Engineering the Future

Annual Report
Short Financial Year 2000

MAN Aktiengesellschaft

SFY 2000

MAN

At a glance

MAN Group

€ million July – Dec.	2000	1999	changes in %
New orders	7 773	6 649	+ 17
Sales	7 524	6 290	+ 20
Employees (Number)	76 604 [1]	74 324 [2]	+ 3
Capital expenditures	615	430	+ 43
Cash flow	505	394	+ 28
Shareholders' equity	2 963 [1]	2 953 [2]	–
Earnings before taxes on income	264	228	+ 16
Net income for the period	177	145	+ 22
Income per share in €	1.04	0.88	+ 18
Dividend per share in €	0.50	–	–

1) as of Dec. 31, 2000

2) as of June 30, 2000

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Commercial vehicles

MAN Nutzfahrzeuge AG
Munich

One of the leading manufacturers of commercial vehicles in Europe. The largest company within the MAN Group develops, manufactures and sells trucks of between 6 to 50 t for every kind of application, scheduled-service buses and coaches. Engines from the Nuremberg works are used in vehicles, boats and for the generation of energy. Production facilities located in Germany, Austria, Poland, Turkey, Great Britain and South Africa. Assembly under licence in many other countries. International network of sales and service centres. MAN EuroService 24 h, MAN ComfortServiceSystem, and the provision of transport logistics, fleet management and communication services constitute a comprehensive service package for customers. Highlight: The new TG-A truck range was voted »Truck of the Year 2001«. MAN Nutzfahrzeuge has thus won this coveted trophy for the fifth time.

€ million	
New orders	3 114
Sales	3 048
Export share (%)	60
Earnings	85
Employees (number, Dec. 31)	35 478

Industrial services

Ferrostaal AG
Essen

Global provider of industrial services, with three core divisions: Facility Construction and Contracting, Industrial Equipment and Systems, Steel Trading and Logistics. Ferrostaal's expertise encompasses the engineering, supply, assembly, operation and maintenance of large-sized industrial facilities.
A particular strength is the arranging of customised financing packages. Further services: Delivery of ships for navies as partner of the German Naval Group as well as merchant vessels. Worldwide distribution of machinery and infrastucture-related equipment. Trading in steel products. Supply in-line sequence and on a just-in-time basis, other logistics services. Also in the short financial year 2000, the Ferrostaal Group has further expanded its operations by the takeover of several sites and the related personnel.

€ million	
New orders	1 359
Sales	1 410
Export share (%)	74
Earnings	43
Employees (number, Dec. 31)	7 545

Printing machines

MAN Roland Druckmaschinen AG
Offenbach/Main

Globally leading system supplier for equipment, planning, construction and commissioning of printing companies in sheet and web offset, with technologies covering prepress, press and postpress operations. World market leader in web offset presses, with an extensive range of products for printing newspapers as well as commercial jobs. Second-largest manufacturer of sheet-fed offset presses for printing advertising material and business stationery as well as packaging. Supplier of digital printing systems with specific computer-to-press solutions for multicolour short-run production, in the form of systems with integrated prepress and postpress. Control and integration of the press into the production process by systems for paper supply, material handling and process electronics. Worldwide sales and service network which markets, in addition to own products, equipment accompanying the printing process plus the consumables involved.

€ million	
New orders	1 126
Sales	946
Export share (%)	74
Earnings	42
Employees (number, Dec. 31)	10 248

Diesel engines

MAN B&W Diesel AG
Augsburg

»Birthplace of the Diesel engine«. Leading supplier of large Diesel engines for marine propulsion and power plants. With its production facilities in Europe (Germany, Denmark, England and France) manufacturing Diesel engines ranging from the high-speed sector to the biggest two-stroke units, the largest international family of licensees in this field and a world-wide network of representatives and service facilities, the Group is active on a global scale. MAN B&W Diesel is market leader in two-stroke propulsion engines with a share of 70% and occupies key positions on the medium-speed market: in ships larger than 2 000 gt of 21%, in heavy-fuel operated marine gensets of 50%, in Diesel power stations using unit outputs above 3.5 MW of 23%. Supplier for marine propulsion packages and for turnkey land-based as well as floating power stations. Exhaust gas turbo-chargers for large Diesel engines. Control and monitoring systems. CoCoS engine diagnosis system.

€ million	
New orders	861
Sales	665
Export share (%)	84
Earnings	27
Employees (number, Dec. 31)	7 073

The structure of the MAN Group

Industrial equipment and facilities

MAN Turbomaschinen AG GHH BORSIG
Oberhausen

Most comprehensive range of compressors and turbines worldwide for the process industries and power generation. Process control and monitoring system »turbolog«. Worldwide service.

Sales: € 161 mill.
Earnings: € 0 mill.

MAN Technologie AG
Augsburg

Major systems partner in space programs, structure and propulsion components (ARIANE launchers); tank systems and lightweight structures for planes; infrastructure sytems; lightweight bridges.

Sales: € 96 mill.
Earnings: € 7 mill.

RENK Aktiengesellschaft
Augsburg

World market leader with automatic transmissions for heavy-weight tracked vehicles and large-sized slide bearings. Industrial and marine gear units for maximum power values. Couplings and test systems.

Sales: € 121 mill.
Earnings: € 13 mill.

Deggendorfer Werft und Eisenbau GmbH
Deggendorf

World market leader for salt-operated reactors for the chemical industry. Equipments and components for plant construction, floating dredgers. Locations in Germany and France.

Sales: € 39 mill.
Earnings: € 1 mill.

SMS Aktiengesellschaft
Düsseldorf

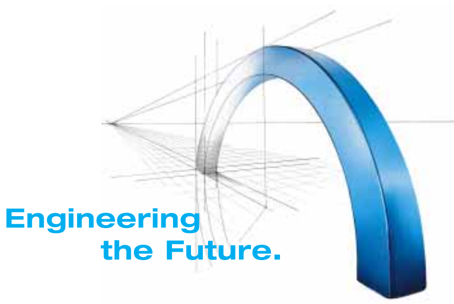
World leader in metallurgical plant and rolling mill technology, offering a full line of plant and equipment for the whole process chain. Plastics machinery, press and forging technology. Worldwide engineering and fabrication group.

Sales: € 1 013 mill.
Earnings: € 22 mill.

Schwäbische Hüttenwerke GmbH
Aalen-Wasseralfingen

World market leader in chilled-iron calender rolls for paper machines. Casting and industrial processing engineering. Supplier to the Automotive Industry in oil pumps, brake discs and sintered parts.

Sales: € 113 mill.
Earnings: € 9 mill.



€ million	
New orders	1 423
Sales	1 543
Export share (%)	78
Earnings	52
Employees (number, Dec. 31)	15 507

All figures apply to the short financial year (July 1 to December 31, 2000).

Contents

Report of the Supervisory Board

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

At three meetings held in 2000, a short financial year, this board was briefed, via written reports and face-to-face presentations, by the executive board of MAN Aktiengesellschaft on how the business of the MAN Group and its member companies was developing during the financial year. These meetings also examined the key thrusts of corporate plans and developments. Also the subject of extensive consultations between the executive and supervisory boards were the resolutions passed by the annual general assembly of shareholders on December 15, 2000, which authorized capital-related measures as well as the acquisition by the company of its own shares.

Continuing past practice, reports detailing current business developments were submitted on a quarterly basis. They complemented the information provided at the meetings of the supervisory board.

As had been the case in previous years, the chairmen of the supervisory and executive boards met on a regular basis to discuss all of the basic issues arising from the Group's operating policies and current situation. The provision of the minutes of the meetings held on a monthly basis by the executive board assured the chairman of the supervisory board of having an overview of the subjects treated at them. These consultations assured the supervisory board of continually having the information it required to carry out its duties in a fitting and proper way.

The supervisory board's standing commission met two times in 2000. Among the meetings' subjects were business transactions whose undertaking requires the approval of this board and those measures affecting the corporation's capital stock and necessitating, according to resolutions passed by the general assembly of shareholders, the securing of this approval. These meetings took extensive looks at the company's policies of equity participation, at the corporate acquisitions made during the financial year, and at the measures relating to the corporation's capital stock and proposed to the general assembly of shareholders, which met on December 15, 2000. After this assembly had approved these measures, the board resolved to commence on January 8, 2001, with the purchasing of the company's preference shares. This is to occur whenever these shares are traded at a price less than 80% of that quoted for the company's ordinary shares.

The commission handling executive board membership-related matters had two rounds of written deliberations during the financial year. It was not necessary in 2000 to convene the meditation committee, whose existence is foreseen by § 27 paragraph 3 of Germany's Law on Codetermination.

BDO Deutsche Warentreuhand Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Munich, was elected by the annual general meeting of shareholders to serve as auditors. In that capacity, BDO has audited the consolidated annual accounts and the review of business of MAN Aktiengesellschaft. This review in turn is recapitulated in that of the MAN Group. This was also audited by BDO, which has affixed its unqualified auditors' examination certificate to all these statements.

The independent auditors took part in the meeting convened by the supervisory board to examine the company's balance sheets. We have been informed of the findings of the accompanying report issued by the auditors, and indorse it.

After having conducted its own examination of the financial statements, the consolidated annual accounts, and the review of business, the supervisory board has no objections to bring forth. We therefore approve the annual financial statements prepared by the executive board, thus officially authorizing these statements. The executive board has presented us with a proposal for the appropriation of the Group's net income. After having reviewed it, we concur with it.

In a move taking effect upon the conclusion of the annual general assembly of December 15, 2000, and motivated by personal reasons, Dr. Henning Schulte-Noelle resigned from this board. Dr. Paul Achleitner was elected by the annual general assembly to serve out the time remaining of Dr. Schulte-Noelle's term. Held immediately after the annual general assembly, the meeting constituting the supervisory board named Dr. Hans-Jürgen Schinzler to be its deputy chairman.

We thank Dr. Schulte-Noelle for his valuable work, which was of benefit to the company. Drawing upon his years of experience, his counsels greatly helped further the successful development of the MAN Group.

Georg Hillebrand died on February 7, 2001. He was 61 years old, and had been a member of this supervisory board since 1991. We cherished the strength and warmth of his personality, which was coupled with a great trove of knowhow and a constructive approach to problem-solving. Georg Hillebrand worked for MAN's Diesel engine manufacturing operations for 47 years. During many of these, he had served as the representative of their workforce on the works council. He handled his duties in a responsible and dedicated way. We will commemorate his life and work.
The company's workforce elected Jürgen Hahn to serve out the remainder of Mr. Hillebrand's term on the supervisory board.

After having reached the age of retirement and having served out his term on this board, Dr. Klaus Schubert's career with this company came to an end. The supervisory board thanks Dr. Schubert for his many years of valuable, successful efforts on behalf of this company.

In moves taking effect on October 1, 2000, and January 1, 2001, Prof. Dipl.-Ing. (FH) Gerd Finkbeiner and Dr. rer. nat. Wolfgang Brunn were named to be full and deputy members, respectively, of the executive board of MAN Aktiengesellschaft.

We wish to thank all the members of the executive and management boards of and the persons employed by MAN group companies for the high level of achievement and dedication they displayed. Our thanks also go to the representatives of the Group's workforce for the professionalism and positive spirit they showed in working with us towards furthering the interests of our company.

Munich, March 28, 2001
The Chairman of the Supervisory Board

Klaus Götte

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 Union of German Metalworkers, *Deputy Chairman*

Dr. jur. Henning Schulte-Noelle
Munich, Chairman of the Executive Board, Allianz AG, *Deputy Chairman*
(until December 15, 2000)

Dr. jur. Hans-Jürgen Schinzler
Munich, Chairman of the Executive Board, Münchener Rückversicherungs-Gesellschaft, *Deputy Chairman (as of December 15, 2000)*

Dr. oec. Paul Achleitner
Munich, Member of the Executive Board, Allianz AG (as of December 15, 2000)

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, business employee, Ferrostaal AG (as of February 7, 2001)

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

Karlheinz Hiesinger*
Gersthofen, education officer of the Union of German Metalworkers

Georg Hillebrand*
Augsburg, Chairman of the Works Council, MAN B&W Diesel AG's facilities in Augsburg (died on February 7, 2001)

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

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

Hans Jakob Kruse
Hamburg, former Speaker of the Executive Board, Hapag-Lloyd AG

Nicola Lopopolo*
Hanover, fitter, RENK AG

Lothar Pohlmann*
Oberhausen, Chairman of the Works Council, MAN Turbomaschinen AG GHH BORSIG's facilities in Sterkrade

Peter Potrykus*
Lengede, Chairman of the Works Council, MAN Nutzfahrzeuge AG's facilities in Salzgitter

Hermann Regal*
Augsburg, Member of the Works Council, MAN Roland Druckmaschinen AG's facilities in Augsburg

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

Helmut Schumacher*
Bergkirchen-Günding, Deputy Chairman of the Works Council, MAN Nutzfahrzeuge AG's facilities in Munich

Ralf Simon*
Munich, division 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 (as of October 1, 2000)

Dr. rer. pol. Klaus von Menges
Essen

Dipl.-Ing. Håkan Samuelsson
Munich

Dr.-Ing. Klaus Schubert
Munich (until December 9, 2000)

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

Dr. jur. Philipp J. Zahn
Munich

Dr. rer. nat. Wolfgang Brunn
Gröbenzell (deputy member as of January 1, 2001)

Executive vice president

Dr. jur. Gerd Federlin
attorney at law, Munich

Group companies: executive and management boards

MAN Nutzfahrzeuge AG, München
Dipl.-Ing. Håkan Samuelsson, *Chairman;* Prof. Dr.-Ing. Franz Breun; Dr. rer. oec. Günther Dietz; Dr. rer. pol. Ulf Hülbert

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

MAN Roland Druckmaschinen AG, Offenbach
Prof. Dipl.-Ing. (FH) Gerd Finkbeiner, *Chairman;* Dr.-Ing. Rainer Opferkuch; Dipl.-Ing. (FH) Paul Steidle; Dipl.-Ökonom Anton Weinmann

MAN B&W Diesel AG, Augsburg
Dr. jur. Hans-Jürgen Schulte LL.M., *Chairman;* Dipl.-Ing. Fritz Pape

MAN Turbomaschinen AG GHH BORSIG, Oberhausen
Dr.-Ing. E. h. Wulf Bohnenkamp, *Chairman;* Jürgen Maus; Dr.-Ing. Josef Meyer

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

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

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

SMS Aktiengesellschaft, Düsseldorf
Dipl.-Ing. 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, 2001

Letter to our shareholders

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

Dear shareholders,
Your company set forth its growth in 2000. Repeating past performances, our key indicators registered double digit rates of increases in this short financial year, during which we initiated a number of measures designed to provide our company with even more performance and to further improve our market standings.

The rescheduling of our financial year to run from January 1 to December 31 caused financial year 2000 to extend from July to December of this year. The financial year's results will be compared in these remarks and in our review of business with those achieved during the same months in 1999, as doing such largely factors out season-specific operating characteristics. By way of contrast, and in accordance with legal requirements, the results presented in the financial statements we have compiled for SFY 2000 are contrasted with those achieved in 1999/2000, the last 12-month financial year. The making of comparisons between the two sets of figures is only limitedly possible.

Please permit me to provide an overview of the year's highlights:

- Let's start with our key results. Our new orders and sales rose 17% and 20% respectively in SFY 2000. Our pre-tax earnings increased nearly 16%, to €264 million; with our net income showing a 23% rise, to €177 million. These results stemmed from the very good performances turned in by our industrial services, printing machines, Diesel engines and parts of our industrial equipment and facilities divisions, and were achieved despite the encumbrances on earnings experienced by our commercial vehicles one. This division had to contend with an impairing of the flow of materials forthcoming from sub-suppliers. This gave rise in the period ending in December to the need for supplemental work on our new line of trucks.

- Diesel engines was in SFY 2000 the fastest growing among the MAN Group's business areas, recording a rise in new orders and earnings of 70% (of which 30 percentage points were produced by Alstom Engines, the British company acquired during the year) and 170% respectively. Also registering excellent results was our printing machines division, which more than doubled – +121% – its earnings.

- MAN Nutzfahrzeuge increased its share of western Europe's market for trucks of more than 6 t total weight from 14.3% to 15.9%, consolidating its hold on third place among the continent's manufacturers in the process. We achievered this, notwithstanding the fact that the unexpectedly strong demand for our trucks partially produced a shortage of supplies, and thus delays in delivery.

- Agreed upon in September, 2000 was the merging of NEOPLAN's highly-renowned bus manufacturing operations with ours. We expect the anti-trust authorities to approve this move, which is of great strategic importance to us. The merger will make us the third largest supplier of buses in Europe. It will also give us a scale of operation requisite to attain the levels of earnings targeted by us.

Our strong results are leading us to propose to the annual general assembly of shareholders the paying out of a dividend for SFY 2000 of a net €0.50 per share. Notwithstanding season-specific factors (primarily: vacations) causing the profits earned during the period stretching from July to December to be substantially less than half of the profits earned in 1999/2000, our last 12-month financial year, this pay out amounts to half the net dividend disbursed in the latter. The dividend for SFY 2000 thus represents a – one-off – raising of our payout rate. The dividend comes with a tax credit of €0.21 per share for those shareholders subject to paying taxes in Germany.

At our last annual general assembly, held in December, 2000, we presented a plan of action. To be implemented over the next few years, it is designed to augment the edge held by MAN over its competitors, the earnings achieved by us and the attractiveness of MAN's stock. The plan has five key thrusts:

– the increasing of the number of top three positions held by our products on their markets. The plan confirms our goal of increasing our business volume by at least 50% during the period 1999–2004.

– the dedication of our energies to the further development of our core areas of activity, and to the pursuing of activities of marginal importance through the assigning of them to strategic alliances, or through the transformation of them into core areas.

– the stepping up and coordinating of our deployment of group-wide E-business platforms.

– the augmenting of our ability to provide all of the services needed and wanted by customers by developing our supply of financial services.

– the pursuing of a program of preference shares repurchase.

The implementation of this plan is proceeding well.

At the end of December, we concluded an agreement with Switzerland's Sulzer Group to acquire its turbomachine business. This company operates on an international scale and its range of products largely complements ours. This move is of essential strategic importance to us, as it will make MAN Turbomaschinen the world's third largest manufacturer of compressors and industrial-application turbines. The attaining of the same goal – the strengthening of our bus operations, one of our core areas – was the objective of our takeover of NEOPLAN.

We are stepping up our expansion of the range of industrial and other technical services provided by all of the MAN Group. Also being pursued is the development of our supply of financial services. In doing so, we are heeding the wishes of our customers for all-in-one packages configured to meet their wishes and needs, and built around tailor-made models of financing. At the end of 2000, our company secured a syndicated loan amounting to €1.5 billion. Bearing attractive conditions, the credit line is being provided by a syndicate headed by Commerzbank and Deutsche Bank. This loan greatly amplifies the financial resources which MAN can deploy in its striving to attain the growth targets it has set for itself.

The initial phase of our deployment of Internet technologies in our business operations was carried out on a decentralized basis. The current phase features the group-wide development, coordination and employment of such applications. »MAN2B«, our group-wide platform of procurement, will be launched in 2001. In a move emphasizing the importance attached to this subject by MAN, the company's executive board has assumed the responsibility for the management of all corporate E-business activities.

upper row, 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

lower row, 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

Meeting on December 15, 2000, the annual general assembly granted us the authorization to repurchase the company's own shares. In response, the company's supervisory and executive boards decided to purchase the company's preference shares. We launched this program of repurchase, which – in an initial move – is limited to a maximum of 5% of the company's share capital, on January 8, 2001. As of the middle of March, we had repurchased 2% of MAN AG's share capital. This repurchasing is benefiting both kinds of our stock, as it is increasing our earnings per share outstanding, as well as the percentage accounted in our total share capital by ordinary shares.

As these examples have shown, we are forging forward with the realization of all of our plan of action's thrusts, and with the optimizing of our portfolio of products and services, so as to achieve the best possible positions on our markets and the maximum economies of scale.

Our goals are to increase the shares we hold of our markets – provided that doing such makes business sense. The increases striven for are to be in our core areas of activity, defined to be those sectors having prospects of yielding further high-earnings growth for our company, and thus causing an increase in its corporate worth. We do also have a range of business areas whose development over the next few years could be impelled by their being consigned to partnerships or other forms of corporate working relationships. The reform of Germany's tax codes has created the preconditions for the making of such moves starting in

2002. We will take a pragmatic, purposeful, unhurried approach to the finding of solutions of lasting benefit.

A special focus of our efforts in 2001 will also be the intermeshing of companies purchased during the previous two years by the Group, and the raising of these companies' earnings to the levels characteristic of our core businesses.

A particular focus of these efforts will be the SMS group. Its steel mills and rolling technologies operations' earnings have been encumbered by expenditures arising from the incorporation of Mannesmann Demag Metallurgy. The operations also have to contend with the decline in the volume of business transacted on the world market, and the worsening of order-related conditions associated with it.

This worsening of conditions is also being experienced, to a certain extent, by our commercial vehicles division. Additional costs have arisen through the manufacturing of both the old and the new lines of products during the changeover phase. These costs are now to be brought down to normal levels.

Ferrostaal, MAN Roland Druckmaschinen and MAN B&W Diesel are currently performing especially well. The high rates of achievement being recorded by these large-sized and by other group divisions are equipping us with the wherewithal required to meet the above challenges. It will still, however, be difficult for us to reach in 2001 the high level of pre-tax earnings of 1999/2000. The amount of earnings recorded in that financial year contained a one-off income stemming from the selling of our equity in Elliott.

The changes in Germany's tax codes, smaller-sized minority interests, and the lesser amount of shares outstanding should, however, join to cause us – from today's point of view – to register earnings per share of the magnitude reached in 1999/2000 (€2.52).

We will probably have largely completed our reconfiguration efforts by the end of 2001. Accomplishing this will enable us to get off to a strong start in 2002.

Your company thus continues to have everything it needs to increase its corporate worth on a sustained basis. Our Group's companies have been equipped with the independence they require to flexibly serve the customers comprising their markets. In developing their operations, the companies avail themselves of the large-sized stocks of financial resources, technologies and business knowhow possessed by the Group of which they form part. These stocks are deployed in ways promoting synergies. The Group's operations are controlled by an expert and efficient team. The trademark borne by to all of the many products and services provided by our companies – the blue arch – enjoys renown and respect the entire world over. We will continue to transform and optimize our Group's structures by relying on the dedication and skills possessed by our staff members who produce and profit from the accomplishment of our objectives.

Thank you for the trust which you have placed in our company.

Yours sincerely,

R. Rupprecht

Rudolf Rupprecht
Chairman of the Executive Board of
MAN Aktiengesellschaft

Management Report
for the six months ended December 31, 2000 (SFY)

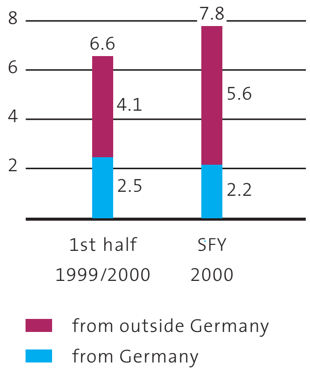
The SFY 2000 was a time in which the MAN Group continued its vigorous growth of recent years by achieving double-digit gains in business volume and profit compared with the year-earlier period (July through December 1999). Sales advanced by 20 percent to €7.5 billion, EBT climbed 16 percent to €264 million. Earnings per share improved 18 percent to €1.04.

As to the new year 2001, we are confident of being able to maintain our growth in business volume. Given the present economic uncertainties and temporarily even heavier cost burdens, it is likely to prove difficult to repeat for 2001 the good EBT of €668 million generated in 1999/2000. Regarding earnings per share and from today's vantage point, it should be possible for us to re-achieve the previous year's €2.52 in 2001.

The economy and business situation

World economic growth somewhat slower
The growth of the global economy slowed down somewhat in the course of the SFY 2000, mainly due to the steep rise in oil prices and a slightly restrictive monetary policy with respect to the US dollar and the euro. It was particularly in the fourth quarter of 2000 that the US economy showed an unexpectedly sharp decline in its expansion rate.
In Europe, in the threshold countries of Asia as well as in Latin America, the pace of expansion decelerated appreciably, too.

New orders
€ billion



As to the German capital goods industry, exports continued to generate the most important growth momentum. Demand for capital goods was 13 percent up over the previous year, with orders from abroad gaining 21 percent and domestic 6 percent.

The haulage industry continued to be very busy in Western Europe and the steep increase of demand for commercial vehicles of the past year again accelerated during the period. Registrations of new trucks over 6 t GVW mounted by 1 percent in Western Europe, albeit 3 percent down within Germany itself.

Order inflow up by 17 percent

Order intake by the MAN Group jumped 17 percent to €7.8 billion during the SFY 2000, and, at 11 percentage points, growth was chiefly organic. The additional business volume generated by the newcomers, not yet consolidated in the year-earlier period, contributed 6 percentage points, particularly the truck manufacturers ERF (UK) and STAR (Poland) as well as MAN B&W Diesel Ltd. (UK) acquired from Alstom. Except for Industrial Equipment & Facilities (up 5 percent), all the other divisions achieved double-digit growth rates.

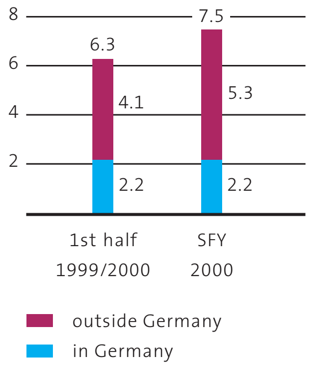
Business in Germany and abroad was mixed. Whereas new domestic orders at €2.2 billion were 12 percent down, those booked from abroad surged by 34 percent to €5.6 billion. Once again the most important sales regions were Europe accounting for 69 percent (down from 72 percent like-for-like); America with an unchanged 15 percent; and Asia contributing 11 percent to order influx (up from 10 percent). Apart from Commercial Vehicles, whose technology follows EU certification regulations thus making Europe their home circuit (around 90 percent), once more 24 percent of the orders placed with the MAN Group came from America and 15 percent (up from 13) from Asia.

