Half-Year Financial Report as of June 30, 2009

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Continental

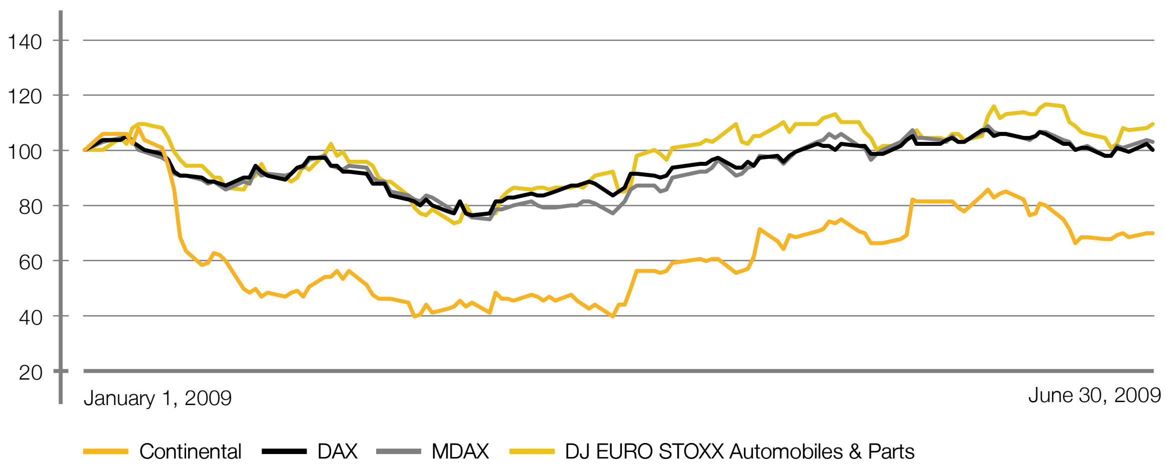
Continental's Share Price Performance

Following the completion of the takeover offer of Schaeffler KG on January 8, 2009, the Continental share price was impacted heavily starting at the beginning of the year primarily by speculation regarding an upcoming capital increase, the alleged need for federal assistance, changes in the management at Executive Board and Supervisory Board levels, as well as the general downwards trend in the automotive sector, reaching a price of €11.35 on March 30, 2009. This corresponded to a loss in value of approximately 61% in comparison to the closing price at the end of 2008. The vague hope of economic stabilization at the end of the first quarter was nurtured throughout the second quarter by numerous positive early indicators and boosted the global stock markets. The fact that the stress test carried out by the U.S. Department of the Treasury and the U.S. Federal Reserve Bank on 19 major U.S. banks indicated that no additional public funds would be needed to stabilize the U.S. banking sector for the time being further stabilized the stock markets.

In addition to financial securities, stocks dependent on economic trends from the chemistry, steel, construction and construction material sectors, and not least of all automotive shares powered the positive development of the overall market. By the end of the second quarter, DAX and DJ EURO STOXX 50 had risen 31% and 33%, respectively, from the year's low early in March. As of June 30, 2009, the DAX had thus achieved its index level from year-end 2008, whereas the DJ EURO STOXX 50 fell just 2% short. Despite numerous share issues in the sector, the DJ EURO STOXX Automobile and Parts was able to recover from its low by as much as 47%, closing at the end of the first half-year up 8% compared to the end of 2008. It was in this environment that the Continental share also started to recover. Executive Board chairman Dr. Karl-Thomas Neumann's announcement at the Annual Shareholders' Meeting on April 23, 2009, that in 100 days at the latest, a sustainable overall concept for the future cooperation with the Schaeffler Group would be presented, resulted in a leap in the Continental share price by 26% to €20.61 in two days of trading. The share price also experienced additional momentum from the first quarter results, which were positively received by the market. Share performance was bolstered by road show activities, which were intensified once again starting mid-May 2009. In total, the share at its peak was up 116% in comparison to the year's low at the end of March and closed at €20.15 per share on June 30, 2009. This represents a price decline of 30% in comparison to the end of 2008, which however was less than half of the decrease compared to the closing price at the end of the first quarter. In comparison with the DAX, DJ EURO STOXX 50 and the European industrial index for the automotive sector, this represents a relative decrease of 30%, 28% and 38%, respectively. The Continental share underperformed the MDAX by 33%.

At the end of June and throughout July, investors' profit taking and expectations of disappointing second quarter company reports were the focus of trading, resulting in a weak trend on the overall market as well as for the Continental share. After the start of the reporting season in the U.S.A. and the surprisingly good results of the U.S. banks, the DAX surpassed the 5,000-point mark. Boosted by the very well-received key figures for the first half-year, the Continental share also made substantial gains once again.

Share Price Performance



Key Figures for the Continental Corporation

in € millions	January 1 to June 30		Second Quarter	
	2009	2008	2009	2008
Sales	9,063.2	13,254.0	4,761.2	6,614.6
EBITDA	697.2	1,774.8	447.7	890.8
in % of sales	7.7	13.4	9.4	13.5
EBIT	- 126.2	912.4	38.8	455.7
in % of sales	- 1.4	6.9	0.8	6.9
Net income attributable to the shareholders of the parent	- 457.1	361.1	- 189.8	194.3
Earnings per share (in €)	- 2.70	2.23	- 1.12	1.20
Adjusted sales[1]	9,024.7	12,901.5	4,733.5	6,489.3
Adjusted operating result (adjusted EBIT)[2]	248.7	1,183.7	283.0	601.8
in % of adjusted sales	2.8	9.2	6.0	9.3
Free cash flow	689.8	152.8	1,256.5	469.5
Net indebtedness (as of June 30)	9,746.6	10,978.4		
Gearing ratio in %	186.1	156.4		
Number of employees (as of June 30)[3]	130,534	149,113		

[1] Before changes in the scope of consolidation.

[2] Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects (including severance payments from the worldwide cost-cutting program in 2009).

[3] Excluding trainees.

Key Figures for the Core Business Areas

Automotive Group in € millions	January 1 to June 30		Second Quarter	
	2009	2008	2009	2008
Sales	5,359.1	8,483.5	2,837.8	4,132.2
EBITDA	173.9	1,027.7	127.8	489.5
in % of sales	3.2	12.1	4.5	11.8
EBIT	- 440.7	370.5	- 174.4	158.5
in % of sales	- 8.2	4.4	- 6.1	3.8
Depreciation and amortization[1]	614.6	657.2	302.2	331.0
Capital expenditure[2]	254.3	505.8	104.4	271.5
Operating assets (as of June 30)	12,346.3	15,160.1		
Number of employees (as of June 30)[3]	75,731	88,971		
Adjusted sales[4]	5,341.4	8,165.9	2,821.6	4,026.3
Adjusted operating result (adjusted EBIT)[5]	- 109.5	650.3	34.5	312.9
in % of adjusted sales	- 2.1	8.0	1.2	7.8

Rubber Group in € millions	January 1 to June 30		Second Quarter	
	2009	2008	2009	2008
Sales	3,710.4	4,778.5	1,926.8	2,486.3
EBITDA	546.5	766.8	331.4	411.8
in % of sales	14.7	16.0	17.2	16.6
EBIT	338.3	562.8	225.4	307.9
in % of sales	9.1	11.8	11.7	12.4
Depreciation and amortization[1]	208.2	204.0	106.0	103.9
Capital expenditure[2]	159.3	225.6	68.6	123.6
Operating assets (as of June 30)	4,013.4	4,443.7		
Number of employees (as of June 30)[3]	54,588	59,871		
Adjusted sales[4]	3,689.6	4,743.6	1,915.3	2,466.9
Adjusted operating result (adjusted EBIT)[5]	382.0	554.4	260.8	299.7
in % of adjusted sales	10.4	11.7	13.6	12.1

[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 amortization of intangible assets from PPA, changes in the scope of consolidation, and special effects (including severance payments from the worldwide cost-cutting program in 2009).

Corporate Management Report as of June 30, 2009

Changes in the Executive Board
At its meeting on January 24, 2009, the Supervisory Board of Continental AG gave its consent to the request of Dr. Alan Hippe, at that time vice chairman of the Executive Board, CFO, and head of the Rubber Group of Continental AG, to release him from his duties as member of the Executive Board of Continental AG prematurely as of February 28, 2009, by mutual agreement.

Effective March 1, 2009, Gérard Cordonnier assumed the role of CFO for the Continental Corporation on a temporary basis.

Also effective March 1, 2009, Nikolai Setzer assumed the role of head of the Passenger and Light Truck Tires division on a temporary basis, alongside his existing duties as head of the Replacement Business for Passenger and Light Truck Tires in Europe and Africa.

Changes in the Supervisory Board
In line with the agreement reached with the Schaeffler Group, Jan P. Oosterveld (on January 26, 2009), Fred Steingraber (on January 26, 2009), Prof. Jürgen Stockmar (on January 25, 2009) and Christian Streiff (on February 3, 2009) stepped down from their positions as Supervisory Board members. By court order of February 5, 2009, the district court of Hanover appointed Maria-Elisabeth Schaeffler, Georg F. W. Schaeffler, Dr. Jürgen Geißinger and Rolf Koerfer as their successors.

In an extraordinary meeting on March 27, 2009, the Supervisory Board of Continental AG elected Rolf Koerfer as its new chairman, who thus succeeded Dr. Hubertus von Grünberg, who resigned on March 6, 2009.

Election of the Supervisory Board
The employee representatives on the Supervisory Board were elected on March 24, 2009. They are: Werner Bischoff, member of the executive board of IG Bergbau, Chemie, Energie; Michael Deister, deputy chairman of the works council for the Stöcken plant and deputy chairman of the corporate works council; Hans Fischl, chairman of the works council for the Regensburg location, chairman of the central works council of Continental Automotive GmbH and member of the corporate works council of Continental AG; Michael Iglhaut, chairman of the works council for the Frankfurt location, chairman of the central works council of Continental Teves AG & Co. oHG and first deputy chairman of the corporate works council; Jörg Köhlinger, trade union secretary of IG Metall for Frankfurt and IG Metall officer assigned to the corporate works council, the central works council of Continental Teves as well as the working committee of the central works councils of Continental Teves, Temic and Automotive; Hartmut Meine, district manager of IG Metall for Lower Saxony and Saxony-Anhalt; Dirk Nordmann, chairman of the works council for the Vahrenwald plant, ContiTech Antriebssysteme GmbH; Dr. Thorsten Reese, head of corporate Quality & Environment; Jörg Schönfelder, chairman of the works council for the Korbach plant; Erwin Wörle, chairman of the works council of Conti Temic microelectronic GmbH, Ingolstadt.

On April 23, 2009, the Annual Shareholders' Meeting of Continental AG elected the following persons as shareholder representatives on the Supervisory Board: Dr. Gunter Dunkel, chairman of the board of management of Norddeutsche Landesbank Girozentrale; Dr. Michael Frenzel, chairman of the executive board of TUI AG; Dr. Jürgen M. Geißinger, president and CEO of INA-Holding Schaeffler KG; Prof. Dr.-Ing. E. h. Hans-Olaf Henkel, honorary professor at the University of Mannheim; Rolf Koerfer, lawyer; Dr. Klaus Mangold, chairman of the supervisory board of Rothschild GmbH; Klaus Rosenfeld, CFO of the Schaeffler Group; Georg F. W. Schaeffler, partner in the Schaeffler Group; Maria-Elisabeth Schaeffler, partner in the Schaeffler Group; Dr. Bernd W. Voss, member of various supervisory boards. Substitute members are: Dr. h. c. Manfred Bodin, member of various supervisory boards, and Prof. Dr. Hans Heinrich Peters, chairman of the supervisory board of BÖAG Finanzdienst Aktiengesellschaft.

