Q1

Financial Report as of March 31, 2011

Continental

Continental Shares and Bonds

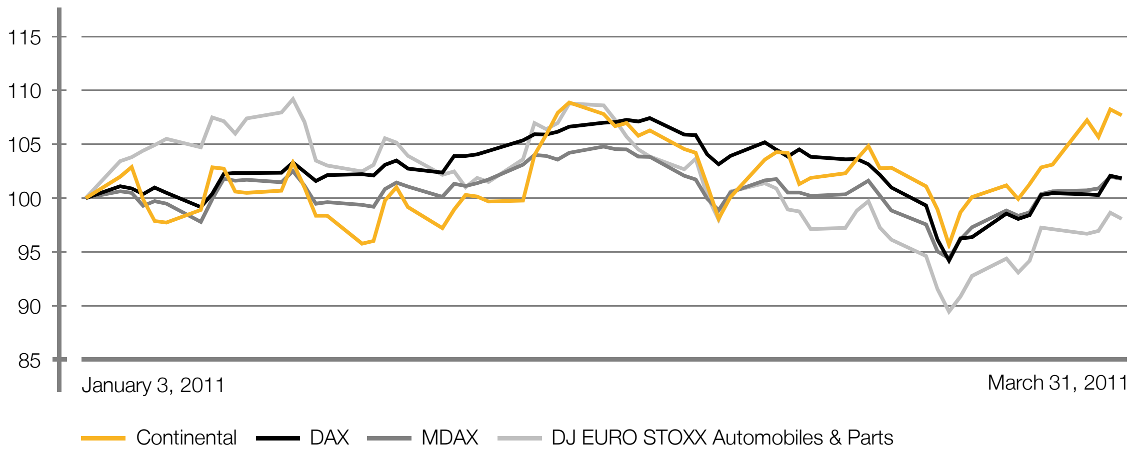
Aided by the positive sentiment of the Detroit Motor Show, the index for automotive and automotive supplier stocks reached 363 points, its highest point for the year, on January 18, 2011. Continental shares also benefited from the company's key figures published at the beginning of January 2011 for fiscal year 2010 and from the good mood in the industry as a whole. Positive news from the banking sector, combined with a partly disappointing start to the reporting season for U.S. auto manufacturers, led to profit taking by investors in cyclical sectors and to an overweight on defensive stocks during the remainder of January. This trend was additionally aggravated by the rising oil prices as a result of the unrest in the Middle East.

Good economic data from the U.S.A. and China for the fourth quarter of 2010 and new registration figures far exceeding expectations for the month of January 2011 then generated highly positive sentiment in the markets at the beginning of February, which also caused the automotive and automotive supplier stocks to almost match their mid-January peaks for the year. The MDAX and DAX indexes hit their interim highs on February 14, 2011, at 10,611 points, and on February 18, 2011, at 7,423 points, respectively. At the end of February, the situation in the Middle East escalated when Libya's government began using mass violence against its own people in what had been a largely peaceful pro-democracy movement. The price of Brent oil, which had already exceeded the $100 a barrel mark since early February in the wake of events in Tunisia, Algeria and Egypt, surged to over $110 a barrel, pushing the leading European indexes down from their previously mentioned highs.

The fiscal 2010 figures published by Continental against this background, along with the company's outlook for 2011, reaped very positive comments from stock and credit analysts. The price target for Continental was raised on average to €76 per share. However, the expectation since mid-December 2010 that a block of shares was about to be placed on the market prevented the share from outperforming the relevant indexes. At the same time the business figures for 2010 were published, Continental started renegotiating the outstanding amounts of the VDO loan.

On March 11, 2011, the north of Japan was struck by a massive earthquake with a magnitude of nine on the Richter scale. The ensuing tsunami crashed through the port of Sendai in the north of Honshu, Japan's main island, causing wide-scale devastation in the north of the country. Moreover, the tsunami hit the Fukushima nuclear plant, which is also situated on the coast, so badly that there was massive damage to the plant's reactors. This catastrophe triggered a major

Share price performance vs. major stock indexes



	March 31, 2011	in % vs. Dec. 31, 2010
Continental	63.67	8
DJ EURO STOXX 50	2,910.91	4
DAX	7,041.31	2
MDAX	10,310.08	2
DJ EURO STOXX Automobiles & Parts	325.76	- 2

major drop in world stock markets. On March 16, 2011, the DAX, MDAX and the index for the European automotive and automotive supplier stocks fell to their lowest levels for the year, down as far as 19% below their year's peak as in the case of the Dow Jones EURO STOXX Automobiles & Parts. The Continental share also reached its low for the year at €56.58 on March 16, 2011.

Continuing positive economic data from the U.S.A. and Europe and an increasing awareness amongst experts that the economic impact of the Japan catastrophe would be limited despite the substantial strain on some key parts of the global supply chain stabilized the markets by the end of March, 2011, although the European Central Bank had in the meantime raised concerns regarding the risks of rising inflation. Consequently, the DAX closed at 7,041 points, about 2% above its level at the beginning of the year. The Continental share also recovered quickly from its low levels and climbed up to exceed the €60 mark again. Two of our shareholders used this phase of stabilization to place 29.7 million shares with investors on March 28, 2011. As a result of this transaction, the free float for Continental shares rose from formerly 24.9% to 39.7%. Almost at the same time, on March 29, 2011, Continental announced that it had successfully completed renegotiations for the remaining amounts under the VDO loan, resulting in a further improvement in the company's maturity profile as well as much better terms and conditions. The share price reacted very positively to both events and closed at €63.67 on March 31, 2011, almost reaching its interim high. Therefore, in comparison with the relevant indexes, the Continental share outperformed the DAX and MDAX by 6 percentage points, and the automotive industrial index by nearly 10 percentage points.

As anticipated, the ECB lifted interest rates by 25 basis points to 1.25%, and was the first of the three major central banks to end the more than two-year period of low interest rates.

Following the successful refinancing of the VDO loan at the end of March 2011, Moody's rating agency raised its credit rating for Continental to Ba3 with stable outlook on April 5, 2011, after Standard & Poor's had already raised Continental's outlook on March 10 from negative to stable, but left its credit rating at B. After Greece and Ireland, Portugal was also forced to formally seek aid in the form of a euro rescue package on April 8. Continental shares initially remained at their highest level for the first quarter at the start of April 2011, but were unable to maintain that level against the backdrop described above and lost some of their gains again.

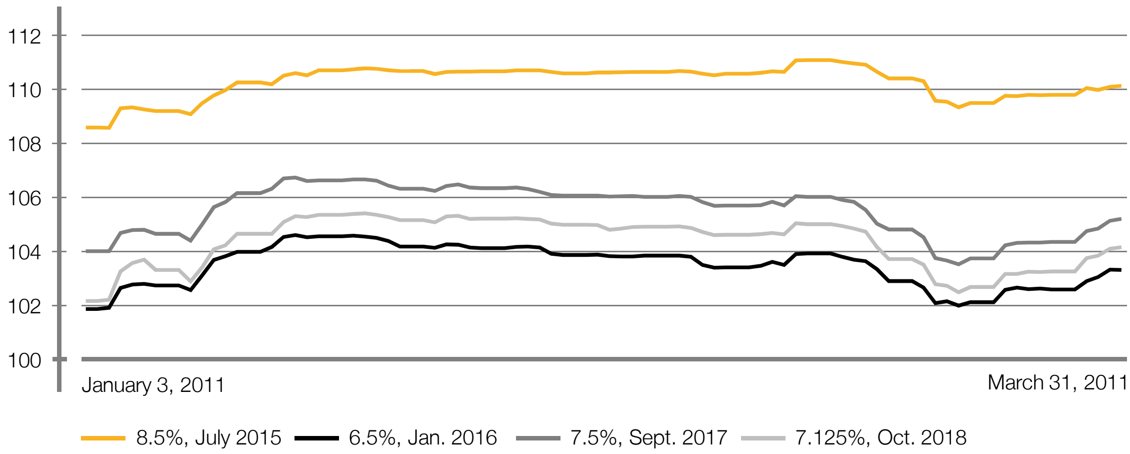
December 31, 2010	Rating	Outlook
Standard & Poor's	B	stable
Moody's	B1	stable

April 5, 2011	Rating	Outlook
Standard & Poor's	B	positive
Moody's	Ba3	stable

The four Continental bonds issued in 2010 also performed well in the course of the first three months of 2011, increasing by an average of 150 basis points. The bond with the longest term (October 2018) and a 7.125% coupon did exceptionally well, rising by almost 2 percentage points to a price of over 104%. The fine performance of the bonds was partly attributable to

Continental's good operating results, as well as to the successful renegotiation of the VDO loan. In the same period, for example, the premium for insuring credit risks, as expressed in the Continental five-year CDS, dropped by more than 40 basis points and measured at 279 basis points on March 31, 2011. This brings it down to more than 100 basis points below the index for comparable credit risks.

Performance of the bonds



Key Figures for the Continental Corporation

in € millions	January 1 to March 31	
	2011	2010
Sales	7,345.6	5,996.7
EBITDA	1,028.5	888.3
in % of sales	14.0	14.8
EBIT	633.9	494.4
in % of sales	8.6	8.2
Net income attributable to the shareholders of the parent	368.2	227.7
Earnings per share (in €)	1.84	1.14
Adjusted sales[1]	7,325.2	5,993.8
Adjusted operating result (adjusted EBIT)[2]	733.5	607.3
in % of adjusted sales	10.0	10.1
Free cash flow	- 362.9	- 363.2
Net indebtedness at March 31	7,604.9	8,231.9
Gearing ratio in %	117.3	144.9
Number of employees at March 31[3]	154,753	137,959

[1] Before changes in the scope of consolidation.
[2] Before amortization of intangible assets from the purchase price allocation (PPA), changes in the scope of consolidation, and special effects.
[3] Excluding trainees.

