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Consolidated Financial Statements
for the fiscal year from January 1 to December 31, 2010

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Consolidated Financial Statements
MAN Consolidated Income Statement

MAN consolidated income statement

€ million	Note	MAN Group		Industrial Business (unaudited additional information)		Financial Services (unaudited additional information)	
		2010	2009	2010	2009	2010	2009
Revenue		**14,675**	12,026	**14,675**	12,026	**–**	–
Cost of goods sold and services rendered		–11,400	–9,455	–11,400	–9,455	–	–
Gross margin		**3,275**	2,571	**3,275**	2,571	**–**	–
Other operating income	[7]	516	532	332	331	184	201
Selling expenses		–1,095	–868	–1,084	–860	–11	–8
General and administrative expenses		–741	–632	–714	–609	–27	–23
Other operating expenses	[8]	–1,142	–1,365	–948	–1,159	–194	–206
Share of net income/loss of equity-method investments	[16]	112	–66	113	–60	–1	–6
Reversals of impairment losses and impairment losses on equity-method investments	[16]	357	–382	357	–382	–	–
Income/loss from financial investments		1	–4	1	–4	–	–
Earnings before interest and taxes (EBIT)		**1,283**	–214	**1,332**	–172	**–49**	–42
Interest income	[9]	59	49	58	49	1	0
Interest expense	[9]	–217	–166	–216	–166	–1	0
Earnings before tax (EBT)		**1,125**	–331	**1,174**	–289	**–49**	–42
Income taxes	[10]	–338	–53	–342	–49	4	–4
Income/loss from discontinued operations, net of tax	[6]	–65	126	–65	126	–	–
Net income/loss		**722**	–258	**767**	–212	**–45**	–46
Net income attributable to noncontrolling interests		9	12	9	12	–	0
Net income/loss attributable to shareholders of MAN SE		**713**	–270	**758**	–224	**–45**	–46
Diluted/basic earnings per share from continuing operations in €	[11]	**5.30**	–2.69				
Diluted/basic earnings per share from continuing and discontinued operations in €	[11]	**4.85**	–1.84				

Consolidated Financial Statements
MAN Consolidated Reconciliation of Comprehensive Income for the Period

MAN consolidated reconciliation of comprehensive income for the period

€ million			
	Note	2010	2009
Net income/loss		**722**	**–258**
Currency translation differences		257	320
Change in fair values of derivatives	[30/31]	–54	60
Actuarial losses attributable to pensions	[24]	–50	–112
Actuarial gains attributable to provisions for termination benefits		2	8
Other comprehensive income for the period from equity-method investments	[16]	–6	23
Deferred taxes		39	7
Other comprehensive income for the period		**188**	**306**
Total comprehensive income for the period		**910**	**48**
of which attributable to noncontrolling interests		9	12
of which attributable to shareholders of MAN SE		**901**	**36**

See also Note (22) for additional information on equity.

Consolidated Financial Statements

MAN Consolidated Balance Sheet

MAN consolidated balance sheet/assets

€ million

	Note	MAN Group		Industrial Business (unaudited additional information)		Financial Services (unaudited additional information)	
		12/31/2010	12/31/2009	12/31/2010	12/31/2009	12/31/2010	12/31/2009
Intangible assets	[14]	1,914	1,662	1,912	1,658	2	4
Property, plant, and equipment	[15]	2,064	2,110	2,062	2,108	2	2
Equity-method investments	[16]	2,085	1,630	2,080	1,625	5	5
Financial investments		51	93	51	68	–	25
Assets leased out	[17]	1,755	1,433	1,111	896	644	537
Noncurrent finance lease receivables	[18]	703	738	–	–	703	738
Deferred tax assets	[10]	1,159	877	1,132	858	27	19
Other noncurrent assets	[21]	180	118	174	110	6	8
Noncurrent assets		**9,911**	**8,661**	**8,522**	**7,323**	**1,389**	**1,338**
Inventories	[19]	2,852	3,037	2,785	2,989	67	48
Trade receivables	[20]	2,265	2,202	1,936	1,896	329	306
Current finance lease receivables	[18]	347	358	–	–	347	358
Current income tax receivables		133	112	132	111	1	1
Assets held for sale	[6]	139	139	139	139	–	–
Other current assets	[21]	713	750	685	713	28	37
Marketable securities		14	134	14	134	–	–
Cash and cash equivalents		1,057	502	1,017	455	40	47
Current assets		**7,520**	**7,234**	**6,708**	**6,437**	**812**	**797**
		17,431	**15,895**	**15,230**	**13,760**	**2,201**	**2,135**

MAN consolidated balance sheet/equity and liabilities

€ million

	Note	MAN Group		Industrial Business (unaudited additional information)		Financial Services (unaudited additional information)	
		12/31/2010	12/31/2009	12/31/2010	12/31/2009	12/31/2010	12/31/2009
Subscribed capital		376	376				
Capital reserves		795	795				
Retained earnings		4,483	3,816				
Accumulated other comprehensive income		280	92				
Equity attributable to shareholders of MAN SE		**5,934**	**5,079**	**5,808**	**4,934**	**126**	**145**
Noncontrolling interests		56	50	56	50	0	0
Total equity	[22]	**5,990**	**5,129**	**5,864**	**4,984**	**126**	**145**
Noncurrent financial liabilities	[23]	1,983	2,230	1,838	2,032	145	198
Pension obligations	[24]	226	160	225	159	1	1
Deferred tax liabilities	[10]	849	622	817	597	32	25
Other noncurrent provisions	[25]	675	547	675	547	0	0
Other noncurrent liabilities	[26]	722	714	722	713	0	1
Noncurrent liabilities and provisions		**4,455**	**4,273**	**4,277**	**4,048**	**178**	**225**
Current financial liabilities	[23]	866	1,040	155	206	711	834
Intragroup financing		–	–	–1,042	–827	1,042	827
Trade payables		1,981	1,368	1,882	1,319	99	49
Prepayments received		762	913	759	908	3	5
Current income tax payables		534	494	534	493	0	1
Other current provisions	[25]	1,443	1,313	1,439	1,310	4	3
Other current liabilities	[26]	1,400	1,365	1,362	1,319	38	46
Current liabilities and provisions		**6,986**	**6,493**	**5,089**	**4,728**	**1,897**	**1,765**
		17,431	**15,895**	**15,230**	**13,760**	**2,201**	**2,135**

Consolidated Financial Statements
MAN Consolidated Statement of Cash Flows

MAN consolidated statement of cash flows

€ million	MAN Group		Industrial Business (unaudited additional information)		Financial Services (unaudited additional information)	
	2010	2009	2010	2009	2010	2009
Earnings before tax	1,125	–331	1,174	–289	–49	–42
Current income taxes	–336	–210	–335	–209	–1	–1
Cash earnings of discontinued operations	–	11	–	11	–	–
Depreciation, amortization, and impairment of noncurrent assets (other than assets leased out and impairment losses on equity-method investments)[1]	467	422	464	420	3	2
Change in pension obligations	15	31	15	31	0	0
Share of net income/loss of equity-method investments	–112	66	–113	60	1	6
Dividends received from equity-method investments	15	25	15	25	–	–
Reversals of impairment losses and impairment losses on equity-method investments	–357	382	–357	382	–	–
Other noncash income and expense	–2	–	–2	–	–	–
Cash earnings	**815**	**396**	**861**	**431**	**–46**	**–35**
Change in inventories	254	405	273	366	–19	39
Change in prepayments received	–184	–221	–181	–221	–3	0
Change in trade and finance lease receivables	43	1,209	14	932	29	277
Change in trade payables	492	–352	442	–273	50	–79
Change in assets leased out	–121	148	–15	147	–106	1
Change in customer payments for assets leased out	–14	–178	–14	–178	–	–
Change in tax assets and liabilities	22	51	22	51	0	0
Change in other provisions	182	–19	182	–18	0	–1
Change in other assets	–19	91	–24	48	5	43
Change in other liabilities	–36	–130	–51	–129	15	–1
Change in discontinued operations	–	102	–	102	–	–
Elimination of gains/losses from asset disposals	–7	–11	–7	–11	–	–
Other changes in working capital	0	–29	0	–27	0	–2
Net cash provided by/used in operating activities	**1,427**	**1,462**	**1,502**	**1,220**	**–75**	**242**
Payments to acquire property, plant, and equipment, investment property, and intangible assets	–391	–366	–390	–365	–1	–1
Payments to acquire investees	–4	–600	–4	–600	–	–
Payments to acquire subsidiaries, net of cash acquired	–1	–1,337	–1	–1,337	–	–
Proceeds from asset disposals	25	77	10	77	15	0
Net cash flows from investing activities of discontinued operations	–	–9	–	–9	–	–
Proceeds from disposal of business activities, net of cash disposed	–3	–349	–3	–349	–	–
Net cash provided by/used in investing activities	**–374**	**–2,584**	**–388**	**–2,583**	**14**	**–1**
Free cash flow from operating and investing activities	**1,053**	**–1,122**	**1,114**	**–1,363**	**–61**	**241**
Intragroup dividend distributions	–	–	–31	–61	31	61
Dividend payments	–40	–297	–40	–297	–	–
Change in marketable securities	130	298	130	298	–	–
Issuance of bonds and promissory note loans	–	1,730	–	1,730	–	–
Repayment of bonds and promissory note loans	–411	–30	–171	–30	–240	–
Borrowings	21	107	21	107	–	–
Repayment of borrowings and syndicated loans	–131	–400	–131	–400	–	–
Change in other financial liabilities	–129	–111	–177	–82	48	–29
Change in intragroup financing	–	–	–214	252	214	–252
Special pension fund endowment	–	–28	–	–27	–	–1
Net cash flows from financing activities of discontinued operations	–	–5	–	–5	–	–
Net cash provided by/used in financing activities	**–560**	**1,264**	**–613**	**1,485**	**53**	**–221**
Net change in cash and cash equivalents	**493**	**142**	**501**	**122**	**–8**	**20**
Cash and cash equivalents at beginning of period	**502**	**105**	**455**	**78**	**47**	**27**
Change in cash and cash equivalents of discontinued operations	–	223	–	223	–	–
Change in cash and cash equivalents due to changes in consolidated Group structure	12	2	12	2	–	0
Effect of exchange rate changes on cash and cash equivalents	50	30	49	30	1	0
Cash and cash equivalents at end of period	**1,057**	**502**	**1,017**	**455**	**40**	**47**

[1] Intangible assets, property, plant, and equipment, and investments

Net cash flows from operating activities of continuing operations includes interest received of €59 million (previous year: €49 million), interest paid of €252 million (previous year: €213 million), income taxes paid of €311 million (previous year: €143 million), and dividends of €15 million (previous year: €25 million) received from investees.

Consolidated Financial Statements
MAN Consolidated Statement of Changes in Equity

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, 2008	**376**	**795**	**4,447**	**–263**	**5,355**	**41**	**5,396**
Net income	–	–	–270	–	–270	12	–258
Other comprehensive income	–	–	–	306	306	0	306
Total comprehensive income	–	–	–270	306	36	12	48
Dividend payment	–	–	–294	–	–294	–3	–297
Other changes	–	–	–67	49	–18	0	–18
Balance at December 31, 2009	**376**	**795**	**3,816**	**92**	**5,079**	**50**	**5,129**
Net income	–	–	713	–	713	9	722
Other comprehensive income	–	–	–	188	188	0	188
Total comprehensive income	–	–	713	188	901	9	910
Dividend payment	–	–	–37	–	–37	–3	–40
Other changes	–	–	–9	–	–9	0	–9
Balance at December 31, 2010	**376**	**795**	**4,483**	**280**	**5,934**	**56**	**5,990**

See also Note (22) for additional information on equity

Consolidated Financial Statements
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. With its four divisions of MAN Truck & Bus (formerly MAN Nutzfahrzeuge), MAN Latin America, MAN Diesel & Turbo, and Renk, the MAN Group is one of Europe's leading engineering players, generating annual revenue of €14.7 billion (previous year: €12.0 billion) and employing a worldwide workforce of approximately 47,700 employees, including around 2,000 subcontracted employees (previous year: approximately 47,700 employees, including around 1,600 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, 2010 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 27, 2011 and resolved to authorize them for submission to the Supervisory Board.

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. In the MAN Group, MAN Finance primarily operates the sales financing business for MAN Truck & Bus and is presented under the "Financial Services" heading. 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 articles of association, an intercompany agreement, or other contractual arrangement. For almost all such investees, control is based on the majority of voting rights held directly or indirectly by MAN SE. 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, 2009	**31**	**74**	**105**
Initially consolidated in fiscal 2010	4	18	22
Deconsolidated in fiscal 2010	4	3	7
Consolidated as of Dec. 31, 2010	**31**	**89**	**120**

The interest in EURO-Leasing GmbH, Sittensen (EURO-Leasing) was consolidated as of January 1, 2010. See note (6) for further information. Further changes in the basis of consolidation resulted from the initial consolidation of newly formed companies and existing companies that have now started operating. Other deconsolidated companies relate mainly to intragroup mergers. The effects of the changes in the basis of consolidation on the consolidated financial statements are insignificant.

A list of the MAN Group's shareholdings in accordance with section 313 (2) of the HGB is provided on page 185 et seq.

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.

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. 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	
	12/31/2010	12/31/2009	2010	2009
US dollar	1.3362	1.4406	1.3250	1.3943
UK pound sterling	0.8608	0.8881	0.8572	0.8927
Danish krone	7.4535	7.4418	7.4473	7.4465
Swiss franc	1.2504	1.4836	1.3797	1.5077
Swedish krona	8.9655	10.2520	9.5462	10.6132
Polish zloty	3.9750	4.1045	4.0103	4.3490
Russian ruble	40.8200	43.1540	40.3190	44.2226
Brazilian real	2.2177	2.5113	2.3357	2.7947
Chinese yuan renminbi	8.8220	9.8350	8.9699	9.5229
Indian rupee	59.7580	67.0400	60.5615	67.4032
Japanese yen	108.6500	133.1600	116.2804	130.3358
South African rand	8.8625	10.6660	9.7329	11.6207

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 (i).

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) Operating 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 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), 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. In the same way as 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 (15). 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. 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.

g) Impairment

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 cost, net of depreciation or amortization, that would have been determined 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. Impairment losses are recognized if there is evidence that the asset is impaired. In the MAN Group, loans and receivables primarily include customer receivables, other receivables, and loans. Non- or low-interest-bearing receivables with a remaining term of more than twelve months are discounted.

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 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 (31) 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 for tax assessment periods starting in 2010; the tax rate applied in Germany is 31.58% (previous year: 31.58%).