Rolf Koerfer was elected chairman, Werner Bischoff deputy chairman.

Continental and the Schaeffler Group Start Cooperation with Joint Purchasing Activities
Through a global purchasing agreement, Continental and the Schaeffler Group have started their first large joint project. The cooperation deal was contractually agreed as of March 27, 2009. Its goal is to minimize the cost of manufacturing and non-manufacturing materials and thus achieve an annual triple-digit million benefit by jointly approaching the steel markets and component suppliers. Under the purchasing cooperation, the companies follow the principle of acting independently while, however, creating synergies through cooperative actions.

Continental Supervisory Board Advocates Assessment of Continental-Schaeffler Merger

In its meeting on June 8, 2009, the Supervisory Board of Continental AG deliberated on various future scenarios for the automotive supplier, including the option of a merger between Continental AG and the Schaeffler Group. In this context, the Continental Supervisory Board asked the Executive Board to assess all aspects of a merger of Continental and Schaeffler, in particular the financial feasibility of such a merger. This process is to be completed by the end of July 2009. At the same time, the Executive Board is to continue analyzing alternative options and their possible implementation.

Sale of Hyundai Autonet Co. Ltd.

In the Interior division, the associate Hyundai Autonet Co. Ltd., Kyoungki-do, South Korea, was sold at a price of €126.6 million.

Conflict over Hanover-Stöcken Plant Settled

In the controversy surrounding commercial vehicle tire production at the location in Hanover-Stöcken, company management, the IG BCE trade union and employee representatives defined a negotiating framework and the further course of action on May 19, 2009.

Market Downturn Makes Further Restructuring Measures Necessary

The persistent downturn in the passenger tire markets and the current production overcapacities in Europe of more than 18 million passenger tires mean a greatly reduced demand for primary materials as well. Restructuring measures relating to the compound and rubberization activities in Traiskirchen, Austria, are the topic of current negotiations.

Resumption of the Project for the Suspension of Tire Production in the Plant in Clairoix, France

The project for the suspension of tire production at the Clairoix plant was resumed after charges brought by the unions and the joint works council against Continental AG were dismissed in all points by the competent court on April 21, 2009. The charges centered on the allegation that the procedure for notifying and consulting with employee representatives had not been adhered to properly.

Rubber Group Carve-out

The legal and organizational carve-out of primarily the German tire operations into a new company is proceeding according to plan and is to be completed early in August 2009. The corporation's operational organization with a Rubber Group and an Automotive Group will thus be given a clear legal company structure.

Cooperation Agreed With ZF for Hybrid Drives for Commercial Vehicles

On April 30, 2009, ZF Friedrichshafen AG and Continental concluded an agreement for cooperation in the development and production of hybrid drives for commercial vehicles. According to the agreement, ZF takes on the system integration of the hybrid system, which consists of parallel hybrid drives from ZF and lithium-ion battery accumulators and system electronics from Continental. ZF is responsible for the hybrid technology, i.e. transmission, electric motor and power electronics as well as for the system integration and system control. In the cooperative venture, Continental, together with ZF, will further develop the lithium-ion battery technology, which is already used as standard in passenger cars, for use in commercial vehicles, putting it into production in the spring of 2011.

Porsche Panamera Starts Off on Continental Tires

Continental is equipping the Porsche Panamera with tires of several sizes. The high performance tires were developed in accordance with the manufacturer's specifications in order to fully satisfy the very high standards of the sports car.

New Tire Generation for Commercial Vehicles

The market debut of the new "Goods tire generation" got underway throughout Europe in April 2009. With a clear focus on safety and economy, Continental is reacting to the tougher competition on the international transport market with its new tire for the drive and steering axles. Distinct cost benefits with optimum safety were the basic idea behind the specification of the new premium tire for regional and overland transportation and for winter driving. Rolling resistance has been reduced 5%, cutting fuel consumption substantially and thus minimizing CO_2 emissions. All tires are based upon a new high-performance carcass technology with the patented AirKeep® system that prevents a slow loss of inflation pressure.

ABS for Motorcycles

We are boosting our activities on the two-wheel market with a new compact antilock braking system (ABS) for motorcycles. The motorcycle antilock braking system (MAB) weighs only about 1.2 kilograms and can thus be integrated easily into the infrastructures of motorcycle models. Thanks to Continental's know-how in the development of ABS for cars, it was possible to implement the new MAB in just under 16 months of development. The new system will be used for the first time in the Mana, Shiver and Dorsoduro models from Aprilia.

First Turbocharger for Gasoline Engines

After some three years of development, we have now brought our first turbocharger system for internal combustion engines to market maturity. Production is slated to get underway in 2011. The new turbocharger, which can be installed fully automatically and thus presents quality and cost benefits in the production, is used in a gasoline engine of a European vehicle platform. The turbocharging of gasoline engines is becoming ever more important, as it is the only way to downsize engines, a requirement for cutting fuel consumption.

The Future of Car Mobility - AutoLinQ™

On June 2, 2009, we presented AutoLinQ™ in Detroit. An open architecture, AutoLinQ makes possible full access to and use of Android Marketplace and other Internet ecosystems in cars. This systems architecture for the next generation of networked auto-infotainment systems will allow drivers and riders to personalize their cars via a secure and effective Internet hook-up.

A Host of Continental Technologies in the New E Class from Mercedes-Benz

Continental has contributed a host of innovations, components and systems to the new Mercedes-Benz E Class generation. These include a wide-ranging stake in airbag, brake and chassis technology as well as the adaptive highbeam assist, which is controlled by a camera developed by Continental. New engine electronics play a big role in the fuel-efficient engines of the E Class. Among other things, the electronics integrate the ECO start-stop function of Mercedes-Benz (a standard feature in the E 200 CGI Blue EFFICIENCY with manual transmission). They also quicken the turbo charger response for smooth power output from the engine. In the drivetrain, the fully integrated transmission control combines with the automatic transmission's electromechanical shift (a standard feature in some models) to improve comfort and optimize fuel-efficiency. The central monitor and the instrument cluster also come from Continental. The electronic controls activating the E Class' active multi-contour seat (an option) make for superb seating comfort. For the tires of the new E Class, Continental was granted numerous approvals for its tread pattern lines ContiPremiumContact 2, ContiSportContact3, ContiWinterContact and ContiProContact. Worthy of particular mention here is the 225/55 R16 95W ContiPremiumContact 2, which, thanks to its very good rolling resistance in balance with good properties in the wet and excellent handling features, fully satisfies the demanding performance standards of Mercedes-Benz.

Eco-friendly Rubber Bearings for Wind Power Plants

Employing corrosion-proof, flexible and durable rubber, ContiTech Vibration Control produces state-of-the-art bearing systems for wind power plants. These systems work to make the plants more cost-efficient, more effective, and eco-friendlier. The high-quality bearings ensure better damping. And thanks to their durability, they reduce the servicing frequency – an important cost factor for operators, especially in the case of off-shore stations.

Economic Climate

According to the IWF, the global economy is beginning to stabilize, fostered by the massive fiscal and monetary assistance measures. After global economic growth in the first quarter of the year persisted at the very bad level of the last quarter in 2008 (-6%), select early indicators of the IWF such as industrial production, retail sales, trade exports and the Purchasing Manager's Index indicate a clear recovery from the lows recorded in the previous quarters. For the first time since October 2008, the IWF raised its forecast for global economic growth by 0.6 percentage points to 2.5 percentage points for the year 2010. Forecasts for 2009 remain nearly unchanged, with a contraction of the global economy of 1.4% expected. In the Eurozone, where a decline of 4.8% is forecast, Germany would be hit hardest with -6.2%. In the U.S.A., economic performance is expected to drop this year by 2.6%.

One major reason for the improved prospects in the course of the year is the impact of the massive state economic stimulus schemes and the monetary measures for the stabilization of the global financial system. The European Central Bank dropped the key interest rate for the Eurozone to 1% and initiated non-conventional measures to provide the markets with greater liquidity and to further encourage lending. Similar measures had been decided upon previously by the U.S. Federal Reserve Bank, which set the key interest rate near the zero point (0% – 0.25%) already in December 2008 and announced in March 2009 its intention to purchase up asset-backed securities, non-collateralized bonds and government bonds totaling more than $1.5 trillion. The effect of the monetary measures is bolstered by the low inflation: Currently the key inflation rate, at 1.5%, is a good 50 basis points below the previous year's level. In contrast, raw material prices, fostered by a weak dollar, recently recovered substantially in advance of the recovery of the global economy. Prices for oil and in particular for metals rose from the lows at the beginning of the year more than 60% and 30%, respectively. This development does not mean that the recession has come to an end, however. Further uncertainty is caused especially by concerns regarding the future development on the labor market, the increasing number of company bankruptcies in the non-financial sector and the – in some cases drastic – rise in government debts. In addition, there is still no sign of real estate prices having bottomed out in many regions. In view of this, it is expected that economic development in the subsequent quarters will continue to be unstable.

The automotive industry is also showing initial signs of recovery. The commercial vehicle market, however, has not yet been caught up in this trend. After new car registrations fell 21% in the first quarter worldwide, the decline slowed to some 9% in the second quarter. Regional differences in the triad markets Europe, North America and Japan which could be observed in the first quarter continued in the second quarter. Boosted by the very successful car scrapping incentives in Europe, the number of new vehicle registrations was down by only about 5% in the second quarter compared to the same period last year (Q1 2009: -17%). In Japan, the decline diminished to 17% (Q1 2009: -23%). Also in the U.S.A., it was possible to reduce the decrease recorded in the first quarter (Q1 2009: -38%) to 32% in the second quarter despite a lack of government sales promotion programs and the Chapter 11 insolvency proceedings of General Motors and Chrysler.

The second quarter even saw an upswing in the BRIC countries: In the period from April to June, new vehicle registrations rose nearly 10% (Q1 2009: -3%) compared to the previous year level, thanks chiefly to the record sales figures in China. There was a 22% drop in the first half-year in the triad markets, whereas the BRIC countries experienced an increase of some 4%. Worldwide, new vehicle registrations were down approximately 15% in the first half of the year.

Despite the substantially improved situation on the sales markets, inventory reductions continued in many regions. Again in the second quarter, production figures in Europe were down 24% (Q1 2009: -39%), in North America 50% (Q1 2009: -51%) primarily as a result of the production stop at Chrysler in months of May and June, and in Japan approximately 40% (Q1 2009: -50%). Looking at the two regions where Continental makes roughly 80% of its sales in the automotive sector – North America and Europe – production figures fell again 37% after a 45% drop in the first quarter, compared to the previous year. Thanks to the success of the car scrapping incentives in Europe, production cuts were much less substantial in this quarter than in the first quarter, particularly at large-scale manufacturers in Europe. Nonetheless, in the first half of the year some 11 million vehicles fewer were produced worldwide, a decline of

31%. In contrast, the number of new vehicle registrations worldwide decreased by “only” 3 million, which means that inventories were reduced by some 8 million vehicles in the first six months.

