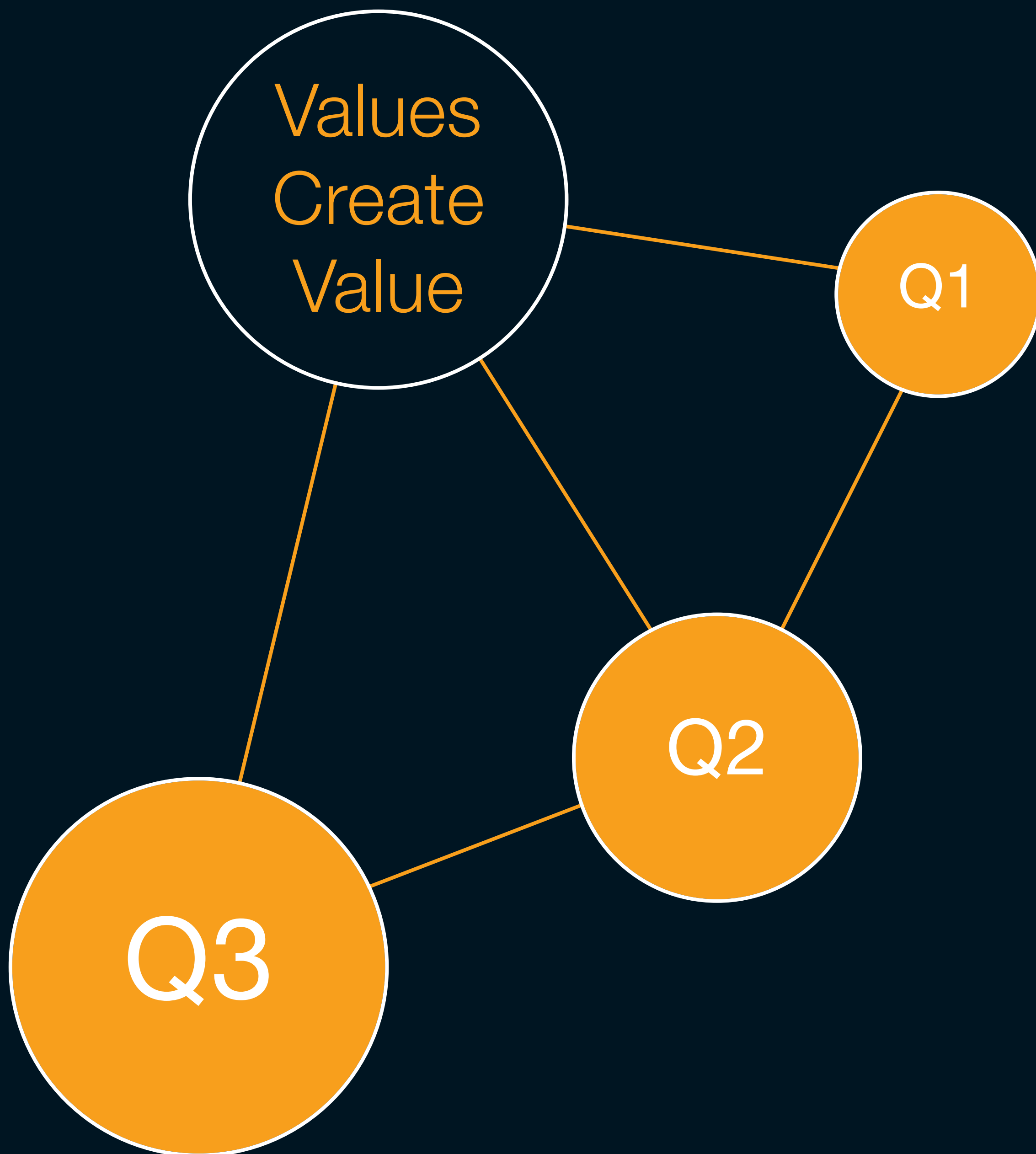


Financial Report as of September 30, 2012

Continental

Continental Shares and Bonds

Performance of Continental shares and bonds

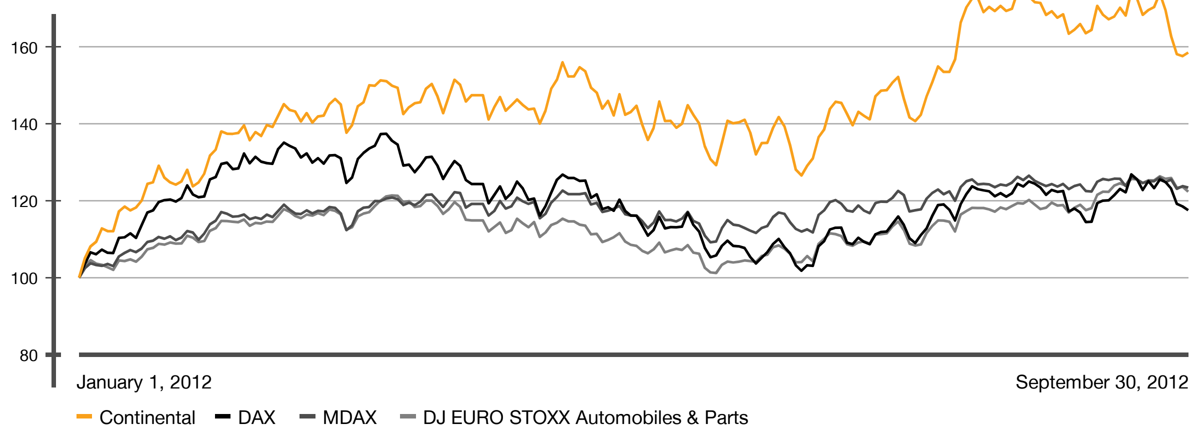
The issue of the European sovereign debt crisis continued to dominate developments on the stock markets in the third quarter of 2012. The debt situation in the U.S.A. also increasingly came under the spotlight, especially due to the upcoming presidential elections there. In addition to a further downturn in economic leading indicators, there were growing signs of further deterioration in the environment for the automotive sector, particularly towards the end of the third quarter. Nonetheless, the index for automobile and automotive supplier stocks rose slightly as compared to the end of the second quarter and quoted at 293 points on September 30, up 23 points as against the end of the first half of 2012, although it failed to reachieve the high from March 15, 2012 (343 points). Growth in the first nine months amounted to 17.5%, meaning that the index remained behind the development of the DAX and MDAX after nine months, too. The DAX closed at 7,216 points on September 30, 2012, corresponding to a 22% increase as compared to December 31, 2011. The MDAX recorded a rise of 23% to 10,978 points in the same period.

In contrast, Continental shares continued to display an above-average performance in the third quarter of 2012. The response to the half-year figures published on August 2, 2012 was very positive. Following this, Continental shares were able to break past the €80 mark again for the first time since January 2008. In addition, the announcement by Deutsche Börse that it would include Continental in the German leading index DAX again from September 24, 2012 provided a boost to the share price development in the third quarter. The successful bond placement, in which Continental issued its first U.S. dollar denominated bond with a volume of $950 million, also supported this development. Two Continental shareholders took advantage of this positive environment to place a total of 20.8 million Continental shares on September 25 at a price of €77.50. This increased the proportion of freely tradable Continental shares to 50.1% or more than 100 million shares, sustainably strengthening the regained DAX position.

Over the first nine months of 2012 the Continental share marked a price gain of 58%, outperforming the index for comparable companies in the automotive sector by 41 percentage points. It also outstripped the DAX and the MDAX by 36 and 35 percentage points respectively.

News from the auto sector continued to grow gloomier at the beginning of the fourth quarter. Especially at the start of the reporting season, many companies of the automobile sector had to report additional risks for the current fiscal year. Nevertheless, the index for automobile and automotive supplier stocks showed a slight improvement on its September 30 closing level. The Continental share just managed to maintain its price level as of September 30, 2012.

Share price performance vs. major stock indexes



	Sept. 30, 2012	in % vs. Dec. 31, 2011
Continental	76.20	58
DJ EURO STOXX 50	2,454.26	6
DAX	7,216.15	22
MDAX	10,977.88	23
DJ EURO STOXX Automobiles & Parts	293.47	17

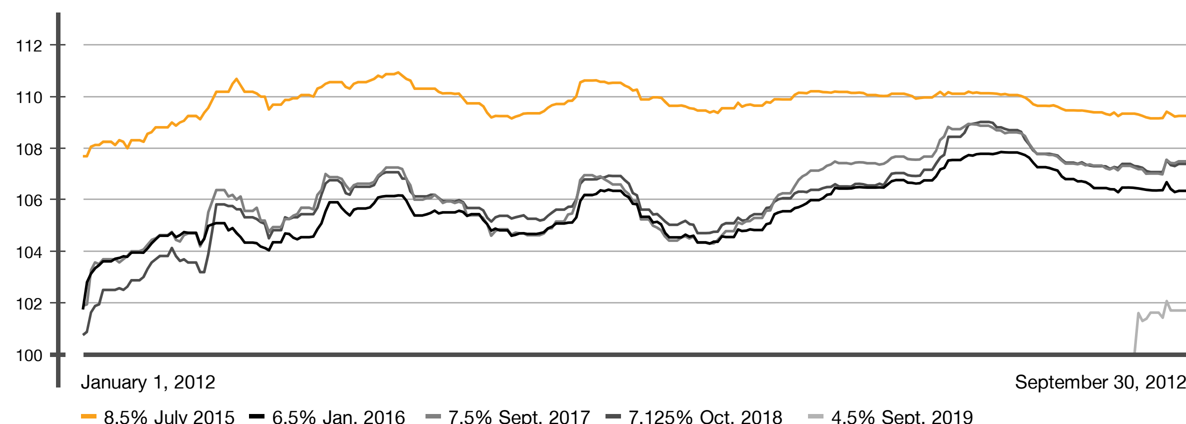
December 31, 2011	Rating	Outlook
Standard & Poor's	B+	positive
Moody's	Ba3	stable

September 30, 2012	Rating	Outlook
Standard & Poor's	BB-	positive
Moody's	Ba2	positive

In the second week of September 2012, Continental successfully placed a U.S. dollar denominated bond with an issue volume of $950 million with qualified institutional investors in Germany and abroad within two days. The bond, which has a term of seven years, was issued by Continental Rubber of America, Corp., U.S.A., and is guaranteed by Continental AG and selected subsidiaries. The issue was oversubscribed several times over. The annual interest rate is 4.5%, substantially lower than for the last bond issues in 2010. Since its initial quotation, this bond has developed positively right from the start and quoted at 101.2500% on September 30, 2012. Of the four other Continental bonds, the two bonds maturing in September 2017 and October 2018 slightly exceeded the high price level from the end of the first half of the year. As before, the highest increase since the beginning of the year was recorded by the bond with a volume of €625 million maturing in October 2018, which increased by 670 basis points by September 30, 2012.

One reason for the continued positive development of the bonds was the reassessment of the company's creditworthiness by the rating agencies during the second quarter. Following the share placement of two shareholders on September 25, 2012, Moody's also upgraded its rating for Continental to Ba2 and raised the outlook from stable to positive. The classification in the non-investment-grade category by the rating agencies, despite the stronger balance sheet ratios and the continued positive outlook, is still based on the credit quality of the major shareholder.

Performance of the Continental bonds



The premium for insurance against credit risks, expressed in the Continental five-year credit default swap (CDS), decreased further in the third quarter. On September 30, 2012, it was 269 basis points below the level at year-end 2011 at 208 points, its lowest level since June 2008. Shortly after the successful bond placement, the Continental five-year CDS even fell to 183 basis points on September 14. In contrast, the index combining the CDS development of companies with the same credit rating decreased by only around 187 basis points since the beginning of the year and quoted at 568 basis points on September 30, 2012.

