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Interim Report as of June 30, 2006

Continental

Consolidated Income Statements

in € millions	January 1 to June 30		Second Quarter	
	2006	**2005**	**2006**	**2005**
Sales	**7,230.9**	**6,807.7**	**3,619.3**	**3,554.6**
Cost of sales	-5,464.5	-5,189.1	-2,692.0	-2,694.6
Gross margin on sales	**1,766.4**	**1,618.6**	**927.3**	**860.0**
Research and development expenses	-316.7	-291.0	-160.6	-148.3
Selling and logistics expenses	-422.2	-409.4	-211.9	-204.5
Administrative expenses	-224.3	-221.6	-113.5	-109.9
Other income and expenses	-95.1	-15.9	-74.8	2.0
At-equity share in earnings of associates	8.3	3.7	3.3	1.8
Other income from investments	5.6	1.3	-0.2	3.7
Earnings before interest and taxes	**722.0**	**685.7**	**369.6**	**404.8**
Interest income	15.3	8.9	8.2	3.8
Interest expense	-69.4	-62.1	-46.3	-33.8
Net interest expense	**-54.1**	**-53.2**	**-38.1**	**-30.0**
Earnings before income taxes	**667.9**	**632.5**	**331.5**	**374.8**
Income tax expense	-230.8	-209.7	-122.8	-124.2
Net income	**437.1**	**422.8**	**208.7**	**250.6**
Minority interests	-13.5	-11.8	-7.0	-6.0
Net income attributable to the shareholders of the parent	**423.6**	**411.0**	**201.7**	**244.6**
Earnings per share in €	**2.90**	**2.82**	**1.38**	**1.68**
Diluted earnings per share in €	**2.78**	**2.70**	**1.32**	**1.60**

Sales/EBIT

in € millions	January 1 to June 30		Second Quarter	
	2006	**2005**	**2006**	**2005**
Automotive Systems				
Sales	2,853.9	2,656.3	1,418.9	1,374.7
EBIT	316.8	277.3	165.4	153.5
as % of sales	11.1	10.4	11.7	11.2
Passenger and Light Truck Tires				
Sales	2,243.4	2,081.2	1,154.3	1,100.6
EBIT	211.9	247.5	103.9	156.4
as % of sales	9.4	11.9	9.0	14.2
Commercial Vehicle Tires				
Sales	719.7	651.1	373.5	344.5
EBIT	44.2	51.1	24.5	33.6
as % of sales	6.1	7.8	6.6	9.8
ContiTech				
Sales	1,475.3	1,469.2	705.2	761.3
EBIT	175.3	130.0	92.4	71.9
as % of sales	11.9	8.8	13.1	9.4
Other				
Sales	-61.4	-50.1	-32.6	-26.5
EBIT	-26.2	-20.2	-16.6	-10.6
Corporation				
Sales	7,230.9	6,807.7	3,619.3	3,554.6
EBIT	722.0	685.7	369.6	404.8
as % of sales	10.0	10.1	10.2	11.4

Interim Report as of June 30, 2006

EU Commission Approves Acquisition of the Automotive Electronics Business of Motorola, Inc.
On June 23 we received approval from the EU Commission to acquire the automotive electronics business of Motorola, Inc. The antitrust authorities in the U.S. had already granted their approval early. The purchase was concluded on July 2, 2006.

Achievement of our Goal as an Official Partner of the FIFA World Cup 2006™
We achieved our goal as an Official Partner of the FIFA World Cup 2006™. Our brand awareness throughout the world and especially in our key markets has increased measurably. To strengthen the Continental brand at an international level, we will stay with the world's most popular sport in the future as well. For that reason, we are continuing our involvement as Official Sponsor for the European Football Championships UEFA EURO 2008™ in Austria and Switzerland.

