

01 To the Shareholders

01 To the Shareholders

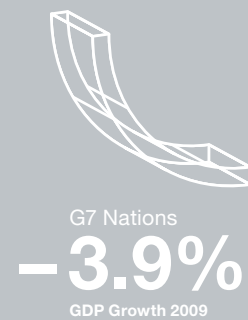
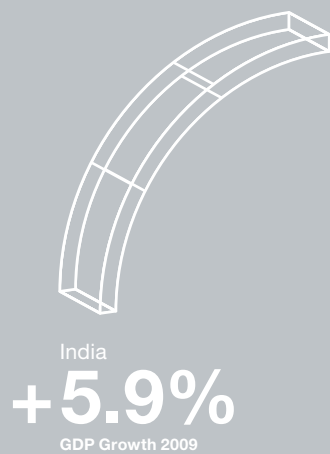
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Growth drivers from the BRIC states

The BRIC states have long been indispensable to the global economy. Hardly surprising, considering that the club of four—namely Brazil, Russia, India and China—together accounts for 15 percent of the world's economic output. Especially China and India got off to a flying start in 2009, with GDP growth of 7.7 and 5.9 percent, respectively. In comparison, it shrank by 3.9 percent in the G7 nations.

Source: Goldman Sachs

To the Shareholders

Letter to the shareholders

Dear Shareholders,

Germany's economy experienced an extraordinary year in 2009. Businesses around the world were severely hit by the financial and economic crisis, particularly in the transportation industry. As a result, MAN also had a very difficult year. The European market for commercial vehicles alone halved in 2009. At the same time, and in the face of all these challenges, it proved quite apparent that MAN is indeed a resilient and stable company. The Power Engineering business area, namely MAN Diesel and MAN Turbo, proved a strong counterbalance to the Commercial Vehicles business area. The relatively stable trend in South America also proved important to the Group, with MAN Latin America making a valuable contribution to the Company's success.

MAN generated revenue of €12 billion in full-year 2009 (-20%) though MAN Nutzfahrzeuge in particular suffered a drop of 40% to €6.4 billion. Beginning with the second quarter of 2009, MAN Latin America contributed €1.4 billion. At MAN Diesel and MAN Turbo, revenue remained at almost the same level year-on-year. Both companies are benefitting from a high order backlog. However, order intake also declined in these divisions. Order intake in the MAN Group as a whole amounted to €9.9 billion (-30%).

Even in this critical year, MAN achieved a respectable return on sales (ROS) of 4.2% and an operating profit of €504 million. MAN Diesel and MAN Turbo saw excellent returns of 14.2% and 11.4% respectively. Yet it must also be noted that the global Commercial Vehicles business area generated an operating profit in 2009. This was due to MAN Latin America's contribution as well as energetic cost saving measures at MAN Nutzfahrzeuge taking effect. The MAN Group also maintained a healthy financing structure, even during the recession, and rapidly adapted its cost structure to the situation at hand.

Investigations into violations of compliance rules were an additional challenge for MAN in 2009. The authorities' investigations were consistently supported by the Company from the very onset and were brought to a close in December by a final report and an administrative fine on MAN Group companies. MAN immediately took action. Compliance is one of the top responsibilities for all managers and employees and remains so, making it an integral part of the corporate culture. This is also supported by MAN's zero tolerance of violations and by the clear rules in place that must be observed.

2009 was also a year in which the course was set for further international growth. In this regard, the integration of MAN Latin America has already advanced far, enabling us to grow even more. In China, MAN acquired a stake in Sinotruk, the market leader for heavy trucks. This enables us to leverage additional market potential in the world's largest national commercial vehicles market.

»In the face of all these challenges, it proved quite apparent that MAN is indeed a resilient and stable company.«

»The MAN Group also maintained a healthy financing structure, even during the recession, and rapidly adapted its cost structure to the situation at hand.«

We have been operating the MAN Diesel and MAN Turbo divisions as a single company since the beginning of 2010, with the aim of benefiting from growth and cost synergies on the basis of new product packages as well as in the after-sales business. It is also essential to take advantage of opportunities in energy generation—such as in the power plant business or the exploitation of both conventional and alternative energy sources. Through all this we will continue to pursue our goal of achieving profitable growth and creating sustainable value on the basis of technological leadership. The Executive Board that was newly constituted in 2009 will continue to consistently follow this course.

Even though 2010 will not be a year of economic upturn in the traditional sense, a certain stabilization can be expected. While we have the worst behind us in MAN Nutzfahrzeuge's case, the Power Engineering business area will have to cope with a slight decline in both revenue and order intake. Nevertheless, the new MAN Diesel & Turbo company is likely to once again clearly surpass the target return of 8.5%. We also expect very healthy figures for MAN Latin America.

Even though the MAN Group's business performance may only improve a little overall, we will continue to lay the foundations for further growth on the international markets by systematically developing the strategic measures that we have already introduced and offer you, our shareholders, stable and predictable performance. The transportation and energy markets will present us with new challenges. MAN possesses an outstanding knowledge of technology and the markets, as well as the necessary experience and the resources to seize the opportunities therein and thus create sustainable value.



Dr.-Ing. Georg Pachta-Reyhofen
CEO of the MAN Group



Dr.-Ing. Georg Pachta-Reyhofen
CEO of MAN SE and
MAN Nutzfahrzeuge AG

To the Shareholders

Report of the Supervisory Board

Dear Shareholders,

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

The Executive Board provided the Supervisory Board with regular, timely, and comprehensive information, in both written and verbal form, on the development of the business, relevant business events, corporate planning, and deviations in the course of business from forecasts as well as their causes. For example, we focused in detail on the effects of the global financial crisis on MAN's divisions and corporate planning.