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

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) Pension obligations

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 (24). 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 discounted using the current market rate of interest at the end of the reporting period. 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 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 “Income 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:

Among other things, the goodwill impairment tests to be performed at least once a year require an estimation of future cash flows and their discounting. 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 2010 and 2009, see in particular note (16).

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 obligations 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 pension and other post-employment obligations.

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 potential expenses from buyback obligations under which the MAN Group guarantees its customers certain buyback values. Depending on the extent to which buyback rights are exercised, and on the development of resale prices, the actual expenses incurred 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 (27).

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

The IASB issued IFRS 3, Business Combinations (IFRS 3 (2008)), on January 10, 2008. This amendment of IFRS 3 revises the application of the purchase method of accounting to business combinations. Significant amendments relate to the measurement of noncontrolling interests, recognition of step acquisitions, and accounting for contingent consideration and acquisition-related costs. In accordance with the revised IFRS 3, noncontrolling interests can be measured either at fair value (“full goodwill method”) or at the fair value of the proportionate interest of noncontrolling interests in the identified net assets. In the case of step acquisitions, interests held on the date that control is obtained are remeasured, with any adjustments to previously recognized assets and liabilities being recognized in profit or loss. In future, any adjustment to contingent consideration components recognized as liabilities at the date of acquisition is recognized in profit or loss. Acquisition-related costs are recognized as expenses in the period in which they are incurred. MAN has applied IFRS 3 (2008) since January 1, 2010.

Also on January 10, 2008, the IASB issued IAS 27, Consolidated and Separate Financial Statements (IAS 27 (2008)). The main changes in IAS 27 (2008) relate to accounting for transactions in which an entity retains control, and transactions that result in the loss of control. Transactions that do not result in a loss of control are accounted for in equity as transactions with owners. Any retained interest is measured at fair value at the date control is lost. A deficit balance may be reported for noncontrolling interests, i.e., losses are now attributed without limit in proportion to the ownership interest. MAN has applied IAS 27 (2008) since January 1, 2010.

The IASB issued further pronouncements that were required to be applied by MAN for the first time in fiscal 2010. These accounting pronouncements have been applied by the Group and do not have any material effect on MAN’s consolidated financial statements.

b) New accounting pronouncements adopted by the EU that have not been applied prior to the effective date

In November 2009, the IASB adopted amendments to IAS 24, Related Party Disclosures. First, the revised Standard exempts government-related entities from the requirement to disclose transactions with other government-related entities as related party transactions subject to certain conditions. Second, it revises the definition of a related party, thereby clarifying the intended meaning and removing existing inconsistencies in the previous version of IAS 24. For the MAN Group, the revised definition results in an increase in the number of related parties. In addition to Volkswagen Aktiengesellschaft (Volkswagen AG), which exercises significant influence over MAN SE by virtue of its interest, entities controlled and jointly controlled by Volkswagen AG are also related parties from MAN's perspective under the amended Standard. MAN will apply the amendments starting in fiscal 2011.

The IASB has issued a series of other pronouncements. The Company is currently assessing the potential effects of these pronouncements on its consolidated financial statements. However, it does not expect them to have any material effect on MAN's consolidated financial statements.

6 Acquisitions and divestments

a) Acquisitions

No acquisitions were made in fiscal 2010 that are material either individually or collectively.

In March 2009, MAN completed the acquisition of Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., São Paulo/Brazil (VW Truck & Bus), from Volkswagen AG. This move gave MAN a leading position in the Brazilian commercial vehicles market. The company, which was consolidated as of March 31, 2009, is being managed as a separate division, “MAN Latin America.” The cost of the acquisition (including cash acquired and liabilities assumed) amounts to €1,339 million. The company has been included in the consolidated income statement since April 1, 2009. Purchase price allocation has now been completed and remained almost unchanged as against December 31, 2009. Based on the final purchase price allocation, the acquisition resulted in finite-lived intangible assets of €625 million. In addition, goodwill of €497 million was recognized. Of the intangible assets amounting to €625 million, €189 million is attributable to marketing-related assets with a weighted average useful life of 5.0 years, and €436 million is attributable to customer-related assets with a weighted average useful life of 18.7 years. MAN expects to be able to utilize the goodwill resulting from the transaction for tax purposes. Two further payments of €39 million and €69 million were made to Volkswagen AG in June 2010 and October 2010 in connection with the acquisition of VW Truck & Bus in fiscal 2009. These payments represent contractually stipulated settlements for transactions related to the period before the acquisition date. For further information, see note (33).

The transaction to acquire 25% plus one share of the Chinese truck manufacturer Sinotruk Ltd., Hong Kong/China (Sinotruk), for €567 million was completed in October 2009. Purchase price allocation was completed in the third quarter of 2010. MAN is thus continuing to focus its international growth on the BRIC markets. As part of the agreement, MAN is licensing to Sinotruk its TGA truck technology, including engines, vehicle chassis, and axles. The common goal is to develop a new heavy truck series. MAN has significant influence over Sinotruk's operating and financial policies. The Group's interest in Sinotruk is accounted for using the equity method. See notes (16) and (33) for further information.

To support MAN Truck & Bus's growth strategy, MAN expanded its product range to include vehicle rental and leasing at the beginning of 2008. At the time, MAN Finance International GmbH, Munich, (MAN Finance International) acquired a 25.13% interest in EURO-Leasing GmbH, Sittensen (EURO-Leasing) as part of a capital increase. The stake in EURO-Leasing was increased to 50.13% as part of a capital increase (subscribed for by MAN Truck & Bus) at the end of December 2009. The interest originally held by MAN Finance International was transferred to MAN Truck & Bus at the beginning of 2010. EURO-Leasing was fully consolidated by MAN Truck & Bus as of January 1, 2010. Purchase price allocation was completed in the fourth quarter of 2010.

b) Divestments

On March 25, 2009, MAN transferred 70% of the shares of Ferrostaal AG, (Essen), (Ferrostaal) to International Petroleum Investment Company, Abu Dhabi/U.A.E. (IPIC). The price for 100% of the shares of Ferrostaal is approximately €700 million and is contingent on the option agreed by MAN and IPIC on the purchase and sale of the remaining shares. The contractually agreed put option for the remaining 30% interest in Ferrostaal was exercised by MAN at the beginning of January 2010. The purchaser refused to complete the transaction, referring among other things to the ongoing investigations by the German public prosecution authorities at Ferrostaal. In addition, IPIC notified MAN at the end of September 2010 that it had filed an arbitration action to unwind the Ferrostaal transaction, and additionally for compensation for damages incurred. The arbitration action was served on MAN on October 18, 2010. MAN is analyzing the precise content of the action and is preparing its defense against the arbitration action. For further information, see note (27).

The interest in Ferrostaal is reported as "held for sale" and not accounted for using the equity method until the transaction is completed.

Ferrostaal's profit and loss is presented in the consolidated income statement as "Income from discontinued operations, net of tax" for all reporting periods. The transaction in March 2009 resulted in a preliminary gain—net of transaction costs—of €105 million, which is reported in "Income from discontinued operations, net of tax." Following the arbitration action sought by IPIC in connection with the sale of Ferrostaal, the provision for warranties and guarantees was increased in the fourth quarter of 2010 to allow for the maximum contractually possible warranties and guarantees as of December 31, 2010. The additions to the provisions were not tax-effective and the expense was recognized in the amount of €76 million in "Income from discontinued operations, net of tax."

The consolidated income statement for the period January 1, 2010 to December 31, 2010 does not contain any other results for Ferrostaal.

Income from Ferrostaal that was reported in MAN's consolidated income statement in fiscal 2009 is composed of the following items:

Reporting period January 1 to December 31

€ million	2009
Revenue	435
Costs, expenses, and income	–412
Income taxes	–13
Net income of discontinued operations	10
Disposal gain	105
Income from discontinued operations, net of tax	**115**

Net cash used in investing activities in fiscal 2010 includes €–7 million in net cash flows from discontinued operations in connection with the Ferrostaal transaction. This amount was reported in "Proceeds from disposal of business activities, net of cash disposed."

The cash flows of discontinued operations were broken down as follows in fiscal 2009:

Reporting period January 1 to December 31

€ million	2009
Cash earnings	11
Change in discontinued operations	102
Net cash flows from operating activities	**113**
Net cash flows from investing activities	–9
Proceeds from disposal of discontinued operations, net of cash disposed	–349
Net cash flows from financing activities	–5

Income statement disclosures

7 Other operating income

€ million	2010	2009
Income from financial services	150	186
Gains on financial instruments	115	128
Other trade income	50	25
Gains on disposal of property, plant, and equipment, and intangible assets	10	21
Miscellaneous other income	191	172
	516	**532**

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 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.

8 Other operating expenses

€ million	2010	2009
Research and development	373	365
Expenses from financial services	100	114
Impairment losses on inventories	94	208
Bad debt allowances on receivables	84	113
Legal, audit, and consulting costs	70	14
Losses on financial instruments	39	81
Losses from nonrecurring items	–	274
Miscellaneous other expenses	382	196
	1,142	**1,365**

Other operating expenses comprise those expenses that cannot be 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 cannot be 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 2009 contain expenses in connection with the investigations by the public prosecution authorities due to suspected unlawful commission payments. At the beginning of December 2009, administrative fines totaling €150.6 million were imposed on MAN Nutzfahrzeuge AG (now MAN Truck & Bus AG) and the former MAN Turbo AG. The related internal investigations conducted by independent lawyers, auditors, and tax experts led to expenses of €50 million. Losses from nonrecurring items include termination benefits amounting to a total of €20 million for former Executive Board members and senior managers. Losses from nonrecurring items also include restructuring expenses of €23 million at the former MAN Diesel division as a consequence of the planned discontinuation of engine production at the Frederikshavn, Denmark, site as well as €30 million relating to the commercial vehicles market in Russia, which had come to almost a complete standstill at the time.

A significant volume of miscellaneous other expenses relates to cost overruns and provisions for projects in MAN Diesel & Turbo's Power Plants strategic business unit, as well as expenses for setting up the strategic business unit.

9 Net interest income/expense

€ million	2010	2009
Interest and similar income	59	49
Interest and similar expenses	–252	–213
Interest component of additions to pension provisions	–89	–87
Return on CTA plan assets	76	73
less: interest expenses reclassified as other operating expenses	48	61
	–158	**–117**

The deterioration of net interest expense by €41 million is due to the financing of the acquisition of MAN Latin America in the previous year and the transaction to acquire 25% plus one share of Sinotruk. Interest and similar expenses in fiscal 2010 also include tax interest expenses in the amount of €22 million.

The interest expenses of €48 million (previous year: €61 million) reclassified as other operating expenses relate to the refinancing of assets leased out by MAN Finance.

10 Income taxes

The reported tax expense is broken down as follows:

€ million	2010	2009
Current income taxes		
Germany	128	55
Abroad	208	155
Deferred taxes		
Germany	–28	–133
Abroad	30	–24
	338	**53**

The tax expense expected for fiscal 2010 is based on the application of the German tax rate applicable for the 2010 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 2010.

Deferred tax assets on corporate income tax and trade tax loss carryforwards of €193 million (previous year: €131 million including interest carried forward from nondeductible interest expenses in accordance with section 4 h of the *Einkommensteuergesetz* (EStG—German Income Tax Act) in conjunction with section 8 a of the *Körperschaftsteuergesetz* (KStG—German Corporate Income Tax Act)) are currently recognized at German companies. Deferred taxes of €33 million (previous year: €30 million) were recognized at foreign companies for their local taxes. €213 million (previous year: €190 million) of the recognized deferred taxes relates to companies that recorded tax losses in fiscal 2010 or in the previous year and that are expected to generate future profits exceeding the taxable income resulting from the reversal of taxable temporary differences. No deferred tax assets were recognized as of December 31, 2010 for existing tax loss carryforwards of €83 million and temporary differences of €36 million due to the low probability of such deferred tax assets being recoverable (in the previous year, €50 million was attributable to tax loss carryforwards and €58 million to temporary differences). Tax losses of €59 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 2011 and 2020.

No deferred taxes were recognized in fiscal 2010 for accumulated earnings at subsidiaries and associates amounting to €48 million (previous year: €74 million).

Reconciliation of expected and actual tax expense
€ million

	2010	%	2009	%
Earnings before tax	1,125	100.0	–331	100.0
Expected tax expense	355	31.6	–104	31.6
Tax-exempt income	–5	–0.4	–6	1.8
Differences to foreign tax rates	–14	–1.2	–28	8.3
Equity-method investments	–145	–12.9	142	–42.9
Utilization of tax loss carryforwards and temporary differences not recognized in previous years, and reversal of valuation allowances on deferred tax assets	–2	–0.2	–	–
Valuation allowances on deferred tax assets	6	0.5	3	–0.9
Prior-period taxes	97	8.6	26	–7.8
Nondeductible expenses	46	4.0	18	–5.5
Other items	0	0	2	–0.6
Actual tax expense	**338**	**30.0**	**53**	**–16.0**

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

€ million

	Deferred tax assets		Deferred tax liabilities	
	12/31/2010	12/31/2009	12/31/2010	12/31/2009
Intangible assets	15	32	219	155
Property, plant, and equipment	26	23	112	104
Inventories	88	62	107	75
Receivables and other assets	93	73	188	175
Pension obligations	77	56	10	17
Other provisions	401	301	58	14
Other liabilities	233	169	152	67
Tax loss carryforwards	226	161	–	–
Other items	–	–	3	15
	1,159	877	**849**	622

11 Earnings per share

€ million (unless otherwise indicated)	2010	2009
Net income/loss attributable to shareholders of MAN SE	713	–270
of which: income/loss from discontinued operations, net of tax	–65	126
Net income/loss from continuing operations attributable to shareholders of MAN SE	**778**	**–396**
Number of shares outstanding (weighted average, million)	147.0	147.0
Earnings/loss per share from continuing operations (diluted, basic) in €	**5.30**	**–2.69**

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, as in the previous year, both share classes carry the same dividend rights in 2010.

72,472 MAN SE shares were contingently granted in April 2010 under the stock program for managers, which was launched in 2010. See note (32) for further information. The effects of 7,818 shares are therefore included in the calculation of diluted earnings per share for fiscal 2010. After taking the potential dilutive effect relating to the grant of these shares into consideration, diluted earnings per share correspond to basic earnings per share in the January 1 to December 31, 2010, reporting period.

There were no outstanding options on shares as of December 31, 2010, and December 31, 2009, 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 €0.45 (previous year: earnings per share of €0.85).

