Financial Report as of March 31, 2008

Q1

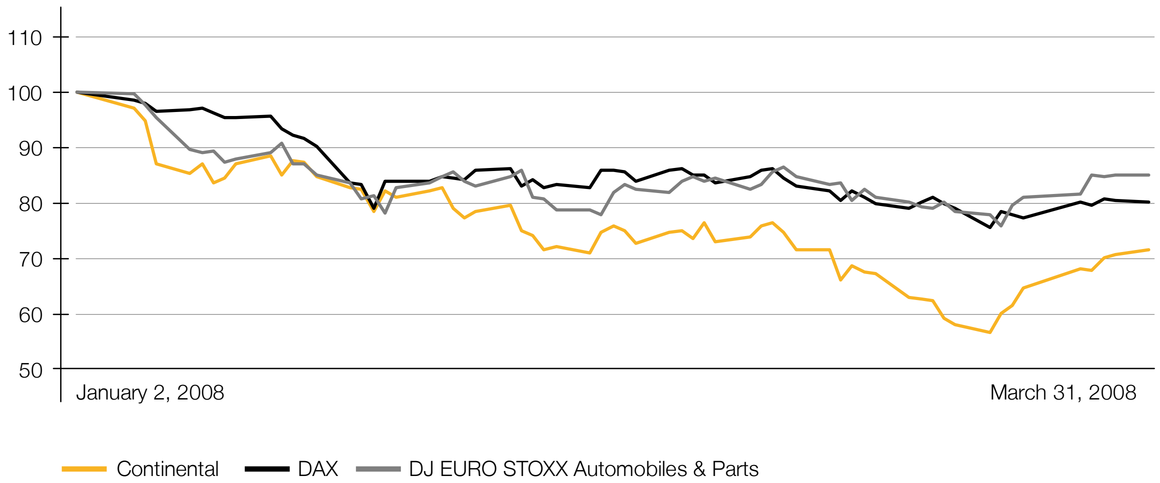
Continental

Continental's Share Price Performance

In the first quarter of 2008, sentiment on the world's stock markets was characterized by the negative consequences of the crisis on the U.S. mortgage market and their direct impact on the U.S. economy with consequences for global economic growth in general. Against this background, further write-downs in the billions were undertaken in the banking sector, leading not only to more restricted loan availability but also to a decrease in consumer spending in the U.S. This in turn has resulted in some cases to substantial revisions of growth forecasts for economic development in the U.S. and Europe. Consequently, the DAX has dropped 1,885 points (23.4%) since the beginning of the year, closing on March 17, 2008 at 6,182 points, the lowest level for the year to date. The Continental share came under much more pressure than the DAX. One reason for this could be that our key figures for indebtedness worsened significantly as a result of the acquisition of Siemens VDO Automotive AG, with pressure weighing particularly heavy on automotive stocks in general.

The Continental share closed on March 17 at a price of €51.89, the lowest since January 2005. After the US Federal Reserve again lowered the key interest rate to 2.25% on March 18 (a 200-basis-point cut since December 2007) and further concerted actions on the part of other central banks to improve the liquidity situation on the credit markets, the stock markets started to recover, and the DAX closed at 6,535 points on March 31. Following this recovery, the price of Continental shares improved to €64.59 by March 31, 2008, representing a gain of 24.5% compared to its lowest point. In the first quarter on the whole, however, the share lost 27.4% in value, underperforming the DAX by 8.4 percentage points and the European industrial index for the automotive sector by 13.2 percentage points. In the course of April, the Continental share has continued the recovery that started on March 17.

Share Price Performance



Management Report as of March 31, 2008

Continental Corporation
Sales Up 67.5%
Consolidated sales for the first three months of 2008 rose by 67.5% to €6,639.4 million (Q1 2007: €3,964.8 million). This increase resulted both from organic growth and from changes in the basis of consolidation, especially from the acquisition of Siemens VDO. Exchange rate changes had an offsetting effect.

EBITDA Up 44.1%
Consolidated EBITDA improved in the first quarter of 2008 compared with the same period of last year by €270.4 million, or 44.1%, to €884.0 million (Q1 2007: €613.6 million). EBITDA amounted to 13.3% of sales (Q1 2007: 15.5%).

EBIT before Amortization of Intangible Assets from PPA and before Depreciation of Tangible Assets from PPA (only Siemens VDO) Up 32.8%
It is no longer possible to separately identify the depreciation of tangible assets from PPA (purchase price allocation) for Siemens VDO and for the other acquisitions transacted in the past. For this reason, a rough estimate was made for Siemens VDO based upon the euro value as of November 30, 2007. Depreciation of tangible assets from PPA (only Siemens VDO) in the first quarter of 2008 totaled €18.7 million for the Corporation.

Consolidated EBIT before amortization of intangible assets from PPA and before depreciation of tangible assets from PPA (only Siemens VDO) was up in the first quarter of 2008 compared with the same period of last year by €145.4 million, or 32.8%, to €588.2 million (Q1 2007: €442.8 million). EBIT before amortization of intangible assets from PPA and before depreciation of tangible assets from PPA (only Siemens VDO) amounted to 8.9% of sales (Q1 2007: 11.2%).

EBIT before Amortization of Intangible Assets from PPA Up 28.6%
Consolidated EBIT before amortization of intangible assets from PPA was up in the first quarter of 2008 compared with the same period of last year by €126.7 million, or 28.6%, to €569.5 million (Q1 2007: €442.8 million). EBIT before amortization of intangible assets from PPA amounted to 8.6% of sales (Q1 2007: 11.2%).

EBIT Up 4.6%;
EBIT Adjusted for Special Effects Up 2.4%
EBIT increased by €19.9 million, or 4.6%, to €456.7 million compared with the same period of last year (Q1 2007: €436.8 million). The return on sales fell to 6.9% (Q1 2007: 11.0%). Before special effects, EBIT improved by €10.8 million or 2.4% to €456.9 million (Q1 2007: €446.1 million). The adjusted return on sales amounted to 6.9% (Q1 2007: 11.3%).

The increase in raw material prices had a negative impact of approximately €38 million on the Corporation in the first three months of 2008 compared with the prices for the first three months of 2007.

In 2008 the long Easter holiday weekend fell in the month of March, which resulted in fewer working days in comparison to March 2007.

