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THE BRIC COMMERCIAL VEHICLES MARKET

Brazil will be the growth driver

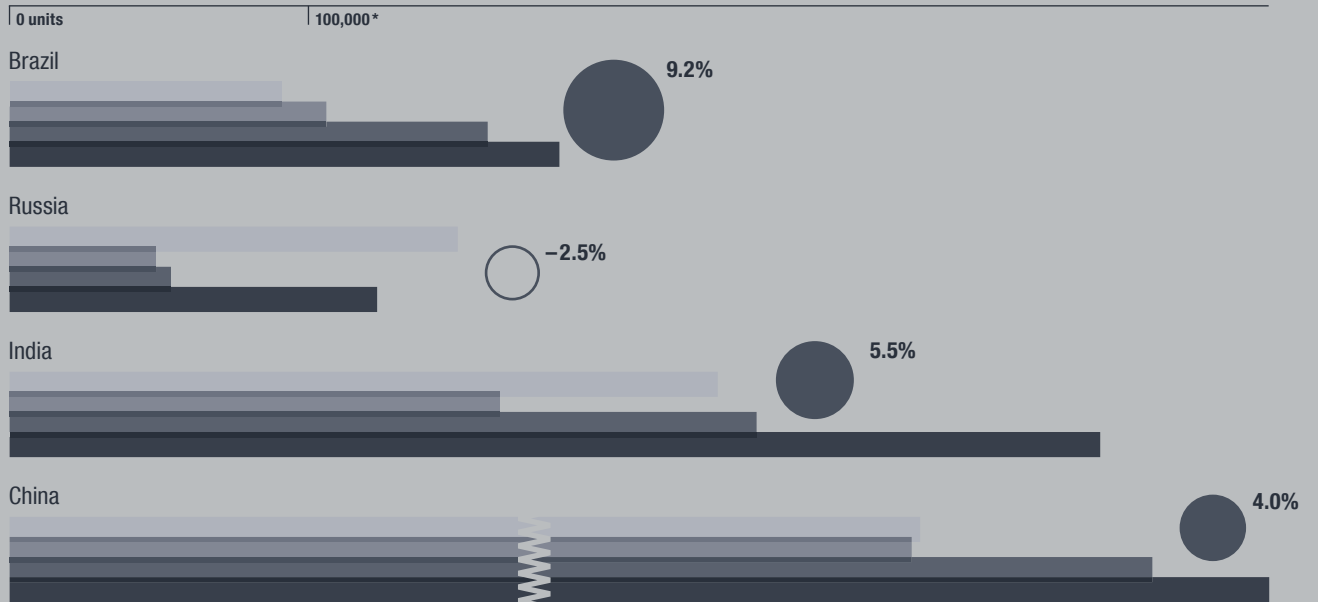
The upturn in unit sales of trucks and buses in the coming years will be increasingly driven by the BRIC countries (Brazil, Russia, India, China).