Key Figures for the Continental Corporation

	January 1 to September 30		Third Quarter	
in € millions	2012	2011	2012	2011
Sales	24,640.5	22,592.6	8,134.3	7,714.4
EBITDA	3,624.2	3,109.8	1,176.6	1,037.1
in % of sales	14.7	13.8	14.5	13.4
EBIT	2,353.5	1,916.7	745.1	635.7
in % of sales	9.6	8.5	9.2	8.2
Net income attributable to the shareholders of the parent	1,452.4	893.7	449.2	210.7
Earnings per share (in €)	7.26	4.47	2.25	1.05
Adjusted sales[1]	24,513.3	22,592.6	8,110.2	7,714.4
Adjusted operating result (adjusted EBIT)[2]	2,661.7	2,228.1	838.5	743.7
in % of adjusted sales	10.9	9.9	10.3	9.6
Free cash flow	168.3	-54.0	41.9	-90.9
Net indebtedness as at September 30	6,802.2	7,297.4		
Gearing ratio in %	77.5	103.3		
Number of employees as at September 30[3]	169,909	164,078		

[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

	January 1 to September 30		Third Quarter	
Automotive Group in € millions	**2012**	**2011**	**2012**	**2011**
Sales	14,771.8	13,676.2	4,764.3	4,605.4
EBITDA	1,757.9	1,655.4	544.9	572.5
in % of sales	11.9	12.1	11.4	12.4
EBIT	823.6	781.1	228.6	278.1
in % of sales	5.6	5.7	4.8	6.0
Depreciation and amortization[1]	934.3	874.3	316.3	294.4
– thereof impairment[2]	- 0.4	0.9	- 2.0	0.4
Capital expenditure[3]	625.5	588.7	231.2	213.4
in % of sales	4.2	4.3	4.9	4.6
Operating assets as at September 30	11,567.2	11,425.7		
Number of employees as at September 30[4]	99,126	95,205		
Adjusted sales[5]	14,768.3	13,676.2	4,760.8	4,605.4
Adjusted operating result (adjusted EBIT)[6]	1,141.7	1,096.0	334.8	366.6
in % of adjusted sales	7.7	8.0	7.0	8.0

	January 1 to September 30		Third Quarter	
Rubber Group in € millions	**2012**	**2011**	**2012**	**2011**
Sales	9,889.9	8,936.0	3,378.1	3,115.6
EBITDA	1,926.6	1,490.8	657.7	483.1
in % of sales	19.5	16.7	19.5	15.5
EBIT	1,590.7	1,173.1	542.7	376.4
in % of sales	16.1	13.1	16.1	12.1
Depreciation and amortization[1]	335.9	317.7	115.0	106.7
– thereof impairment[2]	-3.9	-3.2	-1.1	-2.6
Capital expenditure[3]	640.9	439.9	207.0	190.0
in % of sales	6.5	4.9	6.1	6.1
Operating assets as at September 30	6,012.4	4,891.3		
Number of employees as at September 30[4]	70,495	68,607		
Adjusted sales[5]	9,764.2	8,936.0	3,355.5	3,115.6
Adjusted operating result (adjusted EBIT)[6]	1,588.2	1,194.6	533.8	398.2
in % of adjusted sales	16.3	13.4	15.9	12.8

[1] Excluding impairment 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.
[5] Before changes in the scope of consolidation.
[6] 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 September 30, 2012

Continental back in the DAX

Since September 24, 2012, the Continental AG share has been listed in the top Deutsche Börse segment again, having returned after a good four years to the category of the 30 largest companies in Germany as defined by Deutsche Börse AG. From the beginning of 2009, Continental was listed in the MDAX, partly because the volume of freely tradable shares, at that time amounting to just over 10%, was no longer sufficient to fulfill the relevant criteria for membership in the DAX. Since the end of 2008, its market capitalization has risen from €4.6 billion to more than €16.8 billion. Over the past twelve months, the trading volume that is relevant to index selection amounted to over €9 billion on average. The criteria for membership in the DAX were thus clearly fulfilled.

Opening ceremony for technical center in Brazil

On August 22, 2012, only around ten months after construction work began, we celebrated the opening of the new technical center in the Salto Industrial Park, 120 km west of São Paulo, Brazil, in the presence of local government officials. The new center enables us to offer local customers the full spectrum of tests and application developments for gasoline and diesel engines right through to homologation.

Top ratings for winter tires

Continental's tires have completed the joint winter tire test by the German motoring association ADAC, the Austrian ÖAMTC and the Swiss TCS with excellent results. The new ContiWinterContact TS 850 in size 205/55 R 16 took first place in the test with the best overall score, while both the ContiWinterContact TS 800 in size 165/70 R 14 and the ContiCrossContact Winter in size 215/65 R 16 received the highest assessment awarded, "good". For all three Continental winter tires, the experts particularly commended their very well-balanced overall performance. Furthermore, the new ContiWinterContact TS 850 achieved top scores on snow and ice as well as for fuel consumption and wear, demonstrating that with its excellent balance it overcomes conflicting design goals at a technical level that was not previously possible.

Continental builds first fully integrated recycling and retreading plant worldwide

On September 18, 2012, we announced the construction of a new production facility in Hannover-Stöcken for retreading truck and bus tires as well as a recycling line for rubber from used tires. The plant, which in this combination is unique throughout the sector worldwide, completes the tire production cycle and will leverage the synergies from retreading and rubber recycling. This will enable us to strengthen our position in Western Europe while also further developing the ContiLifeCycle concept in the area of production. The ContiLifeCycle plant at the Hannover-Stöcken site will create more than 100 new jobs.

New radio technology with intelligent software

With our global software radio technology, we are replacing a large part of the hardware in conventional radios with intelligent software. This will allow automotive manufacturers to offer their customers modern radio entertainment at low cost. In the test setup, Continental has already shown what diversity is offered by the global software radio. For instance, it can play different radio stations at the same time, allowing the driver, front-seat passenger and the occupants in the rear to listen to their favorite stations independently of each other via loudspeakers and additional headset outlets. The radio also allows the driver to listen to a station while a different channel is being recorded. It can also look for the most up-to-date traffic information in the background and provide this to the driver. New radio broadcasting standards or new data services can be integrated into it when the software is updated. Conventional radios can offer this diversity only by using additional – and comparatively expensive – hardware.

Economic Environment

The recovery of global economic activity is continuing to progress sluggishly. As already indicated by the development of macroeconomic leading indicators in spring 2012, the pace of economic growth slowed in the second quarter of 2012. This weak global growth was shown in the majority of so-called advanced economies as well as in the countries referred to by the International Monetary Fund (IMF) as emerging economies. Although the debt crisis in the euro zone continues to dominate economic policy debate, it is only partly responsible for this. The repercussions of the sharp rise in the oil price in the winter months of January and February 2012 also played a role. In addition, a number of the emerging economies were not only impacted by lower foreign demand, but structural problems also became more apparent. For instance, the domestic economy in Brazil and China continued to lose momentum in the spring quarter, while in India the high budget deficit and the slow pace of structural reforms increasingly eroded investors' confidence.

Overall, although the picture currently presented by the macroeconomic indicators does not contradict the expectation that the general economic development could gradually pick up pace again in the second half of the year, global growth prospects have deteriorated further. For instance, the ifo indicator of the Leibniz Institute for Economic Research for the global economic climate dropped considerably in the third quarter of 2012, indicating a less favorable assessment of both current situation and the next six months. However, a positive effect on the economic development can be expected from the continued extremely expansive monetary policy of the advanced economies and the easing of monetary policy in some emerging economies.

Against the background described above, in its latest World Economic Outlook (WEO) from October 2012 the IMF lowered its expectations for global economic growth in 2012 by another 0.2 percentage points as compared to its update in July 2012 to 3.3%. The adjustment for growth of the gross domestic product in the emerging economies in 2012 amounts to a decline of 0.3 percentage points to 5.3%, whereas for the advanced economies the already low anticipated growth for 2012 as a whole was reduced again by 0.1 percentage points to 1.3%. There are still significant risks to the economic outlook. According to the IMF, the greatest risk relates to an intensification of the debt crisis in the euro zone. It sees further major risk factors, among other things, in a possible significant rise in the oil price as a result of increased geopolitical tensions. In addition, there are risks from drastic, automatically occurring tax hikes and spending cuts in the U.S.A. ("fiscal cliff") if the political parties cannot agree in time on raising the debt ceiling. The IMF still expects the pace of growth in the advanced economies to continue to be curbed by necessary structural adjustments in the medium term.

New registrations/sales of light vehicles in milions of units

	Jan. 1 to Sept. 30, 2012	Jan. 1 to Sept. 30, 2011	Change	Q3 2012	Q3 2011	Change
Europe (E27+EFTA)	9.7	10.5	-7%	2.8	3.1	-9%
Russia	2.2	1.9	14%	0.8	0.7	13%
NAFTA	10.9	9.5	14%	3.6	3.2	15%
Japan	3.7	2.6	41%	1.1	1.0	17%
Brazil	2.7	2.5	5%	1.0	0.9	16%
India	2.1	1.9	10%	0.6	0.6	6%
China	9.6	8.9	9%	3.2	2.9	9%
Worldwide	59.4	55.8	6%	19.5	18.4	6%

Source: VDA and Renault

New registration development

New car registrations on the global sales markets developed positively in the third quarter of 2012, too, although the pace of growth slowed further as against the first half of 2012. Based on preliminary data from the German Association of the Automotive Industry (VDA), new registrations in Japan (up 17%) and in NAFTA (up 15%) did not post as high an increase year-on-year in the third quarter of 2012 as they had done in the second quarter. The number of newly registered vehicles in Europe also recorded a further decline in the third quarter, falling by 9%. In comparison to the first half of 2012, the decline in this region accelerated again. Whereas the year-on-year decrease in the first half of the year had amounted to 6%, after nine months it was at 7%. It should be noted that particularly the 41% rise in new registration figures in Japan in the first nine months is attributable to catch-up effects due to the rebuilding of production capacity following the natural disaster in Fukushima in March 2011. The restoration of Japanese production capacity and the renewed round of quantitative easing (QE3) also had a positive impact on local sales volumes in NAFTA. In total, almost 11 million vehicles were newly registered in NAFTA in the first nine months, representing a rise of 14%.

New registrations in the BRIC countries (Brazil, Russia, India and China) saw a rise of 10% in the third quarter of 2012 due to the continued stable development in China and Russia. The increase in the first nine months amounted to 9%. Brazil in particular made a positive contribution to the growth of the BRIC countries again in the third quarter after the government introduced a new sales stimulus program at the end of the second quarter. New registrations in Brazil climbed by 16% in the third quarter. In contrast, growth in India slowed to 6% in the same period. Overall, global new registrations were up by roughly 6% to more than 59 million units in the first nine months of 2012.

Vehicle production development

As a result of the increase in new car registrations worldwide, the number of vehicles produced rose by around 5% to approximately 59 million units after nine months on the basis of preliminary data, although this figure was also positively influenced, among other things, by some significant upward revisions for the previous quarters. As in the first half of the year, the increase in production was mainly attributable to Japan, which accounted for more than half of this production growth of almost 3 million vehicles after nine months. The increase in production in Europe and NAFTA, where Continental generates roughly 75% of its sales in the Automotive Group, was considerably lower, as had been feared. In Europe in particular, the weak demand situation, especially in Southern European countries, meant that the previous year's level was not re-achieved and the number of vehicles produced fell by almost 900,000 units or 6%. In contrast, vehicle production in NAFTA rose by around 17% or more than 1.6 million units due to strong demand. Overall, growth after nine months in the two regions together was moderate at 3% compared with 8.5% for the same period last year. In relation to the third quarter, vehicle output for both markets together (Europe and NAFTA) remained stagnant at 7.8 million units. Given the development of production in the triad markets (Europe, NAFTA and Japan) for the first nine months of 2012 and the continued solid trend in China, we are expecting global production of light vehicles to exceed 79 million units this year.

The development of commercial vehicle production also continued to vary in our core markets in Europe and NAFTA after nine months of 2012. In both regions, the market environment deteriorated considerably again in the third quarter. Commercial vehicle output, for instance, decreased in Europe by 7% after nine months following a decline of 5% in the first half of the year. Growth in NAFTA slowed from 25% in the first half of the year to just 14% after nine months in 2012. We are therefore lowering our forecast for the year as whole for Europe again, from -5% to -7%. For NAFTA, we consider the lower end of the range of 8% to 12% to be achievable.

