Annual Financial Statements with Audit Report

MAN SE
Munich

Annual Financial Statements as of December 31, 2010 and Management Report for the Fiscal Year 2010

Audit Report

Audit Report

Management Report for the Fiscal Year 2010

1. Structure of the Group and functions of MAN SE

MAN SE, which is based in Munich, heads the MAN Group and acts as the Group's strategic management center. The MAN Group's focus on transportation and energy makes it one of Europe's leading engineering players. MAN Aktiengesellschaft became a Societas Europaea (SE) in 2009 and now operates as MAN SE. The sale of a majority interest in MAN Ferrostaal AG and the acquisition of MAN Latin America in 2009 completed the focusing process on the Commercial Vehicles and Power Engineering business areas.

MAN companies rank in the top three in their respective markets. The Group operates through the four divisions MAN Truck & Bus, MAN Latin America, MAN Diesel & Turbo, and Renk. MAN SE is responsible for developing the strategy and structure of the Group, for developing and selecting managers, and for target-oriented controlling. We have set targets for the return on sales (ROS) and the return on capital employed (ROCE) to be achieved by the divisions on average throughout an operating cycle. In addition to these control measures, return on equity before Tax (ROE) is used as a further profitability indicator as from fiscal 2010.

Financial management in the MAN Group is handled centrally by MAN SE, which makes available financial resources within the Group, safeguards its financial independence and liquidity at all times, and communicates with the capital markets on behalf of the entire MAN Group. MAN SE's Executive Board is responsible for the proper conduct of all financial transactions for the MAN Group and for the deployment of an appropriate financial risk management system.

The tasks and objectives of financial management are to safeguard liquidity at all times, to mitigate financial risks, and to increase MAN's enterprise value.

2. Business developments and results of operations

Business developments

Fiscal 2010 was characterized by the global economic recovery. Following a 0.6% decline in global economic output in 2009 due to the international economic and financial crisis, the IMF is forecasting growth of 4.8% for 2010.

MAN Group's business in 2010 was dominated by the economic recovery. The MAN Group's order intake improved by 53%. Revenue increased by 22%, due in particular to the recovery in the Commercial Vehicles business area. Operating profit rose to €1,035 million – double the 2009 figure. Return on sales climbed from 4.2% to 7.1%.

As a result, MAN SE net income for the fiscal year amounts to €521 million in fiscal 2010, after net loss of €298 million in the previous year. The €819 million increase was mainly due to the extraordinary net income of €561 million and net investment income, which rose by €374 million to €276 million. Other earnings include administrative expenses, other operating income and expenses, as well as net interest expense.

Results of operations

€ million	**2010**	**2009**	**YoY**
Net investment income	276	-98	374
Net interest expense	-112	-74	-38
Other operating income	50	72	-22
General administrative expenses	-84	-56	-28
Other operating expenses	-54	-107	53
Net operating income	**76**	**-263**	**339**
Extraordinary net income	561	0	561
Income taxes	-116	-35	-81
Net income (loss) for the fiscal year	**372**	**-298**	**819**

The increase in net investment income was in particular due to the reversal of the write-down recognized in the previous fiscal year on the carrying amount of the investment in Scania AB, as the reasons for the write-down no longer exist. The extraordinary net income included the €568 million gain on the merger of MAN B&W Diesel Beteiligungs GmbH and MAN Maschinen- und Anlagenbau GmbH onto MAN SE. This was offset in part by the effects of the first-time application of the *Bilanzrechtsmodernisierungsgesetzes* (BilMoG – German Act on the Modernization of Accounting Law).

Other operating expenses decreased by €53 million from €-107 million to €-54 million. In the previous year, MAN SE had recognized €50 million expenses for experts engaged by MAN in connection with the investigations by the public prosecution authorities due to suspected unlawful commission payments and internal investigations initiated in this respect.

Net interest expense included tax interest expenses of €21 million.

The increase in income taxes was mainly due to the prior-period taxes. As in 2009, the net taxable loss for the fiscal year meant that there were no German current taxes in 2010.

Net retained profits amounted to €296 million (previous year: €37 million) following the transfer of €225 million to revenue reserves and the retained profits brought forward. At the Annual General Meeting, MAN SE's Executive and Supervisory Boards will propose utilizing the net retained profits of €296 million (previous year: €37 million) to distribute a dividend of €2.00 per share carrying dividend rights (previous year: €0.25) and to carry forward the remainder to new account.

3. Net assets and financial position

€ million	**2010**	**2009**	**YoY**
Fixed assets	5,651	4,220	1,431
Receivables from financial transactions, marketable securities, cash and cash equivalents	2,132	2,320	–188
Other current assets	242	109	133
Total assets	**8,025**	**6,649**	**1,367**

€ million	**2010**	**2009**	**YoY**
Equity	2,311	1,828	483
Financial liabilities	4,886	4,175	711
Other liabilities and provisions	828	646	182
Total equity and liabilities	**8,025**	**6,649**	**1,376**

Compared with the previous year, the total assets increased by €1,367 million to €8,025 million. The fixed assets of MAN SE mainly include the shares in affiliated companies, accounting for €4,253 million (previous year: €3,121 million), and the investments, accounting for €1,306 million (previous year: €989 million), in particular the Scania shares, which were acquired in fiscal years 2006 to 2008. The increase in the shares in affiliated companies was mainly due to shares in MAN Diesel & Turbo SE and Renk AG acquired in connection with the mergers of MAN B&W Diesel Beteiligungs GmbH and MAN Maschinen- und Anlagenbau GmbH into MAN SE. The increase in investments is due mainly to the reversal of the impairment loss on the interest in Scania AB. The share of fixed assets in the total assets decreased to 70.4% as of December 31, 2010 (previous year: 63.5%).

The receivables from financial transactions (€1,673 million, previous year: €2,193 million) relate to intragroup receivables, including the profit and loss transfers. The reduction was due mainly to the merger of MAN B&W Diesel Beteiligungs GmbH. It was offset in part by the current business developments in the operating units (see also financial liabilities). The cash and cash equivalents stemming from the Group's central financing by MAN SE include in particular bank balances (€459 million, previous year: €127 million). The other current assets rose by €133 million to €242 million.

The equity rose by €483 million to 2,311 million. This increase results from the net income for the fiscal year (€521 million), which was offset in part by the distribution of the dividend for fiscal 2009. The ratio of total equity to total assets was 28.8% as of December 31, 2010 (previous year: 27.5%).

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 amount to €844 million (previous year: €619 million).

Compared with the previous year, the financial liabilities increased by €711 million to €4,886 million (previous year: €4,175 million) and stem, inter alia, from the central financing of the MAN Group. The increase was mainly due to the positive business developments of the operating units, while it was offset in part by the partial repayment of a promissory note loan in the amount of €121 million.

The other liabilities and provisions include in particular pension provisions and other provisions, which were recognized in particular for business-related obligations, for risks in connection with the sale of investments, for obligations to staff and for further individual risks.

Net liquidity is a financial control measure of the Company that is calculated as cash and cash equivalents and marketable securities, less financial liabilities.

MAN SE's net liquidity amounted to €-2,754 million as of December 31, 2010 (previous year: €-1,855 million).

In addition to bilateral lines with financial institutions, a variable-rate syndicated credit line commitment by a syndicate of 23 banks in the amount of €1.5 billion is available for debt funding until December 2015. This line was agreed in December 2010 and replaces the previous syndicated credit line that ran until December 2011 and that has therefore been discontinued. The latter syndicated credit line was reduced by €500 million in July 2010 to €1.5 billion and was never drawn down during its term. Nor had the current line that expires in 2015 been utilized as of December 31, 2010.

Another component of the MAN Group's funding is its access to the capital markets. In 2009, MAN SE launched an EMTN program with a volume of up to €5 billion, of which €1.5 billion has currently been utilized through the issue in 2009 of a bond in two tranches expiring in 2013 and 2016 and bearing a fixed interest rate of 5.375% and 7.25% respectively.

The variable portion of a 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 fixed-interest component of the promissory note loan in the amount of €49 million and an interest rate of 5.056% expiring in 2012 continues to exist. In addition, the Group has issued a promissory note loan in the amount of €30 million expiring in 2019 (amortizing), which bears a fixed interest rate of 6.76%.

The MAN Group also uses asset-backed financing arrangements, in particular to finance its financial services business.

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.

With respect to equity-based financing, the Executive Board has been granted several authorizations by MAN SE's Annual General Meeting, subject to the consent of the Supervisory Board. These include authorized capital of €188 million, corresponding to 50% of the share capital, which enables the Executive Board to implement a capital increase against cash and/or noncash contributions. The option to exercise the existing authorizations was extended in 2009 to the effect that new shares representing a low proportion in the share capital can also be issued to managers in order to promote employee identification with the Group and retain top performers. Additionally, the Executive Board can issue convertible bonds or bonds with warrants up to an aggregate principal amount of €2.5 billion. For further details regarding the authorizations, please refer to the next section below.

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

Under the agreed syndicated credit line amounting to €1.5 billion, each syndicate member can demand immediate repayment of its portion if one or more natural or legal persons (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. The arranging banks notified the creditors about Volkswagen AG's acquisition of a majority stake in MAN SE. None of the creditors has yet exercised their call rights.

Repayment of the publicly offered bond (€1.5 billion) can be demanded if one or more persons acting in concert have acquired 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.

For further information on the share capital, the classes of shares, the authorizations granted by the Annual General Meeting regarding the Authorized Capital 2010 and to issue convertible bonds and/or bonds with warrants, including the contingent capital created in this context (Contingent Capital 2010), as well as on the authorizations to purchase the Company's own shares granted in the year under review, please refer to the next section below.

4. Disclosures in accordance with sections 289(4) and 315(4) of the Handelsgesetzbuch (HGB – German Commercial Code) and explanatory report in accordance with section 176(1) sentence 1 of the Aktiengesetz (AktG – German Stock Corporation Act)

Composition of share capital, classes of shares

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

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

The common shares are voting shares, while preferred shares do not generally carry voting rights. Under section 140(2) of the *Aktiengesetz* (AktG – German Stock Corporation Act), this does not apply if the preferred dividend is not paid in a year, or is not paid in full, and the shortfall is not made good in the following year in addition to the full preferred dividend for that year. In such cases, holders of preferred shares have voting rights until the shortfalls are made good, and the preferred shares must be included in the calculation of any capital majority required by the law or the Articles of Association. Preferred shareholders also have voting rights in accordance with section 141(1), 141(2) sentence 1 in conjunction with 141(3) of the AktG, under which a consenting resolution by the preferred shareholders is required if the Annual General Meeting adopts a resolution that affects the specific rights of preferred shareholders, i.e., a resolution to revoke or limit the preferred dividend or to issue preferred stock that would rank prior to or equal with the existing nonvoting preferred shares in the distribution of profit or the net assets of the Company.

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

Restrictions affecting voting rights or the transfer of shares

Other than restrictions on voting rights for preferred shares and restrictions by virtue of statutory provisions, for instance under section 136 of the AktG, MAN SE is not aware of any restrictions on voting rights. The same applies to the transfer of shares, except for shares received by members of the Executive Board, certain managing directors, and other beneficiaries at MAN companies under the MAN Stock Program (MSP), to which lockups (vesting periods) apply. Details are contained in the Remuneration Report.

Shareholdings exceeding 10% of the voting rights

Under the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act), any investor who reaches, exceeds or falls below certain percentages of voting rights in the Company by virtue of acquisitions, disposals, or by any other means is required to notify this to the Company and the *Bundesanstalt für Finanzdienstleistungsaufsicht* (BaFin – German Financial Supervisory Authority). In accordance with section 21(1) of the WpHG, the relevant thresholds in this respect are 3%, 5%, 10%, 15%, 20 %, 25%, 30%, 50%, and 75% of the voting rights in the Company. Under section 28 of the WpHG, any violation of these notification requirements results in the holder being barred from exercising the corresponding voting rights for the period for which the notification requirements under section 21(1) of the WpHG are not satisfied.

Under sections 289(4) no. 3 and 315(4) no. 3 of the *Handelsgesetzbuch* (HGB – German Commercial Code), all direct and indirect interests that exceed 10% of the voting rights must be disclosed.

Volkswagen Aktiengesellschaft notified MAN SE (MAN Aktiengesellschaft at the time) in February 2007 in accordance with section 21 (1) sentence 1 of the WpHG 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 abovementioned interests.

Appointment and dismissal of members of the Executive Board, amendments to the Articles of Association

The appointment and dismissal of members of the Company's Executive Board is governed by sections 39(2) and 46 of the SE-VO in conjunction with sections 84 and 85 of the AktG and Article 5 of the Articles of Association. Under these provisions, the Executive Board must consist of at least two members. It falls within the responsibility and the authority of the Supervisory Board to appoint the members of the Executive Board for a period of up of five years and to revoke the appointment for good cause. Members may be reappointed once or several times.

Section 59(1) of the SE-VO in conjunction with sections 179 ff. of the AktG applies to amendments to the Articles of Association. Under these provisions, the Annual General Meeting may resolve to amend the Articles of Association by a majority of at least three-quarters of the share capital represented when the vote is taken. Under Article 10(6) of the Articles of Association, the Supervisory Board is authorized to resolve amendments to the Articles of Association that affect only the wording.

Powers of the Executive Board, in particular to issue and repurchase shares

The powers of the Executive Board are governed by section 39 of the SE-VO in conjunction with sections 77 ff. of the AktG and Article 6 of the Articles of Association. These provisions require the Executive Board to manage the Company independently and to represent the Company both in and out of court.

The powers of the Executive Board to utilize the contingent and authorized capital and to issue or repurchase shares are presented in the following. The corresponding authorizations were not exercised in the reporting period.

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 in issue at the time of utilization in accordance with this provision shall also count towards the above-mentioned 10% limit; and/or

(iii) to settle any fractions needed to round the share capital; and/or

(iv) to issue new shares against cash contributions to employees with managerial responsibility (managers) of the Company and/or of Group companies in respect of a proportion of Authorized Capital 2010 of up to €4,000,000. It may also be stipulated that the contribution to be paid must be covered in accordance with section 204(3) of the AktG.

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

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

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

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

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

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

(i) to the extent that the issue price of the bond is not materially lower than its theoretical market value calculated by recognized financial techniques. In addition, the disapplication of preemptive rights within the meaning of section 86(3) sentence 4 of the AktG only applies to bonds with rights to shares with a notional interest in the share capital that does not in the aggregate exceed 10% of the share capital. Shares issued, sold, or issuable by direct or indirect application of this provision on the basis of other authorizations during the term of this authorization count towards this limit until the time of utilization;

(ii) to the extent that this is necessary to settle fractions that result from the subscription ratio;

(iii) to grant the bondholders with existing conversion rights/options on, or obligations to convert bonds to, shares of the Company, preemptive rights to the extent to which they would be entitled if they had previously exercised their conversion rights or options or if they had converted their rights in the case of a conversion obligation, in order to prevent dilution of the economic value of these rights.

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

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

Share repurchase

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

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

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

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

(i) if the purchased common shares are sold at a price that is not materially lower than the quoted market price; and/or

(ii) to the extent that they are used as consideration in a business combination or to acquire companies or investments in companies or assets of companies; and/or

(iii) to the extent that they are used to settle options or conversion rights or conversion obligations established by the Company or a Group company when bonds were issued. The shares transferred by virtue of this authorization may not in the aggregate exceed 10% of the share capital where they are used to settle conversion rights or 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 already described above, MAN SE has entered into various material agreements that are subject to a change of control.

5. Risk report

MAN SE acts as the strategic management center for the MAN Group. The significant opportunities and risks are thus directly related with the significant opportunities and risks of its operating subsidiaries.

Company-wide risk management system

Operating a business entails constant exposure to risks. The MAN Group defines risk as the danger that events, decisions, or actions will prevent the Company from achieving defined goals and/or successfully implementing strategies. The Company consciously assumes risks with a view to exploiting market opportunities if it expects this to contribute sufficiently to increasing its enterprise value. This requires an effective risk management system that is tailored to its business needs.

The MAN Group's risk management activities are an integral part of its corporate management and business processes. Strategic corporate planning, internal reporting, the internal control system, and the compliance system are all core elements of the risk management system. One of the objectives of strategic corporate planning is to promptly identify and assess long-term opportunities

and risks so that appropriate structural measures can be taken. The internal reporting system is set up at all levels of the Group to promptly provide up-to-date and relevant information on the status of significant risks and the efficacy of risk mitigation measures, among other things. Building on risk identification activities, the internal control system focuses on monitoring and managing risks in a targeted manner. The task of the compliance system is to assist management in promptly identifying and responding to compliance-related risks. The system is based on a compliance organization that reflects the structure of the MAN Group, various processes, and steering committees to enforce the compliance requirements. For further information on the structure and workings of the compliance organization, please see the section entitled “Compliance system.”

Responsibility for setting up and maintaining an appropriate and focused risk early recognition system lies with the MAN Group’s Executive Board, which has itself defined the scope and focus of the risk management system and the internal control system to the Company’s specific requirements. The Industrial Governance management system provides for decentralized decision-making processes within the MAN Group and therefore an appropriately organized risk management system. Consequently, management of each division is responsible for ensuring that all Group companies are integrated into the risk management system and internal control system.

The MAN Group’s policy for risk management and the internal control system is applicable throughout the Group and contains binding guidelines on identifying, analyzing, assessing, controlling, and monitoring significant risks and opportunities as well as the internal controls within the Group. The principles and processes set out in the policy ensure a common understanding of the risk management and internal control system. Functions and committees for the risk management process and the internal control system have been put in place both at Group level and in the divisions. Therefore, in the Group’s material companies, there are coordinators for risks and controls who are responsible for managing the continuous development and improvement of the risk management process and the internal control system. Cross-functional risk boards have been set up in the individual Group divisions. As part of the risk management system, these are tasked with assessing the risks reported by the functions, identifying additional risks, and introducing and monitoring measures to minimize the risks. Risks are initially classified as short-term, i.e., up to one year, or as long-term, i.e., up to three years. They are assessed in terms of their probability of occurrence and impact on a gross and net basis, with the net assessment factoring in any measures that mitigate the risk in question. The projected operating profit of the relevant organizational unit is used to evaluate the materiality of such a net assessment. Uniformly defined risk fields allow the Group to promptly identify and manage any concentration of risk. In addition to risks, opportunities, material weaknesses in the internal control system, and measures introduced by the companies are identified continuously. At its meetings, the Group Risk Board analyzes and evaluates this risk information from the divisions on a quarterly basis with the Executive Board, the Corporate Audit function, and the Controlling function. Where necessary, further measures to prevent or mitigate risk are decided upon and kept in place so as to continuously develop and improve the existing risk management system and the internal control system.

In recent years, the MAN Group has structured its existing internal control system and documented it uniformly throughout the Group in accordance with the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to allow it to systematically assess the effectiveness of its internal controls. The documentation covers all standard business processes as well as any additionally identified business-specific risks and all necessary controls relating to the material MAN Group companies. The control system is regularly reviewed with regard to the completeness, appropriate design, and effectiveness of the existing controls with the aim of ensuring compliance at all levels of the MAN Group with existing regulations aimed at reducing process-related and organizational risks. The internal controls focus on limiting risks of material misstatement in the financial reporting, risks arising from noncompliance with regulatory standards or acts of deception, and on minimizing operational/economic risks (e.g., threats to assets as a result of unauthorized operational decisions or obligations entered into without authorization). The control environment and the cross-process controls that form the framework of an effective and operational internal control system are documented at a central, overall level and regularly assessed to determine whether they are appropriate and functioning effectively. The risk managers on the Group Risk Board report to the Executive Board on the effectiveness of the internal controls and any control weaknesses identified. The control structures are represented in a database solution, thereby supporting the system's uniform documentation throughout the Group. This database shows the controls relating to all the material companies in the MAN Group. The relevance of companies is reviewed annually according to the materiality of the risk situation on the basis of qualitative and quantitative criteria.