Source: MAN BRIC Handbook, as of 11/2010

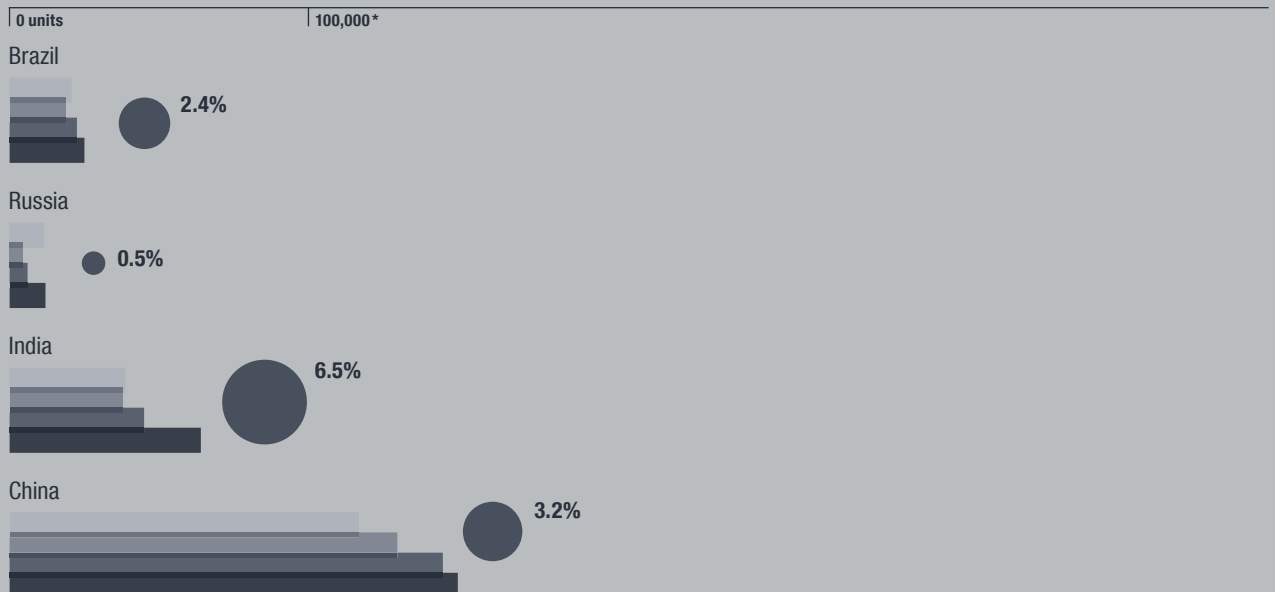
* Non-linear presentation



Market growth for trucks with a total weight of over six tons



Market growth for buses with a total weight of over six tons



To Our Shareholders

Letter to Our Shareholders

Dear Shareholders,

2010 was a very good year for the MAN Group. We used the tailwind provided by the global economic recovery to expand our business and systematically drive forward our internationalization strategy. After reporting on a difficult year on this page in our 2009 Annual Report, I am delighted to bring you extremely positive news about your Company in fiscal 2010: MAN has emerged stronger from the crisis. We are pleased to present successful results for 2010 and thus demonstrate our expertise and competitive strength.

As our key indicators clearly show, the Group has performed superbly in all areas: At €15.1 billion, the MAN Group's order intake is up 53% year-on-year. Operating profit increased to €1,035 million—double the 2009 figure. This turnaround is also clearly reflected in revenue, which rose by 22% to €14.7 billion. Return on sales climbed from 4.2% to 7.1%.

At €11.2 billion, order intake in the Commercial Vehicles business area was 68% above the previous year due to growing demand in the European commercial vehicles business and the ongoing boom in Brazil. We sold more than 120,000 trucks and buses in fiscal 2010. The Commercial Vehicles business area lifted its annual revenue by 36% to €10.6 billion and generated an operating profit of €528 million. Its return on sales was up from 0.7% to 5.0%.

The Power Engineering business area also recorded a sharp increase in order intake in 2010 (+24%) to €4.0 billion. At €4.2 billion, revenue was slightly below the previous year (€4.3 billion). The Power Engineering business area generated an operating profit of €491 million, while its return on sales remained in double digits at 11.8%.

These figures show that the MAN Group has achieved an excellent position in recent years, has focused on innovation and growth, and has proved that it is a strong and future-proof company. I would like to take this opportunity to inform you of the key progress we have made.

We significantly strengthened our presence in the most important growth regions and extended our market positions. MAN is represented on all five continents and is focusing on further international growth, especially in the BRIC countries. Today, MAN sells one in two of its heavy trucks, and an even greater proportion of buses, in one of the BRIC countries. Our strategy continued to deliver success in 2010, with MAN Latin America posting record revenue and earnings figures.

Europe remains MAN's most important market. Premium products and high service quality ensure that we have substantial market share in the commercial vehicles business in particular. The development and production expertise at MAN's European sites is instrumental in safeguarding our technology leadership in our business areas for the long term.

In 2010, we also demonstrated that we are well prepared to meet the technological challenges of the future at the key trade fairs for our business areas, the International Commercial Vehicles Motor Show (IAA) in Hanover, and the SMM shipping trade fair in Hamburg. MAN is an inventor company. However, we also know how to develop and tap new markets. This continued ability to innovate and adapt has made us a pioneer in the transportation and energy industry.

The expertise and extraordinary flexibility and solidarity of our employees in 2010 contributed to MAN's success. Together, we were therefore able to leave behind a difficult period in the past year and to discontinue short-time working in virtually all areas. I would like to take this opportunity to thank the MAN team for this special achievement.

We also further expanded our compliance organization in the past year. MAN stands for impeccable business practices—without any compromises—because we can only be successful by ensuring compelling quality and service. Our new corporate responsibility strategy, which we presented in September 2010, is another milestone. It underlines our strategic endeavor to reconcile economic, ecological, and social aspects. Our high-profile “We are your MAN” brand campaign illustrated that we not only have a long tradition, but that we are also a modern and progressive company.