Tire replacement market development

Demand on the replacement passenger and light truck tire markets in Europe and NAFTA did not improve significantly in the third quarter of 2012 either (on the basis of preliminary data), and thus remained below our expectations. In Europe, demand for replacement passenger and light truck tires fell by 10% after nine months, remaining at the low level of the first half of the year. The start to the winter tire season developed modestly, as expected, primarily due to the high inventories still held by dealers as a result of the mild winter in 2011/12. The demand situation did not improve significantly in NAFTA, either, in the third quarter and

decreased by around 3% after nine months on the basis of preliminary data. In this context, we are lowering our assessment for the trend in demand for replacement tires in Europe from 282 million tires to 273 million. For NAFTA, we are also lowering our forecast again from 253 million tires to 250 million. All in all, we now anticipate a decline in demand of 8% in Europe (previously 5%) and of 1% in NAFTA (previously unchanged year-on-year).

Demand for replacement truck tires in Europe picked up slightly in the third quarter of 2012 due to the continued stable kilometers driven by commercial vehicles as measured in the context of toll statistics for trucks on German roads. The decline in demand was reduced from -26% after six months to -19% after nine months. We are once again lowering our forecast as adjusted after the first half of the year, which anticipated a decline of 10% for the year as a whole, and now expect demand for replacement truck tires to decrease by 13%.

In NAFTA, demand for replacement truck tires is increasingly stabilizing due to the continued very stable freight rates and moderate growth prospects for the U.S. economy. We are once again slightly lowering our forecast as adjusted after the first half of the year, which anticipated a decline in demand of 6% for the year as a whole, and now expect demand to decrease by 7%.

Earnings, Financial and Net Assets Position of the Continental Corporation

Earnings Position

Sales up 9.1%;
Sales up 6.0% before changes in the scope of consolidation and exchange rate effects

Consolidated sales for the first nine months of 2012 rose 9.1% year-on-year to €24,640.5 million (PY: €22,592.6 million). Before changes in the scope of consolidation and exchange rate effects, sales rose by 6.0%.

Adjusted EBIT up 19.5%

Adjusted EBIT for the corporation increased by €433.6 million or 19.5% year-on-year to €2,661.7 million during the first nine months of 2012 (PY: €2,228.1 million), corresponding to 10.9% (PY: 9.9%) of adjusted sales.

EBIT up 22.8%

At €2,353.5 million, EBIT in the first nine months of 2012 was €436.8 million or 22.8% higher than in the previous year (PY: €1,916.7 million). The return on sales rose to 9.6% (PY: 8.5%).

Special effects in the first nine months of 2012

The reversal of restructuring provisions no longer required resulted in a positive special effect totaling €9.9 million in the first nine months of 2012 (Chassis & Safety €0.4 million; Powertrain €1.0 million; Interior €8.5 million).

Reversals of impairment losses on property, plant and equipment had a positive effect totaling €2.1 million in the Chassis & Safety division.

In addition, impairment of property, plant and equipment resulted in expense of €1.7 million in the Interior division.

In NAFTA, lower pension obligations resulted in a positive effect of €6.2 million for the Tire division in the first nine months of 2012.

Reversals of impairment losses on property, plant and equipment had a positive effect totaling €3.6 million in the Tire division.

The acquisition of the molded brake components business of Freudenberg Sealing Technologies GmbH & Co. KG, Weinheim, Germany, resulted in income from a negative difference arising as part of the preliminary purchase price allocation and totaling €12.9 million.

In addition, there were negative special effects totaling €0.7 million in the ContiTech division in the first nine months of 2012.

Owing to the anticipated higher cash outflow for the syndicated loan resulting from rising interest margins, the carrying amount was adjusted in profit or loss in 2009 and 2010. However, at the end of June 2011 the carrying amount was adjusted in profit or loss due to signs of decreasing margins and the associated anticipated lower cash outflow for the syndicated loan. These deferrals will be amortized over the term of the loan, reducing or increasing expenses accordingly. Due to a partial repayment of the syndicated loan, the carrying amount adjustments attributable on a pro-rated basis to the amount repaid were reversed in September 2012. This resulted in a gain of €2.3 million. Together with the effects from amortization of the carrying amount adjustments, there was a positive effect totaling €7.4 million in the first nine months of 2012.

Total consolidated income from special effects in the first nine months of 2012 amounted to €39.7 million.

Special effects in the first nine months of 2011

The economic situation of the Fuel Supply business unit in the Powertrain division in Europe is characterized by insufficient profitability. For this reason, the location in Dortmund, Germany, is being restructured. Parts of production and assembly are being relocated and the site is being expanded into a competence center for fuel feed units of the Fuel Supply business unit. Restructuring expenses of €35.8 million have been incurred in this context.

The Chassis & Safety division generated preliminary income of €0.9 million from the negative difference on an asset deal.

Smaller impairment losses totaling €2.0 million not relating to restructuring measures were recognized on property, plant and equipment in the divisions in the first nine months of 2011.

The antitrust proceedings initiated in 2007 against Dunlop Oil & Marine Ltd., Grimsby, UK, a subsidiary of

ContiTech AG, in the area of offshore hoses, resulted in further expenses of €2.4 million in the first nine months of 2011.

On July 7, 2011, Continental Industrias del Caucho S.A., Madrid, Spain, reached an agreement with the employee representatives to close its site in Coslada, Spain, by the end of 2011. The plant, which assembled air conditioning lines, started reporting losses after a major contract was lost at the end of 2009. The site was closed as of December 31, 2011. This led to restructuring expenses of €16.1 million in the first nine months of 2011.

Judicial review proceedings on the appropriateness of compensation and settlement under the domination and profit and loss transfer agreement of Phoenix AG with ContiTech AG and on the conversion ratio established in the merger agreement between these two companies were decided by the Hamburg district court in favor of the former outside shareholders of Phoenix AG. The ruling stipulates an obligation for ContiTech AG to make additional payments. On September 30, 2011, Continental was convinced that the 2004 valuation of Phoenix AG and ContiTech AG was appropriate and that the compensation and settlement under the domination and profit and loss transfer agreement as well as the conversion ratio in the merger agreement were established correctly. Appeals have therefore been filed. However, a provision in the amount of €5.0 million was set aside for this.

In addition, there were positive effects totaling €49.9 million in the divisions (Chassis & Safety €4.3 million; Powertrain €6.3 million; Interior €32.2 million; Tires €7.1 million). These chiefly resulted from the reversal of restructuring provisions that were no longer required and from lower health care obligations in connection with restructuring.

Owing to the anticipated higher cash outflow for the syndicated loan resulting from rising interest margins, the carrying amount was adjusted in profit or loss in 2009 and 2010. However, a drop in the margins for the syndicated loan was observed as of June 30, 2011. The associated expectation of a lower cash outflow for this loan now led to a €9.1 million adjustment in profit or loss of its carrying amount. These deferrals will be amortized over the term of the loan, reducing or increasing expenses accordingly. The amortization of the carrying amount adjustments resulted in a positive effect of €12.6 million in the first nine months of 2011. Due to a partial repayment of the syndicated loan, the adjustments attributable on a prorated basis to the amount repaid were reversed in early April 2011. This resulted in a gain of €3.4 million. Income totaling €25.1 million resulted from all the previously mentioned effects by September 30, 2011.

Total consolidated income from special effects in the first nine month of 2011 amounted to €14.6 million.

Research and development expenses

In the first nine months of 2012, research and development expenses rose by 10.6% compared with the same period of the previous year to €1,355.8 million (PY: €1,225.7 million), representing 5.5% (PY: 5.4%) of sales. €1,151.9 million (PY: €1,046.7 million) of this relates to the Automotive Group, corresponding to 7.8% (PY: 7.7%) of sales, and €203.9 million (PY: €179.0 million) to the Rubber Group, corresponding to 2.1% (PY: 2.0%) of sales.

Net interest expense

At €315.3 million, net interest expense in the first nine months of 2012 was €245.7 million lower than in the previous year (PY: €561.0 million). In addition to the decrease in interest expenses, this is due in particular to the effects of changes in the fair value of derivatives and the development of foreign exchange effects, which led to a positive result overall.

Interest expenses, which primarily result from the utilization of the syndicated loan and the bonds issued in the third quarter of 2010 by Conti-Gummi Finance B.V., Maastricht, Netherlands, were €70.6 million lower than in the previous year at €431.6 million (PY: €502.2 million). This is due in particular to the significant reduction in net indebtedness as of the end of 2011 and to the lower margins and interest rates for the syndicated loan than in the previous year. The margin reduction and its link to the Continental Corporation's leverage ratio (net indebtedness/EBITDA, as defined in the syndicated loan agreement) were agreed as part of the successful renegotiation in late March 2011 of the syndicated loan originally due in August 2012. In the third quarter of 2011, a further margin reduction was already achieved for the syndicated loan as a result of the improved leverage ratio as of June 30, 2011. At September 30, 2012, interest expenses for the syndi-

cated loan amount to €195.4 million (PY: €265.4 million). The bonds issued in the third quarter of 2010 by Conti-Gummi Finance B.V., Maastricht, Netherlands, and the bond issued in September 2012 by Continental Rubber of America, Corp., Wilmington, U.S.A., in a nominal amount of $950.0 million resulted in interest expenses totaling €171.1 million (PY: €170.5 million).

Interest income in the first nine months of 2012 decreased by €1.8 million year-on-year to €18.8 million (PY: €20.6 million). As of the end of September 2012, the positive result from changes in the fair value of derivatives and the development of foreign exchange effects amounted to €96.7 million (PY: -€80.9 million). Of this amount, €83.2 million (PY: €20.8 million) related solely to the reporting of early redemption options for the bonds issued by Conti-Gummi Finance B.V., Maastricht, Netherlands, in 2010.

In contrast to the previous year, when net interest income was negatively impacted in the third quarter in particular by the substantial devaluation of the Mexican peso in relation to the U.S. dollar and, among other factors, the devaluation of the Hungarian forint in relation to the euro, in 2012 the appreciation of both these currencies led to a positive effect on net interest income.

Income tax expense

Income tax expense in the first nine months of 2012 amounted to €536.0 million (PY: €409.5 million). The tax rate in the reporting period was 26.3% after 30.2% for the same period of the previous year.

In the same period of the previous year, income tax expense was significantly influenced by tax income for prior years in the amount of €68.2 million resulting from a tax item established out of court. In comparison to the tax rate for the prior-year period adjusted for this special effect (35.2%), the lower tax rate in the reporting period was influenced significantly by a different distribution of earnings before taxes across the different countries, particularly due to the positive business development in the U.S.A. and Mexico.

Net income attributable to the shareholders of the parent

Net income attributable to the shareholders of the parent was up 62.5% to €1,452.4 million (PY: €893.7 million), with earnings per share higher at €7.26 (PY: €4.47).

Development of the Continental Corporation

in € millions	January 1 to September 30 2012	2011	Third Quarter 2012	2011
Sales	24,640.5	22,592.6	8,134.3	7,714.4
EBITDA	3,624.2	3,109.8	1,176.6	1,037.1
in % of sales	14.7	13.8	14.5	13.4
EBIT	2,353.5	1,916.7	745.1	635.7
in % of sales	9.6	8.5	9.2	8.2
Net income attributable to the shareholders of the parent	1,452.4	893.7	449.2	210.7
Earnings per share (in €)	7.26	4.47	2.25	1.05
Research and development expenses	1,355.8	1,225.7	448.3	401.8
Depreciation and amortization[1]	1,270.7	1,193.1	431.5	401.4
– thereof impairment[2]	-4.3	-2.3	-3.1	-2.2
Capital expenditure[3]	1,267.3	1,023.1	438.5	404.0
in % of sales	5.1	4.5	5.4	5.2
Operating assets as at September 30	17,469.1	16,240.0		
Number of employees as at September 30[4]	169,909	164,078		
Adjusted sales[5]	24,513.3	22,592.6	8,110.2	7,714.4
Adjusted operating result (adjusted EBIT)[6]	2,661.7	2,228.1	838.5	743.7
in % of adjusted sales	10.9	9.9	10.3	9.6
Net indebtedness as at September 30	6,802.2	7,297.4		
Gearing ratio in %	77.5	103.3		

[1] Excluding impairment 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.
[5] Before changes in the scope of consolidation.
[6] 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 €1,481.6 million as of September 30, 2012, net cash flow arising from operating activities was €435.4 million higher than the figure for the previous year of €1,046.2 million.