Sales growth of 20 percent

Sales by the MAN Group surged 20 percent to €7.5 billion, hereof 14 percentage points from organic growth and 6 percentage points from the newly included companies. Here, too, all the divisions showed double-digit growth, apart from Industrial Equipment & Facilities. International business advanced by 30 percent to €5.3 billion, domestic sales at €2.2 billion were virtually unchanged in volume, inching up 1 percent.

Sales

€ billion



New orders by region

€ million

July to Dec.	2000	%	1999	%
Federal Republic of Germany	2 195	28	2 485	37
Other EU	2 350	30	1 853	28
North and Latin America	1 126	15	978	15
Asia	834	11	645	10
Other Europe	844	11	500	7
Africa	342	4	142	2
Australia and Oceania	82	1	46	1
	7 773	100	6 649	100

All divisions continuing on the course of growth

– This was the 5th year in succession that Commercial Vehicles achieved steep growth and further strengthened its market position. Order inflow grew by 12 percent to €3.1 billion, sales by 20 percent to €3.0 billion. Shipments of commercial vehicles climbed 21 percent to 33,900 units, hereof 31,300 trucks (up 21 percent) and 2,600 buses (up 21 percent). Our new Trucknology generation of vehicles has been rapturously received by the market and, despite bottlenecks in material supplies, we succeeded in delivering 4,700 units. During the period, our slice of the 6+ t GVW market in Western Europe increased over the year-earlier period by 1.6 percentage points from 14.3 to 15.9 percent, hereof 0.9 percentage points as a consequence of the British ERF company taken over as of January 1, 2000. We have thus anchored our position as number three among Europe's manufacturers. Within Germany, our market share totaled 28.4 percent (up from 26.1 percent one year ago).

– Healthy economic parameters, the ongoing growth in markets and largely stable raw material prices have enabled a significant increase in business by Industrial Services. Order inflow soared 26 percent to €1.4 billion, sales by 32 percent to likewise €1.4 billion.

– Printing Machines again accelerated steeply in terms of business volume. Order intake jumped 16 percent to €1.1 billion, sales 19 percent to €0.9 billion. All three units – sheet, web, and trade/services – gained double-digit growth rates in order influx and sales.

– Diesel engines showed the strongest growth rates within the MAN Group, order inflow climbing €0.4 billion or 70 percent to €0.9 billion. Appreciable gains were achieved both by the Danish company with its two-stroke engines and the four-stroke operations at Augsburg. Not yet included in the comparable year-earlier figures, the four-cycle engines of MAN B&W Diesel Ltd. contributed 29 percentage points to the increase. At €0.7 billion, sales topped the like-for-like level of 1999/2000 by €0.2 billion or 37 percent.

New orders by division

€ million

July to Dec.	2000	%	1999	%
Commercial Vehicles	3 114	40	2 779	42
Industrial Services	1 359	17	1 077	16
Printing Machines	1 126	15	972	15
Diesel Engines	861	11	505	7
Industrial Equipment & Facilities	1 423	18	1 349	20
Financial Services	183	2	133	2
Others	59	1	48	1
Interdivisional	(352)	(4)	(214)	(3)
	7 773	100	6 649	100

Sales by division

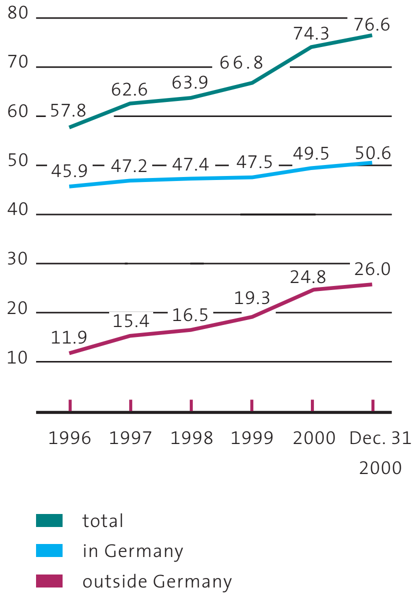
€ million

July to Dec.	2000	%	1999	%
Commercial Vehicles	3 048	40	2 534	40
Industrial Services	1 410	19	1 067	17
Printing Machines	946	13	796	13
Diesel Engines	665	9	485	8
Industrial Equipment & Facilities	1 543	20	1 463	23
Financial Services	183	2	133	2
Others	43	1	27	–
Interdivisional	(314)	(4)	(215)	(3)
	7 524	100	6 290	100

– Order intake by the subgroups operating in Industrial Equipment & Facilities moved up 5 percent to €1.4 billion, DWE, SMS and SHW all showing sizable gains. At MAN Turbomaschinen, MAN Technologie and RENK, contracts received were down compared with the comparable previous-year period, mainly due to the intermittent influx of megaorders. At €1.5 billion, sales were likewise 5 percent higher than in the first half of 1999/2000. All the subgroups showed gains.

Employees as of June 30*

Number in thousands



*Exception: SFY 2000 = Dec. 31

– The activities of Financial Services again branched out, with emphasis on the financing of commercial vehicles sales. Order intake and sales rose in comparison with the comparable six months of 1999/2000 by 38 percent to €183 million.

Orders on hand by division

€ million

	Dec. 31, 2000	%	June 30, 2000	%
Commercial Vehicles	2 318	21	2 168	20
Industrial Services	2 414	22	2 458	23
Printing Machines	1 406	13	1 246	12
Diesel Engines	957	9	762	7
Industrial Equipment & Facilities	3 884	35	4 004	38
Financial Services	–	–	–	–
Others	67	1	55	1
Interdivisional	(84)	(1)	(50)	(1)
	10 962	100	10 643	100

Order backlog continuing very high

Compared with the level at the previous annual closing (June 30, 2000), orders on hand rose 3 percent to €11.0 billion. As a consequence, such full order books continue to ensure good workloads.

Workforce up

As of December 31, 2000, the MAN Group had a workforce of 76,604, this was 3 percent up over the headcount at June 30, 2000. The increase is mainly due to newly recruited personnel (in some cases under limited employment contracts) in the Commercial Vehicles operations. The number of employees at the non-German subsidiaries was up by 5 percent to 25,993, whereas the headcount within Germany inched up 2 percent to 50,611.

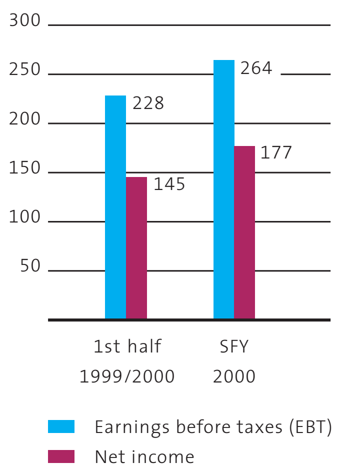
Performance

EBT up 16 percent
The MAN Group's earnings before taxes (EBT) grew €36 million or 16 percent, thus outperforming the 14-percent organic sales growth; as expected, the newly acquired companies yet failed on balance to contribute a profit.

Income tax expenses mounted €4 million to €87 million. By distributing the full corporate income tax credit (for German resident stockholders) in addition to the cash dividend and pruning deferred tax assets and liabilities thanks to the amended tax rates in Germany, the tax load ratio eased off from 36.5 to 32.9 percent.

Group net income before minority interests was boosted by €32 million or 22 percent to €177 million. Earnings per share (EpS) according to IAS 33 improved from the year-earlier €0.88 by 18 percent to €1.04 in the SFY 2000.

Earnings MAN Group
€ million



Prorated dividend at prior-year level
In the SFY 2000, MAN AG earned net income of €96 million, of which €19 million will be transferred to the reserves retained from earnings, €77 million remaining as unappropriated retained earnings.

The Executive and Supervisory Boards will propose to the annual stockholders' meeting to distribute a cash dividend of €0.50 per share. This is pro rata temporis equivalent to the last full year's €1.00 although, owing to the seasonally lower production volume during July through December, the MAN Group's net income of €160 million after minority interests is clearly below one-half of the previous year's €389 million. Added to the dividend will be the full corporate income tax credit of €0.21 per share (up from €0.04) for stockholders resident in Germany.

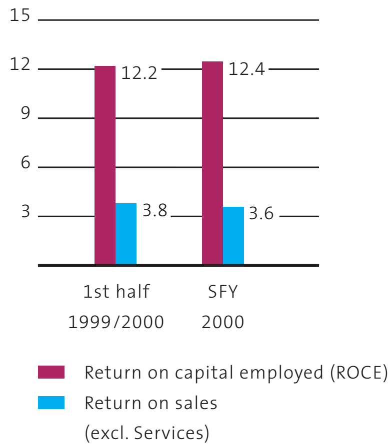
Return ratios within the year-earlier range
For seasonal reasons, the SFY 2000 return ratios, too, are below the level achieved by the MAN Group for a 12-month period. The return on capital employed (ROCE), always projected to twelve months, inched up from 12.2 to 12.4 percent. On account of the business volume added by the new companies, the 3.6-percent return on sales (ROS) excluding the service divisions fell short of the like-for-like 3.8 percent for the year before.

EBT by division mixed
The profit shown by the Commercial Vehicles division suffered severely from teething problems encountered by the new TG-A truck generation as well as heavier pressure on selling terms, sagging by €36 million to €85 million. Back in the spring of 2000, MAN Nutzfahrzeuge had unveiled to the general public its newly developed Trucknology generation of heavy trucks, and the past SFY was devoted to the capacity start-up of their production. Bottlenecks in materials supplies led to initial difficulties and reworking within production and hence lengthy delays in deliveries, all of which impacted severely on earnings. Taken over as of January 1, 2000, ERF succeeded in commissioning according to schedule the new production plant at Middlewich and introducing two new truck series, albeit again with fallout on profits. As the SFY 2000 proceeded, tighter price squeeze also dented the bottom line.

Given these circumstances, the return on capital employed shrank from 15.0 percent in the first half of 1999/2000 to 11.4 percent. The return on sales for the same period was 2.8 percent (down from 4.8 percent).

A specially assembled program and extra efforts on the part of employees made it possible, together with suppliers, to pry open the bottlenecks by the end of December 2000 and, with easily the highest monthly sales in MAN's history, to work off the overdue deliveries. Since the start of the new year 2001, production has been more or less back to normal. A program designed to put cost structures on an even keel has been launched.

Rates of return
%



Performance by division
€ million

July to Dec.	2000	1999
Commercial Vehicles	85	121
Industrial Services	43	33
Printing Machines	42	19
Diesel Engines	27	10
Industrial Equipment & Facilities	52	32
Financial Services	10	4
Others	5	9
Profit from ordinary operations	**264**	**228**
Income taxes	(87)	(83)
Net income	**177**	**145**
Cash dividend in €/share	0.50	–
Earnings per share in €	1.04	0.88

– Profitability at Industrial Services again made good progress. Earnings rose by €10 million to €43 million, to which all the units contributed. The return on capital employed improved from 13.9 to 16.2 percent, the return on sales at 3.0 percent (down from 3.1) was virtually unchanged.

– With earnings at €42 million, Printing Machines more than doubled its €19 million for the first half of 1999/2000. Product, quality and cost improvement schemes implemented in recent years and ongoing heavy capital input in further developing the product range have resulted in this high level of earnings. ROCE was a very good 19.4 percent (up from 10.7 percent), ROS surging from 2.4 to 4.4 percent.

Rates of return by division

% July to Dec.	2000	1999
Return on capital employed*		
Commercial Vehicles	11.4	15.0
Industrial Services	16.2	13.9
Printing Machines	19.4	10.7
Diesel Engines	13.2	6.8
Industrial Equipment & Facilities	11.7	8.1
Return on sales		
Commercial Vehicles	2.8	4.8
Industrial Services	3.0	3.1
Printing Machines	4.4	2.4
Diesel Engines	4.0	2.1
Industrial Equipment & Facilities	3.3	2.2

* projected to full year

– Diesel Engines business was very good, which upgraded earnings to €27 million, following €10 million in the comparable year-earlier period. Contributory factors were largely the higher sales, a good workload and a steep increase in licensing business. In contrast and as expected, the newly acquired British subsidiary failed to deliver a profit. The return on capital employed improved to 13.2 percent (up from 6.8 percent) and the return on sales to 4.0 percent (up from 2.1 percent).

– Earnings by Industrial Equipment & Facilities increased from €32 million to €52 million. MAN Technologie, RENK and SHW all repeated their good year-earlier earnings, by far exceeding the minimum returns required by and for the MAN Group. At MAN Turbomaschinen and DWE, earnings were better than in the first half of 1999/2000 yet low for seasonal reasons. A tighter situation in the market for metallurgical equipment along with tougher contractual terms and conditions, and temporary burdens from the SMS Demag merger hurt earnings within the SMS Group, even though EBT grew in comparison with the first half of 1999/2000.

In all, ROCE improved at Industrial Equipment & Facilities from 8.1 to 11.7 percent, the return on sales from 2.2 to 3.3 percent.

– Financial Services pushed up its earnings from €4 million in the first half of 1999/2000 to €10 million.

Finance, income statement, asset & 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 export business. 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.

On December 11, 2000, MAN AG agreed with a syndicate of 18 German and foreign banks (Commerzbank AG and Deutsche Bank AG being the lead managers) on a syndicated loan facility of €1.5 billion at extremely favorable conditions for a 5-year term. The facility will fund the Group's growth-oriented corporate policy and the soaring demand for customer financing.

MAN Financial Services
Organized as a profit center and separate division, the financial services provided by the MAN Group for customers and subsidiaries alike – mainly factoring as well as customer and investment financing – are centralized in the MAN Financial Services division. Due to its asset and financial structures differing from the operating divisions', the financial data of this division is detailed separately within segment reporting.

Cash flow rising to €0.5 billion
In the six months ended December 31, 2000, the cash flow grew to €0.5 billion, up €0.1 billion or 28 percent above the year-earlier period. Owing to the higher cash outflow for inventories and receivables, the scheduled utilization of accruals within the SMS Group, and the payout of the Christmas bonus, whose effect was overproportionate due to the changeover to the calendar year, the cash of €0.1 billion provided by operating activities was significantly below the cash flow.

The cash used in investing activities totaled €0.6 billion, including €0.3 billion for tangible and intangible assets as detailed on page 22.

Cash flow statement (abridged)

€ million

July to Dec.	2000	1999
Cash & cash equivalents at July 1	**457**	**505**
Cash flow acc. to DVFA/SG	505	394
All other funds from operating activities	(406)	(468)
Cash inflow/(outflow) from operating activities	99	(74)
Cash outflow from investing activities	(561)	(381)
Cash inflow/(outflow) from financing activities	626	(127)
Net change in cash & cash equivalents	**164**	**(582)**
Other changes in cash & cash equivalents	(1)	615
Cash & cash equivalents at Dec. 31	**620**	**538**

No cash was spent in the SFY 2000 on the acquisition of consolidated subsidiaries. MAN Roland took over 100 percent of the Brüder Henn Group, its Austrian distributor. After obtaining the approvals under antitrust legislation, the share transfer agreement was finalized and consummated toward the end of December 2000. The Brüder Henn Group will be consolidated as from January 1, 2001.

For details of further M&A projects not translated into practice by December 31, 2000, see page 26.

Mainly because new debt was incurred, cash of €0.6 billion was provided by financing activities. The net change in cash & cash equivalents came to €0.2 billion, the closing balance at December 31, 2000, to €0.6 billion.

Income statement (abridged)

€ million

July to Dec.	2000	%	1999	%
Net sales	**7 524**	**100**	**6 290**	**100**
Cost of sales	(6 135)	81.5	(5 132)	81.6
Gross margin	**1 389**	**18.5**	**1 158**	**18.4**
Selling expenses	(525)	7.0	(445)	7.1
Administrative expenses	(304)	4.0	(273)	4.3
All other expenses/income, net	(222)	3.0	(171)	2.7
EBIT	**338**	**4.5**	**269**	**4.3**
Net interest result	(74)	1.0	(41)	0.7
EBT	**264**	**3.5**	**228**	**3.6**

EBIT leaping

The MAN Group's relative gross margin ratcheted up from 18.4 percent like-for-like to 18.5 percent in the period under review.

Thanks to higher workloads and more comfortable cost structures, Diesel Engines, Printing Machines, and Industrial Equipment & Facilities bettered their gross margins, in some cases considerably. In contrast, the Commercial Vehicles division's gross margin slipped as the burdens from the production start-up of the new TG-A vehicle generation and the squeeze on business terms impacted. The higher proportion of trading business caused the gross margin of Industrial Services to inch down.

At 14.0 percent of sales (down from 14.1 percent), the combined increase in selling and general administrative expenses and in the net balance of all other operating income and expenses was outpaced by the growth in sales.

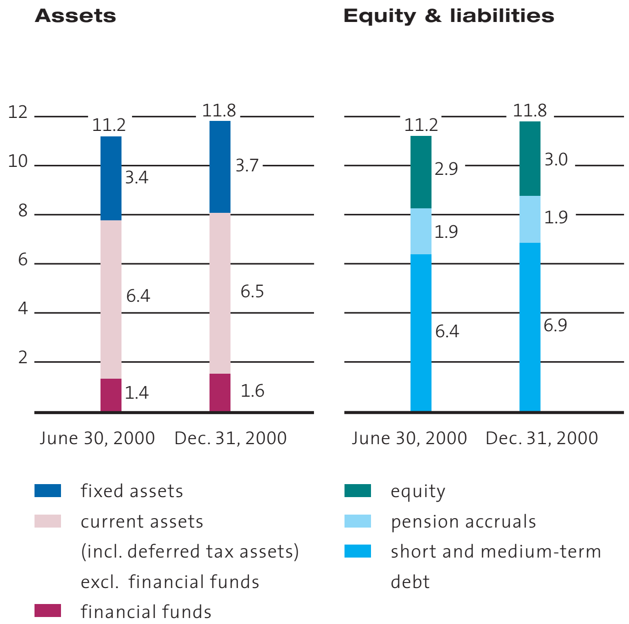
Earnings before interest and taxes (EBIT) jumped by altogether 26 percent to €338 million, the EBIT margin edging up from 4.3 to 4.5 percent.

Net interest expense ran up from €41 million to €74 million, primarily for three reasons: debt increased in the wake of the scheduled volume growth of MAN Financial Services; acquisitions which were not included in the year-earlier period had to be financed; and the financial indebtedness of Commercial Vehicles mounted as the cash outflow for current assets surged.

Solid funding of growth
The asset and capital structure mirrors the repeated growth in business volume. In comparison with June 30, 2000, total assets stepped up €0.6 billion or 5 percent to €11.8 billion, MAN Financial Services accounting for about one-half (€0.3 billion) of the growth and attaining a balance sheet total of €1.7 billion as of December 31, 2000 (up from €1.4 billion).

Fixed assets climbed €0.3 billion or 9 percent to €3.7 billion, chiefly the outcome of buoyant business with assets leased out by MAN Financial Services and totaling €0.9 billion at year-end (up 27 percent).

Asset and capital structure
€ billion



Current assets excluding financial funds advanced to €6.5 billion, hence up €0.1 billion, substantially as the flow of funds into the inventories and receivables of Commercial Vehicles and Industrial Services swelled, an offsetting effect being produced by the higher prepayments received by Printing Machines.

At €2.96 billion, equity remained virtually unchanged since its increase through the net income for the SFY 2000 outweighed the cash dividend distributed for the previous 12-month year by a trifle only.

The equity ratio receded by 1.2 percentage points to 25.2 percent, 80 (down from 87) percent of fixed assets being covered by equity. Discounting the MAN Financial Services business volume, the equity ratio was an unchanged 30 percent, in this case fixed assets even being outcovered by equity by 14 (down from 20) percent.

Including our accrued pension liabilities of €1.9 billion, the Group's long-term capital totals €4.9 billion. Short- and medium-term debt rose by €0.5 billion to €6.9 billion, including the €0.8 billion growth of financial debts to €1.8 billion.

Research & development

The MAN Group spent €284 million on R&D during the SFY, equivalent to 4.8 percent of the sales by the producing companies. Of this, €200 million was sourced from the Group's own funds while another €84 million was tied to contracted R&D as well as projects sponsored by the public sector.

More than 50 percent of the Group's own R&D funds went toward basic research and the development of new products. The remaining R&D was devoted to the ongoing improvement of existing product ranges and the exploration of new fields of application.

Focal points of this research are to improve efficiency, reduce energy and raw materials consumption, emissions and life-cycle costs of our products and systems (see the division reports starting from page 36).

The individual companies within the Group bear responsibility for R&D while MAN AG coordinates these efforts as part of its corporate planning and, additionally, ensures groupwide interchange of experience and technology transfer so as to harness potential intercompany synergies.

During the period under review, altogether 4,314 employees (up from the 3,866 average for the first half of 1999/2000) worked in the R&D departments.

The new products met with wide acclaim for their intrinsic and extrinsic values. The new TG-A heavyweights received the »Truck of the Year 2001« award conferred by European trade journalists while Industrie Forum Hannover awarded its »iF-Design Award 2001« for outstanding styling.

Dr. Josef Schneider, the inventor of the innovative DICOweb digital printing system illustration technology, was awarded for his efforts the first Berthold Leibinger Innovation Prize. The design of the new DICOweb of MAN Roland printing machines was also the subject of an award.

Research and development

€ million

July to Dec.	2000	1999
R&D outlay	284	255
As % of the sales by manufacturing operations	4.8	5.0
Internal funds for R&D	200	187
R&D personnel (annual average)	4 314	3 866

1 Berthold Leibinger Innovation Prize for MAN Roland's DICOweb and its »inventor«, Dr. Josef Schneider

2 MAN Nutzfahrzeuge's TG-A truck line was voted »Truck of the Year 2001«

3 Basic research in the MAN Group

Capital expenditure

Spending on tangible and intangible assets came to €294 million. Measured against comparable year-earlier figures, this represents an increase of €55 million or 23 percent. Among the factors accounting for this higher expenditure were the launch of new products and the larger group of consolidated companies. Most of the funds went toward rationalization and modernization programs.

At the top of the spending agenda was the Commercial Vehicles division, which enlarged its production capacities at several locations to cater for the start-up of the new TG-A series. Printing Machines invested in broadening and restructuring its production capacities and in further extending the Digital Printing unit. Throughout our operating divisions, we continued efforts at strengthening our sales and service organizations in existing markets and setting up new ones in promising regions elsewhere.

An ever larger slice of spending is being taken up by IT and networking solutions. In order to offer our worldwide customers peerless service quality, we are pushing ahead with a program to link and integrate our locations and branches with networks and e-business applications.

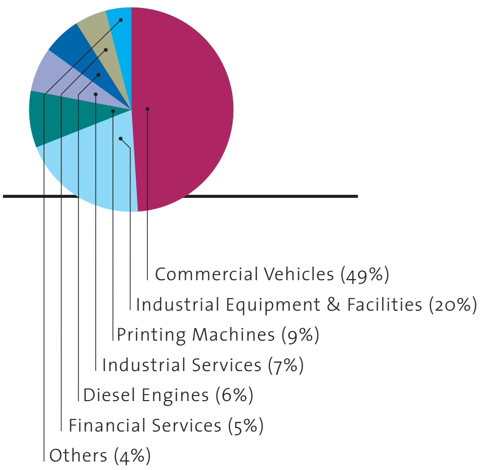
Our software investments soared and increasingly include workflow and product data management systems dedicated toward efficient interlinking value chains starting from development and engineering design to sales, distribution and after-sales service. This is being supported by an intranet with all its facilities for internal communication and knowledge management.

Pages 17 and 18 deal with capital spending on assets leased out, investments and other financial assets.

Capital expenditures

€ million July to Dec.	2000	1999
for tangible and intangible assets	294	239
for assets leased out	297	155
for consolidated subsidiaries	–	–
for other financial assets	24	36
	615	430

Capital expenditures by division for tangible and intangible assets



Environmental management

Environmental management at the production locations of the MAN Group has developed further and improved. The internal auditors have reviewed all the environment-relevant production locations, their findings serving as a basis for fine-tuning in-company environmental protection. A number of locations have been audited by external environmental experts according to the requirements of the EC Eco Audit Regulation and DIN EN ISO 14001 (environmental management systems). Some of these were first-time, others regular audits.

Suitable action was taken to alleviate any weak points in in-company environmental protection uncovered by Environmental Management and the internal auditors. Such action also resulted in appreciable cost savings.

By regularly segregating solid waste into recyclable and disposable elements, the average recovery and disposal costs have been considerably reduced. In fact, the quality of waste sorting is reflected in a recycling share of up to 96 percent.

Our subsidiaries and large construction sites worldwide have been integrated into our environmental management system. With the start-up of the new smelting shop at MAN Roland, Offenbach, in the course of the SFY 2000, an investment with wide-ranging eco impact has taken effect. Alongside a significant improvement in process technology, the new computer-controlled electrically heated smelter leads to a substantial abatement in environmental pollution. Energy consumption is down by 40 percent and the volume of disposable waste by as much as up to 90 percent.

The next step will be to convert the smelting shop at MAN Nutzfahrzeuge, Nürnberg, to the new technique.

An important component of intragroup experience pooling is a commission devoted to environmental and energy subjects, which meets twice a year at alternating locations.

Of fundamental significance in our future development is the enactment of the principles of Sustainable Development. These require that environmental and development issues be viewed on an integrated, holistic scale to take into account ecological, social and economic aspects alike.

1

2

1 New melting shop at MAN Roland
2 Intranet home page of the »Environment and Energy« commission

Risk management

Spotting, evaluating and overcoming risks
Given its worldwide business activities, the MAN Group is exposed to a large number of business risks that need to be spotted, evaluated and overcome in good time in order to ensure long-term business success.

Our companies' risk exposure is largely influenced by business cycles and in some instances cyclic demand within their respective markets. Within the period under review, the markets in which our major group companies operate, developed generally well, in particular also the (for us most important) commercial vehicles markets in Europe, which continue to be buoyant.

In general, our markets are the arenas of keen competition which is reflected in prices, required product quality, delivery times, after-sales service and not least of all, financing terms and conditions. In order to maintain our competitive edge, we must continuously improve cost structures and the value chains, develop new and enhanced products and expand our sales, distribution and service organizations within the markets.