On the commercial vehicle markets, the already very tense situation of the first quarter worsened even further: In Europe, the number of trucks produced was down 68% (Q1 2009: -60%), and in North America commercial vehicle production fell 55% (Q1 2009: -40%). Production in the first half of the year was thus down roughly 65% in Europe and 48% in North America.

The passenger tire replacement markets, which tend to be less cyclical, were also not able to recover in the second quarter. After a decrease of 10% in Europe in the first quarter, the number of tires sold fell again by some 10% in the second quarter. The decline in North America slowed from 11% in the first quarter to just 9% in the second quarter, thanks to the number of miles driven by U.S. citizens, which was up for the first time in 16 months. In the first half of the year, the decline on both markets was about 10%. The replacement business followed the production trend described above. The truck tire replacement markets were also characterized by a substantial drop in sales. Market figures in Europe declined 26% (Q1 2009: -33%). The decline slowed in North America, with a 15% drop after 29% in the first quarter, resulting primarily from the low values in 2008.

The decrease in the first half-year was 29% in Europe and 23% in North America.

Earnings, Financial and Net Assets Position of the Continental Corporation

Earnings Position

Sales Down 31.6%;
Sales Down 30.2% Before Changes in the Scope of Consolidation and Exchange Rate Effects

Consolidated sales for the first six months of 2009 fell by 31.6% to €9,063.2 million (H1 2008: €13,254.0 million). Before changes in the scope of consolidation and exchange rate effects, sales dropped by 30.2%, primarily as a result of volume decreases caused by the global economic crisis.

In the second quarter of 2009, consolidated sales fell by 28.0% to €4,761.2 million in comparison to the same period of 2008 (Q2 2008: €6,614.6 million). Before changes in the scope of consolidation and exchange rate effects, sales dropped by 27.4%. On a comparable basis, there was a decrease of 33.0% in the first quarter.

Adjusted EBIT Down 79.0%

The adjusted EBIT was down in the first half of 2009 compared with the same period of last year by €935.0 million, or 79.0%, to €248.7 million (H1 2008: €1,183.7 million), equivalent to 2.8% (H1 2008: 9.2%) of adjusted sales.

The adjusted EBIT fell in the second quarter of 2009 compared with the same period of last year by €318.8 million, or 53.0%, to €283.0 million (Q2 2008: €601.8 million), equivalent to 6.0% (Q2 2008: 9.3%) of adjusted sales. On a comparable basis, there was an adjusted EBIT of -€34.3 million in the first quarter of 2009.

EBIT Down 113.8%

In the first half of 2009, EBIT was down €1,038.6 million on the previous year to -€126.2 million (H1 2008: €912.4 million), a decrease of 113.8%. The return on sales fell to -1.4% (H1 2008: 6.9%).

The amortization of intangible assets from PPA reduced EBIT by €226.6 million in the first half of 2009 (H1 2008: €225.3 million).

Special Effects in the First Half of 2009

In the Interior division, the product portfolio was reviewed in 2008 in conjunction with the acquisition of Siemens VDO and business sections in the non-OE sector were identified that are not part of our core business. In 2008 the sale process was initiated for one of these business sections, leading to further recognition of impairment losses in the amount of €2.4 million.

The associate Hyundai Autonet Co. Ltd., Kyoungki-do, South Korea, of the Interior division was sold at a price of €126.6 million. The transaction led to a recognition of impairment losses in the amount of €73.6 million.

The closure and transfer of Western European locations of the Fluid Technology business unit in the ContiTech division led to restructuring expenses of €25.6 million in the first half of 2009.

The antitrust proceedings initiated in 2007 against Dunlop Oil & Marine Ltd., UK, a subsidiary of ContiTech AG, in the area of offshore hoses, resulted in further expenses of €1.2 million in the first half of 2009.

For the ContiTech division, the first consolidation of the conveyor belt company Kolubara Univerzal D.O.O. led to a gain of €0.7 million from the negative balance.

In addition, the Automotive Group incurred expenses, chiefly from restructuring measures, totaling €5.2 million in the first six months of 2009.

The Rubber Group incurred expenses totaling €3.4 million in the first half of 2009, primarily from restructuring measures.

The cost-cutting program initiated worldwide in response to the economic crisis led to expenses for severance payments totaling €36.2 million in the first half of 2009.

The total consolidated net expense from special effects in the first half of 2009 amounted to €146.9 million.

Special Effects in the First Half of 2008

Unutilized provisions of €0.3 million were reversed during the first half of 2008 as part of the winding up of restructuring activities at the plant in Angers, France.

At the plant in Wetzlar, Germany, production for the Interior division will be shut down due to a lack of orders. Research and development activities are to remain in Wetzlar. This led to restructuring expenses of €17.0 million in the first half of 2008.

Also in the Interior division, the product portfolio was reviewed in conjunction with the acquisition of Siemens VDO and business sections in the non-OE sector were identified that are not part of our core business. The sale process was initiated for one of these business sections and led to recognition of impairment losses in the amount of €26.3 million.

In addition, restructuring expenses of €2.0 million were incurred in the first half of 2008 for the Interior division, primarily for the research and development location in Munich, Germany.

The electric motors activities were sold – primarily under an asset deal – to the Brose Group effective April 1, 2008. This sale generated an overall gain of €6.0 million for the Powertrain division.

The scrapping of unusable machinery as part of the winding up of the restructuring measures at the tire plant in Charlotte, U.S.A., resulted in expenses amounting to €0.6 million.

Unutilized provisions totaling €2.0 million were reversed in the ContiTech division during the first half of 2008 as part of the winding up of restructuring activities, primarily for Roulunds, Denmark, and ContiTech Schlauch, Northeim, Germany.

The sale of the Benecke-Kaliko unit's furniture covering business resulted in a gain of €4.7 million in the ContiTech division.

The total consolidated net expense from special effects in the first half of 2008 amounted to €32.9 million.

Research and Development Expenses
In the first half of 2009, research and development expenses declined by 13.0% compared with the same period of 2008 to €730.6 million (H1 2008: €839.6 million), representing 8.1% (H1 2008: 6.3%) of sales. Of that sum, €619.2 million (H1 2008: €720.5 million) was attributable to the Automotive Group, corresponding to 11.6% (H1 2008: 8.5%) of sales, and €111.4 million (H1 2008: €119.1 million) to the Rubber Group, corresponding to 3.0% (H1 2008: 2.5%) of sales.

Net Interest Expense
At -€329.2 million, net interest expense improved by €46.8 million in the first six months of 2009 compared with the same period of last year (H1 2008: -€376.0 million).

The improvement over the same period of 2008 was due in particular to exchange rate effects, for the most part with no effect on cash, which at €7.6 million were €71.0 million higher than in 2008 (H1 2008: -€63.4 million). Compared to the first half of 2008, interest expense increased by €1.2 million to €352.5 million (H1 2008: €351.3 million). For the first half of 2009, interest income was €15.7 million (H1 2008: €38.7 million).

Income Tax Expense
In the first half of 2009, income tax expense improved by €163.4 million in comparison to the previous year to €13.2 million (H1 2008: -€150.2 million).

Tax expense in the period under review was influenced primarily by the valuation allowance of deferred tax assets on tax losses carried forward and limitations of interest deduction in Germany. In the annual financial statements for 2008, these had been recognized with the unrestricted possibility of offsetting due to expected results to be taxed.

In June 2009 we became aware that, according to the opinion of the German finance authorities, a harmful change of shareholder has already occurred according to section 8c of the *Körperschaftsteuergesetz* (German Corporate Tax Law) since, with the acquisition of shares by Schaeffler KG in 2008, the 25% threshold was exceeded. Even though Continental does not agree with this interpretation of the law and will be appealing it in due time, in the period under review the respective deferred tax assets in an amount of €107.0 million had to be written off. These relate to loss and interest carryforwards that can no longer be utilized in the opinion of the finance authorities.

Net Income Attributable to the Shareholders of the Parent
Net income attributable to the shareholders of the parent was down 226.6% to -€457.1 million (H1 2008: €361.1 million), with earnings per share lower at -€2.70 (H1 2008: €2.23).

Financial Position

Cash Flow

At €997.6 million, net cash flow from operating activities as of June 30, 2009, was €361.4 million higher than on June 30, 2008 (€636.2 million).

In the first half of 2009, free cash flow stood at €689.8 million (H1 2008: €152.8 million), up €537.0 million on the same period of 2008. A decrease in operating working capital, which increased cash flow by €1,359.9 million compared to the same period of 2008, had a positive effect. This decrease in comparison to the first half of 2008, which was achieved by improved working capital management and which has an effect on cash and cash equivalents, resulted primarily from the reduction of operating receivables in an amount of €831.8 million as well as inventories in an amount of €625.7 million. Interest payments totaling €391.6 million (H1 2008: €288.6 million) resulting from the purchase price financing for the acquisition of Siemens VDO in particular had a negative impact. This figure includes one-off payments totaling about €70 million resulting from the renegotiations of the loan agreements as of January 23, 2009. Free cash flow was impacted by the squeeze out redemption paid to the minority shareholders of ContiTech AG on February 16, 2009, amounting to €37.2 million.

The refund from the Contractual Trust Agreements (CTA) existing for two subsidiaries covering pension payments that were effected by the companies since mid-2006 amounting to €112.1 million had a positive effect on free cash flow.

At -€126.2 million, EBIT was down €1,038.6 million (H1 2008: €912.4 million).

In the first half of 2009, total cash outflows amounting to €307.8 million (H1 2008: €483.4 million) resulted from investment activities. In addition to the reduction in investments in property, plant and equipment, and software, cash flow in the amount of €126.6 million from the sale of the associate Hyundai Autonet Co., Ltd. to Hyundai Mobis Co., Ltd. in June 2009 also had a positive effect.

Financing

At €9,746.6 million, the net indebtedness of the corporation on June 30, 2009, was €736.9 million lower than on December 31, 2008, and €1,231.8 million lower than on June 30, 2008 (€10,978.4 million).

At 186.1%, the gearing ratio is thus higher than the previous year's level of 156.4% despite the reduction in net indebtedness due to reduced equity in comparison to the end of June 2008.

Bonds were down €714.8 million in comparison to June 30, 2008. This is chiefly attributable to the utilization of conversion rights and early repayment of the convertible bonds of Conti-Gummi Finance B.V. (original issue amount €400 million) and repayment of bonds of Continental AG in a nominal amount of €369.5 million in the second half of 2008.

The €11.8 billion syndicated loan taken out to finance the purchase price for the acquisition of Siemens VDO was drawn upon at the end of June 2009 in the nominal amount of €10,145.3 million.

For tranche C with a nominal value of €5,000.0 million due in August 2012, there were interest hedges at the end of June 2009 amounting to €3,125.0 million. The resulting average fixed interest rate to be paid is 4.19% plus margin.

As of June 30, 2009, Continental had at its disposal liquidity reserves totaling €4,024.7 million, consisting of cash and cash equivalents of €2,000.5 million as well as unused credit lines in volumes of €2,024.2 million.

Capital Expenditure (Additions)

In the first half of 2009, €413.7 million (H1 2008: €731.5 million) was invested in property, plant, equipment and software, corresponding to a capital expenditure ratio of 4.6% (H1 2008: 5.5%). €254.3 million (H1 2008: €505.8 million) of this sum, corresponding to 4.7% (H1 2008: 6.0%) of sales, was attributable to the Automotive Group.

In the Automotive Group, primary investments were in production equipment for the manufacture of new products and the implementation of new technologies for electronic brake and safety systems as well as injection systems and transmission control units.

