

Engineering the Future.

Q3/06

Interim report as of Sep. 30, 2006
MAN Aktiengesellschaft



At a glance

MAN Group	2006	2005	Change	2006	2005	Change
	€ million	3Q	3Q	in %	Q3	Q3
Order intake	12,306	11,280	9	4,154	3,126	33
Germany	3,340	2,625	27	1,115	817	36
Abroad	8,966	8,655	4	3,039	2,309	32
Order intake excl. MoD *)	12,044	9,922	21	3,892	3,126	25
Net sales	9,470	8,204	15	3,252	2,752	18
Germany	2,558	2,440	5	897	798	12
Abroad	6,912	5,764	20	2,355	1,954	21
Order backlog **)	10,753	8,496	27	10,753	8,496	27
Headcount **)	50,268	49,161	2	50,268	49,161	2
Germany	29,426	28,978	2	29,426	28,978	2
abroad	20,842	20,183	3	20,842	20,183	3
Headcount incl. temporary/ loaned employees **)	54,154	51,412	5	54,154	51,412	5
Germany	31,683	30,275	5	31,683	30,275	5
Abroad	22,471	21,137	6	22,471	21,137	6
				€ million		€ million
Operating profit	751	449	302	278	170	108
EBT	707	352	355	275	128	147
Net income	677	269	408	325	116	209
EpS of continuing operations (€)	3.51	1.67	1.84	1.38	0.62	0.76
ROS in %	7.9	5.5	–	8.5	6.2	–
Net result of discontinued operations	153	17	136	118	23	95
Capital expenditures	554	286	268	338	120	218
Amortization/depreciation of fixed assets	259	264	–5	101	87	14
R&D expenditures	220	215	5	22	29	–7
Cash earnings	813	491	322	350	134	216
Cash flow from operating activities	346	722	–376	149	352	–203
Cash flow from investing activities	(248)	(253)	5	(70)	(37)	–33
Free cash flow	98	469	–371	79	315	–236
Net liquid assets **)	24	173	–149	24	173	–149
Equity **)	3,693	3,278	415	3,693	3,278	415

*) Like-for-like data excl. MoD contract: megacontract for €1.6 billion awarded in March 2005 by the British Ministry of Defence (MoD) to MAN Nutzfahrzeuge; 1st batch in March 2005 (€1,358 million) and 2nd batch in September 2006 (€262 million)

**) As of Sep. 30, 2006, versus Dec. 31, 2005

NB: In July 2006, MAN AG sold its stake in MAN Roland Druckmaschinen, and MAN Ferrostaal's steel-trading operations will be sold. As required by IFRS 5, MAN Roland and the Steel Trading unit are discontinued operations as from Jan. 1, 2006, and no longer included in the MAN Group's financial information (except for net income), see page 23. The year-earlier comparatives for order backlog, headcount and reported results have been restated accordingly.

The MAN Group in Q3/2006: Vigorous growth unabated

- Operating profit for Q3/2006: €278 million (up 64 percent from €170 million). Three-quarter (3Q) operating profit €751 million (up from €449 million), an all-time 3Q high for the Group
- 3Q ROS soaring from 5.5 to 7.9 percent, EpS rising from €1.67 to €3.51
- Q3 sales climbing 18 percent to €3.3 billion, 3Q sales by 15 percent to €9.5 billion
- Q3 order intake surging 33 percent to €4.2 billion, 3Q order intake up 9 percent to €12.3 billion; gain excl. MoD contracts 21 percent
- Scania AB stake: 14.54 percent of voting interest and 11.6 percent of capital stock acquired in support of envisaged alliance, public offering in preparation
- MAN Ferrostaal's steel-trading unit reported as discontinued operation
- Prospects: for all of 2006 a sales rise of a good 10 percent is expected. For the first time we expect the operating profit to reach the one billion euro barrier, corresponding to return on sales of 8 percent.

Economic environment again brighter

The international economy continued upbeat during the third quarter of 2006, with growth accelerating. At the start of the year demand outside of Germany, in particular, had picked up but then as the period proceeded domestic business bettered, too, also in anticipation of the VAT increase in 2007. Benefiting from this congenial trend are especially the manufacturers of capital goods and of these—in view of rising global demand for haulage capacities—suppliers of transport equipment and solutions.

MAN Group staying along the path of growth

Following the steep growth of H1/2006, order intake in Q3/2006 was again very strong, rising 33 percent, from the year-earlier €3.1 billion to €4.2 billion. Cumulative 3Q orders at €12.3 billion topped the year-earlier figure of €11.3 billion by 9 percent. Excluding the exceptional megacontract for trucks awarded by the British Ministry of Defence (MoD) in March 2005, worth €1.4 billion, plus a follow-up order for €262 million in September 2006, the MAN Group even managed to acquire a 21-percent higher order volume. Most of the incremental business came from Commercial Vehicles, mounting 29 percent (excluding MoD). This hike reflects the global rise in transport plus the fact that H1/2006 demand was also fueled by the new EURO 4 emission standard entering into force on October 1, 2006. Diesel Engines business remained buoyant thanks to ongoing strong demand by shipbuilders and for stationary applications (up 11 percent). At 90 percent, Turbomachinery recorded the steepest growth rate, boosted not only by keen demand, especially on the part of the mineral oil industry, but also the reallocation of MAN DWE (chemical reactors) and the acquisition of the turbine manufacturer BVI. Order intake at Industrial Services dropped 40 percent. The year-earlier figure had included, however, the €300 million megacontract for a methanol plant in Oman.

Domestic order intake climbed 27 percent to €3.3 billion. New orders at Commercial Vehicles surged (up 27 percent), partly due to the above-mentioned anticipatory effects. International business was stepped up by 4 percent to €9.0 billion (excluding MoD by 19 percent); sharp gains were posted by Turbomachinery (up 62 percent) and Commercial Vehicles (up 30 percent, excluding MoD).

Mushrooming order influx and tall order backlog were reflected in higher sales. Third-quarter sales at €3.3 billion were up by 18 percent and for the 9-month period (3Q) 2006, sales accelerated 15 percent to €9.5 billion. All the manufacturing business areas grew by double-digit percentages, most conspicuously Turbomachinery by 31 and Commercial Vehicles by 18 percent. Domestic 3Q/2006 sales moved up 5 percent to €2.6 billion, non-German by 20 percent to €6.9 billion. Versus January 1, 2006, order backlog was heightened by 27 percent to €10.8 billion.