Key Figures for the Core Business Areas

Automotive Group in € millions	January 1 to March 31	
	2011	**2010**
Sales	4,518.1	3,770.3
EBITDA	546.3	472.4
in % of sales	12.1	12.5
EBIT	256.9	182.3
in % of sales	5.7	4.8
Depreciation and amortization[1]	289.4	290.1
Capital expenditure[2]	167.2	106.1
Operating assets at March 31	11,509.9	11,590.7
Number of employees at March 31[3]	91,109	80,730
Adjusted sales[4]	4,508.1	3,770.3
Adjusted operating result (adjusted EBIT)[5]	359.4	301.6
in % of adjusted sales	8.0	8.0

Rubber Group in € millions	January 1 to March 31	
	2011	**2010**
Sales	2,833.9	2,231.9
EBITDA	497.4	415.9
in % of sales	17.6	18.6
EBIT	392.6	312.8
in % of sales	13.9	14.0
Depreciation and amortization[1]	104.8	103.1
Capital expenditure[2]	87.5	72.3
Operating assets at March 31	4,358.1	3,971.9
Number of employees at March 31[3]	63,389	56,990
Adjusted sales[4]	2,823.5	2,229.0
Adjusted operating result (adjusted EBIT)[5]	396.7	320.9
in % of adjusted sales	14.0	14.4

[1] Excluding impairments on financial investments.
[2] Capital expenditure on property, plant and equipment, and software.
[3] Excluding trainees.
[4] Before changes in the scope of consolidation.
[5] Before amortization of intangible assets from the purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Corporate Management Report as of March 31, 2011

New research and development center in Singapore

On March 18, 2011, we celebrated the groundbreaking for a new research and development center in Singapore. The new building in Singapore will meet the rising demand for development capacity caused by the global expansion of business and the growth in Asia in particular.

Rise in tire prices

As a result of the dramatic rise in raw material prices, we increased the prices for commercial vehicle, car, light truck and motorcycle tires internationally at the beginning of the year. Between January 2009 and February 2011, the price of natural rubber rose fourfold to a record high of $5.86 per kilogram, maintaining a current average for the year of an exceptionally high $5.31, barring a few fluctuations. The price increases relate to all the corporation's brands and vary between five and twelve percent depending on the product.

Automotive reviews confirm optimum performance and safety of Continental summer tires

International trade journalists have rated Continental summer tires as "highly recommended", "recommended" or "good". They particularly emphasized the high safety standards. Continental products received top ratings for braking on both wet and dry roads and for their handling characteristics.

New refrigerant circulation system to reduce consumption

The new ECO AC refrigerant circulation system can be used to clearly optimize vehicle air conditioning systems – from a performance improvement for the air conditioning unit and lower consumption through to reduced pressure losses and enhanced design. Less refrigerant is also required for this lighter-weight model. Using the inner heat exchanger (IHE) developed by ContiTech increases efficiency by around five percent. It uses a simple thermodynamic effect to further cool down the refrigerant without increasing the energy consumption. Alongside this in-line solution, ContiTech has also developed Conti Eco Compact XR, a tightly sized, low-cost heat exchanger alternative.

Continental increases safety of electric vehicles

We have developed a sensor (satellite) for electric and plug-in hybrid vehicles that immediately switches off the high-voltage battery in the event of an accident when charging. As a result, rescue services can approach these vehicles in an emergency without facing the risk of a possible electric shock. The evSAT acceleration sensor is active when the battery is in charge mode, detects an accident and passes this information on to the battery management system, which then switches off the high-voltage battery. Volume production of the sensor is to start in 2012.

Production of high-fuel-economy pump commences

Volume production of the needs-driven fuel pump has begun. A major European vehicle manufacturer will be installing this technology, which helps to lower consumption and CO_2 emissions, in its models from 2013. The new generation of pumps is controlled by an electronic system housed within the supply unit's flange. As the pump only provides the engine with as much fuel – whether diesel or gas – as current operations require, this saves most of the electrical energy involved in the fuel supply. The reduction in electrical energy compared to conventional constant supply is between 60% and 70%.

Continental's new display and operating concept for center consoles

Displays are playing an ever-increasing role in vehicle instrumentation and cockpits. Continental has presented a new display and operating concept, and has already started initial joint predevelopment projects with vehicle manufacturers. Our new center console module provides a concept allowing full visual integration of an eight-inch color display, including all the control functions, into a center console. The module uses black panel technology featuring a seamless transition from the display surface to control components like virtual pushbuttons and slide controls. The displays and controls are only visible if the lighting is activated.

Economic Environment

The first quarter of 2011 was essentially dominated by three issues. Firstly, the developments in the Middle East, where the "pro-democracy movement" swept from Tunisia to Egypt and on to Libya. In the wake of the bloody conflict in Libya in particular, the price of oil climbed to $118 a barrel by the end of the first quarter, its highest level in several years and a rise of 46% as against the previous year. The debt crisis in Europe is also still a virulent issue. After Greece and Ireland already had to utilize the rescue fund last year, Portugal also formally applied to the EU for help in managing its public debt on April 8, one day after the EU's finance ministers agreed on key elements of the European Stability Mechanism (ESM) effective as of 2013. Then, on March 11, 2011, Japan (Sendai) was hit by a massive earthquake that measured nine on the Richter scale. The earthquake and the ensuing tsunami destroyed huge swathes of northern Japan. The tsunami also hit the nuclear plant in Fukushima, which is situated on the coast, so badly that several reactors were severely damaged. It is still not possible to fully estimate the extent and consequences of the catastrophe.

Despite unrest in the Middle East and the surge in the price of oil this entailed, the swelling debt crisis in Europe and the effects of the earthquake disaster in Japan, the International Monetary Fund (IMF) kept its forecast for global economic growth, last published in January 2011, at 4.4% in its April outlook for the year as a whole. In its latest forecast update, there are only negative deviations for what the IMF calls the "advanced economies" of Japan, the U.S. and the U.K. Owing to the disaster in Japan, the IMF has scaled back its growth forecast for economic performance by 0.2 percentage points to 1.4% for the current year. The outlook for economic growth in the U.S. has also been reduced by 0.2 percentage points to 2.8%. However, thanks chiefly to the highly robust performance in Germany (up 0.3 percentage points for a performance of 2.5%), the forecast for economic growth in the eurozone is up 0.1 percentage points to 1.6%. In the emerging and developing economies, there are slight positive deviations as against the January forecast for the region of Central and Eastern Europe and for Russia. The IMF has kept its growth forecast for China at 8.4% in 2011.

New car registrations on the global sales markets developed positively in the first quarter of 2011 on the basis of preliminary figures. While there was a slump of around 40% in new car registrations in Japan as a result of the earthquake in March 2011, this was more than offset within the triad (NAFTA, Europe and Japan) by the sound performance on the U.S. market. In Europe, the number of new vehicles registered was virtually stable in spite of the high prior-year basis (the previous year was boosted by a number of measures to stimulate sales). In Russia, the number of new registrations rose by 77% to more than 0.5 million vehicles. Among other things, this positive development was due to the Russian government's stimulus measures that have been in place since March 2010. In China, the number of new registrations increased by 12% in the first quarter of 2011, essentially as a result of the strong January. Overall, the BRIC nations of Brazil, Russia, India and China saw a rise in new registration figures of 16% to 5.1 million units.

As a result of the healthy trend in new registrations, first-quarter production of light vehicles (cars and light trucks) again rose slightly on the very good level for the fourth quarter of 2010 (18.5 million units) according to preliminary figures for the first quarter. In total, around 18.6 million vehicles were manufactured worldwide, growth of almost 5% on the same period of the previous year.

In the markets of Europe and the U.S. in particular, where Continental's Automotive Group generated around 75% of its sales in 2010, the number of light vehicles (cars and light trucks) produced climbed in the first quarter of 2011 by roughly 12% to 8.5 million units. Owing to the earthquake disaster, provisional estimates put light vehicle production in Japan at only 1.9 million in the first quarter of 2011. This marks a decline of more than 23% as against the first quarter of 2010.

New registrations/sales of light vehicles in millions of units

	Q1 2011	Q1 2010	Change
Europe (E27+EFTA)	3.7	3.8	-2%
Russia	0.5	0.3	77%
USA	3.0	2.5	20%
Japan	1.0	1.3	-26%
Brazil	0.8	0.8	4%
India	0.7	0.6	23%
China	3.1	2.8	12%
Worldwide	18.8	17.5	7%

Source: VDA and Renault

The effects of the catastrophe in Japan on the volume of vehicles produced worldwide in 2011 are still hard to assess. However, it appears certain that the known loss of production in Japan in the first quarter of 2011 and the announcements made by Japanese manufacturers that they intend to resume production at only 50% capacity utilization at many locations in the second quarter of 2011 could mean losses of 2.5 to 3.0 million units. It is unclear to what extent and whether the bottlenecks in the supply chain will also have effects on production in North America or Europe. Nonetheless, we are anticipating in our base assumption that it will be possible to compensate for any losses in the second and/or third quarter by the end of 2011, with the result that we are retaining our forecast for production in Europe and North America of 18.7 million and 12.9 million units respectively.