“The MAN Group has achieved an excellent position in recent years.”

“We see further opportunities
 for all areas to achieve
 profitable and
 sustained growth.”

Going forward, we must continue to meet the challenges posed by globalization and technological change. MAN is a company whose innovations shape and influence market trends. We are driving forward this approach with our internationalization and focusing strategy.

It makes sense to master these tasks not alone, but with a strong partner in order to leverage synergies and be more powerful together. That’s why, as you have heard in the past year, we are in talks with Scania about cooperating. MAN and Scania are strong and highly innovative companies with a long tradition. We believe that both parties complement each other very well—in terms of our product ranges and development opportunities as well as the markets in which we are active. We are bringing together two of the strongest brands in the commercial vehicles market and can both profit from our skills and experience.

In recent years, MAN has successfully specialized in commercial vehicles and power engineering. These two business areas are leveraging the ongoing strong growth in emerging economies that is accompanied by increasing demand for transportation and energy. Overall, we expect the economic recovery to continue in 2011 and we see further opportunities for all areas to achieve profitable and sustained growth in the medium to long term. For the MAN Group, we are forecasting a high single-digit percentage increase in revenue and a return on sales of around 8% in 2011.

I would like to thank you, our shareholders, for the confidence you have placed in us over the past year and hope that you will continue to support us going forward.



Dr.-Ing. Georg Pachta-Reyhofen
 Chief Executive Officer of the MAN Group



Dr.-Ing. Georg Pachta-Reyhofen
 Chief Executive Officer of MAN SE and
 MAN Truck & Bus AG

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. Among other things, we also assured ourselves that the Executive Board has established and further enhanced an effective and efficient compliance system and risk management system for the MAN Group.

The Executive Board provided the Supervisory Board with regular, timely, and comprehensive information, in both written and verbal form, on the development of the business, relevant business events, corporate planning, and deviations in the course of business from forecasts as well as their causes.

The Executive Board also reported to the Supervisory Board on the MAN Group's strategy and the implementation 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 Chief Executive Officer 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.

The Supervisory Board held five regular meetings and one constituent meeting in fiscal 2010. Average attendance at Supervisory Board meetings was 97%. All members were present at more than half of the meetings.

In one case, resolutions were adopted in writing.

Key areas of committee work in the year under review

The Supervisory Board established two committees—the **Presiding Committee** and the **Audit Committee**—featuring equal representation of shareholders and employees, with three representatives in each case, as well as the **Nomination Committee**, which only comprises shareholder representatives.

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

The Nomination Committee is tasked with identifying candidates for Supervisory Board positions and recommending suitable candidates to the Supervisory Board as the latter's proposals for election at the Annual General Meeting. In this capacity, the shareholder representatives on the Presiding Committee act as the **Nomination Committee**.

Rupert Stadler is Chairman of the Audit Committee, 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.

A list of the members of the committees as of the end of 2010 is provided on page 190.

The **Presiding Committee** met a total of five times in 2010.

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

The **Audit Committee** held a total of seven meetings in the year under review.

On the basis of an invitation to tender, the Audit Committee prepared the Supervisory Board's proposal to the Annual General Meeting to elect PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Munich, ("PwC") as the auditors for fiscal 2010.

The Committee also considered the engagement of PwC for the audit of the annual financial statements for 2010, the areas of emphasis of the 2010 audit, and the statement regarding the auditors' independence in accordance with section 7.2.1 of the German Corporate Governance Code.

In addition, the Audit Committee dealt in detail with financial reporting issues, the annual financial statements of MAN SE and the MAN Group, and the audit reports submitted by the auditors.

At the request of the Audit Committee, PwC reviewed the MAN Group's interim financial statements as of June 30, 2010. This did not lead to any objections. The Committee discussed the findings of the review with the auditors in detail.

In 2010, the Audit Committee again addressed the audit plans for MAN's Corporate Audit function, risk management, and the MAN Group's risk position, as well as the continued optimization of the Group's internal control system.

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

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

Compliance was again a key focus of the Audit Committee's work in the past year. Among other things, the Committee supported the measures to further improve the compliance system within the MAN Group.

The Presiding Committee members responsible for nominating Supervisory Board candidates met once as the **Nomination Committee** in the year under review. The resignation of Stefan W. Ropers required the supplementary election of a shareholder representative to the Supervisory Board (see below).

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.

