



**Continental** 

**ANNUAL REPORT OF CONTINENTAL AG 2002**

## TEN-YEAR REVIEW – CONTINENTAL AG

		2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
<b>Balance sheet</b>											
Fixed assets	€ million	2,906.5	3,379.2	2,719.2	2,498.7	2,054.1	976.2	916.3	950.4	1,099.6	1,174.9
Current assets	€ million	1,355.9	1,241.8	1,062.1	1,012.2	951.7	955.5	645.7	596.9	434.1	462.7
Total assets	€ million	4,262.4	4,621.0	3,781.3	3,510.9	3,005.8	1,931.7	1,562.0	1,547.3	1,533.7	1,637.6
Equity	€ million	1,474.8	1,467.0	1,543.7	1,428.3	1,091.4	1,073.7	742.6	722.5	711.9	682.3
Investments in tangible assets	€ million	45.8	59.7	65.4	61.9	51.5	53.0	50.6	49.2	69.2	91.8
Equity ratio	in %	34.6	31.7	40.8	40.7	36.3	55.6	47.6	46.7	46.4	41.7
Net indebtedness	€ million	1,027.6	1,500.8	822.0	633.0	710.6	255.1	18.8	98.7	213.8	337.0
Self-financing ratio	in %	- 306.7	15.8	33.1	70.9	10.1	123.6	194.9	- 249.1	901.0	79.6
Liquidity ratio	in %	87.2	68.1	66.3	90.1	158.7	198.7	116.0	81.0	76.6	54.0
<b>Income statement</b>											
Sales	€ million	1,913.9	1,850.1	1,769.8	1,644.9	1,590.7	1,479.2	1,348.0	1,391.4	1,168.9	1,147.4
thereof generated abroad	in %	50.1	50.5	47.7	43.2	39.1	38.3	37.0	32.6	34.9	34.6
Cost of sales <sup>1</sup>	in %	75.3	78.6	76.9	77.9	78.7	79.2	81.0	83.5	86.8	86.7
Selling expenses <sup>1</sup>	in %	10.4	10.5	10.5	10.2	10.7	11.9	10.6	8.4	8.5	7.9
Administrative expenses <sup>1</sup>	in %	3.7	5.0	4.7	5.1	4.7	4.9	5.8	5.5	4.9	5.4
Cost of materials	€ million	979.6	1,025.2	979.3	916.6	873.8	795.5	754.2	882.3	705.8	675.2
Personnel expenses	€ million	419.6	446.9	396.3	399.3	412.5	382.5	388.2	330.8	292.6	299.4
Depreciation and amortization <sup>2</sup>	€ million	73.6	71.0	68.9	64.4	60.2	57.4	51.8	49.3	84.6	86.9
Net income/ net loss for the year	€ million	2.4	- 16.3	112.0	119.7	51.2	46.1	34.3	28.9	24.2	36.4
Dividends paid	€ million	58.6	-	64.1	58.8	47.0	41.0	29.0	24.0	19.2	18.5
<b>Employees</b>											
Annual average	in thousands	7.5	7.6	7.5	7.6	7.5	7.5	8.0	7.4	6.7	7.5

<sup>1</sup> of sales

<sup>2</sup> Excluding writedowns on investments

## **ARRIVING SAFELY AND COMFORTABLY.**

To feel safe and secure is one of our basic needs. So is individual mobility. We make safety mobile and mobility safer, not to mention more comfortable as well. Continental brings driving dynamics and driving comfort to the roads. We increase your safety in traffic.

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## Management Report

**Preliminary remarks** | This Management Report of Continental Aktiengesellschaft does not provide an overview of the position of the Continental Corporation as a whole, but rather refers to the parent company. For a comprehensive picture of the Continental Corporation, please refer to Continental's Annual Report, which contains the group management report and the consolidated annual financial statements prepared in accordance with US GAAP.

## Economic Situation and Business Developments in 2002

**The global economy** | The positive developments initially forecasted for 2002 failed to materialize. Rather, the negative sentiment among companies and private households worsened over the course of the year. The world economy had already been rocked by the terrorist attacks in the USA in the second half of 2001, and was further shaken by the collapse of several large, prominent corporations in the first half of 2002. This had an unmistakable negative impact on the mood on the capital markets and consumer behavior. In the second half of the year, the overall economic situation deteriorated as a result of the impending conflict in Iraq.

**Automobile production** | Contrary to general forecasts, Western European production of passenger cars, station wagons and light commercial vehicles failed to maintain previous volumes, declining by 0.4 million to 16.4 million units. In the NAFTA area, levels were initially expected to remain low, as in the previous year. However, a massive sales drive by major manufacturers resulted in a 5.8% rise in production to a total of 16.4 million units. Production in Asia increased substantially. Worldwide output rose to total 56.4 million vehicles.

Production of commercial vehicles in Europe was down for the second successive year, dropping 7% to 0.36 million units. After a major decrease in the previous year, the production in the NAFTA area rose to a total of 0.36 million units. In Japan, a positive trend was recorded overall for commercial vehicles.

**Earnings** | At € 1,913.9 million, sales were up by € 63.8 million on the previous year (+3.4%), due to a positive trend in our replacement business, especially for trucks. There was a slight decline in original equipment for passenger cars.

Gross profit on sales was up on the previous year's figure by 19.5%; at € 235.0 million, profit before the financial result was up on the previous year's figure of € 163.4 million.

Investment income of € 418.4 million was mainly due to income from profit transfer agreements with ContiTech Holding GmbH, Hanover, (€ 80.1 million), Continental Caoutchouc Export AG, Hanover, (€ 26.1 million) and Göppinger Kaliko GmbH, Hanover, (€ 23.3 million), as well as income from investments in Conti Mabor Indústria de Pneus, S.A., Lousado, Portugal (€ 121.5 million), Conti Holding France, S.A.R.L., Sarreguemines, France (€ 52.5 million), and Conti Teves AG & Co. oHG, Frankfurt am Main, Germany (€ 91.0 million). The write-downs of financial assets and investments classified as current assets in the amount of € 270.7 million mainly relate to a write-down of € 120 million on the interest in Continental do Brasil Produtos Automotivos Ltda., São Paulo, Brazil as a result of currency and earnings developments in 2002, as well as a write-down of € 150 million on the shares in Continental Automotive Inc., Charlotte, North Carolina, USA as a result of the ongoing losses in tire activities in the USA and Mexico. Interest expense rose to € 74.4 million. In total, Continental AG generated a result from ordinary activities of € 308.2 million (2001: € 171.5 million). As in the previous year, the extraordinary expense was due to a subsidy of € 200.0 million paid to Continental Automotive Inc., Charlotte, North Carolina, USA (2001: € 174.0 million).