Production of heavy vehicles (commercial vehicles) has increased by great bounds in our core markets in the first quarter of 2011. In Europe, the number of new heavy vehicles manufactured rose by 69% to 124,000 units. The increase in the U.S. was 33% to 81,000 units.

Demand on passenger and light truck replacement tire markets has also remained robust. In Europe, replacement tire business expanded by 8.7% while the U.S. saw a year-on-year increase of 6.0%. In light of this, our forecast from the start of the year for growth of 4% for Europe and 3% for NAFTA appears conservative, even though we are anticipating that the strong demand will cool off later in the year. Demand for replacement tires for commercial vehicles also remained encouragingly positive. In the first quarter of 2011, the market in Europe grew by 16% and the U.S. even posted a surge of 25% as against the same period of last year. Here, too, we expect that the positive development on these markets will flatten as the year progresses and are retaining our estimate for an increase in replacement commercial vehicle tires of 8% in Europe and 4% in NAFTA.

Earnings, Financial and Net Assets Position of the Continental Corporation

Earnings Position

Sales up 22.5%;
Sales up 19.7% before changes in the scope of consolidation and exchange rate effects

Consolidated sales for the first three months of 2011 jumped 22.5% year-on-year to €7,345.6 million (PY: €5,996.7 million). Before changes in the scope of consolidation and exchange rate effects, sales rose by 19.7%.

Adjusted EBIT up 20.8%

In the first three months of 2011, the adjusted EBIT for the corporation was up by €126.2 million, or 20.8%, on the previous year to €733.5 million (PY: €607.3 million), equivalent to 10.0% (PY: 10.1%) of adjusted sales.

EBIT up 28.2%

In the first quarter of 2011, consolidated EBIT rose €139.5 million on the previous year to €633.9 million (PY: €494.4 million), an increase of 28.2%. The return on sales increased to 8.6% (PY: 8.2%).

Special effects in the first quarter of 2011

In the divisions there was a total positive effect of €2.8 million, mainly as a result of the reversal of restructuring provisions no longer required.

Owing to the anticipated higher cash outflow for the VDO loan resulting from rising interest margins, the carrying amount was adjusted as expense in 2009 and 2010. These deferrals will be amortized over the term of the loan and reduce expenses accordingly. This led to a positive effect of €7.0 million in the first quarter of 2011.

Total consolidated income from special effects in the first quarter of 2011 amounted to €9.8 million.

Special effects in the first quarter of 2010

In the Interior division, expenses of €4.9 million were incurred in the first quarter of 2010 for winding-up activities in conjunction with the disposal of certain business operations.

In the Passenger and Light Truck Tires division, there were further restructuring expenses of €3.9 million for the closure of tire production in Clairoix, France.

There was also a negative effect totaling €6.1 million for all divisions, primarily from restructuring measures and severance payments.

Due to the anticipated higher cash outflow for the VDO loan resulting from increased interest margins, the carrying amount was adjusted as expense in September and December 2009. These deferrals will be amortized over the term of the loan and reduce expenses accordingly. This led to a positive effect of €14.5 million in the first quarter of 2010.

Total consolidated expense from special effects in the first quarter of 2010 amounted to €0.4 million.

Research and development expenses

In the first quarter of 2011, research and development expenses rose by 8.1% compared with the same period of the previous year to €405.4 million (PY: €375.0 million), representing 5.5% (PY: 6.3%) of sales. €347.1 million (PY: €318.4 million) of this was attributable to the Automotive Group, corresponding to 7.7% (PY: 8.4%) of sales, and €58.3 million (PY: €56.6 million) to the Rubber Group, corresponding to 2.1% (PY: 2.5%) of sales.

Net interest expense

At -€168.6 million, net interest expense deteriorated by €14.9 million year-on-year in the first quarter of 2011 (PY: -€153.7 million). This change was essentially due to the mostly non-cash effects of exchange rate changes and the effects of changes in the fair value of derivative instruments which, at €8.3 million, were down by a total of €11.0 million on the previous year's figure of €19.3 million.

For the first three months of 2011, interest income was €6.4 million (PY: €5.8 million).

Essentially as a result of the utilization of the VDO credit agreement and the bonds issued in the third quarter of 2010 by Conti-Gummi Finance B.V., Amsterdam, Netherlands, interest expenses rose by €4.5 million as against the figure for the previous year to €183.3 million (PY: €178.8 million). The slight increase in expenses year-on-year is due to several factors. In addition to the higher interest charges for the bonds issued in the third quarter of 2010, primarily as a result of the longer maturity, higher interest expenses were also incurred for the VDO loan itself in the first quarter of 2011. This was on account firstly of the rating deterioration in May 2010, which led to a rise in the margin level, and secondly of the higher market interest rates in 2011. The significant reduction in net indebtedness as of the end of 2010 did not fully compensate for these expenses. Interest expenses incurred for the VDO loan amounted to €104.6 million in the first three months of 2011 (PY: €158.4 million). The bonds issued in the third quarter of 2010 resulted in total interest expenses of €56.9 million (PY: €- million).

Income tax expense

Income tax expense in the first three months of 2011 amounted to €80.2 million (PY: €96.4 million). The tax rate in the reporting period was 17.2% after 28.3% for the same period of the previous year.

In addition to the different national breakdown of earnings before income taxes, the income tax expense for the reporting period was largely influenced by a €68.2 million tax income for previous years. In the first quarter of 2011, Continental successfully implemented a pending prior-year tax position out of court by way of a reassessment. The resulting tax income was recognized in profit and loss in full in the first quarter of 2011.

The tax expenses for the reporting period were also influenced by an impairment on deferred tax assets of €16.8 million relating to increases in the year under review regarding the interest carryforwards in Germany.

Since 2008, a limit on the deductible interest that can be carried forward has applied in Germany; the amount deductible under the tax law is limited to 30% of the taxable income before depreciation and amortization and before interest.

Net income attributable to the shareholders of the parent

Net income attributable to the shareholders of the parent increased by 61.7% to €368.2 million (PY: €227.7 million) and earnings per share to €1.84 (PY: €1.14).

Development of the Continental Corporation

in € millions	January 1 to March 31	
	2011	2010
Sales	7,345.6	5,996.7
EBITDA	1,028.5	888.3
in % of sales	14.0	14.8
EBIT	633.9	494.4
in % of sales	8.6	8.2
Net income attributable to the shareholders of the parent	368.2	227.7
Earnings per share (in €)	1.84	1.14
Research and development expenses	405.4	375.0
Depreciation and amortization[1]	394.6	393.9
Capital expenditure[2]	254.8	178.1
Operating assets at March 31	15,869.1	15,552.3
Number of employees at March 31[3]	154,753	137,959
Adjusted sales[4]	7,325.2	5,993.8
Adjusted operating result (adjusted EBIT)[5]	733.5	607.3
in % of adjusted sales	10.0	10.1
Net indebtedness at March 31	7,604.9	8,231.9
Gearing ratio in %	117.3	144.9

[1] Excluding impairments on financial investments.
[2] Capital expenditure on property, plant and equipment, and software.
[3] Excluding trainees.
[4] Before changes in the scope of consolidation.
[5] Before amortization of intangible assets from the purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Financial Position

Cash flow

At €93.3 million as of March 31, 2011, net cash outflow used for operating activities was €102.7 million lower than the figure for the previous year of €196.0 million.

The free cash flow for the first quarter of 2011 remained virtually unchanged as against the first three months of 2010 at -€362.9 million (PY: -€363.2 million).

EBIT improved by €139.5 million as against the first three months of 2010 to €633.9 million (PY: €494.4 million).

Interest payments resulting from the purchase price financing for the acquisition of Siemens VDO in particular fell by €25.0 million to €218.9 million (PY: €243.9 million). Income tax payments increased by €23.0 million to €86.4 million (PY: €63.4 million).

The increase in operating working capital due to the improved sales situation led to a cash outflow of €123.0 million measured against the same period of the previous year.

In the first three months of 2011, total cash outflows amounting to €269.6 million (PY: €167.2 million) resulted from investment activities. Capital expenditure on property, plant and equipment was up €76.7 million from €178.0 million to €254.7 million before financial leasing and the capitalization of borrowing costs.

Financing

At €7,604.9 million on March 31, 2011, net indebtedness for the corporation was €287.9 million higher than on December 31, 2010, and €627.0 million lower than on March 31, 2010 (€8,231.9 million). The gearing ratio was 117.3% as of March 31, 2011 (PY: 144.9%).

In 2010, Continental was able to implement components of the refinancing package concluded in December 2009 to improve the company's financial and capital structure. Two of the components which should be mentioned in this context are the capital increase in January 2010 and the bonds that were placed in the third quarter of 2010, the net proceeds of which were used for the partial repayment of the VDO loan. These were the principle factors leading to the reduction of the total agreed volume of the VDO loan to €6,484.9 million (PY: €9,945.5 million) by the end of the first quarter of 2011. As of March 31, 2011, the VDO loan was utilized by Continental AG, Germany, and Continental Rubber of America, Corp. (CRoA), Wilmington, U.S.A., in a nominal amount of €4,644.0 million (PY: €8,216.2 million). For tranche C with a nominal value of €3,984.9 million (PY: €5.0 billion) due in August 2012, there were still interest hedges at the end of March 2011 amounting to €3,125.0 million (PY: €3,125.0 million). The resulting average fixed interest rate to be paid is 4.19% p.a. plus margin, as in the previous year.