We also continuously addressed compliance issues in detail. At our meetings, MAN's Chief Compliance Officer regularly reports on compliance topics, including the continued expansion of the compliance organization and the further optimization of the compliance system within the MAN Group, as well as the results of compliance investigations.

The following information relates to the Supervisory Board meetings held in 2010:

On **February 12, 2010**, the Supervisory Board primarily addressed the 2009 annual financial statements as well as the agenda and the proposed resolutions for the 2010 Annual General Meeting.

We also discussed and adopted resolutions on changes in the structure of Executive Board remuneration as a result of the *Gesetz zur Angemessenheit der Vorstandsvergütung* (VorstAG—German Act on the Appropriateness of Executive Board Remuneration) and on determining the individual basic remuneration of the Executive Board.

In June 2010, we adopted resolutions in writing on the system to be used for calculating Executive Board members' bonuses from fiscal 2010 onwards.

Details of the remuneration system for Executive Board members and of the specific amount of remuneration paid to the Executive Board can be found in the remuneration report for 2010 (see pages 21 et seq.).

Furthermore, on February 12 the Executive Board reported on the status of various strategic projects, such as the Company's cooperation with Chinese commercial vehicle manufacturer Sinotruk, in which MAN SE holds an equity interest of "25% plus one share."

On **April 1, 2010**, our discussions focused on business developments in the MAN Group and topics relating to the 2010 Annual General Meeting, among other things.

Following the Annual General Meeting, at the end of which Stefan W. Ropers left the Supervisory Board and the Audit Committee, we elected Dr.-Ing. Ekkehard D. Schulz to the Audit Committee at a constituent meeting on April 1, 2010.

On **July 2, 2010**, we resolved to again appoint Dr. Pachta-Reyhofen as a member of the Executive Board and Chief Executive Officer for the period from July 1, 2011, to June 30, 2016.

We also addressed topics relating to corporate strategy, among other things. For example, we approved the sale of MAN Turbo S.r.L. De Pretto/Italy, an investee of MAN Diesel & Turbo SE, to Selink S.p.A.

In addition, we resolved the specific engagement of PwC to audit MAN SE's 2010 annual financial statements and risk early recognition system.

On **September 10, 2010**, we addressed in detail the status of the sale of MAN's remaining 30% interest in Ferrostaal to International Petroleum Investment Company (IPIC), Abu Dhabi. In 2009, IPIC acquired 70% of the shares of Ferrostaal from MAN and granted MAN a put option to sell its remaining 30% interest. MAN exercised this put option at the beginning of 2010. However, IPIC has so far refused to complete the transaction, referring to the investigations by the German public prosecution authorities at Ferrostaal into suspected instances of corruption, and has filed an arbitration action against MAN SE.

On **November 12, 2010**, we dealt with strategic topics and the development of key MAN Group investments, among other things.

For example, we discussed the status of the Ferrostaal divestment and the MAN/Scania cooperation.

In addition, the Executive Board presented the MAN Group's corporate planning for 2011 to 2013.

On November 12, we also addressed the issue of securing any claims for damages against former members of the Executive Board in connection with the allegations of corruption made against MAN employees or MAN governing bodies.

Corporate governance and Declaration of Conformity

In December 2010, 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 the Declarations of Conformity of December 2009 and February 2010 and will comply with the recommendations of the current version of the Code dated May 26, 2010—with only one exception. MAN SE departed temporarily from the Code in respect of the number of Supervisory Board positions held by Dr.-Ing. Ekkehard D. Schulz. 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 were notified to me in the year under review. There were no decisions to be made on the issue of the MAN/Scania cooperation; the Supervisory Board simply acknowledged the issue when it was presented by the Executive Board.

Further information on corporate governance at MAN is available in our Corporate Governance Report.

Audit of the 2010 annual and consolidated financial statements

In accordance with our proposal, the Annual General Meeting elected PwC as the auditors for fiscal 2010 on April 1, 2010.

The Supervisory Board followed the recommendations of the Audit Committee by issuing its audit engagement letter to PwC and specifying the areas of emphasis of the audit for 2010.

The auditors issued an unqualified auditors' report on the annual financial statements of MAN SE prepared for fiscal 2010 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. PwC 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 2010 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, PwC examined the specified areas of emphasis of the audit for the reporting period, such as the implementation of the requirements of the *Bilanzrechtsmodernisierungsgesetz* (BilMoG—German Accounting Law Modernization Act) in the MAN Group.

The audit reports by PwC 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 March 18, 2011, 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 results 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.