The free cash flow in the first nine months of 2012 improved by €222.3 million as against the first nine months of 2011 to €168.3 million (PY: -€54.0 million).

EBIT increased by €436.8 million year-on-year to €2,353.5 million (PY: €1,916.7 million).

Interest payments resulting in particular from the syndicated loan and the bonds fell by €80.7 million to €530.1 million (PY: €610.8 million). Income tax payments increased by €144.8 million to €478.0 million (PY: €333.2 million).

At €1,049.1 million as of September 30, 2012, net cash flow arising from the increase in operating working capital was €169.6 million lower than the figure for the previous year of €1,218.7 million.

In the first nine months of 2012, total cash flow amounting to €1,313.3 million (PY: €1,100.2 million) resulted from investing activities. Capital expenditure on property, plant and equipment, and software was up €236.8 million from €1,028.9 million to €1,265.7 million before financial leasing and the capitalization of borrowing costs.

Financing
As of September 30, 2012, the corporation's net indebtedness was down €495.2 million year-on-year from €7,297.4 million to €6,802.2 million. In comparison to the end of 2011, net indebtedness increased by €30.1 million. The gearing ratio improved to 77.5% as of the end of September 2012 (PY: 103.3%).

In September 2012, Continental took advantage of the current positive capital market environment and successfully placed a U.S. dollar denominated bond with an issue volume of $950.0 million with qualified institutional investors in Germany and abroad within two days. The bond, which has a term of seven years, was issued by Continental Rubber of America, Corp., Wilmington, U.S.A., and is guaranteed by Continental AG and selected subsidiaries. The annual interest rate is 4.5%, substantially lower than for the last bond issues in 2010. The interest payments will be made retrospectively on a six-month basis. The issue proceeds were used for early repayment of a portion of the tranche of the syndicated loan due in April 2014, enabling Continental to further improve the maturity structure of its financial liabilities.

At the end of March 2011, renegotiation of the syndicated loan originally due in August 2012 was completed. The renegotiation primarily focused on extended terms and improved conditions. A maturity in August 2012 was agreed for the first tranche of €625.0 million, and the term for the other two tranches, including a revolving credit line of €2.5 billion, was extended to April 2014. At the end of December 2011, the tranche of €625.0 million was already repaid early. Another early repayment of the syndicated loan in the amount of €737.9 million was made from the issue proceeds of the above-mentioned bond issued by Continental Rubber of America, Corp., Wilmington, U.S.A., in September 2012. The volume committed as of the end of September 2011 in the amount of €6.0 billion thus decreased to €4,637.1 million as of September 30, 2012.

The renegotiation also stipulates lower credit margins. They have since been based on Continental AG's leverage ratio (net indebtedness/EBITDA, according to the definition in the syndicated loan agreement) rather than its rating. The leverage ratio had already improved as of June 30, 2011, which meant that Continental benefited from a further margin reduction for the syndicated loan in the third quarter of 2011. The associated expectation of a lower cash outflow for this loan led to an adjustment in profit or loss of its carrying amount as of June 30, 2011. Together with the adjustments of the carrying amount in profit or loss that were required in 2009 and 2010 due to rising margins and the associated anticipated higher cash outflow for the syndicated loan, the negative value of the carrying amount adjustments totaled €8.3 million as of September 30, 2012 (PY: €19.6 million). These deferrals will be amortized over the term of the loan and increase or reduce expenses accordingly.

As of September 30, 2012, the syndicated loan had been utilized by Continental AG and by Continental Rubber of America, Corp., Wilmington, U.S.A., in a nominal amount of €2,738.9 million (PY: €4,297.4 million).

The interest rate hedges originally concluded for the syndicated loan in the amount of €3,125.0 million, which resulted in an average fixed interest rate to be paid in the amount of 4.19% p.a. plus margin, matured in August 2012.

As of September 30, 2012, Continental had liquidity reserves totaling €4,067.3 million (PY: €3,872.3 million), consisting of cash and cash equivalents of €1,507.5 million (PY: €1,532.4 million) and committed, unutilized credit lines totaling €2,559.8 million (PY: €2,339.9 million).

Capital expenditure (additions)
In the first three quarters of 2012, €1,267.3 million (PY: €1,023.1 million) was invested in property, plant and equipment, and software. The capital expenditure ratio after nine months is 5.1% (PY: 4.5%).

€625.5 million (PY: €588.7 million) of investments was attributable to the Automotive Group, corresponding to 4.2% (PY: 4.3%) of sales. The Automotive Group primarily invested in production facilities for the manufacture of new products and implementation of new technologies, with investment being focused on manufacturing capacity at best-cost locations. Important additions in the Chassis & Safety division related to the creation of new production facilities for the next generation of electronic braking systems. In the Powertrain

Change in net indebtedness

	January 1 to September 30		Third Quarter	
in € millions	**2012**	**2011**	**2012**	**2011**
Cash flow arising from operating activities	1,481.6	1,046.2	493.5	343.3
Cash flow arising from investing activities	-1,313.3	-1,100.2	-451.6	-434.2
Cash flow before financing activities (free cash flow)	**168.3**	**-54.0**	**41.9**	**-90.9**
Dividends paid	-300.0	—	—	—
Dividends paid and repayment of capital to non-controlling interests	-36.4	-32.7	-4.8	-12.4
Non-cash changes	144.2	164.9	13.7	9.2
Other	-25.2	-43.2	-10.3	-31.9
Foreign exchange effects	19.0	-15.4	33.2	-57.4
Change in net indebtedness	**-30.1**	**19.6**	**73.7**	**-183.4**

division, manufacturing facilities for engine injection systems and transmission control units were expanded in particular. Investments in the Interior division focused primarily on expanding production capacity for the Body & Security and Instrumentation & Driver HMI business units.

The Rubber Group invested €640.9 million (PY: €439.9 million), equivalent to 6.5% (PY: 4.9%) of sales. Investments in the Tire division focused on expanding capacity at European best-cost locations and in North and South America. There were major additions relating to the construction of new plants in Kaluga, Russia, and Sumter, U.S.A., and the expansion of existing sites in Puchov, Slovakia, Camacari, Brazil, and Hefei, China. Quality assurance and cost-cutting measures were also implemented. The ContiTech division invested in rationalizing production processes and expanding production capacity. In particular, the production facilities in China, Mexico, Brazil, Hungary and Romania were expanded. In Serbia, investments were made in the establishment of a new plant for the Fluid Technology business unit.

Net Assets Position

At €27,737.3 million, total assets on September 30, 2012, were €1,732.4 million higher than on the same date in 2011 (€26,004.9 million). This was due primarily to the increase totaling €808.9 million in inventories and trade accounts receivable to €9,462.8 million (PY: €8,653.9 million) as a result of further growth in business activities. Property, plant and equipment also increased by €758.7 million to €6,995.1 million (PY: €6,236.4 million). Long-term derivative instruments and interest-bearing investments were up €220.3 million from €174.2 million to €394.5 million, mainly due to the change in the fair value of the early redemption options for the bonds. This was offset by a €390.0 million decline in other intangible assets to €1,056.2 million (PY: €1,446.2 million) owing primarily to amortization from purchase price allocation (PPA).

Equity including non-controlling interests was up €1,716.8 million to €8,778.6 million as compared to €7,061.8 million on September 30, 2011. This was due primarily to the positive net income attributable to the shareholders of the parent of €1,800.9 million. Equity was reduced by dividends in the amount of €300.0 million resolved by the Annual Shareholders' Meeting. The reserves recognized directly in equity increased by €223.6 million to €146.9 million (PY: -€76.7 million), primarily due to the change in the difference from financial instruments and to currency translation. The gearing ratio improved from 103.3% to 77.5%.

At €27,737.3 million, total assets were up €1,698.9 million compared with December 31, 2011 (€26,038.4 million). This resulted above all from the following increases caused by seasonal factors and by further growth in business activities: inventories up €333.8 million to €3,323.5 million (PY: €2,989.7 million), trade accounts receivable up €797.8 million to €6,139.3 million (PY: €5,341.5 million), and property, plant and equipment up €386.6 million to €6,995.1 million (PY: €6,608.5 million). This was offset by a €309.7 million decline in other intangible assets to €1,056.2 million (PY: €1,365.9 million) owing primarily to amortization from PPA.

Equity including non-controlling interests was up €1,235.3 million to €8,778.6 million as compared to €7,543.3 million at the end of 2011. This was due primarily to the positive net income attributable to the shareholders of the parent of €1,452.4 million, less the dividend for the previous year of €300.0 million resolved and distributed in April 2012. The gearing ratio was down from 89.8% to 77.5%.

Employees

As of the end of the third quarter of 2012, the corporation's employees numbered 169,909, a rise of 6,121 compared with the end of 2011. In the Automotive Group in particular, growth in sales volumes was the main reason for the headcount increase of 3,990 employees. The number of employees working for the Tire division rose by 1,679 as a result of capacity expansions. In the ContiTech division, the increase in the headcount by 432 employees takes into account the closure of the location in Coslada, Spain, with 142 employees, the acquisition of Specialised Belting Supplies Limited, Thetford, UK, with 53 employees and the acquisition of the molded brake components business of Freudenberg Sealing Technologies with 209 employees. As against the reporting date for the previous year, the number of employees in the corporation rose by a total of 5,831.

Development of the Divisions

Chassis & Safety in € millions	January 1 to September 30		Third Quarter	
	2012	2011	2012	2011
Sales	5,318.3	4,815.9	1,725.0	1,595.4
EBITDA	723.4	741.3	230.3	243.3
in % of sales	13.6	15.4	13.4	15.3
EBIT	472.1	503.7	146.3	163.9
in % of sales	8.9	10.5	8.5	10.3
Depreciation and amortization[1]	251.3	237.6	84.0	79.4
– thereof impairment[2]	-2.1	0.4	-2.1	0.4
Capital expenditure[3]	228.9	199.5	86.7	74.6
in % of sales	4.3	4.1	5.0	4.7
Operating assets as at September 30	4,197.7	4,009.5		
Number of employees as at September 30[4]	34,806	32,781		
Adjusted sales[5]	5,318.3	4,828.8	1,725.0	1,599.7
Adjusted operating result (adjusted EBIT)[6]	509.5	540.3	157.1	177.2
in % of adjusted sales	9.6	11.2	9.1	11.1

[1] Excluding impairment 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.
[5] Before changes in the scope of consolidation.
[6] 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 year-on-year by 8.2% to 14.7 million units in the first nine months of 2012. In the Hydraulic Brake Systems business unit, sales of brake boosters were up 3.5% to 14.8 million units. Brake caliper sales jumped to 33.3 million units, equivalent to an increase of 5.8%. In the Passive Safety & Advanced Driver Assistance Systems business unit, sales of air bag control units increased by 8.0% to 11.4 million units. Sales of driver assistance systems soared to 1.9 million units, an increase of 52.2%.

Sales up 10.4%; Sales up 6.7% before changes in the scope of consolidation and exchange rate effects

Sales of the Chassis & Safety division rose by 10.4% to €5,318.3 million in the first nine months of 2012 compared with the same period of the previous year (PY: €4,815.9 million). Before changes in the scope of consolidation and exchange rate effects, sales rose by 6.7%.

Adjusted EBIT down 5.7%

The Chassis & Safety division's adjusted EBIT decreased by €30.8 million or 5.7% year-on-year in the first nine months of 2012 to €509.5 million (PY: €540.3 million), equivalent to 9.6% (PY: 11.2%) of adjusted sales.