As of March 31, 2011, Continental had liquidity reserves totaling €3,857.5 million (PY: €3,561.0 million), consisting of cash and cash equivalents of €1,467.5 million (PY: €1,410.3 million) and unused credit lines totaling €2,390.0 million (PY: €2,150.7 million).

At the end of March 2011, Continental successfully completed the final stage of its comprehensive refinancing program. The renegotiation of the VDO loan maturing in August 2012 resulted in longer terms and improved conditions. The committed credit volume will then be reduced to €6.0 billion following an early repayment of €484.9 million in April 2011. A first tranche of €625.0 million is to be repaid in August 2012, and the term for the other two tranches, including a revolving credit line of €2.5 billion, has been extended to 2014.

Capital expenditure (additions)

In the first quarter of 2011, €254.8 million (PY: €178.1 million) was invested in property, plant, equipment and software, €0.1 million of which resulted from finance leases (PY: €- million). The capital expenditure ratio after three months was 3.5% (PY: 3.0%).

€167.2 million (PY: €106.1 million) of investments was attributable to the Automotive Group, corresponding to 3.7% (PY: 2.8%) of sales.

The Automotive Group invested primarily in production equipment for the manufacture of new products and the implementation of new technologies such as electronic brake and safety systems, engine and transmission control units, cockpit instruments, body and comfort control units, with investment being focused on manufacturing capacity at best-cost locations.

The Rubber Group invested €87.5 million (PY: €72.3 million), which is equivalent to 3.1% (PY: 3.2%) of sales.

Investments included expanding capacity for the production of passenger, light and heavy truck tires at the Camaçari location in Brazil. Production capacity for passenger and light truck tires at American and European locations was also expanded and funds were invested for quality assurance and cost-cutting programs.

ContiTech invested in rationalizing production processes and in new products. Production capacities were expanded primarily in China, Mexico and Hungary.

Change in net indebtedness

	January 1 to March 31	
in € millions	**2011**	**2010**
Cash used for operating activities	- 93.3	- 196.0
Cash used for investing activities	- 269.6	- 167.2
Cash flow before financing activities (free cash flow)	**- 362.9**	**- 363.2**
Dividends paid and repayment of capital to non-controlling interests	- 13.2	- 0.9
Proceeds from the issuance of shares	—	1,056.8
Non-cash changes	61.8	- 21.0
Other	- 0.2	- 2.5
Foreign exchange effects	26.6	- 5.6
Change in net indebtedness	**- 287.9**	**663.6**

Net Assets Position

At €25,185.8 million, total assets as of March 31, 2011, were €1,086.9 million higher than on the same date in the previous year. This increase was due primarily to higher inventories and trade receivables totaling €1,304.1 million as a result of further growth in business activities. Property, plant and equipment also increased by €127.2 million. Opposing this, other intangible assets decreased by €396.8 million, mainly due to amortization from the purchase price allocation (PPA). Deferred tax assets declined by €162.2 million on account of the earnings improvement in particular.

Equity including non-controlling interests was up €803.1 million as against March 31, 2010. This was due primarily to the positive net income attributable to the shareholders of the parent of €716.5 million. Reserves in equity increased by €58.4 million, mainly as a result of the difference from financial instruments. The gearing ratio improved from 144.9% to 117.3%.

Total assets were up €795.3 million compared with December 31, 2010. This was due mainly to a €260.7 million rise in inventories and a €786.4 million increase in trade receivables as a result of seasonal factors and the further growth in operating activities. This was partly offset by the €119.6 million decline in other intangible assets, owing primarily to amortization from PPA, and the €102.3 million reduction in property, plant and equipment.

Total equity including non-controlling interests was up €281.3 million compared with the end of 2010, due primarily to the positive net income attributable to the shareholders of the parent of €368.2 million. This was countered by negative exchange rate effects amounting to €114.9 million. The gearing ratio improved slightly from 118.0% to 117.3%.

Employees

As of the end of the first quarter of 2011, the corporation's employees numbered 154,753, a rise of 6,525 compared with the end of 2010. In the Automotive Group in particular, growth in sales volumes was the main reason for the headcount increase of 4,386 employees. The number of employees working for the Tire divisions rose by 1,253 as a result of capacity expansions. The number of employees working for the ContiTech division increased by 871 due to volume growth. As against the reporting date for the previous year, the number of employees in the corporation rose by a total of 16,794.

Development of the Divisions

Chassis & Safety in € millions	January 1 to March 31	
	2011	2010
Sales	1,618.7	1,354.4
EBITDA	251.3	229.6
in % of sales	15.5	17.0
EBIT	172.0	149.0
in % of sales	10.6	11.0
Depreciation and amortization[1]	79.3	80.6
Capital expenditure[2]	57.7	30.4
Operating assets at March 31	4,042.6	4,017.1
Number of employees at March 31[3]	31,827	28,169
Adjusted sales[4]	1,608.7	1,354.4
Adjusted operating result (adjusted EBIT)[5]	184.0	163.1
in % of adjusted sales	11.4	12.0

[1] Excluding impairments on financial investments.
[2] Capital expenditure on property, plant and equipment, and software.
[3] Excluding trainees.
[4] Before changes in the scope of consolidation.
[5] Before amortization of intangible assets from the purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Chassis & Safety

Sales volumes

Sales volumes in the Electronic Brake Systems business unit jumped by 12.7% year-on-year to 4.64 million units in the first quarter of 2011. In the Hydraulic Brake Systems business unit, sales of brake boosters were up 14.4% to 4.36 million units. Brake caliper sales jumped to 10.05 million units, equivalent to an increase of 28.4%. In the Passive Safety & Advanced Driver Assistance Systems business unit, sales of air bag control units increased by 8.5% to 3.49 million units. Sales of driver assistance systems soared to 395,400 units, an increase of 80.7%.

Sales up 19.5%; Sales up 15.9% before changes in the scope of consolidation and exchange rate effects

Sales of the Chassis & Safety division rose by 19.5% to €1,618.7 million in the first three months of 2011 compared with the same period of the previous year (€1,354.4 million). Before changes in the scope of consolidation and exchange rate effects, sales rose by 15.9%.

Adjusted EBIT up 12.8%

The Chassis & Safety division's adjusted EBIT increased by €20.9 million or 12.8% year-on-year in the first three months of 2011 to €184.0 million (PY: €163.1 million), equivalent to 11.4% (PY: 12.0%) of adjusted sales.

EBIT up 15.4%

Compared with the same period of last year, the Chassis & Safety division reported an increase in EBIT of €23.0 million, or 15.4%, to €172.0 million (PY: €149.0 million) in the first quarter of 2011. The return on sales fell to 10.6% (PY: 11.0%).

Special effects in the first quarter of 2011

For the Chassis & Safety division, the total income from special effects from the reversal of restructuring provisions no longer required amounted to €1.3 million in the first quarter of 2011.

Special effects in the first quarter of 2010

In the first quarter of 2010, the Chassis & Safety division incurred expenses for restructuring measures and severance payments totaling €0.8 million.

Powertrain in € millions	January 1 to March 31	
	2011	2010
Sales	1,396.8	1,105.5
EBITDA	120.6	83.4
in % of sales	8.6	7.5
EBIT	13.0	- 21.6
in % of sales	0.9	- 2.0
Depreciation and amortization[1]	107.6	105.0
Capital expenditure[2]	63.8	49.0
Operating assets at March 31	3,031.0	3,148.2
Number of employees at March 31[3]	28,862	24,997
Adjusted sales[4]	1,396.8	1,108.6
Adjusted operating result (adjusted EBIT)[5]	55.4	24.7
in % of adjusted sales	4.0	2.2

[1] Excluding impairments on financial investments.
[2] Capital expenditure on property, plant and equipment, and software.
[3] Excluding trainees.
[4] Before changes in the scope of consolidation.
[5] Before amortization of intangible assets from the purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Powertrain

Sales volumes

Particularly high sales increases of over 30% were generated in NAFTA, though Europe and Asia also saw year-on-year leaps of over 20%. Very strong sales volume growth was achieved for transmission control units, injection systems and sensor system products (NOx exhaust sensors, fluid level sensors).

Sales up 26.4%; Sales up 23.6% before changes in the scope of consolidation and exchange rate effects

Sales of the Powertrain division rose by 26.4% to €1,396.8 million in the first three months of 2011 compared with the same period of the previous year (€1,105.5 million). Before changes in the scope of consolidation and exchange rate effects, sales rose by 23.6%.

Adjusted EBIT up 124.3%

In the first three months of 2011, the Powertrain division's adjusted EBIT was up by €30.7 million or 124.3% compared with the same period of previous year to €55.4 million (PY: €24.7 million), equivalent to 4.0% (PY: 2.2%) of adjusted sales.

EBIT up 160.2%

Compared with the same period of last year, the Powertrain division reported an increase in EBIT of €34.6 million, or 160.2%, to €13.0 million (PY: -€21.6 million) in the first quarter of 2011. The return on sales increased to 0.9% (PY: -2.0%).

Special effects in the first quarter of 2011

For the Powertrain division, the total income from special effects from the reversal of restructuring provisions no longer required amounted to €1.8 million in the first quarter of 2011.