Growth triggers workforce additions

At September 30, 2006, the MAN Group employed a workforce of 50,268, an increase of 1,107 or 2.3 percent from the 49,161 on December 31, 2005. Consolidation group changes reduced the headcount by 383 but like-for-like the workforce rose by 1,490. Expanded production prompted Commercial Vehicles to hire around 800 employees, mainly at the Polish and Turkish locations. In Germany, the MAN Group employed 29,426 people as of September 30, 2006 (up from 28,978 at December 31, 2005), abroad 20,842 (up from 20,183). Temporary/loaned employees totaled 3,886 as of September 30, 2006, outnumbering the 2,251 at December 31, 2005, by 1,635.

Operating profit surging

Already evident in the two preceding quarters of 2006, the MAN Group's operating profit continued to progress in Q3 and hiked up by €108 million or 64 percent to €278 million, following €170 million in the previous quarter. For the first nine months, the MAN Group earned an operating profit of €751 million, €302 million or 67 percent more than the €449 million of the prior year.

Three-quarter (3Q) ROS jumped 2.4 percentage points from 5.5 to 7.9 percent. Commercial Vehicles' return on sales (ROS) moved forward from 5.4 to 7.3 and Diesel Engines from 6.6 to 11.9 percent, the highest gain among MAN's business areas. Turbomachinery raced from 4.8 to 7.6 percent while Industrial Services perked up its return on sales from 6.0 to 8.2 percent.

Commercial Vehicles revved up its 3Q operating profit by €167 million, from €282 million to €449 million, in particular due to excellent capacity utilization and cost savings. With production plants busy and a successful service and licensee business, Diesel Engines doubled its operating profit to €157 million, up from €78 million by €79 million. Turbomachinery's operating profit surged from €22 million to €46 million thanks to the heavy workload while the operating profit at Industrial Services soared by €23 million to €77 million due not only to the earnings from contracts in progress but also to the favorable impact of the restructuring programs.

The MAN Group's 9-month (3Q) EBT improved by €355 million to €707 million, and its 3Q net income more than doubled to €677 million (up by €408 million from €269 million). Earnings per share (EpS) from continuing operations (which exclude Printing Systems and the steel-trading unit) climbed from €1.67 to €3.51.

Cash earnings further improved

Three-quarter (3Q) cash earnings were boosted from the prior-year level by €322 million to €813 million in 2006, thanks to EBT climbing €355 million and despite €54 million higher tax expenses. Growing business at Commercial Vehicles, Financial Services and plant engineering raised net

capital employed since customer prepayments failed to keep pace. The 3Q cash flow from operating activities thus shrank from €722 million in 2005 to €346 million this year.

The net cash of €248 million used in investing activities inched down from the year-earlier €253 million. The 3Q outlays of €268 million on tangibles and intangibles remained at the 2005 magnitude of €267 million. Additional cash outflows of €274 million (up from €18 million) were attributable to the acquisition of investments (mainly Scania AB stock) and the disposal of MAN TAKRAF (€20 million) and contrasted with a cash inflow from the disposal of MAN Roland (€281 million). As the balance of the cash flows from operating and investing activities, the 9-month free cash flow slumped from the year-earlier €469 million to €98 million in 2006.

Net liquid assets as of September 30, 2006, plunged €149 million to €24 million (down from €173 million at December 31, 2005). In Industrial Business they totaled €1,314 million (up from 1,270 million), while the net financial debt of Financial Services swelled by €193 million from €1,097 million to €1,290 million.

MAN proposing partnership with Scania for added growth

Proliferating globalization, international harmonization and ever tighter emission standards plus fiercer competition are factors worldwide prompting commercial vehicles manufacturers to join forces. MAN has seized the initiative and submitted a bid to the Swedish Scania Aktiebolag (Scania AB). The purpose is to combine two powerful partners and hence set up a platform for profitable growth. In continuing these two strong brands and their business units it is planned to generate synergies through close cooperation in such brand-unrelated areas as production, administration, purchasing, R&D, and after-sales service.

On September 18, MAN published a takeover bid for Scania. On October 12, after purchasing Scania stock (which brought MAN's stake in Scania's capital stock to 11,63 percent, equivalent to a voting interest of 14.54 percent), MAN stepped up the price in line with the highest bid price. Based on this public offering, Scania was valued at €10.3 billion or, in terms of per-share price, at €51.29 (about Skr 475). At their discretion, Scania stockholders willing to sell their shares can opt for cash settlement, or for a payment of €41.12 plus 0.151 new MAN common shares for one Scania share.

Publication of the full bid documents has been scheduled for mid-November 2006, the term for acceptance therein granted enabling a settlement prior to December 31, 2006. This time schedule assumes that the antitrust approval is granted by the European Commission as early as December. If the EU Commission proceeds to the main compatibility test (phase II), approval can be expected in the first half of 2007, and the offering settlement will be postponed accordingly.

In order to fund the Scania stock purchase, MAN can use its own liquid assets and may, moreover, resort to sufficient funds under a loan agreement. For the new MAN stock to be issued as equity

compensation component, MAN AG's Executive Board will exercise the authority granted by the annual stockholders' meeting to raise the current capital stock by a maximum of 20 percent by issuing new common shares ex rights and/or take the shares from its treasury stock portfolio (if any).

MAN contributing its steel-trading business to joint venture

In its move to refocus on core capabilities, MAN Ferrostaal has taken steps to restructure its steel-trading unit and plans to contribute it to a venture to be minority-owned by MAN Ferrostaal and run jointly with a third party. A venturer taking over a majority stake in the Ferrostaal Metals Group will be found over the months ahead. The divestment of the residual interest may be contemplated at a later date. In 2005, the steel-trading unit with its companies in Germany, the United States and Brazil and a staff of 210, generated sales of €1.4 billion and an operating profit of €27 million. The information in this interim report retroactively excludes the steel-trading business as discontinued operation in line with IFRS 5; for details see pages 23 et seq. in the notes to the consolidated financial statements. The disclosure as discontinued operation has edged up the MAN Group's 2006 return on sales (ROS) by some 0.5 percentage points.

Prospects

For the rest of the year the economic prospects remain very bright worldwide. Germany's economic institutes ratcheted up their predicted GDP growth rate to 2.3 percent. Contrary to initial expectations, the surge in commercial vehicles demand in anticipation of the stricter EURO 4 emission standard as from October 1, 2006, has so far not suffered any severe setbacks.

With business prospering this year we have raised our forecasts for fiscal 2006. The MAN Group's order intake is now expected to top the outstanding like-for-like 2005 level of €14.6 billion (including around €1.4 billion MoD), the rise adjusted for MoD being about 15 percent. MoD-adjusted Commercial Vehicles will make a growth leap, albeit the Q4 gain will fall short of the period to date which has benefited from the anticipatory effects precluding the enactment of the EURO 4 emission standard. Diesel Engines expects business to stabilize at a high level, Turbomachinery will continue its steep upswing and despite the year-on-year 3Q order intake shortfall, Industrial Services looks forward to overtaking the 2005 figure by concluding megacontracts in the final quarter. The MAN Group's LFL sales are forecasted to advance by a total good 10 percent over the prior-year €11.6 billion.

