Continental
The Future in Motion

The Future in Motion
Half-Year Financial Report as at June 30, 2013

Q2

Continental Shares and Bonds

Volatile performance on equity markets
In Europe, the downward trend on the stock markets initially continued in April 2013 on account of negative economic indicators, before speculation over an imminent cut in the key interest rate by the European Central Bank (ECB) brought a turnaround at the end of April. The actual cut in the key ECB interest rate of 0.25 percentage points to 0.50% on May 2, 2013, reinforced this rising trend and ensured healthy price gains on the stock markets in May. The German stock index DAX broke through the 8,000-point barrier and reached a new all-time high of 8,557.86 points on May 22, 2013.

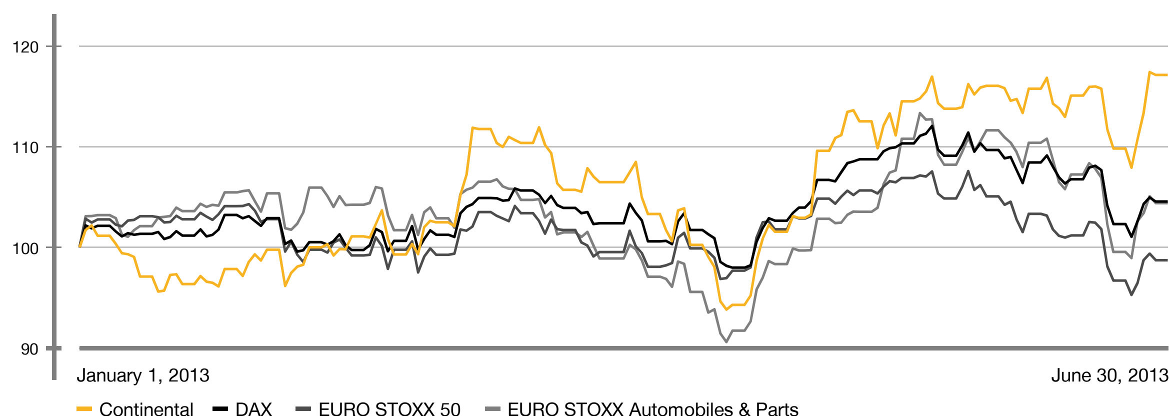
In the United States, the Dow Jones Index continued to climb in April and May thanks to the U.S. Federal Reserve's (Fed) expansive monetary policy and also reached a new all-time high of 15,542.40 points on May 22, 2013. In Japan, the NIKKEI rose to a new five-year high of 15,942.60 points as well. Hints by the chairman of the Fed of a possible end to the monthly bond purchases and weaker industrial production figures from China then triggered a reversal in sentiment on the capital markets.

This turnaround was further intensified by disappointing inflation data for Japan, which cast doubt on the effectiveness of the Japanese central bank's aggressive monetary policy. These factors drove the NIKKEI down by more than 7% on May 23, 2013. In the three weeks that followed, the NIKKEI suffered further losses bringing it to below 13,000 points as market participants increasingly questioned the success of the measures taken by the Japanese government.

The price losses on the European and American stock exchanges were less severe. The markets tracked sideways until the middle of June 2013 on account of the wait-and-see approach of many investors. On June 20, the chairman of the Fed surprised the markets with clear statements on a reduction of bond buying still in the current year as well as its likely end by the middle of 2014, thereby triggering heavy price losses in Europe and the U.S.A. In addition, there were reports of a liquidity shortage on the Chinese banking market that caused further price slides. At the end of the second quarter, reaffirming statements by several central banks over the continuation of their expansive monetary policy allowed the markets to stabilize.

The sovereign debt crisis in Europe flared up again at the start of the third quarter of 2013 on account of the government crisis in Portugal, rating downgrades for Cyprus and fears over a second Greek haircut. The situation in Egypt also unsettled many investors. On July 4, 2013, the ECB took the markets by surprise with its statement that the key interest rate would remain extremely low for an "extended period". This first instance of the ECB setting its interest policy in advance calmed the European capital markets and allowed stock prices to recover.

Share price performance (indexed to January 1, 2013)



	June 30, 2013	in % vs. Dec. 31, 2012
Continental	102.60	17.1
DAX	7,959.22	4.6
EURO STOXX 50	2,602.59	-1.3
EURO STOXX Automobiles & Parts	352.79	4.4

Good performance by Continental shares in first half of 2013

After Continental shares gained a further 6.5% in the first quarter of 2013 following the publication of its good financial figures for 2012 and the outlook for 2013, in April these gains were lost and the share price reached its low for the year to date in the first half of 2013 on April 23 at €80.66 – significantly below the 2012 closing price of €87.59. In addition to weaker overall economic indicators, the automotive sector mainly struggled with strong declines in unit sales of cars and tires in Europe.

Then, on the same day, the speculation over a cut in the aforementioned key ECB interest rate caused a general reversal in sentiment on the market, from which Continental shares also profited. Driven by the general market recovery, the shares climbed back above €90 at the start of May.

On May 3, 2013, the publication of our figures for the first quarter of 2013 allowed Continental's shares to jump by 6%. This climb was aided by the positive market environment following the announcement of the cut to the key ECB interest rate early on the evening of May 2, 2013. Continental's shares continued to rise in the weeks that followed and were much in demand even after the Annual Shareholders' Meeting on May 15, 2013. The post-dividend drop of €2.25 was more than offset on the next trading day and the share price rose to above €100. The share price hovered around €100 until the end of June. The highest price in the first half of 2013 was €104.05 as at June 28, 2013. Closing the period at a price of €102.60, the gain for the first half of 2013 was €15.01 or 17.1%. Taking into account the distributed dividend of €2.25, the overall performance is calculated at €17.26 or 19.7%.

By contrast, the DAX ended the first half of 2013 at 7,959.22 points, up only 4.6% on the end of 2012. The EURO STOXX Automobiles & Parts was slightly behind at the end of June with 352.79 points and an increase of 4.4%, while the EURO STOXX 50 even lost 1.3% in the first half of 2013.

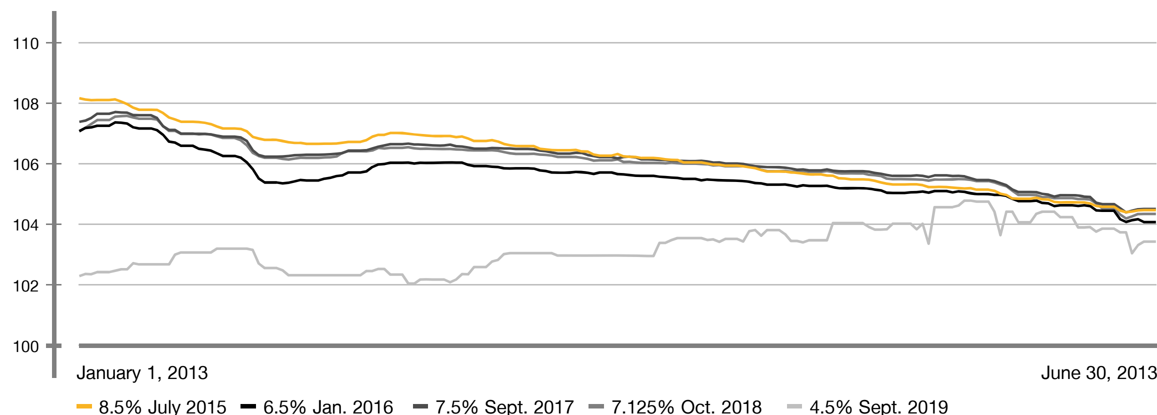
At the start of the third quarter of 2013, new vehicle registration figures in Europe and the U.S.A. were better than expected by many market participants, triggering strong swells in many automotive stocks. Statements by several central banks that they would continue their expansive monetary policy in the long term also led to a favorable market environment. Continental's shares shot up in this context as well, while additionally benefiting from Fitch's rating upgrade to investment grade. As at July 22, 2013, Continental's shares reached a new all-time high of €117.40 and closed the trading day at €115.70.

Declining prices for 2010 Continental euro bonds

Continental's euro bonds continued the downward trajectory that they had already begun in the fourth quarter of 2012 in both the first and second quarters of 2013. In the first half of the year, the decrease in basis points of the four bonds ranged from 274 to 380. The four bonds thus were quoted at between 104.0% and 104.5% at the end of June 2013. This decline is due to the market's rising expectation that we will terminate our euro bonds at the earliest possible date given the better refinancing opportunities currently available. In May 2013, the 8.5% bond was timely terminated early to be redeemed on July 15, 2013, at 104.25% and in July 2013, the 7.5% bond was timely terminated early to be redeemed on September 16, 2013, at 103.75%.

To refinance the September maturity early, we announced the issue of a new euro bond under our recently established debt issuance program on July 8, 2013. The issue was highly sought after by institutional and private investors in Germany and abroad. It was placed on July 9, 2013. The bond volume amounts to €750 million, the term five years, the coupon 3.0% and the issue price 98.95%. From the first day of trading

Price performance of the Continental bonds



onwards, the new bond was listed above its issue price.

In contrast to the performance of the euro bonds, the price of the U.S. dollar bond rose from 102.293% at the start of January 2013 to 104.787% at the end of May, driven by Continental AG's significantly improved credit performance indicators and accounting ratios. The aforementioned comments by the Fed about a possible end to the bond buying followed by concern over a banking crisis in China then caused strong increases in interest rates and declining prices on bond markets around the world. Against this backdrop, the price of our U.S. dollar bond also fell to 103.429% by the end of June 2013 amidst highly volatile trading. This corresponds to a rise of 113.6 basis points in the reporting period.

The premium for insuring credit risks (credit default swap, CDS) against Continental AG, expressed by the five-year CDS for Continental senior bonds, fell from 197.538 basis points at the end of 2012 to a new five-year low of 128.830 basis points on May 28, 2013. The general rise in interest rates then also caused a rise in the CDS premium to 171.719 basis points at the end of June 2013. In contrast to the higher interest level on the bond markets, the CDS premium therefore nearly maintained its value for the end of the first quarter of 2013 of 167.965 basis points, reflecting the improved accounting ratios of the Continental Corporation.

Improved Continental credit rating

On May 24, 2013, Standard & Poor's raised its credit rating for Continental from "BB-, positive outlook" to "BB, stable outlook". On a stand-alone basis, our rating improved from "BBB-" to "BBB".

Continental's rating from Moody's did not change in the first half of 2013 and remains at "Ba2, positive outlook". However, Moody's raised our stand-alone rating to "Baa2" in a sector study on May 31, 2013. Previously, its stand-alone rating had merely been described as "a higher rating than the current Ba2 rating".

Fitch is now the first rating agency no longer to see the need for a key parent-subsidiary criterion in its assessment of Continental's credit rating. We were thus raised from "BB, stable outlook" to "BBB, stable outlook", and therefore back to investment grade, on July 15, 2013.