The tax expense amounted to € 105.8 million. In total, this results in net income for the period of € 2.4 million; after withdrawals from the reserve for treasury stock including the retained profits brought forward from the previous year this resulted in a net retained profit of € 59.0 million.

**Dividend** | A proposal will be made to the Annual Shareholders' Meeting to distribute a dividend of € 0.45. Given a dividend-bearing capital in the amount of € 333.3 million, the dividend will amount to € 58.6 million.

**Net assets and financial position** | The balance sheet total declined by 7.8% as against the previous year to € 4,262.4 million

On the asset side, investments dropped by € 445.1 million, primarily as a result of repayments and of principal write-downs. Equity rose by € 7.8 million to € 1,474.8 million. The equity ratio is now 34.6% (2001: 31.7%).

Net indebtedness fell by € 473.2 million to € 1,027.0 million after deduction of cash, cash equivalents and marketable securities.

**Investments** | The main focus of investments in property, plant and equipment in 2002 was on modernization, with the aim of increasing efficiency and hence achieving further cost optimization.

**Personnel and welfare** | The number of employees as of December 31, 2002 fell by 118 to 7,756, including trainees. Training is highly important to the Company.

	12/31/2002	12/31/2001
Wage earners	4,414	4,496
Salaried employees	3,014	3,080
<b>Trainees</b>	<b>328</b>	<b>298</b>

**Environmental protection** | Rather than merely complying with legal requirements and regulations, we aim – as far as is economically viable – to exceed them by making continuous improvements.

**Research and development** | Research and development is an integral part of the Corporation's structures.

**Risks of future developments** | Due to its global business, Continental is exposed to a number of risks that are inherent in entrepreneurial activities. For instance, Continental is exposed to uncertainties regarding economic developments in its key countries, which are further magnified by the to some extent cyclical nature of demand in our key markets.

The automotive sector in particular is characterized by stiff competition that will likely intensify in the future due to global surplus capacity. Like all international automotive suppliers, Continental is also affected by increasingly stringent statutory regulations and safety standards in its markets.

**Risk management** | Continental AG has a Corporation-wide risk management system that enables management to receive early warning of risks and exploit opportunities. This system covers the recognition, evaluation and reporting of risks and is integrated into the Corporation-wide strategy, planning and budgeting process. The system provides an extensive itemization of risks, their status and key changes as part of the regular reporting procedures. Responsibility for risk handling and control lies with the management concerned. A risk committee and regular internal audits support the process as a whole. In fiscal 2002, activities focused once again on the areas of interest and currency management as well as insurance coverage. In addition, special attention was paid to product quality as well as to pension funds, which were impacted by the negative developments on the financial markets. There were no risks which posed a threat to the continued existence of the Company. The risk management system was audited by the auditors. It fully complies with the requirements of section 91 (2) of the Aktiengesetz (AktG – German Stock Corporation Act).

**Events subsequent to fiscal year 2002** | The following events which occurred after the end of 2002 are of material importance to Continental AG and may lead to a different evaluation of the Company.



The profit transfer agreements with ContiTech Holding GmbH and Göppinger Kaliko GmbH were terminated as of December 31, 2002. The investment income for fiscal 2002 from these profit transfers amounted to € 103.3 million.

On February 26, 2003, Continental AG concluded an agreement with the Sime Darby Group on the acquisition of a 30% share of Sime Darby's tire activities. An option for the acquisition of a further 21% was also agreed.

**Outlook** | Economic development in 2003 is characterized by general uncertainty. In addition, the fact that our major customers have not released forecasts renders it difficult to estimate how the situation will develop at present.

For 2003 as a whole, we expect automobile production to fall in the USA and Europe. We have, however, made a promising start in 2003. Sales in the first two months of the year exceeded the previous year's level.

There are two factors which lead us to believe that our operating result will match the previous year's level:

- Not all of our sales are directly linked to automobile manufacturers.
- The growth rates at the Automotive Systems divisions of our subsidiaries are only indirectly tied to the growth rates in automobile production, as is highlighted by the volume development in electronic brake systems and the above-average increase in the Electronics Unit in 2002.

## CONTINENTAL AKTIENGESELLSCHAFT

### INCOME STATEMENT

in millions of €	See Note	2002	2001
<b>Sales</b>	12	<b>1,913.9</b>	<b>1,850.1</b>
Cost of sales		1,441.1	1,454.3
<b>Gross profit on sales</b>		<b>472.8</b>	<b>395.8</b>
Selling expenses		200.0	194.0
General administrative expenses		71.0	93.2
Other operating income	13	188.0	221.4
Other operating expenses	14	154.8	166.6
Net income from financial activities	15	73.2	8.1
<b>Earnings before taxes</b>		<b>308.2</b>	<b>171.5</b>
Extraordinary expense	16	- 200.0	- 174.0
Income tax expense	17	105.8	13.8
<b>Net income/net loss for the year</b>		<b>2.4</b>	<b>- 16.3</b>
Retained profits brought forward from the previous year		2.1	0.5
Transfer from the reserve for treasury stock		55.7	17.9
Transfer to other surplus reserve		1.2	-
<b>Retained earnings</b>		<b>59.0</b>	<b>2.1</b>

## BALANCE SHEET

### Assets

in millions of €	See Note	12/31/2002	12/31/2001
Intangible assets		34.1	33.0
Property, plant and equipment		150.2	178.9
Investments	1	2,722.2	3,167.3
<b>Fixed assets and investments</b>		<b>2,906.5</b>	<b>3,379.2</b>
Inventories	2	117.5	129.7
Accounts receivable and other assets	3	908.9	652.7
Cash and cash equivalents	4	319.3	446.8
<b>Current assets</b>		<b>1,345.7</b>	<b>1,229.2</b>
<b>Prepaid expenses</b>	5	<b>10.2</b>	<b>12.6</b>
<b>Total assets</b>		<b>4,262.4</b>	<b>4,621.0</b>

