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**ANNUAL REPORT OF CONTINENTAL AG 2003**

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## TEN-YEAR REVIEW – CONTINENTAL AG

		2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
<b>Balance sheet</b>											
Fixed assets	€ millions	2,655.3	2,906.5	3,379.2	2,719.2	2,498.7	2,054.1	976.2	916.3	950.4	1,099.6
Current assets	€ millions	1,631.4	1,355.9	1,241.8	1,062.1	1,012.2	951.7	955.5	645.7	596.9	434.1
Total assets	€ millions	4,286.7	4,262.4	4,621.0	3,781.3	3,510.9	3,005.8	1,931.7	1,562.0	1,547.3	1,533.7
Equity	€ millions	1,438.2	1,474.8	1,467.0	1,543.7	1,428.3	1,091.4	1,073.7	742.6	722.5	711.9
Capital expenditure on property, plant, and equipment	€ millions	68.5	45.8	59.7	65.4	61.9	51.5	53.0	50.6	49.2	69.2
Equity ratio	in %	33.6	34.6	31.7	40.8	40.7	36.3	55.6	47.6	46.7	46.4
Net indebtedness	€ millions	868.0	1,027.6	1,500.8	822.0	633.0	710.6	255.1	18.8	98.7	213.8
Self-financing ratio	in %	149.6	- 306.7	15.8	33.1	70.9	10.1	123.6	194.9	- 249.1	901.0
Liquidity ratio	in %	80.0	87.2	68.1	66.3	90.1	158.7	198.7	116.0	81.0	76.6
<b>Income statement</b>											
Sales	€ millions	2,035.6	1,913.9	1,850.1	1,769.8	1,644.9	1,590.7	1,479.2	1,348.0	1,391.4	1,168.9
thereof generated abroad	in %	50.5	50.1	50.5	47.7	43.2	39.1	38.3	37.0	32.6	34.9
Cost of sales <sup>1</sup>	in %	76.7	75.3	78.6	76.9	77.9	78.7	79.2	81.0	83.5	86.8
Selling expenses <sup>1</sup>	in %	10.6	10.4	10.5	10.5	10.2	10.7	11.9	10.6	8.4	8.5
Administrative expenses <sup>1</sup>	in %	3.5	3.7	5.0	4.7	5.1	4.7	4.9	5.8	5.5	4.9
Cost of materials	€ millions	1,157.3	979.6	1,025.2	979.3	916.6	873.8	795.5	754.2	882.3	705.8
Personnel expenses	€ millions	439.4	419.6	446.9	396.3	399.3	412.5	382.5	388.2	330.8	292.6
Amortization and depreciation <sup>2</sup>	€ millions	60.9	73,6	71.0	68.9	64.4	60.2	57.4	51.8	49.3	84.6
Net income/loss for the year	€ millions	6.1	2,4	- 16.3	112.0	119.7	51.2	46.1	34.3	28.9	24.2
Dividends paid	€ millions	70.4	58,6	-	64.1	58.8	47.0	41.0	29.0	24.0	19.2
<b>Employees</b>											
Annual average	in thousands	7.4	7,5	7.6	7.5	7.6	7.5	7.5	8.0	7.4	6.7

<sup>1</sup> As a % of sales

<sup>2</sup> Excluding write-downs on investments

## **CREATING SUSTAINABLE GROWTH AND VALUE**

**TO CONTINENTAL, THIS MEANS PURSUING A CLEAR POLICY AND MAKING THE RIGHT DECISION AT THE RIGHT TIME. WE WANT TO OPEN UP PROMISING PERSPECTIVES FOR OUR CUSTOMERS, SUPPLIERS, EMPLOYEES AND SHAREHOLDERS, AND TO WORK TOWARDS A SUSTAINED INCREASE IN VALUE: MAINTAINING A CONSISTENT AND GOAL-DRIVEN APPROACH MAKES US A RELIABLE PARTNER AT ALL TIMES.**

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**Continental AG Report**

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**Further Information**

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# CONTINENTAL AKTIENGESELLSCHAFT

## Management Report

**Preliminary remarks** | This Management Report of Continental Aktiengesellschaft does not provide an overview of the position of the Continental Corporation as a whole, but of the parent company only. For a comprehensive picture of the Continental Corporation, please refer to Continental's Annual Report, which contains the group management report and the consolidated annual financial statements prepared in accordance with United States Generally Accepted Accounting Principles (U.S. GAAP).

## Economic Situation and Business Developments in 2003

**The global economy** | Development in individual regions and countries varied a lot in 2003. High growth rates in Asia and Eastern Europe contrasted with modest growth (less than 1%) in Western Europe, and a slight decline of 0.1% in Germany. Moreover, 2003 was dominated by the sharp fall in the U.S. Dollar, exacerbating the decline that began in 2002. The reference rate of the Euro rose from \$ 1.04 to over \$ 1.25 year-on-year – an all-time high since the Euro's introduction. In the same period, the Japanese Yen also appreciated against the U.S. Dollar, climbing from 118.5 to 107 Yen. However, the Euro's overall performance in 2003 cannot be described as strong, as it finished the year almost unchanged against currencies such as the Czech and Slovak Koruny.

**Automobile production** | In 2003, global production of light vehicles increased slightly over the previous year by 1% to 57.8 million. Production in the NAFTA region fell by 3% to 15.9 million vehicles (2002: 16.4 million), despite extensive sales support measures by manufacturers. In Western Europe, it was down 1% for the second consecutive year, although it increased in Asia and Eastern Europe. Overall levels in the Mercosur region (Argentina, Brazil, Paraguay, and Uruguay) were on a par with the previous year, despite sharp declines in the first half of the year due to the recession. Commercial vehicle production stagnated in Western Europe in 2003. Production in North America fell by 1%, while Asia recorded an increase of 2%. After recent high growth of over 30% per year, commercial vehicle production in China dropped 9% in 2003. In Japan, production figures were up 21%.

