Engineering the Future




Annual Report 2001

MAN Aktiengesellschaft

At a glance

MAN Group

€ million

	2001	1999/00	changes in %
New orders	15 678	15 640	0
Sales	16 300	14 581	+12
Employees (Number)	77 606[1)]	76 604[2)]	+1
Capital expenditures	1 278	1 217	+5
Cash flow	862	1 011	−15
Shareholders' equity	2 862[1)]	2 963[2)]	−3
Earnings before taxes on income	213	668	−68
Net income	151	424	−64
Income per share in €	1.01	2.52	−60
Dividend per share in €	0.60	1.00	−40

1) as of Dec. 31, 2001

2) as of Dec. 31, 2000

»The MAN Group is one of Europe's leading producers of capital goods with annual sales exceeding €16bn and approximately 77 000 employees worldwide.«

Commercial Vehicles

MAN Nutzfahrzeuge

– One of the leading manufacturers of commercial vehicles in Europe, no. 2 acc. to brand names

– Trucks from 6 to 50 t for every kind of application

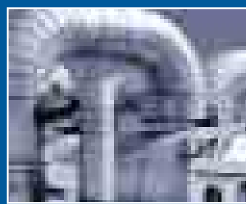
– Buses and coaches

– Vehicle, marine and industrial engines

– Production locations in Germany, Austria, Poland, Turkey, Great Britain and South Africa

€ million	
New orders	6 272
Sales	6 741
Export share (%)	63
Earnings	(49)
Employees*	35 746

Industrial Services



Ferrostaal

– A worldwide supplier of industrial services

– Engineering, supply, assembly, project management as well as customised financing packages for industrial plants

– The delivery of navy and merchant vessels, machines and infrastructure-related equipment

– Trade with steel products, industrial and systems logistics, piping supply

€ million	
New orders	2 737
Sales	2 855
Export share (%)	77
Earnings	104
Employees*	7 230

The structure of the MAN Group

MAN Aktiengesellschaft

Printing Machines

MAN Roland Druckmaschinen

– Globally leading system supplier for equipment, planning, construction and commissioning of printing companies

– World market leader in web offset presses for printing newspapers and commercial jobs

– Second-largest manufacturer of sheet-fed offset presses for printing advertising material and packaging

– Supplier of digital printing systems for multi-colour short-run production

€ million	
New orders	1 993
Sales	2 081
Export share (%)	79
Earnings	89
Employees*	10 570

Diesel Engines

MAN B&W Diesel

– »Birthplace of the Diesel engine«

– World market leader for two-stroke propulsion engines and designer of the world's most powerful Diesel engine with 80 MW

– Worldwide leading supplier of large four-stroke Diesel engines for marine propulsions, power plants and railways

– Works in Germany, Denmark, England, France, and the Netherlands

€ million	
New orders	1 489
Sales	1 415
Export share (%)	85
Earnings	75
Employees*	7 286

Industrial Equipment and Facilities

MAN Turbomaschinen
Compressors, turbines, service

MAN Technologie
Space Systems and Aviation, Mobile Bridges

RENK
Power Transmission Engineering

Deggendorfer Werft und Eisenbau
Reactor systems, plant construction

Major shareholdings:

SMS SHW

€ million	
New orders	3 436
Sales	3 572
Export share (%)	74
Earnings	63
Mitarbeiter*	15 971

* number, Dec. 31, 2001

Contents

Report of the Supervisory Board

Dr. jur. Dr. rer. pol. h. c.
Klaus Götte
Chairman

At four meetings held during the 2001 financial year, the Supervisory Board was presented with detailed information by the Executive Board on the economic situation of the companies belonging to the MAN Group, and on business developments and company policy in the form of both written and personal reports. On these occasions, events of significance for business transactions as well as matters of corporate planning were also discussed with the Executive Board.

In the interim periods, written reports on current business developments were again submitted to the Supervisory Board on a quarterly basis.

In the course of 2001, problems with capacity utilisation and earnings were encountered in the commercial vehicles division. These were considerably aggravated by the discovery of serious balance-sheet manipulation at ERF, the British commercial vehicle manufacturer acquired at the beginning of 2000. The Supervisory Board was deeply involved with the situation at MAN Nutzfahrzeuge, including the measures adopted to achieve a return to the positive yields of previous years, and in particular with the events at ERF.

In this regard, the Supervisory Board received detailed information on the ERF reorganisation concept. The necessary measures were taken to shed light on the occurrences in England and to protect our legal interests. In addition, a special investigation was carried out by independent auditors to clarify procedures during the acquisition of ERF. Their findings have been incorporated into the further development of our existing risk-management system.

The Chairmen of the Executive and Supervisory Boards were also in constant contact, meeting on a regular basis to discuss all important issues relating to company policy and current business operations. As in previous years, the minutes of the monthly meetings of the Executive Board were submitted to the Supervisory Board Chairman, providing him with details of all topics on the agenda. Availability of the information required by the Supervisory Board to duly carry out its duties was therefore ensured at all times.

The Supervisory Board's Standing Committee, which also reviews all matters subject to Supervisory Board approval, met on two occasions during the financial year. The Group's equity investments were discussed in detail, with reports on the situation at MAN Nutzfahrzeuge AG's English subsidiary forming one of the key issues.

No meetings of the Committee for Executive Board Personnel Affairs, nor of the Arbitration Committee formed in accordance with Sec. 27 para. 3 Co-Determination Act, were necessary in 2001.

BDO Deutsche Warentreuhand Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Munich, which was appointed as auditor of the company at the Annual General Meeting, has audited the financial statements of MAN Aktiengesellschaft and the consolidated financial statements, as well as the Management Report, which also includes Group operations, each of which has been certified without qualification of any kind. The auditor attended the financial-audit meeting of the Supervisory Board and reported accordingly. We have taken note of and approved the results of the audit proceedings.

Nor are there any objections to be raised by the Supervisory Board based on the final result of its own examination of the financial statements, the consolidated financial statements and the Management Report. We endorse the annual financial statements prepared by the Executive Board, which have therefore been duly adopted. We furthermore agree with the proposal for the appropriation of retained earnings submitted by the Executive Board.

We should like to thank all members of the executive boards and boards of directors, as well as the staff of MAN Group companies for their achievements and active commitment in 2001. We also extend our thanks to the workforce representatives for their objective and constructive cooperation in furthering the interests of the company.

Munich, 21 March 2002
Chairman of the Supervisory Board

Klaus Götte

Supervisory Board

Dr. jur. Dr. rer. pol. h.c. Klaus Götte
Munich, former Chairman of the Executive Board, MAN AG, Chairman

Dr. rer. pol. Gerlinde Strauss-Wieczorek*
Rüsselsheim, Secretary of the German Metalworkers Union, Deputy Chairwoman

Dr. jur. Hans-Jürgen Schinzler
Munich, Chairman of the Executive Board, Münchener Rückversicherungs-Gesellschaft, Deputy Chairman

Dr. oec. Paul Achleitner
Munich, Member of the Executive Board, Allianz AG

Dr. jur. Friedhelm Gieske
Essen, former Chairman of the Executive Board, RWE AG

Dr. rer. nat. Hubertus von Grünberg
Hanover, Chairman of the Supervisory Board, Continental AG

Jürgen Hahn*
Essen, commercial employee, Ferrostaal AG
(as of 7 February 2001)

Dr. phil. Klaus Heimann*
Frankfurt/Main, Secretary of the German Metalworkers Union

Karlheinz Hiesinger*
Gersthofen, Education Officer, German Metalworkers Union

Georg Hillebrand*
Augsburg, Chairman of the Works Council, MAN B&W Diesel AG, Augsburg Plant
(deceased 7 February 2001)

Dr. Eng. h.c. Volker Jung
Munich, Member of the Executive Board, Siemens AG

Dr. rer. oec. Norbert Käsbeck
Frankfurt/Main, former Member of the Executive Board, Commerzbank AG

Hans Jakob Kruse
Hamburg, former Executive Board Spokesman, Hapag-Lloyd AG

Nicola Lopopolo*
Hanover, Chairman of the Works Council, RENK AG, Hanover Plant

Lothar Pohlmann*
Oberhausen, Chairman of the Works Council, MAN Turbomaschinen AG GHH BORSIG, Sterkrade Plant

Peter Potrykus*
Lengede, Chairman of the Works Council, MAN Nutzfahrzeuge AG, Salzgitter Plant

Hermann Regal*
Augsburg, Member of the Works Council, MAN Roland Druckmaschinen AG, Augsburg Plant

Prof. Dr.-Ing. Ekkehard Schulz
Düsseldorf, Chairman of the Executive Board, ThyssenKrupp AG

Helmut Schumacher*
Bergkirchen-Günding, Deputy Chairman of the Works Council, MAN Nutzfahrzeuge AG, Munich Plant

Ralf Simon*
Munich, Divisional Director, MAN Nutzfahrzeuge AG

Dr. rer. nat. Hanns-Helge Stechl
Mannheim, former Deputy Chairman of the Executive Board, BASF AG

* Elected by group employees

Executive Board

Dr.-Ing. E. h. Rudolf Rupprecht
Munich, Chairman

Dr. rer. pol. Ferdinand Graf von Ballestrem, Munich

Prof. Dipl.-Ing. (FH) Gerd Finkbeiner
Neusäß

Dr. rer. pol. Klaus von Menges
Essen

Dipl.-Ing. Håkan Samuelsson
Munich

Dr. jur. Hans-Jürgen Schulte LL.M.
Augsburg

Dr. jur. Philipp J. Zahn
Munich

Dr. rer. nat. Wolfgang Brunn
Gröbenzell (Deputy Member)

General Director

Dr. jur. Gerd Federlin
Lawyer, Munich

Group companies: executive and management boards

MAN Nutzfahrzeuge AG, Munich
Dipl.-Ing. Håkan Samuelsson, *Chairman*; Prof. Dr.-Ing. Franz Breun; Dr.-Ing. Georg Pachta-Reyhofen; Fred van Putten; Dipl.-Ökonom Anton Weinmann

Ferrostaal Aktiengesellschaft, Essen
Dr. rer. pol. Klaus von Menges, *Chairman*; Dipl.-Ing. Jens Gesinn; Helmut Julius; Fritz Graf von der Schulenburg; Rainer Schumacher; Dr.-Ing. Axel Wippermann

MAN Roland Druckmaschinen AG, Offenbach
Prof. Dipl.-Ing. (FH) Gerd Finkbeiner, *Chairman*; Dr.-Ing. Rainer Opferkuch; Dipl.-Ing. (FH) Paul Steidle; Dr. oec. publ. Ingo Koch (Deputy Member)

MAN B&W Diesel AG, Augsburg
Dr. jur. Hans-Jürgen Schulte LL.M., *Chairman*; Dipl.-Ing. Fritz Pape; Dr.-Ing. Peter Sunn Pedersen (Deputy Member)

MAN Turbomaschinen AG GHH BORSIG, Oberhausen
Jürgen Maus, *Chairman*; Dr.-Ing. Hans O. Jeske; Dr.-Ing. Josef Meyer

MAN Technologie AG, Augsburg
Dipl.-Ing. Horst Rauck, *Spokesman*; Dipl.-Ing. Carl F. Kolbow

RENK Aktiengesellschaft, Augsburg
Prof. Dr.-Ing. Manfred Hirt, *Spokesman*; Ulrich Sauter

Deggendorfer Werft und Eisenbau GmbH, Deggendorf
Dr.-Ing. Josef Dachs, *Spokesman*: Dipl.-Betriebswirt (FH) Reinhold Stock

SMS Aktiengesellschaft, Düsseldorf
Dr.-Ing. E. h. Heinrich Weiss, *Chairman*; Dr. rer. nat. Helmut Eschwey; Klaus Galinski; Dr.-Ing. Michael Hanisch; Dieter Rosenthal; Dipl.-Finanzwirt Heinz Wirke

Schwäbische Hüttenwerke GmbH, Aalen-Wasseralfingen
Dr.-Ing. Manfred Heinritz, *Chairman*; Dr.-Ing. Lothar Hauck

as of March 2002

Letter to our shareholders

Dr.-Ing. E. h.
Rudolf Rupprecht
Chairman

Dear shareholders,

The marked upward trend recorded by your company over a period of several years came to a halt in 2001. Influenced both by the economic environment and a number of exceptional factors, it was our largest division, Commercial Vehicles, that experienced the greatest setback, leading to a substantial drop in earnings. The SMS group, in which we hold a 51% share, also incurred losses for the first time. It was however encouraging, although not unexpected, that most of the other divisions and areas of activity performed well to very well. It was clearly demonstrated that the MAN Group holds a robust portfolio that can prevent our overall results from sliding too steeply, even in times of difficult economic conditions.

In the course of 2001, recessionary tendencies accelerated at surprising rate, the global economic environment deteriorating quarter by quarter. Added to this was the direct and indirect impact of the terrorist attacks in New York and Washington. In our case, this trend became most noticeable on the market for commercial vehicles, and also to some extent in the printing systems sector. General conditions also remained unfavourable for SMS. Especially after 11 September, an increasing number of pending orders for large-scale plant and equipment were cancelled as investors postponed major projects. Along with the economic research institutes and many other companies, we were also forced to reduce our sales volume forecast, and above all our earnings forecast, several times in 2001.

In view of this uncertain economic scenario, we nevertheless performed comparatively well in terms of new orders and sales. All in all, orders totalled €15.7 billion in 2001, which was equivalent to the level of the comparable financial year of 1999/2000, with sales climbing as much as 12% to €16.3 billion. Excluding those companies consolidated for the first time, the decline in incoming orders was no more than 5%, with sales even increasing by 6%, thanks to the high level of orders on hand at the beginning of 2001. Due to the fact that in 2001 we altered our financial-year cycle to coincide with the calendar year, it was necessary to insert a short financial year between July and December 2000. Our 2001 figures are therefore compared with the last full financial year of 1999/2000, when we achieved record figures.

Unfortunately, this relatively positive development in our business volume was not reflected in the final results. Earnings before interest and taxes reached €416 million, and earnings before taxes €213 million. Although these figures are both slightly higher than expected at the time of last updating our forecasts in November 2001, they are considerably lower than the equivalent figures for 1999/2000. For the first time after seven years of rising or stable dividend payments, we find ourselves obliged to reduce the distribution for 2001.

The reasons for this are to be found initially in the Commercial Vehicles sector, MAN's largest division contributing over 40% of sales, which however failed entirely as a profit-maker in 2001. This was partially due to the sharp downturn in demand on our main European market. All manufacturers were consequently forced to offer price concessions which led to a marked decline in margins, it being impossible to reduce costs at the same speed. Added to this in the case of MAN was the fact that, contrary to our plans, we had not yet reached our target costs for the new successful

Trucknology Generation. Furthermore, parallel manufacture of the old and new series continued to overrun costs. The bus manufacturing sector also operated at a loss. The decisive factor causing us to record a loss in the MAN Nutzfahrzeuge group was however the British truck subsidiary ERF, acquired in 2000, where a case of serious balance-sheet fraud was discovered in the summer of 2001.

In spite of intensive investigations on the part of two firms of auditors, the unqualified certification of three balance sheets, a comprehensive due diligence exercise and the involvement of our own internal audit department, the manipulation was still not discovered in time. Falsified records were subsequently identified in the financial accounting itself and even the calculations for ERF vehicles were incorrect. As a result, this acquisition, which made a great deal of sense from the strategic point of view, doubling our market share in the United Kingdom and which was intended to provide mid-term security for a large range of component supplies for ERF vehicles, turned out to be an economic disappointment.

At this point, we introduced emergency measures and completely changed our business concept. As from the summer of 2002, the ERF sales organisation in Germany and Austria will be selling vehicles based on the TG-A model, with a number of extra features being fitted in England. We hope that in this way, on-going operations at ERF will reach breakeven during the second half of 2002. Having established that the falsification of records at ERF reaches a long way back into the period of previous ownership, our lawyers have, on our behalf, taken action for substantial damages against the sellers and advised us to assertively pursue our case. One important outcome of this incident is that we have defined the necessary procedures more closely in the form of a company acquisition guideline. With the aid of this more sophisticated auditing tool, we hope to reduce the risk of disappointments in the future.

This clear change of strategy in the case of ERF is part of a turnaround programme for the MAN Nutzfahrzeuge group. Based on an all-embracing concept, we are working intensively on utilising cost-reduction potential to the full, optimising product ranges and processes, reducing capital commitments and speeding up the application of TG-A technology to all vehicles.

The second problem area at MAN, the SMS group, which leads the world market in the field of metallurgical and rolling-mill technology, continued to suffer from the effects of a market that has recorded a sustained low level of activity for several years. Restructuring this sector, which essentially consisted of bundling production facilities, streamlining organisational activities and processes, as well as adjusting capacity, called for a considerable financial outlay. Since even the plastics processing business suffered setbacks after its record year in 2000, there was no compensating income, so that SMS incurred losses for the first time ever. This meant that after many years of stable returns, there was no contribution from yet another significant profit-maker in the MAN Group. However, as a result of the comprehensive structural and economisation measures outlined above, SMS has now also set course for a turnaround in 2002.

In view of these financial burdens, it is all the more encouraging to note that in most other sectors in the Group, we succeeded in sustaining our successful performance.

Industrial Services for instance registered a decline in new orders, but earnings nevertheless climbed to reach a record figure. The Printing Machines division, which especially in the sheetfed sector suffered from a drop in orders, was able to improve its earnings thanks to the high level of orders on hand and the subsequent rise in sales. Diesel Engines benefited from the high demand for marine engines and diesel power stations, reporting the highest earnings in the history of the company. In the Industrial Equipment and Facilities division, the MAN Turbomaschinen group, with its new addition of Sulzer Turbo, our power transmission engineering subsidiary RENK, and also our 50% subsidiary SHW performed excellently. All the companies named produced returns which in some cases substantially exceeded our target figures of 15% on capital employed and 5% on sales.

Back row, from left to right

Prof. Dipl.-Ing. (FH) Gerd Finkbeiner
Neusäß

Dr. rer. pol. Klaus von Menges
Essen

Dr. rer. nat. Wolfgang Brunn
Gröbenzell
(Deputy Member)

Dr. jur. Hans-Jürgen Schulte LL.M.
Augsburg

Front row, from left to right

Dr. rer. pol. Ferdinand Graf von Ballestrem
Munich

Dr.-Ing. E. h. Rudolf Rupprecht
Munich
Chairman

Dr. jur. Philipp J. Zahn
Munich

Dipl.-Ing. Håkan Samuelsson
Munich

The developments described illustrate that your company does have considerable potential for offsetting contrary trends. Our five major divisions make up a resistant portfolio, which although it may not be able to prevent fluctuations in our earnings position, especially in the case of misfortunate occurrences like ERF, can however stabilise our performance and reduce the overall risk for the company and consequently also for our shareholders. However for intra-Group purposes, this does not mean that individual activities can relax and enjoy a secure padding. On the contrary, our highly-transparent structures ensure that sufficient pressure and motivation are created in each unit to encourage them to optimise their business and achieve the targeted returns.

With this in mind, we are continuing to pursue our strategy of focusing on those core activities offering opportunity for high growth and high returns, without however ceasing to diversify in the field of mechanical engineering. Our objective is to establish a group of clearly-focused enterprises in a number of predefined segments of the mechanical engineering industry, which consistently hold leading market positions and generate self-supporting volumes of business. In recent years, we have come very close to realising this strategic aim, with some 94% of our manufacturing activities meanwhile occupying the positions one to three in their relevant world or European markets.

With a view to optimising our structure even further, we shall continue to operate a proactive portfolio policy, entering into meaningful acquisitions or partnerships and transferring activities which are too small to environments where they are better able to develop. Although as from 2002, disinvestment has become easier from a tax point of view, market conditions have not yet allowed reasonable prices to be realised. However, this will most certainly change when the economy begins to recover, as is expected for the second half of 2002.

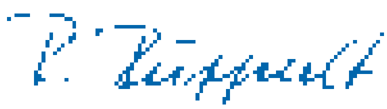
An important decision for our future positioning on the capital market will be taken by the Annual General Meeting on 17 May 2002. The Executive Board and the Supervisory Board have proposed an amendment to the Memorandum and Articles of Association, which will mean that we can offer the holders of all 36,760,000 non-voting preference shares the possibility of converting these into ordinary shares against payment of an additional conversion premium of €3.30. This step will be of benefit to all our shareholders. Holders of preference shares will be able to purchase ordinary shares with a fair price advantage, while in the case of holders of ordinary shares, the inflow of funds from the conversion premium will lead to an increase in the company's capital surplus, providing adequate compensation for the dilution of their voting rights. The higher liquidity of the ordinary shares will also increase market capitalisation which is important for membership of the DAX30 share index.

With this scheme, we are taking a decisive step in the direction of »one share, one vote«, and at the same time fulfilling a significant criterion for improved corporate governance. Coupled with consistent orientation of our business policy towards increasing value, this should result in MAN shares becoming even more attractive on international capital markets.

Our targeted returns remain fixed at a 15% pre-tax return on capital employed and a 5% return on sales. In the year under review, we fell well short of these targets after several years of respectable figures. We are now doing our utmost to meet our responsibilities to you, as well as to our customers, our staff and the company. To this end, we have, in addition to the measures undertaken in the Commercial Vehicles division and at SMS, also initiated efficiency-enhancing and economisation programmes in all other areas, in order to emerge from this cyclical trough in a healthy state and be ready to accelerate profitability as soon as momentum increases in the marketplace. The asset value of your company is still good, as are the prospects for significant appreciation. Following an interim phase in 2002, we are confident of moving closer to our targeted returns in 2003.

I should like to thank you for placing your trust in the company and ask you to continue to accompany us along this path.

Yours sincerely,



Rudolf Rupprecht
Chairman of the Executive Board
MAN Aktiengesellschaft

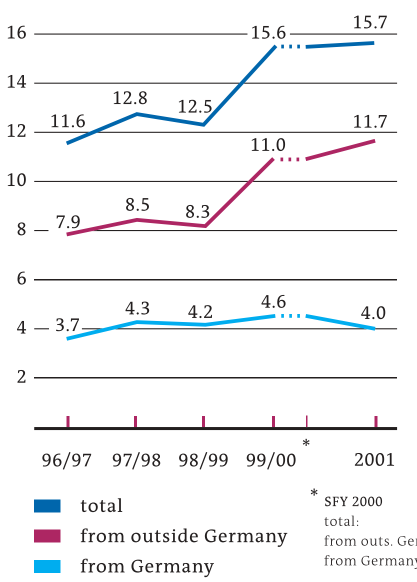
Management Report
for the fiscal year ended December 31, 2001

Following its vigorous growth over the past years, the MAN Group in 2001 succeeded, despite a considerably harsher environment, in repeating at €15.7 billion the order intake of the previous full fiscal year 1999/2000. Sales grew by 12 percent to €16.3 billion albeit earnings were battered by operating burdens plus special factors affecting Commercial Vehicles and the SMS Group. EBT tumbled from €668 million to €213 million, EpS crumbled from €2.52 to €1.01.

From today's vantage point we expect fiscal 2002 to deliver improved profitability for the MAN Group, although the extent will hinge on the pace at which the economic recovery predicted for the USA spreads during the first half of 2002 and spills over into Europe in the latter six months. Another major factor is how far our premised margins and personnel expenses do in fact materialize.

The economy and our business

New orders
€ billion



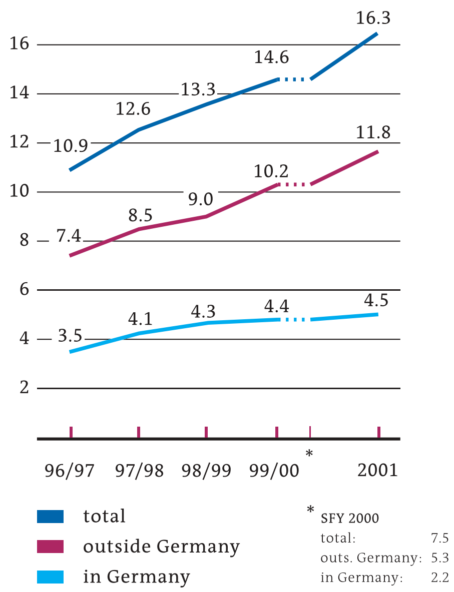
* SFY 2000
total: 7.8
from outs. Ger.: 5.6
from Germany: 2.2

A chillier global economy
Caught up in the US recession, the global economy chilled noticeably in the course of 2001. In the summer of 2001, hopes had existed that by fall the economy would steady, but these were crushed by the terrorist attacks in the USA on September 11. The ailing world economy infected both Germany and Europe.

In the German capital goods community, demand slipped 1 percent below the year-earlier level. Whereas domestic orders dropped by around 2.5 percent, orders abroad stayed at the year-earlier volume. In the case of commercial vehicles, registrations of trucks of over 6 t were still high at 321,000, yet 4.5 percent lower than in the comparable fiscal year 1999/2000.

Order intake at year-earlier level
Within the divisions the situation was mixed. At €15.7 billion, order influx in the MAN Group was altogether equal to the volume of the previous full fiscal year 1999/2000. Changes within the group of consolidated companies (the addition of bus builder NEOPLAN and the turbomachine operations of Sulzer in 2001 plus the companies which had only been prorated in 1999/2000) together accounted for 5 percentage points of aggregate orders booked.

Sales
€ billion



Business in Germany and abroad varied, with domestic orders, at €4.0 billion, 13 percent short of the previous year and non-German orders rising another 6 percent to €11.7 billion.

For the MAN Group, Europe including Germany was again the biggest market (65 percent), even if order inflow did slide by 7 percent to €10.1 billion. This was offset by keen demand for large plant complexes and diesel engines from Asia where contracts awarded jumped to €2.5 billion. In fact, accounting for 16 percent of order intake, Asia has now overtaken the Americas (14 percent) as the biggest sales terrain outside of Europe.

Sales top €16 billion for the first time
The MAN Group's sales advanced 12 percent to €16.3 billion, with organic growth and changes within the group of consolidated companies each contributing 6 percentage points. Thanks to the tall order backlogs at the onset of the fiscal year and the input of the newcomers, all divisions managed to boost sales. Non-German business increased 17 percent to €11.8 billion, domestic at €4.5 billion (up by 1 percent) was virtually unchanged.

Order intake by region
€ million

	2001		1999/00	
		%		%
Germany	4,026	26	4,623	30
Other EU	4,630	30	4,945	31
Other Europe	1,456	9	1,302	8
Asia	2,513	16	1,690	11
Americas	2,255	14	2,583	17
Africa	685	4	368	2
Australia and Oceania	113	1	129	1
	15,678	100	15,640	100

Business by divisions mixed
– With Western European market volumes shrinking, it was the new companies at Commercial Vehicles that held this division's order intake (€6.3 billion) at the year-earlier level. Discounting the newcomers, order influx would have slipped by 6 percentage points. Orders for trucks amounted to €5.3 billion (down 2 percent) and for buses, €1.0 billion (up 17 percent, like-for-like down 4 percent). Sales surged 17 percent (like-for-like up 9 percent) to €6.7 billion, of which trucks contributed €5.7 billion (up 15 percent) and buses €1.0 billion (up 28 percent, like-for-like up 6 percent).

Order intake by division
€ million

	2001		1999/00	
		%		%
Commercial Vehicles	6,272	40	6,274	40
Industrial Services	2,737	17	2,927	19
Printing Machines	1,993	13	2,095	13
Diesel Engines	1,489	10	1,192	8
Industrial Equipment & Facilities	3,436	22	3,268	21
Financial Services	635	4	267	2
Others	104	–	99	–
Interdivisional	(988)	(6)	(482)	(3)
	15,678	100	15,640	100

Sales by division
€ million

	2001		1999/00	
		%		%
Commercial Vehicles	6,741	41	5,755	39
Industrial Services	2,855	18	2,541	17
Printing Machines	2,081	13	1,848	13
Diesel Engines	1,415	9	1,106	8
Industrial Equipment & Facilities	3,572	22	3,446	24
Financial Services	513	3	267	2
Others	108	–	105	–
Interdivisional	(985)	(6)	(487)	(3)
	16,300	100	14,581	100

Despite the contracting market, thanks to the ready reception accorded to our new TG-A series, we succeeded in setting up a new shipment record in 2001 for our trucks in Western Europe and, with 52,000 newly registered vehicles, expanding our market share for trucks over 6 t from 15.0 percent in 1999/2000 to 16.3 percent in 2001. This means that the MAN brand is now second only to Mercedes-Benz. In the Western European bus market, both brands, MAN and NEOPLAN, increased their number of newly registered vehicles and their market slices.

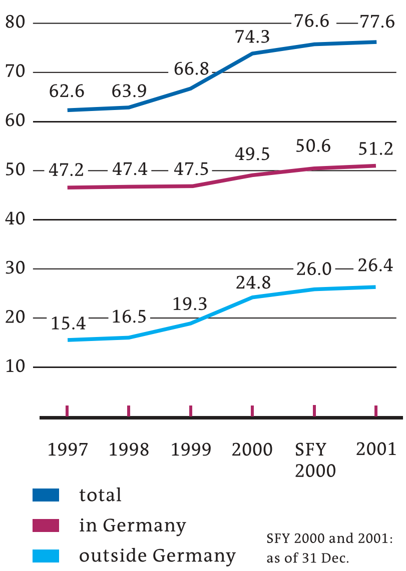
– Flagging investment propensity worldwide, delays in the award of megaprojects and, since mid-year, falling raw-material prices combined to depress orders contracted at Industrial Services by 6 percent to €2.7 billion. Sales gained 12 percent to €2.9 billion.