The MAN Group's operating profit (like-for-like €674 million in 2005) is budgeted to show a sharp improvement, significantly outpacing sales growth. All the business areas will contribute to this performance uptrend. Given the budgeted sales advance and further rationalization effects, Commercial Vehicles is likely to deliver the lion's share of profit and show an ROS of 7.5 percent (up from 6.4 percent). With orders flowing in and workload piling up, Diesel Engines will post a steep growth

in operating profit to achieve for all of 2006 an ROS about equal to the first nine months (11.9 percent). Industrial Services and Turbomachinery will show strong improvements over 2005. For all of 2006, we expect the operating profit to reach the one billion euro barrier for the first time, corresponding to an ROS of 8 percent.

For 2007 we are presently assuming demand to continue unabated and hence sales at least on a par with the high volume of 2006. The operating profit for 2007 should be another improvement versus 2006.

MAN stock

Germany's DAX index turned in a robust performance during Q3/2006 to gain 5.6 percent, contributory factors being the falling oil prices, the abated interest rate scares and, as observed by analysts, an appreciable rise in M&A projects.

The past quarter was also a happy period for our stockholders whose MAN share prices rose 17.6 percent. The uptrend of our stock price was additionally propelled by the publication of MAN's H1 figures and the takeover bid for Scania AB announced mid-September.

For the period January through September 2006, and measured against the price of €45.08 at December 30, 2005, the stock price advanced €21.66 or 48 percent to €66.74. During the same period, the DAX climbed 11 percent.

In September and October 2006, MAN stockholders notified us of changes in their stakes in MAN AG. On September 29, 2006, the voting interest held by France's AXA S.A. in MAN AG crossed below the thresholds of 5 and 10 percent of the voting rights in MAN AG to shrink to 3.24 percent (from the 10.09-percent stake notified on July 19, 2005). On October 3, 2006, the voting interest held by Wolfsburg, Germany, based Volkswagen AG in MAN AG crossed above the reportable 5- and 10-percent thresholds to reach 15.06 percent.

With a market capitalization of €8,727 million at September 30, 2006, MAN again ranked 19th among the DAX companies, in terms of trading volume, 21st (22nd in Q2).

Key figures by business area

Order intake by business area								
€ million	2006 3Q	2005 3Q LFL	Change in %	2005 3Q publ.	2006 Q3	2005 Q3 LFL	Change in %	2005 Q3 publ.
Commercial Vehicles excl. MoD ¹⁾	7,472	5,801	29	5,801	2,180	1,848	18	1,848
Commercial Vehicles incl. MoD	7,734	7,159	8	7,159	2,442	1,848	32	1,848
Diesel Engines	1,951	1,750	11	1,750	737	574	28	574
Turbomachinery	1,200	631	90	631	450	191	136	191
Industrial Services	887	1,474	-40	2,539	307	360	-15	690
Others/consolidation	534	266	101	166	218	153	42	127
Printing Systems	-	-	-	1,663	-	-	-	503
MAN Group excl. MoD	12,044	9,922	21	12,550	3,892	3,126	25	3,933
MAN Group incl. MoD	12,306	11,280	9	13,908	4,154	3,126	33	3,933

1) Ministry of Defence (MoD) contract: €1,358 mill. in 2005; €262 mill. in 2006

Sales by business area								
€ million	2006 3Q	2005 3Q LFL	Change in %	2005 3Q publ.	2006 Q3	2005 Q3 LFL	Change in %	2005 Q3 publ.
Commercial Vehicles	6,145	5,220	18	5,521	2,104	1,728	22	1,820
Diesel Engines	1,316	1,183	11	1,183	439	398	10	398
Turbomachinery	606	462	31	462	207	175	18	175
Industrial Services	935	898	4	2,043	312	288	8	667
Others/consolidation	468	441	6	124	190	163	17	53
Printing Systems	-	-	-	1,206	-	-	-	451
MAN Group	9,470	8,204	15	10,539	3,252	2,752	18	3,564

Operating profit by business area								
€ million	2006 Q3	2005 Q3 LFL	Change in %	2005 Q3 publ.	2006 Q3	2005 Q3 LFL	Change in %	2005 Q3 publ.
Commercial Vehicles	449	282	59	282	169	102	66	102
Diesel Engines	157	78	101	78	56	27	107	27
Turbomachinery	46	22	109	22	18	11	64	11
Industrial Services	77	54	43	69	26	25	4	26
Others/consolidation	22	13	69	13	9	5	80	6
Printing Systems	-	-	-	9	-	-	-	16
	751	449	67	473	278	170	64	188
Net extraordinary loss	-	(38)	-100	(49)	-	(25)	-100	(25)
Net interest expense of Industrial Business	(44)	(59)	-25	(68)	(3)	(17)	-82	(20)
EBT	707	352	101	356	275	128	115	143
Income taxes	(183)	(100)	83	(102)	(68)	(35)	94	(40)
Net result of discontinued operations	153	17	800	15	118	23	413	13
Net income	677	269	152	269	325	116	180	116

The business areas in detail

COMMERCIAL VEHICLES						
€ million	2006	2005	Change	2006	2005	Change
	3Q	3Q	in %	Q3	Q3	in %
Order intake excl. MoD	7,472	5,801	29	2,180	1,848	18
Order intake incl. MoD	7,734	7,159	8	2,442	1,848	32
Net sales	6,145	5,220	18	2,104	1,728	22
Total vehicles sold	60,812	51,801	17	20,998	16,962	24
Employees *)	34,194	33,368	2	34,194	33,368	2
			€ mill.			€ mill.
Operating profit	449	282	167	169	102	67
ROS in %	7.3	5.4	–	8.0	5.9	–

*) Headcount at Sep. 30, 2006, versus Dec. 31, 2005

Three-quarter (3Q) order intake by MAN Nutzfahrzeuge (Commercial Vehicles) rose 8 percent from €7,159 million a year ago to €7,734 million in 2006. Q3/2006 had seen a follow-up order worth €262 million contracted with the British Ministry of Defence (MoD). Including the first order in March 2005 for €1,358 million, the MoD contract is thus worth €1,620 million. Even after allowing for this contract, MAN Nutzfahrzeuge's order intake soared 29 percent from €5.801 million to €7,472 million to which the Trucks unit contributed €6,247 million (up 31 percent from €4,755 million) and Buses €1,225 million (up 17 percent from €1,046 million). Q3 order intake by Trucks was, as expected, at €1,841 million short of the two preceding quarters that had also benefited from anticipatory effects due to the introduction of the EURO 4 emission standard in October 2006. Excluding the MoD deals, orders influx surged 18 percent and reflected still brisk demand for haulage capacities within Europe.