**Earnings** | At € 2,035.6 million, sales were up € 121.7 million (+6.4%) on the previous year. This trend received equally significant impulses from the domestic business at both original equipment and replacement levels, and from exports.

Gross profit on sales improved to € 475.0 million. At € 199.0 million, profit before the financial result was down on the previous year's figure of € 235.0 million.

The net loss from financial activities of -€ 35.2 million (2002: +€ 73.2 million) is due mainly to the write-down of € 445 million on the shares in Continental Automotive Inc., Wilmington, U.S.A., as a result of the ongoing losses in our tire activities in the U.S.A. and Mexico. Investment income, on the other hand, increased by € 60.0 million to € 478.4 million, and interest expense improved by € 7.6 million to -€ 66.8 million. The investment income was attributable mainly to income from profit transfer agreements with Union Mittelland Gummi GmbH, Hanover (€ 39.4 million), and with Continental Caoutchouc-Export AG, Hanover (€ 176.4 million), whose earnings situation was dominated by the deposit of shares in Continental Holding France SARL, Sarreguemines, France, into a subsidiary. In addition income was received from investments in Continental Teves AG & Co. oHG, Frankfurt am Main (€ 206.5 million) and ContiTech Universe Verwaltungs GmbH, Hanover (€ 36.2 million).

The sale of treasury stock in 2003 resulted in income of € 16.8 million.

In total, Continental AG generated earnings before taxes of € 163.8 million (2002: € 308.2 million). Unlike the previous year, there was no extraordinary expense from subsidies paid to Continental Automotive Inc., Wilmington, U.S.A. (2002: € 200.0 million).

The tax expense amounted to € 157.7 million. All items considered, net income totaled € 6.1 million; after withdrawals from the reserve for treasury stock including the retained profits brought forward from the previous year, this resulted in a net retained profit of € 71.0 million.

**Dividend** | A proposal will be made to the Annual Shareholders' Meeting to distribute a dividend of € 0.52 per no-par share for 2003. Assuming that the Annual Shareholders' Meeting approves the proposed dividend, the payout will amount to € 70.4 million.

**Net assets and financial position** | The balance sheet total increased by 0.6% compared with the previous year to € 4,286.7 million.

On the assets side, investments dropped on balance by € 249.2 million, primarily as a result of repayments and of principal write-downs. By contrast, cash and cash equivalents were up € 142.8 million.

Balance sheet equity was down € 36.6 million on the previous year to € 1,438.2 million, and the equity ratio amounted to 33.6% (2002: 34.6%).

Net indebtedness dropped € 159.6 million to € 868.0 million after deduction of cash and cash equivalents.

**Capital expenditure** | The main focus of capital expenditure in property, plant and equipment in 2003 was on modernization, with the aim of increasing efficiency and achieving further cost optimization.

**Personnel and welfare** | The number of employees as of December 31, 2003 declined by 139 to 7,617, including trainees. Training is highly important to the Company.

	Dec. 31, 2003	Dec. 31, 2002
Wage earners	4,281	4,414
Salaried employees	3,021	3,014
<b>Trainees</b>	<b>315</b>	<b>328</b>

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

**Research and development** | Our research and development activities are an integral part of the Corporation's structures.

**Risks of future developments** | Due to its global business, Continental is exposed to a number of risks that are inherent in entrepreneurial activities. As in previous years, there is still a risk that the forecasted recovery for the global economy will turn out weaker or fail to materialize, which could have negative effects on the Company. In addition, flat or even falling production volumes at automobile manufacturers could pose risks for our sales in volume and monetary terms, as well as our earnings. It should also be noted that the vehicle manufacturers themselves are increasingly being impacted simultaneously by innovation, cost-cutting pressure, and continually shorter product development cycles, and are trying to pass this cost pressure on to their suppliers.

Continental mitigates operating risks, like the risks of increasing procurement costs or product quality risks, by taking specific organizational measures. On the purchasing side, appropriate agreements have been concluded with suppliers, and as for the quality of our products, a comprehensive quality management system has been installed.

**Risk Management** | Continental AG has a corporate-wide risk management system that enables management to receive early warning of risks and to exploit suitable opportunities. This system covers the recognition, evaluation and reporting of risks and is integrated into the corporate-wide strategy, planning and budgeting processes. The system provides an extensive itemization of risks, their status and key changes as part of the regular reporting procedures. Responsibility for risk handling and control lies with the management concerned. A risk committee and regular internal audits support the process as a whole. In 2003, activities focused again on the areas of interest and currency management, as well as insurance coverage. In addition, special atten-



tion was paid to product quality. The Company is not aware of any risks posing a threat to its continued existence. The risk management system was audited by the auditors. It fully complies with the requirements of section 91 (2) of the *Aktiengesetz* (AktG – German Stock Corporation Act).

**Events subsequent to fiscal 2003** | After the end of 2003 there were no events of material importance to Continental AG that could lead to a different evaluation of the Company.

**Outlook** | We expect that total passenger car production in 2004 will remain at the level of the previous year, however with a slight decline in Western Europe and a strong increase in Eastern Europe. We anticipate that production in North America will also be at the prior year's level. We expect to break even on an operating basis in our passenger and light truck tires business in North America during the fourth quarter of 2005.

As regards truck output, we are expecting to see a slight rise in Western Europe and a strong increase in the NAFTA region.

For 2004 we are anticipating a further increase in sales and an improved operating result.