12 Other income statement disclosures

Cost of materials
€ million

	2010	2009
Cost of raw materials, consumables, and supplies, and of purchased merchandise	7,076	5,411
Cost of purchased services	1,019	925
	8,095	**6,336**

Payments under operating leases
€ million

	2010	2009
	124	**103**

Personnel expenses
€ million

	2010	2009
Wages and salaries	2,187	2,010
Social security contributions, retirement and other employee benefit expenses	462	454
	2,649	**2,464**

Retirement benefit expenses amounted to €191 million (previous year: €193 million), of which €130 million (previous year: €124 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

	2010	2009
Commercial Vehicles	32,077	33,244
Power Engineering	13,504	13,703
Other	304	418
	45,885	**47,365**

Depreciation and amortization expense
€ million

	2010	2009
Intangible assets	158	132
Property, plant, and equipment	298	282
	456	**414**

Impairment losses
€ million

	2010	2009
Intangible assets	2	–
Property, plant, and equipment	9	7
Financial investments and equity-method investments[1]	0	383
	11	**390**

[1] See note (16) for further information.

13 Total remuneration of the auditors

In the reporting period, the Supervisory Board proposed electing PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Munich (PwC), as the auditors; the Annual General Meeting on April 1, 2010, concurred with this proposal. As a result, PwC replaced KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG).

The following table comprises the fee for the activities of PwC and companies in the international PwC network for fiscal 2010 and for KPMG and its affiliated companies in fiscal 2009:

€ million

	2010	2009
Audits	3.2	4.5
Other assurance and valuation services	0.1	2.8
Tax advisory services	0.4	0.8
Incidental costs	0.1	0.5
Reviews of interim financial statements	0.2	0.4
Other services	1.2	2.4
	5.2	**11.4**

The fee for the activities of PwC and its affiliated German companies totaled €2.6 million in fiscal 2010, of which €1.2 million relates to audits, €1.2 million to other services, and €0.2 million to reviews of interim financial statements.

Balance sheet disclosures

14 Intangible assets

€ million	Licenses, software, similar rights, customer relationships, brands, and other assets	Capitalized devel-opment costs	Goodwill	Intangible assets
Gross carrying amount at January 1, 2009	158	502	165	825
Accumulated amortization and impairment losses	–76	–305	–93	–474
Balance at January 1, 2009	**82**	**197**	**72**	**351**
Change in consolidated Group structure/ acquisitions	629	30	473	1,132
Additions	16	68	–	84
Transfers	3	0	–	3
Disposals	–3	–1	0	–4
Amortization	–81	–51	–	–132
Currency translation differences	137	7	84	228
Balance at December 31, 2009	**783**	**250**	**629**	**1,662**
Gross carrying amount at December 31, 2009	917	605	722	2,244
Accumulated amortization and impairment losses	–134	–355	–93	–582
Balance at January 1, 2010	**783**	**250**	**629**	**1,662**
Change in consolidated Group structure/ acquisitions	14	–	74	88
Additions	16	140	–	156
Transfers	0	–	–	0
Disposals	–1	0	–	–1
Amortization	–114	–44	–	–158
Impairment losses	–2	–	–	–2
Currency translation differences	90	9	70	169
Balance at December 31, 2010	**786**	**355**	**773**	**1,914**
Gross carrying amount at December 31, 2010	1,034	749	868	2,651
Accumulated amortization and impairment losses	–248	–394	–95	–737

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 €114 million (previous year: €81 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 €44 million (previous year: €51 million). For further information, see note (8).

Analysis of goodwill
€ million

	12/31/2010	12/31/2009
MAN Truck & Bus	44	4
MAN Latin America	647	548
MAN Diesel & Turbo	82	77
	773	629

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 2010 and 2009 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 10.0% (previous year: 10.5%). 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% 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 2010 and 2009.

15 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, 2009	1,590	1,835	961	187	4,573
Accumulated depreciation and impairment losses	–752	–1,191	–716	–	–2,659
Balance at January 1, 2009	**838**	**644**	**245**	**187**	**1,914**
Change in consolidated Group structure/acquisitions	43	114	48	3	208
Additions	39	110	63	70	282
Transfers	82	74	20	–179	–3
Disposals	–13	–7	–32	–2	–54
Depreciation	–49	–155	–77	–1	–282
Impairment losses	–3	–2	–2	–	–7
Currency translation differences	15	24	11	2	52
Balance at December 31, 2009	**952**	**802**	**276**	**80**	**2,110**
Gross carrying amount at December 31, 2009	1,725	1,964	999	80	4,768
Accumulated depreciation and impairment losses	–773	–1,162	–723	–	–2,658
Balance at January 1, 2010	**952**	**802**	**276**	**80**	**2,110**
Change in consolidated Group structure/acquisitions	4	–4	0	1	1
Additions	23	74	65	73	235
Transfers	17	42	6	–65	0
Disposals	–7	–4	–7	0	–18
Depreciation	–52	–159	–87	–	–298
Impairment losses	–3	–6	–	–	–9
Currency translation differences	12	21	9	1	43
Balance at December 31, 2010	**946**	**766**	**262**	**90**	**2,064**
Gross carrying amount at December 31, 2010	1,765	2,029	1,038	90	4,922
Accumulated depreciation and impairment losses	–819	–1,263	–776	–	–2,858

Depreciation of items of property, plant, and equipment amounted to €298 million (previous year: €282 million) and is included in the functional expenses, in particular cost of goods sold and services rendered.

Investment property

The carrying amount of investment property amounted to €11 million as of December 31, 2010 (previous year: €15 million), compared with a fair value of €42 million (previous year: €48 million).

16 Equity-method investments

Associates

The most significant equity-method investments as of December 31, 2010, are the associates Scania AB (Scania) and Sinotruk. The shares in the associate Roland Holding GmbH, Munich, (Roland) and in the joint venture MAN FORCE TRUCKS are also accounted for using the equity method.

Scania

The purchase of a call option on 1.5% of the share capital and 2.8% of Scania's outstanding voting rights in December 2008 gave MAN access to more than 20% of Scania's voting rights. MAN was able to exercise the option until January 5, 2011. We have accounted for our investment in Scania using the equity method since December 31, 2008. See note (37) for further information in connection with the call option on 1.5% of the share capital and 2.8% of Scania's outstanding voting rights and the related accounting effect.

Our equity interest in Scania was 13.35% at December 31, 2010 (previous year: 13.35%), and we held 17.37% of the voting rights (previous year: 17.37%).

MAN's investment in Scania was tested for impairment in the fourth quarter of 2009. The impairment test was triggered mainly by the sharp decline in Scania's figures and earnings in 2009. At the same time, a slow and weak recovery from the crisis was expected. These factors meant that the cash flow forecasts, and in particular the expected cash flows from the investment, were subject to increased uncertainty at the time of the impairment test. In December 2009, the value in use of the investment calculated on the basis of these expected cash flows did not exceed its fair value less costs to sell, which was determined on the basis of the quoted market price. This resulted in an impairment loss of €357 million in the fourth quarter of 2009, which was recognized under "Reversals of impairment losses and impairment losses on equity-method investments." Economic developments in fiscal 2010 provided substantial indications that the impairment loss originally recognized no longer existed or could have declined. The significant increase in the investment's fair value and its considerably improved economic earnings power were particular factors. As both the value in use and the fair value of the investment exceeded the carrying amount that would have been determined if no impairment loss had been recognized in fiscal 2009, the amount of the original impairment loss of €357 million was reversed in the fourth quarter of 2010. This reversal of the impairment loss was recognized under "Reversals of impairment losses and impairment losses on equity-method investments."

As a result of the application of the equity method and the additional recognition of the impairment loss in fiscal 2009 and the reversal of the impairment loss in fiscal 2010, the carrying amount of the investment in Scania was €1,397 million as of December 31, 2010 (previous year: €958 million). The quoted market value of the 13.35% investment in Scania as of December 31, 2010 was €1,815 million (previous year: €958 million). Summarized financial information for Scania (on a 100% basis and thus not adjusted for the equity interest held by MAN) is presented in the following table.

€ million	2010	2009
Assets[1]	10,272	9,667
Liabilities[1]	7,276	7,511
Revenue[2]	7,802	5,611
Net income[2]	745	88

1 Amounts shown relate to the reporting period ended September 30

2 Fiscal 2010: Amounts shown relate to the period from October 1, 2009 to September 30, 2010. Fiscal 2009: Amounts shown relate to the period from October 1, 2008 to September 30, 2009.

Sinotruk

MAN's interest in Sinotruk has been reported as an equity-method investment since October 2009. The consolidated income statement in fiscal 2010 contains MAN's share of Sinotruk's net income for the period October 2009 to June 30, 2010, as the equity method is applied in compliance with local capital market requirements with regard to the publication of financial information for the investee. The consolidated income statement in fiscal 2009 does not contain any share of Sinotruk's net income. Purchase price allocation was completed in the third quarter of 2010. The quoted market value of the 25% investment in Sinotruk as of December 31, 2010, was €532 million (previous year: €560 million). Summarized financial information for Sinotruk (on a 100% basis and thus not adjusted for the equity interest held by MAN) is shown in the following table for information purposes. See notes (6) and (33) for further information on Sinotruk.

€ million	2010	2009
Assets[1]	5,732	3,582
Liabilities[1]	3,453	2,245
Revenue[2]	3,818	1,551
Net income[2]	176	61

[1] Fiscal 2010: Amounts shown relate to the reporting period ended June 30, 2010.
Fiscal 2009: Amounts shown relate to the reporting period ended June 30, 2009.

[2] Fiscal 2010: Amounts shown relate to the period from July 1, 2009 to June 30, 2010.
Fiscal 2009: Amounts shown relate to the period from January 1, 2009 to June 30, 2009.

Roland

The unrecognized losses of Roland amount cumulatively to €35 million.

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

€ million	2010	2009
Assets	1,930	1,940
Liabilities	1,664	1,550
Revenue[1]	2,019	2,115
Net income[1]	–135	–174

[1] 12 months

17 Assets leased out

€ million	2010	2009
Gross carrying amount at January 1	1,976	2,197
Accumulated depreciation	–543	–634
Balance at January 1	**1,433**	**1,563**
Change in consolidated Group structure/acquisitions	180	–
Additions	833	440
Disposals	–197	–154
Depreciation	–509	–434
Currency translation differences	15	18
Balance at December 31	**1,755**	**1,433**
Gross carrying amount at December 31	2,699	1,976
Accumulated depreciation	–944	–543

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 in this item is due mainly to the initial consolidation of EURO-Leasing.

Future revenue from noncancelable operating leases
€ million

	12/31/2010	12/31/2009
Due within one year	406	309
Due between one and five years	569	438
Due after more than five years	34	41
	1,009	**788**

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

18 Finance lease receivables

€ million	12/31/2010	12/31/2009
Noncurrent finance lease receivables	703	738
Current finance lease receivables	347	358

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

	12/31/2010	12/31/2009
Due within one year	465	457
Due between one and five years	784	828
Due after more than five years	22	28
	1,271	**1,313**

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

€ million	12/31/2010	12/31/2009
Due within one year	343	347
Due between one and five years	673	714
Due after more than five years	18	24
	1,034	**1,085**

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

€ million	12/31/2010	12/31/2009
Gross investment in finance leases	1,271	1,313
Discount	–133	–147
Bad debt allowances	–88	–70
Net investment in finance leases	**1,050**	**1,096**
of which unguaranteed residual value	–16	–11
Minimum lease payments	**1,034**	**1,085**

Bad debt allowances on finance lease receivables changed as follows:

€ million	2010	2009
Balance at January 1	**70**	**28**
Additions	49	56
Utilization	–23	–9
Reversals	–11	–4
Exchange rate effects and other changes	3	–1
Balance at December 31	**88**	**70**

19 Inventories

€ million	12/31/2010	12/31/2009
Raw materials, consumables, and supplies	470	515
Work in progress and finished products	1,823	2,089
Merchandise	419	280
Prepayments	140	153
	2,852	**3,037**

Consumption of inventories amounting to €7,076 million (previous year: €5,411 million) is recognized as cost of goods sold and services rendered in the reporting period. Inventories of €880 million (previous year: €1,116 million) were recognized at net realizable value. The impairment loss amounted to €94 million (previous year: €208 million).

20 Trade receivables

€ million	12/31/2010	12/31/2009
Customer receivables	1,941	1,828
PoC receivables	138	214
Receivables from investees	186	160
	2,265	**2,202**

€171 million (previous year: €175 million) of the receivables is due after more than one year, including €1 million (previous year: €9 million) due after more than five years. The remaining €2,094 million (previous year: €2,027 million) is due in less than one year.

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

€ million	2010	2009
Balance at January 1	**129**	**90**
Additions	46	70
Utilization	–13	–13
Reversals	–24	–20
Exchange rate effects and other changes	2	2
Balance at December 31	**140**	**129**

Certain volumes of receivables are sold, in particular to refinance financial services, 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 such receivables at the end of the reporting period was €55 million (previous year: €103 million). The corresponding liabilities are contained in financial liabilities; see note (23).

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

€ million	12/31/2010	12/31/2009
Contract costs and proportionate contract profit/loss of construction contracts	1,959	1,880
of which billed to customers	–510	–689
PoC receivables, gross	**1,449**	**1,191**
Prepayments received	–1,311	–977
	138	**214**

Other prepayments of €463 million (previous year: €592 million) received on construction contracts for which no contract costs have yet been incurred are recognized as liabilities.

Revenue from construction contracts amounted to €1,139 million (previous year: €1,112 million). Orders and part-orders billed to customers are reported in customer receivables.

21 Other assets

€ million	12/31/2010	12/31/2009
Derivatives	257	284
VAT receivables	106	138
Other tax receivables	93	51
Prepaid expenses, prior-period payments	75	67
Loans and other third-party receivables	60	63
Other noncurrent receivables from investees	34	–
Financing receivables from investees	21	21
Advances, clearing accounts	20	11
Reserve from pension liability insurance	10	23
Miscellaneous other assets	217	210
	893	**868**

Other assets are reported as follows:

€ million	12/31/2010	12/31/2009
Other noncurrent assets	180	118
Other current assets	713	750

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 €187 million (previous year: €136 million) are due after more than one year, including €24 million (previous year: €33 million) due after more than five years. The remaining €706 million (previous year: €732 million) is due in less than one year.

