recognized deferred taxes of €60 million (previous year: €31 million) for their local taxes. A deferred tax asset of €371 million (previous year: €243 million) was recognized for companies that recorded a tax loss in the previous year or in the reporting period because this tax asset is expected to be recoverable on the basis of the tax planning. No deferred tax assets were recognized or written down as of December 31, 2012, for existing tax loss carryforwards of €426 million (previous year: €121 million) and temporary differences of €50 million (previous year: €55 million) due to the low probability of such deferred tax assets being recoverable. Tax loss carryforwards of €159 million (previous year: €62 million) for which no deferred tax assets have been recognized can only be carried forward for a limited period. The related expiration dates are between 2013 and 2028.

No deferred taxes of €7 million (previous year: €7 million) were recognized for temporary differences in connection with shares in subsidiaries.

Reconciliation of expected and actual tax expense

€ million	2012	%	2011	%
Earnings before tax	311	100.0	1,122	100.0
Expected tax expense	98	31.6	354	31.6
Tax-exempt income	– 22	– 7.1	– 32	– 2.9
Differences to foreign tax rates	– 48	– 15.4	– 49	– 4.4
Equity-method investments	61	19.6	– 12	– 1.1
Valuation allowances on deferred tax assets and effects of tax credits	24	7.7	17	1.5
Prior-period taxes	– 15	– 4.8	137	12.2
Nondeductible expenses	27	8.7	9	0.8
Other items	– 3	– 1.0	10	0.9
Actual tax expense	**122**	**39.2**	**434**	**38.6**

Deferred tax assets and liabilities are attributable to the following items:

	Deferred tax assets		Deferred tax liabilities	
€ million	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Intangible assets	10	13	377	305
Property, plant, and equipment, and assets leased out	237	338	635	460
Noncurrent financial assets	1	3	14	–
Inventories	18	30	76	81
Receivables and other assets	240	64	373	97
Pensions and other post-employment benefits	406	338	250	261
Liabilities and other provisions	1,210	722	320	243
Tax loss carryforwards	284	201	–	–
Valuation allowances on deferred taxes	– 51	– 17	–	–
Gross value	**2,355**	**1,692**	**2,045**	**1,447**
of which noncurrent	1,267	1,026	1,671	1,069
Offset	– 1,146	– 759	– 1,146	– 759
Consolidation	126	145	59	36
Amount recognized	**1,335**	**1,078**	**958**	**724**

12 Earnings per share

€ million (unless otherwise stated)	2012	2011
Net income attributable to shareholders of MAN SE	177	238
of which: loss from discontinued operations, net of tax	–	–441
Net income from continuing operations attributable to shareholders of MAN SE	**177**	**679**
Number of shares outstanding (weighted average, million, basic)	147.0	147.0
Number of shares outstanding (weighted average, million, diluted)	–	147.1
Earnings per share from continuing operations (fiscal 2011 diluted/basic) in €	**1.20**	**4.62**

Earnings per share are calculated by dividing consolidated net income from continuing operations by the average number of shares outstanding in the year. The number of shares outstanding includes both common and preferred shares because both share classes carry the same dividend rights in 2012, as in the previous year.

72,472 MAN SE shares were contingently granted in April 2010 under the stock program for managers, which was launched in 2010. The effects of 30,704 shares were therefore included in the calculation of diluted earnings per share for fiscal 2011. After taking the potential dilutive effect relating to the grant of these shares into consideration, diluted earnings per share corresponded to basic earnings per share in the previous year. No additional shares in connection with this stock program have been taken into account for the calculation of diluted earnings per share for fiscal 2012 because of the planned cash settlement. See **note (34)** for further information.

There were no outstanding options on shares as of December 31, 2012, and December 31, 2011, that dilute earnings per share. Any exercise of MAN SE's contingent capital in future periods will be dilutive.

The loss per share from discontinued operations (diluted/basic) was €3.00 in the previous year.

13 Other income statement disclosures

Cost of materials

€ million	2012	2011
Cost of raw materials, consumables, and supplies, and of purchased merchandise	8,152	8,468
Cost of purchased services	956	846
	9,108	**9,314**

Payments under operating leases

€ million	2012	2011
Minimum lease payments	114	109
Contingent lease payments	31	25
Payments under subleases	2	3
	147	**137**

Personnel expenses

€ million	2012	2011
Wages and salaries	2,702	2,542
Social security contributions, retirement and other employee benefit expenses	564	551
	3,266	**3,093**

Retirement benefit expenses amounted to €227 million (previous year: €213 million), of which €159 million (previous year: €151 million) was attributable to statutory pension insurance contributions. They are included in the relevant functional expenses. The expected return on plan assets and the interest component of additions to pension provisions are reported in net interest income/expense.

Annual average headcount*

	2012	2011
Commercial Vehicles	36,605	34,567
Power Engineering	15,536	14,098
Other	358	321
	52,499	**48,986**

* Excluding subcontracted employees.

Depreciation and amortization expense

€ million	2012	2011
Intangible assets	167	153
Property, plant, and equipment	297	295
	464	**448**

Impairment losses

€ million	2012	2011
Intangible assets	–	–
Property, plant, and equipment	9	4
Financial investments and equity-method investments*	233	677
	242	**681**

* See **notes (17)** and **(18)** for further information.

14 Total remuneration of the auditors

The following table shows the fees charged for the work performed by the auditor, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Munich (PwC), as well as by companies in the international PwC network:

€ million	2012	2011
Audits	3.3	3.1
Other assurance and valuation services	0.4	0.1
Tax advisory services	0.2	0.2
Incidental costs	0.2	0.1
Reviews of interim financial statements	0.6	0.2
Other services	1.4	3.4
	6.1	**7.1**

The fees charged for work performed by the auditor, PwC, and its affiliated German companies totaled €3.7 million in fiscal 2012 (previous year: €4.8 million). €1.3 million of this amount relates to audits (previous year: €1.2 million), €0.4 million to other assurance and valuation services (previous year: €0.1 million), €0.1 million to incidental costs (previous year: €0.1 million), €0.6 million to reviews of interim financial statements (previous year: €0.2 million), and €1.3 million to other services (previous year: €3.2 million).

Balance sheet disclosures

15 Intangible assets

€ million	Licenses, software, similar rights, customer relationships, brands, and other assets	Capitalized development costs	Goodwill	Intangible assets
Gross carrying amount at January 1, 2011	1,034	749	868	2,651
Accumulated amortization and impairment losses	– 248	– 394	– 95	– 737
Balance at January 1, 2011	**786**	**355**	**773**	**1,914**
Change in consolidated Group structure/acquisitions	0	– 15	–	– 15
Additions	31	215	–	246
Transfers	0	–	–	0
Disposals	– 1	–	–	– 1
Amortization	– 113	– 40	–	– 153
Impairment losses	–	–	–	–
Currency translation differences	– 52	– 9	– 47	– 108
Balance at December 31, 2011	**651**	**506**	**726**	**1,883**
Gross carrying amount at December 31, 2011	1,006	944	804	2,754
Accumulated amortization and impairment losses	– 355	– 438	– 78	– 871
Balance at January 1, 2012	**651**	**506**	**726**	**1,883**
Change in consolidated Group structure/acquisitions	27	–	–	27
Additions	45	262	211	518
Transfers	3	1	–	4
Disposals	0	–	–	0
Amortization	– 111	– 56	–	– 167
Impairment losses	–	–	–	–
Currency translation differences	– 56	– 13	– 56	– 125
Balance at December 31, 2012	**559**	**700**	**881**	**2,140**
Gross carrying amount at December 31, 2012	1,001	1,194	959	3,154
Accumulated amortization and impairment losses	– 442	– 494	– 78	– 1,014

Purchased licenses, software, similar rights and assets, and capitalized development costs are finite-lived assets. Amortization of licenses, software, similar rights, customer relationships, brands, and other assets amounted to €111 million (previous year: €113 million) and is included in the functional expenses, in particular cost of goods sold and services rendered and selling expenses. Amortization of capitalized development costs amounted to €56 million (previous year: €40 million). See **note (9)** for further information.

Capitalized development costs for in-process development projects that are not subject to amortization amounted to €352 million as of December 31, 2012 (previous year: €403 million).

Analysis of goodwill

€ million	12/31/2012	12/31/2011
MAN Truck & Bus	252	44
MAN Latin America	544	600
MAN Diesel & Turbo	85	82
	881	**726**

Goodwill is allocated to the divisions as shown above.

Goodwill is tested for impairment at least once a year by comparing the carrying amounts of the units to which goodwill is allocated with their value in use. Value in use is determined using the discounted cash flow method, based on the current three-year planning for the division concerned.

The principal planning assumptions are expected market trends in relation to MAN's development, changes in material production and other costs, changes in the after-sales business, and the discount rate. Assumptions are based on general market forecasts, current developments, and past experience. The long-term growth rates reflect business- and country-specific circumstances. The long-term growth rates used in fiscal 2012 and 2011 are a maximum of 2%.

Cash flows are forecasted individually on the basis of revenue and cost projections for each division to which goodwill is allocated. The discount rate applied is MAN's pretax WACC of 11.0% (previous year: 10.0%). The assumptions and estimates used to calculate the cost of capital have been adjusted to reflect the risk exposure for MAN Latin America in particular. This risk adjustment, which relates predominantly to the inclusion of country risks, led to a WACC before taxes of 14.0% (previous year: 14.0%) for MAN Latin America.

Goodwill is impaired if the division's value in use is less than its carrying amount. No impairment of recognized goodwill was identified for fiscal 2012 and 2011. Recognized goodwill is also recoverable if the growth forecast or the discount rate varies by –/+ 0.5 percentage points.

16 Property, plant, and equipment

€ million	Land and buildings	Production plant and machinery	Other plant, operating and office equipment	Prepayments and construction in progress	Property, plant, and equipment
Gross carrying amount at January 1, 2011	1,765	2,029	1,038	90	4,922
Accumulated depreciation and impairment losses	–819	–1,263	–776	–	–2,858
Balance at January 1, 2011	**946**	**766**	**262**	**90**	**2,064**
Change in consolidated Group structure/acquisitions	21	–6	0	1	16
Additions	39	96	103	117	355
Transfers	13	41	9	–63	0
Disposals	–5	–6	–13	0	–24
Depreciation	–53	–160	–79	–3	–295
Impairment losses	–4	–	–	–	–4
Currency translation differences	–6	–10	–5	0	–21
Balance at December 31, 2011	**951**	**721**	**277**	**142**	**2,091**
Gross carrying amount at December 31, 2011	1,869	2,092	1,085	145	5,191
Accumulated depreciation and impairment losses	–918	–1 371	–808	–3	–3,100
Balance at January 1, 2012	**951**	**721**	**277**	**142**	**2,091**
Change in consolidated Group structure/acquisitions	48	26	3	0	77
Additions	62	132	133	120	447
Transfers	21	56	12	–96	–7
Disposals	–10	–4	–14	–5	–33
Depreciation	–48	–157	–89	–3	–297
Impairment losses	–9	–	–	–	–9
Currency translation differences	–5	–10	–7	–2	–24
Balance at December 31, 2012	**1,010**	**764**	**315**	**156**	**2,245**
Gross carrying amount at December 31, 2012	1,995	2,203	1,169	162	5,529
Accumulated depreciation and impairment losses	–985	–1,439	–854	–6	–3,284

Depreciation of items of property, plant, and equipment amounted to €297 million (previous year: €295 million) and is included in the functional expenses, in particular cost of goods sold and services rendered.

The items of property, plant, and equipment that are classified as finance leases on the basis of the contract terms relate primarily to machinery and equipment as well as land and buildings with a carrying amount totaling €42 million (previous year: €49 million).

The following table shows the future lease payments due together with their present values.

2012 (€ million)	**up to 1 year**	**1 – 5 years**	**> 5 years**	**Total**
Lease payments	9	9	0	**18**
Interest components	1	1	0	**2**
Present values	8	8	0	**16**
Minimum lease payments expected to be received from subleases	7	4	–	**11**

2011 (€ million)	**up to 1 year**	**1 – 5 years**	**> 5 years**	**Total**
Lease payments	23	18	2	**43**
Interest components	2	2	0	**4**
Present values	21	16	2	**39**
Minimum lease payments expected to be received from subleases	13	13	0	**26**

Investment property

The carrying amount of investment property amounted to €20 million as of December 31, 2012 (previous year: €9 million), compared with a fair value of €64 million (previous year: €39 million).

17 Equity-method investments

Associates

The most significant equity-method investment as of December 31, 2012, is the Sinotruk Ltd., Hong Kong/China, associate (Sinotruk). The former joint venture MAN FORCE TRUCKS has been consolidated since March 31, 2012. See **note (6)** for further information.

Sinotruk

The investment in Sinotruk, which is accounted for using the equity method, was tested for impairment in the second quarter of 2012. The cash flow forecasts for this investment had already been marked by a high level of uncertainty following publication of the business and earnings figures for fiscal 2011. This uncertainty, together with the sharp drop in business performance in the first six months of fiscal 2012, was confirmed by an announcement issued by Sinotruk on July 18, 2012. This resulted in a need to reassess the expected cash flows from this investment. The value in use thus calculated was lower than the carrying amount of the investment as of June 30, 2012, but higher than fair value less costs to sell, measured on the basis of the quoted market price. The resulting €190 million impairment loss was reported in "Impairment losses on equity-method investments." Application of the equity method and the additional recognition of this impairment loss produce a carrying amount of €399 million as of December 31, 2012, for the investment in Sinotruk. The quoted market value of the 25% equity interest in Sinotruk amounted to €400 million as of December 31, 2012 (previous year: €298 million). Summarized financial information for Sinotruk (on a 100% basis and thus not adjusted for the equity interest held by MAN) is presented in the following table:

€ million	**2012**	**2011**
Assets[1]	5,994	6,405
Liabilities[1]	3,430	4,212
Revenue[2]	3,435	4,314
Net income[2]	30	197

[1] Fiscal 2012: Amounts shown relate to the reporting period ended June 30, 2012.
Fiscal 2011: Amounts shown relate to the reporting period ended June 30, 2011.
[2] Fiscal 2012: Amounts shown relate to the reporting period from July 1, 2011 to June 30, 2012.
Fiscal 2011: Amounts shown relate to the reporting period from July 1, 2010 to June 30, 2011.

The following table contains summarized financial information on the other associates; the disclosures relate in all cases to the full amounts of the investees, and not just to the Group's share:

€ million	2012	2011
Assets	756	1,332
Liabilities	589	1,212
Revenue*	869	1,642
Net income*	2	– 50

* 12 months.

The 49% interest in the RMMV associate is also accounted for using the equity method, which is applied with a three-month delay. For this reason, the disclosures for fiscal 2012 only contain nine months' revenue and net income for the investment in RMMV. The assets and liabilities disclosures relate to the September 30, 2012, reporting date. The weak earnings growth in the difficult market environment triggered an impairment test for this investment in the fourth quarter of 2012. The resulting €41 million impairment loss was reported in "Impairment losses on equity-method investments." Application of the equity method and the additional recognition of this impairment loss produce a carrying amount of €75 million as of December 31, 2012, for the investment in RMMV. See **note (6)** for further information.

18 Financial investments

Since January 1, 2012, the interest in Roland Holding GmbH, Munich (Roland), has been accounted for as a financial investment rather than an equity-method investment. The carrying amount of this investment had already been reduced to zero in previous periods by applying the equity method. The unrecognized losses of Roland amounted to €27 million at the reclassification date. The remeasurement in fiscal 2011 of potential obligations from the sale of 65% of the shares in manroland AG (formerly MAN Roland Druckmaschinen AG, Offenbach) in 2006 increased the loss from discontinued operations by a further €7 million. See **note (9)** for further information.

On January 5, 2011, MAN exercised its right to cash settlement in connection with the call option on 1.5% of the equity and 2.8% of the outstanding voting rights of Scania AB, Södertalje/Sweden (Scania). The transaction led to a cash settlement of €29 million, which MAN received on January 7, 2011. At the same time, MAN lost access to more than 20% of the voting rights of Scania, with the result that, after January 5, 2011, the investment in Scania is no longer accounted for using the equity method in accordance with IAS 28, but as an available-for-sale financial asset in accordance with IAS 39.

The "Net income from reclassification as financial investments" line item in the consolidated income statement includes €495 million in fiscal 2011 relating to the effect of the initial recognition of this investment at fair value.

"Income/loss from financial investments" contains dividend income from the investment in Scania amounting to €60 million (previous year: €59 million). The €677 million impairment loss that was recognized on this investment in the fourth quarter of 2011 is also contained in "Income/loss from financial investments."

19 Assets leased out

€ million	2012	2011
Gross carrying amount at January 1	3,484	2,699
Accumulated depreciation	–1,181	–944
Balance at January 1	**2,303**	**1,755**
Change in consolidated Group structure/ acquisitions	–	204
Additions	821	1,087
Disposals	–215	–197
Depreciation	–427	–536
Currency translation differences and other changes	19	–10
Balance at December 31	**2,501**	**2,303**
Gross carrying amount at December 31	3,676	3,484
Accumulated depreciation	–1,175	–1,181

Assets leased out relate to commercial vehicles that are leased to customers on the basis of operating leases or sold to customers with buyback options. The year-on-year increase is attributable to an increase in sales with buyback obligations at MAN Truck & Bus.

Future revenue from noncancelable operating leases

€ million	12/31/2012	12/31/2011
Due within one year	508	470
Due between one and five years	734	739
Due after more than five years	39	40
	1,281	**1,249**

For sales with buyback options, the customer payments still to be received by the date of expected return are recognized as future revenue.

20 Financial services receivables

€ million	12/31/2012	12/31/2011
Noncurrent financial services receivables	1,071	953
Current financial services receivables	575	532

Certain volumes of receivables are sold depending on the market situation and liquidity requirements. Provided that the significant opportunities and risks associated with the receivables remain with the MAN Group, the receivables continue to be reported in our balance sheet. The carrying amount of financial services receivables at the end of the reporting period was €4 million (previous year: €19 million). The corresponding liabilities are contained in financial liabilities; see **note (25).**

Bad debt allowances on financial services receivables changed as follows:

€ million	2012	2011
Balance at January 1	**110**	**99**
Additions	42	31
Utilization	–23	–3
Reversals	–13	–17
Exchange rate effects and other changes	0	0
Balance at December 31	**116**	**110**

Financial services receivables contain the following finance lease receivables:

€ million	12/31/2012	12/31/2011
Noncurrent finance lease receivables	897	776
Current finance lease receivables	407	369

Finance lease receivables relate to commercial vehicle leases. The gross investment in the lease is the aggregate of the minimum lease payments receivable until expiration of the lease plus the unguaranteed residual value of the vehicle at the end of the lease. The present value is obtained by discounting the gross investment in the lease at the interest rate implicit in the lease.