## CONTINENTAL AKTIENGESELLSCHAFT

### STATEMENT OF INCOME

€ millions	See Note	2003	2002
<b>Sales</b>	13	<b>2,035.6</b>	<b>1,913.9</b>
Cost of sales		1,560.6	1,441.1
<b>Gross profit on sales</b>		<b>475.0</b>	<b>472.8</b>
Selling expenses		214.9	200.0
General administrative expenses		71.7	71.0
Other operating income	14	195.5	188.0
Other operating expenses	15	184.9	154.8
Net income/loss from financial activities	16	- 35.2	73.2
<b>Earnings before taxes</b>		<b>163.8</b>	<b>308.2</b>
Extraordinary expense		-	- 200.0
Income tax expense		157.7	105.8
<b>Net income for the year</b>		<b>6.1</b>	<b>2.4</b>
Retained profits brought forward from the previous year		0.4	2.1
Transfer from the reserve for treasury stock		64.5	55.7
Transfer to other surplus reserve		-	1.2
<b>Retained earnings</b>		<b>71.0</b>	<b>59.0</b>

## BALANCE SHEET

### Assets

€ millions	See Note	Dec. 31, 2003	Dec. 31, 2002
Intangible assets	1	47.3	34.1
Property, plant, and equipment	1	135.0	150.2
Investments	2	2,473.0	2,722.2
<b>Fixed assets and investments</b>		<b>2,655.3</b>	<b>2,906.5</b>
Inventories	3	136.6	117.5
Accounts receivable and other assets	4	1,026.8	908.9
Marketable securities/cash and cash equivalents	5	462.1	319.3
<b>Current assets</b>		<b>1,625.5</b>	<b>1,345.7</b>
<b>Prepaid expenses</b>	6	<b>5.9</b>	<b>10.2</b>
		<b>4,286.7</b>	<b>4,262.4</b>

### Shareholders' Equity and Liabilities

€ millions	See Note	Dec. 31, 2003	Dec. 31, 2002
Common stock	7	346.7	344.4
Additional paid-in capital	8	985.8	972.2
Surplus reserves	9	34.7	99.2
Retained earnings		71.0	59.0
<b>Shareholders' equity</b>		<b>1,438.2</b>	<b>1,474.8</b>
<b>Special tax-allowable reserves</b>	10	<b>6.4</b>	<b>33.5</b>
<b>Provisions</b>	11	<b>655.0</b>	<b>641.5</b>
<b>Liabilities</b>	12	<b>2,187.1</b>	<b>2,112.6</b>
		<b>4,286.7</b>	<b>4,262.4</b>

## STATEMENT OF CHANGES IN FIXED ASSETS AND INVESTMENTS

€ millions	Acquisition/Construction cost				Dec. 31, 2003
	Jan. 1, 2003	Additions	Transfers	Disposals	
Franchises, operating licenses, industrial property and similar rights and assets, and licenses for such rights and assets	142.4	5.5	1.5	0.6	148.8
Advances to suppliers	10.9	22.4	- 1.5	-	31.8
<b>Intangible assets</b>	<b>153.3</b>	<b>27.9</b>	<b>-</b>	<b>0.6</b>	<b>180.6</b>
Land, land rights, and buildings including buildings on land not owned	162.5	0.4	2.8	22.5	143.2
Technical equipment and machinery	441.6	8.9	7.3	5.5	452.3
Other equipment, factory, and office equipment	251.7	21.7	1.7	12.3	262.8
Advances to suppliers and assets under construction	15.5	9.6	- 11.8	-	13.3
<b>Property, plant, and equipment</b>	<b>871.3</b>	<b>40.6</b>	<b>-</b>	<b>40.3</b>	<b>871.6</b>
Shares in affiliated companies	2,945.7	268.5	-	70.3	3,143.9
Shares in associated companies	89.3	-	-	2.2	87.1
Other loans granted	2.1	-	-	0.1	2.0
<b>Investments</b>	<b>3,037.1</b>	<b>268.5</b>	<b>-</b>	<b>72.6</b>	<b>3,233.0</b>
	<b>4,061.7</b>	<b>337.0</b>	<b>-</b>	<b>113.5</b>	<b>4,285.2</b>

Depreciation/Amortization				Net book values	
Jan. 1, 2003	Additions	Disposals	Dec. 31, 2003	Dec. 31, 2003	Dec. 31, 2002
119.2	14.6	0.5	133.3	15.5	23.2
-	-	-	-	31.8	10.9
<b>119.2</b>	<b>14.6</b>	<b>0.5</b>	<b>133.3</b>	<b>47.3</b>	<b>34.1</b>
125.9	5.2	15.7	115.4	27.8	36.6
384.6	16.2	4.6	396.2	56.1	57.0
210.6	24.9	10.5	225.0	37.8	41.1
-	-	-	-	13.3	15.5
<b>721.1</b>	<b>46.3</b>	<b>30.8</b>	<b>736.6</b>	<b>135.0</b>	<b>150.2</b>
310.3	446.8	-	757.1	2,386.8	2,635.4
3.9	-	1.7	2.2	84.9	85.4
0.7	-	-	0.7	1.3	1.4
<b>314.9</b>	<b>446.8</b>	<b>1.7</b>	<b>760.0</b>	<b>2,473.0</b>	<b>2,722.2</b>
<b>1,155.2</b>	<b>507.7</b>	<b>33.0</b>	<b>1,629.9</b>	<b>2,655.3</b>	<b>2,906.5</b>

## CONTINENTAL AKTIENGESELLSCHAFT NOTES

**Preliminary remarks** | The financial statements of Continental Aktiengesellschaft were prepared in accordance with the provisions of the Handelsgesetzbuch (HGB – German Commercial Code) as well as the supplementary provisions of the *Aktiengesetz* (AktG – German Stock Corporation Act).

We have summarized individual items of the balance sheet and statement of income to improve clarity. These items are shown separately in the notes.

### Accounting Policies

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

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

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

The probable useful lives of intangible assets and property, plant, and equipment are based on the tax depreciation tables.

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

The statement of income has been prepared using the cost of sales method in line with customary international practice.

A full list of the Corporation's shareholdings has been filed with the commercial register of the Hanover Local Court under HRB No. 3527.