The Corporate Audit function regularly monitors the effective functioning of the MAN Group's risk management system as part of its activities, and initiates appropriate measures if necessary. When conducting its risk-oriented review, the Corporate Audit function also takes into account information on risks recorded and examines key risk factors if appropriate. The external auditors audit the ability of the risk early recognition system to identify at an early stage any developments that could endanger the Company's continuing existence. The effectiveness of the internal control system at process level is reviewed at least once a year by suitable internal testers and by means of spot checks performed by the Corporate Audit function. At the regular meetings of its Audit Committee, the Supervisory Board is briefed on the MAN Group's risk position and on material weaknesses in the Group's internal control system. Nevertheless, even if an appropriate and effective system is set up, there can be no absolute guarantee that risks will be identified and controlled.

Accounting-related risk management system and internal control system

As a rule, the risk management system and internal control system within it also comprise the accounting-related processes as well as all risks and controls in respect of accounting. This relates to all parts of the risk management system and internal control system that could have a material effect on the annual financial statements of MAN SE and the consolidated financial statements of the MAN Group.

The goal of the risk management system in respect of the accounting processes is to identify and assess risks that could run counter to the objective of preparing annual financial statements of MAN SE and consolidated financial statements of the MAN Group that comply with the relevant rules. Identified risks must be assessed in terms of their effect on the financial statements, including by using external specialists if necessary. In this context, the internal control system aims to provide sufficient assurance that, despite the risks identified, the accounting processes of MAN SE and the MAN Group are reliable and comply with International Financial Reporting Standards, the *Handelsgesetzbuch* (HGB – German Commercial Code), and other accounting-related rules and laws by implementing corresponding controls.

Both the risk management system and the internal control system extend to all companies that are significant for the annual financial statements of MAN SE and the consolidated financial statements of the MAN Group, including the processes relevant for preparing the financial statements. The accounting-related controls focus in particular on the risks of material misstatement in the financial reporting. The materiality of risks is assessed on the basis of the likelihood of occurrence and the financial effect on revenue, EBIT, or total assets.

The key elements of risk diversification and control in accounting are the clear allocation of responsibilities and controls in the preparation of financial statements, transparent requirements in the form of guidelines for accounting and preparing financial statements, appropriate rules governing access to the IT systems that are relevant for the financial statements, and the clear assignment of responsibilities when using external specialists. The dual control principle and the separation of functions are also important control principles in the accounting process.

The risks identified and corresponding measures taken are updated in the quarterly reports to the risk board and forwarded to the Executive Board. The effectiveness of internal controls in respect of accounting is assessed at least once a year, primarily during the preparation of the financial statements. In addition to the Corporate Audit function, the external auditors assess the accounting-related processes as part of their audit activities.

As part of their audit of the financial statements, the auditors are also obliged to report to the Supervisory Board's Audit Committee on material accounting-related risks or control weaknesses and any other material weaknesses in the risk management system and internal control system that they identified during their audit activities.

Opportunities and risks

The significant opportunities and risks that may have a considerable impact on the net assets, financial position, and results of operations are outlined below in line with the structure of the MAN Group's risk management system. This classifies risks into five risk fields: markets, products, processes, employees, and finances.

Markets

Both for 2011 and over the medium to long term, MAN sees opportunities for all divisions to achieve profitable growth in the transportation and energy markets. At the present time, no significant risk to the MAN Group is anticipated. The underlying global economic trends will continue, such as sustained economic growth, a greater international division of labor and resulting increase in global transport routes and volumes, capital spending by the oil and gas industry, and a need to innovate due to trends in global climate policy. Through its strategy of significantly strengthening its position in the current and future growth markets of the BRIC countries, the MAN Group is increasing its sales potential and thus countering regional economic risks. In China, for example, MAN is able to participate in the strong growth in heavy trucks through its partnership with Sinotruk. In Brazil, it is able to benefit from the country's economic growth by virtue of its position as market leader for trucks over 5 t. But although the growth trend is expected to be positive, in an environment of continuing uncertainty there are also downside risks to global economic activity. Due to overall higher demand for oil and other commodities, for example, there is a risk that prices on procurement markets will rise, impacting negatively on margins if MAN is unable to pass on any price increases it incurs in its purchasing activities via product prices. Protectionist efforts may also have an adverse effect on expected growth. MAN continuously and carefully monitors and assesses the political, legal, social, and financial environment so that the resulting opportunities and risks can be promptly incorporated into strategic and operational decisions.

Products

As a leading supplier of advanced technology, it is the MAN Group's mission to develop technologically superior and highly cost-effective products that are of outstanding quality when

launched on the market. Abandoning this mission would pose an unjustifiable risk to the Group's market position. However, the rollout of new products involves conceptual and market risks, which are managed through a careful strategic planning process that analyzes trends in the market and business environment. The resulting product plans are used to manage our extensive research and development activities. For many years now, research and development expenses have been in the region of 3% to 4% of revenue. The launch of Euro V emission standard compliant engines at MAN Truck & Bus (at MAN Latin America starting in 2012) and the introduction at MAN Diesel & Turbo of the diesel combined cycle technology for stationary power plants, which boosts efficiency by 10% to 15%, clearly show that these risks can be overcome.

Products that have already been launched pose risks in relation to the quality expected by customers. Substandard quality may result in manufacturer's guarantee, statutory warranty, and ex gratia repair costs, and lead in the long term to the loss of market share or lower product margins. In extreme cases, product liability and compensation claims may be made. The MAN Group starts to identify and limit these risks right from the product gestation stage. A standardized product gestation process ensures that only properly functioning and reliable product concepts move on to the next stage of development. Suppliers and their products are required to undergo a strict approval process in order to safeguard the Company's high quality standards. After production startup, defined quality assurance measures within the production process ensure that manufacturing defects are promptly identified and eliminated. During use, any defective products are collected, analyzed, and repaired in collaboration with the service operations.

Long-term customer contracts give rise to additional risks: changes in the political or economic conditions in a particular market may result in additional expenditure on major projects. At MAN Truck & Bus, buyback obligations pose a risk if the amount obtainable from the future sale of a used vehicle in the market changes significantly versus expectations at the time the contract was entered into. In the project business, risks arise as a result of guarantees or guarantee obligations. However, these are often covered by third-party guarantees, or in the case of prepayment guarantees by prepayments received from customers. Defaults are minimized by carrying out intensive checks before and after extending guarantees. The high-growth turnkey business at MAN Diesel & Turbo, where MAN functions as a lead contractor for the delivery of turnkey diesel power plants, entails particular risks in relation to timely and due and proper performance by subcontractors and therefore for MAN Diesel & Turbo itself. The company combats this risk through appropriate controlling during all phases of the project.

Processes

The MAN Group considers the continual optimization of its development, purchasing, production, sales, and administration processes to be a central and ongoing task. It therefore operates a preventive and continuous supplier monitoring system to identify potential delivery delays or supplier defaults at an early stage and to mitigate their effects. Inadequate processes in these areas result in excessive costs and, by tying up too much capital, in financing risks. Moreover, overstocked inventories regularly result in an increased risk of loss through shrinkage or scrapping, while excessively high receivables increase the risk of default. MAN works vigorously and systematically to reduce capital employed by improving the underlying processes.

Specific risks arise during major projects, including contracting deficiencies, miscosting, post-contracting changes in economic and technical parameters, and poor performance on the part of subcontractors or consortium partners. The MAN Group minimizes these risks through comprehensive project and contract controlling. In the growing power plants market, for example, MAN Diesel & Turbo uses a systematic and comprehensive risk management system right from the bidding phase. Costings and risk assessments are constantly examined and adjusted throughout the project implementation phase. Regular project reviews are used to determine and monitor the necessary measures. In addition, major projects are assessed by MAN SE's Controlling and Finance functions and submitted to MAN SE's Executive Board for approval. Any approved and ongoing contracts that deviate significantly from plan are tracked by way of a special reporting system for critical contracts and regularly submitted to MAN SE's Executive Board.

As in any modern enterprise, the MAN Group's business processes are to a large extent supported by information technology. Besides improving efficiency, this also gives rise to risks. Parts of the infrastructure may fail as a result of accidents, disasters, or technical faults, thereby impairing a wide variety of business processes or bringing them to a complete standstill. There is also the risk of unauthorized access, theft, or the destruction of business information and data. The resulting financial damage and loss of image may affect individual MAN companies or even the entire MAN Group.

To meet the four main requirements of information security, namely availability, integrity, confidentiality, and authenticity so as to mitigate and prevent risk, MAN uses the latest hardware and software technologies as well as effective IT organizational and control mechanisms to support business processes. By centralizing and outsourcing IT operations, systematically introducing IT service management processes in accordance with ITIL (IT Infrastructure Library (standard for the organization of IT processes)), and increasingly organizing information security in accordance with the internationally recognized standard ISO 27001, the MAN Group has significantly improved the transparency and reliability of the IT infrastructure compared with its IT operations up until mid-2009, which were mapped out purely internally.

The internal control system plays a key role. It is focused on ensuring compliance with the relevant regulations across all business processes and thus on helping to protect assets and reduce risks. With regard to financial reporting, the emphasis is on optimizing the process of preparing the financial statements to ensure the complete, timely, and correct processing of all transactions and business processes.

Employees

The highly qualified specialists and managerial staff who set technological standards with MAN products are a critical factor in the MAN Group's success. The opportunities for the MAN Group lie in the skills, international focus, and innovativeness of the employees who develop continuously improved and forward-looking products, services, and processes. The risks include not being able to fill key positions to meet future requirements. Filling such positions requires a holistic approach to talent management that enables MAN to identify highly qualified junior employees. Through a variety of HR marketing activities, it has been able to recruit and retain outstanding specialists and managers. Participating in rankings helps position MAN as an attractive employer and therefore enables it to hire the specialists and managers it requires worldwide, while systematic succession planning supports it in its efforts to fill management positions from within its own ranks. As part of its internationalization strategy, the MAN Group will continue to concentrate on aspects such as intercultural skills in training its specialists and managerial staff.

Finances

Because it operates worldwide, the MAN Group is exposed to financial market risks. These are managed through a combination of organizational measures and suitable financial instruments. The financing functions of the MAN Group and its operating companies are performed centrally by MAN SE.

For short-term financing requirements, the MAN Group must have access to sufficient liquidity reserves. Arrangements are based on a detailed financial plan prepared for the MAN Group at three levels. As part of the corporate planning process, the liquidity and financing position is projected over a three-year planning horizon. Quarterly forecasts contain rolling liquidity plans for the next four quarters. These are supplemented by more detailed three-month plans that estimate short-term liquidity requirements.

When investing any liquidity reserves, there is always a risk that invested funds may be lost as a result of a bank or securities issuer becoming insolvent. MAN therefore takes care to invest its liquidity reserves conservatively and to spread risks by distributing investments across several financial institutions and issuers. As far as possible, only reputable, prime-rated financial institutions (investment-grade institutions) are considered.

To manage currency and interest rate risk, MAN uses only marketable instruments, which are used to hedge existing underlying transactions and, to some extent, forecasted revenues. Derivatives and other hedging transactions are usually entered into via the Group's central Finance function and are subject to strict internal controls. If exchange controls prevent the central Finance function from entering into transactions, they are instead entered into in the name and for the account of the Group company in question.

Exchange rate movements can affect both prices for goods and services and profit margins. The MAN Group hedges all firm customer contracts, its own purchase orders, and other transactions against currency risks. Hedging is also used for budgeted serial-production revenue and for highly probable customer projects. Despite these measures, there is still a risk that the amount and timing of revenue payments will deviate from budget.

An additional currency risk also relates to the changes exchange rates may cause to customers' purchasing power, which MAN does not hedge. In the short term, a reduction in the value of a currency may result in losses in the sales markets concerned. In the long term, MAN endeavors to offer products and services that are always competitive, irrespective of current exchange rates, by constantly improving its productivity and geographical diversification.

Adverse effects may also result from changes in interest rates. The risks associated with such changes are managed by entering into interest rate hedges. This applies in particular to the Group's customer financing arrangements, which are usually entered into at fixed rates of interest. MAN uses derivative and non-derivative financial instruments exclusively for risk management purposes. All hedging is aimed at reducing economic exposure to currency and interest rate risk to a minimum. For further information on the use of financial instruments, see note (20) in the "Notes."

The manufacture of MAN's products requires substantial amounts of raw materials. Price trends on the commodity markets or price escalation clauses in supplier contracts may pose risks to operating profit. These risks are usually managed through long-term supplier contracts or price escalation clauses in customer contracts. If a customer contract does not provide for a price escalation clause, targeted commodity price hedging may be used.

Changes in the investment portfolio may give rise to significant strategic risks. Acquisitions, for example, may result in risks if the assumptions underlying the purchase price, such as assumptions regarding potential synergies, cannot be realized. At the same time, divestment measures entail the risk that certain business activities cannot be sold as planned. For information on potential risks in connection with the Ferrostaal transaction, "Litigation/legal proceedings" in the "Notes."

Acquisitions may also change the MAN Group's necessary financing structures, potentially increasing its financing costs or limiting its financial scope.

Counterparty and country risks are reduced through the careful selection of transactions and business partners, as well as through appropriate contractual and payment terms. Any remaining risks are classified according to the debtor's credit standing and largely transferred to banks by way of documentary payments (documentary credits) and guarantees received, or to insurance companies by way of non-payment insurance. Nevertheless, there are default and credit risks inherent in customer financing, leasing, and banking that cannot be hedged and which can only be limited by carrying out detailed credit checks in advance and through ongoing credit management. Guarantees are furnished centrally by MAN SE so as to ensure a uniform and restrictive policy. Particular importance is attached to formulating and performing the contract so as to minimize the possibility of an unjustified claim.

In order to reduce the financial risks inherent in defined benefit pension plans, and as a result of legal regulations abroad, the MAN Group's defined benefit obligations are largely funded through pension plan assets that are ring-fenced from its business assets. The pension plan assets are invested by external investment managers in accordance with conservative investment (prudent investor) policies and giving appropriate consideration to the cash flow structure of the pension obligations. The fair value of the pension plan assets is subject to standard fluctuations, particularly those resulting from changes in interest rates and equity prices. In this context, interest rate-related changes are partly compensated by an offsetting change in the present value of the pension obligations. Biometric risks, primarily life expectancy or permanent disability or death during active employment, must also be taken into account when measuring pension obligations. For active employees in Germany, the trend of a regular increase in life expectancy was reflected by switching from annuities to capital payments. In the UK, all defined benefit pension plans have been closed to new members in recent years.

Assessment of the Group's risk position

On the basis of the risk management system established by the MAN Group, the Executive Board has determined that, at the present time, there are no identifiable risks that could have a material and long-term adverse effect on the net assets, financial position, and results of operations of the MAN Group. The risk management system introduced by the Group and the related organizational measures allow the Executive Board to identify risks rapidly so as to initiate appropriate measures.

Risk management is an ongoing and continuous activity on the part of the Company, and of course something that is undergoing constant development. For MAN, this means continuing to optimize its risk management and internal control systems going forward and adapting them to changing conditions. Given the more positive yet partly still uncertain economic trend, activities in 2011 will continue to focus on financial, market, and product risk management.

Litigation/legal proceedings

Please see “Events after the reporting period,” and the “Notes” for information relating to litigation/legal proceedings.

Compliance

In the reporting period, MAN continued to implement the 5-point program to better combat corruption launched in July 2009 and to replace it by the establishment of a dedicated compliance organization and the introduction of effective compliance measures. The compliance program was developed especially for MAN, taking into account the Group’s structure, specificities, and needs.

Compliance organization

As of January 1, 2010, MAN established a new Compliance function whose tasks include combating corruption as well as preventing or identifying violations in the areas of antitrust law and data protection. The function is managed by the Chief Compliance Officer, who reports directly to the Chief Executive Officer of MAN SE and additionally to the Audit Committee of the Supervisory Board. The Compliance function currently comprises 30 staff and is being further expanded. 20 employees work in the Corporate Compliance Office that is based at MAN SE and is responsible for designing and enhancing MAN’s compliance system as well as for Groupwide compliance issues. Ten staff provide compliance advice in the subgroups. Each subgroup therefore has a compliance officer, who is supported by compliance managers in various business units or sales regions. The compliance officers at the subgroups report directly to MAN SE’s Chief Compliance Officer, and the compliance managers in turn report directly to the responsible compliance officer. In addition to providing an in-depth advisory function, the compliance staff at the subgroups are responsible for implementing the centrally defined compliance measures in the respective business units or sales regions worldwide. The Compliance Steering Committee met a total of 14 times in the period under review. At these meetings, the Chief Compliance Officer informed MAN SE’s full Executive Board and the heads of the other functions on the progress of the development of the compliance organization and the introduction of new compliance measures, and agreed additional steps.

Compliance risk assessment

The Compliance function conducted a Group-wide compliance risk assessment in the first quarter of 2010. The aim of this was to identify potential compliance risks affecting the business models of the business units or sales regions in all subgroups. The results of the compliance risk assessment were used to determine the structure and scale of the compliance organization, the compliance program tailored to MAN’s requirements, and other measures to prevent compliance risks, among other things.

Code of Conduct and compliance policies

In the period under review, MAN issued a new Code of Conduct and compliance policies to specifically prevent compliance offences.

The new Code of Conduct replaces the Code of Conduct from 2006 and is aimed especially at MAN employees. It clearly defines MAN’s corporate values and thus its aim to be reliable, innovative, dynamic, and open, in more detail and provides concrete and binding guidelines for situations where employees must take particular care to conduct themselves responsibly. It uses examples to describe how they may handle conflicts encountered in the course of day-to-day operations. The Code of Conduct is available in eleven languages and has been distributed to all employees in the Group. It is also available on the intranet and the Internet.

In May 2010, MAN issued a policy on handling gifts, hospitality, and invitations to events to ensure that such benefits are appropriate and are not used to influence business partners or authorities. This was followed in August 2010 by a policy on engaging business partners, which defines requirements for commissioning agents, representatives, consultants, or other business partners who perform sales support activities. Concrete process steps when validating business partners (using a web-based review application, see below), the structuring of agreements, the documentation of business relationships, and the payment of remuneration are designed to ensure that business partners do not use the remuneration paid by MAN for the purposes of corruption. Finally, MAN adopted a policy on handling donations and sponsoring measures in September 2010. All these policies apply directly to the entire Group.

Compliance training

The Compliance function held on-site training sessions on compliance issues for over 4,000 staff worldwide in the reporting period. MAN kicked off these training measures in June 2010 with a day-long Compliance Summit for around 200 managers, which was attended by all the Executive Board members of MAN SE and the subgroups. Senior management was informed about the introduction and development of the compliance organization, its awareness of the issue of compliance was raised, and it was obliged to actively support the implementation of compliance throughout the Group. This was followed by a total of 166 compliance awareness training sessions lasting several hours each in Germany and abroad (Brazil, China, Denmark, France, Mexico, Norway, Poland, Switzerland, and South Africa) in which staff who are potentially exposed to compliance risks were introduced to MAN's compliance organization and given basic knowledge on combating corruption and on antitrust law. These compliance awareness training sessions will be continued in fiscal 2011.

Compliance Helpdesk

In February 2010, the Compliance function set up a Compliance Helpdesk that employees can contact by telephone or e-mail if they have any questions about compliance. The Compliance Helpdesk received and answered a total of over 1,100 questions in the reporting period.

Business Partner Approval Tool

The policy on engaging business partners lays down binding rules on the use of the Business Partner Approval Tool, a web-based application that allows a fast, transparent, and comprehensive review of a business partner's integrity, and cooperation with the business partner to be approved. The Business Partner Approval Tool was developed by the compliance organization in the reporting period in cooperation with sales staff and has been used at initial sites since September 2010. In fiscal 2010, almost 500 sales staff were trained in the use of this tool in four countries (Germany, Austria, Russia, and Switzerland). The rollout of this tool and training sessions at other sites will continue in fiscal 2011.