Gross investment in finance leases

€ million	12/31/2012	12/31/2011
Due within one year	559	481
Due between one and five years	966	869
Due after more than five years	21	23
	1,546	**1,373**

The maturities of the present value of minimum lease payments due under finance lease receivables are as follows:

€ million	12/31/2012	12/31/2011
Due within one year	404	362
Due between one and five years	868	740
Due after more than five years	18	19
	1,290	**1,121**

Reconciliation of the gross investment in leases to the present value of minimum lease payments:

€ million	12/31/2012	12/31/2011
Gross investment in finance leases	1,546	1,373
Discount	– 144	– 132
Bad debt allowances	– 98	– 96
Net investment in finance leases	**1,304**	**1,145**
of which unguaranteed residual value	– 14	– 24
Minimum lease payments	**1,290**	**1,121**

Bad debt allowances on finance lease receivables changed as follows:

€ million	2012	2011
Balance at January 1	**96**	**88**
Additions	37	27
Utilization	– 22	– 2
Reversals	– 13	– 17
Exchange rate effects and other changes	0	0
Balance at December 31	**98**	**96**

21 Inventories

€ million	12/31/2012	12/31/2011
Raw materials, consumables, and supplies	445	505
Work in progress and finished products	2,294	2,386
Merchandise	499	479
Prepayments	135	143
	3,373	**3,513**

Consumption of inventories amounting to €8,152 million (previous year: €8,468 million) is recognized as cost of goods sold and services rendered in the reporting period. Inventories of €701 million (previous year: €729 million) were recognized at net realizable value. The impairment loss amounted to €94 million (previous year: €129 million).

22 Trade receivables

€ million	12/31/2012	12/31/2011
Customer receivables	1,886	2,022
PoC receivables	195	198
Receivables from investees	60	111
	2,141	2,331

€15 million of the trade receivables (previous year: €31 million) is due between one and five years. The remaining €2,126 million (previous year: €2,300 million) is due in less than one year.

Bad debt allowances on customer receivables, PoC receivables, and receivables from investees changed as follows:

€ million	2012	2011
Balance at January 1	**113**	**114**
Additions	40	25
Utilization	–12	–12
Reversals	–31	–12
Exchange rate effects and other changes	3	–2
Balance at December 31	**113**	**113**

Certain volumes of receivables are sold depending on the market situation and liquidity requirements. Provided that the significant opportunities and risks associated with the receivables remain with the MAN Group, the receivables continue to be reported in our balance sheet. The carrying amount in the trade receivables at the end of the reporting period was €8 million (previous year: €8 million). The corresponding liabilities are contained in financial liabilities; see **note (25)**.

PoC receivables recognized using the percentage of completion method are calculated as follows:

€ million	12/31/2012	12/31/2011
Contract costs and proportionate contract profit/loss of construction contracts	1,622	1,351
Exchange rate effects	–2	4
PoC receivables, gross	**1,620**	**1,355**
Prepayments received	–1,425	–1,157
	195	198

Other prepayments of €399 million (previous year: €358 million) received on construction contracts for which no contract costs have yet been incurred are recognized as liabilities.

Revenue from construction contracts amounted to €970 million (previous year: €454 million). Orders and part-orders billed to customers are reported in customer receivables.

23 Other assets

€ million	12/31/2012	12/31/2011
Other tax receivables	207	190
VAT receivables	165	128
Deferred income	100	88
Derivatives	27	67
Loans and other third-party receivables	16	35
Other noncurrent receivables from investees	31	32
Financing receivables from investees	5	19
Advances, clearing accounts	10	12
Reserve from pension liability insurance	9	9
Miscellaneous other assets	319	242
	889	822

Other assets are reported as follows:

€ million	12/31/2012	12/31/2011
Other noncurrent assets	237	226
Other current assets	652	596

Derivatives are measured at fair value. They are mainly used to hedge currency risks in customer orders and other foreign currency positions.

Other assets amounting to €253 million (previous year: €242 million) are due after more than one year, including €29 million (previous year: €28 million) due after more than five years. The remaining €636 million (previous year: €580 million) is due in less than one year.

24 Equity

a) Share capital, rights to implement capitalization measures

MAN SE's share capital is unchanged at €376,422,400. It is composed of 147,040,000 no-par value bearer shares with a notional value of €2.56 each. In accordance with Article 4 (1) of the Articles of Association, the no-par value shares are divided into 140,974,350 common shares and 6,065,650 nonvoting preferred shares. All shares are fully paid up. Under Article 4 (2) sentence 2 of the Articles of Association, shareholders may not claim delivery of physical share certificates.

All shares have the same dividend rights; however, a cumulative preferred dividend of €0.11 per preferred share is payable in advance from net retained profit to holders of preferred shares, as well as a further €0.11 per common share as a subordinate right to holders of common shares. If there is insufficient net retained profit to pay the preferred dividend, the shortfall is payable in arrears, without interest, from the net retained profit of the subsequent fiscal years before the distribution of a dividend to the holders of common shares.

The common shares are voting shares, while preferred shares do not generally carry voting rights. Under section 140 (2) of the *Aktiengesetz* (AktG – German Stock Corporation Act), this does not apply if the preferred dividend is not paid in a year, or is not paid in full, and the shortfall is not made good in the following year in addition to the full preferred dividend for that year. In such cases, holders of preferred shares have voting rights until the shortfalls are made good, and the preferred shares must be included in the calculation of any capital majority required by the law or the Articles of Association. Preferred shareholders also have voting rights in accordance with section 60 of the *SE Verordnung* (SE VO – German SE Regulation), under which a consenting resolution by the preferred shareholders is required if the Annual General Meeting adopts a resolution that affects the specific rights of the preferred shareholders, i.e. a resolution to revoke or limit the preferred dividend or to issue preferred stock that would rank prior to or equal with the existing nonvoting preferred shares in the distribution of profit or the net assets of the Company.

The same rights and obligations attach to all shares in all other respects.

Authorized Capital 2010

The resolution dated June 3, 2005, authorizing the creation of Authorized Capital 2005, supplemented by a resolution of the Annual General Meeting on April 3, 2009, was superseded when the authorizing resolution of the Annual General Meeting dated April 1, 2010, to create Authorized Capital 2010 took effect.

The Annual General Meeting on April 1, 2010, resolved to authorize the Executive Board of the Company to increase the share capital, with the consent of the Supervisory Board, by up to €188,211,200 (= 50%) by issuing common bearer shares on one or more occasions against cash contributions and/or noncash contributions in the period up to March 31, 2015 (Authorized Capital 2010).

The shareholders must generally be granted preemptive rights. However, the Executive Board is authorized, with the consent of the Supervisory Board, to disapply preemptive rights when shares are issued against noncash contributions for the purpose of acquiring companies, investments in companies, or significant assets of companies. In the case of cash capital increases, the Executive Board is also authorized, with the consent of the Supervisory Board, to disapply preemptive rights

(i) to the extent necessary to grant the holders of convertible bonds or bonds with warrants that were or will be issued by the Company or its Group companies a right to subscribe for new shares to the extent to which they would be entitled after exercise of their conversion rights or options if they had previously exercised their conversion rights or options or if they had converted their rights in the case of a conversion obligation (antidilution provision); and/or
(ii) if the issue price of the new shares is not more than 5% lower than the quoted market price and the shares issued in accordance with section 186 (3) sentence 4 of the AktG do not in the aggregate exceed 10% of the share capital. Shares issued or sold by direct or indirect application of this provision on the basis of other authorizations during the term of this authorization count towards this limit until the time of utilization. Shares issued or issuable by virtue of convertible bonds or bonds with warrants or with conversion obligations in issue at the time of utilization in accordance with this provision shall also count towards the above-mentioned 10% limit; and/or
(iii) to settle any fractions needed to round the share capital; and/or
(iv) to issue new shares against cash contributions to employees with managerial responsibility (managers) of the Company and/or of Group companies in respect of a proportion of Authorized Capital 2010 of up to €4,000,000. It may also be stipulated that the contribution to be paid must be covered in accordance with section 204 (3) of the AktG.

Apart from the issue of shares to employees with managerial responsibility while disapplying preemptive rights, the authorization is restricted to the extent that, after the authorization is exercised, the total shares issued under Authorized Capital 2010 and/or under Contingent Capital 2010 while disapplying preemptive rights may not exceed 20% of the share capital existing at the time the authorization took effect (= €75,284,480) or – if lower – the share capital existing at the time the authorization was utilized. Further details are governed by Article 4 (4) of the Articles of Association.

Issuance of convertible bonds and/or bonds with warrants, Contingent Capital 2010

The resolution dated June 3, 2005, authorizing the creation of Contingent Capital 2005, supplemented by a resolution of the Annual General Meeting on May 10, 2007, was superseded when the authorizing resolution of the Annual General Meeting dated April 1, 2010, to create Contingent Capital 2010 to issue convertible bonds and/or bonds with warrants took effect.

By way of a resolution of the Annual General Meeting dated April 1, 2010, the Company's Executive Board was authorized, with the consent of the Supervisory Board, to issue convertible bonds and/or bonds with warrants – hereinafter referred to collectively as "bonds" – of MAN SE in the aggregate principal amount of up to €2.5 billion on one or more occasions until March 31, 2015, and to grant the bondholders options or conversion rights or to establish conversion obligations on new common bearer shares of MAN SE with a notional interest in the share capital of up to €76,800,000 (approximately 20%) as specified in greater detail by the option or conversion terms. The bonds are issuable against cash contributions.

The authorization also includes the option to guarantee bonds issued by other Group companies and to grant shares of MAN SE to settle the conversion rights or options or conversion obligations conveyed by these bonds. Furthermore, the authorization allows the Executive Board, with the consent of the Supervisory Board, to define the additional terms of the bonds, in particular the interest rate, issue price, duration and denomination, the subscription or conversion ratio, the option or conversion price, and the option or conversion period, or to do so in consultation with the governing bodies of the issuing Group companies.

The bonds must be offered for subscription by the shareholders. However, the Executive Board is also authorized, with the consent of the Supervisory Board, to disapply preemptive rights

(i) to the extent that the issue price of the bond is not materially lower than its theoretical market value calculated by recognized financial techniques. In addition, the disapplication of preemptive rights within the meaning of section 86 (3) sentence 4 of the AktG only applies to bonds with rights to shares with a notional interest in the share capital that does not in the aggregate exceed 10% of the share capital. Shares issued, sold, or issuable by direct or indirect application of this provision on the basis of other authorizations during the term of this authorization count towards this limit until the time of utilization;
(ii) to the extent that this is necessary to settle fractions that result from the subscription ratio;
(iii) to grant the bondholders with existing conversion rights/options on, or obligations to convert bonds to, shares of the Company, preemptive rights to the extent to which they would be entitled if they had previously exercised their conversion rights or options or if they had converted their rights in the case of a conversion obligation, in order to prevent dilution of the economic value of these rights.

The authorization to issue convertible bonds or bonds with warrants or with conversion obligations is restricted to the extent that, after the conversion rights/options or the conversion obligations are exercised, the total shares issuable while disapplying preemptive rights under Contingent Capital 2010 and/or issued under Authorized Capital 2010 – apart from the issue of shares to employees with managerial responsibility while disapplying preemptive rights – may not exceed 20% of the share capital existing at the time the authorization took effect (= €75,284,480) or – if lower – the share capital existing at the time the authorization was utilized.

At the same time, the Annual General Meeting on April 1, 2010, resolved to contingently increase the share capital by up to €76,800,000, composed of up to 30,000,000 common bearer shares. The contingent capital increase will only be implemented to the extent that the holders of convertible bonds or bonds with warrants or of conversion obligations issued for cash consideration by MAN SE or its Group companies by virtue of the authorizing resolution of the Annual General Meeting on April 1, 2010, exercise their conversion rights or options or settle their conversion obligations, and provided that other forms of settlement are not used. The new shares carry dividend rights for the first time for the fiscal year in which they are issued (Contingent Capital 2010).

Share repurchase

The resolution dated April 3, 2009, to purchase the Company's own shares was superseded when the authorizing resolution of the Annual General Meeting on April 1, 2010, to purchase the Company's own shares took effect.

The resolution of the Annual General Meeting on April 1, 2010, authorized the Executive Board to purchase common and/or nonvoting preferred shares of the Company, with the consent of the Supervisory Board, on one or more occasions until March 31, 2015, up to a maximum total amount of 10% of the share capital. Together with other treasury shares held by the Company or attributable to the Company in accordance with sections 71d and 71e of the AktG, the shares purchased by virtue of this authorization may not account for more than 10% of the existing share capital at any time. The shares may also be purchased by other Group companies and/or third parties for the account of MAN SE or other Group companies.

The shares may be purchased on the stock exchange or by means of a public purchase offer to the holders of the class of shares concerned. If the shares are purchased on the stock exchange, the purchase price (net of transaction costs) may not exceed or fall below the price for the relevant class of shares determined by the opening auction on the trading day in Xetra trading (or a comparable successor system) by more than 10%. In the case of a public purchase offer, the bid price or the bid price range per share (net of transaction costs) may not exceed or fall below the average price for the relevant class of shares determined by the closing auction in Xetra trading (or in a comparable successor system) on the three market days before the date of the public announcement of the offer by more than 10%. The purchase offer or the invitation to submit such an offer may entail additional conditions. If the total stock tendered exceeds the volume of the purchase offer, it must be accepted on a proportionate basis. The terms of the offer may provide for preferred acceptance of small numbers of shares to the extent provided by law, but in any case up to no more than a maximum of 100 shares tendered per shareholder. Additional details and conditions relating to the offer may be established in the conditions of the offer.

The Executive Board has been additionally authorized, with the consent of the Supervisory Board, to use purchased common shares of the Company for all purposes permitted by law in addition to sale on the stock exchange or by a public offer to all shareholders, and to disapply shareholders' preemptive rights. This applies in particular

(i) if the purchased common shares are sold at a price that is not materially lower than the quoted market price; and/or
(ii) to the extent that they are used as consideration in a business combination or to acquire companies or investments in companies or assets of companies; and/or
(iii) to the extent that they are used to settle options or conversion rights or conversion obligations established by the Company or a Group company when bonds were issued. The shares transferred by virtue of this authorization may not in the aggregate exceed 10% of the share capital where they are used to settle conversion rights and options or conversion obligations established in corresponding application of section 186 (3) sentence 4 of the AktG. Shares issued or sold by direct or indirect application of this provision during the term of this authorization shall count towards this limit until the time of utilization. Shares issued or issuable by virtue of convertible bonds or bonds with warrants or with conversion obligations issued at the time of utilization in accordance with this provision shall also count towards this limit; and/or
(iv) to the extent that the common shares are used to settle stock bonus commitments to employees with managerial responsibility (managers) of the Company and/or of Group companies.

The Annual General Meeting on April 1, 2010, further authorized the Executive Board to redeem the Company's own common shares and/or nonvoting preferred shares with the consent of the Supervisory Board, but without any further resolution by the Annual General Meeting.

Material agreements of the Company that are subject to a change of control following a takeover bid

As described in **note (25)**, MAN SE has entered into various material agreements that are subject to a change of control.

b) Significant shareholdings in MAN SE

Volkswagen Aktiengesellschaft notified MAN SE on June 6, 2012, in accordance with section 21 (1) sentence 1 of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) that the share of voting rights held by Volkswagen Aktiengesellschaft had exceeded the limit of 75% on June 6, 2012, and amounted to 75.03% at that time. In addition, Porsche Automobil Holding SE and its controlling shareholders notified MAN SE on June 6, 11, and 12, 2012, in accordance with section 21 (1) of the WpHG that Volkswagen Aktiengesellschaft's 75.03% interest is also attributable to Porsche Automobil Holding SE and its controlling shareholders. Furthermore, on October 26, 2012, MAN SE received notifications in accordance with section 21 (1) of the WpHG that the share of voting rights held by BlackRock, Inc. (and companies affiliated with it) fell below the threshold of 3% on July 8 of the previous year.

MAN SE has not been notified of, nor is it aware of, further existing direct or indirect interests in the capital of MAN SE that exceed 10% of the voting rights or the relevant thresholds of the WpHG, or of any changes in the above-mentioned interests.

c) Reserves

MAN SE's capital reserves consist of premiums paid for capital increases and the conversion of preferred shares into common shares. The MAN Group's retained earnings contain the retained earnings of MAN SE amounting to €954 million (previous year: €844 million) and the net retained profits of MAN SE amounting to €168 million (previous year: €374 million). They also contain the retained profits and accumulated losses of subsidiaries and differences arising between carrying amounts in the consolidated financial statements and carrying amounts in the local GAAP financial statements.

The Executive and Supervisory Boards of MAN SE will propose to the Annual General Meeting to use the net retained profits of €168 million (previous year: €374 million) to pay a dividend of €1.00 (previous year: €2.30) per share carrying dividend rights and to carry forward the residual amount to new account. The proposed total dividend payout is therefore €147 million (previous year: €338 million).

d) Other comprehensive income

€ million	12/31/2012	12/31/2011
Currency translation differences	105	297
Fair value measurement of marketable securities and financial investments	463	–
Fair value of derivatives	–7	–28
Actuarial losses attributable to pensions and other post-employment benefits	–596	–450
Overfunding of pension plans in accordance with IAS 19.58*	–1	0
Other comprehensive income for the period from equity-method investments	1	–1
Deferred taxes	151	111
	116	**–71**

* Affects non-German pension plans.

Of the deferred taxes of €151 million (previous year: €111 million), €150 million (previous year: €102 million) is attributable to actuarial losses on pensions and other post-employment benefits, €7 million (previous year: €9 million) is attributable to the measurement of derivatives, and €–6 million (previous year: €0 million) to the fair value measurement of marketable securities and financial investments.

e) Noncontrolling interests

The noncontrolling interests are mainly attributable to Renk Aktiengesellschaft, Augsburg, in which MAN holds a 76% interest.

f) Capital management

The most important goals of MAN SE's capital management are to sustainably increase its enterprise value and to safeguard the Group's liquidity and creditworthiness. This is achieved not only by reducing the cost of capital and improving cash flow from financing activities, but also by optimizing the capital structure and implementing effective risk management.

MAN SE uses the modified measure referred to as "delta to the cost of capital" (ROCE – WACC) to measure and manage its business activities and to optimize capital allocation in the Group. This corresponds to the difference between ROCE and the weighted average cost of capital (WACC).

After Standard & Poor's (S&P) linked the MAN Group's rating to that of Volkswagen AG in December 2011, MAN decided to end its cooperation with the rating agency in December 2012, primarily for commercial reasons. Standard & Poor's most recently confirmed MAN's A– long-term rating in September 2012, but lifted its outlook from "stable" to "positive" in line with Volkswagen AG's rating. The rating relationship with Moody's will continue unchanged. The A3 long-term rating with a stable outlook awarded by Moody's was confirmed in September 2012.

The Group's capital employed for capital management purposes comprises equity, pension obligations, and financial liabilities.