EBIT down 6.3%

Compared with the same period of last year, the Chassis & Safety division reported a decrease in EBIT of €31.6 million, or 6.3%, to €472.1 million (PY: €503.7 million) in the first nine months of 2012. The return on sales fell to 8.9% (PY: 10.5%).

Special effects in the first nine months of 2012

Reversals of impairment losses on property, plant and equipment had a positive effect totaling €2.1 million in the Chassis & Safety division.

There was also a positive impact totaling €0.4 million in the first nine months of 2012 from special effects from the reversal of restructuring provisions no longer required.

For the Chassis & Safety division, the total positive impact from special effects in the first nine months of 2012 amounted to €2.5 million.

Special effects in the first nine months of 2011

The total positive impact for the Chassis & Safety division from special effects from the reversal of restructuring provisions no longer required amounted to €4.3 million.

Impairment of property, plant and equipment was recognized in the amount of €0.4 million in the first nine months of 2011.

The Chassis & Safety division generated preliminary income of €0.9 million from the negative difference on an asset deal.

Special effects in the first nine months of 2011 had a positive impact totaling €4.8 million in the Chassis & Safety division.

Powertrain in € millions	January 1 to September 30 2012	January 1 to September 30 2011	Third Quarter 2012	Third Quarter 2011
Sales	4,683.5	4,377.5	1,484.8	1,517.4
EBITDA	435.8	354.4	122.8	140.1
in % of sales	9.3	8.1	8.3	9.2
EBIT	81.9	26.6	3.3	29.5
in % of sales	1.7	0.6	0.2	1.9
Depreciation and amortization[1]	353.9	327.8	119.5	110.6
– thereof impairment[2]	—	0.0	—	0.0
Capital expenditure[3]	232.5	235.2	91.1	81.1
in % of sales	5.0	5.4	6.1	5.3
Operating assets as at September 30	3,024.9	3,038.1		
Number of employees as at September 30[4]	31,313	30,778		
Adjusted sales[5]	4,683.5	4,377.5	1,484.8	1,517.4
Adjusted operating result (adjusted EBIT)[6]	213.8	187.6	47.8	69.9
in % of adjusted sales	4.6	4.3	3.2	4.6

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

Powertrain

Sales volumes

In the first three quarters of 2012, sales increased by 7% year-on-year, with the growth rate slowing particularly in the passenger car sector in Europe and Asia over the past months. Nonetheless, sales in Asia increased by more than 10% as against the same period of the previous year. Sales volumes in NAFTA were increased at an above-average growth rate of over 20%. Particularly high volume increases were achieved for transmission control units, sensors for emission control, and fuel supply product groups.

Sales up 7.0%; Sales up 3.8% before changes in the scope of consolidation and exchange rate effects

Sales of the Powertrain division rose by 7.0% to €4,683.5 million in the first nine months of 2012 compared with the same period of the previous year (€4,377.5 million). Before changes in the scope of consolidation and exchange rate effects, sales rose by 3.8%.

Adjusted EBIT up 14.0%

In the first nine months of 2012, the Powertrain division's adjusted EBIT was up by €26.2 million or 14.0% compared with the same period of the previous year to €213.8 million (PY: €187.6 million), equivalent to 4.6% (PY: 4.3%) of adjusted sales.

EBIT up 207.9%

Compared with the same period of 2011, the Powertrain division reported an increase in EBIT of €55.3 million or 207.9% to €81.9 million (PY: €26.6 million) in the first nine months of 2012. The return on sales rose to 1.7% (PY: 0.6%).

Special effects in the first nine months of 2012

There was a positive impact totaling €1.0 million in the Powertrain division in the first nine months of 2012 from special effects from the reversal of restructuring provisions no longer required.

Special effects in the first nine months of 2011

The economic situation of the Fuel Supply business unit in the Powertrain division in Europe is character-

ized by insufficient profitability. For this reason, the location in Dortmund, Germany, is being restructured. Parts of production and assembly are being relocated and the site is being expanded into a competence center for fuel feed units of the Fuel Supply business unit. Restructuring expenses of €35.8 million have been incurred in this context.

In the first nine months of 2011, the Powertrain division was positively impacted by special effects from the reversal of restructuring provisions no longer required and from lower health care obligations in connection with restructuring totaling €6.3 million.

Impairment losses totaling €1.1 million not relating to restructuring measures were recognized on property, plant and equipment in the Powertrain division.

Special effects in the first nine months of 2011 had a negative impact totaling €30.6 million in the Powertrain division.

	January 1 to September 30		Third Quarter	
Interior in € millions	2012	2011	2012	2011
Sales	4,857.6	4,567.5	1,582.3	1,523.7
EBITDA	598.8	559.8	191.8	189.2
in % of sales	12.3	12.3	12.1	12.4
EBIT	269.6	250.8	78.9	84.7
in % of sales	5.6	5.5	5.0	5.6
Depreciation and amortization[1]	329.2	309.0	112.9	104.5
– thereof impairment[2]	1.7	0.5	0.1	—
Capital expenditure[3]	164.1	154.0	53.4	57.6
in % of sales	3.4	3.4	3.4	3.8
Operating assets as at September 30	4,344.7	4,378.1		
Number of employees as at September 30[4]	33,007	31,646		
Adjusted sales[5]	4,854.1	4,558.3	1,578.8	1,520.6
Adjusted operating result (adjusted EBIT)[6]	418.4	368.1	129.8	119.5
in % of adjusted sales	8.6	8.1	8.2	7.9

[1] Excluding impairment 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.
[5] Before changes in the scope of consolidation.
[6] 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 year-on-year for the majority of the product groups in the first nine months of 2012. Particularly high increases were achieved for central body control units, access control and starting systems, and tire pressure monitoring systems.

In the Infotainment & Connectivity business unit, sales volumes of audio components increased in the first three quarters of 2012, primarily due to the growing demand on the U.S. market. Sales volumes of multimedia systems decreased, particularly as a result of declining demand on the Asian market. A slight increase in the area of connectivity and telematics was posted.

Sales volumes in the Commercial Vehicles & Aftermarket business unit were slightly below the previous year's level. This was mainly due to weaker OE business in Brazil, Asia and Western Europe, which was largely offset by replacement parts and aftermarket activities.

In the Instrumentation & Driver HMI business unit, sales figures increased for the majority of the product groups as compared to the first nine months of 2011. The most substantial growth was recorded in sales volumes of instrument clusters.

Sales up 6.4%; Sales up 4.2% before changes in the scope of consolidation and exchange rate effects

Sales of the Interior division rose by 6.4% to €4,857.6 in the first nine months of 2012 compared with the same period of the previous year (€4,567.5 million). Before changes in the scope of consolidation and exchange rate effects, sales rose by 4.2%.

Adjusted EBIT up 13.7%

In the first nine months of 2012, the Interior division's adjusted EBIT was up by €50.3 million or 13.7%, compared with the same period of the previous year to

€418.4 million (PY: €368.1 million), equivalent to 8.6% (PY: 8.1%) of adjusted sales.

EBIT up 7.5%

Compared with the same period of last year, the Interior division reported an increase in EBIT of €18.8 million or 7.5% to €269.6 million (PY: €250.8 million) in the first nine months of 2012. The return on sales rose to 5.6% (PY: 5.5%).

Special effects in the first nine months of 2012

In the Interior division, special effects from the reversal of restructuring provisions no longer required had a positive impact totaling €8.5 million in the first nine months of 2012.

In addition, impairment of property, plant and equipment resulted in expense of €1.7 million.

For the Interior division, the total positive impact from special effects in the first nine months of 2012 amounted to €6.8 million.

Special effects in the first nine months of 2011

The Interior division was positively impacted by special effects primarily from the reversal of restructuring provisions no longer required and from lower health care obligations in connection with restructuring totaling €32.2 million.

Impairment of property, plant and equipment was recognized in the amount of €0.5 million in the first nine months of 2011.

Special effects in the first nine months of 2011 had a positive impact totaling €31.7 million in the Interior division.

Tires in € millions	January 1 to September 30 2012	January 1 to September 30 2011	Third Quarter 2012	Third Quarter 2011
Sales	7,203.4	6,328.4	2,484.9	2,245.0
EBITDA	1,501.5	1,098.3	516.0	369.6
in % of sales	20.8	17.4	20.8	16.5
EBIT	1,239.7	852.8	426.2	287.1
in % of sales	17.2	13.5	17.2	12.8
Depreciation and amortization[1]	261.8	245.5	89.8	82.5
– thereof impairment[2]	-3.6	-3.4	-0.8	-2.8
Capital expenditure[3]	540.7	369.8	172.0	164.4
in % of sales	7.5	5.8	6.9	7.3
Operating assets as at September 30	4,827.5	3,805.1		
Number of employees as at September 30[4]	42,814	40,956		
Adjusted sales[5]	7,089.5	6,328.4	2,468.1	2,245.0
Adjusted operating result (adjusted EBIT)[6]	1,244.3	848.6	428.6	285.8
in % of adjusted sales	17.6	13.4	17.4	12.7

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

Tires

Sales volumes

After the first nine months of 2012, the sales figures for passenger and light truck tires were at the previous year's level, with higher sales volumes in Asia compensating for the decrease in replacement business sales in The Americas. Sales volumes in the commercial vehicle tire business were up 2% on the previous year's level, or down 4% year-on-year before changes in the scope of consolidation.

Sales up 13.8%;
Sales up 9.6% before changes in the scope of consolidation and exchange rate effects

Sales of the Tire division rose by 13.8% to €7,203.4 million in the first nine months of 2012 compared with the same period of the previous year (€6,328.4 million). Before changes in the scope of consolidation and exchange rate effects, sales rose by 9.6%.

Adjusted EBIT up 46.6%

In the first nine months of 2012, the Tire division's adjusted EBIT was up by €395.7 million or 46.6% compared with the same period of the previous year to €1,244.3 million (PY: €848.6 million), equivalent to 17.6% (PY: 13.4%) of adjusted sales.

EBIT up 45.4%

Compared with the same period of last year, the Tire division reported an increase in EBIT of €386.9 million or 45.4% to €1,239.7 million (PY: €852.8 million) in the first nine months of 2012. The return on sales rose to 17.2% (PY: 13.5%).

Special effects in the first nine months of 2012

In NAFTA, lower pension obligations resulted in a positive effect of €6.2 million for the Tire division in the first nine months of 2012.

Reversals of impairment losses on property, plant and equipment had a positive effect totaling €3.6 million in the Tire division.

For the Tire division, the total positive impact from special effects in the first nine months of 2012 amounted to €9.8 million.

Special effects in the first nine months of 2011

Special effects in the first nine months of 2011 had a positive impact totaling €7.1 million in the Tire division.

ContiTech in € millions	January 1 to September 30		Third Quarter	
	2012	2011	2012	2011
Sales	2,778.6	2,703.1	924.0	901.0
EBITDA	425.2	392.5	141.8	113.5
in % of sales	15.3	14.5	15.3	12.6
EBIT	351.0	320.3	116.5	89.3
in % of sales	12.6	11.8	12.6	9.9
Depreciation and amortization[1]	74.2	72.2	25.3	24.2
– thereof impairment[2]	-0.3	0.2	-0.3	0.2
Capital expenditure[3]	100.2	70.1	35.0	25.6
in % of sales	3.6	2.6	3.8	2.8
Operating assets as at September 30	1,184.9	1,086.2		
Number of employees as at September 30[4]	27,681	27,651		
Adjusted sales[5]	2,766.8	2,703.1	918.2	901.0
Adjusted operating result (adjusted EBIT)[6]	343.9	346.0	105.2	112.4
in % of adjusted sales	12.4	12.8	11.5	12.5

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

ContiTech

Sales up 2.8%;

Sales up 2.2% before changes in the scope of consolidation and exchange rate effects

Sales of the ContiTech division rose by 2.8% to €2,778.6 million in the first nine months of 2012 compared with the same period of the previous year (€2,703.1 million). Before changes in the scope of consolidation and exchange rate effects, sales rose by 2.2%. Not only the industrial business, but also the automotive OE business and automotive replacement business contributed to this development.