Special Effects in the First Quarter of 2008
In the period under review, the ContiTech division and the Corporation on the whole incurred restructuring expenses totaling €0.2 million for Roulunds, Denmark.

Special Effects in the First Quarter of 2007
The continuing integration of Motorola's automotive electronics business resulted in expenses of €5.2 million and restructuring expenses of €2.5 million in the first three months of 2007.

In the first quarter of 2007, the ContiTech division incurred restructuring expenses of €1.6 million, primarily for Roulunds, Denmark.

Total consolidated net expense from special effects amounted to €9.3 million in the first three months of 2007.

Research and Development Expenses
Compared with March 31, 2007, research and development expenses increased by 124.2% to €415.2 million (Q1 2007: €185.2 million), corresponding to 6.3% of sales (Q1 2007: 4.7%). The main reason for this increase is the change in the scope of consolidation due to the acquisition of Siemens VDO.

Net Interest Expense

At €206.8 million, net interest expense rose by €190.2 million in the first three months of 2008 compared with the same period of last year (Q1 2007: €16.6 million).

This increase was mainly due to the acquisition of Siemens VDO. Interest expense was up on the previous year to €178.5 million. In addition, exchange rate effects, in part with no effect on cash, totaling €48.6 million had a negative impact.

Net Income Attributable to the Shareholders of the Parent

Net income attributable to the shareholders of the parent was down 38.3% to €166.8 million (Q1 2007: €270.5 million), with earnings per share lower at €1.03 (Q1 2007: €1.85).

Cash Flow and Net Indebtedness

At €19.1 million, net cash flow from operating activities as of March 31, 2008 was €47.5 million lower than on March 31, 2007 (€66.6 million). In the first quarter of 2008, free cash flow stood at -€316.7 million (Q1 2007: -€119.8 million), down €196.9 on the same period of last year. This was due in part to the higher average level of working capital compared with year-end 2007 resulting from seasonal fluctuations. Comparing the first three months of both years, this resulted in an effect of -€172.2 million. Purchase price financing for the acquisition of Siemens VDO led to much higher interest payments in the first quarter of 2008 compared with the first quarter of 2007. At €456.7 million, EBIT was just slightly higher than during the same period of the previous year (Q1 2007: €436.8 million), not least of all because of higher depreciation and amortization. In the first quarter of 2008, total cash outflows amounting to €335.8 million (Q1 2007: €186.4 million) resulted from investment activities.

At €11,221.1 million, net indebtedness was €364.7 million higher than at year-end 2007 and €9,898.8 million higher than at March 31, 2007. The gearing ratio rose to 162.3% (Q1 2007: 26.6%).

Capital Expenditure (Additions)

In the first three months of 2008, €352.1 million (Q1 2007: €160.1 million) was invested in property, plant, equipment and software, corresponding to a capital investment ratio of 5.3% (Q1 2007: 4.0%). The main reason for this increase is the change in the scope of consolidation due to the acquisition of Siemens VDO.

The automotive divisions invested in production facilities for the manufacture of new products and implementation of new technologies, whereby the expansion of manufacturing capacities at low-cost locations was intensified. Investments were also made in the construction of a new plant in China. The tire divisions continued to increase capacity at their low-cost locations. Investment priorities were the further expansion of the tire plant in Brazil and of the production capacities in Slovakia and Portugal. Production capacity was also expanded in the U.S.A. ContiTech invested in rationalizing production processes and in new products.

Employees

As of March 31, 2008, Continental's employees numbered 153,587, an increase of 1,933 compared with the end of 2007. This increase was due primarily to rising production volumes in all divisions. Compared with the reporting date for 2007, there were 66,303 more employees.

Key Figures for the Continental Corporation

Continental Corporation in € millions	January 1 to March 31	
	2008	2007
Sales	6,639.4	3,964.8
EBITDA	884.0	613.6
in % of sales	13.3	15.5
EBIT before amortization of intangible assets from PPA	569.5	442.8
in % of sales	8.6	11.2
EBIT	456.7	436.8
in % of sales	6.9	11.0
Net income attributable to the shareholders of the parent	166.8	270.5
Earnings per share (in €)	1.03	1.85
Research and development expenses	415.2	185.2
Depreciation and amortization[1]	427.3	176.8
Capital expenditure[2]	352.1	160.1
Number of employees at March 31[3]	153,587	87,284
Adjusted EBIT before amortization of intangible assets from PPA[4]	569.7	452.1
Adjusted EBIT before amortization of intangible assets from PPA in % of sales	8.6	11.4
Adjusted EBIT[4]	456.9	446.1
Adjusted EBIT in % of sales	6.9	11.3
EBIT before amortization of intangible assets from PPA and before depreciation of tangible assets from PPA (only Siemens VDO)	588.2	442.8
in % of sales	8.9	11.2
Net indebtedness at March 31	11,221.1	1,322.3
Gearing ratio in %	162.3	26.6

[1] Excluding write-downs of investments
[2] Capital expenditure on property, plant, equipment and software
[3] Excluding trainees
[4] Before special effects

Reconciliation of Cash Flow to the Change in Net Indebtedness

	January 1 to March 31	
in € millions	**2008**	**2007**
Cash provided by operating activities	19.1	66.6
Cash used for investing activities	-335.8	-186.4
Cash flow before financing activities (free cash flow)	**-316.7**	**-119.8**
Dividends paid	—	—
Dividends paid to minority interests	-4.6	-1.9
Proceeds from the issuance of shares	0.2	0.1
Non-cash changes	-38.7	-16.8
Other	2.8	-1.8
Foreign exchange effects	-7.7	-1.1
Change in net indebtedness	**-364.7**	**-141.3**

Chassis & Safety in € millions	January 1 to March 31	
	2008	2007
Sales	1,452.9	1,191.6
EBITDA	224.1	191.2
in % of sales	15.4	16.0
EBIT before amortization of intangible assets from PPA	154.3	136.2
in % of sales	10.6	11.4
EBIT	141.1	135.7
in % of sales	9.7	11.4
Depreciation and amortization[1]	83.0	55.5
Capital expenditure[2]	62.6	50.6
Number of employees at March 31[3]	28,545	20,708
Adjusted EBIT before amortization of intangible assets from PPA[4]	154.3	136.2
Adjusted EBIT before amortization of intangible assets from PPA in % of sales	10.6	11.4
Adjusted EBIT[4]	141.1	135.7
Adjusted EBIT in % of sales	9.7	11.4
EBIT before amortization of intangible assets from PPA and before depreciation of tangible assets from PPA (only Siemens VDO)	154.2	136.2
in % of sales	10.6	11.4

[1] Excluding write-downs of investments

[2] Capital expenditure on property, plant, equipment and software

[3] Excluding trainees

[4] Before special effects

Chassis & Safety

Sales Volumes

In the Electronic Brake Systems business unit, unit sales rose 4% in the first quarter of 2008 to 4.1 million electronic brake systems.