3Q sales climbed 18 percent to €6,145 million; Trucks' sales mounted 15 percent to €5,082 million (up from €4,410 million), Buses' 31 percent to €1,063 million (up from €810 million). The European market share for trucks with a GVW starting from 6 t was (just as in the previous year) 15.7 percent during 3Q/2006. Altogether 55,470 trucks (up from 47,677) and 5,342 buses (up from 4,124) were shipped out.

Profitability at Commercial Vehicles has again made solid progress and the 3Q operating profit of €449 million was 59 percent higher than the prior year's €282 million. Trucks' operating profit gained €144 million to reach €417 million chiefly because of improved capacity utilization, higher sales, and cost-reduction measures. Buses boosted its operating profit by €23 million to €32 million thanks to higher capacity utilization and efficiency enhancements. For this business area 3Q ROS climbed from 5.4 to 7.3 percent; from 6.2 to 8.2 percent at Trucks and from 1.1 to 3.0 percent at Buses.

For all of 2006, we still expect operating profit to outpace sales, with ROS up from 6.4 to 7.5 percent and sales of around €8.5 billion. We predict a 5-percent rise in overall market demand for trucks in the EU 25. Thanks to the ongoing congenial economic climate, which invigorates the

commercial vehicles industry especially, we foresee the market to continue upbeat in 2007, too, with unabated demand in Europe. MAN Nutzfahrzeuge is confident to keep the number of trucks sold at a stable level in 2007.

DIESEL ENGINES						
€ million	2006	2005	Change	2006	2005	Change
	3Q	3Q	in %	Q3	Q3	in %
Order intake	1,951	1,750	11	737	574	28
Net sales	1,316	1,183	11	439	398	10
Employees *)	6,351	6,423	-1	6,351	6,423	-1
			€ mill.			€ mill.
Operating profit	157	78	79	56	27	29
ROS in %	11.9	6.6	-	12.8	6.8	-

*) Headcount at Sep. 30, 2006, versus Dec. 31, 2005

Demand for diesel engines in 3Q/2006 remained buoyant and, at €1,951 million, order intake once more easily topped the high year-earlier €1,750 million. As expected, demand for two-stroke diesels slipped, by 27 percent from €635 million to €466 million, since many of the shipyards are booked beyond 2008 and hence the shipping lines are hesitant about awarding contracts for new vessels. The Four-Stroke unit managed to boost its order intake for both marine and stationary propulsion plant by 33 percent from €1,115 million to €1,485 million.

Sales rose in the first three quarters of 2006 by 11 percent to €1,316 million, the Two-Stroke unit's climbing 15 percent to €444 million (from €385 million), the Four-Stroke's by 9 percent to €872 million (from €798 million). At €439 million, Q3 sales were up by 10 percent.

With production working to capacity and the favorable effects of the implemented restructuring programs, the operating profit doubled from the prior year's €79 million to €157 million—at the Two-Stroke unit by €24 million to €80 million, at the Four-Stroke by €55 million to €77 million. ROS for the first nine months shot up from 6.6 to 11.9 percent.

For all of 2006, we expect to book orders in excess of even the high 2005 level while sales are likely to jump 10 percent from €1,666 million. There should also be an equivalent surge in operating profit and for the full year ROS is forecasted to match the 3Q/2006 magnitude.

TURBOMACHINERY						
€ million	2006	2005	Change	2006	2005	Change
	3Q	3Q	in %	Q3	Q3	in %
Order intake	1,200	631	90	450	191	136
Net sales	606	462	31	207	175	18
Employees *)	3,187	2,476	29	3,187	2,476	29
			€ mill.			€ mill.
Operating profit	46	22	24	18	11	7
ROS in %	7.6	4.8	–	8.7	6.3	–

*) Headcount at Sep. 30, 2006, versus Dec. 31, 2005

Demand for turbomachines continued strong in Q3/2006. Fueled especially by new-plant construction, particularly for the oil and gas industry, air separation applications and the steam turbine sector, order intake mushroomed by 90 percent to €1,200 million.

MAN TURBO booked in the course of Q3/2006 an order for eight complete machine modules. This, the biggest ever order in the company's history, comprises the air separation plant for the world's largest GTL complex Shell Pearl in Qatar. Each equipment line has as its core components an axial compressor, a steam turbine, and a radial compressor. MAN TURBO is the only company to supply from a single source the key air separation components for all industrial GTL complexes so far ordered. MAN DWE (an MAN TURBO Group company) will additionally supply six reactors for the Qatar plant.

Thanks to the favorable order situation, sales soared 31 percent to €606 million. 3Q operating profit improved from 2005 by €24 million to €46 million, thus reflecting both the higher sales and the impact of our measures taken to fine-tune business processes. ROS for 3Q/2006 reached 7.6 percent (up from 4.8 percent).

Significant additions to order intake, sales and operating profit are also attributable to the May 2006 takeover of the turbine business of B+V Industrietechnik GmbH, Hamburg, and the reallocation at the start of the fiscal year of MAN DWE to the MAN TURBO Group. The latter's financial information includes MAN DWE's order intake of €118 million, sales of €67 million, a workforce of 406, and an operating profit of €7 million.

For all of 2006 we expect clear double-digit gains in order intake, sales, and operating profit.

INDUSTRIAL SERVICES						
€ million	2006	2005	Change	2006	2005	Change
	3Q	3Q	in %	Q3	Q3	in %
Order intake *)	887	1,474	-40	307	360	-15
Net sales *)	935	898	4	312	288	8
Employees ** / ***)	4,263	4,563	-7	4,368	4,563	-7
			€ mill.			€ mill.
Operating profit	77	54	23	26	25	1
ROS in %	8.2	6.0	-	8.3	8.7	-

*) All data excluding the steel-trading unit (as discontinued operation reflected in neither the current data nor the prior-year comparatives)

**) Headcount at Sep. 30, 2006, versus Dec. 31, 2005

Order intake by Industrial Services (MAN Ferrostaal) for 3Q/2006 amounted to €887 million, 40 percent short of 3Q/2005. The main reason for the difference is that last year the highest order was booked in the second quarter (for a methanol complex in Oman) whereas this year the biggest contracts are expected not before the final quarter. Sales moved up 4 percent to €935 million.