### Shareholders' Equity and Liabilities

in millions of €	See Note	12/31/2002	12/31/2001
Common stock	6	344.4	343.4
Additional paid-in capital	7	972.2	967.9
Surplus reserves	8	99.2	153.6
Retained earnings		59.0	2.1
<b>Shareholders' equity</b>		<b>1,474.8</b>	<b>1,467.0</b>
<b>Special tax-allowable reserves</b>	9	<b>33.5</b>	<b>63.9</b>
<b>Provisions</b>	10	<b>641.5</b>	<b>546.4</b>
<b>Liabilities</b>	11	<b>2,112.6</b>	<b>2,543.7</b>
<b>Total liabilities and shareholders' equity</b>		<b>4,262.4</b>	<b>4,621.0</b>

## STATEMENT OF CHANGES IN FIXED ASSETS AND INVESTMENTS

in millions of €	Acquisition/construction cost				Balance at 12/31/2002
	Balance at 1/1/2002	Additions	Transfers	Disposals	
Franchises, operating licenses, industrial property and similar rights and assets and licenses for such rights and assets	132.8	10.5	3.1	4.0	142.4
Advances to suppliers	4.4	9.6	- 3.1	-	10.9
<b>Intangible assets</b>	<b>137.2</b>	<b>20.1</b>	<b>-</b>	<b>4.0</b>	<b>153.3</b>
Land, land rights and buildings including buildings on land not owned	188.2	1.3	0.5	27.5	162.5
Technical equipment and machinery	442.0	8.2	17.0	25.6	441.6
Other equipment, factory and office equipment	237.0	25.7	1.9	12.9	251.7
Advances to suppliers and assets under construction	24.3	10.6	- 19.4	-	15.5
<b>Property, plant and equipment</b>	<b>891.5</b>	<b>45.8</b>	<b>-</b>	<b>66.0</b>	<b>871.3</b>
Shares in affiliated companies	3,122.2	320.2	-	496.7	2,945.7
Shares in associated companies	88.1	3.5	-	2.3	89.3
Other loans granted	2.2	0.8	-	0.9	2.1
<b>Investments</b>	<b>3,212.5</b>	<b>324.5</b>	<b>-</b>	<b>499.9</b>	<b>3,037.1</b>
	<b>4,241.2</b>	<b>390.4</b>	<b>-</b>	<b>569.9</b>	<b>4,061.7</b>

Depreciation/Amortization			Net book values		
Balance at 1/1/2002	Additions	Disposals	Balance at 12/31/2002	Balance at 12/31/2002	Balance at 12/31/2001
104.2	17.7	2.7	119.2	23.2	28.6
-	-	-	-	10.9	4.4
<b>104.2</b>	<b>17.7</b>	<b>2.7</b>	<b>119.2</b>	<b>34.1</b>	<b>33.0</b>
142.7	9.9	26.7	125.9	36.6	45.5
374.5	20.2	10.1	384.6	57.0	67.5
195.4	25.8	10.6	210.6	41.1	41.6
-	-	-	-	15.5	24.3
<b>712.6</b>	<b>55.9</b>	<b>47.4</b>	<b>721.1</b>	<b>150.2</b>	<b>178.9</b>
40.3	270.0	-	310.3	2,635.4	3,081.9
4.9		1.0	3.9	85.4	83.2
-	0.7	-	0.7	1.4	2.2
<b>45.2</b>	<b>270.7</b>	<b>1.0</b>	<b>314.9</b>	<b>2,722.2</b>	<b>3,167.3</b>
<b>862.0</b>	<b>344.3</b>	<b>51.1</b>	<b>1,155.2</b>	<b>2,906.5</b>	<b>3,379.2</b>

# CONTINENTAL AKTIENGESELLSCHAFT NOTES

## Preliminary Remark

In order to enhance transparency, the annual financial statements and management reports of Continental AG and of the Continental Corporation have been prepared separately.

## Accounting Policies

**Assets** | Purchased intangible assets are stated at their acquisition cost and are depreciated over their probable useful life using the straight-line method.

Fixed assets are carried at the cost of acquisition or production less regular depreciation. Moveable assets are depreciated using the declining balance method, while all other assets are depreciated using the straight-line method.

Where the declining balance method is used, the straight-line method is substituted where this would produce higher depreciation. Special tax write-downs are charged where these are required to ensure compliance to accounting rules for commercial financial statements and tax laws. Moveable assets acquired in the first half of the year are written down at the full rate of depreciation for the year; those acquired in the second half of the year are written down at half the annual depreciation charge. Low-value assets are written off in full in the year of their acquisition. As of fiscal 2001, acquisitions to moveable assets are regularly depreciated at the maximum declining balance rate of 20%.

Shares in affiliated and investments in associated companies are carried at cost less necessary depreciation. Interest-bearing loans are carried at their principal amount; interest-free and low-interest loans are discounted to their present value.

Inventories are carried at acquisition or production cost or at the lower fair value. The production costs comprise directly attributable costs and proportionate material and

production overheads, as well as depreciation. Write-downs for inventory risks resulting from impaired marketability or excessive storage periods are taken into account.

Appropriate valuation allowances take account of all identifiable risks in the receivables and other assets. Global valuation allowances are recognized for the general credit risk. Foreign currency receivables and liabilities are carried at the rate prevailing at the transaction date or, if they are hedged, at the hedging rates. Write-downs are charged to income for any unrealized exchange rate losses at the balance sheet date. Unrealized exchange rate gains are not recognized. Where permitted, extraordinary and tax write-downs charged on all fixed and current assets in previous years are rolled over.

**Equity and liabilities** | Provisions for pensions and similar obligations are measured on the basis of actuarial calculations in accordance with FAS 87, and are based on the 1998 mortality tables published by Prof. Klaus Heubeck, adjusted to comply with international principles. The discount rate was reduced from 6.00% in the previous year to 5.75%. The other provisions have been set up for all identifiable risks, uncertain obligations and expected losses on the basis of prudent business practice. Provisions have been set up for deferred maintenance to be performed by March 31, 2003 in the amount of the forecasted expense.

Liabilities are carried at their redemption amount.