– Starting from the United States, our markets' demand for printing machines receded in the course of 2001, with orders for sheet-fed machines, in particular, dropping noticeably in the latter half of the period. At €2.0 billion, orders booked by Printing Machines were 5 percent short of the high year-earlier volume. Sales, in contrast, climbed 13 percent to €2.1 billion.

– Diesel Engines showed good growth in 2001, with order intake gaining 25 percent to €1.5 billion and sales 28 percent to €1.4 billion. Nine percentage points of orders received were for the high-speed 4-stroke engines subdivision which, following the takeover of the British company ALSTOM Engines as of April 1, 2000, is for the first time included in the figures for a full 12 months. Eight percentage points were contributed by the 2-stroke engine business, which surged due to keen demand for the marine variety.

– Order intake by the subgroups operating within Industrial Equipment & Facilities grew 5 percent to €3.4 billion.

Employees
as of 30 June/31 Dec.



Order backlog by division
€ million

	Dec. 31, 2001		Dec. 31, 2000	
		%		%
Commercial Vehicles	1,415	14	2,318	21
Industrial Services	2,263	22	2,414	22
Printing Machines	1,273	12	1,406	13
Diesel Engines	1,022	10	957	9
Industrial Equipment & Facilities	3,719	36	3,884	35
Financial Services	682	7	–	–
Others	66	–	67	1
Interdivisional	(127)	(1)	(84)	(1)
	10,313	100	10,962	100

Turbomachine orders leapt 54 percent as a result of the Sulzer operations acquired in the year under review. RENK, SHW and the SMS Group all posted slight increases while order intake at MAN Technologie and DWE fell short of the prior period. Sales advanced 4 percent to €3.6 billion.

– Financing of commercial vehicles sales increased strongly and, combined with the takeover of the Commercial Vehicles subsidiary MAN TransCom, this pushed up orders booked by Financial Services to €635 million and sales to €513 million.

Order backlog slightly down
With sales in excess of orders received, order backlog inevitably shrank in the course of fiscal 2001 and at €10.3 billion as of December 31, 2001, was 6 percent short of the figure for December 31, 2000.

Like-for-like headcount down
At December 31, 2001, the MAN Group had a total workforce numbering 77,606 (up 1.3 percent from a year earlier). The gain was solely due to the newcomers among the group of consolidated companies, adding another 3,347. Like-for-like the number of employees receded 2,345 or 3.1 percent.

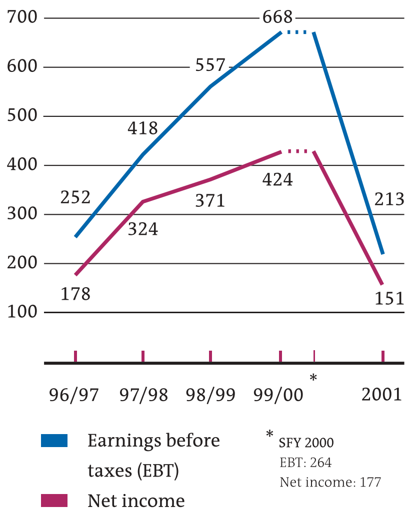
Much less use was made of temporary outside labor (down by 1,107 or 39.2 percent). At December 31, 2001, this totaled 1,715 (down from 2,822). Like-for-like and discounting any temporary outside labor, the MAN Group's headcount declined by 3,465 or 4.2 percent.

Performance

Earnings receded
The MAN Group's earnings during the period were affected by the very mixed situation among the divisions and special burdens caused by the British subsidiary ERF (refer to page 15). Whereas Industrial Services, Printing Machines, Diesel Engines, and parts of Industrial Equipment & Facilities all once again upped or maintained at a high level their earnings, Commercial Vehicles and the SMS Group closed the year with a loss.

The MAN Group's earnings before interest and taxes (EBIT) slumped from €784 million in fiscal 1999/2000 to €416 million in the year under review. Net interest expense increased from €116 million to €203 million, mainly due to higher financial liabilities incurred for the scheduled business volume growth of Financial Services and the financing of acquisitions which had not yet been included in the comparative period. The MAN Group's earnings before taxes (EBT) dropped from €668 million to €213 million.

Earnings MAN Group
€ million



Tax expense and net income down
Within the MAN Group, the downturn in the results of operations also whittled down tax expense, from €244 million to €62 million. Net income shrank from €424 million to €151 million, the ERF burden alone accounting for €82 million after taxes. Earnings per share according to IAS 33 came to €1.01 (down from €2.52), excluding ERF to €1.56.

Dividend €0.60 per share
In fiscal 2001, MAN AG's net income amounted to €88 million. The Executive and Supervisory Boards will propose to the annual stockholders' meeting to distribute a cash dividend of €0.60 per share, after €0.50 for SFY 2000 and €1.00 for fiscal 1999/2000. The comparable dividend decrease of €0.40 corresponds to the EpS decline excluding the ERF burden.

Return ratios below budget
The difficult earnings situation and the toll levied by ERF combined to depress the MAN Group's 2001 returns much below our own self-set benchmarks. ROCE reached 7.5 percent (down from 15.9 percent in 1999/2000), ROS came to 1.3 percent (down from 4.6 percent).

Division performance mixed
– The Commercial Vehicles division (EBIT €64 million, negative EBT of €49 million) suffered from the ailing market and several exceptional factors. The balance of earnings reflects components such as one-time gains from the disposal of land and service bases (at €50 million), the restatement of buyback obligations and residual-value guaranties for trucks and buses in the wake of tumbling market prices (producing expenses of €98 million), as well as the assumption by MAN AG of accrued workforce retrenchment costs by providing for these.

MAN Trucks (excluding ERF) continued to deliver a profit, with an EBIT of €181 million and an EBT of €98 million. In the course of 2001 it became evident that the originally budgeted profit margin and sales volume targets would no longer be attainable due to much fewer orders, weaker market terms and conditions, a considerable need to provide for buyback obligations plus additional costs accruing through parallel production of the old and new generations of vehicles. This prompted an extensive turnaround program aimed at pruning costs, having the manufacturing plants concentrate on a single series of trucks, and organizational improvements for an enduring enhancement of earnings. The headcount reduction has already yielded appreciable cost savings in the final quarter of 2001.

Substantial balance sheet falsifications and operating losses were uncovered in the summer 2001 at ERF, the British truck subsidiary acquired in the spring of 2000. According to what we know today, ERF had systematically accumulated the economic losses since 1998 by doctoring its balance sheets, thus covering up considerable operating losses. The manipulations were committed by the company's former financial controller and secretary. Consequently, the due diligence documentation submitted at the time and underlying our acquisition and pricing of ERF was forged, too. On our behalf, our legal counsels have sued the transferor for high damages and advised us to prosecute such claims with resolute insistence.

The expenses caused by ERF in 2001 for accounting adjustments and restructuring procedures were borne by MAN AG, slashing its earnings by €94 million. ERF's remaining operating loss (€58 million before interest) and provisions for accrued liabilities from further restructuring steps yet to be taken in 2002 (at €23 million) have thus swallowed up €81 million of Commercial Vehicles' EBIT and eroded EBT by €93 million. Details of the shakeout initiated at ERF are described on page 28.

Given the sharply deteriorated terms and conditions and inadequate cost structures, bus business showed a clear loss, with EBIT and EBT both negative at €36 million and €54 million, respectively. We are expecting sustained cost savings in product development, purchase and production through the integration of NEOPLAN. The bus operations, too, underwent an extensive turnaround program which includes the relocation to the Poznań and Ankara plants of high-labor elements of production.

EBIT by division

€ million

	2001	1999/00
Commercial Vehicles	64	353
Industrial Services	106	68
Printing Machines	93	96
Diesel Engines	89	61
Industrial Equipment & Facilities	67	131
Financial Services	67	46
Holding Company, Others, Consolidation	(70)	29
EBIT	**416**	**784**

EBT by division

€ million

	2001	1999/00
Commercial Vehicles	(49)	269
Industrial Services	104	75
Printing Machines	89	79
Diesel Engines	75	54
Industrial Equipment & Facilities	63	140
Financial Services	15	12
Holding Company, Others, Consolidation	(84)	39
EBT	**213**	**668**
Income taxes	(62)	(244)
Net income	**151**	**424**
Cash dividend in €/share	0.60	1.00
Earnings per share in €	1.01	2.52

– Industrial Services delivered a successful performance in all areas of business. EBIT soared from €68 million to €106 million, EBT of €104 million hit an all-time high, also due to certain nonrecurring factors. ROCE mounted from 14.9 to a very good 20.2 percent, the return on sales (ROS) rising from 3.0 to 3.7 percent.

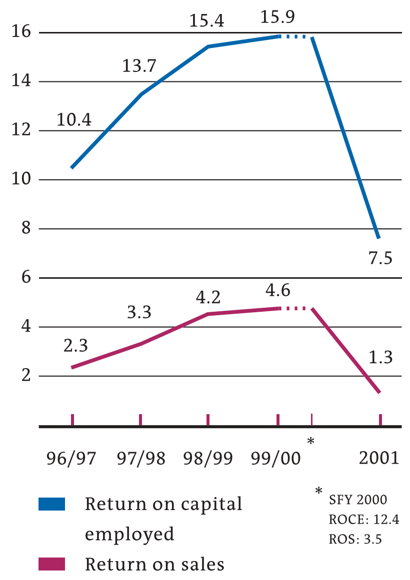
– With EBIT at €93 million and EBT at €89 million, Printing Machines delivered its best performance in the history of the Group, a success that endorses a policy we have been consistently pursuing for years of getting closer to our customers, further developing systems competence and software-based networking as well as expanding the trade and services side of the business.
At 20.1 percent (up from 19.1) ROCE was again very high, ROS reached 4.3 percent (as in 1999/2000).

– It was two-cycle business, in particular, that helped Diesel Engines turn in record results, too, with EBIT improving from €61 million to €89 million and EBT surging from €54 million to €75 million. ROCE leapt from 12.5 to 17.4 percent, ROS climbing from 4.9 to 5.3 percent.

– At Industrial Equipment & Facilities, EBIT crumbled from €131 million to €67 million and EBT from €140 million to €63 million, most of the slump being attributable to the SMS Group which, because of heavy expenses incurred in processing a number of contracts as well as for downsizing capacities at SMS Demag in the course of 2001, for the first time closed the year with a loss. SMS Demag is also engaged in a turnaround program which by the year 2003 should return it to sound profitability. MAN Technologie and DWE also performed less well, while, in contrast, MAN Turbomaschinen and SHW showed steep gains, and RENK repeated its very good year-earlier earnings. The SMS Group's losses meant that ROCE plunged from 17.0 to 8.8 percent, ROS from 4.1 to 1.8 percent.

Rates of return MAN Group

%



Division rates of return

%

	2001	1999/00
ROCE		
Commercial Vehicles	2.8	16.7
Industrial Services	20.2	14.9
Printing Machines	20.1	19.1
Diesel Engines	17.4	12.5
Industrial Equipment & Facilities	8.8	17.0
ROS		
Commercial Vehicles	(0.7)	4.7
Industrial Services	3.7	3.0
Printing Machines	4.3	4.3
Diesel Engines	5.3	4.9
Industrial Equipment & Facilities	1.8	4.1

– EBIT at Financial Services rose from €46 million to €67 million in the wake of expanded business, EBT climbed to €15 million from €12 million in fiscal 1999/2000.

– The Holding Company, Others, Consolidation segment subsumes the earnings of MAN AG and certain directly managed companies. While the latter posted profits throughout, the EBT of the parent was negative since nonoperating ERF expenses of €94 million had to be borne. The net balance of profit contributions, especially from financial investees, and the utilization of and transfer to accruals thus resulted for MAN AG in negative EBIT and EBT of €70 million and €84 million, respectively.

Acquisitions and divestments

The MAN Group completed two strategically important acquisitions in 2001.

– In June 2001 and through the previously set-up Neoplan Bus GmbH, MAN Nutzfahrzeuge took over the bus building operations of Gottlob Auwärter GmbH & Co. KG, Stuttgart. With aggregate annual sales of €1.3 billion from the still independently operating MAN and NEOPLAN brands of tourist buses, coaches, and public transport buses, MAN has meanwhile advanced to Europe's third biggest bus manufacturer.

The acquisition of NEOPLAN is part of a project to refocus our bus operations. Alongside a sharp improvement in our market position for the more profitable tourist buses/coaches, we also expect the integration of NEOPLAN to yield cost-saving synergies through such factors as a common platform strategy for tourist and public transport buses (while continuing the typical brand design features), the pooling of procurement functions, and the relocation of high-labor manufacturing jobs of both brands to our plants in Poznań and Ankara.

– As of January 2001, MAN Turbomaschinen took over the turbomachine business of Sulzer AG, Switzerland. MAN and Sulzer's product and application ranges more or less dovetail and, with a business volume in the region of €600 million and some 2,400 employees, the new group has a complete lineup of turbomachines for the gas and oil industries, the process industry and related power generation sector, plus a global sales, distribution and service network.

For the purpose of integrating Sulzer, a broad-based project got under way, the milestones laid out for its enactment in 2001 having been reached and including a new organizational structure to act as a catalyst for harmonizing work flows and harnessing synergy potentials.

As part of this concentration on core activities, certain subgroups have shed marginal operations.

– Industrial Services has retreated from the reinforcing concrete bar business. As of January 1, 2002, a 75-percent stake in Ferrostaal Industrial Plant Services GmbH (sales €58 million, 467 employees) was sold.

– MAN Roland sold its subsidiary Maschinenbau Sprötze GmbH as of December 31, 2001.

The MAN Group made some important acquisitions in 2001:
1 Sulzer Turbo
2 Gottlob Auwärter GmbH & Co. KG (NEOPLAN brand)

Finance, asset and capital structure

The MAN Group's central financing system
MAN AG is responsible for funding and financing the MAN Group (including its operating subsidiaries). These functions cover the provision of cash for current operations and capital expenditures, the agreement on adequate credit facilities with banks, and the hedging of business transactions. A corporate cash management system within MAN AG controls liquidity and the investment of surplus cash & cash equivalents on behalf of German and foreign MAN subsidiaries.

MAN Financial Services (MFI)
MFI provides financial services for customers and subsidiaries, basically factoring as well as customer and investment financing. This company's business, to which as from 2001 the MAN Nutzfahrzeuge subsidiary MAN TransCom has been assigned, too, focuses on leasing commercial vehicles to customers. In order to refinance leasing expenditures, a slice of the portfolio of approximately €500 million was sold to a nongroup financing company.

Repurchase of preferred stock
In the first six months of 2001, we repurchased altogether 7,160,000 treasury shares of preferred stock via the stock exchange at a total price of €163 million. This treasury stock is held by MAN Financial Services GmbH. After this stock repurchase, 147,040,000 shares of MAN stock are outstanding (three-quarters common, and one-quarter preferred, stock).

Net cash from operating activities surging
Despite the lower cash flow (down versus fiscal 1999/2000), the net cash inflow from operating activities swelled to €0.7 billion. Pinpointed efforts to trim the capital employed in inventories and receivables, whose level had grown substantially in past years through the higher business volume, proved successful.

The cash outflow for capital expenditures totaled €1.3 billion, including €0.6 billion for tangible and intangible assets as detailed on page 24, and €0.2 billion for consolidated subsidiaries (cf. page 18). The leasing-related refinancing transactions sharply pruned the net cash used in investing activities to €0.6 billion.

Cash flow statement (abridged)
€ million

	2001	1999/00
Cash & cash equivalents, BoP	**620**	**505**
Cash flow acc. to DVFA/SG	862	1,011
Other cash used in operating activities	(165)	(610)
Net cash provided by operating activities	697	401
Net cash used in investing activities	(574)	(299)
Net cash used in financing activities	(130)	(154)
Net change in cash & cash equivalents	**(7)**	**(52)**
Other changes in cash & cash equivalents	(42)	4
Cash & cash equivalents, EoP	**571**	**457**

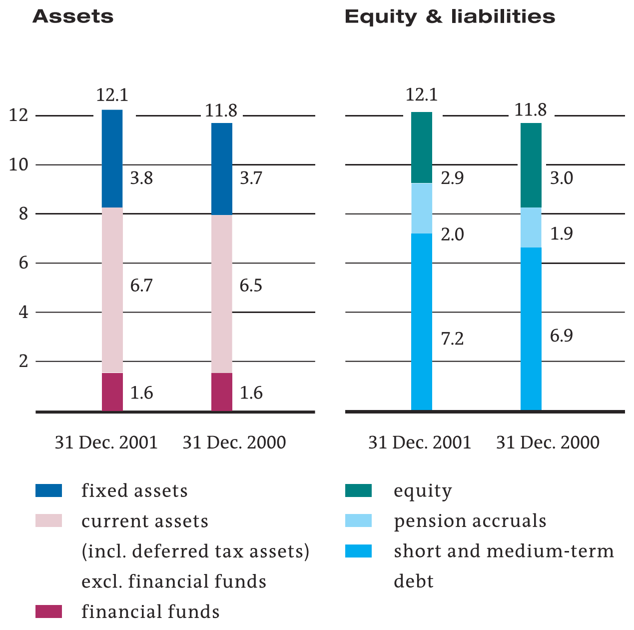
Financing activities produced a cash outflow of €0.1 billion, in the magnitude of the stock repurchase. On balance, cash & cash equivalents barely changed, the end-of-period (EoP) total of cash & cash equivalents amounting to €0.6 billion.

Asset and capital structure staying strong

Our vigorous endeavors to downsize the progressing volume of operating assets tied up due to the past years' business growth and to our acquisitions bore fruit in 2001. We thus succeeded, despite a 12-percent sales gain, in decelerating the advance in total assets versus December 31, 2000, to a mere 3 percent or €0.3 billion to €12.1 billion. The total asset growth is thus below the net €0.5 billion added by changes in the consolidation group.

Asset and capital structure

€ million



Fixed assets climbed €0.1 billion or 4 percent to €3.8 billion, chiefly the outcome of our acquisitions. The portfolio of assets leased out mainly by MAN Financial Services was slimmed down by 13 percent to €0.8 billion.

Current assets excluding financial funds inched up €0.2 billion to €6.7 billion. The capital of €5.6 billion employed in inventories and receivables remained virtually unchanged versus the previous year even though new companies had joined the Group.

Equity crept down €0.1 billion or 3 percent to €2.9 billion, the cause being the €0.2 billion stock repurchase which decreased the reserves retained from earnings.

The equity ratio receded by 1.5 percentage points to 23.7 percent. Excluding the assets under leveraged leases, 93 percent (down from 105) of fixed assets was covered by equity.

Including our accrued pension liabilities of €2.0 billion, the Group's long-term capital totals €4.9 billion. Short- and medium-term debt rose by €0.3 billion to €7.2 billion, including the €0.1 billion growth of financial debts to €1.9 billion.

Research & development

Within the MAN Group, it is the individual companies that bear responsibility for developing their product and engineering processes in line with market trends. MAN AG coordinates these efforts on a corporate scale by integrating the various R&D strategies into its business plan. Additionally, the holding company organizes groupwide interchange of experience and technology transfer so as to maximize any existing synergy potentials.

For both the product and the engineering processes, there are regularly convening committees and work teams. With regard to product engineering, the senior information body is the MAN Expert Committee for Product Engineering on which the R&D managers of the MAN companies are represented. At its most recent meeting held at MAN Turbomaschinen in December 2001, this committee explored the subjects of telematics, telemonitoring, telediagnosis for motor vehicles, machinery, and plant. Virtually all the MAN companies have implemented such solutions for their products and specific applications. The results exploit all the possibilities of state-of-the-art IT.

Research and development

€ million

	2001	1999/00
R&D outlay	620	527
in % of sales by manufacturing companies	4.8	4.5
internal funds for R&D	421	390
R&D personnel (annual average)	4,704	3,944

The ultimate aim is to ensure that our customers obtain smooth, trouble-free functioning from their MAN products, with immediate support should any problems arise. Telemonitoring and telediagnosis enable:
– an enhancement of reliability and availability;
– a reduction in the frequency of field servicing chores;
– the introduction of condition-based machine maintenance management, and
– a logging of process and trend data with a view to work cycles and sequence improvements.

MAN Roland Printing Machines, for instance, operates a telesupport center in Augsburg where, with the participation of the Sydney, Australia, location, customers obtain around-the-clock, around-the-world service.

The MAN Group spent €620 million on research and development (up from €527 million in fiscal 1999/2000), equivalent to 4.8 percent of sales by the production companies. €421 million was internally funded. Expenses of €199 million were incurred for contract-related R&D activities and projects subsidized or sponsored by the public sector.

More than 46 percent of the Group’s own R&D funds went toward basic research and the development of new products. The rest of the money was devoted to the ongoing improvement of current product ranges.

The R&D departments of the MAN companies employed an average of 4,704 persons (up from 4,314 in SFY 2000 and 3,944 in fiscal 1999/2000).

Research & development

The new Lion's Star among the tourist buses and coaches.

Off on holiday, in MAN Nutzfahrzeuge's newly developed Lion's Star.

Engineering the future.

Capital expenditure

Outlays for tangible and intangible assets added up to €554 million (up from €537 million in fiscal 1999/2000).

The Commercial Vehicles division again accounted for the lion's share of capital expenditure. In order to fully exploit the cost advantages through optimized product design of the new TG-A series, we implemented in some instances new engineering processes. During the period, Industrial Services invested considerably more than in previous years. The core businesses of Printing Machines and Diesel Engines were assigned funds at approximately the same level as in fiscal 1999/2000.

Alongside the optimization and modernization of our existing production structures, capital spending is increasingly focusing on international business, including the expansion of locations abroad, sales organizations, and service branches.

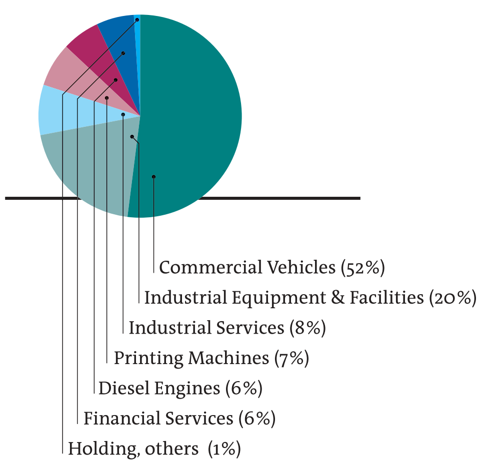
A firm fixture of the capital expenditure program is the expansion of our worldwide data processing networks. These networks assure the success, in particular, of our service business as well as the coordination of our various production locations. Software product spending is also steadily increasing. Short life cycles, specifically in this area, call for a continuous modernization effort in order to exploit the full efficiency of these systems in the interests of our business processes.

A large share of our IT expenditure flows into e-business efforts, the key element being a common procurement platform, the MAN Group's MAN2B, which also facilitates groupwide volume and transaction pooling. This optimizes supply chains with the aid of Internetted processes for information, merchandise and money flows. Included in this program are information systems such as MAN's own intranet and a purchase information system, e-procurement solutions, and the comprehensive integration of our suppliers in line with relevant market standards. All these tools are continuously being fine-tuned and intensely applied throughout the companies of the MAN Group.

Capital expenditures
€ million

	2001	1999/00
for (in)tangible assets	554	537
for assets leased out	501	397
for consolidated subsidiaries	192	251
for other financial assets	31	32
	1,278	1,217

Capital expenditures by division for tangible and intangible assets



Environmental management

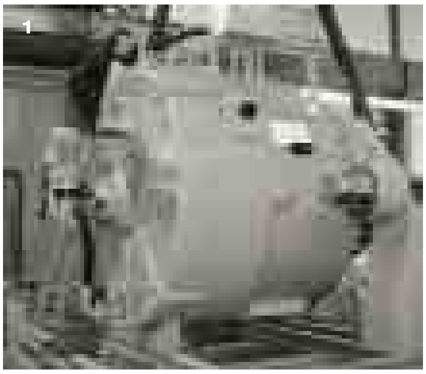
We have taken a big step forward in the implementation of our environmental protection targets and the establishment of eco-management systems at the production locations. Meanwhile seven central European locations of MAN Nutzfahrzeuge and the SHW location Wilhelmshütte have successfully been approved according to the relevant environmental management standards, and now the Augsburg location of MAN B&W Diesel has been, too.

In view of the fact that the management systems for the environment and for quality share certain basic features, we have decided at MAN B&W Diesel to assemble the two separate systems into one integrated quality and environmental management manual and to have this as such officially approved. The anticipated cost savings have in fact materialized. We are currently examining to what extent the know-how thus gained may be transferred to other locations as part of the groupwide exchange of experience.

In order to reduce the time and costs required for updating and reapproving the eco-management system, at five of the German production locations of MAN Nutzfahrzeuge we have standardized the documentation, thus providing the basics for a combined audit. Instead of the annual audit at each location, from now on once a year only one-third of the locations and individually selected corporate departments will be audited.

The past fiscal year once again saw the implementation of investments with considerable environmental protection impact. These are not investments in environmental protection plant and equipment as such, but spending on rationalization, expansion, or the replacement of existing equipment, designed right from the start to yield improvements for the environment. Meriting special mention is the start-up of the new smelter at MAN Nutzfahrzeuge's Nürnberg location. The changeover to a computer-controlled electric crucible of the newest design results in substantial energy savings, reduced coolant consumption, and remarkable emission abatement.

The next investment, again with appreciable environmental impact, is the fitting-out of the transmission testing rig at RENK with brakes by means of which braking energy is not dissipated but fed back as electricity into the mains.

1


2


1 RENK's WPS 1500 gear unit for generating eco-friendly wind energy.
2 Exams passed: MAN B&W Diesel successfully completed its quality & environmental audit.

Risk management

Spotting, evaluating, and overcoming risks

Against the backdrop of ever fiercer competition and changing parameters, the MAN Group and its worldwide operations are exposed to a host of business risks. In order to detect, assess and circumvent these risks early on, we have developed control and monitoring mechanisms which are repeatedly reviewed for efficacy and updated for efficiency.

Major risk factors continue to be economic trends and, in some instances, the cyclic demand prevailing in the markets in which our companies do business. The latter half of 2001 saw a sharp downturn in the markets of some group companies, most especially in what is for us the most important European for commercial vehicles, as well as in worldwide demand for printing machines.

Our markets are keenly competitive, as reflected in prices, the product quality demanded by customers, delivery times, after-sales service and, not least of all, financing terms and conditions. In order to maintain and even extend our competitive need, we constantly fine-tune our cost structures and the value-adding chains, we develop new and improved products, we expand our sales and service organizations throughout the world and we create customer-friendly financing arrangements.

Those of our units involved in large-scale plant construction are exposed to technical and economic risks in processing the projects and, possibly, in participating in the operator companies. Such risks may materialize into cost overruns or contractual penalties. We circumvent such threats through ongoing coordination and approval procedures even before the contracts are accepted, also in processing the orders, in their financing, and by teaming up with suitable consortium partners when taking on the projects.

The healthy order situation and the production start-up of the new TG-A generation of trucks in the previous years had sparked a need for additional labor. We have countered this requirement through flexible working hour arrangements within the parameters of existing labor legislation and in consultation with the employee representatives and, most especially, at MAN Nutzfahrzeuge, to a large degree through limited-term employment contracts and the temporary deployment of outside labor. As a consequence, we are now in a position to push through at MAN Nutzfahrzeuge the necessary capacity scalebacks by cutting 4,400 cost-incurring jobs (around 12 percent of the workforce), largely without compulsory redundancies, which would have incurred heavy expenditures for social plans designed to alleviate undue hardship. The resulting severe constraint on our flexibility will be shed once the economy picks up, as expected.

Risk management system critically reviewed and further elaborated

The losses incurred at ERF, the British subsidiary of MAN Nutzfahrzeuge, have prompted us to critically review our pre-/post-acquisition rules and procedures. For this purpose, we have also consulted outside sources. The knowledge gained has been integrated into our risk management system and a special guideline has been issued on the subject of company acquisitions. Within this context, we have also arranged for independent auditors and assurers to take a closer, harder look at the most recent takeovers by the MAN Group. In a number of cases, these auditors were not simultaneously the statutory auditors of the company that have prepared the due diligence report. The remaining mechanisms aimed at, wherever possible, a complete and early identification, evaluation and containment of risks have also been reviewed and elaborated. This is a multitiered system that embraces all companies over which MAN AG has direct/indirect control.

Risk control at MAN AG

It is the individual companies of the MAN Group that are responsible for adequately coping with their own business operating risks. A tightly timed, interconnected planning, information and control mechanism records, analyzes, and evaluates any possible risks and rewards, with standard reports issued to MAN AG. This process is masterminded by MAN AG and supported by Group Controlling, Corporate Finance, Operations Planning, and Internal Group Auditing.

Several times a year, MAN AG reviews the business plan targets on the basis of the current order intake, workload, and earnings situation and, where necessary, initiates any corrective action. Monthly (and ad hoc) reports on business trends and any special events update MAN's Executive Board in good time and with regularity on the various MAN Group companies.

Risks of a technological nature are assessed by the Technology department which also evaluates and coordinates investment projects and R&D projects of the subsidiaries, with particular emphasis on the competitive edge of our products and services, as well as on efficient products. The risks and rewards of the new electronic technologies are also regularly analyzed and assessed.