The Rubber Group invested €159.3 million (H1 2008: €225.6 million), which is equivalent to 4.3% (H1 2008: 4.7%) of sales.

In the Tire divisions, investments focused on the areas of quality assurance and cost reduction.

ContiTech invested in rationalizing production processes and in new products. In addition, investment projects were carried out in Romania (Fluid Technology), China (Vibration Control) and Brazil (Conveyor Belt Group).

Net Assets Position

At €24,261.3 million, total assets on June 30, 2009, were €2,816.2 million lower than on the same date in 2008. This is mainly due to the goodwill impairment in 2008 totaling €1,230.0 million and a €1,791.7 million reduction in inventories and receivables. This is partially offset by a €819.4 million increase in cash and cash equivalents.

Total equity including minority interests was down €1,781.2 million compared with June 30, 2008, due primarily to the negative net income attributable to the shareholders of the parent for the past twelve months totaling €1,941.7 million as well as the negative exchange rate effects of €98.9 million. This was partially offset by the conversion of convertible bonds in a nominal amount of €356.7 million.

Total assets were down €426.6 million compared with December 31, 2008. This decline resulted from €212.8 million from the other intangible assets, €246.2 million from the investments in associated companies, and a total of €409.1 million from inventories and receivables. This is partially offset by a €431.1 million increase in cash and cash equivalents in connection with the measures to optimize the working capital.

Total equity including minority interests was down €291.5 million compared with year-end 2008. This decline was caused chiefly by the negative net income attributable to the shareholders of the parent totaling €457.1 million. The conversion to the euro in Slovakia led to a reclassification between the currency translation reserves and the revenue reserves in an amount of €67.8 million. This was partially offset by positive currency exchange effects of €146.9 million.

Employees

At the end of the second quarter of 2009, the corporation's employees numbered 130,534, a decrease of 8,621 compared with the end of 2008. The deterioration in the general economic environment led to a substantial workforce reduction of 7,006 employees, above all in the Automotive Group. Due to volume declines, it was necessary to implement capacity adjustments and hiring freezes. In the Rubber Group, the number of staff was reduced by 1,566, due also primarily to the deterioration in the general economic environment.

Compared with the reporting date for 2008, there were 18,579 fewer employees in the corporation.

Development of the Continental Corporation

in € millions	January 1 to June 30		Second Quarter	
	2009	2008	2009	2008
Sales	9,063.2	13,254.0	4,761.2	6,614.6
EBITDA	697.2	1,774.8	447.7	890.8
in % of sales	7.7	13.4	9.4	13.5
EBIT	- 126.2	912.4	38.8	455.7
in % of sales	- 1.4	6.9	0.8	6.9
Net income attributable to the shareholders of the parent	- 457.1	361.1	- 189.8	194.3
Earnings per share (in €)	- 2.70	2.23	- 1.12	1.20
Research and development expenses	730.6	839.6	344.1	424.4
Depreciation and amortization[1]	823.4	862.4	408.9	435.1
Capital expenditure[2]	413.7	731.5	173.9	379.4
Operating assets (as of June 30)	16,402.6	19,626.8		
Number of employees (as of June 30)[3]	130,534	149,113		
Adjusted sales[4]	9,024.7	12,901.5	4,733.5	6,489.3
Adjusted operating result (adjusted EBIT)[5]	248.7	1,183.7	283.0	601.8
in % of adjusted sales	2.8	9.2	6.0	9.3
Net indebtedness (as of June 30)	9,746.6	10,978.4		
Gearing ratio in %	186.1	156.4		

[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 amortization of intangible assets from PPA, changes in the scope of consolidation, and special effects (including severance payments from the worldwide cost-cutting program in 2009).

Reconciliation of EBIT to Net Income

in € millions	January 1 to June 30		Second Quarter	
	2009	2008	2009	2008
Chassis & Safety	56.4	291.5	71.0	150.4
Powertrain	- 252.7	- 48.9	- 102.4	- 38.8
Interior	- 244.4	127.9	- 143.0	46.9
Passenger and Light Truck Tires	282.8	321.3	190.8	179.1
Commercial Vehicle Tires	- 14.0	28.3	- 0.3	16.1
ContiTech	69.5	213.1	34.9	112.7
Other/consolidation	- 23.8	- 20.8	- 12.2	- 10.7
EBIT	**- 126.2**	**912.4**	**38.8**	**455.7**
Net interest expense	- 329.2	- 376.0	- 201.3	- 169.2
Earnings before income taxes	**- 455.4**	**536.4**	**- 162.5**	**286.5**
Income taxes	13.2	- 150.2	- 17.9	- 80.2
Net income	**- 442.2**	**386.2**	**- 180.4**	**206.3**
Minority interests	- 14.9	- 25.1	- 9.4	- 12.0
Net income attributable to the shareholders of the parent	**- 457.1**	**361.1**	**- 189.8**	**194.3**
Earnings per share (in €), undiluted	- 2.70	2.23	- 1.12	1.20

Reconciliation of Cash Flow to the Change in Net Indebtedness

	January 1 to June 30		Second Quarter	
in € millions	**2009**	**2008**	**2009**	**2008**
Cash provided by operating activities	997.6	636.2	1,292.9	617.1
Cash used for investing activities	- 307.8	- 483.4	- 36.4	- 147.6
Cash flow before financing activities (free cash flow)	**689.8**	**152.8**	**1,256.5**	**469.5**
Dividends paid	—	- 323.4	—	- 323.4
Dividends paid and repayment of capital to minority interests	- 7.4	- 27.6	- 1.4	- 23.0
Proceeds from the issuance of shares	—	1.6	—	1.4
Non-cash changes	25.7	70.3	10.0	109.0
Other	29.4	11.8	- 1.5	9.0
Foreign exchange effects	- 0.6	- 7.5	31.3	0.2
Change in net indebtedness	**736.9**	**- 122.0**	**1,294.9**	**242.7**

Development of the Divisions

Chassis & Safety in € millions	January 1 to June 30		Second Quarter	
	2009	2008	2009	2008
Sales	1,916.1	2,895.2	1,049.4	1,442.3
EBITDA	222.0	457.2	153.3	233.1
in % of sales	11.6	15.8	14.6	16.2
EBIT	56.4	291.5	71.0	150.4
in % of sales	2.9	10.1	6.8	10.4
Depreciation and amortization[1]	165.6	165.7	82.3	82.7
Capital expenditure[2]	61.8	148.5	30.9	85.9
Operating assets (as of June 30)	4,143.1	4,536.0		
Number of employees (as of June 30)[3]	25,601	28,426		
Adjusted sales[4]	1,916.1	2,888.5	1,049.4	1,438.8
Adjusted operating result (adjusted EBIT)[5]	88.4	314.9	87.8	161.9
in % of adjusted sales	4.6	10.9	8.4	11.3

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 amortization of intangible assets from PPA, changes in the scope of consolidation, and special effects (including severance payments from the worldwide cost-cutting program in 2009).

Chassis & Safety

Sales Volumes

In the Electronic Brake Systems business unit, sales of electronic brake systems fell year-on-year by 33.9% to 5.4 million units in the first half of 2009.

In our Hydraulic Brake Systems business unit, sales volumes of brake boosters were down by 27.6% to 5.2 million units in the first six months of 2009 compared with the same period of last year. In the first half of 2009 compared to the same period of 2008, sales figures for brake calipers dropped to 11.3 million units, a decline of 36.4%.

In our Passive Safety & Advanced Driver Assistance Systems business unit, sales volumes of air bag control units were down by 29.2% to 5.3 million units in the first six months of 2009 compared with the same period of last year. In contrast, sales of driver assistance systems were up to 221,800 units in the first half of 2009, an increase of 53.0% in comparison to the same period of 2008.

Sales Down 33.8%;

Sales Down 34.9% Before Changes in the Scope of Consolidation and Exchange Rate Effects

Sales of the Chassis & Safety division fell by 33.8% to €1,916.1 million in the first six months of 2009 compared with the same period of 2008 (H1 2008: €2,895.2 million). Before changes in the scope of consolidation and exchange rate effects, sales dropped by 34.9%, due primarily to significant production declines in North America and Europe resulting from the global economic crisis.

In the second quarter of 2009, sales fell by 27.2% to €1,049.4 million in comparison to the same period of 2008 (Q2 2008: €1,442.3 million). Before changes in the scope of consolidation and exchange rate effects, sales dropped by 28.5%. On a comparable basis, there was a decrease of 41.1% in the first quarter.

Adjusted EBIT Down 71.9%

The Chassis & Safety division's adjusted EBIT was down in the first six months of 2009 compared with the same period of 2008 by €226.5 million, or 71.9%, to €88.4 million (H1 2008: €314.9 million), equivalent to 4.6% (H1 2008: 10.9%) of adjusted sales.

Adjusted EBIT was down in the second quarter of 2009 compared with the same period of 2008 by €74.1 million, or 45.8%, to €87.8 million (Q2 2008: €161.9 million), equivalent to 8.4% (Q2 2008: 11.3%) of adjusted sales. On a comparable basis, there was an adjusted EBIT of €0.6 million in the first quarter of 2009.

EBIT Down 80.7%

Compared with the same period of last year, the Chassis & Safety division reported a decrease in EBIT of €235.1 million, or 80.7%, to €56.4 million (H1 2008: €291.5 million) in the first half of 2009. The return on sales fell to 2.9% (H1 2008: 10.1%).

The amortization of intangible assets from PPA reduced EBIT by €26.9 million in the first half of 2009 (H1 2008: €26.1 million)

Special Effects in the First Half of 2009

Unutilized provisions of €1.6 million were reversed in the Chassis & Safety division during the first half of 2009 as part of the winding up of restructuring activities at the plant in Dortmund, Germany.

The cost-cutting program initiated worldwide in response to the economic crisis led to expenses for severance payments totaling €6.7 million in the Chassis & Safety division in the first half of 2009.

For the Chassis & Safety division, the total net expense from special effects in the first half of 2009 amounted to €5.1 million.

Special Effects in the First Half of 2008

There were no special effects for the Chassis & Safety division in the first half of 2008.

Powertrain in € millions	January 1 to June 30		Second Quarter	
	2009	2008	2009	2008
Sales	1,487.5	2,370.4	797.0	1,076.0
EBITDA	- 31.9	194.0	5.4	72.2
in % of sales	- 2.1	8.2	0.7	6.7
EBIT	- 252.7	- 48.9	- 102.4	- 38.8
in % of sales	- 17.0	- 2.1	- 12.8	- 3.6
Depreciation and amortization[1]	220.8	242.9	107.8	111.0
Capital expenditure[2]	127.9	217.8	49.8	106.0
Operating assets (as of June 30)	3,662.9	4,805.4		
Number of employees (as of June 30)[3]	23,102	27,248		
Adjusted sales[4]	1,471.8	2,128.6	781.3	1,047.2
Adjusted operating result (adjusted EBIT)[5]	- 149.9	36.4	- 46.9	- 2.6
in % of adjusted sales	- 10.2	1.7	- 6.0	- 0.2

[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 amortization of intangible assets from PPA, changes in the scope of consolidation, and special effects (including severance payments from the worldwide cost-cutting program in 2009).