Key Figures for the Continental Corporation

Owing to the first-time adoption of IAS 19 (revised 2011), *Employee Benefits*, as at January 1, 2013, all subsequent figures for the comparative periods have been restated in accordance with the requirements of IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

	January 1 to June 30		Second Quarter	
in € millions	**2013**	**2012**	**2013**	**2012**
Sales	16,574.3	16,506.2	8,541.0	8,186.7
EBITDA	2,479.3	2,492.6	1,309.9	1,288.7
in % of sales	15.0	15.1	15.3	15.7
EBIT	1,630.6	1,653.4	883.2	866.2
in % of sales	9.8	10.0	10.3	10.6
Net income attributable to the shareholders of the parent	1,141.9	1,003.2	700.7	520.3
Earnings per share in €	5.71	5.02	3.50	2.60
Adjusted sales[1]	16,483.7	16,506.2	8,494.2	8,186.7
Adjusted operating result (adjusted EBIT)[2]	1,776.9	1,855.1	980.7	966.4
in % of adjusted sales	10.8	11.2	11.5	11.8
Free cash flow	-88.2	126.4	222.9	274.1
Net indebtedness as at June 30	6,011.9	6,875.9		
Gearing ratio in %	68.5	87.9		
Number of employees as at June 30[3]	174,713	168,813		

[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 June 30		Second Quarter	
Automotive Group in € millions	**2013**	**2012**	**2013**	**2012**
Sales	10,070.7	10,007.5	5,159.5	4,936.7
EBITDA	1,241.7	1,235.9	638.9	622.7
in % of sales	12.3	12.3	12.4	12.6
EBIT	636.6	617.9	333.5	312.6
in % of sales	6.3	6.2	6.5	6.3
Depreciation and amortization[1]	605.1	618.0	305.4	310.1
– thereof impairment[2]	0.9	1.6	0.9	1.6
Capital expenditure[3]	384.3	394.3	211.8	218.7
in % of sales	3.8	3.9	4.1	4.4
Operating assets as at June 30	11,224.0	11,633.4		
Number of employees as at June 30[4]	101,832	98,474		
Adjusted sales[5]	10,065.5	10,007.5	5,157.1	4,936.7
Adjusted operating result (adjusted EBIT)[6]	781.4	827.4	430.4	415.0
in % of adjusted sales	7.8	8.3	8.3	8.4

	January 1 to June 30		Second Quarter	
Rubber Group in € millions	**2013**	**2012**	**2013**	**2012**
Sales	6,524.0	6,511.8	3,392.0	3,256.4
EBITDA	1,285.8	1,287.5	690.7	678.7
in % of sales	19.7	19.8	20.4	20.8
EBIT	1,042.4	1,066.6	569.5	566.5
in % of sales	16.0	16.4	16.8	17.4
Depreciation and amortization[1]	243.4	220.9	121.2	112.2
– thereof impairment[2]	-1.6	-2.8	-1.6	-2.7
Capital expenditure[3]	482.3	433.9	223.5	222.0
in % of sales	7.4	6.7	6.6	6.8
Operating assets as at June 30	6,012.5	5,635.3		
Number of employees as at June 30[4]	72,574	70,061		
Adjusted sales[5]	6,431.6	6,511.8	3,343.9	3,256.4
Adjusted operating result (adjusted EBIT)[6]	1,046.3	1,062.3	570.1	566.1
in % of adjusted sales	16.3	16.3	17.0	17.4

[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 at June 30, 2013

Continental strengthens organization for continuing rapid and profitable growth in China

On May 17, 2013, we announced that Executive Board member Dr. Ralf Cramer will be heading the company's organization in the growth market of China, based in Shanghai, from August 1, 2013. Dr. Cramer has been a member of the Executive Board since August 2009. He has been in charge of the Chassis & Safety division since December 2007. His successor in this position will be determined at a later date.

Continental acquires ASL Vision, a specialized company for 360-degree surround detection

On January 11, 2013, we announced the acquisition of the British company ASL Vision. With this step, we are enhancing our technology portfolio by adding 360-degree vehicle surroundings detection, while at the same time broadening our expertise in the field of cameras. The feature will expand the product portfolio of camera-based advanced driver assistance features and optimally detect the entire vehicle surroundings.

ContiTech opens plant in Serbia

On June 3, 2013, ContiTech officially opened its new production facilities at Subotica in northern Serbia after nine months of construction. The plant assembles hose lines for the powertrain and delivers to European automotive manufacturers.

Expansion of European commercial vehicle tire production

In the coming years, Continental will be investing around €100 million in its largest European plant for truck and bus tires in Puchov, Slovakia. In addition to increasing production capacity, machinery and infrastructure are being extensively modernized to guarantee maximum production efficiency. Annual production capacity is set to rise from currently 2.6 million tires to more than three million. The recently presented Generation 3 bus tires will also be manufactured in Puchov.

New tire portfolio for port vehicles

At the TOC Europe 2013 trade fair in Rotterdam, we presented the first comprehensive tire portfolio for port vehicles. The range includes specialty tires for port logistics vehicles such as straddle carriers, reach stackers, container cranes, terminal tractors and trailers and heavy-duty forklifts. Almost all tires in the portfolio are based on the new V.ply technology developed by Continental. The extremely high-resistance V.ply tires are specially designed for the demanding conditions faced by port vehicles.

Award for new Rear Cross Traffic Alert

In April 2013, the new electronic Rear Cross Traffic Alert was presented the Toyota Technology & Development Award. Two sensors left and right at the rear of the vehicle warn the driver with light and sound signals as soon as another road user approaches. The Rear Cross Traffic Alert (RCTA) is part of the ContiGuard® safety concept that helps to avoid accidents.

Renault electric car ZOE launched with Continental powertrain

Continental is supplying the fully electric powertrain for the new Renault ZOE. This electric car is the first mass-produced European electric car with an overall concept designed from the ground up for all-electric operation. As with the Renault Kangoo Z.E. and Fluence Z.E., we are supplying all of the powertrain components: the drive motor, the power electronics and the hardware for the electric vehicle controller.

Infotainment system for PSA Peugeot Citroën Group in China

We have developed the new Multimedia Radio Navigation (MRN) system for the PSA Peugeot Citroën Group in China. The product, which was launched in March 2013, is being used in the Dongfeng Citroën C4 L and is to be available later in other vehicle models as well. Based on Continental's scalable multimedia platform concept, the MRN system is the first navigation solution by Continental exclusively produced for a Chinese vehicle manufacturer.

High-tech displays for motorcycles

We are offering new display functions for motorcycle cockpits in the form of thin-film transistor displays (TFT). Continental's TFT units provide motorcycle riders with comprehensive information: from speed to outside temperature and navigation to heated grip settings in addition to showing a smartphone screen.

Economic Environment

Macroeconomic development

There were still no signs of recovery in the eurozone in the second quarter of 2013 on account of the lingering recession in the Mediterranean countries. In May 2013, unemployment in the eurozone climbed further by 0.1 percentage points to 12.2%. In light of the persistently difficult economic environment, in its July report the International Monetary Fund (IMF) lowered its 2013 growth forecast for the major economies of Germany, France and Italy. It scaled back its projections for economic growth in the eurozone as a whole from -0.3% to -0.6%.

The German economy, which had so far proved highly stable in the euro crisis, lost a little momentum in the second quarter of 2013. The most recent reports from German industry again showed slight declines in incoming orders for May 2013 and a small drop in production. German exports also decreased in May. In its July forecast, the IMF has now taken a more cautious stance on economic development in Germany and has lowered its growth forecast for 2013 by 0.3 percentage points to +0.3%.

The countries of the eurozone are being supported by measures by the European Central Bank (ECB). In order to reinvigorate economic activity, on May 2, 2013, it gave its expansive monetary policy another boost by again cutting the key interest rate by 0.25 percentage points to 0.50%. Moreover, in light of the persistently difficult environment, the ECB stated at the start of the third quarter of 2013 that its low interest policy would continue for an indefinite “extended period” – the first time it has made such an announcement.

The recovery of the U.S. economy slowed in the second quarter of 2013 on account of the austerity measures of the sequester (automatic investment and spending cuts on failure to reach a consensus on raising the debt ceiling). The market for residential property and the labor market continued to develop positively. As a result, consumer confidence also increased, reaching the level of the first quarter of 2008 again for the first time in five years. However, U.S. industry has seen a decline in capacity utilization since the sequester came into effect in March 2013. Industrial production stagnated in May 2013, and various sentiment indicators gave little hope for a recovery in June. In the second half of 2013, the unresolved budget dispute and the high level of sovereign debt could force the government to make further spending cuts, which would again curb economic growth. Against this backdrop, the IMF again lowered its gross domestic product (GDP) forecast for the U.S.A. by 0.2 percentage points to 1.7% in its July estimate. The Fed intends to retain its highly expansive monetary policy for the time being. However, it is planning to reduce its quantitative easing in the form of monthly bond purchases given a lasting improvement in the labor market, with the prospect of discontinuing this program by the middle of next year.

The Bank of Japan stepped up its zero-interest policy in April 2013 with quantitative measures. With the monetary base intended to double in the next two years, the Japanese economy should undergo a sustainable recovery and achieve an inflation target of 2% within three years. As a result, the yen continued to decline on world currency markets in the months of April and May, before regaining some ground again in June. The yen’s loss of value against the euro and the U.S. dollar respectively since the end of September 2012 amounted to more than 20% each by the end of June 2013. Driven in particular by growth in exports, and also in the residential property market and private consumer spending, Japanese GDP rose by 3.5% year-on-year in the first quarter of 2013. The strong increase in industrial production of 2.0% in May and the continuing recovery of the construction sector mean that further growth is expected in the second quarter of 2013. The Japanese government also resolved a new economic program in June. The IMF recently raised its GDP estimate for Japan strongly by 0.5 percentage points to 2.0% for 2013.

China remains the engine of the global economy in the current year. However, its economic development is also showing signs of slowing: After a rise of 7.7% year-on-year in the first quarter of 2013, GDP growth in the second quarter dropped to 7.5% compared with the same quarter of the previous year, according to the latest figures. The new Chinese government intends to make its economy less dependent on the rest of the world and initiate further structural reforms in order to improve the composition of economic growth in favor of its domestic economy. In June, the sharp rise in new lending in the current year prompted the Chinese central bank to heavily cut back the flow of

liquidity to Chinese banks in order to stem financial stability risks, which has led to considerable tension on the money market. For 2013 as a whole, the IMF has lowered its growth forecast for China by 0.25 percentage points from 8.0% to 7.75%, while the Chinese government is predicting economic growth of closer to 7.5%.

Given the weaker than anticipated economic data from other emerging countries, such as Russia, Brazil, India, Mexico and South Africa in particular, the IMF has reduced its July forecast for the emerging and developing nations by 0.3 percentage points and is now projecting economic growth for these countries of 5.0% in 2013.

In its July 2013 World Economic Outlook, the IMF again lowered its growth forecast for the global economy by 0.2 percentage points to 3.1% in the current year. The forecast for 2014 was also cut by 0.2 percentage points to 3.8%. The IMF still believes that there are considerable risks in the high debt levels of many countries, particularly among the developed economies. According to the IMF, structural reforms and adjustments as well as an ongoing continued expansive monetary policy are still needed to contain risks. In addition, the IMF feels there are new hazards to the global economy, especially in a more drawn out slowdown in growth in the emerging nations.

Development of new car registrations

As a result of the recession in many eurozone countries, passenger car demand in Europe dropped significantly at the start of the year: Based on preliminary data from the German Association of the Automotive Industry (Verband der Automobilindustrie – VDA), the number of newly registered vehicles fell by around 10% year-on-year in the first quarter of 2013 – due in part to the lower number of working days. This stabilized in the second quarter and was down 4% on the figure for the previous year. In the first half of 2013 as a whole, new vehicle registrations in Europe declined by 7% year-on-year.

Unit sales of passenger cars were weaker in Japan. However, it should be noted that the first half of 2012 formed a very high prior-year basis on account of the catch-up effects in the aftermath of the Fukushima disaster, and that the Japanese government's purchase incentive program expired in September 2012. Passenger car unit sales in the first half of 2013 decreased by 8%.

In the U.S.A., domestic demand has improved increasingly as the year progresses, as can be seen by rising new registration figures: At 6% in the first quarter and 8% in the second, passenger car unit sales grew by around 7% in the first half of 2013.

Development in new car registrations was highly varied in the BRIC nations. After a strong first quarter in 2013, passenger car sales in China surged in the second quarter as well, resulting in growth for the first half of the year of 21%. New registrations in Brazil increased by 5% in the first half of 2013, while in Russia they dropped significantly by 6% as a result of the slowdown in economic growth. Passenger car unit sales fell in India by 10%.

New registrations/sales of passenger cars in millions of units

	H1 2013	H1 2012	Change	Q2 2013	Q2 2012	Change
Europe (EU27+EFTA)	6.4	6.9	-7%	3.3	3.5	-4%
Russia	1.3	1.4	-6%	0.7	0.8	-11%
U.S.A.	7.8	7.2	7%	4.1	3.8	8%
Japan	2.3	2.5	-8%	1.0	1.1	-8%
Brazil	1.7	1.6	5%	0.9	0.9	7%
India	1.3	1.5	-10%	0.6	0.7	-7%
China	7.7	6.4	21%	3.8	3.3	16%
Worldwide	41.2	40.3	2%	21.0	20.2	4%

Source: VDA and Renault

Overall, new registrations climbed year-on-year by 2% to 41.2 million units worldwide in the first six months of 2013, according to preliminary data.