The MAN Group's liquidity is managed by MAN AG's Finance, which is also responsible for developing and examining the funding of international large-scale projects, with particular emphasis on minimizing risks. Moreover, Finance hedges against credit, liquidity, interest rate and currency risks. In analogy to banking practice, the functions of trading, settlement and control of financial transactions are strictly segregated.

A key factor in the MAN Group's risk management system is Internal Group Auditing. By conducting full-fledged audits of the internal control systems at the various companies and their early warning systems, shortcomings, deficiencies and weaknesses (if any) are uncovered and eliminated systematically. Such audits also encompass second- and third-tier subsidiaries in Germany and abroad where of relevance to RM.

Trends in the new fiscal year

MAN Roland takes a stake in PPI Media
As of January 1, 2002, MAN Roland acquired a majority stake in the Hamburg-based software firm Pape + Partner Media GmbH (PPI).

PPI's forte is software systems for automatic newspaper production and, for many years now, the firm has been working successfully together with MAN Roland. It has been planned to extend activities to embrace all printing and publishing companies. We are thus offering customers integrated and open-end total solutions for continuous work flows interlinking all the various facets of their business, from administration via production to distribution.

Executive Board gives go-ahead for new mission statement
At the start of February 2002, MAN AG's Executive Board gave the go-ahead for the MAN Group's mission statement. This credo documents our responsibility toward our customers, investors, employees, and the community. It is the outcome of numerous talks with employees, managers, employee representatives and will be published in May 2002 in MAN FORUM besides being introduced to managers and employees at seminars and information sessions and continuous education courses.

The mission statement outlines the overriding parameters within which we do our business. We feel that it will help strengthen the common values and culture instilled in our companies. The enactment of this mission statement is the duty of the operating companies of the MAN Group, their own indigenous corporate cultures and mission statements retain their validity in the pursuance of the principles of the MAN Group.

ERF shakeup initiated
ERF, the British Commercial Vehicles subsidiary, has undergone a thorough overhaul. Four weeks after the suspension of the previous top management, a thorough cost-paring program was initiated as a first of a series of steps. This will include the loss of around 370 of the original 1,070 jobs of the ERF Group.

At the end of February 2002, the definitive ERF corporate concept involving a complete refocus of this truck company, was announced. An entirely new, extended ERF vehicle program incorporating MAN modules will be premiered at the Birmingham Motor Show in April 2002. MAN Nutzfahrzeuge continues to pursue a twin-brand strategy in Great Britain, each brand having its own distinctive vehicle features plus its own distribution and after-sales service networks.

The assembly of the new ERF vehicles is being shifted to Germany and Austria. Middlewich will continue as ERF headquarters with administration and sales plus the assembly of »special« vehicles for which a downsized engineering and production department will be maintained. A consequence of this will be a further personnel scaleback in the ERF Group to around 500 persons. This will also be facilitated by merging the back-office functions with MAN Truck & Bus UK Ltd., Swindon.

By the end of 2002, ERF's restructuring program will have been completed and we expect that starting from the fourth quarter of 2002, ERF will be back in the black.

Outlook

At the start of the new fiscal year 2002, there are indications that the US economy is bottoming out of its recession. It is anticipated to recover in the first half of 2002, with Europe and Germany rebounding in the latter half of the year.

Given these parameters, the trends forecast in the company reports starting from page 38 give rise to expectations summarized as follows:

– For Commercial Vehicles, we side with the economic research institutes in forecasting another 10- to 12-percent shrinkage in the Western European market for trucks. Buses are expected to dip even more deeply. Despite this, since the start of 2002 there have been signs that the economic climate has brightened and in the early months of 2002, orders received outnumbered the average for the second half of 2001. The figures we have budgeted are based on the assumption that our order intake will stabilize as the year proceeds and climb further in the second half of 2002. This is expected to result in rising shipments in 2003.

– Assuming economic growth in North America, then spilling over into Europe, and more stable raw-material prices, Industrial Services expects a worldwide growth in project business in 2002. After a certain time, this should also lead to rising order intake and sales.

– As to Printing Machines, we are guardedly optimistic. Demand for both sheet- and web-fed machines should revive in the second half of 2002. Despite this, order intake and sales for the whole of 2002 will not reach the year-earlier level.

– In the case of Diesel Engines, demand for marine engines is likely to be moderate. Newly developed countries are expected to generate demand in the power plant business. Thanks to our sophisticated product range we are generally confident of being able to repeat the high volume of business of 2001.

– Regarding the subgroups of Industrial Equipment & Facilities, we predict that increasing project activity in plant business and reviving demand as the year progresses, will generate order intake equaling or exceeding the 2001 level for the business units of this division.

Predicated on the forecasts put forward by the divisions and assuming the predicted economic parameters we have set ourselves ambitious targets for the MAN Group: for 2002, order intake and sales of €15.5 billion to €16 billion. In the first two months of 2002, order intake added up to €2.3 billion (down 18 percent) of which €2.1 billion (down 5 percent) was accounted for by ongoing regular business and excluding any megaorders. As in the previous year, sales came to €1.9 billion. Provided the economy develops accordingly, we trust in being able to continue the growth rate of previous periods over the years to come.

Throughout the divisions we will continue unabated to introduce structural changes for reducing costs, sharpening our competitiveness, and fine-tuning our products. Particularly in the case of Commercial Vehicles, the turnaround program is proceeding at a brisk rate. In July 2001 we had announced a program for cutting 4,400 jobs (including temporary outside labor) and around 75 percent of this program had been completed by the start of February 2002. The remaining retrenchment will be carried out at MAN Nutzfahrzeuge according to schedule by mid-2002.

At Industrial Equipment & Facilities, a tall order backlog will continue to keep the operations busy, while in the case of commercial vehicles and sheet-fed printing machines, shorter lead times impact more quickly on capacity utilization. As a result, the first two quarters will show a sharp decline in sales, compared with the previous year, which, despite cost savings, will have an effect on earnings.

According to the present budget, spending on tangible and intangible assets will be lower than in 2001, with Commercial Vehicles continuing to enjoy priority. Any major acquisition projects, whose financing would also be facilitated, if necessary, by MAN AG's authorized capital of €197 million, are presently not on the agenda.

Regarding the financial position, we have set ourselves the goal of reducing the MAN Group's operating assets and, accordingly, the various companies will step up their efforts aimed at higher cash flow, reducing operating assets, and improving ICA balances. For 2002, we will take a first step in the direction of reachieving the previous years' high returns on capital of the MAN Group and, starting from 2003, the targets we have set ourselves.

The results of operations will vary among the companies. In Commercial Vehicles we expect in 2002 the action we have taken to lead to a generally sharp improvement in profitability, and in all a return to the black, even if operating results of Buses and ERF continue to reside in the red. Industrial Services and Printing Machines are hardly likely to repeat the good earnings of 2001. Earnings at Diesel Engines, Industrial Equipment & Facilities, and Financial Services are expected to remain at the level achieved, albeit we assume that the SMS Group will quit the loss-making zone. Earnings at the holding company will show a marked improvement.

Given these predictions for the various divisions, we expect that the MAN Group as a whole will improve its 2002 EBT compared with 2001. Net income will likewise advance, although fall short in relative terms, since we are budgeting a higher tax rate. The extent of our profitability improvements will depend, on the one hand, on how the economy develops and, on the other, to what degree the profit margin improvements and personnel expense reductions we have planned, do in fact materialize.

MAN's stock – good performance in a difficult market

In 2001, stockmarket trends were anything but encouraging for investors. The German share index (DAX30) fell by just under 20% in the course of the year. MAN shares performed much better than the reference index.

Share performance

The 2001 financial year was dominated by substantial losses on the capital markets. The increasingly gloomy economic prospects in the USA and Europe and subsequent downward revision of earnings forecasts by trade and industry were the main factors leading to uncertainty among investors. Overall, the DAX30 recorded a minus yield of 19.8% over the period under review and the DJEuroStoxx50 a yield of minus 20.2%. After an encouraging start, neither of our share classes was able to escape the general downward stockmarket trend. The lower earnings forecast for 2001 at the end of August led to a particularly significant fall in prices. After reaching an annual low at the end of September, share prices continued to recover for the remainder of the year, closing substantially lower than at the end of 2000. Showing a gross yield of minus 10.8% (ordinary shares) and minus 12.3% (preference shares), both share classes did however perform considerably better over the year than the reference indices, DAX30 and DJEuroStoxx50.

At the beginning of the current financial year 2002, both share classes got off to a good start. Slowly rising optimism on the part of market operators for an economic revival during the second half of the year has led to a cautious change of mood. Rumours of a possible consolidation of key activities in the MAN Group have also given support to the price rally in both classes of shares.

MAN's stock: key figures

	2001	1999/00
Earnings per share (in €)	1.01	2.52
Cash dividend per share (in €)	0.60	1.00
Tax credit per share (in €)	–	0.04
Closing price at 31 Dec.*		
ordinary shares (in €)	23.75	31.66
preference shares (in €)	18.00	21.45
Market capitalisation (in € m)	3,410	4,435
Highest price		
ordinary shares (in €)	34.20	40.01
preference shares (in €)	26.10	25.01
Lowest price		
ordinary shares (in €)	16.96	28.20
preference shares (in €)	12.95	17.90
Yield**		
ordinary shares (in %)	2.2	3.1
preference shares (in %)	2.8	5.2
Gross yield***		
ordinary shares (in %)	(10.8)	(2.2)
preference shares (in %)	(12.3)	1.6
DAX yield (in %)	(19.8)	28.3
DJEuroStoxx50 (in %)	(20.2)	35.8
REXP fixed-income yield (in %)	5.6	0.8
Number of shares at 31 Dec.*		
ordinary shares (in '000)	110,280	110,280
preference shares (in '000)	43,920	43,920

* Previous year: 30 June 2000
** Cash dividend based on closing price one day after the previous Annual General Meeting
*** Based on reinvestment of cash dividend one day after the Annual General Meeting

Dividends
The Executive and Supervisory Boards are proposing payment of a dividend of €0.60 to our shareholders for the 2001 financial year. Adhering to our policy of flexible dividend distributions, we have in the past ensured that shareholders participated fairly in the Group's rising earnings. The reduction in the dividend for the year 2001 compared with our last full financial year of 1999/2000 is a legitimate reflection of the earnings trend during 2001. Based on the closing price one day after the last Annual General Meeting, this represents a net yield of 2.2% in the case of ordinary shares and 2.8% for preference shares.

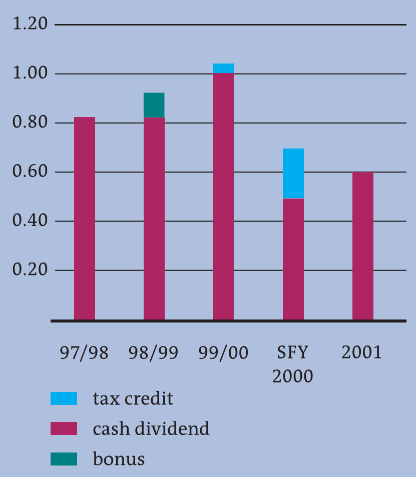
Share redemption scheme
The redemption scheme for the company's own preference shares ended in August 2001. In all, 7.16 million preference shares were purchased for a total sum of approximately €163 million.
In the course of the new financial year, these shares will be recalled, leading to a reduction in the number of shares to 147,040,000, comprising 110,280,000 ordinary shares and 36,760,000 preference shares.

An even greater step in the direction of »one share, one vote«, will be manifested by our intention of allowing preference shareholders to convert their shares into ordinary shares. This conversion will be of benefit to all shareholders. Holders of preference shares will have the opportunity to exchange their shares for the more liquid ordinary shares with voting rights and enjoy a fair price advantage.
Holders of ordinary shares will be able to participate in the increased capital surplus accruing from the conversion premium, which will in turn compensate for the dilution of their voting rights resulting from the conversion.
All MAN shareholders will likewise benefit from the higher liquidity of the ordinary shares and the higher proportion of MAN AG´s share capital represented by such shares. This will improve the positioning of MAN ordinary shares in the DAX30 German Share Index due to increased market capitalisation, which is of relevance for the index weighting.

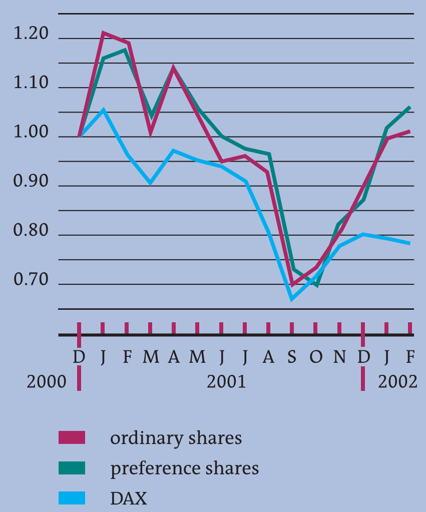
Open dialogue with investors and analysts
Investment decisions call for a high degree of transparency on the part of listed companies. In the course of many individual and group discussions, and at a series of investment conferences at home and abroad, we outlined our corporate strategy and its mode of implementation, also answering questions on our financial situation and market trends. In this way, we have been able to further intensify our constructive dialogue with financial analysts and investors. The Annual General Meeting in June 2001 was once again one of the principal forums for exchanging ideas among Executive and Supervisory Board members and shareholders.
By extending our internet services (www.man-group.com), we are meeting the increasing demand for information, especially among private investors.
Over the next few years, we will be intensifying our activities in this sector.

Shareholder structure
On our closing date of 31 December 2001, we conducted another shareholder survey. Compared with the breakdown at the end of June 2000, our shareholder structure has for the most part remained stable. More than three quarters of the share capital was held by domestic investors. Only one substantive single holding of more than 5% of the share capital was registered in the case of Regina Verwaltungsgesellschaft mbH, Munich.

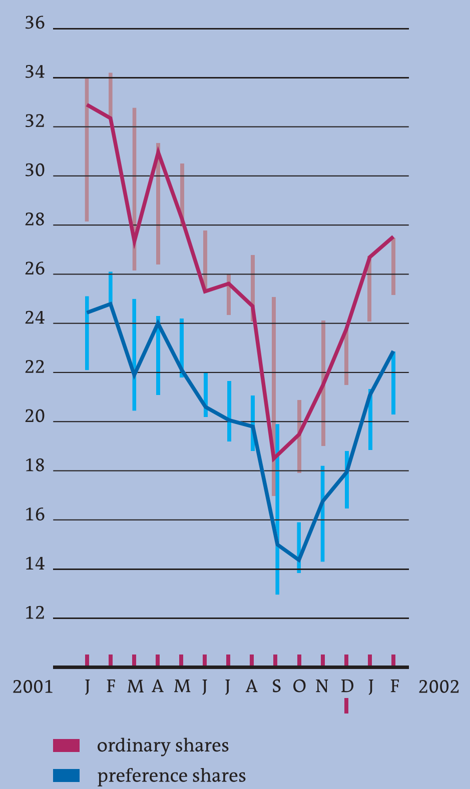
MAN's dividends per share
€



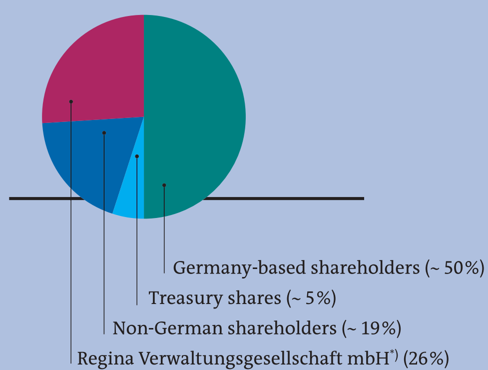
MAN's stock vs. the DAX 2001/02
December 31, 2000 = 1



MAN's stock: highs, lows, and final quotes
€



MAN's shareholders



*) Allianz AG, Allianz Lebensversicherungs-AG, Commerzbank AG and Münchener Rückversicherungs-Gesellschaft each hold a 25% stake.

Our employees – more flexibility, securing young talent

On 31 December 2001, 77,606 people were employed by the MAN Group, 1,002 (1.3%) more than at the end of 2000. This increase was attributable solely to newly-consolidated companies, the number of employees having fallen by 2,345 (2.9%) on a comparable basis, most notably in the Commercial Vehicles division.

Using operating flexibility
Utilising the possibilities offered by employment law and collective wage agreements, MAN Group companies have continued to expand their potential for flexibility in recent years in order to react more swiftly to the need for fluctuating numbers of employees.

Tools contributing to this flexibility include increased use of employees with limited contracts and temporary staff. Added to these are accounts for hours worked and part-time employment contracts.

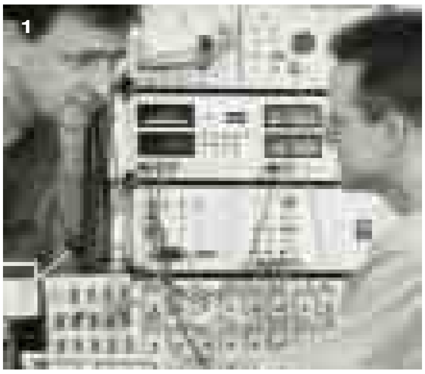
To the extent that measures to adjust operational capacity were necessary during the period under review, companies made use of this flexibility potential. By reducing both the numbers of external workers and the accumulated volume of hours worked, it was for the most part possible to retain our permanent workforce and largely avoid terminating contracts for operational reasons.

Number of employees

	31.12.2001	31.12.2000
Germany	51,240	50,611
Rest of the world	26,366	25,993
	77,606	76,604
Rest of the world (in %)	34	34
Increase due to consolidation	3,347	389

Employees by division

	31.12.2001	31.12.2000
Commercial Vehicles	35,746	35,478
Industrial Services	7,230	7,545
Printing Machines	10,570	10,248
Diesel Engines	7,286	7,073
Industrial Equipment and Facilities	15,971	15,507
Financial Services	102	46
Holding, other	701	707
	77,606	76,604

1


2


Securing young talent

Job-market presence and an attractive employer image are becoming increasingly important factors for MAN Group companies. They are of special significance when appealing to and recruiting talented young trainees for the MAN Group via MAN's internet job board and MAN study sponsorship schemes, and also in the field, during selective marketing in the universities.

There is growing response among applicants to the MAN internet job board used by all our sub-groups. We are now preparing to expand our web activities to include, for example, cooperation with external service providers and increased use of e-recruitment facilities.

Our study sponsoring activities, which have been running since 1938 under the old-established name of the Paul Reusch Youth Foundation, are also being constantly updated to meet contemporary needs. By providing specialist supervision and financial support, we assist young people during their studies, familiarise them with the company and prepare them specifically for their future professional careers.

We shall continue to intensify our university marketing approach by presenting MAN Group companies to students and graduates in the universities to arouse their interest in an assignment within the MAN Group.

Management training

We continue to devote special attention to the development and qualifications of our management staff and management trainees. In addition to seminars for executive trainees to prepare them for taking over management assignments, management workshops are for instance held on topics such as customer orientation and strategy and structure management.

Vocational training

With an average trainee ratio of 7% throughout our operations in Germany, the number of young people being trained continues to exceed our estimated Group requirements.

In 2001, 1,196 apprentices were engaged for initial vocational training. Any places in our training workshops not required for our own apprentices continue to be used for joint training in association with other companies and local employment offices.

1 Test installation for electronic vehicle control at RENK
2 Trainees at MAN B&W Diesel, Augsburg
3, 4 An international, multicultural workforce produces consistently high quality at MAN Nutzfahrzeuge

Employees

MAN employees

We regard the know-how and experience of our more than 77,000 employees across the world as one of our most vital resources.

Engineering the Future.

MAN Nutzfahrzeuge – heading for a turnaround

In the face of declining market volumes, we again increased our market shares and achieved a new record in unit sales. Profits generated by MAN's truck operations – in spite of additional costs for parallel production of the old and new heavy truck series – were not entirely able to offset losses accruing from the bus sector and the detrimental impact of our British subsidiary ERF. Based on a comprehensive restructuring and cost-reduction programme, we are now heading for a turnaround.

In the wake of last year's marked decline in economic activity in Western Europe, particularly in Germany, the demand for transportation capacity also waned and with it, the eagerness of our customers to invest. Although new registrations of trucks with a gross weight of more than 6 t maintained their previous high level, numbering 321,000 in Western Europe, they were nevertheless 4.5% lower than during the 1999/2000 financial year.

Market position improved yet again
In the year under review, volume sales in the MAN Nutzfahrzeuge group developed better than the market as a whole. As a result, we continued to increase our market share.

In spite of declining market volumes in Western Europe, unit sales of 62,800 vehicles represented a new record for our truck operations. This meant that our share of the Western European market for trucks over 6 t gross weight rose from 15.0% in 1999/2000 to 16.3%, further consolidating our position as the third-largest European manufacturer of commercial vehicles. In the ranking according to vehicle brands, we hold second place. In Germany, our market share remained unchanged at 28.4%, as did our second place on the domestic market. The high level of market acceptance for our new TG-A series made a major contribution to this success. Its share of sales in the heavy truck range meanwhile amounts to 60%.

Our omnibus business also continued to expand. Sales of 6,050 buses, 1,050 of these manufactured by NEOPLAN, also resulted in a new record in this sector. Once again, this was achieved contrary to the overall trend in market volume in Western Europe, which decreased by 4%. Based on this performance, we were able to capture another 1.6 percentage points of the Western European market with our MAN brand and additional 0.4 percentage points with the newly-acquired NEOPLAN range to reach a total share of 16.3%.

Lower order levels – increased sales
In 2001, we received orders amounting to €6.3 billion, upholding the level of the 1999/2000 financial year. Changes in the companies consolidated accounted for 6 percentage points of these new orders. A total of €5.3 billion was attributable to the truck operations, 2% less than in 1999/2000, and €1.0 billion to buses, representing a 17% increase in orders in this sector. This growth was however entirely due to the first-time consolidation of the NEOPLAN group as from 1 July 2001.

Generating sales of €6.7 billion, we exceeded the equivalent figure for the previous year by 17% and recorded a new all-time high. Disregarding changes in the scope of consolidation, the increase would still have amounted to 9%. The share of foreign sales showed a slight increase, registering 63%.

Cutbacks in personnel
In view of the declining market volume and the anticipated drop in unit sales during the current financial year, it was necessary to reduce the level of personnel in the manufacturing business units by 1,870 employees in 2001. Due to the integration of the NEOPLAN group with its workforce of 2,067, and the ongoing expansion of the sales and service network by 132 staff, as well as other changes in the companies consolidated, on balance the number of employees did in fact increase. The number of persons employed rose by 268 to 35,746 (excluding trainees).

MAN Nutzfahrzeuge Group
€ million

	2001	1999/00
New orders	6,272	6,274
Sales	6,741	5,755
Earnings before taxes	(49)	269
Employees (number at 31 Dec.)*	35,746	35,478
Return on capital employed (%)	2.8	16.7
Return on sales (%)	(0.7)	4.7

* Previous year: 31 December 2000

Every effort was made to ensure that these capacity adjustments were carried out on a socially-acceptable basis. For

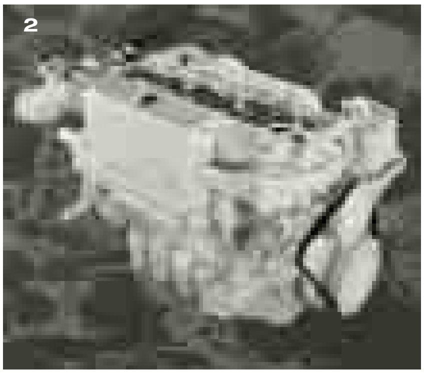
We have improved our market position in Europe yet again.

the most part, reductions were achieved by allowing short-term employment contracts to expire, entering into early retirement agreements, introducing schemes for part-time work among older employees and releasing temporary staff.

These measures were supplemented by reduced overtime, cut-backs in the number of shifts and recourse to unworked hours accruing from flexible work schemes.

In the course of 2002, we must continue to reduce personnel to compensate for the expected surplus capacity. By February 2002, we had realised approximately 75% of the announced reduction of 4,400 cost-effective employees (including temporary staff). The remaining personnel adjustments will be completed by mid-2002, as planned.

We continue to attach the greatest importance to training young people. Registering a renewed increase in its trainee ratio to 8.8%, the MAN Nutzfahrzeuge group far exceeds the industry average in Germany.



Leading in innovation and technology

Maintaining a technological lead is an integral part of our corporate strategy and a decisive factor in the competitive field. Consequently, the development of new, and improvement of existing low-consumption, low-pollution vehicles enjoy just as much priority as safety, quality and reliability. We are delighted that this is also recognised by our customers and the international trade press. After our TG-A model was awarded the much sought-after »Truck of the Year« title at the beginning of 2001 as the best European truck, we received many more international prizes for this innovative, first-class product.

During the year under review, we also made headway with a series of other innovations, mainly in the field of safety, where vehicle electronics play an important role. »Thinking vehicles« relieve the strain on drivers and make the vision of accident-free road traffic almost tangible. Our research and development teams made considerable progress last year with systems aimed at assisting drivers. As a result, both the adaptive cruise control (ACC) and the lane guard system will be ready for serial manufacture during 2002. We also continue to focus attention on the safety of the driver's cab. One highlight on this front was that, following slight modifications to the construction, our XL and XXL cabs used in the TG-A series passed a crash test based on strict Swedish standards. For the first time, we were able to demonstrate the safety of the XXL driver's cab solely on the basis of calculations and simulations.

Our long-established light and medium-class trucks were technically upgraded. Along with electronically-controlled injection, our D08 engines were also

3


4


1 L2000 Evolution light-truck series with coffer body
2 New marine engine with 450 hp from a capacity of 6.9 l
3 37 new, low-platform MAN buses for the city of Munich
4 Starliner – NEOPLAN´s new luxury coach

6


5 TG-A, tandem-axle, articulated trailer with LX driver's cab, tank semitrailer
6 TG-A, tandem-axle, articulated trailer with L driver's cab, tipping facility

fitted with an internal exhaust-recirculation facility, an innovation which underscores our pioneering role in the field of environmental protection.

In the bus sector, we presented our new Lion's Star. Both the trade press and customers were impressed by the design and new technical innovations. Its state-of-the-art electronic architecture ensures that all vehicle functions are perfectly attuned. This enhances economic operation, comfort and safety.

Profit centres provide for new impetus.

Mastering the future with a new organisation
In recent years, the MAN Nutzfahrzeuge group has recorded strong growth. We have expanded our international manufacturing activities and extended the worldwide sales and service network. In order to promote transparency and individual responsibility, we began to subdivide the previously very functionally-oriented organisation along the value chain, creating subdivisions and business units. Operating as profit centres on the basis of Group-wide standards, these organisational units are each responsible for their own operations and therefore also for their results.

In the case of the truck division, this means that the business units for the heavy series (Munich, Salzgitter), medium and light series (Steyr/Austria), and special vehicles (Vienna) supply their products and services to MAN's worldwide sales and service network based on internal market prices. At the same time, each location bears responsibility for its own market and own results.

We are expecting this new organisational structure, which became effective at the beginning of the new financial year, to add considerable impetus to our drive to achieve the ambitious goals set for the turnaround programme. This is focused on the areas of »First-class Products and Quality«, »Efficiency, Flexibility and Adherence to Delivery Dates«, »Market Position and Market Growth« and »Management by Transparency and Commitment«. Based on this, we will be returning to the profitability levels of earlier years as of 2003.

Earnings setback
The MAN Nutzfahrzeuge group closed the 2001 financial year with a pre-tax deficit of €49 million, compared with the positive result of €269 million for 1999/2000.

The predominant influences on the 2001 result at MAN Nutzfahrzeuge are described at length on pages 15 and 16 of the Management Report.

1 M2000 Evolution medium series, road sweeper
2 Dual-headed, fire-fighting vehicle for tunnel operations
3 TG-A truck for refuse collection with XL cab
4 Lion's Star – the new coach produced by MAN Nutzfahrzeuge

Outlook

During 2002, we are expecting the market for trucks to decrease by 10 to 12% in terms of volume. In the bus sector we are forecasting an even more dramatic drop. As a result of our measures to adjust personnel levels and implement the new business-unit organisation, along with the turnaround programme for both truck and bus activities, we shall, among other things, realise the necessary cost-savings. Conversion of the ERF production line to TG-A-based vehicles, which will mainly be supplied from Munich, is aimed at bringing ERF out of the red by the fourth quarter of 2002. Special assembly facilities will remain at the Middlewich plant, where reduced technical and manufacturing operations will be maintained.

MAN Nutzfahrzeuge Group
Earnings by subdivision in 2001
€ million

	EBIT	Interest	EBT
Trucks excl. ERF	181	(83)	98
ERF	(81)	(12)	(93)
Total trucks	100	(95)	5
Buses	(36)	(18)	(54)
	64	(113)	(49)

Against the background of these diverse measures, we are anticipating a significant improvement in earnings in 2002 and a return to profitability.

Since the beginning of the current financial year, there have been signs that the economic mood is changing. During the first two months of 2002, our incoming orders exceeded the average for the second half of 2001. Our current budget scenario envisages new orders stabilising in the course of the year and rising again during the second half of 2002. For the year 2003, we are consequently anticipating rising sales volumes. Since the lean cost-structures and enhanced business processes will be fully effective by then, we can again expect stable and reinforced earning capacity on the part of the MAN Nutzfahrzeuge group from 2003 onwards.

Commercial Vehicles

TG-A with XL cab

Whether fruit,
vegetables,
bread or beer –
MAN trucks
deliver everything.

Engineering
the Future.