€ million	12/31/2012	12/31/2011
Equity	5,619	5,590
Pensions and other post-employment benefits	591	378
Financial liabilities	5,299	3,170
Capital employed	**11,509**	**9,138**

Equity increased by €29 million or 0.5% year-on-year in fiscal 2012. This was attributable primarily to the net income of €189 million and the increased fair value measurement of the investment in Scania amounting to €457 million (net) recognized in other comprehensive income. This increase was offset for the most part by the dividend payments of €342 million, losses of €192 million on the translation of the financial statements of foreign Group companies, and the €97 million net increase in actuarial losses. Pensions and other post-employment benefits rose by 56% year-on-year in particular because of these actuarial losses, which are attributable primarily to the use of a lower discount rate. Financial liabilities increased by 67% because new bonds were issued; see **note (25).** Overall, this resulted in a €2,371 million or 16% increase in capital employed in fiscal 2012.

MAN SE's Articles of Association do not stipulate any capital requirements.

25 Financial liabilities

€ million	12/31/2012	12/31/2011
Bonds	3,311	1,495
Bank borrowings and other liabilities	1,085	876
Structured finance	903	799
	5,299	**3,170**

Financial liabilities are reported in the following balance sheet items:

€ million	12/31/2012	12/31/2011
Noncurrent financial liabilities		
due after more than one year	2,966	1,976
of which: due after more than five years	8	21
Current financial liabilities		
due within one year	2,333	1,194

MAN SE placed a €200 million promissory note loan and a €1.5 billion bond in two tranches in 2009 to provide long-term financing for the acquisition of Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., São Paulo/Brazil.

Previously, MAN SE had launched an EMTN program so that it could issue securities flexibly and at short notice if required so as to raise funds on the basis of existing master documentation. The EMTN program is regularly renewed and updated to allow MAN SE to act at any time. Following partial repayments of €30 million in 2009 and €121 million in October 2010, the fixed-interest component of the promissory note loan amounting to €49 million was repaid on schedule in April 2012. In addition, there are two promissory note loans in the total amount of €26.25 million expiring in 2019 (amortizing) which bear an interest rate of 6.76%. The two bond tranches issued in 2009 amounting to €1 billion (expiring 2013) and €500 million (expiring 2016) with coupons of 5.375% and 7.250%, respectively, are also outstanding. Additionally, two bonds issued in 2012 amounting to €750 million (expiring 2017) and €500 million (expiring 2015) with coupons of 2.125% and 1.000%, respectively, are outstanding. MAN SE also issued privately placed notes with a variable interest rate, all of which are denominated in euros, for the first time in 2012. The privately placed notes have a total volume of €570 million and mature between September 2013 and November 2014.

The carrying amount of the bond tranche expiring on May 20, 2013, amounted to €999 million at the reporting date, and its fair value was €1,018 million. The carrying amount of the bond tranche expiring on May 20, 2016, amounted to €498 million, and its fair value was €600 million. The carrying amounts of the bonds issued in 2012 expiring on March 13, 2017, and September 21, 2015, amounted to €746 million and €498 million, respectively, and their fair values were €777 million and €502 million, respectively.

Structured finance includes liabilities of €12 million (previous year: €26 million) relating to sales of receivables. The MAN Group also uses asset-backed financing arrangements, in particular to finance its financial services business. Current financial liabilities include asset-backed financing arrangements in the amount of €892 million (previous year: €658 million) that assure the financing of the amortizing portfolio until the end of the term.

Bank borrowings, whose interest terms are oriented on the relevant market conditions, serve to finance international MAN Group companies, among other things.

As was the case with the preceding facility, the variable-rate €1.5 billion syndicated credit line committed by a syndicate of 23 banks until December 2015 was never drawn down to date and is thus available as a liquidity reserve.

Liabilities are not generally collateralized in the MAN Group.

Material agreements of the Company that are subject to a change of control following a takeover bid:

Under the agreed syndicated credit line amounting to €1.5 billion, each syndicate member can demand immediate repayment of its portion if one or more natural or legal persons either individually or collectively obtain control of MAN SE or acquire the majority of voting rights in MAN SE. The acquisition by Volkswagen AG of a majority stake in MAN SE on November 9, 2011, was excluded from this condition.

The promissory note loans issued in the amount of €26.25 million can be terminated with immediate effect if one or more persons acting in concert acquire the majority of voting rights in MAN SE. The arranging banks notified the creditors about Volkswagen AG's acquisition of a majority stake in MAN SE. None of the creditors exercised their call rights.

Repayment of the publicly offered bonds (€2.75 billion) and the privately placed notes (€570 million) can be demanded if one or more persons acting in concert acquire more than 50% of the voting rights in MAN SE and, as a result, the Company's rating is downgraded to noninvestment grade within 120 days.

26 Pensions and other post-employment benefits

Provisions for pensions and other post-employment benefits are broken down as follows:

Composition of funded status and pension provisions

€ million	12/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008
Unfunded defined benefit obligation	105	14	14	22	46
Funded defined benefit obligation	2,260	2,009	1,859	1,716	1,695
Total defined benefit obligation	**2,365**	**2,023**	**1,873**	**1,738**	**1,741**
Fair value of plan assets	–1,775	–1,645	–1,647	–1,579	–1,652
Funded status at December 31	**590**	**378**	**226**	**159**	**89**
Effect of asset ceiling in accordance with IAS 19.58	0	0	0	1	19
Unrecognized plan assets	1	0	–	–	–
Reclassified as liabilities associated with assets held for sale	–	–	–	–	–34
Pension provisions at December 31	**591**	**378**	**226**	**160**	**74**
of which: Germany	402	296	173	107	39
of which: Other countries	189	82	53	53	35

a) Pension plans

The MAN Group offers its German employees occupational pension benefits after they have retired. Occupational pensions provide additional retirement benefits as well as risk protection in the event of invalidity or death while the beneficiary is actively employed.

Under the MAN Group's current pension plans, the MAN Profit-Sharing and Pension Plan, and the separate pension plan for senior managers, directors, and Executive Board members, all active employees receive employer contributions that are tied to their remuneration and can make additional provision through deferred compensation – which is employer-subsidized for staff subject to collective bargaining agreements. The employer- and employee-funded contributions plus returns on capital market investments allow staff to accumulate plan assets during their active employment that are paid out as a lump sum or in installments on retirement, or that can be annuitized in certain cases. The risk of the investments is gradually reduced as employees get older (lifecycle concept). The performance of the plan assets is directly linked to the capital markets and is determined by a basket of indices and other suitable parameters.

Former employees, pensioners, or employees with vested benefits who have left the MAN Group have benefit commitments from a variety of old pension plans, most of which are designed to provide lifelong pension payments. Depending on the situation in specific countries, foreign employees receive pension benefits in the form of defined benefit or defined contribution pension plans. Employees in the United Kingdom, Switzerland, and Brazil receive pension benefits under defined-benefit funded pension plans. The pension plans in the United Kingdom have been closed to new entrants. In France, Austria, and Poland, there are defined benefit pension plans with a low level of obligations that are funded by provisions. In addition, statutory termination benefits are payable in certain countries such as Austria, Italy and Turkey.

There are defined contribution pension plans in the United States, the United Kingdom, and certain other countries.

b) Funding

The MAN Group's German pension assets are managed by MAN Pension Trust e.V. and MAN Pensionsfonds AG. These assets are irrevocably protected from recourse by the Group companies and may only be used to fund current pension benefit payments or to settle claims by employees in the event of insolvency. Proper management and utilization of the trust assets are supervised by independent trustees. Additionally, MAN Pensionsfonds AG is regulated by the *Bundesanstalt für Finanzdienstleistungsaufsicht* (BaFin – German Federal Financial Supervisory Authority). The pension assets are invested by professional investment managers in accordance with investment rules laid down by MAN SE's investment committee. There is a prohibition on investing in securities issued by, and real estate used by, MAN SE or one of its Group companies. Material pension assets outside Germany are managed in pension funds belonging to the Group or by multiple-employer pension institutions.

As a general rule, the pension assets are endowed at the minimum amount required by national regulations. In Germany, there is no general obligation to make ongoing payments to the pension assets. However, the goal is to ensure endowments equal to the ongoing employer and employee contributions. Expected employer payments for defined benefit plans for 2013 are €51 million for German pension plans and €25 million for pension plans outside Germany.

Plan asset portfolio structure

	Germany		Other countries		Total	
€ million	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Bonds	590	602	252	218	842	820
Equities	254	184	135	134	389	318
Real estate	21	18	37	34	58	52
Other assets	414	389	72	66	486	455
Total plan assets	**1,279**	**1,193**	**496**	**452**	**1,775**	**1,645**

c) Funded status

Change in present value of defined benefit obligation

€ million	Germany 2012	Germany 2011	Other countries 2012	Other countries 2011	Total 2012	Total 2011
Present value of DBO at January 1	1,490	1,391	533	482	2,023	1,873
Change in consolidated Group structure	–	4	–	–1	–	3
Current service cost	43	37	13	13	56	50
Interest cost	67	67	27	22	94	89
Past service cost	–	–	–	–2	–	–2
Actuarial losses (+)/ gains (–)	160	63	53	23	213	86
Pension payments	–82	–76	–25	–29	–107	–105
Contributions by beneficiaries	5	4	9	8	14	12
Currency translation differences, other	–1	0	73	17	72	17
Present value of DBO at December 31	**1,682**	**1,490**	**683**	**533**	**2,365**	**2,023**

Change in plan assets

€ million	Germany 2012	Germany 2011	Other countries 2012	Other countries 2011	Total 2012	Total 2011
Plan assets at January 1	1,193	1,218	452	429	1,645	1,647
Change in consolidated Group structure	–	–1	–	–	–	–1
Expected return on plan assets	60	61	22	21	82	82
Actuarial gains (+)/ losses (–)	49	–57	16	–5	65	–62
Contributions by employers	35	30	16	17	51	47
Contributions by beneficiaries	–	4	9	8	9	12
Pension payments	–58	–62	–22	–29	–80	–91
Currency translation differences, other	0	0	3	11	3	11
Plan assets at December 31	**1,279**	**1,193**	**496**	**452**	**1,775**	**1,645**

The investment of plan assets to cover future pension obligations resulted in income of €147 million (previous year: €20 million), of which €109 million (previous year: €4 million) was attributable to Germany and €38 million (previous year: €16 million) to other countries.

Measurement of the present value of the defined benefit obligation and of plan assets is based on the following parameters:

	Germany		Other countries*	
in %	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Discount rate	3.2	4.6	3.61	4.25
Pension trend	1.8	2.0	2.97	3.13
Pay trend	2.7	2.75	2.63	2.78
Expected return on plan assets	5.0	5.0	4.45	5.18

* Weighted average rates.

The discount rates reflect the yields at the reporting date on highly rated corporate bonds with matching maturities and denominated in the relevant currencies. The biometric parameters are based on current country-specific mortality tables. For Germany, the 2005 G mortality tables issued by Prof. Klaus Heubeck were adjusted to MAN-specific empirical values. The long-term expected return on plan assets is calculated on the basis of the return assumptions in Germany and other countries corresponding to the portfolio structure.

d) Pension expense

The pension expense is composed of the following items:

€ million	2012	2011
Current service cost	56	50
Past service cost	–	–2
Interest cost	94	89
Expected return on plan assets	–82	–82
	68	**55**

e) Gains and losses recognized in other comprehensive income

€ million	2012	2011
Actuarial gains (–)/losses (+) at January 1	**434**	**285**
Change in consolidated Group structure	–	1
Change in fiscal year	148	148
Currency translation differences, other	28	0
Actuarial gains (–)/losses (+) at December 31	**610**	**434**

f) Experience adjustments

The experience adjustments, meaning differences between changes in assets and obligations expected on the basis of actuarial assumptions calculated and actual changes in those assets and obligations, are as follows:

Differences between expected and actual developments

	2012	2011	2010	2009	2008
as % of present value of DBO	–1.90	–1.29	0.64	0.46	0.11
as % of plan assets	3.66	–3.77	0.06	3.29	–8.72

27 Other provisions

€ million	As of 12/31/2011	Change in consolidated Group structure, currency translation	Utilization	Additions	Reversals	Interest unwinding	As of 12/31/2012
Warranties	856	–11	–297	296	–63	51	832
Outstanding costs	209	1	–85	104	–22	2	209
Other business-related obligations	559	–6	–206	103	–78	1	373
Obligations to employees	200	–1	–108	66	–2	2	157
Miscellaneous other provisions	370	–12	–128	122	–73	0	279
	2,194	**–29**	**–824**	**691**	**–238**	**56**	**1,850**

Other provisions are reported in the following balance sheet items:

	12/31/2012		12/31/2011	
€ million	Noncurrent	Current	Noncurrent	Current
Warranties	365	467	364	492
Outstanding costs	52	157	49	160
Other business-related obligations	26	347	5	554
Obligations to employees	143	14	187	13
Miscellaneous other provisions	98	181	104	266
	684	**1,166**	**709**	**1,485**

Provisions for warranty obligations are recognized for statutory and contractual guarantee obligations and for ex gratia settlements with customers. The timing of settlement of provisions for warranties depends on the occurrence of the warranty claim and may extend to the entire warranty and ex gratia settlement period. Provisions for outstanding costs are recognized for services still to be provided for customer contracts and contract elements already billed, and for obligations under maintenance and service contracts. Miscellaneous other provisions for business risks relate to provisions for expected losses from executory contracts as well as other obligations.

Other business-related obligations in fiscal 2011 contained provisions of €65 million that were recognized in connection with the investigation of potential irregularities in the hand-over of four-stroke marine diesel engines at MAN Diesel & Turbo. See **note (29)** for further information.

The additions to provisions for warranty risks and the additions to other business-related obligations also reflect the risk provisions recognized in the Power Engineering business area.

Obligations to employees relate to anniversary payments, termination benefits, and partial retirement obligations.

28 Other liabilities

€ million	12/31/2012	12/31/2011
Deferred purchase price payments for assets leased out	1,633	1,443
Employee-related liabilities	402	440
Miscellaneous other tax payables	181	234
Derivatives	66	98
Deferred income	26	42
Miscellaneous other liabilities	232	587
	2,540	**2,844**

Deferred purchase price payments for assets leased out originate from sales of commercial vehicles accounted for as operating leases because of a buyback obligation. The buyback obligation amounts to €752 million (previous year: €839 million) and is reported as a financial liability. See **notes (32)** and **(33).**

Employee-related liabilities relate to wages, salaries, and social security contributions outstanding at the end of the reporting period, accrued vacation pay, and annual bonuses.

Other liabilities continue to include the negative fair value of derivatives. Because these instruments are predominantly used to hedge currency risks in customer orders, they are matched in this respect by offsetting effects in the balance sheet items of the underlyings.

Other liabilities are reported in the following balance sheet items:

€ million	12/31/2012	12/31/2011
Other noncurrent liabilities	1,106	951
Other current liabilities	1,434	1,893

Of the other noncurrent liabilities, €70 million (previous year: €63 million) is due in more than five years.

Other disclosures

29 Litigation/legal proceedings

Based on indications of irregularities in the course of the handover of four-stroke marine diesel engines by MAN Diesel & Turbo SE, MAN SE's Executive Board launched an investigation by MAN SE's Compliance function and external advisers in fiscal 2011. The investigation showed that it was possible to externally manipulate the technically calculated fuel consumption figures of four-stroke marine diesel engines on test beds operated by MAN Diesel & Turbo SE (formerly: MAN Diesel SE) such that the figures displayed differed from the actual test results. MAN notified the Munich Public Prosecution Office (I) of its investigation. The matter was passed to the Public Prosecution Office in Augsburg at the end of 2011 and is still ongoing. MAN is continuing to work together with the Public Prosecution Office to clarify the matter. See **notes (9)** and **(27)** for further information on provisions.

The investigations by the European Commission and the South Korean antitrust authorities into suspected possible antitrust violations in the commercial vehicles business launched in 2011 are still ongoing. MAN is continuing to cooperate in full with the antitrust authorities. In 2012, the European Commission dropped its investigations, also launched in 2011, into suspected possible antitrust violations in the engines business at MAN Truck & Bus and MAN Diesel & Turbo. The UK antitrust authorities (Office of Fair Trading) also dropped their investigations, launched in 2010, into suspected possible antitrust violations in the commercial vehicles business at MAN Truck & Bus and handed over to the European Commission for further processing in the context of the ongoing investigation mentioned above.

In addition to the issues described above, MAN is involved in various legal disputes and legal proceedings in connection with its Group-wide business activities. Although any negative decisions in such cases could have a material effect on the Company's results in a particular reporting period, MAN does not believe that they could have a material adverse effect on its net assets, financial position, and results of operations. MAN does not tolerate compliance violations. Neither corruption nor breaches of competition law are tolerated, encouraged, or accepted by MAN.

No disclosures in accordance with IAS 37, Provisions, Contingent Liabilities, and Contingent Assets, are made on certain legal disputes if the Company concludes that these disclosures could seriously prejudice the outcome of the legal proceedings in question.

30 Contingent liabilities

€ million	12/31/2012	12/31/2011
Contingent liabilities under guarantees	131	184
Contingent liabilities under buyback guarantees	128	170

The contingent liabilities under guarantees relate mainly to guarantees issued for trade obligations of investees, former investees, and other companies. The year-on-year decrease is attributable to the planned reduction of guarantees for legacy transactions due to the expiry of the warranty periods. The maximum total potential contingent liability for Ferrostaal under MAN's obligations from guarantees is €121 million (previous year: €135 million). MAN's guarantees for Ferrostaal are largely covered by indemnities, depending on the origination date of the guarantee. See **note (6)** for further information.

Customer liabilities to financing companies that finance the purchase of the Group's products by third parties are covered by standard industry buyback guarantees. These relate to commercial vehicles and amount to €128 million (previous year: €170 million).

The contingent liabilities disclosed are generally measured in the maximum amount of any claim that may be asserted against MAN. Any recourse claims are not offset.

There are project-related risks for contract-based plant under construction at MAN Diesel & Turbo. Recognition of these risks will change in line with new information and increasing progress.

MAN Finance has proportionate additional payment obligations in the event of losses at an associate.

Purchase commitments for items of property, plant, and equipment amounted to €255 million at the end of the reporting period (previous year: €270 million).

31 Other financial obligations

Other financial obligations comprise rental and lease obligations. The future rental and lease obligations under operating leases are due as follows until expiration of the lease terms:

€ million	12/31/2012	12/31/2011
Investment leases		
Due within one year	29	30
Due between one and five years	43	46
Due after more than five years	3	5
	75	**81**
Rental and lease obligations		
Due within one year	102	106
Due between one and five years	289	263
Due after more than five years	418	402
	809	**771**

Rental and lease obligations contain the sale of leased vehicles and are partly offset by future income from subleases amounting to €5 million (previous year: €8 million).

32 Additional disclosures on financial instruments

The following section contains supplemental disclosures on the significance of financial instruments and on individual balance sheet and income statement line items relating to financial instruments.

The following table shows the carrying amounts, the measurement categories by class, the fair values, and the fair value hierarchy classifications under IFRS 7 as of December 31, 2012.