Powertrain

Sales Volumes

In the first half of 2009, the economic situation in all regions led to sales figures 20% to 40% below the levels in the first half of 2008 for all business units. In North America, the situation was aggravated further by the production stop at Chrysler in May and June. The Engine Systems business unit was hit hardest by the severe slump in North America. In addition, the Powertrain division is also represented in the light truck and commercial vehicle sector, which experienced a decline on the whole of more than 50% worldwide.

Sales Down 37.2%;

Sales Down 32.4% Before Changes in the Scope of Consolidation and Exchange Rate Effects

Sales of the Powertrain division fell by 37.2% to €1,487.5 million in the first half of 2009 compared with the same period of 2008 (H1 2008: €2,370.4 million). Before changes in the scope of consolidation and exchange rate effects, sales dropped by 32.4%, primarily as a result of volume declines stemming from the global economic crisis.

Sales of the Powertrain division fell by 25.9% to €797.0 million in the second quarter of 2009 compared with the same period of 2008 (Q2 2008: €1,076.0 million). Before changes in the scope of consolidation and exchange rate effects, sales dropped by 27.1%. On a comparable basis, there was a decrease of 37.6% in the first quarter.

Adjusted EBIT Down 511.8%

The Powertrain division's adjusted EBIT was down in the first six months of 2009 compared with the same period of 2008 by €186.3 million, or 511.8%, to -€149.9 million (H1 2008: €36.4 million), equivalent to -10.2% (H1 2008: 1.7%) of adjusted sales.

The adjusted EBIT fell in the second quarter of 2009 compared with the same period of last year by €44.3 million to -€46.9 million (Q2 2008: -€2.6 million), equivalent to -6.0% (Q2 2008: -0.2%) of adjusted sales. On a comparable basis, there was an adjusted EBIT of -€103.0 million in the first quarter of 2009.

EBIT Down 416.8%

Compared with the same period of last year, the Powertrain division reported a decrease in EBIT of €203.8 million, or 416.8%, to -€252.7 million (H1 2008: -€48.9 million) in the first half of 2009. The return on sales fell to -17.0% (H1 2008: -2.1%).

The amortization of intangible assets from PPA reduced EBIT by €88.5 million in the first half of 2009 (H1 2008: €86.0 million).

Special Effects in the First Half of 2009

In the first six months of 2009, the Powertrain division incurred expenses totaling €5.9 million, primarily from restructuring measures.

The cost-cutting program initiated worldwide in response to the economic crisis led to expenses for severance payments totaling €7.8 million in the Powertrain division in the first half of 2009.

For the Powertrain division, the total net expense from special effects in the first half of 2009 amounted to €13.7 million.

Special Effects in the First Half of 2008

Unutilized provisions of €0.1 million were reversed in the Powertrain division during the first half of 2008 as part of the winding up of restructuring activities at the plant in Angers, France.

The electric motors activities were sold – primarily under an asset deal – to the Brose Group effective April 1, 2008. This sale generated an overall gain of €6.0 million for the Powertrain division.

In the Powertrain division, special effects improved earnings for the first half of 2008 by a total of €6.1 million.

Interior in € millions	January 1 to June 30		Second Quarter	
	2009	2008	2009	2008
Sales	2,004.3	3,295.6	1,013.7	1,639.0
EBITDA	- 16.2	376.4	- 30.9	184.1
in % of sales	- 0.8	11.4	- 3.0	11.2
EBIT	- 244.4	127.9	- 143.0	46.9
in % of sales	- 12.2	3.9	- 14.1	2.9
Depreciation and amortization[1]	228.2	248.5	112.1	137.2
Capital expenditure[2]	64.5	139.5	23.7	79.6
Operating assets (as of June 30)	4,540.2	5,818.7		
Number of employees (as of June 30)[3]	27,028	33,297		
Adjusted sales[4]	2,002.3	3,211.0	1,013.2	1,565.4
Adjusted operating result (adjusted EBIT)[5]	- 48.0	298.9	- 6.4	153.5
in % of adjusted sales	- 2.4	9.3	- 0.6	9.8

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 amortization of intangible assets from PPA, changes in the scope of consolidation, and special effects (including severance payments from the worldwide cost-cutting program in 2009).

Interior

Sales Volumes

In the Body & Security business unit, sales volumes were down for access control systems and body electronics in the first half of 2009.

In the Instrumentation & Driver HMI business unit, sales volumes of instrument clusters fell 28.4% to 6.6 million units in the first half of 2009.

In the first six months of 2009, sales volumes of digital tachographs in the Commercial Vehicles and Aftermarket business unit declined 59.7%.

Sales volumes for the individual product groups in the Infotainment & Connectivity business unit were down slightly year-on-year.

Sales Down 39.2%;

Sales Down 37.7% Before Changes in the Scope of Consolidation and Exchange Rate Effects

Sales of the Interior division fell by 39.2% to €2,004.3 million in the first six months of 2009 compared with the same period of 2008 (H1 2008: €3,295.6 million). Before changes in the scope of consolidation and exchange rate effects, sales dropped by 37.7%, primarily as a result of reduction in the global production of cars and commercial vehicles.

In comparison to the first quarter of 2009, second quarter sales of the Interior division rose €23.1 million or 2.3%. The relatively small increase was mainly attributable to the massive declines in commercial vehicle production and the production stop at Chrysler in May and June. Sales of the Interior division fell by 38.2% to €1,013.7 million in the second quarter of 2009 compared with the same period of 2008 (Q2 2008: €1,639.0 million). Before changes in the scope of consolidation and exchange rate effects, sales dropped by 35.3%. On a comparable basis, there was a decrease of 40.0% in the first quarter.

Adjusted EBIT Down 116.1%

The Interior division’s adjusted EBIT was down in the first six months of 2009 compared with the same period of 2008 by €346.9 million, or 116.1%, to -€48.0 million (H1 2008: €298.9 million), equivalent to -2.4% (H1 2008: 9.3%) of adjusted sales.

The adjusted EBIT fell in the second quarter of 2009 compared with the same period of last year by €159.9 million to -€6.4 million (Q2 2008: €153.5 million), equivalent to -0.6% (Q2 2008: 9.8%) of adjusted sales. On a comparable basis, there was an adjusted EBIT of -€41.6 million in the first quarter of 2009.

EBIT Down 291.1%

Compared with the same period of last year, the Interior division reported a decrease in EBIT of €372.3 million, or 291.1%, to -€244.4 million (H1 2008: €127.9 million) in the first half of 2009. The return on sales fell to -12.2% (H1 2008: 3.9%).

The amortization of intangible assets from PPA reduced EBIT by €108.1 million in the first half of 2009 (H1 2008: €110.0 million).

Special Effects in the First Half of 2009

In the Interior division, the product portfolio was reviewed in 2008 in conjunction with the acquisition of Siemens VDO and business sections in the non-OE sector were identified that are not part of our core business. In 2008 the sale process was initiated for one of these business sections, leading to the further recognition of impairment losses in the amount of €2.4 million.

The associate Hyundai Autonet Co. Ltd., Kyoungki-do, South Korea, of the Interior division was sold at a price of €126.6 million. The transaction led to a recognition of impairment losses in the amount of €73.6 million.

In the first six months of 2009, the Interior division incurred expenses totaling €0.9 million, primarily from restructuring measures.

The cost-cutting program initiated worldwide in response to the economic crisis led to expenses for severance payments totaling €9.7 million in the Interior division in the first half of 2009.

For the Interior division, the total net expense from special effects in the first half of 2009 amounted to €86.6 million.

Special Effects in the First Half of 2008

Unutilized provisions of €0.2 million were reversed in the Interior division during the first half of 2008 as part of the winding up of restructuring activities at the plant in Angers, France.

At the plant in Wetzlar, Germany, production for the Interior division will be shut down due to a lack of orders. Research and development activities are to remain in Wetzlar. This led to restructuring expenses in the amount of €17.0 million in the first half of 2008.

The product portfolio was reviewed in conjunction with the acquisition of Siemens VDO and business sections in the non-OE sector were identified that are not part of our core business. The sale process was initiated for one of these business sections and led to recognition of impairment losses in the amount of €26.3 million in the first half of 2008.

In addition, restructuring expenses of €2.0 million were incurred in the first half of 2008 for the Interior division, primarily for the research and development location in Munich, Germany.

For the Interior division, the total net expense from special effects in the first half of 2008 amounted to €45.1 million.

Passenger and Light Truck Tires in € millions	January 1 to June 30		Second Quarter	
	2009	2008	2009	2008
Sales	2,115.2	2,535.8	1,118.1	1,332.9
EBITDA	399.0	435.0	249.0	237.3
in % of sales	18.9	17.2	22.3	17.8
EBIT	282.8	321.3	190.8	179.1
in % of sales	13.4	12.7	17.1	13.4
Depreciation and amortization[1]	116.2	113.7	58.2	58.2
Capital expenditure[2]	92.1	129.7	36.3	68.3
Operating assets (as of June 30)	2,367.0	2,499.7		
Number of employees (as of June 30)[3]	25,935	27,199		
Adjusted sales[4]	2,109.9	2,542.2	1,115.5	1,336.2
Adjusted operating result (adjusted EBIT)[5]	296.6	325.2	199.5	181.2
in % of adjusted sales	14.1	12.8	17.9	13.6

[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 amortization of intangible assets from PPA, changes in the scope of consolidation, and special effects (including severance payments from the worldwide cost-cutting program in 2009).

Passenger and Light Truck Tires

Sales Volumes

The replacement business in Europe and Asia posted volume losses in the first half of 2009 compared with the same period of 2008 at a level similar to the market declines. In contrast to the market trend, the replacement business in The Americas region was able to achieve volume increases in the first six months of 2009 compared with the same period of 2008. Sales volumes in the original equipment sector fell on a global basis compared with the figures for the first six months of 2008, with decreases in the NAFTA region being greater than in Europe. The declines correlated to the reductions in vehicle production.

Sales Down 16.6%;

Sales Down 15.8% Before Changes in the Scope of Consolidation and Exchange Rate Effects

Sales of the Passenger and Light Truck Tires division fell by 16.6% to €2,115.2 million in the first six months of 2009 compared with the same period of 2008 (H1 2008: €2,535.8 million). Before changes in the scope of consolidation and exchange rate effects, sales dropped by 15.8%.

Sales of the Passenger and Light Truck Tires division fell by 16.1% to €1,118.1 million in the second quarter of 2009 compared with the same period of 2008 (Q2 2008: €1,332.9 million). Before changes in the scope of consolidation and exchange rate effects, sales dropped by 16.0%. On a comparable basis, there was a decrease of 15.7% in the first quarter.

Adjusted EBIT Down 8.8%

The Passenger and Light Truck Tires division's adjusted EBIT was down in the first six months of 2009 compared with the same period of 2008 by €28.6 million, or 8.8%, to €296.6 million (H1 2008: €325.2 million), equivalent to 14.1% (H1 2008: 12.8%) of adjusted sales.

The adjusted EBIT rose in the second quarter of 2009 compared with the same period of last year by €18.3 million to €199.5 million (Q2 2008: €181.2 million), equivalent to 17.9% (Q2 2008: 13.6%) of adjusted sales. On a comparable basis, there was an adjusted EBIT of €97.1 million in the first quarter of 2009.

EBIT Down 12.0%

Compared with the same period of last year, the Passenger and Light Truck Tires division reported a decrease in EBIT of €38.5 million, or 12.0%, to €282.8 million (H1 2008: €321.3 million) in the first half of 2009. The return on sales increased to 13.4% (H1 2008: 12.7%).

