
REPORT OF THE SUPERVISORY BOARD

Dear Ladies and Gentlemen,

In the course of the past fiscal year, the Supervisory Board continued to regularly and carefully discharge its duties under the law and the Articles of Incorporation Bylaws, for example by dealing regularly and in detail with the position and development of the MAN Group, and by regularly advising the Executive Board in its management of the Company. In supervising the Executive Board in its management of the Company, we assured ourselves that it had put in place an efficient and effective compliance 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, 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.

The Supervisory Board was also informed about the Group's risk position and about compliance issues.

Outside the Supervisory Board meetings, I also obtained information on matters related to the development of the business, and in particular strategic projects, during my regular discussions with the Chairman of the Executive Board.

The Supervisory Board held five regular meetings during fiscal year 2008. Average attendance at Supervisory Board meetings was 97%.

The Supervisory Board dealt repeatedly and in detail with the effects of the global financial crisis on the individual business areas and the MAN Group's corporate planning. In doing so, it focused in particular on Commercial Vehicles, which recorded a sharp fall in fourth-quarter order intake as a result of the global crisis.

In the course of the past fiscal year, MAN established the conditions necessary for a sustainable corporate structure. Its now systematic and more global focus on transport-related engineering will enable it to further develop all

manufacturing areas as core businesses. One issue of intense discussion on the Supervisory Board was therefore the sale of 70% of the shares of MAN Ferrostaal AG to the International Petroleum Investment Company (IPIC), Abu Dhabi. A second focus of our work was the discussions regarding the acquisition of Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., Brazil, from Volkswagen AG. Besides strategic considerations, the discussions on both transactions focused in particular on enterprise valuation issues, and therefore the calculation of the selling price for MAN Ferrostaal AG and the purchase price for Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., Brazil.

The Supervisory Board also dealt with various other transactions aimed at honing the focus on the core business and strengthening the manufacturing business areas. One particularly notable example was MAN Turbo AG's acquisition of U.S. service providers Baton Rouge Machine Works in Louisiana and Holley Machinery in Alabama. On the basis of these acquisitions, MAN Turbo AG will be able to significantly expand its service business in North America.

In addition, the Supervisory Board discussed two further measures aimed at focusing MAN Nutzfahrzeuge on its core business. One of these was the sale of the cable harness production unit at the plant in Starachowice, Poland, to Finnish group PKC. PKC is now a supplier of cable harnesses to MAN, and these will continue to be produced at the Starachowice site. The Supervisory Board also dealt with the increase from 30% to 50% in the stake held by MAN Nutzfahrzeuge in the truck joint venture with Force Motors in India.

In December 2008, the Supervisory Board confirmed the existing remuneration system for the Executive Board, including the main contract elements.

Corporate governance at MAN

In December 2008, 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 AG complied with the recommendations of the German Corporate Governance Code during the reporting period in accordance with its Declaration of Conformity of December 2007 and will comply with the recommendations of the current version of the Code dated June 6, 2008. This includes the recom-

mendation that members of the Supervisory Board do not exercise directorships or similar positions for important competitors of the Company. VW is not an important competitor of MAN. In the interests of openness and transparency, the Declaration of Conformity also includes information on the positions of Supervisory Board members Mr. Stephan Schaller and Mr. Rupert Stadler, and on my own position at the VW Group.

The Executive and Supervisory Boards' joint Declaration of Conformity is published on the MAN Group's website at www.man.eu.

Following the 2007 Annual General Meeting, the German shareholder lobby group SdK Schutzgemeinschaft der Kapitalanleger e.V. filed a lawsuit against MAN Aktiengesellschaft, contesting the Annual General Meeting's resolutions regarding the election of Mr. Stephan Schaller and myself to the Supervisory Board on the grounds that the Corporate Governance Code had been violated. After the Munich Regional Court, the court of first instance, rejected the lawsuit, SdK filed an appeal. The appeal court confirmed the ruling by the court of first instance and dismissed the appeal in its entirety.

We carried out an efficiency audit of the Supervisory Board's work in fiscal 2008.

Further information on corporate governance at MAN can be found in our corporate governance report.

Audit of the 2008 annual and consolidated financial statements

On April 25, 2008, the Annual General Meeting elected KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG) as the auditors for fiscal 2008. 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 AG prepared for fiscal 2008 in accordance with the provisions of the Handelsgesetzbuch (HGB – German Commercial Code) and on the management report.

MAN AG'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.



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

In accordance with section 315a of the HGB, MAN AG's consolidated financial statements for 2008 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: shared services, pensions, stocktaking, deferred taxes, and investment control in the subgroups.

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 18, 2009, 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 AG 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. 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 net retained profit.

Key activities of the Supervisory Board committees during the reporting period

The Supervisory Board has established a total of four committees, the main role of which is to prepare Supervisory Board resolutions. In some cases, the Supervisory Board's decision-making powers have been transferred to committees.

Mr. Rupert Stadler is Chairman of the Audit Committee and I myself chair all other Supervisory Board committees. At the Supervisory Board meetings, Mr. Stadler and I provided regular and detailed reports on the content and outcome of the committee meetings.

The **Standing Committee** met three times in total in 2008. It dealt with strategic issues and prepared the Supervisory Board decisions on upcoming acquisition and divestment plans, particularly the disposal of MAN Ferrostaal AG and the acquisition of Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda.

The **Audit Committee** held a total of four 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 2008, 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, 2008. This did not lead to any objections. The Committee discussed the findings of the review with the auditors in detail.

In 2008, the Committee also addressed the audit plans for MAN's Corporate Audit department, discussed the MAN Group's risk position on a regular basis, and examined the risk management and compliance issues. The impact of the financial crisis on the MAN Group was a recurring topic of discussion and analysis by the Audit Committee.

The Committee regularly discusses the quarterly financial reports with the Executive Board prior to their issue. This task has been formally assigned to the Audit Committee by a Supervisory Board resolution.

The **Executive Personnel Committee** met twice during the reporting period and dealt with matters such as remuneration, the stock bonus for members of the Executive Board, and the new recommendations of the German Corporate Governance Code concerning Executive Board remuneration and the main contract elements. The Committee did not meet in its capacity as the Nomination Committee during fiscal 2008.

There was again no need to convene a meeting of the **Mediation Committee** pursuant to section 27(3) of the Mitbestimmungsgesetz (MitbestG – German Codetermination Act) during fiscal 2008.

Personnel changes on the Supervisory Board

Mr. Lothar Pohlmann retired at the end of the year after 42 years at MAN and therefore stepped down from the Supervisory Board. He was a member of the Supervisory Board for 20 years and was also particularly involved in the Company in his role as Chairman of the Group Works Council. By the time he took over as Deputy Chairman in May 2006, Mr. Pohlmann had already served as a member of the Supervisory Board's committees for many years. He always performed his work on our Board in a responsible and constructive manner. We would therefore like to extend our special thanks to Mr. Pohlmann for his many years' work on behalf of the MAN Group and its employees. Mr. Pohlmann's seat on the Supervisory Board passed to his already elected replacement, Mr. Gerhard Kreutzer, effective January 1, 2009. Mr. Kreutzer is Chairman of the Central Works Council of MAN Turbo AG.

At its meeting today, the Supervisory Board elected Mr. Thomas Otto as Deputy Chairman.

We 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 18, 2009
Chairman of the Supervisory Board



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