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

Raw materials, consumables, supplies, and merchandise are carried at acquisition or production cost or at the lower fair value. All inventories of natural rubber are valued using the LIFO method. Finished goods and work in progress are carried at production cost. The production costs comprise directly attributable costs and proportionate material and production overheads, as well as depreciation. Write-downs take account of inventory risks resulting from impaired marketability or excessive storage periods. Advances from customers are deducted outright from the inventories.

Other assets and amounts receivable are carried at their principal amount, with appropriate valuation allowances taking account of all identifiable risks. Global valuation allowances are recognized for the general credit risk.

**Equity and liabilities** | Provisions for pensions and similar obligations are measured on the basis of actuarial calculations in accordance with FAS 87, and are based on the 1998 mortality tables published by Professor Klaus Heubeck, adjusted to comply with international principles. The other provisions have been set up for all identifiable risks, uncertain obligations and expected losses on the basis of prudent business practice. Provisions have been set up for deferred maintenance to be performed by March 31, 2004 in the amount of the forecasted expense.

Currency hedges not settled by the balance sheet date are stated at their agreed forward rate. Unrealized losses arising from comparison with the forward rate for the same maturity at balance sheet date are accrued. Unrealized gains are not considered, and there is no netting of gains and losses.

Liabilities are carried at their redemption amount.

**Statement of income** | The cost of sales comprises all variable and fixed costs for production, the cost of purchasing merchandise, and allocations paid to affiliated companies to cover research and development expenses.

The selling expenses include all variable selling expenses as well as the fixed costs for sales-related functions.

General administrative expenses relate to the cost of the finance, administration, human resources and holding functions.

Business transactions in foreign currency are valued at the exchange rate on the date the transaction is first entered in the accounts or, if hedged, at their hedged rates. Unrealized losses from exchange rates at the balance sheet date are covered by appropriate provisions charged to income. Unrealized exchange gains are not stated.

## NOTES TO THE BALANCE SHEET, ASSETS

### 1 | Intangible Assets and Property, Plant and Equipment

Individual asset items and their changes versus the previous year are shown in the Statement of Changes in Fixed Assets and Investments.

Depreciation and amortization contains tax depreciation in accordance with section 6b of the *Einkommensteuergesetz* (EStG – Income Tax Law) amounting to € 3.2 million.

### 2 | Investments

The increase in shares in affiliated companies was primarily due to acquisitions of holdings (mainly Continental Sime Tyre Sdn. Bhd., Malaysia, and Continental Tyre Investment Ltd., West Drayton, UK) as well as to increases of capital stock (mainly Continental do Brasil Produtos Autom. Ltda.,

São Paulo, Brazil, and Continental Tire of Moscow Z.A.O, Russia). These were partially offset by a reduction of share capital at Conti Gummi Finance B.V., Amsterdam, The Netherlands. Write-downs were mainly necessary on the shares in Continental Automotive Inc., Wilmington, U.S.A.

### 3 | Inventories

in € thousands	Dec. 31, 2003	Dec. 31, 2002
Raw materials, consumables and supplies	28,586	24,730
Work in progress	22,571	17,403
Finished goods and merchandise	86,144	75,133
Advances to suppliers	407	404
Advances from customers	- 1,133	- 193
	<b>136,575</b>	<b>117,477</b>

The difference between inventory valuation at current acquisition cost and according to the LIFO principle amounts to € 3.4 million.

## 4 | Accounts Receivable and Other Assets

in € thousands	Dec. 31, 2003		Dec. 31, 2002	
	Total	thereof with a maturity of > 1 year	Total	thereof with a maturity of > 1 year
Trade accounts receivable	179,889	1,054	168,553	1,990
Accounts receivable from affiliated companies	797,785	–	711,402	–
Accounts receivable from associates	3,155	–	1,815	–
Other assets and amounts receivable	45,991	11,665	27,128	10,343
	<b>1,026,820</b>	<b>12,719</b>	<b>908,898</b>	<b>12,333</b>

## 5 | Marketable Securities/Cash and Cash Equivalents

in € thousands	Dec. 31, 2003	Dec. 31, 2002
Marketable securities	–	64,468
Cash in hand and central bank balances	236	466
Bank balances	460,377	253,854
Checks	1,537	520
	<b>462,150</b>	<b>319,308</b>

The securities item for 2002 only contained treasury stock (4.3 million shares, corresponding to 3.2% or € 11.0 million of the share capital) that was acquired under the authoriza-

tion resolved by the Annual Shareholders' Meeting on May 19, 2000. The entire treasury stock was sold via the stock exchange in 2003 for a total of € 81.3 million.

## 6 | Prepaid Expenses

in € thousands	Dec. 31, 2003	Dec. 31, 2002
Loan redemption premium	4,628	8,348
Other prepaid expenses	1,244	1,900
	<b>5,872</b>	<b>10,248</b>

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

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



## SHAREHOLDERS' EQUITY AND LIABILITIES

### 7 | Subscribed Capital

The subscribed capital increased by € 1.1 million over the previous year due to the issuance of 428,375 employee shares, by a further € 0.7 million due to the issuance of 257,626 shares following the exercise of conversion rights, and by € 0.5 million due to the issuance of 213,000 shares following the exercise of subscription rights.

The common stock of the Company amounts to € 346,681,233.92 at the balance sheet date and is composed of 135,422,357 bearer shares.

As a result of the resolution adopted at the Annual Shareholders' Meeting on May 23, 2001, the Company has authorized capital stock of € 166.0 million for the issuance of new shares up to May 22, 2006.

Following the resolution adopted at the Annual Shareholders' Meeting on May 29, 2002, the Company has authorized capital stock (originally € 5.7 million) for the issuance of employee shares up to May 28, 2007. This authorized capital has been reduced to € 3.7 million through the issuance of employee shares.