Reporting compliance violations

Compliance violations are not tolerated at MAN. There is a unit in the Compliance function that investigates reports of compliance violations, if necessary with the support of the Internal Audit function or the departments concerned. Any violations identified are punished according to the penalties permitted under labor law. In individual cases, the responsible government investigating authority is also informed about the violation. The findings from the clarification of compliance violations are used to continuously improve the compliance system. Employees can currently report compliance violations internally (to their supervisor, or their compliance, human resources, or legal departments) or externally to an ombudsman. At the beginning of 2011, MAN will launch a web-based whistleblower portal in eleven different languages that both MAN staff and third parties can use to report serious compliance violations confidentially in their local language.

Anticorruption organizations

MAN is in talks with various anticorruption organizations with a view to meeting international demands for an effective compliance organization and fighting corruption on joint projects. Since September 2010, MAN has been a member of Transparency International, a nongovernmental organization dedicated to fighting corruption.

6. Corporate Governance Statement pursuant to section 289 of the HGB[1]

Corporate management and supervision at MAN is focused on ensuring sustained value creation and an appropriate profit in line with the principles of the social market economy.

Corporate governance is shaped by the applicable laws, in particular the provisions of German stock corporation law, by our Articles of Association and internal regulations, and by internationally and nationally recognized standards of good and responsible corporate governance. The German Corporate Governance Code (hereinafter: the "Code") represents the statutory provisions for the governance of German stock corporations that apply to MAN and provides recommendations and suggestions for corporate governance in accordance with recognized standards. These standards were applicable to MAN as a German stock corporation until May 19, 2009, and have been applicable to MAN SE (as a Societas Europaea) from the date on which the change of legal form from MAN AG into a Societas Europaea (hereinafter "SE") became effective upon approval by the Annual General Meeting on April 3, 2009, and entry into the commercial register.

These rules are supplemented by MAN's "Industrial Governance" management principle, which defines the responsibilities for Group management by MAN SE and the responsibilities of the divisions in more detail. These are presented on our website at www.man.eu/MAN/de/Investor_Relations/Strategie/. The compliance and ethical guidelines that apply to the MAN Group are described in our Code of Conduct, which has been revised this year and is available on our website at www.man.eu/MAN/de/Unternehmen/Management/Code_of_Conduct/. The Group's management principles are formalized in Group policies.

(1) Corporate Governance at MAN[2]

Both MAN's Executive Board and Supervisory Board have examined the Group's corporate governance system in detail. They are aware that good and transparent corporate governance that complies with both national and international standards is of central importance to ensure responsible, long-term management. The governing

[1] With the exception of the remuneration report pursuant to section 289(2) no. 5 of the HGB, the Corporate Governance Statement pursuant to section 289a of the HGB is not included in the Audit.

[2] Also the Corporate Governance Report of the Executive and Supervisory Boards in accordance with section 3.10 of the German Corporate Governance Code as amended on May 26, 2012.

bodies focused in detail on compliance with the Code, in particular with the new requirements of May 26, 2010.

Declaration of Conformity

In December 2010, the Executive and Supervisory Boards issued the following Declaration of Conformity:

> “MAN SE has complied with the recommendations of the “Government Commission on the German Corporate Governance Code” pursuant to its Declarations of Conformity of February 2010 and December 2009 and will comply with the recommendations of the German Corporate Governance Code (the Code) in the version dated May 26, 2010, however with the following reservation:
>
> The recommendation in section 5.4.5 of the Code in the version dated May 26, 2010, is not followed without restrictions for the period from its effective date on July 2, 2010, until the end of the Annual General Meeting of ThyssenKrupp AG on January 21, 2011.
>
> The temporary departure from the recommendation in section 5.4.5 is for the following reason: Dr.-Ing. Ekkehard D. Schulz, chairman of the Executive Board of ThyssenKrupp AG, serves on the supervisory boards of three listed companies (MAN SE, Bayer AG and RWE AG) and, additionally, in one non-listed company with comparable requirements (AXA Konzern AG).
>
> However, Dr. Schulz will leave the Executive Board of ThyssenKrupp AG upon conclusion of the Annual General Meeting on January 21, 2011.
>
> In view of the long-standing membership of Dr. Schulz in the Supervisory Board of MAN SE on the one hand, and the soon termination of his appointment as a member of the Executive Board of ThyssenKrupp AG on the other, a temporary departure from the recommendation of the Code in section 5.4.5 seems reasonable.”

In the following, we comment in more detail on the key recommendations and suggestions contained in the Code, in particular taking into consideration the amendments, and explain the departure from a recommendation, as disclosed with the Declaration of Conformity.

Promoting transparency and shareholder rights

The information we provide through our website www.man.eu/MAN/de/Investor Relations/, financial publications, and capital market conferences enables our German and international shareholders as well as other interested parties to obtain an accurate and up-to-date picture of our Company and gain an insight into our corporate governance practices. We also post the following on our website immediately after publication: annual reports, interim reports, and a financial calendar showing all upcoming events (see section 6.3 of the Code). The website also contains the annual document we are required to prepare under section 10 of the *Wertpapierprospektgesetz* (WpPG – German Securities Prospectus Act), summarizing all the relevant information disclosed by the Company during the past calendar year.

In accordance with the principle of equal treatment, we ensure that all shareholders of our Company receive the same information.

Annual General Meeting

The Annual General Meeting is the platform where MAN shareholders can exercise their voting rights, obtain information, an engage in a dialog with the Executive and Supervisory Boards.

In organizing and conducting its Annual General Meeting, MAN SE aims to provide all shareholders with prompt, comprehensive, and effective information both before and during the event. The invitation to the Annual General Meeting is published in the *elektronischer Bundesanzeiger* (the electronic Federal Gazette) and is accessible to our shareholders and all other interested parties via the MAN website, together with all reports and documents relating to the Annual General Meeting. In addition, we e-mail the documents to interested shareholders and other parties if we have their consent to do so, as well as posting them on our website for download.

If shareholders are unable to attend the Annual General Meeting, they may either authorize a bank, shareholders' association, or other person to represent them, or authorize an MAN employee, either in writing or by electronic means, to exercise their voting rights by proxy.

To enable all shareholders and the interested public to follow the Annual General Meeting, the entire event is broadcast live on the Internet.

Executive Board and Supervisory Board

MAN SE has a two-tier structure comprising an Executive Board and a Supervisory Board. Both governing bodies work closely together to the benefit of the Company and seek to achieve a sustained increase in enterprise value for its shareholders.

The Executive Board, which currently comprises four members, is responsible for performing managerial and operational tasks. Its responsibilities extend in particular to the MAN Group's strategic focus, which it agrees with the Supervisory Board. The Executive Board is also responsible for target-driven, active management and the central financing of the Group, the development and deployment of managers, and the preparation of the quarterly and annual financial statements. In addition, it ensures compliance with legislation, official regulations, and internal policies.

The various tasks are allocated to the individual Executive Board functions in accordance with the list of responsibilities. The full Executive Board addresses all key decisions and measures; the Executive Board's Rules of Procedure define the decisions and measures that require the approval of the full Executive Board. Meetings of the full Executive Board are held at least once a month and additionally as needed. The Executive Board reports to the Supervisory Board. It consults the Supervisory Board on decisions of fundamental importance. The Executive Board also ensures open and transparent corporate communications.

The Supervisory Board, on the other hand, has monitoring and advisory functions. Major business operations require the Supervisory Board's consent. MAN SE's Supervisory Board features equal representation, comprising eight shareholder representatives elected by the Annual General Meeting and eight employee representatives appointed during negotiations with the special negotiating body. For further information on the composition of MAN SE's Supervisory Board and its committees and on the fulfillment of tasks and cooperation with the Executive Board, please additionally refer to the Supervisory Board's report and the notes to the annual financial statements.

Regarding Supervisory Board members – as set out in the Declaration of Conformity of December 2009 – no board functions are exercised with MAN's essential competitor Scania, but only with the latter's majority shareholder, Volkswagen AG (Prof. Dr. Piëch, chairman of the Supervisory Board, and Rupert Stadler, member of the Executive Board), and with Audi AG as a company controlled by Volkswagen AG (Rupert Stadler, chairman of the Executive Board, and, since April 1, 2010, Ulf Berkenhagen, member of the Executive Board), which do not qualify as essential competitors from MAN's perspective.

The Government Commission on the German Corporate Governance Code adopted several amendments to be made to that code on May 26, 2010. Its recommendations aim in particular to increase the proportion of women in managerial positions and on committees at listed companies and to reflect the criterion of diversity.

The Executive Board defined the goals required to achieve this at its meeting on October 26, 2010, and resolved an extensive list of measures.

MAN's Supervisory Board will also take diversity into account in the composition of the Executive Board and in particular aim for appropriate consideration of women.

The Supervisory Board resolved the following with regard to the composition of the Supervisory Board at its meeting on November 12, 2010:

In view of the purpose and size of the Company and the proportion of its international business activities, MAN SE's Supervisory Board aims to take into account the following factors in respect of its composition:

- reserving at least two Supervisory Board positions – one of which on the shareholder side – for persons who especially embody the criterion of internationality;

- reserving at least two Supervisory Board positions on the shareholder side for persons who neither exercise an advisory, directorship, or similar function at customers, suppliers, lenders, or other business partners of the MAN Group, nor have a business or personal relationship with MAN SE or its Executive Board that gives rise to a conflict of interest;

- reserving at least two Supervisory Board positions for women, at least one of which is on the shareholder side.

Proposals for election made by the Supervisory Board to the responsible electoral bodies should take the abovementioned goals into account. Under these goals, persons who have reached the age of 70 at the time of an election should not, as a rule, be considered in proposals for election.

From 2 July 2010 (effective date of the Code version of May 26, 2010), the composition of the MAN Supervisory Board was, at least temporarily, not in accordance with the Code.

Dr.-Ing. Ekkehard D. Schulz, Chairman of the Executive Board of ThyssenKrupp AG, serves on the supervisory boards of three other listed companies (MAN SE, Bayer AG and RWE AG) as well as one non-listed company with comparable requirements (AXA Konzern AG).

However, Dr. Schulz left the Executive Board of ThyssenKrupp AG upon conclusion of the Annual General Meeting of ThyssenKrupp AG on January 21, 2011.

In view of the long-standing membership of Dr. Schulz in the MAN Supervisory Board (and in the supervisory board committees of the other companies named above) on the one hand, and the soon termination of his appointment as a member of the Executive Board of ThyssenKrupp AG on the other, a temporary departure from the recommendation of the Code in section 5.4.5 seemed reasonable.

MAN also complied with the German Corporate Governance Code's recommendation that no more than two former members of the Executive Board be members of the Supervisory Board; there is currently one former member of the Executive Board on the Supervisory Board.

There were no elections to the Supervisory Board in the reporting period.

No conflicts of interest were reported by members of either the Executive or Supervisory Board during the reporting period. MAN complied with the age limit set by the Supervisory Board for members of the Executive Board, which stipulates retirement from office at the age of 62 with the option for an extension up to a maximum age of 65 years. It also took into consideration the standard age limit of 70 set for members of the Supervisory Board. Only the Chairman of the Supervisory Board and an additional Supervisory Board member have exceeded 70 years of age.

Any consulting and other service or work contracts between members of the administration and the Company did not exist in the reporting period. The Supervisory Board approved the secondary activities of Executive Board members within the scope of section 4.3.5 of the German Corporate Governance Code only to the extent that these involved serving on other companies' supervisory boards and management activities at Group companies. The Company has taken out D&O (directors' and officers' liability insurance) coverage. This insurance was adjusted to reflect the requirements of the *Gesetz zur Angemessenheit der Vorstandsvergütung* (VorstAG – German Act on the Appropriateness of Executive Board Remuneration) dated July 31, 2009, and of the German Corporate Governance Code.

Compliance / risk management

As of January 1, 2010, MAN SE's Executive Board established a new Compliance function as part of its responsibility for compliance defined by the German Corporate Governance Code. This function, which reports to the Chief Compliance Officer ("CCO"), is responsible for developing and implementing a uniform group integrity and compliance program, focusing on fighting corruption, infringements of antitrust law, and on data protection. The Compliance function consists of MAN SE's central Corporate Compliance Office and the compliance organization at the subgroups. The central compliance measures developed by the CCO are implemented locally and in a uniform manner by the compliance staff at the subgroups worldwide. All compliance organization staff are subordinate to the CCO, who regularly reports to MAN SE's Executive Board and to the Audit Committee of the Supervisory Board.

The key compliance measures developed and implemented by the Compliance function in the reporting period include the following:

- A Group-wide compliance risk assessment was conducted in the reporting period. The aim of this was to identify potential compliance risks affecting objective business models in the Group. The results of the compliance risk assessment were used to determine the structure of the Compliance organization, the Compliance program tailored to MAN, and further measures to prevent compliance risks, among other things.

- The existing Code of Conduct was fundamentally revised, and new policies to prevent corruption risks were issued (policy on handling gifts, hospitality, and invitations to events; policy on engaging business partners; policy on donations and sponsorship activities).

- To be able to better assess and, as far as possible, exclude corruption risks in the interaction with sales-supporting business partners (in particular advisers and brokers), the Compliance function, together with sales staff, developed a web-based application, the so-called Business Partner Approval Tool, which is used to systematically check and approve the integrity of such business partners.

- In February 2010, the Compliance Helpdesk was launched, which all employees can contact with compliance-relevant questions. Furthermore, the Compliance function held compliance awareness training all around the world in the form of classroom sessions for all employees who may be exposed to compliance risks in their day-to-day work. The training sessions focus on providing basic knowledge on anti-corruption and infringements of antitrust law. Compliance violations are not tolerated at MAN. Reports of possible violations are investigated in detail, dealt with, and punished according to the penalties permitted under labor law. Findings from the investigation of compliance violations are used by the Compliance department to analyze any deficits of the Compliance program and adjust and continuously improve it.

A detailed description of MAN's compliance organization and the compliance measures implemented in the reporting period can be found in the "Compliance" section.

Risks resulting from compliance violations and other business risks were assessed under the risk management system and addressed in detail by the Executive Board and Supervisory Board, and in particular by the Audit

Committee. Please refer to the description of MAN's risk management system and the risk report contained in the Management Report.

Directors' dealings (reportable securities transactions)

Section 15a of the WpHG requires individuals with management tasks and certain related parties to report dealings in MAN shares and related financial instruments to the issuer and the BaFin. No transactions were reported in the 2010 fiscal year. Any disclosures are published on the website at:

www.man.eu/MAN/de/Investor_Relations/Corporate_Governance/Meldepflichtige_Wertpapiergeschaefte/.

According to the reports received, the Executive and Supervisory Board members' direct and indirect holdings of shares and derivatives on shares do not exceed 1% of the shares issued by the Company, either individually or in total.

Financial reporting

The year-end consolidated financial statements of the MAN Group are prepared by the Executive Board on the basis of the International Financial Reporting Standards (IFRS), while the single-entity financial statements of MAN SE are prepared in accordance with the *Handelsgesetzbuch* (HGB – German Commercial Code). The financial statements are examined and approved by the Supervisory Board. All deadlines for the publication of financial statements and interim reports were met during the reporting period. In accordance with the recommendation, as restated in 2008, in section 7.1.2 of the German Corporate Governance Code, the Audit Committee discusses MAN's half-yearly and quarterly financial reports with the Executive Board prior to their issue.

Audits

In the reporting period, the Supervisory Board proposed PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC), Munich, as auditors of the financial statements; the Annual General Meeting endorsed its proposal. PwC provided MAN's Audit Committee with confirmation of its independence. It was also agreed that the Chairman of the Audit Committee would be immediately informed of any grounds for disqualifying the auditors or questioning their impartiality that might occur during the audit, unless such grounds could be immediately eliminated.

Remuneration report for the fiscal year 2010

Executive Board remuneration in 2011

Since the effective date of the VorstAG dated July 31, 2009, the full Supervisory Board is responsible for determining the total remuneration of the individual Executive Board members. Decisions of the Supervisory Board on the determination of the total remuneration of individual Executive Board members are prepared and proposed by the Presiding Committee of the Supervisory Board at MAN SE. The full Supervisory Board also regularly discusses the structure of the Executive Board remuneration system based on the Presiding Committee's proposals and – in accordance with the recommendation of the German Corporate Governance Code (the Code; section 4.2.2) – adopts and regularly reviews a remuneration system. The current remuneration system was adopted by the Supervisory Board in its meeting on 12 February 2010 and – as regards the amount of the bonus – by written procedure in June 2010.

The Supervisory Board's objective and duty is to set remuneration at an appropriate amount. The criteria for do-ing so include in particular the tasks of the respective Executive Board member, their personal performance, the economic situation, the performance of and outlook for the Company, and how customary the remuneration is compared with the Company's peer group, as well as the remuneration structure that applies to other areas of MAN.

Remuneration structure and components

The remuneration of Executive Board members comprises fixed salary payments and noncash benefits, pension and other benefit contributions, and performance-related components. The variable performance-related components comprise components linked to business performance and long-term incentive and risk components.

- The fixed remuneration is paid as a monthly salary. In addition, Executive Board members receive noncash benefits consisting primarily of the provision of a company car and a driver for business trips and the payment of insurance premiums. The fixed remuneration is reviewed on a regular basis and modified where necessary, taking into account general salary trends and the area of responsibility of the individual Executive Board member.

- The success-related variable remuneration (bonus) is based equally on two factors:

  One half of the bonus is determined from the Return on Capital Employed (ROCE) by the MAN Group, less the Weighted Average Cost of Capital (WACC). This factor is based on an average of the current and following fiscal year in each case. The degree of target achievement is calculated by comparing this average with the agreed target.

  The other half of the bonus is determined from the Return on Equity (before tax). The actual value of the relevant fiscal year is compared with the agreed target and so the degree of target achievement is determined. Pursuant to the MAN Stock Program, 50% of the bonus portion resulting therefrom are paid out in stock with a lock-up period of four years (see below).

  The bonus is capped and only paid out if the Company achieves a Return on Sales (ROS) of more than 2%.

- The component directed towards the long-term success of the Company has been granted in the form of the MAN Stock Program since 2005. Under this program, the Executive Board members annually receive taxable cash benefits in the amount of 50% of the fixed remuneration. Half of the benefit volume is to be invested in common stock of MAN SE. The stock is acquired and held centrally by MAN SE in the name and for account of the Executive Board members. The stock so acquired may be freely disposed of upon expiration of a lock-up period of four years. During the lock-up period, the stock may not be sold, lent on or hedged. When retiring or leaving the MAN Group, the lock-up period ends one year after retiring or leaving at the latest.

- Executive Board members' benefit entitlements comprise retirement, disability, and survivors' benefits. Entitlements to such benefits are accumulated under a defined contribution system with the value of benefits dependent upon the performance of certain fund indices. Every year, MAN SE contributes an amount equal to 20% of the fixed remuneration and the bonus received in the fiscal year into an MAN fund. Executive Board members may elect to make additional contributions themselves out of their gross salary. Contributions and the returns thereon are held in individual capital accounts. The balance accumulated on the capital account bears interest in accordance with the performance of selected capital market indices, the weighing of which is dependent on age. The contributions and the interest thereon and any interest additionally achieved by the fund make up the available capital. At retirement, the beneficiary may elect to receive the balance of the capital account, or at a minimum the total amount of the contributions, as a lump sum payment, in installments, or as an annuity. In the event of disability or death, the beneficiary is paid the accumulated account balance, or a minimum of four times the fixed annual remuneration and bonus.

Executive Board members' remuneration in 2010

The remuneration awarded to active members of the Executive Board for their services in fiscal 2010 totaled €10,549 thousand plus €656 thousand for pensions (previous year: €4,270 thousand plus €1,437 thousand for pensions). Please see note 23 of the Notes for details of the Executive Board members' individual remuneration, broken down into fixed and performance-related components and long-term incentive components.

