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Annual Report of Continental Aktiengesellschaft 2009

**Continental** 

The management report of Continental Aktiengesellschaft is combined with the management report of the Continental Corporation in accordance with Section 315 (3) of the *Handelsgesetzbuch* (German Commercial Code) and published in Continental's Annual Report for 2009.

The annual financial statements and the summarized management report of Continental Aktiengesellschaft for fiscal 2009 are published in the electronic *Bundesanzeiger* (Federal Gazette).

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# Continental Aktiengesellschaft

## Income Statement

in € millions	See Note	2009	2008
<b>Sales</b>	<b>13</b>	<b>1,191.1</b>	<b>2,592.7</b>
Cost of sales		924.3	2,129.3
<b>Gross margin on sales</b>		<b>266.8</b>	<b>463.4</b>
Selling expenses		91.3	210.0
General and administrative expenses		79.0	109.7
Other operating income	14	171.2	221.4
Other operating expenses	15	318.5	378.3
Net income from financial activities	16	-512.7	-517.9
<b>Result from ordinary activities</b>		<b>-563.5</b>	<b>-531.1</b>
Income tax expense	17	-90.5	178.1
<b>Net loss for the financial year</b>		<b>-654.0</b>	<b>-353.0</b>
Retained losses (PY: Retained earnings) brought forward from the previous year		-339.7	13.3
<b>Retained losses</b>		<b>-993.7</b>	<b>-339.7</b>

# Balance Sheet

## Assets

in € millions	See Note	Dec. 31, 2009	Dec. 31, 2008
Intangible assets	1	16.3	56.5
Property, plant, and equipment	1	3.5	189.6
Investments	2	11,108.9	10,815.6
<b>Non-current assets</b>		<b>11,128.7</b>	<b>11,061.7</b>
Inventories	3	0.8	232.5
Receivables and other assets	4	6,103.9	6,102.6
Short-term securities	5	332.3	315.0
Cash and cash equivalents	6	201.4	424.7
<b>Current assets</b>		<b>6,638.4</b>	<b>7,074.8</b>
Prepaid expenses and deferred income	7	89.2	37.9
<b>Total assets</b>		<b>17,856.3</b>	<b>18,174.4</b>

## Equity and Liabilities

in € millions	See Note	Dec. 31, 2009	Dec. 31, 2008
Common stock	8	432.6	432.6
Capital reserves	9	3,144.6	3,120.9
Revenue reserves	10	54.7	54.7
Retained losses		-993.7	-339.7
<b>Shareholders' equity</b>		<b>2,638.2</b>	<b>3,268.5</b>
<b>Provisions</b>	<b>11</b>	<b>696.2</b>	<b>788.8</b>
<b>Liabilities</b>	<b>12</b>	<b>14,521.9</b>	<b>14,117.1</b>
<b>Total equity and liabilities</b>		<b>17,856.3</b>	<b>18,174.4</b>

## Statement of Changes in Non-Current Assets

in € millions	Purchase and Production Costs					Dec. 31, 2009
	Jan. 1, 2009	Additions	Transfers	Disposals	Carve-out of tire activities	
Concessions, industrial and similar rights and assets, and licenses in such rights and assets	182.8	3.7	6.3	0.6	131.8	60.4
Prepayments	12.7	1.1	-6.3	0.2	7.4	-0.1
<b>Intangible assets</b>	<b>195.5</b>	<b>4.8</b>	<b>—</b>	<b>0.8</b>	<b>139.2</b>	<b>60.3</b>
Land, land rights and buildings including buildings on third-party land	150.0	0.2	15.7	164.8	—	1.1
Technical equipment and machinery	519.5	4.1	-6.8	11.0	497.2	8.6
Other equipment, factory and office equipment	251.6	9.4	3.1	18.8	229.8	15.5
Advances to suppliers and assets under construction	25.7	6.3	-12.0	—	19.9	0.1
<b>Property, plant, and equipment</b>	<b>946.8</b>	<b>20.0</b>	<b>—</b>	<b>194.6</b>	<b>746.9</b>	<b>25.3</b>
Shares in affiliated companies	10,429.9	469.5	—	12.5	62.7	10,824.2
Other long-term equity investments	90.4	—	—	—	45.5	44.9
Claims from pension insurance	61.0	9.7	—	—	12.7	58.0
Assets of Conti Pension Trust e.V.	226.1	12.7	—	51.4	37.8	149.6
Trust assets of long-term working accounts	1.7	0.1	—	—	1.2	0.6
Long-term securities	34.4	10.6	—	—	6.1	38.9
Other loans	0.1	—	—	—	0.1	—
<b>Investments</b>	<b>10,843.6</b>	<b>502.6</b>	<b>—</b>	<b>63.9</b>	<b>166.1</b>	<b>11,116.2</b>
<b>Non-current assets</b>	<b>11,985.9</b>	<b>527.4</b>	<b>—</b>	<b>259.3</b>	<b>1,052.2</b>	<b>11,201.8</b>

## Continental Aktiengesellschaft Notes to the Financial Statements

The annual financial statements of Continental Aktiengesellschaft are prepared in accordance with the provisions of the *Handelsgesetzbuch* (HGB – German Commercial Code) and the supplementary provisions of the *Aktiengesetz* (AktG – German Stock Corporation Act).

In order to improve the transparency of presentation, we have pooled individual terms of the balance sheet and income statement. These items are listed separately in the notes.

In line with international practice, the income statement is drawn up according to the cost of sales method.

The list of shareholdings is submitted to and published in the electronic *Bundesanzeiger* (Federal Gazette).

### Carve-out of the tire activities

In a first step, as of the end of the day on July 31, 2009, Continental AG transferred its legally separable dependent tire operations, including all respective assets and liabilities, under a capital increase against consideration in kind to Continental Caoutchouc-Export-GmbH, Hanover, Germany, in return for corporate rights. Parallel to that, Continental AG also contributed its shares under company law in domestic and foreign companies that are assigned to the Tire divisions, transferring them to Continental Caoutchouc-Export-GmbH in return for further corporate rights. The commercial carrying amounts for the transferred assets and liabilities were then recognized in the accounts of Continental Caoutchouc-Export-GmbH. Furthermore, the land and buildings serving the tire operations were transferred within the scope of a mixed contribution in kind initially to Continental Caoutchouc-Export-GmbH and then to Continental Reifen Deutschland GmbH, Hanover, Germany.