Development of production

In Europe, Continental's most important market within the Automotive Group with a 50% share of sales, passenger car production in the first quarter of 2013 declined by 11% compared with the previous year to 4.7 million units. In the second quarter of 2013, production recovered to 4.9 million units, still 2% below the figure for the previous year. Based on preliminary data, there was a clear drop in production in Europe of 6% in the first half of 2013.

In Asia, the second-most important region within the Automotive Group with a 24% share of sales, a strong increase in passenger car production in China and in the ASEAN states more than offset declining production volumes in Japan, South Korea and India. Overall, passenger car production in Asia rose almost 3% to 20.9 million units in the first half of 2013.

The third most important market in the Automotive Group, NAFTA with a 23% share of sales, benefited above all from rising new registrations in the U.S.A. and, according to the latest data, saw production growth in the first quarter of 2013 of 1%, which rose further to 4% in the second quarter. At 8.2 million units in the first half of the year, passenger car production in NAFTA topped its figure for the previous year by around 3%.

Based on preliminary figures, after a drop of 1% in the first quarter of 2013, global passenger car production grew by 2% in the second quarter, resulting in low growth for the first half of the year of 1%. For 2013 as a whole, we are still anticipating a rise in global passenger car production of 2% to around 83 million units.

Commercial vehicle production was down in the first quarter of 2013 on our core markets of Europe and NAFTA, but stabilized in both regions in the second quarter. The recovery in truck production continued in Brazil, and China also saw a strong increase in the second quarter of 2013 according to preliminary figures. For the full year, we still anticipate a 3% decline in production in Europe and expect to see demand pick up and growth of 5% in NAFTA after an end to inventory streamlining.

Development of the replacement tire markets

In Europe, Continental's most important replacement tire market, demand improved in the second quarter after unit sales contracted by 10% in the first quarter of 2013. This improvement was essentially due to the reversal of the first quarter's effects – in particular these were the delay in the changeover from winter to summer tires and the fact that there were two fewer working days than in the same period of the previous year. At -4%, tire demand fell short of our expectations in Europe in the first half of 2013. For the second half of 2013, we are forecasting that the stabilization will continue, but we are no longer anticipating a sustainable recovery. We are lowering our projection for replacement tire demand on the European market for 2013 as a whole from 3% to 1% at best.

According to preliminary data, unit sales for passenger car replacement tires in NAFTA climbed slightly in the second quarter of 2013, once again reaching the previous year's level in the first half of 2013. The anticipated significant improvement in demand did not however materialize. We are still forecasting a rise in demand for replacement tires of 2% in NAFTA for 2013 as a whole. In Asia and South America, replacement tire demand is developing positively as forecast. Worldwide, we are now predicting growth of just 2% (previously 3%) on account of weak unit sales in Europe for 2013.

After a modest development in the first quarter of 2013, demand for truck replacement tires increased in the second quarter in Europe and NAFTA. Overall, demand in Europe rose by 8% in the first half of 2013 as against the low basis from the previous year. In NAFTA, the sales volume in the first half of 2013 was down 2% year-on-year. We expect the recovery in demand in Europe to continue and are still anticipating growth of 5% for the year as a whole. In NAFTA, demand for truck replacement tires is expected to pick up in the second half of the year. We continue to anticipate a 2% increase here for the year as a whole.

Earnings, Financial and Net Assets Position of the Continental Corporation

	January 1 to June 30		Second Quarter	
in € millions	**2013**	**2012**	**2013**	**2012**
Sales	16,574.3	16,506.2	8,541.0	8,186.7
EBITDA	2,479.3	2,492.6	1,309.9	1,288.7
in % of sales	15.0	15.1	15.3	15.7
EBIT	1,630.6	1,653.4	883.2	866.2
in % of sales	9.8	10.0	10.3	10.6
Net income attributable to the shareholders of the parent	1,141.9	1,003.2	700.7	520.3
Earnings per share in €	5.71	5.02	3.50	2.60
Research and development expenses	987.0	900.5	487.2	454.7
Depreciation and amortization[1]	848.7	839.2	426.7	422.5
– thereof impairment[2]	-0.7	-1.2	-0.7	-1.1
Capital expenditure[3]	867.0	828.8	435.6	440.9
in % of sales	5.2	5.0	5.1	5.4
Operating assets as at June 30	17,164.6	17,187.4		
Number of employees as at June 30[4]	174,713	168,813		
Adjusted sales[5]	16,483.7	16,506.2	8,494.2	8,186.7
Adjusted operating result (adjusted EBIT)[6]	1,776.9	1,855.1	980.7	966.4
in % of adjusted sales	10.8	11.2	11.5	11.8
Net indebtedness as at June 30	6,011.9	6,875.9		
Gearing ratio in %	68.5	87.9		

[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.

Earnings Position

Sales up 0.4%;
Sales up 0.9% before changes in the scope of consolidation and exchange rate effects

Consolidated sales for the first six months of 2013 climbed by 0.4% year-on-year to €16,574.3 million (PY: €16,506.2 million). Before changes in the scope of consolidation and exchange rate effects, sales rose by 0.9%.

Adjusted EBIT down 4.2%

Adjusted EBIT for the corporation was down by €78.2 million or 4.2% year-on-year to €1,776.9 million (PY: €1,855.1 million) in the first six months of 2013, corresponding to 10.8% (PY: 11.2%) of adjusted sales.

EBIT down 1.4%

At €1,630.6 million (PY: €1,653.4 million), EBIT in the first half of 2013 was €22.8 million or 1.4% lower than in the previous year. The return on sales declined to 9.8% (PY: 10.0%).

Special effects in the first half of 2013

On January 1, 2013, the closing took place for SK Continental E-motion Pte., Singapore, Singapore, a company jointly managed by SK Innovation Co., Ltd., Seoul, South Korea, and Continental, after the agreement to form the company was signed in July 2012. The transaction resulted in income of €25.0 million in the Powertrain division.

As at January 29, 2013, Continental sold its shares in S-Y Systems Technologies Europe GmbH, Regens-

burg, Germany, to Yazaki Europe Ltd., Hertfordshire, U.K. The transaction resulted in income of €54.6 million in the Interior division.

Based on a possible obligation, a provision of €35.0 million was recognized in the Interior division.

The reversal of restructuring provisions no longer required at the former location in Elkhart, Indiana, U.S.A., resulted in a positive special effect totaling €0.6 million (Chassis & Safety €0.3 million; Powertrain €0.3 million).

Impairment losses and reversals of the same on property, plant and equipment resulted in a positive overall effect of €0.7 million (Powertrain -€0.9 million; Tires €1.6 million).

There was a negative special effect of €0.8 million in the ContiTech division.

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, in 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. The amortization of the carrying amount adjustments led to a positive effect totaling €2.4 million in the first half of 2013.

Total consolidated income from special effects in the first six months of 2013 amounted to €47.5 million.

Special effects in the first half of 2012

In the Interior division, special effects from the reversal of restructuring provisions no longer required had a positive impact totaling €6.5 million in the first half of 2012.

Impairment of property, plant and equipment resulted in expense of €1.6 million in the Interior division.

In the first six months of 2012, there was a positive effect of €0.8 million overall in the Powertrain division.

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

Reversals of impairment losses on property, plant and equipment had a positive effect totaling €2.8 million in the Tire division.

For the ContiTech division, the total net expense from special effects in the first half of 2012 amounted to €0.7 million.

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. The amortization of the carrying amount adjustments led to a positive effect totaling €3.5 million in the first half of 2012.

Total consolidated income from special effects in the first six months of 2012 amounted to €17.5 million.

Research and development expenses

In the first half of 2013, research and development expenses rose by 9.6% year-on-year to €987.0 million (PY: €900.5 million), representing 6.0% (PY: 5.5%) of sales. €841.6 million (PY: €767.5 million) of this amount relates to the Automotive Group, corresponding to 8.4% (PY: 7.7%) of sales, and €145.4 million (PY: €133.0 million) to the Rubber Group, corresponding to 2.2% (PY: 2.0%) of sales.

Net interest expense

At €360.4 million (PY: €221.2 million), net interest expense in the first half of 2013 was €139.2 million higher than in the previous year. This increase is particularly due to negative effects from changes in the fair value of derivative instruments relating to the valuation of the early redemption options included in the bonds.

Interest expenses, which primarily result from the utilization of the syndicated loan and the bonds issued by Conti-Gummi Finance B.V., Maastricht, Nether-

lands, and Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., were €13.5 million higher than in the previous year at €306.4 million (PY: €292.9 million). While the cost of the syndicated loan declined to almost a third as against the same period of the previous year in the first six months of 2013 at €47.7 million (PY: €136.6 million), the interest expense for the above bonds rose from €113.6 million to €222.1 million.

The significant decrease in expenses for the syndicated loan was due firstly to lower utilization and secondly to the lower market interest rate and margin levels as compared to the previous year. Factors contributing to the lower utilization of the syndicated loan in 2013 were the significant reduction of net indebtedness as of the end of 2012 and its partial repayment from the net issue proceeds from the bond issued by Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., in September 2012 with a nominal value of U.S. $950.0 million. The improvement in the leverage ratio already achieved as of the end of 2012 resulted in further margin decreases starting from the second quarter of 2013. The increase in interest expenses for the above bonds was due in particular to the planned early repurchase of bonds issued by Conti-Gummi Finance B.V., Maastricht, Netherlands, in 2010. As a result of the higher forecast cash outflows associated with this, there were carrying amount adjustments in profit or loss, which are being amortized over the expected shorter remaining term of the bonds reducing expenses accordingly. This resulted in an increase of €89.1 million in net interest expense in the first half of 2013. The bond issued by Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., in September 2012 also resulted in higher interest expenses for bonds.

As a result of implementing the changes in the requirements of IAS 19 (revised 2011), *Employee Benefits*, that are effective from fiscal 2013, expenses from interest cost on expected pension obligations and the expected return on plan assets are now no longer allocated to personnel expenses in the relevant functional areas, but instead are reported separately under net interest expense. This likewise applies to interest effects from other long-term employee benefits. The figures for 2012 have been restated accordingly. This negatively impacted interest expenses by a total of €44.1 million (PY: €45.0 million) in the first half of 2013.

At €14.0 million, interest income in the first six months of 2013 was €0.6 million higher than the previous year's figure of €13.4 million.

In the first half of 2013, valuation losses from changes in the fair value of the derivative instruments amounted to €2.7 million (PY: income of €102.0 million). Of this figure, a loss of €5.0 million (PY: €93.0 million of the income) related to the reporting of early redemption options for the bonds issued by Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., in September 2012 and Conti-Gummi Finance B.V., Maastricht, Netherlands, in 2010.

Owing to the decision to redeem early the two bonds of Conti-Gummi Finance B.V., Maastricht, Netherlands, announced in May and early July 2013, valuation losses from the reporting of the early redemption options for these two bonds of €129.9 million are anticipated in the third quarter of 2013. These bonds are the bond originally maturing in July 2015 with a nominal volume of €750.0 million and an interest rate of 8.5% p.a. and the bond originally maturing in September 2017 with a nominal volume of €1,000.0 million and an interest rate of 7.5% p.a., early repayment of which will take place as at July 15, 2013, and September 16, 2013, respectively.

Income tax expense

Income tax expense in the first half of 2013 amounted to €83.8 million (PY: €396.7 million). The tax rate in the reporting period was 6.6% after 27.7% for the same period of the previous year. In particular, this was due to the recognition of deferred tax assets in the U.S.A. in the amount of €256.2 million, the future utilization of which is considered likely given the ongoing positive business performance.

Net income attributable to the shareholders of the parent

Net income attributable to the shareholders of the parent company was up 13.8% at €1,141.9 million (PY: €1,003.2 million), with earnings per share of €5.71 (PY: €5.02).