The Executive Board also reported to the Supervisory Board on the MAN Group's strategy and the implementation of strategic plans.

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

During my regular discussions with the Chairman of the Executive Board outside the Supervisory Board meetings, I also obtained information on matters and issues relevant to the Company, such as the development of the business, strategic projects, and risk management including compliance issues (see below).

The Supervisory Board held five regular meetings and one constituent meeting in fiscal 2009. Average attendance at Supervisory Board meetings was 97%. All members were present at more than half of the meetings.

In two cases, resolutions on urgent matters were adopted in writing.

Committee structure and key areas of committee work

In 2009, the Company changed its legal form to a *Societas Europaea* (SE). The resulting changes to the Supervisory Board's composition are explained in detail below. The Supervisory Board of MAN AG and its committees were in office until the change of legal form became legally effective on May 19, 2009.

The **Standing Committee** established for MAN AG met only once in 2009 and dealt with the status of various strategically important transactions and the cost-saving program at MAN Nutzfahrzeuge, among other things.

MAN AG's **Executive Personnel Committee** held one final meeting in 2009 to discuss the reappointment of Executive Board members and the MAN Stock Program for Executive Board members.

The Committee members responsible for nominating Supervisory Board candidates met once as the **Nomination Committee** and discussed proposed candidates for the election of shareholder representatives to MAN SE's Supervisory Board.

There was again no need to convene a meeting of the **Mediation Committee** established for MAN AG pursuant to section 27(3) of the *Mitbestimmungsgesetz* (MitbestG—German Codetermination Act) during fiscal 2009. No Mediation Committee was formed for MAN SE.

An **Audit Committee** was established for MAN SE to continue the work of the MAN AG Audit Committee. The Company's change of legal form did not result in any fundamental changes in the Audit Committee's duties; we have therefore provided a summary of the Committee's work for the entire reporting period (see below).

MAN SE's Supervisory Board and its committees assumed their responsibilities when the change of legal form became legally effective on May 19, 2009.

MAN SE's Supervisory Board has established two committees featuring equal representation of shareholders and employees, with three representatives in each case: The **Presiding Committee** on the one hand, which combines the tasks of the Standing Committee and the Personnel and Nomination Committee of the former MAN AG, among other things, and the **Audit Committee** on the other.

The main role of the Committees is to prepare Supervisory Board resolutions. In some cases, the Supervisory Board's decision-making powers or tasks have been transferred to committees.

At its constituent meeting on April 3, 2009, MAN SE's Supervisory Board elected me as its Chairman, Thomas Otto as its Deputy Chairman, and Dr.-Ing. Ekkehard D. Schulz as second Deputy Chairman.

A list of the members of the committees is provided on page 162.

Rupert Stadler is Chairman of the Audit Committee, and the Presiding Committee is always chaired by the Chairman of the Supervisory Board. At the Supervisory Board meetings, Mr. Stadler and I provided regular reports on the work of the committees.

The **Presiding Committee** of MAN SE's Supervisory Board met a total of three times in 2009.

It dealt with all the key issues to be discussed at the following Supervisory Board meetings and in particular prepared Supervisory Board resolutions.

The **Audit Committee** of MAN AG and MAN SE held a total of 12 meetings during the reporting period.

It dealt in detail with financial reporting issues, the annual financial statements of MAN AG and the MAN Group, and the audit reports submitted by the auditors.

The Committee also considered the engagement of the auditors for the audit of the annual financial statements for 2009, the areas of emphasis of the audit, and the statement regarding the auditors' independence in accordance with section 7.2.1 of the German Corporate Governance Code.

At the request of the Audit Committee, KPMG reviewed the MAN Group's interim financial statements as of June 30, 2009. This did not lead to any objections. The Committee discussed the findings of the review with the auditors in detail.

In 2009, the Audit Committee again addressed the audit plans for MAN's Corporate Audit department, risk management, and the MAN Group's risk position. It also examined the optimization of the internal control system.

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

The Audit Committee regularly discussed current business developments in the MAN Group, the status of the cost-saving program at MAN Nutzfahrzeuge, the status of corporate planning, financing issues, and commercial matters relating to upcoming Supervisory Board resolutions on major transactions.

Compliance was a key focus of the Audit Committee's work. The Committee provided continuous and intensive support for the equally extensive and complex internal investigations to clarify the allegations of corruption made against MAN governing bodies and MAN employees (see below). The Audit Committee also examined measures to improve the compliance system within the MAN Group.

Issues addressed by the full Supervisory Board

The main topics discussed regularly by the full Supervisory Board were the development of orders, revenue, earnings, and employment in the MAN Group, as well as key strategic projects such as investments and divestments.

The Supervisory Board focused especially strongly on compliance issues in light of current events. After the bribery allegations made by the public prosecution authorities against MAN governing bodies and MAN employees were announced in May 2009, the Supervisory Board immediately engaged the law firm of WilmerHale to conduct an independent investigation into the proper conduct of the business activities of the Company and its subgroups in light of the bribery allegations. In doing so, the Supervisory Board underlined the Company's intention to clarify the allegations of corruption rapidly and compre-

hensively. The engagement and the investigations by lawyers also focused on examining MAN's compliance organization and opportunities for improvement.

The lawyers reported to the Audit Committee, the Presiding Committee, and the full Supervisory Board regularly and in detail.

The following information relates to the Supervisory Board meetings held in 2009:

On **February 18, 2009**, the Supervisory Board of MAN AG primarily dealt with the 2008 annual financial statements, the current scenario and planning at MAN Nutzfahrzeuge, the change of legal form of MAN AG to an SE, issues to be discussed at the 2009 Annual General Meeting, and the extension of Executive Board appointments. The Executive Board also reported on the status of various strategic projects.