22 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. The holders of preferred shares also have voting rights in accordance with section 141 (1) and (2) sentence 1 in conjunction with (3) of the AktG, under which a consenting resolution by the preferred shareholders is required if the Annual General Meeting adopts 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 these authorizations 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 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 is 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—disregarding 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 a comparable successor system) on the three market days after 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 (23), 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 (MAN Aktiengesellschaft at the time) in February 2007 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 25% and amounted to 29.9% at that time. In addition, Porsche Automobil Holding SE and its controlling shareholders notified us in September 2008 in accordance with section 21 (1) of the WpHG that—because Porsche Automobil Holding SE had assumed control of Volkswagen AG—Volkswagen AG's 29.9% interest is also attributable to Porsche Automobil Holding SE and its controlling shareholders. In 2010, we also 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) exceeded the threshold of 3%. We have not been notified of, nor are we aware of, further existing direct or indirect interests in the capital of MAN SE that reach or 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 €844 million (previous year: €619 million) and the net retained profits of MAN SE amounting to €296 million (previous year: €37 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 pay a dividend of €2.00 (previous year: €0.25) per share carrying dividend rights. The proposed total dividend payout is therefore €294 million (previous year: €37 million).

d) Other comprehensive income

€ million	12/31/2010	of which attributable to discontinued operations	12/31/2009	of which attributable to discontinued operations
Currency translation differences	484	–9	227	–9
Fair value of derivatives	10	–	64	–
Actuarial losses attributable to pensions	–282	–	–232	–
Actuarial losses attributable to provisions for termination benefits	–16	–	–18	–
Other comprehensive income for the period from equity-method investments	16	–	22	–
Deferred taxes	68	–	29	–
	280	**–9**	92	–9

Of the deferred taxes of €68 million (previous year: €29 million), €66 million is attributable to actuarial losses on pensions (previous year: €47 million), €–2 million (previous year: €–22 million) is attributable to the measurement of derivatives, and €4 million (previous year: €4 million) is attributable to actuarial losses on provisions for termination benefits.

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.

Previously, MAN SE used MAN value added to measure and manage its business activities and to optimize capital allocation in the Group. This will no longer be used for management purposes from fiscal 2010. Instead, the modified measure referred to as the “delta to the cost of capital” (ROCE—WACC) will be introduced. This corresponds to the difference between ROCE and the weighted average cost of capital (WACC).

In April 2010, Standard & Poor’s lowered MAN’s long-term rating from A– to BBB+ with a stable outlook and again confirmed this rating in December 2010. The A3 rating with a stable outlook awarded by Moody’s was confirmed in September 2010.

The Group’s capital employed for capital management purposes comprises equity, pensions, and financial liabilities.

€ million	12/31/2010	12/31/2009
Equity	5,990	5,129
Pension obligations	226	160
Financial liabilities	2,849	3,270
Capital employed	**9,065**	**8,559**

Equity increased by 17% year-on-year in fiscal 2010. This was primarily a result of the significant improvements in earnings for the year. Pension obligations rose by 41% year-on-year because of the increase in actuarial losses attributable primarily to the use of a lower discount rate. Financial liabilities declined by 13% due to the repayment of various financial liabilities. Overall, this resulted in a €506 million or 6% increase in capital employed in fiscal 2010.

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

23 Financial liabilities

€ million	12/31/2010	12/31/2009
Bonds	1,494	1,738
Bank borrowings and other liabilities	721	956
Structured finance	634	576
	2,849	**3,270**

Financial liabilities are reported in the following balance sheet items:

€ million	12/31/2010	12/31/2009
Noncurrent financial liabilities due after more than one year	1,983	2,230
of which: due after more than five years	512	520
Current financial liabilities due within one year	866	1,040

To finance the planned Scania acquisition, MAN SE entered into an agreement on an €11 billion credit facility on September 17, 2006 with a banking syndicate. A €1,170 million tranche of this credit facility had been drawn down by December 31, 2006 to purchase Scania shares. The unutilized portion of the credit facility expired following the withdrawal of the public offer to purchase Scania shares on January 23, 2007. As of September 17, 2009, the last tranche drawn down on this credit facility amounting to €400 million was repaid in full. It bore interest at an average variable rate of 1.53% p.a. in 2009. This credit facility had therefore already been extinguished in full as of December 31, 2009.

A credit line comprising three tranches totaling €2.0 billion was initially arranged with ten banks as bridge finance for the purchase of VW Truck & Bus in Brazil. €1.5 billion of this was drawn down in March 2009. At the end of March 2009, MAN SE placed a promissory note loan in the amount of €200 million maturing in 2012, which was used to partially repay the bridge loan. This promissory note loan comprised a fixed-interest component of €49 million and an interest rate of 5.056% and a variable-rate tranche of €151 million. €30 million of the variable-rate component was repaid in the course of 2009 and replaced by an additional promissory note in the amount of €30 million maturing (amortizing) in 2019 and bearing a fixed interest rate of 6.76%. The bridge loan was finally repaid in full in May 2009 using the proceeds of a eurobond that was issued by MAN SE in two tranches with terms of four and seven years and fixed interest rates of 5.375% and 7.25% respectively and a total volume of €1.5 billion. Prior to this, MAN SE launched an EMTN program that allows it to issue debt securities regularly and if necessary at short notice as long as it provides the necessary documentation. The proportion of the bridge loan that was not drawn down amounting to €500 million was then canceled in the course of 2009. In addition, the remaining portion of the variable-rate promissory note loan in the amount of €121 million was repaid prior to maturity in October 2010. Until repayment, this tranche bore an average interest rate of 3.92% p.a.

The carrying amount of the promissory note loans amounted to €79 million as of December 31, 2010. The carrying amount of the eurobond tranche maturing on May 20, 2013 amounted to €997 million and its fair value was €1,068 million, while the carrying amount of the tranche maturing on May 20, 2016 amounted to €497 million and its fair value was €590 million.

In December 2003, MAN Financial Services plc, Swindon/United Kingdom, issued a €300 million bond with a 5.375% coupon. As of November 27, 2007, the issuer repurchased a notional €60 million of this bond. In December 2010, the remaining bond in the amount of €240 million was repaid at maturity.

Structured finance includes liabilities of €55 million (previous year: €104 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 €411 million (previous year: €235 million) for which the financing of the amortizing portfolio is assured until the end of the term.

Bank borrowings mostly bear variable rates of interest.

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:

MAN SE has agreed a syndicated credit line amounting to €1.5 billion with a banking syndicate. Each syndicate member can demand immediate repayment of its portion if one or more natural or legal persons (with the exception of Volkswagen AG or a majority held direct or indirect subsidiary of Volkswagen AG) either individually or collectively obtain control of MAN SE or acquire the majority of voting rights in MAN SE.

The promissory note loans issued in the amount of €79 million can be terminated with immediate effect if one or more persons acting in concert acquire the majority of voting rights in MAN SE.

Repayment of the €1.5 billion bond 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.

24 Pension obligations

Provisions for pensions are broken down as follows:

Composition of funded status and pension provisions
€ million

	12/31/ 2010	12/31/ 2009	12/31/ 2008	12/31/ 2007	12/31/ 2006
Unfunded defined benefit obligation	14	22	46	69	319
Funded defined benefit obligation	1,859	1,716	1,695	1,828	1,705
Total defined benefit obligation	**1,873**	**1,738**	**1,741**	**1,897**	**2,024**
Fair value of plan assets	–1,647	–1,579	–1,652	–1,790	–1,079
Funded status at December 31	**226**	**159**	**89**	**107**	**945**
Effect of asset ceiling in accordance with IAS 19.58	0	1	19	18	–
Unrecognized plan assets	–	–	–	7	1
Reclassified as liabilities associated with assets held for sale	–	–	–34	–	–
Pension provisions at December 31	**226**	**160**	**74**	**132**	**946**
of which: Germany	173	107	39	120	929
of which: Other countries	53	53	35	12	17

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. There are defined benefit pension plans with a low level of obligations that are funded by provisions in France, Austria, and Poland.

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—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. The pension assets in the United Kingdom are managed in two pension funds belonging to the Group that are supervised by trustees. The pension assets in Switzerland are managed by multiple-employer pension institutions, while the pension assets in Brazil are managed in a pension plan maintained together with another group of companies. These pension assets are also invested by professional investment managers. The investment rules are laid down by boards of trustees or by the responsible committees in the case of multiple-employer pension plans.

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. The expected employer contributions to defined benefit plans for 2011 amount to €52 million for German pension plans and €14 million for non-German pension plans.

Plan asset portfolio structure
€ million

	Germany		Abroad		Total	
	12/31/2010	12/31/2009	**12/31/2010**	12/31/2009	**12/31/2010**	12/31/2009
Bonds	1,021	1,035	209	196	1,230	1,231
Equities	197	162	146	128	343	290
Real estate	–	–	33	31	33	31
Other assets	–	–	41	27	41	27
Total plan assets	**1,218**	1,197	**429**	382	**1,647**	1,579

Of the non-German plan assets, €230 million was attributable to the United Kingdom, €168 million to Switzerland, and €31 million to Brazil. The return on plan assets was 4.6% in Germany, 8.3% in the United Kingdom, 2.5% in Switzerland, and 10.3% in Brazil.

c) Funded status

Change in present value of defined benefit obligation
€ million

	Germany		Abroad		Total	
	2010	2009	**2010**	2009	**2010**	2009
Present value of DBO at January 1	1,304	1,398	434	343	1,738	1,741
Change in consolidated Group structure	–1	–255	0	16	–1	–239
Current service cost	38	36	12	10	50	46
Interest cost	66	67	23	20	89	87
Past service cost	–	7	0	–4	0	3
Actuarial losses (+)/ gains (–)	53	117	–2	47	51	164
Pension payments	–71	–70	–33	–24	–104	–94
Contributions by beneficiaries	2	4	7	6	9	10
Currency translation differences, other	–	0	41	20	41	20
Present value of DBO at December 31	**1,391**	1,304	**482**	434	**1,873**	1,738

Change in plan assets
€ million

	Germany		Abroad		Total	
	2010	2009	2010	2009	2010	2009
Plan assets at January 1	1,197	1,337	382	315	1,579	1,652
Change in consolidated Group structure	–	–206	–	16	–	–190
Expected return on plan assets	55	54	21	19	76	73
Difference between expected and actual return on plan assets	–1	34	2	18	1	52
Current contributions by employers	28	10	13	12	41	22
Special endowment by employers	–	27	–	1	–	28
Contributions by beneficiaries	2	1	7	6	9	7
Pension payments	–63	–60	–33	–24	–96	–84
Currency translation differences, other	–	–	37	19	37	19
Plan assets at December 31	**1,218**	1,197	**429**	382	**1,647**	1,579

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

%	Germany		Abroad	
	12/31/2010	12/31/2009	12/31/2010	12/31/2009
Discount rate	5.0	5.25	2.4–10.2	3.0–10.6
Pension trend	2.0	2.0	0.0–4.25	0.25–4.0
Pay trend	2.75	2.75	0.5–6.45	1.5–5.6
Expected return on plan assets	4.15–5.25	4.52–5.02	3.0–9.69	3.0–11.3

The discount rates reflect the yields at the reporting date on prime-rated corporate bonds or government bonds with matching maturities and denominated in the relevant currencies. The biometric parameters for pensions in Germany continue to be based on the 2005 G mortality tables issued by Prof. Klaus Heubeck.

The expected return on plan assets in Germany is based on the interest rate for Bunds with matching maturities plus standard risk premiums based on the corresponding portfolio structure. The expected return on plan assets for plans outside Germany is calculated by the responsible actuaries.

d) Pension expense

The pension expense is composed of the following items:

€ million	2010	2009
Current service cost	50	46
Past service cost	0	3
Interest cost	89	87
Expected return on plan assets	–76	–73
	63	63

e) Gains and losses eliminated in other comprehensive income

€ million	2010	2009
Actuarial gains (-)/losses (+) at January 1	**232**	160
Change in consolidated Group structure	–	–40
Change in fiscal year	50	112
Currency translation differences, other	3	–
Actuarial gains (-)/losses (+) at December 31	**285**	232

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:

	2010	2009	2008	2007	2006
Differences between expected and actual developments					
as % of present value	0.64%	0.46%	0.11%	–0.95%	–0.25%
as % of fair value of plan assets	0.06%	3.29%	–8.72%	–0.84%	–0.28%

25 Other provisions

€ million

	As of 12/31/2009	Change in consolidated Group structure, currency translation	Utilization	Additions	Reversals	Interest unwinding	12/31/2010
Warranties	636	20	–154	327	–85	7	**751**
Outstanding costs	185	2	–81	108	–18	0	**196**
Other business-related obligations	344	14	–111	421	–43	–	**625**
Obligations to employees	223	2	–47	54	–4	3	**231**
Miscellaneous other provisions	472	28	–241	107	–51	–	**315**
	1,860	**66**	**–634**	**1,017**	**–201**	**10**	**2,118**

Other provisions are reported in the following balance sheet items:

€ million

	12/31/2010		12/31/2009	
	Noncurrent	Current	Noncurrent	Current
Warranties	428	323	326	310
Outstanding costs	32	164	32	153
Other business-related obligations	5	620	5	339
Obligations to employees	208	23	177	46
Miscellaneous other provisions	2	313	7	465
	675	**1,443**	547	1,313

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.

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

The risk provisions recognized in the Power Engineering business area are also reflected in the additions to provisions for warranty risks and in the additions to provisions for miscellaneous other provisions for business risks.

26 Other liabilities

€ million	12/31/2010	12/31/2009
Deferred purchase price payments for assets leased out	1,138	1,136
Employee-related liabilities	331	276
Miscellaneous other tax payables	176	168
Derivatives	139	151
Financing liabilities to investees	60	56
Deferred income	44	43
Miscellaneous other liabilities	234	249
	2,122	**2,079**

Deferred purchase price payments for assets leased out originate from sales of commercial vehicles accounted for as operating leases because of a buyback obligation.

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 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	12/31/2010	12/31/2009
Other noncurrent liabilities	722	714
Other current liabilities	1,400	1,365

Of the other noncurrent liabilities, €56 million (previous year: €69 million) is due in more than five years.

Other disclosures

27 Litigation/legal proceedings

As reported, on December 10, 2009, the Munich Public Prosecution Office (I) imposed an administrative fine of €75.3 million on MAN Nutzfahrzeuge AG (now MAN Truck & Bus AG) and the Munich Regional Court (I) imposed an administrative fine of €75.3 million on the former MAN Turbo AG. Payment of the total amount of €150.6 million in December 2009 brought the Public Prosecution Office's investigation against companies of the MAN Group to a close.

The companies of the MAN Group affected by the investigations reached agreement with the tax authorities on payments of back-taxes amounting to approximately €20 million for amounts that were critical from a tax perspective. This does not affect investigations against individuals and the responsible persons of MAN Ferrostaal AG (now Ferrostaal AG), which is no longer a member of the MAN Group of companies.

