

ARCHIVED REPORT

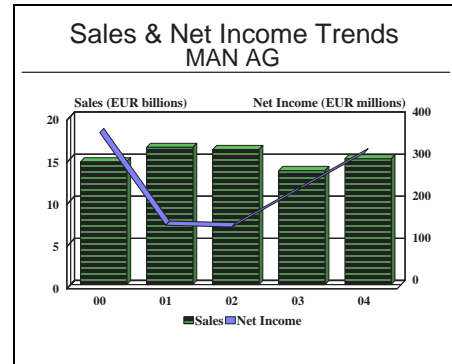
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MAN AG - Archived 11/2006

Outlook

- In June 2005, the MAN Group sold its aerospace subsidiary, MAN Technologie AG, to OHB Technology AG
- The divested operation now operates under the name of MT Aerospace AG
- With its aerospace operations now divested, this report will be archived



Headquarters

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80713 Munich, Germany
Telephone: + 49 89 36098 0
Web site: <http://www.man-group.com>

The origins of MAN AG can be traced to 1840, when Maschinenfabrik Augsburg was first established in Augsburg. The history of MAN AG is inextricably tied to that of the diesel internal combustion engine, as Rudolf Diesel first entered into an agreement in 1893 with Maschinenfabrik Augsburg for the study and promotion of applications for the diesel engine. The firm, which ultimately came to be known as MAN Maschinenfabrik Augsburg-Nürnberg, became a public company (Aktiengesellschaft) in 1898. It was during 1898 that Rudolf Diesel signed an additional agreement covering diesel engine technology with a Danish manufacturer, Aktieselskabet Burmeister & Wains. Burmeister & Wains was acquired by the MAN group during the 1980s, when the Danish firm was experiencing financial difficulty.

MAN Maschinenfabrik Augsburg-Nürnberg AG ultimately came under the control of Gutehoffnungshütte Aktienverein, and in 1969, MAN Maschinenfabrik Augsburg-Nürnberg AG acquired Gutehoffnungshütte Sterkrade AG (GHH Sterkrade) of Oberhausen. GHH Sterkrade AG formed the basis of

MAN Gutehoffnungshütte AG, one of the principal subsidiaries of today's MAN AG.

In 1969, MAN Maschinenfabrik Augsburg-Nürnberg AG and Daimler-Benz AG (now DaimlerChrysler) formed another famous company, MTU Motoren- und Turbinen-Union GmbH (today one of the principal subsidiaries of Deutsche Aerospace AG [DASA]). MTU came fully under the control of Daimler-Benz AG when the 50-percent MAN share of MTU was purchased by Daimler-Benz AG in 1985.

MAN AG was formerly headquartered in Oberhausen, but in the wake of a massive company reorganization, it relocated to Munich. In addition to its long legacy of expertise in developing and manufacturing diesel engines, the activities of MAN AG, through its principal subsidiary companies, today include the manufacture of gas turbine power/propulsion systems, compressors, space launch vehicle components, transportation equipment, trucks, and buses, in addition to plant construction. In addition, the various groups supply important marine, energy, chemical/petrochemical, communications/printing, raw materials, and transport goods and technologies.

The group employed approximately 61,250 during 2005. MAN AG shares are traded on the Frankfurt Stock Exchange.