Depreciation, Amortization, and Write-Downs				Book Value		
Jan. 1, 2009	Additions	Disposals	Carve-out of tire activities	Dec. 31, 2009	Dec. 31, 2009	Dec. 31, 2008
139.0	19.4	0.3	114.1	44.0	16.4	43.8
—	—	—	—	—	-0.1	12.7
<b>139.0</b>	<b>19.4</b>	<b>0.3</b>	<b>114.1</b>	<b>44.0</b>	<b>16.3</b>	<b>56.5</b>
122.2	1.0	122.3	—	0.9	0.2	27.8
427.2	12.9	24.6	408.9	6.6	2.0	92.3
207.8	11.2	16.5	188.2	14.3	1.2	43.8
—	—	—	—	—	0.1	25.7
<b>757.2</b>	<b>25.1</b>	<b>163.4</b>	<b>597.1</b>	<b>21.8</b>	<b>3.5</b>	<b>189.6</b>
18.0	—	—	18.0	—	10,824.2	10,411.9
10.0	—	—	2.7	7.3	37.6	80.4
—	—	—	—	—	58.0	61.0
—	—	—	—	—	149.6	226.1
—	—	—	—	—	0.6	1.7
—	—	—	—	—	38.9	34.4
—	—	—	—	—	—	0.1
<b>28.0</b>	<b>—</b>	<b>—</b>	<b>20.7</b>	<b>7.3</b>	<b>11,108.9</b>	<b>10,815.6</b>
<b>924.2</b>	<b>44.5</b>	<b>163.7</b>	<b>731.9</b>	<b>73.1</b>	<b>11,128.7</b>	<b>11,061.7</b>

Immediately thereafter – with effect from the beginning of August 1, 2009 – Continental Caoutchouc-Export-GmbH transferred this part of the business operations as well as the shares it held in domestic affiliates of the Tire divisions to Continental Reifen Deutschland GmbH, in return for corporate rights as well as in return for a claim under a loan. Continental Reifen Deutschland GmbH also recognizes at acquisition cost the commercial carrying amounts of Continental AG for the assets and liabilities.

Due to the aforementioned events, Continental AG's annual financial statements as of December 31, 2009, can be compared to those of the previous year to a limited degree only. The following items on the balance sheet are especially affected by this: non-current assets, inventories, receivables, provisions, as well as trade

accounts payable, liabilities to affiliated companies, and other liabilities. Moreover, it is not possible to compare the income statement for fiscal 2009 with that of fiscal 2008 as sales, the cost of sales and other key operating expenses in connection with the tire business operations are included in the income statement only for the period from January 1 to July 31, 2009. In contrast, the profit transfer from Continental Caoutchouc-Export-GmbH reported in the financial result of Continental AG includes earnings from Continental Reifen Deutschland GmbH in the amount of €37.8 million.

The effects of the carve-out of Continental AG's tire activities are commented on separately in the following breakdowns and explanations of items of the annual financial statements of Continental AG.

# Accounting Policies

## Assets

Purchased intangible assets are carried at acquisition cost and amortized on a straight-line basis in accordance with the expected useful life.

Property, plant, and equipment is measured at acquisition or production cost minus scheduled depreciation. Moveable assets that were acquired before fiscal 2008 are depreciated using the diminished balanced method, while all other assets are depreciated on a straight-line basis. Where depreciation is carried out using the diminishing balance method, a switch is made to the straight-line basis when this results in higher depreciation. Diminishing balance depreciation takes place at the maximum taxably permissible level. Accelerated tax depreciation and write-downs are generally only carried out if required due to the principle that tax accounting should be based on commercial accounting. Low-value asset items with an acquisition cost of less than €1,500 each are fully recognized as an expense in the year of addition.

The expected useful lives of intangible fixed assets and property, plant, and equipment are based on the tax depreciation tables.

Shares in affiliated companies, other long-term equity investments, other loans, long-term securities and trust assets are carried at their acquisition costs minus the write-down entailed by permanent impairment. Reversals of write-downs take place up to the amount of the historical cost where there are no longer any grounds for permanent impairment. Interest-bearing loans are recognized at their nominal value while non-interest-bearing and low interest loans are discounted to their net present value. Claims for pension liabilities from insurance contracts and the trust assets transferred to the Continental Pension Trust e.V. in order to safeguard pension liabilities are also classified under investments.

Raw materials and supplies as well as merchandise are measured at acquisition or production cost or at the lower fair value. Finished goods and work in progress are recognized at production cost, whereby production cost includes direct costs and proportionate material costs, overheads and depreciation. The inventory risks resulting from decreased marketability or excessive storage periods are taken into account by means of appropriate value deductions. Advance payments are openly deducted from inventories.

Receivables and other assets in domestic currency are recognized at their nominal account and receivables in foreign currencies are measured using the hedging rate, to the extent economically justifiable. All recognizable individual risks are taken into account by means of appropriate discounts. Global discounts exist for the general credit risk.

## Equity and liabilities

The amount of provision for pensions and similar obligations is measured by means of actuarial calculations using the projected unit credit method and taking the 2005 G reference tables of Professor Klaus Heubeck as the basis. The other provisions have been set up for all identifiable risks, uncertain obligations, and expected losses on the basis of prudent business practice.

Liabilities are stated at the amount repayable. Liabilities in foreign currencies are recognized at the agreed forward exchange rate.

## Income statement

Cost of sales comprises all variable and fixed production costs, the acquisition costs for merchandise and cost allocations to affiliated companies to cover research and development costs.

All variable selling expenses as well as the fixed costs of sales-oriented functions are contained in the selling expenses.

General and administrative expenses relate to functional costs for the finance, administration, human resources and holding functions.

Business transactions in foreign currencies are measured at the rate applicable upon initial posting or, in the case of exchange hedging, at the hedging rates. If losses not yet realized result from the rates on the balance sheet date, earnings-reducing provisions are recorded. Unrealized exchange profits are not recognized.



# Notes to the Balance Sheet, Assets

## 1. Intangible Assets and Property, Plant, and Equipment

The breakdown of asset items and their development in the year under review is shown in the statement of changes in non-current assets.

Under the carve-out of the tire activities, intangible assets with carrying amounts of €25.1 million and

property, plant, and equipment with carrying amounts of €149.8 million were initially transferred as of July 31, 2009, to Continental Caoutchouc-Export-GmbH and then to Continental Reifen Deutschland GmbH.

## 2. Investments

As a result of the capital increases against consideration in kind at Continental Caoutchouc-Export-GmbH following the carve-out of Continental AG's tire business operations, investments in net terms increased due to €309.0 million in additions to shares in affiliated companies. This takes into account the additions to and disposals of shares in subsidiaries and affiliated companies of the Tire divisions totaling €87.5 million.

In addition, the shares in affiliated companies increased as a result of capital increases at Continental Rico Hydraulic Brakes India Private Ltd., headquartered in Gurgaon, India (€4.4 million), as well as at Continental Tires Hefei Co. Ltd., headquartered in Hefei, China (€10.5 million).

With a view to sustainably strengthening the valuation of the shares in Continental Automotive GmbH, 51% of the shares in Continental Caoutchouc-Export-GmbH were contributed at their carrying value to Continental Automotive GmbH, Hanover, Germany, under a capital increase against consideration as recorded by a notary on December 18, 2009. This contribution took economic

effect on January 1, 2010, and was taken into account when determining the value of Continental Automotive GmbH in the financial statements for 2009.