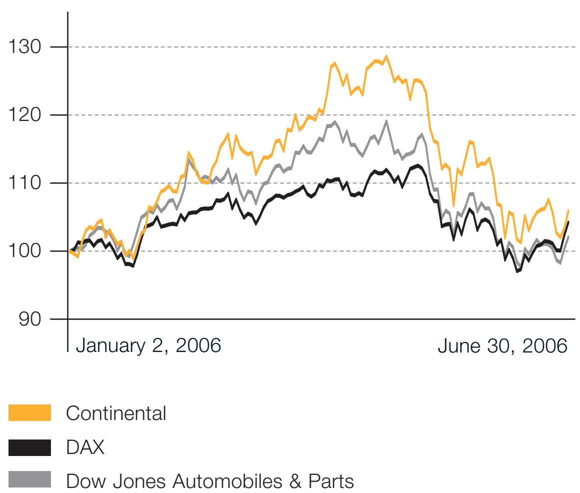
Continental Establishes Contractual Trust Arrangement
At the end of June, 2006, Continental transferred €300 million to the trustee Continental Pension Trust e.V. to partially fund pension obligations for employees and retirees in Germany. This move improves the comparability of the financial reporting while reducing future refinancing risks and optimizing the cost of capital.

Announcement of the Indefinite Suspension of Tire Production at the Plant in Charlotte, U.S.A.
On March 10, 2006, Continental Tire North America, Inc. (CTNA) announced plans to indefinitely suspend the production of passenger and light truck tires at the Charlotte, U.S.A. plant on September 15, 2006. These, as well as the previously announced measures, can be withdrawn to the extent the United Steel Workers of America and CTNA still reach an agreement on the proposals to reduce manufacturing costs. Implementation of these measures led to restructuring expenses of €45.0 million in the first half of the year.

Continental's Share Price Performance
In the second quarter of 2006, Continental shares could not continue the positive performance trend from the previous quarters. After closing on March 31 at €90.85 and reaching a new record high of €97.14 on April 26, the share price fell considerably in the remainder of the second quarter. It closed at €79.92 on June 30, representing a 12% decrease for the second quarter. This decline was due primarily to the consolidation of the capital market. In the second quarter, the DAX – the leading German stock index – and the Dow Jones Automobiles & Parts Euro-Index both generated a negative performance. The DAX fell 4.8% while the Dow Jones Automobiles & Parts Euro-Index was down 12.3%. In addition, some of our main international competitors in the tire sector surprised the capital market by issuing profit warnings in the light of rising raw material prices, especially for natural rubber. These announcements have been further impacting the price of Continental shares since May 2006.

With 146.0 million shares, our market capitalization totaled €11.7 billion on June 30. Trading volumes in the second quarter as well as in the first half of 2006 were down somewhat from the volumes traded during the comparable periods of 2005.

Share Price Performance



Shareholder Structure
Pursuant to section 21 (1) of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act), Barclays PLC, London, informed us that on June 23, 2006, the total voting stock held by several companies of the Barclays Group fell below the threshold of 5%, amounting to 4.5% on that date.

Workforce Increases
As of June 30, 2006, Continental's employees numbered 80,306, an increase of 457 compared with December 31, 2005. New employees were hired in the Automotive

Systems and Commercial Vehicle Tires divisions. In the Passenger and Light Truck Tires and ContiTech divisions, the number of employees declined.

Valuation Principles

This Interim Report, as presented, has been prepared in accordance with International Financial Reporting Standards (IFRS). These accounting principles are disclosed in detail in the Annual Report 2005. As the consolidated financial statements were prepared under IFRS for the first time as of December 31, 2005, in accordance with the EU Regulation and in conjunction with section 315a HGB, there were changes for the entire fiscal year 2005 that had an effect on the interim reports published in 2005. These changes affected primarily the presentation of certain minority interests as well as the final classification and measurement of certain items such as development expenses. The comparative amounts for the prior period have been adjusted and classified accordingly, for comparison purposes.

Impact on Interim Reports

Although certain elements of the Corporation's business are seasonal, the overall comparability of the interim consolidated financial statements is not compromised. All significant effects in the current period are shown in the financial summaries or in the accompanying explanations. There have been no other major changes in estimates or contingencies between the prior annual report and comparative interim periods that have led to material adjustments in the current interim period.