Structure and Personnel

Supervisory Board

Ekkehard D. Schulz

Chairman

Gerlinde Strauss-Wieczorek

Joachim Milberg

Jürgen Bänsch

Michael Behrendt

Herbert H. Demel

Detlef Dirks

Jürgen Dorn

Klaus Eberhardt

Reinard Frech

Hubertus von Grünberg

Jürgen Hahn

Klaus Heimann

Karl-Ludwig Kley

Renate Köcher

Nicola Lopopolo

Thomas Otto

Lothar Pohlmann

Rudolf Rupprecht

Hanns-Helge Stechl

Group Companies Management

Håkan Samuelsson

Chairman, MAN Nutzfahrzeuge

Matthias Mitscherlich

President & CEO, Ferrostaal

Gerd Finkbeiner

Chairman, MAN Roland

Hans-Jürgen Schulte

Chairman, MAN B&W Diesel

Wolfgang Brunn

Chairman, MAN Technologie

Jürgen Maus

Chairman, MAN Turbomaschinen

Manfred Hirt

Speaker, RENK

Product Area

Through its five core divisions, MAN AG designs, develops, and manufactures a diversified array of industrial products. It also provides support services for the products it manufactures. Activities are concentrated in industrial engineering, compressors and turbomachinery, materials handling, military and commercial transport equipment, and the manufacture of docks and ships. Subsectors include the manufacture of metallurgical machinery, general industrial machinery, mechanical structures and systems, plant construction, gas turbine machinery, screw compressors, mining equipment, industrial and mining vehicles, tactical military vehicles, buses, wheel sets, handling equipment, and marine structures, along with the provision of industrial engineering and support services. MAN Technologie and MAN Nutzfahrzeuge are responsible for the majority of the group's aerospace- and defense-related work. The MAN Group is composed of the following companies:

1. Commercial Vehicles
 - 1.1 MAN Nutzfahrzeuge
2. Industrial Services
 - 2.1 MAN Ferrostaal
3. Printing Machines
 - 3.1 MAN Roland
4. Diesel Engines
 - 4.1 MAN B&W Diesel
5. Turbomachinery
 - 5.1 MAN Turbo AG
6. Industrial Holdings
 - 6.1 MAN Technologie (sold 6/05)

- 6.1.1 Space Systems
- 6.1.2 Industrial Products
- 6.1.3 Mobile Bridges
- 6.1.4 Others
- 6.2 MAN DWE
- 6.3 RENK
- 6.4 SHW

MAN Nutzfahrzeuge. MAN Nutzfahrzeuge is Germany's second largest supplier of commercial and tactical/utility military vehicles. MAN Nutzfahrzeuge's sales volume is second only to that of DaimlerChrysler. This subgroup of MAN AG offers all manner of commercial vehicles, including trucks for all applications, city buses, touring coaches, and military transport vehicles. In the military sphere, MAN Nutzfahrzeuge manufactures vehicles optimized for cargo-carrying, ammunition resupply, firefighting, communications and shelter, missile launch platforms, radar control, decontamination, recovery/engineering, and tactical bridge laying/transportation.

MAN Ferrostaal. MAN Ferrostaal is involved in steel production and metallurgy, heavy construction, and heavy manufacturing. Ferrostaal has been a major supplier of heavy plant and engineering expertise to the Soviet Union.

MAN Roland. MAN Roland is a major manufacturer of printing equipment, including complete turnkey printing operations. It develops and manufactures web presses, sheet-fed presses, and offset printing equipment.

MAN B&W Diesel. The business focus of MAN B&W is the development and manufacture of diesel engines for industrial, marine, and vehicular applications. MAN, which purchased B&W (Aktieselskabet Burmeister & Wains) in the 1980s, enhanced its reputation as a world-leading diesel manufacturer through its new alliance with the Danish manufacturer. Both MAN and B&W were pioneering firms in diesel design and application technology before the turn of the 20th century. Today MAN is the world's preeminent manufacturer of marine diesel engines. The firm boasted, along with its licensees, a world market share of over 50 percent. MAN B&W diesels power the world's most famous luxury passenger ship, the *Queen Elizabeth II*.

MAN Turbo. This unit produces compressors and turbines for process industries and power generation.

MAN Technologie. MAN Technologie's field of activities is space systems and structures. Its most notable effort is the production of components and subsystems (including the booster casings and the front

skirt) for the Ariane 5 series of space launch vehicles. This unit also handles the development and manufacturing of military bridges, such as the LEGUAN bridgelaying system, a foldable floating bridge, and an armored vehicle launched bridge. This unit was divested in June 2005 and now operates as **MT Aerospace AG**.

