

Articles of Incorporation¹

Status: April 8, 2004



¹ These Articles of Incorporation are a translation of the German "Satzung". For construction and interpretation of these Articles of Incorporation the German "Satzung" shall be the controlling version.

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Section I

General Provisions

Article 1

(1) The name of the Company is Continental Aktiengesellschaft.

(2) The Company is registered in Hannover, Federal Republic of Germany. It is incorporated for an indefinite time period.

Article 2

(1) The objects of the Company are

a) to manufacture and sell tires and industrial products of all types made of natural or synthetic rubber, plastics or other raw materials as well as assembly parts, system components and complete systems for all kinds of vehicles,

b) to trade commercially in these types of products using the trademark "Continental" and other trademarks,

c) to manufacture or purchase raw materials which are required for the production of these goods.

The objects of the Company may be realized by the Company itself or by its subsidiaries or affiliates.

(2) The Company shall be entitled to transact all business and take all steps which appear suitable to directly or indirectly promote the object of the Company, in particular to acquire and dispose of real estate and to establish branches in any domestic or

foreign location, to participate in other enterprises as well as to conclude contracts on the pooling of interests and/or intercompany agreements.

Article 3

Company announcements are made in the electronic edition of The Federal Bulletin [Bundesanzeiger].

Section II

Capital Stock and Shares

Article 4

(1) The capital stock of the company amounts to EUR 346,681,233.92. It is divided into 135,422,357 no-par-value shares.

(2) The capital stock is conditionally increased by EUR 2,560,000.00. The conditional capital increase shall be effected only to the extent that the creditors of the convertible loans issued on the basis of the authorization of the Annual Shareholders' Meeting of June 7, 1995, exercise their conversion right. The new shares shall participate in dividends from the beginning of the fiscal year in which they are issued by virtue of the exercise of conversion rights.

(3) The capital stock is increased conditionally by EUR 25,034,624.00. The conditional capital increase shall be effected only to the extent that the

a) holders of stock warrants or conversion rights connected to bonds with warrants or convertible bonds to be issued by Continental Aktiengesellschaft or its direct or indirect majority-owned subsidiaries by May 31, 2004, make use of their option and conversion rights, or that the

b) holders obliged to convert conversion bonds to be issued by Continental Aktiengesellschaft or its direct or indirect majority-owned subsidiaries by May 31, 2004, meet their obligation to convert.

The new shares shall be entitled to dividends from the beginning of the fiscal year in which they are issued by virtue of the exercise of conversion rights or performance of conversion obligations.

(4) The capital stock of the Company is conditionally increased by up to EUR 4,005,539.84. The capital increase shall be effected only to the extent that the holders of subscription rights granted within the framework of the Share Option Plan 1999 on the basis of the authorization of the Annual Shareholders' Meeting of June 1, 1999, exercise their subscription rights. The new shares shall be entitled to dividends from the beginning of the fiscal year in which they are issued by virtue of the exercise of the subscription rights.

(5) The Executive Board is authorized to increase, with the consent of the Supervisory Board, the capital stock of the Company by up to EUR 166,000,000.00 on or before May 22, 2006, by issuing new shares against cash contribution on one or more occasions (authorized capital 2001). Up to an amount of EUR 45,000,000.00 part of said capital increase may be effected by contributions in kind in lieu of cash contribution, in which case, likewise with the consent of the Supervisory Board, the shareholders' subscription right can be excluded. In the event that the new shares are issued against cash contribution, the shareholders are to be granted the right of subscription. With the consent of the Supervisory Board, the Executive Board is, however, authorized

a) to exclude residual amounts from the shareholders' right of subscription and also to exclude the subscription right insofar as it is necessary in order to grant the following persons the right to subscribe to new shares to the same extent as they would be entitled to as shareholders after having exercised the option or conversion rights to which they are entitled: holders of stock warrants and holders of conversion rights attached to bonds with warrants, convertible loans and convertible bonds;

b) to exclude – on one occasion only – the subscription right of the shareholders for a portion of the authorized capital not exceeding ten percent of the Company's capital stock existing at the time the authorization is used, provided the issue price of the new shares is not significantly below the market price of shares of the same class already quoted at the time of definitive determination of the issue price and only to the extent that in the future

aa) in conjunction with the issue of bonds with warrants and/or convertible bonds no use is made of the possibility of an exclusion of the right of subscription as contemplated by Section 186 Subsection 3 Clause 4 of the German Stock Corporation Act [AktG]; or

bb) no shares acquired by the Company on the basis of an Annual Shareholders' Meeting authorization as contemplated in Section 71 Subsection 1 No. 8 of the German Stock Corporation Act [AktG] are sold to third parties against cash contribution without the shareholders having been granted a right of subscription, unless said sale is effected via the stock exchange, by means of a public tender offer addressed to the shareholders or to honor subscription rights granted under the Share Option Plan 1999. The Executive Board is authorized to define, with the consent of the Supervisory Board, further details of the capital increase as well as the conditions governing the share issue.