Special effects in the first quarter of 2010

In the first quarter of 2010, the Powertrain division incurred expenses for restructuring measures and severance payments totaling €1.3 million.

Interior in € millions	January 1 to March 31	
	2011	2010
Sales	1,530.0	1,340.3
EBITDA	174.3	159.5
in % of sales	11.4	11.9
EBIT	71.8	54.9
in % of sales	4.7	4.1
Depreciation and amortization[1]	102.5	104.6
Capital expenditure[2]	45.7	26.7
Operating assets at March 31	4,436.3	4,425.3
Number of employees at March 31[3]	30,420	27,564
Adjusted sales[4]	1,530.0	1,337.2
Adjusted operating result (adjusted EBIT)[5]	119.8	113.8
in % of adjusted sales	7.8	8.5

[1] Excluding impairments on financial investments.
[2] Capital expenditure on property, plant and equipment, and software.
[3] Excluding trainees.
[4] Before changes in the scope of consolidation.
[5] Before amortization of intangible assets from the purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Interior

Sales volumes

Sales volumes in the Body & Security business unit were up for the majority of the product groups in the first quarter of 2011. Particularly high increases were achieved for tire information systems, body controllers and in the battery and energy management business.

In Infotainment & Connectivity, sales volumes declined by around 8% as against the previous year for audio components, connectivity and multimedia systems. This was mainly influenced by the lower demand on the U.S. market.

Sales volumes in the Commercial Vehicles & Aftermarket business unit were up significantly on the previous year's figures. There were substantial increases in the OE business, with spare part and aftermarket activities continuing at a high level.

In the Instrumentation & Driver HMI business units, clear growth in volumes as against the first quarter of the previous year was generated for instrument clusters.

Sales up 14.2%; Sales up 11.7% before changes in the scope of consolidation and exchange rate effects

Sales of the Interior division rose by 14.2% to €1,530.0 million in the first three months of 2011 compared with the same period of the previous year (€1,340.3 million). Before changes in the scope of consolidation and exchange rate effects, sales rose by 11.7%.

Adjusted EBIT up 5.3%

The Interior division's adjusted EBIT was up by €6.0 million or 5.3% year-on-year in the first three months of 2011 to €119.8 million (PY: €113.8 million), equivalent to 7.8% (PY: 8.5%) of adjusted sales.

EBIT up 30.8%

Compared with the same period of last year, the Interior division reported an increase in EBIT of €16.9 million, or 30.8%, to €71.8 million (PY: €54.9 million) in the first quarter of 2011. The return on sales increased to 4.7% (PY: 4.1%).

Special effects in the first quarter of 2011

For the Interior division, the total income from special effects, chiefly due to the reversal of restructuring provisions no longer required, amounted to €2.8 million in the first quarter of 2011.

Special effects in the first quarter of 2010

In the Interior division, expenses of €4.9 million were recognized in the first quarter of 2010 for further winding-up activities in conjunction with the disposal of a business unit.

In addition, there were further restructuring expenses and severance payments totaling €1.2 million.

The total expense from special effects in the first quarter of 2010 amounted to €6.1 million for the Interior division.

Passenger and Light Truck Tires in € millions	January 1 to March 31	
	2011	2010
Sales	1,581.2	1,283.0
EBITDA	313.9	274.2
in % of sales	19.9	21.4
EBIT	252.2	214.7
in % of sales	15.9	16.7
Depreciation and amortization[1]	61.7	59.5
Capital expenditure[2]	53.6	42.8
Operating assets at March 31	2,626.5	2,328.1
Number of employees at March 31[3]	29,191	26,625
Adjusted sales[4]	1,579.1	1,283.0
Adjusted operating result (adjusted EBIT)[5]	255.6	221.5
in % of adjusted sales	16.2	17.3

[1] Excluding impairments on financial investments.
[2] Capital expenditure on property, plant and equipment, and software.
[3] Excluding trainees.
[4] Before changes in the scope of consolidation.
[5] Before amortization of intangible assets from the purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Passenger and Light Truck Tires

Sales volumes

In the first three months of 2011, the sales figures for the Passenger and Light Truck Tires division climbed by 10% year-on-year. The strongest growth was recorded by the OE business in all regions and by the replacement business in The Americas unit.

Sales up 23.2%; Sales up 20.4% before changes in the scope of consolidation and exchange rate effects

Sales of the Passenger and Light Truck Tires division rose by 23.2% to €1,581.2 million in the first three months of 2011 compared with the same period of the previous year (€1,283.0 million). Before changes in the scope of consolidation and exchange rate effects, sales rose by 20.4%.

Adjusted EBIT up 15.4%

The Passenger and Light Truck Tires division's adjusted EBIT rose by €34.1 million or 15.4% year-on-year in the first three months of 2011 to €255.6 million (PY: €221.5 million), equivalent to 16.2% (PY: 17.3%) of adjusted sales.

EBIT up 17.5%

Compared with the same period of last year, the Passenger and Light Truck Tires division reported an increase in EBIT of €37.5 million, or 17.5%, to €252.2 million (PY: €214.7 million) in the first quarter of 2011. The return on sales fell to 15.9% (PY: 16.7%).

Special effects in the first quarter of 2011

For the Passenger and Light Truck Tires division, the total expense from special effects as a result of restructuring expenses in the first quarter of 2011 amounted to €2.5 million.

Special effects in the first quarter of 2010

In the Passenger and Light Truck Tires division, there were restructuring expenses and severance payments totaling €5.8 million in the first quarter of 2010, €3.9 million of which related to the closure of tire production in Clairoix, France.

Commercial Vehicle Tires in € millions	January 1 to March 31	
	2011	2010
Sales	420.8	280.8
EBITDA	42.6	25.9
in % of sales	10.1	9.2
EBIT	23.5	5.9
in % of sales	5.6	2.1
Depreciation and amortization[1]	19.1	20.0
Capital expenditure[2]	13.2	8.8
Operating assets at March 31	667.5	596.8
Number of employees at March 31[3]	7,494	7,092
Adjusted sales[4]	420.8	280.8
Adjusted operating result (adjusted EBIT)[5]	23.5	6.3
in % of adjusted sales	5.6	2.2

[1] Excluding impairments on financial investments.
[2] Capital expenditure on property, plant and equipment, and software.
[3] Excluding trainees.
[4] Before changes in the scope of consolidation.
[5] Before amortization of intangible assets from the purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Commercial Vehicle Tires

Sales volumes

The first quarter of 2011 saw a substantial year-on-year revival on the markets, causing sales figures to be significantly higher than those for the same period of the previous year. All regions reported clear double-digit growth rates, with the highest growth being generated in the OE business.

Sales up 49.9%; Sales up 46.2% before changes in the scope of consolidation and exchange rate effects

In the first three months of 2011, sales of the Commercial Vehicle Tires division rose by 49.9% year-on-year to €420.8 million (PY: €280.8 million). Before changes in the scope of consolidation and exchange rate effects, sales rose by 46.2%.

Adjusted EBIT up 273.0%

The Commercial Vehicle Tires division's adjusted EBIT rose by €17.2 million or 273.0% as against the previous year to €23.5 million (PY: €6.3 million), equivalent to 5.6% (PY: 2.2%) of adjusted sales.

EBIT up 298.3%

Compared with the same period of last year, the Commercial Vehicle Tires division reported an increase in EBIT of €17.6 million, or 298.3%, to €23.5 million (PY: €5.9 million) in the first quarter of 2011. The return on sales increased to 5.6% (PY: 2.1%).

Special effects in the first quarter of 2011

There were no special effects in the Commercial Vehicle Tires division in the first quarter of 2011.

Special effects in the first quarter of 2010

The Commercial Vehicle Tires division posted total special effects of €0.4 million in the first quarter of 2010.

ContiTech in € millions	January 1 to March 31	
	2011	2010
Sales	886.0	702.3
EBITDA	140.9	115.8
in % of sales	15.9	16.5
EBIT	116.9	92.2
in % of sales	13.2	13.1
Depreciation and amortization[1]	24.0	23.6
Capital expenditure[2]	20.7	20.6
Operating assets at March 31	1,064.1	1,047.0
Number of employees at March 31[3]	26,704	23,273
Adjusted sales[4]	877.7	699.4
Adjusted operating result (adjusted EBIT)[5]	117.6	93.1
in % of adjusted sales	13.4	13.3

[1] Excluding impairments on financial investments.
[2] Capital expenditure on property, plant and equipment, and software.
[3] Excluding trainees.
[4] Before changes in the scope of consolidation.
[5] Before amortization of intangible assets from the purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

ContiTech

Sales up 26.2%;
Sales up 24.6% before changes in the scope of consolidation and exchange rate effects

Sales of the ContiTech division rose by 26.2% year-on-year to €886.0 million (PY: €702.3 million) in the first three months of 2011. Before changes in the scope of consolidation and exchange rate effects, sales rose by 24.6%. This increase was mostly due to the recovery of the auto markets. OE sales to the vehicle manufacturers rose by around 27%. Growth in the non-automotive business amounted to about 25%, and there was about a 17% increase in the vehicle replacement business.

Adjusted EBIT up 26.3%

In the first three months of 2011, the ContiTech division's adjusted EBIT was up by €24.5 million or 26.3% year-on-year to €117.6 million (PY: €93.1 million), equivalent to 13.4% (PY: 13.3%) of adjusted sales.