Ferrostaal – good performance in spite of sharp economic downswing

Restrained investment activity around the globe, especially in the field of large-scale industrial projects, led to a drop in new orders for the Ferrostaal group. However, sales and earnings continued to increase. An improvement in the order situation is expected for 2002.

The downward trend in the global economy in 2001 also impacted the Ferrostaal group. As a result of weakening growth rates in the major developing countries, many investment projects were postponed. This mainly affected emerging countries and producers of primary materials in Asia, Africa and Latin America, which are especially important for our business.

Due largely to the falling demand for capital goods during the second half of the year, incoming orders declined by 6% in 2001 compared with the previous full financial year of 1999/2000. We nevertheless succeeded in increasing sales by another 12%.

Changes in companies consolidated

To promote concentration on our core business and enhance the value of the company, we also refocused our business activities wherever necessary and expanded in some sectors.

In this context, we parted with our remaining minority share in Ferho Bewehrungsstahl GmbH, Essen, and in Ferho Frankfurt GmbH as of 31 December 2001. This means that we have withdrawn from the market for reinforced concrete in Germany and no longer hold stocks of steel for trading operations.

With effect from 1 January 2002, we sold 75% of the shares in our previously wholly-owned subsidiary Ferrostaal Industrial Plant Services GmbH. Commercial management of this personnel-intensive area of operation was integrated into the core business of the purchasing company.

We took over the sectors of Technical Systems and Components, Merchant Shipbuilding and Surface Naval Vessels from Thyssen Rheinstahl Technik GmbH (TRT-N), merging these with our activities in the field of industrial equipment and systems. This further enhanced our competence as partner for global marketing and offset-transactions in a group of German shipyards specialising in the naval sector. Our interest in TRT-N GmbH was subsequently retransferred to ThyssenKrupp Materials & Services GmbH.

Industrial facilities and contracting – substantial orders in spite of postponements in major projects
Acting in this case either as general contractor or as part of a consortium, we offer a range of services, including planning, supply, assembly, commissioning and maintenance of industrial facilities, coupled with project management, financing and marketing concepts.

The volume of new orders declined in this sector as the weak state of the international economy and diminished interest in investment activity took effect, whereas sales continued to increase.

We nevertheless succeeded in attracting a series of major orders, securing a contract from the government-owned TURKMENEFT group to supply and construct a compressor station in Turkmenistan. From Libya, we also obtained an order to erect a gas-compressor station in the Zelten oilfield and construct two pipelines to expand the Attahadi gasfield. In addition, an order for delivery of a direct-fired coal-dust plant was received from Chongqing Iron & Steel Co. Ltd. in China.

DSD Dillinger Stahlbau expands international business
This business unit was also affected by postponements in awarding larger contracts, with the result that orders decreased. Sales on the other hand continued to improve. DSD covers the areas of structural steel engineering, bridge building, steel hydraulics, turnkey constructions, electrical engineering, water-treatment facilities, balance of plant for power stations, material handling equipment as well as the erection of industrial plants. The steel hydraulics activities acquired from the Noell group in 2000 were integrated

Ferrostaal Group
€ million

	2001	1999/00
New orders	2,737	2,927
Sales	2,855	2,541
Earnings before taxes	104	75
Employees (number at 31 Dec.)*	7,230	7,545
Return on capital employed (%)	20.2	14.9
Return on sales (%)	3.7	3.0

* Previous year: 31 December 2000

into the DSD group during the year under review, making a significant contribution to the international expansion of our steel-construction operations.

In spite of an economic downswing in our prime markets, we still achieved an excellent result.

We were once again able to secure a series of large-scale orders. In addition to numerous contracts for structural steel and assembly work, we also closed a contract with the Egyptian Ministry for Water and Irrigation in Cairo to build a weir and sluices in Naga Hamadi. From ThyssenKrupp Stahl AG, we received an order for engineering services and delivery of a major part of the steel structures for the Schwelgern coking plant in Duisburg. For the Olympic stadium in Berlin, we were awarded an order to supply the roof construction covering the stands.

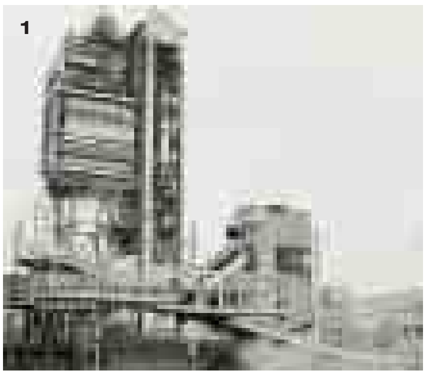
In the autumn of last year we received the European Steel Construction Prize for the innovative, future-oriented technology used in erecting an airshipyard for CargoLifter AG.

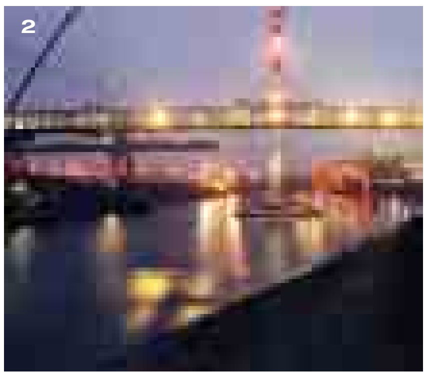
Industrial equipment and systems record stable performance

Sales also increased in this sector, while a marginal decline was registered in new orders. The business unit distributes and provides services for standalone machines, components and system lines on a worldwide scale, as well as planning and implementing infrastructure and transport systems. Another main activity is supplying merchant ships and nautical equipment, in addition to carrying out projects as part of the German Naval Group.

In addition to a contract to supply seven 130 t locomotives and a turboblower to the Chilean copper producer, Codelco, and a plant for the manufacture of aluminium foil to a customer in China, the fact that the printing-machines sector was able to considerably boost new orders and sales deserves particularly mention. Business in this sector increased appreciably in territories where we are active in Latin American and Asia. We were able to place a total of 100 pieces of the new generation of MAN ROLAND 200 printing units.

Ferrostaal merchant-shipbuilding operations were able to secure two contracts for the construction of container ships in 2001, one based on a ship’s hull built in the Ukraine and





the other on four chemical tankers produced in Romania, as well as two options for German shipping companies.

Steel trading and logistics continue to grow

This business unit is engaged in trading in steel products and nonferrous metals. It also provides logistics services which include supplying the automotive industry with materials on a successive, just-in-time basis. In 2001, we achieved a further notable increase in new orders and sales.

Faced with declining volumes of raw steel production across the world and a steep fall in prices, turnover remained stable thanks to a continued rise in volume sales. Our market share increased, particularly in the USA and logistics activities also continued to record very positive development. During 2001, operations commenced at our eleventh logistics centre in the immediate vicinity of an automobile works in Rüsselsheim.

Increased earnings

Due partially to extraordinary items, the Ferrostaal group achieved pre-tax earnings of €104 million in 2001, the highest ever in the company's history (1999/2000: €75 million). All four business units contributed to this increase.

Outlook

We are anticipating a rise in economic growth, both in North America and in Europe during the current financial year. At the same time, it is expected that the price of raw materials will stabilise, as trends already indicate. Based on these assumptions, we are predicting a worldwide increase in project activity which, after a short space of time, should be reflected in rising order volumes. Nevertheless, it will remain difficult to equal last year's earnings in 2002.

1 Briquetting plant for hot metalised iron ore
2 Construction of the new Schwelgern coking plant in Duisburg with DSD transport bridge and coke batteries
3 M/T »Happy Falcon«, a liquefied petroleum-gas tanker for our customer Adela Shipping in Panama
4 Engine dress-up at Ferrostaal Industrial Services GmbH, assembly in Genk, Belgium

Industrial Services

Di-isopropyl-ether plant for RPC refinery in Chile

Ferrostaal's strength lies in managing large-scale projects based on international know-how.

Engineering the Future.

MAN Roland – printing has a future

We performed well during 2001 in the face of a difficult economic environment. Sales showed a strong rise, accompanied by only a marginal drop in new orders, and earnings also increased. The future can be viewed with restrained optimism.

In the course of the 2001 financial year, the demand for printing machines declined significantly around the world. Beginning in the USA, orders subsequently dropped on all our main markets, with sheetfed machines proving to be particularly susceptible. In spite of this difficult environment, the MAN Roland Druckmaschinen group performed well, making effective use of its market opportunities.

Distribution and services showed particularly strong growth
New orders fell by only a moderate 5% against the last full financial year. Sales on the other hand recorded continuing strong growth, rising 13%. All three business units, namely sheetfed machines, webfed machines, and distribution and services, were able to contribute to this positive performance. Registering an increase of 24%, expansion was especially marked in the distribution and services sector.

To a large extent, this success was attributable to the fact that we have greatly increased interaction with our customers in recent years by channelling investment into our own decentralised sales and service network and at the same time improving the availability of our services. Added to this, we have continued to expand our distribution and services business unit. Products newly launched onto the market over the last few years have also met with lively response among buyers.

Digital printing systems set the trend
In the long term, we aim to generate 10% of sales in this division from our new, fast-growing activities in the digital-printing sector. Our pilot DICOweb installation (DICO = Digital Change Over), the first fully-digital offset printing machine on the market, was commissioned in the summer of 2001. The DICOweb offers a self-contained workflow chain, from pre-printing to finishing operations.

This digital-printing system works without printing plates, its form cylinders being directly imprinted, deleted and imprinted again. In this regard, the DICOweb has created a new landmark in the offset printing sector, as acknowledged when it won the renowned GATF Inter-Tech Technology Award for innovative developments in the printing industry.

Together with the newly-established sales and service operations, the innovations and know-how bundled into this new area of application resulted in our own DICOweb creation quickly achieving significant sales success during 2001, along with our toner-based digital-printing systems, DICOpress, DICOpack and DICO page, which are also marketed under the MAN Roland brand, based on an OEM (original equipment manufacturer) agreement.

Market-oriented product development
On the research and development side, we are continuing to direct our efforts at designing new and improved sheetfed and webfed machines, in addition to focusing on the sphere of digital printing. In relation to sales in these business units, R&D expenditure amounted to 7% – a high ratio that we intend to maintain in the years to come. Last year, testing was successfully completed on the ROLAND 500, our new sheetfed machine for printing small-sized packaging and

MAN Roland Druckmaschinen Group

€ million

	2001	1999/00
New orders	1,993	2,095
Sales	2,081	1,848
Earnings before taxes	89	79
Employees (number at 31 Dec.)*	10,570	10,248
Return on capital employed (%)	20.1	19.1
Return on sales (%)	4.3	4.3

* Previous year: 31 December 2000

advertising material, so that commercial production of this model could begin. New additions to our machines in the XXL range were launched for the ROLAND 900, COLORMAN and LITHOMAN series. Offering larger print formats, they provide customers with new possibilities for reducing their production costs.

We act as a systems partner, providing full-scale solutions for our customers.

Continued expansion of our market presence

Our capital expenditure programmes again prioritised measures aimed at reducing costs and expanding our market presence. The main focus was on schemes for rationalising processes at our manufacturing locations, continuing expansion of our worldwide sales and service network, and introducing a logistics system as part of our plans to optimise the supply of spare parts on a worldwide scale.

Integrated, software-based solutions

Our corporate strategy targets concentration on our core business of printing systems and enhanced competence in the sector of complete systems and software-based networks. This means that along with the development, production, distribution and servicing of printing machines, we also focus on systems and network components such as PECOM, AUPASYS and AUROSYS. On the other hand, our customers expect full-scale solutions geared to their individual needs. They can achieve major advances in productivity by installing complete systems encompassing all phases, including preprinting operations, printing and also finishing processes, whereby workflow automation is just as important as reducing life-cycle costs. As a result of acquiring a majority share in the Hamburg software company, Pape + Partner, we have taken a further major step towards our claim of specialising in integrated, software-networked solutions for the entire range of processes involved in printing and publishing workflows.

In this context, we consistently adhere to our concept of open system-architecture, meaning that we cooperate with leading manufacturers of auxiliary equipment, operating materials and services for preprinting, printing and finishing processes in order to offer each customer a fully-integrated system especially designed for his individual needs.

Continuing rise in profitability
With pre-tax earnings of €89 million, we were able to exceed the 1999/2000 figure by €10 million, achieving the best result in the history of the company. We view this positive development as endorsing the success of our market and customer-oriented policy.

Restrained optimism for the future
Owing to the persistently weak economic situation, we are expecting demand to remain subdued in all business units during the first half of 2002. Business is not predicted to recover until the second half of the year, following the trend in the USA. In all, new orders and sales will probably remain below the level of the previous year, so that we hardly will be able to reach the excellent earnings figure recorded in 2001. A noticeable improvement is forecast for the year 2003.

In the medium term, we anticipate above-average growth in the print-media industry. Developments show that print media have tended to enhance their growth prospects compared with the competing electronic-media sector.

3


4


1 DICOweb digital printing system at Nussbaum media publishers near Stuttgart
2 MAN Roland leads the market for large-format, commercial off-set printing
3 Renewed rise in productivity and profitability for sheetfed machines
4 Networking and system integration represent high-profile offerings at MAN Roland

Printing Machines

COLORMAN newspaper printing press

Each day, 380 million people read a newspaper printed on an MAN Roland machine.

Engineering the Future.

MAN B&W Diesel – continuing success

In spite of the slowing rate of global economic growth, new orders, sales and earnings rose strongly. We are confident that our group of companies will continue to show a positive economic development.

Over the period under review, the rate of economic growth slowed considerably. New orders in the sector of ocean-going vessels, which were higher than average during the first half of the year, suddenly began to decline sharply from the third quarter onwards. The demand for electric power also decreased.

In spite of this trading environment, the MAN B&W Diesel group nevertheless performed exceedingly well. We provide essential products and services to customers throughout the world via excellently-equipped competence centres concentrating on the development and distribution of engines, and via a network of both our own and licensed manufacturing facilities which is unique in the marketplace. Based on expansion of our full-line range following the takeover of the former Alstom Engines and our customer-oriented sales strategies, we continued to grow and increase our share of the global market, in spite of the adverse conditions prevailing throughout last year.

During the 2001 financial year, our total order intake rose by 25% compared with the 1999/2000 period. We were also able to increase sales by 28%. Adjusted for the first full-year consolidation of MAN B&W Diesel Ltd., growth amounted to 13% in each case.

Leading on world markets

In conjunction with our licensees, we were able to maintain our leading role in the sector of two-stroke engines for large, ocean-going vessels and our market share of approximately 70%, acquiring orders for the construction of new engines representing a total output of some 10 million hp (7.35 million kW). We successfully defended our position, even though shipbuilding and shipping activities decreased significantly, especially from the third quarter onwards.

In the case of our four-stroke marine engines, so-called medium-speed engines, we were able to record a rise in incoming orders and secure a market share of 24% in terms of the output power installed in ships with a dead weight of 2,000 gross tons or more, compared with 21% the previous year. Our high-speed diesel engines led the market, capturing a 40% share in the sector of high-speed ferry-boats. We also acquired an above-average share of the worldwide orders awarded for heavy-oil-driven marine gensets to supply on-board power. In this market segment, we were able to increase our leading position even further to reach a 61% share of the world market, compared with 50% the previous year.

MAN B&W Diesel Group

€ million

	2001	1999/00
New orders	1,489	1,192
Sales	1,415	1,106
Earnings before taxes	75	54
Employees (number at 31 Dec.)*	7,286	7,073
Return on capital employed (%)	17.4	12.5
Return on sales (%)	5.3	4.9

* Previous year: 31 December 2000

Success in the energy sector

In the segment of diesel power stations, we adapted specifically to regional shifts in the markets and their main areas of focus. This meant that sales activities were largely concentrated on the Central and South American countries, including the Caribbean, and on the USA and some Middle-Eastern states. This policy contributed to a renewed increase in our share of the world market. The market for medium-speed engines with outputs of 3.5 MW and more continued to expand, with our share growing from 23% to 30%. In the sector of medium-speed engines over 7.5 MW, we achieved a market share of 41% in 2001, compared with 23% the previous year.

New dimensions in output

Due to the constant, on-going improvement of our technical performance standards, we are in a position to offer customers a range of products and services in line with market requirements on a worldwide scale. The most recent example of our achievements is the newly-developed MC series of two-stroke engines, lifting us into the highest output class. The most powerful diesel engine in the world, the 12K98MC with 93,360 hp, went into operation in October 2001 on board a container ship with 7,500 TEU (transport equivalent units). A total of 42 K98MC/MC-C-series engines are currently in use, showing excellent results; orders for 89 units have been received to date. With a view to future projects, tests carried out on container ships with over 10,000 TEU have shown that the K98MC/MC-C engine can be built with up to 18 cylinders and therefore supply about 140,000 hp to one single propeller.

Our name is synonymous with on-going development of the diesel engine to improve its environmental compatibility.

Development of our advanced V48/60 four-stroke engine continued, giving rise to a B version, notable for its reduced overall width and reduced weight. For use in the marine sector, maximum output has been increased by an outstanding 14% to 1,200 kW per cylinder.

Our so-called small series of L16/24 and L27/38 engines has been rounded off with the newly-developed L21/31 model. This has been designed for use both as a genset and a main marine engine. We are now in a position to offer a complete landmark range for both areas of application. Sixteen of these new engines have already been ordered.

With the new RK 280 Ruston engine, we are aiming to continue the success of the RK 270, which has held a leading position for powering high-speed ferries since its launch in 1990. The new model has been developed as the most powerful engine in its class of revolutions, with the most efficient fuel-consumption ratio. At a rotation speed of 1,000 min^{-1}, it generates up to 9,000 kW.

The first TCA77 size of the new TCA axial-turbocharger series has now been designed, with serial production due to be launched in 2002. Development of the next size, the TCA88, is already well advanced, production of the first prototype being underway.

Cutting-edge technology to protect the environment
For many years, our name has been synonymous with on-going product development to improve environmental compatibility and satisfy the future requirements of both our customers and legislative standards. The »intelligent engine«, the world's first two-stroke engine with electronically-controlled fuel injection and valve drives has been operating successfully for more than a year. The intelligent combination of several technologies, such as slide-valve technology, alpha lubricators and a cylinder cutoff-device (cutting off the cylinder in the event of a low partial load), allows the particle emission of our two-stoke engines to be reduced to a level that is no longer visible. Thanks to improved charging, increased injection intensity and the optimal geometry of the combustion chamber, our V48/60B and L/V32/40 engines can now also be operated in all areas without visible particle emission, but at the same with time reduced fuel consumption.

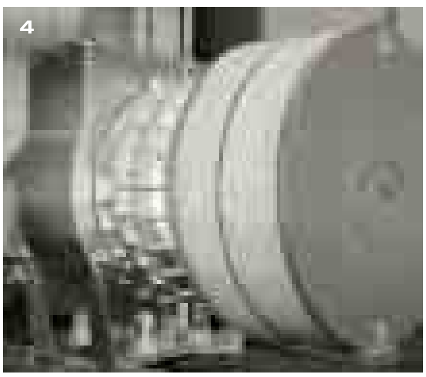
Repeat increase in earnings
The MAN B&W Diesel group has improved its earnings position yet again. During 2001, pre-tax earnings rose by €21 million to €75 million compared with 1999/2000, representing the best result in the company's history.

Positive outlook
The level of existing orders will ensure that capacities are fully utilised throughout the new financial year. Earnings are expected to more or less equal the level reached last year.

Our efforts continue to be geared to offering state-of-the-art technology across the entire range of modern, heavy diesel-engines, ensuring optimum compliance with customer wishes in all areas based on our expertise, and continuing to strengthen our worldwide presence. In this way, we are confident of achieving a stable on-going increase in the value of our entire group.

3

4



1 Our medium-speed engines belong to the most successful and most reliable in their class
2 The container ship »Hamburg Express« with the world's most powerful main engine to date – the 12K98MC with 93,360 hp
3 Our two-stroke engines have maintained their leading position with a market share of 70%
4 The new TCA turbocharger generation is outstanding for its high level of efficiency and reduced noise emission

Diesel Engines

18V 48/60 medium-speed engine

Enjoy your stay on board, while the MAN B&W Diesel engine takes your ship safely to its destination.

Engineering the Future.

MAN Turbomaschinen – new formation for success

The first financial year of the reformed MAN TURBO group was successful. New orders and sales were in line with expectations. Earnings rose strongly. The outlook is positive.

With economic effect from 1 January 2001, MAN Turbomaschinen AG GHH BORSIG took over the turbomachine activities previously owned by Sulzer AG, Switzerland. This gave rise to the MAN TURBO group, comprising three legally autonomous core companies located in Germany, Switzerland and Italy, served by one sales and service organisation operating on a worldwide scale. The new alliance offers a full range of turbomachines for the oil, gas and process industries, including the power-generating sector. This enables customers to purchase sophisticated technology for the most diverse applications from one source.

MAN Turbomaschinen Group

€ million

	2001	1999/00
New orders	556	360
Sales	555	360
Earnings before taxes	26	15
Employees (number at 31 Dec.)*	2,418	1,659
Return on capital employed (%)	16.8	17.4
Return on sales (%)	4.8	4.2

* Previous year: 31 December 2000

Positive business trend

The first year of joint trading in 2001 was marked by a positive trend. New orders reached a satisfactory level of €556 million, which was almost in line with our forecast. The service sector registered particularly strong growth, while orders for new equipment fell marginally short of expectations.

Business in the primary goods sectors developed exceptionally well. We were able to further expand our market position, receiving several large orders from a number of countries, including Russia, South Korea and China.

Evidence that our competitive strength had been enhanced by the new group formation was provided when the first orders were secured involving both MAN GHH BORSIG and the former Sulzer Turbo companies.

Sales of €555 million recorded by the MAN TURBO group were also essentially in line with budgeted figures, whereby completion of a large-scale contract for gas production in Australia and the delivery of four THM gas turbines with the relevant pipeline compressors to Bulgaria deserve special mention.

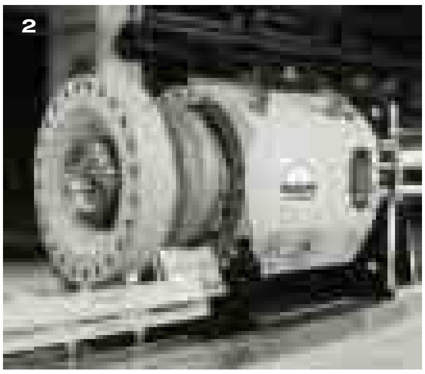
R&D synergies
During the last financial year, intensive work in the field of turbocompressors was already underway in Oberhausen, Berlin and Zürich on the basis of fully-coordinated R&D programmes. The resulting synergies meant that cost-savings could be realised at an early stage. Work has already begun on harmonising other lines of products.

In addition to improving efficiency and construction costs for our existing product range, the key objectives of our R&D activities include expansion of existing markets and advances into new areas of application. In the case of our START development programme, which bundles several projects aimed at increasing the output and efficiency of one of our lines of gas turbines, while simultaneously reducing emission, a subsidy has been granted by the North Rhine-Westphalian Ministry of Economics.

Earnings
In 2001, MAN TURBO generated pre-tax earnings of €26 million. This represented a strong increase over the previous comparable period.

Positive outlook
During the current financial year, demand is expected to show a slight recovery on our main markets. Our target is to exceed €600 million in both new orders and sales, while maintaining a constant level of profitability.

* The Industrial Equipment and Facilities division is made up of the companies portrayed on pages 64 to 73.



1 Gas-turbine compressor machinery with THM gas turbine and radial compressor
2 Compact, hermetically-sealed, oil-free HOFIM compressor

MAN Technologie – partner in the space and aviation business

As sales increased, delays in contract placement for the ARIANE programme caused incoming orders to decline. This resulted in a drop in earnings. Measures taken to reduce costs will couteract this downturn in our earnings position.

MAN Technologie
€ million

	2001	1999/00
New orders	123	206
Sales	227	210
Earnings before taxes	5	13
Employees (number at 31 Dec.)*	1,023	1,123
Return on capital employed (%)	11.3	22.5
Return on sales (%)	2.4	6.0

* Previous year: 31 December 2000

MAN Technologie continued to play a significant role in aerospace development programmes throughout 2001. As a result, we were able to further consolidate our position in this sector.

Competition remained fierce in the aerospace business. In addition, we were greatly affected by the phase-out of the ARIANE 4 programme and by delays in order placements for one of last year's ARIANE 5 starts, due to technical problems which have meanwhile been rectified. Compensatory effects in terms of sales and manpower utilisation are not expected to accrue from other space and aviation contracts until a later date. Consistent implementation of our cost-reduction measures therefore continued, supported by on-going concentration of our aerospace capacities in Augsburg, the major phase of which has already been completed.

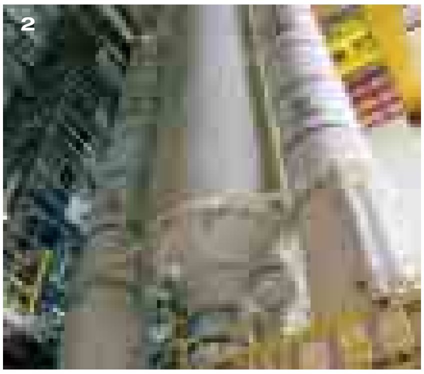
During the year under review, new orders decreased by some 40% compared with 1999/2000. This was mainly due to the non-placement of scheduled orders in the space sector, outweighing the positive development in the aviation business. Sales rose by 8%, with space activities contributing 78% and 11% accruing from aviation contracts.

Earnings decline

Pre-tax earnings dropped to €5 million, after €13 million in 1999/2000. This deterioration resulted largely from unpaid advance performance in the aviation sector.

Outlook

Discontinuation of the ARIANE 4 programme, price reductions for the ARIANE 5 programme in line with the still weak market for launches of commercial satellites will, coupled with declining demand in the aviation sector, lead to a downturn in our earnings postition. The cost-reduction measures already introduced will, however, counteract this trend.

1 MAN Technologie develops and produces water tanks for the ATV (Automated Transfer Vehicle)
2 An ARIANE 5 launched the largest-ever Envisat environmental satellite into orbit

RENK – continuing growth

Thanks to a pleasing order situation and excellent level of earnings, we have increased our dividend. Business prospects for 2002 remain positive.

RENK
€ million

	2001	1999/00
New orders	348	335
Sales	252	228
Earnings before taxes	24	24
Employees (number at 31 Dec.)*	1,513	1,499
Return on capital employed (%)	24.8	29.9
Return on sales (%)	9.4	10.5

* Previous year: 31 December 2000

During the year under review, RENK repeated its success of the previous year. New orders and sales increased yet again.

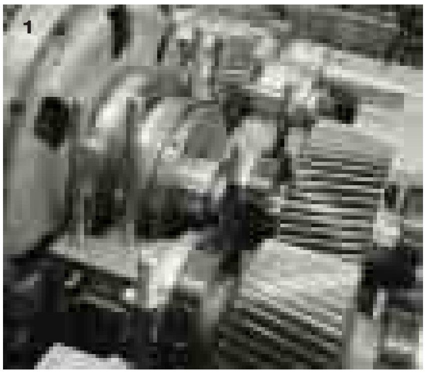
Major order for vehicle transmissions
Our position as the world's leading manufacturer of transmissions for tracked vehicles was further strengthened by a contract to supply 150 power units (engines and transmissions) for a non-European customer. Our French subsidiary SESM was awarded an order to supply another batch of the transmission series used in the Leclerc programme.

Operations in the sector of drive elements fitted with plain bearings and couplings also underscored their leading market position by recording a 40% rise in incoming orders. A significant contribution was made by the marine-bearings section, acquired during the short financial year of 2000.

Unbroken upward trend for large transmission units
The construction of large gear units, as well as transmissions for non-automotive and marine applications, continued to expand. New orders and sales increased yet again and were accompanied by improved earnings.

Continuing high level of profitability
As a result of these developments, it was possible to repeat the good earnings performance of 1999/2000, with pre-tax earnings reaching €24 million. Our shareholders will be sharing this success in form of a dividend of €1.20 per share, representing an increase of €0.20 over 1999/2000.

Positive outlook
In view of the high level of orders on hand, a slight increase in sales can be expected in 2002. However, high start-up costs for serial manufacture of the new vehicle-transmission range could temporarily lead to a marginal decline in earnings.

1


2


1 Suprex gear unit intended for an extruder in the plastics industry
2 Compact marine planetary-gear for high-speed boats

Deggendorfer Werft und Eisenbau – leading in reactor construction

Incoming orders and sales matched our modest expectations. Earnings remained above breakeven in spite of underutilised capacity in some areas. In view of brisk project activity, business prospects are more favourable.

DWE
€ million

	2001	1999/00
New orders	62	83
Sales	61	84
Earnings before taxes	0	8
Employees (number at 31 Dec.)*	485	495
Return on capital employed (%)	2.9	29.5
Return on sales (%)	0.3	9.4

* Previous year: 31 December 2000

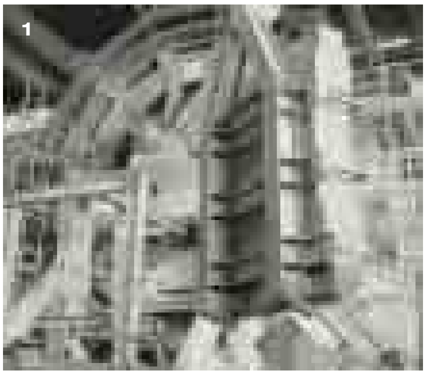
In the face of the global economic downswing, the chemical industry was one of the main sectors to scale down its capital expenditure. This led to slackening business activity throughout our entire apparatus construction sector. New orders in the reactor sector, where we lead the world market, continued to rise compared with 1999/2000.