(6) The capital stock is conditionally increased up to EUR 140,000,000.00. The conditional capital increase shall be effected only to the extent that the

a) holders of stock warrants or conversion rights connected to bonds with warrants or convertible bonds to be issued by Continental Aktiengesellschaft or its direct or indirect majority-owned subsidiaries by May 22, 2006, make use of their option and conversion rights, or that the

b) holders obliged to convert conversion bonds to be issued by Continental Aktiengesellschaft or its direct or indirect majority-owned subsidiaries by May 22, 2006, meet their obligation to convert.

The new shares shall be entitled to dividends from the beginning of the fiscal year in which they are issued by virtue of the exercise of option or conversion rights or by performance of conversion obligations. With the consent of the Supervisory Board, the Executive Board is authorized to define the further details of the conditional capital increase and the execution of the same.

(7) With the consent of the Supervisory Board, the Executive Board is authorized to increase the capital stock of the Company by up to a total of EUR 5,679,000.00 (authorized capital 2002) by the issue of new shares against cash contribution on one or more occasions on or before May 28, 2007. New shares from said authorized capital are to be issued to employees of the Company; shares can also be issued to employees of companies affiliated with the Company. The shareholders' statutory right of subscription is excluded.

Article 5

(1) The shares are made out to holder.

(2) Share certificates shall be provided with the facsimile signatures of two members of the Executive Board and the Chairman of the Supervisory Board, or his deputy, as well as the personal signature of an official controller.

(3) Shares shall be accompanied by dividend and renewal coupons.

(4) Global certificates may be issued. The right of shareholders to a share certificate for each share is excluded.

Section III

Constitution

Article 6

Organs of the Company are

1. The Executive Board
2. The Supervisory Board
3. The Shareholders' Meeting.

1. The Executive Board

Article 7

(1) The Executive Board of the Company shall consist of not less than two persons; the Supervisory Board may determine a larger number of members of the Executive Board. Deputy members of the Executive Board may be appointed. The Supervisory Board

shall be entitled to nominate one member of the Executive Board to act as Chairman of the Executive Board.

(2) The Supervisory Board may empower a committee of the Supervisory Board to conclude, amend or terminate the Contracts of Appointment.

Article 8

The Company shall be legally represented by two members of the Executive Board or by one member of the Executive Board jointly with a Prokurist (authorized signatory) of the Company.

Article 9

The Executive Board shall conduct the affairs of the Company as required by statute laws, the Articles of Incorporation and its operating procedures.

2. The Supervisory Board

Article 10

(1) The Supervisory Board shall consist of twenty members. Ten members shall be elected by the Shareholders' Meeting and ten members shall be elected by the employees in accordance with the provisions of the German Codetermination Act [MitbestG]. Members shall be elected for a term of office not exceeding the close of the Shareholders' Meeting which decides on the ratification of acts of management for the fourth financial year following the beginning of the term of office, whereby the financial year in which the term of office begins is not taken into account.

(2) When electing the shareholders' representatives and their substitutes, if any, to the Supervisory Board, the chairman of the Shareholders' Meeting shall be entitled to call a vote on a list of candidates presented by the Administration or the shareholders. If substitute members for shareholders' representatives are elected from a list, they shall replace early retiring members in the order in which the substitutes appear on such list, unless stipulated otherwise at the election.

(3) If a member of the Supervisory Board is elected to replace a retiring member, the new member's term of office shall run for the remainder of the replaced member's term. If a substitute member replaces the retiring member, the substitute member's term of office shall expire at the close of the Shareholders' Meeting at which a new member is elected to replace the retired member, however not later than at the expiration of the retired member's term of office.

(4) Any retiring member or substitute member of the Supervisory Board shall be eligible for immediate re-election.

(5) Any member or substitute member of the Supervisory Board may resign from office subject to his giving four weeks' notice addressed to the Chairman of the Supervisory

Board. The Chairman of the Supervisory Board shall forthwith pass such notice of resignation on to the Executive Board.

