

# 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 below).

#### **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](http://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