Sales in most areas of the Hydraulic Brake Systems business unit also rose. In the first three months of 2008, we lifted sales volumes of brake boosters by 8.7% to 3.6 million units compared with the same period of last year. Sales of brake calipers dropped to 8.9 million units, a decline of 2.9%.

Sales Up 21.9%

Sales of the Chassis & Safety division increased in the first quarter of 2008 to €1,452.9 million, up 21.9% compared with the same period of last year (Q1 2007: €1,191.6 million). This increase resulted both from organic growth and from changes in the basis of consolidation, especially from the acquisition of Siemens VDO. Exchange rate changes had an offsetting effect.

EBITDA Up 17.2%

EBITDA of the Chassis & Safety division improved in the first three months of 2008 compared with the same period of last year by €32.9 million, or 17.2%, to €224.1 million (Q1 2007: €191.2 million), representing 15.4% of sales (Q1 2007: 16.0%).

EBIT before Amortization of Intangible Assets from PPA and before Depreciation of Tangible Assets from PPA (only Siemens VDO) Up 13.2%

It is no longer possible to separately identify the depreciation of tangible assets from PPA for Siemens VDO and for the other acquisitions transacted in the past. For this reason, a rough estimate was made for Siemens VDO based upon the euro value as of November 30, 2007. Depreciation of tangible assets from PPA (only Siemens VDO) for the Chassis & Safety division decreased to €0.1 million in the first quarter of 2008.

The Chassis & Safety division's EBIT before amortization of intangible assets from PPA and before depreciation of tangible assets from PPA (only Siemens VDO) improved in the first quarter of 2008 compared with the same period of last year by €18.0 million, or 13.2%, to €154.2 million (Q1 2007: €136.2 million). EBIT before amortization of intangible assets from PPA and before depreciation of tangible assets from PPA (only Siemens VDO) amounted to 10.6% of sales (Q1 2007: 11.4%).

EBIT before Amortization of Intangible Assets from PPA Up 13.3%

The Chassis and Safety division improved its EBIT before amortization of intangible assets from PPA (purchase price allocation) compared with the same period of last year by €18.1 million, or 13.3%, to €154.3 million (Q1 2007: €136.2 million). EBIT before amortization of intangible assets from PPA amounted to 10.6% of sales (Q1 2007: 11.4%).

EBIT Up 4.0%;
Adjusted EBIT up 4.0%

Compared with the same period of last year, the Chassis & Safety division reported an increase in EBIT of €5.4 million or 4.0% to €141.1 million (Q1 2007: €135.7 million). The return on sales fell to 9.7% (Q1 2007: 11.4%).

Special Effects

There were no special effects for either the first quarter of 2008 or for the first quarter of 2007.

Powertrain in € millions	January 1 to March 31	
	2008	2007
Sales	1,294.4	221.7
EBITDA	121.8	19.5
in % of sales	9.4	8.8
EBIT before amortization of intangible assets from PPA	33.3	8.5
in % of sales	2.6	3.8
EBIT	-10.1	6.5
in % of sales	-0.8	2.9
Depreciation and amortization[1]	131.9	13.0
Capital expenditure[2]	111.8	13.2
Number of employees at March 31[3]	31,968	4,774
Adjusted EBIT before amortization of intangible assets from PPA[4]	33.3	12.4
Adjusted EBIT before amortization of intangible assets from PPA in % of sales	2.6	5.6
Adjusted EBIT[4]	-10.1	10.4
Adjusted EBIT in % of sales	-0.8	4.7
EBIT before amortization of intangible assets from PPA and before depreciation of tangible assets from PPA (only Siemens VDO)	43.3	8.5
in % of sales	3.3	3.8

[1] Excluding write-downs of investments

[2] Capital expenditure on property, plant, equipment and software

[3] Excluding trainees

[4] Before special effects

Powertrain

In the scope of the realigning the Powertrain division, the decision was made on March 27, 2008 to undertake a global restructuring program with the aim of optimizing production within a period of around two years and achieving a better balance between high-cost and low-cost locations. In the restructured Powertrain division, headed by Dr. Karl-Thomas Neumann, three business units – Diesel Systems, Gasoline Systems and Electronics – are being combined into a single, more effective entity, the Engine Systems business unit.

Sales Volumes

On the whole, sales volumes increased in the new Engine Systems business unit. At 10.2 million units, sales of low pressure injectors were up substantially, as were unit sales of electronic control units for diesel and gasoline engines. The Sensorics business unit volume declines as a result of the weak market environment in North America.

Sales Up 483.9%

Sales of the Powertrain division increased in the first quarter of 2008 to €1,294.4 million, up 483.9% compared with the same period of last year (Q1 2007: €221.7 million). This increase resulted both from organic growth and from changes in the basis of consolidation, especially from the acquisition of Siemens VDO. Exchange rate changes had an offsetting effect.

EBITDA Up 524.6%

EBITDA of the Powertrain division improved in the first three months of 2008 compared with the same period of last year by €102.3 million, or 524.6%, to €121.8 million (Q1 2007: €19.5 million). EBITDA amounted to 9.4% of sales (Q1 2007: 8.8%).

EBIT before Amortization of Intangible Assets from PPA and before Depreciation of Tangible Assets from PPA (only Siemens VDO) Up 409.4%

It is no longer possible to separately identify the depreciation of tangible assets from PPA for Siemens VDO and for the other acquisitions transacted in the past. For this reason, a rough estimate was made for Siemens VDO based upon the euro value as of November 30, 2007. Depreciation of tangible assets from PPA (only Siemens VDO) in the first quarter of 2008 totaled €10.0 million for the Powertrain division.

The Powertrain division's EBIT before amortization of intangible assets from PPA and before depreciation of tangible assets from PPA (only Siemens VDO) improved in the first quarter of 2008 compared with the same period of last year by €34.8 million, or 409.4%, to €43.3 million (Q1 2007: €8.5 million). EBIT before amortization of intangible assets from PPA and before depreciation of tangible assets from PPA (only Siemens VDO) amounted to 3.3% of sales (Q1 2007: 3.8%).