## NOTES TO THE BALANCE SHEET, ASSETS

### 1 | Investments

The reduction in shares in affiliated companies was primarily due to principal repayments by Continental Caoutchouc-Export AG, Hanover, and UMG Beteiligungsgesellschaft mbH, Hanover. In addition, write-downs were charged on shares in Continental Automotive Inc., Charlotte, North Carolina, USA and Continental do Brasil Produtos Automotivos Ltda., São Paulo, Brazil. In contrast, additions

were made in the form of capital contributions and capital increases in relation to ContiTech Holding GmbH, Hanover, Continental UK Group Holdings Ltd., West Drayton, United Kingdom, Continental Matador s.r.o., Púchov, Slovakia, and Continental do Brasil Produtos Automotivos Ltda., São Paulo, Brazil in particular. A complete list of all equity interests has been filed with the Hanover Local Court.

### 2 | Inventories

in thousands of €	12/31/2002	12/31/2001
Raw materials, consumables and supplies	24,730	26,810
Work in progress	17,403	19,905
Finished goods and merchandise	75,133	82,189
Advances to suppliers	404	1,024
Advances from customers	193	196
	<b>117,477</b>	<b>129,732</b>

### 3 | Accounts Receivable and Other Assets

in thousands of €	12/31/2002		12/31/2001	
	Total	Thereof with a maturity of > 1 year	Total	Thereof with a maturity of > 1 year
Trade accounts receivable	168,553	1,990	121,553	537
Accounts receivable from affiliated companies	711,402	–	501,684	–
Accounts receivable from associates	1,815	–	634	–
Other assets and amounts receivable	27,128	10,343	28,775	4,916
	<b>908,898</b>	<b>12,333</b>	<b>652,646</b>	<b>5,453</b>

Unlike in the previous year, trade accounts receivable are not reduced by the sale of accounts receivable amounting to € 61.4 million (2001: the reduction amounted to € 62.1 million).

## 4 | Cash and Cash Equivalents

<b>in thousands of €</b>	<b>12/31/2002</b>	<b>12/31/2001</b>
Securities	64,468	120,125
Cash in hand and central bank balances	466	106
Bank balances	253,854	320,030
Checks	520	6,509
	<b>319,308</b>	<b>446,770</b>

The securities item only contains treasury stock (4.3 million shares, or 3.2% of the share capital) that was acquired under the authorization resolved by the Annual Shareholders'

Meeting on May 19, 2000. It is not intended to retire these shares. 3.8 million own shares (2.8% of the share capital) were disposed of in the fiscal year for € 64.5 million.

## 5 | Prepaid Expenses

<b>in thousands of €</b>	<b>12/31/2002</b>	<b>12/31/2001</b>
Loan redemption premium	8,348	12,067
Other prepaid expenses	1,900	566
	<b>10,248</b>	<b>12,633</b>

The redemption premium for a convertible bond with a nominal amount of € 250 million is being written down using the straight-line method over the five-year life of the

bond, and the redemption premium for a bond with a nominal amount of € 500 million is being written down using the straight-line method over the seven-year life of the bond.

## SHAREHOLDERS' EQUITY AND LIABILITIES

### 6 | Subscribed Common Stock

The subscribed common stock increased against the previous year by € 0.9 million as a result of the issue of employee shares, and by a further € 0.1 million as a result of conversions.

As a result of the resolution of the Annual Shareholders' Meeting on May 23, 2001, the Company has authorized capital of € 166 million that can be used to issue new shares until May 22, 2006.

As a result of the resolution of the Annual Shareholders' Meeting on May 29, 2002, the Company has authorized

capital originally amounting to € 5.7 million that can be used to issue employee shares until May 28, 2007. This authorized capital has since been reduced to € 4.8 million as a result of the employee shares issued since that date.

As a result of the resolution of the Annual Shareholders' Meeting on May 29, 2002, the authorized capital originally amounting to € 5.1 million from June 4, 1997 was revoked. The unused amount of € 1.9 million lapsed.

The Company's share capital amounts to € 344,379,791.36 and is divided into 134,523,356 no-par value bearer shares.



A total of 467,200 conversion rights granted under the 1996 stock option plan for Executive Board members and senior managers have not yet been utilized. Every € 0.51 of the convertible loan entitles the holder to convert this to one share of Continental AG.

941,000 of the total of 1,564,664 options from the 1999 stock option plan for members of the Executive Board and managing directors have been issued. Each option entitles the holder to subscribe for one share.

The 2% convertible bond issued on October 25, 1999 and due in 2004, which has a total value of € 250 million, is linked to the right to subscribe for 38.83 shares when exchanging a bond with a principal amount of € 1,000. This represents up to 9,707,500 no-par value shares.

By way of the resolution of the Annual Shareholders' Meeting on May 23, 2001, the conditional capital was increased by € 140.0 million to guarantee conversion and option rights for new convertible bonds and warrants to be issued in the future.

By way of the resolution of the Annual Shareholders' Meeting on June 1, 1999, the share capital used to grant conversion and/or option rights for new convertible bonds and warrants to be issued in the future may be contingently increased by up to € 29.0 million.

The change in conditional capital is shown in the table below:

in thousands of €	
Conditional capital as of 1/1/2002	170,837
Exercise of conversion and option rights	149
<b>Conditional capital as of 12/31/2002</b>	<b>170,688</b>

## 7 | Additional paid-in capital

The premium derived from the issue of shares in excess of their nominal value increased the additional paid-in capital by € 4.3 million. As a result, the additional paid-in capital amounted to € 972.2 million at the balance sheet date.

## 8 | Surplus Reserves

in thousands of €	31/12/2002	31/12/2001
Reserve for treasury stock	64,468	120,125
Other surplus reserves	34,690	33,500
	<b>99,158</b>	<b>153,625</b>

Withdrawals from the reserve for treasury stock in the amount of € 55,657 thousand are due to the sale of own shares on the stock exchange.

In line with section 58 (2) AktG, management transferred an amount of € 1,190 thousand to the other surplus reserves from the net income for 2002.

## 9 | Special Tax-allowable Reserves

<b>in thousands of €</b>	<b>12/31/2002</b>	<b>12/31/2001</b>
Write-ups of financial assets	31,960	63,920
Reserve in accordance with section § 6b EStG	1,503	-
	<b>33,463</b>	<b>63,920</b>

In accordance with section 52 (16) Einkommenssteuergesetz (EStG – German Income Tax Act) as amended by the Steuerentlastungsgesetz (German Tax Relief Act)

1999/2000/2002, the special tax-allowable reserves contain 1/5 of the write-ups of financial assets.