Changes in the composition of the Supervisory Board and personnel matters relating to the Executive Board

Effective from the end of the Annual General Meeting on April 1, 2010, Stefan W. Ropers resigned from his position on the Supervisory Board and Dr. Thomas Kremer, who is elected as an alternate member for all shareholder representatives on the Supervisory Board, stood down as alternate member for Mr. Ropers. We would like to thank Mr. Ropers for his work on the Supervisory Board and the Audit Committee.

The Annual General Meeting elected Ulf Berkenhagen, member of the Board of Management of AUDI AG, to the Supervisory Board for the remaining term of office.

Dr. Kremer was also elected as an alternate member for Mr. Berkenhagen.

The term of office of the current first Supervisory Board of MAN SE expires at the end of the Annual General Meeting on June 27/28, 2011.

On November 12, 2010, the Supervisory Board appointed Frank H. Lutz and Klaus Stahlmann as ordinary members of the Executive Board effective January 1, 2011, in each case; they had originally been elected as deputy members of MAN SE's Executive Board in December 2009.

Mr. Stahlmann resigned from his position effective February 21, 2011. The Supervisory Board agreed to this.

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, March 18, 2011



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

To Our Shareholders

Management Board

Antonio Roberto Cortes
President
MAN Latin America, age 55

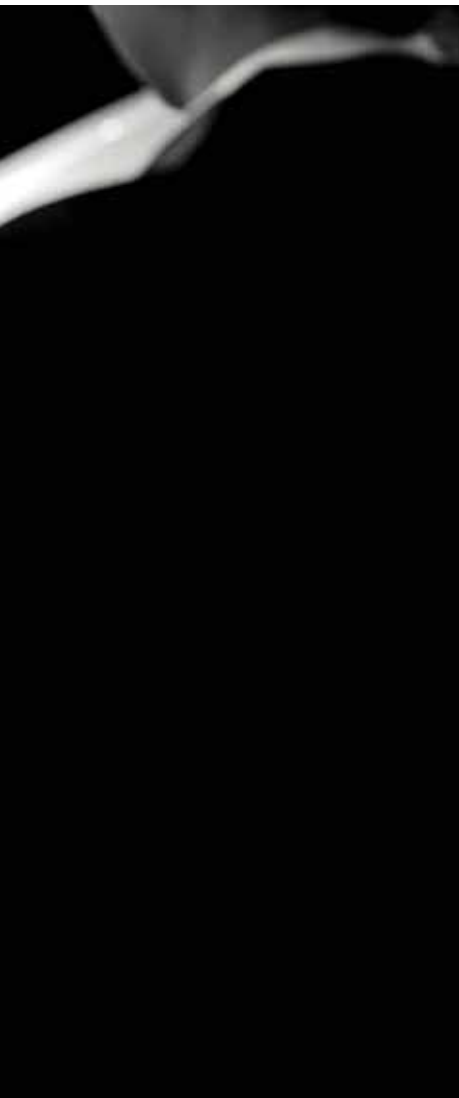


Dr.-Ing. Georg Pachta-Reyhofen
Chief Executive Officer
MAN SE and MAN Truck & Bus, age 55





Jörg Schwitalla
Chief Human Resources Officer
MAN SE, age 50



Frank H. Lutz
Chief Financial Officer
MAN SE, age 42

14 To Our Shareholders

MAN Shares

MAN shares

MAN shares recorded an above-average performance in 2010. MAN was the fourth-best stock in the Dax, generating a total return of around 64% in the course of the past year.

Key performance indicators for MAN common shares		
€	2010	2009
Earnings per share in € ¹	5.30	-2.69
Cash dividend per share in € ²	2.00	0.25
Market capitalization (as of Dec. 31) ³ in € million	12,898	7,923
Closing price in €	88.99	54.44
High in €	96.44	61.23
Low in €	47.99	30.31
Dividend yield ⁴ in %	2.2	0.5
Total return ⁵ in %	64.0	46.6
Number in thousands ⁶	140,974	140,974
Dax yield in %	16.1	23.9
DJ Euro Stoxx yield in %	2.7	27.6

¹ Earnings per share excluding nonrecurring items and the effects from purchase price allocations: €3.38

² 2010: 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 Only common shares

Source: Bloomberg

Very strong year on the stock markets

Equity indices worldwide posted significant gains in 2010, due mainly to the fact that the past year saw a sharp economic upturn.