Financial Position

Cash flow

At €624.4 million as at June 30, 2013, net cash flow from operating activities was €363.7 million below the figure for the previous year of €988.1 million.

The free cash flow in the first half of 2013 dropped by €214.6 million compared with the first six months of 2012 to -€88.2 million (PY: €126.4 million).

EBIT declined by €22.8 million year-on-year to €1,630.6 million (PY: €1,653.4 million).

Interest payments resulting in particular from the syndicated loan and the bonds declined by €50.2 million to €239.4 million (PY: €289.6 million). Income tax payments increased by €79.5 million to €420.2 million (PY: €340.7 million).

At €1,062.1 million as at June 30, 2013, the net cash outflow arising from the increase in operating working capital was €449.3 million higher than the previous year's figure of €612.8 million. It mainly represents the normalization of the unusually low level of working capital as of the end of 2012.

Cash flow arising from investing activities amounted to €712.6 million (PY: €861.7 million) in the first six months of 2013. Capital expenditure on property, plant and equipment, and software was up €38.7 million from €828.0 million to €866.7 million before financial leasing and the capitalization of borrowing costs. Acquisitions and sales of companies and business operations resulted in a total cash inflow of €158.0 million in the first half of 2013 (PY: outflow of €10.0 million).

Financing

As at June 30, 2013, the corporation's net indebtedness was down €864.0 million year-on-year from €6,875.9 million to €6,011.9 million. The gearing ratio improved to 68.5% (PY: 87.9%) at the end of June 2013. As against the end of 2012, net indebtedness rose by €692.0 million.

Continental further improved its financial and maturity structure in 2012. For example, in September 2012 it took advantage of the positive capital market environment to improve the maturity structure of its financial liabilities, placing a U.S. dollar bond with an issue volume of U.S. $950.0 million. The bond, which has a term of seven years, was issued by Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., and is guaranteed by Continental AG and selected subsidiaries. The annual interest rate is 4.5% and interest payments are made in arrears every six months. The issue proceeds were used for early repayment of a portion of the tranche of the syndicated loan originally due in April 2014.

The next step towards improving Continental's financial and maturity structure, with the aim of increasing flexibility at the same time, was begun in December 2012 already with the refinancing process for the syndicated loan originally due in April 2014. As part of the agreement concluded on January 22, 2013, the credit volume was reduced to a total of €4.5 billion and split into two tranches with different terms: a loan of €1.5 billion with a term of three years and the increase in the revolving credit line from €2.5 billion to €3.0 billion with a term of five years. Under the new loan agreement, Continental is no longer required to furnish security in rem and has obtained further simplifications of the documentation required. Under the new syndicated loan agreement, too, the credit margins are based on the Continental Corporation's leverage ratio (net indebtedness/EBITDA, as defined in the syndicated loan agreement). The improvement in the leverage ratio already achieved as of the end of 2012 resulted in further margin decreases starting from the second quarter of 2013.

In 2013, further steps were taken to improve the financial and maturity structure while at the same time reducing interest costs. In May 2013, Continental set up a debt issuance program (DIP) with a volume of €5.0 billion. It is a framework program that allows short-, medium- and long-term bonds to be placed flexibly on the capital market. Continental AG, Conti-Gummi Finance B.V., Maastricht, Netherlands, and Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., can issue bonds under this program. The first of the bonds described below was issued at the start of July 2013 under this program.

The early redemption of two bonds issued in 2010 by Conti-Gummi Finance B.V., Maastricht, Netherlands, was announced in May and early July 2013. These bonds are the bond originally maturing in July 2015 with a nominal volume of €750.0 million and an inter-

est rate of 8.5% p.a. and the bond originally maturing in September 2017 with a nominal volume of €1,000.0 million and an interest rate of 7.5% p.a. Early repayment of these bonds is now planned as at July 15, 2013, and September 16, 2013, respectively. At the same time as the announcement of the redemption under the DIP, Continental successfully placed a euro bond with an issue volume of €750.0 million and an issue price of 98.95% with institutional and private investors in Germany and abroad for the partial refinancing of the bond being repaid early in September 2013. The issuer of the five-year bond is Continental AG. This bond is also guaranteed by selected subsidiaries. The interest rate is 3.0% p.a., interest payments will be made in arrears every six months.

Owing to the planned early redemption of bonds of Conti-Gummi Finance B.V., Maastricht, Netherlands, and the anticipated higher cash outflow associated with this, there were carrying amount adjustments in profit or loss, which were amortized over the expected remaining term of the bonds reducing costs. As at June 30, 2013, the negative value of the carrying amount adjustments totaled €89.1 million (PY: –).

The volume of €5,375.0 million committed under the previous syndicated loan as of the end of June 2012 was already reduced to €4,637.1 million in September 2012 through the partial repayment from the net issue proceeds of the U.S. dollar bond of Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A. The new syndicated loan agreement concluded in January 2013 led to a further reduction in the committed volume to €4.5 billion. As at June 30, 2013, the syndicated loan had been utilized by Continental AG and Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., to a nominal amount of €2,229.6 million (PY: €3,758.3 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 at June 30, 2013, Continental had liquidity reserves totaling €4,548.6 million (PY: €3,772.3 million), consisting of cash and cash equivalents of €1,578.9 million (PY: €1,401.7 million) and committed, unutilized credit lines totaling €2,969.7 million (PY: €2,370.6 million).

Capital expenditure (additions)

In the first half of 2013, capital expenditure on property, plant and equipment, and software amounted to €867.0 million (PY: €828.8 million). The capital expenditure ratio after six months was 5.2% (PY: 5.0%).

€384.3 million (PY: €394.3 million) of this capital expenditure was attributable to the Automotive Group, representing 3.8% (PY: 3.9%) 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. In the Chassis & Safety division, production capacity for the Electronic Brake Systems and Hydraulic Brake Systems business units was expanded in particular. Important additions related to the creation of new production facilities for the next generation of electronic brake systems. In the Powertrain division, investments focused on expanding production capacity for the Engine Systems, Sensors & Actuators and Transmission business units. Investments in the Interior division essentially related to expanding production capacity for the Body & Security and Instrumentation & Driver HMI business units.

The Rubber Group invested €482.3 million (PY: €433.9 million), equivalent to 7.4% (PY: 6.7%) of sales. Investments in the Tire division focused on expanding capacity at European best-cost locations and in North and South America as well as in Asia. There were major additions relating to the construction of new plants in Kaluga, Russia, and Sumter, South Carolina, U.S.A., and the expansion of existing sites in Puchov, Slovakia, Lousado, Portugal, Camacari, Brazil, Hefei, China and Mount Vernon, Illinois, U.S.A. Quality assurance and cost-cutting measures were also implemented. The ContiTech division invested in rationalizing production processes and expanding production capacity for new products. Production capacity was increased at the German locations and in China, Romania, the Czech Republic and the U.S.A. In Subotica, Serbia, and Kaluga, Russia, the establishment of new plants for the Fluid Technology business unit was invested in.

Change in net indebtedness

	January 1 to June 30		Second Quarter	
in € millions	**2013**	**2012**	**2013**	**2012**
Cash flow arising from operating activities	624.4	988.1	665.8	732.0
Cash flow arising from investing activities	-712.6	-861.7	-442.9	-457.9
Cash flow before financing activities (free cash flow)	**-88.2**	**126.4**	**222.9**	**274.1**
Dividends paid	-450.0	-300.0	-450.0	-300.0
Dividends paid and repayment of capital to non-controlling interests	-19.7	-31.6	-18.7	-9.7
Non-cash changes	-79.9	130.5	-111.8	53.5
Other	-48.0	-14.9	-43.9	-9.5
Foreign exchange effects	-6.2	-14.2	2.7	-43.1
Change in net indebtedness	**-692.0**	**-103.8**	**-398.8**	**-34.7**

Net Assets Position

At €27,844.6 million (PY: €27,221.8 million), total assets as at June 30, 2013, were €622.8 million higher than on the same date in 2012. This was chiefly due to the €689.7 million increase in property, plant and equipment to €7,556.5 million (PY: €6,866.8 million). Deferred tax assets climbed by €467.5 million from €635.2 million to €1,102.7 million, due in part to the recognition of deferred taxes in the U.S.A. This was offset by a €439.0 million decline in other intangible assets to €730.6 million (PY: €1,169.6 million) owing primarily to amortization from purchase price allocation (PPA). Inventories fell by €134.8 million to €3,160.3 million (PY: €3,295.1 million).

Equity including non-controlling interests was up €951.7 million at €8,776.3 million compared with €7,824.6 million as at June 30, 2012. This was due primarily to the increase in consolidated comprehensive income of €2,022.2 million. Equity was reduced by dividends in the amount of €450.0 million resolved at the Annual Shareholders' Meeting. Reserves recognized directly in equity changed by -€619.5 million to -€978.6 million (PY: -€359.1 million), due in particular to the remeasurement of defined benefit pension plans. The gearing ratio improved from 87.9% to 68.5%.

At €27,844.6 million, total assets were up €394.5 million as against December 31, 2012 (€27,450.1 million). This resulted in particular from the rise in trade accounts receivable of €928.8 million to €5,922.1 million (PY: €4,993.3 million) and in inventories of €161.6 million to €3,160.3 million (PY: €2,998.7 million) and in property, plant and equipment of €165.5 million to €7,556.5 million (PY: €7,391.0 million). Deferred tax assets rose by €252.3 million to €1,102.7 million (PY: €850.4 million), mainly as a result of the recognition of deferred tax assets in the U.S.A. This was partially offset by a €214.5 million decline in other intangible assets to €730.6 million (PY: €945.1 million) owing primarily to amortization from PPA. Assets held for sale decreased by €175.2 million to €36.6 million (PY: €211.8 million), essentially as a result of the sale of an asset group and of shares in a joint controlled entity. At €1,578.9 million (PY: €2,397.2 million), cash and cash equivalents were down €818.3 million.

Equity including non-controlling interests increased by €619.9 million to €8,776.3 million compared with €8,156.4 million at the end of 2012. This was due primarily to the positive net income attributable to the shareholders of the parent of €1,141.9 million. The gearing ratio rose from 65.2% to 68.5%.

Employees

As of the end of the second quarter of 2013, the corporation's employees numbered 174,713. This corresponds to a rise of 5,074 compared with the end of 2012, including 3,213 employees in the Automotive Group, 1,111 in the Tire division and 729 in the ContiTech division. As against the reporting date for the previous year, the number of employees in the corporation rose by a total of 5,900.

Development of the Divisions

Chassis & Safety in € millions	January 1 to June 30 2013	January 1 to June 30 2012	Second Quarter 2013	Second Quarter 2012
Sales	3,653.7	3,593.3	1,860.8	1,780.9
EBITDA	492.1	507.1	250.3	257.3
in % of sales	13.5	14.1	13.5	14.4
EBIT	318.0	339.8	162.7	173.0
in % of sales	8.7	9.5	8.7	9.7
Depreciation and amortization[1]	174.1	167.3	87.6	84.3
– thereof impairment[2]	—	—	—	—
Capital expenditure[3]	149.2	142.2	76.8	80.8
in % of sales	4.1	4.0	4.1	4.5
Operating assets as at June 30	4,104.5	4,159.4		
Number of employees as at June 30[4]	35,637	34,373		
Adjusted sales[5]	3,653.7	3,593.3	1,860.8	1,780.9
Adjusted operating result (adjusted EBIT)[6]	343.5	366.4	175.5	186.3
in % of adjusted sales	9.4	10.2	9.4	10.5

[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.

Chassis & Safety

Sales volumes

Sales volumes in the Electronic Brake Systems business unit climbed by 3.9% year-on-year to 10.5 million units in the first six months of 2013. In the Hydraulic Brake Systems business unit, sales of brake boosters were down 2.4% at 9.9 million units. Brake caliper sales rose 7.3% to 24.2 million units. In the Passive Safety and Sensors business unit, sales of air bag control units increased by 8.8% to 8.3 million units. Sales of driver assistance systems were up 57.2% at 1.9 million units.

Sales up 1.7%;
Sales up 3.7% before changes in the scope of consolidation and exchange rate effects

Sales of the Chassis & Safety division were up by 1.7% to €3,653.7 million (PY: €3,593.3 million) in the first six months of 2013 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange rate effects, sales rose by 3.7%.