€ million	Carrying amount	Of which within the scope of IFRS 7	IAS 39 measurement category*	Fair value	Fair value hierarchy classification
Assets					
Financial investments	1,702	1,702	AfS	1,702	n/a
of which quoted in active markets	1,656	1,656	AfS	1,656	Level 1
of which other financial investments	46	46	AfS	46	n/a
Noncurrent and current financial services receivables	1,646	1,646	n/a	1,655	–
Other noncurrent and current assets	889	206		206	–
Other financial assets	206	206		206	–
Available for sale	7	7	AfS	7	n/a
At fair value through profit or loss	16	16	aFV	16	Level 2
Derivatives in hedging relationships	11	11	n/a	11	Level 2
Other assets	172	172	LaR	172	–
Assets not within the scope of IFRS 7	683	–	n/a	–	–
Trade receivables	2,141	2,141	LaR	2,141	–
Marketable securities	1	1	AfS	1	n/a
Cash and cash equivalents	1,366	1,366	LaR	1,366	–
Liabilities					
Noncurrent and current financial liabilities	5,299	5,299	OL	5,454	–
Other noncurrent and current liabilities	2,540	953		942	–
Other financial liabilities	953	953		942	–
At fair value through profit or loss	51	51	aFV	51	Level 2
Derivatives in hedging relationships	15	15	n/a	15	Level 2
Other liabilities	887	887	OL	876	–
Liabilities not within the scope of IFRS 7	1,587	–	n/a	–	–
Trade payables	2,006	2,006	OL	2,006	–

* AfS: available-for-sale financial assets;
LaR: loans and receivables;
aFV: at fair value through profit or loss;
OL: other financial liabilities measured at amortized cost;
n/a: not applicable.

The following table shows the carrying amounts, the measurement categories by class, the fair values, and the fair value hierarchy classifications under IFRS 7 as of December 31, 2011.

€ million	Carrying amount	Of which within the scope of IFRS 7	IAS 39 measurement category[1]	Fair value	Fair value hierarchy classification
Assets					
Financial investments	1,251	1,251	AfS	1,251	n/a
of which quoted in active markets	1,193	1,193	AfS	1,193	Level 1
of which other financial investments	58	58	AfS	58	n/a
Noncurrent and current financial services receivables	1,485	1,485	n/a	1,487	–
Other noncurrent and current assets	822	242		242	–
Other financial assets	242	242		242	–
Available for sale	3	3	AfS	3	n/a
At fair value through profit or loss	35	35	aFV	35	Level 2
Derivatives in hedging relationships	32	32	n/a	32	Level 2
Other assets	172	172	LaR	172	–
Assets not within the scope of IFRS 7	580	–	n/a	–	–
Trade receivables	2,331	2,331	LaR	2,373	–
Marketable securities	1	1	AfS	1	n/a
Cash and cash equivalents	957	957	LaR	957	–
Liabilities					
Noncurrent and current financial liabilities	3,170	3,170	OL	3,312	–
Other noncurrent and current liabilities	2,844	1,408		1,378	–
Other financial liabilities	1,408	1,408		1,378	–
At fair value through profit or loss	65	65	aFV	65	Level 2
Derivatives in hedging relationships	33	33	n/a	33	Level 2
Other liabilities[2]	1,310	1,310	OL	1,280	–
Liabilities not within the scope of IFRS 7	1,436	–	n/a	–	–
Trade payables	2,324	2,324	OL	2,324	–

[1] AfS: available-for-sale financial assets;
LaR: loans and receivables;
aFV: at fair value through profit or loss;
OL: other financial liabilities measured at amortized cost;
n/a: not applicable.

[2] Prior-period amount adjusted for buyback obligations in connection with customer payments not yet recognized as income. See **note (28).**

The cumulative carrying amounts of the financial instruments classified by IAS 39 measurement category are as follows:

IAS 39 measurement category*

	12/31/2012		12/31/2011	
€ million	Assets	Liabilities	Assets	Liabilities
AfS	1,710	–	1,255	–
aFV	16	51	35	65
LaR	3,679	–	3,460	–
OL	–	8,192	–	6,804

* AfS: available-for-sale financial assets;
LaR: loans and receivables;
aFV: at fair value through profit or loss;
OL: other financial liabilities measured at amortized cost;
n/a: not applicable.

Fair values were measured on the basis of the market prices available at the end of the reporting period or using the valuation techniques described in the following, and correspond to the prices at which one party would assume the rights and/or obligations under these financial instruments from another party in an arm's length transaction. There were no material changes in the valuation techniques applied as against those applied in the previous year.

Cash and cash equivalents, trade receivables, other financial assets, trade payables, and other financial liabilities mostly have short remaining maturities. For this reason, their carrying amounts at the end of the reporting periods are approximately the same as their fair values. In addition, an appropriate impairment loss is recognized for trade receivables if there are objective indications of impairment.

The fair value of finance lease receivables corresponds to the present value of the cash flows expected to be received for the assets, discounted using current interest rate parameters that reflect changes in market and counterparty-related conditions and expectations.

The fair values of listed bonds are based on the quoted prices at the end of the reporting period. The fair value of OTC bonds, fixed-rate bank borrowings, and other financial liabilities is measured as the present value of the cash flows expected to be required to settle the liabilities, discounted using standard market rates of interest for matching maturities.

Available-for-sale (AfS) financial assets include the investment in Scania. This investment has not been accounted for using the equity method since January 5, 2011, but as a financial investment see **note (18).** Initial recognition resulted in an earnings effect of €495 million in 2011; an impairment loss of €677 million was recognized on the investment in December 2011. The impairment loss on the investment was reversed in other comprehensive income, and the investment had a carrying amount of €1,656 million at the end of the reporting period (previous year: €1,193 million). If the share price had been 10% higher or lower at December 31, 2011, net income for the period would have been €119 million higher or lower. If the share price had been 10% higher or lower at December 31, 2012, equity would have been €166 million higher or lower. The remaining portion amounting to €54 million (previous year: €62 million) is attributable to investments and shares measured at cost. These are investments and shares of unlisted entities that were not measured using a discounted cash flow method because the related cash flows could not be reliably measured. No quoted market prices are available for the shares of unlisted entities as no active market exists for these shares. The Company currently has no intention to sell these shares.

Future cash flows are estimated using forward curves for derivative financial instruments without option components, which include currency forwards, commodity futures, interest rate swaps, and cross-currency swaps. The fair value of these instruments corresponds to the discounted cash flows. Options on currency pairs or interest rates are measured on the basis of standard option pricing models, i.e., generalized Black Scholes formulas.

Fair value hierarchy:
Measurement and presentation of the fair values of financial instruments are based on a fair value hierarchy that reflects the significance of the inputs used for measurement and is classified as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

In fiscal 2012 and 2011, there were no reclassifications between Level 1 and Level 2 in fair value measurement, and there were no reclassifications into or out of Level 3 in relation to fair value measurement.

Net gains and losses on financial instruments are presented in the following table:

€ million	2012	2011
Loans and receivables	– 49	– 47
Available-for-sale financial assets	63	– 601
Financial liabilities at cost	2	– 4
Financial assets and liabilities at fair value through profit or loss	8	– 1

Net gains and losses on loans and receivables primarily contain changes in valuation allowances, income from payments received on loans and receivables written off, currency translation differences, and reversals of impairment losses.

Net gains and losses on available-for-sale financial assets relate to net income from investments and were negatively affected in the previous year by the €677 million impairment loss recognized on the investment in Scania in the fourth quarter of 2011. This was included in net losses for the category; see also **note (18)**.

Net gains and losses on financial liabilities measured at cost are principally composed of gains and losses from currency translation.

Net currency expenses on the items mentioned above amounted to €–1 million (previous year: €–12 million).

Net gains and losses on financial assets and liabilities at fair value through profit or loss contain changes in the fair value of derivative financial instruments for which hedge accounting is not used.

The interest income and expenses relating to financial assets and liabilities are as follows:

€ million	2012	2011
Interest income	212	275
Interest expenses	– 281	– 304

Interest income of €211 million (previous year: €275 million) and interest expenses of €254 million (previous year: €285 million) relate to items that are not measured at fair value through profit or loss. Interest income on impaired financial assets is insignificant because receipt of payment is expected in the short term in most cases.

33 Derivatives and hedging strategies

Because of the MAN Group's business activities and international focus, its assets, liabilities, and forecast transactions are exposed to market, credit, and liquidity risk. The MAN Group has in place a Group-wide risk management system to identify, quantify, and mitigate these risks.

MAN Group companies generally hedge their currency, interest rate, and commodity risks through MAN SE's Group Treasury on an arm's length basis using nonderivative and, primarily, derivative financial instruments. In countries whose exchange controls or regulatory provisions do not permit direct hedging by MAN SE – especially Brazil – currency, interest rate, and money market transactions are entered into by MAN SE on behalf of and for the account of the Group company concerned. Financial instruments are accounted for at the trade date.

The Group's risk positions are hedged externally by Group Treasury with banks within defined risk limits. Hedging transactions entered into adequately reflect the risk management requirements applicable to banks and are subject to rigorous oversight, which is ensured in particular by the strict separation of trading, settlement, and supervision functions.

The MAN Group's market risks are reported regularly to the Executive and Supervisory Boards. Compliance with the guidelines is reviewed by the Internal Audit function.

a) Currency risk

A currency risk arises for each MAN company if it enters into transactions resulting in future cash flows that are not denominated in that MAN company's functional currency. To mitigate the effects of exchange rate movements, the MAN companies continuously quantify the currency risk and hedge all material risks using currency forwards, currency options, and cross-currency swaps on an ongoing basis.

In the MAN Group, all firm customer orders (firm commitments), the Group's own purchases, receivables, and liabilities denominated in foreign currencies are hedged as a matter of principle. Currencies that are highly correlated with the euro, such as the Danish krone, as well as equity investments or equity-equivalent loans, are only hedged in individual instances. We also enter into hedges for forecast foreign currency revenue from the series production business within defined hedging limits that are specific to MAN's business, and (on a case-by-case basis) for highly probable customer projects.

The MAN Group's foreign currency exposure at the end of the reporting period consists primarily of transactions denominated in U.S. dollars, Brazilian reals, and sterling. MAN SE was not exposed to any material currency risk due to the hedging transactions entered into for this exposure.

Cash flow hedges and (in exceptional cases) fair value hedges are used for hedge accounting.

In fiscal 2012, net gains of €2 million (previous year: net losses of €17 million) from cash flow hedges were recognized in other comprehensive income. In the course of the fiscal year, losses of €21 million (previous year: gains of €17 million) were reclassified from other comprehensive income to net income. Losses of €0.1 million (previous year: €1 million) were transferred from other comprehensive income to other operating expenses because of underlyings that did not reach the volume originally planned.

If the results of the retrospective effectiveness test applied to cash flow hedge accounting indicate that effectiveness is not 100% but within the effectiveness range of 80% to 125%, the resulting hedge ineffectiveness is recognized in other operating expenses and other operating income. For the past fiscal year, this related to total losses from hedge ineffectiveness of €772 thousand (previous year: gains of €563 thousand).

The maximum remaining term of cash flow hedges of forecast transactions was 32 months at the end of fiscal 2012. 38% (previous year: 31%) of the hedged forecast transactions are expected to occur and thus affect net income in the first quarter of 2013. A further 46% (previous year: 46%) of the forecast transactions are expected to be implemented by the end of 2013.

Losses on hedging instruments used in fair value hedges amounted to €13 million (previous year: €22 million). Gains on the related underlyings amounted to €13 million (previous year: €26 million).

The nonderivative and derivative financial instruments existing at the end of the reporting period were measured in a hypothetical scenario as part of a sensitivity analysis. The effects of a ten percent increase/decrease in a currency per exchange rate were as follows as of December 31, 2012:

	12/31/2012				12/31/2011			
€ million	Other comprehensive income		Net income for the period		Other comprehensive income		Net income for the period	
Exchange rate	+ 10%	– 10%	+ 10%	– 10%	+ 10%	– 10%	+ 10%	– 10%
Euro/Brazilian real	7	– 7	15	– 15	0	0	– 12	12
Euro/Danish krone	1	– 1	– 21	21	0	0	– 7	7
Brazilian real/U.S. dollar	21	– 21	– 1	1	– 30	30	– 2	2
Euro/sterling	15	– 15	4	– 4	15	– 15	3	– 3
Euro/Russian ruble	0	0	10	– 10	0	0	– 8	8
Euro/Swiss franc	3	– 3	– 12	12	4	– 4	– 8	8
Euro/U.S. dollar	8	– 8	0	0	16	– 16	18	– 18
Euro/Norwegian krone	3	– 3	1	– 1	1	– 1	0	0

b) Interest rate risk

The MAN Group is exposed to interest rate risk from interest rate-sensitive assets and liabilities. Most of the assets that are sensitive to interest rate movements result from the financial services activities of MAN Finance. The customer financing transactions of the MAN Finance companies, especially leases, are mainly entered into at fixed rates of interest. Interest rate-sensitive financial liabilities at the end of the reporting period related in particular to fixed- and variable-rate euro-denominated bond issues. There were also liabilities from asset-back securities, promissory note loans, bank borrowings, and other fixed and variable-rate financial liabilities.

Financial instruments that are sensitive to movements in interest rates are exposed to interest rate risk in the form of fair value risk or cash flow risk. Fair value risk is a measure of the sensitivity of the carrying amount of a financial instrument to changes in market rates of interest. Cash flow risk describes the exposure to variability in future interest payments in response to interest rate movements.

The goal of interest rate risk management is to largely eliminate the MAN Group's interest rate risk. Interest rate risk is captured, analyzed, and managed centrally in the MAN Group using sensitivity analyses. Group Treasury enters into hedges to mitigate risk resulting from nonderivative financial instruments and, in certain cases, for highly probable forecast customer transactions. Interest rate swaps, cross-currency swaps, and, in specific cases, swaptions, caps, and floors are used for hedging. The volumes and maturities are oriented on the redemption structure of the defined customer portfolios or of the financial liability, and on the target hedging level.

The sensitivity analyses are based on the following assumptions:

In the case of variable-rate nonderivative financial instruments, changes in market rates of interest affect future interest payments and have only a very limited impact on fair values. They are therefore included in the calculation of cash flow risk.

Fixed-rate nonderivative financial instruments measured at amortized cost are not exposed to any interest rate risk. At MAN, these include the fixed-rate bonds issued under the EMTN program and the promissory note loans. The interest rate risk of interest rate derivatives is analyzed and managed based on the measurement of the variable and fixed interest payments.

A 100 basis point (bp) parallel shift in the yield curve is assumed to calculate interest rate sensitivity. This would produce the following opportunities (positive values) and risks (negative values):

	12/31/2012		**12/31/2011**	
€ million	+ 100 bp	– 100 bp	+ 100 bp	– 100 bp
Variable-rate nonderivative financial instruments (cash flow risk)	– 12	+ 12	– 3	+ 3
Derivatives (fair value risk)	+ 21	– 21	+ 28	– 28

Any earnings effects of the interest rate sensitivity analysis would be recognized exclusively in net income for the period.

c) Commodity price risk

Changes in commodity prices cause volatility in MAN's costs, resulting in commodity price risks that cannot always be passed on to customers. MAN SE has increasingly entered into cash-settled commodity futures since fiscal 2011 to mitigate these risks.

The commodity risks are regularly captured centrally and hedged externally on the basis of defined risk limits, to the extent that there are liquid markets. There were no material concentrations of risk in the past fiscal year. Commodity futures had been entered into at the end of the reporting period to hedge commodity price risks relating to nonferrous metals, precious metals, and rubber with a fair value of €–0.1 million (previous year: €–1.5 million).

The maximum remaining term of hedges of forecast transactions was 11 months at the end of fiscal 2012. Hedge accounting is not used at present.

A hypothetical 10% increase/decrease in commodity prices is assumed, in line with the sensitivity analysis of currency risks. The potential effect on net income of the change in the fair value of the commodity futures is €+2 million (previous year: €+1 million) for +10% or €–2 million (previous year: €–1 million) for –10%, respectively.

d) Credit risk

The MAN Group is exposed to credit risk because of its business operations and certain financing and leasing activities.

From the MAN Group's perspective, credit risk entails the risk that a party to a financial instrument will fail to meet its contractual obligations and thus cause a financial loss for the MAN Group. Credit risk comprises both the direct default risk and the risk of a deterioration in credit quality. The maximum credit risk is reflected by the carrying amount of the financial assets recognized in the balance sheet. See **note (32)**.

The following measures in particular are used to minimize credit risk and measure risk provisions:

Liquidity management and investment is handled by the central Cash Management function. This carefully selects the financial institutions and investment forms when investing cash funds, while a limit system ensures diversification. The limits and their utilization are regularly reviewed. The MAN Group's risk management policy stipulates that the majority of liquid funds must be invested with banks with an investment grade rating. To reduce the default risk of financial institutions as counterparties for derivatives, we only enter into derivatives transactions with financial institutions with an investment grade rating.

Country and counterparty risk resulting from business operations is continuously assessed locally. Risks are classified and profiled on this basis. Outstanding balances are also continuously monitored locally. Impairment losses are recognized if default risks arise. Credit risk is mitigated by various forms of protection, which may also be country-specific if appropriate. These include documentary credits, credit insurance, sureties, guarantees, and retention of title, as well as customer prepayments. In the project business, the default risk is minimized by requiring prepayments and obtaining collateral.

The MAN Group recognizes adequate risk provisions for the credit risk resulting from the operating business. This is achieved by continuously monitoring all receivables. Bad debt allowances are recognized if there is objective evidence of default or other breach of contract. Material individual receivables, as well as receivables whose collectibility is in doubt, are measured on an item-by-item basis. In 2012, the payment terms in the contracts governing receivables amounting to €2 million (previous year: €2 million) were renegotiated. The remaining receivables are combined into groups of similar contracts and then tested for impairment, reflecting country-specific risks and any collateral received. The maximum default risk exposure for trade receivables is reduced by collateral of €290 million.

Credit risk from MAN Finance's financing and lease activities is monitored on the basis of the portfolio at risk. Customer credit quality is continuously monitored by assigning customers to a number of risk classes, based on information provided by the MAN Finance companies as well as on data provided by external providers. Nonrecourse factoring of parts of the receivables portfolio additionally limits the maximum credit risk. As a rule, additional collateral is provided by assignment of the financed vehicle as security, as well as by customer prepayments if appropriate.

The MAN Group recognizes adequate risk provisions for the credit risk from financing and leasing activities. If individual contracts are breached, measures are taken to renegotiate the existing contract terms in line with the customer's economic situation or to recover the financed asset. As of December 31, 2012, the payment terms for contracts with an outstanding volume of receivables of €56 million (previous year: €70 million) had been renegotiated. Contract terms are renegotiated only if the customer's liquidity problems are deemed by MAN Finance to be no more than temporary. Customer-specific risk provisions are recognized to reflect certain criteria. These provisions cover expected losses due to the uncollectibility of installments, potential realization losses from marketing the financed assets, as well as other expenses expected to be incurred if the contract is terminated prematurely. Measurement of the risk provision reflects the estimated fair value of the financed assets serving as collateral, as well as prepayments received and other collateral. In addition, risk provisions are recognized for the relevant MAN Finance company depending on certain indicators. The amount of these provisions is measured in particular on the basis of actual credit losses in the recent past.