The trust assets reported under financial assets and transferred to Continental Pension Trust e.V., as well as the income generated as a result, serve exclusively to fund the employee pension plan. Up to December 31, 2008, these trust assets were invested exclusively in securities or carried as cash and cash equivalents. Under the purchase agreement dated August 19, 2009, Continental Pension Trust e.V. acquired 24.9% of the shares in ContiTech AG, Hanover, Germany, a direct subsidiary of Continental AG. Other changes to the trust assets relate to additions to interest income in the amount of €12.7 million, payments for pensions in the amount of €51.4 million, as well as the corresponding portion of trust assets, amounting to €37.8 million, that was transferred within the context of the carve-out of the tire activities.

## 3. Inventories

in € thousands	Dec. 31, 2009	Dec. 31, 2008
Raw materials and supplies	193	45,133
Work in progress	621	28,365
Finished goods and merchandise	—	170,236
Advance payments	—	-11,310
<b>Inventories</b>	<b>814</b>	<b>232,424</b>

The raw materials, supplies, work in progress, finished goods and merchandise relating to the carve-out of the tire operations amounted to €187.6 million. €0.8 million of the inventories reported at the balance sheet

date are mainly attributable to those activities of the Chassis & Safety division that were unaffected by the carve-out.

#### 4. Receivables and Other Assets

in € thousands	Dec. 31, 2009		Dec. 31, 2008	
	Total	With term to maturity over 1 year	Total	With term to maturity over 1 year
Trade receivables	718	—	173,214	—
Receivables from affiliated companies	6,087,799	—	5,848,251	—
Receivables from other long-term investees and investors	—	—	200	—
Other assets	15,376	—	80,989	—
<b>Receivables and other assets</b>	<b>6,103,893</b>	<b>—</b>	<b>6,102,654</b>	<b>—</b>

Trade receivables in the amount of €172.1 million, receivables from affiliated companies in the amount of €242.2 million, and other assets in the amount of €31.2

million were transferred within the context of the carve-out of the tire activities.

#### 5. Short-Term Securities

On the balance sheet date, short-term securities consist of investments in the HSBC Euro Liquidity Fund of HSBC Global Liquidity Funds plc, Dublin, Ireland, in a volume of €126.2 million, as well as investments in Deutsche

Global Liquidity Managed EuroFund of Deutsche Global Liquidity Series Funds Public Limited Company, Dublin, Ireland, in a volume of €206.1 million.

#### 6. Cash and Cash Equivalents

in € thousands	Dec. 31, 2009	Dec. 31, 2008
Cash-in-hand	121	189
Bank balances	201,244	421,695
Checks	—	2,848
<b>Cash and cash equivalents</b>	<b>201,365</b>	<b>424,732</b>

## 7. Prepaid Expenses and Deferred Income

<b>in € thousands</b>	<b>Dec. 31, 2009</b>	<b>Dec. 31, 2008</b>
Discount	72,349	29,811
Other deferred income	16,879	8,124
<b>Prepaid expenses and deferred income</b>	<b>89,228</b>	<b>37,935</b>

For expenses in connection with the conclusion of a syndicated loan agreement with an original total volume of €13.5 billion, payments amounting to the original sum of €48.3 million were entered in the balance sheet as prepaid expenses in 2007. Prepaid expenses and deferred income are reversed on a straight-line basis in accordance with the weighted durations of the individual tranches. In the year under review, the reversal amounted to €11.5 million. Further expenses of €82.6 million were entered in the balance sheet as prepaid expenses for expenses incurred in connection with the

renegotiations of the framework conditions for this loan agreement that were concluded in January and December 2009. These prepaid expenses are likewise reversed on a straight-line basis in accordance with the weighted durations of the individual tranches. In the year under review, the reversal amounted to €29.1 million.

Expenses amounting to €10.6 million, that were incurred as a result of entering into a forward start facility to refinance tranche B of the VDO loan agreement due in August 2010, were also entered as prepaid expenses.

# Notes to the Balance Sheet, Equity and Liabilities

## 8. Common Stock

The subscribed capital was unchanged from the previous year's level.

The common stock of the company therefore amounted to €432,655,316.48 at the balance sheet date (PY: €432,655,316.48) and is composed of 169,005,983 (PY: 169,005,983) no-par-value shares with a notional value of €2.56 per share.

Authorized capital stock of €150.0 million for the issuance of new shares against cash and/or non-cash contributions is still available to the company as at the balance sheet date until April 23, 2012, from the authorization amount of €187.5 million adopted originally on April 24, 2007, following a capital increase from authorized capital in 2007.

As a result of the resolution adopted at the Annual Shareholders' Meeting on April 23, 2009, the Company has additional authorized capital stock of €66.0 million for the issuance of new shares against cash and/or non-cash contributions until April 22, 2014.

A total of 1,381,840 subscription rights were issued under the stock option plan adopted in 1999 for members of the Executive Board and senior executives. Each option entitled the option holder to subscribe for one share. All outstanding subscription rights were fully exercised by December 31, 2008. Following the resolution adopted at the Annual Shareholders' Meeting on April 23, 2009, the conditional capital was canceled, as subscription rights issued on the basis of the 1999 stock option plan can no longer be exercised.

The Annual Shareholders' Meeting on May 14, 2004, approved the 2004 stock option plan for members of the Executive Board and senior executives. The 2004 stock option plan authorized the Executive Board to grant, in line with the plan's more detailed specifications, a total of 3,936,000 subscription rights until May 13, 2009, each of which entitles the option holder to subscribe for one share. No subscription rights were issued (PY: none) or exercised (PY: 47,250) in 2009. 49,900 subscription rights expired (PY: 459,230).

The 2008 stock option plan adopted at the Annual Shareholders' Meeting on April 25, 2008, authorizes the issuance of up to 7,800,000 subscription rights to the

Executive Board and senior executives until April 24, 2013. No subscription rights were issued in 2009 (PY: 1,369,250), while 39,850 expired (PY: 145,750).

In December 2008, a redemption offer for granted and not yet exercised subscription rights was submitted to the senior executives of the corporation to whom stock options were granted from the stock option plans of 2004 and 2008. By December 31, 2009, a large portion of the stock option plan beneficiaries had taken up the offer. 1,769,300 subscription rights were redeemed in the fiscal year.

In accordance with Article 4(4) of the Articles of Association, the capital stock has been conditionally increased by up to €111.5 million for conversion and/or option rights granted until May 4, 2011 on the basis of the authorization of May 5, 2007.

According to Article 4(5) of the Articles of Association, the capital stock has also been conditionally increased by up to €3.8 million to grant stock options as part of the 2004 stock option plan.

The conditional capital II of €37.5 million in line with Article 4(6) of the Articles of Association serves to grant new shares to the holders of convertible bonds and/or bonds with warrants, participation rights or income bonds, where they are issued by May 4, 2011, on the basis of the authorization granted by the Annual Shareholders' Meeting on April 25, 2008.

According to Article 4(7) of the Articles of Association, the capital stock has been conditionally increased by a further €20.0 million to grant subscription rights derived from the 2008 stock option plan.