Our discussions on **April 3, 2009** focused mainly on business developments in the MAN Group, the status of the divestment of MAN Ferrostaal, and the acquisition of Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., Brazil.

A further meeting was held on **April 3, 2009** to constitute MAN SE's Supervisory Board and to elect the members of MAN SE's Executive Board (see below).

On **July 8, 2009**, we mainly discussed the status of the investigations into the suspected instances of corruption, business developments in the MAN Group (in particular at MAN Nutzfahrzeuge), and strategic issues. Detailed discussions were held on the restructuring of the MAN Group's activities into the two business areas of Commercial Vehicles and Power Engineering, among other things. The Supervisory Board approved the strategically important acquisition of "25% plus one share" of the Chinese truck manufacturer Sinotruk on July 8, 2009.

On **October 8, 2009**, we again addressed in detail the compliance issues that had come to light. The Executive Board also presented the status of corporate planning to us. The Supervisory Board approved the contribution of MAN Nutzfahrzeuge AG's heavy special-purpose vehicles product area to a joint venture in which MAN Nutzfahrzeuge AG holds a 49% stake and Rheinmetall AG a 51% stake. In addition, on October 8 we resolved the engagement of KPMG to audit MAN SE's 2009 annual financial statements and risk early recognition system. Resolutions were also adopted on the amendments to our Rules of Procedure to reflect the requirements of the *Bilanzrechtsmodernisierungsgesetz* (BilMoG—German Accounting Law Modernization Act) and the *Gesetz zur Angemessenheit der Vorstandsvergütung* (VorstAG—German Act on the Appropriateness of Executive Board Remuneration).

At our meeting on **December 11, 2009**, we focused on the results of the investigations into the suspected instances of corruption and the outcome of the resulting fine proceedings, as well as on the consequences of established compliance violations, in particular personnel consequences and the improvement of MAN's compliance system. On December 11,

the Supervisory Board approved the increase of MAN's interest in Euro-Leasing GmbH by 25% to 50.1% during its discussions on strategically important projects. We also approved the exercise of the put option agreed with the International Petroleum Investment Company, Abu Dhabi, to sell MAN's remaining 30% stake in Ferrostaal AG. In addition, we resolved the terms for terminating Executive Board members' employment contracts and the appointment of new Executive Board members (see the Remuneration Report on page 18).

Corporate governance and Declaration of Conformity

In December 2009, the Executive and Supervisory Boards issued the annual Declaration of Conformity in accordance with section 161 of the *Aktiengesetz* (AktG—German Stock Corporation Act). This states that MAN SE complied with the recommendations of the German Corporate Governance Code during the reporting period in accordance with its Declaration of Conformity of December 2008 and will comply with the recommendations of the current version of the Code dated June 18, 2009, with one exception in respect of the severance payment cap in the event of early termination of Executive Board mandates without good cause. Further details can be found in the Declaration of Conformity published on the MAN Group's website at www.man.eu.

No conflicts of interest involving members of the Supervisory Board in accordance with section 5.5. of the German Corporate Governance Code occurred in the year under review.

Further information on corporate governance at MAN is available in our corporate governance report.

Audit of the 2009 annual and consolidated financial statements

On April 3, 2009, the Annual General Meeting elected KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG) as the auditors for fiscal 2009. The Supervisory Board followed the recommendations of the Audit Committee by issuing its audit engagement letter to KPMG and specifying the areas of emphasis of the audit.

The auditors issued an unqualified auditors' report on the annual financial statements of MAN SE prepared for fiscal 2009 in accordance with the provisions of the *Handelsgesetzbuch* (HGB—German Commercial Code) and on the management report.

MAN SE's risk management system was a further subject of the audits. KPMG established that the Executive Board had fulfilled its obligations under section 91(2) of the AktG.

In accordance with section 315a of the HGB, MAN SE's consolidated financial statements for 2009 were prepared on the basis of the International Financial Reporting Standards (IFRSs). The auditors also issued an unqualified auditors' report on the consolidated financial statements and the Group management report.

Among other things, KPMG examined the specified areas of emphasis of the audit for the reporting period, such as the status of the optimization of the Group's internal control system.

The audit reports by KPMG and the financial statement documents were received by the members of the Supervisory Board in good time and discussed at both the Supervisory Board's financial statements meeting on February 12, 2010, and the Audit Committee's preceding financial statements meeting. The auditors participated in the discussions on the annual and consolidated financial statements that were held in both bodies. They reported on the material findings of their audits and were available to answer any further questions and provide additional information to the Audit Committee and the Supervisory Board.

On completion of our own examination of the annual financial statements, the consolidated financial statements, and the management reports for MAN SE and the Group, we approved the findings of the audit by the auditors and, in accordance with the Audit Committee's recommendation, the annual and consolidated financial statements. No objections were raised. The annual financial statements are thus adopted. Following detailed discussion of matters such as the MAN Group's financial and investment planning, we endorsed the Executive Board's proposal on the appropriation of the net retained profits.

Substantial changes in the composition of the Supervisory Board and Executive Board

The divestment of Ferrostaal led to personnel changes in the first quarter of the year under review. Jürgen Hahn, Chairman of the Works Council of MAN Ferrostaal AG, left the Supervisory Board following the completion of the sale of 70% of the shares of MAN Ferrostaal AG to the International Petroleum Investment Company (IPIC), Abu Dhabi, on March 25, 2009. We would like to thank Mr. Hahn for his many years of constructive work on the Supervisory Board. Also on March 25, 2009, Dr. Matthias Mitscherlich, who was responsible for Industrial Services as Chairman of the Executive Board of MAN Ferrostaal AG, left MAN AG's Executive Board. Dr. Mitscherlich successfully drove forward the Ferrostaal Group's focus on the large-scale facilities project business. We would like to thank him for his substantial contribution to the Company.