EBIT before Amortization of Intangible Assets from PPA Up 291.8%

The Powertrain division increased its EBIT before amortization of intangible assets from PPA (purchase price allocation) compared with the same period of last year by €24.8 million, or 291.8%, to €33.3 million (Q1 2007: €8.5 million), representing 2.6% (Q1 2007: 3.8%) of sales.

EBIT Down 255.4%;
Adjusted EBIT Down 197.1%

The Powertrain division reported a decrease in EBIT of €16.6 million or 255.4% to -€10.1 million compared with the same period of last year (Q1 2007: €6.5 million). The return on sales fell to -0.8% (Q1 2007: 2.9%). Before special effects, EBIT declined by €20.5 million or 197.1% to -€10.1 million (Q1 2007: €10.4 million). The adjusted return on sales amounted to -0.8% (Q1 2007: 4.7%).

Special Effects in the First Quarter of 2008

There were no special effects for the Powertrain division in the first quarter of 2008.

Special Effects in the First Quarter of 2007

In the Powertrain division, the continuing integration of Motorola's automotive electronics business resulted in expenses of €2.4 million and restructuring expenses of €1.5 million during the first three months of 2007.

The impact of special effects on the Powertrain division reduced earnings for the first quarter of 2007 by a total of €3.9 million.

Interior in € millions	January 1 to March 31	
	2008	2007
Sales	1,656.6	324.0
EBITDA	192.3	44.7
in % of sales	11.6	13.8
EBIT before amortization of intangible assets from PPA	135.7	33.6
in % of sales	8.2	10.4
EBIT	81.0	31.4
in % of sales	4.9	9.7
Depreciation and amortization[1]	111.3	13.3
Capital expenditure[2]	59.9	8.6
Number of employees at March 31[3]	33,688	5,441
Adjusted EBIT before amortization of intangible assets from PPA[4]	135.7	37.4
Adjusted EBIT before amortization of intangible assets from PPA in % of sales	8.2	11.5
Adjusted EBIT[4]	81.0	35.2
Adjusted EBIT in % of sales	4.9	10.9
EBIT before amortization of intangible assets from PPA and before depreciation of tangible assets from PPA (only Siemens VDO)	144.5	33.6
in % of sales	8.7	10.4

[1] Excluding write-downs of investments

[2] Capital expenditure on property, plant, equipment and software

[3] Excluding trainees

[4] Before special effects

Interior

Sales Volumes

In the Connectivity business unit, sales volumes were up for embedded telematics. We sold 4.4 million instrument clusters in the Instrumentation & Displays business unit. We were also able to substantially increase sales figures for digital tachographs in the Commercial Vehicles and Aftermarket business unit.

Sales Up 411.3%

Sales of the Interior division increased in the first quarter of 2008 to €1,656.6 million, up 411.3% compared with the same period of last year (Q1 2007: €324.0 million). This increase resulted both from organic growth and from changes in the basis of consolidation, especially from the acquisition of Siemens VDO. Exchange rate changes had an offsetting effect.

EBITDA Up 330.2%

EBITDA of the Interior division improved in the first three months of 2008 compared with the same period of last year by €147.6 million, or 330.2%, to €192.3 million (Q1 2007: €44.7 million), and amounted to 11.6% (Q1 2007: 13.8%) of sales.

EBIT before Amortization of Intangible Assets from PPA and before Depreciation of Tangible Assets from PPA (only Siemens VDO) Up 330.1%

It is no longer possible to separately identify the depreciation of tangible assets from PPA for Siemens VDO and for the other acquisitions transacted in the past. For this reason, a rough estimate was made for Siemens VDO based upon the euro value as of November 30, 2007. Depreciation of tangible assets from PPA (only Siemens VDO) in the first quarter of 2008 totaled €8.8 million for the Interior division.

The Interior division's EBIT before amortization of intangible assets from PPA and before depreciation of tangible assets from PPA (only Siemens VDO) improved in the first quarter of 2008 compared with the same period of last year by €110.9 million, or 330.1%, to €144.5 million (Q1 2007: €33.6 million). EBIT before amortization of intangible assets from PPA and before depreciation of tangible assets from PPA (only Siemens VDO) amounted to 8.7% of sales (Q1 2007: 10.4%).

EBIT before Amortization of Intangible Assets from PPA Up 303.9%

The Interior division improved its EBIT before amortization of intangible assets from PPA (purchase price allocation) compared with the same period of last year by €102.1 million, or 303,9%, to €135.7 million (Q1 2007: €33.6 million), representing 8.2% of sales (Q1 2007: 10.4%).

EBIT Up 158.0%
Adjusted EBIT up 130.1%

Compared with the same period of last year, the Interior division reported an increase in EBIT of €49.6 million or 158.0% to €81.0 million (Q1 2007: €31.4 million). The return on sales fell to 4.9% (Q1 2007: 9.7%). Before special effects, EBIT rose by €45.8 million or 130.1% to €81.0 million (Q1 2007: €35.2 million). The adjusted return on sales amounted to 4.9% (Q1 2007: 10.9%).

Special Effects in the First Quarter of 2008

There were no special effects for the Interior division in the first quarter of 2008.

Special Effects in the First Quarter of 2007

In the Interior division, the continuing integration of Motorola's automotive electronics business resulted in expenses of €2.8 million and restructuring expenses of €1.0 million in the first three months of 2007.

The impact of special effects on the Interior division reduced earnings for the first quarter of 2007 by a total of €3.8 million.

Passenger and Light Truck Tires in € millions	January 1 to March 31	
	2008	2007
Sales	1,202.9	1,147.8
EBITDA	197.7	208.0
in % of sales	16.4	18.1
EBIT before amortization of intangible assets from PPA	142.8	157.4
in % of sales	11.9	13.7
EBIT	142.2	157.1
in % of sales	11.8	13.7
Depreciation and amortization[1]	55.5	50.9
Capital expenditure[2]	61.4	49.1
Number of employees at March 31[3]	26,740	24,665
Adjusted sales[4]	1,151.9	1,147.8
Adjusted EBIT before amortization of intangible assets from PPA[5]	142.6	157.4
Adjusted EBIT before amortization of intangible assets from PPA in % of sales	12.4	13.7
Adjusted EBIT[5]	142.0	157.1
Adjusted EBIT in % of sales	12.3	13.7

[1] Excluding write-downs of investments
[2] Capital expenditure on property, plant, equipment and software
[3] Excluding trainees
[4] Before changes in the scope of consolidation
[5] Before changes in the scope of consolidation

Passenger and Light Truck Tires
Sales Volumes
In the replacement business, we substantially increased the volumes sold to The Americas in the first quarter of 2008 compared with the same period of 2007. Volumes sold in the European replacement business were also higher than the previous year's level. Sales volumes in the original equipment business improved on a global basis compared with the same period of 2007, with planned declines in sales volumes for the NAFTA region being more than offset by increased volumes in Europe.