EBIT up 26.8%

Compared with the same period of last year, the ContiTech division reported an increase in EBIT of €24.7 million, or 26.8%, to €116.9 million (PY: €92.2 million) in the first quarter of 2011. The return on sales increased to 13.2% (PY: 13.1%).

Special effects in the first quarter of 2011

For the ContiTech division, the total expense from special effects in the first quarter of 2011 amounted to €0.6 million.

Special effects in the first quarter of 2010

In the first quarter of 2010, the ContiTech division posted expenses for special effects of €0.4 million in total.

Report on Expected Developments and Outlook for the Corporation

The effects of the natural disaster in Japan on vehicle production in 2011 are still difficult to assess. However, it appears certain that the known loss of production in Japan in the first quarter of 2011 and the announcements made by Japanese manufacturers that they intend to resume production in the second quarter of 2011 at only 50% capacity utilization at many locations could mean losses of 2.5 to 3.0 million units in 2011. It is unclear to what extent and whether bottlenecks in the supply chain will also have effects on production in Europe or NAFTA. In the medium term, we are not anticipating at present any production disruption in our own supply chain. We are also anticipating that it will be possible to compensate for any production losses in the second and/or third quarter up to the end of 2011, with the result that we are retaining our forecast for production volumes in Europe and NAFTA of 18.7 million and 12.9 million units respectively. Continental generates around 79% of its sales in these two regions.

The first quarter of this year has laid a good foundation for comfortably reaching our targets for 2011. At this time, we can therefore still confirm the forecast we published at the start of 2011.

For the corporation as a whole, we are still expecting a sales increase of 10% to more than €28.5 billion in 2011. In spite of the additional expenses caused by higher raw material prices – especially in the Rubber Group – of more than €700 million, we are forecasting an adjusted consolidated EBIT margin of 9.7% in 2011, matching the previous year's level. Special effects will amount to significantly less than €100 million. Depreciation and amortization will rise slightly on the whole in 2011, although amortization from the purchase price allocation will remain stable at around €450 million. Other depreciation and amortization will increase slightly to €1.3 billion on account of the sharp rise in the investment volume in 2010. Following the successful renegotiation of the VDO loan on March 29, 2011, a slight improvement in net interest expense is now anticipated as against the previous year. Aided by tax assets for previous years, the tax rate will be around 35% in the current year.

Given the significant opportunities for growth, it can no longer be ruled out that the planned investment volume of €1.5 billion will be exceeded this year. The free cash flow target of more than €500 million remains in effect for the current fiscal year.

Consolidated Financial Statements as of March 31, 2011

Consolidated Statements of Income and Comprehensive Income

in € millions	January 1 to March 31	
	2011	2010
Sales	**7,345.6**	**5,996.7**
Cost of sales	-5,747.1	-4,615.5
Gross margin on sales	**1,598.5**	**1,381.2**
Research and development expenses	-405.4	-375.0
Selling and logistics expenses	-341.5	-308.4
Administrative expenses	-156.2	-147.4
Other expenses and other income	-74.8	-72.5
At-equity share in earnings of associates	15.8	13.8
Other income from investments	-2.5	2.7
Earnings before interest and taxes	**633.9**	**494.4**
Interest income	6.4	5.8
Interest expense[1]	-175.0	-159.5
Net interest expense	**-168.6**	**-153.7**
Earnings before taxes	**465.3**	**340.7**
Income tax expense	-80.2	-96.4
Net income	**385.1**	**244.3**
Non-controlling interests	-16.9	-16.6
Net income attributable to the shareholders of the parent	**368.2**	**227.7**
Undiluted earnings per share in €	**1.84**	**1.14**
Diluted earnings per share in €	**1.84**	**1.14**

[1] Including gains and losses from foreign currency translation, from changes in the fair value of derivative instruments, as well as from available-for-sale assets.

in € millions	January 1 to March 31	
	2011	2010[1]
Net income	**385.1**	**244.3**
Difference from currency translation[2]	-120.2	317.9
Difference from currency translation[2]	-119.5	317.9
Reclassification adjustments to profit and loss	-0.7	—
Portion for At Equity accounted investees	—	—
Available-for-sale financial assets	-0.1	1.4
Fair value adjustments	-0.1	1.4
Reclassification adjustments to profit and loss	—	—
Cash flow hedges	47.9	-24.0
Fair value adjustments	47.9	-24.0
Reclassification adjustments to profit and loss	—	—
Deferred taxes on comprehensive income	-19.3	6.9
Other comprehensive income	**-91.7**	**302.2**
Total comprehensive income	**293.4**	**546.5**
Attributable to non-controlling interests	6.9	35.4
Attributable to the shareholders of the parent	286.5	511.1

[1] The comparative figures as of March 31, 2010, are shown adjusted accordingly.

[2] Including non-controlling interests.

Consolidated Balance Sheets

Assets in € millions	March 31, 2011	*Dec. 31, 2010*	March 31, 2010
Goodwill	5,614.4	5,643.6	5,622.5
Other intangible assets	1,603.7	1,723.3	2,000.5
Property, plant, and equipment	5,996.4	6,098.7	5,869.2
Investment properties	19.5	19.9	18.8
Investments in associates	435.6	440.4	392.7
Other investments	7.0	7.0	8.0
Deferred tax assets	615.0	680.7	777.2
Deferred pension charges	66.1	73.8	71.1
Long-term derivative instruments and interest-bearing investments	152.6	157.9	83.7
Other long-term financial assets	27.6	29.5	20.2
Other assets	13.0	13.1	12.2
Non-current assets	**14,550.9**	**14,887.9**	**14,876.1**
Inventories	2,898.5	2,637.8	2,333.5
Trade accounts receivable	5,240.4	4,454.0	4,501.3
Other short-term financial assets	231.5	213.3	212.4
Other assets	594.1	536.5	618.3
Income tax receivable	160.0	123.4	114.2
Short-term derivative instruments and interest-bearing investments	21.7	44.3	18.7
Cash and cash equivalents	1,467.5	1,471.3	1,410.3
Assets held for sale	21.2	22.0	14.1
Current assets	**10,634.9**	**9,502.6**	**9,222.8**
Total assets	**25,185.8**	**24,390.5**	**24,098.9**

Total equity and liabilities in € millions	March 31, 2011	*Dec. 31, 2010*	March 31, 2010
Common stock	512.0	512.0	512.0
Capital reserves	4,153.2	4,149.0	4,137.3
Retained earnings	1,580.6	1,212.4	864.1
Other reserves	-95.5	-13.8	-153.9
Equity attributable to the shareholders of the parent	**6,150.3**	**5,859.6**	**5,359.5**
Non-controlling interests	333.9	343.3	321.6
Total equity	**6,484.2**	**6,202.9**	**5,681.1**
Provisions for pension liabilities and other post-employment benefits	1,400.4	1,404.5	1,383.0
Deferred tax liabilities	200.1	207.7	196.5
Long-term provisions for other risks	375.8	325.4	357.3
Long-term portion of indebtedness	7,149.5	7,752.4	5,990.8
Other long-term financial liabilities	0.8	0.8	—
Other long-term liabilities	36.9	39.4	36.3
Non-current liabilities	**9,163.5**	**9,730.2**	**7,963.9**
Trade accounts payable	3,685.5	3,510.5	2,946.2
Income tax payable	683.4	697.9	722.4
Short-term provisions for other risks	1,069.5	1,164.0	1,325.3
Indebtedness	2,097.2	1,238.1	3,753.8
Other short-term financial liabilities	1,223.0	1,203.4	900.2
Other liabilities	779.5	643.5	801.9
Liabilities held for sale	0.0	0.0	4.1
Current liabilities	**9,538.1**	**8,457.4**	**10,453.9**
Total equity and liabilities	**25,185.8**	**24,390.5**	**24,098.9**

Consolidated Cash Flow Statements

in € millions	January 1 to March 31	
	2011	2010
EBIT	633.9	494.4
Interest paid	-218.9	-243.9
Interest received	6.8	6.5
Income tax paid	-86.4	-63.4
Dividends received	17.5	19.3
Depreciation, amortization and impairments	394.6	393.9
At-equity share in earnings of associates and accrued dividend income from other investments, incl. impairments	-13.3	-16.5
Losses from the disposal of assets, subsidiaries and business units	-4.5	0.9
Other non-cash items	-7.0	-14.5
Changes in		
inventories	-313.6	-174.1
trade accounts receivable[1]	-870.7	-702.8
discounted notes[1]	-6.4	-13.6
trade accounts payable	217.6	33.2
pension and post-employment provisions	13.6	21.8
other assets and liabilities	143.5	62.8
Cash used for operating activities	**-93.3**	**-196.0**
Proceeds on disposal of property, plant and equipment, and intangible assets	11.1	7.4
Capital expenditure on property, plant and equipment, and software	-254.7	-178.0
Capital expenditure on intangible assets from development projects and miscellaneous	-24.3	-11.0
Proceeds on disposal of subsidiaries and business units	—	23.8
Acquisition of subsidiaries and business units	-1.7	-9.4
Cash used for investing activities	**-269.6**	**-167.2**
Cash flow before financing activities (free cash flow)	**-362.9**	**-363.2**
Change in indebtedness	405.2	-1,058.8
Proceeds from the issuance of shares	—	1,056.8
Dividends paid and repayment of capital to non-controlling interests	-13.2	-0.9
Cash provided by/used for financing activities	**392.0**	**-2.9**
Change in cash and cash equivalents	**29.1**	**-366.1**
Cash and cash equivalents at the beginning of the reporting period	1,471.3	1,712.8
Effect of exchange rate changes on cash and cash equivalents	-32.9	63.6
Cash and cash equivalents at the end of the reporting period	**1,467.5**	**1,410.3**

[1] The comparative figures as of March 31, 2010, are shown adjusted accordingly.