184,800 of the conversion rights granted under the 1996 stock option plan for members of the Executive Board and senior executives have not yet been exercised. The option holders are entitled to convert for every € 0.51 of the related loan into one share of Continental AG. Conversions car-

ried out in 2003 led to the issuance of 257,200 shares. 1,381,840 of the total of 1,564,664 subscription rights have been used under the stock option plan set up in 1999 for members of the Executive Board and senior executives. Each option entitles the option holder to subscribe for one share. 981,340 of the issued rights are still outstanding. 213,000 shares were issued in 2003.

The nominal € 250 million, 2%-coupon convertible bond issued on October 25, 1999 with a maturity in 2004 entitles the bond holders to subscribe for 38.83 shares in exchange for converting a principal bond in the amount of € 1,000. This represents an entitlement of 9,707,500 no-par value shares. Conversion rights exercised during 2003 led to 426 shares being issued. Conversions are only entitled to a dividend as of the year in which the rights are exercised.

The Annual Shareholders' Meeting on May 23, 2001 resolved a conditional capital increase of € 140.0 million to grant conversion or option rights for new convertible or warrant bonds.

Under the resolution adopted at the Annual Shareholders' Meeting on June 1, 1999, the common stock may be conditionally increased by up to € 29 million for the purposes of issuing conversion and option rights under new convertible bonds or warrants.

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

in € thousands	
Conditional capital as of January 1, 2003	170,688
Exercised conversion and subscription rights	1,205
<b>Conditional capital as of December 31, 2003</b>	<b>169,483</b>

## 8 | Additional Paid-In Capital

The premium derived from the issuance of shares in excess of their nominal value increased the additional paid-in capital by € 13.6 million. As a result, the additional paid-in capital amounted to € 985.8 million at the balance sheet date.

## 9 | Surplus Reserves

<b>in € thousands</b>	<b>Dec. 31, 2003</b>	<b>Dec. 31, 2002</b>
Reserve for treasury stock	–	64,468
Other surplus reserves	34,690	34,690
	<b>34,690</b>	<b>99,158</b>

Withdrawals from the reserve for treasury stock in the amount of € 64,468 thousand are due to the sale of the remaining treasury stock on the stock exchange.

## 10 | Special Tax-Allowable Reserves

<b>in € thousands</b>	<b>Dec. 31, 2003</b>	<b>Dec. 31, 2002</b>
Write-ups of financial assets	–	31,960
Reserve in accordance with section 6b of the <i>Einkommensteuergesetz</i> (EStG – Income Tax Act)	6,424	1,503
	<b>6,424</b>	<b>33,463</b>

The special tax-allowable reserves at the balance sheet date included a reserve in accordance with section 6b of the *Einkommensteuergesetz* (EStG – Income Tax Act). The reserve for write-ups of financial assets in accordance with section

52 (16) of the EStG as amended by the *Steuerentlastungsgesetz 1999/2000/2002* (German Tax Relief Act) was reversed as scheduled for the last time in 2003.

## 11 | Provisions

<b>in € thousands</b>	<b>Dec. 31, 2003</b>	<b>Dec. 31, 2002</b>
Pensions and similar obligations	251,918	237,410
Taxes	173,728	184,455
Other provisions	229,253	219,606
	<b>654,899</b>	<b>641,471</b>

Pension provisions are determined in accordance with U.S. GAAP (FAS 87). The interest rate for accounting purposes was lowered from 5.75% the previous year to 5.50% in 2003.

Other provisions cover identifiable risks and other uncertain obligations. In particular, they contain provisions for warranties, bonus payments, personnel and social security expenses, deferred maintenance and holiday and anniversary provisions.

## 12 | Liabilities

Tsd €	Dec. 31, 2003	thereof		Dec. 31, 2002	thereof	
		< 1 year	> 5 years		< 1 year	> 5 years
Loans, convertible	266,846	266,664	-	266,984	-	-
Non-convertible	514,689	14,689	500,000	503,495	3,495	500,000
Liabilities to banks	88,536	68,162	-	264,111	102,844	-
Trade accounts payable	87,583	87,583	-	69,934	69,934	-
Liabilities on bills accepted and drawn	23	23	-	23	23	-
Liabilities to affiliated companies	1,042,473	860,818	-	751,907	751,907	-
Liabilities to associated companies	3,527	3,527	-	5,247	5,247	-
Other liabilities	183,512	123,512	-	250,979	190,979	-
thereof taxes	(836)	-	-	(1,796)	-	-
thereof for social security	(10,063)	-	-	(9,663)	-	-
	<b>2,187,189</b>	<b>1,424,978</b>	<b>500,000</b>	<b>2,112,680</b>	<b>1,124,429</b>	<b>500,000</b>

**Commitments and contingencies** | The liabilities from bills of exchange result from the discounting of trade bills. The liabilities from warranties, sureties and guarantees relate, with the exception of € 5.6 million, to liabilities incurred by our subsidiaries and equity interests, and primarily to sureties and guarantees amounting to € 679.3

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

in € thousands	Dec. 31, 2003	Dec. 31, 2002
Liabilities from bills of exchange	28,056	39,143
Liabilities from warranties	73,935	61,231
Liabilities from guarantees	820,963	811,152
Liabilities from sureties	3,313	3,115
Liability from shares in cooperative societies	28	28
Joint liability for pension obligations	35,388	37,334

**Other financial commitments** | Obligations in 2004 and later relate to rental and leasing contracts for real estate used for operations (€ 88.2 million), outsourced hardware and software (€ 89.8 million) as well as machinery, and

operating and office equipment (€ 32.7 million). Liabilities from orders relating to investments in fixed assets amount to € 22.1 million.