Continental Corporation
Sales Up 6.2%; EBIT Improves 5.3%;
Adjusted EBIT Up 17.1%

Consolidated sales for the first half of 2006 rose by 6.2% compared with the same period of the previous year to €7,230.9 million (previous year: €6,807.7 million). Before changes in the scope of consolidation and exchange rate effects, consolidated sales also increased by 6.2%. Roulunds contributed €14.5 million to sales.

Raw material prices are being driven to new heights from continuing heavy demand worldwide, political uncertainties and ongoing speculation. The increasing prices, in particular for natural rubber and oil, reduced EBIT in the first six months of 2006 by approximately €127 million compared with the average prices for 2005 as a whole, and by about €158 million compared with the prices for the first six months of 2005.

EBIT rose by 5.3% to €722.0 million (previous year: €685.7 million), with the return on sales, at 10.0%, being almost on par with the previous year's figure of 10.1%. Roulunds contributed €1.4 million to EBIT. Before changes in the scope of consolidation and one-time effects, EBIT rose by €112.8 million or 17.1%.

In 2005, the defined benefit pension plans for U.S. employees were frozen and converted to defined contribution plans. This led to a one-time reversal of previously recognized provisions amounting to €27.0 million, largely due to the fact that future salary increases were no longer reflected.

The restructuring measures at the plant in Charlotte, U.S.A., resulted in expenses amounting to €45.0 million for the first half of 2006.

We are planning to transfer production capacity from the Ebbw Vale, UK, plant to our plant in Zvolen, Slovakia, in order to optimize our cost structure in the Foundation Brakes unit of the Automotive Systems division. This led to restructuring expenses in the amount of €20.2 million during the period under review.

On the basis of a preliminary purchase price allocation, our acquisition of 100% of the shares of Roulunds Rubber A/S led to an excess interest in the net assets, or negative balance, in the amount of €13.1 million, which had a positive effect on EBIT. Restructuring expenses may be incurred in this connection in the future.

Net interest expense for the first six months, at €54.1 million, exceeded the previous year's level of €53.2 million. Positive effects from our further reduction of indebtedness were more than offset by the negative effects of foreign currency translation.

The **net income attributable to the shareholders of the parent** increased 3.1% to €423.6 million (previous year: €411.0 million), with earnings per share higher at €2.90 (previous year: €2.82).

For the first six months of 2006, there was a **free cash flow** of -€351.4 million (previous year: -€65.3 million). The negative change resulted mainly from the €300 million contribution to Continental Pension Trust e.V. It was also affected by the higher average level of **working capital** compared with year-end 2005 resulting from seasonal fluctuations and increased capital expenditure on property, plant, equipment and software compared with the first six months of 2005.

Net indebtedness was €449.0 million higher than at year-end 2005, but, at €942.2 million, down €255.2 million in comparison with the first half of 2005.

The gearing ratio fell to 23.4% compared with June 30, 2005 (37.0%).

For the period to June 30, 2006, **research and development expense** rose by 8.8% compared with the same period of 2005 to €316.7 million (previous year: €291.0 million), representing 4.4% of sales (previous year: 4.3%).

In the first half of 2006, €362.1 million (previous year: €346.4 million) was invested in property, plant, equipment and software. The **capital expenditure ratio** after six months amounted to 5.0% (previous year: 5.1%). Automotive Systems invested mainly in new technologies for electronic brake and safety systems, as well as in expanding manufacturing capacity at low-cost locations. The Tire divisions focused investments on the new plant in Brazil. They also continued to expand capacity at their low-cost locations, including increased production capacity for high-performance tires in the Passenger and Light Truck Tires division and greater production volumes in Malaysia in the Commercial Vehicle Tires division. ContiTech invested in rationalizing production processes and in new products.