Those of our companies involved in the construction of large plant complexes find themselves exposed to technical and economic risks in processing these projects and, as the case may be, when acquiring interests in operator companies. Such risks may materialize into budget overruns or contract penalties. Our policy is to counteract such eventualities through ongoing coordination and approval procedures even before signing any contracts as well as by order and financing procedures, and by teaming up with suitable consortium partners.

The existing order situation and the start-up of the new TG-A generation of commercial vehicles have required that new jobs be created within the MAN Group. In order to continue to respond flexibly to fluctuating demand, we have introduced flexible hours of work, in line with what is legally possible and after consulting with the employee representatives. MAN Nutzfahrzeuge is making extensive use of the instruments of limited employment and temporary outside labor.

Risk management system extended
The MAN Group further developed its risk management (RM) system for the earliest possible identification, assessment and control of risks from its global business operations. This multistage system encompasses all companies over which MAN AG exercises a controlling influence, whether directly or indirectly. RM tools include the compilation of standard policies and guidelines into RMS manuals, as well as risk inventories taken at regular intervals.

The adequate treatment of operational corporate risks is primarily the responsibility of each MAN Group company, which in a closely interdependent and well-timed planning, information and control process identifies, analyzes, assesses, and routinely reports to MAN AG, the risks and rewards. This process is managed by MAN AG and supported by Group Controlling, Corporate Finance, Operations Planning, and Internal Group Auditing.

Corporate planning benchmarks are reviewed several times a year on the basis of current order, workload and earnings figures, and any requisite controlling measures initiated. Monthly reports on business trends and outstanding events (even ad hoc) brief MAN AG's Executive Board timely, regularly and comprehensively at Group company level.

Meticulous, all-embracing risk-return analyses are prepared for M&A projects, the assessment of technological risks being also incumbent on the newly established Technology department, which is in charge of evaluating and coordinating the subsidiaries' investment projects and R&D activities, too. In this context, focal attention is devoted to the competitive edge of our products and services, as well as to efficient production, apart from the analysis and assessment of the risks and rewards from new electronic technologies.

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.

We counteract risks – e.g. in the construction of large plant complexes – through ongoing coordination and approval procedures

Developments in the new financial year

Acquisition of NEOPLAN's bus operations
On September 27, 2000, MAN Nutzfahrzeuge signed an agreement with the partners of Gottlob Auwärter GmbH & Co. KG, Stuttgart, on the combination of both companies' bus operations. A company will be formed whose shares will be held by MAN Nutzfahrzeuge AG and under whose roof MAN's bus operations and the NEOPLAN Group will act as two separate companies within the market. NEOPLAN's forte is tourist coaches, MAN's is buses operating on regular service. Within Germany, the new company will have a market share of 35 percent for buses and within Europe, one of 15 percent. The medium-term targeted return on sales is 5 percent.

The consummation of the deal requires approval from the EU Commission, which was formally applied for on January 3, 2001. Steps have been taken to spin off MAN's bus operations into an autonomous company. March 2001 saw the completion of the due diligence process, in which the parties agreed on all issues outstanding.

Takeover of Sulzer's turbomachinery operation
On December 19, 2000, MAN Turbomaschinen signed an agreement with the Swiss Sulzer Group to acquire the latter's turbomachine operations. The product ranges, fields of applications and sales bases of the two manufacturers dovetail well. The new group with a business volume of around €600 million and some 2,700 employees will be one of the world's biggest manufacturer of thermal turbomachines, with major companies in Germany, Switzerland, and Italy, and a sales and service network that spans the world.

The takeover is subject to approval by the antitrust authorities of the countries concerned, the German authorities meanwhile having given theirs. The due diligence examination was concluded in March 2001.

Stock repurchase program started
Authorized by the stockholders' meeting and approved by the Supervisory Board, the Executive Board started on January 8, 2001, to repurchase preferred treasury stock. The ceiling for buying preferred stock is 80 percent of the price for common stock. By mid-March, around 3 million shares of preferred stock were repurchased, equivalent to approx. 7 percent of this stock class and to 2 percent of MAN AG's capital stock.

Good start into the new year
With high order growth rates, the MAN Group had a very good start into the new year 2001. During the first two months, order intake at €2.8 billion was 22 percent up over January/February 2000. Despite a market that was getting tougher, Commercial Vehicles again showed slight gains. All the other divisions registered double-digit growth rates, attributable not only to high-volume megaorders but above all to healthy growth in day-to-day business.

At €1.9 billion, sales were equivalent to the year-earlier level. Due to accounting technicalities, Industrial Equipment & Facilities performed somewhat poorer than in the same period the year before. All the other divisions generated higher sales, Commercial Vehicles up 10 percent and Printing Machines up 12 percent, even managing double-digit growth rates. At €11.9 billion as of the end of February 2001, the order backlog took another leap forward to gain 8 percent above the level of December 31, 2000.

Outlook

Economic slowdown expected
The parameters governing economic prospects worldwide are largely governed by how the US economy progresses and in view of recent disappointing data, concern is gathering that this country's economy will get weaker and weaker. Nonetheless, most pundits assume that this frailty will only be passing and that recovery will set in during the latter half of 2001.

In the newly industrialized nations of Southeast Asia and Latin America, the economic scenario will tend to be influenced by the weaker US economy and the price of oil. In these regions growth rates might generally flatten although some regions could develop stronger demand as a consequence of accumulating oil revenues.

As to Western Europe, the economic institutes reckon with a further upswing which, however, might slow down more sharply than assumed due to the decelerating US economy. In Eastern Europe, production is expected to shed just some of its vigorous expansive momentum.

Given these premises, the MAN Group expects generally still strong worldwide demand for its capital goods, albeit varied by regions. Western European demand for commercial vehicles is tending to slacken slightly.

Comparison with 1999/2000
Our benchmark in forecasting for 2001 is the previous full 12-month year ended June 30, 2000, as that period is not biased by the closing effects produced in »pro forma« comparative financial information because the calendar year 2000 had two balance sheet dates with the resultant cumulative effects.

By way of comparison: figures for 1999/2000
€ million

	New orders	Sales	Earnings
Commercial Vehicles	6 274	5 755	269
Industrial Services	2 927	2 541	75
Printing Machines	2 095	1 848	79
Diesel Engines	1 192	1 106	54
Industrial Equipment & Facilities	3 268	3 446	140
Financial Services	267	267	12
Others	(383)	(382)	39
MAN Group	**15 640**	**14 581**	**668**

Division expectations

Division expectations for 2001 are outlined in the chapters starting from page 36 and boil down as follows:

– Following such a long growth cycle, 2001 is expected to show for Western Europe a slight shrinkage in demand for trucks. Still, with our new Trucknology generation we should succeed in deepening market inroads and boosting sales further. Due to an ever tighter price squeeze and cost structures still improvable in the wake of further TG-A model start-ups, we will have to wait until 2002 before re-achieving the very good financial performance of fiscal 1999/2000. As the year 2001 proceeds, we should manage to harness rationalization potentials inherent in the TG-A as well as cost-saving synergies through the taken-over production facilities. Other high-impact cost-cutting factors are the gradual upgrade of all the heavy trucks to TG-A technology by the start of 2002, a reduction in limited employment and outside (loaned) labor (made necessary in the wake of the reprogrammed range), and proactive cost management.

– Industrial Services is likely to again operate within a congenial market in 2001. If raw material prices and exchange rates stay steady, we may assume ongoing demand for capital goods especially by the newly industrialized countries. Given a very tall order backlog and intense project work in recent months, we expect for 2001 growth rates in order inflow, sales and, commensurately, earnings.

– Assuming a further moderate growth in the global economy and spending on print products, Printing Machines anticipates a still sound market, with gains in order intake, sales, and earnings.

– Diesel engines are doing well, with power-generating and road-haulage demand still high in 2001. Given the synergies resulting from the integration of all of the Group's diesel operations, the ongoing expansion of our worldwide presence and our outstanding market position with a complete lineup of large diesel engines, we are looking forward to further sustained growth and an even bigger EBT for 2001.

– As to the subgroups of Industrial Equipment & Facilities, we anticipate general growths in order influx and sales with business down in individual regions. Restructuring moves and poorer profits from a number of megaorders in metallurgical plant and rolling mill technology will shrink the SMS Group's profit much short of that as of June 30, 2000. The remaining subgroups are expected to generate once again higher profits overall, thus partly offsetting the decline at SMS.

– The volume of business at MAN Financial Services will once more show strong gains, earnings, hopefully, too.

Expectations for the MAN Group
On the basis of what we expect for the individual divisions, the MAN Group as such is predicted to achieve a further growth in business volume for 2001. Order intake and sales are forecast to each gain around €16.5 billion, equivalent to a sales increase of over 10 percent. As to the years thereafter, we are confident of reaching a growth target of at least 50 percent for the 5-year period up to 2004.

Additions to tangible and intangible assets are set to rise further in 2001 according to present plans, with unswerving emphasis on Commercial Vehicles. A rising cash flow and the available financial resources and refinancing facilities should allow easy funding of the growing volume of business especially in Financial Services and from M&A transactions, the planned investments and the ongoing stock repurchase program. Additionally, MAN AG has authorized capital of €197 million at par.

EBT for 2001 will see a continuation of the mixed situation within the MAN Group companies as in the SFY 2000. From today's vantage point, the MAN Group will have to cope with eroded earnings in Commercial Vehicles and at the SMS Group. These burdens and the absence of the extraordinary gain accrued from divesting the Elliott holding in 1999/2000 will impact more heavily than any earnings growth expected from burgeoning business and mounting profits at Industrial Services, Printing Machines, Diesel Engines, the other Industrial Equipment & Facilities companies, and Financial Services.
On balance, the Group's earnings before taxes for 2001 are likely to be about 10 percent lower, thus bringing the return on sales temporarily down to less than 4 percent.

According to present estimates and given the positive assumptions for the economy in 2002, the obstacles facing Commercial Vehicles should largely be overcome by the end of 2001 and this division is believed in 2002 to repeat the very good earnings of 1999/2000. The acquisitions of recent years are also likely to have been integrated to such an extent as to start contributing a reasonable share to Group profit.

In 2001, net income will shrink relatively less than EBT since we expect to have to pay a lower tax rate. Because of this, and due to the impact of the ongoing stock repurchase program and lower minority interests, we should succeed from today's vantage point in re-achieving in 2001 the year-earlier earnings per share of €2.52.

Outlook 2001

	1999/2000	Outlook 2001
		%
New orders	€15.6 bill.	~ €16.5 bill.
Sales	€14.6 bill.	~ €16.5 bill.
Expenditures for tangible and intangible assets	€537 mill.	slightly up
Cash flow	€1.0 bill.	up 5% to 10%
EBT	€668 mill.	down by ≤ 10%
Net income	€424 mill.	slightly down
EpS	€2.52	unchanged
ROCE	15.9%	~ 13%
ROS	4.6%	3.5% to 4%

MAN's stock – sustained, sustainable value

Setting forth the previous years' trend, we registered a further substantial rise in earnings in SFY 2000. Pre-tax earnings were up 16% over those of the comparable period in 1999/2000, with earnings per share showing an 18% rise.

MAN's stock: strong start, weak close
Our two kinds of stock showed a divergence of performance in SFY 2000. As of December 31, our ordinary shares' total yield was down 13%. This fall was greater than the drop of 7% registered by both the DAX30 and Dow Jones (DJ) EuroStoxx50. Our preference shares outperformed the relevant indexes with a total yield of 0.1%. A closer look reveals that both kinds of shares started out the year by recording above-index (DAX30 and DJEuroStoxx50) performances. This situation lasted until December 15, 2000, the holding of our annual general meeting (AGM). Our ordinary and preference shares then fell 8% and 7% respectively during the following trading days until the end of year. The DAX30 and DJEuroStoxx50 registered increases of 2% and 1% respectively during this period. We attribute this reversal of fortunes to the paying out of the dividend for 1999/2000 and to sales made by Germany-based shareholders seeking to realize tax advantages. Confirmation of this comes from the above-average increases recorded by our stocks during the first trading days of the new year.

MAN's stock: facts and figures

July – December	2000	1999
earnings per share (in €)	1.04	0.88
dividend*) per share (in €)	0.50	n. a.
tax credit*) per share (in €)	0.21	n. a.
quotation as of Dec. 31		
ordinary shares (in €)	27.10	36.85
preference shares (in €)	21.00	21.73
market capitalization (in € mill.)	3 911	5 018
highest quote		
ordinary shares (in €)	34.41	37.04
preference shares (in €)	24.68	22.90
lowest quote		
ordinary shares (in €)	26.52	28.20
preference shares (in €)	20.50	17.90
dividend yield**) of		
ordinary shares (%)	3.4	n. a.
preference shares (%)	4.6	n. a.
total yield***)		
ordinary shares (%)	(13.0)	13.8
preference shares (%)	0.1	2.9
DAX yield (%)	(6.7)	29.4
DJEuro Stoxx50 yield (%)	(7.2)	29.5
fixed-income yield REXP (%)	4.5	(1.5)
number of shares (as of Dec. 31)		
ordinary shares (thousands)	110 280	110 280
preference shares (thousands)	43 920	43 920

n. a.: not applicable
*) no pay-out was made in mid-FY 1999/2000
**) cash pay-outs put on a full-year basis, and calculated using the quotes prevailing on the day after the previously-held annual general assembly
***) assuming the reinvestment of dividend pay-outs on the day after the annual general assembly

Prospects for 2001
Both of our kinds of stocks got off to strong starts in 2001, and have been performing well since. The sharp drop recorded during the two trading days following March 6, 2001's publication of the letter to our shareholders notwithstanding, the shares have substantially outperformed the DAX30 and DJEuroStoxx50 indexes. The letter detailed our cautious expectations vis-à-vis pre-tax earnings in 2001. We assume that we will further increase our volume of business in the current financial year, and that our earnings per share will remain, at the very least, at 1999/2000 levels. Backed by these results, we are confident of being able to

MAN's dividends per share

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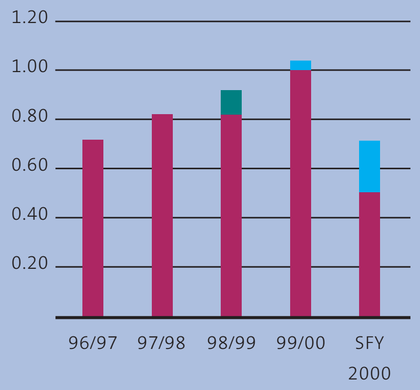
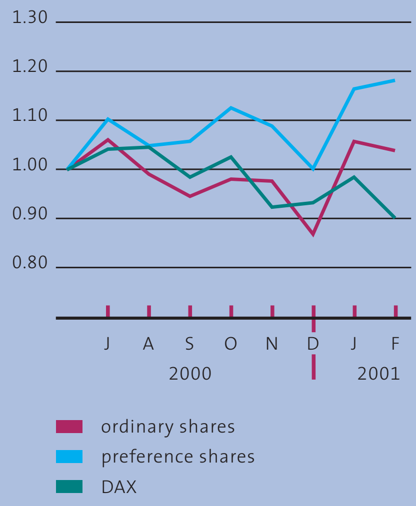


MAN's stock vs. the DAX July 1, 2000 to Feb. 28, 2001

June 30, 2000 = 1



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

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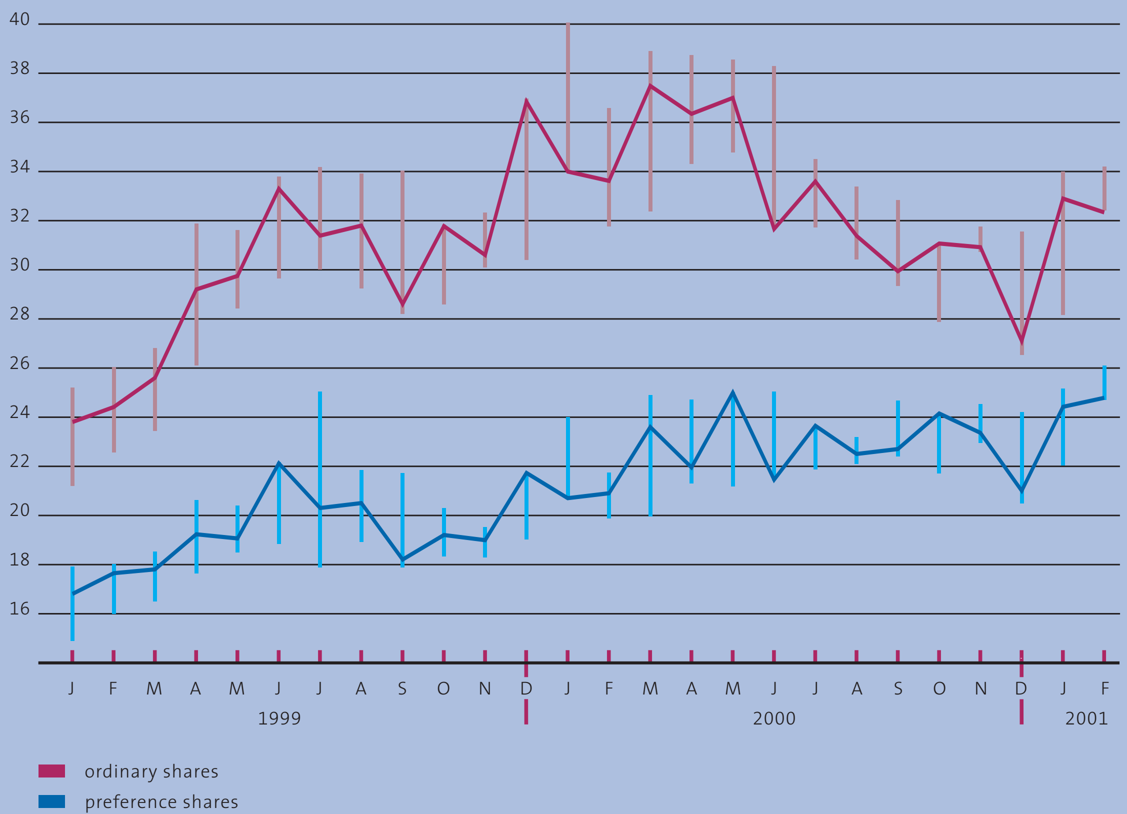

stabilize the development of the quotes for our stocks on exchanges showing an increasing volatility of performance. Helping us achieve this will be, no doubt, the step-by-step improvements expected to ensue in MAN Nutzfahrzeuge's cost-causing structures. These should cause the MAN Group to attain in 2002 the level of earnings reached in 1999/2000.

Large-sized dividend

The executive and supervisory boards have proposed the paying out of a dividend of €0.50 per share to our shareholders. Notwithstanding the fact that the profits earned during the period running from June to December are traditionally less than those recorded during the first six months of the year, the executive and supervisory boards have resolved to pay out this dividend, which comes to half of what was paid out in 1999/2000, a 12-month financial year. It will come with a tax credit of €0.21 per share. Eligible to receive it are our shareholders subject to paying German taxes. Translated into a 12-month figure and calculated using the stock quote prevailing on the trading day following our AGM, the pay-out gives MAN's stock a net dividend yield of 3.4% (for ordinary shares) and 4.6% (for preference ones).

Repurchase of shares commenced

At our last AGM, our shareholders authorized our repurchasing of up to 10% of proprietary shares. This resulted in our commencing on January 8, 2001, with the purchasing of our preference shares. These purchases can amount to up to 7,710,000 of these shares, equivalent to 5% of our total share capital. The price which we are permitted to pay for the preference shares can be no more than 80% of the quote prevailing for our ordinary ones on stock exchanges. The repurchasing of preference shares will increase the portion accounted for by ordinary stock in our total share capital. This will bring us closer to realizing a »one share, one vote« situation. These purchases will decrease the total number of MAN shares being traded. This will have a correspondingly positive effect on our earnings-per-share figures, something which should provide both kinds of shares with a boost.
By the middle of March, 2001, we had repurchased a total of some 3 million preference shares – equivalent to about 7% of their total number outstanding, and to nearly 2% of MAN Aktiengesellschaft's total share capital.

Redesign of Website

To improve our provision of information, we redesigned the MAN Group's Website (www.man-group.com). In doing so, we primarily took into account the needs of our shareholders. Responding to a large number of suggestions, we created the new »Investor Relations« Web-corner. It contains both information on the MAN Group in general and items specifically interesting to shareholders. Since February, 2001, it has also supplied an overview of the recommendations made of MAN's stock by analysts. This overview is provided by an independent agency. The Website's »ad hoc reports« supply our shareholders and other Web-visitors with all the information impacting upon our stocks' quotes at the time of being divulged to the financial markets.

Our shareholders: who they are

The rescheduling of our financial year and the launching of a share repurchasing program led us to resolve to have carried out the next analysis of the make-up of our shareholders by the end of 2001. According to the information now available, this make-up remains largely unchanged from that prevailing in June, 2000 (54% Germany-based shareholders, 20% non-German ones, 26% Regina Verwaltungsgesellschaft mbH).

More employees
– group-wide Job-site set up

Thanks primarily to hiring by MAN Nutzfahrzeuge, the number of our staff members has grown. To recruit university graduates and other highly qualified personnel, we have set up a Website listing the positions available in the MAN Group.

The increase in the volume of business transacted by the MAN Group caused the number of persons employed by it to stage a substantial rise. As of December 31, 2000, 76,604 persons were employed by MAN's worldwide operations, up 2,280 or 3.1% from June 30, 2000's total. The consolidation of newly acquired companies accounted for 389 persons. Factor this out, and the rise comes to 2.5%. As had been the case in the past, the MAN Nutzfahrzeuge group produced the largest rise, adding on a net 1,664 jobs. Several business areas recorded slight declines. The number of persons working for our operations based outside Germany rose 4.7%, to 25,993, outpacing the 2.3% increase, to 50,611, registered in-country.

Put on a comparable, period-to-period basis, expenditures for personnel rose 9%, to €1.9 billion.

Employees profit from corporate successes

As had been the case in previous years, our employees partook in the successes achieved by our Group. Employees working for MAN's large sized manufacturing companies and whose remuneration is determined by the collective wage scales received a bonus. Provided on a voluntary basis, its size was determined by the results recorded by the Group. Our system of 'floating' remuneration enabled our executives to also profit from the Group's successes.

Group-wide job market

To facilitate intra-Group job transfers, we have set up a clearing house, in which all positions available at Group companies are advertised. The clearing house is used by employees who wish to find new employment in other cities or elsewhere within the MAN Group. Also carried out via the Group's intranet, this sharing of job-related information will ease the exchange of personnel among Group companies needing to alter the size of their workforces.

Number of staff members

	Dec. 31, 2000	June 30, 2000
in Germany	50 611	49 487
outside Germany	25 993	24 837
	76 604	74 324
share, outside Germany (in %)	34	33
consolidation-caused growth	389	6 507

Divisions: number of staff members

	Dec. 31, 2000	June 30, 2000
Commercial Vehicles	35 478	33 814
Industrial Services	7 545	7 145
Printing Machines	10 248	10 056
Diesel Engines	7 073	6 966
Industrial Equipm. & Fac.	15 507	15 600
Financial Services	46	36
Holding, others	707	707
	76 604	74 324

Occupational education
At the MAN Group companies the cultivation of the management skills possessed by their executives, be they 'long-servers' or newcomers, is given high priority. This is especially due to the dearth of qualified persons prevailing on labor markets.

Young executives attend seminars which prepare them to assume senior management positions. At dedicated workshops, department directors are inculcated with techniques of leadership, of communication, of conflict avoidance and of change management.

Vocational training
The number of persons receiving their vocational training at our facilities in Germany was equivalent to 7% of our total domestic workforce. As had been the case in the past, this number was much greater than dictated by forthcoming need. In SFY 2000, 1,214 persons participated in our programs of basic vocational training. Any space not being employed at our dedicated facilities by the above activities was used to stage other training programs. These were held with other companies and with offices of labor.

Also getting on-the-job training in our Group are graduating students. We also offer a number of internships.

MAN sets up Job-site
The Internet has become an important tool of recruitment of qualified personnel. A Website was set up in SFY 2000. Once all companies have linked up to it, the Website will provide Group-wide listings of jobs available. These can be searched for via kind or place of position sought, or via other criteria. Potential applicants can also consult the master listings. Updated on a 24/7 basis, these


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present an overview of what's available in the entire MAN Group.

This Job-site, which avails itself of a dedicated database and whose listings are in both German and English, was primarily established to secure the services of university graduates and other highly qualified personnel. It also serves to recruit sales and office staff, and those students looking for places to pursue major-related work or internships. Group company personnel departments have been charged with the remote-maintenance of the listings they place in the Job-site. Staff members attended special courses to learn how to operate such.

As the ever-increasing number of visits to it indicates, the Job-site set up for the entire MAN Group has become an effective engine of recruitment of qualified specialists, in short supply on job markets.

To our employees and their representatives: thanks!
Our special thanks go to all of the persons working for Group companies. As was the case in the past, they worked hard and enthusiastically. This enabled the companies for which they work to attain the objectives they had set for themselves.

Included in these thanks are the members of the bodies – found at all levels of corporate operation – representing our employees' interests. Finding expression in the large number of suggestions and searching comments made, their constructive approach to our business helped us develop it.

1 The assembly of a lubricant pump
2 Computer-aided planning of fleet deployment
3 The operation of a Roland 900. It prints large-sized packagings
4 Testing of how boiling hot liquids corrode materials

5 MAN B&W Diesel engine undergoing technical service
6 Checking of a fuel tank of the »Automated Transfer Vehicle« for the International Space Station (ISS)
7 This person staffs the panel controlling the operations of a CSP casting facility belonging to the PR of China's Handan Steel

MAN Nutzfahrzeuge: staying a course of success

Our new orders, sales, and staff size staged further rises in SFY 2000. We further increased our market share in Europe. Our new Trucknology® generation of trucks have proven best sellers on their markets. Our earnings were encumbered by additional, short-term costs. The prospects remain, however, positive.