Consolidated Statements of Changes in Total Equity

in € millions	Number of shares[1] (thousands)	Common stock	Capital reserves	Retained earnings	Successive share purchases[2]	Difference from currency translation	Difference from financial instruments[3]	Subtotal	Non-controlling interests	Total
At Jan. 1, 2010	**169,006**	**432.6**	**3,139.5**	**636.4**	**-34.4**	**-276.0**	**-125.5**	**3,772.6**	**289.1**	**4,061.7**
Net income	—	—	—	227.7	—	—	—	**227.7**	16.6	**244.3**
Comprehensive income	—	—	—	—	—	299.1	-15.7	**283.4**	18.8	**302.2**
Net profit for the period	**—**	**—**	**—**	**227.7**	**—**	**299.1**	**-15.7**	**511.1**	**35.4**	**546.5**
Dividends paid/declared	—	—	—	—	—	—	—	**—**	-5.8	**-5.8**
Issuance of shares[4]	31,000	79.4	997.8	—	—	—	—	**1,077.2**	—	**1,077.2**
Successive purchases	—	—	—	—	-1.4	—	—	**-1.4**	—	**-1.4**
Changes in non-controlling interests[5]	—	—	—	—	—	—	—	**—**	2.9	**2.9**
At March 31, 2011	**200,006**	**512.0**	**4,137.3**	**864.1**	**-35.8**	**23.1**	**-141.2**	**5,359.5**	**321.6**	**5,681.1**
At Jan. 1, 2011	**200,006**	**512.0**	**4,149.0**	**1,212.4**	**-44.5**	**134.6**	**-103.9**	**5,859.6**	**343.3**	**6,202.9**
Net income	—	—	—	368.2	—	—	—	**368.2**	16.9	**385.1**
Comprehensive income	—	—	—	—	—	-114.9	33.2	**-81.7**	-10.0	**-91.7**
Net profit for the period	**—**	**—**	**—**	**368.2**	**—**	**-114.9**	**33.2**	**286.5**	**6.9**	**293.4**
Dividends paid/declared	—	—	—	—	—	—	—	**—**	-13.2	**-13.2**
Issuance of shares[4]	—	—	4.2	—	—	—	—	**4.2**	—	**4.2**
Successive purchases	—	—	—	—	—	—	—	**—**	-3.1	**-3.1**
At March 31, 2011	**200,006**	**512.0**	**4,153.2**	**1,580.6**	**-44.5**	**19.7**	**-70.7**	**6,150.3**	**333.9**	**6,484.2**

[1] Shares outstanding.
[2] Successive acquisitions of shares of fully consolidated companies.
[3] The difference from financial instruments, including deferred taxes, is mainly due to changes in the market value of the cash flow hedges on interest and currency.
[4] Includes the expenditure resulting from stock option plans and the compensation offer for granted and not yet exercised stock options. The net proceeds from the capital increase, net of tax effects, are also included in 2010.
[5] Changes in non-controlling interests from consolidation changes or capital increases.

Explanatory Notes to the Consolidated Financial Statements

Segment report by division for the period from January 1 to March 31, 2011

in € millions	Chassis & Safety	Powertrain	Interior	Passenger and Light Truck Tires
Sales to external customers	1,610.0	1,382.8	1,525.2	1,576.3
Intercompany sales	8.7	14.0	4.8	4.9
Sales (total)	**1,618.7**	**1,396.8**	**1,530.0**	**1,581.2**
EBITDA	251.3	120.6	174.3	313.9
in % of sales	15.5	8.6	11.4	19.9
EBIT (segment result)	172.0	13.0	71.8	252.2
in % of sales	10.6	0.9	4.7	15.9
Depreciation and amortization[1]	79.3	107.6	102.5	61.7
– thereof impairment[2]	—	-1.1	0.0	-0.2
Capital expenditure[3]	57.7	63.8	45.7	53.6
in % of sales	3.6	4.6	3.0	3.4
Operating assets at March 31	4,042.6	3,031.0	4,436.3	2,626.5
Number of employees at March 31[4]	31,827	28,862	30,420	29,191

in € millions	Commercial Vehicle Tires	ContiTech	Other/Con-solidation	Continental Corporation
Sales to external customers	401.8	849.5	—	7,345.6
Intercompany sales	19.0	36.5	-87.9	—
Sales (total)	**420.8**	**886.0**	**-87.9**	**7,345.6**
EBITDA	42.6	140.9	-15.1	1,028.5
in % of sales	10.1	15.9	—	14.0
EBIT (segment result)	23.5	116.9	-15.5	633.9
in % of sales	5.6	13.2	—	8.6
Depreciation and amortization[1]	19.1	24.0	0.4	394.6
– thereof impairment[2]	—	—	—	-1.3
Capital expenditure[3]	13.2	20.7	0.1	254.8
in % of sales	3.1	2.3	—	3.5
Operating assets at March 31	667.5	1,064.1	1.1	15,869.1
Number of employees at March 31[4]	7,494	26,704	255	154,753

[1] Excluding impairments on financial investments.
[2] Impairment also includes necessary reversals of impairment losses.
[3] Capital expenditure on property, plant and equipment, and software.
[4] Excluding trainees.

Segment report by division for the period from January 1 to March 31, 2010

in € millions	Chassis & Safety	Powertrain	Interior	Passenger and Light Truck Tires
Sales to external customers	1,347.1	1,084.8	1,338.1	1,279.9
Intercompany sales	7.3	20.7	2.2	3.1
Sales (total)	**1,354.4**	**1,105.5**	**1,340.3**	**1,283.0**
EBITDA	229.6	83.4	159.5	274.2
in % of sales	17.0	7.5	11.9	21.4
EBIT (segment result)	149.0	-21.6	54.9	214.7
in % of sales	11.0	-2.0	4.1	16.7
Depreciation and amortization[1]	80.6	105.0	104.6	59.5
– thereof impairment[2]	0.1	-0.3	—	—
Capital expenditure[3]	30.4	49.0	26.7	42.8
in % of sales	2.2	4.4	2.0	3.3
Operating assets at March 31	4,017.1	3,148.2	4,425.3	2,328.1
Number of employees at March 31[4]	28,169	24,997	27,564	26,625

in € millions	Commercial Vehicle Tires	ContiTech	Other/Con-solidation	Continental Corporation
Sales to external customers	267.0	679.8	—	5,996.7
Intercompany sales	13.8	22.5	-69.6	—
Sales (total)	**280.8**	**702.3**	**-69.6**	**5,996.7**
EBITDA	25.9	115.8	-0.1	888.3
in % of sales	9.2	16.5	—	14.8
EBIT (segment result)	5.9	92.2	-0.7	494.4
in % of sales	2.1	13.1	—	8.2
Depreciation and amortization[1]	20.0	23.6	0.6	393.9
– thereof impairment[2]	—	0.0	—	-0.2
Capital expenditure[3]	8.8	20.6	-0.2	178.1
in % of sales	3.1	2.9	—	3.0
Operating assets at March 31	596.8	1,047.0	-10.2	15,552.3
Number of employees at March 31[4]	7,092	23,273	239	137,959

[1] Excluding impairments on financial investments.
[2] Impairment also includes necessary reversals of impairment losses.
[3] Capital expenditure on property, plant and equipment, and software.
[4] Excluding trainees.

Reconciliation of EBIT to Net Income

in € millions	January 1 to March 31	
	2011	**2010**
Chassis & Safety	172.0	149.0
Powertrain	13.0	-21.6
Interior	71.8	54.9
Passenger and Light Truck Tires	252.2	214.7
Commercial Vehicle Tires	23.5	5.9
ContiTech	116.9	92.2
Other/consolidation	-15.5	-0.7
EBIT	**633.9**	**494.4**
Net interest expense	-168.6	-153.7
Earnings before taxes	**465.3**	**340.7**
Income tax expense	-80.2	-96.4
Net income	**385.1**	**244.3**
Non-controlling interests	-16.9	-16.6
Net income attributable to the shareholders of the parent	**368.2**	**227.7**
Undiluted earnings per share in €	1.84	1.14
Diluted earnings per share in €	1.84	1.14

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 2010. These methods are disclosed in detail in the Annual Report 2010. In addition, the IFRS amendments and new IFRS regulations mandated as of March 31, 2011, are applied in the Interim Report. These mandatory amendments and new regulations were disclosed in detail in the Annual Report 2010. They had no material effect on the Continental Corporation.

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 retrospectively once the final purchase price allocation has been determined.

The consolidated financial statements have been prepared in euros. Unless otherwise stated, all amounts presented are in millions of euros. We point out that differences may arise as a result of the use of rounded amounts and percentages.