RENK. RENK is one of Europe's most renowned manufacturers of vehicle transmission systems. The major supplier to the Federal German *Bundeswehr*, RENK supplies transmission systems for MAN military vehicles and trucks, as well as for most of the armored fighting vehicles currently in service. Of particular note is the transmission system for the Leopard 2 main battle tank, widely regarded as the world's best system of its type.

SHW. SHW (Schwäbische Hüttenwerke) produces CNC-based machine tools, process equipment for production technologies, pumps, and hand-operated tools.

Facilities

MAN Capital Corporation, 17 State Street, 18th Floor, New York, NY 10004. Telephone: + 1 (212) 509-4549. MAN Capital Corporation functions as a U.S. holding company of the MAN Group and performs corporate and financial services for MAN Aktiengesellschaft and various U.S. subsidiaries.

Web Site: <http://www.man-ag.com>

MAN B&W Diesel AG, Stadtbachstrasse 1, 86135 Augsburg. Web site: <http://www.manbw.com>

MAN Nutzfahrzeuge AG, PO Box 50 06 20, 80976 Munich. Web site: <http://www.man-mn.com>

MAN Roland Druckmaschinen AG, Mühlheimer Strasse 341, PO Box 100096, 63012 Offenbach/Main. Web site: <http://www.man-roland.com>

MAN Technologie, Franz-Josef-Strauss-Strasse 5 86153 Augsburg. *Sold to OHB Technology in June 2005.*

Web site: <http://www.man-technologie.de>

RENK AG, Gögginger Strasse 73, PO Box 102307, 86013 Augsburg. Web site: <http://renk.newsfactory.de/>

Deggendorfer Werft und Eisenbau (DWE) GmbH, Werftstrasse 17, PO Box 1209, 94452 Deggendorf. Web site: <http://www.dwe.de>

MAN Ferrostaal AG, Hohenzollernstrasse 24, 45128 Essen. Web site: <http://www.ferrostaal.com>

Corporate Overview

MAN AG is one of Germany's premier manufacturers of commercial and military vehicles. The company is in direct competition with the well-known German company Mercedes-Benz in the production of commercial trucks and buses. Although MAN's military presence is certainly of some significance, these operations are dwarfed by the company's involvement in the commercial arena.

New Products and Services

South African Submarines. In July 2000, the German Submarine Consortium (GSC) and the Republic of South Africa signed a contract for the GSC to supply three Type 209 submarines. The GSC is composed of Howaldtswerke Deutsche Werft AG (HDW), Kiel; Thyssen Nordseewerke GmbH (TNSW), Emden; and

Ferrostaal AG, Essen. The order will have a value of some EUR700 million. It, in turn, forms part of the package of agreements signed in Pretoria on December 3, 1999, by the GSC and the government of South Africa. As part of the deal, the GSC will undertake a range of offsetting investments and industrial development projects in South Africa. These focus on allocating capital to the local stainless steel industry and related downstream manufacturers. Many of the military and non-military supplies purchased for the project are to stem from South African companies.

Plant Expansion/Organization Update

Ariane 4 Production Wraps Up. In 2002, MAN Technologie AG's dedicated Ariane 4 component production lines were closed. As a result, the company had to restructure its workforce, which led to charges against 2002's earnings. Further, the loss of Ariane 4 related work is expected cut almost EUR60 million for the unit's annual turnover.

Subsidiary Name Change. In July 2002, MAN Turbomaschinen AG GHH BORSIG, Oberhausen, changed its company name to MAN Turbomaschinen AG. The suffix GHH BORSIG was dropped for clarity.

Mergers/Acquisitions/Divestitures

MAN Technologie AG Divested. In June 2005, the MAN Group sold its aerospace subsidiary, MAN Technologie AG, to OHB Technology AG, Bremen and the technology investment company, Apollo Capital Partners GmbH, Munich. Details of the transaction were not disclosed. The company now trades under the name of **MT Aerospace AG**, Augsburg. Web Site: <http://www.ohb-system.de/>

MAN to Sell Shareholding in SMS to the Weiss Family. In October 2003, MAN AG and the Weiss family reached agreement that the joint shareholding in SMS AG and its affiliated companies, which dates from 1973, was transferred in two stages to the sole ownership of the Weiss family. SMS was changed from a public (Aktiengesellschaft) into a private limited company (GmbH). Immediately following this, MAN transferred 50 percent of its equity interest to a holding company belonging to the Weiss family with economic effect as of October 1, 2003. No details of the purchase price were disclosed.