The conditional capital III of €43.5 million in line with Article 4(8) of the Articles of Association, which was adopted at the Annual Shareholders' Meeting on April 23, 2009, serves to grant new shares to the holders of convertible bonds and/or bonds with warrants, participation rights and/or income bonds which are issued by April 22, 2014, on the basis of the authorization granted by the Annual Shareholders' Meeting on April 23, 2009.

The change in conditional capital is shown in the following table:

in € thousands	2009
<b>Conditional capital at January 1</b>	<b>170,654</b>
Additions	43,500
Expiration of subscription rights granted	-230
Redemption of subscription rights granted	-4,530
<b>Conditional capital at December 31</b>	<b>209,394</b>

## 9. Capital Reserves

Capital reserves increased by a total of €23.7 million in 2009. This increase results from other contributions by Schaeffler KG, Herzogenaurach, Germany.

## 10. Revenue Reserves

At €54.7 million, revenue reserves on December 31, 2009, were unchanged compared with the previous year.

## 11. Provisions

in € thousands	Dec. 31, 2009	Dec. 31, 2008
Provisions for pensions and similar obligations	243,535	306,491
Provisions for taxes	325,240	248,030
Other provisions	127,448	234,335
<b>Provisions</b>	<b>696,223</b>	<b>788,856</b>

As in the previous year, the pension obligations were calculated according to the projected unit credit method with a long-term interest rate of 5.4%.

Pension provisions in the amount of €64.7 million were transferred on July 31, 2009, under the carve-out of the tire activities and the resulting transfer of employees to Continental Reifen Deutschland GmbH.

Other provisions transferred within the scope of the carve-out of the tire activities consisted mainly of selling provisions (€22.3 million), warranty provisions (€8.8 million), personnel provisions (€49.8 million), as well as other provisions (€31.1 million).

Other provisions cover recognizable risks and other uncertain liabilities. In particular, they contain provisions for personnel and social welfare expenses (€20.7 million), as well as for outstanding invoices (€38.9 million).

## 12. Liabilities

in € thousands	With term to maturity			With term to maturity		
	Dec. 31, 2009	<1 year	>5 years	Dec. 31, 2008	<1 year	>5 years
Bonds, non convertible	73,359	73,359	—	64,598	64,598	—
Liabilities to banks	9,053,611	4,378,611	—	10,803,135	2,328,135	—
Trade accounts payable	16,028	16,028	—	125,715	125,659	—
Liabilities to affiliated companies	5,321,496	5,261,496	—	2,962,972	2,902,972	—
Liabilities to other long-term investees and investors	3,734	3,734	—	2,629	2,629	—
Other liabilities	53,541	51,299	676	158,025	144,045	6,585
thereof: taxes	1,875	—	—	5,631	—	—
thereof: social security obligations	1,370	—	—	3,109	—	—
<b>Liabilities</b>	<b>14,521,769</b>	<b>9,784,527</b>	<b>676</b>	<b>14,117,074</b>	<b>5,568,038</b>	<b>6,585</b>

Trade accounts payable in the amount of €50.3 million, liabilities to affiliated companies in the amount of €132.6 million, and other liabilities in the amount of €134.6 mil-

lion were transferred within the context of the carve-out of the tire activities.

### Contingent liabilities

With the exception of €68.1 million, liabilities arising from warranties and guarantees apply exclusively to obligations of our subsidiaries. €756.0 million of warranty liabilities relate to capital market finance of Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., and Continental Tire North America Inc., Char-

lotte, U.S.A. In the framework of capital structure optimization, long-term financing items were transferred to a U.S. subsidiary. Continental AG continues to guarantee their fulfillment. The joint liability for pension obligations is the result of the transfer of pension obligations to the ContiTech companies.

in € thousands	Dec. 31, 2009	Dec. 31, 2008
Liabilities on warranties	1,260,377	1,190,115
Liabilities from guarantees and similar legal relationships	29,390	37,030
Liabilities from shares in cooperatives	28	28
Joint liability for pension obligations	25,360	27,645

### Other financial commitments

Obligations scheduled for 2010 and later primarily concern outsourced hardware and software (€59.7 million; thereof €31.8 million in 2010), rental and lease contracts for operational real estate (€42.8 million; thereof €3.4 million in 2010), machinery, operating and office equip-

ment (€1.3 million; thereof €0.6 million in 2010), and other financial commitments (€16.5 million; thereof €16.5 million in 2010). Open purchase commitments for property, plant, and equipment, and for major repairs amount to €0.7 million.

# Notes to the Income Statement

## 13. Sales

in € millions	2009	2008
<b>Breakdown by operations</b>		
Tire	1,029.1	2,306.8
Non-tire	162.0	285.9
<b>Sales</b>	<b>1,191.1</b>	<b>2,592.7</b>
<b>Breakdown by region</b>		
Germany	518.4	1,152.9
Rest of Europe	376.3	878.2
Outside Europe	296.4	561.6
<b>Sales</b>	<b>1,191.1</b>	<b>2,592.7</b>

## 14. Other Operating Income

in € thousands	2009	2008
Income from disposal of fixed assets	3,106	8,353
Income from reversal of provisions	3,612	7,588
Other income	164,525	205,529
<b>Other operating income</b>	<b>171,243</b>	<b>221,470</b>

In addition to the general cost allocation to other subsidiaries amounting to €143.6 million (PY: €170.5 million), other income also contains current income from other ancillary business and other income.

## 15. Other Operating Expenses

in € thousands	2009	2008
Losses on disposal of fixed assets	242	691
Losses due to write-downs on current assets (except inventories)	2,831	5,422
Other expenses	314,273	370,708
Other taxes	1,186	1,543
<b>Other operating expenses</b>	<b>318,532</b>	<b>378,364</b>

Other expenses in particular include cost allocation expenses amounting to €139.5 million (PY: €165.6 million) and ancillary business expenses.

## 16. Net Income from Financial Activities

in € thousands	2009	2008
Income from profit transfer agreements	311,222	288,426
Income from long-term equity investments		
from affiliated companies	5,937	264,262
from associated companies	11,739	12,492
from other companies	85	87
Cost of loss absorption	-332,178	-620,182
<b>Net investment income</b>	<b>-3,195</b>	<b>-54,915</b>
Income from other securities and long-term loans	2,000	6,533
Other interest and similar income		
from affiliated companies	42,509	314,347
from other companies	3,461	30,448
Interest and similar expense		
to affiliated companies	-26,892	-211,040
to other companies	-530,575	-600,605
<b>Net interest expense</b>	<b>-509,497</b>	<b>-460,317</b>
<b>Write-downs of long-term financial assets</b>	<b>—</b>	<b>-2,641</b>
<b>Net income from financial activities</b>	<b>-512,692</b>	<b>-517,873</b>

## 17. Income Taxes

Tax expenses of €90.5 million were due primarily (€58.3 million) to taxes for fiscal 2008 arising from internal restructuring (transfer of tire operations) conducted in fiscal 2009, and from ongoing expense from fiscal 2009.