Automotive Systems
Sales Up 7.4%; EBIT Improves 14.2%;
Adjusted EBIT Up 24.8%

Sales by the Automotive Systems division increased during the first half of 2006 to €2,853.9 million, up 7.4% compared with the same period of 2005 (€2,656.3 million). Before exchange rate effects, sales grew by 6.2%.

A large proportion of sales growth was attributable to the Electronic Brake and Safety Systems, Hydraulic Brake Systems, and Chassis & Powertrain business units.

Automotive Systems improved its EBIT by 14.2% to €316.8 million (previous year: €277.3 million) and the return on sales to 11.1% (previous year: 10.4%). Before one-time effects, EBIT improved by €67.0 million or 24.8%.

The freezing of defined benefit pension plans in the U.S.A. in 2005 resulted in a one-time reversal of previously recognized provisions amounting to €7.3 million.

The planned transfer of production capacity from the Ebbw Vale, UK, plant to the plant in Zvolen, Slovakia, led to restructuring expenses in the amount of €20.2 million.

Passenger and Light Truck Tires
Sales Up 7.8%; EBIT Down 14.4%;
Adjusted EBIT Up 10.2%

The Passenger and Light Truck Tires division increased sales for the first six months of 2006 in comparison to the first half of 2005 by 7.8% to €2,243.4 million (previous year: €2,081.2 million). Before exchange rate effects, sales rose by 5.8%.

We recorded a 2% increase in volumes sold to the automotive industry worldwide. Whereas replacement sales in the NAFTA region were below the previous year’s figure, sales to the replacement market in Europe exceeded the previous year’s level. The product mix improved once again.

The increasing raw material prices impacted the result for the first half of 2006 by approximately €74 million compared with the average prices for 2005 as a whole, and by about €95 million compared with the prices for the first six months of 2005.

Although the number of tires sold to the NAFTA replacement market was below the previous year’s figure, sales showed a marked improvement, leading to a significant increase in EBIT before one-time effects.

The Passenger and Light Truck Tires division reported a 14.4% decline in EBIT to €211.9 million (previous year: €247.5 million) and a return on sales of 9.4% (previous year: 11.9%). Before one-time effects, EBIT improved by €23.8 million or 10.2%.

The freezing of defined benefit pension plans in the U.S.A. in 2005 resulted in a one-time reversal of previously recognized provisions amounting to €14.4 million.

The restructuring measures at the plant in Charlotte, U.S.A., resulted in expenses amounting to €45.0 million for the first half of 2006.

Commercial Vehicle Tires
Sales Up 10.5%; EBIT Down 13.5%;
Adjusted EBIT Down 2.6%

The Commercial Vehicle Tires division reported sales of €719.7 million for the first six months of 2006, an increase of 10.5% over the same period of 2005 (€651.1 million). Before changes in the scope of consolidation and exchange rate effects, sales were up 8.2%.

Unit sales in Europe as a whole increased by 5%. Both the number of tires sold to vehicle manufacturers and to the replacement market were higher than in the previous year. In the NAFTA region, total unit sales matched those for the same period last year, with original equipment volumes being higher and replacement market volumes lower than the previous year's levels.

The increasing raw material prices impacted the result for the first six months of 2006 by approximately €35 million compared with the average prices for 2005 as a whole, and by about €45 million compared with the prices for the first half of 2005.

The Commercial Vehicle Tires division reported a 13.5% decline in EBIT to €44.2 million (previous year: €51.1 million) and a return on sales of 6.1% (previous year: 7.8%). Before changes in the scope of consolidation and one-time effects, EBIT declined by €1.2 million or 2.6%.

The freezing of the defined benefit pension plans in the U.S.A. in 2005 resulted in a one-time reversal of previously recognized provisions amounting to €5.3 million.

ContiTech
Sales Up 0.4%; EBIT Improves 34.8%;
Adjusted EBIT Up 22.1%

Sales by the ContiTech division increased during the first half of 2006 to €1,475.3, up 0.4% compared with the same period of 2005 (€1,469.2 million). Before changes in the scope of consolidation and exchange rate effects, sales rose by 6.2%. Roulunds contributed €14.5 million to sales.