The maximum default risk exposure for financial services receivables is reduced by the collateral of €991 million (previous year: €775 million) from the ability to realize vehicles covered by finance leases. Vehicles with a carrying amount of €15 million had been recovered at the reporting date.

There were no material concentrations of credit risk in the MAN Group in the past fiscal year.

Maturity overview of financial assets not individually impaired:

	12/31/2012			12/31/2011		
€ million	Trade receivables	Financial services receivables	Other financial assets	Trade receivables	Financial services receivables	Other financial assets
up to 30 days past due	241	11	–	284	13	–
31 – 90 days	123	11	–	126	10	–
91 – 180 days	56	9	–	65	2	–
181 days – 1 year	58	2	–	71	3	–
More than 1 year	89	1	0	58	7	–
Total financial assets past due but not individually impaired	567	34	0	604	35	0
Financial assets neither individually impaired nor past due	1,510	1,387	242	1,718	1,160	242
Carrying amounts of financial assets not individually impaired	2,077	1,421	242	2,322	1,195	242

Collective impairment losses are recognized for groups of financial assets on the basis of past experience to cover the credit risk from these receivables and from receivables not past due.

In the case of receivables and other financial assets that are neither individually impaired nor past due, there are no indications at the end of the reporting period that their credit quality is impaired.

e) Liquidity risk

Liquidity risk describes the risk that the MAN Group will have difficulty in meeting its obligations associated with financial liabilities or that it can only procure liquidity at a higher price.

To counter this risk, cash inflows and outflows and due dates are continuously monitored and managed. Cash requirements are primarily met by our operating business and by external financing arrangements. As a result, there were no material concentrations of risk in the past fiscal year.

Where allowed, financial management for the operating units is mainly implemented centrally using a cash pooling process in which cash funds from both the Group companies and MAN SE are pooled every day. This allows cash surpluses and requirements to be managed in line with the needs of the Group as a whole and the individual Group companies.

For external financing purposes, the opportunities available on the financial market are tracked continuously to ensure the MAN Group's financial flexibility and limit inappropriate refinancing risks. Continuous access to the capital markets is a key element here. To enable this, MAN SE launched an EMTN program with a volume of up to €5 billion in 2009 that is continuously updated. At present, €3.320 billion has been utilized through bond issues. MAN SE has issued both publicly offered bonds with a fixed interest rate and, for the first time in 2012, privately placed notes with a variable interest rate, all of which are denominated in euros. The privately placed notes have a total volume of €570 million and mature between September 2013 and November 2014. The publicly offered bonds have a total volume of €2.75 billion and mature between May 2013 and March 2017. The MAN Group also has a syndicated variable-interest credit line in the amount of €1.5 billion (previous year: €1.5 billion), expiring in December 2015, that – just like the previous facility – has not been drawn down so far and is thus available as a liquidity reserve. There are also committed bilateral credit lines with financial institutions in the amount of €1.2 billion (previous year: €1.3 billion), of which €817 million (previous year: €575 million) has been utilized. More detailed information on existing short- and long-term external financing arrangements and further information on material agreements regarding a change of control can be found in **note (25).**

The liquid funds are mainly used to cover financing requirements for the leasing and sales financing business, as well as to finance working capital and capital expenditures. Management is informed regularly about cash inflows and outflows, as well as sources of finance.

The following table shows how the cash flows relating to liabilities, derivatives, and contingent liabilities affect the MAN Group's liquidity position.

Maturity overview [1]		**12/31/2012**			**12/31/2011**	
€ million	**2013**	**2014 – 2017**	**> 2017**	**2012**	**2013 – 2016**	**> 2016**
Cash outflows from nonderivative financial liabilities [2]	4,827	3,619	43	4,437	2,690	62
of which: financial liabilities	2,449	3,139	8	1,362	2,171	22
of which: trade payables	2,005	1	0	2,322	2	0
of which: other financial liabilities [3]	373	479	35	753	517	40
Cash outflows from derivatives with a negative fair value [2]	45	24	0	73	29	0
of which: settled gross [4]	14	2	0	37	12	0
of which: settled net	31	22	0	36	17	0
Potential cash flows from contingent liabilities [5]	259	0	0	354	0	0
of which: for contingent liabilities under guarantees	131	0	0	184	0	0
of which: for contingent liabilities under buyback guarantees	128	0	0	170	0	0

[1] The following methodology was applied in calculating the amounts:
– If no contractual maturity has been agreed, the liability refers to the earliest maturity date.
– Variable-rate interest payments reflect the conditions at the end of the reporting period.
– It is assumed that the cash outflows will not occur earlier than shown.

[2] In accordance with IFRS 7, only undiscounted cash flows from contractual interest rate and principal payments are shown.

[3] The undiscounted maximum cash flows from buyback obligations are recognized as a financial liability. The prior-year figures were adjusted accordingly.

[4] In the case of derivatives that are settled gross, not only the cash outflow, but also the cash inflow from the settlement of the derivative are included.

[5] Contingent liabilities under guarantees relate to guarantees issued for trade obligations. Contingent liabilities under standard industry buyback guarantees exist in respect of financing companies that finance the purchase of the Group's products by third parties. The maximum possible cash outflows are presented. The amounts are assumed to be due in the first year.

f) Classification of hedging instruments by type of hedge

The following table shows the fair values of hedging instruments. These relate mainly to currency forwards:

	12/31/2012		12/31/2011	
€ million	with a positive fair value	with a negative fair value	with a positive fair value	with a negative fair value
Fair value hedges	2	0	15	2
Cash flow hedges	9	15	17	31
	11	**15**	**32**	**33**

34 Share-based payment

Share-based payment for members of MAN SE's Executive Board and the directors and other beneficiaries of MAN companies was based on the MAN Stock Program (MSP) established in 2005. Under the MSP, the beneficiaries received taxable cash payments on condition that they use 50% of the payment amount to purchase MAN SE common shares. Purchase and safekeeping of the shares were undertaken centrally by MAN SE on behalf and for the account of the beneficiaries. The MSP participants may freely dispose of the purchased shares after a four-year vesting period (three years for share purchases up to and including 2009). During the vesting period, the shares may not be sold, pledged, or hedged. If the beneficiary retires or leaves the MAN Group for other reasons, the vesting period is reduced to one year from the date the beneficiary leaves the MAN Group. The long-term remuneration component, which previously took the form of the MSP, was redesigned in fiscal year 2012 and resolved by the Supervisory Board. Share-based payment arrangements were discontinued starting in fiscal 2012.

In addition, starting in fiscal 2010 the members of MAN SE's Executive Board were required to use 25% of their variable remuneration based on ROE (return on equity before tax) to purchase MAN SE common shares (share bonus) under the terms of the MSP; the vesting period for shares purchased in this way was four years. The Supervisory Board of MAN SE also resolved in fiscal 2012 to change the way in which this remuneration component is paid out. It will be paid out in cash, starting with fiscal 2012.

In fiscal 2011, the beneficiaries received a total of 11,805 MAN common shares under the MSP 2011 at an average price of €93.35. Payments for these shares amounted to €1,102 thousand. The part of the variable remuneration required to be used to purchase MAN common shares amounted to €326 thousand. Based on the closing price of €68.70 at December 31, 2011, this corresponded to 4,748 MAN common shares. The total expense from the MSP 2011 and the variable remuneration to be used for share purchases under the MSP was €2,600 thousand in fiscal 2011. Corresponding provisions were recognized as of December 31, 2011, for the share purchases in 2012.

In fiscal 2011, the Executive Board members received a total of 4,654 MAN common shares under the MSP 2011 at an average price of €93.35. Payments for these shares amounted to €434 thousand. The part of the variable remuneration required to be used to purchase MAN common shares for fiscal 2011 amounted to €326 thousand. Based on the closing price of €68.70 at December 31, 2011, this amount corresponded to 4,748 MAN common shares. The total expense from the MSP 2011 and the variable remuneration to be used for share purchases under the MSP was €1,522 thousand.

72,472 MAN SE shares were contingently granted in April 2010 under the stock program for managers (MSP M), which was launched in 2010. The Executive Board of MAN SE contingently grants managers shares of MAN SE on a discretionary basis, which they are eligible to receive at a later date without themselves making a significant additional contribution. The Executive Board of MAN SE decides each year whether to implement the MSP M and thus contingently grant shares of MAN SE. Implementation of the MSP M is usually linked to targets and conditions defined in advance by the Executive Board of MAN SE. At the end of a lock-up period, MAN SE transfers the granted shares of MAN SE to a securities account designated by the beneficiary. The lock-up period for granted shares is four years. No shares of MAN SE were granted under the MSP M in fiscal years 2012 and 2011. For the shares granted in April 2010, a cash settlement under terms still to be determined in fiscal 2013 was resolved in fiscal 2012. The number of shares granted as of December 31, 2012, was 63,612 shares with a fair value of €4.8 million. In fiscal 2012, the expense from the MSP M was €2.0 million (previous year: €0.8 million).

35 Related party disclosures

Related parties within the meaning of IAS 24 are persons or entities that can be influenced by MAN SE, that can exercise influence over MAN SE, or that are influenced by another related party of MAN SE.

Related parties from MAN's perspective as of December 31, 2012 are:

- Volkswagen AG and its subsidiaries and material equity investments outside the MAN Group,
- Porsche Automobil Holding SE, Stuttgart, and its affiliated companies and related parties (Porsche Stuttgart),
- Other individuals and entities that can be influenced by MAN SE or that can influence MAN SE, such as:
  - the members of the Executive and Supervisory Boards of MAN SE,
  - the members of the Board of Management and Supervisory Board of Volkswagen AG,
  - associates,
  - unconsolidated subsidiaries.

Volkswagen Aktiengesellschaft notified MAN SE on June 6, 2012, in accordance with section 21 (1) sentence 1 of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) that the share of voting rights held by Volkswagen Aktiengesellschaft had exceeded the limit of 75% on June 6, 2012, and amounted to 75.03% at that time.

The volume of transactions with Volkswagen AG and Porsche Stuttgart and with other subsidiaries and equity investments of Volkswagen AG that are not part of the MAN Group is shown in the following overview:

€ million	12/31/2012	12/31/2011
Sales and services to		
Volkswagen AG and Porsche Stuttgart	4	4
subsidiaries and equity investments of Volkswagen AG that are not part of the MAN Group	86	99
Purchases and services received from		
Volkswagen AG and Porsche Stuttgart	53	41
subsidiaries and equity investments of Volkswagen AG that are not part of the MAN Group	28	5
Receivables from		
Volkswagen AG and Porsche Stuttgart	1	1
subsidiaries and equity investments of Volkswagen AG that are not part of the MAN Group	62	5
Liabilities to		
Volkswagen AG and Porsche Stuttgart	25	36
subsidiaries and equity investments of Volkswagen AG that are not part of the MAN Group	45	6

Related party entities that are significant for the MAN Group are the associates and joint ventures with which it exchanges goods and services as part of normal business transactions. The following table shows the volume of such relationships:

€ million	12/31/2012	12/31/2011
Revenue	244	197
Other income	2	4
Purchased services	325	287
Receivables	37	60
Liabilities	59	41

€4 million (previous year: €6 million) of the Company's revenue relates to income received in connection with the licensing agreement with Sinotruk governing TGA truck technology, including engines, vehicle chassis, and axles. Any intercompany profits arising were eliminated. See **note (17)** for further information.

See **note (18)** for information on the exercise of the cash settlement right in connection with the call option on 1.5% of Scania's share capital and 2.8% of its outstanding voting rights acquired from Volkswagen AG in 2008.

For information on the transactions with related parties required to be disclosed under IAS 24, please refer to **notes (36)** and **(37)** below.

36 Remuneration of the Executive Board

The remuneration of the members of the Executive Board was as follows:

€ thousand	2012	2011
Executive Board members in office as of December 31, 2012[1]		
Fixed remuneration	2,417	1,651
Variable cash bonus[2]	3,995	3,640
Pension expense	1,373	623
Former Executive Board members[3]		
Fixed remuneration	290	635
Variable cash bonus[2]	437	1,396
Pension expense	156	272
Total	**8,668**	**8,217**

[1] Dr. Georg Pachta-Reyhofen (Chief Executive Officer), Frank H. Lutz, Dr.-Ing. René Umlauft since September 1, 2011, Jochen Schumm since July 1, 2012, Ulf Berkenhagen since September 1, 2012.
[2] In fiscal 2011, variable cash bonus, variable stock bonus, and MSP; no share-based payment starting with fiscal 2012.
[3] Jörg Schwitalla until June 30, 2012; Klaus Stahlmann until February 21, 2011.

The fixed remuneration in fiscal 2011 includes a nonrecurring payment for Dr.-Ing. René Umlauft amounting to €180 thousand.

In addition, severance payments amounting to a total of €21,064 thousand (including €2,541 thousand for pensions) were attributable to the four Executive Board members who left in fiscal 2009. These termination benefits relate to Dipl.-Ing. Håkan Samuelsson (total of €7,323 thousand), Prof. Dr. h.c. Karlheinz Hornung (total of €4,494 thousand), Dipl.-Ökonom Anton Weinmann (total of €4,839 thousand), and Dr. jur. Matthias Mitscherlich (€4,408 thousand). In addition, a severance payment in the total amount of €3,310 thousand (including €519 thousand for pensions) was attributable to Klaus Stahlmann, who left the Executive Board in fiscal 2011. Moreover, a severance payment in the total amount of €4,161 thousand (including €674 thousand for pensions) was attributable to Jörg Schwitalla, who left the Executive Board in fiscal 2012. €4,408 thousand had already been paid in fiscal 2009 for Dr. jur. Matthias Mitscherlich and €604 thousand for the other three former Executive Board members who left in fiscal 2009. €2,930 thousand (2010: €7,142 thousand) was paid in 2011 in connection with these termination benefits. The payments in 2011 related to Prof. Dr. h.c. Karlheinz Hornung, Dipl.-Ökonom Anton Weinmann, and Klaus Stahlmann (2010: Dipl.-Ing. Håkan Samuelsson, Prof. Dr. h.c. Karlheinz Hornung, and Dipl.-Ökonom Anton Weinmann). €1,480 thousand was paid in fiscal 2012 for Klaus Stahlmann and Jörg Schwitalla. Corresponding provisions were recognized for the termination benefits granted in excess of this amount.

The present value of pension obligations as of December 31, 2012, to members of the Executive Board in office as of the end of the year amounted to €4,567 thousand (previous year: €4,269 thousand). The total pension expense amounted to €1,529 thousand in 2012 (previous year: €895 thousand), of which €1,067 thousand (previous year: €754 thousand) related to current service and €178 thousand (previous year: €141 thousand) to interest. This amount includes both the current service and the interest cost for Jörg Schwitalla in fiscal 2012 and Klaus Stahlmann in fiscal 2011 on a pro rata basis for the period until the date they left the Executive Board. The pension expense also includes the agreed amounts recharged for Jochen Schumm and Ulf Berkenhagen for pension obligations outside MAN. These recharged amounts were determined on a pro rata basis in line with their activity as Executive Board members.

Pension payments to former Executive Board members, including amounts paid in the first year after the end of their contracts and retirement, and to their surviving dependents amounted to €8,523 thousand as of December 31, 2012 (previous year: €3,065 thousand). A total of €47,955 thousand (previous year: €48,563 thousand) was recognized as of December 31, 2012, for provisions for pension obligations to former Executive Board members and their surviving dependents.

The members of the Executive Board, including their memberships in other statutory supervisory boards and comparable supervisory bodies, are listed on **page 182**, and more detailed information on the remuneration structure and its components is disclosed on **pages 66 ff.** of this Annual Report.

The individual remuneration of the members of the Executive Board is shown in the following table:

Executive Board remuneration 2012 (2011)

€ thousand	Fixed remuneration	Variable remuneration*	Pension expense	Total	No. of shares vested in fiscal 2011 under the MSPP
Executive Board members in office as of December 31, 2012					
Dr. Georg Pachta-Reyhofen (Chief Executive Officer)	776 (746)	1,176 (1,880)	491 (343)	**2,443** **(2,969)**	– (1,872)
Frank H. Lutz	582 (549)	874 (1,396)	323 (280)	**1,779** **(2,225)**	– (1,391)
Dr.-Ing. René Umlauft (since September 1, 2011)	550 (356)	826 (364)	275 (–)	**1,651** **(720)**	– (–)
Jochen Schumm (since July 1, 2012)	308 (–)	437 (–)	258 (–)	**1,003** **(–)**	– (–)
Ulf Berkenhagen since September 1, 2012)	201 (–)	682 (–)	26 (–)	**909** **(–)**	– (–)
Former Executive Board members					
Jörg Schwitalla (until June 30, 2012)	290 (553)	437 (1,396)	156 (255)	**883** **(2,204)**	– (1,391)
Klaus Stahlmann (until February 21, 2011)	– (82)	– (–)	– (17)	**–** **(99)**	– (–)
Total	**2,707** **(2,286)**	**4,432** **(5,036)**	**1,529** **(895)**	**8,668** **(8,217)**	**–** **(4,654)**

* In fiscal 2011, variable cash bonus, variable stock bonus, and MSP; no share-based payment starting with fiscal 2012.

The cost of the shares purchased in fiscal 2011 is contained in the amounts shown for variable remuneration.

37 Remuneration of the Supervisory Board

The components of the remuneration of the Supervisory Board are as follows:

€ thousand	2012	2011
Fixed remuneration	511	630
Variable remuneration	179	1,260
Remuneration for committee membership	210	245
Attendance fees	52	85
Total	**952**	**2,220**

The members of the Supervisory Board, including their memberships in other statutory supervisory boards and comparable supervisory bodies, are listed on **pages 180 f.**, and more detailed information on the remuneration structure and its components is disclosed on **page 69** of this Annual Report.