Special Effects in the First Half of 2009
In the first six months of 2009, the Passenger and Light Truck Tires division incurred expenses totaling €3.8 million, primarily from restructuring measures.

The cost-cutting program initiated worldwide in response to the economic crisis led to expenses for severance payments totaling €8.4 million in the Passenger and Light Truck Tires division in the first half of 2009.

For the Passenger and Light Truck Tires division, the total net expense from special effects in the first half of 2009 amounted to €12.2 million.

Special Effects in the First Half of 2008
The scrapping of unusable machinery as part of the winding up of the restructuring measures at the tire plant in Charlotte, U.S.A., resulted in expenses amounting to €0.6 million in the first half of 2008.

For the Passenger and Light Truck Tires division, the total net expense from special effects in the first half of 2008 amounted to €0.6 million.

Commercial Vehicle Tires in € millions	January 1 to June 30		Second Quarter	
	2009	2008	2009	2008
Sales	477.8	685.4	239.8	357.1
EBITDA	27.6	68.3	20.7	36.7
in % of sales	5.8	10.0	8.6	10.3
EBIT	- 14.0	28.3	- 0.3	16.1
in % of sales	- 2.9	4.1	- 0.1	4.5
Depreciation and amortization[1]	41.6	40.0	21.0	20.6
Capital expenditure[2]	21.1	45.3	10.0	25.7
Operating assets (as of June 30)	651.4	808.9		
Number of employees (as of June 30)[3]	7,434	8,394		
Adjusted sales[4]	475.4	679.0	238.6	353.8
Adjusted operating result (adjusted EBIT)[5]	- 13.3	26.8	0.0	15.6
in % of adjusted sales	- 2.8	3.9	0.0	4.4

[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 amortization of intangible assets from PPA, changes in the scope of consolidation, and special effects (including severance payments from the worldwide cost-cutting program in 2009).

Commercial Vehicle Tires

Sales Volumes

The global economic crisis with its extreme market downturns in all regions pushed sales figures below the previous year's level. In Europe, the figures for the replacement business as well as for the original equipment business were down substantially on last year's figures. In Asia we also posted declines in sales. In The Americas region, sales figures for the original equipment business remained well below the previous year's level, whereby in the replacement business sales fell just short of the previous year's level, thanks particularly to the good development in South America.

Sales Down 30.3%;

Sales Down 30.4% Before Changes in the Scope of Consolidation and Exchange Rate Effects

Sales of the Commercial Vehicle Tires division fell by 30.3% to €477.8 million in the first half of 2009 compared with the same period of 2008 (H1 2008: €685.4 million). Before changes in the scope of consolidation and exchange rate effects, sales dropped by 30.4%.

Sales of the Commercial Vehicle Truck Tires division fell by 32.8% to €239.8 million in the second quarter of 2009 compared with the same period of 2008 (Q2 2008: €357.1 million). Before changes in the scope of consolidation and exchange rate effects, sales dropped by 33.4%. On a comparable basis, there was a decrease of 27.1% in the first quarter.

Adjusted EBIT Down 149.6%

The Commercial Vehicle Tires division's adjusted EBIT was down in the first six months of 2009 compared with the same period of 2008 by €40.1 million, or 149.6%, to -€13.3 million (H1 2008: €26.8 million), equivalent to -2.8% (H1 2008: 3.9%) of adjusted sales.

The adjusted EBIT fell in the second quarter of 2009 compared with the same period of last year by €15.6 million to €0.0 million (Q2 2008: €15.6 million), equivalent to 0.0% (Q2 2008: 4.4%) of adjusted sales. On a comparable basis, there was an adjusted EBIT of -€13.3 million in the first quarter of 2009.

EBIT Down 149.5%

Compared with the same period of last year, the Commercial Vehicle Tires division reported a decrease in EBIT of €42.3 million, or 149.5%, to -€14.0 million (H1 2008:

€28.3 million) in the first half of 2009. The return on sales fell to -2.9% (H1 2008: 4.1%).

Special Effects in the First Half of 2009

Unutilized provisions of €0.2 million were reversed in the Commercial Vehicle Tires division during the first half of 2009 as part of the winding up of restructuring activities in Alor Gajah, Malaysia.

The cost-cutting program initiated worldwide in response to the economic crisis led to expenses for severance payments totaling €0.9 million in the Commercial Vehicle Tires division in the first half of 2009.

For the Commercial Vehicle Tires division, the total net expense from special effects in the first half of 2009 amounted to €0.7 million.

Special Effects in the First Half of 2008

There were no special effects for the Commercial Vehicle Tires division in the first half of 2008.

ContiTech in € millions	January 1 to June 30		Second Quarter	
	2009	2008	2009	2008
Sales	1,157.0	1,630.9	588.3	832.5
EBITDA	119.9	263.4	61.7	137.8
in % of sales	10.4	16.2	10.5	16.6
EBIT	69.5	213.1	34.9	112.7
in % of sales	6.0	13.1	5.9	13.5
Depreciation and amortization[1]	50.4	50.3	26.8	25.1
Capital expenditure[2]	46.1	50.5	22.4	29.5
Operating assets (as of June 30)	995.0	1,135.0		
Number of employees (as of June 30)[3]	21,219	24,278		
Adjusted sales[4]	1,143.9	1,596.0	580.6	813.1
Adjusted operating result (adjusted EBIT)[5]	98.8	202.3	61.4	103.0
in % of adjusted sales	8.6	12.7	10.6	12.7

[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 amortization of intangible assets from PPA, changes in the scope of consolidation, and special effects (including severance payments from the worldwide cost-cutting program in 2009).

ContiTech
Sales Down 29.1%;
Sales Down 26.8% Before Changes in the Scope of Consolidation and Exchange Rate Effects

Sales of the ContiTech division fell by 29.1% to €1,157.0 million in the first half of 2009 compared with the same period in 2008 (H1 2008: €1,630.9 million). Before changes in the scope of consolidation and exchange rate effects, sales dropped by 26.8%, primarily as a result of volume decreases caused by the global economic crisis. With a 37.6% drop in sales, the automotive OE operations in particular contributed to this decline. Sales in the industrial sector fell 19.2%. In contrast, sales on the automotive replacement market were up 1.2%.

Sales of the ContiTech division fell by 29.3% to €588.3 million in the second quarter of 2009 compared with the same period of 2008 (Q2 2008: €832.5 million). Before changes in the scope of consolidation and exchange rate effects, sales dropped by 27.3%. On a comparable basis, there was a decrease of 26.3% in the first quarter.

The comparison of the second quarter of 2009 to the second quarter of 2008 is affected by the fact that the long Easter holiday weekend in 2009 fell in April, resulting in an average of three fewer working days in the second quarter of 2009. This was a particular factor for ContiTech due to its regional sales breakdown.

Adjusted EBIT Down 51.2%

The ContiTech division's adjusted EBIT was down in the first six months of 2009 compared with the same period of 2008 by €103.5 million, or 51.2%, to €98.8 million (H1 2008: €202.3 million), equivalent to 8.6% (H1 2008: 12.7%) of adjusted sales.

The adjusted EBIT fell in the second quarter of 2009 compared with the same period of last year by €41.6 million to €61.4 million (Q2 2008: €103.0 million), equivalent to 10.6% (Q2 2008: 12.7%) of adjusted sales. On a comparable basis, there was an adjusted EBIT of €37.4 million in the first quarter of 2009.

EBIT Down 67.4%

Compared with the same period of last year, the ContiTech division reported a decrease in EBIT of €143.6 million, or 67.4%, to €69.5 million (H1 2008: €213.1 million) in the first half of 2009. The return on sales fell to 6.0% (H1 2008: 13.1%).

Special Effects in the First Half of 2009

The closure and transfer of Western European locations of the Fluid Technology business unit in the ContiTech division led to restructuring expenses of €25.6 million in the first half of 2009.

The antitrust proceedings initiated in 2007 against Dunlop Oil & Marine Ltd., UK, a subsidiary of ContiTech AG, in the area of offshore hoses, resulted in further expenses of €1.2 million in the first half of 2009.

The first consolidation of the conveyor belt company Kolubara Univerzal D.O.O., Serbia, led to a gain of €0.7 million from the negative balance.

In the ContiTech division, unutilized provisions totaling €0.3 million were reversed during the first half of 2009 as part of the winding up of restructuring activities. This was partially offset by an asset impairment in the amount of €0.1 million.

The cost-cutting program initiated worldwide in response to the economic crisis led to expenses for severance payments totaling €2.7 million in the first half of 2009.

For the ContiTech division, the total net expense from special effects in the first half of 2009 amounted to €28.6 million.

Special Effects in the First Half of 2008

Unutilized provisions totaling €2.0 million were reversed in the ContiTech division during the first half of 2008 as part of the winding up of restructuring activities, primarily for Roulunds, Denmark, and ContiTech Schlauch Northeim, Germany.

The sale of the Benecke-Kaliko unit's furniture covering business led to a gain of €4.7 million for the ContiTech division in the first half of 2008.

In the ContiTech division, special effects improved earnings for the first half of 2008 by a total of €6.7 million.

Report on Expected Developments and Outlook for the Corporation

Despite the stabilization of the financial markets, the situation of the global financial system and the recession in many parts of the world continue to be the dominant subjects. In view of the fragile status at present of the global economy and the financial markets, it continues to be difficult to make a forecast for the remainder of the year. It is positive that the results of the first half year were achieved primarily thanks to the cost-cutting measures that were initiated and only to a minor extent by the slight recovery of vehicle production in Europe. In view of the considerable reduction of inventories in Europe and North America and the lower base values from the second half of 2008, there are hopes of a revival of business activities in the fourth quarter of 2009 in comparison to the same period of 2008, so that the development of sales and earning in the first half of the year can represent a good basis for the further course of business in 2009. We are therefore assuming, as things look now, that we will be able to comply with our credit agreements throughout the remainder of the year as well, despite the persistent adverse economic conditions and existing uncertainties.

At approximately €4 billion at the end of the first half of 2009, the available liquidity (cash and cash equivalents as well as unused approved credit lines) exceeded the expected level, but will likely decrease substantially as a result of the August due date for tranche A in an amount of €800 million from the credit facility. Due to the significant seasonal decrease in net indebtedness at the end of the first half of the year, which is untypical for the business, the goal will be to keep the level achieved stable through the end of the fiscal year.

Continental is already currently looking into various options for the repayment or refinancing of tranche B of our credit facility, which is due in August 2010, with the goal of substantially improving the capital structure as well.

Based upon the latest information, we are expecting a continuing revival in sales and operating results in the second half of 2009 compared to the first half. However, the planned plant closures and the announced production adjustments will result in further restructuring expenses for the corporation in the coming quarters. As a result of this and other factors, considerable deviations can thus still arise in comparison with last year's figures.