Orders for major research facilities
From the Max Planck Institute for Plasma Physics, we received a contract for the manufacture of an outer container for plasma as part of the world's largest fusion experiment, WENDELSTEIN 7-X. We had previously been commissioned with construction of the inner chamber. DWE is one of the few manufacturers offering the know-how required for these new dimensions of engineering technology.

Construction of floating dredgers discontinued
As a result of the structural drawbacks of our manufacturing location, increasing competition from cheaper labour and the expiry of government subsidies, we discontinued the construction of floating dredgers at the end of 2001.

Activities bundled at FCI
In order to streamline its organisation, our French subsidiary, FCI, will be closing its location in Paris and conducting all business activities from Lons-le-Saunier.

Earnings and outlook
Pre-tax earnings remained marginally above breakeven. The result was adversely affected by termination of the floating-dredger production and the restructuring measures at FCI. Project activity in the apparatus and plant construction sectors is already showing a substantial increase, offering added opportunities to acquire new orders. These will probably not lead to an improvement in our earnings figures until 2003.



1 Assembly of the CMS magnet for the CERN research centre in Geneva, Switzerland
2 A 550 t chemical reactor is loaded onto a barge

SMS – stable performance in a weak market

SMS group performance remained stable in spite of a weak economic environment. Sales declined while new orders recorded a slight rise. High expenditure on concentrating and realigning operations resulted in a loss. A positive earnings position is expected again in 2002.

SMS
€ million

	2001	1999/00
New orders	2,117	2,068
Sales	2,239	2,353
Earnings before taxes	(9)	68
Employees (number at 31 Dec.)*	9,141	9,379
Return on capital employed (%)	3.8	14.1
Return on sales (%)	(0.4)	2.9

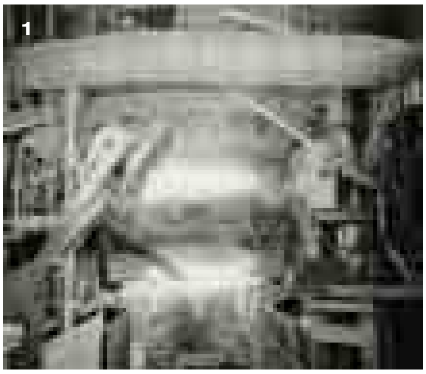
* Previous year: 31 December 2000

In the wake of decelerating global economic activity, the market for metallurgical plant continued to contract. The plastics-processing industry also suffered from a sustained low level of market activity, particularly in the USA. Nevertheless, the group was able to achieve a further marginal 2% increase in new orders. Sales however fell by 5%.

Enhancing competitive ability
Measures initiated at the beginning of 2001 to streamline organisation of the group and its business processes were implemented according to plan. The consequent reduction of the workforce, especially in the subdivision of metallurgical and roll-milling technology, has meanwhile almost reached completion. Our aim is to further enhance our competitive ability and our leading position on the world market, while securing our competence in the technological field.

Continuing weak market for metallurgical and rolling-mill technology
The many years of weak market activity in the metallurgy and rolling-mill sectors continued throughout 2001. Market volume decreased even further. We nevertheless succeeded in acquiring a higher volume of orders as a result of our strong market position and were awarded a series of key, major orders in the face of extremely keen competition.

Success with major contracts
For instance, our business unit pig iron production was able to increase its volume of new orders by 50% as a result of three major contracts. These involved expansion of the Mobarakeh Steel complex in Isfahan, Iran, a metal-recycling plant for Ilva S.p.A., Italy, and a copper-slag purification furnace for Codelco in Chile. In the sector of conventional continuous-casting technology, a considerable order volume accrued from contracts for three new single-strand slabbing mills for the



1 CIRCOARC DC electric-arc furnace with scrap-preheating facility at Halyvourgia, Greece
2 Final section of the combined pickling and hot-galvanising plant for hot strip at Wuppermann Staal Nederland B. V.

Shanghai No. 1 steelworks, the modernisation of two double-strand slabbing mills for the Iranian enterprise Mobarakeh Steel Co., and for converting a continuous bloom-casting plant for Tianjin Pipe Co. in China. CSP casting technology, developed by the SMS group, continued to sell well. Two further orders were recently received from China for CSP casting equipment.

Our automation and service activities were also extended, so that customers may now take direct advantage of these offerings, in addition to our traditional products.

Plastics technology is well prepared
During 2001, the economic environment became increasingly difficult for the SMS plastics-technology business. After achieving an absolute record in 2000, we had to contend with falling levels of new orders and sales, especially in the USA. Based on its high competitive profile, as well as the wide range and high quality of its products, the plastics-technology sector is well prepared to take advantage of the approaching market recovery.

Growth for pressing and forging equipment
Business in the sector of pressing and forging technology grew, thanks to a sustained increase in competitive strength as the market showed signs of a slow revival.

Earnings
The SMS group closed the 2001 financial year with a pre-tax loss of €9 million, compared with a positive result of €68 million for the 1999/2000 period. This drop was largely due to the many years of sustained low-level activity on the market for metallurgical plant, which led to high expenditure on concentration and capacity adjustments among suppliers.

Outlook
We are assuming that the economic situation will recover slowly during the second half of the year in the wake of upward trends in the USA. Based on our integration and restructuring measures, which have to a large extent already been completed, and the ensuing boost to our competitive ability, we expect new orders to reach the level of the previous year in 2002 and earnings to exceed breakeven. From 2003 onwards, we are aiming for a return to the profitability of earlier years.

1 Dalian Shide production facility in China
2 Rod extrusion press for light-metal sections

Schwäbische Hüttenwerke – enhanced market position

In an environment marked by positive conditions in the automobile industry and declining market activity in the industrial equipment sector, it was possible to increase the overall volume of new orders and sales. Earnings also continued to improve. We view the future with restrained optimism.

Schwäbische Hüttenwerke

€ million

	2001	1999/00
New orders	230	216
Sales	238	211
Earnings before taxes	16	13
Employees (number at 31 Dec.)*	1,391	1,352
Return on capital employed (%)	22.8	19.1
Return on sales (%)	6.9	6.0

* Previous year: 31 December 2000

Schwäbische Hüttenwerke GmbH recorded another successful year in 2001, being able to enhance its market position by launching innovative products.

Automotive supplies in top gear

On the whole, the economic situation remained strong in the automobile sector. We made the most of positive market conditions, recording further significant increases in new orders and sales. We were also able to capture a higher share of the market with newly-developed products, such as parts for adjusting camshafts and a new internal gear-pump. We invested in expanding capacity at all plants to be well equipped to meet prospective market opportunities when production begins on a commercial scale.

Declining activity in the industrial equipment market

Activity on the industrial equipment market declined to the extent that incoming-order volumes dropped during the second half of the year. However, thanks to a high level of orders on hand, we were still able to increase sales once again. Projects involving capital expenditure to increase the unit weight of calender rolls to 150 t and maintain our position as the world´s leading supplier, as well as boosting the weight of diesel-engine blocks to 100 t, were brought to a successful conclusion.

Renewed rise in earnings

Pre-tax earnings increased to €16 million, compared with €13 million in 1999/2000. Net profits of €9.5 million enabled us to again distribute total dividends of €5.2 million, as well as making an allocation to reserves to increase equity.

Restrained optimism

Based on a sustained high volume of automobile production and a revival in demand for industrial equipment and facilities, we expect earnings to remain stable during the current financial year.

1 Manufacturing casing for an oil pump, 4-cylinder differential gear-shaft unit
2 Assembling a complex tooling device

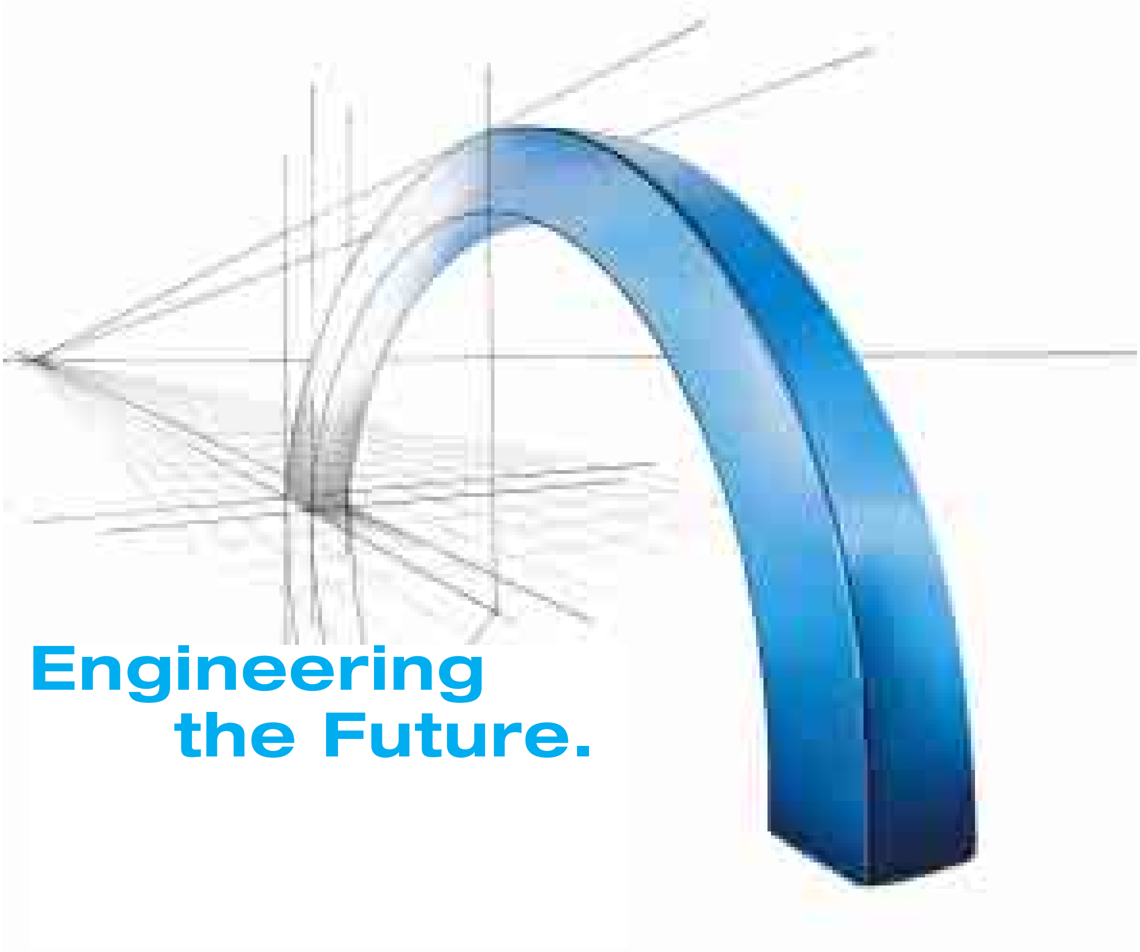
Industrial Equipment and Facilities

Pipeline compressor

Pipeline compressors manufactured by MAN TURBO, pipes produced using SMS equipment and heating technology of the MAN B&W Diesel Group provide comforting warmth for your home.

Engineering the Future.

The MAN Group



MAN Group: Consolidated financial statements as of December 31, 2001

Contents

MAN Group: Income statement for the fiscal year ended December 31, 2001

€ million

	Note	2001	SFY 2000	1999/00
Net sales	[1]	**16,300**	**7,524**	**14,581**
Cost of sales		(13,625)	(6,135)	(11,915)
Gross margin		**2,675**	**1,389**	**2,666**
Selling expenses		(1,054)	(525)	(926)
General administrative expenses		(649)	(304)	(594)
Other operating income	[2]	514	193	411
Other operating expenses	[3]	(1,081)	(425)	(783)
Income from investments	[4]	11	10	10
EBIT		**416**	**338**	**784**
Net interest result	[5]	(203)	(74)	(116)
Profit from ordinary operations (EBT)		**213**	**264**	**668**
Income taxes	[6]	(62)	(87)	(244)
Net income		**151**	**177**	**424**
Minority interests		–	(17)	(35)
Net income after minority interests		**151**	**160**	**389**
Transfer to reserves retained from earnings		(63)	(83)	(235)
Net earnings		**88**	**77**	**154**
Earnings per share (in €)	[7]	**1.01**	**1.04**	**2.52**

MAN Group: Balance sheet as of December 31, 2001

Assets

€ million

	Note	Dec. 31, 2001	Dec. 31, 2000	June 30, 2000
Intangible assets		469	353	337
Tangible assets		2,428	2,293	2,229
Assets leased out		760	878	689
Financial assets		190	182	159
Fixed assets	[8]	**3,847**	**3,706**	**3,414**
Inventories	[9]	4,618	4,531	4,353
less prepayments received		(2,582)	(2,560)	(2,536)
Trade receivables	[10]	3,600	3,632	3,611
Other receivables and current assets	[11]	598	479	432
Short-term securities	[12]	988	990	994
Cash & cash equivalents	[12]	571	620	457
Current assets		**7,793**	**7,692**	**7,311**
Deferred tax assets	[6]	**402**	**312**	**416**
Prepaid expenses & deferred charges		**48**	**58**	**52**
		12,090	**11,768**	**11,193**

Equity & liabilities

€ million

	Note	Dec. 31, 2001	Dec. 31, 2000	June 30, 2000
Capital stock		395	395	395
Additional paid-in capital		675	675	675
Reserves retained from earnings		1,412	1,515	1,429
Net earnings		88	77	154
Other comprehensive income		(2)	–	–
Equity of MAN AG stockholders		**2,568**	**2,662**	**2,653**
Minority interests		294	301	300
Equity	[13]	**2,862**	**2,963**	**2,953**
Pension accruals	[14]	1,997	1,925	1,884
Current tax accruals		160	246	258
Deferred tax liabilities	[6]	423	385	452
Other accruals	[15]	2,020	1,816	1,877
Accruals		**4,600**	**4,372**	**4,471**
Financial liabilities		1,906	1,775	967
Trade payables		1,846	1,770	1,821
Sundry liabilities		800	818	919
Liabilities	[16]	**4,552**	**4,363**	**3,707**
Deferred income		**76**	**70**	**62**
		12,090	**11,768**	**11,193**

MAN Group: Cash flow statement

€ million

	2001	SFY 2000	1999/00
Cash & cash equivalents at beginning of period	**620**	**457**	**505**
Net income	151	177	424
Amortization/depreciation/write-down of fixed assets	650	292	525
Changes in pension accruals	62	36	66
Other noncash expenses and income	(1)	–	(4)
Cash flow acc. to DVFA/SG	**862**	**505**	**1,011**
Elimination of net gain/loss on fixed-asset disposal	(92)	(3)	(92)
Changes in inventories	92	(163)	(266)
Changes in prepayments received	(28)	20	120
Changes in trade receivables	212	(9)	(352)
Changes in trade payables	(60)	(64)	91
Changes in other receivables and current assets	(95)	(50)	(3)
Changes in deferred taxes and tax accruals	(126)	25	152
Other changes in working capital	(68)	(162)	(260)
Cash provided by operating activities	**697**	**99**	**401**
Purchase of sundry tangible and intangible assets	(554)	(294)	(537)
Purchase of financial assets	(31)	(24)	(32)
Acquisition of consolidated subsidiaries	(192)	–	(251)
Cash & cash equivalents of consolidated subsidiaries taken over	55	–	694
Increase in assets leased out	(501)	(297)	(397)
Decrease in assets leased out	448	35	69
Other cash inflow from fixed-asset disposal	201	19	155
Cash used in investing activities	**(574)**	**(561)**	**(299)**
Dividends paid	(87)	(171)	(158)
Minority interests in capital increases	4	–	–
Repurchase of treasury stock	(163)	(3)	–
Change in short-term securities	99	6	(156)
Change in financial liabilities	17	794	160
Cash (used in)/provided by financing activities	**(130)**	**626**	**(154)**
Net change in cash & cash equivalents	**(7)**	**164**	**(52)**
Other changes in cash & cash equivalents due to changed consolidation group	(43)	(2)	–
Parity-related changes in cash & cash equivalents	1	1	4
Cash & cash equivalents at end of period	**571**	**620**	**457**

MAN Group: Statement of changes in equity

€ million

	Capital stock	Additional paid-in capital	Reserves retained from earnings	Net earnings	OCI	Minority interests	Total
Balance at June 30, 1999	**394**	**676**	**1,167**	**142**	**–**	**244**	**2,623**
Dividends paid for the previous year				(142)		(16)	(158)
Net income for 1999/2000				389		35	424
Transfer to reserves retained from earnings			235	(235)			
Currency translation effects			16			5	21
All other changes	1	(1)	11			32	43
Balance at June 30, 2000	**395**	**675**	**1,429**	**154**	**–**	**300**	**2,953**
Dividends paid for the previous year				(154)		(17)	(171)
Net income for SFY 2000				160		17	177
Transfer to reserves retained from earnings			83	(83)			
Currency translation effects			12			2	14
All other changes			(9)			(1)	(10)
Balance at Dec. 31, 2000	**395**	**675**	**1,515**	**77**	**–**	**301**	**2,963**
Repurchase of treasury stock			(163)				(163)
Minority interests in capital increases						4	4
Dividends paid for the previous year				(74)		(13)	(87)
Net income for 2001				151		–	151
Transfer to reserves retained from earnings			66	(66)			–
Currency translation effects			9			3	12
All other changes			(15)		(2)	(1)	(18)
Balance at Dec. 31, 2001	**395**	**675**	**1,412**	**88**	**(2)**	**294**	**2,862**

Notes to the consolidated financial statements
General principles

The consolidated financial statements of MAN AG for the fiscal year ended December 31, 2001, have been prepared according to the International Accounting Standards (IAS) in force and effect as of balance sheet date, applying for the first time IAS 39 *Financial Instruments* and IAS 40 *Investment Properties*.

The IAS conform with the 7th EC Directive. Pursuant to Art. 292a German Commercial Code ("HGB"), IAS-based consolidated financial statements exempt MAN from the obligation to publish group accounts according to German accounting regulations.

Subject to the exceptions below, the accounting and valuation principles applied to and underlying these IAS consolidated accounts are, moreover, equivalent to those permitted under HGB regulations. The following accounting and valuation methods used in MAN's Group accounts depart from German Commercial Code regulations:

– Long-term manufacturing or construction contracts are recognized according to their percentage of completion (PoC).
– Development costs of new products and series are capitalized from the fiscal year of their market launch.
– Deferred maintenance is not provided for.
– Deferred tax assets have been capitalized for tax loss carryovers.
– Financial instruments are recognized at fair (market) value.

Disclosures and explanations required by the IAS and the German Commercial Code for group accounts are either made or given on the face of the financial statements or in these notes, all in line with our corporate precept of transparency of presentation and materiality of disclosures.

The prior-year comparatives are the figures of the 6-month period ended December 31, 2000. Since this short fiscal year hardly permits any meaningful comparison with the full 12-month period of 2001, the financial information from the last preceding full year 1999/2000 is indicated additionally for income statement, balance sheet, cash flow statement, equity analysis and P/L-related notes. For the same reasons, the management report compares the period-related financial information 2001 to that of the full 12-month year 1999/2000.

Methods of consolidation

Group of consolidated companies

Besides MAN AG as the parent, all subsidiaries (i) in which MAN AG holds (whether directly or indirectly) the majority of voting rights, or (ii) whose financial and business policies can be controlled by MAN AG under the articles of association of, or an intercompany or other contractual agreement with, any such subsidiary; case (ii) applies to SMS AG and its subsidiaries, as well as to Schwäbische Hüttenwerke GmbH, in which MAN AG holds 50% of the voting rights. Companies acquired during the fiscal year are included p.r.t. as from the date of their acquisition, while those divested or intended to be disposed of during the fiscal year are not or consolidated only up to their disposal date.

Selected consolidated companies of the MAN Group are listed on the inside back cover page of this annual report. A complete listing of the MAN Group's shareholdings will be filed with the Commercial Register of the Local Court of Munich under no. HRB 78 706.

Versus the previous fiscal period, altogether 29 companies were newly consolidated, while 8 companies left the group of consolidated companies, either through merger with other consolidated entities or due to divestment or minor significance.

Eight (down from 9) associated affiliates are included at equity.

The nonconsolidated subsidiaries are in the aggregate of minor significance for the presentation of the MAN Group's net assets, financial position and results of operations.

Number of consolidated companies:

	Germany	Abroad	Total
Included as of December 31, 2000	90	139	229
Newly included in fiscal 2001	11	18	29
Excluded in fiscal 2001	(5)	(3)	(8)
Included as of December 31, 2001	**96**	**154**	**250**

Acquisitions and divestments

In the year 2001, the following major acquisitions were consummated:

– On June 20, 2001, through previously formed Stuttgart-based NEOPLAN Bus GmbH, MAN Nutzfahrzeuge AG took over the bus operations of Gottlieb Auwärter GmbH & Co. KG, Stuttgart, at a price of €85 million; the deal was closed on June 29, 2001. NEOPLAN has been consolidated since July 1, 2001, and allocated to the Commercial Vehicles segment. The initial consolidation generated goodwill of €103 million, to be amortized over a range of 20 years.

– Under an agreement dated December 19, 2000, and with economic effect as from January 1, 2001, MAN Turbomaschinen AG GHH BORSIG acquired the Swiss Sulzer Group's turbomachinery operations at a price of €97 million (including rights, as well as €36 million of cash & cash equivalents). Sulzer with its subsidiaries has been consolidated for the full year 2001 and assigned to the Industrial Equipment & Facilities segment. The first-time consolidation created goodwill of €58 million, to be amortized over a 20-year period of benefit.

Brüder Henn KG, an Austrian distributor taken over by MAN Roland Druckmaschinen AG in December 2000, has been consolidated with its subsidiaries as from January 1, 2001.

A total €137 million, net after cash & cash equivalents taken over, was incurred to acquire consolidated subsidiaries.

The acquisitions and other changes in the consolidation group impacted on the consolidated statements as follows:

€ million

Company*	Date of initial consolidation/ deconsolidation	Sales in 2001	Total assets**	Workforce (employees)**
NEOPLAN Bus GmbH, Stuttgart	Jul. 1, 2001	176	286	2,167
MAN Turbomaschinen AG, Switzerland	Jan. 1, 2001	198	125	789
Brüder Henn KG, Austria	Jan. 1, 2001	60	58	228
Other changes in 2001		54	(19)	163
Additional sales in 2001 by the companies consolidated in fiscal 1999/2000 only p.r.t.		343	–	–
Total effects		**831**	**450**	**3,347**

* including consolidated subsidiaries
** at initial consolidation/deconsolidation date

Consolidation principles

The consolidated financial statements are based on MAN AG's and its consolidated subsidiaries' annual financial statements as prepared in accordance with groupwide uniform accounting and valuation principles and certified by independent auditors.

The purchase method is used for capital consolidation, with due recognition in net income, by offsetting the purchase cost of an equity investment against its prorated equity at the date of acquisition. Where based on hidden reserves or burdens, any difference between cost and prorated equity is assigned to the subsidiary's assets and liabilities, as appropriate. Any remaining net equity under cost is capitalized as goodwill under intangible assets and amortized on a straight-line basis as a rule over eight to twenty years.

Any undistributed reserves earned after the date of initial consolidation are shown in the Group's reserves retained from earnings or as minority interests, as appropriate. The minority interests held by nongroup parties in the equity of consolidated subsidiaries are disclosed separately from MAN AG's stockholders' equity within the Group's equity.

All intercompany accounts (profits, gains, losses, income, expenses, receivables and payables) among companies included in the Group accounts are eliminated. Deferred taxes are calculated for consolidation transactions recognized in net income.

Affiliates carried at equity are included on the basis of their latest annual accounts (mostly December 31, 2001). The equity proratable to the Group is shown under financial assets. The Group's shares in their EBT and in income taxes are recognized in the Group's income from investments and in tax expense, respectively.

Currency translation

For the consolidated financial statements, the concept of functional currency is used to translate the annual accounts of non-Euroland companies. Since the subsidiaries are economically independent entities in their own right, balance sheet lines are translated at the current, and income statement captions at the annual average, rates. Differences from the currency translation versus the prior year of balance sheet captions are recognized in equity only. The accumulated other comprehensive income due to the currency translation of non-euro financial statements totaled €50 million, including €12 million from the fiscal year 2001.

In the fixed-asset schedule, the fiscal year's opening and closing balances are translated at the applicable current rates, while for the remaining fixed assets, the annual average rates are used. Currency translation differences are shown separately in the currency adjustment column.

The euro exchange rates of major currencies are as follows:

	Current rate of €1 at		Average rate of €1 in	
	Dec. 31, 2001	Dec. 31, 2000	2001	SFY 2000
US dollar	0.8813	0.9305	0.8938	0.8908
Pound sterling	0.6085	0.6241	0.6201	0.6083
Danish krone	7.437	7.463	7.451	7.455
Swiss franc	1.483	1.523	1.510	1.532
Swedish krona	9.301	8.831	9.268	8.544
Polish zloty	3.495	3.850	3.656	3.954
Turkish lira (1,000)	1,269.50	624.27	1,087.99	589.11
Japanese yen	115.33	106.92	108.47	97.14
Hong Kong dollar	6.872	7.258	6.971	6.948
Singapore dollar	1.631	1.613	1.600	1.549
Australian dollar	1.728	1.677	1.739	1.616
Canadian dollar	1.408	1.397	1.385	1.339
Egyptian pound	4.031	3.612	3.605	3.232
South African rand	10.430	7.039	7.643	6.490

Accounting and valuation principles

Intangible assets

Intangible assets purchased are capitalized at cost and amortized on a straight-line basis over their useful lives, generally three to five years.

R&D costs are expensed. Excepted from this practice are the expenses incurred for the development of new products and series as from the fiscal year of their market launch: such expenses are capitalized since from that year onwards, the technical completion of the new development and its future marketability are secured. Amortization is charged per unit or on a straight-line basis over the estimated useful life of four to ten years.

Tangible assets

Tangible assets are valued at purchase or production cost, less depreciation and, where appropriate, write-down. The production cost of internally manufactured tangible assets includes all direct costs, as well as reasonable portions of necessary indirect materials and indirect labor, besides production-related depreciation. Maintenance and repair costs and interest costs are expensed in the period of their incurrence.

Tangible assets are depreciated according to the straight-line method over their estimated useful lives. Machinery, production plant and factory & office equipment purchased up to fiscal 1997/98 are mostly depreciated on a declining-balance basis. Low-value assets (defined as asset at cost of €410 or less) are fully written off in the year of their purchase.

The groupwide uniform asset depreciation ranges are based on the following useful lives:

Buildings	20 to 50 years
Land improvements	8 to 20 years
Machinery and production plant	5 to 15 years
Factory and office equipment	3 to 10 years

Tangible assets whose net residual value and value in use have decreased below net book value are written down accordingly.

Leasing

Pursuant to IAS 17, tangible assets used under capital leases ("finance leases") are capitalized and depreciated.
The property, plant and equipment leased within the MAN Group from MAN Financial Services (MFI) are shown in MFI's balance sheet.

Products leased out under operating leases are recognized by the lessor (mainly MAN Financial Services) at cost, unless sold to nongroup leasing firms for financing purposes, and depreciated primarily according to the declining-balance method over the underlying lease term.

Investments

Within investments, shares in major associated affiliates are stated at equity. The remaining investments are carried at the lower of acquisition cost or fair value. As an exception, investments for which a market value can be reliably determined are stated at market value, the difference from their book value being recognized within other comprehensive income after allowing for deferred taxes.

Securities

Long- and short-term securities available for sale have in 2001 for the first time been fair-valued, the changes in fair (market) value being recognized in equity only (within other comprehensive income) after deducting deferred taxes. Securities held for trading or to maturity are recognized at fair value (with effect on net income) or at cost, respectively.

Current assets

Inventories are stated at the lower of cost or realizable market values. Production cost includes all direct costs, as well as reasonable portions of necessary indirect materials and indirect labor, besides production-related depreciation. Overhead portions are mostly determined on a normal, in all other cases the actual, workload basis. General administrative and selling expenses are not capitalized, nor are any debt interest costs. Raw materials and merchandise are generally valued at average purchase cost. Risks resulting from slow-moving items and from the obsolescence or reduced utility of inventories are adequately and sufficiently allowed for while uncompleted contracts that involve impending losses are stated at their net realizable values.

Long-term manufacturing and construction contracts are recognized according to the percentage-of-completion (PoC) method by apportioning pro rata temporis the agreed revenues earned from, and costs incurred for, contract progress and showing such net revenues, after deduction of customer prepayments, as trade receivables. Such progress, or percentage of completion, is determined either from the ratio the costs incurred by balance sheet date bear to the expected total contract costs, or on the basis of agreed milestones.

Trade receivables and other current assets are carried at amortized cost. Due allowances are charged for bad debts and accounts due from countries involving transfer risks. A flat allowance for doubtful accounts provides for the general collection risk on the basis of empirical data.

Monetary assets available for sale are stated at fair (market) value, the changes in fair value being recognized in equity only (within other comprehensive income).

The original values of fixed or current assets are reinstated wherever the grounds for any write-down in prior periods do not exist any longer.

Accruals, liabilities, deferred income

Pension accruals provide for future pension obligations according to the projected unit credit (PUC) method, duly taking into account future payroll and pension increases. The remaining accruals provide for all identifiable risks and uncertain commitments in the amount expected to be realized or utilized. Accruals that include an interest portion are discounted.