All business units were able to exceed their EBIT figures compared with the first half of 2005, with the Power Transmission Group, Fluid Technology, and Air Spring Systems achieving the most substantial gains.

ContiTech raised EBIT by 34.8% to €175.3 million (previous year: €130.0 million), and its return on sales to 11.9% (previous year: 8.8%). Roulunds contributed €1.4 million to EBIT. Before changes in the scope of consolidation and one-time effects, EBIT improved by €29.2 million or 22.1%.

On the basis of a preliminary purchase price allocation, our acquisition of Roulunds Rubber A/S led to an excess interest in the net assets, or a negative balance, amounting to €13.1 million which had a positive effect on EBIT. Restructuring expenses may be incurred in this connection in the future.

Outlook

For 2006 as a whole, we expect to improve consolidated sales and EBIT, with all divisions contributing to the increase.

We are expecting raw material prices to continue to climb through the second half of 2006, particularly for crude oil, natural rubber and steel. We will try to compensate this development with price increases, mix improvements, and rationalization measures.

We expect to continue increasing capital expenditures in 2006 and anticipate a capital expenditure ratio of between 6.0% and 6.5%.

For the second half of 2005 we anticipate further restructuring expenses for our North American company Continental Tire North America (CTNA). Within the scope of adjusting post-employment benefits for active employees during the first half of 2006 in connection with the restructuring of CTNA, we are also planning to reduce the benefits for employees no longer in active service. As a result, we are anticipating positive effects on EBIT during the second half of 2006 amounting to between €55 million and €75 million.

Consolidated Balance Sheets

Assets in € millions	**June 30, 2006**	***Dec. 31, 2005***	**June 30, 2005**
Goodwill	1,408.4	*1,423.8*	1,433.2
Other intangible assets	117.2	*122.9*	122.2
Property, plant, and equipment	3,251.3	*3,267.8*	3,240.2
Investments in associates	127.0	*122.7*	111.4
Other investments	9.2	*9.3*	10.1
Deferred tax assets	75.0	*98.6*	121.6
Deferred pension charges	58.3	*85.1*	27.3
Long-term derivative instruments	11.5	*10.2*	76.5
Other long-term financial assets	44.5	*51.1*	51.1
Other assets	0.9	*2.3*	6.8
Non-current assets	**5,103.3**	***5,193.8***	**5,200.4**
Inventories	1,593.7	*1,418.6*	1,552.8
Trade accounts receivable	2,456.4	*2,114.6*	2,380.1
Other short-term financial assets	59.5	*51.6*	48.9
Other assets	335.7	*269.8*	334.0
Income tax receivable	19.2	*30.2*	34.3
Short-term derivative instruments and interest bearing advances	3.1	*62.4*	4.3
Cash and cash equivalents	1,481.0	*1,273.8*	729.7
Assets held for sale	5.9	*132.9*	–
Current assets	**5,954.5**	***5,353.9***	**5,084.1**
Total assets	**11,057.8**	***10,547.7***	**10,284.5**

Total equity and liabilities in € millions	**June 30, 2006**	***Dec. 31, 2005***	**June 30, 2005**
Common stock	373.7	*373.4*	372.5
Capital reserves	1,316.6	*1,307.8*	1,300.2
Retained earnings	2,327.6	*2,049.7*	1,531.1
Other reserves	- 222.1	*- 156.7*	- 175.3
Minority interests	230.8	*220.8*	205.5
Total equity	**4,026.6**	***3,795.0***	**3,234.0**
Provisions for pension liabilities and other post-employment benefits	970.6	*1,298.0*	1,427.0
Deferred tax liabilities	183.3	*159.5*	147.2
Long-term provisions for other risks	335.6	*354.0*	343.0
Long-term portion of indebtedness	994.2	*942.3*	1,303.3
Other liabilities	27.3	*34.9*	31.0
Non-current liabilities	**2,511.0**	***2,788.7***	**3,251.5**
Trade accounts payable	1,263.4	*1,322.1*	1,226.0
Income tax payable	322.4	*340.8*	338.3
Short-term provisions for other risks	485.0	*462.3*	502.3
Indebtedness	1,443.6	*897.3*	704.6
Other short-term financial liabilities	555.8	*482.9*	480.1
Other liabilities	450.0	*416.5*	547.7
Liabilities related to assets held for sale	–	*42.1*	–
Current liabilities	**4,520.2**	***3,964.0***	**3,799.0**
Total equity and liabilities	**11,057.8**	***10,547.7***	**10,284.5**
Gearing ratio in %	**23.4**	***13.0***	**37.0**