Adjusted EBIT down 0.6%

In the first nine months of 2012, the ContiTech division's adjusted EBIT was down by €2.1 million or 0.6% compared with the same period of the previous year to €343.9 million (PY: €346.0 million), equivalent to 12.4% (PY: 12.8%) of adjusted sales. This decrease and the lower return on sales were chiefly influenced by the development of raw material prices for synthetic rubber.

EBIT up 9.6%

Compared with the same period of last year, the ContiTech division reported an increase in EBIT of €30.7 million or 9.6% to €351.0 million (PY: €320.3 million) in the first nine months of 2012. The return on sales rose to 12.6% (PY: 11.8%).

Special effects in the first nine months of 2012

The acquisition of the molded brake components business of Freudenberg Sealing Technologies GmbH & Co. KG, Weinheim, Germany, resulted in income from a negative difference arising as part of the preliminary purchase price allocation and totaling €12.9 million.

In addition, there were negative special effects totaling €0.7 million in the first nine months of 2012.

For the ContiTech division, the total positive impact from special effects in the first nine months of 2012 amounted to €12.2 million.

Special effects in the first nine months of 2011

The antitrust proceedings initiated in 2007 against Dunlop Oil & Marine Ltd., Grimsby, UK, a subsidiary of ContiTech AG, in the area of offshore hoses, resulted in further expenses of €2.4 million in the first nine months of 2011.

On July 7, 2011, Continental Industrias del Caucho S.A., Madrid, Spain, reached an agreement with the employee representatives to close its site in Coslada, Spain, by the end of 2011. The plant, which assembled air conditioning lines, started reporting losses after a major contract was lost at the end of 2009. The site was closed as of December 31, 2011. This resulted in restructuring expenses of €16.1 million.

Judicial review proceedings on the appropriateness of compensation and settlement under the domination and profit and loss transfer agreement of Phoenix AG with ContiTech AG and on the conversion ratio established in the merger agreement between these two companies were decided by the Hamburg district court in favor of the former outside shareholders of Phoenix AG. The ruling stipulates an obligation for ContiTech AG to make additional payments. On September 30, 2011, Continental was convinced that the 2004 valuation of Phoenix AG and ContiTech AG was appropriate and that the compensation and settlement under the domination and profit and loss transfer agreement as well as the conversion ratio in the merger agreement were established correctly. Appeals have therefore been filed. However, a provision in the amount of €5.0 million was set aside for this.

Special effects in the first nine months of 2011 had a negative impact totaling €23.5 million in the ContiTech division.

Report on Expected Developments and Outlook for the Corporation

The development of the corporation in the first nine months of 2012 makes us highly confident that we will achieve the goals we have set for 2012, despite the continued increasing uncertainties on the global sales markets, the difficult economic situation in some European Union member states and the slowdown in global economic growth. Global light vehicle production will increase to more than 79 million units in 2012 thanks to the better than expected development of production in NAFTA and Asia. Due to the weaker development on the replacement passenger car and truck tire markets in the first nine months of 2012 than had been expected, we are lowering our outlook anticipating a 3% increase in our volumes to a level of 1% to 2%. Despite the weak development of the winter tire markets at the start of the season, we are confident of reachieving the previous year's level of approximately 20 million winter tires sold in the current year as well. In addition to the comparatively favorable inventory situation for Continental winter tires, chiefly resulting from the limited availability in the previous year, the recently published test reports for our winter tires also give us grounds to be positive. Our new winter tire TS 850 met with a particularly positive response in the trade press in the relevant tests.

We continue to anticipate an increase in consolidated sales of more than 7% to over €32.5 billion in 2012. We also still expect the adjusted EBIT margin in 2012 to be higher than the previous year's very good level. We are thus confirming the forecast raised after the first half of the year.

The special effects for the corporation will total around €50 million. The investment volume will amount to approximately €2 billion. The target for free cash flow likewise remains at more than €600 million.

The start to the fourth quarter of 2012 gives us cause for confidence, with current information indicating that sales in the period from October to December are likely to reach at least the level of the third quarter of 2012.

Consolidated Financial Statements as of September 30, 2012

Consolidated Statement of Income and Comprehensive Income

	January 1 to September 30		Third Quarter	
in € millions	**2012**	**2011**	**2012**	**2011**
Sales	**24,640.5**	**22,592.6**	**8,134.3**	**7,714.4**
Cost of sales	-19,303.6	-17,873.7	-6,348.3	-6,150.1
Gross margin on sales	**5,336.9**	**4,718.9**	**1,786.0**	**1,564.3**
Research and development expenses	-1,355.8	-1,225.7	-448.3	-401.8
Selling and logistics expenses	-1,171.2	-1,047.1	-399.6	-352.6
Administrative expenses	-508.7	-475.2	-175.8	-156.9
Other income and expenses	0.6	-114.2	-31.5	-36.1
At-equity share in earnings of associates	47.2	60.3	17.3	17.7
Other income from investments	4.5	-0.3	-3.0	1.1
Earnings before interest and taxes	**2,353.5**	**1,916.7**	**745.1**	**635.7**
Interest income	18.8	20.6	5.4	7.7
Interest expense[1]	-334.1	-581.6	-144.5	-249.9
Net interest expense	**-315.3**	**-561.0**	**-139.1**	**-242.2**
Earnings before taxes	**2,038.2**	**1,355.7**	**606.0**	**393.5**
Income tax expense	-536.0	-409.5	-139.3	-165.1
Net income	**1,502.2**	**946.2**	**466.7**	**228.4**
Non-controlling interests	-49.8	-52.5	-17.5	-17.7
Net income attributable to the shareholders of the parent	1,452.4	893.7	449.2	210.7
Basic earnings per share in €	**7.26**	**4.47**	**2.25**	**1.05**
Diluted earnings per share in €	**7.26**	**4.47**	**2.25**	**1.05**

[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 financial assets.

	January 1 to September 30		Third Quarter	
in € millions	**2012**	**2011[1]**	**2012**	**2011[1]**
Net income	**1,502.2**	**946.2**	**466.7**	**228.4**
Currency translation[2]	76.1	-109.5	9.6	17.5
Difference from currency translation[2]	75.3	-109.9	10.0	16.4
Reclassification adjustments to profit and loss	1.2	-0.7	0.0	—
Portion for at-equity accounted investees	-0.4	1.1	-0.4	1.1
Available-for-sale financial assets	7.1	-1.0	3.4	-1.6
Fair value adjustments	7.1	-1.0	3.4	-1.6
Reclassification adjustments to profit and loss	0.0	—	0.0	—
Cash flow hedges	28.4	89.0	6.5	19.1
Fair value adjustments	0.0	100.5	0.0	30.6
Reclassification adjustments to profit and loss	28.4	-11.5	6.5	-11.5
Deferred taxes on other comprehensive income	-22.3	-37.2	-9.6	-10.3
Other comprehensive income	**89.3**	**-58.7**	**9.9**	**24.7**
Comprehensive income	**1,591.5**	**887.5**	**476.6**	**253.1**
Attributable to non-controlling interests	-56.6	-56.7	-17.6	-30.7
Attributable to the shareholders of the parent	1,534.9	830.8	459.0	222.4

[1] The comparative figures are shown adjusted accordingly.
[2] Including non-controlling interests.

Consolidated Statement of Financial Position

Assets in € millions	**Sept. 30, 2012**	***Dec. 31, 2011***	**Sept. 30, 2011**
Goodwill	5,688.7	*5,692.4*	5,676.2
Other intangible assets	1,056.2	*1,365.9*	1,446.2
Property, plant and equipment	6,995.1	*6,608.5*	6,236.4
Investment property	20.0	*19.0*	19.2
Investments in at-equity accounted investees	488.1	*480.2*	468.9
Other investments	6.6	*6.9*	7.0
Deferred tax assets	611.3	*565.8*	591.8
Defined benefit assets	111.1	*102.9*	88.3
Long-term derivative instruments and interest-bearing investments	394.5	*193.2*	174.2
Other long-term financial assets	27.4	*26.7*	29.9
Other long-term assets	21.7	*14.0*	14.6
Non-current assets	**15,420.7**	***15,075.5***	**14,752.7**
Inventories	3,323.5	*2,989.7*	3,088.2
Trade accounts receivable	6,139.3	*5,341.5*	5,565.7
Other short-term financial assets	346.7	*263.5*	266.9
Other short-term assets	754.9	*624.0*	637.6
Income tax receivables	78.4	*101.7*	88.1
Short-term derivative instruments and interest-bearing investments	79.5	*55.9*	69.1
Cash and cash equivalents	1,507.5	*1,541.2*	1,532.4
Assets held for sale	86.8	*45.4*	4.2
Current assets	**12,316.6**	***10,962.9***	**11,252.2**
Total assets	**27,737.3**	***26,038.4***	**26,004.9**

Total equity and liabilities in € millions	**Sept. 30, 2012**	***Dec. 31, 2011***	**Sept. 30, 2011**
Subscribed capital	512.0	*512.0*	512.0
Capital reserves	4,155.6	*4,155.6*	4,155.6
Retained earnings	3,607.1	*2,454.6*	2,106.1
Other comprehensive income	146.9	*23.9*	-76.7
Equity attributable to the shareholders of the parent	**8,421.6**	***7,146.1***	**6,697.0**
Non-controlling interests	357.0	*397.2*	364.8
Total equity	**8,778.6**	***7,543.3***	**7,061.8**
Provisions for pension liabilities and similar obligations	1,470.4	*1,432.2*	1,416.0
Deferred tax liabilities	310.4	*269.3*	280.5
Long-term provisions for other risks and obligations	317.1	*321.8*	310.3
Long-term portion of indebtedness	6,270.2	*6,048.0*	6,324.5
Other long-term financial liabilities	19.3	*8.0*	8.0
Other long-term liabilities	63.2	*57.1*	39.5
Non-current liabilities	**8,450.6**	***8,136.4***	**8,378.8**
Trade accounts payable	4,155.3	*4,111.4*	3,881.2
Income tax payables	703.2	*648.2*	648.3
Short-term provisions for other risks and obligations	716.9	*905.1*	1,074.1
Indebtedness	2,513.5	*2,514.4*	2,748.6
Other short-term financial liabilities	1,450.8	*1,415.2*	1,318.4
Other short-term liabilities	967.9	*764.4*	893.7
Liabilities held for sale	0.5	—	—
Current liabilities	**10,508.1**	***10,358.7***	**10,564.3**
Total equity and liabilities	**27,737.3**	***26,038.4***	**26,004.9**