## 10 | Provisions

<b>in thousands of €</b>	<b>12/31/2002</b>	<b>12/31/2001</b>
Pensions and similar obligations	237,410	233,042
Taxes	184,455	112,384
Other provisions	219,606	200,998
	<b>641,471</b>	<b>546,424</b>

Pension provisions are determined in accordance with US GAAP (FAS 87).

warranties, bonus payments, personnel and social security expenses, deferred maintenance and holiday and anniversary provisions.

Other provisions cover identifiable risks and other uncertain obligations. In particular, they contain provisions for

## 11 | Liabilities

<b>in thousands of €</b>	<b>12/31/2002</b>	<b>thereof &lt; 1 year</b>	<b>thereof &gt; 5 years</b>	<b>12/31/2001</b>	<b>thereof &lt; 1 year</b>	<b>thereof &gt; 5 years</b>
Loans, convertible	266,984	-	-	267,028	-	-
Non-convertible	503,495	3,495	500,000	503,304	3,304	500,000
Liabilities to banks	264,111	102,844	-	722,839	561,596	-
Trade accounts payable	69,934	69,934	-	57,133	57,133	-
Liabilities on bills accepted and drawn	23	23	-	133	133	-
Liabilities to affiliated companies	751,907	751,907	-	688,954	688,954	-
Liabilities to associates	5,247	5,247	-	10,653	10,653	-
Other liabilities	250,979	190,979	-	293,597	233,597	-
thereof taxes	(1,796)	-	-	(5,347)	-	-
thereof for social security	(9,663)	-	-	(8,782)	-	-
	<b>2,112,680</b>	<b>1,124,429</b>	<b>500,000</b>	<b>2,543,641</b>	<b>1,555,370</b>	<b>500,000</b>

**Commitments and contingencies** | The liabilities from bills of exchange result from the discounting of trade bills. The liabilities from warranties, sureties and guarantees relate, with the exception of € 0.9 million, to liabilities incurred by our subsidiaries and equity interests, and primarily to sureties and guarantees amounting to € 692.2 mil-

lion relating to capital market finance for Continental Rubber of America, Corp., Wilmington, Delaware, USA and Continental Tire, Inc., Charlotte, North Carolina, USA. The joint liability for pension obligations is the result of the transfer of pension obligations to the spun-off ContiTech companies.

<b>Commitments and Contingencies in thousands of €</b>	<b>12/31/2002</b>	<b>12/31/2001</b>
Liabilities from bills of exchange	39,143	57,083
Liabilities from warranties	61,231	174,800
Liabilities from guarantees	811,152	1,049,718
Liabilities from sureties	3,115	2,342
Liability from shares in cooperative societies	28	28
Joint liability for pension obligations	37,334	45,503

**Other financial commitments** | Obligations in 2003 and later relate to rental and leasing contracts for real estate used for operations (€ 121.5 million), outsourced hardware and software (€ 71.7 million) and machinery and operating and office equipment (€ 4.0 million). Liabilities from orders relating to investments in fixed assets amount to € 39.2 million.

**Disclosure in accordance with the Wertpapierhandels-gesetz** | In accordance with section 21 (1) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), Deutsche Bank AG, Frankfurt am Main, disclosed in November 2002 that it no longer exceeds the threshold of 5% of the voting rights in Continental AG and now holds voting rights of 0.12%. In addition, in accordance with sections 21 (1) and 24 of the WpHG, it disclosed that its subsidiary DB Value GmbH, Norderfriedrichskoog, also no longer exceeds the threshold of 5%

of the voting rights in Continental AG with effect from November 2002, and that it does not hold any voting rights.

In 2002, and in the period up to and including March 10, 2003, the total shareholdings of the members of the Supervisory Board and the Executive Board did not exceed 1% of the share capital. In fiscal 2002, Continental AG disclosed in accordance with section 15a of the WpHG, that a member of its Executive Board had acquired a total of 4,000 shares as part of a stock option plan and had then sold them immediately.

**German Corporate Governance Code/declaration in accordance with section 161 AktG** | The declaration in accordance with section 161 AktG was first issued by the Executive Board and the Supervisory Board in 2002, and made available to our shareholders on our website under [www.conti-online.com](http://www.conti-online.com).

## NOTES TO THE INCOME STATEMENT

### 12 | Sales

in millions of €	2002	2001
<b>Broken down by segment</b>		
Tires	1,722.5	1,663.0
Other income	191.4	187.1
	<b>1,913.9</b>	<b>1,850.1</b>
<b>Broken down by regions</b>		
Germany	954.1	916.1
Rest of Europe	858.8	797.1
Other income	101.0	136.9
	<b>1,913.9</b>	<b>1,850.1</b>

### 13 | Other Operating Income

in thousands of €	2002	2001
Income from the disposal of fixed assets	18,203	25,826
Income from the reduction of allowances for doubtful accounts	80	20,771
Income from the reversal of provisions	1,067	4,137
Income from the reversal of special tax-allowable reserves	31,960	33,364
Other	136,734	137,260
	<b>188,044</b>	<b>221,358</b>

Income from the disposal of fixed assets is mainly due to the disposal of the Hanover-Limmer business facility, as well as to the disposal of FSG Franchise Service Gesellschaft mbH, Hanover, and Industria Textil do Ave S.A., Lousado, Portugal.

Other income contains cost allocations to other consolidated companies amounting to € 88.2 million (2001: € 93.3 million). In addition, this item also includes ongoing income from other ancillary business and other income.

### 14 | Other Operating Expenses

in thousands of €	2002	2001
Losses from the disposal of fixed assets	387	563
Losses from write-downs of current assets (excluding inventories)	2,752	3,184
Transfer to special tax-allowable reserves	1,503	–
Other expenses	148,684	161,650
Other taxes	1,435	1,158
	<b>154,761</b>	<b>166,555</b>

The other expenses comprise cost allocation expenses in the amount of € 88.2 million (2001: € 93.3 million) in particular, along with expenses for ancillary business.