## Other Disclosures

in € thousands	2009	2008
Cost of raw materials and supplies, and of purchased materials	688,662	1,659,647
Cost of purchased services	78,566	111,400
<b>Cost of materials</b>	<b>767,228</b>	<b>1,771,047</b>

in € thousands	2009	2008
Wages and salaries	230,009	375,264
Social security, post-employment and other employee benefit costs	62,133	95,538
thereof: pension costs	19,543	28,413
<b>Personnel expenses</b>	<b>292,142</b>	<b>470,802</b>



	2009	2008
Wage recipients	1,870	3,831
Salary recipients	1,903	3,137
<b>Number of employees (quarterly average)</b>	<b>3,773</b>	<b>6,968</b>

### Derivative financial instruments

For the purpose of currency management, Continental AG nets actual foreign currency (forex) cash flows of the subsidiaries across the world with those expected in the future. The net cash flow per currency on a rolling twelve-month basis determines the company's overall transaction risk. In the case of future transaction risks, hedging measures may not exceed 30% of the twelve-month exposure without the express permission of the Executive Board.

Within the scope of currency management, forex future, forex swap and forex option transactions in particular are utilized for the purpose of risk control. The selection and use of instruments depends on the individual hedging purpose. They are deployed both in conventional and modified or structured forms. The basis for the utilization of hedging instruments comprises the procedural guidelines, adherence to which is regularly reviewed by the Internal Audit department. The currency committee convenes weekly to review and initiate hedging measures.

Interest rate swaps, interest rate options and cross-currency interest rate swaps in particular are utilized for the purpose of interest management. They serve above all to manage interest rate risks, especially those arising from financial liabilities with floating interest rates and the optimization of financing costs. Here there is also a procedural guideline that forms the basis of interest management.

The nominal values of the derivative financial instruments are derived from underlying transactions. The market value is determined on the basis of the fair value, which is calculated by discounting the expected cash flows, based on the yield curves. In view of the fluctuation of influencing factors, the figures calculated on the balance sheet date may deviate significantly from those realized on the market at a later point in time.

On the balance sheet date there were no embedded derivatives requiring a separate balance sheet entry such as contractual payment terms in currencies other than the functional or normal trading currency.

The nominal and market values of all derivatives at the balance sheet date are as follows:

in € millions	Dec. 31, 2009			Dec. 31, 2008		
	Nominal value	Market value		Nominal value	Market value	
		Active	Passive		Active	Passive
Forex future transactions	1,064.2	2.6	-7.3	1,337.1	32.6	-40.5
Interest rate swaps	2,600.0	2.4	-145.7	2,600.0	2.0	-105.8
Cross-currency interest rate swaps	1,250.0	52.1	-52.1	1,390.0	75.0	-75.0

**Auditors' fees**

The Annual Shareholders' Meeting on April 23, 2009, elected KPMG AG Wirtschaftsprüfungsgesellschaft, Hanover, Germany, as the auditor for fiscal 2009. Details of the auditor's fees in the year under review are given in Note 38 of the notes to the consolidated financial statements of Continental AG.

**Accounting pursuant to Section 10 (3) of *EnWG* (German Energy Industry Act)**

Continental AG only maintains privileged site networks as defined under Section 110 (1) No. 3 of *EnWG*, for which separate accounts pursuant to Section 10 (3) of *EnWG* are not required.

**Notices in accordance with the Wertpapierhandelsgesetz (*WpHG* – German Securities Trading Act)**

In the 2009 fiscal year, we received notifications from various investors relating to a rising above or falling below the threshold values in line with Section 21 of the *WpHG*. The following gives the most up-to-date information on investments exceeding or falling below the threshold values subject to a duty of disclosure in line with the *WpHG*.

On January 13, 2009, we were notified that:

- The voting rights share of Schaeffler KG, Herzogenaurach, in Continental AG had exceeded the thresholds of 20%, 25% and 30% on January 8, 2009, and was 49.9% at this point.
- The voting rights share of INA-Holding Schaeffler KG, Herzogenaurach, in Continental AG had exceeded the thresholds of 20%, 25% and 30% on January 8, 2009, and was 49.9% at this point. This voting stock is attributed in accordance with Section 22 (1) Sentence 1 no. 1 of the *WpHG*.
- The voting rights share of Schaeffler Holding LP, Dallas, U.S.A., in Continental AG had exceeded the thresholds of 20%, 25% and 30% on January 8, 2009, and was 49.9% at this point. This voting stock is attributed in accordance with Section 22 (1) Sentence 1 no. 1 of the *WpHG*.
- The voting rights share of Mrs. Maria-Elisabeth Schaeffler, Germany, in Continental AG had exceeded the thresholds of 20%, 25% and 30% on January 8, 2009, and was 49.9% at this point. This voting stock

is attributed in accordance with Section 22 (1) Sentence 1 no. 1 of the *WpHG*.

- The voting rights share of Mr. Georg F. W. Schaeffler, U.S.A., in Continental AG had exceeded the thresholds of 20%, 25% and 30% on January 8, 2009, and was 49.9% at this point. This voting stock is attributed in accordance with Section 22 (1) Sentence 1 no. 1 of the *WpHG*.

On January 9, 2009, we received notification that the voting rights share of various associated companies of the Bank of America Corporation, Wilmington, U.S.A., specifically associated companies of Merrill Lynch & Co., Inc., Wilmington, U.S.A., had exceeded the thresholds of 3%, 5%, 10% and 15% on January 6, 2009. In the same notification, we were informed that on January 8, 2009, the companies' voting rights share had fallen below the thresholds of 3%, 5%, 10% and 15% and was 0% at this point.

On January 12, 2009, B. Metzler seel. Sohn & Co. Holding AG, Frankfurt am Main, notified us that its voting rights share in Continental AG had exceeded the thresholds of 5%, 10% and 15% on January 8, 2009, and was 19.5% on that date. In accordance with Section 22 (1) Sentence 1 no. 1 of the *WpHG*, these voting rights are attributable to the company from B. Metzler seel. Sohn & Co. KGaA. Previous notifications reached us on January 5 and January 7, 2009.

On November 20, 2009, we received notification that the voting rights share of Sal. Oppenheim jr. & Cie. KGaA, Cologne, Germany had fallen below the thresholds of 3%, 5%, 10% and 15% on November 19, 2009, and was 0% on that date. In accordance with Section 22 (1) Sentence 1 no. 1 of the *WpHG*, the voting rights share of Sal. Oppenheim jr. & Cie. KGaA, Cologne, is attributable to Sal. Oppenheim jr. & Cie. S.C.A., Luxembourg, Luxembourg. Corresponding notification of the thresholds of 3%, 5%, 10% and 15% having been exceeded reached us on January 7, 2009 and on January 12, 2009.