Liabilities are stated at the higher of face value or amount (re)payable.

Deferred income allocates interperiod income by prorating it to the year when earned; examples are rents received, investment grants or allowances.

Deferred taxation

Deferred taxes are recognized for differences between the valuation in the consolidated financial statements and the annual accounts underlying local (non-German) taxation, as well as for tax loss carryovers and future corporate income tax reductions.

Deferred tax assets are not recognized unless the attendant tax reductions will probably materialize. Deferred taxes account only for those amounts of loss carryovers for which taxable income sufficient for realizing the deferred tax assets is expected within the succeeding two fiscal years.

Deferred taxes are calculated at the tax rates current at balance sheet date or finally enacted for future application; in Germany, this rate is 39.4 percent.

Financial derivatives and hedges

A financial derivative is a financial instrument whose value changes in response to changes in other variables, whose purchase cost is mostly little or nil, and which is settled at some future date. Financial derivatives of relevance to the MAN Group are currency forwards and interest rate swaps.

In fiscal 2001, financial derivatives have for the first time been measured at fair (market) value, which is determined on the basis of quoted prices or by means of standardized pricing techniques.

For derivative financial instruments that bear a hedging relationship, the changes in fair value in the fiscal year are recognized in accordance with the underlying hedging relationship.

In fair value hedges (FVHs), the changes in fair value of the hedge and the underlying transaction are recognized in net income after allowing for deferred taxes; on balance, the effect on net income is evened out. In cash flow hedges (CFHs), a change in fair value is recognized in equity only (as other comprehensive income) after accounting for deferred taxes.

If no hedging relationship exists, differences from the remeasurement of fair value of financial derivatives, net after deferred taxes, are recognized in net income.

Income, gains, expenses and losses

Net sales are recognized as and when the underlying products or goods have been delivered or the services rendered, always net after all sales deductions, such as cash and other discounts, allowances granted to customers, etc.

Revenues from long-term construction contracts are recognized on a percentage-of-completion basis.

Operating expenses are recorded when the underlying products or services are utilized, whereas expenses for advertising and sales promotion and other sales-related expenses are recognized when incurred. We provide for accrued warranty obligations when products are sold. Interest expense and other cost of debt are expensed in the period.

Estimates

Preparing the consolidated financial statements requires certain assumptions and estimates to be made for the valuation of some assets and liabilities and the disclosure of contingent liabilities, as well as for the recognition of income and expenses. Actual values may differ from those estimates.

Cash flow statement

This statement breaks down cash flows into those from operating, investing and financing activities. Effects of changes in the group of consolidated companies are eliminated in the lines concerned. The change in cash & cash equivalents which is attributable to parity variations is shown in a separate line.

In the cash provided by operating activities, the noncash operating expenses and income, as well as the gains from fixed-asset disposal were all eliminated. The interest income of €92 million (up from €52 million), interest expense of €175 million (up from €68 million), and income taxes paid at €129 million (up from €35 million) are allocated to operating activities. The net result from investments stated at equity is not included unless distributed.

The cash used in investing activities includes the capital expenditures for fixed assets, including the cash outflow for acquiring shares in consolidated subsidiaries, the cash inflow from the disposal of fixed assets (including consolidated investments), as well as (other than the year before) the cash & cash equivalents taken over as part of the acquisition of investments, and the cash inflow/outflow from securities transactions. The prior-year figures have been restated for comparability.

The cash used in or provided by financing activities mainly reflects the cash dividends distributed, repurchased treasury stock, cash inflow from and outflow for securities held as liquidity reserve, as well as financial liabilities redeemed or newly raised. Cash & cash equivalents comprise cash on hand and in bank, plus the receivables from intragroup financing and P&L transfer.

Segment reporting

€ million

	Commercial Vehicles		Industrial Services		Printing Machines	
	2001	SFY 2000	2001	SFY 2000	2001	SFY 2000
Total sales of the segments						
in Germany	2,469	1,215	636	365	437	245
in other Europe	3,554	1,591	505	264	954	462
in other regions	718	242	1,714	781	690	239
Total	6,741	3,048	2,855	1,410	2,081	946
less intersegment transfers	(522)	(36)	(60)	(40)	(159)	(62)
External net sales	6,219	3,012	2,795	1,370	1,922	884
EBIT	64	138	106	36	93	49
EBT	(49)	85	104	43	89	42
Total assets at Dec. 31	4,211	4,170	1,621	1,585	1,046	986
Capital employed (average)	2,631	2,471	746	731	513	515
Capital expenditures	381	147	46	27	44	36
Amortization/depreciation	252	95	26	15	37	22
Employees at Dec. 31 (number)	35,746	35,478	7,230	7,545	10,570	10,248
EBIT margin	0.9%	4.5%	3.7%	2.5%	4.5%	5.2%
ditto, fiscal 1999/00	0.9%	6.1%	3.7%	2.7%	4.5%	5.2%
ROS (return on sales)	(0.7%)	2.8%	3.7%	3.0%	4.3%	4.4%
ditto, fiscal 1999/00	(0.7%)	4.7%	3.7%	3.0%	4.3%	4.3%
ROCE	2.8%	11.4%	20.2%	16.2%	20.1%	19.4%
ditto, fiscal 1999/00	2.8%	16.7%	20.2%	14.9%	20.1%	19.1%

Segment details

The Commercial Vehicles, Industrial Services, Printing Machines, Diesel Engines and Financial Services corporate divisions are identical with the MAN Nutzfahrzeuge, Ferrostaal, MAN Roland Druckmaschinen, MAN B&W Diesel and MAN Financial Services subgroups.

Under the umbrella of Industrial Equipment & Facilities, the following subgroups are subsumed: MAN Turbomaschinen, MAN Technologie, RENK, Deggendorfer Werft und Eisenbau, Schwäbische Hüttenwerke, and the SMS Group. The “Holding Company, Others, Consolidation” segment includes besides MAN AG the directly managed other enterprises and covers consolidation transactions at Group level.

The subgroup allocation corresponds to the MAN Group’s breakdown by and into corporate divisions used for internal management reporting purposes.

For more detailed subgroup information, see pages 112–115 of this annual report.

Diesel Engines		Industrial Equipment & Facilities		MAN Financial Services		Holding Company, Others, Consolidation		MAN Group	
2001	SFY 2000	2001	SFY 2000	2001	SFY 2000	2001	SFY 2000	2001	SFY 2000
210	106	931	341	429	161	(655)	(202)	4,457	2,231
559	248	1,197	517	84	22	(120)	(24)	6,733	3,080
646	311	1,444	685	–	–	(102)	(45)	5,110	2,213
1,415	665	3,572	1,543	513	183	(877)	(271)	16,300	7,524
(38)	(19)	(28)	(7)	(174)	(149)	981	313	–	–
1,377	646	3,544	1,536	339	34	104	42	16,300	7,524
89	36	67	42	67	40	(70)	(3)	416	338
75	27	63	52	15	10	(84)	5	213	264
1,041	968	2,955	2,710	1,471	1,722	(255)	(373)	12,090	11,768
541	573	1,398	1,299	–	–	–	–	6,786	6,294
35	22	229	60	523	306	20	17	1,278	615
40	19	96	45	188	92	11	4	650	292
7,286	7,073	15,971	15,507	102	46	701	707	77,606	76,604
6.3%	5.4%	1.9%	2.7%	–	–	–	–	2.5%	4.5%
6.3%	5.6%	1.9%	3.8%	–	–	–	–	2.5%	5.4%
5.3%	4.0%	1.8%	3.3%	–	–	–	–	1.3%	3.5%
5.3%	4.9%	1.8%	4.1%	–	–	–	–	1.3%	4.6%
17.4%	13.2%	8.8%	11.7%	–	–	–	–	7.5%	12.4%
17.4%	12.5%	8.8%	17.0%	–	–	–	–	7.5%	15.9%

Comments on segment data

The total sales of the segments are additionally broken down by geographical markets. Intercompany transfers are based on fair market prices as if at arm's length.

Total assets comprise fixed and current assets, as well as deferred tax assets and prepaid expenses & deferred charges.

The capital employed includes equity plus interest-bearing debt, i.e. interest-bearing financial liabilities, pension accruals and deferred income.

Besides the additions to other fixed assets, the capital expenditures also include the outlay for acquiring shares in consolidated subsidiaries.

Amortization, depreciation and write-down are shown as charged to fixed assets.

Key rates of return

This annual report highlights EBIT margin, ROS and ROCE as indicators to control and assess performance by the Group and its corporate divisions with a view to increasing shareholder value. The EBIT margin and the return on sales (ROS) are obtained by dividing EBIT or EBT, respectively, into net sales and used to rate the profitability of current operations.

The return on capital employed (ROCE) is a creditor-oriented indicator that mostly appeals to investors and lenders; it is determined by dividing earnings before taxes and before interest expense into average capital employed.

(1) Sales by geographical markets

€ million

	2001	SFY 2000	1999/00
Germany	4,457	2,231	4,418
Other EU	5,236	2,370	4,280
Other Europe	1,497	710	1,201
Asia	1,921	718	1,592
Americas	2,528	1,161	2,169
Africa	506	287	820
Australia and Oceania	155	47	101
	16,300	**7,524**	**14,581**

Further segment data: region-by-region breakdown

€ million

	Germany	Other Europe	All other regions	Total
2001				
Total assets at Dec. 31, 2001	7,371	3,721	998	12,090
Capital expenditures	810	438	30	1,278
Amortization/depreciation/write-down	440	192	18	650
Headcount at Dec. 31, 2001	51,240	21,169	5,197	77,606
SFY 2000				
Total assets at Dec. 31, 2000	7,267	3,465	1,036	11,768
Capital expenditures	477	125	13	615
Amortization/depreciation/write-down	219	63	10	292
Headcount at Dec. 31, 2000	50,611	20,399	5,594	76,604
1999/2000				
Total assets at June 30, 2000	6,935	3,230	1,028	11,193
Capital expenditures	768	428	21	1,217
Amortization/depreciation/write-down	411	98	16	525
Headcount at June 30, 2000	49,487	19,488	5,349	74,324

Notes to the consolidated income statement

(2) Other operating income

€ million

	2001	SFY 2000	1999/00
Gains from the disposal of fixed assets	107	7	96
Income from other trade business, net	74	45	51
Gains from securities portfolios	70	17	9
Gains from foreign exchange and hedges	65	21	24
Income from the release of accruals	58	25	87
Miscellaneous	140	78	144
	514	**193**	**411**

The gains from securities portfolios were primarily price gains realized by Industrial Services at €39 million and the SMS Group at €28 million.

The income from the release of accruals refers to the portion not assigned to functional expenses.

(3) Other operating expenses

€ million

	2001	SFY 2000	1999/00
Research & development expenses	420	181	319
Provisions in the year	203	84	195
Allowances for current assets	76	35	67
Amortization of goodwill from capital consolidation	74	11	20
Losses on foreign exchange and hedges	33	30	37
Nonoperating expenses for ERF	94	–	–
Miscellaneous	181	84	145
	1,081	**425**	**783**

This caption comprises the expenses not assigned to any of the functional cost categories; R&D expenses reflect only such portion as is neither contract-related production cost nor capitalized development costs.

(4) Income from investments

€ million

	2001	SFY 2000	1999/00
Income from P&L transfer agreements	3	1	4
Income from shares in associated affiliates	5	4	1
Income from other investments	6	5	8
Expenses from loss absorption	(2)	–	(2)
Write-down of investments	(1)	–	(1)
	11	**10**	**10**

The income from investments includes €7 million (up from €5 million) of income from, and €2 million (up from €0 million) of expenses to, nonconsolidated Group companies.

(5) Net interest result

€ million

	2001	SFY 2000	1999/00
Other interest and similar income	92	52	76
Interest and similar expenses	(175)	(68)	(79)
Write-down of short-term securities	(4)	–	(1)
Interest portion of addition to pension accruals	(116)	(58)	(112)
	(203)	**(74)**	**(116)**

€17 million (up from €9 million) of the interest income and €9 million (up from €2 million) of interest expenses are allocable to nonconsolidated Group companies.

(6) Income taxes

€ million

	2001	SFY 2000	1999/00
Current taxes	102	40	138
Deferred taxes	(40)	47	106
	62	**87**	**244**

Reconciliation of EBT to income tax expense:

€ million

	2001	SFY 2000	1999/00
EBT (earnings before taxes)	**213**	**264**	**668**
Calculated corporate income tax	56	111	282
Reduced by dividend	–	(12)	(4)
Municipal trade tax on income in Germany	(13)	20	47
Loss carryovers utilized	(17)	(15)	(33)
Unrecognized loss carryovers	27	5	8
Foreign tax rate differentials	6	(9)	(18)
Goodwill amortization	10	5	8
Change in German tax rates	–	(15)	–
Tax-free income	(4)	–	(29)
Nonperiod taxes	9	(2)	(3)
Other	(12)	(1)	(14)
	62	**87**	**244**

The corporate income tax was calculated by using the tax rate of 25 percent applicable in Germany, and adding the solidarity surtax of 5.5 percent thereof, hence a total 26.4 percent, which was applied to EBT. In SFY 2000 and fiscal 1999/2000, corporate income tax (on retained earnings) and solidarity surtax resulted in a total burden of 42.2 percent.

While loss carryovers utilizable for an indefinite period of time exist in Germany at €24 million and abroad at €359 million, their recognition was waived due to vague realizability. Additional loss carryovers are available outside of Germany but subject to expiration.

The deferred taxes are allocable to the following balance sheet lines:

€ million

	Dec. 31, 2001	Dec. 31, 2000
Deferred tax assets		
Pension accruals	122	112
Inventories and receivables	70	48
Other accruals	98	121
Loss carryovers	105	28
Other	7	3
	402	**312**
Deferred tax liabilities		
Fixed assets	223	225
Inventories and receivables	165	138
Untaxed/special reserves in sep. fin. statements	27	22
Other accruals	8	–
	423	**385**

(7) Earnings per share (EpS)

	2001	SFY 2000	1999/00
Net income after minority interests (€ million)	151	160	389
Weighted average number of shares issued and outstanding (million)	148.9	154.2	154.2
EpS (€)	1.01	1.04	2.52

In accordance with IAS 33, the number of shares outstanding (147.04 million shares at Dec. 31, 2001; 154.2 million shares at the preceding balance sheet dates) is divided into the Group's net income after minority interests to obtain the earnings per share.

No unexercised stock options existed to dilute earnings per share, whether at December 31, 2001 or 2000.

Notes to the consolidated balance sheet

(8) Fixed-asset schedule

€ million

At cost

	Balance at Dec. 31, 2000	Change in consolidation group	Additions	Book transfers	Disposals	Currency translation differences	Balance at Dec. 31, 2001
Licenses, software, sim. rights and assets	140	(19)	23	–	(25)	2	121
Development costs	97	–	21	–	–	–	118
Goodwill from consolidation	247	205	6	–	–	1	459
Intangible assets	**484**	**186**	**50**	–	**(25)**	**3**	**698**
Land, equivalent titles, and buildings (including buildings on leased land)	2,331	107	78	32	(120)	(46)	2,382
Production plant and machinery	2,398	52	188	45	(222)	(5)	2,456
Other plant, factory & office equipment	1,417	48	117	22	(87)	(20)	1,497
Prepayments made, construction in progress	97	1	121	(99)	(3)	–	117
Tangible assets	**6,243**	**208**	**504**	**–**	**(432)**	**(71)**	**6,452**
Assets leased out	**1,258**	**–**	**501**	**–**	**(718)**	**5**	**1,046**
Shares in nonconsolidated Group companies	125	(7)	15	–	(11)	1	123
Shares in associated affiliates	18	(4)	2	–	(8)	–	8
Other investments	37	16	6	1	(5)	–	55
Other long-term securities	38	–	1	–	(1)	–	38
Long-term loans	37	1	7	(1)	(6)	–	38
Financial assets	**255**	**6**	**31**	**–**	**(31)**	**1**	**262**
Fixed assets	**8,240**	**400**	**1,086**	**–**	**(1,206)**	**(62)**	**8,458**

The assets leased out refer primarily to commercial vehicles.

As of December 31, 2001, future rents from noncancelable operating leases amounted to €657 million, including €258 million being due within one year, €380 million after one up to five years, and €19 million after five years.

The fair market values of the other long-term securities totaled €27 million (virtually unchanged).

Write-down charged to ERF's goodwill came to €46 million (up from €0 million), that to tangible assets amounting to €4 million (up from €0 million) and to financial assets to €2 million (virtually unchanged).

Accumulated amortization, depreciation, write-down							Net book values	
Balance at Dec. 31, 2000	Change in consolidation group	Charged in fiscal year	Book transfers	Disposals	Currency translation differences	Balance at Dec. 31, 2001	Balance at Dec. 31, 2001	Balance at Dec. 31, 2000
92	(15)	23	–	(24)	1	77	44	48
8	–	20	–	–	–	28	90	89
31	19	74	–	–	–	124	335	216
131	**4**	**117**	**–**	**(24)**	**1**	**229**	**469**	**353**
1,070	62	66	1	(62)	(42)	1,095	1,287	1,261
1,768	41	170	(1)	(213)	(7)	1,758	698	630
1,111	41	116	1	(78)	(21)	1,170	327	306
1	1	–	(1)	–	–	1	116	96
3,950	**145**	**352**	**–**	**(353)**	**(70)**	**4,024**	**2,428**	**2,293**
380	**(3)**	**179**	**–**	**(270)**	**–**	**286**	**760**	**878**
52	(2)	–	–	–	–	50	73	73
–	–	–	–	–	–	–	8	18
2	1	–	1	–	–	4	51	35
11	–	1	–	–	–	12	26	27
8	–	1	(1)	(2)	–	6	32	29
73	**(1)**	**2**	**–**	**(2)**	**–**	**72**	**190**	**182**
4,534	**145**	**650**	**–**	**(649)**	**(69)**	**4,611**	**3,847**	**3,706**

(9) Inventories

€ million

	Dec. 31, 2001	Dec. 31, 2000
Raw materials and supplies	660	644
Work in process and finished products	2,851	3,032
Merchandise	732	521
Prepayments made	375	334
	4,618	**4,531**

(10) Trade receivables

€ million

	Dec. 31, 2001	Dec. 31, 2000
Due under long-term construction contracts	165	151
Other receivables due from customers	3,363	3,397
Due from nonconsolidated Group companies	51	72
Due from investees	21	12
	3,600	**3,632**

The accounts receivable under long-term manufacturing and construction contracts and recognized according to the PoC method have been determined as follows:

€ million

	Dec. 31, 2001	Dec. 31, 2000
Contract expenses incurred to date incl. net P/L	2,045	2,078
less milestones capitalized as WIP	(261)	(275)
Contract work to date shown as net sales	1,784	1,803
less prepayments received thereon	(1,619)	(1,652)
	165	**151**

The PoC method affected the period's net sales as follows:

€ million

	2001	SFY 2000
Sales accumulated by Jan. 1	1,803	2,064
Effect of changes in consolidation group, currency	18	(20)
	1,821	**2,044**
Sales accumulated by Dec. 31	1,784	1,803
Effect on the period's net sales	**(37)**	**(241)**

Orders and parts thereof billed to customers are shown as other receivables due from customers.

€464 million (up from €180 million) of trade receivables has a remaining term above one year.

(11) Other receivables and current assets

€ million

	Dec. 31, 2001	Dec. 31, 2000
Tax reclaims	152	102
Reserve from employer's pension liability insurance	57	50
Financial derivatives	66	–
Sundry current assets	323	327
	598	**479**

Pursuant to IAS 39, financial derivatives have for the first time been fair-valued. Since they mostly serve hedging purposes, their positive fair (market) values contrast with decreased values in the balance sheet lines of the underlying transactions.

€78 million (down from €91 million) of other receivables and current assets has a remaining term above one year.

(12) Short-term securities, cash & cash equivalents

€ million

	Dec. 31, 2001	Dec. 31, 2000
Short-term securities	988	990
Cash on hand and in bank	493	452
Due under intragroup financing from nonconsol. Group companies	46	64
Due under P&L transfer agreements with nonconsol. Group companies	1	4
Due under intragroup financing from investees	31	100
	1,559	**1,610**

The securities are held as liquid investments and have, according to IAS 39, for the first time been fair-valued, at €988 million (down from €1,099 million). Their cost also totals €988 million (down from €990 million).

The accounts due under intragroup financing reflect receivables from MAN AG's central funding scheme for the Group. The accounts due under P&L transfer agreements with non-consolidated Group companies include dividends, other profit shares and apportioned taxes receivable.

(13) Equity

MAN AG's capital stock amounts to €394,752,000, divided into 154,200,000 no-par shares which include 110,280,000 shares of common, and 43,920,000 shares of nonvoting preferred, stock.

The annual stockholders' meeting and the special meeting of preferred stockholders, both of December 15, 2000, resolved to create authorized capital, which may be used by the Executive Board, after first obtaining the Supervisory Board's approval, to increase the Company's capital stock on or before December 15, 2005, by an aggregate maximum of €197,376,000 through one or several issues of bearer shares of common and/or preferred stock against contribution in cash or in kind. The Executive Board is authorized, with the Supervisory Board's prior approval, to exclude the stockholders' subscription right with respect to contributions in kind and in cash of up to an aggregate €39,475,200 (10 percent of the capital stock).

At their annual meeting, the stockholders further authorized the Executive Board, subject to the Supervisory Board's prior consent, on or before June 15, 2002, to repurchase once or several times MAN AG common and/or preferred stock up to an aggregate 10 percent of the capital stock.

Under this authority and with the Supervisory Board's approval, the Executive Board repurchased from the stock exchange in 2001 altogether 7,160,000 shares of MAN AG preferred stock, equivalent to 4.6 percent of the capital stock, at a price of €163,376,932.60. At the balance sheet date, such treasury stock was held by the subsidiary MAN Financial Services GmbH. The equity was reduced by the repurchase value.

A stake in excess of 25 percent in MAN AG's capital stock is held by Regina-Verwaltungsgesellschaft mbH, Munich (jointly owned at 25 percent each by Allianz AG, Allianz Lebensversicherungs-AG, Commerzbank AG, and Münchener Rückversicherungs-Gesellschaft).

The additional paid-in capital solely comprises stock premiums paid in under MAN AG's capital increases. The Group's reserves retained from earnings cover MAN AG's of €298 million and the reserve for treasury stock of €125 million, hence a total 423 million (up from €420 million).

The Group's net earnings equal the total cash dividend. It will be proposed to the annual stockholders' meeting to distribute a dividend of €0.60 per share.

The other comprehensive income covers the gains and losses not yet realized in the Group's net income and originating primarily from the fair valuation of securities and financial derivatives.

The minority interests in the equity of consolidated subsidiaries refer chiefly to the SMS Group (at €227 million), to Schwäbische Hüttenwerke (€30 million), RENK (€16 million), S.E.M.T. Pielstick (€9 million), and MAN Roland (€5 million).

(14) Pension accruals

The MAN Group's pension plans include mainly direct defined benefit obligations (DBO). As a rule, service periods with the Group, pensionable pay and in exceptional cases also employee contributions will define the amounts of future pensions. These pension plans are chiefly funded by pension accruals, which are measured on an actuarial basis according to the projected unit credit method with due regard to future trends.

For MAN's German companies, the following future pay and pension rises are assumed:

	Dec. 31, 2001	Dec. 31, 2000	June 30, 2000
Payroll rise	3.0%	3.0%	3.0%
Pension rise	1.5%	1.5%	1.5%
Discount rate	6.0%	6.5%	6.5%

The Group's non-German subsidiaries modify these assumptions according to local circumstances.

Total pension expense breaks down as follows:

€ million

	2001	SFY 2000	1999/00
Current service cost	49	27	48
Interest cost	116	58	112
	165	**85**	**160**

Expense of €1 million (up from €0 million) was incurred for changes in pension entitlements and postemployment benefits. No expense or income from updating the assumptions accrued in the year under review.

Pension accruals developed as follows:

€ million	Dec. 31, 2001	Dec. 31, 2000
Present value of DBO from employer's commitments	2,015	1,868
Adjustment due to unrealized actuarial gains and losses	(21)	56
Accrued pension obligations	**1,994**	**1,924**
Accrued similar commitments	3	1
	1,997	**1,925**

The present value of pension entitlements shows the defined benefit obligation to employees at balance sheet date.

In contrast, long-term actuarial assumptions underlie the accrual according to IAS 19 and hence do not account for any variations at balance sheet date if within the corridor specified in IAS 19 (±10% of the DBO's present value).

Therefore, the pension accruals as of December 31, 2001, were by €21 million below (the previous year €56 million above) the DBO's present value.

(15) Other accruals

The warranty accruals provide for implied and express warranties, as well as accommodation warranties extended to customers. The accruals for unbilled costs from contracts invoiced refer to products or services yet to be provided under contracts invoiced and to obligations under maintenance and service contracts.

The obligations to employees exist for accrued employment anniversary allowances, termination benefits, social plans to mitigate undue hardship, early retirement, and preretirement part-time work. The remaining accruals refer to a wide range of specific risks.

€ million	Dec. 31, 2000	Change in cons. group, currency transl.	Utilization	Provision in 2001	Release	Dec. 31, 2001
Warranties	447	38	(85)	135	(35)	500
Unbilled costs from contracts invoiced	474	13	(148)	187	(37)	489
Other business obligations	365	69	(182)	201	(42)	411
Obligations to personnel	132	13	(55)	125	(3)	212
Remaining accruals	398	39	(180)	195	(44)	408
	1,816	**172**	**(650)**	**843**	**(161)**	**2,020**

(16) Liabilities

€ million

	Remaining term ≤1 year	>1≤5 years	>5 years	Dec. 31, 2001	Dec. 31, 2000
Due to banks	1,690	97	14	1,801	1,660
Due under intragroup financing to nonconsolidated Group companies	39	–	2	41	68
Due under P&L transfer agreements with nonconsol. Group companies	1	–	–	1	1
Other financial payables	45	8	10	63	46
Financial liabilities	**1,775**	**105**	**26**	**1,906**	**1,775**
Trade payables	**1,817**	**29**	**–**	**1,846**	**1,770**
Liabilities to personnel	466	–	–	466	468
Liabilities for taxes	109	5	–	114	165
Remaining sundry liabilities	210	4	6	220	185
Sundry liabilities	**785**	**9**	**6**	**800**	**818**
	4,377	**143**	**32**	**4,552**	**4,363**

The accounts due to banks include order- or contract-related refinancing, of which €35 million (down from €40 million) is secured through the assignment of receivables. €7 million of the liabilities due to banks (down from €13 million) and €9 million of the sundry liabilities (virtually unchanged) have been collateralized by land charges and similar encumbrances.

Pursuant to IAS 39, trade payables include for the first time at €111 million the negative fair (market) values of financial derivatives. Since they mostly serve hedging purposes, their negative fair values contrast with increased values in the balance sheet lines of the underlying transactions.

The liabilities to personnel comprise wages, salaries and social security taxes not yet due at balance sheet date, as well as the prorated amounts of vacation pay, Christmas bonuses, and special year-end payments.

Trade payables include €30 million (up from €25 million) due to nonconsolidated Group companies.

Contingent liabilities

€ million

	Dec. 31, 2001	Dec. 31, 2000
Notes endorsed and discounted	92	98
Guaranties and suretyships	174	257
Warranty obligations	64	77
	330	**432**

The warranty obligations have primarily been entered into in favor of sales financing companies or factors in North America.

Other information

Other disclosures for the income statement

The cost of sales includes the following cost of materials:

€ million	2001	SFY 2000	1999/00
Cost of raw materials, supplies, and merchandise purchased	8,251	3,493	6,808
Cost of services purchased	1,030	551	912
	9,281	**4,044**	**7,720**

Personnel expenses break down as follows:

€ million	2001	SFY 2000	1999/00
Wages and salaries	3,282	1,574	2,951
Social security taxes and pension expense	735	361	655
	4,017	**1,935**	**3,606**

Pension expense excludes the interest portion of the period's provision for accrued pension obligations.

On an annual average, the MAN Group employed:

Headcount	2001	SFY 2000	1999/00
Commercial Vehicles	36,135	35,028	31,788
Industrial Services	7,485	7,478	7,312
Printing Machines	10,671	10,165	9,970
Diesel Engines	7,288	7,041	6,140
Industrial Equipment & Facilities	16,224	15,578	15,291
MAN Financial Services	98	45	33
MAN AG, Others	707	714	705
	78,608	**76,049**	**71,239**

Other financial obligations

Future rents for the minimum lease terms fall due as follows:

€ million	Dec. 31, 2001	Dec. 31, 2000
Within one year	291	95
After one but within five years	596	197
After five years	328	231
	1,215	**523**

Customary buyback obligations and residual-value guaranties of a total volume of €1,190 million exist in connection with the sale of commercial vehicles to customers and nongroup financing companies. Accruals of €174 million provide for the ensuing market risks. Printing Machines has incurred buyback obligations of €158 million.

Further financial obligations to third parties existed under pending capital expenditure projects and sourcing contracts but are within the scope of ordinary day-to-day business and hence of no relevance to the financial position.

Mannesmann Demag Krauss-Maffei AG's 28-percent stake in SMS Demag AG is subject to reciprocal call/put options exercisable on or before December 31, 2005.

Derivative financial instruments

The MAN Group offers its customers products, services and finance, and is thus exposed to currency and interest rate risks for whose identification, measurement and containment a groupwide risk management system has been implemented.