## 15 | Net Income from Financial Activities

<b>in thousands of €</b>	<b>2002</b>	<b>2001</b>
Income from profit and loss transfer agreements	143,548	15,101
Income from investments		
in affiliated companies	274,351	213,912
in associated companies	4,653	312
in other companies	423	245
Loss absorption from profit and loss transfer agreements	- 4,584	- 146,355
<b>Earnings from investments</b>	<b>418,391</b>	<b>83,215</b>
Income from other investments and long term loans	82	44
Other interest and similar income		
from affiliated companies	21,763	26,228
from other companies	9,873	12,569
Interest and similar expenses		
to affiliated companies	- 15,526	- 16,516
to other companies	- 90,613	- 76,886
<b>Net interest expense</b>	<b>- 74,421</b>	<b>- 54,561</b>
<b>Amortization of financial assets and investments classified as current assets</b>	<b>- 270,750</b>	<b>- 20,581</b>
<b>Net income from financial activities</b>	<b>73,220</b>	<b>8,073</b>

## 16 | Extraordinary Expense

As in the previous year, the extraordinary expense resulted from a subsidy paid to Continental Automotive Inc., Charlotte, North Carolina, USA.

## 17 | Income Tax Expense

The tax expense of € 105.8 million includes income tax allocations to related companies under profit and loss pooling agreements in the amount of € 37.1 million.

## Other Disclosures

<b>Cost of materials in thousands of €</b>	<b>2002</b>	<b>2001</b>
Cost of raw materials, consumables and supplies and of purchased merchandise	891,254	946,152
Cost of purchased services	88,370	79,019
	<b>979,624</b>	<b>1,025,171</b>

<b>Personnel expenses in thousands of €</b>	<b>2002</b>	<b>2001</b>
Wages and salaries	337,551	356,122
Social security costs and other pension costs	82,052	90,782
thereof for retirement benefits	(19,307)	(29,804)
	<b>419,603</b>	<b>446,904</b>

<b>Average number of employees per quarter</b>	<b>2002</b>	<b>2001</b>
Wage earners	4,448	4,521
Salaried employees	3,025	3,073
	<b>7,473</b>	<b>7,594</b>

**Depreciation and amortization** | The amortization of intangible assets and financial assets and the depreciation of fixed assets calculated in accordance with the principles of the German Commercial Code can be seen in the “Statement of Changes in Fixed Assets and Investments”.

Depreciation and amortization contain 7.7 million tax depreciation and amortization in accordance with section 6b EStG for tax purposes.

**Remuneration of the Supervisory Board and the Executive Board** | The total remuneration of the Executive Board of Continental AG amounted to € 5.4 million in fiscal 2002 (2001: € 3.2 million). This amount was split evenly (€ 2.7 million) between fixed and variable remuneration components. In addition, remuneration paid to former members of the Executive Board and their surviving dependents amounted to € 6.6 million (2001: € 9.0 million).

Provisions amounting to € 51.0 million (2001: € 46.7 million) have been set up for pension obligations to former members of the Executive Board and their surviving dependents. The remuneration of the members of the Supervisory Board of Continental AG amounted to € 0.9 million (2001: € 0.2 million). € 0.8 million of this was attributable to variable components.

Members of the Executive Board were granted 82,500 options (2001: 60,000) for the acquisition of Continental shares as part of the 2002 stock option plan. As of December 31, 2002, no advances or loans had been granted to members of Continental AG’s Executive and Supervisory Boards.

**Proposal for the distribution of earnings** | After withdrawals from the reserve for own shares of € 55,657,189.50 and the transfer of € 1,190,000.00 to other surplus reserves by management in accordance with section 58 (2) AktG, net retained profits amount to € 58,985,102.90. Assuming that the number of own shares held at the balance sheet date does not change before the Annual Shareholders’ Meeting, the dividend-bearing capital will amount to € 333,303,365.12. The Executive Board will propose a dividend of € 0.45 per share (€ 58,588,482.15) to the Annual Shareholders’ Meeting and to carry the remaining retained earnings of € 396,620.75 forward on new account.

Hanover, March 10, 2003

Continental Aktiengesellschaft

The Executive Board

## AUDITOR'S REPORT

We have audited the annual financial statements, together with the bookkeeping system, and the management report of the Continental Aktiengesellschaft, Hanover, for the business year from January 1, to December 31, 2002. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of the audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records,

the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Continental Aktiengesellschaft in accordance with German principles of proper accounting. On the whole, the management report provides a suitable understanding of the position of the Company's position and suitably presents the risks of future development.

Hanover, March 10, 2003

KPMG Deutsche Treuhand-Gesellschaft  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Zehnder  
Wirtschaftsprüfer

Papenberg  
Wirtschaftsprüfer

## THE SUPERVISORY BOARD

### Members of the Supervisory Board of Continental AG

**Memberships of other statutory Supervisory Boards and in comparable controlling bodies of companies in Germany and abroad in accordance with Section 285 no. 10 HGB (German Commercial Code):**

**Dr. Hubertus von Grünberg | Chairman  
Member of various Supervisory Boards**

Allianz Versicherungs-AG, Munich, Germany | Deutsche Telekom AG, Bonn, Germany | MAN Aktiengesellschaft, Munich, Germany | SAI Automotive AG, Frankfurt/Main, Germany (since August 2002) | Schindler Holding AG, Hergiswil, Switzerland

**Richard Köhler\* | Deputy Chairman  
Chairman of the Corporate Employee Council, Deputy Chairman of the Employee Council for the Korbach Plant and Chairman of the European Employee Council**

**Heidemarie Aschermann\* | Member of the Employee Council for the Northeim Plant**

**Dr. h.c. Manfred Bodin | Chairman of the Executive Board Norddeutsche Landesbank Girozentrale**

Bankgesellschaft Berlin AG, Berlin, Germany | Berlin-Hannoversche Hypothekenbank AG, Hanover-Berlin, Germany | CeWe Color Holding AG, Oldenburg, Germany | Dragoco Gerberding & Co. AG, Holzminden, Germany (until October 2002) | MHB Mitteleuropäische Handelsbank AG Deutsch-Polnische Bank, Frankfurt/Main, Germany | Nordland Papier AG, Doerpen, Germany (until June 2002) | Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – Bremen, Germany\*\* | DekaBank Deutsche Kommunalbank, Frankfurt/Main, Germany | LBS Norddeutsche Landesbausparkasse, Berlin-Hannover, Hanover/Berlin, Germany (Chairman)\*\* | LHI Leasing GmbH, Munich, Germany (Chairman) | NORD CON Asset Management Holding GmbH, Berlin, Germany (Chairman)\*\* | NORD/LB Luxembourg S.A., Luxembourg (Chairman)\*\* | Skandifinanz AG, Zurich, Switzerland\*\* | Provinzial Lebensversicherung Hannover, Hanover, Germany