Consolidated Cash Flow Statements

in € millions	January 1 to June 30		Second Quarter	
	2006	**2005**	**2006**	**2005**
EBIT	722.0	685.7	369.6	404.8
Interest paid	-32.4	-41.5	-10.9	-26.1
Interest received	14.9	8.8	8.2	3.9
Income tax paid	-186.2	-139.6	-121.9	-79.7
Dividends received	7.6	3.0	0.4	3.0
Depreciation and amortization	311.0	308.5	155.3	154.6
Change in pension and post-employment provisions	-306.0	14.8	-316.1	0.5
Income/expense with no effect on cash	-29.3	-9.0	-16.3	-4.8
Changes in working capital	-620.3	-577.4	-116.3	-137.9
Changes in other assets and liabilities	83.0	12.8	61.5	-22.0
Cash flow used for/provided by operating activities	**-35.7**	**266.1**	**13.5**	**296.3**
Proceeds on disposal of property, plant, equipment and intangible assets	20.9	6.8	6.2	-0.1
Capital expenditure on property, plant, equipment and software	-362.1	-346.4	-162.0	-188.0
Capital expenditure on intangible assets from development projects	0.0	-0.2	0.0	0.0
Acquisition of subsidiaries	-15.5	-8.8	-13.5	-8.2
Proceeds on disposal of subsidiaries	34.6	0.0	34.6	0.0
Short-term interest bearing advances	6.4	17.2	0.0	-4.3
Cash flow used for investing activities	**-315.7**	**-331.4**	**-134.7**	**-200.6**
Cash flow before financing activities	**-351.4**	**-65.3**	**-121.2**	**95.7**
Change in indebtedness	711.2	-219.7	761.1	-88.1
Proceeds from the issuance of shares	0.1	1.7	0.1	1.6
Issuance of shares with no effect on cash	4.6	0.0	4.6	0.0
Dividends paid	-145.9	-116.3	-145.9	-116.3
Dividends paid to minority interests	-3.7	-4.5	-1.8	-4.5
Cash flow used for/provided by financing activities	**566.3**	**-338.8**	**618.1**	**-207.3**
Change in cash and cash equivalents	**214.9**	**-404.1**	**496.9**	**-111.6**
Cash and cash equivalents at the beginning of the reporting period	1,273.8	1,114.6	989.3	830.5
Cash and cash equivalents acquired with/surrendered with the sale of subsidiaries	8.7	–	8.7	–
Effect of exchange rate changes on cash and cash equivalents	-16.4	19.2	-13.9	10.8
Cash and cash equivalents at the end of the reporting period	**1,481.0**	**729.7**	**1,481.0**	**729.7**

Reconciliation of Free Cash Flow to the Change in Net Indebtedness

in € millions	January 1 to June 30		Second Quarter	
	2006	**2005**	**2006**	**2005**
Cash flow before financing activities (free cash flow)	**-351.4**	**-65.3**	**-121.2**	**95.7**
Dividends paid	-145.9	-116.3	-145.9	-116.3
Dividends paid to minority interests	-3.7	-4.5	-1.8	-4.5
Change in equity	0.1	1.7	0.1	1.6
Non-cash changes	-21.5	-69.4	-18.5	5.8
Other	39.7	0.0	-11.9	0.0
Foreign exchange effects	33.7	-62.5	27.1	-39.3
Change in net indebtedness	**-449.0**	**-316.3**	**-272.1**	**-57.0**