Adjusted EBIT down 6.3%

Adjusted EBIT for the Chassis & Safety division decreased by €22.9 million or 6.3% year-on-year to €343.5 million (PY: €366.4 million) during the first six months of 2013, corresponding to 9.4% (PY: 10.2%) of adjusted sales.

EBIT down 6.4%

Compared with the same period of 2012, the Chassis & Safety division reported a decrease in EBIT of €21.8 million or 6.4% to €318.0 million (PY: €339.8 million) in the first half of 2013. The return on sales fell to 8.7% (PY: 9.5%).

Special effects in the first half of 2013

The reversal of restructuring provisions no longer required at the former location in Elkhart, Indiana, U.S.A., resulted in a positive special effect of €0.3 million.

Special effects in the first half of 2012

There were no special effects in the Chassis & Safety division in the first half of 2012.

	January 1 to June 30		Second Quarter	
Powertrain in € millions	2013	2012	2013	2012
Sales	3,132.6	3,198.7	1,606.5	1,572.5
EBITDA	327.4	317.2	168.5	153.0
in % of sales	10.5	9.9	10.5	9.7
EBIT	110.4	82.8	58.3	37.0
in % of sales	3.5	2.6	3.6	2.4
Depreciation and amortization[1]	217.0	234.4	110.2	116.0
– thereof impairment[2]	0.9	—	0.9	—
Capital expenditure[3]	128.6	141.4	75.6	76.9
in % of sales	4.1	4.4	4.7	4.9
Operating assets as at June 30	3,045.0	3,100.7		
Number of employees as at June 30[4]	32,359	31,342		
Adjusted sales[5]	3,132.6	3,198.7	1,606.5	1,572.5
Adjusted operating result (adjusted EBIT)[6]	151.1	170.2	92.5	80.5
in % of adjusted sales	4.8	5.3	5.8	5.1

[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.

Powertrain

Sales volumes

Sales in the Powertrain division were down 2.1% year-on-year in the first half of 2013. The decline in the first quarter was 6.2%. This was mainly due to the Engine Systems business unit, which posted a decrease in sales of 11.9% compared with the first half of the previous year. As a supplier for vehicles with diesel engines and smaller gasoline engines, this business unit is particularly heavily impacted by the negative economic development on the European sales market. Growth is continuing in the Transmission (13.4% year-on-year) and Sensors & Actuators (5.7% year-on-year) business units. While the rise in sales in transmission actuators was largely driven by increases in NAFTA, the growth at Sensors & Actuators is primarily due to new start-ups for exhaust sensors in China and generally higher order figures.

Sales down 2.1%;
Sales down 2.0% before changes in the scope of consolidation and exchange rate effects

Sales of the Powertrain division declined by 2.1% to €3,132.6 million (PY: €3,198.7 million) in the first six months of 2013 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange rate effects, sales declined by 2.0%.

Adjusted EBIT down 11.2%

Adjusted EBIT for the Powertrain division decreased by €19.1 million or 11.2% year-on-year to €151.1 million (PY: €170.2 million) during the first six months of 2013, corresponding to 4.8% (PY: 5.3%) of adjusted sales.

EBIT up 33.3%

Compared with the same period of 2012, the Powertrain division reported an increase in EBIT of €27.6 million or 33.3% to €110.4 million (PY: €82.8 million) in the first half of 2013. The return on sales rose to 3.5% (PY: 2.6%).

Special effects in the first half of 2013

On January 1, 2013, the closing took place for SK Continental E-motion Pte., Singapore, Singapore, a company jointly managed by SK Innovation Co., Ltd., Seoul, South Korea, and Continental, after the agreement to form the company was signed in July 2012. The transaction resulted in income of €25.0 million in the Powertrain division.

A write-down on property, plant and equipment resulted in an expense of €0.9 million for the Sibiu location in Romania.

The reversal of restructuring provisions no longer required at the former location in Elkhart, Indiana, U.S.A., resulted in a positive special effect of €0.3 million.

The positive impact from special effects in the Powertrain division amounted to €24.4 million in the first six months.

Special effects in the first half of 2012

In the first six months of 2012, there was a positive effect of €0.8 million overall in the Powertrain division.

Interior in € millions	January 1 to June 30		Second Quarter	
	2013	2012	2013	2012
Sales	3,343.4	3,275.3	1,723.3	1,614.4
EBITDA	422.2	411.6	220.1	212.2
in % of sales	12.6	12.6	12.8	13.1
EBIT	208.2	195.3	112.5	102.5
in % of sales	6.2	6.0	6.5	6.3
Depreciation and amortization[1]	214.0	216.3	107.6	109.7
– thereof impairment[2]	—	1.6	—	1.6
Capital expenditure[3]	106.5	110.7	59.3	61.0
in % of sales	3.2	3.4	3.4	3.8
Operating assets as at June 30	4,074.5	4,373.3		
Number of employees as at June 30[4]	33,836	32,759		
Adjusted sales[5]	3,338.2	3,275.3	1,720.9	1,614.4
Adjusted operating result (adjusted EBIT)[6]	286.8	290.8	162.4	148.1
in % of adjusted sales	8.6	8.9	9.4	9.2

[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 above the previous year’s level in the first half of 2013. Declines on the Western European market were compensated by increases on both the North American and the Asian market. Unit sales of audio components were down in the first half of 2013 in the Infotainment & Connectivity business unit. With a slight rise in Asia, this is mainly due to falling demand in Europe. Sales volumes of multimedia systems decreased as a result of declining demand in Asia and Europe. There was an increase in the telematics segment, while the device connectivity segment posted a decrease. 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 Western Europe and Asia, which was only partially offset by replacement parts and aftermarket activities. Sales figures in the Instrumentation & Driver HMI business units were higher than in the first six months of 2012. Stable demand on the Asian and European market was offset by sales increases, some of them significant, in North America. There was also an increase in demand in the cockpit business.

Sales up 2.1%; Sales up 3.0% before changes in the scope of consolidation and exchange rate effects

Sales of the Interior division rose by 2.1% to €3,343.4 million (PY: €3,275.3 million) in the first six months of 2013 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange rate effects, sales rose by 3.0%.

Adjusted EBIT down 1.4%

Adjusted EBIT for the Interior division decreased by €4.0 million or 1.4% year-on-year to €286.8 million (PY: €290.8 million) during the first six months of 2013, corresponding to 8.6% (PY: 8.9%) of adjusted sales.

EBIT up 6.6%

Compared with the same period of 2012, the Interior division reported an increase in EBIT of €12.9 million

or 6.6% to €208.2 million (PY: €195.3 million) in the first half of 2013. The return on sales rose to 6.2% (PY: 6.0%).

Special effects in the first half of 2013

As at January 29, 2013, Continental sold its shares in S-Y Systems Technologies Europe GmbH, Regensburg, Germany, to Yazaki Europe Ltd., Hertfordshire, U.K. The transaction resulted in income of €54.6 million in the Interior division.

Based on a possible obligation, a provision of €35.0 million was recognized in the Interior division.

For the Interior division, the total positive impact from special effects in the first half of 2013 amounted to €19.6 million.

Special effects in the first half of 2012

In the Interior division, special effects from the reversal of restructuring provisions no longer required had a positive impact totaling €6.5 million in the first half of 2012.

In addition, impairment of property, plant and equipment resulted in expense of €1.6 million.

For the Interior division, the total positive impact from special effects in the first half of 2012 amounted to €4.9 million.

	January 1 to June 30		Second Quarter	
Tires in € millions	**2013**	**2012**	**2013**	**2012**
Sales	4,641.2	4,718.5	2,419.0	2,351.7
EBITDA	992.4	999.2	533.2	530.7
in % of sales	21.4	21.2	22.0	22.6
EBIT	805.5	827.2	440.3	442.9
in % of sales	17.4	17.5	18.2	18.8
Depreciation and amortization[1]	186.9	172.0	92.9	87.8
– thereof impairment[2]	-1.6	-2.8	-1.6	-2.7
Capital expenditure[3]	408.3	368.7	177.9	181.3
in % of sales	8.8	7.8	7.4	7.7
Operating assets as at June 30	4,711.5	4,473.2		
Number of employees as at June 30[4]	43,635	42,530		
Adjusted sales[5]	4,637.6	4,718.5	2,415.9	2,351.7
Adjusted operating result (adjusted EBIT)[6]	806.8	820.9	440.0	441.6
in % of adjusted sales	17.4	17.4	18.2	18.8

[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.

Tires

Sales volumes

Sales volumes of passenger and light truck tires to vehicle OEMs were up on the previous year in the first six months of 2013. While the EMEA (Europe, the Middle East and Africa) region was unable to match the previous year's level, the APAC (Asia and Pacific) and Americas (North, Central and South America) regions posted double-digit growth rates. Replacement business with passenger and light truck tires fell short of the previous year's level. Here, the EMEA region was particularly heavily impacted by the decline in sales volumes. In contrast, the APAC region posted a positive development with double-digit growth rates as compared to the previous year. In the commercial vehicle tire business, sales figures climbed by around 2% as against the same period of the previous year.

Sales down 1.6%; Sales down 0.4% before changes in the scope of consolidation and exchange rate effects

Sales of the Tire division declined by 1.6% to €4,641.2 million (PY: €4,718.5 million) in the first six months of 2013 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange rate effects, sales declined by 0.4%.

Adjusted EBIT down 1.7%

Adjusted EBIT for the Tire division decreased by €14.1 million or 1.7% year-on-year to €806.8 million (PY: €820.9 million) in the first six months of 2013, corresponding to 17.4% of adjusted sales, as in the previous year.

EBIT down 2.6%

Compared with the same period of 2012, the Tire division reported a decrease in EBIT of €21.7 million or 2.6% to €805.5 million (PY: €827.2 million) in the first half of 2013. The return on sales fell to 17.4% (PY: 17.5%).

Special effects in the first half of 2013

Reversals of impairment losses on property, plant and equipment had a positive effect totaling €1.6 million in the Tire division in the first half of 2013.

Special effects in the first half of 2012

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

Reversals of impairment losses on property, plant and equipment had a positive effect totaling €2.8 million in the Tire division.

For the Tire division, the total positive impact from special effects in the first half of 2012 amounted to €9.0 million.

ContiTech in € millions	January 1 to June 30 2013	January 1 to June 30 2012	Second Quarter 2013	Second Quarter 2012
Sales	1,940.3	1,854.6	998.7	931.6
EBITDA	293.4	288.3	157.5	148.0
in % of sales	15.1	15.5	15.8	15.9
EBIT	236.9	239.4	129.2	123.6
in % of sales	12.2	12.9	12.9	13.3
Depreciation and amortization[1]	56.5	48.9	28.3	24.4
– thereof impairment[2]	—	—	—	—
Capital expenditure[3]	74.0	65.2	45.6	40.7
in % of sales	3.8	3.5	4.6	4.4
Operating assets as at June 30	1,300.9	1,162.1		
Number of employees as at June 30[4]	28,939	27,531		
Adjusted sales[5]	1,851.5	1,854.6	953.7	931.6
Adjusted operating result (adjusted EBIT)[6]	239.4	241.4	130.0	124.6
in % of adjusted sales	12.9	13.0	13.6	13.4

[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 4.6%;
Sales up 0.1% before changes in the scope of consolidation and exchange rate effects

Sales of the ContiTech division rose by 4.6% to €1,940.3 million (PY: €1,854.6 million) in the first six months of 2013 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange rate effects, sales were up by 0.1%. The automotive aftermarket business saw the highest growth rate of around 3%. Sales to automotive manufacturers rose by around 1%. In industry business, the Compounding Technology business unit experienced a decline of around 12% as against the same period of the previous year. Sales volumes increased slightly in the other industrial business units.

Adjusted EBIT down 0.8%

Adjusted EBIT for the ContiTech division decreased by €2.0 million or 0.8% year-on-year to €239.4 million (PY: €241.4 million) in the first six months of 2013, corresponding to 12.9% (PY: 13.0%) of adjusted sales.