Additionally, a total of €7,142 thousand in severance payments was made in fiscal 2010 to former members of the Executive Board. Appropriate provisions were recognized for these payments already in fiscal 2009. These payments are also described in detail in the abovementioned note of the Notes.

Special contract provisions

Under a provision that has been in effect since 2010, Executive Board members receive their fixed remuneration, bonus, insurance contributions, and contributions to the pension system until the end of their normal term of office, but for no more than two years, in the event of the early termination of their contract without good cause and at the instigation of the Company. Income from activities elsewhere is offset and the basis for calculating the amount of the contributions to the pension system reduced accordingly. MAN uses an Executive Board member's bonus for the past fiscal year and expected bonus for the current fiscal year as a basis for calculating the bonus paid as a severance payment following departure.

If an Executive Board member's contract is terminated at his or her instigation (members may terminate their contracts without having to cite reasons, by giving 18 months' notice), payments are only made until the end of the notice period. There are no special change-of-control provisions in place.

Supervisory Board remuneration

The structure and amount of Supervisory Board remuneration is stipulated by the Annual General Meeting and governed by Article 12 of the Articles of Association. It is based on the tasks and responsibilities of the Supervisory Board members as well as on the Group's economic performance.

The annual remuneration comprises the following components:

- basic (fixed) remuneration of €35,000;
- variable remuneration (bonus). This is based on actual earnings per share as reported in the consolidated financial statements. The variable remuneration is €175 for every €0.01 by which earnings per share exceed €0.50. It is capped at twice the basic remuneration.

Additional remuneration is paid to the chairman and deputy chairman of the Supervisory Board as well as to the chairmen and members of the Supervisory Board committees. The Supervisory Board chairman receives double and his deputy one-and-a-half times the fixed and variable remuneration. Members of the Supervisory Board's Audit Committee and Presiding Committee each receive an additional 50% and the chairmen of the two committees receive an additional 100% of the basic remuneration.

Since the amendment to the Articles of Association resolved at the Annual General Meeting on April 1, 2010, the members of the Supervisory Board have additionally received an attendance fee of €500 in each case for meetings of the Supervisory Board or of Supervisory Board committees at which they are present.

In addition, members of the Supervisory Board are reimbursed their expenses.

Remuneration and expenses reimbursed that are subject to value added tax are paid gross of value added tax if this is invoiced separately.

There is no remuneration component relating to the Company's long-term success included in the Supervisory Board remuneration because contributions to success can hardly be measured. This means a deviation from the corresponding suggestion in the German Corporate Governance Code (section 5.4.6).

According to some legal scholars, the remuneration of the first Supervisory Board (of an SE) is subject to the consent of the Annual General Meeting, which shall be sought as a precautionary measure at the 2011 Annual General Meeting when the Supervisory Board's first term of office as defined by the Articles of Association ends.

Supervisory Board members' remuneration in 2010
The total remuneration payable to the members of the Supervisory Board for 2010 amounts to €2,183 thousand (previous year: €941 thousand). In addition, members of MAN SE's Supervisory Board received remuneration totaling €68 thousand (previous year: €39 thousand) for serving on supervisory boards at Group companies in fiscal 2010. Please see note 24 of the Notes for a breakdown of the individual remuneration of the Supervisory Board members in 2010.

Additional information
Supervisory Board members did not receive any additional remuneration or awards for personal services, particularly advisory or intermediary services, during the reporting period.

Former Supervisory Board members who left the Board prior to January 1, 2010, do not receive any remuneration.

(2) Other management practices

MAN SE is the leading holding of the MAN Group. All essential German 100% participations, in particular MAN Truck & Bus AG and MAN Diesel & Turbo SE as essential business divisions, are included in the group by control and profit and loss transfer agreements; the latter is thus a group based on contracts (*Vertragskonzern*).

The allocation of functions and responsibility within the MAN Group is governed by the "Industrial Governance" system. This system is available on the internet at www.man.eu/MAN/de/Investor_Relations/Strategie/.

This emphasizes that the divisions have the operational responsibility for their respective business areas.

The strategic management of the Group, in turn, is the responsibility of MAN SE's Executive Board.

The responsibilities of MAN SE as the Group's Corporate Center include the development of the Group's overall strategy and structure, the development and deployment of managers, the target-driven and active management and the central financing of the Group. This management system is flanked by joint methods and Shared Services. For instance, separate companies for financial services (MAN Finance International GmbH) and personnel services (MAN HR Services GmbH) have been established in the last years.: and

Further key functions include Controlling, Corporate Audit and Compliance Management.

Group policies apply to the MAN Group to unify the standards.

The essential applicable ethical and compliance requirements for the MAN Group are laid down in the Code of Conduct, which is available on the internet at www.man.eu/MAN/de/Unternehmen/Management/Code_of_Conduct/index.html. It sets out important basic rules and minimum standards as a binding conduct policy for all employees of the MAN Group. Its aim is to give all employees orientation for legal and ethical challenges in their daily work and to enhance correct conduct. In particular, the Code of Conduct contains a clear commitment to free and fair competition. Anti-competitive behavior and corruption of any kind are not permitted.

Rules specifying the requirements are included in Group policies, such as e.g. the anti-corruption policy, and policies of the companies.

(3) Functioning and composition of Executive Board, Supervisory Board and committees

The composition of the Executive and Supervisory Boards themselves and of the Supervisory Board committees is set out in the Notes to the annual financial statements on pages 38 et seq.

Please see the Corporate Governance report under (1) for information on the functioning of the Executive and Supervisory Boards.

There are no committees of the Executive Board.

Functioning of the Supervisory Board committees
Two committees with equal numbers of representatives have been created from the Supervisory Board of MAN SE: the Presiding Committee and the Audit Committee. Both committees consist of six committee members each. While the Presiding Committee includes the chairman of the Supervisory Board and the first and second deputy as well as three further members to be elected by the Supervisory Board, the members of the Audit Committee are all elected by the Supervisory Board.

The chairman of the Supervisory Board is also the chairman of the Presiding Committee. The Audit Committee has to elect its chairman from among the shareholders.

The Presiding Committee's tasks include dealing with personnel matters, in particular service contracts and other agreements entered into with Executive Board members, as well as any consents permitting members of the Executive Board to engage in secondary activities. Decisions are only delegated in cases where responsibility does not rest with the full Supervisory Board by virtue of law. This particularly holds true for any decisions to be taken by the Supervisory Board with regard to the remuneration structure applicable to Executive Board members and – from the date on which the VorstAG entered into force – also with regard to determining the total remuneration of individual Executive Board members; for these purposes, the Presiding Committee must draw up proposals and submit them to the full Supervisory Board. Furthermore, the Presiding Committee is responsible for carrying out the succession planning with regard to filling Executive Board positions in the long term, and for deciding on whether to grant loans to the persons specified in section 89 and section 115 of the AktG.

In addition, the Presiding Committee deals with proposals regarding the appointment of members to the Executive Board and the termination of such appointments, submitting its relevant proposals to the full Supervisory Board.

The Presiding Committee's responsibilities further include preparing the meetings of the Supervisory Board. The Presiding Committee makes resolution recommendations to the Supervisory Board with regard to resolutions to be adopted.

The duties of the Audit Committee include, in essence, the following:

- discussing the half-yearly and quarterly financial reports with the Executive Board prior to their publication, and preparing the Supervisory Board's decision on the adoption of the annual financial statements and the approval of the consolidated financial statements; this includes, in particular, dealing with accounting issues and discussing the audit report with the auditor;
- dealing with issues relating to the risk management system, as well as to compliance; and
- preparing and proposing decisions of the Supervisory Board on the proposal regarding the auditor's election by the Annual General Meeting, and the issuance of the audit mandate relating to the annual and consolidated financial statements.

In addition, there exists the Nomination Committee, which is composed of the Presiding Committee's shareholder representatives. It is tasked with identifying candidates for Supervisory Board positions who meet the eligibility criteria in the best possible way and are willing to be appointed to the Supervisory Board, and recommending suitable candidates to the Supervisory Board as the latter's proposals for election at the Annual General Meeting – taking into account statutory provisions as well as the provisions of the German Corporate Governance Code implemented in accordance with the Company's Declaration of Conformity.

Meetings of the committees are generally held as on-site meetings. The Presiding Committee meets prior to each Supervisory Board meeting, i.e. generally at least four times a year. Meetings of the Audit Committee are held in connection with the preparation of the annual financial statements prior to the Supervisory Board's financial statements meeting in spring, prior to instructing the auditor, and in connection with the quarterly financial statements on March 31, June 30 and September 30 of each year. Generally, there are six meeting dates. If required, additional meetings of the Presiding and Audit Committees are scheduled to be held.

If the chairman of a committee so directs, Supervisory Board meetings may also be held as a video conference or a conference call, or individual Supervisory Board members may be connected to meetings by video or telephone conference facility. Resolutions may be adopted outside of meetings: i.e. in writing, by fax or via e-mail, or by any other conventional means of telecommunication if ordered by the chairman of the Supervisory Board and provided that none of the Supervisory Board members objects to such procedure in text form without undue delay.

Resolutions to be adopted by the committees (like those to be adopted by the Supervisory Board) – unless provided for otherwise by law – require a simple majority of the votes cast. In the event of a tie, the chairman of the Supervisory Board has the casting vote.

The chairman of the Supervisory Board is responsible for executing the resolutions adopted by the Supervisory Board or any of its committees.

The conference language of the meetings of the Supervisory Board and its committees is German, with a translation into the national language of each Supervisory Board member who requests one being provided.

The members of the Executive Board regularly attend committee meetings – as well as Supervisory Board meetings. At least the Chief Executive Officer, or chairman, respectively, is invited to attend the meetings of the Presiding Committee, and at least the Chief Financial Officer is invited to attend meetings of the Audit Committee.

7. Outlook

MAN SE is the leading holding of the MAN Group. All significant German 100% participations, in particular MAN Truck & Bus AG and MAN Diesel & Turbo SE as essential business divisions, are affiliated with MAN SE by control and profit and loss transfer agreements. The Group's outlook is therefore also applicable to MAN SE.

A global economic recovery with slight upward momentum

Management anticipates that the global economic recovery will persist in 2011 and continue to have a positive impact on the transportation and energy markets. The economic recovery is expected to continue over the next two years, with the slowdown in evidence since the second half of 2010 persisting throughout the first half of 2011. In particular, the effect of economic stimulus measures in the industrialized countries will decline. These countries are expected to record slower growth, which will also impact emerging economies and slow the pace of their exports. According to forecasts from IHS Global Insight, this means that global growth will slow somewhat compared with 2010 to 3.3% in 2011, but pick up slightly to 3.7% in 2012. It is assumed that growth in the BRIC countries will be three times faster than in the industrialized nations, particularly in 2011. A weak dollar and growth in developing countries will have a positive impact on exports.

In the Commercial Vehicles business area, an above-average increase in demand is expected in the BRIC countries in the coming years. The Russian commercial vehicles market, which has experienced a severe crisis in recent years, is forecast to grow by an average of 35% p.a. in the next two years due to rising demand in the energy sector in particular. Markets such as India and China that have boomed on the back of tax breaks for new vehicle purchases will improve slightly on their record levels. China will remain by far the world's largest heavy trucks market. The Brazilian commercial vehicles market remained relatively stable during the financial crisis and should record single-digit percentage growth in the coming years provided that there is no change in the current favorable financing conditions. Global unit sales of heavy commercial vehicles will continue to increase in 2011; the *Verband der Automobilindustrie* (VDA – German Association of the Automotive Industry) expects growth of 8%.

In the shipbuilding industry, lingering overcapacity in the container ship and bulk freighter markets among others means that price pressure will remain high in the coming quarters. As a result, only slight growth is forecast in the marine engines segment in the coming years. China in particular will continuously progress towards becoming the world's largest shipbuilding nation and account for a substantial share of growth. Steady moderate growth is expected in the Turbomachinery strategic business unit in the coming years. The key markets for the oil and gas business at present are China, the Middle East, and Brazil. Future demand for new power plants in Europe will be driven primarily by the replacement of existing capacity. Efforts to meet climate protection goals will create opportunities to make greater use of alternative technologies, such as solar power. The importance of natural gas or LNG (liquefied natural gas) will increase further in both shipping and stationary applications.

The recovery in the United States and Europe will initially slow in 2011 before strengthening again in the course of the year. The *Institut für Weltwirtschaft* (IfW – Institute for the World Economy) is forecasting 2.5% growth for the United States in 2011, underlining expectations that its upturn will be more muted going forward. By comparison, US economic growth was 2.8% in 2010.

The forecast for the euro zone in 2011 paints a divided picture that comprises sustained real economic growth in Germany, Belgium, and the Netherlands on the one hand, and the countries affected by the debt crisis (Greece, Portugal, and Spain) on the other. Growth rates across the euro zone countries will continue to vary enormously. There are currently scarcely any opportunities for European monetary policy to kick start the economy in the short term, with interest rates already extremely low and money markets well supplied with liquidity. At present, inflation is expected to settle at just under 2% in 2011. Overall, the economic slowdown at the end of 2010 will persist throughout the first half of the year and only be overcome towards the end of 2011. The IfW is forecasting 1.3% growth in gross domestic product for 2011. Overall, the euro zone will not offset the decline in output caused by the crisis until during 2012. In the Commercial Vehicles business area, MAN is expecting the truck market to grow in all European regions in the period from 2011 to 2013. While demand in the peripheral countries is only picking up slowly due to existing economic problems, demand for heavy trucks in Germany should increase much faster. The VDA is predicting 14% growth in this segment for 2011. During the crisis, the European bus market recorded a much less pronounced slump than the truck market. Overall, slight growth is expected in this market for 2011 and 2012.

The economic upturn in Germany is set to continue in 2011. The IfW anticipates gross domestic product growth of 2.3% for 2011 and 1.3% for 2012. In addition to domestic demand and investment, foreign demand and private consumption will also rise next year, as already seen at the end of 2010. However, it appears that the pace of expansion will be much more moderate than in 2010. Investment activity will continue to increase this year and next year due to growing capacity utilization and favorable financing conditions.

Brazil remains a growth driver in Latin America, but its expansion will slow compared with 2010. It is expected to see average growth of 5% in the coming years, which will result from investments in the run-up to the 2014 soccer World Cup and the 2016 Olympic Games, among other things. In particular, capital expenditure on infrastructure is likely to be substantial. If massive capital imports continue in the future, appreciation pressure on the real will remain a risk for the country's export industry. According to current forecasts by the Brazilian central bank, inflation will be around 5% in the next two years.

The Indian economy is expected to essentially maintain its high growth of around 9% in the next two years. The slowdown in growth will also continue in the other East Asian emerging economies following their high growth rates at the beginning of 2010. As a key customer of upstream products, China will have a dampening effect due to its now more restrictive monetary policy and the decline in the pace of its expansion.

Despite this anticipated growth trend in the global economy, Management considers in its decisions the downside risk to global economic activity that also exist in an environment of uncertainty. There remains a risk of renewed tensions in the financial markets, further increases in the price of oil and other commodities, protectionist efforts, and a disorderly correction of global imbalances, the occurrence of which could have an adverse impact on current growth. The MAN Group is constantly monitoring ongoing economic developments and will take additional measures without delay should this become necessary in the event of a deterioration in the economic situation.

Returns and operating profit

The MAN Group anticipates a continuing economic recovery in 2011. In the Commercial Vehicles business area, revenue is forecast to increase by between 10% and 15%. Assuming this to be the case, management expects a return on sales in the region of 7%. In the Power Engineering business area, revenue is expected to fall by up to 5% in 2011. Return on sales will remain in double digits. Across the MAN Group, revenue is currently expected to increase by between 7% and 10%. Return on sales will therefore improve by one percentage point. Net interest expense and the tax rate will remain at a comparable level in 2011.

In 2012, revenue in the Commercial Vehicles business area will continue to increase due to international growth, but at a more moderate pace. As a result, return on sales should then be well in excess of 7%. In the Power Engineering business area, there is expected to be a slow recovery in the new shipbuilding, which in 2012 will only be reflected in order intake. Revenue and ROS will remain stable. Management currently estimates that revenue growth across the MAN Group will be in the single digits in 2012. It anticipates that earnings will rise at a slightly faster pace, enabling the Group to achieve a return on sales of at least 8%.

Long-term growth strategy

The MAN Group will continue to systematically pursue its growth strategy in the future, particularly in the BRIC countries. A second focus is on further increasing the flexibility of the Group's cost structures. MAN does not rule out corresponding capacity adjustments if necessary, so that the Group can effectively manage economic fluctuations and the related effects on demand.

A central task in the Commercial Vehicles business area is systematic international growth and the leveraging of potential synergies. Besides the BRIC countries, the key growth regions for MAN Truck & Bus are the growth markets in Asia. As the market leader in Brazil, MAN Latin America has an extensive sales and service network. As is the case in the strategic partnership with Chinese truck manufacturer Sinotruk, the focus here is on successfully covering emerging markets by providing specific products.

The merger of MAN Diesel & Turbo will enable customer requirements to be better met by providing needs-driven products and leveraging synergies through the joint use of existing infrastructure. The energy generation market will be more rigorously developed by offering product packages. Across all companies, the focus will remain not only on expanding new business, but also on bolstering after-sales operations under the "MAN PrimeServ" brand. Here too, MAN needs to offer an attractive end-to-end package comprising a leading technological product and appropriate service.

In mid-2010, MAN entered into an agreement with commercial vehicles manufacturer Scania to cooperate on purchasing and technology issues that do not have any significant brand reference. The initial focus is on a defined number of purchasing and development projects. Management of both companies is currently examining the legal possibilities of further cooperation. Closer integration only makes sense if both companies profit from it **–** in particular the employees, customers, and shareholders of MAN and Scania.

Capital expenditures, research, and development

The primary goal of the investments made in 2011 will be to safeguard the MAN Group's long-term success. Again, these mainly comprise the ongoing modernization of its production facilities, necessary expenditure on replacement items, and the continued expansion of the service and sales network throughout the MAN Group. Management will use portfolio measures if the opportunity arises.

Research and development is of elementary importance to the MAN Group because the Company can only meet customer and legal requirements by developing leading technological solutions. Our R&D activities are rigorously aimed at providing customers with a competitive advantage. As a result, they continue to focus on enhancing MAN's commercial vehicle and diesel engines in terms of their performance, consumption, and emission standards; further developing its truck and bus models; and improving the product range in the Power Engineering business area. In 2011 and 2012, the MAN Group will step up its R&D activities and therefore increase research and development expenditures slightly with the goal of maintaining and expanding its technological position through R&D.

As a result of MAN's international growth strategy, purchasing activities will continue to focus on global procurement markets. To ensure the sustainability of successful purchasing strategies and generate additional synergies, non-production-related requirements are procured by a Group-wide Purchasing function centrally and by group of goods. The use of the preventive risk management system by the Purchasing function to continuously monitor supplier relationships will continue to form the basis of successful and efficient procurement. The cost of materials will develop largely in line with revenue in 2011 and 2012.

Cash flow

In view of the economic situation, cash management will be a particular focus. This will be supported by the Group-wide working capital optimization program. The sustainability of measures to reduce inventories and receivables will gain in importance once the markets recover and demand therefore picks up. The MAN Group's financing structure aims to achieve an economically sensible mix of operating cash flow and external finance. The Group's placement of a corporate bond in 2009 with a total volume of €1.5 billion and maturities of four and seven years is helping to safeguard MAN's long-term financial stability.

Due to the current situation, no significant financing measures are planned for 2011 with the exception of local financing arrangements in emerging market countries and asset-backed financing arrangements to refinance the financial services business.

Helped by positive cash flow in the Industrial Business, net financial debt in the coming year will be on a level with 2010. The simultaneous expansion of sales financing will slow the reduction in net financial debt.

Once again, the MAN Group would like to enable its shareholders to participate in the Company's success by distributing an appropriate share of its profits for 2010, bearing in mind the economic environment. The dividend for this year will therefore be higher than that for 2009. The amount distributed is not fixed; the Group generally aims for 30% to 60% of net income.