As a result of the allegations of corruption, MAN terminated around 20 employees and is considering whether to assert claims for damages against individual persons.

The internal inquiries revealed that employees of the MAN Truck & Bus and the former MAN Turbo subgroups (see note (38)) had breached statutory and internal regulations by making suspicious payments to consultants and agents. In MAN Truck & Bus's German sales operations, the opportunity to pay "referral commissions" was abused. The number of suspicious payments fell sharply after 2006. The large majority of employees acted compliantly.

At its meeting on December 11, 2009, the Supervisory Board took note of and concurred with the final report by the law firms it had engaged and announced that the internal investigation had consequently been terminated following closure of the investigations by the investigating authorities. The Supervisory Board regarded this as confirmation of the particularly significant contribution it had made in fiscal 2009 towards the rapid and full clarification of the matter.

There were no significant developments for MAN in fiscal 2010. For information relating to Ferrostaal, please also refer to the section entitled "Acquisitions and divestments."

Other proceedings

The British antitrust authorities (Office of Fair Trading) have launched an investigation into possible price–fixing/antitrust violations at a number of companies active in the UK commercial vehicles market. MAN received a request for information in September 2010 in connection with this investigation. MAN is cooperating with the UK antitrust authorities.

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 reporting period, MAN does not believe that they could have a material adverse effect on its net assets, financial position, and results of operations.

See note (37) for information on the searches conducted by the European Commission due to a suspected possible antitrust violation in the commercial vehicles segment.

Disclosures in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets, are not made about specific litigation if the company comes to the conclusion that such disclosures could seriously undermine the outcome of the respective legal proceedings.

28 Contingent liabilities

€ million	12/31/2010	12/31/2009
Contingent liabilities under guarantees	218	483
Contingent liabilities under buyback guarantees	216	191

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 €189 million (previous year: €408 million). MAN's guarantees for Ferrostaal are largely covered by indemnities issued by IPIC, depending on the origination date of the guarantee.

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 €216 million (previous year: €191 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.

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 €108 million at the end of the reporting period (previous year: €81 million).

29 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	12/31/2010	12/31/2009
Investment leases		
Due within one year	29	22
Due between one and five years	44	38
Due after more than five years	4	6
	77	**66**
Rental and lease obligations		
Due within one year	108	136
Due between one and five years	243	240
Due after more than five years	308	283
	659	**659**

The rental and lease obligations contain the sale of leased vehicles held by MAN Finance to Hannover Mobilien Leasing GmbH. These obligations are partly offset by future income from subleases amounting to €20 million (previous year: €62 million).

Individual prior-year figures were adjusted in the above table.

30 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, 2010.

€ million	Carrying amount	Of which within the scope of IFRS 7	IAS 39 measurement category*	Fair value	Fair value hierarchy classification
Assets					
Financial investments	51	51	AfS	51	n/a
Noncurrent and current finance lease receivables	1,050	1,050	n/a	1,040	–
Other noncurrent and current assets	893	440			–
Other financial assets	450	440		440	–
Available for sale	9	9	AfS	9	n/a
At fair value through profit or loss	160	160	aFV	160	Level 2
Derivatives in hedging relationships	97	97	n/a	97	Level 2
Other assets	174	174	LaR	174	–
Assets not within the scope of IFRS 7	453	–	n/a	–	–
Trade receivables	2,265	2,265	LaR	2,264	–
Marketable securities	14	14	AfS	14	n/a
Cash and cash equivalents	1,057	1,057	n/a	1,057	–
Liabilities					
Noncurrent and current financial liabilities	2,849	2,849	OL	3,013	–
Other noncurrent and current liabilities	2,122	268			–
Other financial liabilities	268	268		268	–
At fair value through profit or loss	110	110	aFV	110	Level 2
Derivatives in hedging relationships	29	29	n/a	29	Level 2
Other liabilities	129	129	OL	129	–
Liabilities not within the scope of IFRS 7	1,854	–	n/a	–	–
Trade payables	1,981	1,981	OL	1,981	–

* 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, 2009.

€ million	Carrying amount	Of which within the scope of IFRS 7	IAS 39 measurement category*	Fair value	Fair value hierarchy classification
Assets					
Financial investments	93	93	AfS	93	n/a
Noncurrent and current finance lease receivables	1,096	1,096	n/a	1,073	–
Other noncurrent and current assets	868	455			–
Other financial assets	455	455		455	–
Available for sale	15	15	AfS	15	n/a
At fair value through profit or loss	149	149	aFV	149	Level 2
Derivatives in hedging relationships	135	135	n/a	135	Level 2
Other assets	156	156	LaR	156	–
Assets not within the scope of IFRS 7	413	–	n/a	–	–
Trade receivables	2,202	2,202	LaR	2,200	–
Marketable securities	134	134	AfS	134	n/a
Cash and cash equivalents	502	502	n/a	502	–
Liabilities					
Noncurrent and current financial liabilities	3,270	3,270	OL	3,419	–
Other noncurrent and current liabilities	2,079	286			–
Other financial liabilities	286	286		286	–
At fair value through profit or loss	138	138	aFV	138	Level 2
Derivatives in hedging relationships	13	13	n/a	13	Level 2
Other liabilities	135	135	OL	135	–
Liabilities not within the scope of IFRS 7	1,793	–	n/a	–	–
Trade payables	1,368	1,368	OL	1,368	–

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

IAS 39 measurement category
€ million

	12/31/2010		12/31/2009	
	Assets	**Liabilities**	Assets	Liabilities
AfS	74	–	242	–
aFV	160	110	149	138
LaR	2,439	–	2,358	–
OL	–	4,959	–	4,773

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 reflect 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 financial assets include equity instruments and term deposits of €74 million (previous year: €242 million) 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.

For derivative financial instruments without option components, particularly currency forwards and interest rate swaps, future cash flows are estimated using forward curves. 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 2010 and 2009, there were no reclassifications between level 1 and level 2 in fair value measurement, and there were no reclassifications to or from level 3 in relation to fair value measurement.

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

€ million	2010	2009
Loans and receivables	–101	–120
Available-for-sale financial assets	1	–4
Financial liabilities at cost	–2	14
Financial assets and liabilities at fair value through profit or loss	104	61

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 primarily to net gains and losses from the measurement of financial investments. In fiscal 2010, no unrealized gains and losses on available-for-sale financial assets were recognized in other comprehensive income, and no amounts were withdrawn from other comprehensive income and transferred to profit or loss.

Net gains and losses on financial liabilities at cost are principally composed of currency translation differences and income from the derecognition of liabilities.

Net currency expenses on the items mentioned above amounted to €26 million (previous year: €32 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	2010	2009
Interest income	252	296
Interest expenses	–325	–327

Interest income on impaired financial assets is insignificant because receipt of payment is expected in the short term in most cases. Interest income of €242 million (previous year: €286 million) and interest expenses of €280 million (previous year: €282 million) relate to items that are not measured at fair value through profit or loss.

31 Derivatives and hedging strategies

The MAN Group is exposed to currency and interest rate risks to a not inconsiderable extent. It has in place a Group-wide risk management system to identify, quantify, and mitigate these risks.

a) Risk management

MAN Group companies generally hedge their interest rate and currency risks through MAN SE’s Group Treasury on an arm’s length basis using derivative and nonderivative financial instruments. Financial instruments are accounted for at the trade date.

Group Treasury's risk positions are hedged externally with banks within defined risk limits. Hedging transactions are entered into on the basis of standard guidelines that adequately reflect the *Gesetz zur Kontrolle und Transparenz im Unternehmensbereich* (KonTraG—German Act on Control and Transparency in Business) and the risk management requirements applicable to banks. They are subject to rigorous oversight, which is ensured in particular by the strict separation of trading, settlement, and supervision functions.

The MAN Group's interest rate and currency positions are reported regularly to the Executive Board and the Supervisory Board. Compliance with the guidelines is reviewed by the Internal Audit function.

b) Currency risk

The international nature of the MAN Group's business activities entails a significant volume of cash flows in a variety of currencies. A currency risk arises for each MAN company if it enters into transactions with international contractual partners resulting in future cash flows that are not denominated in that MAN company's functional currency. To mitigate the effects of exchange rate movements, MAN SE continuously quantifies the currency risk and hedges all material risks, primarily through the use of currency forwards and currency options. In countries whose exchange controls do not permit direct hedging by MAN SE—especially Brazil—currency derivatives are entered into by MAN SE on behalf of and for the account of the Group company concerned.

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. We also enter into hedges for forecasted foreign currency revenue from the series production business within defined hedging limits, and for highly probable customer projects.

There were currency hedges in all major European currencies at the end of the reporting period, as well as in U.S. dollars, Canadian dollars, Japanese yen, and in further currencies in the Latin America, Asia, and Africa regions. Both cash flow hedges and fair value hedges are used for hedge accounting. Currencies that are highly correlated with the euro, such as the Danish krone, are only hedged in individual instances. Equity investments or equity-equivalent loans in foreign currencies are hedged in specific cases.

If the sensitivity analysis is conducted including firm commitments and forecast transactions (economic perspective) and if all foreign currencies were to appreciate or decline by 10% against the euro, the following opportunities (positive values) and risks (negative values) would arise. The forecast transactions aim to hedge revenue in foreign currency that the Company expects is highly likely to be recognized. Assumptions by management relating to the probability of revenue recognition are based on historical data among other things, and the scope of the hedges is typical for MAN's business.

€ million				
	12/31/2010		12/31/2009	
	+10%	–10%	+10%	–10%
Firm commitments	+2	–2	+2	–2
Forecast transactions	+4	–4	+1	–1

Although we endeavor to fully hedge all foreign currency positions, open foreign currency positions do arise at the end of the reporting period, for example in sterling.

If the transactions included in the sensitivity analysis in accordance with IFRS 7 are limited to derivative and nonderivative financial instruments, the currency positions no longer appear to be largely closed as described above. A hypothetical appreciation/decline of the relevant functional currencies by 10% against the other currencies would lead to the following effects on other comprehensive income and net income for the period.

€ million								
				12/31/2010				12/31/2009
		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/UK pound sterling	8	–8	52	–52	10	–10	56	–56
Euro/US dollar	18	–15	18	–18	20	–19	39	–39
Euro/Swiss franc	–15	15	2	–2	–8	8	–20	20
Euro/Danish krone	0	0	–10	10	0	0	–25	25
Euro/Japanese yen	0	0	–5	5	0	0	–8	8
Brazilian real/US dollar	5	–5	–2	2	19	–19	–2	2
Euro/Russian ruble	0	0	–3	3	0	0	–18	18
Swiss franc/US dollar	1	–1	0	0	3	–3	–20	20

In the course of the year, losses of €16 million (previous year: gains of €21 million) from cash flow hedges were reclassified from other comprehensive income to net income. In addition, a loss totaling €1 million (previous year: loss of €13 million) was transferred to other operating income and other operating expenses because the underlying did not reach the volume originally planned. In fiscal 2010, net unrealized losses (before taxes) from the measurement of derivatives amounting to €40 million (previous year: gains of €49 million) were recognized in other comprehensive income.

If the results of the retrospective effectiveness test applied to cash flow hedge accounting indicate that effectiveness is not 100% but still within the effectiveness range of 80 to 125%, the resulting hedge ineffectiveness is recognized in other operating expenses and other operating income. For fiscal 2010, this related to total hedge ineffectiveness of €–1,506 thousand (previous year: €355 thousand).

The maximum remaining term of cash flow hedges of forecast transactions was 47 months at the end of fiscal 2010. 34% of the hedged forecast transactions are expected to occur and thus affect net income in the first quarter of 2011. A further 48% of the forecast transactions are expected to be implemented by the end of 2011.

Early termination of cash flow hedges resulted in gains of €3 million (previous year: gains of €8 million) in fiscal 2010, as the hedged transactions are no longer expected to occur (e.g., because of order cancellations by customers).

Losses on hedging instruments used in fair value hedges amounted to €44 million (previous year: losses of €56 million). Gains on the related underlyings amounted to €40 million (previous year: gains of €57 million).

c) Interest rate risk

The MAN Group holds assets and liabilities that are sensitive to interest rate movements because of its cash generation and investment activities. Interest rate-sensitive assets result primarily from customer financing, especially leases, which 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-rate euro bond issues and other fixed and variable-rate financial liabilities.

Interest rate-sensitive financial instruments are exposed to interest rate risk in the form of a fair value risk or a 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. By contrast, 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 interest rate risk from operating business. MAN enters into hedges to mitigate risk resulting from nonderivative financial instruments, including in certain cases for highly probable forecast customer transactions. Interest rate risk is analyzed and managed centrally in the MAN Group using sensitivity analyses. These sensitivity analyses are based on the following assumptions:

In the case of nonderivative financial instruments bearing variable rates of interest and interest rate derivatives that do not form part of a hedging relationship in accordance with IAS 39, changes in market rates of interest affect future interest payments and are therefore included in the calculation of cash flow and fair value risk.

Fixed-rate nonderivative financial instruments measured at amortized cost and fixed-rate financial instruments and hedging instruments included in a fair value hedge are not exposed to any interest rate risk, because interest rate-related changes in the value of the hedged item and the hedging instrument offset each other almost entirely in profit or loss in the same period.

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):

€ million	12/31/2010		12/31/2009	
	+100 bp	–100 bp	+100 bp	–100 bp
Variable-rate nonderivative financial instruments (cash flow risk)	–3	+3	–15	+15
Derivatives (fair value risk)	+26	–26	+14	–14

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

We use derivatives such as interest rate swaps, forward swaps, and, if appropriate, caps and floors etc. to limit the interest rate risk resulting from nonderivative financial instruments; the volumes and maturities are based on the redemption structure of the defined customer portfolios or of the financial liability, and on the target hedging level.

If the derivatives employed are designed not to hedge the risk of individual financial instruments, but of a portfolio, this hedging strategy does not meet the criteria for hedge accounting in accordance with IAS 39. However, the interest rate risk is still economically hedged.

d) Commodity price risk

MAN is exposed to the risk of changes in the price and availability of commodities, i.e., procurement risk, in procuring both production materials and energy (electricity, gas, oil, etc.).

In addition to fixed-price agreements with suppliers or price escalation clauses on customer contracts, the ability to hedge price risks using suitable financial instruments is becoming ever more important. One advantage of this price hedging in the financial markets is that the timing, scope, and volume of the hedges are at MAN's discretion rather than dependent on supplier contracts. MAN did not enter into any commodities derivatives in 2010. However, it plans to use these instruments in fiscal 2011.

e) Credit risk

From the MAN Group's perspective, credit risk defines 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 that the creditworthiness of a counterparty will deteriorate, as well as any clustering of individual risks.