Industrial Services' operating profit at €77 million was up by €27 million mainly because of increased profit contributions from ongoing projects and the positive impact of restructuring programs carried out. By consistently focusing on high-margin project and services business MAN Ferrostaal generated an ROS of 8.2 percent in 3Q (like-for-like up 6.0 percent, including Steel Trading 3.4 percent). For all of 2006, too, we look to an operating profit significantly upgraded from the prior year's €64 million.

As part of its efforts to concentrate on core capabilities, MAN Ferrostaal has taken steps to restructure its steel-trading unit and plans to contribute it to a venture to be minority-owned by MAN Ferrostaal and run jointly with a third party. A venturer taking over a majority stake in the Ferrostaal Metals Group will be found over the months ahead. The divestment of the residual interest may be contemplated at a later date. The steel-trading unit with its companies in Germany, USA, and Brazil and a workforce of 210, generated sales of €1.4 billion and an operating profit of €26 million in 2005. According to IFRS 5, the figures in this interim report retroactively exclude the steel-trading business as discontinued operation. The resulting sales shortfall will in the medium term be offset by expanding the plant engineering (mainly power and fuel) and international services businesses. MAN Ferrostaal is accelerating its integration into the MAN Group with the objective of amplifying its role as an international marketing and service platform working together with the other MAN subgroups (MAN Nutzfahrzeuge, MAN Diesel, MAN TURBO).

OTHERS/CONSOLIDATION						
€ million	2006	2005	Change	2006	2005	Change
	3Q	3Q	in %	Q3	Q3	in %
Order intake	534	266	101	218	153	42
Net sales	468	441	6	190	163	17
Employees *)	2,273	2,331	-2	2,273	2,331	-2
thereof: RENK*)	1,564	1,504	4	1,564	1,504	4
MAN IT GmbH***)	283	-	100	283	-	100
Holding comp.*)	218	253	-14	218	253	-14
MAN Financial Services Group*)	148	122	21	148	122	21
MAN Human Resources GmbH***)	60	18	233	60	18	233
MAN DWE*/****)	-	434	-100	-	434	-100
			€ mill.			€ mill.
Operating profit	22	13	9	9	5	4

*) Headcount at Sep. 30, 2006, versus Dec. 31, 2005

**) Formed in 2006 only, hence no prior-year comparatives

***) Not comparable since further staff were taken over from group companies in 2006

****) As from 2006, MAN DWE has been assigned to Turbomachinery

Subsumed under the umbrella of Others/Consolidation are the industrial subsidiary RENK, as well as MAN Financial Services, Corporate HQ (including its service companies) and MAN intragroup consolidation transactions; a year ago, MAN DWE had been included, too. RENK is the primary source of 3Q order intake and sales, these surging in 2006 to €285 million (up 27 percent) and €250 million (up 26 percent), respectively.

The operating profit of €22 million (up from €13 million) reflects RENK's EBIT of €28 million (up from €19 million) and the Financial Services EBT of €25 million (up from €20 million). 3Q Corporate HQ expenses totaled €37 million (virtually unchanged). Further contributors were the prorated Q3/2006 investment income of €5 million from Roland Holding GmbH, consolidation transactions recognized in net income at €1 million (down from €7 million) and for 2005, a €5 million profit from MAN DWE.

Consolidated financial statements as of September 30, 2006

MAN consolidated income statement for the 9 months (3Q) ended Sep. 30, 2006

€ million	MAN Group		Industrial Business		Financial Services	
	2006	2005	2006	2005	2006	2005
Three quarters (3Q)						
Net sales	9,470	8,204	9,158	7,908	312	296
Cost of sales	(7,298)	(6,468)	(7,055)	(6,224)	(243)	(244)
Gross margin	2,172	1,736	2,103	1,684	69	52
Other operating income	229	204	186	177	43	27
Selling expenses	(598)	(581)	(593)	(577)	(5)	(4)
General administrative expenses	(487)	(434)	(478)	(428)	(9)	(6)
Other operating expenses	(567)	(540)	(529)	(520)	(38)	(20)
Net P/L from associated affiliates	34	55	34	55	–	–
Other income from investments	3	0	3	0	–	–
EBIT	786	440	726	391	60	49
Interest income	34	36	34	36	–	–
Interest expense	(113)	(124)	(78)	(95)	(35)	(29)
EBT	707	352	682	332	25	20
Income taxes	(183)	(100)	(173)	(94)	(10)	(6)
Net result of discontinued operations	153	17	153	17	–	–
Net income	677	269	662	255	15	14
Minority interests	(8)	(6)	(8)	(6)	–	–
Net income after minority interests	669	263	654	249	15	14
EpS of continuing operations in €	3.51	1.67	3.41	1.57	0.10	0.10

MAN consolidated income statement for the 3 months (Q3) ended Sep. 30, 2006

€ million	MAN Group		Industrial Business		Financial Services	
Third quarter (Q3)	2006	2005	2006	2005	2006	2005
Net sales	3,252	2,752	3,125	2,643	127	109
Cost of sales	(2,487)	(2,163)	(2,389)	(2,072)	(98)	(91)
Gross margin	765	589	736	571	29	18
Other operating income	45	51	41	42	4	9
Selling expenses	(203)	(186)	(201)	(185)	(2)	(1)
General administrative expenses	(163)	(142)	(159)	(140)	(4)	(2)
Other operating expenses	(166)	(207)	(158)	(200)	(8)	(7)
Net P/L from associated affiliates	12	54	12	54	–	–
Other income from investments	–	(3)	–	(3)	–	–
EBIT	290	156	271	139	19	17
Interest income	15	11	15	11	–	–
Interest expense	(30)	(39)	(18)	(28)	(12)	(11)
EBT	275	128	268	122	7	6
Income taxes	(68)	(35)	(63)	(33)	(5)	(2)
Net result of discontinued operations	118	23	118	23	–	–
Net income	325	116	323	112	2	4
Minority interests	(4)	(2)	(4)	(2)	–	–
Net income after minority interests	321	114	319	110	2	4
EpS of continuing operations in €	1.38	0.62	1.36	0.59	0.02	0.03

MAN consolidated balance sheet as of September 30, 2006

Assets

€ million	MAN Group		Industrial Business		Financial Services	
	9/30/06	12/31/05	9/30/06	12/31/05	9/30/06	12/31/05
Intangible assets	423	455	422	454	1	1
Tangible assets	1,637	1,882	1,510	1,726	127	156
Shares in associated affiliates	195	147	195	147	–	–
Other investments	442	156	441	154	1	2
Assets leased out	2,406	2,408	1,573	1,619	833	789
Deferred tax assets	302	356	299	355	3	1
Other noncurrent assets	164	131	139	131	25	–
Noncurrent assets	5,569	5,535	4,579	4,586	990	949
Inventories	3,338	3,453	3,334	3,445	4	8
Trade receivables	2,760	3,177	2,190	2,725	570	452
Income tax assets	22	33	22	33	–	–
Assets of discontinued operations	259	–	259	–	–	–
Other current assets	670	609	561	537	109	72
Securities	162	172	162	172	–	–
Cash and cash equivalents	990	1,019	979	1,009	11	10
Current assets	8,201	8,463	7,507	7,921	694	542
	13,770	13,998	12,086	12,507	1,684	1,491