Employees

The number of employees in the MAN Group will remain at the current level in the next two years.

Uncertainties in the outlook

The forward-looking statements and information described above are based on current expectations and certain assumptions. They therefore involve a series of risks and uncertainties. A large number of factors, many of them beyond the MAN Group's control, affect its business activities and their outcomes. These factors may cause the MAN Group's actual performance and results to differ considerably from those discussed in the forward-looking statements.

8. 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 was received by MAN on January 7, 2011. At the same time, MAN lost access to more than 20% of the voting rights of Scania.

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 segment. MAN has assured the European Commission of its comprehensive cooperation in order to thoroughly clarify the allegations. MAN does not tolerate compliance violations. Neither corruption nor breaches of competition law are tolerated, promoted, or accepted by MAN.

Annual report of MAN SE
for the fiscal year
January 1 to December 31, 2010

Munich, January 27, 2011

MAN SE
Executive Board

Income statement for the period January 1 to December 31, 2010

€ thousand	*Note*	2010	2009
Net income from investments	(1)	275,854	-97,874
Net interest income	(2)	-111,676	-74,457
Other operating income	(3)	50,443	72,295
General and administrative expenses	(4)	-84,091	-55,401
Other operating expenses	(5)	-54,659	-107,291
Net operating income		**75,871**	**-262,728**
Extraordinary result	(6)	560,791	-
Tax income/earnings	(7)	-116,113	-35,358
Net income/ deficit for the fiscal year		**520,549**	**-298,086**
Retained profits brought forward from previous year		544	40,390
Drawings on revenue reserves		-	295,000
Provision to revenue reserves		-225,000	-
Net retained profits		**296,093**	**37,304**

Balance sheet

€ thousand	Note	Dec. 31, 2010	Dec. 31, 2009
Assets			
Intangible assets		7,718	1,842
Property, plant, and equipment		1,682	2,607
Financial assets		5,641,460	4,215,049
Fixed assets	**(8)**	**5,650,860**	**4,219,498**
Receivables and other assets	**(9)**	222,469	94,267
Cash and cash equivalents	**(10)**	2,132,614	2,320,464
Current assets		**2,355,083**	**2,414,731**
Prepaid expenses	**(11)**	**19,272**	**14,330**
		8,025,215	**6,648,559**

€ thousand	Note	Dec. 31, 2010	Dec. 31, 2009
Liabilities			
Subscribed capital		376,422	376,422
Contingent capital 2010 (€76,800 thousand)			
Capital reserves		794,897	794,897
Retained earnings		844,000	619,000
Net retained profits		296,093	37,304
Equity	**(12)**	**2,311,412**	**1,827,623**
Provisions for pensions		10,749	25,680
Provisions for taxation		66,731	-
Other provisions		607,451	477,534
Provisions	**(13)**	**684,931**	**503,214**
Financial liabilities		4,886,088	4,174,621
Other liabilities		142,784	143,101
Liabilities	**(14)**	**5,028,872**	**4,317,722**
		8,025,215	**6,648,559**

Notes

Underlying Principles of the Annual Financial Statements

The annual financial statements of MAN SE for the fiscal year from January 1 to December 31, 2010 have been prepared in accordance with the provisions of the *Handelsgesetzbuch* (HGB – German Commercial Code) and the *Aktiengesetz* (AktG – German Stock Corporation Act).

To enhance the clarity of presentation, individual items have been combined in the balance sheet and in the income statement. These items are disclosed separately in the notes. Certain data from prior years has been adjusted to the current format to improve comparability.

The income statement has been set up based on the cost of sales (function of expense) format.

With economic effect of January 1, 2010, MAN Maschinen- und Anlagenbau GmbH and MAN B&W Diesel Beteiligungs GmbH have been merged into MAN SE. The mergers have affected financial assets, liquid funds, financial obligations and extraordinary results.

Implementation of the *Bilanzrechtsmodernisierungsgesetz* (BilMoG – German Accounting Law Modernisation Act)

MAN SE has applied the provisions of the *Bilanzrechtsmodernisierungsgesetz* (BilMoG – German Accounting Law Modernisation Act) for the first time in 2010. We have set out the relevant impacts of such implementation below. In accordance with the transitional provisions of the *EGHGB* (Introductory Act to the German Commercial Code) the effects of the implementation as of January 1, 2010 are reflected in the Extraordinary Results.

€ thousand	Explanation	Effect on the extraordinary result
Pensions and similar liabilities	a	7,183
Other accruals	b	27
		7,210

a. Changes in Valuation in respect of Pensions and Similar Liabilities

The discount rate applied by MAN SE for calculating provisions for pension commitments has been the average interest rate applied when assuming a remaining maturity term of 15 years which is determined and published from time to time by the German Central Bank (*Deutsche Bundesbank*). Furthermore, future increases in income and pensions were taken into consideration. Following the implementation, an additional amount of €7,183 thousand was added to Pensions and Similar Liabilities.

This amount comprises of the change in valuation of the pension liabilities in the amount of €8,895 thousand on the one hand and the fair market value of the pension assets in the amount of €-1,712 thousand on the other hand. In the fiscal year, the expenses resulting therefrom have been fully reflected in the Extraordinary Results.

b. Changes in Valuation in respect of other Accruals

In accordance with the BilMoG, accruals are to be carried in the amount to be paid, taking into account increases in prices and costs.

Where the remaining maturity term of accruals exceeds one year, such accruals must be discounted at the average market interest rate corresponding to the past seven years, as determined and published by the German Central Bank. As a result of implementing this change, an effect of €-27 thousand had to be reflected in the Extraordinary Results.

In accordance with the transitional provisions of the BilMoG it is not necessary to adjust the previous year's figures to the new accounting requirements.

Accounting Policies

Intangible Assets

Acquired intangible assets are carried at cost and are depreciated over their useful life, generally over a period of three to five years using the straight-line method.

Property, plant, and equipment

Property, plant, and equipment are carried at acquisition or production cost and reduced by depreciation and, where applicable, write-downs. Repair costs and interest on debt are recognized as current expenses.

Depreciation on buildings is carried out at the highest permissible rates under section 7 *Einkommensteuergesetz* (EStG – German Income Tax Act). As of the beginning of the fiscal year 2010, moveable property, plant, and equipment are amortized over a period corresponding to the expected useful life of the relevant asset using the straight-line method. Moveable property, plant, and equipment which have been acquired in prior years are amortized at the highest permissible rates over a period corresponding to the expected useful life of the relevant asset using the diminishing balance method.

As of the beginning of the fiscal year 2010, independently useable moveable assets which are subject to wear and tear and where the acquisition costs do not exceed €410 are fully amortized in the year of the acquisition. The annual collective item which has been build up in prior years will be evenly dissolved over the following three years.

Non-scheduled depreciations will be undertaken where a long-term loss of value is anticipated.

Financial Assets

Shares in affiliated companies and other equity investments as well as securities carried as fixed assets are carried at the lower of cost or present value. Loans are carried at the lower of cost or net cash value at the end of the reporting period.

Where the reasons for write-downs no longer apply, we are writing up such assets in accordance with the reversal of impairments principle.

Current Assets

Receivables and other assets are carried at their principal amounts.

Marketable securities are carried at the lower of cost or fair market value.

Cash and cash equivalents are carried at their principal amounts.

Deferred Taxes

An excess of deferred tax liabilities for accounting differences as well as under consideration of unused tax and interest losses carried forward is only recognized if tax burdens may be assumed for future fiscal years. The accounting differences at the level of dependent companies are included as far as it may be assumed that future tax burdens and tax reliefs will result from the reversion of temporary differences at the level of MAN SE, being the consolidated tax group parent.

Deferred tax claims and tax liabilities are calculated in accordance with the *Körperschaftssteuergesetz* (KStG – German Corporation Tax Act) and the municipal trade tax rate of the consolidated MAN group (31.58%).

Netting Assets, Earnings and Expenses

As of the beginning of the fiscal year 2010, assets which are reserved for liabilities arising from pension commitments and which are exempted from a seizure by other creditors, are carried at fair value. Earnings and expenses relating to these assets are netted against expenses arising from compounding the respective liability and are reflected under the interest results. These assets are netted against the respective underlying liability. As far as such netting results in an excess in liabilities, the excess is recognized under provisions.

Pensions and similar Liabilities

Pension liabilities are determined using the projected unit credit method (*versicherungsmathematisches Anwartschaftsverfahren*), under which the future defined benefit obligations are determined on the basis of the proportionate benefit entitlements earned by the end of the reporting period and are discounted to its present cash value. The determination reflects assumptions about the future development of certain parameters that affect the level of future benefits.

The discount rate applied as of the fiscal year 2010 is the discount interest rate in accordance with section 253(2) HGB applicable to a remaining maturity term of 15 years as published from time to time by the German Central Bank (*Deutsche Bundesbank*).

Pension provisions are reduced by the fair value of plan assets which are used to cover benefit obligations. For information in this regard please refer to “Offsetting Assets, Earnings and Expenses”.

Other Provisions, Liabilities

The remaining provisions reflect uncertain liabilities. When determining uncertain liabilities, all noticeable risks have to be taken into account, including future increases of prices and cost. Accruals that contain an interest component are discounted.

Liabilities must be carried at their redemption amount.

Foreign currency translation

Hedged receivables and liabilities denominated in foreign currencies are recognized at the respective spot rate. All other short-term receivables and liabilities denominated in foreign currencies are recognized at the median currency exchange rate at the end of the reporting period. All other long-term receivables and liabilities denominated in foreign currencies are exchanged at the exchange rate of the day they were initially entered into the balance sheet, however, as applicable, receivables are exchanged with the lower exchange rate and liabilities are exchanged with the higher exchange rate at the end of the reporting period.

Derivative Financial Instruments

At MAN SE, derivative financial instruments are predominantly used to hedge risks. If the requirements are fulfilled, derivatives and the respective underlyings are combined and recognized as single valuation units. If the valuation unit is effective and a negative market backlog exists because of ineffectiveness, one provision is made for valuation units.

Derivative financial instruments where hedging and underlying transaction are not combined to a valuation unit are recognized in accordance with the imparity principle, i.e. provisions are made for negative fair values and positive fair values are disregarded.

Income statement disclosures

(1) Net income from investments

€ thousand	2010	2009
Profit from profit transfer agreements	224,973	244,121
Profit from participations	21,882	660,822
(thereof from affiliated companies)	(10,765)	(611,373)
Expenses from assumption of losses	-288,332	-584,618
Losses form the disposals of participations	-	-4,583
Depreciations of participations	-30,000	-413,616
Write-ups of participations	347,331	-
	275,854	**-97,874**

In the last fiscal year, the net income from investments comprises an income from a return of capital by an affiliated enterprise. The depreciation of Scania AB and Roland Holding GmbH that had sustained impairment losses due to the economic prospects was displayed in the depreciations of participations. As the reasons for the depreciation of Scania no longer apply, a value adjustment has been undertaken.

(2) Net interest income

€ thousand	2010	2009
Other interest and similar income	81,366	115,011
(thereof from affiliated companies)	(79,518)	(110,601)
Interest and similar expenses	-192,101	-188,259
(thereof from affiliated companies)	(-23,087)	(-33,406)
Interest from pension provisions	-941	-1,209
	-111,676	**-74,457**

The net interest income and the interest expenses mainly refer to the assets recognized under cash and cash equivalents and under financial liabilities. In fiscal 2010, interest and similar expenses include tax interest of €21,418 thousand. The deterioration in net interest expense is due primarily to the increase in tax interest expenses for the debenture loan which was given to finance the acquisition of MAN Latin America. For further information to interest from pension provisions see "Netting Assets, Earning and Expenses".

(3) Other operating income

Other operating income comprise, inter alia, cost reimbursements of commissions on bank guaranty and share service services, income from the reversal of provisions, earnings from foreign currency transactions (fiscal 2010 €4,243 thousand; previous year €4,540 thousand) as well as earnings on asset disposals.

(4) General and administrative expenses

€ thousand	2010	2009
Personnel expenses	38,676	23,237
Depreciation	2,678	1,855
Costs of materials for the administration	42,737	30,309
	84,091	**55,401**

(5) Other operating expenses

The other operating expenses amounting to €54,659 thousand (previous year: €107,291 thousand) comprise those expenses that can not be allocated to the functional expenses. The decrease is mainly a result of the costs of €50 million for experts which MAN SE had engaged in connection with the preliminary investigations by the public prosecution authorities due to suspected unlawful commission payments and with the related internal investigations launched.

(6) Extraordinary results

Extraordinary results mainly comprise the income amounting to €568,001 thousand which was gained by the merger of MAN Maschinen- und Anlagebau GmbH and MAN Diesel Beteiligungs GmbH into MAN SE. Furthermore, the extraordinary results comprise the expenses due to the first-time application of the Act to Modernise Accounting Law (BilMoG). In the previous year, no amounts have been disclosed in Extraordinary results.

(7) Taxes income / earnings

In fiscal 2010 the tax expense amounts to €116,113 thousand (previous year: €35,358 thousand) and mainly results from non-periodic taxes. Because of the negative fiscal result (as in 2009) no domestic taxes accrued for the current year.

Balance sheet disclosures

(8) Changes in fixed assets

	Costs					Cumulative depreciation, amortization and write-downs					Net book value	
€ thousand	Balance at 01.01.2010	Additions	Mergers	Disposals	Balance at 31.12.2010	Balance at 01.01.2010	Additions	Appreciation	Disposals	Balance at 31.12.2010	Balance at 31.12.2010	Balance at 31.12.2009
Intangible assets	**6,143**	**8,279**	**0**	**0**	**14,422**	**4,301**	**2,403**	**0**	**0**	**6,704**	**7,718**	**1,842**
Property, plant, and equipment												
Land, land rights and buildings, and buildings on third-party land	18,183	2	0	4,824	**13,361**	16,567	42	0	4,003	**12,606**	**755**	**1,616**
Operating and office equipment	1,627	169	0	49	**1,747**	636	233	0	49	**820**	**927**	**991**
	19,810	**171**	**0**	**4,873**	**15,108**	**17,203**	**275**	**0**	**4,052**	**13,426**	**1,682**	**2,607**
Financial assets												
Shares in affiliated companies	3,126,443	0	1,132,824	0	**4,259,267**	5,915	0	0	0	**5,915**	**4,253,352**	**3,120,528**
Loans to affiliated companies	80,000	0	0	0	**80,000**	0	0	0	0	**0**	**80,000**	**80,000**
Equity investments	1,402,286	0	0	0	**1,402,286**	413,616	30,000	347,331	0	**96,285**	**1,306,001**	**988,670**
Securities carried as fixed assets	18,525	0	0	18,525	**0**	0	0	0	0	**0**	**0**	**18,525**
Other loans	7,326	0	0	5,219	**2,107**	0	0	0	0	**0**	**2,107**	**7,326**
	4,634,580	**0**	**1,132,824**	**23,744**	**5,743,660**	**419,531**	**30,000**	**347,331**	**0**	**102,200**	**5,641,460**	**4,215,049**
Fixed assets	**4,660,533**	**8,450**	**1,132,824**	**28,617**	**5,773,190**	**441,035**	**32,678**	**347,331**	**4,052**	**122,330**	**5,650,860**	**4,219,498**

Changes in fixed assets are described in the asset analysis. As of December 31, 2010, the participation of MAN SE in Scania AB amounted to 13.35% of the share capital and 17.37% of the voting rights of Scania AB. In December 2008, MAN SE purchased a call option concerning 1.54% of the capital and 2.79% of the outstanding voting rights in Scania AB (see also the outcome after balance sheet date).

The additions in shares in affiliated companies are attributable to the mergers of MAN Maschinen- und Anlagenbau GmbH and MAN B&W Diesel Beteiligungs GmbH. Due to these mergers MAN Diesel & Turbo SE and Renk AG were basically added to MAN SE, whereas the above mentioned companies were disposed of.

The securities of the fixed assets accounted for in the previous year amount to €18,525 thousand and relate to the endowment of MAN SE in MAN Pension Trust e.V., which serves the capital cover for pension commitments of MAN SE exclusively (see also “Netting Assets, Earnings and Expenses”).

(9) Receivables and other assets

€ thousand	**Dec. 31, 2010**	**Dec. 31, 2009**
Receivables from affiliated companies	155,387	23,989
Other assets	67,081	70,278
(thereof with a maturity term exceeding one year)	(8,148)	(15,614)
	222,469	**94,267**

The receivables from affiliated companies mainly include receivables from tax allocation charges and financial transfers with unconsolidated companies. The increase of receivables from affiliated companies is mainly attributable to cost charges, which have not yet been due. The other assets mainly include tax refund claims, insurance claims and option premiums.

(10) Cash and cash equivalents

€ thousand	**Dec. 31, 2010**	**Dec. 31, 2009**
Receivables from financial transfer with affiliated companies	1,506,897	2,470,666
Receivables resulting from the settlement of profit and loss accounts with affiliated companies	166,403	-277,007
Cash-in-hand, checks, bank balances	459,314	126,805
	2,132,614	**2,320,464**

The receivables from financial transfer with affiliated companies relate to the central funding of MAN Group.

(11) Prepaid expenses

The prepaid expenses include a discount in the amount of €2,902 thousand (previous year €3,602 thousand).

(12) Equity

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

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

The common shares are voting shares, while preferred shares do not generally carry voting rights. Under section 140(2) of the Aktiengesetz (AktG – German Stock Corporation Act), this does not apply if the preferred dividend is not paid in a year, or is not paid in full, and the shortfall is not made good in the following year in addition to the full preferred dividend for that year. In such cases, holders of preferred shares have voting rights until the shortfalls are made good, and the preferred shares must be included in the calculation of any capital majority required by the law or the Articles of Association. Preferred shareholders also have voting rights in accordance with section 141(1) (2) sentence 1 in conjunction with section 141(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 non-voting preferred shares in the distribution of profit or the net assets of the Company.

Apart from that the same rights and obligations are attached to all shares.

Authorized Capital 2010

The resolution dated June 3, 2005, authorizing the creation of the 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 the 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 in issue at the time of utilization in accordance with this provision shall also count towards the above-mentioned 10% limit; and/or

(iii) to settle any fractions needed to round the share capital; and/or

(iv) to issue new shares against cash contributions to employees with managerial responsibility (managers) of the Company and/or of Group companies in respect of a proportion of Authorized Capital 2010 of up to €4,000,000. It may also be stipulated that the contribution to be paid must be covered in accordance with section 204(3) of the AktG.

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

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

The resolution dated June 3, 2005, authorizing the creation of the 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 the Contingent Capital 2010 to issue convertible bonds and/or bonds with warrants took effect.

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

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

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

(i) to the extent that the issue price of the bond is not materially lower than its theoretical market value calculated by recognized financial techniques. In addition, the disapplication of preemptive rights within the meaning of section 86(3) sentence 4 of the AktG only applies to bonds with rights to shares with a notional interest in the share capital that does not in the aggregate exceed 10% of the share capital. Shares issued, sold, or issuable by direct or indirect application of this provision on the basis of other authorizations during the term of this authorization count towards this limit until the time of utilization;

(ii) to the extent that this is necessary to settle fractions that result from the subscription ratio;

(iii) to grant the bondholders with existing conversion rights/options on, or obligations to convert bonds to, shares of the Company, preemptive rights to the extent to which they would be entitled if they had previously exercised their conversion rights or options or if they had converted their rights in the case of a conversion obligation, in order to prevent dilution of the economic value of these rights.

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

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

Share repurchase

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

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

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

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

(i) if the purchased common shares are sold at a price that is not materially lower than the quoted market price; and/or

(ii) to the extent that they are used as consideration in a business combination or to acquire companies or investments in companies or assets of companies; and/or

(iii) to the extent that they are used to settle options or conversion rights or conversion obligations established by the Company or a Group company when bonds were issued. The shares transferred by virtue of this authorization may not in the aggregate exceed 10% of the share capital where they are used to settle conversion rights or 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.