Teaming/Competition/Joint Ventures

German Submarine Consortium. The GSC is composed of Howaldtswerke Deutsche Werft AG

(HDW), Kiel; Thyssen Nordseewerke GmbH, Emden; and Ferrostaal AG, Essen. The consortium was selected by South Africa in July 2000 to provide three Type 209 submarines for that country's navy.

GHH-Rand Schraubenkompressor GmbH.

Formed in 1993/94, this company is 50-percent owned by MAN GHH and the Ingersoll-Rand Company, New Jersey, USA. Located in Oberhausen, Germany, the company has been assigned all of MAN GHH's related activities in the standard screw compressor business. MAN GHH has retained its activities in the gas screw compressor area.

ABUS Getriebe GmbH. ABUS Getriebe GmbH of Dessau (a manufacturer of gears and transmission equipment), which has been involved with RENK TACKE GmbH, is expanding its cooperative relationship with the RENK subsidiary.

AEG AG. AEG AG (a subsidiary of DaimlerChrysler) and MAN B&W have jointly developed an advanced diesel engine diagnostic system. The system has been installed on a ferry vessel powered by four MAN B&W L 40/45 marine diesel engines.

Dresser-Rand Turbo Products Division. In the summer of 1992, MAN GHH and Dresser-Rand Turbo Products Division (Olean, New York, USA) signed a Memorandum of Understanding covering the joint manufacture of air- and hydrocarbon-service axial turbocompressors for the process and energy industries. The arrangement is intended to enable D-R to employ MAN GHH axial compressor technology. The firms will share development and manufacturing capabilities.

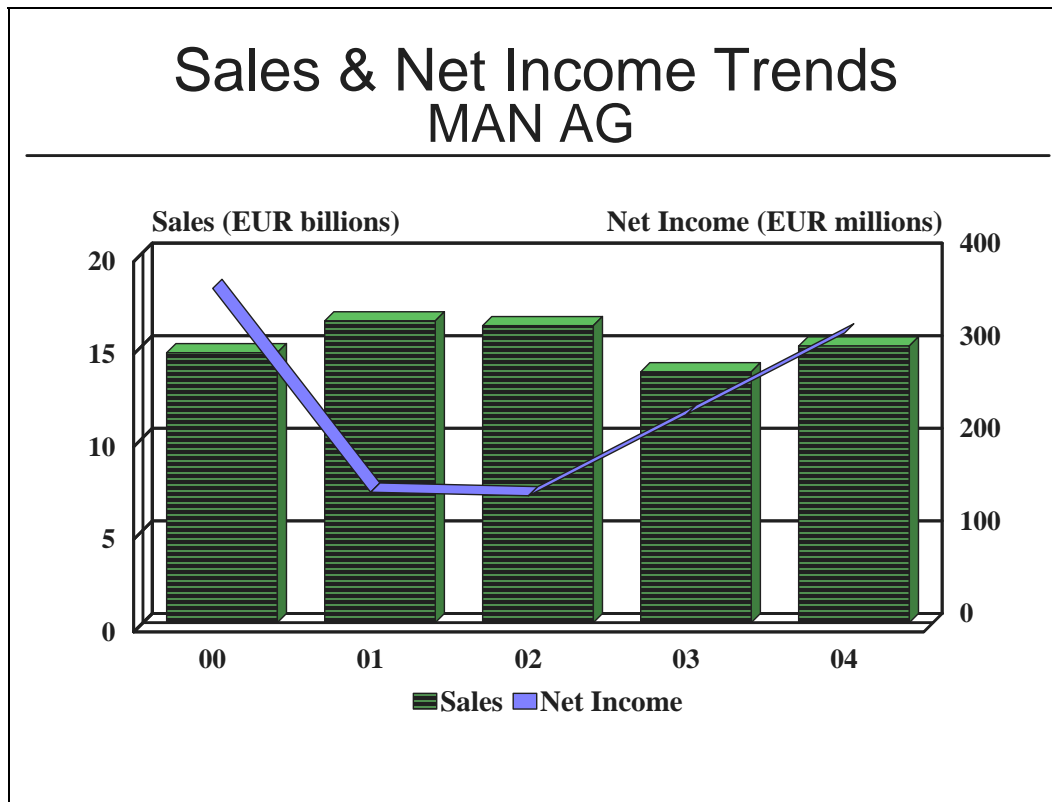
ÖAF (Österreichischer Automobilfabrik) - Gräf & Stift AG. ÖAF-Gräf & Stift are undertaking production of MAN Nutzfahrzeuge truck and city bus designs. Due to the abundant demand for MAN Nutzfahrzeuge commercial vehicles over the past year, production capacity was strained, and ÖAF was chosen to add to MAN AG's production capability in the commercial vehicle business subgroup.