Consolidated Statement of Cash Flows

	January 1 to September 30		Third Quarter	
in € millions	**2012**	**2011**	**2012**	**2011**
Net income	**1,502.2**	**946.2**	**466.7**	**228.4**
Income tax expense	536.0	409.5	139.3	165.1
Net interest expense	315.3	561.0	139.1	242.2
EBIT	**2,353.5**	**1,916.7**	**745.1**	**635.7**
Interest paid	-530.1	-610.8	-240.5	-222.0
Interest received	18.7	20.6	5.5	7.9
Income tax paid	-478.0	-333.2	-137.3	-139.1
Dividends received	44.0	29.1	10.3	9.7
Depreciation, amortization and impairments	1,270.7	1,193.1	431.5	401.4
At-equity share in earnings of associates and accrued dividend income from other investments, incl. impairments	-51.7	-60.0	-14.3	-18.8
Gains from the disposal of assets, companies and business operations	-4.3	-14.8	-2.1	-2.7
Other non-cash items	-7.4	-25.1	-3.9	-2.3
Changes in				
inventories	-299.9	-474.2	-29.6	-25.9
trade accounts receivable	-744.5	-1,148.2	-337.8	-515.1
notes sold	—	-3.4	—	-3.0
trade accounts payable	-4.7	403.7	-68.9	44.3
pension and similar obligations	29.2	2.1	16.3	-20.1
other assets and liabilities	-113.9	150.6	119.2	193.3
Cash flow arising from operating activities	**1,481.6**	**1,046.2**	**493.5**	**343.3**
Proceeds on disposal of property, plant and equipment, and intangible assets	18.3	41.2	5.2	8.9
Capital expenditure on property, plant and equipment, and software	-1,265.7	-1,028.9	-437.7	-403.7
Capital expenditure on intangible assets from development projects and miscellaneous	-45.6	-69.1	-8.8	-21.5
Proceeds on disposal of companies and business operations	0.0	10.4	—	10.4
Acquisition of companies and business operations	-20.3	-53.8	-10.3	-28.3
Cash flow arising from investing activities	**-1,313.3**	**-1,100.2**	**-451.6**	**-434.2**
Cash flow before financing activities (free cash flow)	**168.3**	**-54.0**	**41.9**	**-90.9**
Change in indebtedness	129.9	166.9	72.6	47.7
Successive purchases	-18.1	-0.4	—	0.0
Dividends paid	-300.0	—	—	—
Dividends paid and repayment of capital to non-controlling interests	-36.4	-32.7	-4.8	-12.4
Cash and cash equivalents arising from first consolidation of subsidiaries	4.8	—	—	—
Cash flow arising from financing activities	**-219.8**	**133.8**	**67.8**	**35.3**
Change in cash and cash equivalents	**-51.5**	**79.8**	**109.7**	**-55.6**
Cash and cash equivalents at the beginning of the reporting period	1,541.2	1,471.3	1,401.7	1,566.0
Effect of exchange rate changes on cash and cash equivalents	17.8	-18.7	-3.9	22.0
Cash and cash equivalents at the end of the reporting period	**1,507.5**	**1,532.4**	**1,507.5**	**1,532.4**

Consolidated Statement of Changes in Equity

in € millions	Number of shares[1] (thousands)	Subscribed capital	Capital reserves	Retained earnings	Successive purchases[2]	Difference from currency translation	Difference from financial instruments[3]	Subtotal	Non-controlling interests	Total
As 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	—	—	—	893.7	—	—	—	**893.7**	52.5	**946.2**
Comprehensive income	—	—	—	—	—	-117.6	54.7	**-62.9**	4.2	**-58.7**
Net profit for the period	**—**	**—**	**—**	**893.7**	**—**	**-117.6**	**54.7**	**830.8**	**56.7**	**887.5**
Dividends paid/resolved	—	—	—	—	—	—	—	**—**	-32.7	**-32.7**
Issuance of shares[4]	—	—	6.6	—	—	—	—	**6.6**	—	**6.6**
Successive purchases	—	—	—	—	0.0	—	—	**—**	-3.2	**-3.2**
Other changes[5]	—	—	—	—	—	—	—	**—**	0.7	**0.7**
As at Sept. 30, 2011	**200,006**	**512.0**	**4,155.6**	**2,106.1**	**-44.5**	**17.0**	**-49.2**	**6,697.0**	**364.8**	**7,061.8**
As at Jan. 1, 2012	**200,006**	**512.0**	**4,155.6**	**2,454.6**	**-59.8**	**105.3**	**-21.6**	**7,146.1**	**397.2**	**7,543.3**
Net income	—	—	—	1,452.4	—	—	—	**1,452.4**	49.8	**1,502.2**
Comprehensive income	—	—	—	—	—	57.6	24.9	**82.5**	6.8	**89.3**
Net profit for the period	**—**	**—**	**—**	**1,452.4**	**—**	**57.6**	**24.9**	**1,534.9**	**56.6**	**1,591.5**
Dividends paid/resolved	—	—	—	-300.0	—	—	—	**-300.0**	-48.5	**-348.5**
Successive purchases	—	—	—	—	36.6	—	—	**36.6**	-52.5	**-15.9**
Other changes[5]	—	—	—	—	4.0	—	—	**4.0**	4.2	**8.2**
As at Sept. 30, 2012	**200,006**	**512.0**	**4,155.6**	**3,607.0**	**-19.2**	**162.9**	**3.3**	**8,421.6**	**357.0**	**8,778.6**

[1] Shares outstanding.
[2] Successive acquisitions of shares in fully consolidated companies, subsequent purchase price adjustment and effects from the first consolidation of previously non-consolidated subsidiaries.
[3] In the period under review, the difference from financial instruments, including deferred taxes, is mainly due to the voluntary termination of cash flow hedge accounting for interest rate exposures in 2011. The prior year figure resulted primarily from changes in the fair 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.
[5] Other changes in non-controlling interests due to changes in the scope of consolidation, capital increases and effects from the first consolidation of previously non-consolidated subsidiaries.

Explanatory Notes to the Consolidated Financial Statements

Segment report by division for the period from January 1 to September 30, 2012

in € millions	Chassis & Safety	Powertrain	Interior
External sales	5,288.4	4,638.9	4,844.0
Intercompany sales	29.9	44.6	13.6
Sales (total)	**5,318.3**	**4,683.5**	**4,857.6**
EBITDA	723.4	435.8	598.8
in % of sales	13.6	9.3	12.3
EBIT (segment result)	472.1	81.9	269.6
in % of sales	8.9	1.7	5.6
Depreciation and amortization[1]	251.3	353.9	329.2
– thereof impairment[2]	-2.1	—	1.7
Capital expenditure[3]	228.9	232.5	164.1
in % of sales	4.3	5.0	3.4
Operating assets as at September 30	4,197.7	3,024.9	4,344.7
Number of employees as at September 30[4]	34,806	31,313	33,007

in € millions	Tires	ContiTech	Other/ Consolidation	Continental Corporation
External sales	7,190.6	2,678.6	—	24,640.5
Intercompany sales	12.8	100.0	-200.9	—
Sales (total)	**7,203.4**	**2,778.6**	**-200.9**	**24,640.5**
EBITDA	1,501.5	425.2	-60.5	3,624.2
in % of sales	20.8	15.3	—	14.7
EBIT (segment result)	1,239.7	351.0	-60.8	2,353.5
in % of sales	17.2	12.6	—	9.6
Depreciation and amortization[1]	261.8	74.2	0.3	1,270.7
– thereof impairment[2]	-3.6	-0.3	—	-4.3
Capital expenditure[3]	540.7	100.2	0.9	1,267.3
in % of sales	7.5	3.6	—	5.1
Operating assets as at September 30	4,827.5	1,184.9	-110.6	17,469.1
Number of employees as at September 30[4]	42,814	27,681	288	169,909

[1] Excluding impairment 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.

The Passenger and Light Truck Tires segment and the Commercial Vehicle Tires segment, which were reported separately in the past, were merged into the Tire segment at the organizational level. The figures for the previous year have been restated accordingly for comparison purposes.

Segment report by division for the period from January 1 to September 30, 2011

in € millions	Chassis & Safety	Powertrain	Interior
External sales	4,786.6	4,333.0	4,556.2
Intercompany sales	29.3	44.5	11.3
Sales (total)	**4,815.9**	**4,377.5**	**4,567.5**
EBITDA	741.3	354.4	559.8
in % of sales	15.4	8.1	12.3
EBIT (segment result)	503.7	26.6	250.8
in % of sales	10.5	0.6	5.5
Depreciation and amortization[1]	237.6	327.8	309.0
– thereof impairment[2]	0.4	0.0	0.5
Capital expenditure[3]	199.5	235.2	154.0
in % of sales	4.1	5.4	3.4
Operating assets as at September 30	4,009.5	3,038.1	4,378.1
Number of employees as at September 30[4]	32,781	30,778	31,646

in € millions	Tires	ContiTech	Other/ Consolidation	Continental Corporation
External sales	6,319.5	2,597.3	—	22,592.6
Intercompany sales	8.9	105.8	-199.8	—
Sales (total)	**6,328.4**	**2,703.1**	**-199.8**	**22,592.6**
EBITDA	1,098.3	392.5	-36.5	3,109.8
in % of sales	17.4	14.5	—	13.8
EBIT (segment result)	852.8	320.3	-37.5	1,916.7
in % of sales	13.5	11.8	—	8.5
Depreciation and amortization[1]	245.5	72.2	1.0	1,193.1
– thereof impairment[2]	-3.4	0.2	—	-2.3
Capital expenditure[3]	369.8	70.1	-5.5	1,023.1
in % of sales	5.8	2.6	—	4.5
Operating assets as at September 30	3,805.1	1,086.2	-77.0	16,240.0
Number of employees as at September 30[4]	40,956	27,651	266	164,078

[1] Excluding impairment 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

	January 1 to September 30		Third Quarter	
in € millions	**2012**	**2011**	**2012**	**2011**
Chassis & Safety	472.1	503.7	146.3	163.9
Powertrain	81.9	26.6	3.3	29.5
Interior	269.6	250.8	78.9	84.7
Tires	1,239.7	852.8	426.2	287.1
ContiTech	351.0	320.3	116.5	89.3
Other/consolidation	-60.8	-37.5	-26.1	-18.8
EBIT	**2,353.5**	**1,916.7**	**745.1**	**635.7**
Net interest expense	-315.3	-561.0	-139.1	-242.2
Earnings before taxes	**2,038.2**	**1,355.7**	**606.0**	**393.5**
Income tax expense	-536.0	-409.5	-139.3	-165.1
Net income	**1,502.2**	**946.2**	**466.7**	**228.4**
Non-controlling interests	-49.8	-52.5	-17.5	-17.7
Net income attributable to the shareholders of the parent	**1,452.4**	**893.7**	**449.2**	**210.7**

Accounting principles

This Interim Report has been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable on the reporting 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 consolidated financial statements for 2011. These methods are disclosed in detail in the 2011 Annual Report. In addition, the IFRS amendments and new IFRS regulations mandated as of September 30, 2012, are applied in the Interim Report. These mandatory IFRS amendments and new regulations were disclosed in detail in the 2011 Annual Report. They have 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 summary of the Interim Report or in the accompanying explanations. Changes in the recognition or valuation of assets and liabilities within the scope of company acquisitions are presented retrospectively once the final purchase price allocation has been determined.

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

Pension obligations

Net pension cost for the Continental Corporation can be summarized as follows:

	January 1 to September 30, 2012					January 1 to September 30, 2011				
in € millions	**Germany**	**USA/CAN**	**UK**	**Others**	**Total**	**Germany**	**USA/CAN**	**UK**	**Others**	**Total**
Current service cost	45.9	0.4	2.4	11.6	**60.3**	46.4	0.5	2.1	12.7	**61.7**
Interest on defined benefit obligations	70.2	36.3	9.4	8.1	**124.0**	66.1	38.5	8.5	8.1	**121.2**
Expected return on plan assets	-22.2	-35.3	-11.1	-3.5	**-72.1**	-22.3	-40.0	-9.8	-3.9	**-76.0**
Amortization of actuarial gains and losses as well as other costs	1.1	21.2	1.3	1.3	**24.9**	3.7	13.8	1.3	1.9	**20.7**
Effects of asset ceiling and curtailments	—	7.5	—	0.0	**7.5**	—	0.3	—	0.1	**0.4**
Net pension cost	**95.0**	**30.1**	**2.0**	**17.5**	**144.6**	**93.9**	**13.1**	**2.1**	**18.9**	**128.0**

Net cost of healthcare and life insurance obligations of the Continental Corporation in the U.S.A. and Canada are made up of the following:

	January 1 to September 30	
in € millions	2012	2011
Current service cost	1.1	1.0
Interest on defined benefit obligations	7.2	7.9
Amortization of actuarial losses as well as other costs	2.3	1.3
Net cost of obligations similar to pensions	**10.6**	**10.2**

Cash changes in pension and similar obligations
Pension funds exist solely for pension obligations, particularly in Germany, the U.S.A., Canada and the UK, and not for other benefit obligations. The companies of the Continental Corporation paid €43.0 million (PY: €54.9 million) into these pension funds in the period from January 1 to September 30, 2012.

In the period from January 1 to September 30, 2012, payments for retirement benefit obligations totaled €142.0 million (PY: €134.3 million). Payments for obligations similar to pensions totaled €11.5 million (PY: €11.4 million).