## NOTES TO THE STATEMENT OF INCOME

### 13 | Sales

in € millions	2003	2002
<b>Broken down by business segment</b>		
Tires	1,847.4	1,722.5
Other income	188.2	191.4
	<b>2,035.6</b>	<b>1,913.9</b>
<b>Broken down by region</b>		
Germany	1,007.8	954.1
Rest of Europe	939.9	858.8
Rest of the world	87.9	101.0
	<b>2,035.6</b>	<b>1,913.9</b>

### 14 | Other Operating Income

in € thousands	2003	2002
Income from the disposal of fixed assets	14,945	18,203
Income from the reversal of provisions	1,514	1,067
Income from the reversal of special tax-allowable reserves	33,463	31,960
Other income	145,534	136,814
	<b>195,456</b>	<b>188,044</b>

Income from the disposal of fixed assets is mainly due to € 10.5 million from the sale of land in Cologne-Nippes. Other income contains allocations to other consolidated

companies amounting to € 100.7 million (2002: € 88.2 million). In addition, this item also includes ongoing income from other ancillary business and other income.

### 15 | Other Operating Expenses

in € thousands	2003	2002
Losses from the disposal of fixed assets	300	387
Losses from write-downs of current assets (excluding inventories)	4,625	2,752
Transfer to special tax-allowable reserves	6,424	1,503
Other expenses	172,018	148,684
Other taxes	1,487	1,435
	<b>184,854</b>	<b>154,761</b>

The other expenses comprise cost allocation expenses in the amount of € 100.7 million (2002: € 88.2 million) in particular, along with expenses for ancillary business.

## 16 | Net Income From Financial Activities

<b>in € thousands</b>	<b>2003</b>	<b>2002</b>
Income from profit and loss transfer agreements	224,148	143,548
Income from investments		
in affiliated companies	253,170	274,351
in associated companies	1,021	4,653
in other companies	265	423
Loss absorption from profit and loss transfer agreements	- 206	- 4,584
<b>Earnings from investments</b>	<b>478,398</b>	<b>418,391</b>
Income from other investments and long-term loans	78	82
Other interest and similar income		
from affiliated companies	17,145	21,763
from other companies	8,171	9,873
Interest and similar expenses		
to affiliated companies	- 15,393	- 15,526
to other companies	- 76,805	- 90,613
<b>Net interest expense</b>	<b>- 66,804</b>	<b>- 74,421</b>
<b>Amortization of financial assets and investments classified as current assets</b>	<b>- 446,803</b>	<b>- 270,750</b>
<b>Net loss/income from financial activities</b>	<b>- 35,209</b>	<b>73,220</b>

## Other Disclosures

<b>Cost of materials in € thousands</b>	<b>2003</b>	<b>2002</b>
Cost of raw materials, consumables and supplies, and of purchased merchandise	1,052,155	891,254
Cost of purchased services	105,135	88,370
	<b>1,157,290</b>	<b>979,624</b>

<b>Personnel expense in € thousands</b>	<b>2003</b>	<b>2002</b>
Wages and salaries	346,791	337,551
Social security costs and other pension costs	92,594	82,052
thereof for retirement benefits	(27,101)	(19,307)
	<b>439,385</b>	<b>419,603</b>

<b>Average number of employees per quarter</b>	<b>2003</b>	<b>2002</b>
Wage earners	4,337	4,448
Salaried employees	3,020	3,025
	<b>7,357</b>	<b>7,473</b>

**Notice in accordance with the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act)** | Allianz Aktiengesellschaft, Munich, Germany, informed us in June 2003 in accordance with section 21 (1) of the WpHG that its share of the voting rights had fallen below the 5% threshold of Continental AG's voting stock, and that it now holds a 4.97% share of the voting rights. 4.96% of that share is held by Allianz Aktiengesellschaft pursuant to section 22 (1), sentence 1, no. 1, of the WpHG, and 0.01% pursuant to section 22 (1), sentence 1, no. 6, of the WpHG. The Capital Group Companies Inc., Los Angeles, U.S.A., and its subsidiary Capital Research & Management Company, Los Angeles, U.S.A., informed us in October 2003 that their share of Continental AG's voting stock had exceeded the 5% threshold, amounting to 5.139% on September 25, 2003. The voting rights are held by Capital Research & Management Company pursuant to section 22 (1), sentence 1, no. 6, of the WpHG and assigned to The Capital Group Companies Inc. pursuant to section 22 (1), sentence no. 6 in conjunction with (1), sentences 2 and 3 of the WpHG. In its letter dated February 26, 2004, Alliance Capital Management Corporation, New York, U.S.A., informed us that Alliance Capital Management L.P., New York, U.S.A., had on that date exceeded the threshold of 5% of Continental AG's voting stock. Alliance Capital Management L.P. holds a 9.84% share of the voting rights, assignable pursuant to section 22 (1), sentence 1, no. 6, of the WpHG.

In 2003 and up to and including March 9, 2004, the total shareholdings of the Supervisory Board and the Executive Board amounted to less than 1% of the outstanding shares. In 2003, Continental AG announced in accordance with section 15a of the WpHG that two members of the Executive Board had acquired and immediately sold a total of 66,000 shares under a stock option plan. In addition, one member of the Supervisory Board acquired and sold a total of 4,000 shares.

**German Corporate Governance Code/Declaration in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act)** | On December 12, 2003, the Executive Board and the Supervisory Board issued their annual declaration in accordance with section 161 of the Aktiengesetz and made it available to the shareholders via our website [www.conti-online.com](http://www.conti-online.com).

**Remuneration of the Supervisory Board and the Executive Board** | The remuneration granted to Continental AG's Executive Board in 2003 totaled € 5.4 million (2002: € 5.4 million), of which fixed compensation components amounted to € 2.6 million and variable remuneration components to € 2.8 million. In addition, former members of the Executive Board and their surviving dependents received payments totaling € 3.8 million (2002: € 6.6 million).

Accrued obligations for pensions for former members of the Executive Board and their surviving dependents amounted to € 63.4 million (€ 51.0 million). The remuneration of the members of the Supervisory Board of Continental AG amounted to € 1.1 million in 2003 (2002: € 0.9 million). € 1.0 million (2002: € 0.8 million) of this was attributable to variable components. Members of the Executive Board were granted 41,840 stock options on Continental shares (2002: 82,500) under the 1999 stock option plan. The stock options granted in 2003 are worth € 0.2 million. As of December 31, 2003, no advances or loans had been granted to members of Continental AG's Executive and Supervisory Boards.