Impelled by the economic upswing prevailing in western Europe in SFY 2000, the demand for transport services in the region remained at a high level. During the period, 158,000 trucks of 6 t total weight or more were registered in the area, a figure a mere 1% over the comparable one of the previous year.

MAN Nutzfahrzeuge Group

in € million

July–December	2000	1999
New orders	3 114	2 779
Sales	3 048	2 534
Earnings before taxes (EBT)	85	121
Employees (number, Dec. 31/June 30, 2000)	35 478	33 814
ROCE* (%)	11.4	15.0
Return on sales (ROS) (%)	2.8	4.8

* extrapolated to 12 month financial year

Further improvement in market standing

In SFY 2000, the MAN Nutzfahrzeuge Group once more recorded a rise in unit sales greater than that turned in by its industry. This enabled the group to further improve its market standings. The group supplied 33,900 trucks and buses, an all-time high. We sold a total of 31,300 trucks of 6 t total weight or more on world markets, up 21% from the figure achieved in the comparable period in 1999/2000. This rise was partially attributable to our two new subsidiaries: the Great Britain-based ERF and Poland's STAR.

Our share of western Europe's market increased by 1.6 percentage points to 15.9%, enabling us to consolidate our grip on third place among the continent's manufacturers of commercial vehicles. We also outperformed the market in Germany, permitting us to boost the share which we hold of it from 26.1% to 28.4%.

We further increased the share which we hold of Europe's market.

Forming part of the Trucknology® generation of trucks, our new, TG-A line of heavy duty trucks has proven to be a best seller, as the increasing number of these vehicles to be seen on our highways shows. Overcoming the shortages of supplies slowing the delivery of TG-As, we did manage to deliver 4,700 of these vehicles in SFY 2000. This means that one quarter of all trucks supplied by MAN stemmed from the Trucknology® generation.

Extending its several-years-roll, our bus division sold 2,600 vehicles in SFY 2000. This rise of 21% largely stemmed from the German market, of which we now hold a 25.5% share, up 1.6 percentage points.

MAN and NEOPLAN merge bus operations

We reached in SFY 2000 an agreement with the owners of Gottlob Auwärter GmbH & Co. KG, Stuttgart. It stipulates that we will acquire the NEOPLAN group. MAN Nutzfahrzeuge is to own all the shares in a holding company managing both entities' bus-related activities. These companies – NEOPLAN, whose focus is on travel coaches, and MAN, with its strength in making scheduled service buses – fit well together. Through the merger they will substantially improve their standing in Europe to a market share of 15%. We will maintain the independence of business identities of MAN and NEOPLAN. The merger still has to be approved by the Commission of the EU.

Revving up new orders and sales

At €3.1 billion, new orders were up 12%. Those secured in Germany fell 11% to €1.2 billion. Countervailing this was the 33% rise – to €1.9 billion – recorded outside the country. This rise was partially attributable to ERF and STAR. Sales rose 20%, to €3.0 billion. Of that total, €1.2 billion – up 5% – stemmed from sales made in Germany. Impelled by our new corporate acquisitions, sales recorded outside the country rose 34%, to €1.8 billion. Non-German sales accounted for 60% of the group's total.

1 The cab of the XXL version of MAN's TG-A provides drivers with a particularly ample amount of space

2 MAN TG-A: The LX cabs are designed for fleets covering long distances

Further increase in workforce size

The high rates of utilization attained by our facilities and the extending of our world-spanning network of sales outlets caused us to increase the number of persons working for the group by 1,664, to 35,478, as of December 31, 2000 (not including vocational trainees). This total does not include temps. We made use of the time-of-work accounts set up for personnel.

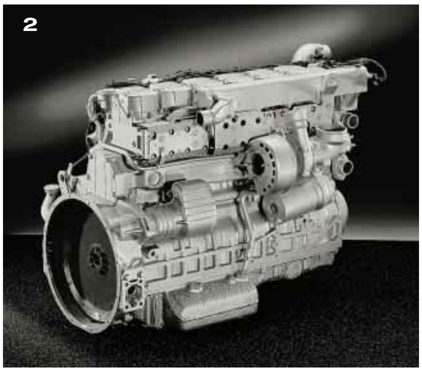
In-vehicle electronics constitute a new core area of expertise.

We maintained our commitment to provide young persons with professions. The total number of persons receiving vocational training at our premises was equivalent to 7.9% of our workforce, a percentage well above the sector-wide average. We provided our staff members with a broad range of courses of ongoing occupational education.

Driving the development of alternative propulsion technologies

The objective of our development efforts – addressing both existing and new lines – remains the production of vehicles showing great efficiency, environmental compatibility and reliability of operation, as well as an ease of maintenance.

We view ourselves as being one of the forces driving the development of alternative propulsion technologies. Our buses form part of many European cities' mass transit systems. A number of these buses are fueled by hydrogen, by natural or by liquid gas. We have furthered the development of buses with fuel cells. Producing no harmful emissions, these cells are to be incorporated into bus propulsion units. A prototype equipped with such a unit has been deployed in municipal service.



To maintain our technological edge, we are developing in-vehicle electronics into our fourth core area of expertise, along with cab, engine and chassis-related technologies. Already standard equipment in our vehicles, electronics-based driver's assistance devices form the basis for advanced telecommunication systems.

We allocated €97 million to research and development in SFY 2000, equivalent to 3.2% of corporate sales. Our R&D operations employed an average of 1,685 persons.

TG-A: »Truck of the Year 2001«

Forming part of our Trucknology® generation, our TG-A was named »Truck of the Year 2001«. It represented the fifth time since 1977 that a newly-developed MAN truck line had won this best-truck-manufactured-in-Europe-award. The TG-A's trend-setting, operations-facilitating design won the »iF-Design Award« from Hanover's Industry Forum.

We presented our new truck and the range of cabs it comes with at the IAA trade fair for commercial vehicles. This full-scale range of vehicle is now complete and meets the need of freight forwarders. At the event, we also launched our revamped L2000 and M2000 Evolution lines of light and medium-duty trucks, plus a newly-developed engine producing 510 HP, as well as other motors meeting the Euro 3 emission standards. Such low-emission motors are now available for nearly all of our vehicles.

A complete range of truck-related services

MAN TransCom GmbH, Munich, manages the provision of our truck-related services. Supplied on a one-stop, customerized-basis, these include the operation of systems enabling telecom-

1 The L2000 Evolution is a line of light-duty trucks
2 This six cylinder Diesel engine has an output of 301 kW/410 HP. It is incorporated into buses
3 Efficiency-raising approach to life cycle costs was deployed in the design of this LCC NL 263 model low-floor bus
4 Lion's Top Coach brings a new level of comfort to traveling

5 A member of the M2000 line of medium-duty trucks
6 This three-axle semi-trailer dump truck has a M model cab and is a member of the TG-A line

1 SX2000, large pump water tender for airports
2 MAN NL 263 low-floor bus powered by a fuel cell
3 MAN TG-A: »Truck of the Year 2001«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munication-based applications and other communication-enabling links, and the provision of leasing and rental, maintenance (under full-service contracts) and fleet management services.

A thrust of our efforts in SFY 2000 was to provide an optimal level of services for our Trucknology® generation of vehicles. A completely new system of electronics has been incorporated into them. Our network of service centers is being optimized and extended on an ongoing basis. Today, this network is comprised of more than 1,200 outlets in Europe.

Expanding our E-business operations
Long before »E-business« established itself as the term applied to describe such electronics-enabled transactions, we were deploying technologies linking the parties with which we develop technologies, our suppliers, our distributors and service providers into networks sharing information on an ongoing basis. Our current objective is to further develop these systems by exploiting all of the opportunities provided by Internet-based technologies.

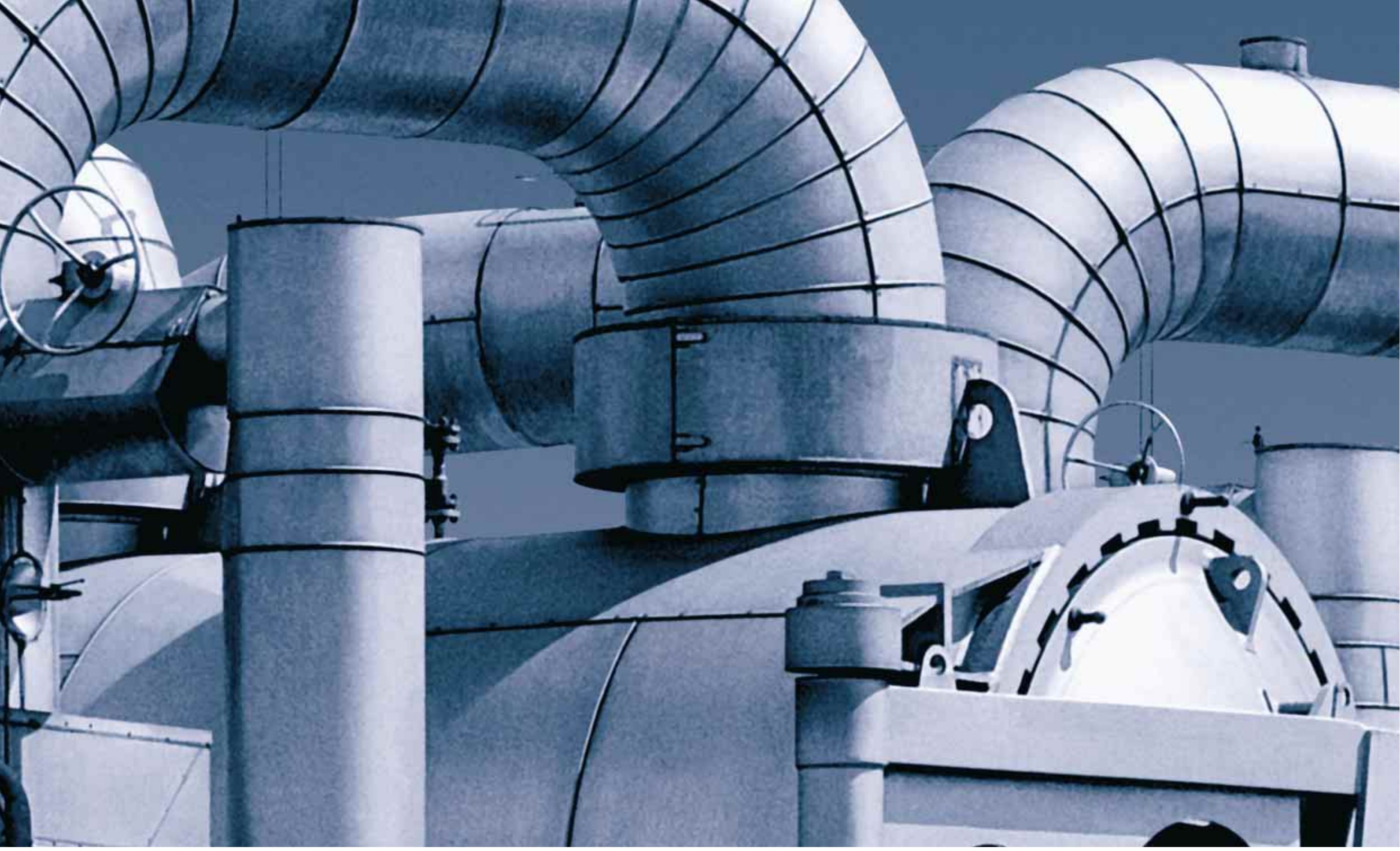
Supply of materials and start-up costs encumber earnings
The eradication of problems arising from the supplying of materials and the starting-up of new operations gave rise to a large amount of extraordinary costs, as did the maintenance of operations dedicated to producing both new and end-of-the-run models. Neither ERF nor STAR, both recently acquired, impacted positively upon the group's earnings totals.

In-market pressures caused a worsening of conditions of sale. These factors caused our earnings from ordinary business operations to decline from the €121 million recorded in the comparable period in 1999/2000 to €85 million.

Positive prospects for 2002
We expect the long-running rise in demand in western Europe for trucks to come to an end in 2001. Powered by our new Trucknology® generation, we should be able to overcome the resulting slight decline experienced by our industry as a whole, and to increase our market shares and sales. The strengthening of downward pressures on prices and the need to optimize our cost-causing structures will delay until 2002 the re-attaining of the very high earnings levels achieved in 1999/2000.

The launching of the TG-A has provided us with ways of increasing the efficiency of operations carried out by our manufacturing facilities. These synergies will be increasingly exploited in the course of 2001. The progressive rise in efficiency will join with the reconfiguration of our entire range of heavy-duty trucks, something to be carried by the beginning of 2002 and leaving TG-A models as our sole models of heavy-duty trucks being sold, and with the implementation of our cost-cutting program in improving group profitability.


TRUCK OF THE YEAR 2001
MAN



Ferrostaal: worldwide strengthening of business

The business done by all of our divisions developed gratifyingly well. New orders and earnings staged further rises. We expect this growth to set itself forth in 2001.

Impelled by the economic upswing continuing to grip key markets in Latin America and Asia, the Ferrostaal Group substantially increased its new orders and sales totals in SFY 2000. During it, we undertook a number of measures.

These are designed to maintain the edge we enjoy over competitors by extending our areas of business. The Saarlouis-based DSD Dillinger Stahlbau GmbH, a group subsidiary, acquired operations providing steel structures to the marine sectors from Noell Stahl- und Maschinenbau GmbH. The operations maintain locally based sales outlets in Indonesia, India and other markets.

Ferrostaal Industrial Plant Services GmbH, Essen, purchased several other facilities from Noell Service und Maschinentechnik GmbH, thus strengthening its standing on the market for the provision of maintenance, repair and other technical services.

Ferrostaal Group

in € million

July–December	2000	1999
New orders	1 359	1 077
Sales	1 410	1 067
Earnings before taxes (EBT)	43	33
Employees (number, Dec. 31./June 30, 2000)	7 545	7 145
ROCE* (%)	16.2	13.9
Return on sales (ROS) (%)	3.0	3.1

* extrapolated to 12 month financial year

Further expanding the steel trading business it does in the USA, the Houston-based Ferrostaal Inc. acquired from Mannesmann Pipe & Steel Corporation, Houston, its division producing long-drawn products.

Facility construction and contracting: good performance

The facility construction and contracting segment performed well around the world, recording substantial increases in new orders and sales. Operating either as a general contractor or as a member of consortia, the segment plans, supplies, assembles and maintains industrial facilities. Its range of project implementation services also includes the arranging of finance. As was the case in the past, the segment's main areas of activity were emerging markets in Latin America, Africa and Asia.

The segment secured a number of large-sized orders. Especially noteworthy is a contract signed by DSD, a corporate subsidiary, and RELAPASA Refinería La Pampilla S.A., Peru. The contract foresees our providing engineering, supply and assembly services for a petrochemical facility in Peru. DSD was also commissioned with the supplying and assembling of steel structures. These are for a superhighway bridge. It will span Thuringia's Reichenbach valley. MAN TAKRAF Fördertechnik GmbH, Leipzig, secured an order for the optimizing of the belts conveying iron ore and disposing of rubble in a copper mine in Chile. The company will also supply a new reclaimer to the mine.

MAN GHH Öl & Gas GmbH, Essen, secured a large-sized order from a customer based in Libya. It is for the supplying, on a turnkey basis, of 54 identical, fully-automatic degasification and iron-extraction facilities. These will form part of the country's »Great Man-Made River« project.

Further successes for industrial equipment and systems

The industrial equipment and systems segment also recorded strong rises in new orders and sales. This segment distributes industrial equipment and components on a worldwide scale. It also provides a complete range of planning, implementation and financial services for and to transport systems and other infrastructure-related networks. In addition to machines and systems used in the food processing industry, this segment also delivers trading ships, and supplies equipment to and for ships, harbors and shipyards. In conjunction with its membership in the German Naval Group, the segment delivers ships incorporated into navies.

1 This lock, located in Bremerhaven, forms part of a harbor frequented by fishers

2 Under construction is a facility producing ammoniac. It is located in Trinidad

1 These supports help a shipyard's portal cranes transport a load

2 Stored in a corporate faciliy, this cold rolled, thin-gauge plate is awaiting transport

3 A propulsion module undergoing assembly at Ferrostaal Industrie- und Systemlogistik's facility in Genk, Belgium. The module will be incorporated into a Ford Mondeo.

The department providing trading ships recorded an especially large increase in business, as did the maritime systems one. A consortium comprised of Ferrostaal AG, the Kiel-based Howaldtswerke-Deutsche Werft AG and Thyssen Nordseewerke GmbH, Emden, secured an order, also including an extensive range of offsetting commitments, to supply South Africa's navy with three 209 class submarines. Developing gratifyingly well in SFY 2000 was the business done by Intergrafica Print & Pack Druckmaschinenvertrieb GmbH, Essen. This corporate subsidiary distributes printing machines and provides related technical services. Its range of customers includes MAN Roland Druckmaschinen AG, Offenbach, another member of the MAN Group. The business done by group subsidiary Fritz Werner Industrieausrüstungen GmbH, Geisenheim, proceeded as foreseen by corporate plans, as did that of Sagexport, the Paris-based company owned by Fritz Werner.

All of our divisions increased the amount of business transacted. We further expanded and extended our network of international operations.

New records set by steel trading and logistics operations

This segment procures and distributes steel-based products in both Germany and elsewhere in the world, and provides logistics-based services, with these including the pre-assembly and in-sequence supplying of products.

We fully partook in and profited from the further, substantial rise in demand experienced by the world market for steel, setting new records for new orders and sales in the process. In a repeat of past performances, the segment's logistics division accounted for a large part of these results. Included in the division are two Essen-based subsidiaries: Ferrostaal Industrie- und System-Logistik GmbH (FIS), and Ferrostaal Piping Supply GmbH (FPS). FIS secured a large-sized order from Ford Werke AG, Cologne. Taking effect in November, 2001, it is for the pre-assembly of entire propulsion modules, to be incorporated into the new model of Fiestas. FPS signed a contract to supply components. These will be incorporated into a facility owned by Iran's PIDEC. It will produce aromatics.

Further rise in earnings

The Ferrostaal group registered a further rise in profitability. Its pre-tax earnings came in SFY 2000 to €43 million, up from the €33 million recorded during the comparable period in the previous financial year. All of the group's divisions operated in the black.

Prospects

The strength being shown by the markets in which we operate is causing us to forecast that we will continue to do a satisfactory amount of business in 2001, and that we will increase our new orders, sales and earnings totals.

3

MAN Roland Druckmaschinen – further rises in earnings and other key indicators

Setting forth the past few years' track record of success, we registered double-digit rises in new orders and sales. We also more than doubled our earnings. Prospects for further growth continue to be promising.

The world market's demand for printing systems remained strong in SFY 2000. The MAN Roland Druckmaschinen Group fully exploited the resultant opportunities. Its new orders rose 16%, to €1.1 billion. This new corporate record was produced by the double digit rises registered by each of the group's divisions – the ones producing sheetfed and web machines, and the one providing trading and other services. The latter's rise came to an especially marked 27%. At €946 million, sales also attained a new all-time high. They were up 19% over the previous year's comparable figure.

MAN Roland Druckmaschinen Group

in € million

July–December	2000	1999
New orders	1 126	972
Sales	946	796
Earnings before taxes (EBT)	42	19
Employees (number, Dec. 31/June 30, 2000)	10 248	10 056
ROCE* (%)	19.4	10.7
Return on sales (ROS) (%)	4.4	2.4

* extrapolated to 12 month financial year

These successes ensued from the upswing prevailing on our markets, and from the policies we had implemented in previous years. These resulted in our investing in the building up of a proprietary network of sales and service outlets, and of a division providing trading and other services. These steps improved our provision of services and put us in better touch with our customers. Some 85% of our sales are now transacted by proprietary dealers. The successes have also resulted from the improvements made in existing products and from the launching of new ones.

Launching of digital printing systems division

Among our range of spectacularly innovative new products is DICOweb (»Digital Change Over«). This digital-based printing system will be of key importance in the years to come.
In recognition of this, we constituted a new division at the beginning of SFY 2000. Its main activity is the development, manufacturing and distribution of DICOweb systems, and the provision of related services. Also in the division's portfolio are DICOpress, DICOpack and DICOpage, which we have been distributing under the MAN Roland trademark since May 2000, in accordance with an OEM (original equipment manufacturing) contract entered into with Xeikon.

This division is growing rapidly.
We foresee its producing, within a few years, 10% of MAN Roland's total sales.

DICOweb is the first »true« digital printing system. Revolutionary is the fact that it does not have printing plates. Images are imprinted and deleted directly on its form cylinders. DICOweb has set new standards of cost-efficiency for print runs of between 1,000 and 20,000 items. The world's first digital-based offset machine, the DICOweb forms part of a self-contained workflow chain, which starts with the preprinting phase and extends to the finishing one.

R&D: the wellspring of our success

We devoted an amount equivalent to 9% of the sales achieved by our sheetfed and webfed divisions to research and development. This was, once more, well above industry-wide averages. In addition to digital-based systems, our R&D was focused on the further development and extension of sheetfed and webfed-based systems. We completed the development of the ROLAND 200 to the point where this »starter's model«, which features an in-line array and which produces half-sized products , can go into serial production. The ROLAND 300 was outfitted with supplemental equipment. This enables the inks imprinted on to substrates to be dried instantaneously by ultraviolet light. This technology is also to be deployed by the ROLAND 700s and ROLAND 900s. Premiered at drupa, the ROLAND 500 prints half-sized packagings. The new system is proving a strong seller on its market.

1

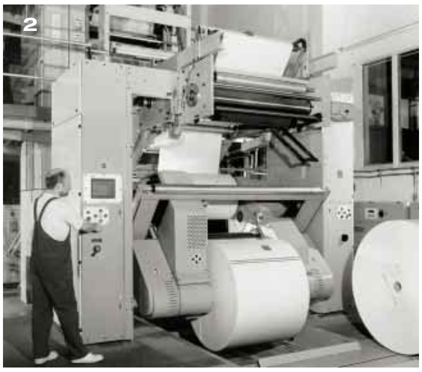

2


1 GEOMAN is a success: Systems will be supplied in 2001 to customers based in Moscow, Dublin, Indianapolis and Nordhorn
2 As it dispenses with printing plates, the DICOweb is the world's first »true« digital-based printing system

1 The improvements made in technical operations have shortened times of order processing

2 Quick changes of rolls. That's a specialty of the AUROSYS processing system, which automates the handling of materials

3 A look inside a DICOweb printing system



The REGIOMAN, our newly-developed system premiered at drupa, had proved to be an international best seller. The cutting edge of newspaper printing is comprised of the realization of systems melding and automating individual operations – including preprinting, printing and post-printing – into unified flows of work. We have further developed the operations of PECOM, and of AUROSYS, our systems of operations automation and of material handling, respectively. We have forged a working relationship in the area of the development of editing and page-planning systems. These steps ensure us of retaining our position of leadership on the world's market for newspaper printing systems.

We foresee our new division, which produces digital printing systems, accounting, within a few years, for 10% of MAN Roland's total sales.

We will purposefully pursue our policy of developing systems whose structures are open to input from outside. The impressive fruits of this strategy were showcased, under the name »PrintCity«, at drupa. Entailed in this is our continuing to pursue our core businesses of supplying components, applications and services for the pre-press, press and post-press phases of printing, and our entering into working relationships with other leading manufacturers. Doing such will enable us to provide all of our customers with systems designed to meet their highly individual needs.

Ever-greater importance for E-business

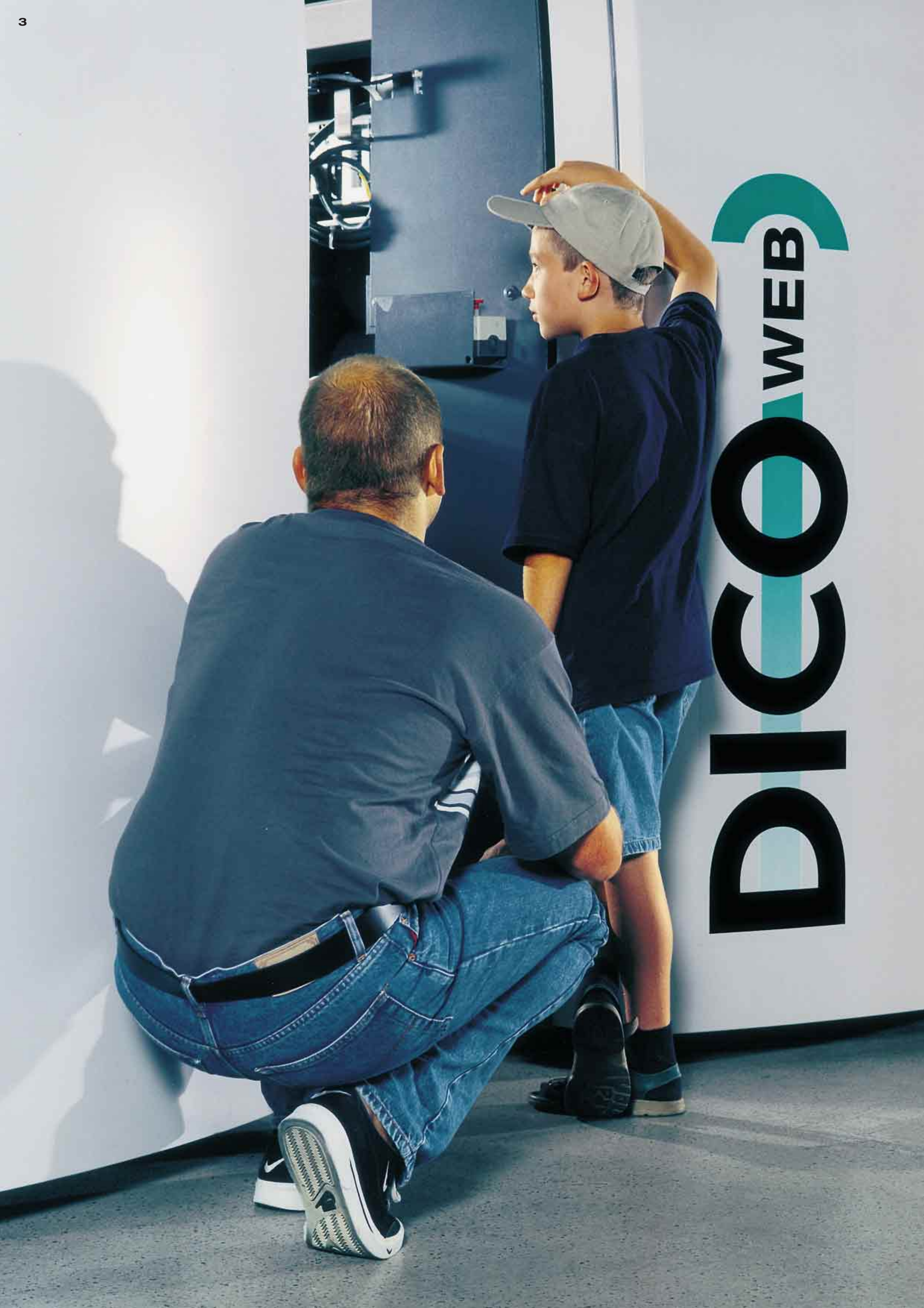
E-business already constitutes an important component of our activities. This importance will grow in the years to come, in which we will deploy state-of-technology Internet-based applications to link our sales and service outlets and our production facilities into a single network, through which universally-intelligible and applicable data will flow. Via such link-ups, our suppliers are increasingly being meshed into inter-corporate processes.