Consolidated Financial Statements as of June 30, 2009

Consolidated Income Statements

in € millions	January 1 to June 30		Second Quarter	
	2009	2008	2009	2008
Sales	**9,063.2**	**13,254.0**	**4,761.2**	**6,614.6**
Cost of sales	- 7,466.5	- 10,456.3	- 3,820.3	- 5,203.7
Gross margin on sales	**1,596.7**	**2,797.7**	**940.9**	**1,410.9**
Research and development expenses	- 730.6	- 839.6	- 344.1	- 424.4
Selling and logistics expenses	- 567.9	- 593.2	- 283.1	- 296.3
Administrative expenses	- 301.5	- 380.3	- 153.1	- 186.0
Other income and expenses	- 73.7	- 112.8	- 66.2	- 68.7
At-equity share in earnings of associates	- 56.8	34.1	- 58.0	18.0
Other income from investments	7.6	6.5	2.4	2.2
Earnings before interest and taxes	**- 126.2**	**912.4**	**38.8**	**455.7**
Interest income	15.7	38.7	6.0	18.4
Interest expense	- 344.9	- 414.7	- 207.3	- 187.6
Net interest expense	**- 329.2**	**- 376.0**	**- 201.3**	**- 169.2**
Earnings before taxes	**- 455.4**	**536.4**	**- 162.5**	**286.5**
Income tax expense	13.2	- 150.2	- 17.9	- 80.2
Net income	**- 442.2**	**386.2**	**- 180.4**	**206.3**
Minority interests	- 14.9	- 25.1	- 9.4	- 12.0
Net income attributable to the shareholders of the parent	**- 457.1**	**361.1**	**- 189.8**	**194.3**
Undiluted earnings per share in €	**- 2.70**	**2.23**	**- 1.12**	**1.20**
Diluted earnings per share in €	**- 2.70**	**2.17**	**- 1.12**	**1.17**

Consolidated Statements of Income and Comprehensive Income

in € millions	January 1 to June 30		Second Quarter	
	2009	2008	2009	2008
Net income	**- 442.2**	**386.2**	**- 180.4**	**206.3**
Adjustments from contingent considerations	—	11.3	—	11.3
Retained earnings	**- 422.2**	**397.5**	**- 180.4**	**217.6**
Differences from currency translation	139.4	46.7	133.2	187.3
Available-for-sale financial assets	—	1.7	—	0.7
Deferred taxes on available-for-sale financial assets	—	0.0	—	0.0
Cash flow hedges	- 27.6	89.1	27.0	80.9
Deferred taxes on cash flow hedges	7.8	- 34.9	- 8.8	- 38.6
Revaluation due to successive share purchases	0.6	2.2	1.5	2.2
Share of other comprehensive income of associates	—	—	—	—
Other comprehensive income	**120.2**	**104.8**	**152.9**	**232.5**
Total comprehensive income	**- 322.0**	**502.3**	**- 27.5**	**450.1**
Minority interests	7.3	21.1	5.3	6.7
Total comprehensive income attributable to the shareholders of the parent	- 329.3	481.2	- 32.8	443.4

Consolidated Balance Sheets

Assets in € millions	June 30, 2009	*Dec. 31, 2008*	June 30, 2008
Goodwill	6,428.3	*6,384.1*	7,243.0
Other intangible assets	2,309.9	*2,522.7*	2,697.6
Property, plant, and equipment	6,044.5	*6,122.2*	6,073.5
Investment properties	16.8	*19.9*	29.1
Investments in associates	472.1	*718.3*	763.7
Other investments	9.5	*14.2*	13.2
Deferred tax assets	443.0	*391.3*	164.3
Deferred pension charges	83.5	*116.0*	83.1
Long-term derivative instruments and interest-bearing investments	15.0	*16.6*	111.7
Other long-term financial assets	35.1	*34.1*	75.9
Other assets	12.6	*9.0*	19.0
Non-current assets	**15,870.3**	***16,348.4***	**17,274.1**
Inventories	2,246.8	*2,570.5*	2,720.2
Trade accounts receivable	3,202.1	*3,287.5*	4,520.4
Other short-term financial assets	159.0	*126.8*	193.9
Other assets	596.5	*543.0*	630.4
Income tax receivable	101.5	*148.0*	157.6
Short-term derivative instruments and interest-bearing investments	39.2	*47.8*	57.5
Cash and cash equivalents	2,000.5	*1,569.4*	1,181.1
Assets held for sale	45.4	*46.5*	342.3
Current assets	**8,391.0**	***8,339.5***	**9,803.4**
Total assets	**24,261.3**	***24,687.9***	**27,077.5**

Total equity and liabilities in € millions	June 30, 2009	*Dec. 31, 2008*	June 30, 2008
Common stock	432.6	*432.6*	414.0
Capital reserves	3,125.5	*3,097.9*	2,821.8
Retained earnings	1,827.9	*2,217.2*	3,663.4
Other comprehensive income	- 422.3	*- 482.3*	- 145.1
Equity attributable to the shareholders of the parent	**4,963.7**	***5,265.4***	**6,754.1**
Minority interests	274.7	*264.5*	265.5
Total equity	**5,238.4**	***5,529.9***	**7,019.6**
Provisions for pension liabilities and other post-employment benefits	774.7	*669.7*	674.5
Deferred tax liabilities	335.3	*401.7*	516.1
Long-term provisions for other risks	384.6	*429.7*	449.0
Long-term portion of indebtedness	9,559.6	*9,768.3*	9,911.8
Other long-term financial liabilities	—	—	67.4
Other non-current liabilities	42.0	*40.9*	46.9
Non-current liabilities	**11,096.2**	***11,310.3***	**11,665.7**
Trade accounts payable	2,464.1	*2,469.8*	2,793.1
Income tax payable	521.4	*507.8*	489.9
Short-term provisions for other risks	929.3	*1,026.3*	818.9
Indebtedness	2,241.7	*2,349.0*	2,416.9
Other short-term financial liabilities	1,035.6	*889.2*	971.1
Other liabilities	693.3	*566.0*	759.6
Liabilities held for sale	41.3	*39.6*	142.7
Current liabilities	**7,926.7**	***7,847.7***	**8,392.2**
Total equity and liabilities	**24,261.3**	***24,687.9***	**27,077.5**

Consolidated Cash Flow Statements

in € millions	January 1 to June 30		Second Quarter	
	2009	2008	2009	2008
EBIT	- 126.2	912.4	38.8	455.7
Interest paid	- 391.6	- 288.6	- 145.5	- 134.5
Interest received	15.8	36.5	5.2	18.9
Income tax paid	- 46.5	- 129.8	- 7.7	- 72.8
Dividends received	50.8	31.7	17.3	26.9
Depreciation, amortization and impairments	823.4	862.4	408.9	435.1
At-equity share in earnings of associates and accrued dividend income from other investments, incl. impairments	49.1	- 40.7	55.5	- 20.3
Gains/losses from the disposal of assets, subsidiaries and management units	- 5.5	19.0	- 5.2	16.1
Changes in				
inventories	372.7	- 253.0	329.3	- 55.9
trade accounts receivable	148.6	- 677.3	268.1	- 122.1
trade accounts payable	- 44.6	53.0	116.0	38.2
pension and post-employment provisions	134.1	20.7	14.5	4.0
other assets and liabilities	17.5	89.9	197.7	27.8
Cash flow provided by operating activities	**997.6**	**636.2**	**1,292.9**	**617.1**
Proceeds on disposal of property, plant, equipment and intangible assets	34.6	32.1	23.0	6.3
Capital expenditure on property, plant, equipment and software	- 413.7	- 731.5	- 173.9	- 379.4
Capital expenditure on other intangible assets and intangible assets from development projects	- 23.3	- 1.6	- 22.0	- 0.4
Proceeds on disposal of subsidiaries and management units, including surrendered cash and cash equivalents	137.0	249.9	137.4	240.7
Acquisition of subsidiaries and management units, incl. acquired cash and cash equivalents	- 43.8	- 37.5	- 0.9	- 14.3
Interest bearing advances	1.4	5.2	0.0	- 0.5
Cash used for investing activities	**- 307.8**	**- 483.4**	**- 36.4**	**- 147.6**
Cash flow before financing activities	**689.8**	**152.8**	**1,256.5**	**469.5**
Change in indebtedness	- 271.5	- 807.2	- 463.9	80.7
Proceeds from the issuance of shares	—	1.6	—	1.4
Dividends paid	—	- 323.4	—	- 323.4
Dividends paid and repayment of capital to minority interests	- 7.4	- 27.6	- 1.4	- 23.0
Cash flow used for financing activities	**- 278.9**	**- 1,156.6**	**- 465.3**	**- 264.3**
Change in cash and cash equivalents	**410.9**	**- 1,003.8**	**791.2**	**205.2**
Cash and cash equivalents at the beginning of the reporting period	1,569.4	2,199.4	1,206.5	967.7
Effect of exchange rate changes on cash and cash equivalents	20.2	- 14.5	2.8	8.2
Cash and cash equivalents at the end of the reporting period	**2,000.5**	**1,181.1**	**2,000.5**	**1,181.1**

Consolidated Statements of Changes in Total Equity

in € millions	Number of shares (thousands)	Common stock	Capital reserves	Retained earnings	Other comprehensive income: Difference from successive share purchases[1]	Other comprehensive income: Difference from currency translation	Other comprehensive income: Difference from financial instruments[2]	Subtotal	Minority interests	Total
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	—	—	—	361.1	—	—	—	361.1	25.1	**386.2**
Comprehensive income	—	—	—	11.3	2.2	50.7	55.9	120.1	-4.0	**116.1**
Net profit for the period	**—**	**—**	**—**	**372.4**	**2.2**	**50.7**	**55.9**	**481.2**	**21.1**	**502.3**
Dividends paid	—	—	—	-323.4	—	—	—	-323.4	-7.7	**-331.1**
Issuance of shares[3]	27	—	13.1	—	—	—	—	13.1	—	**13.1**
Changes in minority interests[4]	—	—	—	—	—	—	—	—	-20.8	**-20.8**
As of June 30, 2008	**161,739**	**414.0**	**2,821.8**	**3,663.4**	**-33.4**	**-167.8**	**56.1**	**6,754.1**	**265.5**	**7,019.6**
As of Jan. 1, 2009	**169,006**	**432.6**	**3,097.9**	**2,217.2**	**-33.4**	**-346.0**	**-102.9**	**5,265.4**	**264.5**	**5,529.9**
Net income	—	—	—	-457.1	—	—	—	-457.1	14.9	**-442.2**
Comprehensive income	—	—	—	—	0.6	147.0	-19.8	127.8	-7.6	**120.2**
Net profit for the period	**—**	**—**	**—**	**-457.1**	**0.6**	**147.0**	**-19.8**	**-329.3**	**7.3**	**-322.0**
Dividends paid/declared	—	—	—	—	—	—	—	—	-10.8	**-10.8**
Issuance of shares[3]	—	—	7.6	—	—	—	—	7.6	—	**7.6**
Changes in minority interests[4]	—	—	—	—	—	—	—	—	13.7	**13.7**
Euro introduction in Slovakia	—	—	—	67.8	—	-67.8	—	—	—	**—**
Schaeffler investor agreement	—	—	20.0	—	—	—	—	20.0	—	**20.0**
As of June 30, 2009	**169,006**	**432.6**	**3,125.5**	**1,827.9**	**-32.8**	**-266.8**	**-122.7**	**4,963.7**	**274.7**	**5,238.4**

[1] Successive acquisitions of shares of fully consolidated companies. The comparative figures "Comprehensive income" as of June 30, 2008, are shown adjusted accordingly.

[2] The difference from financial instruments, including deferred taxes, is mainly due to the change in the market value of the cash flow hedge on interest.

[3] Includes the expenditure resulting from stock option plans, the redemption offer for granted and not yet exercised stock options, as well as the exercise in 2008 of rights derived from stock option plans.

[4] Relates in particular to changes in minority interests from consolidation changes, capital increases or capital reductions.