**Proposal for the distribution of earnings** | After withdrawals from the reserve for own shares of € 64,468,262.10, net retained profits amount to € 70,982,983.26. Assuming that the Annual Shareholders' Meeting approves the proposed dividend, the dividend-bearing capital will amount to € 346,681,233.92. The Executive Board will propose to the Annual Shareholders' Meeting that a dividend of € 0.52 per share (€ 70,419,625.64) be paid to shareholders and that the remaining retained earnings of € 563,357.62 be carried forward on new account.

Hanover, March 9, 2004

Continental Aktiengesellschaft

The Executive Board

## AUDITORS' REPORT

We have audited the annual financial statements, together with the bookkeeping system, and the management report of Continental Aktiengesellschaft, Hanover, for the business year from January 1 to December 31, 2003. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with the Handelsgesetzbuch (HGB – German Commercial Code) are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the management report, based on our audit.

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

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

Our audit has not led to any reservations.

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

Hanover, March 10, 2003

KPMG Deutsche Treuhand-Gesellschaft  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Zehnder	Papenberg
Wirtschaftsprüfer	Wirtschaftsprüfer

## THE SUPERVISORY BOARD

### Members of the Supervisory Board of Continental AG

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

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

Allianz Versicherungs-AG, Munich, Germany | Deutsche Telekom AG, Bonn, Germany | MAN Aktiengesellschaft, Munich, Germany | SAI Automotive AG, Frankfurt/Main, Germany (until June 2003) | Schindler Holding AG, Hergiswil, Switzerland

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

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

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

Bankgesellschaft Berlin AG, Berlin, Germany | Berlin-Hannoversche Hypothekenbank AG, Hanover-Berlin, Germany | Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen, Germany\*\* | CeWe Color Holding AG, Oldenburg, Germany | DekaBank Deutsche Kommunalbank, Frankfurt/Main, Germany | LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hanover/Berlin, Germany\*\* (Chairman) | LHI Leasing GmbH, Munich, Germany (Chairman) | MHB Mitteleuropäische Handelsbank AG Deutsch-Polnische Bank, Frankfurt/Main Germany (Chairman) | Provinzial Lebensversicherung Hannover, Hanover, Germany | NORD/LB Luxembourg S.A., Luxembourg\*\* (Chairman) | Skandifinanz AG, Zurich, Switzerland\*\*

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

Allianz AG, Munich, Germany | Beiersdorf AG, Hamburg, Germany | KarstadtQuelle AG, Essen, Germany | KM Europa Metal AG, Osnabrück, Germany (Chairman) | mg technologies ag, Frankfurt/Main, Germany (until June 2003) |

Banco Popular Español, Madrid, Spain | BPI Banco Portugues de Investimento, Porto, Portugal | Crédit Lyonnais, Paris, France | EULER & Hermes, Paris, France | Les Assurances Générales de France (AGF), Paris, France

**Prof. Dr.-Ing. E.h. Werner Breitschwerdt | Consultant**  
Dornier GmbH, Friedrichshafen, Germany (until April 2003) | Ed. Züblin AG, Stuttgart, Germany | MTU Motoren- und Turbinen-Union Friedrichshafen GmbH, Friedrichshafen, Germany | DaimlerChrysler of South Africa (Pty.) Ltd., Pretoria, South Africa | Mercedes-Benz USA, Montvale, U.S.A.

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

**Walter Flecken | Member of the Management Board, Region North of Deutsche Bank AG**  
(Member of the Supervisory Board until January 20, 2003)

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

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

**Prof. Dr.-Ing. E.h. Hans-Olaf Henkel | President of Wissenschaftsgemeinschaft Gottfried Wilhelm Leibniz**  
Bayer AG, Leverkusen, Germany | DaimlerChrysler Aerospace AG, Munich, Germany | Deutsche Industriebank AG (IKB), Düsseldorf, Germany | SMS AG, Düsseldorf, Germany | ETF, Massagno, Switzerland (until June 2003) | Orange SA, Paris, France | Ringier AG, Zofingen, Switzerland



**Karl-Heinz Hilker\* | Electrician**

**Former Chairman of the Employee Council for the Vahrenwald Plant and Deputy Chairman of the Joint Employee Council**

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

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

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

**Hartmut Meine\* | District Manager of IG Metall (Metalworkers' Union) for Lower Saxony and Saxony-Anhalt**  
KM Europa Metal AG, Osnabrück, Germany

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

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

AtosOrigin S.A., Paris, France (since January 2004) | LG.Philips LCD Co., Ltd., Seoul, Korea (Chairman) | LG.Philips Display Holding BV, Eindhoven, The Netherlands | Philips Venture Capital Fund B.V., Eindhoven, The Netherlands\*\* | Philips Electronics China B.V., Eindhoven, The Netherlands\*\*  
(Member of the Supervisory Board since January 22, 2003)

**Dr. Thorsten Reese\* | Head of Corporate Quality and the Environment**  
(Member of the Supervisory Board since March 3, 2003)

**Prof. Dr. Rainer Stark\* | Former Head of Quality and Environmental Projects**  
(Member of the Supervisory Board until February 28, 2003)

**Fred G. Steingraber | Chairman Board Advisors, U.S.A.**  
**Retired Chairman and CEO, A.T. Kearney**  
John Hancock Financial Trends Fund, Boston, Massachusetts, U.S.A. | Maytag Corporation, Newton, Iowa, U.S.A. | 3i plc, London, UK

**Dirk Sumpf\* | Former Trade Union Secretary, IG Bergbau, Chemie, Energie (Union of Mining, Chemical, and Energy Industries)**  
(Member of the Supervisory Board until May 31, 2003)