Consolidated Statements of Changes in Total Equity

in € millions	Number of shares (thousands)	Common stock	Capital reserves	Retained earnings	Other reserves: Adjustment for successive share purchases	Other reserves: Difference from currency translation	Other reserves: Difference from financial instruments[2]	Subtotal	Minority interests	Total
As of Jan. 1, 2005	**145,416**	**372.3**	**1,297.4**	**1,236.4**	**–**	**- 199.2**	**- 0.7**	**2,706.2**	**231.0**	**2,937.2**
Net income				411.0				411.0	11.8	422.8
Comprehensive income						47.2	- 0.2	47.0	13.8	60.8
Net profit for the period				**411.0**		**47.2**	**- 0.2**	**458.0**	**25.6**	**483.6**
Dividends paid				- 116.3				- 116.3	- 4.5	- 120.8
Issuance of shares[1]	90	0.2	2.8					3.0		3.0
Successive acquisitions of shares					- 22.4			- 22.4	- 46.6	- 69.0
As of June 30, 2005	**145,506**	**372.5**	**1,300.2**	**1,531.1**	**- 22.4**	**- 152.0**	**- 0.9**	**3,028.5**	**205.5**	**3,234.0**
As of Jan. 1, 2006	**145,865**	**373.4**	**1,307.8**	**2,049.7**	**- 24.8**	**- 131.6**	**- 0.3**	**3,574.2**	**220.8**	**3,795.0**
Net income				423.6				423.6	13.5	437.1
Comprehensive income						- 65.5	0.1	- 65.4	- 6.2	- 71.6
Net profit for the period				**423.6**		**- 65.5**	**0.1**	**358.2**	**7.3**	**365.5**
Dividends paid				-145.9				- 145.9	- 3.7	- 149.6
Issuance of shares[1]	102	0.3	8.8	0.2				9.3	0.0	9.3
Changes in minority interests from consolidation changes or capital increases									6.4	6.4
As of June 30, 2006	**145,967**	**373.7**	**1,316.6**	**2,327.6**	**- 24.8**	**- 197.1**	**- 0.2**	**3,795.8**	**230.8**	**4,026.6**

[1] Includes the expenditure and exercise of rights derived from stock option plans and convertible bonds.

[2] Net of tax.

Pension Plans

Consolidated net pension expenses can be summarized as follows:

in € millions	January 1 to June 30, 2006					January 1 to June 30, 2005				
	Germany	U.S.A.	UK	Others	Total	Germany	U.S.A.	UK	Others	Total
Current service cost	14.1	5.1	2.4	1.7	**23.3**	10.9	7.8	1.7	1.2	**21.6**
Interest cost on defined benefit obligation	31.8	19.3	3.9	1.8	**56.8**	33.9	18.4	3.4	1.7	**57.4**
Expected return on plan assets	-9.3	-26.7	-4.9	-0.7	**-41.6**	-9.2	-23.4	-3.8	-0.5	**-36.9**
Cost of/return on curtailments	–	23.3	–	–	**23.3**	–	-27.0	–	–	**-27.0**
Amortization of actuarial gains and losses as well as other costs	2.6	1.1	-0.1	0.2	**3.8**	0.0	0.8	–	–	**0.8**
Net periodic pension cost	**39.2**	**22.1**	**1.3**	**3.0**	**65.6**	**35.6**	**-23.4**	**1.3**	**2.4**	**15.9**

Consolidated retirement healthcare and life insurance expenses in the U.S.A. can be summarized as follows:

in € millions	January 1 to June 30, 2006	January 1 to June 30, 2005
Current service cost	2.1	2.8
Interest cost on defined benefit obligation	8.7	13.5
Amortization of actuarial gains and losses as well as other costs	- 0.9	1.1
Return on curtailments	- 9.9	–
Net cost of other post-employment benefits	**0.0**	**17.4**

Changes Affecting Payments

On June 30, 2006 Continental entered into a contractual trust arrangement in Germany and transferred cash amounting to €300 million to Continental Pension Trust e.V. which is independent of Continental. The transferred amount is only available for payments in connection with pension obligations.