The MAN Group is exposed to credit risk because of its business operations and its financing and leasing activities. The maximum credit risk is reflected by the carrying amount of the financial assets recognized in the balance sheet (see note (30)). 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, focusing on a conservative investment strategy.

To reduce the default risk of derivatives, we only enter into derivatives transactions with prominent, prime-rated banks (investment grade institutions).

In the operating business, country and counterparty risks are continuously assessed locally; risks are classified and profiled on this basis. Outstanding balances are continuously monitored locally. Valuation allowances are recognized to reflect default risks. Credit risk is mitigated by various forms of protection, which may also be country-specific if appropriate. Examples 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 and by recognizing bad debt allowances 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 2010, the contract terms of receivables amounting to €1 million were renegotiated (e.g., by prolonging payment periods). The remaining receivables are combined into groups of similar contracts and then tested for impairment, reflecting country-specific risks and any collateral received.

Credit risk from financing and lease activities is monitored on the basis of the portfolio at risk. Customer creditworthiness is continuously monitored by assigning customers to risk classes, based on information from the local MAN Finance companies as well as from standard external sources. 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, 2010, the payment terms of a total of 2,357 contracts with an outstanding volume of receivables of €107 million were renegotiated. Contract terms are renegotiated only if the customer's liquidity problems are deemed to be no more than temporary and MAN Finance's long-term risk assessment indicates an improvement. Additionally, 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 repayments received and other collateral. In addition, collective risk provisions are recognized 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 following table presents information on financial assets that are past due but not individually impaired:

€ million			12/31/2010			12/31/2009
	Trade receivables	Finance lease receivables	Other financial assets	Trade receivables and receivables from investees	Finance lease receivables	Other financial assets
30 days or less	212	5	0	250	6	0
31–90 days	116	4	–	160	8	0
91–180 days	69	2	–	101	9	–
181 days–1 year	50	3	–	47	3	–
More than 1 year	34	7	–	30	1	0
Total financial assets past due but not individually impaired	481	21	0	588	27	0
Financial assets neither individually impaired nor past due	1,784	1,029	440	1,614	1,069	455
Carrying amounts	2,265	1,050	440	2,202	1,096	455

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.

f) Liquidity risk

Liquidity risk describes the risk that difficulty will be encountered in meeting obligations associated with financial liabilities.

To counter this risk, the MAN Group has an effective financial management system that continuously monitors and manages cash inflows and outflows and due dates. Cash funds are primarily generated by our operating business and by external financing arrangements. Financial management for the operating units is implemented centrally using a cash pooling process. Daily pooling of cash funds manages liquidity surpluses and requirements both at individual Group companies and in the MAN Group to ensure that all of their needs are met. 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. Further 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 (23). Cash outflows result mainly from financing working capital, investments, and cover for financing requirements in the leasing and sales financing business. Management is informed regularly about cash inflows and outflows, as well as sources of finance.

In accordance with the requirements of IFRS 7, the information presented in the following table is restricted to undiscounted cash outflows attributable to contractual interest and principal payments for nonderivative financial liabilities and to derivatives with a negative fair value. In the case of derivatives that are settled gross, the analysis includes not only the cash outflow, but also the cash inflow from the settlement of the derivative to prevent distortions in the presentation. 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 generally assumed that the cash outflows will not occur earlier than shown below.

€ million						
			12/31/2010			12/31/2009
	Due within one year	**Due between one and five years**	**Due after more than five years**	Due within one year	Due between one and five years	Due after more than five years
Cash outflows from nonderivative financial liabilities	3,096	1,707	541	2,757	2,009	579
of which: financial liabilities	997	1,700	537	1,266	2,002	574
of which: trade payables	1,978	3	0	1,365	3	0
of which: other financial liabilities	121	4	4	126	4	5
Cash outflows from derivative financial instruments with a negative fair value	90	41	12	93	57	8
of which: settled gross	61	23	4	54	33	–
of which: settled net	29	18	8	39	24	8
Potential cash outflows from contingent liabilities[1]	434	–	–	674	–	–
of which: for contingent liabilities under guarantees	218	–	–	483	–	–
of which: for contingent liabilities under buyback guarantees	216	–	–	191	–	–

1 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.

The Group has a committed syndicated credit line with banks in the amount of €1.5 billion (previous year: €2.0 billion) that had not been drawn down as of the reporting date. In addition, MAN has bilateral credit lines with financial institutions in the amount of €1.2 billion (previous year: €1.4 billion), of which €430 million (previous year: €578 million) has been utilized.

g) Classification of hedging instruments by type of hedge

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

€ million	12/31/2010		12/31/2009	
	with a positive fair value	with a negative fair value	with a positive fair value	with a negative fair value
Fair value hedges	46	2	81	1
Cash flow hedges	51	27	54	12
	97	**29**	**135**	**13**

32 Share-based payment

Share-based payment for members of MAN SE's Executive Board and the directors and other beneficiaries of MAN companies is based on the MAN Stock Program (MSP) established in 2005. Under the MSP, the beneficiaries receive 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 is 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.

In addition, starting in fiscal 2010 the members of MAN SE's Executive Board are 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 is four years. In fiscal 2009, all beneficiaries were additionally required to use 16.67% of their annual variable remuneration (bonus) to purchase MAN SE common shares (share bonus) under the terms of the MSP; the vesting period for shares purchased in this way was two years.

In fiscal 2010, the beneficiaries received a total of 18,541 (previous year: 39,947) MAN common shares under the MSP 2010 at an average price of €69.53 (previous year: €43.26). Payments for these shares amounted to €1,289 thousand (previous year: €1,728 thousand). The part of the variable remuneration required to be used to purchase MAN common shares amounted to €833 thousand (previous year: €437 thousand). Based on the closing price of €88.99 at December 31, 2010 (previous year: €54.44), this corresponds to 9,354 (previous year: 8,031) MAN common shares. The total expense from the MSP 2010 and the variable remuneration to be used for share purchases under the MSP was €4,242 thousand (previous year: €4,343 thousand). Corresponding provisions were recognized for the share purchases to be made in 2011.

In fiscal 2010, the members of the Executive Board received a total of 7,987 (previous year: 15,883) MAN common shares under the MSP 2010 at an average price of €69.53 (previous year: €42.96). Payments for these shares amounted to €555 thousand (previous year: €682 thousand). The part of the variable remuneration required to be used to purchase MAN common shares for fiscal 2010 amounted to €833 thousand. Based on the closing price of €88.99 at December 31, 2010, this corresponds to 9,354 MAN common shares. The members of the Executive Board did not receive any variable share bonus for fiscal 2009 (see note (34) for further information). The total expense from the MSP 2010 and the variable remuneration to be used for share purchases under the MSP was €2,775 thousand (previous year: €1,365 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. On a discretionary basis, the Executive Board of MAN SE contingently grants managers shares of MAN SE, 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 anew whether to implement MSP M and thus contingently grant shares of MAN SE. Implementation of 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. In fiscal 2010, the expense from MSP M was €0.8 million.

33 Related party disclosures

In accordance with the notification pursuant to section 21 (1) sentence 1 of the WpHG received in February 2007, Volkswagen AG holds a 29.9% interest in MAN SE. Goods and services amounting to €26 million (previous year: €21 million) were purchased from Volkswagen AG in fiscal 2010. These resulted in liabilities to Volkswagen AG of €5 million (previous year: €4 million) as of December 31, 2010.

In addition, the Company purchased a call option on Scania shares from Volkswagen AG in 2008; see notes (16) and (37). For information on the purchase of VW Truck & Bus from Volkswagen AG in fiscal 2009, see note (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	12/31/2010	12/31/2009
Revenue	536	512
Other income	4	33
Purchased services	161	106
Receivables	171	109
Liabilities	35	41

€43 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. Please see notes (6) and (16) for further information.

€43 million of the Company's revenue relates to deliveries of goods and services from transactions with Ferrostaal. Please see note (6) for further information.

For information on the transactions with related parties required to be disclosed under IAS 24, please refer to notes (34) and (35) below.

34 Remuneration of the Executive Board

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

€ thousand	2010	2009
Executive Board members in office as of December 31, 2010[1]		
Fixed remuneration	2,355	863
Variable cash bonus	5,482	0
Variable stock bonus and MSP[3]	2,712	405
Pension expense	656	339
Former Executive Board members[2]		
Fixed remuneration	–	2,042
Variable cash bonus	–	0
Variable stock bonus and MSP[3]	–	960
Pension expense	–	1,098
Total	**11,205**	**5,707**

1 Dr.-Ing. Georg Pachta-Reyhofen (Chief Executive Officer),
Frank H. Lutz since December 11, 2009,
Jörg Schwitalla since May 19, 2009,
Klaus Stahlmann since January 1, 2010

2 Dipl.-Ing. Håkan Samuelsson (former Executive Board Chairman) until November 23, 2009,
Prof. Dr. h.c. Karlheinz Hornung until December 11, 2009,
Dr. jur. Matthias Mitscherlich until March 25, 2009,
Dipl.-Ökonom Anton Weinmann until November 30, 2009

3 2009: MSP only (see note (32) for further information)

The variable cash bonus in fiscal 2010 includes a special payment for Dr.-Ing. Georg Pachta-Reyhofen in the amount of €400 thousand and for Jörg Schwitalla in the amount of €150 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). €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. An additional €7,142 thousand was paid to these three former Executive Board members in fiscal 2010. Appropriate provisions were recognized for the committed termination benefits in excess of these amounts.

The present value of pension obligations as of December 31, 2010, to members of the Executive Board in office as of the end of the year amounted to €3,222 thousand (previous year: €2,008 thousand). The total expense from the addition to the provision amounted to €656 thousand in 2010 (previous year: €1,997 thousand), of which €536 thousand (previous year: €1,437 thousand) related to current service and €120 thousand (previous year: €560 thousand) to interest. The expense from the addition to the provision for fiscal 2009 includes both the current service and the interest cost for the Executive Board members who left in 2009 on a pro rata basis until the date they left the Executive Board. The pension expense includes the service cost resulting from pension provisions.

Pension payments to former Executive Board members, including amounts paid in the first year after termination of contract and retirement, and to their surviving dependents amounted to €3,181 thousand as of December 31, 2010 (previous year: €3,367 thousand). A total of €47,130 thousand (previous year: €47,792 thousand) was recognized as of December 31, 2010 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 pages 189 et seq., and more detailed information on the remuneration structure and its components is disclosed on pages 21 et seq. of this Annual Report.

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

Executive Board remuneration 2010 (2009)
€ thousand

	Fixed remuneration	Variable cash bonus	Variable stock bonus and MSP[1]	Pension expense	Total	No. of shares vested in fiscal year
Executive Board members in office as of December 31, 2010						
Dr.-Ing. Georg Pachta-Reyhofen (Chief Executive Officer)	734 (548)	1,955 (0)	855 (257)	321 (241)	3,856 (1,046)	2,518 (2,995)
Frank H. Lutz (since December 11, 2009)	529 (–)	1,111 (0)	611 (–)	88 (67)	2,339 (67)	1,799 (–)
Jörg Schwitalla (since May 19, 2009)	551 (315)	1,305 (0)	635 (148)	146 (31)	2,637 (494)	1,871 (1,721[2])
Klaus Stahlmann (since January 1, 2010)	541 (–)	1,111 (–)	611 (–)	110 (–)	2,373 (–)	1,799 (–)
Former Executive Board members						
Dipl.-Ing. Håkan Samuelsson (former Executive Board Chairman) (until November, 23, 2009)	– (795)	– (0)	– (425)	– (402)	– (1,622)	– (4,944)
Prof. Dr. h.c. Karlheinz Hornung (until December 11, 2009)	– (533)	– (0)	– (257)	– (239)	– (1,029)	– (2,995)
Dr. jur. Matthias Mitscherlich (until March 25, 2009)	– (137)	– (0)	– (0)	– (229)	– (366)	– (0)
Dipl.-Ökonom Anton Weinmann (until November 30, 2009)	– (577)	– (0)	– (278)	– (228)	– (1,083)	– (3,228)
Total	**2,355** **(2,905)**	**5,482** **(0)**	**2,712** **(1,365)**	**656** **(1,437)**	**11,205** **(5,707)**	**7,987** **(15,883)**

1 2009: MSP only (see note (32) for further information)

2 Pro rata corresponding to membership of the Executive Board

The cost of the shares purchased in the fiscal year is contained in the amounts shown for the variable stock bonus and MSP.

35 Remuneration of the Supervisory Board

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

€ thousand	2010	2009
Fixed remuneration	630	675
Variable remuneration	1,260	0
Remuneration for committee membership	245	266
Attendance fees	48	–
Total	**2,183**	**941**

The members of the Supervisory Board are listed on pages 189 et seq. The list includes their memberships of other statutory supervisory boards and comparable supervisory bodies; additional information on the remuneration structure and its components is disclosed on pages 23 et seq. 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

Name	Period of membership	Fixed remuneration	Variable remuneration	Remuneration for committee membership	Attendance fees	Total 2010	Total 2009
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, Chairman	Full-year	70	140	35	0	245	118
Thomas Otto, Deputy Chairman	Full-year	53	105	35	6	199	90
Prof. Dr.-Ing. Dr.-Ing. E.h. Dr. h.c. Ekkehard D. Schulz, Deputy Chairman	Full-year	53	105	30	4	192	77
Michael Behrendt	Full-year	35	70	35	4	144	77
Marek Berdychowski	Full-year	35	70	0	2	107	22
Ulf Berkenhagen	Apr. 1, 2010 to Dec. 31, 2010	26	52	0	2	80	0
Detlef Dirks	Full-year	35	70	0	2	107	35
Jürgen Dorn	Full-year	35	70	35	6	146	72
Dr. jur. Heiner Hasford	Full-year	35	70	0	2	107	35
Jürgen Kerner	Full-year	35	70	0	2	107	35
Prof. Dr. rer. pol. Renate Köcher	Full-year	35	70	0	2	107	35
Gerhard Kreutzer	Full-year	35	70	35	6	146	57
Nicola Lopopolo	Full-year	35	70	0	2	107	35
Dipl.-Kfm. Stefan W. Ropers	until Apr. 1, 2010	8	18	5	0	31	53
Dr.-Ing. E.h. Rudolf Rupprecht	Full-year	35	70	0	2	107	35
Erich Schwarz	Full-year	35	70	0	2	107	22
Rupert Stadler	Full-year	35	70	35	4	144	70
Members who left the Supervisory Board in 2009							73
Total 2010		**630**	**1,260**	**245**	**48**	**2,183**	–
Total 2009		675	0	266	–	–	941

For their membership of supervisory boards of other companies in the MAN Group, Mr. Dorn received €10 thousand (previous year: €10 thousand), Mr. Kerner received €8 thousand (previous year: €5 thousand), Mr. Kreutzer received €8 thousand (previous year: €0 thousand), Mr. Loos received €0 thousand (previous year: €3 thousand), Mr. Otto received €21 thousand (previous year: €21 thousand), and Mr. Stadler received €21 thousand (previous year: €0 thousand).