Sales Up 4.8%
Sales Up 3.6% before Consolidation and Exchange Rate Changes
Sales of the Passenger and Light Truck Tires division increased in the first quarter of 2008 to €1,202.9 million, up 4.8% compared with the same period of last year (Q1 2007: €1,147.8 million). Before changes in the scope of consolidation and exchange rate effects, sales increased by 3.6%, despite the long Easter holiday weekend in March and the resulting lower number of working days in comparison with March 2007.

EBITDA Down 5.0%
EBITDA of the Passenger and Light Truck Tires division was down in the first three months of 2008 compared with the same period of last year by €10.3 million, or 5.0%, to €197.7 million (Q1 2007: €208.0 million). EBITDA amounted to 16.4% of sales (Q1 2007: 18.1%).

EBIT before Amortization of Intangible Assets from PPA Down 9.3%
In the first quarter of 2008, the Passenger and Light Truck Tires division reported a decrease in EBIT before amortization of intangible assets from PPA (purchase price allocation) compared with the same period of last year by €14.6 million, or 9.3%, to €142.8 million (Q1 2007: €157.4 million). EBIT before amortization of intangible assets from PPA amounted to 11.9% of sales (Q1 2007: 13.7%).

EBIT Down 9.5%;
Adjusted EBIT Down 9.6%
Compared with the same period of last year, the Passenger and Light Truck Tires division reported a decrease in EBIT of €14.9 million or 9.5% to €142.2 million (Q1 2007: €157.1 million). The return on sales fell to

11.8% (Q1 2007: 13.7%). Before changes in the scope of consolidation, adjusted EBIT declined by €15.1 million or 9.6% to €142.0 million (Q1 2007: €157.1 million). The adjusted return on sales fell to 12.3% (Q1 2007: 13.7%).

The decrease in EBIT in the first quarter of 2008 has already been partially offset by the seasonal increase in business in April.

The increase in raw material prices had a negative impact of approximately €17 million on the Passenger and Light Truck Tires division in the first three months of 2008 compared with the prices for the first three months of 2007.

There were no special effects for either the first quarter of 2008 or for the first quarter of 2007.

Commercial Vehicle Tires in € millions	January 1 to March 31	
	2008	2007
Sales	328.3	344.5
EBITDA	31.6	47.6
in % of sales	9.6	13.8
EBIT before amortization of intangible assets from PPA	12.4	28.2
in % of sales	3.8	8.2
EBIT	12.2	28.1
in % of sales	3.7	8.2
Depreciation and amortization[1]	19.4	19.5
Capital expenditure[2]	19.6	16.8
Number of employees at March 31[3]	8,423	8,199
Adjusted sales[4]	312.3	328.9
Adjusted EBIT before amortization of intangible assets from PPA[5]	11.9	28.7
Adjusted EBIT before amortization of intangible assets from PPA in % of sales	3.8	8.7
Adjusted EBIT[5]	11.7	28.6
Adjusted EBIT in % of sales	3.7	8.7

[1] Excluding write-downs of investments

[2] Capital expenditure on property, plant, equipment and software

[3] Excluding trainees

[4] Before changes in the scope of consolidation

[5] Before changes in the scope of consolidation

Commercial Vehicle Tires
Sales Volumes

In Europe, volumes sold to vehicle manufacturers were higher than for the same period of 2007, but failed to reach the previous year’s level in the replacement business due to a downward market trend. Volumes sold to The Americas region were also down on the previous year's level as a result of this downward trend.

Sales Down 4.7%;
Sales Down 1.2% before Consolidation and Exchange Rate Changes

The Commercial Vehicle Tires division reported a decrease in sales for the first quarter of 2008 to €328.3 million, down 4.7% compared with the same period of last year (Q1 2007: €344.5 million). Before changes in the scope of consolidation and exchange rate effects, sales decreased by 1.2%. One reason for this decrease was that the long Easter holiday weekend fell in the month of March, resulting in fewer working days in comparison with March 2007.

EBITDA Down 33.6%

EBITDA of the Commercial Vehicle Tires division decreased in the first three months of 2008 compared with the same period of last year by €16.0 million, or 33.6%, to €31.6 million (Q1 2007: €47.6 million), and amounted to 9.6% (Q1 2007: 13.8%) of sales.

EBIT before Amortization of Intangible Assets from PPA Down 56.0%

In the first quarter of 2008, the Commercial Vehicle Tires division reported a decrease in EBIT before amortization of intangible assets from PPA (purchase price allocation) compared with the same period of last year by €15.8 million, or 56.0%, to €12.4 million (Q1 2007: €28.2 million). EBIT before amortization of intangible assets from PPA amounted to 3.8% of sales (Q1 2007: 8.2%).

EBIT Down 56.6%;
Adjusted EBIT Down 59.1%

Compared with the same period of last year, the Commercial Vehicle Tires division reported a decrease in EBIT of €15.9 million or 56.6% to €12.2 million (Q1 2007: €28.1 million). The return on sales fell to 3.7% (Q1 2007: 8.2%). Before changes in the scope of consolidation, adjusted EBIT declined by €16.9 million or 59.1% to €11.7 million (Q1 2007: €28.6 million), and the adjusted return on sales to 3.7% (Q1 2007: 8.7%).

The increase in raw material prices had a negative impact of approximately €16 million on the Commercial Vehicle Tires division in the first three months of 2008 compared with the prices for the first three months of 2007.

There were no special effects for either the first quarter of 2008 or for the first quarter of 2007.