MAN consolidated balance sheet as of September 30, 2006

Equity & liabilities

€ million	MAN Group		Industrial Business		Financial Services	
	9/30/06	12/31/05	9/30/06	12/31/05	9/30/06	12/31/05
Capital stock	376	376				
Additional paid-in capital	795	795				
Retained earnings	2,505	2,043				
Accumulated OCI	(7)	6				
Stockholders' equity	3,669	3,220	3,524	3,088	145	132
Minority interests	24	58	24	58	–	–
Total equity	3,693	3,278	3,548	3,146	145	132
Noncurrent financial liabilities	511	336	167	22	344	314
Pension obligations	1,060	1,185	1,058	1,183	2	2
Deferred tax liabilities	366	385	328	357	38	28
Other noncurrent accruals	366	420	366	420	0	0
Other noncurrent liabilities	1,316	1,132	1,316	1,132	0	–
Noncurrent liabilities and accruals	3,619	3,458	3,235	3,114	384	344
Current financial liabilities	617	682	502	566	115	116
Due to/(from) intragroup financing	–	–	(842)	(677)	842	677
Trade payables	1,455	1,679	1,322	1,552	133	127
Prepayments received	1,522	1,740	1,521	1,740	1	0
Current income tax liabilities	186	121	186	121	0	0
Liabilities of discontinued operations	97	–	97	–	–	–
Other current accruals	1,149	1,255	1,122	1,229	27	26
Other current liabilities	1,432	1,785	1,395	1,716	37	69
Current liabilities and accruals	6,458	7,262	5,303	6,247	1,155	1,015
	13,770	13,998	12,086	12,507	1,684	1,491

MAN consolidated statement of cash flows

€ million	MAN Group		Industrial Business		Financial Services	
Three quarters (3Q)	2006	2005	2006	2005	2006	2005
EBT	707	352	682	332	25	20
Current income taxes	(154)	(100)	(154)	(94)	(0)	(6)
Posttax profit of discontinued operations	16	–	16	–	–	–
Amortization/depreciation/write-down of intangible/tangible assets and investments	259	264	254	240	5	24
Increase in pension accruals	33	30	33	30	0	0
Undistributed P/L of associated affiliates	(38)	(20)	(38)	(20)	–	–
Other noncash income/expenses, net	(10)	(35)	(10)	(35)	–	–
Cash earnings	813	491	783	453	30	38
Change in inventories	(601)	(538)	(605)	(536)	4	(2)
Change in prepayments received	331	436	331	434	–	2
Change in trade receivables	(165)	180	(11)	226	(154)	(46)
Change in trade payables	23	(220)	11	(204)	12	(16)
Change in income tax assets/liabilities	92	138	92	138	–	–
Change in assets leased out	(29)	12	16	35	(45)	(23)
Change in other accruals	28	145	26	137	2	8
Change in other assets	(122)	(73)	(63)	(170)	(59)	97
Change in other liabilities	(13)	148	18	157	(31)	(9)
Elimination of net gain/loss from fixed-asset disposal	(7)	(2)	(7)	(4)	–	2
Cash flow of discontinued operations	–	3	–	3	–	–
Other changes in working capital	(4)	2	(6)	(12)	2	14
Net cash provided by/(used in) operating activities	346	722	585	657	(239)	65
Cash outflow for additions to tangible/intangible assets	(268)	(267)	(268)	(242)	0	(25)
Cash outflow for additions to investments	(274)	(18)	(274)	(18)	–	–
Cash outflow for shares in consolidated subsidiaries	(12)	(1)	(12)	(1)	–	–
Cash inflow from fixed-asset disposal	45	33	22	29	23	4
Cash inflow from the disposal of investments	261	0	261	0	–	–
Net cash used in investing activities	(248)	(253)	(271)	(232)	23	(21)

MAN consolidated statement of cash flows (continued)

€ million	MAN Group		Industrial Business		Financial Services	
3Q	2006	2005	2006	2005	2006	2005
Free cash flow from operating and investing activities	98	469	314	425	-216	44
Dividend payout	(203)	(162)	(203)	(162)	-	-
Securities sold/(purchased)	8	(9)	8	(9)	-	-
Financial liabilities (redeemed)/incurred	133	(20)	100	(6)	33	(14)
Change in intragroup finance	-	-	(191)	35	191	(35)
Special endowment of pension plan	(42)	-	(42)	-	-	-
Net cash (used in)/provided by financing activities	(104)	(191)	(328)	(142)	224	(49)
Net change in cash & cash equivalents	(6)	278	(14)	283	8	(5)
Opening cash & cash equivalents	1,019	604	1,009	602	10	2
Consolidation-related change in cash & cash equivalents	(1)	0	7	0	(8)	-
Parity-related change in cash & cash equivalents	(18)	10	(19)	7	1	3
Cash & cash equivalents of discontinued operations (separate asset line)	(4)	-	(4)	-	-	-
Closing cash & cash equivalents	990	892	979	892	11	0
Breakdown of net liquid assets at 9/30/2006 and 12/31/2005						
Cash & cash equivalents	990	1,019	979	1,009	11	10
Securities	162	172	162	172	-	-
Intragroup finance	-	-	842	677	(842)	(677)
Financial liabilities	(1,128)	(1,018)	(669)	(588)	(459)	(430)
	24	173	1,314	1,270	(1,290)	(1,097)

MAN consolidated statement of changes in equity

€ million	Accumulated OCI						Total
	Capital stock	Addit. paid-in capital	Retained earnings	currency translation differences	Statement at FV of fin. instruments	Minority interests	
Balance at December 31, 2005	376	795	2,043	1	5	58	3,278
Dividend for prior year			(199)			(4)	(203)
Net income			669			8	677
OCI: change in unreal. gains/losses				(30)	18		12
OCI: change in unrealized gains/losses of discontinued operations				(1)	(5)		(6)
All other changes			(8)	6	(1)	(38)	(41)
Balance at September 30, 2006	376	795	2,505	(24)	17	24	3,693
Balance at December 31, 2004	376	795	1,795	(40)	19	86	3,031
Dividend for prior year			(154)			(8)	(162)
Net income			265		(2)	6	269
OCI: change in unreal. gains/losses			(2)	19	3	2	22
OCI: change in unrealized gains/losses of discontinued operations				3			3
All other changes			(1)			(34)	(35)
Balance at September 30, 2005	376	795	1,903	(18)	20	52	3,128

The *all other changes* totaling a negative €41 million (up from a red €35 million) reflects the zeroed minority interest—after acquiring the remaining shares—in SEMT Pielstick, St. Nazaire, France, as well as consolidation group changes.

