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Outside cover: The outside front and rear cover image shows shear plates used in viscous traction control devices produced by Viscodrive, a Japan-based subsidiary in which Tochihi Fuji Sangyo has a 49% shareholding. GKN also has a wholly-owned business in Italy which produces viscous devices. These plates are precisely engineered components which, by adjusting the rate of shear within a silicon-based fluid, can alter its viscosity. In a traction control device this process is used to control the transmission of energy to a vehicle's driving wheels allowing it to respond to variable driving conditions.

Inside cover: The inside front and rear cover image shows the Ahmednagar plant of GKN Sinter Metals (India). Featured on the inside front cover is Mr Bharat Singh (right), a sizing operator, and on the inside rear cover is Mr Sanjay Saindar, a sintering operator. GKN Sinter Metals (India) was established in 2002 when GKN took 100% ownership of Mahindra Sintered Products, a long-standing and successful joint venture. GKN is India's largest producer of powder metal components.



ENGINEERING SUPERIOR PERFORMANCE

GKN is a global engineering company focused on automotive and aerospace.

Our mission is to deliver outstanding products and service to our customers and to consistently exceed the performance of other companies in our sector in growth and profitability.

When we do so we enrich our shareholders, reward our employees and contribute to the communities of which we are a part.

Within GKN we value the spirit of enterprise as a way of empowering our people, we focus on innovation as a way of evolving new products and processes and we build on our global market and technology leadership as a source of competitive advantage.

We care for the environment, we respect human dignity and rights, and we uphold the highest standards of ethical behaviour.

Through our mission we challenge ourselves to perform beyond the expectations of others.

GKN provides technology-based, highly engineered products requiring complex manufacturing to virtually all of the world's major producers of automotive vehicles, aircraft and aero engines.

GKN operates in more than 30 countries and employs 35,700 people in its subsidiaries. Its joint ventures, the largest of which is AgustaWestland, employ 12,900 people.

In 2002 GKN achieved sales of £4.5 billion and profit* of £267 million.

*Profit before tax, goodwill amortisation and exceptional items



Left: The Touareg is a new four-wheel drive vehicle from VW. GKN Driveline supplies a total of seven drivetrain components for the Touareg – four constant velocity jointed sashes, two propshafts and an optional electronic torque manager (ETM). GKN Driveline has used the aerospace software expertise in GKN's Aerosystems International joint venture to develop software standards and code for its ETM systems.

Automotive

GKN is one of the very few, truly global suppliers of automotive components and systems. More than 30 GKN engineering and manufacturing facilities in Japan, Asia Pacific, India, South Africa, Europe and the Americas support all of the world's leading manufacturers of cars, light trucks and off-highway vehicles.

GKN Driveline is the world's No. 1 supplier of constant velocity jointed sashes (CVJs). This business has achieved substantial growth in recent years and will continue to take advantage of growth in emerging markets and higher CVJ content on four-wheel drive and all-wheel drive vehicles. In 2002 these accounted for 25% of the 16.4 million light vehicles produced in North America. There is also the potential for further growth from outsourcing of driveline manufacture by vehicle manufacturers.

A further area of growth is driveline-related torque systems products. GKN Driveline moved decisively in 2002 to build on its knowledge and

product base by further developing its presence within the market for advanced torque management devices and systems which enhance vehicles' traction, stability and safety.

GKN is the No. 1 supplier of powder metal parts and is the No. 1 producer of metal powder in the US. GKN's capability in the technology and production of powder metal parts and their raw material is unique among major companies.

GKN is a major European and North American supplier of components and systems for agricultural and off-highway equipment. It is also a leading supplier of automotive structural presswork and cylinder liners for automotive, industrial and marine applications. Emitec, a 50:50 joint venture with Siemens of Germany, is the world leader in metallic substrates for catalytic converters.

Aerospace

GKN has a significant presence in the world of aerospace. Approximately 80% of its overall aerospace revenues are derived from the defence sector and this focus on defence is a significant strength, particularly during the current downturn in civil aerospace.

Today, GKN operates as an international first tier supplier through GKN Aerospace Services and as a helicopter prime contractor through AgustaWestland.

GKN Aerospace Services, which has engineering and manufacturing operations in Australia, Germany, the UK, US and Mexico, is a supplier of advanced composite and high performance alloy structures to prime contractors such as Airbus, Boeing and Lockheed Martin, and to jet engine manufacturers such as Rolls-Royce and Pratt & Whitney.

GKN supplies structures for important US military aircraft programmes such as the F/A-18E/F Super Hornet, F/A-22 Raptor, C-17 Globemaster 111 and F-35 JSF. Within the civil sector GKN is a supplier on all Airbus programmes including the A318/319/320 and 321 single aisle family, the A340 500/600 long range aircraft and the A380 'Superjumbo'.

AgustaWestland, a 50:50 joint venture with Finmeccanica of Italy, has one of the broadest and most balanced military and civil product portfolios in the industry. It is a 32% partner in the European NH90 helicopter programme and has teamed with Lockheed Martin to address a number of major US military programmes for medium-lift helicopters.

On the basis of reported revenues AgustaWestland is the world's No. 1 helicopter manufacturer.

Right: The F-35 Joint Strike Fighter, produced by a partnership led by Lockheed Martin, was conceived to provide the US Air Force, Navy and Marine Corps and the UK's Royal Navy and Royal Air Force with an affordable and stealthy tactical aircraft for the 21st century. The programme is expected to produce 3,000 aircraft for the US and UK and many more for other worldwide customers. In 2002 GKN Aerospace Services was awarded a significant package of development and manufacturing work on the aircraft's F135 engine. Aircraft deliveries are scheduled to begin in 2008.