MAN AG's change of legal form to an SE resulted in significant personnel changes. Following a corresponding resolution by the 2009 Annual General Meeting, the change of legal form to "MAN SE" was completed on entry in the commercial register

on May 19, 2009. The mandates of MAN AG's Supervisory Board and Executive Board expired as of this date. At the same time, the Supervisory Board of MAN SE and the Executive Board appointed for MAN SE assumed their responsibilities on May 19, 2009.

The Supervisory Board was reduced from 20 to 16 members, while maintaining equal representation of shareholders and employees.

Dr.-Ing. Uwe Hansult, Dr. phil. Klaus Heimann, Dr. jur. Thomas Kremer, Wilfrid Loos, and Stephan Schaller left the Supervisory Board following the change of legal form. Dr. jur. Kremer was elected as an alternate member.

We would like to thank all the former members of MAN's Supervisory Board for their hard work for the benefit of the Company and its employees.

For the first time, the elections of the employee representatives to the Supervisory Board included not only the MAN Group's German locations, but also its other European sites due to the Group's new legal form. As a result, Marek Berdychowski, Works Council member at MAN Bus Sp.z.o.o., Poland, and Erich Schwarz, Chairman of the Central Works Council of MAN Nutzfahrzeuge Österreich AG, were elected to MAN SE's Supervisory Board for the first time.

The employee representatives who were already members of MAN AG's Supervisory Board, Detlef Dirks, Jürgen Dorn, Jürgen Kerner, Gerhard Kreuzer, Nicola Lopopolo, and Thomas Otto, as well as the shareholder representatives Prof. Dr. rer. pol. Renate Köcher and Michael Behrendt, Dr. jur. Heiner Hasford, Dipl.-Kfm. Stefan Ropers, Dr.-Ing. E.h. Rudolf Rupprecht, Dr.-Ing. Ekkehard D. Schulz, Rupert Stadler, and I myself were appointed to MAN SE's Supervisory Board.

The term of office of the current first Supervisory Board of MAN SE expires at the end of the second Annual General Meeting of the Company after the change of legal form.

The members of MAN AG's Executive Board, Dipl.-Ing. Håkan Samuelsson (Chairman), Prof. Dr. h. c. Karlheinz Hornung, Dr.-Ing. Pachta-Reyhofen, and Dipl.-Ökonom Anton Weinmann were appointed as members of MAN SE's Executive Board at the constituent meeting of the Supervisory Board on April 3, 2009.

Jörg Schwitalla, who was not a member of MAN AG's Executive Board, was appointed as a member of the Executive Board and as Arbeitsdirektor (member responsible for employee relations) of MAN SE effective May 19, 2009. This appointment reflects the growing importance of human resources management in an international group. Mr. Schwitalla had been the MAN Group's head of human resources since June 2006.

A fundamental reshuffle of the Executive Board took place in the fourth quarter of 2009. Effective November 23, 2009, Dipl.-Ing. Håkan Samuelsson stood down as a member and Chairman of the Company's Executive Board. On November 30, 2009, Dipl.-Ökonom Anton Weinmann resigned from his position on the Executive Board effective immediately. Prof. Dr. h. c. Karlheinz Hornung resigned from his position on the Executive Board effective December 11, 2009.

The Supervisory Board respects these decisions and approved the resignations. We would like to thank Mr. Samuelsson, who has played a key role in further developing the MAN Group and focusing it on its core competencies in recent years, and Prof. Dr. h. c. Hornung and Mr. Weinmann for their work at MAN. However, we have had to reserve the right to assert any claims for damages against the former Executive Board members.

To make a fresh start in terms of personnel, on December 11, 2009 the Supervisory Board appointed Dr.-Ing. Georg Pachta-Reyhofen as CEO of MAN SE effective January 1, 2010. Since this date, Dr.-Ing. Pachta-Reyhofen has also been a member and CEO as well as Arbeitsdirektor (member of the Executive Board responsible for employee relations) of MAN Nutzfahrzeuge AG.

In addition, on December 11, 2009, the Supervisory Board elected Klaus Stahlmann effective January 1, 2010, and Frank H. Lutz effective immediately as deputy members of MAN SE's Executive Board.

Mr. Lutz, who has been head of finance at MAN since November 1, 2006, is now also the member of MAN SE's Executive Board responsible for finance.

As Chairman of the Executive Board of the MAN Turbo AG subgroup, Mr. Stahlmann was already a member of MAN SE's Management Board. In January 2010, he also took over the offices of spokesman of the Executive Board and Arbeitsdirektor (member of the Executive Board responsible for employee relations) of MAN Diesel SE. Following the merger of MAN Diesel SE and MAN Turbo AG to form MAN Diesel & Turbo SE, Mr. Stahlmann will manage the merged company and represent the Power Engineering business area—which will be consolidated in this new company—on MAN SE's Executive Board.

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

Munich, February 12, 2010



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

To the Shareholders

MAN's shares

MAN Stock

MAN's stock performance was pleasing in 2009. MAN's stock was among the top performers in the DAX, generating a total return of around 47% in the course of the past year.