EBIT down 1.0%

Compared with the same period of last year, the ContiTech division reported a decrease in EBIT of €2.5 million or 1.0% to €236.9 million (PY: €239.4 million) in the first half of 2013. The return on sales fell to 12.2% (PY: 12.9%).

Special effects in the first half of 2013

For the ContiTech division, the total negative impact from special effects in the first six months of 2013 amounted to €0.8 million.

Special effects in the first half of 2012

For the ContiTech division, the total net expense from special effects in the first half of 2012 amounted to €0.7 million.

Report on Expected Developments and Outlook

Continental's sales developed better in the second quarter of 2013 than in the first. This is, however, due primarily to technical and seasonal factors and cannot be viewed as a fundamental turnaround. For example, the second quarter had more working days than the first quarter and the changeover from winter to summer tires was delayed due to the long winter. Thus, the development in Europe in particular, where Continental generates about 55% of its sales, must still be described as unstable.

We are therefore not anticipating a further revitalization of consolidated sales in the third quarter of 2013 as against the second, as growth in Asia and NAFTA is also expected to diminish as the year progresses. Moreover, following the modest development in the first half of the year, our previous estimate for the European replacement tire market in 2013 no longer seems possible; we are now anticipating an increase of 1% at best. Nonetheless, with the lower prior-year basis, there should still be stable growth in consolidated sales as against the same quarter of the previous year.

This notwithstanding, we can largely confirm our goals for 2013. Given the slower than expected recovery on the replacement tire market, we are forecasting a rise in consolidated sales to around €34 billion. The absence of a sustainable recovery on the European replacement tire market has contributed to a continuing decline in natural and synthetic rubber prices. Therefore, we are anticipating that the Rubber Group's expenses will be around €300 million lower in 2013. Thus, we can fully confirm our goal of maintaining the high level of the adjusted EBIT margin at above 10% in the current fiscal year as well. We anticipate consolidated expenses from special effects to amount to about €50 million. The volume of investments in 2013 will remain at virtually the same level as the previous year. The target for free cash flow remains at more than €700 million.

Consolidated Financial Statements as at June 30, 2013

Owing to the first-time adoption of IAS 19 (revised 2011), *Employee Benefits*, as at January 1, 2013, all subsequent figures for the comparative periods have been restated in accordance with the requirements of IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

Consolidated Statement of Income and Comprehensive Income

	January 1 to June 30		Second Quarter	
in € millions	**2013**	**2012**	**2013**	**2012**
Sales	**16,574.3**	**16,506.2**	**8,541.0**	**8,186.7**
Cost of sales	-12,776.1	-12,931.3	-6,531.8	-6,388.8
Gross margin on sales	**3,798.2**	**3,574.9**	**2,009.2**	**1,797.9**
Research and development expenses	-987.0	-900.5	-487.2	-454.7
Selling and logistics expenses	-818.7	-768.5	-412.2	-389.5
Administrative expenses	-352.1	-322.0	-180.3	-162.8
Other expenses and income	-24.7	32.1	-58.5	52.2
Income from at-equity accounted investees	14.8	29.9	7.6	17.3
Other income from investments	0.1	7.5	4.6	5.8
Earnings before interest and taxes	**1,630.6**	**1,653.4**	**883.2**	**866.2**
Interest income	14.0	13.4	8.0	5.9
Interest expense[1]	-374.4	-234.6	-245.3	-162.1
Net interest expense	**-360.4**	**-221.2**	**-237.3**	**-156.2**
Earnings before taxes	**1,270.2**	**1,432.2**	**645.9**	**710.0**
Income tax expense	-83.8	-396.7	77.2	-175.0
Net income	**1,186.4**	**1,035.5**	**723.1**	**535.0**
Non-controlling interests	-44.5	-32.3	-22.4	-14.7
Net income attributable to the shareholders of the parent	1,141.9	1,003.2	700.7	520.3
Basic earnings per share in €	**5.71**	**5.02**	**3.50**	**2.60**
Diluted earnings per share in €	**5.71**	**5.02**	**3.50**	**2.60**

[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. Interest effects from pension obligations and from other long-term employee benefits as well as from pension funds are also included.

	January 1 to June 30		Second Quarter	
in € millions	**2013**	**2012**	**2013**	**2012**
Net income	**1,186.4**	**1,035.5**	**723.1**	**535.0**
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit plans	133.4	—	72.0	—
Fair value adjustments	148.7	—	78.9	—
Portion for at-equity accounted investees[1]	-1.1	—	0.5	—
Deferred taxes on other comprehensive income	-14.2	—	-7.4	—
Items that may be reclassified subsequently to profit or loss				
Currency translation[2]	-185.5	66.5	-263.8	75.5
Difference from currency translation[2]	-185.1	65.3	-263.2	75.5
Reclassification adjustments to profit and loss	0.2	1.2	—	—
Portion for at-equity accounted investees[1]	-0.6	—	-0.6	—
Available-for-sale financial assets	-2.2	3.7	-3.0	-0.6
Fair value adjustments	0.0	3.7	-1.9	-0.6
Reclassification adjustments to profit and loss	-2.2	—	-1.1	—
Cash flow hedges	—	21.9	—	10.4
Fair value adjustments	—	—	—	—
Reclassification adjustments to profit and loss	—	21.9	—	10.4
Deferred taxes on other comprehensive income	4.8	-12.7	9.5	-2.1
Other comprehensive income	**-49.5**	**79.4**	**-185.3**	**83.2**
Comprehensive income	**1,136.9**	**1,114.9**	**537.8**	**618.2**
Attributable to non-controlling interests	-24.1	-39.0	-8.0	-28.4
Attributable to the shareholders of the parent	1,112.8	1,075.9	529.8	589.8

[1] Including taxes.
[2] Including non-controlling interests.

Consolidated Statement of Financial Position

Assets in € millions	**June 30, 2013**	***Dec. 31, 2012***	**June 30, 2012**
Goodwill	5,605.7	*5,622.2*	5,727.7
Other intangible assets	730.6	*945.1*	1,169.6
Property, plant and equipment	7,556.5	*7,391.0*	6,866.8
Investment property	19.4	*19.8*	19.7
Investments in at-equity accounted investees	450.9	*376.5*	484.6
Other investments	6.9	*6.9*	6.6
Deferred tax assets	1,102.7	*850.4*	635.2
Defined benefit assets	2.1	*2.0*	14.7
Long-term derivative instruments and interest-bearing investments	261.2	*433.9*	394.3
Other long-term financial assets	22.3	*23.8*	29.2
Other long-term assets	12.8	*14.1*	12.4
Non-current assets	**15,771.1**	***15,685.7***	**15,360.8**
Inventories	3,160.3	*2,998.7*	3,295.1
Trade accounts receivable	5,922.1	*4,993.3*	5,815.6
Other short-term financial assets	342.9	*321.8*	315.6
Other short-term assets	727.7	*661.4*	720.3
Income tax receivables	81.4	*77.9*	183.5
Short-term derivative instruments and interest-bearing investments	223.6	*102.3*	84.0
Cash and cash equivalents	1,578.9	*2,397.2*	1,401.7
Assets held for sale	36.6	*211.8*	45.2
Current assets	**12,073.5**	***11,764.4***	**11,861.0**
Total assets	**27,844.6**	***27,450.1***	**27,221.8**

Total equity and liabilities in € millions	**June 30, 2013**	***Dec. 31, 2012***	**June 30, 2012**
Subscribed capital	512.0	*512.0*	512.0
Capital reserves	4,155.6	*4,155.6*	4,155.6
Retained earnings	4,754.1	*4,062.2*	3,160.2
Other comprehensive income	-978.6	*-950.8*	-359.1
Equity attributable to the shareholders of the parent	**8,443.1**	***7,779.0***	**7,468.7**
Non-controlling interests	333.2	*377.4*	355.9
Total equity	**8,776.3**	***8,156.4***	**7,824.6**
Provisions for pension liabilities and similar obligations	2,471.1	*2,583.1*	1,892.0
Deferred tax liabilities	288.8	*269.2*	326.3
Long-term provisions for other risks and obligations	290.4	*308.5*	363.1
Long-term portion of indebtedness	3,274.2	*4,181.0*	6,095.6
Other long-term financial liabilities	12.4	*13.1*	7.8
Other long-term liabilities	55.5	*52.7*	53.0
Non-current liabilities	**6,392.4**	***7,407.6***	**8,737.8**
Trade accounts payable	4,376.2	*4,344.6*	4,227.3
Income tax payables	625.8	*713.3*	764.7
Short-term provisions for other risks and obligations	593.8	*597.0*	756.7
Indebtedness	4,801.4	*4,072.3*	2,660.3
Other short-term financial liabilities	1,342.9	*1,406.9*	1,367.8
Other short-term liabilities	933.7	*751.2*	882.6
Liabilities held for sale	2.1	*0.8*	—
Current liabilities	**12,675.9**	***11,886.1***	**10,659.4**
Total equity and liabilities	**27,844.6**	***27,450.1***	**27,221.8**

Consolidated Statement of Cash Flows

	January 1 to June 30		Second Quarter	
in € millions	2013	2012	2013	2012
Net income	**1,186.4**	**1,035.5**	**723.1**	**535.0**
Income tax expense	83.8	396.7	-77.2	175.0
Net interest expense	360.4	221.2	237.3	156.2
EBIT	**1,630.6**	**1,653.4**	**883.2**	**866.2**
Interest paid	-239.4	-289.6	-57.3	-85.3
Interest received	15.8	13.2	8.6	5.7
Income tax paid	-420.2	-340.7	-216.0	-205.7
Dividends received	20.6	33.7	5.0	6.2
Depreciation, amortization and impairment	848.7	839.2	426.7	422.5
Income from at-equity accounted and other investments, incl. impairment	-14.9	-37.4	-12.2	-23.1
Gains from the disposal of assets, companies and business operations	-84.2	-2.2	-1.9	-1.4
Other non-cash items	-2.4	-3.5	—	-1.8
Changes in				
inventories	-194.6	-270.3	0.7	-115.6
trade accounts receivable	-928.8	-406.7	-129.8	311.0
trade accounts payable	61.3	64.2	-55.0	-40.2
pension and similar obligations	-9.2	-32.0	-6.7	-16.5
other assets and liabilities	-58.9	-233.2	-179.5	-390.0
Cash flow arising from operating activities	**624.4**	**988.1**	**665.8**	**732.0**
Proceeds on the disposal of property, plant and equipment, and intangible assets	11.8	13.1	7.0	4.0
Capital expenditure on property, plant and equipment, and software	-866.7	-828.0	-435.4	-440.1
Capital expenditure on intangible assets from development projects and miscellaneous	-15.7	-36.8	-8.4	-17.3
Proceeds on the disposal of companies and business operations	248.5	0.0	-1.8	—
Acquisition of companies and business operations	-90.5	-10.0	-4.3	-4.5
Cash flow arising from investing activities	**-712.6**	**-861.7**	**-442.9**	**-457.9**
Cash flow before financing activities (free cash flow)	**-88.2**	**126.4**	**222.9**	**274.1**
Change in indebtedness	-199.3	57.3	-41.7	120.5
Step acquisitions	-48.5	-18.1	-43.9	-7.7
Dividends paid	-450.0	-300.0	-450.0	-300.0
Dividends paid and repayment of capital to non-controlling interests	-19.7	-31.6	-18.7	-9.7
Cash and cash equivalents arising from first consolidation of subsidiaries	0.4	4.8	—	—
Cash flow arising from financing activities	**-717.1**	**-287.6**	**-554.3**	**-196.9**
Change in cash and cash equivalents	**-805.3**	**-161.2**	**-331.4**	**77.2**
Cash and cash equivalents at the beginning of the reporting period	2,397.2	1,541.2	1,962.7	1,297.9
Effect of exchange rate changes on cash and cash equivalents	-13.0	21.7	-52.4	26.6
Cash and cash equivalents at the end of the reporting period	**1,578.9**	**1,401.7**	**1,578.9**	**1,401.7**