Shareholdings in MAN SE

Volkswagen Aktiengesellschaft notified MAN SE (at the time: MAN Aktiengesellschaft) in February 2007, in accordance with section 21(1) sentence 1 of the WpHG 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 – due to the acquisition of control over Volkswagen AG by Porsche Automobil Holding SE – Volkswagen Aktiengesellschaft's 29.9% interest is also attributable to Porsche Automobil Holding SE and its controlling shareholders. Furthermore, in 2010, we 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) had exceeded the threshold of 3% (for details regarding the notifications, please see note 25).

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

Reserves

MAN SE's capital reserves consist of premiums paid for capital increases and the conversion of preferred shares into common shares.

Retained earnings include only other retained earnings only. €225,000 thousand were allocated into retained earnings in the fiscal year.

In the previous year, €295,000 thousand were withdrawn from the retained earnings to cover the annual deficit.

After allocation into retained earnings and including retained profits brought forward in the amount of €544 thousand, the net retained profit amounts to €296,093 thousand (previous year: €37,304 thousand).

At the Annual General Meeting, MAN SE's Executive and Supervisory Boards will propose utilizing the net retained profits of €296 million (previous year: €37 million) to pay a dividend of €2.00 per share carrying dividend rights (previous year: €0.25) and to carry forward the remainder to new account. The proposed total dividend payout is therefore €294 million (previous year: €37 million).

Notes to amounts blocked from dividend payout

The difference between the fair value of assets, blocked to satisfy pension and partial retirement payment claims and the value amount of these assets at acquisition costs amounts to €2,293 thousand which is not available for dividend payout. This amount blocked from dividend payout is opposed by free capital reserves in the amount of €844,000 thousand.

(13) Provisions

a) Provisions for Pensions

The pension plans include mainly direct defined benefit obligations.

The pension schemes of the MAN group, the MAN SE profit-sharing and pension plan and the separate pension plan for senior managers, directors, and Executive Board members, respectively provide employer contributions that are tied to their remuneration. They 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 MAN Group have benefit commitments from a variety of old pension plans, most thereof are designed to provide lifelong pension payments.

The pension assets of MAN SE are administered by MAN Pension Trust e.V. These assets are irrevocably protected from recourse by MAN SE and may only be used to fund current pension benefit payments or to settle claims by employees in the event of insolvency.

The valuation was based on the following parameters:

	December 31, 2010	December 31, 2009
Technical interest rate	5.15%	5.25%
Future pension increases	2.00%	2.00%
Future pay increases	2.75%	2.75%
Expected results from pension assets	5.00%	4.15%/5.22%

For those cases where the employment relationship is terminated without entitlement to benefits, we have assumed a fluctuation probability specific to the company.

The biometric principles of calculation are based on the tables 2005 G of Prof. Dr. Klaus Heubeck.

The expected results from pension liabilities are determined based on interest rates of German federal bonds with a corresponding maturity term plus market standard risk allocations.

Development of liability in € thousand	
Amount of liabilities as of January 1, 2010	**-34,574**
Allocation of interest	-2,080
Allocation of personnel expenses	-1,906

Payments/Employee contributions	-100
Pension liabilities as of December 31, 2010	**-38,660**
Change in pension assets	
Pension assets as of January 1, 2010	**23,837**
Results from pension assets	558
Other changes	2,935
Change in value due to market evaluations	581
Fair value of pension assets as of December 31, 2010	**27,911**
Acquisition costs relating to pension assets €25,618 thousand	
Provisions for pensions	**-10,749**

The results from the cover assets (€1,139 thousand) were netted with the allocation of interests (€2,080 thousand) in accordance with section 246(2) sentence 2 HGB. The result in the amount of €941 thousand is part of the interest results as reflected under “interests from pension provisions”.

The assets which were netted against each other were determined at arms-length value.

b) Other Provisions

The remaining provisions are build up for business related liabilities, for risks in relation to the sale of equity, for liabilities towards employees as well as for certain individual risks. The increase in other provisions must primarily be accounted to the allocation of the highest possible amounts under contractual representations and warranties resulting from the sale of Ferrostaal, as arbitration proceedings are envisaged.

(14) Liabilities

€ thousand	31.12.2010 Total	thereof < 1 year	thereof 1-5 years	thereof >5 years	31.12.2009 Total	thereof < 1 year	thereof 1-5 years	thereof > 5 years
Bonds	1,500,000	0	1,000,000	500,000	1,500,000	0	1,000,000	500,000
Liabilities to banks	51,109	2,109	49,000	0	223,180	3,180	220,000	0
Financial liabilities to affiliated companies	3,248,036	3,233,036	15,000	0	2,364,498	2,364,498	0	0
Financial liabilities to others	86,943	60,693	15,000	11,250	86,943	56,943	0	30,000
Financial liabilities	**4,886,088**	**3,295,838**	**1,079,000**	**511,250**	**4,174,621**	**2,424,621**	**1,220,000**	**530,000**
Trade pay-ables	14,626	14,626	0	0	5,396	5,396	0	0
Liabilities to affiliated companies	57,097	57,097	0	0	45,110	45,110	0	0
Liabilities to companies in which a participatory interest is held	15,604	15,604	0	0	4	4	0	0
Other liabili-ties	55,457	54,449	599	409	92,591	92,591	0	0
(thereof: taxes)	(15,972)	(15,972)	(0)	(0)	(62,823)	(62,823)	(0)	(0)
(thereof: personnel-related)	(10,336)	(10,336)	(0)	(0)	(2,204)	(2,204)	(0)	(0)
Other lia-bilities	**142,784**	**141,776**	**599**	**409**	**143,101**	**143,101**	**0**	**0**
	5,028,872	**3,437,614**	**1,079,599**	**511,659**	**4,317,722**	**2,567,722**	**1,220,000**	**530,000**

Financial liabilities to affiliated companies relate to the central funding of MAN Group and include the statement of income.

The personnel-related liabilities mainly include the distinction of annual bonus payments.

Other disclosures to the annual report

(15) Guarantees and other liabilities

€ thousand	Dec. 31, 2010	Dec 31, 2009
Counter-liability for outstanding eurobonds	0	240,788
Contingent liabilities under guarantees	525,289	823,371
	525,289	**1,064,159**

In December 2003, MAN SE has via MAN Financial Services plc., Swindon/Great Britain, issued and guaranteed a eurobond amounting to €300 million. The bond was valid during a period of 7 years and was paid 5.375% interest. In November 2007, the issuer repurchased an amount of nominal €60 million of this bond. The remaining amount of €240 million was paid back on final due date in December 2010.

The contingent liabilities under guarantees are related to the processing of orders and the group financing of the group companies. Based on prior experience, we assume that the guarantees will not be invoked.

During fiscals 2007 and 2009, MAN SE has fully funded and transferred pension provisions for the beneficiaries to MAN Pensionsfonds AG. MAN SE is still liable as a debtor in default.

(16) Litigation/legal proceedings

As reported, the Munich Public Prosecution Office I has imposed a fine of €75.3 million against the MAN Nutzfahrzeuge AG (now: MAN Truck & Bus AG) on December 10, 2009 and the Regional Court of Munich I imposed a fine of €75.3 million against the former MAN Turbo AG. Payment of the entire fine amounting to €150.6 million in December 2009, ended the investigations by the public prosecution authorities against companies belonging to the MAN group. The MAN Group companies affected by the investigations reached an agreement with the tax authorities on payments of back-taxes of €20 million for amounts that were critical from a tax perspective. Investigations against individuals and against the persons responsible for the MAN Ferrostaal AG (now Ferrostaal AG) which left the MAN group are not affected thereby.

As a result of the allegations of corruption, MAN SE dismissed around 20 employees and is considering damage claims against individual persons.

The internal inquiries revealed, that employees of the MAN Nutzfahrzeuge and MAN Turbo subgroups had breached statutory and internal regulations by making suspicious payments to consultants and agents. In MAN Nutzfahrzeuge's German sales operations, the option to pay "referral commissions" was abused. The number of suspicious payments fell sharply after 2006. The 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 investigations had consequently been terminated following closure of the investigations by the investigating authorities. The Supervisory Board regarded this as confirmation of the significant contribution it had made in fiscal 2009 towards the rapid and full clarification of the matter.

In fiscal 2010 there have been no relevant developments for MAN.

On March 25, 2009, MAN SE 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 was approximately €700 million and was contingent on the option agreed by MAN SE 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 SE 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 SE at the end of September 2010, that it had filed an arbitration action to unwind the Ferrostaal Transaction and additionally for compensation of damages incurred. The arbitration action was advanced on October 18, 2010. MAN SE is currently analyzing the precise content of the action and prepares the counterclaim.

Further Proceedings

The UK 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 SE received a request for information in September 2010 in connection with this investigation. MAN SE is cooperating with the UK antitrust authorities.

In addition to the issues described above, MAN SE is involved in various legal disputes and legal proceedings in connection with its group-wide business activities. Although any negative decisions in such cases could have a material effect on the Company's results in a particular reporting period. MAN SE does not believe that such negative impacts could have a material adverse effect on its net assets, financial positions, and results of operations. For information concerning the searches conducted by the European Commission due to a suspected possible antitrust violation in the commercial vehicles business, see “Events after the End of the Reporting Period”.

(17) Other financial obligations

Other financial obligations comprise of rental, lease and leasing obligations. The future obligations until expiration of the minimum term of the agreements are due as follows:

€ thousand	**Dec. 31, 2010**	**Dec. 31, 2009**
Due within one year	5,800	10,596
Due between one and five years	13,265	18,186
Due after more than five years	0	2,009
	19,065	**30,791**

(18) Other income statement disclosures

The general administration expenses include the following personnel expenses:

€ thousand	2010	2009
Wages and salaries	34,430	18,416
Social security contributions and retirement benefit expenses	4,246	4,821
	38,676	**23,237**

Wages and salaries also comprise share-based payments.

Retirement benefit expenses amount to €1,906 thousand (previous year: €2,287 thousand).

On average, 197 staff were employed during the fiscal year (previous year: 179).

(19) Deferred taxes

The tax rate applying to the determination of deferred tax is 31.58%.

Deferred tax liabilities on the tax base of assets and liabilities and their differing carrying amounts in the consolidated financial statements of mainly other current assets as well as assets leased out were netted against deferred tax assets on the valuation differences mainly of the short- and long-term provisions, the pension provisions and the tax loss carry forwards. In accordance with the capitalization option under section 274(1) sentence 2 HGB, deferred tax assets exceeding the netted tax assets and liabilities are not recognized.

(20) Derivatives

MAN Group companies generally hedge their interest rate and currency risks through MAN SE's Group Treasury on an arm's length basis. In addition, MAN SE hedges receivables and payables in foreign currencies from internal and external loans and cash accounts. MAN SE's risk positions are hedged externally with banks. At present, MAN SE is entering into foreign currency transactions, currency options, interest rate derivatives, and inflation swaps.

The fair value of currency forwards is calculated on the basis of the forward exchange rates obtained from recognized market data providers as applicable on the reporting date compared to the contracted forward exchange rate and the discount factor applicable to the residual maturity of each derivative. We determine the fair value of currency options by means of recognized option pricing models. Important parameters are the residual maturity of an option, the base rate, and the current amount of the exchange rate, and the extent of changes in such rate (volatility). The fair values of interest rate swaps and inflation swaps are determined by discounting expected future cash flows over the residual maturities of the swaps based on current market interest rates and the yield curve.

MAN SE establishes valuation units in the form of individual hedging relationships under which each underlying transaction is allocated to a hedging transaction, or as portfolio hedges. In the latter case, transactions are grouped in annual maturity bands per currency. Thus, as regards the currency risk, individual currency-residual maturity combinations, and as regards the interest rate risk, the respective maturity bands, represent similar risks. The hedging level of MAN SE's foreign currency portfolio reaches approximately 100%. Likewise, underlying transactions that are sensitive to interest rate movements are mostly hedged by way of external interest rate swaps. Such interest rate-sensitive underlying transactions include fixed-rate loans, and interest rate swaps entered into with group companies.

The hedging transactions' positive and negative fair values contrast with the fair values of the underlying transactions entered into by the group companies which show a contrary development. Contrary changes in the values are largely balanced until the end of each valuation unit's maturity. Significant hedging transaction volumes have a maturity of up to three years. The effectiveness of each portfolio hedge is determined retrospectively and prospectively during the term to maturity by using the changes in the fair values of the underlying transactions on the one hand, and those of the hedging transactions on the other (dollar offset method). Effectiveness is determined on an annual basis in the course of the preparation of the annual financial statements.

If the valuation unit is effective, and the sum of all fair values of a valuation unit is negative, a provision for valuation units in the amount of the excess of the negative fair values will be established. A provision for valuation units relating to derivatives in the amount of €183 thousand was recognized as at December 31, 2010

Derivatives for which no valuation unit with regard to the underlying transaction is established being valued according to the imparity principle led to a provision in the amount of €82 thousand for contingent losses from derivatives with a negative fair value.

Generally, the risk management system and the internal control system include the accounting-related processes, and all risks and controls with regard to accounting. This refers to all parts of the risk management system and the internal control system that are capable of materially affecting the consolidated financial statements.

The risks identified and measures taken accordingly are updated as part of the quarterly reporting to the Risk Board, and they are reported to the Executive Board. The efficiency of internal controls with regard to accounting is assessed at least once per year, mainly as part of the preparation of the financial statements.

Option premiums in the amount of €14,417 thousand (previous year: €7,904 thousand) generated from currency options entered into with subsidiaries and passed on to banks were capitalized as other assets, and €14,576 thousand (previous year: €7,935 thousand) were carried as other liabilities in the balance sheet. In addition, deferred interest relating to interest rate swaps entered into with banks in the amount of €2,273 thousand (previous year: €4,189 thousand) was carried as liabilities, and with regard to interest rate swaps entered into with subsidiaries an amount of €804 thousand (previous year: €2,304 thousand) was capitalized.

Hedged basic transactions € million	
Financial assets	1,009
Outstanding debts	-897
Pending transactions*	272

*Nominal volume and expected interest rates of loans and interest rate derivatives

The volume of the currency, interest rate and inflation hedges on balance sheet date is shown in the following overview:

€ million	**Dec. 31, 2010**	**Dec. 31, 2009**
Hedging transactions with group companies		
Nominal volume		
Currency purchases	973	1,973
Currency sales	856	1,304
Currency options	295	30
Inflation swap	155	155
Receiver interest rate swaps	1,121	802
Payer interest rate swaps	0	240
Market prices		
Currency forwards	-54	-88
Currency options	-3	-3
Inflation swap	12	10
Receiver interest rate swaps	10	20
Payer interest rate swaps	0	-8

€ million	**Dec. 31, 2010**	**Dec. 31, 2009**
Hedging transactions with third parties		
Nominal volume		
Currency purchases	2,442	3,056
Currency sales	2,137	3,072
Currency options	416	234
Inflation swap	155	155
Receiver interest rate swaps	7	300
Payer interest rate swaps	1,525	1,405
Market prices		
Currency forwards	113	140
Currency options	3	3
Inflation swap	-11	-9
Receiver interest rate swaps	0	8
Payer interest rate swaps	-21	-39

(21) 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 the condition that they use 50% of the payment amount to purchase MAN SE common shares. Purchase and depositing 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 2009/2010). During the vesting period, the shares may not be sold, pledged, or hedged. If the beneficiary retires or leaves MAN Group for other reasons, the vesting period is reduced to one year from the date the beneficiary leaves 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 had to use 16.67% of the variable remuneration in accordance with the MSP to additionally purchase MAN SE common shares (share bonus); the vesting period for shares purchased in this way was two years.

In fiscal 2010, the beneficiaries received a total of 18,541 MAN common shares (previous year: 39,947) 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 amounts to €833 thousand (previous year: €437 thousand). Based on the closing price of €88.99 (previous year: €54.44) on December 31, 2010, this corresponds to 9,354 MAN common shares (previous year: 8,031). The total expense from the MSP 2010 and the variable remuneration to be used for share purchases under the MSP is €4,242 thousand (previous year: €4,343 thousand). Corresponding provisions were recognized for the share purchases 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 amounts to €833 thousand. Based on the closing price of €88.99 on December 31, 2010, this corresponds to 9,354 MAN common shares. In fiscal 2009, the members of the Executive Board did not receive a variable share bonus (for further information see note (23). 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. The Executive Board of MAN SE contingently grants managers shares of MAN SE on a discretionary basis, which they are eligible to receive at a later date without themselves making a significant additional contribution. The Executive Board of MAN SE decides on an annual basis whether to implement the MSP M and thus contingently grant shares of MAN SE. Implementation of the MSP M is usually linked to targets and conditions defined in advance by the Executive Board of MAN SE. At the end of a lock-up period, MAN SE transfers the granted shares of MAN SE to a securities account designated by the beneficiary. The lock-up period for granted shares is four years. In fiscal 2010, the expense from the MSP M 2010 is €5,944 thousand.

(22) Total remuneration of the auditor

€ thousand	2010	2009
Audit services	253	421
Other assurance services	176	1,459
Tax advisory services	0	134
Other services	955	2,330
Incidental costs	63	265
	1,447	**4,609**

(23) Remuneration of the Executive Board

The members of the Executive Board were remunerated 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. 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 Chairman of the Executive Board) 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 severance payments 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 pension expense amounted to €656 thousand in 2010 (previous year: €1,997 thousand), thereof €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 the end of their contracts 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 page 39, and more detailed information on the remuneration structure and its components is disclosed on pages 27 et seq. of the management 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 under the MSP**
Executive board members in office as of December 31, 2010						
Dr. Georg Pachta-Reyhofen (Chief Executive Officer)	734 (548)	1,955 (0)	855 (257)	312 (241)	**3,856** **(1,046)**	2,518 (2,995)
Frank H. Lutz (since December 11, 2009)	529 (-)	1,111 (-)	611 (-)	88 (-)	**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 Chairman of the Executive Board) 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 Mitscher-lich (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 on share-based payment for further information).

[2] Pro rata corresponding to membership of the Executive Board.

The remuneration of the Executive Board listed above includes remunerations for members of the management board as Chief Executive Officer of subsidiaries which are disclosed as personnel costs of the respective company.

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

(24) 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, including their memberships in other statutory supervisory boards and comparable supervisory bodies are listed on pages 39et seq., and more detailed information on the remuneration structure and its components is disclosed on pages 27 et seq. of the Annual Report.

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

€ thousand	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	April 1, 2010 to December 31, 2010	26	52	0	2	80	0
Detlev 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 April 1, 2010	8	18	5	0	31	53

€ thousand	Period of membership	Fixed remuneration	Variable remuneration	Remuneration for committee membership	Attendance fees	Total 2010	Total 2009
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 the fiscal year (previous year: €111 thousand).

(25) Notifications regarding the existence of participations in MAN SE pursuant to section 21 WpHG

1.

On July 27, 2007, Volkswagen Aktiengesellschaft Wolfsburg, has informed MAN Aktiengesellschaft according to section 21(1) Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) that via shares its voting rights on MAN AG, have exceeded the 25% limit of the voting rights on February 26, 2007 and that day amounted to 29.9% (this corresponds to 42,150,000 voting rights).

2.

On September 17, 2008, Porsche Automobil Holding SE, Stuttgart, Germany, has informed MAN Aktiengesellschaft in accordance with section 21(1) WpHG that via shares its voting rights on MAN AG exceeded the thresholds of 3%, 5%, 10%, 15%, 20% and 25% and amounted to 29.9% (42,151,331 voting rights) on September 16, 2008. According to section 22(1) sentence 1, No. 1 WpHG. all of mentioned 42,151,331 voting rights are to be attributed to Porsche Automobil Holding SE. The attribution occurs via Volkswagen Aktiengesellschaft, Wolfsburg, Germany, whose proportion of voting rights in MAN SE amounts to more than 3%.