Expenses reimbursed for attending Supervisory Board and committee meetings amounted to €35 thousand in fiscal 2010 (previous year: €111 thousand).

36 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 2010. The joint declaration of conformity by the Executive Board and the Supervisory Board has been published on the MAN Group'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.biz.

37 Events after the reporting period

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. 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. This financial investment was initially recognized at fair value on January 5, 2011 and amounted to €1,815 million. The reclassification resulted in a gain of approximately €455 million in the first quarter of 2011.

From January 18 to 20, 2011, the European Commission conducted a search at MAN due to a suspected possible antitrust violation in the commercial vehicles business. MAN has assured the European Commission comprehensive cooperation in order to thoroughly clarify the allegations. MAN does not tolerate compliance violations. Neither corruption nor breaches of competition law are tolerated, encouraged, or accepted by MAN.

38 Segment reporting

In fiscal 2010, the former MAN Diesel and MAN Turbo divisions were merged to form the MAN Diesel & Turbo division. The Renk industrial subsidiary is also managed as a separate division from the first quarter of 2010. The activities of the MAN Group are therefore classified into the following reportable segments effective Q1/2010: MAN Truck & Bus, MAN Latin America, MAN Diesel & Turbo, and the Renk industrial subsidiary. The prior-year figures were adjusted to reflect the new reporting format. 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 equity-method investments Scania, Sinotruk, and Roland are allocated to the Corporate Center.

Description of the reportable segments:
MAN Truck & Bus is expanding from its core Western European market into the growth markets of Eastern Europe and Asia.
As the market leader in Brazil, **MAN Latin America** has an extensive sales and service network in the emerging Latin American markets.
MAN Diesel & Turbo is a global leader in large marine diesel engines and stationary engines, as well as having a substantial product range for turbomachinery.
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, the effects of 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 and marketable securities, 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, investment property, and investees (excluding assets leased out) allocated to the individual divisions. Please see "Financial control system and value management" 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 net income, and from net liquidity/net financial debt to free cash flow.

Segment information

€ million						
	Commercial Vehicles					
	MAN Truck & Bus incl. MAN Finance		MAN Latin America		Commercial Vehicles[2]	
	2010	2009	2010	2009	2010	2009
Segment order intake[1]	**8,023**	**5,224**	**3,140**	**1,412**	**11,163**	**6,636**
of which: Germany	2,864	2,043	–	–	2,864	2,043
of which: Other countries	5,159	3,181	3,140	1,412	8,299	4,593
Intersegment order intake	–61	–5	–6	–	–67	–5
Group order intake	7,962	5,219	3,134	1,412	11,096	6,631
Segment revenue	**7,446**	**6,395**	**3,140**	**1,412**	**10,586**	**7,807**
of which: Germany	2,566	2,175	–	–	2,566	2,175
of which: Other countries	4,880	4,220	3,140	1,412	8,020	5,632
Intersegment revenue	–53	–11	–6	–	–59	–11
Group revenue	7,393	6,384	3,134	1,412	10,527	7,796
Order backlog at December 31, 2010, and December 31, 2009	**2,742**	**2,603**	**–**	**–**	**2,742**	**2,603**
Total assets at December 31, 2010, and December 31, 2009	**8,188**	**7,967**	**3,201**	**2,556**	**11,389**	**10,523**
of which: inventories	1,395	1,600	316	133	1,711	1,733
of which: trade and finance lease receivables	2,371	2,273	238	199	2,609	2,472
of which: cash and cash equivalents, marketable securities	89	87	492	399	581	486
Segment liabilities at December 31, 2010, and December 31, 2009	**5,706**	**5,676**	**1,456**	**1,104**	**7,162**	**6,780**
of which: trade payables	964	588	393	203	1,357	791
Operating profit/loss	**158**	**–91**	**370**	**142**	**528**	**51**
Earnings effects from purchase price allocations	–	–	–99	–62	–99	–62
Losses from nonrecurring items	–	–111	–	–	–	–111
Earnings before interest and taxes (EBIT)	**158**	**–202**	**271**	**80**	**429**	**–122**
Net interest income/expense	–32	–56	–17	8	–49	–48
Earnings before tax (EBT) of continuing operations	**126**	**–258**	**254**	**88**	**380**	**–170**
Earnings before interest, taxes, depreciation, and amortization (EBITDA) of continuing operations	**375**	**23**	**409**	**168**	**784**	**191**
of which: depreciation and amortization	–216	–225	–138	–88	–354	–313
of which: impairment losses	–1	0	–	–	–1	0
of which: reversals of impairment losses on equity-method investments	–	–	–	–	–	–
Net liquidity/net financial debt	**–1,618**	**–2,001**	**254**	**181**	**–1,364**	**–1,820**
Reconciliation to free cash flow	–2,041	–2,675	125	63	–1,916	–2,612
Free cash flow	**423**	**674**	**129**	**118**	**552**	**792**
of which: net cash flows from operating activities	622	849	201	140	823	989
of which: net cash flows from investing activities	–199	–175	–72	–22	–271	–197
Capital expenditures	**207**	**205**	**76**	**24**	**283**	**229**
Additional information by segment:						
Headcount including subcontracted employees at December 31, 2010 and December 31, 2009 (no.)	**31,284**	**31,519**	**1,736**	**1,510**	**33,020**	**33,029**
of which: Germany	18,616	18,309	–	–	18,616	18,309
of which: Other countries	12,668	13,210	1,736	1,510	14,404	14,720
Headcount at December 31, 2010, and December 31, 2009 (no.)	**30,460**	**30,782**	**1,736**	**1,510**	**32,196**	**32,292**
Key performance indicators						
ROS (%)	2.1	–1.4	11.8	10.1	5.0	0.7

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			
2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
3,475	**2,936**	**525**	**294**	**4,000**	**3,230**	**42**	**122**	**–133**	**–128**	**–91**	**–6**	**15,072**	**9,860**
393	247	262	97	655	344	42	122	–72	–121	–30	1	3,489	2,388
3,082	2,689	263	197	3,345	2,886	–	–	–61	–7	–61	–7	11,583	7,472
–10	–4	–20	–11	–30	–15	–36	–108	133	128	97	20	–	–
3,465	2,932	505	283	3,970	3,215	6	14	–	–	6	14	15,072	9,860
3,766	**3,796**	**403**	**474**	**4,169**	**4,270**	**42**	**122**	**–122**	**–173**	**–80**	**–51**	**14,675**	**12,026**
397	432	120	173	517	605	42	122	–67	–151	–25	–29	3,058	2,751
3,369	3,364	283	301	3,652	3,665	–	–	–55	–22	–55	–22	11,617	9,275
–10	–20	–17	–32	–27	–52	–36	–108	122	171	86	63	–	–
3,756	3,776	386	442	4,142	4,218	6	14	–	–2	6	12	14,675	12,026
3,793	**4,422**	**522**	**415**	**4,315**	**4,837**	**–**	**–**	**–32**	**–18**	**–32**	**–18**	**7,025**	**7,422**
3,428	**3,008**	**419**	**393**	**3,847**	**3,401**	**5,225**	**4,696**	**–3,030**	**–2,725**	**2,195**	**1,971**	**17,431**	**15,895**
1,038	1,187	110	121	1,148	1,308	–	0	–7	–4	–7	–4	2,852	3,037
678	744	73	93	751	837	4	6	–49	–17	–45	–11	3,315	3,298
867	350	100	53	967	403	2,293	2,238	–2,770	–2,491	–477	–253	1,071	636
2,241	**2,001**	**202**	**201**	**2,443**	**2,202**	**4,806**	**4,429**	**–2,970**	**–2,645**	**1,836**	**1,784**	**11,441**	**10,766**
611	534	35	38	646	572	19	14	–41	–9	–22	5	1,981	1,368
439	**500**	**52**	**66**	**491**	**566**	**32**	**–112**	**–16**	**–1**	**16**	**–113**	**1,035**	**504**
–	–	–	–	–	–	–10	–	–	–	–10	–	–109	–62
–	–100	–	–	–	–100	357	–445	–	–	357	–445	357	–656
439	**400**	**52**	**66**	**491**	**466**	**379**	**–557**	**–16**	**–1**	**363**	**–558**	**1,283**	**–214**
0	0	0	–1	0	–1	–109	–68	0	–	–109	–68	–158	–117
439	**400**	**52**	**65**	**491**	**465**	**270**	**–625**	**–16**	**–1**	**254**	**–626**	**1,125**	**–331**
522	**474**	**65**	**77**	**587**	**551**	**38**	**–151**	**–16**	**–1**	**22**	**–152**	**1,393**	**590**
–76	–67	–13	–11	–89	–78	–13	–23	–	–	–13	–23	–456	–414
–7	–7	–	–	–7	–7	–3	–383	–	–	–3	–383	–11	–390
–	–	–	–	–	–	357	–	–	–	357	–	357	–
845	**334**	**99**	**53**	**944**	**387**	**–1,358**	**–1,201**	**–**	**0**	**–1,358**	**–1,201**	**–1,778**	**–2,634**
141	238	40	11	181	249	–1,237	1,155	141	–304	–1,096	851	–2,831	–1,512
704	**96**	**59**	**42**	**763**	**138**	**–121**	**–2,356**	**–141**	**304**	**–262**	**–2,052**	**1,053**	**–1,122**
779	229	81	62	860	291	–118	–272	–138	454	–256	182	1,427	1,462
–75	–133	–22	–20	–97	–153	–3	–2,084	–3	–150	–6	–2,234	–374	–2,584
85	**141**	**23**	**20**	**108**	**161**	**5**	**1,916**	**0**	**–3**	**5**	**1,913**	**396**	**2,303**
12,455	**12,511**	**1,882**	**1,903**	**14,337**	**14,414**	**312**	**300**	**–**	**–**	**312**	**300**	**47,669**	**47,743**
6,709	6,415	1,720	1,747	8,429	8,162	309	297	–	–	309	297	27,354	26,768
5,746	6,096	162	156	5,908	6,252	3	3	–	–	3	3	20,315	20,975
11,373	**11,641**	**1,814**	**1,868**	**13,187**	**13,509**	**310**	**299**	**–**	**–**	**310**	**299**	**45,693**	**46,100**
11.7	13.2	12.9	13.9	11.8	13.3	–	–	–	–	–	–	7.1	4.2

Segment information by region

€ million	Germany	Rest of Europe	Rest of World[1]	Total
2010				
Non-current assets (excl. financial instruments and deferred taxes) at December 31	3,060	1,698	1,858	6,616
Capital expenditures	264	58	74	396
Revenue	3,058	4,869	6,748	14,675
Headcount at December 31 (no.)	26,046	15,407	4,240	45,693
Headcount including subcontracted employees at December 31	27,354	15,757	4,558	47,669
2009				
Non-current assets (excl. financial instruments and deferred taxes) at December 31	2,709	1,683	1,669	6,061
Capital expenditures	280	87	1,936	2,303
Revenue	2,751	4,666	4,609	12,026
Headcount at December 31 (no.)	25,962	16,433	3,705	46,100
Headcount including subcontracted employees at December 31	26,768	16,891	4,084	47,743

[1] Detailed segment information relating to MAN Latin America is contained in the “Segment information” table.

List of shareholdings as of December 31, 2010

	Equity interest
1. Consolidated companies with an exemption under section 264 (3) of the HGB and section 264b of the HGB	
MAN Truck & Bus AG, Munich, Germany	100.00%
MAN Vermietungs GmbH, Munich, Germany	100.00%
MAN Leasing GmbH & Co. Epsilon KG, 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 Logistik GmbH, Salzgitter, Germany	100.00%
NEOPLAN Bus GmbH, Plauen, Germany	100.00%
GETAS Verwaltung GmbH & Co. Objekt Augsburg KG, Pullach i. Isartal, 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%
MAN HR Services GmbH, Munich, Germany	100.00%
MAN Versicherungsvermittlung GmbH, Munich, Germany	100.00%
MAN Roland Beteiligungs GmbH, Munich, Germany	100.00%
MAN IT Services 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%
MAN Ferrostaal Beteiligungs GmbH, Munich, Germany	100.00%
MAN GHH Immobilien GmbH, Oberhausen, Germany	100.00%
MAN Financial Services GmbH, Munich, Germany	100.00%
MAN Finance International GmbH, Munich, Germany	100.00%
MAN Asset Finance GmbH, Munich, Germany	100.00%
2. Other consolidated companies	
MAN Trucks Sp. z o.o., Niepolomice, Poland	100.00%
MAN Accounting Center Sp. z o.o., Poznan, Poland	100.00%
MAN Nutzfahrzeuge Vertrieb Süd AG, Vienna, Austria	100.00%
MAN Bus Sp. z o.o., Tarnowo Podgórne, Poland	100.00%
MAN Truck & Bus Polska Sp. z o.o., Nadarzyn, Poland	100.00%
ERF Limited, Middlewich, UK	100.00%
MAN Iberia S.A.U., Coslada (Madrid), Spain	100.00%
EURO-Leasing GmbH, Sittensen, Germany	50.13%
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	90.00%
Oy Klappstein AB, Helsinki, Finland	100.00%
Klappstein Nutzfahrzeuge Verwaltungs GmbH, Sittensen, Germany	100.00%
Truck Rental Solutions GmbH, Sittensen, Germany	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.sr.o., Dolná Poruba, Slovakia	100.00%
Truck Rental Solutions Polska Sp. z o.o., Kolbaskowo, Poland	100.00%
Truck Rental Solutions Austria GmbH, Vienna, Austria	100.00%
MAN Last og Bus A/S, Glostrup, Denmark	100.00%
TOV MAN Truck & Bus Ukraine, Kiev, Ukraine	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%
MAN 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 Engines & Components Inc., Pompano Beach, U.S.A.	100.00%
MAN Nutzfahrzeuge (Schweiz) AG, Otelfingen, Switzerland	100.00%
MAN Nutzfahrzeuge Österreich AG, Steyr, Austria	100.00%
MAN Vehiculos Industriales (España) S.A.U., Coslada (Madrid), Spain	100.00%
MAN Truck & Bus UK Limited, Swindon (Wiltshire), UK	100.00%