Key indicators for MAN common stock

€	2009	2008
Earnings per share ¹	-2.69	7.76
Cash dividend per share ²	0.25	2.00
Market capitalization (as of Dec. 31) ³ in million €	7,923	5,720
Closing price	54.44	38.72
High	61.23	110.91
Low	30.31	27.78
Dividend yield ⁴ in %	0.5	5.2
Total return ⁵ in %	46.6	-64.5
Number in thousands ⁶	140,974	140,974
DAX yield in %	23.9	-40.4
DJ Euro Stoxx yield in %	27.6	-44.6

¹ Earnings per share excluding nonrecurring items and the effects of purchase price allocations: €1.47

² 2009: proposed dividend

³ Basis: 140,974,350 common shares and 6,065,650 preferred shares

⁴ Cash dividend based on the closing price on December 31

⁵ Assumes reinvestment of the cash dividend on the last trading day of the month in which the Annual General Meeting was held

⁶ Common shares only

Source: Bloomberg

Strong year on the stock markets

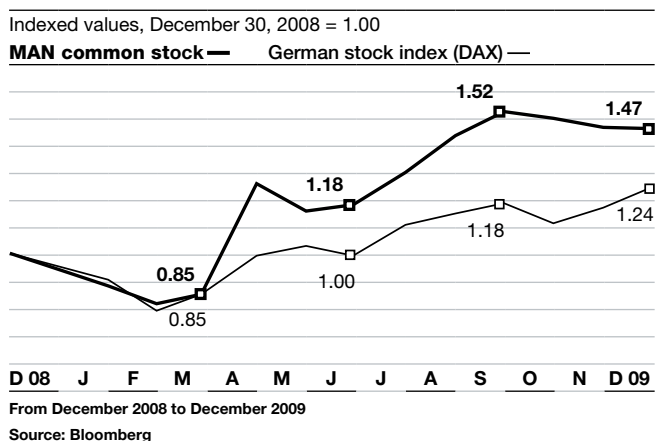
Even though the global economy shrank overall in 2009, stock indices worldwide posted significant gains. This was mainly attributable to the fact that the global economic sentiment improved over the year. The economies in both Germany and the United States were able to emerge from the continued recession over the course of the year. The positive performance on the stock markets was further supported by the brightening of various early indicators. The Ifo Institute, for example, reported in November that the euro zone had not seen as good a business climate since the second quarter of 2008.

In this market environment, Germany's DAX stock index delivered an excellent performance throughout the year, finishing at 5,957 points and thus corresponding to an annual performance of approximately 24%.

Above-average performance of MAN's shares

MAN's common shares outperformed the DAX reference index in a setting where especially cyclical stocks increased sharply in anticipation of an economic recovery.

MAN common stock versus DAX December 2008 to December 2009



Having started at a closing price of €38.72 on December 30, 2008, MAN common stock gained €15.72 (around 41%) over the period from January to December 2009, to reach €54.44 on December 30, 2009. The DAX, Germany's benchmark index, was only able to achieve a rise of around 24%, reaching 5,957 points on December 30, 2009.

MAN's market capitalization

Market capitalization was in keeping with the shares' good performance in fiscal 2009, increasing from around €6 billion to just short of €8 billion. According to the Deutsche Börse indexing system, in which only the free float of the company's most liquid share class is considered when calculating the market capitalization (in the case of the MAN common stock, this corresponds to a free float of 70.1%), MAN finished 25th on December 31, 2009, after ranking 26th the previous year.

At €13,226 million, the trading volume of MAN common stock was significantly less in the past fiscal year than in 2008 (€27,127 million). MAN finished 19th in the DAX ranking, after taking 20th place in the previous year.

Dividend

Under our flexible dividends policy, we are committed to distributing an appropriate proportion of the profits generated by the Company to our stockholders. The Executive and Supervisory Boards are therefore proposing to this year's Annual General Meeting to pay a dividend of €0.25 for fiscal 2009. Based on the closing price of the common stock as of December 30, 2009, (€54.44) this corresponds to a dividend yield of 0.5%.

International investor base

Stockholder analyses, which we perform periodically, help us to communicate effectively with our investors. In the most recent survey, conducted in the summer of 2009, MAN was able to identify more than 80% of the owners of its common and preferred stock.

According to this survey, foreign investors hold about 42% of the share capital. As in previous years, these investors are predominantly based in the United Kingdom and the United States. The largest single stockholder is Wolfsburg-based Volkswagen AG, which holds 29.9% of the voting rights of MAN SE.

Stockholder structure by country of domicile*

	%
42 Foreign institutional shareholders	
29 Volkswagen AG	
19 Stockholders not subject to disclosure regulations	
10 German institutional shareholders	

* As of July 2009

Source: THOMSON REUTERS



The new investor relations factbook can be found at http://www.man.de/MAN/de/Investor_Relations/Finanzberichte_und_Praesentationen/Factbook/

MAN Factbook

Our investor relations work is committed to providing all stockholders and the interested public with comprehensive, real-time information. In 2009 we published the MAN Factbook, a comprehensive information resource for the interested public. This publication includes facts on the strategy, products, markets and innovations of the various divisions as well as on MAN's stock and key financial figures.

Basic information about MAN stock

MAN SE shares are traded on Xetra, the German electronic stock exchange trading platform, as well as on all seven German stock exchanges. MAN SE's share capital consists of 147,040,000 no-par shares, of which 140,974,350 (96%) are common stock and 6,065,650 (4%) are preferred stock.

MAN is a member of the German DAX benchmark index, which measures the performance of the economy's top 30 companies and thus tracks the blue-chip market segment.

MAN stock is listed in other prominent stock market indices, including the HDax, CDax, Div-Dax, Dow Jones Stoxx, Dow Jones Stoxx Industrial, Dow Jones Euro Stoxx and Dow Jones Euro Stoxx Industrial. More information about MAN stock and MAN's investor relations activities is available at www.man.eu/investors, or via e-mail by contacting investor.relations@man.eu. You can also contact us anytime by telephone at +49 89 36098-334.