The voting rights share of M.M. Warburg & CO KGaA, Hamburg, Germany, in Continental AG exceeded the thresholds of 3%, 5%, 10% and 15% on November 19, 2009, and was 19.5% on that date. All of these voting rights are attributable to M.M. Warburg & CO Gruppe (GmbH & Co.) KGaA via M.M. Warburg & CO KGaA in accordance with Section 22 (1) Sentence 1 no. 1 of the *WpHG*. Notifications to this effect reached us on November 20 and November 23, 2009.

In 2009 and up to and including February 8, 2010, the members of the Executive Board held shares representing a total interest of less than 1% in the capital stock of the company. Shares representing 49.9% of the capital stock of the company were attributable to two of the new members of the Supervisory Board appointed on February 5, 2009 – Mrs. Maria-Elisabeth Schaeffler and Mr. Georg F. W. Schaeffler – held as specified in the notification of voting rights on January 13, 2009. In 2009 and up to and including February 8, 2010, the other members of the Supervisory Board held shares representing a total interest of less than 1% in the capital stock of the company. In fiscal 2009, Continental AG gave notice in accordance with Section 15a of the *WpHG* to the effect that none of the members of the Executive Board or members of the Supervisory Board or their related parties had conducted any stock transactions.

**German Corporate Governance Code/  
Declaration in accordance with Section 161 of the  
*Aktengesetz***

The declaration required in accordance with Section 161 of the *Aktengesetz* (German Stock Corporation Act) was issued by the Executive Board and the Supervisory Board on October 19, 2009, and is available to our shareholders on the following website:  
[www.continental-corporation.com](http://www.continental-corporation.com)

**Remuneration of the Executive Board  
and the Supervisory Board**

The key features of the remuneration system for the Executive Board and the remuneration granted to the Executive Board and Supervisory Board in the year under review are set out in the Corporate Governance Report to which the combined management report for Continental AG and the corporation accordingly refers.

The total remuneration granted to the Executive Board of Continental AG in 2009 amounted to €4.4 million (PY: €8.2 million). That total remuneration also includes the long-term components of variable remuneration which are converted into virtual shares of the company. Stock options were no longer granted to the members of the Executive Board in the 2009 fiscal year (PY: 136.4 thousand with a fair value of €3.7 million at the grant date). In addition, former members of the Executive Board and their surviving dependents were granted remuneration amounting to €12.9 million (PY: €11.9 million). €77.6 million (PY: €65.9 million) has been set aside for pension liabilities to former members of the Executive Board and their surviving dependents.

Remuneration paid in 2009 to the members of Continental AG's Supervisory Board, including meeting-attendance fees, totaled €1.2 million (PY: €1.1 million).

There were no advances or loans to Executive or Supervisory Board members of Continental AG in 2009.

**Distribution of Net Income**

After the inclusion of the retained losses brought forward from the previous year amounting to €339.7 million, the retained losses for 2009 were €993,678,734.68. Since Continental AG recognized a loss in its annual financial statements as of December 31, 2009, no dividend will be distributed for fiscal 2009. The retained losses will be carried forward to new account.

Hanover, February 8, 2010

Continental Aktiengesellschaft

The Executive Board

## Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system and its report on the position of the Company and the Group prepared by the Continental Aktiengesellschaft for the business year from January 1 to December 31, 2009. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Article 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report

are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Hanover, February 12, 2010

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Dr. Bartels-Hetzler  
Wirtschaftsprüfer

Dr. Thümler  
Wirtschaftsprüfer

# Responsibility Statement

In Accordance with Sections 264 (2) and 289 (1) of the  
*Handelsgesetzbuch* (German Commercial Code)

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Continental AG, and the management report for Continental AG and the corporation includes a fair review of the development and performance of the business and the position of Continental AG and the corporation, together with a

description of the principal opportunities and risks associated with the expected development of Continental AG and the corporation.

Hanover, February 8, 2010

Continental Aktiengesellschaft

The Executive Board

## Other Directorships – The Executive Board

**List of the positions held by current and former Executive Board members on statutory supervisory boards and on comparable controlling bodies of companies in Germany and abroad in accordance with Section 285 No. 10 of the *Handelsgesetzbuch* (German Commercial Code):**

**Companies with no country specified are located in Germany.**

**Dr. Elmar Degenhart**

**Chairman**

**Corporate Communications**

**Corporate Quality and Environment**

ContiTech AG, Hanover\* (Chairman)

(since October 30, 2009)

**Member of the Executive Board since August 12, 2009**

**Dr. Karl-Thomas Neumann**

**Chairman**

**Head of the Automotive Group**

**Corporate Communications**

ContiTech AG, Hanover\* (Chairman) (until October 30, 2009), Continental Teves, Inc., Wilmington, Delaware, U.S.A. (until October 30, 2009)\*

**Member of the Executive Board until August 12, 2009**

**José A. Avila**

**Powertrain Division**

**Member of the Executive Board since January 1, 2010**

**Dr. Ralf Cramer**

**Chassis & Safety Division**

Continental Automotive Corporation, Yokohama, Japan\*

**Member of the Executive Board since August 12, 2009**

**Dr. Alan Hippe**

**Vice Chairman**

**Head of the Rubber Group**

**Passenger and Light Truck Tires Division**

**Finance, Controlling, IT, Law**

KION GROUP GmbH, Wiesbaden; Voith AG, Heidenheim; directorships until February 28, 2009: ContiTech AG, Hanover\*; CG Tire, Inc., Charlotte, North Carolina, U.S.A.\*; CGT Referral Resources, Inc., Charlotte,

North Carolina, U.S.A.\*; Compañía Hulera Euzkadi, S.A. de C.V., Mexico D.F., Mexico\*; Continental Automotive, Inc., Wilmington, Delaware, U.S.A.\*; Continental Automotive Licensing Corp., Charlotte, North Carolina, U.S.A.\*; Continental Llantera Potosina, S.A. de C.V., Mexico D.F., Mexico\*; Continental Products Corporation, Charlotte, North Carolina, U.S.A.\*; Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A.\*; Continental Teves, Inc., Wilmington, Delaware, U.S.A.\*; Continental Tire de Mexico, S.A. de C.V., Mexico D.F., Mexico\*; Continental Tire North America, Inc., Charlotte, North Carolina, U.S.A.\*; Continental Tire Servicios, S.A. de C.V., Mexico D.F., Mexico\*; ContiTech North America, Inc., Wilmington, Delaware, U.S.A.\*; CTNA Holding Corp., Charlotte, North Carolina, U.S.A.\*; Dynagen, Inc., Charlotte, North Carolina, U.S.A.\*; Englewood Services, Inc., Charlotte, North Carolina, U.S.A.\*; General Tire de Mexico, S.A. de C.V., Mexico D.F., Mexico\*; General Tire International Company, Charlotte, North Carolina, U.S.A.\*; The Continental General Tire Foundation, Charlotte, North Carolina, U.S.A.\*