The September 30 accumulated other comprehensive income (OCI) of a negative €7 million in 2006 (up from a black €2 million) is allocable at €5 million to Industrial Business (down from an equally red €15 million) and €2 million to Financial Services (down from a black €17 million). €5 million of Industrial Business's OCI (up from €0 million) resulted from associated affiliates.

Notes to the consolidated financial statements

Details of the quarterly financial statements

General

These quarterly accounts as of September 30, 2006, conform with the International Financial Reporting Standards (IFRS, which include the International Accounting Standards IAS). Moreover, the accounting and valuation methods applied to these interim financial statements are identical with those adopted for the consolidated financial statements as of December 31, 2005, and consistent with IAS 34, GAS 6 and Art. 63 of the Exchange Rules of the Frankfurt Stock Exchange.

Besides the financial schedules, the quarterly accounts include notes to selected financial statement lines. For the segment report, see pages 10–15 hereof.

Consolidation group

The quarterly financial statements as of September 30, 2006, include 153 companies (down from 198 at year-end 2005), thereof 61 German and 92 foreign companies (down from 67 and 131, respectively). Since January 1, 2006, Brazil's Interimesa Trading Ltda., a 48.5-percent MAN Ferrostaal subsidiary fully consolidated in 2005, has been included at equity as an associated affiliate because MAN Ferrostaal no longer intends to acquire a controlling majority; as Interimesa Trading Ltda. is a steel-trading company, it is among the discontinued operations.

Discontinued operations

By agreement dated July 17/18, 2006, and at a price of €624 million, MAN AG sold and transferred its stake in MAN Roland Druckmaschinen AG to Roland Beteiligungs GmbH, a subsidiary wholly owned by Roland Holding GmbH. By September 30, 2006, MAN recorded a posttax profit of €136 million and a cash inflow of €281 million from this transaction, these figures being subject to minor changes after certain asset transfers have been consummated in Q4/2006. Roland Holding GmbH is held at 65 percent by Allianz Capital Partners and at 35 percent by MAN AG. The investment book value is included in the shares in associated affiliates after elimination of intercompany profits. The Printing Systems business has been included in *discontinued operations* up to June 30, 2006.

MAN Ferrostaal has taken steps to shed its steel-trading unit (see above). The financial information in this interim report includes this unit as discontinued operation in accordance with IFRS 5. The income statement reports only this discontinued operation's posttax profit, the unit's net sales and other income/expenses being no longer included in the respective lines. The assets and liabilities of the steel-trading business are shown in separate lines of the balance sheet as of September 30, 2006. As required by IFRS 5, the year-earlier income statement lines have been restated accordingly while the related comparatives of the balance sheet as of December 31, 2005, and of the cash flow statement have not.

As discontinued operations, Printing Systems and the steel-trading business generated the following 9-month sales, income and expenses in 2006 and 2005:

€ million		
3Q	2006	2005
Net sales	2,091	2,254
Expenses, other income	(1,912)	(2,230)
Operating profit	179	24
Net extraordinary gain/(loss)	0	(11)
Net interest expense	(5)	(9)
Income taxes	(21)	(2)
Net result (posttax profit)	153	2

The steel-trading unit's assets separately disclosed in the balance sheet as of September 30, 2006, at €258 million include noncurrent and current assets of €16 million and €242 million, respectively. Its total liabilities of €97 million break down into €2 million noncurrent, and €95 million current, liabilities and accruals.

The cash flow statement includes the following three-quarter cash flows of discontinued operations:

€ million		
3Q	2006	2005
Cash flow from operating activities	22	43
Cash flow from investing activities	(13)	(22)
Cash flow from financing activities	–	(1)

The reclassification of Printing Systems and the steel-trading unit into discontinued operations changes the prior-year comparatives. The Group's key figures for 2005 now read as follows:

€ million	2005				
	MAN Group	Printing Sys- tems	Steel-trading unit	Consolidation	MAN Group
	published				adjusted
Order intake	17,994	(2,109)	(1,332)	61	14,614
Net sales	14,671	(1,738)	(1,375)	65	11,623
Employees *)	58,203	(8,832)	(210)	–	49,161
Operating profit	765	(64)	(27)	–	674
ROS in %	5.2	–	–	–	5.8

*) Headcount as of 12/31/2005

Adjustment of prior-year comparatives

Besides the restatement according to IFRS 5, the prior-year income statement comparatives required another adjustment of Commercial Vehicles data. The retroactively changed accounting treatment of sales subject to buyback obligations as shown in the balance sheet as of December 31, 2005, has been taken over for the quarterly 2005 comparatives.

Restated income statement 2005:

€ million	2005 published	IFRS 5 adjustment	Changed accounting policy	2005 like-for- like
Three quarters (3Q)				
Net sales	10,539	(2,254)	(81)	8,204
Cost of sales	(8,509)	1,961	80	(6,468)
Gross margin	2,030	(293)	(1)	1,736
Selling expenses	(693)	112	–	(581)
General administrative expenses	(505)	71	–	(434)
All other income/expenses, net	(379)	97	1	(281)
EBIT	453	(13)	0	440
Net interest expense of Financial Services	(29)	–	–	(29)
Net interest expense of Industrial Business	(68)	9	–	(59)
EBT	356	(4)	–	352
Income taxes	(102)	2	–	(100)
Net result of discontinued operations	15	2	–	17
Net income	269	0	–	269
Minority interests	(6)	–	–	(6)
Net income after minority interests	263	0	–	263
EpS of continuing operations (€)	1.79	(0.12)	–	1.67

€ million	2005 published	IFRS 5 adjustment	Changed accounting policy	2005 like-for- like
Third quarter (Q3)				
Net sales	3,564	(807)	(5)	2,752
Cost of sales	(2,872)	701	8	(2,163)
Gross margin	692	(106)	3	589
Selling expenses	(217)	31	–	(186)
General administrative expenses	(164)	22	–	(142)
All other income/expenses, net	(137)	34	–	(103)
EBIT	174	(18)	–	156
Net interest expense of Financial Services	(11)	–	–	(11)
Net interest expense of Industrial Business	(20)	3	–	(17)
EBT	143	(15)	–	128
Income taxes	(40)	5	–	(35)
Net result of discontinued operations	13	10	–	23
Net income	116	0	–	116
Minority interests	(2)	–	–	(2)
Net income after minority interests	114	–	–	114
EpS of continuing operations (€)	0.77	(0.15)	–	0.62

Currency translation

The functional-currency concept is used to translate the financial statements of non-Euroland companies, throughout based on the closing-rate method. Balance sheet lines are translated at the current closing, and income statement lines at the average, rate of the period.