Earnings more than doubled

At €42 million, our pre-tax earnings in SFY 2000 were more than double those achieved during the comparable period in the previous financial year. These successes were produced by our policies of maintaining close ties with our customers, of launching innovative systems, of improving product quality and of cutting costs.

Prospects remain positive

We have a large amount of orders on hand. Viewed as a whole, the market remains strong. These factors are leading us to forecast that we will further increase our new orders, sales, and earnings in 2001.


DICOWEB

MAN B&W Diesel – full throttle for further growth

We parlayed the growth being staged by the world's market for large-sized Diesel engines into a further upswing. The company's earnings rose strongly. We are heading for further growth and increasing corporate value.

The upswing gripping the world market caused its need for ocean-based transport and electricity to rise. This led to an increase in demand for ship-based plants and for Diesel-powered energy stations.

MAN B&W Diesel Group

in € million

July–December	2000	1999
New orders	861	505
Sales	665	485
Earnings before taxes (EBT)	27	10
Employees (number, Dec. 31/June 30, 2000)	7 073	6 966
ROCE* (%)	13.2	6.8
Return on sales (ROS) (%)	4.0	2.1

* extrapolated to 12 month financial year

These factors enabled the MAN B&W Diesel group to set forth its strong growth in SFY 2000. By acquiring Mirrlees Blackstone, Ruston and Paxman – all hallmarks of English engineering – we successfully extended our range of products. We have a large stock of expertise, and a strategy devoted to providing customers with what they want and need. We are now getting more output out of our operating processes. All of these assets and accomplishments combined with the above factors to produce the group's strong results. New orders were up 70% (of which 29 percentage points accrued from our new activities in Great Britain) over those of the comparable period in 1999/2000. Also setting a new corporate high were our sales. Of their 37% rise, 23 percentage points accrued from our newly-acquired British companies.

All-market growth
Partially impelled by the rate of exchange prevailing between the euro and the dollar, Europe's shipyards have recorded a remarkable increase in influx of orders. Korea consolidated its position of being the world's leading builder of ships. These developments boosted demand for our large-sized, two-stroke engines (K98MC/MC-C and S90MC). We also secured a record amount of orders for our small-sized, two-stroke engines. Along with our licensees, we now hold more than 70% of the world's market for two-stroke engines.

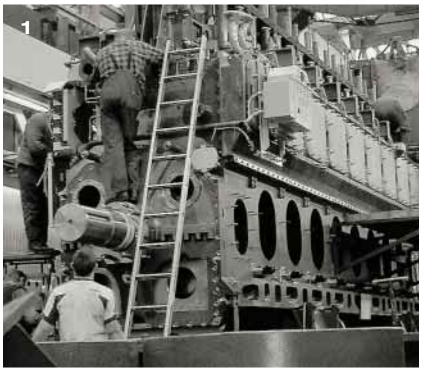
We also managed to increase the amount of orders booked for large-sized, four-stroke marine engines. We secured 21% of the market for ships of more than 2,000 DWT (dead weight tons). Nearly a third of all orders for such main propulsion units came from customers based in western Europe. We have a line of small-sized gensets. They produce on-board power and combust heavy oil. Thanks to this line, we secured an above-average share of shipbuilding-related business, itself increasing strongly during the year. We now hold more than 50% of this segment of the world market.

Viewed as a whole, the operations acquired in Great Britain developed satisfactorily. We secured a large-sized order for locomotive engines from Iranian Railways.

Energy: an engine of growth
The world's demand for four-stroke Diesel engines incorporated into power plants is growing substantially. Among our line of small-sized gensets, the demand for the models capable of combusting heavy oil has been particularly pronounced. The number of large-sized units employed in the generating of power more than doubled in SFY 2000, vis-à-vis the comparable period in 1999/2000. We now hold a 23% of the world's market for facilities generating more than 3.5 MW.

Peak technologies produce further growth
Responding to customer wishes, we further developed our range, already extensive, of two-stroke MC engines. The new 12K98MC-C is our largest two-stroke engine. A prototype of it successfully underwent operational testing. The new engine will be installed in large-sized container ships – ones capable of carrying more than 6,000 TEU (»transport equivalent units«).

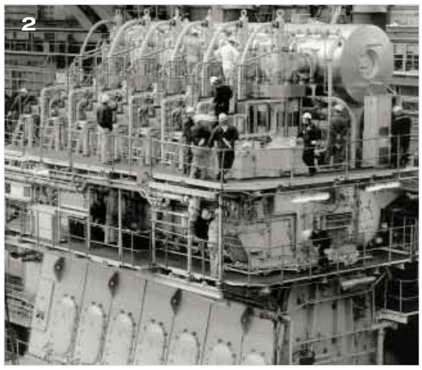
Our slide valve technology has set new standards of clean combustion for fuel injection-based systems.

1


2


1 Assembly of medium-speed engines in our facility in Augsburg
2 An addition to our range of four-stroke engines: The 40/50 medium-speed model was developed by S.E.M.T. Pielstick for incorporation into high-speed ferries

1 We have the right kind of propulsion system for every class of ship
2 Hyundai, our Korea-based licensee, was the venue for the operational testing of our S90MC-C engine. It forms part of the MC line of two-stroke engines
3 Outfitted with five 18V48/60 Diesel units, the La Vega power plant is located in the Dominican Republic



Our state-of-technology »intelligent engine« has been installed in a tanker transporting chemicals. It uses all-electronic fuel injection and in-engine regulation to dispense with the camshaft-based systems found in conventional models. Our new, aptly named VOC system takes the VOCs (»volatile organic compounds«) released during the loading of oil and turns them into the fuel powering the ship's main engines. This system is now undergoing operational tests.

The newly-developed L27/39 engines have put their especially great cost-efficiency and low rates of emissions on display in actual operating conditions.

We provide our markets with a full line of products. These feature cutting edge technologies, and come with the services required by our customers.

We have devoted ourselves to further reducing the soot and NO_X emitted by our large-sized Diesel engines. We have developed fuel-water emulsions and the »humid air« technology. These will enable us to easily meet the ceilings on emissions set by the IMO (International Maritime Organization). We have developed the IS (»invisible smoke«) technology. It is to be incorporated into engines deployed in environmentally-sensitive regions.

The focuses of our work in plant-related technologies have been the development of new power plant designs (single-hall facilities) and of modules used in the supplying of plants, and in the disposing of their wastes.

Worldwide link-ups produce growth

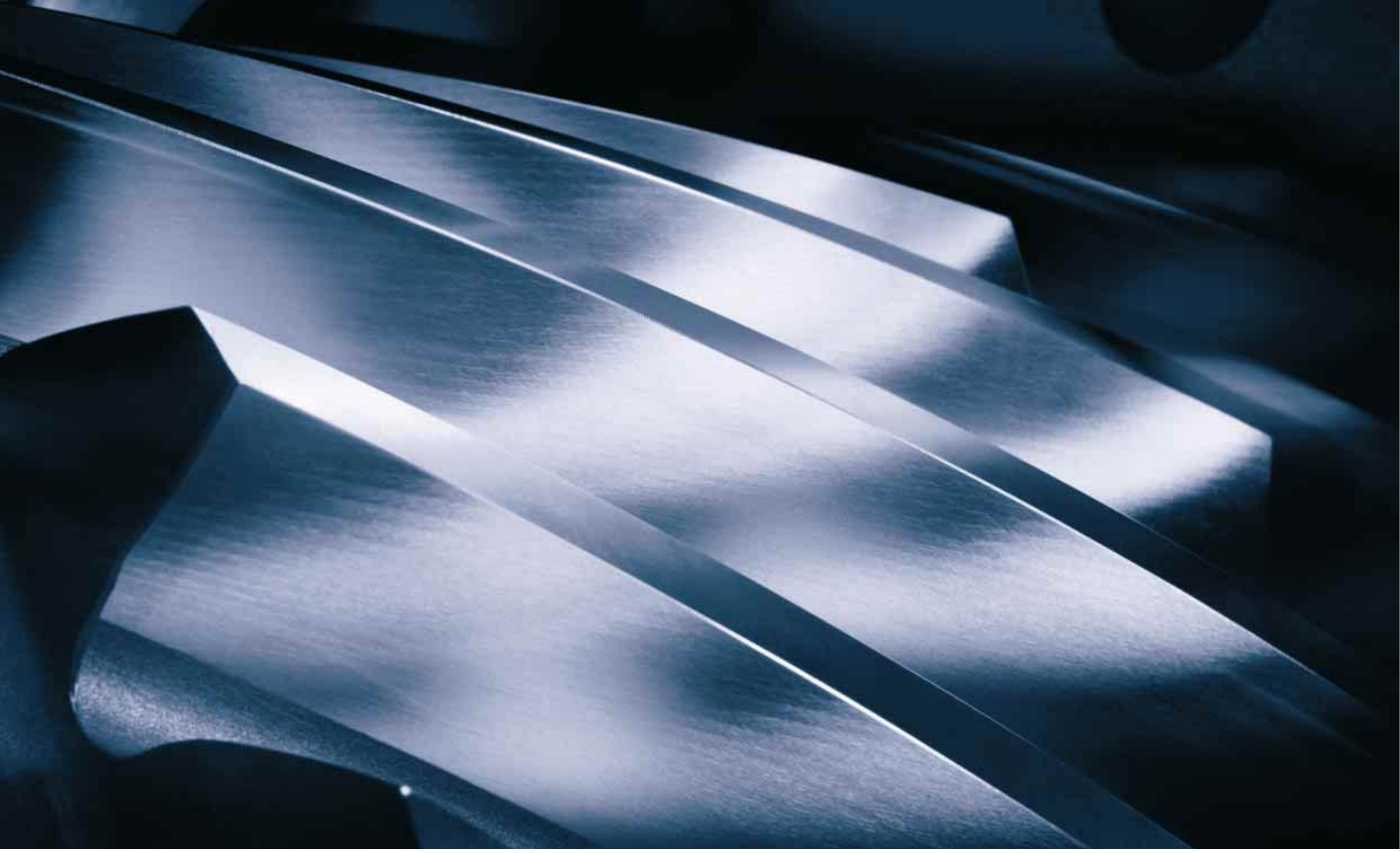
We use state-of-technology methods of communication to stay in close touch with our customers, no matter where in the world they are located. We have set up an E-commerce portal. This provides our customers with another way of linking up with our group. They use this B2B portal to establish contact with our group, to secure information, and to order our products and services. We have selected a group of customers for the formulation of the processes and data pooling entailed in the creation of a joint E-business platform.

Earnings up again

At €27 million, the MAN B&W Diesel Group's pre-tax earnings in SFY 2000 were up €16 million over those registered in the comparable period in the previous financial year. Our new British operations did not yet contribute to this increase.

On course for further growth

The upswing gripping our markets is leading us to forecast our recording a further rise in business and in earnings in 2001. The intermeshing of the group's Diesel-related activities is yielding synergies. These will join with our world-spanning network, now being further beefed up, and the innovations in our pipeline in enabling us to sustain this growth.



MAN Turbomaschinen GHH BORSIG – augmenting its standing on the world market

We remained a strong performer on our markets in SFY 2000, with further strength of operations and earnings in store for the years to come. The acquisition of Sulzer's turbomachine operations will greatly augment our market standing.

MAN Turbomaschinen GHH BORSIG has purchased the turbomachine operations of the Winterthur, Switzerland-based Sulzer AG, according to an agreement reached on January 1, 2001. Yet to be approved by the anti-trust authorities, the transaction will enable us to realize our objective of finding another way, after the sale of our holdings in Elliott, of expanding the operations of our turbomachines business area.

MAN Turbomaschinen Group

in € million

July–December	2000	1999
New orders	161	176
Sales	161	130
Earnings before taxes (EBT)	0	(4)
Employees (number, Dec. 31/June 30, 2000)	1 659	1 671
ROCE* (%)	4.9	(4.1)
Return on sales (ROS) (%)	0.2	(2.9)

* extrapolated to 12 month financial year

New network of production

The resulting group will consist of three core, legally independent companies, located in Germany, Switzerland and Italy, respectively. Serving them is a world-spanning network of sales and services outlets. The latter distribute our full range of turbomachines to the gas and other processing industries, which use our products in the production of energy.

This move will augment the technological and business edge held by the group vis-à-vis its competitors, and will provide us with an opportunity to boost our volume of business. The new corporate group will employ some 2,700 persons, and will have annual sales of around €600 million.

A strong performer on its markets

A number of major projects will be commissioned in 2001. In view of this fact, we have every reason to be satisfied with the €161 million secured in SFY 2000. We contended well with the persisting of weak demand by the energy production sector and with other market-shaping factors.

We profited from our having proprietarily-manufactured products capable of being incorporated into a broad range of industrial processes. We supply, for instance, complete compressor trains. Included in these are propulsion turbines.

We maintained in SFY 2000 our position of strength on the market for gas-related equipment. We sold nine THM turbines, used to transport gas, to customers based in Turkey, Iran and Bulgaria. Another focus of corporate activities was the supplying of equipment to chemical and petrochemical processors based in Thailand and elsewhere.

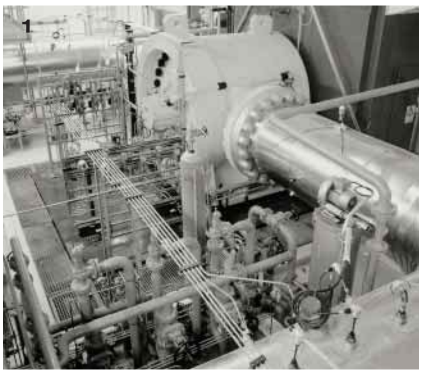
Earnings

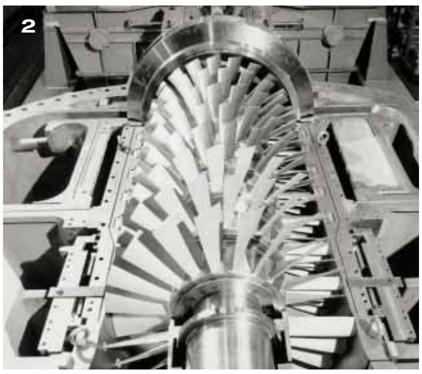
At €0.4 million, MAN GHH BORSIG's pre-tax earnings in SFY 2000 were up from the loss of some €4 million recorded during the comparable period in 1999/2000. The earnings achieved were within the bounds established by our forecasts.

Positive prospects

We are forecasting a strengthening of demand in 2001, in which we expect – put on a comparable basis by not including the effects of our acquisition of Sulzer's operations – our new orders, sales and earnings to rise vis-à-vis those recorded in 1999/2000, the last 12-month financial year. The first positive effects of the above acquisition will result from the extension of the line of products we offer on international markets, and from the exploiting of the synergies arising from the joining up of procurement and technology development operations. These effects will cause the increasing of earnings over the next few years.

* The Industrial Equipment & Facilities division comprises the companies depicted on pages 54 to 64.





1 This pipeline compressor is driven by an FT8 industrial gas turbine

2 This axial compressor features an inlaid rotor and will be deployed in an FCC facility

MAN Technologie – a succesful player in the aviation and space transport sectors

All in all, the company performed well in SFY 2000. ARIANE's missions were successes. This will provide our space transport business with a further boost. We also strengthened our position in the aviation business. Stemming from an intensification of competition, the downward pressures on prices have caused us to expedite the measures being taken to cut costs. Among them: the grouping of operations at a single complex.

IN SFY 2000, MAN Technologie AG proceeded upon the restructuring of its portfolio of holdings. We sold our last, 30% stake of the equity of TUMA MDE GmbH to BORSIG Energy GmbH.
We founded MT Satellite Products Ltd. (MSP). This new, 100% subsidiary is headquartered in Wolverhampton, Great Britain. Via an agreement entered into by us and Britain's Dowty Boulton Paul Ltd., MSP acquired the latter's satellite tank manufacturing operations.
This move has provided us with an opportunity to establish ourselves on Europe's market for equipment and other supplies incorporated into satellites.

MAN Technologie
in € million

July–December	2000	1999
New orders	74	98
Sales	96	87
Earnings before taxes (EBT)	7	4
Employees (number, Dec. 31/June 30, 2000)	1 123	1 127
ROCE* (%)	23.0	17.9
Return on sales (ROS) (%)	7.2	5.0

* extrapolated to 12 month financial year

Our orders situation remains stable. Our new orders total in SFY 2000 was below that of the comparable period in 1999/2000. This was, however, primarily caused by the project-by-project pace of order placement prevailing in the aviation and space transport businesses. Sales were up 11% in SFY 2000. As had been the case in previous years, the lion's share – in SFY 2000, 61% – of these stemmed from the launchers division.

ARIANE 5 remains a reliable performer
After overcoming initial problems, ARIANE 5 has proven its technological reliability and mettle. Now being developed is a version of this launcher with a greater carrying capacity. We are playing a key role in this process. We are developing a weld-joined booster casing and fuel tanks. These are to be incorporated into the launcher's second stage. We entered into further contracts to supply components incorporated into ARIANE 5. The contracts form part of the program's second lot of production.
The last launch of an ARIANE 4 program is set to take place in 2003. This will mark the conclusion of the program.

Providing key input into re-entry technology programs
We are developing items for incorporation into space vehicles capable of re-entry into the earth's atmosphere. This work has been crowned with a number of successes. Several of the components forming part of the X-38 experimental space vehicle and subject to extreme conditions successfully passed their tests of qualification. MAN Technologie and Italy's Alenia Spazio have joined in bidding for the lead-management of the supply of components produced by Europe's manufacturers for the Crew Return Vehicle. This will serve the International Space Station (ISS), as will the Automated Transfer Vehicle (ATV), which will transport supplies to it. We are developing tanks and structures for the ATV.

Our infrastructural systems division builds light-weight bridges. We secured another key order for these in SFY 2000. The US Army commissioned us with the manufacturing a preliminary series, the third of its kind, of mobile bridges. We increased the volume of maintenance, operation and other services supplied to the ARIANE program's launching facilities in Kourou, French Guiana.

Aviation business zooms higher
The division supplying lightweight systems recorded a rise in new orders, partially thanks to the ongoing growth of the business area supplying systems storing potable water and sewage in the Airbus fleet of airplanes. We have good prospects of securing other orders from Fairchild Dornier for aircraft tanks and structural components. EADS-Airbus has asked us to participate in the development of a water supply system, for incorporation into the large-sized A380 Airbus.

Gratifyingly good earnings
At some €7 million, our pre-tax earnings in SFY 2000 were much larger than those recorded during the comparable period in 1999/2000. This gratifying rise arose from our supply of components and systems, and from the proceeds of the sale of MDE Gasturbinen GmbH.

Prospects
The ARIANE 4 program is being wound up. Customer wishes have impelled the ARIANE 5 program to cut prices. Risk sharing partnerships are becoming the norm in the aviation sector. These factors are causing encumbrances on earnings. These will at least be partially offset during the current period of transition by the cost-cutting measures already instituted by us. These include the proceeding with the grouping of all of MAN Technologies' operations in its facilities in Augsburg. We expect earnings to fall in 2001. They will, however, still be strong.

2

3

1 These tank components are being manufactured at our facilities in Oberpfaffenhofen for the ARIANE 5 program.
2 Incorporated into Airbus' A320 airplanes, these tanks store potable water and feature filament-wound carbon fibers.
3 An ARIANE 5 is about to take off from the launching facilities in Kourou, French Guiana

RENK – sustaining strong earnings

We parlayed a strong flow of orders into a substantial rise in earnings. We further increased our dividend. Prospects for 2001 remain positive.

RENK
in € million

July–December	2000	1999
New orders	120	127
Sales	121	111
Earnings before taxes (EBT)	13	8
Employees (number, Dec. 31/June 30, 2000)	1 499	1 500
ROCE* (%)	28.6	20.4
Return on sales (ROS) (%)	10.5	7.0

* extrapolated to 12 month financial year

All of the RENK group's divisions performed successfully in SFY 2000. Despite not booking large-sized ones, we recorded a volume of new orders nearly attaining the level reached during the comparable period of 1999/2000. Sales rose considerably.

Vehicle transmissions division with new operations
We further consolidated our position of being the world's leading manufacturer of transmissions incorporated into chain-laying vehicles. Joined by an electronics company, we set up RENK E-Tech GmbH. This move will enable us to participate in the development of the innovative Diesel-electric and electronics-based propulsion systems set to make markets in the years to come.

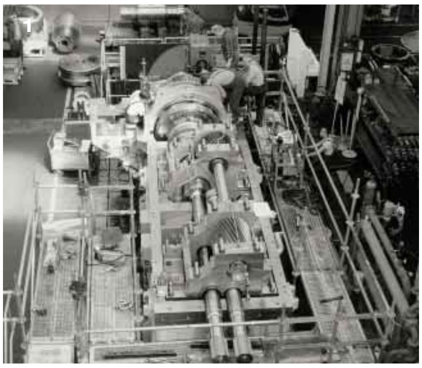
The acquisition of A. Friedr. Flender AG's operations producing plain bearings caused us to extend our world-best position in the market for propulsion components.

Upswing for large-sized gearing units
The division providing special-purpose propulsion components for stationary and maritime applications was especially successful, recording double-digit rises in business in SFY 2000. This has led us to expand the division's capacities of operation.

Earnings stay strong
At €13 million, pre-tax earnings were up more than 60% over those recorded during the comparable period in 1999/2000. This enables us to pay out a dividend of €0.60 per share. Setting forth a trend, this pay-off is larger, once extrapolated, than the one disbursed in 1999/2000.

Prospects
We expect to record a large amount of orders and a very good level of earnings in 2001.

1 This suprex gearing unit will be incorporated into an extruder
2 A marine gearing unit for a ferry



Deggendorfer Werft und Eisenbau – attaining new levels of technology

The company recorded the new orders and sales totals targeted for SFY 2000. A number of large-sized projects are set to be realized in 2001, causing prospects for the financial year to be positive.

DWE

in € million

July–December	2000	1999
New orders	37	16
Sales	39	16
Earnings before taxes (EBT)	1	(2)
Employees (number, Dec. 31/June 30, 2000)	495	507
ROCE* (%)	7.7	(11.6)
Return on sales (ROS) (%)	2.8	(12.6)

* extrapolated to 12 month financial year

The ups-and-downs characteristic of the industrial facility sector caused the DWE group's business areas to register in SFY 2000 a divergence of results. The upswings gripping the markets in Asia and Latin America led the amount of project-related work undertaken by the apparatus-building area as a whole to rise. This area is still, however, contending with a dearth of large-sized orders. We are the world's leading provider of industrial reactors. The amount of new orders booked by the dedicated business area was up over that registered in the previous year.

Supplying equipment to large-sized research institutes

We supplied the largest electromagnets ever built to Geneva's CERN, the institute researching subatomic particles. We will complete the associated assembly work in 2001. The Max Planck Institute for Plasma Physics (IPP) has commissioned us with the manufacturing of a plasma-containment chamber. It will be incorporated into the WENDELSTEIN 7-X. Located in Greifswald, this facility forms the heart of the world's largest fusion experiment.

We are among the very few manufacturers in the world capable of designing and manufacturing the advanced components needed by large-sized research institutes. Required to do such is the attaining and commanding of new levels of engineering and manufacturing skills.

Earnings

The above-mentioned cycles of demand caused our facilities not to be fully employed. Our pre-tax earnings of €1 million were also affected by extraordinary items.

Prospects improving

Should major projects be realized in 2001, our production facilities' rate of employment will rise substantially. Based on this assumption, we are forecasting a rising level of earnings.

1

1 A 590 t reactor for a customer in the USA

SMS – strengthening its competitive edge

Recording further rises in new orders and sales, the SMS group contended successfully with an intensification of competition. The restructuring measures now being implemented will enable us to retain the position of strength which we hold on the challenging market for industrial facilities. This will ensure us of sustaining growth in the years to come.

SMS Group
in € million

July–December	2000	1999
New orders	907	767
Sales	1 013	962
Earnings before taxes (EBT)	22	18
Employees (number, Dec. 31/June 30, 2000)	9 379	9 446
ROCE* (%)	8.9	7.4
Return on sales (ROS) (%)	2.2	1.8

* extrapolated to 12 month financial year

The further, 18% rise in new orders – to €907 million – registered by the SMS group in SFY 2000 was attributable to the upturn experienced by SMS Demag's plant and rolling mills, and to the further growth notched by the plastics processing division. The group's sales also rose.