The individual remuneration of the active members of the Supervisory Board is shown in the following table:

Supervisory Board remuneration

€ thousand	Period of membership	Fixed remuneration	Variable remuneration	Remu-neration for committee membership	Attendance fees	Total 2012	Total 2011
Name							
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, Chairman	Full-year	70	25	35	0	130	245
Thomas Otto, Deputy Chairman*	Full-year	53	19	35	7	114	203
Prof. Dr.-Ing. Dr.-Ing. E.h. Dr. h.c. Ekkehard D. Schulz, Deputy Chairman	Full-year	53	19	35	5	112	200
Michael Behrendt	Full-year	35	12	35	7	89	147
Marek Berdychowski*	Full-year	35	12	0	3	50	109
Ulf Berkenhagen	until April 20, 2012	0	0	0	0	0	109
Dr. Matthias Bruse, LL.M.	until April 20, 2012	10	4	0	0	14	56
Detlef Dirks*	Full-year	35	12	0	3	50	109
Jürgen Dorn*	Full-year	35	12	35	7	89	150
Prof. Dr. rer. pol. Dr.-Ing. E.h. Jochem Heizmann	April 20, 2012 to Oct. 12, 2012	0	0	0	0	0	–
Jürgen Kerner*	Full-year	35	12	0	3	50	109
Dr. Thomas Kremer	until April 20, 2012	10	4	0	0	14	58
Gerhard Kreutzer*	Full-year	35	12	35	8	90	148
Wilfrid Loos*	Full-year	35	12	0	3	50	56
Dr. h.c. Leif Östling	since Oct.18, 2012	0	0	0	0	0	–
Angelika Pohlenz	Full-year	35	12	0	3	50	56
Dipl.-Wirtsch.-Ing. Hans Dieter Pötsch	since April 20, 2012	0	0	0	0	0	–
Erich Schwarz*	Full-year	35	12	0	3	50	109
Rupert Stadler	Full-year	0	0	0	0	0	147
Prof. Dr. Dr. h.c. mult. Martin Winterkorn	since April 20, 2012	0	0	0	0	0	–
Members who left the Supervisory Board in 2011							209
Total 2012		**511**	**179**	**210**	**52**	**952**	**–**
Total 2011		**630**	**1,260**	**245**	**85**	**–**	**2,220**

* These employee representatives have stated that they will transfer their Supervisory Board remuneration to the Hans Böckler Foundation in accordance with the guidelines issued by the German Confederation of Trade Unions (DGB).

The employee representatives on the Supervisory Board who are employed by MAN also receive their standard employee remuneration.

For their membership of supervisory boards of other companies in the MAN Group, Mr. Dirks received €4 thousand (previous year: €0 thousand), Mr. Dorn received €11 thousand (previous year: €11 thousand), Mr. Kerner received €4 thousand (previous year: €8 thousand), Mr. Kreutzer received €8 thousand (previous year: €8 thousand), Mr. Loos received €3 thousand (previous year: €3 thousand), Mr. Otto received €22 thousand (previous year: €22 thousand), and Mr. Stadler received €0 thousand (previous year: €21 thousand).

Expenses reimbursed for attending Supervisory Board and committee meetings amounted to €20 thousand in the fiscal year (previous year: €22 thousand).

38 Corporate Governance Code

The Executive Board and Supervisory Board of MAN SE issued their annual declaration of conformity in accordance with section 161 of the AktG in December 2012. The joint declaration of conformity by the Executive Board and the Supervisory Board has been published on MAN SE's website at → www.man.eu.

The Executive and Supervisory Boards of Renk Aktiengesellschaft, a listed subsidiary based in Augsburg, have also issued a declaration of conformity. This is published on the company's website at → www.renk.eu.

39 Events after the reporting period

On January 9, 2013, Volkswagen announced its intention to conclude a control and profit and loss transfer agreement with MAN SE to create an integrated commercial vehicles group.

40 Segment reporting

The activities of the MAN Group are classified into the following reportable segments: MAN Truck & Bus, MAN Latin America, MAN Diesel & Turbo, and the Renk industrial subsidiary. In order to make decisions about the allocation of resources and the assessment of performance, the results of these segments are regularly reviewed by MAN SE's Executive Board in its role as chief operating decision-maker. "Others/Consolidation and Reconciliation" mainly comprises MAN's Corporate Center. Companies with no operating activities and the investments in Scania, Sinotruk, and Roland are allocated to the Corporate Center.

Description of the reportable segments:
MAN Truck & Bus is a leading supplier of commercial vehicles and transportation solutions and is expanding from its core Western European market into the growth markets of Eastern Europe and Asia.

MAN Latin America is the largest truck manufacturer in Latin America. It leads the truck market in Brazil and is a leading supplier of commercial vehicles and bus chassis for growth markets, with one of the most advanced production facilities worldwide for trucks and buses.

MAN Diesel & Turbo is a global leader in large marine diesel engines and stationary engines and is also one of the leading suppliers of turbomachinery on the global market.

Renk is a globally recognized manufacturer of high-quality special gear units, propulsion components, and testing systems.

MAN's business activities focus on two business areas: **Commercial Vehicles,** comprising MAN Truck & Bus and MAN Latin America, and **Power Engineering,** featuring MAN Diesel & Turbo and Renk. MAN is a leading provider in the international commercial vehicles industry and offers customer-focused products and services worldwide. Power Engineering is MAN's second strategic business area and provides a suitable counterbalance to Commercial Vehicles.

The segment information represents continuing operations. The segment disclosures for the current and the previous period therefore do not include the corresponding information for discontinued operations, although it is contained in the consolidated financial statements. For further information on discontinued operations, see **note (6)**.

The earnings measure used to assess the performance of a segment is operating profit. As a rule, operating profit corresponds to earnings before interest and taxes (EBIT). To enhance the long-term assessment of operating activities, effects relating to tangible and intangible assets resulting from business combinations and acquisitions of equity-method investments are eliminated from operating profit. In individual cases, an adjustment is made for nonrecurring items, which represent income and expenses that are significant in terms of their origin and amount and that do not relate to operating business.

Segment assets and liabilities correspond to the total assets and liabilities of the individual business areas. "Net liquidity/ net financial debt" is a financial control measure and is calculated as cash and cash equivalents, marketable securities and short-term loans to unconsolidated investees, less financial liabilities.

Segment financial information is presented in accordance with the disclosure and measurement policies applied to preparation of the consolidated financial statements. Revenues between the segments are transacted on an arm's length basis. Depreciation, amortization, and impairment losses relate to the intangible assets, property, plant, and equipment, and investees (excluding assets leased out) allocated to the individual divisions. See **"Financial control system and value management"** on **pages 41 f.** in the Group management report for information on the key performance indicator ROS.

The following table contains segment-related information and a reconciliation from operating profit to earnings before tax, and from net liquidity/net financial debt to free cash flow.

Segment information reporting period from January 1 to December 31 and as of December 31

	Commercial Vehicles					
	MAN Truck & Bus incl. MAN Finance		MAN Latin America		Commercial Vehicles[2]	
€ million	2012	2011	2012	2011	2012	2011
Segment order intake[1]	**9,150**	**9,514**	**2,870**	**3,579**	**12,020**	**13,093**
of which: Germany	2,756	3,167	1	–	2,757	3,167
of which: Other countries	6,394	6,347	2,869	3,579	9,263	9,926
Intersegment order intake	–130	–63	–15	–12	–145	–75
Group order intake	9,020	9,451	2,855	3,567	11,875	13,018
Segment revenue	**8,822**	**8,984**	**2,870**	**3,579**	**11,692**	**12,563**
of which: Germany	2,642	2,960	1	–	2,643	2,960
of which: Other countries	6,180	6,024	2,869	3,579	9,049	9,603
Intersegment revenue	–136	–55	–15	–12	–151	–67
Group revenue	8,686	8,929	2,855	3,567	11,541	12,496
Order backlog at December 31, 2012, and December 31, 2011	**2,122**	**2,289**	**–**	**–**	**2,122**	**2,289**
Total assets at December 31, 2012, and December 31, 2011	**11,197**	**9,588**	**3,046**	**3,435**	**14,243**	**13,023**
of which: inventories	1,558	1,608	551	711	2,109	2,319
of which: trade and financial services receivables	2,730	2,730	226	280	2,956	3,010
of which: cash and cash equivalents, marketable securities	817	112	348	316	1,165	428
Segment liabilities at December 31, 2012, and December 31, 2011	**8,608**	**7,159**	**1,567**	**1,826**	**10,175**	**8,985**
of which: trade payables	977	1,121	418	525	1,395	1,646
Operating profit/loss	**225**	**565**	**229**	**400**	**454**	**965**
Earnings effects from purchase price allocations	–12	–	–91	–99	–103	–99
Gains/losses from nonrecurring items	–41	111	–	–	–41	111
Earnings before interest and taxes (EBIT)	**172**	**676**	**138**	**301**	**310**	**977**
Net interest income/expense	–67	–19	–49	–8	–116	–27
Earnings before tax (EBT) of continuing operations	**105**	**657**	**89**	**293**	**194**	**950**
Earnings before interest, taxes, depreciation, and amortization (EBITDA) of continuing operations	**445**	**901**	**283**	**426**	**728**	**1,327**
of which: depreciation and amortization	–222	–221	–145	–125	–367	–346
of which: impairment losses	–51	–4	–	–	–51	–4
of which: reversals of impairment losses on equity-method investments	–	–	–	–	–	–
Net liquidity/net financial debt	**–2,842**	**–2,377**	**16**	**39**	**–2,826**	**–2,338**
Reconciliation to free cash flow	–2,309	–2,084	–5	85	–2,314	–1,999
Free cash flow	**–533**	**–293**	**21**	**–46**	**–512**	**–339**
of which: net cash provided by/used in operating activities	95	127	102	56	197	183
of which: net cash used in investing activities	–628	–420	–81	–102	–709	–522
Capital expenditures	**640**	**454**	**100**	**113**	**740**	**567**
Additional information by segment:						
Headcount including subcontracted employees at December 31, 2012 and December 31, 2011 (no.)	**34,879**	**34,239**	**1,937**	**1,915**	**36,816**	**36,154**
of which: Germany	20,474	20,492	–	–	20,474	20,492
of which: Other countries	14,405	13,747	1,937	1,915	16,342	15,662
Headcount at December 31, 2012, and December 31, 2011 (no.)	**34,294**	**33,297**	**1,937**	**1,915**	**36,231**	**35,212**
ROS (%)	2.6	6.3	8.0	11.2	3.9	7.7

[1] This supplementary information on order intake is reported on a voluntary basis and does not form part of the audited consolidated financial statements.
[2] Gross presentation excluding consolidation effects.
[3] Corporate Center: MAN SE, Shared Services, and holding companies.

	Power Engineering						Others/Consolidation and Reconciliation						Group	
	MAN Diesel & Turbo		Renk		Power Engineering[2]		Corporate Center[3]		Cons./ Reconcil.		Total			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
3,510	**3,692**	**525**	**456**	**4,035**	**4,148**	**22**	**18**	**–188**	**–114**	**–166**	**–96**	**15,889**	**17,145**
335	344	176	150	511	494	21	18	–37	–33	–16	–15	3,252	3,646
3,175	3,348	349	306	3,524	3,654	1	–	–151	–81	–150	–81	12,637	13,499
–4	–4	–19	–22	–23	–26	–20	–13	188	114	168	101	–	–
3,506	3,688	506	434	4,012	4,122	2	5	–	–	2	5	15,889	17,145
3,780	**3,610**	**476**	**389**	**4,256**	**3,999**	**22**	**18**	**–198**	**–108**	**–176**	**–90**	**15,772**	**16,472**
381	425	165	146	546	571	21	18	–40	–34	–19	–16	3,170	3,515
3,399	3,185	311	243	3,710	3,428	1	–	–158	–74	–157	–74	12,602	12,957
–4	–3	–23	–24	–27	–27	–20	–14	198	108	178	94	–	–
3,776	3,607	453	365	4,229	3,972	2	4	–	–	2	4	15,772	16,472
3,367	**3,805**	**634**	**586**	**4,001**	**4,391**	**–**	**–**	**–29**	**–40**	**–29**	**–40**	**6,094**	**6,640**
3,834	**3,534**	**554**	**488**	**4,388**	**4,022**	**5,602**	**5,468**	**–4,315**	**–3,843**	**1,287**	**1,625**	**19,918**	**18,670**
1,110	1,075	164	145	1,274	1,220	–	–	–10	–26	–10	–26	3,373	3,513
826	799	85	83	911	882	2	2	–82	–78	–80	–76	3,787	3,816
1,046	869	125	98	1,171	967	2,828	3,163	–3,797	–3,600	–969	–437	1,367	958
2,547	**2,321**	**289**	**252**	**2,836**	**2,573**	**5,700**	**5,391**	**–4,412**	**–3,869**	**1,288**	**1,522**	**14,299**	**13,080**
631	692	40	43	671	735	14	10	–74	–67	–60	–57	2,006	2,324
437	**460**	**66**	**53**	**503**	**513**	**–7**	**5**	**14**	**0**	**7**	**5**	**964**	**1,483**
–	–	–	–	–	–	–7	–10	–	–	–7	–10	–110	–109
–	–65	–	–	–	–65	–190	–164	–	–	–190	–164	–231	–118
437	**395**	**66**	**53**	**503**	**448**	**–204**	**–169**	**14**	**0**	**–190**	**–169**	**623**	**1,256**
–3	6	–1	1	–4	7	–192	–114	–	–	–192	–114	–312	–134
434	**401**	**65**	**54**	**499**	**455**	**–396**	**–283**	**14**	**0**	**–382**	**–283**	**311**	**1,122**
519	**474**	**80**	**66**	**599**	**540**	**–4**	**493**	**6**	**0**	**2**	**493**	**1,329**	**2,360**
–82	–79	–14	–13	–96	–92	–9	–10	8	–	–1	–10	–464	–448
0	–	–	–	0	–	–191	–677	–	–	–191	–677	–242	–681
–	–	–	–	–	–	–	25	–	–	–	25	–	25
759	**837**	**124**	**103**	**883**	**940**	**–1,985**	**–814**	**–**	**–**	**–1,985**	**–814**	**–3,928**	**–2,212**
626	583	89	87	715	670	–1,065	–1,656	53	892	–1,012	–764	–2,611	–2,093
133	**254**	**35**	**16**	**168**	**270**	**–920**	**842**	**–53**	**–892**	**–973**	**–50**	**–1,317**	**–119**
291	344	66	40	357	384	–572	843	–66	–892	–638	–49	–84	518
–158	–90	–31	–24	–189	–114	–348	–1	13	–	–335	–1	–1,233	–637
164	**93**	**31**	**24**	**195**	**117**	**8**	**9**	**–14**	**–22**	**–6**	**–13**	**929**	**671**
14,863	**14,039**	**2,245**	**2,013**	**17,108**	**16,052**	**359**	**336**	**–**	**–**	**359**	**336**	**54,283**	**52,542**
7,614	7,518	2,069	1,844	9,683	9,362	356	333	–	–	356	333	30,513	30,187
7,249	6,521	176	169	7,425	6,690	3	3	–	–	3	3	23,770	22,355
13,728	**12,693**	**2,167**	**1,944**	**15,895**	**14,637**	**355**	**329**	**–**	**–**	**355**	**329**	**52,481**	**50,178**
11.6	12.7	13.8	13.6	11.8	12.8	–	–	–	–	–	–	6.1	9.0

Segment information by region reporting period from January 1 to December 31 and as of December 31

€ million	Germany	Rest of Europe	Rest of World[1]	Total
2012				
Noncurrent assets (excl. financial instruments and deferred taxes) at December 31	3,581	2,788	1,818	**8,187**
Capital expenditures	520	128	281	**929**
Revenue[2]	3,170	5,897	6,705	**15,772**
Headcount at December 31 (no.)	29,360	16,552	6,569	**52,481**
Headcount including subcontracted employees at December 31 (no.)	30,513	16,864	6,906	**54,283**
2011				
Noncurrent assets (excl. financial instruments and deferred taxes) at December 31	3,194	2,539	1,723	**7,456**
Capital expenditures	488	75	108	**671**
Revenue[2]	3,515	5,908	7,049	**16,472**
Headcount at December 31 (no.)	28,589	16,604	4,985	**50,178**
Headcount including subcontracted employees at December 31 (no.)	30,187	17,060	5,295	**52,542**

[1] Detailed segment information relating to MAN Latin America is contained in the “Segment information” table.
[2] Allocation of revenue to the regions follows the destination principle.

List of shareholdings as of December 31, 2012

Name and domicile of the company	Equity interest
1. Consolidated companies with an exemption under section 264 (3) of the HGB and section 264b of the HGB	
MAN HR Services GmbH, Munich, Germany	100.00%
MAN Financial Services GmbH, Munich, Germany	100.00%
MAN Finance International GmbH, Munich, Germany	100.00%
MAN Versicherungsvermittlung GmbH, Munich, Germany	100.00%
MAN Beteiligungs GmbH, Munich, Germany	100.00%
MAN Vermietungs GmbH, Munich, Germany	100.00%
MAN Immobilien GmbH, Munich, Germany	100.00%
GETAS Verwaltung GmbH & Co. Objekt Offenbach KG, Pullach i. Isartal, Germany	100.00%
GETAS Verwaltung GmbH & Co. Objekt Verwaltung Nürnberg KG, Pullach i. Isartal, Germany	100.00%
GETAS Verwaltung GmbH & Co. Objekt Ausbildungszentrum KG, Pullach i. Isartal, Germany	100.00%
GETAS Verwaltung GmbH & Co. Objekt Heinrich-von-Buz-Straße KG, Pullach i. Isartal, Germany	100.00%
MAN Ferrostaal Beteiligungs GmbH, Munich, Germany	100.00%
GETAS Verwaltung GmbH & Co. Objekt Augsburg KG, Pullach i. Isartal, Germany	100.00%
MAN Leasing GmbH & Co. Epsilon KG, Munich, Germany	100.00%
MAN Truck & Bus AG, Munich, Germany	100.00%
MAN Truck & Bus Deutschland GmbH, Munich, Germany	100.00%
MAN Grundstücksgesellschaft mbH & Co. Beta KG, Munich, Germany	100.00%
MAN Grundstücksgesellschaft mbH & Co. Alpha KG, Munich, Germany	100.00%
MAN Service und Support GmbH, Munich, Germany	100.00%
MAN Logistik GmbH, Salzgitter, Germany	100.00%
Kosiga GmbH & Co. KG, Pullach i. Isartal, Germany	94.00%
NEOPLAN Bus GmbH, Plauen, Germany	100.00%
EURO-Leasing GmbH, Sittensen, Germany	100.00%
MAN GHH Immobilien GmbH, Oberhausen, Germany	100.00%
MAN Diesel & Turbo SE, Augsburg, Germany	100.00%
Rostock Diesel Service GmbH, Rostock, Germany	100.00%
MAN Grundstücksges.mbH & Co. Werk Deggendorf DWE KG, Deggendorf, Germany	100.00%
2. Other consolidated companies	
MAN Financial Services SpA, Dossobuono di Villafranca VR, Italy	100.00%
MAN Financial Services SAS, Evry Cedex, France	100.00%
MAN Financial Services España S.L., Coslada (Madrid), Spain	100.00%
MAN Financial Services Tüketici Finansmani A.S., Ankara, Turkey	99.99%
MAN Financial Services GesmbH, Eugendorf, Austria	100.00%
MAN Financial Services OOO, Moscow, Russian Federation	100.00%
MAN Financial Services Portugal, Unipessoal, Lda, Lisbon, Portugal	100.00%
MAN Credit società finanziaria S.r.l., Dossobuono di Villafranca VR, Italy	100.00%
MAN Financial Services Poland Sp. z o.o., Nadarzyn, Poland	100.00%
MAN Location & Services S.A.S., Evry Cedex, France	100.00%
Trucknology S.A., Luxembourg, Luxembourg	0.00%[1]
MANTAB Holdings Limited, London, UK	0.00%[1]
MANTAB Funding Limited, London, UK	0.00%[1]
MANTAB Assets Limited, London, UK	0.00%[1]
MANTAB Trucks Limited, London, UK	0.00%[1]
MAN Finance and Holding S.à r.l., Luxembourg, Luxembourg	100.00%
MAN Capital Corporation, New Jersey, U.S.A.	100.00%
MAN Trucks Sp. z o.o., Niepolomice, Poland	100.00%
MAN Accounting Center Sp. z o.o., Poznan, Poland	100.00%
MAN Verwaltungs-Gesellschaft mbH, Munich, Germany	100.00%
MAN Truck & Bus Licence GmbH, Grünwald, Germany	100.00%
MAN Truck & Bus Vertrieb Österreich AG, Vienna, Austria	100.00%
MAN Truck&Bus Mexico S.A. de C.V., El Marques, Mexico	100.00%
MAN Truck & Bus Asia Pacific Co., Ltd., Bangkok, Thailand	99.99%
MAN Bus Sp. z o.o., Tarnowo Podgórne, Poland	100.00%
MAN Truck & Bus (Korea) Limited, Seoul, South Korea	100.00%
MAN Truck & Bus Polska Sp. z o.o., Nadarzyn, Poland	100.00%
MAN TRUCKS India Pvt. Ltd., Akurdi, India	100.00%
MAN ERF Ireland Properties Limited, Dublin, Ireland	100.00%

[1] Consolidated special purpose entity with an equity interest of 0.00%.