Consolidated Statement of Changes in Equity

in € millions	Number of shares[1] (thousands)	Subscribed capital	Capital reserves	Retained earnings	Step acquisitions[2]	Remeasurement of defined benefit plans[3]	Difference from currency translation[4]	Difference from financial instruments[5]	Subtotal	Non-controlling interests	Total
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**
Adjustments IAS 19[6]	**—**	**—**	**—**	**2.4**	**—**	**-496.2**	**—**	**—**	**-493.8**	**—**	**-493.8**
As at Jan. 1, 2012 adjusted	**200,006**	**512.0**	**4,155.6**	**2,457.0**	**-59.8**	**-496.2**	**105.3**	**-21.6**	**6,652.3**	**397.2**	**7,049.5**
Net income	—	—	—	1,003.2	—	—	—	—	**1,003.2**	32.3	**1,035.5**
Comprehensive income	—	—	—	—	—	—	54.7	18.0	**72.7**	6.7	**79.4**
Net profit for the period	—	—	—	**1,003.2**	—	—	**54.7**	**18.0**	**1,075.9**	**39.0**	**1,114.9**
Dividends paid/ resolved	—	—	—	-300.0	—	—	—	—	**-300.0**	-32.1	**-332.1**
Step acquisitions	—	—	—	—	36.6	—	—	—	**36.6**	-52.4	**-15.8**
Other changes[7]	—	—	—	—	4.0	—	—	—	**4.0**	4.2	**8.2**
As at June 30, 2012	**200,006**	**512.0**	**4,155.6**	**3,160.2**	**-19.2**	**-496.2**	**160.0**	**-3.6**	**7,468.7**	**355.9**	**7,824.6**
As at Jan. 1, 2013	**200,006**	**512.0**	**4,155.6**	**4,038.1**	**-19.2**	**—**	**77.1**	**3.8**	**8,767.4**	**377.4**	**9,144.8**
Adjustments IAS 19[6]	**—**	**—**	**—**	**24.1**	**—**	**-1,012.5**	**—**	**—**	**-988.4**	**—**	**-988.4**
As at Jan. 1, 2013 adjusted	**200,006**	**512.0**	**4,155.6**	**4,062.2**	**-19.2**	**-1,012.5**	**77.1**	**3.8**	**7,779.0**	**377.4**	**8,156.4**
Net income	—	—	—	1,141.9	—	—	—	—	**1,141.9**	44.5	**1,186.4**
Comprehensive income	—	—	—	—	—	134.9	-162.7	-1.3	**-29.1**	-20.4	**-49.5**
Net profit for the period	**—**	**—**	**—**	**1,141.9**	**—**	**134.9**	**-162.7**	**-1.3**	**1,112.8**	**24.1**	**1,136.9**
Dividends paid	—	—	—	-450.0	—	—	—	—	**-450.0**	-19.7	**-469.7**
Step acquisitions	—	—	—	—	0.7	—	—	—	**0.7**	-48.6	**-47.9**
Other changes[7]	—	—	—	—	0.6	—	—	—	**0.6**	—	**0.6**
As at June 30, 2013	**200,006**	**512.0**	**4,155.6**	**4,754.1**	**-17.9**	**-877.6**	**-85.6**	**2.5**	**8,443.1**	**333.2**	**8,776.3**

1 Shares outstanding.
2 Step acquisitions of shares in fully consolidated companies, subsequent purchase price adjustment and effects from the first consolidation of previously non-consolidated subsidiaries.
3 Includes shareholder's portion of -€1.1 million (PY: —) in non-realized gains and losses from pension obligations of companies accounted for under the equity method.
4 Includes shareholder's portion of -€0.6 million (PY: —) in the foreign currency translation of companies accounted for under the equity method.
5 In the period under review, the difference arising from financial instruments, including deferred taxes, is mainly due to available-for-sale financial assets. The previous year's figure mainly results from the voluntary termination of cash flow hedge accounting for interest rate hedges in 2011.
6 We refer to our comments in the section on pension obligations.
7 Other changes in non-controlling interests due to changes in the scope of consolidation 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 June 30, 2013

in € millions	Chassis & Safety	Powertrain	Interior
External sales	3,632.8	3,100.8	3,336.2
Intercompany sales	20.9	31.8	7.2
Sales (total)	**3,653.7**	**3,132.6**	**3,343.4**
EBITDA	492.1	327.4	422.2
in % of sales	13.5	10.5	12.6
EBIT (segment result)	318.0	110.4	208.2
in % of sales	8.7	3.5	6.2
Depreciation and amortization[1]	174.1	217.0	214.0
– thereof impairment[2]	—	0.9	—
Capital expenditure[3]	149.2	128.6	106.5
in % of sales	4.1	4.1	3.2
Operating assets as at June 30	4,104.5	3,045.0	4,074.5
Number of employees as at June 30[4]	35,637	32,359	33,836

in € millions	Tires	ContiTech	Other/ Consolidation	Continental Corporation
External sales	4,634.2	1,870.3	—	16,574.3
Intercompany sales	7.0	70.0	-136.9	—
Sales (total)	**4,641.2**	**1,940.3**	**-136.9**	**16,574.3**
EBITDA	992.4	293.4	-48.2	2,479.3
in % of sales	21.4	15.1	—	15.0
EBIT (segment result)	805.5	236.9	-48.4	1,630.6
in % of sales	17.4	12.2	—	9.8
Depreciation and amortization[1]	186.9	56.5	0.2	848.7
– thereof impairment[2]	-1.6	—	—	-0.7
Capital expenditure[3]	408.3	74.0	0.4	867.0
in % of sales	8.8	3.8	—	5.2
Operating assets as at June 30	4,711.5	1,300.9	-71.8	17,164.6
Number of employees as at June 30[4]	43,635	28,939	307	174,713

[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.

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

in € millions	Chassis & Safety	Powertrain	Interior
External sales	3,572.6	3,169.0	3,265.7
Intercompany sales	20.7	29.7	9.6
Sales (total)	**3,593.3**	**3,198.7**	**3,275.3**
EBITDA	507.1	317.2	411.6
in % of sales	14.1	9.9	12.6
EBIT (segment result)	339.8	82.8	195.3
in % of sales	9.5	2.6	6.0
Depreciation and amortization[1]	167.3	234.4	216.3
– thereof impairment[2]	—	—	1.6
Capital expenditure[3]	142.2	141.4	110.7
in % of sales	4.0	4.4	3.4
Operating assets as at June 30	4,159.4	3,100.7	4,373.3
Number of employees as at June 30[4]	34,373	31,342	32,759

in € millions	Tires	ContiTech	Other/ Consolidation	Continental Corporation
External sales	4,710.1	1,788.8	—	16,506.2
Intercompany sales	8.4	65.8	-134.2	—
Sales (total)	**4,718.5**	**1,854.6**	**-134.2**	**16,506.2**
EBITDA	999.2	288.3	-30.8	2,492.6
in % of sales	21.2	15.5	—	15.1
EBIT (segment result)	827.2	239.4	-31.1	1,653.4
in % of sales	17.5	12.9	—	10.0
Depreciation and amortization[1]	172.0	48.9	0.3	839.2
– thereof impairment[2]	-2.8	—	—	-1.2
Capital expenditure[3]	368.7	65.2	0.6	828.8
in % of sales	7.8	3.5	—	5.0
Operating assets as at June 30	4,473.2	1,162.1	-81.3	17,187.4
Number of employees as at June 30[4]	42,530	27,531	278	168,813

[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 June 30		Second Quarter	
in € millions	**2013**	**2012**	**2013**	**2012**
Chassis & Safety	318.0	339.8	162.7	173.0
Powertrain	110.4	82.8	58.3	37.0
Interior	208.2	195.3	112.5	102.5
Tires	805.5	827.2	440.3	442.9
ContiTech	236.9	239.4	129.2	123.6
Other/consolidation	-48.4	-31.1	-19.8	-12.8
EBIT	**1,630.6**	**1,653.4**	**883.2**	**866.2**
Net interest expense	-360.4	-221.2	-237.3	-156.2
Earnings before taxes	**1,270.2**	**1,432.2**	**645.9**	**710.0**
Income tax expense	-83.8	-396.7	77.2	-175.0
Net income	**1,186.4**	**1,035.5**	**723.1**	**535.0**
Non-controlling interests	-44.5	-32.3	-22.4	-14.7
Net income attributable to the shareholders of the parent	**1,141.9**	**1,003.2**	**700.7**	**520.3**

Accounting principles
This interim report was prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at the end of the reporting period and endorsed by the European Union, and the interpretations of the International Financial Reporting Standards Interpretation Committee (IFRIC). The interim report was prepared in compliance with IAS 34, *Interim Financial Reporting*. The same accounting policies have been applied in the interim report as in the consolidated financial statements for 2012. These methods are described in detail in the 2012 Annual Report. In addition, the IFRS amendments and new regulations effective as at June 30, 2013, have also been applied in the interim report. A detailed description of these mandatory IFRS amendments and new regulations can be found in the 2012 Annual Report.

The first-time adoption of IAS 19 (revised 2011), *Employee Benefits*, had a material effect in the reporting period. The new regulations focus on abolishing the recognition of actuarial gains and losses using the corridor method. The recognition of past service cost over the vesting period is also no longer permitted. The reporting of defined benefit costs and the measurement of net interest income and expense has been changed as well. We refer to the section on pension obligations for details of the specific effects.

All the other IFRS amendments and new regulations effective as at June 30, 2013, had no material effect on the reporting of 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 effects of specific significant items not expected to recur 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 measurement 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 shown in millions of euro. Please note that differences may arise as a result of the use of rounded amounts and percentages.

Pension obligations
Effects of IAS 19 (revised 2011), ***Employee Benefits***
The first-time adoption of IAS 19 (revised 2011), *Employee Benefits*, as at January 1, 2013, resulted in the following material effects on the earnings, financial and net assets position of the corporation: The reporting of unrecognized actuarial losses in the statement of financial position resulted in a €1,205.0 million increase in pension liabilities and similar obligations as at

December 31, 2012. As a result of the remeasurement of defined benefit pension plans following the discontinuation of the corridor method, equity less counter-opposing deferred taxes was reduced by €1,012.5 million. Taking into account the accumulated retained earnings from the adjustment of the corridor and the translation of the expected return on plan assets, the total change in equity amounted to €988.4 million. As at December 31, 2012, the effects on deferred taxes totaled €215.8 million.

The reclassification of the interest cost on expected pension obligations and the expected return on plan assets from the operating result to net income from financial activities led to a retroactive improvement in EBIT and a €45.0 million increase in interest expenses in the comparative period ending June 30, 2012.

The remeasurement of defined benefit pension plans as at June 30, 2013, resulted in a €95.6 million increase in reserves recognized directly in equity, primarily due to the rise in discount rates. The improvement in equity contrasted with a decline in pension liabilities and similar obligations of €146.7 million.

The net pension cost of the Continental Corporation can be summarized as follows:

	January 1 to June 30, 2013					January 1 to June 30, 2012				
in € millions	**Germany**	**USA/C**	**UK**	**Other**	**Total**	**Germany**	**USA/C**	**UK**	**Other**	**Total**
Current service cost	48.8	0.3	1.8	8.0	**58.9**	30.6	0.3	1.5	7.8	**40.2**
Interest on defined benefit obligations	42.6	8.1	5.5	4.2	**60.4**	46.8	24.1	6.1	5.4	**82.4**
Expected return on plan assets	-11.5	-14.5	-5.7	-2.3	**-34.0**	-14.8	-23.4	-7.2	-2.4	**-47.8**
Amortization of other costs	—	—	—	0.2	**0.2**	0.7	14.1	0.9	0.8	**16.5**
Effects of asset ceiling and curtailments	—	—	—	—	**—**	—	4.8	—	0.0	**4.8**
Net pension cost	**79.9**	**-6.1**	**1.6**	**10.1**	**85.5**	**63.3**	**19.9**	**1.3**	**11.6**	**96.1**

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

	January 1 to June 30	
in € millions	**2013**	**2012**
Current service cost	0.9	0.8
Interest on healthcare and life insurance benefit obligations	4.1	4.8
Amortization of other costs	—	1.5
Net cost of obligations similar to pensions	**5.0**	**7.1**

Cash changes in pension and similar obligations

Pension funds exist solely for pension obligations, particularly in Germany, the U.S.A., Canada and the United Kingdom, and not for other benefit obligations. The companies of the Continental Corporation paid €21.7 million (PY: €27.9 million) into these pension funds in the period from January 1 to June 30, 2013.