ContiTech in € millions	January 1 to March 31	
	2008	2007
Sales	798.4	780.9
EBITDA	125.6	116.6
in % of sales	15.7	14.9
EBIT before amortization of intangible assets from PPA	101.0	92.9
in % of sales	12.7	11.9
EBIT	100.4	92.0
in % of sales	12.6	11.8
Depreciation and amortization[1]	25.2	24.6
Capital expenditure[2]	21.0	21.7
Number of employees at March 31[3]	23,963	23,306
Adjusted sales[4]	787.4	780.9
Adjusted EBIT before amortization of intangible assets from PPA[5]	100.5	94.5
Adjusted EBIT before amortization of intangible assets from PPA in % of sales	12.8	12.1
Adjusted EBIT[5]	99.9	93.6
Adjusted EBIT in % of sales	12.7	12.0

[1] Excluding write-downs of investments

[2] Capital expenditure on property, plant, equipment and software

[3] Excluding trainees

[4] Before changes in the scope of consolidation

[5] Before changes in the scope of consolidation and special effects

ContiTech
Sales Up 2.2%

Sales of the ContiTech division increased in the first quarter of 2008 to €798.4 million, up 2.2% compared with the same period of last year (Q1 2007: €780.9 million). Before changes in the scope of consolidation and exchange rate effects, sales increased by 2.4%, despite the long Easter holiday weekend in March and the resulting lower number of working days in comparison with March 2007.

The Elastomer Coatings, Conveyor Belt Group, Fluid Technology and Air Spring Systems business units contributed in particular to this increase in sales. As in 2007, the non-automobile-dependent segments recorded much higher increases in sales than the automotive original equipment segments.

EBITDA Up 7.7%

EBITDA of the ContiTech division improved in the first three months of 2008 compared with the same period of last year by €9.0 million, or 7.7%, to €125.6 million (Q1 2007: €116.6 million), or 15.7% (Q1 2007: 14.9%) of sales.

EBIT before Amortization of Intangible Assets from PPA Up 8.7%

The ContiTech division increased its EBIT before amortization of intangible assets from PPA (purchase price allocation) compared with the same period of last year by €8.1 million, or 8.7%, to €101.0 million (Q1 2007: €92.9 million), EBIT before amortization of intangible assets from PPA amounted to 12.7% of sales (Q1 2007: 11.9%).

EBIT Up 9.1%; Adjusted EBIT up 6.7%

Compared with the same period of last year, the ContiTech division increased EBIT by €8.4 million or 9.1% to €100.4 million (Q1 2007: €92.0 million). Its return on sales rose to 12.6% (Q1 2007: 11.8%) Before changes in the scope of consolidation and special effects, EBIT improved by €6.3 million or 6.7% to €99.9 million (Q1 2007: €93.6 million). The adjusted return on sales amounted to 12.7% (Q1 2007: 12.0%).

Special Effects in the First Quarter of 2008
In the period under review, the ContiTech division incurred restructuring expenses totaling €0.2 million for Roulunds, Denmark.

Special Effects in the First Quarter of 2007
In the first quarter of 2007, the ContiTech division incurred restructuring expenses of €1.6 million, primarily for Roulunds, Denmark.

The increase in raw material prices had a negative impact of approximately €5 million on the ContiTech division in the first three months of 2008 compared with the prices for the first three months of 2007.

Outlook

We feel that the first quarter has confirmed our forecast for 2008 as a whole. We also assume that we will achieve sales exceeding €26.4 billion, with all divisions contributing to the increase. In addition, we confirm our goal to exceed the pro forma adjusted EBIT margin of 9.3% achieved for the year 2007. That targeted EBIT margin figure is before the adjustment in 2008 for amortization and depreciation resulting from the purchase price allocation as well as integration and restructuring expenses. The preliminary figures for the month of April confirm that, in April, we will largely offset the business lost in March due to the long Easter holiday weekend.

We anticipate that we will be able to offset the negative impact from rising raw material costs with price increases, mix improvements and improvements in efficiency during the course of the year.

For 2008 as a whole, we expect a capital investment ratio of 6% of sales. The sale of electric motors activities to Brose for €240.0 million (enterprise value) as of April 1, 2008, is having a positive effect on the cash flow.

As a result of the restructuring measures introduced in the Interior (Wetzlar) and Powertrain divisions, restructuring expenses are to be expected in the coming quarters. For fiscal 2008 and 2009, these accumulated expenses will however be in the low three-digit million range, as previously announced.

Significant Events after March 31, 2008

The electric motors activities were sold to the Brose Group for total proceeds of €240.0 million (enterprise value) with effect from April 1, 2008, – primarily under an asset deal – after the transaction was approved by the antitrust authorities. The segment comprises mainly motors for anti-lock braking systems, electric windows, heating/ventilation, engine cooling and electric power steering as well as development offices, and also includes the motor activities acquired as part of the acquisition of Siemens VDO. The corresponding items were reported under “assets held for sale” and “liabilities held for sale.”

Our U.S. tire company Continental Tire North America (CTNA) amended its coverage of healthcare costs for certain retirees in 2006. In an interim decision, the responsible court of first instance upheld a class-action lawsuit brought against this measure insofar as the amendments to the pension plan should not have been implemented unilaterally. On April 11, 2008, the parties came to a mutual agreement for a solution with a contribution to an external fund. Under this agreement, the existing plan amendments are maintained. In this connection, a contribution to the fund will be made with a one-time payment of $40.0 million, a compensation payment of $3.0 million to the affected retirees, and further payments to the fund totaling $21.0 million over a period of seven years. Furthermore, CTNA agreed to provide medical coverage under the existing plan through payments to the external fund over 20 years of approximately $94.0 million. The agreement is still subject to approval by the court.

On April 21, 2008, the decision was made to discontinue the Interior division's production of navigation systems at the Wetzlar plant.

Financial Statements as of March 31, 2008

Accounting Principles
This Interim Report, as presented, has been prepared in accordance with International Financial Reporting Standards (IFRS). These accounting principles and basis of valuation are disclosed in detail in the Annual Report 2007.As opposed to the annual financial statements, however, no interim adjustments are made to certain accrued fixed cost items, mainly fixed costs capitalized for finished goods and work-in-progress inventories and provisions for accrued vacation of hourly and salaried employees.

Taxes are calculated based on the estimated, weighted-average annual tax rate expected for the year as a whole, taking into account the tax impact of specific significant items not expected to reoccur in the remainder of the year.

The interim financial statements have not been audited in accordance with section 317 of the Handelsgesetzbuch (HGB - German Commercial Code) or reviewed by an independent auditor.