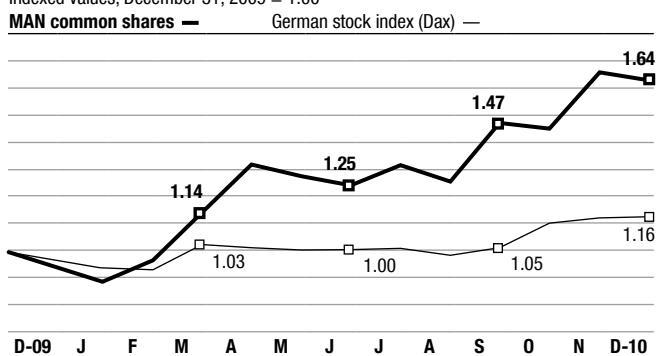
The German stock index, the Dax, performed well over the entire year in this strong economic environment. It closed the year at 6,914 points—an increase of around 16% in 2010.

Excellent performance by MAN shares

MAN common shares outperformed their benchmark index, the Dax, in an environment where cyclical stocks in particular profited from the sharp economic recovery.

MAN common shares vs. Dax December 2009 to December 2010

Indexed values, December 31, 2009 = 1.00



From December 2009 to December 2010

Source: Bloomberg

During the period from January to December 2010, the price of MAN common shares rose by €34.55 or around 64% from a closing price of €54.44 on December 31, 2009 to €88.99 on December 31, 2010. The Dax, Germany's benchmark index, increased by around 16% to 6,914 points from the beginning of the year to December 31, 2010.

MAN's market capitalization

Market capitalization followed the shares' good performance in fiscal 2010, rising from around €8 billion to almost €13 billion. According to Deutsche Börse's indexing system, in which only the free float of a company's most liquid share class is considered when calculating market capitalization (in the case of MAN common shares, this corresponds to a free float of 70.1%), MAN finished 19th on December 31, 2010, after ranking 25th the previous year.

At around €16 billion, the trading volume of MAN common shares was higher in the past fiscal year than in 2009 (€13 billion). As in the previous year, MAN finished 19th in the Dax ranking.

Dividend

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.

The Executive Board and Supervisory Board are proposing to pay a dividend of €2.00 for fiscal 2010 to this year's Annual General Meeting. Based on the closing price of MAN common shares as of December 31, 2010, (€88.99) this corresponds to a dividend yield of 2.2%.

In-depth, trust-based dialog with investors and analysts

In 2010, MAN continued to deepen its contacts with investors and analysts during meetings at roadshows, conferences, and at the Corporate Center in Munich.

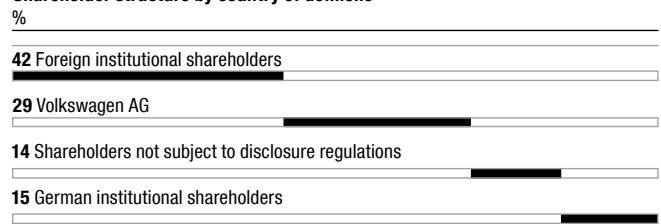
We increased our efforts to broaden our international shareholder base during the past year. For example, the MAN Group further extended capital market communication in Japan via conferences and roadshows. A Capital Market Day was also held in Brazil for the first time in MAN's long history. On September 16 and 17, 2010, over 60 analysts and investors were briefed about MAN's strategies, activities, and products at its Resende location (MAN Latin America) as well as in Rio de Janeiro. MAN's entire Management Board was present in Brazil and answered questions from our investors and analysts. This event, which was also attended by Brazilian funds for the first time, aroused the interest and attention of South American investors in the MAN Group and laid the foundations for long-term communication with this interest group. The consistently positive feedback from those who attended the Capital Market Day vindicates our goal of continuously deepening and expanding dialog with capital market players.

Another highlight in the past fiscal year was the investor and analyst event at this year's International Commercial Vehicles Motor Show (IAA) in Hanover. In addition to an in-depth guided tour of the Company's stand, we held presentations and a Q&A session to extensively inform visitors about the latest developments in the commercial vehicles industry and the MAN Group.

Broadening MAN's international investor base

Regular shareholder analyses enable us to communicate effectively with our investors. In the most recent survey, in summer 2010, MAN was able to identify more than 85% of the holders of common and preferred shares. According to this survey, foreign investors hold about 42% of the share capital. The fact that we increased our Japanese investor base by over 50% year-on-year following greater conference and roadshow activities was a particular success in 2010. As in previous years, our international investors are predominantly based in the United Kingdom and the United States. The largest single shareholder is Volkswagen AG, Wolfsburg, which holds 29.9% of MAN SE's voting rights.