Name and domicile of the company	Equity interest
ERF Limited, Middlewich, UK	100.00%
MAN Iberia S.A.U., Coslada (Madrid), Spain	100.00%
MAN Truck & Bus Trading (China) Co., Ltd., Beijing, China	100.00%
Euro-Leasing A/S, Padborg, Denmark	100.00%
EURO-LEASING Sp. z o.o., Szczecin, Poland	100.00%
EURO-Leasing Hellas E.P.E. Thessaloniki, Greece	100.00%
Truck Rental Solutions Hungaria Kft., Budapest, Hungary	100.00%
Truck Rental Solutions Cesko, spol.sr.o., Prague, Czech Republic	100.00%
Truck Rental Solutions Slovensko, Spol.s.r.o., Dolná Poruba, Slovakia	100.00%
MAN Camions & Bus SAS, Evry Cedex, France	100.00%
Neoplan France SARL, Evry Cedex, France	100.00%
Neoman France Eurl, Noisy-le-Grand, France	100.00%
MAN Truck & Bus Denmark A/S, Glostrup, Denmark	100.00%
MAN Truck & Bus N.V., Kobbegem (Brussels), Belgium	100.00%
TOV MAN Truck & Bus Ukraine, Kiev, Ukraine	100.00%
MAN Truck & Bus Kazakhstan LLP, Almaty, Kazakhstan	100.00%
MAN Automotive (South Africa) (Pty.) Ltd., Johannesburg, South Africa	100.00%
MAN Truck & Bus (S.A.) (Pty.) Ltd., Johannesburg, South Africa	100.00%
Centurion Truck & Bus (Pty.) Ltd t/a, Centurion, South Africa	70.00%
MAN Bus & Coach (Pty.) Ltd., Olifantsfontein, South Africa	100.00%
MAN Nutzfahrzeuge Immobilien GesmbH, Vienna, Austria	100.00%
MAN Hellas Truck & Bus S.A., Peristeri-Athens, Greece	100.00%
MAN West-Vlaanderen N.V., Kobbegem (Brussels), Belgium	100.00%
MAN Engines & Components Inc., Pompano Beach, U.S.A.	100.00%
MAN Truck & Bus Schweiz AG, Otelfingen, Switzerland	100.00%
MAN Truck & Bus Italia SpA, Verona, Italy	100.00%
MAN Truck & Bus Iberia S.A.U., Coslada (Madrid), Spain	100.00%
MAN Truck & Bus UK Limited, Swindon (Wiltshire), UK	100.00%
MAN Truck & Bus Norge A/S, Lorenskog, Norway	100.00%
MAN Truck & Bus Österreich AG, Steyr, Austria	99.99%
MAN Truck & Bus Czech Republic s.r.o., Cestlice, Czech Republic	100.00%
MAN Truck & Bus Sverige AB, Kungens Kurva, Sweden	100.00%
MAN Truck & Bus Slovenija d.o.o., Ljubljana, Slovenia	100.00%
MAN Kamion és Busz Kereskedelmi Kft., Dunaharaszti, Hungary	100.00%
MAN Türkiye A.S., Akyurt Ankara, Turkey	99.99%
MAN Kamyon ve Otobüs Ticaret A.S., Ankara, Turkey	100.00%
MAN Truck & Bus Portugal S.U. Lda., Algés (Lisbon), Portugal	100.00%
IPECAS-Gestao de Imoveis S.A., Algés (Lisbon), Portugal	100.00%
MAN Truck & Bus Middle East and Africa FZE, Dubai, United Arab Emirates	100.00%
MAN Truck & Bus Slovakia, s.r.o., Bratislava, Slovakia	100.00%
MAN Truck and Bus RUS LLC, Moscow, Russian Federation	100.00%
OOO MAN Truck & Bus Production RUS, Saint Petersburg, Russian Federation	99.00%
MAN Financial Services plc, Swindon (Wiltshire), UK	100.00%
MAN Latin America Indústria e Comércio de Veículos Ltda., São Paulo, Brazil	100.00%
MAN Diesel & Turbo Schweiz AG, Zurich, Switzerland	100.00%
MAN Diesel & Turbo South Africa (Pty.) Ltd., Elandsfontein, South Africa	100.00%
MAN Diesel & Turbo China Production Co. Ltd., Changzhou, China	100.00%
MAN Diesel & Turbo Australia Pty. Ltd., North Ryde, Australia	100.00%
MAN Diesel & Turbo UK Ltd., Stockport, UK	100.00%
MAN Diesel & Turbo India Ltd., Aurangabad, India	93.44%
MAN Diesel & Turbo Canada Ltd., Oakville, Canada	100.00%
MAN Diesel & Turbo Pakistan (Private) Limited, Lahore, Pakistan	100.00%
MAN Diesel & Turbo Operations Pakistan (Private) Ltd., Lahore, Pakistan	100.00%
MAN Diesel & Turbo España S.A.U., Madrid, Spain	100.00%
MAN Diesel & Turbo Brasil Limitada, Rio de Janeiro, Brazil	100.00%
MAN Diesel & Turbo France SAS, Villepinte, France	100.00%
MAN Diesel & Turbo Singapore Pte. Ltd., Singapore, Singapore	100.00%
MAN Diesel & Turbo Hong Kong Ltd., Hong Kong, China	100.00%
MAN Diesel & Turbo Hellas Ltd., Piraeus, Greece	100.00%
MAN Diesel & Turbo Benelux B.V., Schiedam, Netherlands	100.00%

Name and domicile of the company	Equity interest
MAN Diesel & Turbo Benelux N.V., Antwerp, Belgium	100.00%
MAN Diesel & Turbo North America Inc., Woodbridge, U.S.A.	100.00%
MAN Diesel & Turbo Korea Ltd., Pusan, Korea	100.00%
PBS Turbo s.r.o., Velká Bíteš, Czech Republic	100.00%
MAN Diesel & Turbo Middle East (LLC), Dubai, United Arab Emirates	100.00%
MAN Diesel & Turbo Saudi Arabia LLC, Jeddah, Saudi Arabia	100.00%
Société de Mécanique de Précision de l'Aubois, Jouet, France	100.00%
MAN Diesel Shanghai Co. Ltd., Shanghai, China	100.00%
MECOS AG, Winterthur, Switzerland	100.00%
MAN Turbo India Pvt. Ltd., Baroda (Vadodara), India	100.00%
MAN Diesel & Turbo Shanghai Co., Ltd., Shanghai, China	100.00%
Gulf Turbo Services LLC, Doha, Qatar	55.00%
Renk Aktiengesellschaft, Augsburg, Germany	76.00%
RENK Corporation, Duncan, U.S.A.	100.00%
RENK-MAAG GmbH, Winterthur, Switzerland	100.00%
ADMOS-Gleitlager Produktions- und Vertriebsgesellschaft mbH, Berlin, Germany	100.00%
RENK Test System GmbH, Augsburg, Germany	100.00%
RENK LABECO Test Systems Corporation, Mooresville, U.S.A.	100.00%
RENK France SAS, Saint-Ouen-l'Aumône, France	100.00%
3. Unconsolidated companies (section 296 (2) of the HGB)	
MAN Grundstücksgesellschaft mbH, Oberhausen, Germany	100.00%
MAN IT Services GmbH, Munich, Germany	100.00%
MAN Unterstützungskasse GmbH, Munich, Germany	100.00%
MAN Erste Beteiligungs GmbH, Munich, Germany	100.00%
MAN Leasing GmbH & Co. Gamma KG, Munich, Germany	100.00%
MBC Mobile Bridges Corp., Houston, Texas, U.S.A. (inactive)	100.00%
MAN Personal Services GmbH, Dachau, Germany	100.00%
MAN Truck & Bus pvt. Ltd., Mumbai, India (inactive)	100.00%
MAN Truck & Bus (M) Sdn. Bhd., Rawang, Malaysia	70.00%
ERF (Holdings) plc, Swindon, UK (inactive)	100.00%
MAN Truck & Bus Singapore Pte. Ltd., Singapore, Singapore	100.00%
MAN Properties (Pinetown) (Pty.) Ltd., Pinetown, South Africa (inactive)	100.00%
MAN Properties (Midrand) (Pty.) Ltd., Midrand, South Africa (inactive)	100.00%
MAN Properties (Pty.) Ltd., Johannesburg, South Africa (inactive)	100.00%
LKW Komponenten s.r.o., Bánovce nad Bebravou, Slovakia	100.00%
MAN IT Services Österreich GesmbH, Steyr, Austria (inactive)	100.00%
Railway Mine & Plantation Equipment Ltd., London, UK (inactive)	100.00%
MAN Turbo (UK) Limited, London, UK	100.00%
RENK (UK) Ltd., London, UK (inactive)	100.00%
MAN Latin America Importacao, Indústria e Comércio de Veículos Ltda., São Paulo, Brazil	100.00%
Ortan Verwaltung GmbH & Co. Objekt Karlsfeld KG, Pullach i. Isartal, Germany	100.00%
MAN Grundstücksgesellschaft mbH & Co. Objekt Heilbronn KG, Oberhausen, Germany	100.00%
tcu Turbo Charger GmbH, Augsburg, Germany	100.00%
Aumonta GmbH, Augsburg, Germany	100.00%
MAN Diesel Turbochargers Shanghai Co. Ltd., Shanghai, China	100.00%
Mirrlees Blackstone Ltd., Stockport, UK (inactive)	100.00%
Fifty Two Ltd., Stockport, UK (inactive)	100.00%
Ruston & Hornsby Ltd., Stockport, UK (inactive)	100.00%
Paxman Diesels Ltd., Stockport, UK (inactive)	100.00%
MAN Diesel Services Ltd., Stockport, UK	100.00%
MAN Diesel Electrical Services Ltd., Essex, UK (inactive)	100.00%
Ruston Diesels Ltd., Stockport, UK (inactive)	100.00%
MAN Diesel ve Turbo Satis Servis Limited Sirketi, Istanbul, Turkey	100.00%
MAN Diesel & Turbo Kenya Ltd., Nairobi, Kenya	100.00%
Metalock Denmark A/S, Copenhagen, Denmark	100.00%
MAN Diesel & Turbo Poland Sp. z o.o., Gdansk, Poland	100.00%
MAN Diesel & Turbo Sverige AB, Gothenburg, Sweden	100.00%
Caribbean Power Application, S.L., Madrid, Spain	100.00%
MAN Diesel & Turbo Italia S.r.l., Genoa, Italy	100.00%

Name and domicile of the company	Equity interest
MAN Diesel & Turbo Chile Limitada, Valparaíso, Chile	100.00%
MAN Diesel & Turbo Portugal, Unipessoal, Lda., Setúbal, Portugal	100.00%
MAN Diesel & Turbo Bulgaria EOOD, Varna, Bulgaria	100.00%
MAN Diesel & Turbo Costa Rica Limitada, San Jose, Costa Rica	100.00%
MAN Diesel & Turbo Japan Ltd., Kobe, Japan	100.00%
MAN Diesel & Turbo Norge A/S, Oslo, Norway	100.00%
MAN Iran Power Sherkate Sahami Khass, Tehran, Iran	96.00%
MAN Diesel & Turbo Panama Enterprises Inc., Panama City, Panama	100.00%
MAN Diesel & Turbo Russia Ltd., Moscow, Russian Federation	100.00%
MAN Diesel & Turbo Latvia SIA, Riga, Latvia (inactive)	100.00%
Centrales Diesel Export SAS, Villepinte, France	100.00%
MAN Diesel & Turbo Jordan Limited Liability Company, Aqaba, Jordan	100.00%
MAN Diesel & Turbo Philippines Inc., Manila, Philippines	100.00%
MAN Diesel & Turbo Canarias S.L., Las Palmas (Canary Island), Spain	100.00%
MAN Diesel & Turbo Guatemala Ltda., Guatemala City, Guatemala	100.00%
MAN Diesel & Turbo Qatar Navigation LLC, Doha, Qatar	49.00%
MAN Diesel & Turbo Argentina S.A., Buenos Aires, Argentina	100.00%
PT MAN Diesel & Turbo Indonesia, Jakarta, Indonesia	92.62%
MAN Diesel & Turbo Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	49.00%
COFICAL RENK Mancais do Brasil LTDA, Guaramirim, Brazil	98.00%
RENK Transmisyon Sanayi A.S., Istanbul, Turkey	55.00%
4. Other companies	
A. Equity-method investments	
A1. Associates	
Sinotruk (Hong Kong) Limited, Hong Kong, China	25.00%
Hörmann Automotive Gustavsburg GmbH, Gustavsburg, Germany	40.00%
OOO EURO-Leasing RUS, Ryazan, Russian Federation	60.00%
JV MAN AUTO – Uzbekistan Limited Liability Company, Samarkand City, Uzbekistan	49.00%
Rheinmetall MAN Military Vehicles GmbH, Munich, Germany	49.00%
Rheinmetall MAN Military Vehicles Österreich GesmbH, Vienna, Austria	49.00%
Atlas Power Ltd., Karachi, Pakistan	33.54%
A2. Joint ventures	
MAN Financial Services SA (Pty) Ltd, Johannesburg, South Africa	50.00%
Scania-MAN Administration ApS, Frederiksberg, Denmark	50.00%
B. Companies carried at cost	
Roland Holding GmbH, Munich, Germany	22.83%[2]
Scania AB, Södertälje, Sweden	13.35%[3]
Verwaltungsgesellschaft Wasseralfingen mbH, Aalen, Germany	50.00%
FFK Fahrzeugservice Förtsch GmbH, Kronach, Germany	30.00%
Coburger Nutzfahrzeuge Service GmbH, Coburg, Germany (inactive)	30.00%
Neoplan Ghana Ltd., Kumasi, Ghana	45.00%
PosernConnect GmbH, Sittensen, Germany	49.00%
Grundstücksverwaltungsgesellschaft EURO-Leasing GmbH, Matthias Hinners und Helge Richter GbR, Sittensen, Germany	50.00%
Scavino S.r.l., Alba, Italy	30.00%
MTC Marine Training Center Hamburg GmbH, Hamburg, Germany	24.80%
RENK U.A.E. LLC, Abu Dhabi, United Arab Emirates	49.00%

[2] Share of voting rights: 32.82%.
[3] Share of voting rights: 17.37%.

Governing Bodies

Members of the Supervisory Board and their appointments

Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch
Salzburg / Austria,
Supervisory Board Chairman
[1] Volkswagen AG (Chairman)
AUDI AG
Dr. Ing. h. c. F. Porsche AG
Porsche Automobil Holding SE
[3] Ducati Motor Holding S.p.A., Italy
Porsche Ges.m.b.H., Austria
Porsche Holding GmbH, Austria
Porsche Piëch Holding GmbH, Austria
Scania AB, Sweden
Scania CV AB, Sweden

Thomas Otto*
Ottweiler,
Executive Assistant to the Executive Board Chairman of Saarland Chamber of Employment
Deputy Chairman of the Supervisory Board
[1] MAN Diesel & Turbo SE
MAN Truck & Bus AG
MAN Truck & Bus Deutschland GmbH

Prof. Dr.-Ing. Dr.-Ing. E. h. Dr. h. c. Ekkehard D. Schulz
Krefeld,
Former Chief Executive Officer of ThyssenKrupp AG
Deputy Chairman of the Supervisory Board
[1] Bayer AG
RWE AG

Michael Behrendt
Hamburg,
Chief Executive Officer of Hapag-Lloyd AG
[1] Barmenia Allgemeine Versicherungs-AG (Deputy Chairman)
Barmenia Krankenversicherung a. G. (Deputy Chairman)
Barmenia Lebensversicherung a. G. (Deputy Chairman)
Esso Deutschland GmbH
ExxonMobil C. E. Holding GmbH
Hamburgische Staatsoper GmbH

Marek Berdychowski*
Tarnowo, Podgórne / Poland,
Deputy Chairman of the Metalowcy labor union and member of the Works Council at MAN Bus Sp.z o.o., Tarnowo plant, Podgórne

Ulf Berkenhagen
Wolfsburg,
Member of the Board of Management of AUDI AG
(Member of the Supervisory Board until April 20, 2012)
[2] quattro GmbH
[4] AUDI HUNGARIA MOTOR Kft., Hungary (Deputy Chairman)

Dr. Matthias Bruse, LL.M.
Munich,
Lawyer / Partner, P+P Pöllath + Partners
(Member of the Supervisory Board until April 20, 2012)
[1] Klöpfer & Königer GmbH & Co. KG
Surteco SE
Wacker Neuson SE

Detlef Dirks*
Diedorf,
Works Council Chairman of MAN Diesel & Turbo SE, Augsburg plant
[1] MAN Diesel & Turbo SE

Jürgen Dorn*
Munich,
Chairman of the Group Works Council of MAN SE, the SE Works Council, and the General Works Council of MAN Truck & Bus AG
[1] MAN Truck & Bus AG (Deputy Chairman)

Prof. Dr. rer. pol. Dr.-Ing. E. h. Jochem Heizmann
Wolfsburg,
Member of the Board of Management of Volkswagen AG
(Member of the Supervisory Board from April 20, 2012, to October 12, 2012)
[1] Lufthansa Technik AG
[4] Scania AB, Sweden
Scania CV AB, Sweden

Jürgen Kerner*
Frankfurt,
Executive Board Member of IG Metall
[1] Premium Aerotec GmbH
Siemens AG

Dr. jur. Thomas Kremer
Essen,
Executive Vice President of ThyssenKrupp AG
(Member of the Supervisory Board until April 20, 2012)
[2] Howaldtswerke-Deutsche Werft GmbH
ThyssenKrupp Elevator AG
ThyssenKrupp Marine Systems AG
ThyssenKrupp Stainless Zweite Beteiligungen AG (Chairman)
[4] ThyssenKrupp Italia S.p.A., Italy