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

Allianz AG, Munich, Germany (until April 2003) | Allianz Lebensversicherungs-AG, Stuttgart, Germany (since April 2003) | Bankhaus Reuschel & Co., Munich, Germany (Chairman) | Dresdner Bank AG, Frankfurt/Main, Germany | E.ON AG, Düsseldorf, Germany (until April 2003) | KarstadtQuelle AG, Essen, Germany (until May 2003) | OSRAM GmbH, Munich, Germany (since January 2003) | Quelle AG, Fürth, Germany | TUI AG, Hanover, Germany | Wacker Chemie GmbH, Munich, Germany | ABB Ltd., Zurich, Switzerland

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

ABB AG, Mannheim, Germany (until March 2003) | BEGO Medical AG, Bremen, Germany | Heidelberger Zement AG, Heidelberg, Germany | O&K Orenstein & Koppel AG, Berlin, Germany (Chairman) (until March 2003) | Südzucker AG, Mannheim, Germany (until July 2003) | Benetton Group S.p.A., Ponzano, Treviso, Italy | Ducati Motor Holding S.p.A., Bologna, Italy | Piaggio Holding S.p.A., Pontedera, Italy (until October 2003)

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

(Member of the Supervisory Board since June 3, 2003)

**Members of the Supervisory Board Committees |**

**1. Chairman's Committee, and Mediation Committee required under section 27 (3) of the *Mitbestimmungsgesetz (MitbestG – German Co-determination Act)***

Dr. Hubertus von Grünberg, Chairman of the Chairman's Committee

Richard Köhler  
H. Peter Hüttenmeister  
Dr. Ulrich Weiss

**2. Audit Committee**

Dr. Bernd W. Voss, Chairman  
Michael Deister  
Dr. Hubertus von Grünberg  
Richard Köhler

\* Employee representative

\*\* Consolidated companies pursuant to section 100 (2) of the *Aktiengesetz (AktG – German Stock Corporation Act)*

## THE EXECUTIVE BOARD

### Members of the Executive Board of Continental AG

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

**Manfred Wennemer | Chairman**

**ContiTech**

**Passenger and Light Truck Tires (until January 31, 2003)**

**Human Resources, Director of Labor Relations**

**(until June 30, 2003)**

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

**Dr. Wolfgang Ziebart | Deputy Chairman**

**Continental Automotive Systems**

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

**Dr. Alan Hippe | Finance, Controlling and Law**

Hamburg-Mannheimer Versicherungs-AG, Hamburg Germany (since November 2003) | Hamburg-Mannheimer Sachversicherungs-AG, Hamburg, Germany (since November 2003) | Continental Automotive, Inc., Wilmington, U.S.A.\* | Continental Rubber of America, Corp., Wilmington, U.S.A.\* | Continental Teves, Inc., Wilmington, U.S.A.\* | Continental Tire North America, Inc., Charlotte, U.S.A.\* | ContiTech North America, Inc., Wilmington, U.S.A.\* | Temic Automotive of North America, Inc., Auburn Hills, U.S.A.\*

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

CG Tire, Inc., Charlotte, North Carolina, U.S.A.\* | CGT Referral Resources, Inc., Charlotte, North Carolina, U.S.A.\* | Compañía Hulera Euzkadi, S.A. de C.V., México D.F., Mexico\* | Continental Automotive, Inc., Wilmington, Delaware, U.S.A.\* | Continental Automotive Licensing Corp., Charlotte, North Carolina, U.S.A.\* | Continental Llantera Potosina, S.A. de C.V., México D.F., Mexico\* | Continental Products Corporation, Charlotte, North Carolina, U.S.A.\* | Continental Tire de México, S.A. de C.V., México D.F., Mexico\* | Continental Tire North America, Inc., Charlotte, North Carolina, U.S.A.\* | Continental Tire Servicios, S.A. de C.V., México D.F., Mexico\* | CTNA Holding Corp., Charlotte, North Carolina, U.S.A.\* | Dynagen, Inc., Charlotte, North Carolina, U.S.A.\* | Englewood Services, Inc., Charlotte, North Carolina, U.S.A.\* | General Tire de México, S.A. de C.V., México D.F., Mexico\* | General Tire International Company, Charlotte, North Carolina, U.S.A.\* | Temic Automotive of North America, Inc., Auburn Hills, Michigan, U.S.A.\* | The Continental General Tire Foundation, Charlotte, North Carolina, U.S.A.\*  
(all since February 2003)

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

TÜV Nord-Gruppe, Hamburg, Germany | Continental Sime Tyre Sdn. Bhd., Petaling Jaya, Malaysia\* (since October 2003) | Continental Tire North America, Inc., Charlotte, U.S.A.\* | Continental Tyre South Africa (PTY) Limited, Port Elizabeth, South Africa\* | Drahtcord Saar GmbH & Co. KG, Merzig, Germany | KG Deutsche Gasrußwerke GmbH & Co., Dortmund, Germany\* | Semperit Reifen Gesellschaft m.b.H., Traiskirchen, Austria\* (Chairman)

**Thomas Sattelberger | Human Resources, Director of Labor Relations (since July 1, 2003)**

**Manager with General Powers of Attorney**

**Werner P. Paschke | Controlling and Accounting (until May 31, 2003)**

\* Consolidated companies pursuant to section 100 (2) of the *Aktiengesetz* (AktG – German Stock Corporation Act)

## FINANCIAL CALENDAR

### 2004

Financials press conference	March 30
Analyst conference	March 30
Interim report as of March 31, 2004	May 4
Annual Shareholders' Meeting	May 14
Interim report as of June 30, 2004	August 2
Interim report as of September 30, 2004	November 3

### 2005

Financials press conference	March
Analyst conference	March
Interim report as of March 31, 2005	May
Annual Shareholders' Meeting	May 12
Interim report as of June 30, 2005	July
Interim report as of September 30, 2005	October

This Annual Report is also published in German.

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

If you wish to receive copies of any of these reports, please contact:

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