Market for plant and rolling mills remains tight

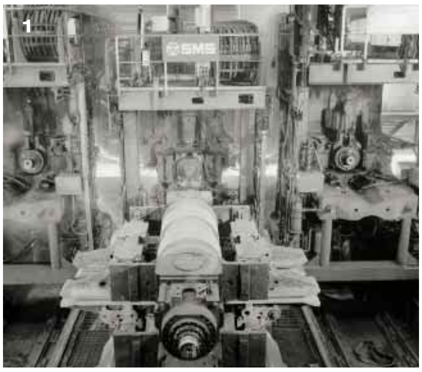
The process of concentration continued to grip the steel and aluminum manufacturing sector in SFY 2000. The companies resulting from intra-sector mergers tend to spend their capital on the upgrading of existing facilities, rather than on the building of new ones. This trend has caused the volume of business being transacted by manufacturers of plants and rolling mills to decline. Our strong standing on the market enabled us, however, to buck this trend and to record a new orders total above the one registered during the comparable period in 1999/2000.

Measures undertaken to adapt to market changes

We have largely completed the measures undertaken in the aftermath of the merger with Mannesmann Demag Metallurgy to configure the new SMS Demag. These measures have greatly strengthened our position vis-à-vis our competitors. The market for plant and rolling mills has yet to launch upon an upturn. This caused us to initiate at the beginning of 2001 measures furthering the streamlining of our business operations. These measures will enable us to retain our position of leadership on our markets, to overcome the pressures on prices prevailing, and thus to increase the earnings recorded during the next few years.

Important large-sized orders

The measures led us to beat out competitors and to secure a number of orders. These included commissions to



modernize facilities milling hot rolled strip. The order placed by Salzgitter AG was of particular importance to us. It included the revamping of the facility's blooming train and the installation of CVC relocation features into the line manufacturing hot strip. Another interesting order was placed by Russia's Magnitogorsk Iron & Steel Works (MMK). It commissioned a consortium headed by us with the supplying of a CCM (compact cold mill). The two-high stand reversing cold rolling mill will form part of MMK's array of on-stream plants.

Our plant and rolling mills division will retain its position of leadership on the world market.

Plastics processing division of SMS stays a course of success

By pursuing their strategy of improving product quality and augmenting operational flexibility, the companies comprising the plastics processing division of SMS set forth, even topped (especially in the case of the injection molding area) in SFY 2000 the increase in business achieved in 1999/2000. The areas producing sheet and foils also registered a rise in business volume. The Vienna-based Cincinnati Extrusion, forming part of the area providing extruded tube and section, achieved record rates of growth. Based in Bad Oeynhausen, Battenfeld Extrusion put into operation a full-operations facility producing piping and located in India.

Upturn on market for press and forging technologies

The use of aluminum in vehicles and buildings continues to increase. This has stoked demand for facilities used in the pressing of light metals. Demand for extruders employed to press heavy metals also ran strong.

A rise in earnings

The strong pressures on prices prevailing in its markets notwithstanding, the SMS group recorded pre-tax earnings of €22 million in SFY 2000, up over those registered during the comparable period in 1999/2000. All of the group's divisions operated in the black.

Prospects

The world's consumption of steel and plastics is forecast to continue to grow in 2001, in which we expect to record a rise in new orders. The restructuring of our plant and milling technologies division will give rise to short-term encumbrances. We expect these to cause the earnings recorded in 2001 to be substantially below those registered in 1999/2000.

1 Shown is a tandem stand group. It forms part of the MPS rolling facilities owned by the USA's TXI Chaparral Steel
2 This thorn-less coilbox is processing hot rolled strip produced by an Eisenhüttenstadt-based line owned by EKO Stahl GmbH
3 Battenfeld's facility produces swedged sheets
4 This MP 2500 eccentric press features equipment automatically transporting work pieces

page 63: This 100 t pan furnace will be employed in the finishing of the steel manufactured at the CSP facility in Handan, PR of China

Schwäbische Hüttenwerke – continuing to perform successfully

Our automotive divisions continued to register high rates of facility employment. Our industrial equipment divisions recorded a substantial rise in new orders. Earnings rose. The prospects for the current year are positive.

Schwäbische Hüttenwerke

in € million

July–December	2000	1999
New orders	124	107
Sales	113	106
Earnings before taxes (EBT)	9	8
Employees (number, Dec. 31/June 30, 2000)	1 352	1 349
ROCE* (%)	24.8	21.9
Return on sales (ROS) (%)	7.7	7.0

* extrapolated to 12 month financial year

Schwäbische Hüttenwerke GmbH has a trove of technologies and attractively-priced products. These enabled the company to set forth in SFY 2000 the string of business successes recorded in previous financial years.

Increase of market share for automotive supplies

We further increased our share of the markets for oil pumps, sinter-formed parts and internally-ventilated brake disks. The growth of these markets stemmed from the continuing strength shown by the automobile manufacturing industry. We have expanded the capacities of our plants, and equipped them for the starting up of serial production runs. These investments have been made to enable us to partake of the growth ensuing in the years to come. We have long been linked into the electronic transaction systems maintained by automobile manufacturers. We have joined them in further developing these systems.

Upturn in industrial equipment sector

Our divisions producing industrial equipment recorded substantial rises in new orders and sales. Profiting especially strongly from the upswing gripping the industry was the area producing heavy-duty casings for Diesel engines and for internally-ventilated brake disks. These are incorporated into ICE trains. We are the world's leading supplier of heavy-duty calender rolls. They form part of machines manufacturing paper. This sector continued to recover in SFY 2000.

Earnings increase

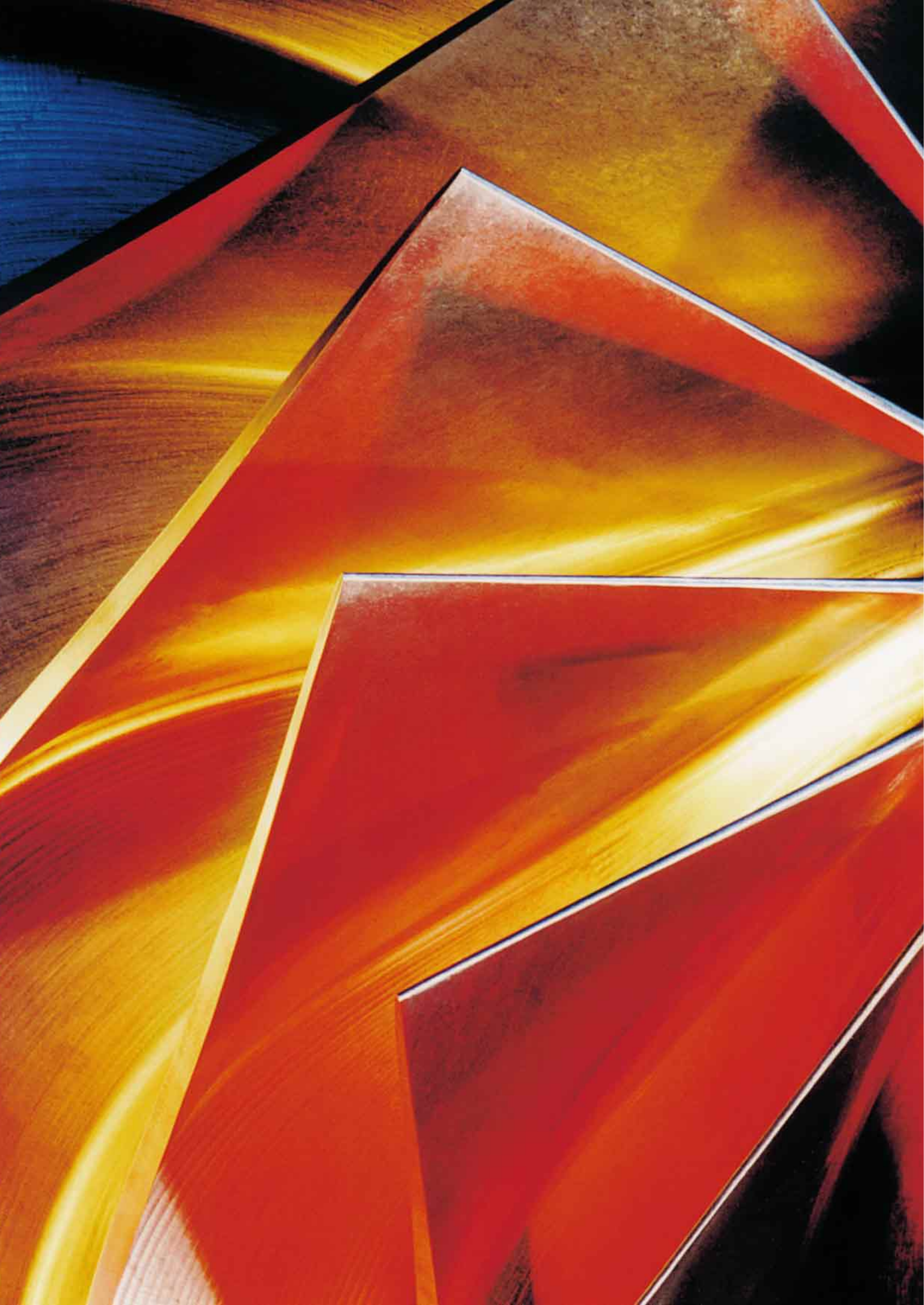
SHW's pre-tax earnings came to some €9 million in SFY 2000 (comparable figure in 1999/2000: €8 million).

A promising future

In case of our markets' staying strong in 2001, we expect to set forth our successful pursuit of business.

1 This fully-automatic facility produces the cores incorporated into brake disks

2 These flange tappets are incorporated into calender rolls. They, in turn, form part of paper manufacturing machines



MAN Group: Consolidated financial statements as of December 31, 2000

Contents

Left: Rotor disk of a multishaft geared air compressor (photo: Robert Kardas)

MAN Group: Income statement

€ mill.

	See Note	SFY 2000	1999/00
Net sales	(1)	**7 524**	**14 581**
Cost of sales		(6 135)	(11 915)
Gross margin		**1 389**	**2 666**
Selling expenses		(525)	(956)
General administrative expenses		(304)	(564)
Other operating income	(2)	193	411
Other operating expenses	(3)	(425)	(783)
Income from Investments	(4)	10	10
Net interest result	(5)	(74)	(116)
Profit from ordinary operations		**264**	**668**
Income taxes	(6)	(87)	(244)
Net income		**177**	**424**
Minority interests		(17)	(35)
Net Income after minority interests		**160**	**389**
Transfer from/(to) reserves retained from earnings		(83)	(235)
Net earnings		**77**	**154**
Earnings per share (in €)	(7)	**1.04**	**2.52**

For the comparison of the SFY 2000 with the like-for-like period ended December 31, 1999, see the Management Report.

MAN Group: Balance sheet

Assets

€ mill.

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

Equity & liabilities

€ mill.

	See Note	Dec. 31, 2000	June 30, 2000
Capital stock		395	395
Additional paid-in capital		675	675
Reserves retained from earnings		1 515	1 429
Unappropriated retained earnings – Group		77	154
Equity of MAN AG stockholders		**2 662**	**2 653**
Minority interests		301	300
Equity	(13)	**2 963**	**2 953**
Pension accruals	(14)	1 925	1 884
Current tax accruals		246	258
Deferred tax liabilities	(6)	385	452
Other accruals	(15)	1 816	1 877
Accruals		**4 372**	**4 471**
Financial liabilities		1 775	967
Trade payables		1 770	1 821
Sundry liabilities		818	919
Liabilities	(16)	**4 363**	**3 707**
Deferred income		**70**	**62**
		11 768	**11 193**

MAN Group: Cash flow statement

€ mill.	SFY 2000	1999/00
Cash and cash equivalents at beginning of period	**457**	**505**
Net income	177	424
Amortization/depreciation of fixed assets	292	525
Changes in pension accruals	36	66
Other noncash expenses and income	0	(4)
Cash flow acc. to DVFA/SG	**505**	**1 011**
Gains on disposal of fixed assets	(3)	(92)
Changes in inventories	(163)	(266)
Changes in prepayments received	20	120
Changes in trade receivables	(9)	(352)
Changes in all other accruals	(63)	(146)
Changes in trade payables	(64)	91
Other changes in working capital	(124)	35
Cash provided by operating activities	**99**	**401**
Increase in equipment leased to customers	(297)	(397)
Purchase of tangible and intangible assets	(294)	(537)
Purchase of financial assets	(24)	(283)
Proceeds from disposal of fixed assets	35	69
Disposal of other assets	19	156
Cash used in investing activities	**(561)**	**(992)**
Profits transferred / dividends paid	(171)	(158)
Repurchase of RENK AG stock	(3)	0
Net change in short-term securities	6	(156)
Net change in financial liabilities	794	160
Cash provided by/(used in) financing activities	**626**	**(154)**
Net change in cash and cash equivalents	**164**	**(745)**
Effect of parity changes on cash and cash equivalents	1	4
Effect of changed consolidated group on cash and cash equivalents	(2)	693
Cash and cash equivalents at end of period	**620**	**457**

Statement of changes in equity

€ mill.

	Capital stock	Additional paid-in capital	Reserves retained from earnings	Unappro-priated retained earnings – Group	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**

Notes to the consolidated financial statement
General principles

The consolidated financial statements of MAN AG for the six months ended December 31, 2000 (short financial year, or »SFY«), have been prepared according to the International Accounting Standards (IAS) in force and effect as of balance sheet date and established by the International Accounting Standards Committee (IASC). By dint of the transitional provisions, IAS 39 Financial Instruments has not yet been applied.

The IAS applied 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.

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 figures shown for comparison of the SFY financial information are those of the prior-year consolidated financial statements for the fiscal 12-month year ended June 30, 2000. In the management report, the financial information of the short financial year is compared to the like-for-like period of the preceding year, i.e., July 1 to December 31, 1999.

Methods of consolidation

Group of consolidated companies

Besides MAN AG as the parent, in line with IAS 27 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 percent 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 consolidated.

Number of consolidated companies:

	Germany	Abroad	Total
Included as of June 30, 2000	87	131	218
Newly included in SFY 2000	5	12	17
Excluded in SFY 2000	(2)	(4)	(6)
Included as of December 31, 2000	**90**	**139**	**229**

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 17 companies were newly consolidated, while 6 companies left the group of consolidated companies, either through merger with other consolidated entities or due to minor significance.

Altogether 9 associated affiliates (down from 17) are included at equity.

The overall effect of changes in the consolidation group on the consolidated accounts for the six months ended December 31, 2000, is insignificant.

The subsidiaries which according to IAS 27 were not consolidated are in the aggregate of minor significance for the presentation of the MAN Group's financial position and its result from operations.

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 twelve years, in exceptional cases even over a maximum of 20 years.

Any reserves earned after the date of initial consolidation and not distributed 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 in a separate line within the MAN 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, 2000). 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

In the individual financial statements of consolidated companies, receivables and payables denominated in foreign currencies and hedged are valued at the rate covered. The other foreign-currency receivables and payables are translated at the historical or the current rate.

For the consolidated financial statements, the concept of functional currency is used to translate the annual accounts of non-German 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 €38 million, including €14 million from the short fiscal year 2000.

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		Annual average rate of €1 in	
	Dec. 31, 2000	June 30, 2000	SFY 2000	1999/00
US dollar	0.9305	0.9556	0.8908	0.9993
Pound sterling	0.6241	0.6323	0.6083	0.6268
Danish krone	7.463	7.461	7.455	7.444
Swiss franc	1.523	1.558	1.532	1.594
Swedish krona	8.831	8.421	8.544	8.532
Polish zloty	3.850	4.184	3.954	4.165
Turkish lira (1,000)	624.27	591.61	589.11	523.82
Japanese yen	106.92	100.57	97.14	107.22
Hong Kong dollar	7.258	7.466	6.948	7.763
Singapore dollar	1.613	1.655	1.549	1.693
Australian dollar	1.677	1.589	1.616	1.598
Canadian dollar	1.397	1.416	1.339	1.473
Egyptian pound	3.612	3.318	3.232	3.417
South African rand	7.039	6.538	6.490	6.328

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.

Pursuant to IAS 38, 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: under the terms of IAS 38, 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 1997/98 are mostly depreciated on a declining-balance basis. Low-value assets (defined as assets 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

In accordance with IAS 36, tangible assets whose recoverable amount or fair value has 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 MFI) at cost and depreciated over the underlying lease term.

Financial assets

Under the terms of IAS 28, investments in major associated affiliates are stated at equity. The remaining investments are carried at the lower of acquisition cost or fair value. Long-term loans are stated at face values or, if non- or low-interest, discounted and shown at their present values at balance sheet date. Long-term securities are stated at the lower of cost or market.

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. Selling and general administrative 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.

Pursuant to IAS 11, 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.

The other current assets are carried at their face or par values. Due allowances are charged for bad debts and accounts due from countries involving transfer risks; non- or low-interest receivables are discounted. A flat allowance for doubtful accounts provides for the general collection risk on the basis of empirical data. Prepayments, whether made or received, are shown net excluding value-added tax.

Short-term securities are carried at the lower of cost or market.

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 and liabilities

Under the terms of IAS 19, pension accruals provide for future pension obligations according to the projected unit credit (PUC) method, duly taking into account future payroll and pension increases. In line with IAS 37, 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 according to IAS 12 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 tax reductions due to any equity utilizable by German companies for tax purposes.

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. For any undistributed earnings of non-German companies no deferred tax liabilities are recognized since such earnings are expected to remain in the country long term.

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 (down from 52 percent).

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, customer allowances granted, 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 the 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 €52 million (down from €76 million), interest expense of €67 million (down from €79 million), and income taxes paid at €28 million (down from €80 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 of €615 million (down from €966 million). In SFY 2000, no payments for acquiring shares in consolidated subsidiaries were made (down from €251 million).

The cash provided by financing activities reflects the cash dividends distributed, repurchased treasury stock, the change in short-term securities held as liquid investments, and newly raised or redeemed financial liabilities. Cash & cash equivalents comprise cash on hand and in bank, plus the receivables from intragroup financing and P&L transfer.

Segment reporting

in € million

	Commercial Vehicles		Industrial Services		Printing Machines	
	SFY 2000	1999/00	SFY 2000	1999/00	SFY 2000	1999/00
Total sales of the segments						
in Germany	1 215	2 457	365	598	245	473
in other Europe	1 591	2 872	264	464	462	782
in other regions	242	426	781	1 479	239	593
Total	3 048	5 755	1 410	2 541	946	1 848
less intercompany transfers	(36)	(43)	(40)	(67)	(62)	(63)
External net sales	3 012	5 712	1 370	2 474	884	1 785
EBT (earnings before taxes)	85	269	43	75	42	79
Earnings before interest and tax (EBIT)	138	353	36	68	49	96
Total assets at Dec. 31/June 30	4 170	3 889	1 585	1 670	986	989
Capital employed (average)	2 471	2 131	731	686	515	572
Capital expenditures	147	416	27	46	36	49
Amortization/depreciation	95	170	15	26	22	36
Employees at Dec. 31/June 30 (number)	35 478	33 814	7 545	7 145	10 248	10 056
ROS (return on sales)	2.8%	4.7%	3.0%	3.0%	4.4%	4.3%
ditto, 1st half of 99/00	2.8%	4.8%	3.0%	3.1%	4.4%	2.4%
ROCE (return on capital employed)*	11.4%	16.7%	16.2%	14.9%	19.4%	19.1%
ditto, 1st half of 99/00*	11.4%	15.0%	16.2%	13.9%	19.4%	10.7%

* projected to full year

Segment details

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

Under the umbrella of Industrial Equipment & Facilities, the following subgroups are subsumed: MAN Turbomaschinen GHH BORSIG, MAN Technologie, RENK, Deggendorfer Werft und Eisenbau, Schwäbische Hüttenwerke, and the SMS Group.

Self-explanatory, MAN Financial Services comprises the MAN Group's financial services on behalf of customers and subsidiaries, mainly sales financing/factoring and capital investment funding. 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 98–101 of this annual report.

Diesel Engines		Industrial Equipment & Facilities		MAN Financial Services		Holding Company, Others		MAN Group	
SFY 2000	1999/00	SFY 2000	1999/00	SFY 2000	1999/00	SFY 2000	1999/00	SFY 2000	1999/00
106	170	341	769	161	250	(202)	(299)	2 231	4 418
248	392	517	973	22	17	(24)	(19)	3 080	5 481
311	544	685	1 704	–	–	(45)	(64)	2 213	4 682
665	1 106	1 543	3 446	183	267	(271)	(382)	7 524	14 581
(19)	(40)	(7)	(31)	(149)	(239)	313	483	–	–
646	1 066	1 536	3 415	34	28	42	101	7 524	14 581
27	54	52	140	10	12	5	39	264	668
36	61	42	131	40	46	(3)	29	338	784
968	976	2 710	2 866	1 722	1 463	(373)	(660)	11 768	11 193
573	501	1 299	1 109	–	–	–	–	6 294	5 393
22	115	60	151	306	460	17	(20)	615	1 217
19	31	45	93	92	158	4	11	292	525
7 073	6 966	15 507	15 600	46	36	707	707	76 604	74 324
4.0%	4.9%	3.3%	4.1%	–	–	–	–	3.5%	4.6%
4.0%	2.1%	3.3%	2.2%	–	–	–	–	3.5%	3.6%
13.2%	12.5%	11.7%	17.0%	–	–	–	–	12.4%	15.9%
13.2%	6.8%	11.7%	8.1%	–	–	–	–	12.4%	12.2%

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 taxes 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

The MAN Group's objective is to increase shareholder value and, therefore, we have adopted the ROS and ROCE indicators to control and assess performance by the Group and its corporate divisions. The return on sales (ROS) is obtained by dividing EBT 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

in € million

	SFY 2000	1999/00
Germany	2 231	4 418
Other EU	2 370	4 280
Other Europe	710	1 201
Asia	718	1 592
North and Latin America	1 161	2 169
Africa	287	820
Australia and Oceania	47	101
	7 524	**14 581**

Further segment data: region-by-region breakdown

in € million

	Germany	Other Europe	All other regions	Total
SFY 2000				
Total assets at December 31	7 267	3 465	1 036	11 768
Capital expenditures SFY 2000	477	125	13	615
Amortization/depreciation/write-down SFY 2000	219	63	10	292
Employees at December 31 (number)	50 611	20 399	5 594	76 604
1999/2000				
Total assets at June 30	6 935	3 230	1 028	11 193
Capital expenditures	768	428	21	1 217
Amortization/depreciation/write-down	411	98	16	525
Employees at June 30 (number)	49 487	19 488	5 349	74 324

Notes to the consolidated income statement

(2) Other operating income

in € million

	SFY 2000	1999/00
Income from other trade business, net	45	51
Income from the release of accruals	25	87
Foreign-exchange gains	21	24
Gains from the disposal of fixed assets	7	96
Miscellaneous	95	177
	193	**411**

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

(3) Other operating expenses

in € million

	SFY 2000	1999/00
Research & development expenses	181	319
Provisions for accruals	84	195
Allowances for current assets	35	67
Foreign-exchange losses	30	37
Amortization of goodwill from capital consolidation	11	20
Miscellaneous	84	145
	425	**783**

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

(4) Income from investments

in € million

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

The income from investments includes €5 million (down from €11 million) of income from, and €0 million (down from €1 million) of expenses to, nonconsolidated Group companies.

(5) Net interest result

in € million

	SFY 2000	1999/00
Other interest and similar income	52	76
Interest and similar expenses	(68)	(79)
Write-down of short-term securities	–	(1)
Interest portion of provision for pension accruals	(58)	(112)
	(74)	**(116)**

€9 million (down from €11 million) of the interest income and €2 million (down from €4 million) of interest expenses are allocable to nonconsolidated Group companies.

(6) Income taxes

in € million

	SFY 2000	1999/00
Current taxes	40	138
Deferred taxes	47	106
	87	**244**

Reconciliation of EBT to income tax expense:

in € million

	SFY 2000	1999/00
EBT (earnings before taxes)	**264**	**668**
Calculated corporate income tax	111	282
Reduced by dividend	(12)	(4)
Municipal trade tax on income in Germany	20	47
Loss carryovers utilized	(10)	(25)
Foreign tax rate differential	(9)	(18)
Amortization of goodwill	5	8
Change in German tax rates	(15)	–
Tax-free income	–	(29)
Nonperiod taxes	(2)	(3)
Other	(1)	(14)
	87	**244**

The corporate income tax was calculated by using the tax rate of 40 percent applicable in Germany to retained earnings, and adding the solidarity surtax of 5.5 percent thereof, hence a total 42.2 percent, which was applied to EBT.

While loss carryovers utilizable for an indefinite period of time exist in Germany at €11 million and abroad at €20 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:

in € million	Dec. 31, 2000	June 30, 2000
Deferred tax assets		
Pension accruals	112	152
Inventories and receivables	48	67
Other accruals	121	179
Loss carryovers	28	18
Other	3	–
	312	**416**
Deferred tax liabilities		
Fixed assets	225	250
Inventories and receivables	138	126
Untaxed/special reserves in sep. fin. statements	22	43
Other accruals	–	33
	385	**452**

The decrease in both deferred tax assets and liabilities is substantially ascribable to German tax rates having been cut from 52 to 39.4 percent; this rate reduction slashed deferred tax assets by €85 million, deferred tax liabilities by €100 million.

(7) Earnings per share (EpS)

	SFY 2000	1999/00
Net income after minority interests (in € million)	160	389
Weighted average of shares issued (in million shares)	154.2	154.2
EpS (in €)	1.04	2.52

In accordance with IAS 33, the number of shares issued 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, 2000, or June 30, 2000.

Notes to the consolidated balance sheet

(8) Fixed-asset schedule

in € million

At cost

	Balance at June 30, 2000	Change in consolidation group	Additions	Book transfers	Disposals	Currency translations differences	Balance at Dec. 31, 2000
Licenses, software, similar rights and assets	128	4	15	–	(8)	1	140
Development costs	71	–	26	–	–	–	97
Goodwill from consolidation	246	2	–	–	–	(1)	247
Intangible assets	**445**	**6**	**41**	**–**	**(8)**	**–**	**484**
Land, equivalent titles, and buildings (including buildings on leased land)	2 279	4	38	22	(17)	5	2 331
Production plant and machinery	2 341	3	95	(4)	(41)	4	2 398
Other plant, factory & office equipment	1 378	–	67	8	(37)	1	1 417
Prepayments made, construction in progress	86	1	53	(43)	(2)	2	97
Tangible assets	**6 084**	**8**	**253**	**(17)**	**(97)**	**12**	**6 243**
Assets leased out	**1 021**	**–**	**297**	**17**	**(77)**	**–**	**1 258**
Shares in nonconsolidated Group companies	97	17	8	3	–	–	125
Shares in associated affiliates	9	3	5	–	–	1	18
Other investments	34	–	7	(3)	–	(1)	37
Other long-term securities	37	–	1	–	–	–	38
Long-term loans	35	2	3	–	(3)	–	37
Financial assets	**212**	**22**	**24**	**–**	**(3)**	**–**	**255**
Fixed assets	**7 762**	**36**	**615**	**–**	**(185)**	**12**	**8 240**

The assets leased out refer primarily to commercial vehicles.
As of December 31, 2000, future rents from uncancelable operating leases amounted to €542 million, including €197 million being due within one year, €316 million after one up to five years, and €29 million after five years.