Voith-RENK GmbH. Under a cooperative agreement with Voith GmbH, RENK AG established a joint venture company with the former firm for the purpose of co-development and manufacture of marine and vehicular transmissions and braking systems. This joint venture firm is called Voith-RENK GmbH.

Financial Results/Corporate Statistics

MAN's 2004 sales increased to EUR14.9 billion, compared with the EUR13.5 billion posted in 2004. The company posted net income of EUR323 million in 2004, compared with 2003's total of EUR235 million. Latest year statistics, restated to the company's current presentation, are provided below. Beginning with 2001, MAN reports on a standard calendar year basis (Y/E December 31). Prior to 2001 the company fiscal year ended on June 30. U.S. dollar figures translated as of December 31, 2004, at the rate of EUR1 = USD1.364

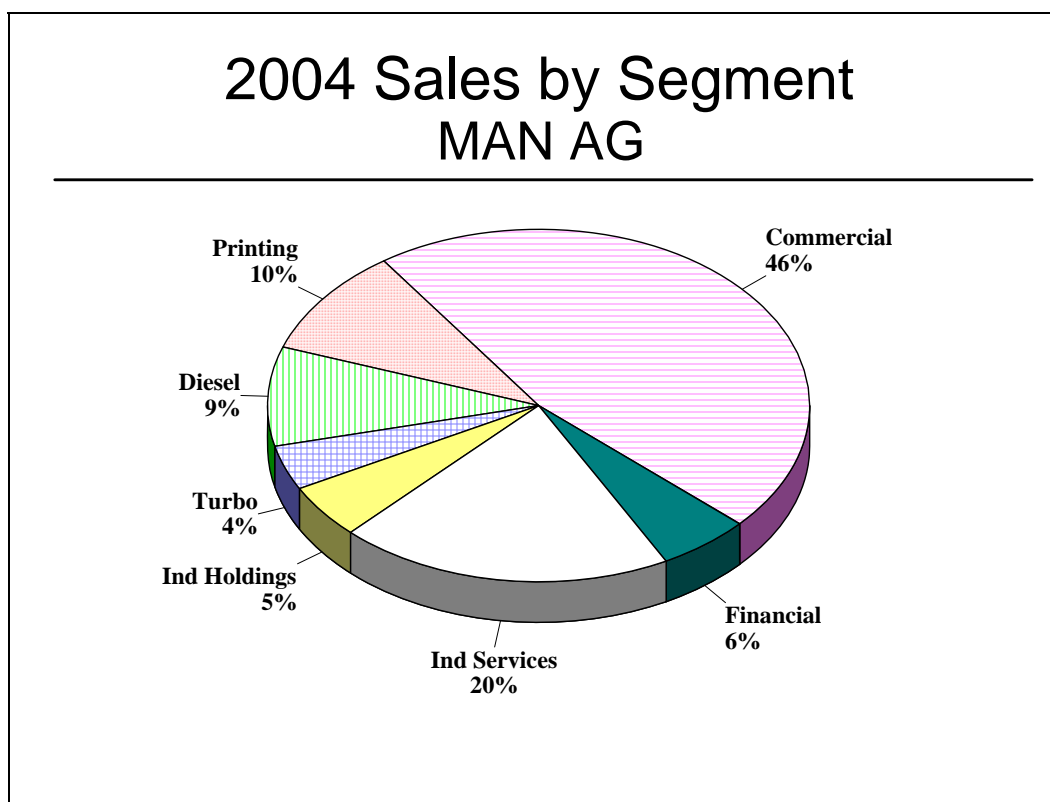
Y/E December 31	2000	2001	2002	2003	2004	2004
(EUR millions)						USD
Net Sales	14,581	16,300	16,040	13,546	14,947	20,388
Net Income	424	151	147	235	323	441
R&D Expenditures	527	620	580	520	526	717