Shareholder structure by country of domicile*



*Basis: 140,974,350 common shares and 6,065,650 preferred shares; as of July 2010
Source: IPREO

Basic information about MAN shares

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 value shares, of which 140,974,350 (96%) are common shares and 6,065,650 (4%) are preferred shares.

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

MAN shares are listed in other prominent stock market indices, including the HDax, CDax, Euro Stoxx®, Stoxx® Europe 600, and Euro Stoxx® TMI Industrial Goods & Services.

More information about MAN's shares and its investor relations activities is available at www.man.eu/investors, or via e-mail by contacting investor.relations@man.eu. You can of course also contact us by telephone on +49 89 360 98 334.

	German ISIN code	German securities code number (WKN)	Reuters code	Bloomberg code
Common shares	DE0005937007	593700	Xetra trading MANG.DE	Xetra trading MAN GY
			Frankfurt Exchange MANG.F	Frankfurt Exch. MAN GR
Preferred shares	DE0005937031	593703	Xetra trading MANG_p.DE	Xetra trading MAN3 GY
			Frankfurt Exchange MANG_p.F	Frankfurt Exch. MAN3 GR
MAN SE 2013 bond	XS0429607640	A0ZQPG	0#DE042960764=	Xetra trading MANGR Corp
MAN SE 2016 bond	XS0429612566	A0ZQPH	0#DE042961256=	Xetra trading MANGR Corp

To Our Shareholders

Corporate Governance

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 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 principle, which defines the responsibilities for Group management by MAN SE and the responsibilities of the divisions. They can be found 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 that we revised this year (available at www.man.eu/MAN/en/Unternehmen/Management/Code_of_Conduct). The Group's management principles are formalized in Group policies.

Corporate Governance at MAN¹

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 bodies focused in detail on compliance with the German Corporate Governance Code, and especially the new requirements of the Code as amended on May 26, 2010.

Declaration of Conformity

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

"MAN SE complied with the recommendations of the Government Commission on the German Corporate Governance Code in accordance with its Declarations of Conformity of February 2010 and December 2009 respectively and will comply with the recommendations of the German Corporate Governance Code (the Code) as amended on May 26, 2010, with the restriction that follows.

The recommendation under section 5.4.5 of the Code as amended on May 26, 2010 will not be followed without restriction for the period from when it takes effect on July 2, 2010, until the end of ThyssenKrupp AG's Annual General Meeting on January 21, 2011.

The temporary departure from the recommendation under section 5.4.5 is due to Dr.-Ing. Ekkehard D. Schulz, Chairman of the Executive Board of ThyssenKrupp AG, serving on the supervisory board 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 will be leaving the Executive Board of ThyssenKrupp AG at the end of ThyssenKrupp AG's Annual General Meeting on January 21, 2011.

In view of the many years that Dr. Schulz has spent as a member of MAN SE's Supervisory Board as well as the end of his service on ThyssenKrupp AG's Executive Board in the very near future, a temporary departure from the Code recommendation under section 5.4.5 seems appropriate."

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 amended on May 26, 2010.

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

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.

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. We also publish without delay annual reports, interim reports, and a financial calendar showing all upcoming events on our website (see section 6.3 of the Code), as well as 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 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 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 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 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 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 has an oversight and advisory role. Important transactions require the Supervisory Board's approval. MAN SE's Supervisory Board features equal representation, comprising eight Supervisory Board representatives elected by the Annual General Meeting and eight employee representatives appointed during negotiations with the 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 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 is a member of the Board of Management), and at Volkswagen AG's subsidiary Audi AG (where Rupert Stadler is Chief Executive Officer and Ulf Berkenhagen has been a member of the Board of Management since April 1, 2010), which MAN does not consider to be important competitors.

The Government Commission on the German Corporate Governance Code resolved various amendments to the 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 package 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:

- awarding at least two Supervisory Board positions—one of which on the shareholder side—to persons who especially embody the criterion of internationality;
- awarding at least two Supervisory Board positions on the shareholder side to 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;
- awarding at least two Supervisory Board positions to 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 above-mentioned 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.

The composition of MAN's Supervisory Board was, at least temporarily, not compliant with the Code from July 2, 2010 (effective date of the Code as amended on May 26, 2010).