**Member of the Executive Board until February 28, 2009**

**Helmut Matschi**

**Interior Division**

SAS Autosystemtechnik Verwaltungs GmbH, Karlsruhe; S-Y Systems Technologies Europe GmbH, Regensburg; ERTICO - ITS Europe, Brussels, Belgium

**Member of the Executive Board since August 12, 2009**

**Dr. Hans-Joachim Nikolin**

**Commercial Vehicle Tires Division**

**Corporate Purchasing**

TÜV Hannover/Sachsen-Anhalt e.V., Hanover; Drahtcord Saar GmbH & Co. KG, Merzig; KG Deutsche Gasrußwerke GmbH & Co., Dortmund; Continental Sime Tyre Sdn. Bhd., Petaling Jaya, Malaysia\*; Continental Tire North America, Inc., Charlotte, North Carolina, U.S.A.\*; Continental Tyre South Africa (PTY) Limited, Port Elizabeth, South Africa\*; Matador RU Slovshtinrade Z.A.O., Omsk, Russia\*

**Wolfgang Schäfer**

**Finance, Controlling, IT and Law**

**Member of the Executive Board since January 1, 2010**

**Nikolai Setzer**

**Passenger and Light Truck Tires Division**

**Member of the Executive Board since August 12, 2009**

**Heinz-Gerhard Wentz**

**ContiTech Division**

**Human Resources, Director of Labor Relations**

Benecke-Kaliko AG, Hanover\* (Vice Chairman); ContiTech Antriebssysteme GmbH, Hanover\* (Chairman); ContiTech Elastomer Beschichtungen GmbH, Hanover\* (Vice Chairman); ContiTech Fluid Automotive GmbH, Hamburg\* (Vice Chairman); ContiTech Luftfedersysteme GmbH, Hanover\* (Chairman); ContiTech MGW GmbH, Hann. Münden\* (Vice Chairman); ContiTech Schlauch GmbH, Hanover\* (Chairman); ContiTech Techno-Chemie GmbH, Karben\* (Chairman); ContiTech Transportbandsysteme GmbH, Hanover\* (Vice Chairman); Conti-Tech Vibration Control GmbH, Hanover\* (Chairman); Phoenix Compounding Technology GmbH, Hamburg\* (Vice Chairman); ContiTech Fluid Shanghai Co. Ltd, Shanghai, China\*; ContiTech Grand Ocean Changchun Co. Ltd., Changchun, China\*; ContiTech North America, Inc. Wilmington, Delaware, U.S.A.\*

\*Consolidated companies pursuant to Section 100 (2) of the *Aktengesetz* (German Stock Corporation Act).

## Other Directorships – The Supervisory Board

**Memberships of other statutory supervisory boards and of comparable controlling bodies of companies in Germany and abroad in accordance with Section 285 No. 10 of the *Handelsgesetzbuch* (German Commercial Code):**

**Companies with no country specified are located in Germany.**

**Prof. Dr. Ing. Wolfgang Reitzle, Chairman (since October 19, 2009)**

**President and CEO of Linde AG**

Deutsche Telekom AG, Bonn (until December 2009); KION Group GmbH, Wiesbaden (until December 2009); KION Holding 1 GmbH, Wiesbaden (until December 2009)

**Member of the Supervisory Board since September 28, 2009**

**Dr. Hubertus von Grünberg, Chairman (until March 6, 2009)**

**Member of various Supervisory Boards**

Allianz Versicherungs-AG, Munich; Deutsche Telekom AG, Bonn; ABB Ltd., Zurich, Switzerland (Chairman of the Board of Directors); Schindler Holding AG, Hergiswil, Switzerland

**Member of the Supervisory Board until March 6, 2009**

**Rolf Koerfer, Lawyer, Chairman (March 27 to October 19, 2009)**

Lawyer

GLOBALE Rückversicherungs-AG, Cologne

**Member of the Supervisory Board since February 5, 2009**

**Werner Bischoff\*, Vice Chairman**

**Trade Union Secretary, IG BCE**

**(Mining, Chemical, and Energy Industrial Union)**

Evonik Degussa GmbH, Essen; Evonik Industries AG, Essen; RWE AG, Essen; RWE Dea AG, Hamburg; RWE Power AG, Essen

**Dr. h. c. Manfred Bodin**

**Member of various Supervisory Boards**

VHV Holding AG, Hanover

**Member of the Supervisory Board until April 23, 2009**

**Dr. Diethart Breipohl**

**Member of various Supervisory Boards**

Crédit Lyonnais, Paris, France

**Member of the Supervisory Board until April 23, 2009**

**Michael Deister\*, Chairman of the Works Council for the Stöcken Plant, and Vice Chairman of the Corporate Works Council**

**Dr. Gunter Dunkel**

**Chairman of the Board of Management of Norddeutsche Landesbank Girozentrale**

Bremer Landesbank Kreditanstalt Oldenburg Girozentrale, Bremen\*\*; DekaBank Deutsche Girozentrale, Frankfurt/Main; Deutsche Hypothekbank AG, Hannover (Chairman)\*\*; Joh. Berenberg, Gossler Co. KG, Hamburg; LHI Leasing GmbH, Pullach (Vice Chairman); Norddeutsche Landesbank Luxembourg S.A., Luxembourg (Chairman)\*\*; Skandifinanz Bank AG, Zurich, Switzerland (Chairman of the Board of Directors)\*\*

**Member of the Supervisory Board since April 23, 2009**

**Hans Fischl\***

**Chairman of the Works Council for the Regensburg Location, Chairman of the Central Works Council of Continental Automotive GmbH, and Member of the Corporate Works Council of Continental AG**

Continental Automotive GmbH, Regensburg\*\*

**Member of the Supervisory Board since April 23, 2009**

**Dr. Michael Frenzel**

**Chairman of the Executive Board of TUI AG**

AWD Holding AG, Hanover; AXA Konzern AG, Cologne; E.ON Energie AG, Munich; Hapag-Lloyd AG, Hamburg (Chairman)\*\*; Hapag-Lloyd Flug GmbH, Hanover (Chairman)\*\*; Norddeutsche Landesbank, Hanover; TUI Deutschland GmbH, Hanover (Chairman)\*\*; TUI Cruises, Hamburg (Member of the Shareholders' Committee); Volkswagen AG, Wolfsburg; Preussag North America, Inc., Atlanta, U.S.A. (Chairman)\*\*; TUI China Travel Co., Ltd., Beijing, China\*\*; TUI Travel PLC, London (Non-Executive Chairman)\*\*

**Member of the Supervisory Board until September 15, 2009**



**Dr. Jürgen Geißinger**

**President and CEO of INA-Holding Schaeffler KG**  
MTU Aero Engines Holding AG, Munich; MTU Aero Engines GmbH, Munich; Schaeffler Group USA Inc., Fort Mill, South Carolina, U.S.A.\*\*; Schaeffler Holding (China) Co. Ltd., Changsa, China\*\*