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 Annual Report 2007 and comparative interim periods that have led to material adjustments in the current interim period.

Consolidated Income Statements

in € millions	January 1 to March 31	
	2008	2007
Sales	**6,639.4**	**3,964.8**
Cost of sales	-5,252.6	-2,964.1
Gross margin on sales	**1,386.8**	**1,000.7**
Research and development expenses	-415.2	-185.2
Selling and logistics expenses	-296.9	-217.5
Administrative expenses	-194.3	-109.0
Other income and expenses	-44.1	-62.5
At-equity share in earnings of associates	16.1	5.0
Other income from investments	4.3	5.3
Earnings before interest and taxes	**456.7**	**436.8**
Interest income	20.3	9.6
Interest expense	-227.1	-26.2
Net interest expense	**-206.8**	**-16.6**
Earnings before taxes	**249.9**	**420.2**
Income tax expense	-70.0	-142.9
Net income	**179.9**	**277.3**
Minority interests	-13.1	-6.8
Net income attributable to the shareholders of the parent	**166.8**	**270.5**
Undiluted earnings per share in €	**1.03**	**1.85**
Diluted earnings per share in €	**1.00**	**1.77**

Consolidated Balance Sheets

Assets in € millions	March 31, 2008	*Dec. 31, 2007*	March 31, 2007
Goodwill	7,254.1	*7,289.2*	1,724.8
Other intangible assets	2,827.6	*2,979.8*	221.8
Property, plant, and equipment[1]	5,920.2	*5,968.6*	3,521.9
Investment properties[1]	29.3	*29.5*	12.6
Investments in associates	796.6	*766.4*	124.1
Other investments	17.9	*23.8*	15.4
Deferred tax assets	168.9	*162.6*	139.9
Deferred pension charges	77.4	*77.5*	47.4
Long-term derivative instruments and interest-bearing investments	30.7	*19.5*	19.1
Other long-term financial assets	48.7	*48.0*	44.2
Other assets	18.9	*19.0*	2.2
Non-current assets	**17,190.3**	***17,383.9***	**5,873.4**
Inventories	2,678.1	*2,535.9*	1,750.0
Trade accounts receivable	4,395.5	*3,943.6*	2,853.0
Other short-term financial assets	170.0	*190.3*	123.4
Other assets	589.1	*577.3*	289.4
Income tax receivable	205.2	*257.9*	27.6
Short-term derivative instruments and interest-bearing investments	117.2	*51.5*	3.0
Cash and cash equivalents	967.7	*2,199.4*	803.9
Assets held for sale	**597.1**	***597.8***	**27.1**
Current assets	**9,719.9**	***10,353.7***	**5,877.4**
Total assets	**26,910.2**	***27,737.6***	**11,750.8**

Total equity and liabilities in € millions	March 31, 2008	*Dec. 31, 2007*	March 31, 2007
Common stock	414.0	*414.0*	375.2
Capital reserves	2,815.6	*2,808.7*	1,344.8
Retained earnings	3,781.2	*3,614.4*	3,157.4
Other comprehensive income	-382.9	*-253.9*	-150.0
Minority interests	284.4	*272.9*	243.4
Total equity	**6,912.3**	***6,856.1***	**4,970.8**
Provisions for pension liabilities and other post-employment benefits	681.0	*688.6*	520.2
Deferred tax liabilities	500.8	*525.2*	171.4
Long-term provisions for other risks	458.9	*466.0*	333.8
Long-term portion of indebtedness	9,907.0	*9,872.6*	1,013.1
Other long-term financial liabilities	73.5	*73.5*	—
Other non-current liabilities	43.7	*42.4*	38.1
Non-current liabilities	**11,664.9**	**11,668.3**	**2,076.6**
Trade accounts payable	2,730.9	*2,758.9*	1,555.4
Income tax payable	528.9	*532.7*	430.9
Short-term provisions for other risks	805.8	*842.6*	551.2
Indebtedness	2,429.7	*3,254.2*	1,135.2
Other short-term financial liabilities	875.7	*902.9*	587.6
Other liabilities	739.9	*679.1*	443.1
Liabilities held for sale	222.1	*242.8*	—
Current liabilities	**8,333.0**	***9,213.2***	**4,703.4**
Total equity and liabilities	**26,910.2**	***27,737.6***	**11,750.8**
Gearing ratio in %	**162.3**	***158.3***	**26.6**

[1] The comparative figures as of December 31, 2007 and March 31, 2007 for property, plant, and equipment are shown adjusted for the "Investment property"

Consolidated Cash Flow Statements

in € millions	January 1 to March 31	
	2008	2007
EBIT	456.7	436.8
Interest paid	-154.1	-19.0
Interest received	17.6	8.7
Income tax paid	-57.0	-109.3
Dividends received	4.8	8.2
Depreciation and amortization	427.3	176.8
At-equity share in earnings of associates and accrued dividend income from other investments	-20.4	-10.3
Losses/Gains from the disposal of assets, subsidiaries and business units	2.9	-1.9
Changes in		
inventories	-197.1	-154.2
trade accounts receivable	-555.2	-511.5
trade accounts payable	14.8	88.7
pension and post-employment provisions	16.7	-3.7
other assets and liabilities	62.1	157.3
Cash flow provided by operating activities	**19.1**	**66.6**
Proceeds on disposal of property, plant, equipment and intangible assets	25.8	4.6
Capital expenditure on property, plant, equipment and software	-352.1	-160.1
Capital expenditure on intangible assets from development projects	-1.2	-0.4
Proceeds on disposal of subsidiaries and business units, including surrendered cash and cash equivalents	9.2	0.0
Acquisition of subsidiaries and business units, incl. acquired cash and cash equivalents	-23.2	-40.0
Interest bearing advances	5.7	9.5
Cash used for investing activities	**-335.8**	**-186.4**
Cash flow before financing activities	**-316.7**	**-119.8**
Change in indebtedness	-887.9	356.6
Proceeds from the issuance of shares	0.2	0.1
Dividends paid to minority interests	-4.6	-1.9
Cash flow used for/provided by financing activities	**-892.3**	**354.8**
Change in cash and cash equivalents	**-1,209.0**	**235.0**
Cash and cash equivalents at the beginning of the reporting period	2,199.4	571.1
Effect of exchange rate changes on cash and cash equivalents	-22.7	-2.2
Cash and cash equivalents at the end of the reporting period	**967.7**	**803.9**