3.

On September 17, 2008, the individuals and legal entities listed below (the "Notifying Persons") have informed MAN Aktiengesellschaft in accordance with section 21(1) WpHG that on September 16, 2008 the holding of voting rights on MAN AG of each Notifying Person exceeded the thresholds of 3%, 5%, 10%, 15%, 20% and 25% and amounted to 29.9% (42,151,331 voting rights). All of the aforementioned 42,151,331 voting rights are to be attributed to each of the Notifying Persons according to section 22(1) sentence 1, No. 1 WpHG. The voting rights of the following Notifying Persons are actually held by the controlled companies listed below, whose attributable proportion of voting rights amounts to or exceeds 3%:

Notifying Person	Companies each controlled by each of the stated Notifying Persons
• Mag. Josef Ahorner, Vienna • Mag. Louise Kiesling, Vienna • Prof. Ferdinand Alexander Porsche, Gries/Pinzgau • Dr. Oliver Porsche, Salzburg • Kai Alexander Porsche, Innsbruck • Mark Philipp Porsche, Salzburg • Gerhard Anton Porsche, Mondsee	Ferdinand Porsche Privatstiftung, Salzburg, Ferdinand Porsche Holding GmbH, Salzburg, Louise Daxer-Piëch GmbH, Salzburg, Louise Daxer-Piëch GmbH, Grünwald, Prof. Ferdinand Alexander Porsche GmbH, Salzburg, Ferdinand Alexander Porsche GmbH, Grünwald, Gerhard Anton Porsche GmbH, Salzburg, Gerhard Porsche GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Porsche Automobil Holding SE, Stuttgart, Volkswagen AG, Wolfsburg
• Ing. Hans-Peter Porsche, Salzburg • Peter Daniell Porsche, Rif bei Hallein	Familie Porsche Privatstiftung, Salzburg, Familie Porsche Holding GmbH, Salzburg, Ing. Hans-Peter Porsche GmbH, Salzburg, Hans-Peter Porsche GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald, Porsche Automobil Holding SE, Stuttgart, Volkswagen AG, Wolfsburg
• Dr. Wolfgang Porsche, Munich	Familie Porsche Privatstiftung, Salzburg, Familie Porsche Holding GmbH, Salzburg, Ing. Hans-Peter Porsche GmbH, Salzburg, Hans-Peter Porsche GmbH, Grünwald, Wolfgang Porsche GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald, Porsche Automobil Holding SE, Stuttgart, Volkswagen AG, Wolfsburg
• Ferdinand Porsche Privatstiftung, Salzburg	Ferdinand Porsche Holding GmbH, Salzburg, Louise Daxer-Piëch GmbH, Salzburg, Louise Daxer-Piëch GmbH, Grünwald, Prof. Ferdinand Alexander Porsche GmbH, Salzburg, Ferdinand Alexander Porsche GmbH, Grünwald, Gerhard Anton Porsche GmbH, Salzburg, Gerhard Porsche GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Porsche Automobil Holding SE, Stuttgart, Volkswagen AG, Wolfsburg
• Familie Porsche Privatstiftung, Salzburg	Familie Porsche Holding GmbH, Salzburg, Ing. Hans-Peter Porsche GmbH, Salzburg, Hans-Peter Porsche GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald, Porsche Automobil Holding SE, Stuttgart, Volkswagen AG, Wolfsburg
• Ferdinand Porsche Holding GmbH, Salzburg	Louise Daxer-Piëch GmbH, Salzburg, Louise Daxer-Piëch GmbH, Grünwald, Prof. Ferdinand Alexander Porsche GmbH, Salzburg, Ferdinand Alexander Porsche GmbH, Grünwald, Gerhard Anton Porsche GmbH, Salzburg, Gerhard Porsche GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Porsche Automobil Holding SE, Stuttgart, Volkswagen AG, Wolfsburg

• Familie Porsche Holding GmbH, Salzburg	Ing. Hans-Peter Porsche GmbH, Salzburg, Hans-Peter Porsche GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald, Porsche Automobil Holding SE, Stuttgart, Volkswagen AG, Wolfsburg
• Louise Daxer-Piëch GmbH, Salzburg	Louise Daxer-Piëch GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Porsche Automobil Holding SE, Stuttgart, Volkswagen AG, Wolfsburg
• Prof. Ferdinand Alexander Porsche GmbH, Salzburg	Ferdinand Alexander Porsche GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Porsche Automobil Holding SE, Stuttgart, Volkswagen AG, Wolfsburg
• Gerhard Anton Porsche GmbH, Salzburg	Gerhard Porsche GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Porsche Automobil Holding SE, Stuttgart, Volkswagen AG, Wolfsburg
• Louise Daxer-Piëch GmbH, Grünwald • Ferdinand Alexander Porsche GmbH, Grünwald • Gerhard Porsche GmbH, Grünwald	Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Porsche Automobil Holding SE, Stuttgart, Volkswagen AG, Wolfsburg
• Ing. Hans-Peter Porsche GmbH, Salzburg	Hans-Peter Porsche GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald, Porsche Automobil Holding SE, Stuttgart, Volkswagen AG, Wolfsburg
• Hans-Peter Porsche GmbH, Grünwald • Wolfgang Porsche GmbH, Grünwald	Familie Porsche Beteiligung GmbH, Grünwald, Porsche Automobil Holding SE, Stuttgart, Volkswagen AG, Wolfsburg
• Porsche Holding Gesellschaft m.b.H., • Salzburg	Porsche GmbH, Salzburg, Porsche GmbH, Stuttgart, Porsche Automobil Holding SE, Stuttgart, Volkswagen AG, Wolfsburg
• Porsche GmbH, Salzburg	Porsche GmbH, Stuttgart, Porsche Automobil Holding SE, Stuttgart, Volkswagen AG, Wolfsburg
• Familien Porsche- Daxer-Piëch Beteiligung GmbH, Grünwald • Familie Porsche Beteiligung GmbH, Grünwald • Porsche GmbH, Stuttgart	Porsche Automobil Holding SE, Stuttgart, Volkswagen AG, Wolfsburg

4.

On September 17, 2008, the individuals and legal entities listed below (the "Notifying Persons") have informed MAN Aktiengesellschaft in accordance with section 21(1) WpHG that on September 16, 2008 the holding of voting rights on MAN AG of each Notifying Person exceeded the thresholds of 3%, 5%, 10%, 15%, 20% and 25% and amounted to 29.9% (42,151,331 voting rights). All of the aforementioned 42,151,331 voting rights are to be attributed to each of the Notifying Persons according to section 22(1) sentence 1, No. 1 WpHG. The voting rights of the following Notifying Persons are actually held by the controlled companies listed below, whose attributable proportion of voting rights amounts to or exceeds 3%:

Notifying Person	**Companies each controlled by each of the stated Notifying Persons**
• Dr. Hans Michel Piëch, Salzburg	Volkswagen AG, Wolfsburg, Porsche Automobil Holding SE, Stuttgart, Hans Michel Piëch GmbH, Grünwald, Dr Hans Michel Piëch GmbH, Salzburg
• Dr. Hans Michel Piëch GmbH, Salzburg	Volkswagen AG, Wolfsburg, Porsche Automobil Holding SE, Stuttgart, Hans Michel Piëch GmbH, Grünwald
• Hans Michel Piëch GmbH, Grünwald	Volkswagen AG, Wolfsburg, Porsche Automobil Holding SE, Stuttgart
• Dipl.-Ing. Dr. h.c. Ferdinand Piëch, Salzburg	Volkswagen AG Wolfsburg, Porsche Automobil Holding SE, Stuttgart, Ferdinand Piëch GmbH, Grünwald, Dipl.-Ing Dr. h.c. Ferdinand Piëch GmbH, Salzburg, Ferdinand Karl Alpha Privatstiftung, Vienna
• Ferdinand Karl Alpha Privatstiftung, Vienna	Volkswagen AG, Wolfsburg, Porsche Automobil Holding SE, Stuttgart, Ferdinand Piech GmbH, Grünwald, Dipl.-Ing. Ferdinand Piëch GmbH, Salzburg
• Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg	Volkswagen AG, Wolfsburg, Porsche Automobil Holding SE, Stuttgart, Ferdinand Piëch GmbH, Grünwald
• Ferdinand Piëch GmbH, Grünwald	Volkswagen AG, Wolfsburg, Porsche Automobil Holding SE, Stuttgart

5.

On October 5, 2010, Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG, Stuttgart, Deutschland has informed MAN SE according to section 21(1) WpHG that via shares its voting rights on MAN SE have exceeded the 3%, 5%, 10%, 15%, 20% and 25% limit of the voting rights on September 29, 2010 and on that day amounted to 29.90% (this corresponds to 42150000 voting rights). According to section 22(1) sentence 1, No. 1 WpHG, 29.90% of the voting rights (this corresponds to 42150000 Voting Rights) is to be attributed to the company via Wolfgang Porsche GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald, Porsche Automobil Holding SE, Stuttgart, and Volkswagen Aktiengesellschaft, Wolfsburg.

6.

BlackRock Investment Management (UK) Limited, London, UK, has informed us on May 12, 2010, as follows:

We should hereby like to inform you pursuant to sections 21(1) and 24 WpHG that the percentage holding of the voting rights of BlackRock, Inc., New York, USA in MAN SE exceeded the threshold of 3% on May 6, 2010 and amounts to 4.15% (5,856,484 voting shares) on that day. All of the voting rights are attributable to the company pursuant to section 22(1) sentence 1, No. 6 in connection with sentence 2 WpHG.

We should hereby like to inform you pursuant to sections 21(1) and 24 WpHG that the percentage holding of the voting rights of BlackRock Financial Management, Inc., New York, USA, in MAN SE exceeded the threshold of 3% on May 6, 2010 and amounts to 4.05% (5,708,856 voting shares) on that day. All of the voting rights are attributable to the company pursuant to section 22(1) sentence 1, No. 6 in connection with sentence 2 WpHG.

We should hereby like to inform you pursuant to sections 21(1) and 24 WpHG that the percentage holding of the voting rights of BlackRock Holdco 2, Inc., Wilmington, Delaware, USA, in MAN SE exceeded the threshold of 3% on May 6, 2010 and amounts to 4.05% (5,708,856 voting shares) on that day. All of the voting rights are attributable to the company pursuant to section 22(1) sentence 1, No. 6 in connection with sentence 2 WpHG.

(26) Corporate Governance Code

In December 2010, Executive Board and Supervisory Board have issued the annual declaration of conformity in accordance with section 161 AktG. The joint declaration of conformity by the Executive Board and the Supervisory Board has been published on MAN Group's website at www.man.eu.

(27) Events after the end of the Reporting Period

On January 5, 2011, MAN SE exercised its right to cash settlement in connection with the call option on 1.5% of the equity or 2.8% of the voting shares in Scania. The transaction led to a cash settlement of €29,209 thousand which was received by MAN SE on January 7, 2011. At the same time, MAN SE lost its previously acquired access to more than 20% of the voting rights in Scania.

From January 18 to January 20, 2011, MAN SE was searched by the European Commission due to the suspicion of a possible infringement of competition law in the area of commercial vehicles. MAN SE has assured the European Commission of its intention to cooperate fully and to enable a complete and thorough investigation. Neither corruption nor the infringement of competition law are tolerated, encouraged or accepted by MAN SE.

Supervisory Board – Memberships of other supervisory bodies

Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch
Salzburg / Austria,
Chairman of the Supervisory Board
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,
Executive Assistant to the Chairman of the Executive Board of Saarland Chamber of Employment
Deputy Chairman of the Supervisory Board
1) MAN Diesel & Turbo SE
MAN Truck & Bus AG
MAN Truck & Bus Deutschland GmbH

Prof. Dr.-Ing. Dr.-Ing. E. h. Dr. h. c. Ekkehard D. Schulz
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 *
Tarnowo, Podgórne / Poland,
Deputy Chairman of the Metalowcy labor union and member of the Works Council at MAN Bus Sp.z o.o., Tarnowo plant, Podgórne

Ulf Berkenhagen
Wolfsburg,
Member of the Executive Board of AUDI AG
(Member of the Supervisory Board since April 1, 2010)
2) quattro GmbH
4) AUDI HUNGARIA MOTOR Kft., Hungary (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,
the SE Works Council, and the General Works Council of
MAN Truck & Bus AG
1) MAN Truck & Bus AG (Deputy Chairman)

Dr. jur. Heiner Hasford
Munich,
Former Executive Board Member of Münchener Rückversicherungs-Gesellschaft AG
(Member of the Supervisory Board until June 15, 2011)
1) D.A.S. Deutscher Automobil Schutz Allgemeine Rechtsschutz-Versicherungs-AG
ERGO Versicherungsgruppe AG
Nürnberger Beteiligungs-AG

Jürgen Kerner *
Augsburg,
First representative 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,
Member of the Executive Board 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,

Chairman of the Works Council of MAN Truck & Bus Österreich AG and Deputy Chairman of the SE Works Council
3) MAN Truck & Bus Österreich AG, Austria

Rupert Stadler
Ingolstadt,
Chief Executive Officer of AUDI AG and
1) FC Bayern München AG
MAN Truck & Bus AG (Chairman)
4) Automobili Lamborghini Holding S.p.A., Italy (Chairman)
Italdesign Giugiaro S.p.A., Italy
VOLKSWAGEN GROUP ITALIA S.P.A., Italy (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 (Chairman)
Michael Behrendt
Prof. Dr.-Ing. Dr.-Ing. E. h. Dr. h. c. Ekkehard D. Schulz

* 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.

Executive Board – Memberships of other supervisory 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)

As of January 27, 2011

[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.

List of shareholdings

List of shareholdings of MAN SE pursuant to section 285 No. 11 and No. 11a HGB

Name and Seat of the entity	Participation in the issued capital	€ thousand Issued Capital	 Results of Operation	Footnote	Year
1. Fully consolidated entities with exemption pursuant to section 264(3) HGB and section 264b HGB					
MAN Vermietungs GmbH, Munich	100.00%	26	940	1)	2010
MAN Leasing GmbH & Co. Epsilon KG, Munich	100.00%	173	576		2010
MAN Truck & Bus AG, Munich	100.00%	563,448	-65,412	1)	2010
MAN Truck & Bus Deutschland GmbH, Munich	100.00%	130,934	-49,963	1)	2010
MAN Grundstücksgesellschaft mbH & Co. Beta KG, Munich	100.00%	47,756	1,398		2010
MAN Grundstücksgesellschaft mbH & Co. Alpha KG, Munich	100.00%	5,123	2,300		2010
MAN Logistik GmbH, Salzgitter	100.00%	25	-84	1)	2010
NEOPLAN Bus GmbH, Plauen	100.00%	1,039	11,352	1)	2010
GETAS Verwaltung GmbH & Co. Objekt Augsburg KG, Pullach i. Isartal	100.00%	2,039	-151		2010
MAN Diesel & Turbo SE, Augsburg	100.00%	615,618	199,817	1)	2010
Rostock Diesel Service GmbH, Rostock	100.00%	260	1,302	1)	2010
MAN Grundstücksges. mbH & Co. Werk Deggendorf DWE KG, Deggendorf	100.00%	16,810	1,051		2010
MAN HR Services GmbH, Munich	100.00%	301	579	1)	2010
MAN Versicherungsvermittlung GmbH, Munich	100.00%	303	2,989	1)	2010
MAN Roland Beteiligungs GmbH, Munich	100.00%	465,974	12,037	1)	2010
MAN IT Services GmbH, Munich	100.00%	100	-20,221	1)	2010
MAN Immobilien GmbH, Munich	100.00%	26	-2,064	1)	2010
GETAS Verwaltung GmbH & Co. Objekt Offenbach KG, Pullach i. Isartal	100.00%	26	-239		2010
GETAS Verwaltung GmbH & Co. Objekt Verwaltung Nürnberg KG, Pullach i. Isartal	100.00%	26	790		2010
GETAS Verwaltung GmbH & Co. Objekt Ausbildungszentrum KG, Pullach i. Isartal	100.00%	26	331		2010

Name and Seat of the entity	Participation in the issued capital	€ thousand Issued Capital	Results of Operation	Footnote	Year
MAN Ferrostaal Beteiligungs GmbH, Munich	100.00%	686,654	-155,319	1)	2010
MAN GHH Immobilien GmbH, Oberhausen	100.00%	144,346	9,806	1)	2010
MAN Financial Services GmbH, Munich	100.00%	48,505	-3,898	1)	2010
MAN Finance International GmbH, Munich	100.00%	105,000	-30,920	1)	2010
MAN Asset Finance GmbH, Munich	100.00%	25	5,377	1)	2010
2. Other Fully consolidated entities					
MAN Trucks Sp. z o.o., Niepolomice/Poland	100.00%	101,821	11,505		2010
MAN Accounting Center Sp. z o.o., Poznan(Posen)/Poland	100.00%	254	-676		2010
MAN Nutzfahrzeuge Vertrieb Süd AG, Vienna/Austria	100.00%	132,572	-3,766		2010
MAN Bus Sp. z o.o., Tarnowo Podgórne/Poland	100.00%	328,873	39,890		2010
MAN Truck & Bus Polska Sp. z o.o., Nadarzyn/Poland	100.00%	14,954	-2,737		2010
ERF Limited, Middlewich/UK	100.00%	1,539	-14,764		2010
MAN Iberia S.A.U., Coslada (Madrid)/Spain	100.00%	-	-	2)	-
EURO-Leasing GmbH, Sittensen	50.13%	25,113	-20,736		2010
Euro-Leasing A/S, Padborg/Denmark	100.00%	-	-	2)	-
EURO-LEASING Sp. z o.o., Szczecin/Poland	100.00%	-	-	2)	-
EURO-Leasing Hellas E.P.E. Thessaloniki/Greece	90.00%	-	-	2)	-
Oy Klappstein AB, Helsinki/Finland	100.00%	-	-	2)	-
Klappstein Nutzfahrzeuge Verwaltungs GmbH, Sittensen	100.00%	-	-	2)	-
Truck Rental Solutions GmbH, Sittensen	100.00%	-	-	2)	-
Truck Rental Solutions Hungaria Kft., Budapest/Hungary	100.00%	-	-	2)	-
Truck Rental Solutions Cesko, spol. sr.o., Prague/Czech Republic	100.00%	-	-	2)	-
Truck Rental Solutions Slovensko, Spol. sr.o., Dolná Poruba/Slovakia	100.00%	-	-	2)	-

Name and Seat of the entity	Participation in the issued capital	€ thousand		Footnote	Year
		Issued Capital	Results of Operation		
Truck Rental Solutions Polska Sp. z o.o., Kolbaskowo/Poland	100.00%	-	-	2)	-
Truck Rental Solutions Austria GmbH, Vienna/Austria	100.00%	-	-	2)	-
MAN Last og Bus A/S, Glostrup/Denmark	100.00%	8,609	-5,316		2010
TOV MAN Truck & Bus Ukraine, Kiev/Ukraine	100.00%	-2,572	1,615		2010
MAN Automotive (South Africa) (Pty.) Ltd., Johannesburg/South Africa	100.00%	36,107	-5,372		2010
MAN Truck & Bus (S.A.) (Pty.) Ltd., Johannesburg/South Africa	100.00%	-	-	2)	-
MAN Centurion Truck & Bus (Pty) Ltd t/a, Centurion/South Africa	70.00%	-	-	2)	-
MAN Bus & Coach (Pty.) Ltd., Olifantsfontein/South Africa	100.00%	-	-	2)	-
MAN Nutzfahrzeuge Immobilien Ges. mbH, Vienna/Austria	100.00%	23,934	1,472		2010
MAN Hellas Truck & Bus S.A., Peristeri-Athens/Greece	100.00%	1,331	-765		2010
MAN Engines & Components Inc., Pompano Beach/USA	100.00%	19,135	2,960		2010
MAN Nutzfahrzeuge (Schweiz) AG, Otelfingen/Switzerland	100.00%	34,119	3,883		2010
MAN Nutzfahrzeuge Österreich AG, Steyr/Austria	100.00%	375,326	104,441		2010
MAN Vehiculos Industriales (España) S.A.U., Coslada (Madrid)/Spain	100.00%	10,756	-9,244		2010
MAN Truck & Bus UK Limited, Swindon (Wiltshire)/UK	100.00%	370,155	10,331		2010
SA Trucks Ltd., Bristol/UK	100.00%	-	-	2)	-
MAN Last og Buss A/S, Lorenskog/Norway	100.00%	5,745	-1,205		2010
MAN Nutzfahrzeuge Österreich Holding, Steyr/Austria	99.99%	363,665	1,345		2010
MAN užitková vozidla Česká republika spol. s r.o., Cestlice/Czech Republic	100.00%	31,302	1,603		2010
MAN Gospodarska vozila Slovenija d.o.o., Ljubljana/Slovenia	100.00%	16,164	490		2010
MAN Kamion és Busz Kereskedelmi Kft., Dunaharaszti/Hungary	100.00%	15,595	1,724		2010