**Member of the Supervisory Board since February 5, 2009**

**Prof. Dr. Ing. E. h. Hans-Olaf Henkel**

**Honorary Professor at the University of Mannheim**  
Bayer AG, Leverkusen; Daimler Luft- und Raumfahrt Holding AG, Munich; EPG AG, Zweibrücken (until December 2009); Heliad Equity Partners GmbH & Co. KGaA, Frankfurt/Main (since February 2009), SMS GmbH, Düsseldorf; Ringier AG, Zofingen, Switzerland

**Michael Iglhaut\***

**Chairman of the Works Council for the Frankfurt Location, Chairman of the Central Works Council of Continental Teves AG & Co. oHG, and First Vice Chairman of the Corporate Works Council**

**Jörg Köhlinger\***

**Trade Union Secretary, IG Metall (Metalworkers' Union) for the District of Frankfurt, and IG Metall Delegate for the Corporate Works Council, the Central Works Council of Continental Teves, as well as the Supervisory Committee of the Central Works Councils of Continental Teves, Temic and Automotive**

Rasselstein GmbH, Andernach

**Member of the Supervisory Board since April 23, 2009**

**Prof. Dr. Klaus Mangold**

**Chairman of the Supervisory Board of Rothschild GmbH**

Leipziger Messe GmbH, Leipzig; Metro AG, Düsseldorf; Rothschild GmbH, Frankfurt/Main (Chairman); TUI AG, Hanover (since January 2010); Universitätsklinikum Freiburg, Freiburg; Alstom S.A., Paris, France; Magna International Inc., Canada (until May 2009); The Chubb Group of Insurance Companies, New York, U.S.A.

**Member of the Supervisory Board since April 23, 2009**

**Hartmut Meine\***

**District Manager of IG Metall (Metalworkers' Union) for Lower Saxony and Saxony-Anhalt**

KME Germany AG, Osnabrück; Volkswagen AG Wolfsburg (since January 2009)

**Dirk Nordmann\***

**Chairman of the Works Council for the Vahrenwald Plant, ContiTech Antriebssysteme GmbH**

**Jan P. Oosterveld**

**Member of various Supervisory Boards**

Atos Origin S.A., Paris, France; Barco NV, Kortrijk, Belgium; Candover Investments Plc, London, UK (since October 2008); Cookson Group Plc, London, UK; Crucell NV, Leiden, Netherlands (Chairman)

**Member of the Supervisory Board until January 26, 2009**

**Dr. Thorsten Reese\***

**Head of Corporate Quality and Environmental Management**

**Klaus Rosenfeld**

**CFO of Schaeffler Group**

**Member of the Supervisory Board since April 23, 2009**

**Georg F. W. Schaeffler**

**Partner of Schaeffler Group**

**Member of the Supervisory Board since February 5, 2009**

**Maria-Elisabeth Schaeffler**

**Partner of Schaeffler Group**

Österreichische Industrieholding AG, Vienna, Austria

**Member of the Supervisory Board since February 5, 2009**

**Jörg Schönfelder\***

**Chairman of the Works Council for the Korbach Plant**

**Jörg Schusterei\***

**Chairman of the Works Council for the Northeim Plant, ContiTech Transportbandsysteme GmbH**  
**Member of the Supervisory Board until April 23, 2009**

**Fred G. Steingraber**

**Chairman Emeritus A.T. Kearney, U.S.A.,**  
**Chairman of the Board of Advisors, U.S.A.,**  
**Retired Chairman and CEO, A.T. Kearney, U.S.A.**  
Diamond Hill Financial Trends Fund, Columbus, Ohio, U.S.A.; Elkay Manufacturing, Oak Brook, Illinois, U.S.A.; 3i plc, London, UK  
**Member of the Supervisory Board until January 26, 2009**

**Prof. Dr. h. c. Jürgen Stockmar**

**Managing Director of Magna Education and Research GmbH & Co KG, Oberwaltersdorf, Austria**  
**Member of the Supervisory Board until January 25, 2009**

**Christian Streiff**

**Chairman of the Managing Board of PSA Peugeot Citröen, Paris, France**  
ThyssenKrupp AG, Düsseldorf  
**Member of the Supervisory Board until February 3, 2009**

**Dr. Bernd W. Voss**

**Member of various Supervisory Boards**  
Bankhaus Reuschel & Co., Munich (Vice Chairman) (until November 2009); Dresdner Bank AG, Frankfurt/Main (until May 2009); Hapag-Lloyd AG, Hamburg (until March 2009); Wacker Chemie AG, Munich; ABB Ltd., Zurich, Switzerland

**Dieter Weniger\***

**Trade Union Secretary, IG BCE**  
**(Mining, Chemical, and Energy Industrial Union)**  
**Member of the Supervisory Board until April 23, 2009**

**Erwin Wörle**

**Chairman of the Works Council of Conti Temic microelectronic GmbH, Ingolstadt**  
Conti Temic microelectronic GmbH, Nuremberg\*\*  
(Vice Chairman)

\* Employee representative.

\*\*Consolidated companies pursuant to Section 100 (2) of the *Aktengesetz* (German Stock Corporation Act).

**Members of the Supervisory Board Committees:**

**1. Chairman's Committee and Mediation Committee required under Section 27 (3) of the Mitbestimmungsgesetz (German Co-determination Act)**

Prof. Dr. Ing. Wolfgang Reitzle (since October 19, 2009); Dr. Hubertus von Grünberg (until March 6, 2009); Rolf Koerfer (since March 27, 2009); Werner Bischoff; Dr. Diethart Breipohl (until April 23, 2009); Hans Fischl (since April 23, 2009); Michael Iglhaut (until April 23, 2009)

**2. Audit Committee**

Dr. Bernd W. Voss, Chairman; Michael Deister; Dr. Hubertus von Grünberg (until March 6, 2009); Dr. Thorsten Reese; Klaus Rosenfeld (since April 23, 2009)

**3. Nomination Committee**

Prof. Dr. Ing. Wolfgang Reitzle (since October 19, 2009); Dr. Hubertus von Grünberg (until March 6, 2009); Rolf Koerfer (since March 27, 2009); Dr. Diethart Breipohl (until April 23, 2009); Maria-Elisabeth Schaeffler (since March 27, 2009); Dr. Bernd W. Voss

# Financial Calendar

## 2010

Financial Press Conference	February 23
Analyst Conference	February 23
Annual Shareholders' Meeting	April 28
Interim Report as of March 31, 2010	May 4
Interim Report as of June 30, 2010	July 29
Interim Report as of September 30, 2010	November 3

## 2011

Financial Press Conference	February
Analyst Conference	February
Annual Shareholders' Meeting	April
Interim Report as of March 31, 2011	April
Interim Report as of June 30, 2011	July
Interim Report as of September 30, 2011	October

### Contact Data

These annual financial statements of Continental Aktiengesellschaft are also available in German. The Annual Report for the Continental Corporation is published in German and English.

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The annual financial statements for the parent company, the Annual Report, and the interim reports are all available on the Internet at:

[www.continental-corporation.com](http://www.continental-corporation.com)

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