	ISIN Code	WKN	Reuters Code	Bloomberg Code
Common Stock	DE0005937007	593700	Xetra trading MANG.DE	Xetra trading MAN GY
			Frankfurt Exchange MANG.F	Frankfurt Exch. MAN GR
Preferred Stock	DE0005937031	593703	Xetra trading MANG_p.DE	Xetra trading MAN3 GY
			Frankfurt Exchange MANG_p.F	Frankfurt Exch. MAN3 GR
MAN Financial Services plc bond	XS0181879650	A0AART	0#DE018187965=	Xetra trading MANAG Corp
MAN SE 2013 bond	XS0429607640	A0ZQPG	0#DE042960764=	Xetra trading MANAG Corp
MAN SE 2016 bond	XS0429612566	A0ZQPH	0#DE042961256=	Xetra trading MANAG Corp

To the Shareholders

Corporate governance

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

The Group's corporate governance system plays a key role in this. It 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 governance. The German Corporate Governance Code ("the Code") presents the statutory regulations 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 were applicable to MAN as an *Aktiengesellschaft* (German stock corporation) until May 19, 2009 and continued to apply to MAN SE as a European company from the date on which MAN AG's change of legal form to a *Societas Europaea* ("SE") became effective after the approval of the Annual General Meeting on April 3, 2009 and entry in the commercial register.

These rules are supplemented by MAN's "Industrial Governance" management system, which defines the responsibilities for Group management by MAN SE and the responsibilities of the divisions. It is presented on our website at www.man.eu/MAN/en/Investor_Relations/Strategie/. The compliance and ethical guidelines that apply to the MAN Group are described in our Code of Conduct (available at www.man.eu/MAN/en/Unternehmen/Management/). The Group's management principles are formalized in Group guidelines.

Corporate governance at MAN¹

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 for the Company to ensure responsible, long-term management. In particular, MAN AG's change of legal form to an SE resulted in adjustments to reflect the rules applicable to an SE and to enhance the efficiency of the Supervisory Board's activities. Furthermore, the governing bodies focused on compliance with the German Corporate Governance Code, and especially the new requirements of the Code as amended on June 18, 2009.

Declaration of Conformity

In December 2009, the Executive and Supervisory Boards issued the following Declaration of Conformity:

"MAN SE (formerly MAN Aktiengesellschaft) complied with the recommendations of the Government Commission on the German Corporate Governance Code in accordance with its Declaration of Conformity of December 2008 and will comply with the recommendations of the German Corporate Governance Code (the Code), as amended on June 18, 2009, with one exception: when concluding Executive Board contracts, a severance payment cap in the event of an Executive Board member's contract being terminated prematurely without good cause is agreed under the compensation system in place at MAN, as recommended in the Code. However, in view of the calculation method that applies at MAN, it may exceed a severance payment cap calculated in accordance with section 4.2.3 of the Code in exceptional cases; such cases were not foreseeable in the past but can be expected given current developments. MAN SE wishes to retain the calculation method used to date, which is based on the average remuneration of the last three years, due to the evening-out effect in the event of extraordinary developments.

¹ Also the corporate governance report of the Executive and Supervisory Boards in accordance with section 3.10 of the German Corporate Governance Code as per June 18, 2009.

In line with the new recommendation under section 3.8 of the Code, a deductible is to be agreed for Supervisory Board members, as is already the case for the Executive Board, in the D&O policy soon due for renewal.

The recommendation that members of the Supervisory Board do not exercise a directorship or similar function for important competitors of the Company (section 5.4.2 of the Code) is also complied with. No member exercises a directorship or similar function at Scania, which MAN considers to be an important competitor. MAN does not consider Volkswagen AG (where Prof. Dr. Ferdinand K. Piëch is Chairman of the Supervisory Board) or Volkswagen AG's subsidiary Audi AG (where Rupert Stadler is Chief Executive Officer) to be important competitors."

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

We comment in more detail in the following on the key recommendations and suggestions contained in the Code, with particular reference to the changes. We also explain the departure from one of the Code's recommendations that is disclosed in our Declaration of Conformity and the departure from the Code's suggestions relating to the Supervisory Board's remuneration.

Promoting transparency and shareholders' rights

The information we provide through our website (www.man.eu/MAN/en/Investor_Relations), financial publications, and capital market conferences enables our German and international shareholders as well as other interested parties to build an accurate and up-to-date picture of our Company and gain an insight into our corporate governance practices.

On its website, MAN also publishes without delay annual reports, interim reports, and a financial calendar showing all upcoming events (section 6.3 of the Code), as well as the annual document it is 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 keeping with the principle of equal treatment, we are committed to providing all our Company's shareholders with equal access to information.

Annual General Meeting

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

In organizing and conducting its Annual General Meeting, MAN aims to provide all shareholders with prompt, comprehensive, and effective information both before and during the event. We also wish to make it easy for them to register for the Annual General Meeting and exercise their rights. Consequently, we do not limit ourselves to publishing the invitation to the Annual General Meeting as required by law, but also make all reports and documents relating to the Annual General Meeting accessible to our shareholders and all other interested parties via the MAN website. In addition, we e-mail the documents to interested shareholders and other parties if we have their consent to do so, or post 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 to follow the Annual General Meeting, the entire event is broadcast live on the Internet.

Executive Board and Supervisory Board

In accordance with the law governing German stock corporations, MAN AG had a two-tier structure comprising an Executive Board and a Supervisory Board. These governing bodies were retained when the Company became an SE. 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 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 quarterly and annual financial statements. In addition, it ensures compliance with legislation, official regulations, and internal guidelines. 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 has an oversight and advisory role. Important transactions require the Supervisory Board's approval.