MAN Group companies principally hedge their transactions against currency and interest rate risks through MAN AG's Group Treasury, on terms as if at arm's length.

Group Treasury's risk positions are hedged externally with banks within predetermined risk limits through traditional or marketable financial derivatives.

Hedges are contracted according to groupwide uniform directives in compliance with the German Act on Corporate Control & Transparency ("KonTraG"), as well as with the German Minimum Requirements for Bank Trading Business ("MaHs"). Moreover, such contracting is subject to stringent monitoring, which is particularly ensured through the strict segregation of contracting, settlement and controlling duties.

The Group's currency and interest rate risk positions are regularly reported to the Executive Board. Compliance with guidelines and directives is checked by Internal Auditing.

Any future cash flows not transacted in the reporting (functional) currency of a Group company are exposed to currency risks.

Within the MAN Group, principally all firm customer contracts and all of the Group's own purchase orders in foreign currency are hedged. Moreover, hedging transactions provide for planned foreign-currency revenues from bulk manufacturing business within defined limits and for customer projects whose materialization is highly probable.

Currencies presenting merely a minor exchange rate risk due to their close proximity to the euro rate are hedged in isolated cases only. Equity interests or equity-type loans in foreign currency are not subject to any hedging obligation.

External exchange rate hedges are contracted in the form of currency forwards or swaps (98 percent) and currency options (2 percent).

Out of the total hedging volume, the US dollar accounts for 68 percent, the pound sterling for 14 percent, and the Swiss franc for 6 percent.

€ million

			Dec. 31, 2001	Dec. 31, 2000
Notional volume	<1 year	>1 year	total	total
currencies bought	877	270	1,147	1,731
currency sold	1,924	707	2,631	3,826
currency options	66	2	68	236
Fair (market) values	positive	negative	total	total
currencies bought	33	(9)	24	(49)
currency sold	30	(82)	(52)	117
currency options	–	(1)	(1)	5

Customer finance transactions (particularly leases) are largely contracted at fixed interest rates while refinancing is usually based on variable rates. The interest rate risk is hedged against on a case-by-case basis; volume and terms are aligned with the payback or redemption structure of defined customer portfolios and are further subject to the level of collateral security.

As of balance sheet date, external interest rate swaps existed in €, US$, £ sterling, and Can$.

€ million

			Dec. 31, 2001	Dec. 31, 2000
Notional volume	<1 year	>1 year	total	total
interest rate receiver swap	8	23	31	29
interest rate payer swaps	285	755	1 040	716
Fair (market) values	positive	negative	total	total
interest rate receiver swaps	2	–	2	0
interest rate payer swaps	1	(19)	(18)	(8)

The maximum loss risk from financial derivatives corresponds to the aggregate total of their positive market values and thus to potential losses of assets that may be incurred if and when contractual obligations are not honored by specific trading counterparts.

With a view to reducing this risk, financial derivatives are throughout contracted with banks of prime standing and within specified counterparty limits.

MAN's SAR plan

Effective July 1, 2000 and 2001, the MAN Group implemented SAR plans. Members of the MAN companies' executive and management boards were granted stock appreciation rights (SARs) which, after a 2-year qualifying period within the succeeding five years, are exercisable and convertible into taxable income, subject to the MAN common stock price trend.

If and when the exercise price rises 20 percent above the base value of €33.46 (2000 plan) or €25.60 (2001 plan), plan participants receive cash equivalent to four times their SARs. For every further full percentage point above 20 percent, the factor increases by 0.15, up to an aggregate maximum payment of 24 times the SARs held.

Under the 2000 SAR plan, an unchanged 732,165 SARs were granted, including 293,500 to members of MAN AG's Executive Board. As of July 1, 2001, with the consent of the respective supervisory board committees, another 762,665 SARs were granted under the 2001 SAR plan, including 281,000 to MAN AG's Executive Board members. As of December 31, 2001, these SARs continued in effect unchanged. Due to the stock price trend in fiscal 2001, no expense was incurred.

RENK AG implemented two SAR plans modeled on MAN AG's. Members of RENK AG's executive board were granted each on July 1, 2000 and 2001, a total 13,000 SARs which all existed at December 31, 2001, but are not yet exercisable. An expense of €0.040 million was incurred for the RENK plan.

Supervisory and Executive Boards

If the cash dividend distribution is resolved by the annual stockholders' meeting as proposed, the members of the Supervisory Board will receive for the fiscal year 2001 a total remuneration of €0.630 million (up from €0.546 million in SFY 2000), those of the Executive Board a total €4.295 million (up from €3.666 million in SFY 2000), breaking down into €2.974 million (up from €1.390 million in SFY 2000) of fixed, and €1.321 million (down from €2.276 million in SFY 2000) of variable, corporate performance-related, income.

The compensation of former Executive Board members and their surviving dependants amounted to €3.373 million (up from €1.478 million in SFY 2000), while for the accrued pension obligations to such former members and their dependants, altogether €30.956 million (up from €28.563 million) has been provided.

One Supervisory Board member has been granted a housing loan carrying interest at the annual rate of 6 percent and maturing after an agreed term of 25 years. At December 31, 2001, the residual loan balance came to €0.037 million (down from €0.038 million).

The Supervisory and Executive Board members are listed on pages 4 to 5 and 108 to 110 of the annual report, where their memberships in other statutory supervisory boards are disclosed, too.

Munich, March 5, 2002

MAN AG
The Executive Board

Memberships in other statutory boards or equivalent
Executive Board

Dr.-Ing. E. h. Rudolf Rupprecht

(a) Buderus AG
Salzgitter AG
Walter Bau-AG
(b) MAN Nutzfahrzeuge AG (chairm.)
Ferrostaal AG (chairm.)
MAN Roland Druckmaschinen AG (chairm.)
MAN B&W Diesel AG (chairm.)
RENK AG (chairm.)
SMS AG (chairm.)
(d) MAN B&W Diesel A/S, Denmark (chairm.)

Dr. rer. pol. Ferdinand Graf von Ballestrem

(a) Bayerische Versicherungsbank AG
Nürnberger Hypothekenbank AG
(b) Schwäbische Hüttenwerke GmbH (chairm.)
RENK AG (vice-chairm.)
MAN Technologie AG
SMS AG
DSD Dillinger Stahlbau GmbH

Dr. rer. nat. Wolfgang Brunn

(b) MAN Turbomaschinen AG
GHH BORSIG (chairm.)
MAN Technologie AG (chairm.)

Prof. Dipl.-Ing. (FH) Gerd Finkbeiner

(b) Drei Mohren AG
RENK AG
(d) Brüder Henn Graphische Systeme AG, Austria (chairm.)
MAN Roland Inc., USA (chairm.)
MAN Roland (Hong Kong) Ltd., Hong Kong (chairm.)
Omnigraph Group B.V., Netherlands (chairm.)
Votra S.A., Switzerland (chairm.)

Dr. rer. pol. Klaus von Menges

(a) Deutsche Investitions- und Entwicklungsgesellschaft mbH
Dresdner Bank Lateinamerika AG
ThyssenKrupp Serv AG
(b) DSD Dillinger Stahlbau GmbH (chairm.)
MAN Roland Druckmaschinen AG
MAN Turbomaschinen AG
GHH BORSIG (vice-chairm.)
MAN B&W Diesel AG
SMS Demag AG
(d) MAN B&W Diesel A/S, Denmark

Dipl.-Ing. Håkan Samuelsson

(b) MAN Bus GmbH (chairm.)
(d) MAN Kamyon ve Otobüs Sanayi A.S., Turkey (chairm.)
ERF (Holdings) plc., UK (chairm.)
STAR Trucks Sp. z o.o., Poland (chairm.)
MAN Sonderfahrzeuge AG, Austria (chairm.)
MAN Steyr AG, Austria (chairm.)
MAN Automotive (South Africa) (Pty.) Ltd., South Africa (chairm.)

Dr. jur. Hans-Jürgen Schulte LL.M.

(b) Drei Mohren AG (chairm.)
MAN Nutzfahrzeuge AG
RENK AG
(d) S.E.M.T. Pielstick, France (chairm.)
MAN B&W Diesel Ltd., UK (chairm.)

Dr. jur. Philipp J. Zahn

(b) MAN Nutzfahrzeuge AG
Ferrostaal AG
MAN Roland Druckmaschinen AG
MAN B&W Diesel AG
MAN TAKRAF Fördertechnik GmbH
MAN Bus GmbH
NEOPLAN Bus GmbH
SMS Meer GmbH
(d) MAN B&W Diesel A/S, Denmark

Supervisory Board

Dr. jur. Dr. rer. pol. h. c. Klaus Götte	(a) Allianz Lebensversicherungs-AG KM Europa Metal AG	SMS AG ThyssenKrupp AG
Dr. rer. pol. Gerlinde Strauss-Wieczorek	(a) MAN Nutzfahrzeuge AG (vice-chairwoman)	Grammer AG
Dr. jur. Hans-Jürgen Schinzler	(a) Allianz Lebensversicherungs-AG (vice-chairm.) Dresdner Bank AG ERGO Versicherungsgruppe AG (chairm.)	(c) Aventis S.A. Dresdner Kleinwort Wasserstein North America Inc.
Dr. oec. Paul Achleitner	(a) RWE AG (c) ÖIAG	
Dr. jur. Friedhelm Gieske	(a) National-Bank AG (vice-chairm.)	
Dr. rer. nat. Hubertus von Grünberg	(a) Allianz Versicherungs-AG Continental AG (chairm.)	Deutsche Telekom AG (c) Schindler Holding AG
Jürgen Hahn	(a) Ferrostaal AG	
Dr. phil. Klaus Heimann	(a) Krones AG	
Karlheinz Hiesinger	(a) MAN B&W Diesel AG (vice-chairm.)	

(a) member of a German company's supervisory board
(b) member of a Group company's board
(c) member of a comparable non-German board
(d) member of a non-German Group company's comparable board

as of March 1, 2002,
or resignation date, respectively

Dr. Eng. h. c. Volker Jung

(a) Direktanlagebank AG
Messe München GmbH

Dr. rer. oec. Norbert Käsbeck

(a) Hugo Boss AG
EURO Kartensysteme EUROCARD und eurocheque GmbH
Friatec AG (vice-chairm.)
Hawesco Holding AG
Salamander AG
SÜBA Bau AG
T-Online International AG

Hans Jakob Kruse

(a) Hapag Lloyd AG
Oceanica GmbH & Cie. KGaA (chairm.)

Peter Potrykus

(a) MAN Nutzfahrzeuge AG

Prof. Dr.-Ing. Ekkehard Schulz

(a) Axa Colonia Konzern AG
Commerzbank AG
Deutsche Bahn AG
Preussag AG
RAG AG (vice-chairm.)
RWE Plus AG
STRABAG AG
(b) ThyssenKrupp Automotive AG (chairm.)
ThyssenKrupp Materials AG (chairm.)
ThyssenKrupp Steel AG (chairm.)
(c) Evangelisches und Johanniter Klinikum Duisburg/Dinslaken/Oberhausen gem. GmbH
Rheinkalk Verwaltungs GmbH
(d) The Budd Company, USA
Thyssen Inc., USA

Dr. rer. nat. Hanns-Helge Stechl

(a) Pfleiderer AG
Pfleiderer Unternehmensverwaltung GmbH & Co. KG

Supervisory Board committees

Standing Committee

Dr. jur. Dr. rer. pol. h. c. Klaus Götte (chairm.)
Dr. oec. Paul Achleitner
Dr. Eng. h. c. Volker Jung
Lothar Pohlmann
Dr. rer. pol. Gerlinde Strauss-Wieczorek

Committee for Executive Board Membership

Dr. jur. Dr. rer. pol. h. c. Klaus Götte
Dr. jur. Hans-Jürgen Schinzler
Dr. rer. pol. Gerlinde Strauss-Wieczorek

Auditor's report & opinion

We have audited the consolidated financial statements (consisting of income statement, balance sheet, cash flow statement, statement of changes in equity, and notes) as prepared by MAN AG for the fiscal year ended December 31, 2001. The preparation and contents of the consolidated financial statements are the responsibility of the Company's Executive Board. Our responsibility is, based on our audit, to express an opinion on whether the consolidated financial statements conform with International Accounting Standards (IAS).

We have conducted our annual group audit in accordance with German auditing regulations and with due regard to generally accepted standards on the audit of financial statements as established by IDW, the Institute of Sworn Public Auditors in Germany, as well as additionally to the International Standards on Auditing (ISA). Said standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of any material misstatements. When planning the audit procedures, knowledge and understanding of the group's business, its economic and legal environment as well as sources of potential errors are given due consideration. An audit includes examining, largely on a test basis, the evidence supporting the amounts and disclosures in the group accounts. An audit also includes assessing the accounting principles used, and significant estimates made, by the Executive Board, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

It is our opinion that the consolidated financial statements, which are in conformity with IAS, present a true and fair view of the group's net assets, financial position, the results of its operations and its cash flows in the fiscal year.

Our audit, which also encompassed the group management report prepared by the Executive Board for the fiscal year ended December 31, 2001, has not resulted in any objections or exceptions. It is our opinion that the group management report presents fairly both the group's overall position and the risks inherent in its future development. In addition, we confirm that the group's consolidated financial statements and management report for the fiscal year then ended satisfy the requirements for exempting the Company from preparing consolidated group accounts and a group management report in accordance with German law. We have conducted our audit of the required consistency of the group accounting with the 7^{th} EC Directive for the exemption from the requirement for group accounting under German Commercial Code provisions, on the basis of the interpretation of this directive by the European Commission's Contact Committee on Accounting Directives.

Munich, March 12, 2002

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dyckerhoff	Harnacke
Wirtschaftsprüfer	Wirtschaftsprüfer

Summarized financial statements of the MAN Group's Divisions/Subgroups

€ million

	MAN Nutzfahrzeuge Subgroup			Ferrostaal Subgroup		
	2001	SFY* 2000	1999/00	2001	SFY* 2000	1999/00
Fixed assets	**1,465**	**1,303**	**1,254**	**205**	**223**	**211**
Inventories	1,436	1,541	1,372	838	684	580
Prepayments received	(45)	(43)	(32)	(858)	(632)	(613)
Receivables and other current assets, prepaid expenses	1,149	1,205	1,127	627	711	724
Securities, cash & cash equivalents	115	78	69	773	510	688
Current assets, prepaid expenses & deferred charges	**2,655**	**2,781**	**2,536**	**1,380**	**1,273**	**1,379**
Deferred tax assets	**91**	**86**	**99**	**36**	**89**	**80**
Total assets	**4,211**	**4,170**	**3,889**	**1,621**	**1,585**	**1,670**
Equity	**893**	**895**	**819**	**469**	**447**	**477**
Pension accruals	572	541	519	229	221	218
Tax accruals, deferred taxes	159	151	165	65	97	73
Other accruals	784	453	440	144	189	183
Liabilities, deferred income	1,803	2,130	1,946	714	631	719
Total liabilities	**3,318**	**3,275**	**3,070**	**1,152**	**1,138**	**1,193**
Total equity and liabilities	**4,211**	**4,170**	**3,889**	**1,621**	**1,585**	**1,670**
Net sales	**6,741**	**3,048**	**5,755**	**2,855**	**1,410**	**2,541**
Cost of sales	(5,871)	(2,566)	(4,752)	(2,573)	(1,266)	(2,272)
Gross margin	**870**	**482**	**1,003**	**282**	**144**	**269**
Selling expenses	(355)	(183)	(318)	(134)	(71)	(127)
General administrative expenses	(194)	(79)	(175)	(93)	(49)	(81)
Other income and expenses	(257)	(82)	(157)	51	12	7
Earnings before interest and taxes (EBIT)	**64**	**138**	**353**	**106**	**36**	**68**
Net interest result	(113)	(53)	(84)	(2)	7	7
Result from ordinary operations (EBT)	**(49)**	**85**	**269**	**104**	**43**	**75**
Order intake	**6,272**	**3,114**	**6,274**	**2,737**	**1,359**	**2,927**
from Germany	2,265	1,170	2,656	546	280	604
from abroad	4,007	1,944	3,618	2,191	1,079	2,323
Order backlog at Dec. 31/June 30	**1,415**	**2,318**	**2,168**	**2,263**	**2,414**	**2,458**
Employees at Dec. 31/June 30 (number)	**35,746**	**35,478**	**33,814**	**7,230**	**7,545**	**7,145**
in Germany	23,451	22,862	21,856	4,256	4,323	4,104
abroad	12,295	12,616	11,958	2,974	3,222	3,041
Annual average headcount	**36,135**	**35,028**	**31,788**	**7,485**	**7,478**	**7,312**
Personnel expenses	**1,586**	**780**	**1,433**	**344**	**175**	**338**
Key figures						
Capital expenditures (incl. financial investments)	381	147	415	46	27	46
Annual cash flow acc. to DVFA/SG	245	181	331	73	44	75
EBIT margin	0.9%	4.5%	6.1%	3.7%	2.5%	2.7%
Return on sales (ROS)	(0.7%)	2.8%	4.7%	3.7%	3.0%	3.0%
Return on capital employed (ROCE)	2.8%	11.4%	16.7%	20.2%	16.2%	14.9%

* SFY – Short financial year

MAN Roland Subgroup			MAN B&W Diesel Subgroup			MAN Industrial Equipment and Facilities			MAN Financial Services		
2001	SFY* 2000	1999/00	2001	SFY* 2000	1999/00	2001	SFY* 2000	1999/00	2001	SFY* 2000	1999/00
271	**260**	**248**	**229**	**244**	**232**	**642**	**532**	**522**	**949**	**1,105**	**945**
648	602	566	481	419	406	1,172	1,271	1,233	16	3	2
(535)	(482)	(403)	(77)	(66)	(62)	(1,053)	(1,336)	(1,279)	(3)	–	–
462	387	422	329	312	351	1,049	985	1,007	346	584	477
163	188	115	49	32	22	1,046	1,170	1,276	163	30	39
738	**695**	**700**	**782**	**697**	**717**	**2,214**	**2,090**	**2,237**	**522**	**617**	**518**
37	**31**	**41**	**30**	**27**	**27**	**99**	**88**	**107**	**–**	**–**	**–**
1,046	**986**	**989**	**1,041**	**968**	**976**	**2,955**	**2,710**	**2,866**	**1,471**	**1,722**	**1,463**
282	**301**	**294**	**260**	**300**	**307**	**635**	**627**	**611**	**86**	**161**	**143**
219	211	206	117	114	112	595	572	561	2	–	–
30	25	24	22	26	29	163	176	204	36	55	66
196	152	152	130	117	123	643	664	716	28	8	1
319	297	313	512	411	405	919	671	774	1,319	1,498	1,253
764	**685**	**695**	**781**	**668**	**669**	**2,320**	**2,083**	**2,255**	**1,385**	**1,561**	**1,320**
1,046	**986**	**989**	**1,041**	**968**	**976**	**2,955**	**2,710**	**2,866**	**1,471**	**1,722**	**1,463**
2,081	**946**	**1,848**	**1,415**	**665**	**1,106**	**3,572**	**1,543**	**3,446**	**513**	**183**	**267**
(1,535)	(703)	(1,390)	(1,082)	(517)	(850)	(2,952)	(1,222)	(2,822)	(438)	(148)	(237)
546	**243**	**458**	**333**	**148**	**256**	**620**	**321**	**624**	**75**	**35**	**30**
(150)	(73)	(136)	(106)	(53)	(80)	(299)	(143)	(257)	(6)	(1)	–
(103)	(42)	(81)	(64)	(28)	(54)	(183)	(98)	(184)	(2)	(2)	(4)
(200)	(79)	(145)	(74)	(31)	(61)	(71)	(38)	(52)	–	8	20
93	**49**	**96**	**89**	**36**	**61**	**67**	**42**	**131**	**67**	**40**	**46**
(4)	(7)	(17)	(14)	(9)	(7)	(4)	10	9	(52)	(30)	(34)
89	**42**	**79**	**75**	**27**	**54**	**63**	**52**	**140**	**15**	**10**	**12**
1,993	**1,126**	**2,095**	**1,489**	**861**	**1,192**	**3,436**	**1,423**	**3,268**	**635**	**183**	**267**
425	248	443	239	165	173	736	356	775	498	161	250
1,568	878	1,652	1,250	696	1,019	2,700	1,067	2,493	137	22	17
1,273	**1,406**	**1,246**	**1,022**	**957**	**762**	**3,719**	**3,884**	**4,004**	**682**	**–**	**–**
10,570	**10,248**	**10,056**	**7,286**	**7,073**	**6,966**	**15,971**	**15,507**	**15,600**	**102**	**46**	**36**
8,691	8,561	8,530	2,735	2,651	2,636	11,381	11,533	11,680	74	4	4
1,879	1,687	1,526	4,551	4,422	4,330	4,590	3,974	3,920	28	42	32
10,671	**10,165**	**9,970**	**7,288**	**7,041**	**6,140**	**16,224**	**15,578**	**15,291**	**98**	**45**	**33**
632	**290**	**551**	**385**	**175**	**310**	**1,009**	**483**	**919**	**6**	**1**	**1**
44	36	49	35	22	115	229	60	151	523	306	460
101	45	89	88	38	66	149	91	195	194	112	151
4.5%	5.2%	5.2%	6.3%	5.4%	5.6%	1.9%	2.7%	3.8%	–	–	–
4.3%	4.4%	4.3%	5.3%	4.0%	4.9%	1.8%	3.3%	4.1%	–	–	–
20.1%	19.4%	19.1%	17.4%	13.2%	12.5%	8.8%	11.7%	17.0%	–	–	–

See p. 114/115 for breakdown of Industrial Equipment and Facilities Division.

MAN Industrial Equipment and Facilities: Subgroups

€ million

	MAN Turbomaschinen Subgroup			MAN Technologie Aktiengesellschaft		
	2001	SFY* 2000	1999/00	2001	SFY*2000	1999/00
Fixed assets	**90**	**16**	**13**	**73**	**68**	**64**
Inventories	154	92	76	138	148	128
Prepayments received	(27)	(13)	(8)	(151)	(165)	(125)
Receivables and other current assets, prepaid expenses	213	111	152	59	56	48
Securities, cash & cash equivalents	44	–	–	18	35	23
Current assets, prepaid expenses & deferred charges	**384**	**190**	**220**	**64**	**74**	**74**
Deferred tax assets	**12**	**6**	**8**	**6**	**6**	**8**
Total assets	**486**	**212**	**241**	**143**	**148**	**146**
Equity	**59**	**50**	**46**	**21**	**24**	**22**
Pension accruals	54	46	43	55	52	52
Tax accruals, deferred taxes	11	12	14	8	10	12
Other accruals	43	13	15	25	32	31
Liabilities, deferred income	319	91	123	34	30	29
Total liabilities	**427**	**162**	**195**	**122**	**124**	**124**
Total equity and liabilities	**486**	**212**	**241**	**143**	**148**	**146**
Net sales	**555**	**161**	**360**	**227**	**96**	**210**
Cost of sales	(436)	(127)	(283)	(178)	(74)	(149)
Gross margin	**119**	**34**	**77**	**49**	**22**	**61**
Selling expenses	(59)	(18)	(35)	(8)	(4)	(7)
General administrative expenses	(28)	(10)	(19)	(11)	(6)	(13)
Other income and expenses	–	(3)	(4)	(23)	(4)	(26)
Earnings before interest and taxes (EBIT)	**32**	**3**	**19**	**7**	**8**	**15**
Net interest result	(6)	(3)	(4)	(2)	(1)	(2)
Result from ordinary operations (EBT)	**26**	**0**	**15**	**5**	**7**	**13**
Order intake	**556**	**161**	**360**	**123**	**74**	**206**
from Germany	68	41	94	39	30	61
from abroad	488	120	266	84	44	145
Order backlog at Dec. 31/June 30	**372**	**254**	**258**	**293**	**411**	**433**
Employees at Dec. 31/June 30 (number)	**2,418**	**1,659**	**1,671**	**1,023**	**1,123**	**1,127**
in Germany	1,684	1,659	1,671	1,023	1,123	1,127
abroad	734	–	–	–	–	–
Annual average headcount	**2,448**	**1,663**	**1,678**	**1,064**	**1,122**	**1,119**
Personnel expenses	**163**	**54**	**109**	**72**	**38**	**76**
Key figures						
Capital expenditures (incl. financial investments)	108	5	5	13	9	15
Annual cash flow acc. to DVFA/SG	31	5	16	17	11	18
EBIT margin	5.8%	2.0%	5.2%	3.3%	8.3%	6.7%
Return on sales (ROS)	4.8%	0.2%	4.2%	2.4%	7.2%	6.0%
Return on capital employed (ROCE)	16.8%	4.9%	17.4%	11.3%	23.0%.	22.5%

* SFY – Short financial year

RENK Subgroup			Deggendorfer Werft und Eisenbau Subgroup			SMS group Subgroup			Schwäbische Hüttenwerke GmbH		
2001	SFY* 2000	1999/00	2001	SFY* 2000	1999/00	2001	SFY* 2000	1999/00	2001	SFY* 2000	1999/00
42	**41**	**34**	**21**	**20**	**20**	**349**	**332**	**340**	**66**	**55**	**51**
108	101	93	10	10	14	737	899	902	25	20	21
(84)	(68)	(72)	(12)	(15)	(12)	(778)	(1,069)	(1,056)	(2)	(3)	(4)
72	65	55	9	26	25	665	694	692	32	32	31
40	11	38	23	11	6	905	1,087	1,181	15	25	28
136	**109**	**114**	**30**	**32**	**33**	**1,529**	**1,611**	**1,719**	**70**	**74**	**76**
14	**14**	**15**	**2**	**3**	**2**	**62**	**56**	**70**	**4**	**3**	**4**
192	**164**	**163**	**53**	**55**	**55**	**1,940**	**1,999**	**2,129**	**140**	**132**	**131**
67	**55**	**55**	**19**	**24**	**20**	**410**	**419**	**415**	**59**	**55**	**54**
50	47	46	12	12	11	403	396	390	20	20	19
6	5	6	3	6	6	127	139	161	8	4	4
23	18	13	4	5	3	534	579	638	15	17	16
46	39	43	15	8	15	466	466	525	38	36	38
125	**109**	**108**	**34**	**31**	**35**	**1,530**	**1,580**	**1,714**	**81**	**77**	**77**
192	**164**	**163**	**53**	**55**	**55**	**1,940**	**1,999**	**2,129**	**140**	**132**	**131**
252	**121**	**228**	**61**	**39**	**84**	**2,239**	**1,013**	**2,353**	**238**	**113**	**211**
(191)	(93)	(173)	(53)	(29)	(76)	(1,884)	(800)	(1,955)	(211)	(99)	(185)
61	**28**	**55**	**8**	**10**	**8**	**355**	**213**	**398**	**27**	**14**	**26**
(17)	(8)	(15)	(2)	(1)	(2)	(208)	(109)	(192)	(5)	(3)	(6)
(13)	(6)	(11)	(3)	(2)	(4)	(123)	(71)	(133)	(4)	(3)	(4)
(5)	0	(2)	(3)	(6)	6	(39)	(26)	(23)	(1)	1	(2)
26	**14**	**27**	**–**	**1**	**8**	**(15)**	**7**	**50**	**17**	**9**	**14**
(2)	(1)	(3)	–	–	–	6	15	18	(1)	–	(1)
24	**13**	**24**	**–**	**1**	**8**	**(9)**	**22**	**68**	**16**	**9**	**13**
348	**120**	**335**	**62**	**37**	**83**	**2,117**	**907**	**2,068**	**230**	**124**	**216**
94	51	81	41	26	18	344	128	380	150	80	141
254	69	254	21	11	65	1,773	779	1,688	80	44	75
538	**441**	**445**	**72**	**71**	**73**	**2,358**	**2,611**	**2,712**	**86**	**96**	**84**
1,513	**1,499**	**1,500**	**485**	**495**	**507**	**9,141**	**9,379**	**9,446**	**1,391**	**1,352**	**1,349**
1,435	1,425	1,428	410	410	422	5,438	5,564	5,683	1,391	1,352	1,349
78	74	72	75	85	85	3,703	3,815	3,763	–	–	–
1,508	**1,499**	**1,498**	**496**	**499**	**513**	**9,317**	**9,447**	**9,160**	**1,391**	**1,348**	**1,323**
85	**40**	**79**	**26**	**12**	**25**	**589**	**307**	**563**	**74**	**33**	**66**
10	11	8	3	2	5	69	23	98	26	10	20
27	14	26	3	4	7	47	44	109	25	13	19
10.1%	11.2%	11.6%	0.4%	2.6%	9.9%	(0.7%)	0.7%	2.1%	7.2%	7.7%	6.4%
9.4%	10.5%	10.5%	0.3%	2.8%	9.4%	(0.4%)	2.2%	2.9%	6.9%	7.7%	6.0%
24.8%	28.6%	29.9%	2.9%	7.7%	29.5%	3.8%	8.9%	14.1%	22.8%	24.8%	19.1%

MAN Group: Seven-year financial summary [1)]