Name and Seat of the entity	Participation in the issued capital	€ thousand Issued Capital	Results of Operation	Footnote	Year
MAN Türkiye A.S., Akyurt Ankara/Turkey	99.99%	44,583	3,349		2010
MAN Kamyon ve Otobüs Ticaret A.S., Ankara/Turkey	100.00%	22,004	13,399		2010
MAN Veiculos Industriais (Portugal) S.U. Lda., Algés (Lisbon)/Portugal	100.00%	8,719	-522		2010
IPECAS-Gestao de Imoveis S.A., Algés (Lisbon)/Portugal	100.00%	-	-	2)	-
MAN Porto - Comércio de Veículos, S.A., Porto/Portugal	76.00%	-	-	2)	-
MAN úžitkové vozidlá Slovakia, s.r.o., Bratislava/Slovakia	100.00%	8,115	755		2010
MAN Avtomobili Rossiya, Moscow/Russian Federation	100.00%	43,993	41,406		2010
MAN Turbo (UK) Limited, London/UK	100.00%	8,914	2,585		2010
MAN Diesel & Turbo Schweiz AG, Zurich/Switzerland	100.00%	116,231	53,200		2010
MAN Diesel & Turbo South Africa (Pty) Ltd., Elandsfontein/South Africa	100.00%	16,939	3,778		2010
MAN Turbo (Changzhou) Co. Ltd., Changzhou/China	100.00%	-1,159	7,479		2010
MAN Diesel & Turbo Australia Pty. Ltd., North Ryde/Australia	100.00%	10,810	6,958		2010
MAN Diesel & Turbo UK Ltd., Stockport/UK	100.00%	57,605	22,448		2010
MAN Diesel India Ltd., Aurangabad/India	73.44%	7,863	291		2010
MAN Diesel & Turbo Canada Ltd., Oakville/Canada	100.00%	773	2,421		2010
MAN Diesel & Turbo Pakistan (Private) Limited, Lahore/Pakistan	100.00%	426	381		2010
MAN Diesel & Turbo Operations Pakistan (Private) Ltd., Lahore/Pakistan	100.00%	702	547		2010
MAN Diesel & Turbo France SAS, St. Nazaire (Villepinte)/France	100.00%	51,599	7,664		2010
MAN Diesel & Turbo Singapore Pte. Ltd., Singapore/Singapore	100.00%	12,604	9,012		2010
MAN Diesel & Turbo Hong Kong Ltd., Hong Kong/China	100.00%	4,018	1,866		2010
MAN Diesel & Turbo Benelux B.V., Schiedam/Netherlands	100.00%	4,236	1,452		2010

Name and Seat of the entity	Participation in the issued capital	€ thousand		Footnote	Year
		Issued Capital	Results of Operation		
MAN Diesel & Turbo Benelux N.V., Antwerp/Belgium	100.00%	8,813	2,087		2010
MAN Diesel & Turbo North America Inc., Woodbridge/USA	100.00%	9,858	3,025		2010
MAN Diesel & Turbo Korea Ltd., Pusan/South Korea	100.00%	7,035	100		2010
PBS Turbo s.r.o., Velká Bíteš/Czech Republic	100.00%	9,286	1,978		2010
MAN Diesel & Turbo Middle East (LLC), Dubai/UAE	100.00%	1,301	714		2010
Société de Mécanique de Précision de l'Aubois, Jouet/France	100.00%	1,167	-289		2010
MAN Diesel Shanghai Co. Ltd., Shanghai/China	100.00%	6,814	1,514		2010
MAN Turbo India Pvt. Ltd., Baroda (Vadodara)/India	100.00%	5,444	1,040		2010
MAN Turbo Trading (Shanghai) Co., Ltd., Shanghai/China	100.00%	6,344	1,688		2010
Renk Aktiengesellschaft, Augsburg	76.00%	181,397	21,125		2010
RENK Corporation, Duncan/USA	100.00%	4,567	1,048		2010
RENK-MAAG GmbH, Winterthur/Switzerland	100.00%	4,723	2,437		2010
RENK Test System GmbH, Augsburg	100.00%	1,034	2,344		2010
RENK LABECO Test Systems Corporation, Mooresville/USA	100.00%	624	5		2010
Société d'Equipements Systèmes et Mécanismes, Saint-Ouen-l'Aumône/France	100.00%	3,905	2,910		2010
MAN Finance and Holding S.à r.l., Luxembourg/Luxembourg	100.00%	1,741,599	42,710		2010
MAN Capital Corporation, New Jersey/USA	100.00%	134,528	4,373		2010
MAN Financial Services SpA, Dossobuono di Villafranca VR/Italia	100.00%	9,658	18,131		2010
MAN Financial Services SAS, Evry Cedex/France	100.00%	9,405	1.910		2010
MAN Financial Services España S.L., Coslada (Madrid)/Spain	100.00%	-25,560	19,495		2010
MAN Financial Services Tüketici Finansmani A.S., Ankara/Turkey	99.99%	1,004	2,119		2010
MAN Financial Services Ges. mbH, Eugendorf/Austria	100.00%	4,965	1,644		2010

Name and Seat of the entity	Participation in the issued capital	€ thousand Issued Capital	Results of Operation	Footnote	Year
MAN Financial Services OOO, Moscow/Russian Federation	100.00%	16,590	10,706		2010
MAN Financial Services Portugal, Unipessoal, Lda, Lisbon/Portugal	100.00%	-2,452	1,171		2010
MAN Credit società finanziaria S.r.l., Dossobuono di Villafranca VR/Italia	100.00%	602	2,345		2010
MAN Financial Services Poland Sp. z o.o., Nadarzyn/Poland	100.00%	1,243	-6		2010
MAN Location & Services S.A.S., Evry Cedex/France	100.00%	-174	-154		2010
Trucknology S.A., Luxembourg/Luxembourg	0.00%	31	0	3)	2010
MANTAB Holdings, London/UK	0.00%	-	-	4)	-
MANTAB Funding Limited, London/UK	0.00%	-	-	4)	-
MANTAB Assets Limited, London/UK	0.00%	-	-	4)	-
MANTAB Trucks Limited, London/UK	0.00%	-	-	4)	-
MAN Financial Services plc, Swindon (Wiltshire)/UK	100.00%	54,698	3,376		2010
MAN Truck & Bus Mexico S.A. de C.V., El Marques/Mexico	100.00%	-15,209	15,466		2010
MAN Latin América Indústria e Comércio de Veículos Ltda., São Paulo/Brazil	100.00%	1,463,528	179,382		2010
3. Unconsolidated entities (section 296(2) HGB)					
MAN Personal Services GmbH, Dachau	100.00%	n/a	n/a	1)	-
MAN Verwaltungs-Gesellschaft mbH, Munich	100.00%	n/a	n/a	1)	-
MAN Service und Support GmbH, Munich	100.00%	n/a	n/a	1)	-
MAN Truck & Bus Asia Pacific Co., Ltd., Bangkok/Thailand	99.99%	n/a	n/a		-
MAN Truck and Bus pvt. Ltd., Mumbai/India	99.00%	n/a	n/a		-
MAN Truck & Bus Sdn. Bhd., Rawang/Malaysia	70.00%	n/a	n/a		-
MAN Truck & Bus (Korea) Limited, Seoul/South Korea	100.00%	n/a	n/a		-
MAN ERF Ireland Properties Limited, Dublin/Ireland	100.00%	n/a	n/a		-

Name and Seat of the entity	Participation in the issued capital	€ thousand Issued Capital	Results of Operation	Footnote	Year
ERF (Holdings) plc, Swindon/UK	100.00%	n/a	n/a		-
MAN Truck & Bus (China), Beijing/China	100.00%	n/a	n/a		-
MAN Truck & Bus Kasakhstan LLP, Almaty/Kazakhstan	100.00%	n/a	n/a		-
MAN Properties (Pinetown) (Pty.) Ltd., Pinetown/South Africa	100.00%	n/a	n/a		-
MAN Properties (Midrand) (Pty.) Ltd., Midrand/South Africa	100.00%	n/a	n/a		-
MAN Properties (Pty.) Ltd., Johannesburg/South Africa	100.00%	n/a	n/a		-
LKW Komponenten s.r.o., Bánovce nad Bebravou/Slovakia	100.00%	n/a	n/a		-
MAN IT Services Österreich Ges. mbH, Steyr/Austria	100.00%	n/a	n/a		-
MAN Lastbilar och Bussar AB, Kungens Kurva/Sweden	100.00%	n/a	n/a		-
MAN Middle East FZCO - MN-Subdivision, Dubai/UAE	50.00%	n/a	n/a		-
Railway Mine & Plantation Equipment Ltd., London/UK	100.00%	n/a	n/a		-
MAN International Limited, London/UK	100.00%	n/a	n/a		-
MAN Turbo (UK) Ltd., London/UK	100.00%	n/a	n/a		-
tcu Turbo Charger GmbH, Augsburg	100.00%	n/a	n/a	1)	-
Aumonta GmbH, Augsburg	100.00%	n/a	n/a	1)	-
MAN Diesel Turbochargers Shanghai Co. Ltd., Shanghai/China	100.00%	n/a	n/a		-
Mirrlees Blackstone Ltd., Stockport/UK	100.00%	n/a	n/a		-
MAN Diesel Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100.00%	n/a	n/a		-
Fifty Two Ltd., Stockport/UK	100.00%	n/a	n/a		-
Ruston & Hornsby Ltd., Stockport/UK	100.00%	n/a	n/a		-
Paxman Diesels Ltd., Stockport/UK	100.00%	n/a	n/a		-
MAN B&W Diesel Services Ltd., Stockport/UK	100.00%	n/a	n/a		-
MAN B&W Diesel Electrical Services Ltd., Essex/UK	100.00%	n/a	n/a		-
Ruston Diesels Ltd., Stockport/UK	100.00%	n/a	n/a		-

Name and Seat of the entity	Participation in the issued capital	€ thousand Issued Capital	Results of Operation	Footnote	Year
MAN Diesel Power India Pvt. Ltd., Navi Mumbai/India	50.00%	n/a	n/a		-
MAN Diesel ve Turbo Satis Servis Limited Sirketi, Istanbul/Turkey	100.00%	n/a	n/a		-
MAN Diesel South Africa (Proprietary) Limited, Cape town/South Africa	100.00%	n/a	n/a		-
MAN Diesel & Turbo Kenya Ltd., Nairobi/Kenya	100.00%	n/a	n/a		-
Metalock Denmark A/S, Copenhagen/Denmark	100.00%	n/a	n/a		-
MAN Diesel & Turbo Poland Sp. z o.o., Gdansk/Poland	100.00%	n/a	n/a		-
MAN Diesel & Turbo Sverige AB, Goteborg/Sweden	100.00%	n/a	n/a		-
MAN Diesel & Turbo España S.A.U., Madrid/Spain	100.00%	n/a	n/a		-
Caribbean Power Application, S.L., Madrid/Spain	100.00%	n/a	n/a		-
MAN Diesel & Turbo Brasil Ltda., Rio de Janeiro/Brazil	100.00%	n/a	n/a		-
MAN Diesel & Turbo Italia s.r.l., Genoa/Italia	100.00%	n/a	n/a		-
MAN Diesel & Turbo Chile Limitada, Valparaíso/Chile	100.00%	n/a	n/a		-
XESTORMAN, Unipessoal, Lda, Lisbon/Portugal	100.00%	n/a	n/a		-
MAN Diesel & Turbo Bulgaria EOOD, Varna/Bulgaria	100.00%	n/a	n/a		-
MAN Diesel & Turbo Costa Rica Limitada, San Jose/Costa Rica	100.00%	n/a	n/a		-
MAN Diesel & Turbo Japan Ltd., Kobe/Japan	100.00%	n/a	n/a		-
MAN Diesel & Turbo Norge A/S, Oslo/Norway	100.00%	n/a	n/a		-
MAN Iran Power Sherkate Sahami Khass, Teheran/Iran	96.00%	n/a	n/a		-
MAN Diesel & Turbo Hellas Ltd., Piraeus/Greece	100.00%	n/a	n/a		-
MAN Diesel & Turbo Panama Enterprises Inc., Panama-City/Panama	100.00%	n/a	n/a		-
MAN Diesel & Turbo Russia Ltd., Moscow/Russian Federation	100.00%	n/a	n/a		-

Name and Seat of the entity	Participation in the issued capital	€ thousand		Footnote	Year
		Issued Capital	Results of Operation		
MAN Diesel & Turbo Latvia SIA, Riga/Latvia	100.00%	n/a	n/a		-
MAN Diesel Saudi Arabia L. L. C., Jeddah/Saudi Arabia	90.00%	n/a	n/a		-
Centrales Diesel Export, Villepinte/France	100.00%	n/a	n/a		-
MAN Diesel & Turbo Philippines Inc., Manila/Philippines	100.00%	n/a	n/a		-
MAN Diesel & Turbo Canarias S.L., Las Palmas (Canary Island)/Spain	100.00%	n/a	n/a		-
MAN Diesel & Turbo Guatemala Ltda., Guatemala City/Guatemala	100.00%	n/a	n/a		-
MAN Diesel & Turbo Argentina S.A., Buenos Aires/Argentina	100.00%	n/a	n/a		-
PT MAN Diesel & Turbo Indonesia, Jakarta/Indonesia	92.62%	n/a	n/a		-
MAN Diesel & Turbo Malaysia Sdn. Bhd., Kuala Lumpur/Malaysia	49.00%	n/a	n/a		-
Gulf Turbo Services LLC, Doha/Qatar	55.00%	n/a	n/a		-
RENK (UK) Ltd., London/UK	100.00%	n/a	n/a		-
COFICAL RENK Mancais do Brasil LTDA, Guaramirim/Brazil	98.00%	n/a	n/a		-
RENK Transmisyon Sanayi A.S., Istanbul/Turkey	55.00%	n/a	n/a		-
MAN Grundstücksgesellschaft mbH, Oberhausen	100.00%	n/a	n/a	1)	-
MAN Unterstützungskasse GmbH, Munich	100.00%	n/a	n/a		-
MAN Leasing GmbH & Co. Gamma KG, Munich	100.00%	n/a	n/a		-
MBC Mobile Bridges Corp., Houston, Texas/USA	100.00%	n/a	n/a		-
Ortan Verwaltung GmbH & Co. Objekt Karlsfeld KG, Pöcking	100.00%	n/a	n/a		-
MAN Grundstücksgesellschaft mbH & Co. Objekt Heilbronn KG, Oberhausen	100.00%	n/a	n/a		-

4. Other entities

A. Entities accounted for using the equity method

A1. Joint Venture

Name and Seat of the entity	Participation in the issued capital	€ thousand Issued Capital	Results of Operation	Footnote	Year
MAN FORCE TRUCKS Private Limited, Akurdi/India	50.00%	53,699	-14,444		2009
MAN Financial Services SA (Pty) Ltd, Johannesburg/South Africa	50.00%	10,661	73		2009
A2. Associated entities					
Hörmann Automotive Components GmbH & Co. KG, Gustavsburg	40.00%	5,705	-7,502		2009
OOO EURO-Leasing RUS, Rjasan/Russian Federation	60.00%	-164	-112		2009
MAN Region West B.V., Vianen/Netherlands	50.00%	77,161	1,283		2009
JV MAN AUTO - Uzbekistan Limited Liability Company, Samarkand City/Uzbekistan	49.00%	3,063	0		2009
Rheinmetall MAN Military Vehicles GmbH, Munich	49.00%	-	-	5)	2009
Atlas Power Ltd., Karachi/Pakistan	33.54%	38,966	41		2009
Roland Holding GmbH, Munich	22.83%	478,204	-105	6)	-
Scania AB, Sodertalje/Sweden	13.35%	2,252	109	7)	2009
Sinotruk (Hong Kong) Limited, Hong Kong/China	25.00%	1,851,040	120,123		2009
Ferrostaal Aktiengesellschaft, Essen	30.00%	274,343	4,262		2009
B. Entities accounted for using the cost method					
Kosiga KG, Pullach i. Isartal	47.50%	n/a	n/a		-
FFK Fahrzeugservice Förtsch GmbH, Kronach	30.00%	n/a	n/a		-
Coburger Nutzfahrzeuge Service GmbH, Coburg	30.00%	n/a	n/a		-
MAN VW Truck en Bus (Nederland) B.V., Leusden/Netherlands	26.00%	n/a	n/a		-
Neoplan Ghana Ltd., Kumasi/Ghana	45.00%	n/a	n/a		-
Obermeier Trailertechnik GmbH, Egeln-Nord	24.00%	n/a	n/a		-
PosernConnect GmbH, Sittensen	49.00%	n/a	n/a		-
Grundstücksverwaltungsgesellschaft EURO-Leasing GmbH, Matthias Hinners und Helge Richter GbR, Sittensen	50.00%	n/a	n/a		-
Scavino S.r.l., Alba/Italia	30.00%	n/a	n/a		-

Name and Seat of the entity	Participation in the issued capital	€ thousand Issued Capital	Results of Operation	Footnote	Year
De Pretto Industrie S.r.l., Schio/Italia	51.00%	n/a	n/a		-
MTC Marine Training Center Hamburg GmbH, Hamburg	24.80%	n/a	n/a		-
RENK U.A.E. LLC, Abu Dhabi/UAE	49.00%	n/a	n/a		-
Verwaltungsgesellschaft Wasseralfingen mbH, Aalen	50.00%	n/a	n/a		-

1) Profit and loss transfer agreement

2) Values are included in the consolidated accounts of the parent entity

3) Consolidated special purpose vehicle with a participation in the capital of 0.00%

4) Special purpose vehicle with a participation in the capital of 0.00%, fully consolidated with MAN Financial Services plc (UK)

5) New acquisition in Q1 2010

6) Share in voting rights 32.82%

7) Share in voting rights 17.37% (Issued capital and results of operation in € million)

Responsibility Statement

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

Munich, January 27, 2011

MAN SE

The Executive Board

Dr. Georg Pachta-Reyhofen
Chief Executive Offier

Frank H. Lutz
Chief Financial Officer

Jörg Schwitalla
Member of the Executive Board

Klaus Stahlmann
Member of the Executive Board

Audit Report

We have audited the annual report – comprising the balance sheet, income statement and the notes – including the accounting and the management report of MAN SE for the fiscal year from January 1 to December 31, 2010. The accounting and the preparation of the annual report and the management report in accordance with the HGB are the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the management report based on our audit, while taking into account the accounting and on the annual report.

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

Our audit has not led to any reservations.

In our opinion, based upon the findings of our audit, the annual report complies with the legal regulations and gives a true and fair view on the net assets, financial position and results of operation of the company in accordance with these requirements. The management report is consistent with the annual report and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Munich, January 28, 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Jan Konerding	Petra Justenhoven
Wirtschaftsprüfer	Wirtschaftsprüferin