MAN AG's Supervisory Board comprised ten shareholder representatives and ten employee representatives in accordance with the provisions of German stock corporation and co-determination law. Their responsibilities and mandates ended on May 19, 2009 when the Company's change of legal form to an SE became effective. The new, sixteen-member Supervisory

Board of MAN SE, which comprises an equal number of shareholder and employee representatives, assumed responsibility for MAN SE on May 19, 2009. The shareholder representatives were elected by the Annual General Meeting in accordance with the resolution on the change of legal form adopted by the Annual General Meeting on April 3, 2009, and the employee representatives were appointed under the agreement with the employees' Special Negotiating Body. Please refer to the Report of the Supervisory Board and the Notes to the Annual Financial Statements for further information on the composition of the Supervisory Board of MAN AG and MAN SE, its committees and duties, and its cooperation with the Executive Board.

No member of the Supervisory Board exercised or exercises a directorship or similar function or performs advisory tasks for important competitors of MAN. More specifically, as explained in the Declaration of Conformity of December 2009, no member exercises a directorship or similar function at MAN's important competitor Scania. Rather, this is only the case at its majority shareholder, Volkswagen AG (where Prof. Dr. Piëch is Chairman of the Supervisory Board, and Rupert Stadler has been a member of the Board of Management since January 1, 2010), and at Volkswagen AG's subsidiary Audi AG (where Rupert Stadler is Chief Executive Officer), which MAN does not consider to be important competitors. Furthermore, in his role as "Spokesman of the Brand Board of Management of Volks-

wagen AG Nutzfahrzeuge," Mr. Stephan Schaller, who left the Supervisory Board when MAN AG changed its legal form to an SE, did not exercise a directorship function at Volkswagen AG.

MAN also complies with the 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.

No conflicts of interest were reported by members of either the Executive or Supervisory Board during the reporting period. In this context, it should be noted that the action brought to contest the election of Prof. Dr. Piëch and Mr. Schaller to the Supervisory Board by the 2007 Annual General Meeting, which was based on alleged general conflicts of interest affecting both individuals, among other things, was dismissed by the responsible Munich Regional Court. The judgment was affirmed in the second instance by the Munich Higher Regional Court; the appeal lodged with the *Bundesgerichtshof* (German Federal Supreme Court) against denial of leave to appeal on points of law was rejected during the reporting period, which means that the decision by the Munich Regional Court is final and absolute.

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 complied with the standard age limit of 70 years 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. The age limit set and the correctness of the elections to the Supervisory Board at the 2007 Annual General Meeting were confirmed by the above-mentioned court rulings.

There were no advisory or other contracts for services or work between the Company and its board members during the reporting period. The Supervisory Board approved the second-

ary activities of Executive Board members only to the extent that these involved serving on other companies' supervisory boards or management activities at Group companies.

The Company has taken out D&O (directors' and officers' liability insurance) coverage with a reasonable deductible for members of the Executive and Supervisory Boards. Effective January 1, 2010, this insurance was adjusted to reflect the new 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 with regard to the minimum deductible.

Compliance/risk management

The Code highlights compliance with existing laws and internal company guidelines as a key management and supervisory task. The Executive Board therefore continues to regularly enhance the existing compliance system and ensure its implementation.

It is supported in this by the Chief Compliance Officer (CCO) and the Compliance Board, which includes the CCO, the heads of MAN SE's key functions, and the compliance officers of the subgroups. Significant measures in the reporting period entailed continuing employee training, especially in anticorruption, and in antitrust compliance issues, reviewing the implementation of compliance guidelines by external lawyers and the internal audit function, as well as clarifying and addressing suspicious cases. A particular focus was the clarification of bribery allegations that arose in connection with the preliminary investigation by the Munich Public Prosecution Office (I) and the subsequently initiated special investigations by lawyers engaged by MAN. Please refer to the detailed disclosures in the Management Report on

the clarification of the bribery allegations and on the compliance system and its enhancement, as well as the information provided in the Report of the Supervisory Board.

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.

Reportable securities transactions

Section 15a of the *Wertpapierhandelsgesetz* (WpHG—German Securities Trading Act) requires individuals with management tasks and certain related parties to report dealings in MAN shares and related financial instruments to the issuer and the *Bundesanstalt für Finanzdienstleistungsaufsicht* (BaFin—German Federal Financial Supervisory Authority). No transactions were reported in 2009. Any disclosures are published on the Company's website at www.man.eu/MAN/en/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 (IFRSs), 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 new recommendation in section 7.1.2 of the Code as amended in 2008, the Audit Committee discusses MAN's half-yearly and quarterly financial reports with the Executive Board prior to their issue.

Audit of the financial statements

In the reporting period, the Supervisory Board proposed KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, (KPMG) as auditors of the financial statements. The Annual General Meeting endorsed its proposal. In 2009, KPMG again 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 fiscal year 2009²

Executive Board remuneration in 2009

In fiscal 2009, changes were made with regard to the responsibility for determining Executive Board remuneration. Following MAN AG's change of legal form to a *Societas Europaea* (SE) on May 19, 2009, this responsibility—which was previously held by the Personnel and Nomination Committee—was assigned to the newly created Presiding Committee of the Supervisory Board. The full Supervisory Board assumed responsibility for determining the total remuneration of the Executive Board when the *Gesetz zur Angemessenheit der Vorstandsvergütung* (VorstAG—German Act on the Appropriateness of Executive Board Remuneration) came into force on July 31, 2009. Supervisory Board resolutions are now prepared and proposed by the Presiding Committee. The corresponding amendments were made to the Supervisory Board's Rules of Procedure. As before, the full Supervisory Board regularly discusses the structure of the Executive Board remuneration system based on the Presiding Committee's proposals. It also resolves and regularly reviews the remuneration system in accordance with the recommendation in the German Corporate Governance Code that

² The remuneration report is part of the Group management report in accordance with section 315 of the HGB.

was slightly modified in 2009 (section 4.2.2). The next review of the remuneration system, in particular with regard to the new statutory requirements under the VorstAG, will take place in spring 2010.

