



## **MAN AG Annual General Meeting on Thursday, May 10, 2007**

**Note on agenda item 7: Resolution on amendment to the authorization by the Annual General Meeting on June 3rd, 2005 to issue convertible bonds and bonds with warrants, to allow mandatory conversion and corresponding change of bylaws**

**Report of the Executive Board pursuant to Sec. 221 Para. 4 second sentence in conjunction with Sec. 186, Para. 4 second sentence, AktG.**

The authorization by the Annual General Meeting of June 3rd, 2005, to issue convertible bonds and bonds with warrants ("Bonds"), giving the Company the ability to acquire investment capital for financing purposes at attractive conditions dependent on the market situation. The proposed resolution is intended to clarify that the resolution of June 3rd, 2005 also authorizes the Executive Board to issue Bonds with mandatory conversion, i.e. to obligate the holder of such Bonds to convert the Bonds into company stock at certain points in time before or at maturity of the Bonds. This construction complies with current market practice. The Company thereby gains the possibility of raising debt capital with equity characteristics. This type of construction has advantages especially for the credit rating of the Company, for example by external rating agencies.

The other resolutions of the Annual General Meeting of June 3rd, 2005 concerning the authorization to issue Bonds, their terms and conditions, including conversion rights or exclusion of conversion rights, shall remain unaffected. The proposal as submitted by the Executive Board to the Annual General Meeting 2005 thus remains in effect. The full text of the June 3rd, 2005 resolution is available on the MAN Aktiengesellschaft website at [www.man.eu/agm](http://www.man.eu/agm). In particular, in the case of issue of Bonds with mandatory conversion, stockholders are entitled to be offered the opportunity to subscribe to such Bonds. The Executive Board can only exclude such subscription rights as stipulated in the resolution of the Annual General Meeting of June 3rd, 2005. Specifically, such subscriptions can be excluded if the Bond's cash issue price is not substantially lower than its market value, according to Sec. 186 Para. 3 fourth sentence, AktG. This also applies in the case the Bond's terms and conditions provide for a higher interest rate due to mandatory conversion. Exclusion of subscription rights according to Sec. 186 Para. 3 fourth sentence, AktG, is further limited to Bond issues with rights to shares which represent a prorated amount of the share capital totaling no more than 10%.

For further details on conditions for the exclusion of subscription rights and the explanations thereof, see the Report of the Executive Board to the Annual General Meeting of June 3rd, 2005.

**This document is a convenient translation. Only the German version of this document is legally binding and shall prevail.**