Pension obligations

Consolidated net pension expenses of the Continental Corporation can be summarized as follows:

in € millions	January 1 to March 31, 2011					January 1 to March 31, 2010				
	Germany	USA/CAN	UK	Others	Total	Germany	USA/CAN	UK	Others	Total
Current service cost	15.5	0.2	0.7	4.2	**20.6**	12.6	2.2	0.7	2.7	**18.2**
Interest on defined benefit obligation	22.0	13.2	2.9	2.7	**40.8**	21.9	13.1	2.7	2.5	**40.2**
Expected return on plan assets	-7.4	-13.7	-3.3	-1.3	**-25.7**	-7.3	-12.5	-2.8	-1.2	**-23.8**
Amortization of actuarial gains and losses as well as other costs	1.2	4.7	0.4	0.6	**6.9**	0.0	5.0	0.3	0.3	**5.6**
Effects of asset limitation and curtailments	—	0.1	—	—	**0.1**	—	0.8	—	—	**0.8**
Net periodic pension cost	**31.3**	**4.5**	**0.7**	**6.2**	**42.7**	**27.2**	**8.6**	**0.9**	**4.3**	**41.0**

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

in € millions	January 1 to March 31	
	2011	2010
Current service cost	0.3	0.4
Interest cost on defined benefit obligation	2.7	2.8
Amortization of actuarial losses as well as other costs	0.4	0.0
Net cost of other post-employment benefits	**3.4**	**3.2**

Cash changes in post-employment obligations
Pension funds exist solely for pension obligations, particularly in Germany, the U.S., Canada and the United Kingdom, and not for other benefit obligations. The companies of the Continental Corporation paid €12.8 million (PY: €4.3 million) into these pension funds for the period from January 1 to March 31, 2011.

In the period from January 1 to March 31, 2010, payments for retirement benefit obligations totaled €61.7 million (PY: €45.4 million). Payments for other post-employment benefits totaled €3.9 million (PY: €3.6 million).

Companies consolidated
In addition to the parent company, the consolidated financial statements include a total of 427 domestic and foreign companies in which Continental AG holds a direct or indirect interest of at least 20% of the voting rights. Of these companies, 306 are fully consolidated and 121 are carried at equity.

Since December 31, 2010, the total number of consolidated companies has decreased by two. One company was founded, two were merged and one was liquidated.

Compared with March 31, 2010, the scope of consolidated companies decreased by ten altogether. Reductions in the scope of consolidated companies relate primarily to disposals in the Rubber divisions and mergers and liquidations in both core business areas. The amounts for the prior year have been presented comparably.

Acquisition and sale of companies
On February 19, 2011, agreements were concluded for the purchase of 49.9% of shares in the French tire and service sales group Alençon Pneus SAS, Alençon, France. The company reported sales of €77.8 million in 2009 and has a work force of about 450. It will be assigned to the Tire divisions and will help strengthen our sales position on the French market. Subject to satisfying all closing conditions including the approval of the responsible antitrust authorities, the acquisition is expected to be completed in the second quarter of 2011. At this point in time, it is not possible to reliably estimate how the purchase price will break down among the individual assets, nor is it possible to estimate the consolidated pro forma sales or net income that would have been reported if the acquisition had already been concluded as of January 1, 2011.

Purchase prices totaling €1.2 million have been paid for asset deals in the area of European tire sales. €0.2 million of this was capitalized as intangible assets; no goodwill arose. No further changes to the carrying values were undertaken directly before the merger, whereby the purchase price was not allocated in detail in light of the insignificant nature of the individual transactions. The effects of these transactions, including the corresponding preliminary purchase price allocations, on the assets, earnings and financial situation of Continental as of March 31, 2011, are insignificant.

Impairment
The corporation immediately reviews intangible assets and property, plant and equipment, investment property and goodwill as soon as there is an indication of

impairment (triggering event). No significant impairment resulted from these impairment tests in the reporting period or in the same period of the previous year.

Appropriation of net income

As of December 31, 2010, Continental AG posted net retained earnings of €61.1 million (PY: retained losses of €993.7 million). A proposal will be made to the Annual Shareholders' Meeting on April 28, 2011, that no dividend be paid for fiscal year 2010. Regardless of this, existing loan agreements would limit total possible distribution to €50.0 million anyway, corresponding to €0.25 per share. No dividend was distributed in 2010 for fiscal 2009 on account of the retained losses in the previous year.

Earnings per share

Basic earnings per share for the first three months of 2011 rose to €1.84 (PY: €1.14) and are equal to the diluted earnings per share.

Contingent liabilities and other financial obligations

As of March 31, 2011, there were no material changes in the contingent liabilities and other financial obligations as described in the Annual Report 2010.

Transactions with related parties

In the period under review, there were no material changes in the nature of transactions with related parties compared with December 31, 2010. Please see the comments in the Annual Report 2010.

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 is made permanently available to shareholders on Continental's website. Earlier declarations in accordance with Section 161 of the *AktG* also can be found on the website.

Segment reporting

Comments on the development of Continental AG's six divisions are provided in the Corporate Management Report as of March 31, 2011.

Indebtedness and net income from financial activities

At the end of March 2011, Continental successfully completed the final stage of its comprehensive refinancing program. The renegotiation of the VDO loan maturing in August 2012 resulted in longer terms and improved conditions. The committed credit volume will then be reduced to €6.0 billion following an early repayment of €484.9 million in April 2011. A first tranche of €625.0 million is to be repaid in August 2012, the term for the other two tranches, including a revolving credit line of €2.5 billion, has been extended to 2014.

Comments on indebtedness and the net income from financial activities are furthermore provided in the Corporate Management Report as of March 31, 2011.

Income tax expense

Income tax expense in the first three months of 2011 amounted to €80.2 million (PY: €96.4 million). The tax rate in the reporting period was 17.2% after 28.3% for the same period of the previous year.

In addition to the different national breakdown of earnings before income taxes, the income tax expense for the reporting period was largely influenced by a €68.2 million tax income for previous years. In the first quarter of 2011, Continental successfully implemented a pending prior-year tax position out of court by way of a reassessment. The resulting tax income was recognized in profit and loss in full in the first quarter of 2011.

The tax expenses for the reporting period were also influenced by an impairment on deferred tax assets of €16.8 million relating to increases in the year under review regarding interest carryforwards in Germany.

Since 2008, a limit on the deductible interest that can be carried forward has applied in Germany; the amount deductible under the tax law is limited to 30% of the taxable income before depreciation and amortization and before interest.

Capital increase in 2010

On January 6, 2010, the Executive Board of Continental AG resolved – with Supervisory Board approval – an increase in the share capital of €432,655,316.48 by a nominal amount of €79,360,000.00 by issuing

31,000,000 new shares from authorized capital (Authorized Capital 2007).

The capital increase was implemented by way of a subscription rights offering to the shareholders of Continental AG. On January 26, 2010, Continental AG announced that more than 99% of the free float shareholders had made use of their subscription rights. Net proceeds totaled €1,056.0 million before tax effects. Equity was reduced by transaction costs of €57.8 million while deferred taxes of €17.3 million were also recognized. The capital increase served to repay Continental AG's liabilities from the VDO loan.

For further information, please see the comments in the 2010 financial and annual reports.

Shareholder structure

M.M. Warburg & CO KGaA and B. Metzler seel. Sohn & Co. KGaA notified Continental AG that their respective shares of the voting rights in Continental AG fell below the thresholds of 15% and 10% on March 30, 2011, and now amount to 5.19% each.

From this, and from the information made public by the Schaeffler Group, the shareholder structure, including rounding differences, with regard to the 200,005,983 outstanding Continental shares is as follows: 49.90% Schaeffler GmbH, 5.19% M.M. Warburg & CO KGaA, 5.19% B. Metzler seel. Sohn & Co. KGaA. Continental's free float amounts to 39.71%.

Review by an independent auditor

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

Significant Events after March 31, 2011

Key issues paper aimed at balancing interests in the establishment of a competence center in Dortmund
On April 5, 2011, Continental Automotive GmbH, Hanover, and the responsible works council signed a key issues paper aimed at balancing interests in the establishment of a competence center for the Dortmund, Germany, location of the Powertrain division's Fuel Supply business unit. Specific details concerning the balance of interests and the ensuing restructuring measures are expected to be made known during the course of the second quarter. The resulting cost will probably be in the double-digit million range.

Improved credit rating from Moody's
Following the successful refinancing of the VDO loan at the end of March 2011, Moody's rating agency raised its credit rating for Continental AG from B1 to Ba3 with stable outlook on April 5, 2011.

Acquisition of Modi Tyres Company Limited
On April 17, 2011, agreements were concluded for the acquisition of 100% of shares in Modi Tyres Company Limited, Modipuram, India. Completion of the acquisition is subject to the fulfillment of several closing conditions. The company manufactures and sells bias-ply tires for commercial vehicles, has an annual production capacity of about 1.0 million tires, and has a workforce of approximately 1,650. It will be assigned to the Commercial Vehicle Tires division and will provide it with access to the growth region of India. At this point in time, it is not possible to reliably estimate how the purchase price will break down among the individual assets, nor is it possible to estimate the consolidated pro forma sales or net income that would have been reported if the acquisition had already been concluded as of January 1, 2011.

Hanover, April 26, 2011

Continental Aktiengesellschaft
The Executive Board

Financial Calendar

2011

Annual Financial Press Conference	March 3
Analyst Telephone Conference	March 3
Annual Shareholders' Meeting	April 28
Financial Report as of March 31, 2011	May 5
Half-Year Financial Report as of June 30, 2011	July 29
Financial Report as of September 30, 2011	November 3

2012

Annual Financial Press Conference	February
Analyst Telephone Conference	February
Annual Shareholders' Meeting	April 27
Financial Report as of March 31, 2012	May
Half-Year Financial Report as of June 30, 2012	July
Financial Report as of September 30, 2012	November

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Continental