€ million

	1995/96	1996/97	1997/98	1998/99	1999/00	SFY 2000 [3)]	2001
Order intake	**10,628**	**11,606**	**12,839**	**12,489**	**15,640**	**7,773**	**15,678**
from Germany	3,357	3,712	4,320	4,239	4,623	2,195	4,026
from abroad	7,271	7,894	8,519	8,250	11,017	5,578	11,652
Order intake by division							
Commercial Vehicles	3,855	4,155	4,858	4,950	6,274	3,114	6,272
Industrial Services	2,022	2,694	2,866	2,228	2,927	1,359	2,737
Printing Machines	1,143	1,175	1,565	1,792	2,095	1,126	1,993
Diesel Engines	871	884	921	969	1,192	861	1,489
Industrial Equipment & Facilities	2,945	2,717	2,762	2,647	3,268	1,423	3,436
Financial Services	–	–	–	224	267	183	635
Sales	**10,364**	**10,918**	**12,634**	**13,256**	**14,581**	**7,524**	**16,300**
in Germany	3,627	3,498	4,068	4,327	4,418	2,231	4,457
abroad	6,737	7,420	8,566	8,929	10,163	5,293	11,843
Sales by division							
Commercial Vehicles	4,082	4,067	4,516	4,931	5,755	3,048	6,741
Industrial Services	1,962	2,206	3,228	2,668	2,541	1,410	2,855
Printing Machines	1,207	1,264	1,359	1,680	1,848	946	2,081
Diesel Engines	782	826	984	1,026	1,106	665	1,415
Industrial Equipment & Facilities	2,503	2,406	2,621	3,091	3,446	1,543	3,572
Financial Services	–	–	–	224	267	183	513
Order backlog at June 30/Dec. 31	**9,010**	**10,074**	**9,314**	**8,604**	**10,643**	**10,962**	**10,313**
Germany	1,824	2,321	2,778	2,723	2,895	2,976	2,537
abroad	7,186	7,753	6,536	5,881	7,748	7,986	7,776
Employees at June 30/Dec. 31 (number)	**57,826**	**62,564**	**63,887**	**66,838**	**74,324**	**76,604**	**77,606**
in Germany	45,919	47,161	47,347	47,520	49,487	50,611	51,240
abroad	11,907	15,403	16,540	19,318	24,837	25,993	26,366
Annual average headcount	57,648	60,824	63,006	67,157	71,239	76,049	78,608
Personnel expenses	2,797	2,844	3,067	3,345	3,606	1,935	4,017
Per capita costs (€)	48,514	46,760	48,673	49,814	50,618	25,440	51,107
Capital expenditures and funding							
Tangible and intangible assets	315	309	405	486	537	294	554
Assets leased out	–	–	254	292	397	297	501
Financial assets and acquisitions	20	130	91	103	283	24	223
Research and development	293	299	393	422	527	284	620
Amortisation/depreciation	334	319	482	466	525	292	650
Cash flow for the period acc. to DVFA/SG	563	537	861	913	1,011	505	862
Key ratios (%)							
Equity ratio	30.3	28.9	27.8	27.8	26.4	25.2	23.7
Equity-to-fixed assets ratio [2)]	114.3	112.2	116.0	118.1	108.4	104.8	92.7
EBIT margin	2.4	2.3	3.9	4.8	5.4	4.5	2.5
Pre-tax return on sales	2.5	2.3	3.3	4.2	4.6	3.5	1.3
Return on capital employed	10.8	10.4	13.7	15.4	15.9	12.4	7.5
After-tax return on equity	8.6	8.7	14.4	14.9	15.2	12.0	5.2

€ million

	1995/96	1996/97	1997/98	1998/99	1999/00	SFY 2000 [3]	2001
Fixed assets	**1,761**	**1,849**	**2,427**	**2,735**	**3,414**	**3,706**	**3,847**
Inventories	4,378	4,716	3,068	3,531	4,353	4,531	4,618
Prepayments received	(3,356)	(3,591)	(1,804)	(1,852)	(2,536)	(2,560)	(2,582)
Receivables and other current assets [4]	2,707	2,940	3,427	3,672	4,511	4,481	4,648
Securities, cash & cash equivalents	1,163	1,255	1,306	1,343	1,451	1,610	1,559
Current assets [4]	**4,892**	**5,320**	**5,997**	**6694**	**7,779**	**8,062**	**8,243**
Total assets	**6,653**	**7,169**	**8,424**	**9,429**	**11,193**	**11,768**	**12,090**
Equity	**2,012**	**2,075**	**2,345**	**2,623**	**2,953**	**2,963**	**2,862**
Pension accruals	1,087	1,195	1,586	1,648	1,884	1,925	1,997
Other accruals [5]	1,779	1,940	1,908	2,153	2,587	2,447	2,603
Financial liabilities	394	366	421	603	967	1,775	1,906
Other liabilities, deferred income	1,381	1,593	2,164	2,402	2,802	2,658	2,722
Total liabilities	**4,641**	**5,094**	**6,079**	**6,806**	**8,240**	**8,805**	**9,228**
Total equity and liabilities	**6,653**	**7,169**	**8,424**	**9,429**	**11,193**	**11,768**	**12,090**
Capital employed at June 30/Dec. 31	**3,649**	**3,822**	**4,409**	**4,930**	**5,855**	**6,733**	**6,839**
Net sales	**10,364**	**10,918**	**12,634**	**13,256**	**14,581**	**7,524**	**16,300**
Operating income and expenses	(10,116)	(10,668)	(12,145)	(12,618)	(13,797)	(7,186)	(15,884)
Earnings before interest and taxes (EBIT)	**248**	**250**	**489**	**638**	**784**	**338**	**416**
Net interest income	9	2	(71)	(81)	(116)	(74)	(203)
Result from ordinary operations (EBT)	**257**	**252**	**418**	**557**	**668**	**264**	**213**
Incomes taxes	(88)	(74)	(94)	(186)	(244)	(87)	(62)
Net profit	**169**	**178**	**324**	**371**	**424**	**177**	**151**
Minority interests	(14)	(17)	(17)	(27)	(35)	(17)	–
Transferred to reserves	(60)	(51)	(181)	(202)	(235)	(83)	(63)
Total dividends MAN AG	**95**	**110**	**126**	**142**	**154**	**77**	**88**
MAN's stock							
Ordinary shares, price at June 30/Dec. 31 (€)	19.37	27.61	36.12	33.30	31.66	27.10	23.75
Ordinary shares, annual high (€)	22.80	28.27	37.71	39.63	40.01	34.41	34.20
Ordinary shares, annual low (€)	18.05	17.79	24.34	21.20	28.20	26.52	16.96
Ordinary shares, price/earnings ratio at June 30/Dec. 31	14.6	22.7	18.1	14.9	12.6	–	23.5
Preference shares, price at June 30/Dec. 31 (€)	15.03	22.50	25.26	22.12	21.45	21.00	18.00
Preference shares, annual high (€)	17.44	22.75	27.61	27.87	25.01	24.68	26.10
Preference shares, annual low (€)	13.96	14.06	19.17	14.90	17.90	20.50	12.95
Preference shares, price/earnings ratio at June 30/Dec. 31	11.3	18.5	12.7	9.9	8.5	–	17.8
Dividend per share (€)	0.61	0.72	0.82	0.92	1.00	0.50	0.60
Earnings per share acc. to IAS 33 (€) [6]	1.33	1.22	1.99	2.23	2.52	1.04	1.01
Annual cash flow per share acc. to DVFA/SG (€)	3.40	3.20	5.30	5.50	6.00	3.00	5.50
Equity per share (€)	12.30	12.60	14.00	15.40	17.20	17.30	17.30

1) As from 1997/98, the Consolidated Financial Statements have been prepared in accordance with the International Accounting Standards (IAS). The basis for comparison with previous years is therefore limited.
2) Fixed assets excluding assets leased out.
3) Short financial year 1 July to 31 December 2000; return ratios are projected for a full year.
4) Including deferred tax assets, prepaid expenses and deferred charges.
5) Including deferred tax assets; including special tax reserves up to 1996/97.
6) According to DVFA/SG up to 1996/97.

Glossary

Financial derivatives
Financial contracts deriving their value from changes in other financial parameters, such as security prices, interest or exchange rates, or financial indices.

Capital employed
Sum total of a company's equity and interest-bearing liabilities, i.e. financial liabilities on which interest is payable, pension accruals and deferred income.

Finance lease
Based on IAS 17, a lease that transfers all major risks and rewards of ownership to the lessee, but no title to the leased asset.

R&D ratio
Indicator obtained by dividing research and development costs, including capitalised development costs, into the sales generated by manufacturing divisions.

Goodwill
Amount by which the purchase price of a consolidated subsidiary exceeds its pro rata share capital at acquisition date, after disclosure of any hidden reserves and charges.

International Accounting Standards (IAS)
Accounting principles as harmonised and applied on an international scale by the International Accounting Standards Committee (IASC). The IASC is an organisation subject to civil law, comprising auditors and other accounting experts from over 100 countries.

Other comprehensive income
Other comprehensive income is a special type of equity. It comprises profits and losses which are accounted for in the balance sheet, but as yet unrealised for earnings purposes. These mainly accrue when securities and hedging transactions are stated at current market value.

Percentage-of-completion method (PoC)
Accounting method based on IAS 11, requiring sales revenue, contract costs and the profits or losses from long-term contracts for customised manufacture or comparable services to be shown in the balance sheet to the extent already completed, instead of upon final completion and invoicing to the customer.

Projected Unit Credit Method (PUC)
Method for evaluating pension obligations based on IAS 19, according to which anticipated future increases in salaries and pensions are accounted for in addition to existing vested pension rights and entitlements at balance sheet date.

Return on capital employed (ROCE)
Earnings before taxes and interest expense divided into the annual average capital employed.

Deferred taxation
In accordance with IAS 12, deferred taxation is shown in the case of temporary differences between the value of assets and liabilities stated in IAS-based financial accounts and for the purposes of domestic tax legislation. If assets are stated at a lower, or liabilities at a higher value in the IAS accounts than in the tax balance, the future tax relief accruing must be included as a deferred tax asset. In a contrary situation, a deferred tax liability must be stated.

Economic value added (EVA)
Financial and management tool for assessing the performance of divisions and business units operating within a group. It is designed to measure their present and evaluate their future contribution to the group's profitability, as well as develop the potential to increase shareholder value.

Products and services of the MAN Group

MAN Nutzfahrzeuge

Trucks
Forward-control platform trucks, tippers, semitrailer tractors, chassis for swap and fixed bodies as well as chassis for public utility and fire-fighting applications with ratings of 83 to 485 kW (113 to 660 hp), with 7.49 to 50 t permissible gross weight, with 2 to 5 axles, with leaf springs, combined leaf/air or full air suspension, optionally all-wheel drive. High-mobility off-road chassis with low-torsion box-section frames, coil springs, all-wheel drive and single tyres with gross weights up to 38 t, with 2 to 4 axles.

Buses and coaches
Touring coaches, combined buses/coaches with 2 or 3 axles, solo and articulated buses for scheduled services, with diesel, gas, hydrogen or electric drive systems.

Diesel engines
for vehicles, industrial applications, power generators, pumps, rail vehicles, marine propulsion and shipboard generating sets with 83 to 1,103 kW (113 to 1,500 hp).

Gas engines
for vehicles and cogeneration plants with 47 to 400 kW (64 to 544 hp).

Components
Axles, transfer cases, pressed parts for frames and cabs, tools and castings.

Services
MAN EuroService 24, spare parts supply, MAN ComfortServiceSystem, logistics consultancy, fleet management, communications/telematic services, advice on vehicles and superstructures.

Ferrostaal

Facility construction and contracting
World-wide planning, supply, assembly and maintenance of all types of industrial facilities. Erection of plants, predominantly within the steel and aluminium production as well as the petrochemistry, as general contractor or member of a consortium. Undertaking of the project management as well as the provision of financing concepts. Supplying the chemical, natural gas and petroleum industry, power supply and manufacturing industry with components.

DSD activities
Structural steel engineering, bridge construction, hydraulic steelwork, electrical engineering, water treatment facilities. BOP for power plants, strip mining and conveyor systems as well as the erection of industrial plants.

Industrial equipment and systems
World-wide supply and maintenance of plants for the food processing industry, of turbo and other individual machines. Planning and implementation of infrastructure-related projects, road and rail-bound traffic and transport equipment as well as communication systems. Supply of plants for the production of mechanical components, of navy and merchant vessels and related equipment as well as equipment for ports and shipyards.

Steel trading and logistics
Procurement and marketing of steel products and non-ferrous metals as well as all related trading operations such as barter transactions, financing and transport services. Providing of the automobile and other industries on a just-in-time and supply in-line sequence basis with steel, components as well as pre-assembled systems. Supply of piping accessories and components to plant construction companies.

MAN Roland Druckmaschinen

Systems supply, trading and technical services
World leader in the designing, construction and commissioning – all on a turnkey basis – of print shops deploying open-linked sheetfed and webfed systems. The PASUSYS paper feeding system, the AUROSYS and AUPASYS materials handling systems. PECOM is an electronics-based processing system. Provision of emergency maintenance services on a 24/7 basis. Operation of a worldwide network of service centers and distributors marketing proprietary products, and third-party devices and materials for printers.

Digital printing systems
Digital printing systems producing cost-effective short runs of multi-color products, or individualized ones. Digital-based in-press imaging and erasing (digital change over). Dedicated computer-to-press solutions meeting the individual needs of a wide variety of market segments and extending to pre-press and finishing work.

Sheetfed offset systems
Sheetfed offset systems for the printing of publicity materials, by publishers and of packagings. Small-sized machines for the printing of jobs and packagings in small and medium-length runs. Medium-format machines for brochures, picture books, posters, and for packaging printing; large format machines for the long-run printing of brochures, posters, books and packagings. Ancillary equipment for high-quality finishing operations.

Webfed offset systems
Highly flexible and able to satisfy all color and page number-related capacities, a wide variety of ranges of systems for newspaper printing, for the production of selected commercials, in a variety of formats and performance ranges. Webfed offset machines yielding high-quality illustrated products printed on high-value paper – brochures, supplements, catalogues and periodicals. Special versions used in the production of books.

MAN B&W Diesel

Two-stroke MC Diesel engines for marine propulsion systems and power stations (1,100 to 80,080 kW).
Medium-speed, four-stroke Diesel engines for marine propulsion systems, marine auxiliary units, and for stationary power stations (500 to 23,850 kW).
High-speed Diesel engines for marine propulsion systems, marine auxiliary units, stationary power stations and locomotives (610 to 7,550 kW).
Four stroke dual-fuel and spark-ignition engines for power stations (405 to 8,600 kW).
Turbochargers, power turbines
Propulsion systems equipped with Diesel engines, step-down gears, clutches, adjustable propellers and remote control.

Power stations
Either land-based or floating ones, powered by Diesel or dual-fuel engines.
Services
Spare parts supply and maintenance services for Diesel engines and turbochargers, provided on a worldwide basis; parts reconditioning and replacement services; modernizing of engine facilities; maintenance of industrial facilities; troubleshooter services; materials testing operations.
Repair of marine propulsion systems and shipbuilding work as general contractors at the works-owned quays.
Heating technologies
Oil and gas-fueled burners. Oil and gas boilers, devices for measuring the output of gas burners.

MAN Turbomaschinen

Compressors
Axial compressors, centrifugal compressors, gear-type compressors, isotherm compressors, expanders, process-gas screw compressors, vacuum blowers.
Complete machine trains
Turbines
Industrial steam turbines for mechanical and generator drive applications up to 120 MW, industrial gas turbines for mechanical and generator drive applications up to 26 MW (52 MW TwinPac).
Control and monitoring systems
»turbolog®«
After sales service for compressors and turbines

MAN Technologie

Space Systems
Systems studies; development and production of lightweight structures; tanks and propulsion components going into Europe's ARIANE family of launchers; high-temperature resistant CMC structures; CMC heat shield systems; tanks for reusable space transport vehicles; tank systems and structures for satellites; engineering, building, service and operation of assembly, preparation and testing premises, mobile facilities and starting facilities for launchers; design and systems studies, planning, ready-to-use supply and maintenance of antennas, radio telescopes and optical telescopes.
Aviation
Development and manufacturing of water supply systems and waster water storage systems, special water systems, tanks and structures, propulsion systems, gas storage systems.
Mobile Bridges
Development and manufacturing of mobile bridges to be mounted on trucks and tracked vehicles.

RENK

Fully automatic **transmissions for** medium and heavy-weight **chain-riding vehicles.**
Industrial gear units for cement plants and for petrochemical facilities; for the mining, plastics processing and steel industries; for wind-powered facilities. Cylindrical and planetary gear drives for turbomachines.
Marine gear units for merchant and naval ships powered by Diesel engines and/or by turbine drives, marine reversing gear units.
Horizontally and vertically-positioned **plain bearings** for electrical machines, fans, compressors, pumps and turbines.
Couplings, especially curved tooth couplings for all kinds of industrial applications, for ships, for track-riding vehicles. Steel disk, diaphragm and torsionally-elastic clutches.
Test systems used in the product development and quality assurance operations of the automotive, aviation and rail industries.

Deggendorfer Werft und Eisenbau

Reactors for catalytic gas-phase processes, hydrotreaters, physical process systems.
Plants and components for refinery and chemical sector as well as for research purposes.

SMS

Metallurgical plant and rolling mill technology
Machines, systems and facilities for the making and processing of steel and non-ferrous metals: blast furnace facilities and components, blast furnace cooling systems, converter steel plants (BOF, AOD), dust collection components and systems for blast furnaces, electric arc furnaces and steelworks, electric melt-shops (AC, DC), secondary metallurgy equipment and processes, continuous casting facilities for slabs, blooms and beam blanks, combined continuous casting and hot rolling mills for producing flat and long products (CSP, CBP and MPS), hot flat and cold rolling mills, combined tandem lines with pickling systems, finishing mills, powder-coating lines, strip processing (surface treatment and finishing) and coating lines for steel and non-ferrous metals, drive engineering, Morgoil® bushings, tube and copper mills, section and wire rod mills, automation technology and control systems, hydraulic systems, oil lubrication and cooling lubricant systems, water supply and treatment systems.

Plastics technology
Machinery and systems for processing of plastics. Single- and twin-screw extruders, extrusion dies and pelletizers, downstream equipment for production of pipes, profiles and sidings. Extrusion systems for the production of blown film, cast film, foam and sheet. Injection molding machines with clamping forces from 50 to 80,000 kN, including automation components.

Press and forging technology
Rod and tube extrusion presses for light and heavy metals, runout systems for extrusion plants, closed-die forging presses, straightening machines for hot-rolled bars, centerless bar turning and peeling machines, straightening/polishing machines, bar end facing/chamfering machines, ring and wheel rolling lines, centerless grinding machines, robots and manipulators, process control and management information systems, plant and machinery for cold finishing.

Schwäbische Hüttenwerke

Pumps used by the automotive and other manufacturing sectors.
Internally-ventilated **brake discs**, Luperlit® brand metal materials.
Highly durable **sintered structural parts** featuring highly-complex geometries.
High complexity **cast parts** of up to 85 t.

»Königsbronn« **chilled cast iron rolls**, Äquitherm® heated cylinder rolls, coated rolls. Wear-resistant casts, grinding bodies of up to 140 t.
Materials processing systems for slow-flowing bulk materials, sludges and similar materials.

MAN Financial Services

Leasing, the financing of sales and investments, insurance brokerage and other financial services.

Other companies

MAN Logistics
Material flow and warehousing systems.
MAN WOLFFKRAN
»WOLFF« tower cranes, special cranes.

GHH Bau
Building construction and civil engineering, building of industrial and other facilities, turn-key construction.
MAN Grundstücksgesellschaft
Management of real estate.

Consolidated companies of the MAN Group – a selection

as of December 31, 2001	Shareholding %	Total assets € million	Sales € million	Employees as of Dec. 31, 2001
MAN Nutzfahrzeuge Aktiengesellschaft, Munich	**100**	**2 557**	**5 023**	**18 763**
MAN Bus GmbH, Salzgitter	100	223	593	2 538
NEOPLAN Bus GmbH, Stuttgart [6)]	100	353	181	1 571
MAN Steyr Aktiengesellschaft, Steyr/Austria	100	319	803	2 578
ERF (Holdings) plc., Middlewich/Great Britain [1)]	100	148	363	860
MAN Sonderfahrzeuge Aktiengesellschaft, Vienna/Austria	100	133	242	884
MAN Kamyon ve Otobüs Sanayi Anonim Sirketi, Ankara/Turkey	100	135	159	1 843
MAN Automotive (South Africa) (Pty.) Ltd., Johannesburg/South Africa	100	73	142	625
MAN Pojazdy Uzytkowe Polska, Sp. z o.o., Nadarzyn/Poland	100	58	103	614
STAR Trucks Sp. z o.o., Starachowice/Poland	100	43	45	672
MAN Truck & Bus UK Ltd., Swindon/Great Britain	100	233	533	711
ÖAF & STEYR Nutzfahrzeuge OHG, Vienna/Austria	100	221	424	1 006
MAN Vehículos Industriales (España) S. A., Madrid/Spain [1)]	100	153	413	492
MAN Camions et Bus S. A., Evry/France	100	141	312	517
MAN Veicoli Industriali S. p. A., Dossobuono di Villafranca/Italy	100	81	248	136
MAN Truck & Bus S.A., Kobbegem (Brussels)/Belgium [1)]	100	75	117	145
MAN Last og Bus A/S, Glostrup/Denmark	100	54	110	208
MAN Nutzfahrzeuge (Schweiz) AG, Otelfingen/Switzerland	100	40	121	114
MAN Last og Buss A/S, Skaarer/Norway	100	38	73	224
MAN Veiculos Industriais (Portugal) S. U. Lda., Porto/Portugal	100	46	66	136
MAN Engines & Components Inc., Pompano Beach/USA	100 [2)]	16	36	27
MAN Uzitkova Vozidla Ceskarepublica spol.s.r.o., Cestlice/Czech Republic	100	15	54	71
MAN Kamion és Busz Kereskedelmi Kft., Dunaharaszti/Hungary	100	25	44	97
MAN Gospodarska Vozila Slovenija d.o.o., Ljubljana/Slovenia	100	7	25	29
MAN-STAR Trucks Sp. z o.o., Warsaw/Poland	100	27	14	156
Ferrostaal Aktiengesellschaft, Essen	**100**	**1 187**	**1 313**	**716**
DSD Dillinger Stahlbau GmbH, Saarlouis	100	312	297	1 079
MAN TAKRAF Fördertechnik GmbH, Leipzig	100 [3)]	131	75	398
Hilgers AG, Rheinbrohl [1)]	98	36	74	166
SECOMETAL S. A. Société d'études et de const. métalliques, Sarralbe/F	100	29	40	420
FERROMETALCO The Egypt.-Germ. Comp. f. Met. Const. S.A.E., Cairo/ET	100	28	23	868
DSD-C.G.I. Compañia General de Industrias, C. A., Caracas/Venezuela	100	34	27	103
MAN GHH Öl & Gas GmbH, Essen	100	50	30	92
Fritz Werner Industrie-Ausrüstungen GmbH, Geisenheim	100	231	100	138
SAGEXPORT S. A., Paris/France	100	14	25	30
Print + Pack Australia Pty. Ltd., Alexandria/Australia	100	15	24	75
Ferrostaal Incorporated, Houston/USA [1)]	100 [2)]	111	609	112
FIS Ferrostaal Industrie- und System-Logistik GmbH, Essen [1)]	100	84	74	989
Ferrostaal Piping Supply GmbH, Essen [1)]	100	46	88	86
MAN Roland Druckmaschinen Aktiengesellschaft, Offenbach	**98**	**891**	**1 538**	**8 300**
Omnigraph Group B. V., Amsterdam/Netherlands 1), including:	100 [4)]	217	436	995
Pershke Price Service Organisation Limited, Mitcham/Great Britain	100	28	63	201
MAN Roland Italia SpA, Milan/Italy	100	49	80	76
Mahez B. V., Amsterdam/Netherlands	100	36	67	185
Havlange Bonte N. V., Wemmel/Belgium	100	25	48	157
Somagra S. A., Paris/France	100	40	62	132
Maschinen AG, Kirchberg/Switzerland	100	14	42	88

as of December 31, 2001	Shareholding %	Total assets € million	Sales € million	Employees as of Dec. 31, 2001
Brüder Henn Group, Vienna/Austria [1)]	100	73	99	235
MAN Roland Inc., Westmont/USA [1)]	100 [2)]	129	325	299
MAN Roland (Hongkong) Ltd., Hong Kong	100	30	97	157
Votra S. A., Lausanne/Switzerland	100	22	83	4
MAN Roland Vertrieb und Service GmbH, Berlin	100	22	76	163
MAN Roland Vertriebsgesellschaft Bayern mbH, Munich [1)]	80	27	71	120
MAN B&W Diesel Aktiengesellschaft, Augsburg	**100**	**445**	**531**	**2 540**
MAN B&W Diesel A/S, Copenhagen/Denmark	100	341	528	2 258
S.E.M.T. Pielstick, Villepinte/France	67	106	131	749
MAN B&W Diesel Ltd., Stockport/Great Britain	100	246	220	1 335
MAN B&W Diesel (Singapore) Pte. Ltd., Singapore	100	24	54	138
MAN Turbomaschinen AG GHH BORSIG, Oberhausen	**100**	**334**	**356**	**1 647**
MAN Turbomaschinen AG Schweiz, Zurich/Switzerland	100	111	152	530
MAN Turbomacchine S.r.l. De Pretto, Schio/Italy	100	55	23	182
MAN Technologie Aktiengesellschaft, Augsburg	**100**	**143**	**227**	**1 023**
RENK Aktiengesellschaft, Augsburg	**76**	**169**	**226**	**1 435**
Deggendorfer Werft und Eisenbau GmbH, Deggendorf	**100**	**46**	**53**	**410**
SMS Aktiengesellschaft, Düsseldorf	**51** [1)]	**1 224**	**–**	**5**
SMS Demag Aktiengesellschaft, Düsseldorf and Hilchenbach	72	837	986	3 136
SMS Demag Inc., Pittsburgh/USA	100	116	83	165
SMS Meer GmbH, Mönchengladbach	100	241	154	842
Hertwich Engineering Ges.m.b.H., Braunau/Austria	100	17	26	91
SMS Demag SpA, Genoa/Italy	100	62	80	205
S.I.M.A.C. S.p.A., Tarcento/Italy	90	60	34	215
SMS Demag Ltda., Vespasiano/Brazil	100	10	89	516
SMS MEVAC GmbH, Essen	100	24	35	70
Concast Standard AG, Zurich/Switzerland	70	68	55	76
Battenfeld Gloucester Engineering Co. Inc., Gloucester/USA	100	183	153	504
Battenfeld Extrusionstechnik GmbH, Bad Oeynhausen	100	59	85	402
Cincinnati Extrusion Ges.m.b.H., Vienna/Austria	100	60	75	371
American Maplan Corp., McPherson/USA	100	32	18	84
Battenfeld GmbH, Meinerzhagen	100	100	101	552
Battenfeld Kunststoffmaschinen Ges.m.b.H., Kottingbrunn/Austria	100	43	65	370
SMS Eumuco GmbH, Leverkusen	100	53	117	407
Schwäbische Hüttenwerke GmbH, Aalen-Wasseralfingen	**50**	**140**	**238**	**1 391**
MAN Financial Services GmbH, Munich	100	902	396	–
MAN WOLFFKRAN GmbH, Heilbronn	100	39	29	159
Gutehoffnungshütte Baugesellschaft mbH, Oberhausen	100	20	34	110
MAN Logistics GmbH, Heilbronn	100	11	36	147

1) The total assets, sales and number of employee figures comprise those owned, made or working for companies whose operations are under proprietary management.
2) Equity in companies held by MAN Capital Corporation, New York
3) Equity in company held by MAN AG
4) A stake amounting to 7 % of the company's equity is held by Ferrostaal AG.
5) Parity of voting rights
6) Sales July 1 – December 31, 2001

Financial calendar

Report on the first half of 2002	August 13, 2002
Report on the third quarter of 2002	November 19, 2002
Prel. figures on orders & sales of 2002	January 21, 2003
Letter to MAN's shareholders on 2002	March 6, 2003
Press conference on 2002	April 10, 2003
Conference with analysts on 2002	April 10, 2003
Report on the first quarter of 2003	June 4, 2003
Annual general meeting 2002	June 4, 2003

MAN's shares

	ordinary shares	preference shares
WPK Number	593700	593703
VALOREN	340813	340814
ISIN	DE0005937007	DE0005937031
Reuters short form	MANG.F	MANG$^{P}_{R}$.F
Bloomberg short form	MAN GY	MAN3 GY

For the latest quotes on MAN's stock, please visit
http://www.man-group.com

Investor Relations
Phone +49. 89. 36098-334
Fax +49. 89. 36098-68 325
E-mail investor.relations@ag.man.de

Investor Relations USA
Phone +1. 212. 509. 4549
Fax +1. 212. 269. 2854
E-mail mkobel@man-usa.com

Corporate Communication
Phone +49. 89. 36098-380
Fax +49. 89. 36098-382
E-mail public.relations@ag.man.de

Please feel free to order the annual reports published by the group divisions from our investor relations department.

This annual report was printed by a MAN Roland four color sheet-fed offset printing press on Scheufelen's »Phoenixmotion« paper. This paper is bleached without the use of chlorine.

MAN Aktiengesellschaft
Ungererstraße 69
D-80805 Munich
Phone +49. 89. 3 60 98-0
Fax +49. 89. 3 60 98-2 50
http://www.man-group.com

Further URLs

http://www.man-nutzfahrzeuge.de
http://www.ferrostaal.com
http://www.man-roland.com
http://www.manbw.de
http://www.manturbo.com
http://www.man-technologie.de
http://www.renk.de
http://www.dwe.de
http://www.sms-ag.de
http://www.shw.de