In the period from January 1 to June 30, 2013, payments for retirement benefit obligations totaled €85.7 million (PY: €96.0 million). Payments for obligations similar to pensions totaled €7.4 million (PY: €7.6 million).

Companies consolidated

In addition to the parent company, the consolidated financial statements include 445 domestic and foreign companies in which Continental AG holds a direct or indirect interest of more than 20% of the voting rights, or that must be included in consolidation in accordance with SIC-12. 314 of these are fully consolidated and 131 are accounted for using the equity method.

Since December 31, 2012, the number of consolidated companies has increased by a total of two. Two companies were acquired, four companies were founded and eight previously non-consolidated units were included in consolidation for the first time. Five companies were sold, four were merged and three were liquidated.

Since June 30, 2012, the number of consolidated companies has increased by a total of twelve. In particular, the additions to the consolidated group essentially include new companies founded by the Rubber Group and the acquisition of Omitec Group, Ltd., Devizes, U.K. Disposals primarily related to the liquidation of inactive companies, mergers and the sale of Automotive Group companies previously accounted for using the equity method.

Acquisition and sale of companies and business operations

In order to strengthen and expand the product portfolio in the Advanced Driver Assistance Systems business unit, Continental acquired 100% of shares in Application Solutions (Electronics and Vision) Limited, Lewes, U.K., as at January 1, 2013. The purchase price was €20.7 million. The current, preliminary purchase price allocation resulted in acquired net assets of €5.1 million and goodwill of €15.6 million. Other than this, there was no significant effect on the net assets, financial and earnings position of Continental as at June 30, 2013.

Share and asset deals with a total value of €3.5 million were executed to strengthen the sales network in the Tire division. Intangible assets were capitalized in the amount of €1.9 million. In preliminary purchase price allocation, the individual transactions resulted in positive differences capitalized as goodwill of €1.3 million. The effects of these transactions, including the corresponding preliminary purchase price allocation, have no material effect on the net assets, financial and earnings position as at June 30, 2013.

An asset deal was closed by ContiTech Tianjin Conveyor Belt Co. Ltd., Tianjin, China, on April 16, 2013. The provisional purchase price is €4.3 million. No intangible assets were identified in provisional purchase price allocation. The effects of this transaction have no material impact on the net assets, financial and earnings position of the Continental Corporation as at June 30, 2013.

Continental acquired a further 12% of shares in Synerject LLC, Wilmington, Delaware, U.S.A., for a purchase price of €4.6 million in the reporting period. The transaction was closed on March 1, 2013. In addition, another 5% of the shares in Continental Automotive Corporation, Yokohama, Japan, were purchased for a price of €17.7 million. This transaction was closed on April 22, 2013. Effective April 24, 2013, the remaining 26% of the shares in Continental Tyre South Africa (Pty.) Ltd., Port Elisabeth, South Africa, were acquired for €25.7 million. The effects of these transactions have no material impact on the net assets, financial and earnings position of the Continental Corporation as at June 30, 2013. The difference between the respective purchase prices and the non-controlling interests amounting to a total of €0.8 million was recognized in equity.

As at January 29, 2013, Continental sold its shares in S-Y Systems Technologies Europe GmbH, Regensburg, Germany, to Yazaki Europe Ltd., Hertfordshire, U.K., a subsidiary of Yazaki Corporation, Tokyo, Japan, as a result of which Yazaki now holds all shares in the company. Continental and Yazaki previously each held 50% in the company. The transaction resulted in income of €54.6 million that was disclosed under other expenses and income.

On January 1, 2013, the closing took place for SK Continental E-motion Pte., Singapore, Singapore, a company jointly managed by SK Innovation Co., Ltd., Seoul, South Korea, and Continental, after the agreement to form the company was signed in July 2012. SK Continental E-motion develops, produces and markets battery systems based on lithium-ion technology for cars and light commercial vehicles. Continental holds 49% in the new company through its subsidiary Continental Automotive Singapore Pte. Ltd.,

Singapore, Singapore, while SK Innovation holds 51%. In addition to its head office in Singapore, SK Continental E-motion Pte. has operative units in Berlin, Germany, and in Daejeon, South Korea, and commenced operations on January 2, 2013. The transaction resulted in income of €25.0 million that was disclosed under other expenses and income.

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 or in the same period of the previous year.

Appropriation of net income

As at December 31, 2012, Continental AG reported net retained earnings of €866.5 million (PY: €508.5 million). On May 15, 2013, the Annual Shareholders' Meeting in Hanover resolved to distribute a dividend of €2.25 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 €450,013,461.75. The remaining amount was carried forward to new account.

In 2012, a dividend of €1.50 per share was distributed by Continental AG to its shareholders for 2011. 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.

Earnings per share

Basic earnings per share increased to €5.71 (PY: €5.02) in the first half of 2013 and to €3.50 (PY: €2.60) for the period from April 1 to June 30, 2013. They are equal to the diluted earnings per share in each case.

Contingent liabilities and other financial obligations

As at June 30, 2013, there were no material changes in the contingent liabilities and other financial obligations as described in the 2012 Annual Report.

Transactions with related parties

On May 13, 2013, the Schaeffler Group, Herzogenaurach, Germany, gave notice of termination, effective May 13, 2014, of the investment agreement concluded on August 20, 2008. Other than this, in the period under review there were no material changes in transactions with related parties as against December 31, 2012. For further information, please refer to the comments in the 2012 Annual Report.

German Corporate Governance Code

The annual declaration in accordance with Section 161 of the German Stock Corporation Act *(Aktiengesetz – AktG)* on the German Corporate Governance Code by 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 there.

Segment reporting

Information on the development of Continental AG's five divisions can be found in the Corporate Management Report as at June 30, 2013.

Indebtedness and net income from financial activities

In order to improve its financial and maturity structure with the aim of increasing its flexibility at the same time, Continental already started with the refinancing process for the syndicated loan originally due in April 2014 in December 2012. As part of the agreement concluded on January 22, 2013, the credit volume was reduced to a total of €4.5 billion and split into two tranches with different terms: a loan of €1.5 billion with a term of three years and the increase in the revolving credit line from €2.5 billion to €3.0 billion with a term of five years. Under the new loan agreement, Continental is no longer required to furnish security in rem and has obtained further simplifications of the documentation required. Under the new syndicated loan agreement, too, the credit margins are based on the Continental Corporation's leverage ratio (net indebtedness/EBITDA, as defined in the syndicated loan agreement). The improvement in the leverage ratio already achieved as of the end of 2012 resulted in further margin decreases starting from the second quarter of 2013.

In 2013, further steps were taken to improve the financial and maturity structure while at the same time reducing interest costs. In May 2013, Continental set up a debt issuance program with a volume of €5.0 billion. It is a framework program that makes it

possible to flexibly place short-, medium- and long-term bonds on the capital market. Continental AG, Conti-Gummi Finance B.V., Maastricht, Netherlands, and Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., can issue bonds under this program.

The early redemption of a bond issued in 2010 by Conti-Gummi Finance B.V., Maastricht, Netherlands, was announced in May 2013. This bond was originally scheduled to mature in July 2015 and had a nominal volume of €750.0 million and an interest rate of 8.5% p.a. This bond was redeemed ahead of schedule on July 15, 2013.

For more information on indebtedness and net income from financial activities, we refer to the Corporate Management Report as at June 30, 2013.

Income tax expense

Income tax expense in the first half of 2013 amounted to €83.8 million (PY: €396.7 million). The tax rate in the reporting period was 6.6% after 27.7% for the same period of the previous year. In particular, this is due to the recognition of deferred tax assets in the U.S.A. in the amount of €256.2 million, the future utilization of which is considered likely given the ongoing positive business performance.

Litigation and compensation claims

On July 10, 2013, the European Commission imposed fines on a number of automotive suppliers for anti-competitive conduct in the field of supplying wire harnesses for automotive applications. These companies included S-Y Systems Technologies Europe GmbH, Regensburg, Germany, and its French subsidiary, which must pay a fine of €11.1 million due to cartel agreements with regard to one automotive manufacturer. Continental held a 50% share of S-Y Systems Technologies Europe GmbH, Regensburg, Germany, until January 29, 2013.

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

Shareholder structure

As of the end of the reporting period, the shareholder structure of the 200,005,983 outstanding Continental shares was as follows: 49.90% Schaeffler Group, Herzogenaurach, Germany; 5.09% BlackRock, Inc., New York, U.S.A.

Significant events after June 30, 2013

Acquisition of conveyor belt manufacturer Legg Company Inc., Halstead, Kansas, U.S.A.

The purchase transaction for Legg Company Inc., Halstead, Kansas, U.S.A., was closed as at July 1, 2013. As a result of the purchase, the Continental Corporation's ContiTech Conveyor Belt Group business unit has acquired a production base for agricultural and industrial conveyor belts and an associated sales network. Legg Company employs 100 people. In particular, the acquisition has allowed ContiTech to expand its product range to include belting for harvesters and chaffcutters as well as silicon belts, flat belts and especially light belts.

Placement and redemption of bonds

On July 9, 2013, Continental AG successfully placed a euro bond with an issue volume of €750.0 million with institutional and private investors in Germany and abroad. The bond, which was issued under Continental AG's recently established debt issuance program, has a term of five years and bears interest at 3.0% p.a. Interest payments will be made semi-annually in arrears. The issue price was 98.95%. The issue date for the bond was July 16, 2013. The income generated from this transaction will be used for the partial early refinancing of a bond of Conti-Gummi Finance B.V., Maastricht, Netherlands, that was terminated early with timely notice in July 2013. This bond was originally scheduled to mature in September 2017 and has a nominal volume of €1,000.0 million and an interest rate of 7.5% p.a. It will be redeemed on September 16, 2013.

On July 15, 2013, Conti-Gummi Finance B.V., Maastricht, Netherlands, effected an early redemption of the bond originally scheduled to mature in July 2015 with a nominal volume of €750.0 million and an interest rate of 8.5% p.a. The repayment price was 104.25%.

Interest expenses amounting to €129.9 million are anticipated from the associated reversal of early redemption options for the two aforementioned bonds in the third quarter of 2013.

Hanover, July 22, 2013

Continental Aktiengesellschaft
The Executive Board

Responsibility Statement by the Company’s Legal Representatives

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

Hanover, July 22, 2013

Continental Aktiengesellschaft
The Executive Board

Review Report

To Continental Aktiengesellschaft, Hanover

We have reviewed the condensed interim consolidated financial statements of Continental Aktiengesellschaft – comprising the Consolidated Statement of Income and Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and selected Explanatory Notes to the Consolidated Financial Statements – together with the interim corporate management report of Continental Aktiengesellschaft, for the period from January 1 to June 30, 2013, that are part of the semi annual report according to § 37 w German Securities Trading Act (*Wertpapierhandelsgesetz* – *WpHG*). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim corporate management report in accordance with the requirements of the *WpHG* applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim corporate management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim corporate management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim corporate management report has not been prepared, in material respects, in accordance with the requirements of the *WpHG* applicable to interim corporate management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim corporate management report has not been prepared, in material respects, in accordance with the requirements of the *WpHG* applicable to interim corporate management reports.

Hanover, July 30, 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

Marc Ufer
Wirtschaftsprüfer

Dirk Papenberg
Wirtschaftsprüfer

Financial Calendar

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

2014	
Annual Financial Press Conference	March
Analyst Telephone Conference	March
Annual Shareholders' Meeting	April 25
Financial Report as at March 31, 2014	May
Half-Year Financial Report as at June 30, 2014	August
Financial Report as at September 30, 2014	November

Contact Details

This Half-Year Financial Report has also been published in German. The 2012 Annual Report of Continental Aktiengesellschaft is also available in English and German.

If you wish to receive copies of any of these reports, please contact:

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