Consolidated Statements of Changes in Total Equity

in € millions	Number of shares (thousands)	Common stock	Capital reserves	Retained earnings	Other comprehensive income: Difference from succes-sive share purchases	Other comprehensive income: Difference from currency translation	Other comprehensive income: Difference from financial instru-ments[1]	Subtotal	Minority interest	Total
As of Jan. 1, 2007	**146,529**	**375.1**	**1,340.1**	**2,886.8**	**-22.9**	**-107.5**	**-0.8**	**4,470.8**	**239.1**	**4,709.9**
Net income	—	—	—	270.5	—	—	—	270.5	6.8	**277.3**
Comprehensive income	—	—	—	—	—	-18.9	—	-18.9	0.1	**-18.8**
Net profit for the period	**—**	**—**	**—**	**270.5**	**—**	**-18.9**	**—**	**251.6**	**6.9**	**258.5**
Dividends paid	—	—	—	—	—	—	—	—	-1.9	**-1.9**
Issuance of shares[2]	27	0.1	4.7	0.1	—	—	—	4.9	—	**4.9**
Successive acquisitions of shares in fully consolidated companies	—	—	—	—	0.1	—	—	0.1	-0.7	**-0.6**
As of March 31, 2007	**146,556**	**375.2**	**1,344.8**	**3,157.4**	**-22.8**	**-126.4**	**-0.8**	**4,727.4**	**243.4**	**4,970.8**
As of Jan. 1, 2008	**161,712**	**414.0**	**2,808.7**	**3,614.4**	**-35.6**	**-218.5**	**0.2**	**6,583.2**	**272.9**	**6,856.1**
Net income	—	—	—	166.8	—	—	—	166.8	13.1	**179.9**
Comprehensive income	—	—	—	—	—	-141.9	12.9	-129.0	1.3	**-127.7**
Net profit for the period	**—**	**—**	**—**	**166.8**	**—**	**-141.9**	**12.9**	**37.8**	**14.4**	**52.2**
Dividends paid	—	—	—	—	—	—	—	—	-4.6	**-4.6**
Issuance of shares[2]	12	0.0	6.9	—	—	—	—	6.9	—	**6.9**
Changes in minority interests from consolidation changes or capital increases	—	—	—	—	—	—	—	—	1.7	**1.7**
As of March 31, 2008	**161,724**	**414.0**	**2,815.6**	**3,781.2**	**-35.6**	**-360.4**	**13.1**	**6,627.9**	**284.4**	**6,912.3**

[1] Net of deferred tax

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

Additional Information

Consolidated net pension expenses can be summarized as follows:

in € millions	January 1 to March 31, 2008					January 1 to March 31, 2007				
	Germany	U.S.A./ CAN	UK	Others	Total	Germany	U.S.A./ CAN	UK	Others	Total
Current service cost	13.9	2.1	1.0	2.0	**19.0**	8.1	0.6	1.1	1.0	**10.8**
Interest on defined benefit obligation	20.8	12.1	2.9	2.0	**37.8**	15.4	9.3	2.2	1.0	**27.9**
Expected return on plan assets	-15.8	-16.1	-3.7	-1.4	**-37.0**	-8.5	-12.5	-2.6	-0.4	**-24.0**
Loss on curtailment	—	—	—	0.0	**0.0**	—	—	—	—	**—**
Amortization of actuarial gains and losses as well as other costs	0.0	0.1	0.0	0.0	**0.1**	1.0	0.1	0.0	0.1	**1.2**
Effect of asset limitation	—	0.5	0.0	—	**0.5**	—	—	—	—	**—**
Net periodic pension cost	**18.9**	**-1.3**	**0.2**	**2.6**	**20.4**	**16.0**	**-2.5**	**0.7**	**1.7**	**15.9**

Consolidated net expenses for retirement healthcare and life insurance obligations in the U.S.A. and Canada are made up of the following:

in € millions	January 1 to March 31, 2008	January 1 to March 31, 2007
Current service cost	1.1	0.4
Interest cost on defined benefit obligation	2.8	2.6
Amortization of actuarial gains and losses as well as other costs	-0.1	-0.4
Net cost of other post-employment benefits	**3.8**	**2.6**

Cash Changes in Post-Employment Obligations

Pension funds exist solely for pension obligations, particularly in Germany, the U.S.A., Canada and the United Kingdom, and not for other benefit obligations. The companies of the Continental Corporation paid €3.9 million (Q1 2007: €1.8 million) into these pension funds for the period from January 1 to March 31, 2008.

In the period under review, payments for retirement benefit obligations totaled €39.6 million (Q1 2007: €39.8 million). Payments for other post-employment benefits for the same period totaled €3.3 million (Q1 2007: €17.8 million).

Companies Consolidated

In addition to the parent company, the consolidated financial statements include a total of 376 domestic and foreign companies in which Continental Aktiengesellschaft holds a direct or indirect interest of at least 20% of the voting rights. Of these companies, 322 are fully consolidated and 54 are carried at equity. Since December 31, 2007, the total number of consolidated companies has increased by five. Three companies were newly formed, one company was consolidated for the first time, and one company was acquired. Since March 31, 2007, the total number of consolidated companies has increased by 95. The principal additions relate to the acquisitions of Siemens VDO Automotive AG and Matador Rubber s.r.o., as well as their respective subsidiaries.

Company Acquisitions

Acquisitions in 2008 relate in particular to later purchase costs as part of the acquisition of Siemens VDO, the purchase of shares in the associated company Alphapeak Ltd, UK, the redemption of further ContiTech AG shares from minority shareholders and an initial purchase price payment in connection with the acquisition of the automotive foils business of Alkor GmbH.

Transactions with Related Parties

In the period under review, there were no significant changes in the nature of transactions with related parties compared with the same period of the previous year.

Financial Calendar

2008	
Financials press conference	February 21
Analyst conference	February 21
Annual Shareholders' Meeting	April 25
Interim Report as of March 31, 2008	April 29
Interim Report as of June 30, 2008	July 31
Interim Report as of September 30, 2008	October 30

2009	
Financials press conference	February
Analyst conference	February
Annual Shareholders' Meeting	April 23
Interim Report as of March 31, 2009	May
Interim Report as of June 30, 2009	August
Interim Report as of September 30, 2009	October

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