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

Remuneration structure and components in 2009

The remuneration of Executive Board members comprises fixed salary payments and non-cash benefits, pension and other benefit contributions, and performance-related components. The variable performance-related components comprise annual components linked to business performance and long-term incentive components that entail an element of risk.

- The fixed remuneration is paid as a monthly salary. In addition, Executive Board members receive non-cash benefits that primarily comprise the provision of a company car and driver, and the payment of insurance premiums. The fixed remuneration is reviewed on a regular basis and adjusted where necessary.
- In accordance with the applicable bonus guidelines, the annual performance-related bonus is linked to MAN value added. This is calculated as operating profit minus the cost of capital employed. The cost of capital is the minimum return investors expect to receive on equity and debt employed. A weighted average cost of capital (WACC) is calculated; for equity, it is the rate of return on long-term, risk-free securities plus a specific risk premium, and for debt, it is the rate of return for risk-free securities plus a risk premium for long-term corporate securities. It is currently set at 11% before tax.

The Executive Board is not entitled to a bonus unless profit exceeds the cost of capital. The amount of the bonus is based on the extent to which a value added target previously set by the Supervisory Board is attained or exceeded. It is capped at an

amount also set by the Supervisory Board. Two-thirds of the bonus is paid as a cash bonus. One third must be used in the same way as under the MAN Stock Program (see below), with 50% invested in MAN shares. The shares are subject to a two-year lock-up.

- Since 2005, the component linked to long-term business performance has been awarded through the MAN Stock Program. Under this program, Executive Board members receive cash payments of 50% of their fixed remuneration, which are taxable annually. Half of the payment must be invested in MAN SE common shares. These are purchased and held in safekeeping centrally by MAN SE on behalf of and for the account of Executive Board members. Purchased shares may be freely disposed of after a lock-up period of three years. During the vesting period, the shares may not be sold, pledged, or hedged. If an Executive Board member retires or departs from the MAN Group, the lock-up period ends no later than one year after the date of departure.
- The 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. Each year, MAN SE contributes an amount equal to 20% of an Executive Board member's fixed remuneration and the bonus paid to that member in the previous year into an MAN fund. Executive Board members may elect to make additional contributions out of their gross salary. Contributions and the returns thereon are held in individual capital accounts. The rate of return on the accumulated capital account balance depends upon the performance of selected capital market indices, which are weighted according to an Executive Board member's age. Contributions, the returns thereon, and any additional returns earned

by the fund together constitute the total amount of capital available. At retirement, the beneficiary may take 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 at a minimum four times the fixed annual remuneration and bonus.

Executive Board members' remuneration in 2009

The remuneration awarded to active members of the Executive Board for their services in fiscal 2009 totaled €4,270 thousand plus €1,437 thousand for pensions (previous year: €13,523 thousand plus €1,321 thousand for pensions). Please see Note 33 to the Consolidated Financial Statements for details of the Executive Board members' individual remuneration, broken down into fixed, performance-related, and long-term incentive components.

A total of €21,064 thousand related to severance payments made or approved in respect of former Executive Board members. These payments are also described in detail in the above-mentioned Note to the Consolidated Financial Statements.

Special contract provisions

Under a provision that has been in effect since 2007, an Executive Board member receives his fixed remuneration, bonus, insurance premiums, and contributions to the pension system until the end of his normal term of office, but for no more than two years, in the event of the early termination of his contract without good cause and at the instigation of the Company. Income from his 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

average remuneration in the past three years as a basis for calculating the remuneration components that constitute his severance payment on leaving his position. However, this calculation method could lead to the severance payment cap calculated in accordance with section 4.2.3 of the Code being exceeded in exceptional cases; such cases were not foreseeable in the past but cannot be ruled out given current developments. The departure from the recommendation relating to the severance payment cap under section 4.2.3 of the Code is disclosed and justified in the Declaration of Conformity dated December 2009.

If a contract is terminated at the instigation of an Executive Board member (a member may do so, without having to cite his reasons, by giving 18 months' notice), remuneration is awarded only up until the end of the period of notice. There are no special change-of-control provisions in place.

Supervisory Board remuneration

The structure and amount of the Supervisory Board's remuneration are determined 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 exceeds €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 Standing Committee, the Audit Committee, and the Personnel and Nomination Committee—or, after MAN AG's change of legal form to an SE, members of the Presiding Committee of the Supervisory Board and the Audit Committee—each receive an additional 50% and the chairman of the respective committee an additional 100% of the basic remuneration.

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

Supervisory Board remuneration does not include a component linked to long-term business performance, as it is almost impossible to measure the Supervisory Board members' individual contribution to the Company's long-term performance. The Company does not, therefore, follow the suggestion in section 5.4.6 of the Code.

The remuneration for the first Supervisory Board of MAN SE will be paid pro rata from May 19, 2009 in accordance with the Articles of Association; in line with the view taken in some of the legal literature, this remuneration is subject to the approval of the Annual General Meeting, which will be sought as a precautionary measure at the 2011 Annual General Meeting when the Supervisory Board's first term of office ends as defined by the Articles of Association.

Supervisory Board remuneration in 2009

The remuneration payable to the members of the Supervisory Board in 2009 totaled €941 thousand (previous year: €2,628 thousand). In addition, members of MAN AG's or MAN SE's Supervisory Board received remuneration totaling €39 thousand (previous year: €58 thousand) for serving on supervisory boards at Group companies in fiscal 2009. Please see Note 34 to the Consolidated Financial Statements for a breakdown of the individual remuneration of the Supervisory Board members in 2009.

Additional information

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

Former Supervisory Board members who left the Board prior to January 1, 2009 do not receive any remuneration.