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## Executive Board Remuneration System of MAN SE

(as of February 12, 2010)

### **Remuneration structure and components**

The remuneration of Executive Board members comprises fixed salary payments and non-cash benefits, pension and other benefit contributions, and performance-related components. The variable performance-related components comprise components linked to business performance and long-term incentive components that entail an element of risk.

- The fixed remuneration is paid as a monthly salary. In addition, Executive Board members receive non-cash benefits that primarily comprise the provision of a company car and the payment of insurance premiums. The fixed remuneration is reviewed on a regular basis and adjusted where necessary, taking the general salary progression and responsibility of the respective Executive Board member into account.
- In accordance with the applicable bonus guidelines, the annual performance-related bonus is linked to MAN value added. This is calculated as operating profit minus the cost of capital employed. The cost of capital is the minimum return investors expect to receive on equity and debt employed. A weighted average cost of capital (WACC) is calculated; for equity, it is the rate of return on long-term, risk-free securities plus a specific risk premium, and for debt, it is the rate of return for risk-free securities plus a risk premium for long-term corporate securities. It is currently set at 11% before tax. The Executive Board is not entitled to a bonus unless profit exceeds the cost of capital. The amount of the bonus is based on the extent to which a value added

target previously set by the Supervisory Board is attained or exceeded. It is capped at an amount set by the Supervisory Board.

The Supervisory Board of MAN SE has ordered a review of the current bonus scheme, particularly in view of the new requirements imposed by the *Gesetz zur Angemessenheit von Vorstandsvergütungen* (VorstAG — Act on the Appropriateness of Executive Board Remuneration). It will decide on adjustments based on the outcome of the review.

- The components linked to long-term business performance are awarded through the MAN Stock Program, which the Supervisory Board decides on once every two years in advance for two years in each case. Under this program, Executive Board members receive cash payments of 50% of their fixed remuneration, which are taxable annually. Half of the payment must be invested in MAN SE common shares. These are purchased and held in safekeeping centrally by MAN SE on behalf of and for the account of Executive Board members. Purchased shares may be freely disposed of after a lock-up period of four years. During the vesting period, the shares may not be sold, pledged, or hedged. If an Executive Board member retires or departs from the MAN Group, the lock-up period ends no later than one year after the date of departure.
- The Executive Board members' benefit entitlements comprise retirement, disability, and survivors' benefits. Entitlements to such benefits are accumulated under a defined contribution system, with the value of benefits dependent upon the performance of certain fund indices. Each year, MAN SE contributes an amount equal to 20% of an Executive Board member's fixed remuneration and the bonus paid to that member in the previous year into an MAN fund. Executive Board members may elect to make additional contributions out of their gross salary. Contributions and the returns thereon are held in individual capital accounts. The rate of return on the

accumulated capital account balance depends upon the performance of selected capital market indices, which are weighted according to an Executive Board member's age. Contributions, the returns thereon, and any additional returns earned by the fund together constitute the total amount of capital available. At retirement, the beneficiary may take the balance of the capital account, or at a minimum the total amount of the contributions, as a lump-sum payment, in installments, or as an annuity. In the event of disability or death, the beneficiary is paid the accumulated account balance, or at a minimum four times the fixed annual remuneration and bonus.

### **Special contract provisions**

An Executive Board member receives his fixed remuneration, bonus, insurance premiums, and contributions to the pension system by way of compensation until the end of his normal term of office, but for no more than two years, in the event of the early termination of his contract without good cause and at the instigation of the Company. The bonus of the previous fiscal year and the expected bonus for the current fiscal year are used as a basis for calculating the relevant bonus amount in such cases. Income from his activities elsewhere is offset and the basis for calculating the amount of the contributions to the pension system reduced accordingly.

If a contract is terminated at the instigation of an Executive Board member (a member may do so, without having to cite his reasons, by giving 18 months' notice), remuneration is awarded only up until the end of the period of notice. There are no special change-of-control provisions in place.