Explanatory Notes to the Consolidated Financial Statements

Accounting Principles
This Interim Report, as presented, has been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable on the closing date and endorsed by the European Union, as well as the interpretations of the International Financial Reporting Interpretation Committee (IFRIC). The Interim Report was drawn up in compliance with IAS 34, Interim Financial Reporting. The same accounting principles and basis of valuation are applied in the Interim Report as were used in the annual financial statements for 2008. These methods are disclosed in detail in the Annual Report 2008. In addition, the IFRS amendments and new regulations mandated as of June 30, 2009, are applied in the Interim Report. These mandatory IFRS amendments and new regulations were disclosed in detail in the Annual Report 2008. This had no significant effect on the Continental Corporation.

Processes and systems are and will be introduced at group member companies so that – as opposed to the annual financial statements – no interim adjustments are made to certain accrued fixed cost items. This mainly applies to fixed costs capitalized for finished goods and work-in-progress inventories. 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.

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. Changes in the recognition or valuation of assets and liabilities within the scope of company acquisitions are applied retroactively once the final purchase price allocation has been determined.

Pension Obligations
Consolidated net pension expenses can be summarized as follows:

in € millions	January 1 to June 30, 2009					January 1 to June 30, 2008				
	Germany	U.S.A./CAN	UK	Others	Total	Germany	U.S.A./CAN	UK	Others	Total
Current service cost	25.7	4.0	1.4	4.9	**36.0**	27.9	4.1	1.9	4.1	**38.0**
Interest on defined benefit obligation	43.7	27.7	5.3	5.0	**81.7**	41.7	23.7	5.6	4.0	**75.0**
Expected return on plan assets	-29.4	-23.6	-5.2	-2.0	**-60.2**	-31.2	-31.5	-7.2	-2.7	**-72.6**
Amortization of actuarial gains and losses as well as other costs	2.3	13.5	0.3	0.1	**16.2**	0.0	0.2	0.0	0.0	**0.2**
Effects of asset limitation and curtailments	—	-0.1	0.0	0.0	**-0.1**	—	0.9	0.0	0.0	**0.9**
Net periodic pension cost	**42.3**	**21.5**	**1.8**	**8.0**	**73.6**	**38.4**	**-2.6**	**0.3**	**5.4**	**41.5**

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 June 30, 2009	January 1 to June 30, 2008
Current service cost	2.1	2.1
Interest cost on defined benefit obligation	6.1	5.5
Amortization of actuarial gains and losses as well as other costs	-2.5	-0.2
Net cost of other post-employment benefits	**5.7**	**7.4**

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 €5.9 million (H1 2008: €7.5 million) into these pension funds for the period from January 1 to June 30, 2009.

In the first half of 2009, there was a refund from the Contractual Trust Arrangements (CTA) existing for two German subsidiaries totaling €112.1 million from the corresponding CTA assets for pension obligations that have been effected by the respective subsidiaries since mid-2006. There was no refund in the same period of 2008.

In the period from January 1 to June 30, 2009, payments for retirement benefit obligations totaled €82.8 million (H1 2008: €76.3 million). Payments for other post-employment benefits totaled €6.6 million (H1 2008: €6.5 million).

Companies Consolidated

In addition to the parent company, the consolidated financial statements include a total of 358 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, 310 are fully consolidated and 48 are carried at equity.

Since December 31, 2008, the total number of consolidated companies has increased by one. Two companies were formed and two companies were acquired. A total of five other companies were included in the scope of consolidation for the first time as a result of the purchase of further shares in a previously associated company. Two companies were merged with other companies, one company was liquidated, two companies were sold, and three companies deconsolidated.

Compared with June 30, 2008, the scope of consolidated companies decreased by 11 altogether. Reductions in the scope of consolidated companies relate primarily to mergers in the Automotive divisions as well as deconsolidations and liquidations in the ContiTech division. The additions relate in particular to the Passenger and Light Truck Tires and Powertrain divisions.

Acquisition and Sale of Companies

In order to significantly improve the market position for industrial solid tires in the growth region of Asia as well as in the U.S. dollar zone, Continental Global Holding Netherlands BV, the Netherlands, purchased 51% of the shares of Eu-Retec (Private) Limited, which is headquartered in Kalutara, Sri Lanka. The purchase agreement was signed on February 25, 2009. The first consolidation on March 1, 2009, as well as the previous preliminary purchase price allocation had no material effect on the earnings, financial and net assets position of Continental on June 30, 2009. The company has been assigned to the Commercial Vehicle Tires division.

To strengthen the market position for injectors and injection systems, Continental Automotive Systems US, Inc., U.S.A., purchased a further 8% of the shares of Synerject LLC, U.S.A., and its subsidiaries, thus attaining a majority holding in the company which had previously been jointly managed. The purchase agreement was signed on March 27, 2009. The first consolidation on March 31, 2009, as well as the previous preliminary purchase price allocation had no material effect on the earnings, financial and net assets position of Continental on June 30, 2009. The company has been assigned to the Powertrain division.

ContiTech Rubber Industrial Kft. Hungary, acquired Kolubara Univerzal D.O.O. in Veliki Crljeni, Serbia, on April 6, 2009. The company produces conveyor belts and has been assigned to the Conveyor Belt Group unit of the ContiTech division, thus improving the business unit's access to the market in Eastern Europe. The first consolidation on April 1, 2009, as well as the preliminary purchase price allocation had no material effect on the earnings, financial and net assets position of Continental on June 30, 2009.

The resolution to transfer minority shareholders' shares to ContiTech Universe Verwaltungs-GmbH for a cash redemption offer in accordance with section 327a of the *Aktiengesetz* as passed at the Annual Shareholders' Meeting of ContiTech AG on August 22, 2007, was entered in the commercial register of ContiTech AG on February 10, 2009, thus becoming effective. The squeeze out redemption in an amount of €24.38 per share was paid out on February 16, 2009.

Acquisitions of subsidiaries also relate to contingent considerations received in later periods, in particular relating to the acquisition of Siemens VDO in 2007. In addition, the remaining minority interest in a tire sales company as well as an automotive company was acquired.

As a result of the determination of the final purchase price in connection with the sale of the electric motor activities to the Brose Group, €11.6 million in outstanding purchase price claims were received in the first half of 2009. The final selling price totaled €241.6 million.

In the second quarter, the associate Hyundai Autonet Co. Ltd., Kyoungki-do, South Korea, was sold at a price of €126.6 million. This led to a recognition of impairment losses in the amount of €73.6 million.

Dividend Payment

Due to Continental AG's net loss for the year, a dividend for fiscal year 2008 will not be distributed. In the same period of 2008, a dividend of €2.00 per share was paid for fiscal 2007, representing a total dividend payment of €323.4 million.

Earnings per Share

Undiluted earnings per share for the first half of 2009 amounted to -€2.70 (H1 2008: €2.23) and -€1.12 for the period April 1 to June 30, 2009 (Q2 2008: €1.20). Diluted earnings per share for the first half of 2009 amounted to -€2.70 (H1 2008: €2.17) and -€1.12 for the second quarter of 2009 (Q2 2008: €1.17).

Contingent Liabilities and Other Financial Obligations

As of June 30, 2009, there were increases in the non-recognized contingent liabilities and other financial obligations as described in the Annual Report 2008, particularly in connection with a guarantee for a larger project, as well as order commitments related to a plant expansion. In the scope of the announced production adjustments in particular in the Rubber Group, it is expected that agreements on the type and scope of said adjustments will be made in the second half of 2009, which could lead to substantial obligations.

Transactions with Related Parties

On March 27, 2009, Continental and the Schaeffler Group agreed upon a global purchasing cooperation. We refer to the remarks in the Corporate Management Report as of June 30, 2009.

There were no other significant changes in the nature of transactions with related parties compared with the same period of the previous year.

German Corporate Governance Code

The annual declaration in accordance with section 161 of the *Aktiengesetz* (German Stock Corporation Act) regarding the German Corporate Governance Code from the Executive Board and Supervisory Board of Continental AG was made permanently available to shareholders on Continental's website. Earlier declarations in accordance with section 161 of the *Aktiengesetz* also can be found on the website.

Segment Reporting

Regarding the explanations of the development of the six divisions of Continental AG, we refer to the remarks in the Corporate Management Report as of June 30, 2009.

Indebtedness and Net Income from Financial Activities

Regarding the explanations of indebtedness and the net income from financial activities, we again refer to the remarks in the Corporate Management Report as of June 30, 2009.

Income Tax Expense

Tax expense in the period under review was influenced primarily by the valuation allowance of deferred tax assets on tax losses carried forward and limitations of interest deduction in Germany. In the annual financial statements for 2008, these had been recognized with the unrestricted possibility of offsetting due to expected results to be taxed.

In June we became aware that, according to the opinion of the German finance authorities, a harmful change of shareholder has already occurred according to section 8c of the *Körperschaftsteuergesetz* (German Corporate Tax Law) since, with the acquisition of shares by Schaeffler KG in 2008, the 25% threshold was exceeded. Even though Continental does not agree with this interpretation of the law and will be appealing it in due time, in the period under review the respective deferred tax assets in an amount of €107.0 million had to be written off. These relate to loss and interest carryforwards that can no longer be utilized in the opinion of the finance authorities.

Shareholder Structure

Since January 8, 2009, the shareholder structure with regard to the 169,005,983 outstanding Continental shares has been as follows: Schaeffler KG, 49.90%; Sal. Oppenheim jr. & Cie., 19.86%; and B. Metzler seel. Sohn & Co., 19.50%. The free float rate is 10.74%.

Significant Events after June 30, 2009

Acquisition of Erco

On July 1, 2009, Continental Tire North America acquired a majority holding in the previously associated Compania Ecuatoriana del Caucho (Erco), which is headquartered in Cuenca, Ecuador. This further boosts our market position for passenger, light truck and commercial vehicle tires in the growth region of Latin America. Erco has had a market share of about 11% in the countries of Chile, Peru, Bolivia, Columbia, Venezuela and Ecuador. Erco has experienced annual growth rates of 15% to 20% in recent years, whereas market growth was 7% to 8%. The company has been assigned to the Passenger and Light Truck Tires and Commercial Vehicle Tires divisions.

Review by an Independent Auditor

The interim management report and the abbreviated financial statements have not been audited in accordance with section 317 of the *Handelsgesetzbuch* (HGB - German Commercial Code) or reviewed by a qualified auditor.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the earnings, financial and net assets position of the corporation, and the interim management report of the corporation includes a fair view of the development and performance of the business and the position of the corporation, together with a description of the principal opportunities and risks associated with the expected development of the corporation for the remaining months of the financial year.

Hanover, July 20, 2009

Continental AG
The Executive Board

Financial Calendar

2009	
Financial press conference	February 19
Analyst telephone conference	February 19
Annual Shareholders' Meeting	April 23
Interim Report as of March 31, 2009	April 29
Interim Report as of June 30, 2009	July 30
Interim Report as of September 30, 2009	October 29

2010	
Financial press conference	February
Analyst telephone conference	February
Annual Shareholders' Meeting	April 28
Interim Report as of March 31, 2010	May
Interim Report as of June 30, 2010	August
Interim Report as of September 30, 2010	October

Continental Aktiengesellschaft, P.O. Box 169, 30001 Hanover, Germany
Vahrenwalder Straße 9, 30165 Hanover, Germany
Phone +49 511 938 - 01, Fax +49 511 938 - 8 17 70, mailservice@conti.de, www.continental-corporation.com

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