The market values of the other long-term securities totaled €27 million (up from €26 million).

Write-down charged to tangible assets amounted to €0 million (down from €1 million), that to financial assets to €2 million (down from €10 million).

Accumulated amortization, depreciation, write-down | **Net book values**

Balance at June 30, 2000	Change in consolidation group	Charged in fiscal year	Book transfers	Disposals	Currency translation differences	Balance at Dec. 31, 2000	Balance at Dec. 31, 2000	Balance at June 30, 2000
87	1	11	–	(7)	–	92	48	41
1	–	7	–	–	–	8	89	70
20	–	11	–	–	–	31	216	226
108	**1**	**29**	**–**	**(7)**	**–**	**131**	**353**	**337**
1 043	3	36	(1)	(13)	2	1 070	1 261	1 236
1 726	1	75	1	(39)	4	1 768	630	615
1 086	(1)	59	(1)	(34)	2	1 111	306	292
–	–	2	–	–	(1)	1	96	86
3 855	3	**172**	**(1)**	**(86)**	**7**	**3 950**	**2 293**	**2 229**
332	**–**	**89**	**1**	**(42)**	**–**	**380**	**878**	**689**
33	19	–	–	–	–	52	73	64
–	–	–	–	–	–	–	18	9
3	–	–	–	–	(1)	2	35	31
11	–	–	–	–	–	11	27	26
6	–	2	–	–	–	8	29	29
53	**19**	**2**	**–**	**–**	**(1)**	**73**	**182**	**159**
4 348	**23**	**292**	**–**	**(135)**	**6**	**4 534**	**3 706**	**3 414**

(9) Inventories

in € million

	Dec. 31, 2000	June 30, 2000
Raw materials and supplies	644	554
Work in process and finished products	3 032	2 928
Merchandise	521	479
Prepayments made	334	392
	4 531	**4 353**

(10) Trade receivables

in € million

	Dec. 31, 2000	June 30, 2000
Due under long-term construction contracts	151	220
Other receivables due from customers	3 397	3 304
Due from nonconsolidated Group companies	72	66
Due from investees	12	21
	3 632	**3 611**

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

in € million

	Dec. 31, 2000	June 30, 2000
Contract expenses incurred to date incl. net P/L	2 078	2 359
less milestones capitalized as WIP	(275)	(295)
Contract work to date shown as net sales	**1 803**	**2 064**
less prepayments received thereon	(1 652)	(1 844)
	151	**220**

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

in € million

	SFY 2000	1999/00
Sales accumulated by July 1	2 064	1 355
Effect of changes in consolidated group, currency	(20)	518
	2 044	**1 873**
Sales accumulated by Dec. 31/June 30	1 803	2 064
Effect on the period’s net sales	**(241)**	**+ 191**

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

€180 million (down from €234 million) of trade receivables has a remaining term above one year.

(11) Other receivables and current assets

in € million

	Dec. 31, 2000	June 30, 2000
Tax reclaims	102	108
Reserve from employer’s pension liability insurance	50	49
Sundry current assets	327	275
	479	**432**

€91 million (up from €29 million) of other receivables and current assets has a remaining term above one year.

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

in € million

	Dec. 31, 2000	June 30, 2000
Short-term securities	990	994
Cash on hand and in bank	452	370
Due under intragroup financing from nonconsol. Group companies	64	39
Due under P&L transfer agreements with nonconsol. Group companies	4	6
Due under intragroup financing from investees	100	42
	1 610	**1 451**

The securities are held as liquid investments, their fair market value totaling €1,099 million (down from €1,128 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 nonconsolidated 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).

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 AG).

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 €420 million (up from €401 million).

The minority interests in the equity of consolidated subsidiaries refer primarily to the SMS Group (at €237 million), to Schwäbische Hüttenwerke (€28 million), S.E.M.T. Pielstick (€11 million), RENK (€13 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, 2000	June 30, 2000
Payroll rise	3.0%	3.0%
Pension rise	1.5%	1.5%
Discount rate	6.5%	6.5%

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

Total pension expense breaks down as follows:

in € million

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

No expense or income from changes in pension entitlements and postemployment benefits or from updating the assumptions accrued in the year under review.

Pension accruals developed as follows:

in € million

	Dec. 31, 2000	June 30, 2000
Present value of DBO from employer's commitments	1 868	1 845
Adjustment due to unrealized actuarial gains and losses	56	38
Accrual for pension obligations	**1 924**	**1 883**
Accruals for similar commitments	1	1
	1 925	**1 884**

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 limits specified in IAS 19 (±10 percent of the DBO's present value).

Therefore, the pension accruals as of December 31, 2000, exceed the DBO's present value by €56 million (up from €38 million).

(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.
The remaining accruals refer to a wide range of specific risks.

in € million

	June 30, 2000	Change in cons. group, currency transl.	Utilization	Provision	Release	Dec. 31, 2000
Warranties	433	3	(70)	96	(15)	447
Unbilled costs from contracts invoiced	489	2	(233)	223	(7)	474
Other business obligations	371	(2)	(92)	95	(7)	365
Obligations to personnel	140	–	(24)	22	(6)	132
Remaining accruals	444	–	(102)	74	(18)	398
	1 877	**3**	**(521)**	**510**	**(53)**	**1 816**

(16) Liabilities

in € million

	remaining term* ≤1 year	>1 ≤5 years	>5 years	Dec. 31, 2000	June 30, 2000
Due to banks	1 593	48	19	1 660	847
Due under intragroup financing to nonconsolidated Group companies	66	–	2	68	78
Due under P&L transfer agreements with nonconsol. Group companies	1	–	–	1	12
Other financial payables	43	–	3	46	30
Financial liabilities	**1 703**	**48**	**24**	**1 775**	**967**
Trade payables	**1 731**	**38**	**1**	**1 770**	**1 821**
Liabilities to personnel	467	–	1	468	583
Liabilities for taxes	165	–	–	165	124
Remaining sundry liabilities	171	7	7	185	212
Sundry liabilities	**803**	**7**	**8**	**818**	**919**
	4 237	**93**	**33**	**4 363**	**3 707**

The accounts due to banks include order- or contract-related refinancing, of which €40 million (down from €43 million) is secured through the assignment of receivables. €13 million of the liabilities due to banks (up from €11 million) and €9 million of the sundry liabilities (up from €6 million) have been collateralized by land charges and similar encumbrances.

The accounts due under intragroup financing to nonconsolidated Group companies reflect financing funds centrally provided by MAN AG to these companies. The accounts due under P&L transfer agreements include the direct obligations from P&L transfer agreements as well as the attendant tax apportionment. In the year under review, these payables did not carry interest and fall due at the beginning of the succeeding fiscal year.

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 €25 million (down from €39 million) due to nonconsolidated Group companies.

Contingent liabilities

in € million

	Dec. 31, 2000	June 30, 2000
Notes endorsed and discounted	98	144
Guarantees and suretyships	257	223
Warranty obligations	77	90
	432	**457**

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:

in € million

	SFY 2000	1999/00
Cost of raw materials, supplies and merchandise purchased	3 493	6 808
Cost of services purchased	551	912
	4 044	**7 720**

Personnel expenses break down as follows:

in € million

	SFY 2000	1999/00
Wages and salaries	1 574	2 951
Social security taxes and pension expense	361	655
	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:

Number of employees

	SFY 2000	1999/00
Commercial Vehicles	35 028	31 788
Industrial Services	7 478	7 312
Printing Machines	10 165	9 970
Diesel Engines	7 041	6 140
Industrial Equipment & Facilities	15 578	15 291
MAN Financial Services	45	33
MAN AG, Others	714	705
	76 049	**71 239**

Other financial obligations

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

in € million

	Dec. 31, 2000	June 30, 2000
Within one year	95	78
After more than one but within five years	197	163
After more than five years	231	225
	523	**466**

Further financial obligations to third parties existed under pending capital expenditure projects, sourcing contracts and customer financing 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

in € million

	Dec. 31, 2000	June 30, 2000
Currency hedges		
maturing within one year	5 280	4 124
maturing after one year	513	514
total notional volume	5 793	4 638
market values	73	(10)
Interest rate hedges		
maturing within one year	79	42
maturing after one year	666	498
total national volume	745	540
market values	(8)	4

MAN uses OTC financial derivatives to hedge against currency and interest rate risks from its business operations. The notional volume equals the sum total of agreed buying and selling contract amounts.

The market values are the repurchase values of financial derivatives at balance sheet date notwithstanding any opposite trends from the hedged underlying transactions. They are determined on the basis of quoted prices or standardized procedures. Most positive market values of currency hedges are attributable to US dollar and pound sterling derivatives but are offset by negative changes in the hedged underlying transactions' value.

Financial derivatives are throughout contracted with banks of prime standing and are subject to stringent monitoring, which is particularly ensured through the strict segregation of contracting, settlement and controlling duties.

MAN's SAR plan

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

The base value of a share of this phantom stock under the SAR plan is determined from the average closing prices of MAN common stock in XETRA trading during the 10 market days prior to plan commencement. Exercise price is the XETRA closing price of MAN common stock when an SAR is exercised.
If and when the exercise price rises 20 percent above the base value, 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.

Exercise of any SARs after the 2-year qualifying period is conditional on the exercise price (i) exceeding the base value by not less than 20 percent when exercising an SAR and (ii) outperforming the EuroSTOXX during the 5-year exercise period at least once on five consecutive trading days. Potential dilution effects of capital increases will be allowed for.

SARs granted under this plan are not transferable and remain in effect upon retirement or any intragroup change in employment while in any other cases of separation, they become forfeited without compensation.

As of July 1, 2000, with the consent of the respective supervisory board committees, 759,165 SARs were granted, including 293,500 to members of MAN AG's Executive Board. The base value at grant was €33.46. During the SFY, 27,000 SARs expired. At December 31, 2000, altogether 732,165 SARs existed that are not yet exercisable. Due to the stock price trend in the period under review, no expense was incurred.

Concurrently, RENK AG launched an SAR plan modeled on MAN AG's. Members of RENK AG's executive board were granted on July 1, 2000, a total 13,000 SARs which all existed at December 31, 2000, but are not yet exercisable. An expense of €0.019 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 6-month SFY a total remuneration of €0.546 million (down from €0.960 million), those of the Executive Board a total €3.666 million (down from €4.813 million), breaking down into €1.390 million (down from €2.108 million) of fixed, and €2.276 million (down from €2.705 million) of variable, corporate performance-related, income.

The emoluments of former Executive Board members and their surviving dependants amounted to €1.478 million (down from €3.063 million), while for the accrued pension obligations to such former members and their dependants, altogether €28.563 million (up from €28.065 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, 2000, the residual loan balance came to €0.038 million (down from €0.039 million).

The Supervisory and Executive Board members are listed on pages 4 to 5 and 94 to 96 of the annual report, where their memberships in other statutory supervisory boards are disclosed, too.

Munich, March 13, 2001

MAN Aktiengesellschaft
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 Aktiengesellschaft (chairm.)
SMS Aktiengesellschaft (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 Aktiengesellschaft (vice-chairm.)
MAN Technologie AG
SMS Aktiengesellschaft
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) RENK Aktiengesellschaft
d) Brüder Henn Graphische Systeme AG, Austria (chairm.)
MAN Roland Inc., USA (chairm.)
MAN Roland (Hongkong) 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
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

d) MAN Kamyon ve Otobüs Sanayi A.S., Turkey (chairm.)
ERF (Holdings) plc., Great Britain (chairm.)
STAR Trucks Sp. z o.o., Poland (chairm.)

Dr.-Ing. Klaus Schubert

a) Krupp Thyssen Automotive AG
b) MAN Technologie AG (vice-chairm.)
MAN Turbomaschinen AG GHH BORSIG
d) Österreichische Automobilfabrik
Ö.A.F.-Gräf & Stift AG, Austria (chairm.)
Steyr Nutzfahrzeuge 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 Aktiengesellschaft
d) S.E.M.T. Pielstick, France (chairm.)
MAN B&W Diesel Ltd., Great Britain (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 Plamag Druckmaschinen AG
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 Aktiengesellschaft
ThyssenKrupp AG

Dr. rer. pol. Gerlinde Strauss-Wieczorek

a) MAN Nutzfahrzeuge AG (vice-chairm.)
Grammer AG

Dr. jur. Henning Schulte-Noelle

a) BASF AG
Dresdner Bank AG
E.ON AG
Linde AG (vice-chairm.)
Münchener Rückversicherungs-Gesellschaft (vice-chairm.)
Siemens AG
ThyssenKrupp AG
b) Allianz Versicherungs-AG (chairm.)
Allianz Lebensversicherungs-AG (chairm.)
c) Vodafone Group Plc.
d) Assurances Générales de France (vice-chairm.)
Elvia Versicherungen (vice-chairm.)
Fireman's Fund
RAS (vice-chairm.)

Dr. jur. Hans-Jürgen Schinzler

a) Allianz Lebensversicherungs-AG (vice-chairm.)
Dresdner Bank AG
ERGO Versicherungsgruppe AG (chairm.)
b) MR Beteiligungen AG (chairm.)
MRE Beteiligungen AG (chairm.)
c) Aventis S.A.
Dresdner Kleinwort Benson North America Inc.
d) American Re Corporation (chairm.)

Dr. oec. Paul Achleitner

a) ConSors Discount-Broker AG (vice-chairm.)
RWE AG
c) ÖIAG

Dr. jur. Friedhelm Gieske

a) KarstadtQuelle AG
National-Bank AG (vice-chairm.)
RWE AG

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) Delton AG
Krones AG

Karlheinz Hiesinger

a) MAN B&W Diesel AG (vice-chairm.)

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

as of March 1, 2001
resp. date of retirement

Dr. Eng. h. c. Volker Jung

a) Direktanlagebank AG
EPCOS AG (chairm.)
Messe München GmbH
b) Infineon Technologies AG (chairm.)

Dr. rer. oec. Norbert Käsbeck

a) AMB Aachener und Münchener Beteiligungs-AG
Hugo Boss AG
EURO Kartensysteme EUROCARD und eurocheque GmbH
Friatec AG (vice-chairm.)
HAWESKO Holding AG
Salamander AG
SÜBA Bau AG
T-Online International AG
b) ADIG Allgemeine Deutsche Investment-Gesellschaft mbH (vice-chairm.)
comdirect bank AG (chairm.)
Commerz Grundbesitz-Investmentgesellschaft mbH (1st vice-chairm.)
d) Commerz Finanz-Management GmbH (chairm.)

Hans Jakob Kruse

a) DaimlerChrysler Aerospace Airbus GmbH
Hapag Lloyd AG
Oceanica GmbH & Cie-KGaA (chairm.)

Peter Potrykus

a) MAN Nutzfahrzeuge AG

Prof. Dr.-Ing. Ekkehard Schulz

a) Commerzbank AG
Hapag Lloyd AG
RAG Aktiengesellschaft (vice-chairm.)
RWE Plus AG
STRABAG AG
b) Eisen- und Hüttenwerke AG (chairm.)
Krupp Thyssen Stainless GmbH (chairm.)
ThyssenKrupp Materials & Services AG (chairm.)
ThyssenKrupp Stahl AG (chairm.)
d) The Budd Company
Thyssen Inc.

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
Dr. rer. pol. Gerlinde Strauss-Wieczorek
Dr. oec. Paul Achleitner
Dr. Eng. h. c. Volker Jung
Lothar Pohlmann

Committee for Executive Board Membership

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

Auditor's report & opinion

We have audited the consolidated accounts (consisting of income statement, balance sheet, cash flow statement, statement of changes in equity, and notes) as prepared by MAN AG for the six months (short fiscal year) ended December 31, 2000. The preparation and contents of the consolidated accounts are the responsibility of the Company's Executive Board. Our responsibility is, based on our audit, to express an opinion on whether the consolidated accounts conform with International Accounting Standards (IAS).

We 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 accounts 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 accounts. We believe that our audit provides a reasonable basis for our opinion.

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

Our audit, which also encompassed the group management report prepared by the Executive Board for the short fiscal year (six months ended December 31, 2000), 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 accounts and management report for the short 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 conducted our audit of the required consistency of the group accounting with the 7th 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 15, 2001

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dyckerhoff	Goppelt
Wirtschaftsprüfer	Wirtschaftsprüfer

Summarized financial statements of the MAN Group's divisions/subgroups

in € million

	MAN Nutzfahrzeuge Subgroup		Ferrostaal Subgroup	
	SFY 2000	1999/2000	SFY 2000	1999/2000
Fixed assets	**1 303**	**1 254**	**223**	**211**
Inventories	1 541	1 372	684	580
Prepayments received	(43)	(32)	(632)	(613)
Receivables and other current assets, prep. expenses	1 205	1 127	711	724
Securities, cash, cash equivalents	78	69	510	688
Current assets	**2 781**	**2 536**	**1 273**	**1 379**
Deferred tax assets	**86**	**99**	**89**	**80**
Total assets	**4 170**	**3 889**	**1 585**	**1 670**
Equity	**895**	**819**	**447**	**477**
Pension accruals	541	519	221	218
Current tax accruals, deferred taxes	151	165	97	73
Other accruals	453	440	189	183
Financial and remaining liabilities, deferred income	2 130	1 946	631	719
Total liabilities	**3 275**	**3 070**	**1 138**	**1 193**
Total equity and liabilities	**4 170**	**3 889**	**1 585**	**1 670**
Net sales	**3 048**	**5 755**	**1 410**	**2 541**
Cost of sales	(2 566)	(4 752)	(1 266)	(2 272)
Gross margin	**482**	**1 003**	**144**	**269**
Selling expenses	(183)	(348)	–(71)	(127)
General administrative expenses	(79)	(145)	(49)	(81)
Other operating income and expenses	(82)	(157)	12	7
Earnings before interest and tax (EBIT)	**138**	**353**	**36**	**68**
Net interest result	(53)	(84)	7	7
Profit from ordinary operations	**85**	**269**	**43**	**75**
New orders	**3 114**	**6 274**	**1 359**	**2 927**
from Germany	1 170	2 656	280	604
from abroad	1 944	3 618	1 079	2 323
Orders on hand at Dec. 31/June 30	**2 318**	**2 168**	**2 414**	**2 458**
Employees at Dec. 31/June 30 (number)	**35 478**	**33 814**	**7 545**	**7 145**
in Germany	22 862	21 856	4 323	4 104
abroad	12 616	11 958	3 222	3 041
Annual average headcount (number)	**35 028**	**31 788**	**7 478**	**7 312**
Personnel expenses	**780**	**1 433**	**175**	**338**
Key figures				
Capital expenditures	147	416	27	46
Cash flow for the period acc. to DVFA/SG	181	331	44	75
Pretax return on sales (ROS)	2.8%	4.7%	3.0%	3.0%
ditto, 1st half of 1999/00	2.8%	4.8%	3.0%	3.1%
Return on capital employed (ROCE)*	11.4%	16.7%	16.2%	14.9%
ditto, 1st half of 1999/00*	11.4%	15.0%	16.2%	13.9%

* projected to full year

MAN Roland Subgroup		**MAN B&W Diesel** Subgroup		**MAN Industrial Equipment & Facilities**		**MAN Financial Services**	
SFY 2000	1999/2000	SFY 2000	1999/2000	SFY 2000	1999/2000	SFY 2000	1999/2000
260	**248**	**244**	**232**	**532**	**522**	**1 105**	**945**
602	566	419	406	1 271	1 233	3	2
(482)	(403)	(66)	(62)	(1 336)	(1 279)	–	–
387	422	312	351	985	1 007	584	477
188	115	32	22	1 170	1 276	30	39
695	**700**	**697**	**717**	**2 090**	**2 237**	**617**	**518**
31	**41**	**27**	**27**	**88**	**107**	**–**	**–**
986	**989**	**968**	**976**	**2 710**	**2 866**	**1 722**	**1 463**
301	**294**	**300**	**307**	**627**	**611**	**161**	**143**
211	206	114	112	572	561	–	–
25	24	26	29	176	204	55	66
152	152	117	123	664	716	8	1
297	313	411	405	671	774	1 498	1 253
685	**695**	**668**	**669**	**2 083**	**2 255**	**1 561**	**1 320**
986	**989**	**968**	**976**	**2 710**	**2 866**	**1 722**	**1 463**
946	**1 848**	**665**	**1 106**	**1 543**	**3 446**	**183**	**267**
(703)	(1 390)	(517)	(850)	(1 222)	(2 822)	(148)	(237)
243	**458**	**148**	**256**	**321**	**624**	**35**	**30**
(73)	(136)	(53)	(80)	(143)	(257)	(1)	–
(42)	(81)	(28)	(54)	(98)	(184)	(2)	(4)
(79)	(145)	(31)	(61)	(38)	(52)	8	20
49	**96**	**36**	**61**	**42**	**131**	**40**	**46**
(7)	(17)	(9)	(7)	10	9	(30)	(34)
42	**79**	**27**	**54**	**52**	**140**	**10**	**12**
1 126	**2 095**	**861**	**1 192**	**1 423**	**3 268**	**183**	**267**
248	443	165	173	356	775	161	250
878	1 652	696	1 019	1 067	2 493	22	17
1 406	**1 246**	**957**	**762**	**3 884**	**4 004**	**–**	**–**
10 248	**10 056**	**7 073**	**6 966**	**15 507**	**15 600**	**46**	**36**
8 561	8 530	2 651	2 636	11 533	11 680	4	4
1 687	1 526	4 422	4 330	3 974	3 920	42	32
10 165	**9 970**	**7 041**	**6 140**	**15 578**	**15 291**	**45**	**33**
290	**551**	**175**	**310**	**483**	**919**	**1**	**1**
36	49	22	115	60	151	306	460
45	89	38	66	91	195	112	151
4.4%	4.3%	4.0%	4.9%	3.3%	4.1%	–	–
4.4%	2.4%	4.0%	2.1%	3.3%	2.2%	–	–
19.4%	19.1%	13.2%	12.5%	11.7%	17.0%	–	–
19.4%	10.7%	13.2%	6.8%	11.7%	8.1%	–	–

Figures combined for the SFY 2000 and the preceding 12-month year 1999/00.
For a breakdown of Industrial Equipment & Facilities, see next pages.