Dr.-Ing Ekkehard D. Schulz, Chairman of the Executive Board of ThyssenKrupp AG, serves on the supervisory board 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 at the end of ThyssenKrupp's Annual General Meeting on January 21, 2011.

In view of the many years that Dr. Schulz has spent as a member of MAN's Supervisory Board (and on the supervisory bodies of the other above-mentioned companies) as well as the end of his service on ThyssenKrupp AG's Executive Board in the very near future, a temporary departure from the Code recommendation under section 5.4.5 seemed appropriate.

MAN also complied 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 elections to the Supervisory Board have been held since the latest version of the Code as amended on May 26, 2010 came into effect.

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.

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 secondary activities of Executive Board members 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

Effective 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 led to the establishment of the compliance organization, the compliance program tailored to MAN's requirements, and other measures to prevent compliance risks, among other things.
- The existing Code of Conduct was fundamentally revised and new policies to prevent corruption-related risks were issued (policy on handling gifts, hospitality, and invitations to events; policy on engaging business partners; policy on handling donations and sponsoring measures).

- To better assess and as far as possible to eliminate corruption-related risks in dealings with business partners who perform sales support activities (in particular consultants and agents), the Compliance function together with sales staff developed a web-based application, the Business Partner Approval Tool, that allows MAN to systematically verify the integrity of such business partners.
- In February 2010, the Company established its Compliance Helpdesk, which all employees can contact with compliance-relevant questions. In addition, the Compliance function holds compliance awareness training 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 anticorruption and infringements of antitrust law.
- Compliance violations are not tolerated at MAN. Reports of possible violations are investigated in detail and punished according to the penalties permitted under labor law. The Compliance function uses the findings from the clarification of compliance violations to analyze any deficiencies in the compliance program, to adapt the program accordingly, and to 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 Group Management Report.

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 *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 fiscal 2010. 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 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 fiscal year 2010²

Executive Board remuneration in 2010

The full Supervisory Board assumed responsibility for determining the total remuneration of the individual Executive Board members 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 to determine the total remuneration of individual Executive Board members are prepared and proposed by the Presiding Committee of MAN SE's Supervisory Board. The full Supervisory Board also regularly discusses the structure of the Executive Board remuneration system based on the Presiding Committee's proposals. In addition, it resolves and regularly reviews a remuneration system in accordance with the recommendation in the German Corporate Governance Code (section 4.2.2). The Supervisory Board adopted resolutions on the current remuneration system at its meeting on February 12, 2010, and in writing on the measurement of the bonus in June 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

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 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 for business trips, and the payment of insurance premiums. The fixed remuneration is reviewed on a regular basis and adjusted where necessary, taking into account general salary trends and the area of responsibility of the individual Executive Board member.
- The performance-related variable remuneration (bonus) is based on two factors that each have a 50% weighting.

One half of the bonus is calculated using the MAN Group's return on capital employed (ROCE) less the weighted average cost of capital (WACC). This factor is based on an average of the relevant and the following fiscal year. The degree to which the target has been achieved is determined by comparing this average figure with the agreed target.

The other half of the bonus is determined using return on equity (before tax). The actual figure for the relevant fiscal year is compared with the agreed target to establish the degree to which the target has been achieved. 50% of the resulting bonus portion is paid out in shares with a four-year vesting period in accordance with the MAN Stock Program (see below).

The amount of the bonus is restricted and is only paid out if the Company achieves a return on sales (ROS) of more than 2%.

- 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

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

vesting period of four 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 vesting 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 fiscal 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 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 34 in the "Notes 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.

Additionally, a total of €7,142 thousand in severance payments was made in fiscal 2010 to members who left the Executive Board in fiscal 2009. Appropriate provisions were recognized for these in fiscal 2009. These payments are also described in detail in the above-mentioned note in the "Notes to the Consolidated Financial Statements."

Special contract provisions

Under a provision that has been in effect since 2010, 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 bonus for the past fiscal year and his expected bonus for the current fiscal year as a basis for calculating the bonus that constitutes his severance payment on leaving his position.

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 Audit Committee, or of the Presiding Committee of the Supervisory Board, each receive an additional 50% and the chairman of the respective committee 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.

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.

In line with the view taken in some of the legal literature, the remuneration for the first Supervisory Board (of an SE) 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 members' remuneration in 2010

The remuneration payable to the members of the Supervisory Board in 2010 totaled €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 35 in the "Notes to the Consolidated Financial Statements" for a breakdown of the individual remuneration of the Supervisory Board members in 2010.

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, 2010, do not receive any remuneration.