

To Our 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. 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