**Dr. Diethart Breipohl | Member of various Supervisory Boards**

Allianz AG, Munich, Germany | Bayerische Hypo- und Vereinsbank AG, Munich, Germany (until May 2002) | Beiersdorf AG, Hamburg, Germany | KarstadtQuelle AG, Essen, Germany | KM Europa Metal AG, Osnabrueck, Germany (Chairman) | mg technologies ag, Frankfurt/Main, Germany | Banco Popular Español, Madrid, Spain | BPI Banco Portugues de Investimento, Porto, Portugal | Crédit Lyonnais, Paris, France | EULER & Hermes, Paris, France (since April 2002) | Les Assurances Générales de France (AGF), Paris, France

**Prof. Dr.-Ing. E.h. Werner Breitschwerdt | Consultant**  
active-film.com AG, Frankfurt/Main, Germany (until July 2002) | Dornier GmbH, Friedrichshafen, Germany | Ed. Züblin AG, Stuttgart, Germany | MTU Motoren- und Turbinen-Union Friedrichshafen GmbH, Friedrichshafen, Germany | DaimlerChrysler of South Africa (Pty.) Ltd., Pretoria, South Africa | Mercedes-Benz USA, Montvale, USA

**Michael Deister\* | Deputy Chairman of the Employee Council for the Stöcken Plant**

**Walter Flecken | Member of the Management Board, Region North of Deutsche Bank AG**

Member of the Supervisory Board of Continental AG (from June 30, 2002 to January 20, 2003)

**Dr. Michael Frenzel | Chairman of the Executive Board TUI AG**

AXA Konzern AG, Cologne, Germany | Deutsche Bahn AG, Berlin, Germany (Chairman) | Deutsche Hypothekenbank AG, Hanover, Germany (until May 2002) | E.ON Energie AG, Munich, Germany | Hapag-Lloyd AG, Hamburg, Germany (Chairman)\*\* | Hapag-Lloyd Flug GmbH, Hanover, Germany (Chairman)\*\* | ING BHF Bank AG, Frankfurt/Main, Germany (since June 2002) | ING BHF Holding AG, Frankfurt/Main, Germany (since June 2002) | TUI Deutschland GmbH, Hanover, Germany (Chairman)\*\* | Volkswagen AG, Wolfsburg, Germany | Norddeutsche Landesbank, Hannover, Germany | Preussag North America, Inc, Greenwich, USA (Chairman)\*\*



**Prof. Dr.-Ing. E.h. Hans-Olaf Henkel | President of the Leibniz Association**

Bayer AG, Leverkusen, Germany (since May 2002) | European Aeronautics and Defense Systems AG, Munich, Germany | econia AG, Cologne, Germany (until September 2002) | IBM Deutschland GmbH, Berlin, Germany (until September 2002) | Deutsche Industriebank AG (IKB), Dusseldorf, Germany | SMS AG, Dusseldorf, Germany | ETF, Massagno, Switzerland | Orange SA, Paris, France | Ringier AG, Zofingen, Switzerland

**Karl-Heinz Hilker\* | Electrician  
Former Chairman of the Employee Council for the Vahrenwald Plant and Deputy Chairman of the Joint Employee Council**

**H. Peter Hüttenmeister\* | Northern Region Manager, IG Bergbau, Chemie, Energie (Union of Mining, Chemical, Energy Industries)**

DuPont Performance Coatings GmbH & Co. KG., Wuppertal, Germany | Mitteldeutsche Sanierungs- und Entsorgungsgesellschaft GmbH (MDSE), Bitterfeld, Germany

**Gerhard Knuth\* | Chairman of the Joint Employee Council of Continental Teves AG & Co. oHG**

**Hartmut Meine\* | Hanover District Manager IG Metall (German Metalworkers' Union) for Lower Saxony and Saxony-Anhalt**

KM Europa Metal AG, Osnabruck, Germany

**Werner Mierswa\* | Commercial Employee  
Former Chairman of the Joint Employee Council and of the Employee Council for Continental's Headquarters**

**Jan P. Oosterveld | Member of the Group Management Committee Royal Philips Electronics N.V.**

LG.Philips LCD Co., Ltd., Seoul, Korea (Chairman) | LG.Philips Display Holding BV, Eindhoven, Netherlands | Philips Venture Capital Fund B.V., Eindhoven, Netherlands\*\* | Philips Electronics China B.V., Eindhoven, Netherlands\*\*

Member of the Supervisory Board of Continental AG (since January 22, 2003)

**Dr. Thorsten Reese\* | Head of Corporate Quality and Environment**

Member of the Supervisory Board of Continental AG (since March 3, 2003)

**Prof. Dr. Rainer Stark\* | Head of Quality and Environmental Projects**

Member of the Supervisory Board of Continental AG (until February 28, 2003)

**Fred G. Steingraber | Chairman Board Advisors, USA  
Retired Chairman and CEO A.T. Kearney, USA**

John Hancock Financial Trends Fund, Boston, Massachusetts, USA | Maytag Corporation, Newton, Iowa, USA | 3i plc, London, UK

**Dirk Sumpf\* | Trade Union Secretary, IG Bergbau, Chemie, Energie (Union of Mining, Chemical and Energy Industries)**

Wolff Walsrode AG, Walsrode, Germany (until April 2002)

**Dr. Giuseppe Vita | Chairman of the Supervisory Board of Schering AG**

Allianz Lebensversicherungs-AG, Stuttgart, Germany | Axel Springer Verlag AG, Berlin, Germany | Berliner Kraft- und Licht (BEWAG) AG, Berlin, Germany | Degussa AG, Dusseldorf, Germany | Dussmann AG & Co., KgaA, Berlin, Germany | HUGO BOSS AG, Metzingen, Germany (Chairman) | Deutsche Bank SpA, Milan, Italy (Chairman) | Riunione Adriatica di Sicurtà (RAS) S.p.A., Milan, Italy (Chairman)

Member of the Supervisory Board of Continental AG (until June 30, 2002)