Companies consolidated
In addition to the parent company, the consolidated financial statements include a total of 441 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, 312 are fully consolidated and 129 are carried at equity.

Since December 31, 2011, the number of consolidated companies has increased by a total of two. Nine companies were acquired, eight companies were founded and two previously non-consolidated units were fully consolidated. Two companies were sold and six were liquidated. In addition, the number of companies consolidated was reduced by nine as a result of mergers.

Since September 30, 2011, the number of consolidated companies has increased by a total of one. This change resulted chiefly from liquidations of inactive companies, mergers, acquisitions, and newly founded companies.

Acquisition and sale of companies and business operations
To strengthen the Conveyor Belt Systems business, and in particular to broaden the customer base, ContiTech Holding Netherlands B.V., Maastricht, Netherlands, acquired 100% of the shares in Specialised Belting Supplies Limited, Thetford, UK, for a purchase price of €4.0 million on June 1, 2012. In the context of the preliminary purchase price allocation, intangible assets of €1.0 million and goodwill of €0.5 million were capitalized. The effects of this transaction, including the corresponding preliminary purchase price allocation, have no material effect on the net assets, financial and earnings position as of September 30, 2012.

As part of a combined asset and share deal in the ContiTech division, the molded brake components business of Freudenberg Sealing Technologies GmbH & Co. KG, Weinheim, Germany, was acquired with effect from August 1, 2012. The purchase price for the transaction was €1.5 million. The holding company ContiTech SAS, Sarreguemines, France, acquired 100% of the shares in Freudenberg PSPE SAS, Andrézieux-Bouthéon, France. With effect from August 1, 2012, this company now operates as ContiTech Vibration Control France SAS, Andrézieux-Bouthéon, France. The corresponding business operations of the location in Oberwihl, Germany, were transferred to ContiTech Vibration Control GmbH, Hanover, Germany. ContiTech Mexicana, S.A. de C.V., San Luis Potosí, Mexico, took over the corresponding business operations from the location in Querétaro, Mexico. In the context of the preliminary purchase price allocation, intangible assets of €0.5 million were capitalized and a negative difference of €12.9 million was recognized in income. The effects of this transaction, including the corresponding preliminary purchase price

allocation, have no material effect on the net assets, financial and earnings position as of September 30, 2012.

The Independent Aftermarket unit has strengthened its diagnostics business activities with the acquisition of 100% of the shares in the diagnostics specialist Omitec Group Ltd., Devizes, UK, by CAS UK Holding Ltd., Ebbw Vale, UK, with effect from July 2, 2012. The purchase price for this acquisition was €9.3 million. In addition, an asset deal with a purchase price of €1.2 million was concluded in the period under review to broaden the unit's field of activity. In the context of the preliminary purchase price allocations, intangible assets of €12.6 million and goodwill of €6.8 million were capitalized. The effects of these transactions, including the corresponding preliminary purchase price allocations, have no material effect on the net assets, financial and earnings position as of September 30, 2012.

In the Tire division, share and asset deals with a total value of €6.0 million were carried out in order to expand the sales network. Intangible assets were capitalized in the amount of €1.4 million. In the context of the preliminary purchase price allocations, the individual transactions resulted in positive differences that were capitalized as goodwill in the amount of €2.2 million. The effects of these transactions, including the corresponding preliminary purchase price allocations, have no material effect on the net assets, financial and earnings position as of September 30, 2012.

The acquisition of the remaining 50% of the shares in Continental Rico Hydraulic Brakes India Private Ltd., Gurgaon, India, was completed in the reporting period for a purchase price of €7.4 million. The closing of the transaction occurred on March 9, 2012. In addition, the acquisition of the remaining 30% of the shares in Continental Sime Tyre Sdn. Bhd., Petaling Jaya, Malaysia, was completed for a purchase price of €7.7 million. The closing of the transaction occurred on May 14, 2012. The effects of these transactions have no material effect on the net assets, financial and earnings position of the Continental Corporation as of September 30, 2012. The total difference between the purchase prices and the non-controlling interests was recognized within equity in the amount of €36.7 million.

The sale of two smaller operations of the Powertrain and ContiTech divisions also has no material effect on the net assets, financial and earnings position as of September 30, 2012.

Impairment
The corporation immediately reviews intangible assets, 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 reviews in the reporting period.

There was also no significant impairment resulting from these reviews in the same period of the previous year. However, there was a positive impact from reversals of impairment losses, chiefly for the location in Hanover-Stöcken, Germany.

Appropriation of net income
As of December 31, 2011, Continental AG posted net retained earnings of €508.5 million (PY: €61.1 million). On April 27, 2012, the Annual Shareholders' Meeting in Hanover resolved to distribute a dividend of €1.50 per share to the shareholders of Continental AG for the past fiscal year. With 200,005,983 shares entitled to dividends, the total distribution therefore amounted to €300,008,974.50. The remaining amount was carried forward to new account. In 2011, no dividend was distributed for 2010 by Continental AG.

Earnings per share
Basic earnings per share increased to €7.26 (PY: €4.47) in the first nine months of 2012 and to €2.25 (PY: €1.05) for the period from July 1 to September 30, 2012. They are equal to the diluted earnings per share.

Contingent liabilities and other financial obligations
As of September 30, 2012, there were no material changes in the contingent liabilities and other financial obligations as described in the 2011 Annual Report.

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, 2011. Please see the comments in the 2011 Annual Report.

German Corporate Governance Code
The annual declaration in accordance with Section 161 of the *Aktiengesetz* (*AktG* – 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 *AktG* can also be found on the website.

Segment reporting
Comments on the development of Continental AG's five divisions are provided in the Corporate Management Report as of September 30, 2012.

Indebtedness and net income from financial activities
In September 2012, Continental took advantage of the current positive capital market environment and successfully placed a U.S. dollar denominated bond with an issue volume of $950.0 million with qualified institutional investors in Germany and abroad within two days. The bond, which has a term of seven years, was issued by Continental Rubber of America, Corp., Wilmington, U.S.A., and is guaranteed by Continental AG and selected subsidiaries. The annual interest rate is 4.5%, substantially lower than for the last bond issues in 2010. The interest payments will be made retrospectively on a six-month basis. The issue proceeds were used for early repayment of a portion of the tranche of the syndicated loan due in April 2014.

Comments on indebtedness and the net income from financial activities are also provided in the Corporate Management Report as of September 30, 2012.

Income tax expense
Income tax expense in the first nine months of 2012 amounted to €536.0 million (PY: €409.5 million). The tax rate in the reporting period was 26.3% after 30.2% for the same period of the previous year.

In the same period of the previous year, income tax expense was significantly influenced by tax income for prior years in the amount of €68.2 million resulting from a tax item established out of court. In comparison to the tax rate for the prior-year period adjusted for this special effect (35.2%), the lower tax rate in the reporting period was influenced significantly by a different distribution of earnings before taxes across the different countries, particularly due to the positive business development in the U.S.A. and Mexico.

Litigation and compensation claims
Proceedings are pending at the Hanover Regional Court regarding the appropriateness of the compensatory payment and the exit compensation under the management and profit and loss pooling agreement between ContiTech AG and ContiTech-Universe Verwaltungs-GmbH approved by the Annual Shareholders' Meeting of ContiTech AG on August 22, 2007, and regarding the appropriateness of the exit compensation for the squeeze-out of the outstanding shareholders of that company which was also adopted by the Shareholders' Meeting of ContiTech AG on the same date. Partial settlement agreements were entered in the records of the Hanover Regional Court on May 2 and July 12, 2012, for these proceedings. Under these settlements, a payment of €3.50 plus interest per share on top of the exit compensations under the management and profit and loss pooling agreement, respectively because of the squeeze-out was agreed, as well as – merely declaratory – a higher compensatory payment under the management and profit and loss pooling agreement.

Otherwise, there were no significant new findings up to September 30, 2012, with regard to litigation and compensation claims. For further information, please refer to the comments in the 2011 Annual Report.

Shareholder structure
B. Metzler seel. Sohn & Co. Holding AG, Frankfurt am Main, Germany, and M.M.Warburg & CO KGaA, Hamburg, Germany, notified us that their respective shares of the voting rights in Continental AG fell below the thresholds of 5% and 3% on September 27, 2012, and amounted to 0% (0 voting rights) as of that day.

Thus the shareholder structure with regard to the 200,005,983 outstanding Continental shares was as follows: 49.90% are attributable to the Schaeffler Group. The free float amounts to 50.10%.

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 September 30, 2012

Acquisition of the automotive air conditioning business of Parker Hannifin

On October 1, 2012 – following the signing of the purchase agreement in August 2012 – the closing of ContiTech's acquisition of the automotive air conditioning business of Parker Hannifin Corporation, Cleveland, U.S.A., took place. Nine locations with approximately 1,000 employees in total are therefore now part of ContiTech's Fluid Technology business unit.

The two former Parker plants in Mexico and the plants in South Korea and the Czech Republic will begin producing refrigerant lines and other components for air conditioning applications in passenger cars and light commercial vehicles. Another production plant is currently under construction in China. The acquisition will improve ContiTech's international positioning and enable the company to offer products from a single source to its customers around the world.

Voting rights notifications from BlackRock Investment Management (UK)

BlackRock Investment Management (UK) Limited, London, UK, notified us on October 1, 2012, that:

- the share of voting rights in Continental AG held by BR Jersey International Holdings, L.P., St. Helier, Jersey, Channel Islands, UK, exceeded the threshold of 3% on September 25, 2012, and amounted to 3.08% (6,160,762 voting rights) as of that day.

- the share of voting rights in Continental AG held by BlackRock International Holdings, Inc., New York, U.S.A., exceeded the threshold of 3% on September 25, 2012, and amounted to 3.08% (6,160,762 voting rights) as of that day.

- the share of voting rights in Continental AG held by BlackRock Advisors Holdings, Inc., New York, U.S.A., exceeded the threshold of 3% on September 25, 2012, and amounted to 3.15% (6,309,605 voting rights) as of that day.

BlackRock Investment Management (UK) Limited, London, UK, also notified us on October 3, 2012, that the share of voting rights in Continental AG held by BlackRock Group Limited, London, UK, exceeded the threshold of 3% on September 27, 2012, and amounted to 3.42% (6,846,998 voting rights) as of that day.

Decision in judicial review proceedings

On October 17, 2012, the Hanover Regional Court issued a ruling in the proceedings regarding the appropriateness of the compensatory payment and the exit compensation under the management and profit and loss pooling agreement between ContiTech AG and ContiTech-Universe Verwaltungs-GmbH approved by the Annual Shareholders' Meeting of ContiTech AG on August 22, 2007, and regarding the appropriateness of the exit compensation for the squeeze-out of the outstanding shareholders of that company which was also adopted by the Shareholders Meeting of ContiTech AG on the same date. In these rulings, the court awarded a payment of €3.50 plus interest per share on top of the exit compensation under the management and profit and loss pooling agreement and for the squeeze-out. Partial settlement agreements with the same content had been entered in the records of the Hanover Regional Court on May 2 and July 12, 2012, with a large proportion of the claimants.

Hanover, October 22, 2012

Continental Aktiengesellschaft
The Executive Board

Financial Calendar

2012	
Annual Financial Press Conference	March 1
Analyst Telephone Conference	March 1
Annual Shareholders' Meeting	April 27
Financial Report as of March 31, 2012	May 3
Half-Year Financial Report as of June 30, 2012	August 2
Financial Report as of September 30, 2012	October 31

2013	
Annual Financial Press Conference	March 7
Analyst Telephone Conference	March 7
Annual Shareholders' Meeting	May 15
Financial Report as of March 31, 2013	May 3
Half-Year Financial Report as of June 30, 2013	August 1
Financial Report as of September 30, 2013	November 4

Contact

This Interim Financial Report is also published in German. The 2011 Annual Report of Continental Aktiengesellschaft is also available in English and German.

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www.continental-corporation.com

Publication Details

Published by:
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