The euro exchange rates of currencies significant to the MAN Group present the following trends:

	Current rate of €1 at		Average rate of €1 in	
	9/30/2006	12/31/2005	3Q/2006	3Q/2005
US dollar	1.2660	1.1797	1.24513	1.2640
Pound sterling	0.6777	0.6853	0.6858	0.6849
Danish krone	7.4576	7.4605	7.4606	7.4491
Swiss franc	1.5881	1.5551	1.5686	1.5465
Swedish krona	9.2797	9.3885	9.3084	9.2213
Polish zloty	3.9713	3.8600	3.9137	4.0665
Japanese yen	149.34	138.90	144.07	136.11
South African rand	9.8277	7.4642	8.2519	7.9343
Canadian dollar	1.4136	1.3725	1.4037	1.5518

Segment reporting

In this interim report, the breakdown by business area of order intake, sales and operating profit is modeled on the MAN Group's segment report. The MAN Group's reporting structure has remained basically unchanged from that at December 31, 2005, except that Printing Systems as discontinued operation is no longer included.

Income taxes

The current tax budget 2006 underlies the income tax expense in the quarterly accounts.

Estimates

Preparing the quarterly accounts requires certain assumptions and estimates to be made for the valuation of some balance sheet captions, the disclosure of contingent liabilities and the statement of income/expenses. Actual values may differ from such estimates.

External auditing

This interim report has not been audited.

Breakdown of selected financial statement lines

Net interest result

€ million		
Three quarters (3Q)	2006	2005
Interest and similar income	34	36
Interest and similar expenses	(61)	(69)
Interest on pensions	(52)	(55)
	(79)	(88)

Interest expense also includes the cost of interest rate hedges and cash investments.

Net result of discontinued operations

The posttax result (after interest) from discontinued operations breaks down as follows:

€ million		
3Q	2006	2005
MAN Roland: prorated posttax P/L and gain/loss on disposal	136	(9)
Steel-trading unit: prorated posttax profit	17	11
Net gain from disposals in 2005	—	15
	153	17

Intangible assets

€ million	9/30/2006	12/31/2005
Licenses, software, similar rights and assets	37	47
Capitalized development costs	202	211
Goodwill	184	197
	423	455

€34 million of the €32 million decrease in intangible assets is attributable to the disposal of Printing Systems. Among other factors, the reduction contrasts with an €16 million addition after MAN TURBO had acquired B+V Industrietechnik's turbine manufacturing business.

Tangible assets

€ million	9/30/2006	12/31/2005
Land and buildings	844	1,021
Production plant and machinery	528	565
Other plant, factory and office equipment	202	243
Prepayments on tangibles, construction in progress	63	53
	1,637	1,882

€204 million of the €245 million shrinkage of tangible assets is largely due to the disposal of Printing Systems.

Investments

€ million	9/30/2006	12/31/2005
Other investments	442	156
Shares in associated affiliates	195	147
	637	303

The shares in associated affiliates mainly refer to those held in Roland Holding GmbH and MHTL, Trinidad & Tobago, while the other investments include the Scania AB stock acquired by September 30, 2006, which has been stated at €279 million, its September 29, 2006 stock market value.

Inventories

€ million	9/30/2006	12/31/2005
Work in process, finished products	2,176	2,118
Raw materials and supplies	478	497
Merchandise	456	570
Prepayments made	228	268
	3,338	3,453

The disposal of Printing Systems contributed €493 million, and the separate disclosure at September 30, 2006, of the steel-trading unit's assets within those of discontinued operations €98 million, to the total €115 million decline in inventories. The rise reported by the remaining MAN Group was ascribable to booming Commercial Vehicles, Industrial Services and Turbomachinery business volumes.

Trade receivables

€ million	9/30/2006	12/31/2005
Due from customers	2,640	2,996
PoC receivables	67	143
Due from investees	53	38
	2,760	3,177

The disposal of Printing Systems added €371 million, and the separate disclosure at September 30, 2006, of the steel-trading unit's assets within those of discontinued operations another €139 million, to the €417 million drop in trade receivables.

Securities, cash and cash equivalents

€ million	9/30/2006	12/31/2005
Securities	162	172
Cash on hand and in bank (incl. checks)	990	1,019
	1,152	1,191

Other accruals

€ million	9/30/2006	12/31/2005
Warranties	544	504
Other business obligations	340	392
Unbilled costs from contracts invoiced	266	281
Remaining accruals	203	271
Obligations to personnel	162	227
	1,515	1,675

The disposal of Printing Systems primarily accounted for €166 million, and the separate disclosure at September 30, 2006, of the steel-trading unit's liabilities within those of discontinued operations for another €2 million, of the €160 million decrease in other accruals.

The *other accruals* are disclosed within these balance sheet captions:

€ million	9/30/2006	12/31/2005
Other noncurrent accruals	366	420
Other current accruals	1,149	1,255

Contingent liabilities

€ million	9/30/2006	12/31/2005
Warranty and indemnity contracts	439	0
Guaranties and suretyships	424	402
Buyback guaranties	171	311
Notes endorsed and discounted	14	10
Obligations in favor of consortium partners	0	44

The contingent liabilities under warranty and indemnity contracts reflect a shared liability incurred by MAN AG in favor of MAN Roland Druckmaschinen customers and which survives the disposal of this company.

The obligations from buyback guaranties have been assumed for liabilities of customers that mainly financed the purchase of commercial vehicles via nongroup leasing firms or banks; the 2005 figure also includes similar obligations from the sale of printing machines.

Other financial obligations

These exist under various leases and totaled €424 million as of September 30, 2006 (down from €485 million at December 31, 2005).

The Scania AB stock acquired by MAN AG upstream of the public takeover offering is subject to the obligation to adjust the purchase price to any higher takeover price.

Further financial obligations to third parties have been taken on for pending capital expenditure projects and sourcing contracts but are within the scope of day-to-day business and therefore do not impact on the financial position.

Munich, November 2, 2006

**MAN AG
The Executive Board**

Financial diary	
Annual press conference on fiscal 2006	March 7, 2007
Analysts conference on fiscal 2006	March 7, 2007
Internet publication of annual report 2006	March 20, 2007
Report on Q1/2007	May 3, 2007
Annual stockholders' meeting for fiscal 2006	May 10, 2007
Report on H1/2007	August 2, 2007
Report on Q3/2007	November 6, 2007

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