Gerhard Kreutzer*
Oberhausen,
Deputy Chairman of the Group Works Council of MAN SE, as well as the SE Works Council
[1] MAN Diesel & Turbo SE

Wilfrid Loos*
Dortmund,
Chairman of the Works Council and Deputy Chairman of the Supervisory Board of MAN Truck & Bus Deutschland GmbH
[1] MAN Truck & Bus Deutschland GmbH (Deputy Chairman)

Dr. h.c. Leif Östling
Stockholm / Sweden,
Member of the Board of Management of Volkswagen AG
(Member of the Supervisory Board since October 18, 2012)
[2] MAN Truck & Bus AG
[3] Aktiebolaget SKF, Sweden (Chairman)
ISS A/S, Denmark (Deputy Chairman)
[4] Scania AB, Sweden
Scania CV AB, Sweden

Angelika Pohlenz
Wiesbaden,
Secretary General of the International Chamber of Commerce (ICC), Berlin

Dipl.-Wirtsch.-Ing. Hans Dieter Pötsch
Wolfsburg,
Member of the Board of Management of Volkswagen AG and Member of the Executive Board of Porsche Automobil Holding SE
(Member of the Supervisory Board since April 20, 2012)
[1] Bertelsmann SE & Co. KGaA
[2] AUDI AG
Autostadt GmbH (Chairman)
Dr. Ing. h.c. F. Porsche AG
Volkswagen Financial Services AG (Chairman)
[4] Bentley Motors Ltd., United Kingdom
Porsche Austria Gesellschaft m.b.H., Austria (Deputy Chairman)
Porsche Holding GmbH, Austria (Deputy Chairman)
Porsche Retail GmbH, Austria (Deputy Chairman)
Scania AB, Sweden
Scania CV AB, Sweden
VfL Wolfsburg-Fußball GmbH (Deputy Chairman)
Volkswagen Group of America, Inc., U.S.A.
Volkswagen (China) Investment Company Ltd., China (Deputy Chairman)

Erich Schwarz*
Steyr / Austria,
Chairman of the Works Council of MAN Truck & Bus Österreich AG and Deputy Chairman of the SE Works Council
[3] MAN Truck & Bus Österreich AG, Austria

Prof. Rupert Stadler
Ingolstadt,
Chief Executive Officer of AUDI AG and Member of the Board of Management of Volkswagen AG
[1] FC Bayern München AG
[2] MAN Truck & Bus AG (Chairman)
[4] Automobili Lamborghini Holding S.p.A., Italy (Chairman)
Italdesign Giugiaro S.p.A., Italy
Porsche Holding GmbH, Austria
VOLKSWAGEN GROUP ITALIA S.P.A., Italy (Chairman)

Prof. Dr. Dr. h.c. mult. Martin Winterkorn
Groß Schwülper,
Chairman of the Board of Management of Volkswagen AG and Chairman of the Executive Board of Porsche Automobil Holding SE
(Member of the Supervisory Board since April 20, 2012)
[1] FC Bayern München AG
Salzgitter AG
[2] AUDI AG (Chairman)
Dr. Ing. h.c. F. Porsche AG
Porsche Holding Stuttgart GmbH
[4] Bentley Motors Ltd., United Kingdom
Italdesign Giugiaro S.p.A., Italy (Chairman)
Porsche Austria Gesellschaft m.b.H., Austria
Porsche Holding GmbH, Austria
Porsche Retail GmbH, Austria
Scania AB, Sweden (Chairman)
Scania CV AB, Sweden (Chairman)
SKODA AUTO a.s., Czech Republic
Volkswagen Group of America, Inc., U.S.A. (Chairman)
Volkswagen (China) Investment Company Ltd., China (Chairman)

* Elected by the workforce.
As of December 31, 2012, or date of departure.
[1] Membership of supervisory boards of German companies.
[2] Membership of supervisory boards of German companies, Group appointments.
[3] Membership of comparable German or foreign governing bodies.
[4] Membership of comparable German or foreign governing bodies, Group appointments.

Supervisory Board committees of MAN SE

Presiding Committee
Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Michael Behrendt
Jürgen Dorn
Gerhard Kreutzer
Thomas Otto
Prof. Dr.-Ing. Dr.-Ing. E. h. Dr. h. c. Ekkehard D. Schulz

Audit Committee
Prof. Rupert Stadler (Chairman)
Thomas Otto (Deputy Chairman)
Michael Behrendt
Jürgen Dorn
Gerhard Kreutzer
Prof. Dr.-Ing. Dr.-Ing. E. h. Dr. h. c. Ekkehard D. Schulz

Nomination Committee
Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch
Michael Behrendt
Prof. Dr.-Ing. Dr.-Ing. E. h. Dr. h. c. Ekkehard D. Schulz

Members of the Executive Board and their appointments

Dr. Georg Pachta-Reyhofen
Niederpöcking,
Chief Executive Officer
[1] Rheinmetall MAN Military Vehicles GmbH
[2] MAN Diesel & Turbo SE (Chairman)
MAN Truck & Bus AG
[3] Sinotruk (Hong Kong) Ltd.
[4] MAN Latin America Indústria e Comércio de Veículos Ltda. (Chairman)

Ulf Berkenhagen
Wolfsburg,
Chief Procurement Officer
Chief Procurement Officer of MAN Truck & Bus AG (since September 1, 2012)
[2] MAN Diesel & Turbo SE

Frank H. Lutz
Munich,
Chief Financial Officer
[2] MAN Diesel & Turbo SE
MAN Pensionsfonds AG (Chairman)
MAN Truck & Bus AG
Renk Aktiengesellschaft (Chairman)
[3] Börse München
[4] MAN Capital Corporation, USA (Chairman)
MAN Latin America Indústria e Comércio de Veículos Ltda.

Jochen Schumm
Groß Schwülper,
Chief Human Resources Officer
Chief Human Resources Officer of MAN Truck & Bus AG (since July 1, 2012)
[2] MAN Diesel & Turbo SE
MAN Pensionsfonds AG
[4] MAN Latin America Indústria e Comércio de Veículos Ltda.

Jörg Schwitalla
Besigheim,
Chief Human Resources Officer (until June 30, 2012)
[2] MAN Pensionsfonds AG
MAN Truck & Bus AG
[3] Sinotruk (Hong Kong) Ltd.
[4] MAN Latin America Indústria e Comércio de Veículos Ltda.

Dr.-Ing. René Umlauft
Erlangen,
Deputy Member of the Executive Board
Chief Executive Officer of MAN Diesel & Turbo SE
[4] MAN Diesel & Turbo India Ltd. (Chairman)
MAN Diesel & Turbo Russia Ltd. (Chairman)

Executive and management boards of Group companies

MAN Truck & Bus AG
Munich
Anders Nielsen,
Chief Executive Officer (since September 1, 2012)
Dr. Georg Pachta-Reyhofen,
Chief Executive Officer (until August 31, 2012)
Jörg Astalosch
Ulf Berkenhagen (since September 1, 2012)
Dr. Frank Hiller
Dr. Carsten Intra (since April 1, 2012)
Dipl.-Ing. Bernd Maierhofer
Jochen Schumm (since June 2, 2012)
Dipl.-Ing. Lars Wrebo (until March 31, 2012)

MAN Latin America Indústria e Comércio de Veículos Ltda.
São Paulo
Antonio Roberto Cortes, Chairman
Helmut Dieter Hümmerich

MAN Diesel & Turbo SE
Augsburg
Dr.-Ing. René Umlauft, Chief Executive Officer
Dr.-Ing. Hans-O. Jeske
Arnd Löttgen (since September 1, 2012)
Dr. Peter Park
Dr.-Ing. Stephan Timmermann

Renk Aktiengesellschaft
Augsburg
Dipl.-Ing. (FH) Florian Hofbauer,
Spokesman of the Executive Board
Ulrich Sauter

As of December 31, 2012, or date of departure.
[1] Membership of supervisory boards of German companies.
[2] Membership of supervisory boards of German companies, Group appointments.
[3] Membership of comparable German or foreign governing bodies.
[4] Membership of comparable German or foreign governing bodies, Group appointments.

04/

Further Information

Unaudited Additional Information: Overview by Quarter (1/3)

	2012					2011				
€ million	Total 2012	Q4	Q3	Q2	Q1	Total 2011	Q4	Q3	Q2	Q1
Order intake by division										
MAN Truck & Bus	9,150	2,274	1,835	2,496	2,545	9,514	2,519	2,195	2,304	2,496
MAN Latin America	2 870	765	681	584	840	3,579	810	953	958	858
Commercial Vehicles	12,020	3,039	2,516	3,080	3,385	13,093	3,329	3,148	3,262	3,354
MAN Diesel & Turbo	3,510	906	911	784	909	3,692	824	847	1,041	980
Renk	525	121	123	147	134	456	86	108	137	125
Power Engineering	4,035	1,027	1,034	931	1,043	4,148	910	955	1,178	1,105
Others/Consolidation	– 166	– 29	– 26	– 51	– 60	– 96	– 31	– 7	– 29	– 29
Order intake	**15,889**	**4,037**	**3,524**	**3,960**	**4,368**	**17,145**	**4,208**	**4,096**	**4,411**	**4,430**
Commercial Vehicles order intake (units)	**136,339**	**34,689**	**26,962**	**34,256**	**40,432**	**156,551**	**39,608**	**36,924**	**39,831**	**40,188**
of which: MAN Truck & Bus	80,034	19,812	14,093	22,708	23,421	84,449	22,639	18,264	20,753	22,793
of which: MAN Latin America	56,305	14,877	12,869	11,548	17,011	72,102	16,969	18,660	19,078	17,395
Intersegment order intake[2]	– 1,839									
Group order intake	134,500									
Revenue by division										
of which: MAN Truck & Bus	8,822	2,263	2,187	2,290	2,082	8,984	2,564	2,158	2,295	1,967
of which: MAN Latin America	2,870	765	681	584	840	3,579	810	953	958	858
Commercial Vehicles	11,692	3,028	2,868	2,874	2,922	12,563	3,374	3,111	3,253	2,825
MAN Diesel & Turbo	3,780	1,059	949	916	856	3,610	1,001	862	916	831
Renk	476	135	126	110	105	389	124	86	96	83
Power Engineering	4,256	1,194	1,075	1,026	961	3,999	1,125	948	1,012	914
Others/Consolidation	– 176	– 32	– 55	– 51	– 38	– 90	– 27	– 25	– 23	– 15
Revenue	**15,772**	**4,190**	**3,888**	**3,849**	**3,845**	**16,472**	**4,472**	**4,034**	**4,242**	**3,724**
Commercial Vehicles unit sales (units)	**136,271**	**34,984**	**32,904**	**33,381**	**35,002**	**155,520**	**40,636**	**39,208**	**40,405**	**35,271**
of which: MAN Truck & Bus	79,966	20,107	20,035	21,833	17,991	83,418	23,667	20,548	21,327	17,876
of which: MAN Latin America	56,305	14,877	12,869	11,548	17,011	72,102	16,969	18,660	19,078	17,395
Intersegment sales[2]	– 2,026									
Group sales	134,245									
Order backlog*	**6,094**	**6,094**	**6,489**	**7,101**	**7,105**	**6,640**	**6,640**	**7,477**	**7,642**	**7,551**
Commercial Vehicles production (units)	**125,977**	**30,499**	**32,918**	**32,436**	**30,124**	**168,308**	**40,924**	**43,379**	**44,700**	**39,305**
of which: MAN Truck & Bus	78,133	17,874	19,304	20,337	20,618	85,107	19,170	20,785	23,810	21,342
of which: MAN Latin America	47,844	12,625	13,614	12,099	9,506	83,201	21,754	22,594	20,890	17,963
Intersegment production[2]	– 1,673									
Group production	124,304									

[1] As of the reporting date.
[2] Disclosed starting in fiscal 2012; consolidation effects in previous periods were immaterial.
This information is reported on a voluntary basis and does not form part of the audited consolidated financial statements.

Unaudited Additional Information: Overview by Quarter (2/3)

	2012					2011				
€ million	Total 2012	Q4	Q3	Q2	Q1	Total 2011	Q4	Q3	Q2	Q1
Operating profit/loss by division										
MAN Truck & Bus	225	93	51	14	67	565	174	117	177	97
MAN Latin America	229	54	45	50	80	400	97	102	102	99
Commercial Vehicles	454	147	96	64	147	965	271	219	279	196
MAN Diesel & Turbo	437	144	81	103	109	460	120	110	120	110
Renk	66	16	23	13	14	53	19	9	13	12
Power Engineering	503	160	104	116	123	513	139	119	133	122
Others/Consolidation	7	1	–15	38	–17	5	–10	–17	25	7
Operating profit	**964**	**308**	**185**	**218**	**253**	**1,483**	**400**	**321**	**437**	**325**
Earnings effects from purchase price allocations	–110	–33	–26	–23	–28	–109	–24	–28	–25	–32
Gains/losses from nonrecurring items	–231	–41	–	–190	–	–118	–613	–	–	495
Earnings before interest and taxes (EBIT)	**623**	**234**	**159**	**5**	**225**	**1,256**	**–237**	**293**	**412**	**788**
Depreciation, amortization, and impairment losses	706	172	118	304	112	1,129	791	113	116	109
Reversals of impairment losses on equity-method investments	–	–	–	–	–	–25	–25	–	–	–
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**1,329**	**406**	**277**	**309**	**337**	**2,360**	**529**	**406**	**528**	**897**
Earnings before tax (EBT)	**311**	**127**	**114**	**–117**	**187**	**1,122**	**–301**	**269**	**391**	**763**
Income taxes	–122	–39	–53	28	–58	–434	–36	–98	–102	–198
Loss from discontinued operations, net of tax	–	–	–	–	–	–441	–441	–	–	–
Net income/loss	**189**	**88**	**61**	**–89**	**129**	**247**	**–778**	**171**	**289**	**565**
ROS (%)	**6.1**	**7.4**	**4.8**	**5.7**	**6.6**	**9.0**	**8.9**	**8.0**	**10.3**	**8.7**
MAN Truck & Bus	2.6	4.1	2.3	0.6	3.2	6.3	6.8	5.4	7.7	4.9
MAN Latin America	8.0	7.1	6.6	8.6	9.5	11.2	12.0	10.7	10.6	11.5
Commercial Vehicles	3.9	4.9	3.3	2.2	5.0	7.7	8.0	7.0	8.6	6.9
MAN Diesel & Turbo	11.6	13.6	8.6	11.2	12.8	12.7	12.0	12.8	13.1	13.2
Renk	13.8	11.7	18.4	11.7	13.5	13.6	14.9	10.8	13.7	14.2
Power Engineering	11.8	13.4	9.7	11.2	12.9	12.8	12.3	12.6	13.2	13.3
Cash earnings	980	328	160	270	222	1,094	74	279	469	272
Net cash provided by operating activities	–84	662	–262	–379	–105	518	361	13	125	19
Net cash used in investing activities	–1,233	–258	–164	–157	–654	–637	–259	–141	–171	–66
Free cash flow	**–1,317**	**404**	**–426**	**–536**	**–759**	**–119**	**102**	**–128**	**–46**	**–47**
Net financial debt [1]	**–3,928**	**–3,928**	**–4,309**	**–3,853**	**–3,016**	**–2,212**	**–2,212**	**–2,324**	**–2,164**	**–1,833**

[1] As of the reporting date.
This information is reported on a voluntary basis and does not form part of the audited consolidated financial statements.

Unaudited Additional Information: Overview by Quarter (3/3)

€ million	Total 2012	Q4	Q3	Q2	Q1	Total 2011	Q4	Q3	Q2	Q1
	2012					2011				
ROCE (%)	**13.9**	**17.1**	**10.2**	**12.5**	**16.0**	**24.4**	**27.8**	**20.9**	**27.7**	**21.4**
ROE (%)[2]	**5.5**	**9.2**	**8.5**	**–8.2**	**12.8**	**11.3**	**–52.6**	**17.9**	**24.7**	**49.6**
Headcount[1,3]	**54,283**	**54,283**	**54,970**	**55,235**	**54,802**	**52,542**	**52,542**	**53,284**	**52,255**	**50,215**
of which: subcontracted employees	1,802	1,802	2,038	2,402	2,388	2,364	2,364	3,003	3,166	3,021
Capital markets information										
Earnings per share from continuing operations (in €)	**1.20**	**0.57**	**0.39**	**–0.62**	**0.86**	**4.62**	**–2.29**	**1.13**	**1.95**	**3.83**
Earnings/loss per share from continuing operations excl. effects from purchase price allocations and nonrecurring items (in €)	**3.31**	**1.03**	**0.51**	**0.77**	**1.00**	**5.78**	**1.44**	**1.32**	**1.89**	**1.13**
MAN share price[4]										
High	102.45	82.53	83.77	102.45	99.83	98.72	68.70	95.30	98.72	93.07
Low	70.76	72.22	70.76	76.98	72.42	52.51	52.81	52.51	87.60	78.68
Quarter-end	80.75	80.75	71.25	80.54	99.83	68.70	68.70	58.39	91.96	88.00
MAN share performance (%)										
Performance of MAN shares[5]	17.5	13.3	–11.5	–19.3	45.3	–22.8	–22.8	–34.4	3.3	–1.1
Dax® performance[5]	29.1	5.5	12.5	–7.6	17.8	–14.7	–14.7	–20.4	6.7	1.8

[1] As of the reporting date.
[2] ROE including earnings effects of discontinued operations.
[3] Including subcontracted employees.
[4] Xetra closing prices, Frankfurt.
[5] Cumulative compared with prior-year closing price.
This information is reported on a voluntary basis and does not form part of the audited consolidated financial statements.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Munich, January 30, 2013

MAN SE

The Executive Board

Dr. Georg Pachta-Reyhofen **Frank H. Lutz**

Jochen Schumm **Dr.-Ing. René Umlauft** **Ulf Berkenhagen**

Auditors' Report

We have audited the consolidated financial statements – comprising the income statement, reconciliation of comprehensive income for the period, balance sheet, statement of cash flows, statement of changes in equity, and the notes – and the group management report prepared by MAN SE, Munich, for the fiscal year from January 1 to December 31, 2012. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the supplementary provisions of German commercial law required to be applied under section 315a (1) of the *Handelsgesetzbuch* (HGB – German Commercial Code) is the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 of the HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position, and results of operations in the consolidated financial statements in accordance with the applicable financial reporting standards and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in the consolidated financial statements, the determination of the companies to be included in the consolidated financial statements, the accounting and consolidation principles used, and significant estimates made by the Executive Board, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, and the supplementary provisions of German commercial law required to be applied under section 315a (1) of the HGB and give a true and fair view of the net assets, financial position, and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements, as a whole provides a suitable understanding of the Group's position, and suitably presents the opportunities and risks of future development.

Munich, January 30, 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Jan Konerding
Wirtschaftsprüfer

Petra Justenhoven
Wirtschaftsprüferin