MAN Industrial Equipment & Facilities: Subgroups

in € million

	MAN Turbomaschinen AG GHH BORSIG		MAN Technologie Aktiengesellschaft	
	SFY 2000	1999/2000	SFY 2000	1999/2000
Fixed assets	**16**	**13**	**68**	**64**
Inventories	92	76	148	128
Prepayments received	(13)	(8)	(165)	(125)
Receivables and other current assets, prep. expenses	111	152	56	48
Securities cash, cash equivalents	–	–	35	23
Current assets	**190**	**220**	**74**	**74**
Deferred tax assets	**6**	**8**	**6**	**8**
Total assets	**212**	**241**	**148**	**146**
Equity	**50**	**46**	**24**	**22**
Pension accruals	46	43	52	52
Current tax accr., deferred taxes	12	14	10	12
Other accruals	13	15	32	31
Fin. and remaining liabilities, deferred income	91	123	30	29
Total liabilities	**162**	**195**	**124**	**124**
Total equity and liabilities	**212**	**241**	**148**	**146**
Net sales	**161**	**360**	**96**	**210**
Cost of sales	(127)	(283)	(74)	(149)
Gross margin	**34**	**77**	**22**	**61**
Selling expenses	(18)	(35)	(4)	(7)
General administrative expenses	(10)	(19)	(6)	(13)
Other operating income and expenses	(3)	(4)	(4)	(26)
Earnings before interest and tax (EBIT)	**3**	**19**	**8**	**15**
Net interest result	(3)	(4)	(1)	(2)
Profit from ordinary operations	**0**	**15**	**7**	**13**
New orders	**161**	**360**	**74**	**206**
from Germany	41	94	30	61
from abroad	120	266	44	145
Orders on hand at Dec. 31/June 30	**254**	**258**	**411**	**433**
Employees at Dec. 31/June 30 (number)	**1 659**	**1 671**	**1 123**	**1 127**
in Germany	1 659	1 671	1 123	1 127
abroad	–	–	–	–
Annual average headcount (number)	**1 663**	**1 678**	**1 122**	**1 119**
Personnel expenses	**54**	**109**	**38**	**76**
Key figures				
Capital expenditures	5	5	9	15
Cash flow for the period acc. to DVFA/SG	5	16	11	18
Pretax return on sales (ROS)	0.2%	4.2%	7.2%	6.0%
ditto, 1st half of 1999/00	0.2%	(2.9%)	7.2%	5.0%
Return on capital employed (ROCE)*	4.9%	17.4%	23.0%	22.5%
ditto, 1st half of 1999/00*	4.9%	(4.1%)	23.0%	17.9%

* projected to full year

RENK Subgroup		Deggendorfer Werft und Eisenbau Subgroup		SMS Group		Schwäbische Hüttenwerke GmbH	
SFY 2000	1999/2000	SFY 2000	1999/2000	SFY 2000	1999/2000	SFY 2000	1999/2000
41	**34**	**20**	**20**	**332**	**340**	**55**	**51**
101	93	10	14	899	902	20	21
(68)	(72)	(15)	(12)	(1 069)	(1 056)	(3)	(4)
65	55	26	25	694	692	32	31
11	38	11	6	1 087	1 181	25	28
109	**114**	**32**	**33**	**1 611**	**1 719**	**74**	**76**
14	**15**	**3**	**2**	**56**	**70**	**3**	**4**
164	**163**	**55**	**55**	**1 999**	**2 129**	**132**	**131**
55	**55**	**24**	**20**	**419**	**415**	**55**	**54**
47	46	12	11	396	390	20	19
5	6	6	6	139	161	4	4
18	13	5	3	579	638	17	16
39	43	8	15	466	525	36	38
109	**108**	**31**	**35**	**1 580**	**1 714**	**77**	**77**
164	**163**	**55**	**55**	**1 999**	**2 129**	**132**	**131**
121	**228**	**39**	**84**	**1 013**	**2 353**	**113**	**211**
(93)	(173)	(29)	(76)	(800)	(1 955)	(99)	(185)
28	**55**	**10**	**8**	**213**	**398**	**14**	**26**
(8)	(15)	(1)	(2)	(109)	(192)	(3)	(6)
(6)	(11)	(2)	(4)	(71)	(133)	(3)	(4)
0	(2)	(6)	6	(26)	(23)	1	(2)
14	**27**	**1**	**8**	**7**	**50**	**9**	**14**
(1)	(3)	–	–	15	18	–	(1)
13	**24**	**1**	**8**	**22**	**68**	**9**	**13**
120	**335**	**37**	**83**	**907**	**2 068**	**124**	**216**
51	81	26	18	128	380	80	141
69	254	11	65	779	1 688	44	75
441	**445**	**71**	**73**	**2 611**	**2 712**	**96**	**84**
1 499	**1 500**	**495**	**507**	**9 379**	**9 446**	**1 352**	**1 349**
1 425	1 428	410	422	5 564	5 683	1 352	1 349
74	72	85	85	3 815	3 763	–	–
1 499	**1 498**	**499**	**513**	**9 447**	**9 160**	**1 348**	**1 323**
40	**79**	**12**	**25**	**307**	**563**	**33**	**66**
11	8	2	5	23	98	10	20
14	26	4	7	44	109	13	19
10.5%	10.5%	2.8%	9.4%	2.2%	2.9%	7.7%	6.0%
10.5%	7.0%	2.8%	(12.6%)	2.2%	1.8%	7.7%	7.0%
28.6%	29.9%	7.7%	29.5%	8.9%	14.1%	24.8%	19.1%
28.6%	20.4%	7.7%	(11.6%)	8.9%	7.4%	24.8%	21.9%

The MAN Group: a seven-year overview [1)]

in € million

	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	SFY 2000 [2)]
New orders	**10 534**	**10 628**	**11 606**	**12 839**	**12 489**	**15 640**	**7 773**
from Germany	3 609	3 357	3 712	4 320	4 239	4 623	2 195
from abroad	6 925	7 271	7 894	8 519	8 250	11 017	5 578
New orders by division							
Commercial Vehicles	3 954	3 855	4 155	4 858	4 950	6 274	3 114
Industrial Services	1 974	2 022	2 694	2 866	2 228	2 927	1 359
Printing Machines	1 216	1 143	1 175	1 565	1 792	2 095	1 126
Diesel Engines	848	871	884	921	969	1 192	861
Industrial Equipment & Facilities	2 731	2 945	2 717	2 762	2 647	3 268	1 423
Financial Services	–	–	–	–	224	267	183
Sales	**9 511**	**10 364**	**10 918**	**12 634**	**13 256**	**14 581**	**7 524**
in Germany	3 608	3 627	3 498	4 068	4 327	4 418	2 231
abroad	5 903	6 737	7 420	8 566	8 929	10 163	5 293
Sales by divisions							
Commercial Vehicles	3 700	4 082	4 067	4 516	4 931	5 755	3 048
Industrial Services	2 059	1 962	2 206	3 228	2 668	2 541	1 410
Printing Machines	1 024	1 207	1 264	1 359	1 680	1 848	946
Diesel Engines	822	782	826	984	1 026	1 106	665
Industrial Equipment & Facilities	2 098	2 503	2 406	2 621	3 091	3 446	1 543
Financial Services	–	–	–	–	224	267	183
Orders on hand at end of period	**8 636**	**9 010**	**10 074**	**9 314**	**8 604**	**10 643**	**10 962**
Germany	2 058	1 824	2 321	2 778	2 723	2 895	2 976
abroad	6 578	7 186	7 753	6 536	5 881	7 748	7 986
Employees at end of period (number)	**56 503**	**57 826**	**62 564**	**63 887**	**66 838**	**74 324**	**76 604**
in Germany	45 085	45 919	47 161	47 347	47 520	49 487	50 611
abroad	11 418	11 907	15 403	16 540	19 318	24 837	25 993
Annual average headcount	56 112	57 648	60 824	63 006	67 157	71 239	76 049
Personnel expenses	2 547	2 797	2 844	3 067	3 345	3 606	1 935
Personnel expenses per capita (€)	45 381	48 514	46 760	48 673	49 814	50 618	25 440
Capital expenditures and funding							
Tangible and intangible assets	279	315	309	405	486	537	294
Assets leased out	–	–	–	254	292	397	297
Financial assets/M&A	60	20	130	91	103	283	24
R&D	275	293	299	393	422	527	284
Amortization/depreciation	354	334	319	482	466	525	292
Cash flow for the period acc. to DVFA/SG	530	563	537	861	913	1 011	505
Key ratios (%)							
Equity ratio	30.0	30.3	28.9	27.8	27.8	26.4	25.2
Fixed assets-to-equity ratio	108.1	114.3	112.2	96.6	95.9	86.5	80.0
Pretax ROS	1.9	2.5	2.3	3.3	4.2	4.6	3.5
ROS (excluding services)	1.9	2.5	2.1	3.7	4.6	4.9	3.6
ROCE	8.9	10.8	10.4	13.7	15.4	15.9	17,4
ROE (after income taxes)	7.3	8.6	8.7	14.4	14.9	15.2	12,0

in € million

	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	SFY 2000 [2]
Fixed assets	**1 780**	**1 761**	**1 849**	**2 427**	**2 735**	**3 414**	**3 706**
Inventories	3 747	4 378	4 716	3 068	3 531	4 353	4 531
Prepayments received	(3 026)	(3 356)	(3 591)	(1 804)	(1 852)	(2 536)	(2 560)
Receivables & other curr. assets, prep. exp. & def. charges [3]	2 646	2 707	2 940	3 427	3 672	4 511	4 481
Cash & cash equivalents (incl. securities)	1 265	1 163	1 255	1 306	1 343	1 451	1 610
Current assets [3]	**4 632**	**4 892**	**5 320**	**5 997**	**6694**	**7 779**	**8 062**
Total assets	**6 412**	**6 653**	**7 169**	**8 424**	**9 429**	**11 193**	**11 768**
Equity	**1 924**	**2 012**	**2 075**	**2 345**	**2 623**	**2 953**	**2 963**
Pension accruals	1 020	1 087	1 195	1 586	1 648	1 884	1 925
Other accruals [4]	1 624	1 779	1 940	1 908	2 153	2 587	2 447
Financial liabilities	501	394	366	421	603	967	1 775
All other liabilities, deferred income	1 343	1 381	1 593	2 164	2 402	2 802	2 658
Debt	**4 488**	**4 641**	**5 094**	**6 079**	**6 806**	**8 240**	**8 805**
Total equity and liabilities	**6 412**	**6 653**	**7 169**	**8 424**	**9 429**	**11 193**	**11 768**
Capital employed at June 30/Dec. 31	**3 598**	**3 649**	**3 822**	**4 409**	**4 930**	**5 855**	**6 733**
Sales	**9 511**	**10 364**	**10 918**	**12 634**	**13 256**	**14 581**	**7 524**
Operating income/expenses	(9 345)	(10 116)	(10 668)	(12 145)	(12 618)	(13 797)	(7 186)
EBIT	**166**	**248**	**250**	**489**	**638**	**784**	**338**
Net interest result	17	9	2	(71)	(81)	(116)	(74)
Profit from ordinary operations	**183**	**257**	**252**	**418**	**557**	**668**	**264**
Income taxes	(44)	(88)	(74)	(94)	(186)	(244)	(87)
Net income	**139**	**169**	**178**	**324**	**371**	**424**	**177**
Minority interests	(8)	(14)	(17)	(17)	(27)	(35)	(17)
Transfer to reserves retained from earnings	(56)	(60)	(51)	(181)	(202)	(235)	(83)
Total cash dividend of MAN AG	**75**	**95**	**110**	**126**	**142**	**154**	**77**
MAN stock data							
Ordinary shares, price at closing date (€)	18.18	19.37	27.61	36.12	33.30	31.66	27.10
Ordinary shares, annual high (€)	23.19	22.80	28.27	37.71	39.63	40.01	34.41
Ordinary shares, annual low (€)	16.62	18.05	17.79	24.34	21.20	28.20	26.52
Ordinary shares, PER at closing date [5]	15.7	14.6	22.7	18.1	14.9	12.6	–
Preference shares, price at closing date (€)	14.11	15.03	22.50	25.26	22.12	21.45	21.00
Preference shares, annual high (€)	18.00	17.44	22.75	27.61	27.87	25.01	24.68
Preference shares, annual low (€)	12.93	13.96	14.06	19.17	14.90	17.90	20.50
Preference shares, PER at closing date [5]	12.2	11.3	18.5	12.7	9.9	8.5	–
Dividend per share (€)	0.49	0.61	0.72	0.82	0.92	1.00	0.50
EpS according to IAS 33 (€) [6]	1.16	1.33	1.22	1.99	2.23	2.52	1.04
Annual cash flow per share acc. to DVFA/SG (€)	3.30	3.40	3.20	5.30	5.50	6.00	3.00
Equity per share (€)	11.80	12.30	12.60	14.00	15.40	17.20	17.30

[1] As from 1997/98, IAS have been applied to the consolidated financial statements, comparability with previous years is hence biased.
[2] SFY ended December 31, 2000; return ratios projected to full year
[3] Including deferred taxes, deferred income
[4] Including deferred taxes, up to 1996/97 incl. untaxed/special reserves
[5] Due to the SFY not meaningful
[6] Up to 1996/97 according to DVFA/SG

Glossary

Capital employed (CE)
Sum total of equity and interest-bearing liabilities, i.e. interest-bearing financial debts (excluding liabilities from P&L transfer agreements), pension accruals, and deferred income.

Deferred taxation
Under the terms of IAS 12, deferred taxes are recognized for temporary differences between the values of assets and liabilities (a) in the IAS-based accounts and (b) according to national tax legislation. If in the consolidated accounts according to IAS, assets are stated at a lower, and liabilities at a higher, value than in the tax accounts, the resultant future tax credit has to be capitalized as a deferred tax asset. In the opposite case, a deferred tax liability should be recognized.

Economic value added (EVA)
Business and financial method to review the performance of the Group's divisions and business units. It is used to measure and assess their present and future contribution to the Group's profitability, as well as to develop the potential to raise shareholder value.

Finance lease
Pursuant to IAS 17, a lease that transfers to the lessee substantially all the risks and rewards incident to ownership of an asset but not the title to the leased asset.

Financial derivatives
Instruments derived from the value of another security and used to hedge against financial risks, especially from changing exchange and interest rates.

Goodwill
Excess of the purchase price (cost) of a consolidated subsidiary at acquisition date over the subsidiary's prorated equity, after disclosing any hidden reserves and burdens.

International Accounting Standards (IAS)
Internationally harmonized and applied accounting standards of the International Accounting Standards Committee (IASC), a private-law organization of auditors and other accounting experts from over 100 countries.

Manufacturing divisions
All corporate divisions of the MAN Group other than Industrial Services and Financial Services (where the service element prevails).

Percentage-of-completion (PoC) method
Accounting method under the terms of IAS 11, requiring that sales revenues, contract costs and contract P/L under long-term contracts for customized manufacture or comparable services be recognized in line with the percentage of completion although the contract has neither been completed nor invoiced to the customer.

Projected unit credit (PUC) method
Method based on IAS 19 to measure pension obligations and according to which future pay and pension rises are provided for in addition to the vested pension rights and entitlements existing at balance sheet date.

R&D ratio
Indicator obtained by dividing the R&D expenses (including capitalized development costs) into the manufacturing divisions' net sales.

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

Products and services of the MAN Group

MAN Nutzfahrzeuge

Trucks
Dropsiders, tippers, semitrailer tractors and chassis for interchangeable and fixed bodies of all types, in forward control drive; with outputs of between 83 and 440 kW; with 6 to 50 t permissible gross vehicle weight; with 2–5 axles; with leaf, leaf/air or all-air suspension; available with all-wheel drive. Highly-mobile all-terrain trucks with low torque box section-type frames and all-wheel drive, of up to 38 t gross vehicle weight, with 2 to 4 axles.

Buses
Touring coaches, inter-city coaches, scheduled service buses as single-unit or articulated buses; chassis with 2 or 3 axles; with Diesel, gas, electric or Diesel-electric propulsion systems.

Diesel engines
for automotive and industrial uses; for gensets, pumps, track-riding vehicles and maritime propulsion systems; with outputs of between 83 and 956 kW.

Gas motors
with outputs of between 47 and 350 kW, for vehicles and combined heating and power stations.

Components
Axles, transfer cases, pressings for frames and cabs, tools, cast parts.

Services
MAN's EuroService is available on a 24-hour-a-day basis; spare parts supply; MAN's ComfortServiceSystem; logistics services for transport systems; fleet administration and management services; communication operations; automotive engineering and superstructures consulting services.

Ferrostaal

Facility construction and contracting
Design, financing, delivery, assembly, maintenance and start-up of industrial facilities world-wide. The building of facilities especially for steel, metal and aluminium production and processing, also for petrochemicals – acting both as general contractor or consortium member. Facility construction for open-cast mining, bulk goods handling systems and heavy-duty-cranes. Supplying of components and equipment for the chemical, natural gas and crude oil industries, to energy suppliers and manufacturers of finished goods. Maintenance services for refineries and petrochemical facilities.

Industrial equipment and systems
World-wide distribution and provision of services for single-unit machines, including printing machines and equipment for printing operations. Designing and carrying out of infrastructure-related projects, including the supplying of equipment for vehicles and road and rail systems. Machine tools and facilities used in the manufacturing of mechanical components and in the food processing industry. In the maritime sector: the supplying of ships to the world's navies and merchant vessels, equipment for ports and shipyards.

Steel trading and logistics
National and international procurement and trading in steel products, including transport and financing. The supplying of steel, components and pre-assembled systems on a just-in-time and supply-in-line-sequence basis to the automobile and other industries based in both Germany and abroad.

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. Half-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 68,640 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).
Exhaust-gas 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 in Hamburg and in Frederikshavn.
Heating technologies
Oil and gas-fueled burners. Oil and gas boilers, devices for measuring the output of gas burners.

MAN Turbo-maschinen GHH BORSIG

Compressors
Axial, radial and multishaft compressors; process gas turbines, radial expanders and process-gas screw compressors for the processing and fertilizer production industries, for air separation facilities, for plants producing terephthalic acid, for the petrochemical industry, for refineries, and for the oil and gas industry.
Complete machine trains

Turbines
Steam turbines for industrial application (outputs up to 200 MW) driving mechanical and generator propulsion units, gas turbines for industrial applications (outputs up to 50 MW in twin-pac configuration) driving mechanical and generator propulsion units.
Energy generating facilities
Industrial equipment controlling and monitoring systems »turbolog DSP«
Reconditioning and other services

MAN Technologie

Space transport systems/ launch vehicles
Development and production of light-weight structures, tanks, and propulsion components going into Europe's ARIANE and other launchers; the planning and carrying out of systems studies.
Space transport systems/ transport components
High temperature-resistant CMC-based structural components and heat shield systems going into recoverable space transport vehicles; high-pressure vessels, tanks and structures for satellites; satellite-based navigation systems.
Aviation, transport and defense industry
Systems for water supply and waste water storage; tanks and structural components; fuel storage systems.
Infrastructural systems
Planning, construction, maintaining and operating of facilities forming part of space launch complexes; radio and optical telescopes; mobile, military-use bridges.

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

All kinds of **floating dredgers,** HYDROKLAPP® dump barges.
Salt bath-cooled **reactors,** gas coolers, pilot reactors, condensers.
Components for **facilities and apparatuses;** tube reactors, heat exchangers, autoclaves, pressure vessels.

SMS

Metallurgical and rolling mill technology
Machines, systems and facilities for the making and processing of steel and non-ferrous metals: coking and sintering facilities; reduction furnaces; direct reduction facilities, blast furnace facilities and components; electric and converter steel plants; ladle furnaces; vacuum treatment facilities; continuous casting facilities for slabs, blooms, billets 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 for steel and non-ferrous metals; cluster mills for stainless steel; combined tandem lines with pickling systems; section and wire rod mills; strip processing and coating lines; tube rolling and welding facilities; copper plants; straightening facilities; radial and open-die forging presses; automation and control 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
Extrusion presses and tube extruders for light and heavy metals, closed-die installations equipped with screw or eccentric presses, ring and wheel rolling machines, cold-finishing machines.

Schwäbische Hüttenwerke

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

High complexity **cast parts** of up to 60 t.
Internally-ventilated **brake discs**, Luperlit® brand metal materials.
Pumps used by the automotive and other manufacturing sectors.
Highly durable **sintered structural parts** featuring highly-complex geometries.

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, offshore cranes, revolving 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, 2000	Shareholding %	Total assets € million	Sales € million	Employees as of Dec. 31, 2000
MAN Nutzfahrzeuge Aktiengesellschaft, Munich	**100**	**2 775**	**2 685**	**22 654**
Nutzfahrzeuge Aktiengesellschaft, Steyr/Austria	100	320	393	2 904
ERF (Holdings) plc., Middlewich/Great Britain 1)	100	256	168	1 086
Österreichische Automobilfabrik ÖAF-Gräf & Stift AG, Vienna/Austria	100	135	111	897
MAN Kamyon ve Otobüs Sanayi Anonim Sirketi, Ankara/Turkey	99	148	107	1 705
MAN Automotive (South Africa) (Pty.) Ltd., Johannesburg/South Africa 1)	100	77	58	603
MAN Pojazdy Uzytkowe Polska, Sp. z o.o., Nadarzyn/Poland	100	69	43	637
STAR Trucks Sp. z o.o., Starachowice/Poland	100	31	19	883
MAN Truck & Bus UK Ltd., Swindon/Great Britain	100	212	222	672
ÖAF & STEYR Nutzfahrzeuge OHG, Vienna/Austria	100	235	207	1 032
MAN Vehículos Industriales (España) S. A., Madrid/Spain 1)	100	155	160	499
MAN Camions et Bus S. A., Evry/France	100	137	123	491
MAN Veicoli Industriali S. p. A., Dossobuono di Villafranca/Italy	100	98	104	132
MAN TransCom GmbH, Munich	100	40	108	61
MAN Truck & Bus S.A., Kobbegem (Brussels)/Belgium 1)	100	70	53	141
MAN Last og Bus A/S, Glostrup/Denmark	100	56	57	207
MAN Nutzfahrzeuge (Schweiz) AG, Otelfingen/Switzerland	100	37	45	107
MAN Last og Buss A/S, Skaarer/Norway	100	36	33	227
MAN Veiculos Industriais (Portugal) S. U. Lda., Porto/Portugal	100	52	43	109
MAN Engines & Components Inc., Pompano Beach/USA	100 2)	17	19	26
MAN Uzitkova Vozidla Ceskarepublica spol.s.r.o., Cestlice/Czech Republic	100	12	20	55
MAN Kamion és Busz Kereskedelmi Kft., Dunaharaszti/Hungary	100	14	11	76
MAN Gospodarska Vozila Slovenija d.o.o., Ljubljana/Slovenia	100	4	10	14
Ferrostaal Aktiengesellschaft, Essen	**100**	**1 178**	**736**	**604**
DSD Dillinger Stahlbau GmbH, Saarlouis	100	287	176	1 301
MAN TAKRAF Fördertechnik GmbH, Leipzig	100 3)	136	43	541
Hilgers AG, Rheinbrohl 1)	98	39	28	164
SECOMETAL S. A. Société d'études et de const. métalliques, Sarralbe/F	100	34	20	430
FERROMETALCO The Egypt.-Germ. Comp. f. Met. Const. S.A.E., Cairo/ET	100	39	15	1 018
DSD-C.G.I. Compañia General de Industrias, C. A., Caracas/Venezuela	100	29	16	156
MAN GHH Öl & Gas GmbH, Essen	100	69	14	103
Ferrostaal Industrial Plant Services GmbH, Essen 1)	100	31	26	616
Fritz Werner Industrie-Ausrüstungen GmbH, Geisenheim	100	232	22	130
SAGEXPORT S. A., Paris/France	100	16	10	32
Print + Pack Australia Pty. Ltd., Alexandria/Australia	100	20	5	79
Ferrostaal Incorporated, Houston/USA 1)	100 2)	156	309	116
Ferrostaal Bewehrungstechnik GmbH, Essen	100	25	32	31
Ferrostaal Industrie- und System-Logistik GmbH, Essen 1)	100	74	38	821
Ferrostaal Piping Supply GmbH, Essen, und B. V., Hooge Zwaluwe/NL	100	25	17	82
MAN Roland Druckmaschinen Aktiengesellschaft, Offenbach	**98**	**796**	**670**	**7 136**
MAN Plamag Druckmaschinen Aktiengesellschaft, Plauen	100	72	74	966
Omnigraph Group B. V., Amsterdam/Niederlande 1), including:	100 4)	198	214	997
Pershke Price Service Organisation Limited, Mitcham/Great Britain	100	30	32	225
MAN Roland Italia SpA, Milan/Italy	100	46	39	72
Mahez B. V., Amsterdam/Netherlands	100	32	32	185
Havlange Bonte N. V., Wemmel/Belgium	100	21	33	160
Somagra S. A., Paris/France	100	34	32	119
Maschinen AG, Kirchberg/Switzerland	100	18	23	89

as of December 31, 2000	Shareholding %	Total assets € million	Sales € million	Employees as of Dec. 31, 2000
MAN Roland Inc., Westmont/USA [1]	100 [2]	189	89	355
MAN Roland (Hongkong) Ltd., Hong Kong	100	17	31	148
Votra S. A., Lausanne/Switzerland	100	20	30	4
MAN Roland Vertrieb und Service GmbH, Berlin	100	19	28	143
MAN Roland Vertriebsgesellschaft Bayern mbH, Munich [1]	80	23	30	120
MAN B&W Diesel Aktiengesellschaft, Augsburg	**100**	**430**	**244**	**2 472**
MAN B&W Diesel A/S, Copenhagen/Denmark	100	277	226	2 155
S.E.M.T. Pielstick, Villepinte/France	67	108	65	782
MAN B&W Diesel Ltd., Stockport/Great Britain	100	264	110	1 339
MAN B&W Diesel (Singapore) Pte. Ltd., Singapore	100	19	17	103
MAN Turbomaschinen AG GHH BORSIG, Oberhausen	**100**	**212**	**161**	**1 659**
MAN Technologie Aktiengesellschaft, Augsburg	**100**	**148**	**96**	**1 123**
RENK Aktiengesellschaft, Augsburg	**76**	**149**	**109**	**1 425**
Deggendorfer Werft und Eisenbau GmbH, Deggendorf	**100**	**47**	**34**	**410**
SMS Aktiengesellschaft, Düsseldorf	**51** [5]	**1 398**	**–**	**5**
SMS Demag Aktiengesellschaft, Düsseldorf and Hilchenbach	72	912	350	3 382
SMS Demag Inc., Pittsburgh/USA	100	125	67	295
SMS Meer GmbH, Mönchengladbach	100	188	82	727
Hertwich Engineering Ges.m.b.H., Braunau/Austria	100	15	15	89
SMS Demag SpA, Genoa/Italy	100	50	28	198
S.I.M.A.C. S.p.A., Tarcento/Italy	90	55	15	223
Technaroll Ltd., Ontario/Canada [1]	100	12	21	164
SMS MEVAC GmbH, Essen	100	24	9	74
Concast Standard AG, Zurich/Switzerland	70	63	20	79
Battenfeld Gloucester Engineering Co. Inc., Gloucester/USA	100	202	92	539
Battenfeld Gloucester Europe Ltd., Droitwich/Great Britain	100	19	15	82
Battenfeld Extrusionstechnik GmbH, Bad Oeynhausen	100	55	41	434
American Maplan Corp., McPherson/USA	100	39	15	135
Cincinnati Extrusion Ges.m.b.H., Vienna/Austria	100	54	38	358
Battenfeld GmbH, Meinerzhagen	100	100	58	543
Battenfeld Kunststoffmaschinen Ges.m.b.H., Kottingbrunn/Austria	100	52	36	380
SMS Eumuco GmbH, Leverkusen	100	43	50	374
Schwäbische Hüttenwerke GmbH, Aalen-Wasseralfingen	**50**	**132**	**113**	**1 352**
MAN Leasing GmbH, Munich	100	1 024	154	–
MAN WOLFFKRAN GmbH, Heilbronn	100	42	21	169
Gutehoffnungshütte Baugesellschaft mbH, Oberhausen	100	19	16	119
MAN Logistics GmbH, Heilbronn	100	10	9	144

[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

Engineering the Future.

Financial calendar

Press conference on 2000 s. f. y.	April 5, 2001
Conference with analysts on 2000 s. f. y.	April 5, 2001
Report on the first quarter of 2001	May 22, 2001
Annual general meeting 2000 s. f. y.	June 1, 2001
Report on the first half of 2001	August 22, 2001
Report on the third quarter of 2001	November 21, 2001
Prel. figures on orders & sales of 2001	January 17, 2002
Letter to MAN's shareholders on 2001	March 6, 2002
Press conference on 2001	April 11, 2002
Conference with analysts on 2001	April 11, 2002
Report on the first quarter of 2002	May 17, 2002
Annual general meeting 2001	May 17, 2002

MAN's shares

	ordinary shares	preference shares
WPK Number	593700	593703
VALOREN	340813	340814
ISIN	DE0005937007	DE0005937031
Reuters short form	MANG.F	MANGPR.F
Bloomberg short form	MAN GY	MAN3 GY

For the latest quotes on MAN's stock, please visit
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