Pension funds also exist for pension obligations in other countries, particularly in the U.S.A. and UK. The companies of the Continental Corporation paid €3.4 million (previous year: €3.3 million) into these pension funds for the period of January 1 to June 30, 2006. No funds exist, however, for other post-employment benefits.

Payments for benefit obligations totaled €60.7 million (previous year: €51.9 million) for the period of January 1 to June 30, 2006.

Payments for other post-employment benefits totaled €11.2 million (previous year: €11.7 million) for the same period.

Additional Information

Acquisition of Roulunds Rubber A/S

At the end of April 2006, we purchased 100% of the shares of Roulunds Rubber A/S (Roulunds). The preliminary purchase price allocation drawn up on the basis of information available at the time this Interim Report was prepared showed an excess interest in the net assets of Roulunds of €13.1 million, which was recognized as other income. This negative balance stems primarily from investment and maintenance activities deferred by the seller in the past as well as non-implemented restructuring measures. The acquired assets and liabilities of the Roulunds Group were recognized as of acquisition date at the following estimated fair values:

in € millions	Fair value at date of initial consolidation
Current assets	49.5
Non-current assets	16.4
thereof intangible assets	0.9
Short-term indebtedness and liabilities	33.0
Long-term indebtedness and liabilities	4.0
Net assets	**28.9**
Minority interests	2.7
Purchased net assets	**26.2**
Purchase price	**13.1**
Negative balance	**13.1**

Cash and cash equivalents amounting to €8.6 million were acquired with the purchase of the Roulunds Group.

If this transaction had already been concluded on January 1, 2006, consolidated sales for the first half of the year would have increased by €21.3 million and consolidated EBIT by €0.9 million.

Companies Consolidated

In addition to the parent company, the consolidated financial statements include 268 domestic and foreign companies in which Continental Aktiengesellschaft holds a direct or indirect interest of more than 20% of the voting rights. Of these, 234 are fully consolidated and 34 are carried at equity.

Since December 31, 2005, the total number of consolidated companies has increased by four. Eight companies were acquired, three newly founded, and two fully consolidated for the first time. Eight companies were sold and one was liquidated.

In relation to June 30, 2005, the scope of consolidation changed by one company. The principal additions to the companies consolidated relate to the acquisitions of Xtra Print Holding GmbH and Roulunds Rubber A/S, as well as their respective subsidiaries. The major disposals included the Sealing Systems business and the Stankiewicz unit of the ContiTech division.

Capital Expenditure on Property, Plant, Equipment and Software

in € millions	January 1 to June 30		Second Quarter	
	2006	**2005**	**2006**	**2005**
Automotive Systems	**124.2**	**134.9**	**66.9**	**79.7**
as % of sales	4.4	5.1	4.7	5.8
Passenger and Light Truck Tires	**131.1**	**112.6**	**49.0**	**57.6**
as % of sales	5.8	5.4	4.2	5.2
Commercial Vehicle Tires	**54.9**	**52.7**	**16.9**	**29.7**
as % of sales	7.6	8.1	4.5	8.6
ContiTech	**50.7**	**43.4**	**28.5**	**20.7**
as % of sales	3.4	3.0	4.0	2.7
Other	**1.2**	**2.8**	**0.7**	**0.3**
Corporation	**362.1**	**346.4**	**162.0**	**188.0**
as % of sales	5.0	5.1	4.5	5.3

Financial Calendar

2006	
Financials press conference	February 23
Analyst conference	February 23
Interim report as of March 31, 2006	May 4
Annual Shareholders' Meeting	May 5
Interim report as of June 30, 2006	August 3
Interim report as of September 30, 2006	November 1

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