Industry Segments

A breakdown of MAN's sales by major market segment for the past three years is given below.

SALES	2002	2003	2004
(EUR millions)			
Commercial Vehicles	6,564	6,707	7,409
Printing Presses	1,808	1,516	1,620
Diesel Engines	1,408	1,312	1,421
Turbomachines	530	567	659
Industrial Holdings	843	837	813
Industrial Services	2,916	2,880	3,185
Financial	628	627	899
Other	-798	-900	-1,059
TOTAL	16,040	14,446	14,947



MAN Technologie. Figures for MAN Technologie, MAN's principal aerospace and defense oriented operation, are detailed below. These figures are included in the Industrial Holdings segment above.

SALES	2001	2002	2003	2004
(EUR millions)				
New orders	123	90	107	105
Sales	227	186	124	117
Earning before taxes	5	-39	-19	-9
Employees	1,023	887	771	588

Strategic Outlook

With its focus sharpening on commercial markets, MAN decided to divest MAN Technologie in 2005. OHB Technology AG purchased the operation for an undisclosed amount as part of a build-up of its space operations.

The newly renamed MT Aerospace's concentration is on orbital and transport systems, specifically the Ariane 5. The division produces the Ariane 5's booster

casing, front skirt, high-pressure CT/GAM fuel tanks, and heat shield.

With this divestiture complete, MAN now focuses on five core areas: Commercial Vehicles, Industrial Services, Printing Systems, Diesel Engines and Turbomachines. As such, the company now falls out of our coverage range and this report will be archived in 2006.

Prime Award Summary

No information available.

Program Activity

Business Interests. Some important aerospace and government programs currently under way at MAN are listed below. The briefs are intended to provide a listing of programs that are of major importance to the company. For detailed information or analysis of specific aerospace and defense programs or equipment, please refer to the appropriate Forecast International binder (for example, *Aircraft, Military Vehicles, Warships, Missiles, Electronic Systems, and Gas Turbines*). The following is an outline of the company's business interests:

- Industrial engineering
- Compressors and turbomachinery materials handling
- Military and commercial transport equipment
- Metallurgical machinery
- General industrial machinery
- Mechanical structures and systems
- Industrial engineering support services
- Plant construction
- Mining equipment
- Industrial and mining vehicles
- Tactical military vehicles

- Handling equipment
- Diesel engines
- Space System Components

Space Programs

Ariane 4

The Ariane 4 is a medium- to heavy-lift expendable launch vehicle designed to launch commercial, military, and science payloads primarily to geostationary transfer orbit. MAN produced turbopumps, gas generators, thrust frames, and attachment/separation mechanisms for the Ariane 4 program. Production of these components concluded in 2002.

Ariane 5

The Ariane 5 is a European heavy-lift expendable launch vehicle. For satellite missions, the Ariane 5 launch vehicle will be able to place a payload of 22,000 kilograms into low-Earth orbit, and 6,800 kilograms into GTO. The launcher can carry up to three satellites to GTO. MAN produces booster casings, front skirts, and high-pressure engine swiveling systems for the Ariane 5 program.

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