**Dr. Bernd W. Voss | Member of various Supervisory Boards**

Allianz AG, Munich, Germany (since June 2002) | Dresdner Bank AG, Frankfurt/Main, Germany | E.ON AG, Dusseldorf, Germany | KarstadtQuelle AG, Essen, Germany | Oldenburgische Landesbank AG, Oldenburg, Germany, (Chairman) (until May 2002) | TUI AG, Hanover, Germany | Quelle AG, Fuerth, Germany | Volkswagen AG, Wolfsburg, Germany (until April 2002) | Wacker Chemie GmbH, Munich, Germany | ABB Ltd., Zurich, Switzerland | Bankhaus Reuschel & Co., Munich, Germany (Chairman)

**Dr. Ulrich Weiss | Member of various Supervisory Boards**

ABB AG, Mannheim, Germany | BEGO Medical AG, Bremen, Germany | Heidelberger Zement AG, Heidelberg, Germany | O&K Orenstein & Koppel AG, Berlin, Germany (Chairman) | Sudzucker AG, Mannheim, Germany | Benetton Group S.p.A., Ponzano, Treviso, Italy | Ducati Motor Holding S.p.A., Bologna, Italy | Piaggio Holding S.p.A., Pontedera, Italy

\* Employee representatives

\*\* Consolidated companies pursuant to section 100 subsection 2 AktG (German Stock Corporation Law)

## THE EXECUTIVE BOARD

### Members of the Executive Board of Continental AG

**List of the positions held by current and former Executive Board members on statutory Supervisory Boards and on comparable controlling bodies of companies in Germany and abroad in accordance with section 285 no. 10 HGB (German Commercial Code):**

**Manfred Wennemer | Chairman  
Passenger Tires (until January 31, 2003)  
ContiTech**

**Director of Labor Relations, Personnel  
(since January 1, 2003)**

Frankfurter Versicherungs-Aktiengesellschaft, Frankfurt/Main, Germany (since June 2002) | Benecke-Kaliko AG, Hanover, Germany (Chairman)\* | Conti Temic microelectronic GmbH, Nuremberg, Germany\* | Continental Teves, Inc., Wilmington, USA\* | Continental Tire North America, Inc., Charlotte, USA\* | ContiTech AGES SpA, Santena, Italy (President)\* | ContiTech Antriebssysteme GmbH, Hanover, Germany\* | ContiTech Schlauch GmbH, Hanover, Germany\* | ContiTech Techno-Chemie GmbH, Karben, Germany\* | ContiTech Transportbandsysteme GmbH, Hanover, Germany\* | ContiTech Vibration Control GmbH, Hanover, Germany\* | ContiTech North America, Inc., Wilmington, USA\* | Temic Automotive of North America, Inc., Auburn Hills, USA\*

**Dr. Wolfgang Ziebart | Deputy Chairman  
Continental Automotive Systems**

SupplyOn AG, Gerlingen-Schillerhöhe, Germany | Conti Temic microelectronic GmbH, Nuremberg, Germany (Chairman)\* | Continental Teves, Inc., Wilmington, USA\* | Temic Automotive of North America, Inc., Auburn Hills, USA\*

**Bernd Frangenberg | Continental Tire North America, Inc.  
(until March 31, 2002)**

Compania Hulera Euzkadi S.A. de C.V., Anahuac, Mexico\* | Consorcio Mercantil Exportador S.A. de C.V., Anahuac, Mexico\* | Continental Automotive Licensing Corp., Charlotte, USA\* | Continental Products Corporation, Charlotte, USA\* | Continental Tire de Mexico S.A. de C.V., Anahuac, Mexico\* | Continental Tire North America, Inc., Charlotte, USA\* | CTNA Holding Corp., Charlotte, USA\* | DynaGen, Inc., Charlotte, USA\* | Englewood Services, Inc., Charlotte, USA\* | General Tire de Mexico S.A. de C.V., Anahuac, Mexico\* | General Tire International Company,

Charlotte, USA\* | General Tire Realty Co., Charlotte, USA\* (all until March 31, 2002)

**Klaus Friedland | Finance,  
Controlling and Law (until May 31, 2002)  
Director of Labor Relations, Personnel  
(until December 31, 2002)**

Continental Automotive, Inc., Wilmington, USA\* | Continental Rubber of America, Corp., Wilmington, USA\* | Continental Teves, Inc., Wilmington, USA\* | Continental Tire North America, Inc., Charlotte, USA\* | ContiTech North America, Inc., Wilmington, USA\* | Semperit Reifen Gesellschaft m.b.H., Traiskirchen, Austria\* | Temic Automotive of North America, Inc., Auburn Hills, USA\* | (all until December 31, 2002)

**Dr. Alan Hippe | Finance, Controlling and Law  
(since June 1, 2002)**

Continental Automotive, Inc., Wilmington, USA\* | Continental Rubber of America, Corp., Wilmington, USA\* | Continental Teves, Inc., Wilmington, USA\* | Continental Tire North America, Inc., Charlotte, USA\* | ContiTech North America, Inc., Wilmington, USA\* | Temic Automotive of North America, Inc., Auburn Hills, USA\* (all since January 1, 2003)

**Martien de Louw | Passenger Tires (since February 1, 2003)**

**Dr. Hans-Joachim Nikolin | Commercial Vehicle Tires,  
Corporate Quality and Environment**

Continental Tire North America, Inc., Charlotte, USA\* | Continental Tyre South Africa (PTY) Limited, Port Elizabeth, South Africa\* | Drahtcord Saar GmbH & Co. KG, Merzig, Germany | Semperit Reifen Gesellschaft m.b.H., Traiskirchen, Austria (Chairman)\* | KG Deutsche Gasrußwerke GmbH & Co., Dortmund, Germany | Modi Rubber Limited, New Delhi, India (until September 2002)

**Manager with General Powers of Attorney**

**Werner P. Paschke | Controlling and Accounting**

\* Consolidated companies pursuant to section 100 subsection 2 AktG (German Stock Corporation Law)

## FINANCIAL CALENDAR

### 2003

Financials press conference	April 8
Analyst conference	April 8
Interim report on first three months 2003	May 5
Annual Shareholders' Meeting	May 23
Interim report on first six months 2003	July 31
Interim report on first nine months 2003	October 29

### 2004

Financials press conference	March
Analyst conference	March
Interim report on first three months 2004	April
Annual Shareholders' Meeting	May 14
Interim report on first six months 2004	July
Interim report on first nine months 2004	October

This Annual Report is also published in German.

The full Annual Report of Continental Corporation is available in German and English.

If you wish to receive a copy of either of these reports, please contact:

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