	Equity interest
SA Trucks Ltd., Bristol, UK	100.00%
MAN Last og Buss A/S, Lorenskog, Norway	100.00%
MAN Nutzfahrzeuge Österreich Holding, Steyr, Austria	99.99%
MAN užitková vozidla Česká republika spol. s r.o., Cestlice, Czech Republic	100.00%
MAN Gospodarska vozila 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 Veiculos Industriais (Portugal) S.U. Lda., Algés (Lisbon), Portugal	100.00%
IPECAS-Gestao de Imoveis S.A., Algés (Lisbon), Portugal	100.00%
MANPorto – Comércio de Veículos, S.A., Porto, Portugal	76.00%
MAN úžitkové vozidlá Slovakia, s.r.o., Bratislava, Slovakia	100.00%
MAN Avtomobili Rossiya, Moscow, Russian Federation	100.00%
MAN Turbo (UK) Limited, London, UK	100.00%
MAN Diesel & Turbo Schweiz AG, Zurich, Switzerland	100.00%
MAN Diesel & Turbo South Africa (Pty) Ltd., Elandsfontein, South Africa	100.00%
MAN Turbo (Changzhou) 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 India Ltd., Aurangabad, India	73.44%
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 France SAS, St. Nazaire (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 Benelux B.V., Schiedam, Netherlands	100.00%
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%
Société de Mécanique de Précision de l'Aubois, Jouet, France	100.00%
MAN Diesel Shanghai Co. Ltd., Shanghai, China	100.00%
MAN Turbo India Pvt. Ltd., Baroda (Vadodara), India	100.00%
MAN Turbo Trading (Shanghai) Co., Ltd., Shanghai, China	100.00%
Renk Aktiengesellschaft, Augsburg, Germany	76.00%
RENK Corporation, Duncan, U.S.A.	100.00%
RENK-MAAG GmbH, Winterthur, Switzerland	100.00%
RENK Test System GmbH, Augsburg, Germany	100.00%
RENK LABECO Test Systems Corporation, Mooresville, U.S.A.	100.00%
Société d'Equipements Systèmes et Mécanismes, Saint-Ouen-l'Aumône, France	100.00%
MAN Finance and Holding S.à r.l., Luxembourg, Luxembourg	100.00%
MAN Capital Corporation, New Jersey, U.S.A.	100.00%
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, 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 Financial Services plc, Swindon (Wiltshire), UK	100.00%
MAN Truck&Bus Mexico S.A. de C.V., El Marques, Mexico	100.00%
MAN Latin America Indústria e Comércio de Veículos Ltda., São Paulo, Brazil	100.00%

	Equity interest
3. Unconsolidated companies (section 296 (2) of the HGB)	
MAN Personal Services GmbH, Dachau, Germany	100.00%
MAN Verwaltungs-Gesellschaft mbH, Munich, Germany	100.00%
MAN Service und Support GmbH, Munich, Germany	100.00%
MAN Truck & Bus Asia Pacific Co., Ltd., Bangkok, Thailand	99.99%
MAN Truck and Bus pvt. Ltd., Mumbai, India	99.00%
MAN Truck & Bus Sdn. Bhd., Rawang, Malaysia	70.00%
MAN Truck & Bus (Korea) Limited, Seoul, South Korea	100.00%
MAN ERF Ireland Properties Limited, Dublin, Ireland	100.00%
ERF (Holdings) plc, Swindon, UK	100.00%
MAN Truck & Bus (China), Beijing, China	100.00%
MAN Truck & Bus Kasakhstan LLP, Almaty, Kazakhstan	100.00%
MAN Properties (Pinetown) (Pty.) Ltd., Pinetown, South Africa	100.00%
MAN Properties (Midrand) (Pty.) Ltd., Midrand, South Africa	100.00%
MAN Properties (Pty.) Ltd., Johannesburg, South Africa	100.00%
LKW Komponenten s.r.o., Bánovce nad Bebravou, Slovakia	100.00%
MAN IT Services Österreich GesmbH, Steyr, Austria	100.00%
MAN Lastbilar och Bussar AB, Kungens Kurva, Sweden	100.00%
MAN Middle East FZCO - MN-Subdivision, Dubai, United Arab Emirates	50.00%
Railway Mine & Plantation Equipment Ltd., London, UK	100.00%
MAN International Limited, London, UK	100.00%
MAN Turbo (UK) Ltd., London, UK	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	100.00%
MAN Diesel Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100.00%
Fifty Two Ltd., Stockport, UK	100.00%
Ruston & Hornsby Ltd., Stockport, UK	100.00%
Paxman Diesels Ltd., Stockport, UK	100.00%
MAN B&W Diesel Services Ltd., Stockport, UK	100.00%
MAN B&W Diesel Electrical Services Ltd., Essex, UK	100.00%
Ruston Diesels Ltd., Stockport, UK	100.00%
MAN Diesel Power India Pvt. Ltd., Navi Mumbai, India	50.00%
MAN Diesel ve Turbo Satis Servis Limited Sirketi, Istanbul, Turkey	100.00%
MAN Diesel South Africa (Proprietary) Limited, Cape Town, South Africa	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%
MAN Diesel & Turbo España S.A.U., Madrid, Spain	100.00%
Caribbean Power Application, S.L., Madrid, Spain	100.00%
MAN Diesel & Turbo Brasil Ltda., Rio de Janeiro, Brazil	100.00%
MAN Diesel & Turbo Italia s.r.l., Genoa, Italy	100.00%
MAN Diesel & Turbo Chile Limitada, Valparaíso, Chile	100.00%
XESTORMAN, Unipessoal, Lda, Lisbon, 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 Hellas Ltd., Piraeus, Greece	100.00%
MAN Diesel & Turbo Panama Enterprises Inc., Panama City, Panama	100.00%
MAN Diesel & Turbo Russia Ltd., Moscow, Russian Federation	100.00%

	Equity interest
MAN Diesel & Turbo Latvia SIA, Riga, Latvia	100.00%
MAN Diesel Saudi Arabia L. L. C., Jeddah, Saudi Arabia	90.00%
Centrales Diesel Export, Villepinte, France	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 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%
Gulf Turbo Services LLC, Doha, Qatar	55.00%
RENK (UK) Ltd., London, UK	100.00%
COFICAL RENK Mancais do Brasil LTDA, Guaramirim, Brazil	98.00%
RENK Transmisyon Sanayi A.S., Istanbul, Turkey	55.00%
MAN Grundstücksgesellschaft mbH, Oberhausen, Germany	100.00%
MAN Unterstützungskasse GmbH, Munich, Germany	100.00%
MAN Leasing GmbH & Co. Gamma KG, Munich, Germany	100.00%
MBC Mobile Bridges Corp., Houston, Texas, U.S.A.	100.00%
Ortan Verwaltung GmbH & Co. Objekt Karlsfeld KG, Pöcking, Germany	100.00%
MAN Grundstücksgesellschaft mbH & Co. Objekt Heilbronn KG, Oberhausen, Germany	100.00%
4. Other companies	
A. Equity-method investments	
A1. Joint ventures	
MAN FORCE TRUCKS Private Limited, Akurdi, India	50.00%
MAN Financial Services SA (Pty) Ltd, Johannesburg, South Africa	50.00%
A2. Associates	
Hörmann Automotive Components GmbH & Co. KG, Gustavsburg, Germany	40.00%
OOO EURO-Leasing RUS, Rjasan, Russian Federation	60.00%
MAN Region West B.V., Vianen, Netherlands	50.00%
JV MAN AUTO - Uzbekistan Limited Liability Company, Samarkand City, Uzbekistan	49.00%
Rheinmetall MAN Military Vehicles GmbH, Munich, Germany	49.00%
Atlas Power Ltd., Karachi, Pakistan	33.54%
Roland Holding GmbH, Munich, Germany	22.83% [2]
Scania AB, Södertälje, Sweden	13.35% [3]
Sinotruk (Hong Kong) Limited, Hong Kong, China	25.00%
Ferrostaal Aktiengesellschaft, Essen, Germany	30.00% [4]
B. Companies carried at cost	
Kosiga KG, Pullach i. Isartal, Germany	47.50%
FFK Fahrzeugservice Förtsch GmbH, Kronach, Germany	30.00%
Coburger Nutzfahrzeuge Service GmbH, Coburg, Germany	30.00%
MAN VW Truck en Bus (Nederland) B.V., Leusden, Netherlands	26.00%
Neoplan Ghana Ltd., Kumasi, Ghana	45.00%
Obermeier Trailertechnik GmbH, Egeln-Nord, Germany	24.00%
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%
De Pretto Industrie S.r.l., Schio, Italy	51.00%
MTC Marine Training Center Hamburg, Germany GmbH, Hamburg, Germany	24.80%
RENK U.A.E. LLC, Abu Dhabi, United Arab Emirates	49.00%
Verwaltungsgesellschaft Wasseralfingen mbH, Aalen, Germany	50.00%

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

2 Share of voting rights: 32.82%

3 Share of voting rights: 17.37%

4 Reported as held for sale

Memberships in Other Governing Bodies

Supervisory Board—memberships in other governing bodies

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] Porsche Austria GmbH
Porsche Ges.m.b.H.
Porsche Holding GmbH
Porsche Retail GmbH

Thomas Otto*
Ottweiler,
Labor Union Secretary of IG Metall
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
Düsseldorf,
Former Chief Executive Officer of ThyssenKrupp AG
Deputy Chairman of the Supervisory Board

[1] AXA Konzern AG
Bayer AG
RWE AG
ThyssenKrupp AG

Michael Behrendt
Hamburg,
Chief Executive Officer of Hapag-Lloyd AG

[1] Barmenia Allgemeine Versicherungs-AG
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*
Tarnovo, Podgórne, Poland,
Deputy Chairman of the Metalowcy labor union
at MAN Bus Sp.z o.o., Tarnowo plant, Podgórne 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 from April 1, 2010)

[2] quattro GmbH

[4] AUDI HUNGARIA MOTOR Kft., Györ (Deputy Chairman)

Detlef Dirks*
Augsburg,
Works Council Chairman of MAN Diesel & Turbo SE,
Augsburg plant

Jürgen Dorn*
Munich,
Chairman of the Group Works Council of MAN SE,
as well as the SE Works Council

[1] MAN Truck & Bus AG (Deputy Chairman)

Dr. jur. Heiner Hasford
Munich,
Former Executive Board member of Münchener
Rückversicherungs-Gesellschaft AG

[1] D.A.S. Deutscher Automobil Schutz Allgemeine
Rechtsschutz-Versicherungs-AG
ERGO Versicherungsgruppe AG
Nürnberger Beteiligungs-AG

Jürgen Kerner*
Augsburg,
1st Delegate of IG Metall Augsburg

[1] Eurocopter Deutschland GmbH
KUKA AG
MAN Diesel & Turbo SE
manroland AG
Premium Aerotec GmbH

Prof. Dr. rer. pol. Renate Köcher
Constance,
General Manager of the Institut für Demoskopie Allensbach

[1] Allianz SE
BMW AG
Infineon Technologies AG

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

Nicola Lopopolo*
Hanover,
Works Council Chairman of Renk AG,
Hanover plant

Dipl.-Kfm. Stefan W. Ropers
Munich,
Executive Board member of Bayerische Landesbank
(Member of the Supervisory Board until April 1, 2010)

[1] KG Allgemeine Leasing GmbH & Co. KG (Deputy Chairman)

[2] BayernInvest Kapitalanlagegesellschaft mbH (Deputy Chairman)
BayernLB Equity Management GmbH (Deputy Chairman)

Dr.-Ing. E.h. Rudolf Rupprecht
Augsburg,
Former Chief Executive Officer of MAN AG

[1] Demag Cranes AG
Salzgitter AG

Erich Schwarz*
Steyr, Austria,
Central Works Council Chairman of MAN Nutzfahrzeuge
Österreich AG and Deputy Chairman of the SE Works Council

[3] MAN Nutzfahrzeuge Österreich AG

Rupert Stadler
Ingolstadt,
Chief Executive Officer of AUDI AG

[1] FC Bayern München AG
MAN Truck & Bus AG (Chairman)

[4] Automobili Lamborghini Holding S.p.A. (Chairman)
Italdesign Giugiaro S.p.A.
VOLKSWAGEN GROUP ITALIA S.P.A. (Chairman)

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
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

Executive Board—memberships in other governing bodies

Dr.-Ing. Georg Pachta-Reyhofen
Niederpöcking,
Chief Executive Officer

[1] Rheinmetall MAN Military Vehicles GmbH

[2] MAN Diesel & Turbo SE (Chairman)

[3] Sinotruk (Hong Kong) Ltd.

[4] MAN Latin America Indústria e Comércio de Veículos Ltda. (Chairman)

Frank H. Lutz
Munich

[1] Ferrostaal AG
manroland AG

[2] MAN Diesel & Turbo SE
MAN Pensionsfonds AG (Chairman)
MAN Truck & Bus AG
Renk AG (Chairman)

[3] Börse München

[4] MAN Capital Corporation, USA (Chairman)
MAN Latin America Indústria e Comércio de Veículos Ltda.

Jörg Schwitalla
Besigheim

[2] MAN Diesel & Turbo SE
MAN Pensionsfonds AG
MAN Truck & Bus AG

[3] Sinotruk (Hong Kong) Ltd.

[4] MAN Latin America Indústria e Comércio de Veículos Ltda.

Dipl.-Wirtsch.-Ing. Klaus Stahlmann
Kempen

[1] manroland AG

[2] Renk AG (Deputy Chairman)

Executive and management boards of Group companies

MAN Truck & Bus AG
Munich

Dr.-Ing. Georg Pachta-Reyhofen
Chief Executive Officer

Karl Gadesmann

Dr. Frank Hiller

Dipl.-Ing. Bernd Maierhofer

Dipl.-Ing. Lars Wrebo

MAN Latin America Indústria e Comércio de Veículos Ltda.
São Paulo

Antonio Roberto Cortes
Chairman

Helmut Dieter Hümmerich

MAN Diesel & Turbo SE
Augsburg

Dipl.-Wirtsch.-Ing. Klaus Stahlmann
Chief Executive Officer

Jan Gurander

Dr.-Ing. Hans-O. Jeske

Dr.-Ing. Stephan Timmermann

Renk AG
Augsburg

Dipl.-Ing. (FH) Florian Hofbauer
Spokesman of the Executive Board

Ulrich Sauter

* Elected by the workforce
As of January 27, 2011, 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