Article 11

(1) Immediately after the Shareholders' Meeting at which the members of the Supervisory Board representing the shareholders have been elected, a meeting of the Supervisory Board shall take place, for which no special invitation is required. At this meeting the Supervisory Board shall elect from among its members and for the duration of its term of office the Chairman and the Vice Chairman of the Supervisory Board and determine the members who make up the committee in accordance with Section 27 Subsection 3 of the German Codetermination Act [MitbestG]. In the event of the Chairman or the Vice Chairman of the Supervisory Board retiring before completion of his term of office, the Supervisory Board shall forthwith call a new election.

(2) The Vice Chairman of the Supervisory Board shall have the legal and statutory rights and duties of the Chairman only if the latter is prevented from holding office. However, the Vice Chairman shall not be entitled to the casting vote granted to the Chairman in accordance with the provisions of the German Codetermination Act [MitbestG].

Article 12

Meetings of the Supervisory Board shall be called by the Chairman or his Deputy whenever so required by law or circumstances and thereby announcing the items on the Agenda. Such notice of meeting may be given by letter, telex, telephone or cable.

Article 13

(1) The Supervisory Board shall be deemed to constitute a quorum if not less than half its members participate in the voting on its resolutions. If a member of the Supervisory Board is unable to attend the meeting, he may, in accordance with Section 108 Subsection 3 Sentences 1 and 2 of the German Stock Corporation Act [AktG], authorize another member of the Supervisory Board to pass on his vote prepared by him in writing.

(2) If not all members of the Supervisory Board are present to participate in the adoption of its resolutions and if the absent members have not passed on written votes, as mentioned in subsection 1 above, then the adoption of resolutions shall be postponed on a motion by at least two members of the Supervisory Board attending the meeting. In the event of such postponement, the adoption of resolutions shall take place anew during the next ordinary meeting, provided no special meeting of the Supervisory Board is called. A further minority request for postponement at the subsequent adoption of a resolution is not admissible.

(3) If the Chairman of the Supervisory Board attends the meeting or if another member of the Supervisory Board is present and in possession of the Chairman's written vote, Subsection 2 hereof shall not apply provided that an equal number of shareholders' and employees' representatives attend the meeting in person or participate in the adoption of resolutions by way of written vote, or provided that any imbalance is eliminated through

individual members of the Supervisory Board failing to participate in the adoption of resolutions.

(4) Meetings of the Supervisory Board shall be presided over by the Chairman of the Supervisory Board or, in the event of his being unable to attend, his Deputy. The chairman of the meeting shall decide on the manner of voting.

(5) Resolutions of the Supervisory Board shall be taken by a majority of the votes cast, save as otherwise provided for by law. Where voting results in a tie, a further vote shall be carried out on a motion by the Chairman of the Supervisory Board or another member of the Supervisory Board, to the extent permitted by law. If this second voting also results in a tie, the Chairman of the Supervisory Board shall have the casting vote in accordance with Section 29 Subsection 2 of the German Codetermination Act [MitbestG]; Section 31 Subsection 4 of the German Codetermination Act [MitbestG] shall remain unaffected.

(6) If the chairman so stipulates, and provided no member of the Supervisory Board objects to such stipulation within a reasonable time period set by the chairman and not exceeding one week, resolutions can be adopted, without a meeting being called, by written, telex or telephone voting as well as by voting with the help of other means of telecommunication. The Subsections of this Articles governing oral voting shall apply accordingly. Section 110 of the German Stock Corporation Act [AktG] shall remain unaffected.

Article 14

Notwithstanding any approval requirements provided by law or determined by a resolution of the Supervisory Board, the Executive Board requires the approval of the Supervisory Board

a) to invest in other companies, if the amount in any individual case exceeds Euro 5,112,918.81,

b) for the total amount of the investment budgets to be presented each year.

Article 15

(1) The Supervisory Board may form committees from among its members. Section 27 Subsection 3 of the German Codetermination Act [MitbestG] shall remain unaffected. The functions and powers of such committees and the relevant procedures to be adopted shall be determined by the Supervisory Board. To the extent permitted by law a committee may be authorized to exercise the Supervisory Board's powers of decision. Subsections 5 and 6 of Article 13 hereof shall apply to the committees' adoption of resolutions, save as stipulated to the contrary in statutory provisions; Subsections 2 and 3 of Article 13 hereof shall not apply.

(2) Binding declarations on the part of the Supervisory Board and its committees shall be made in the name of the Supervisory Board by its Chairman or his Deputy.

(3) The Executive Board may, with the consent of the Supervisory Board, entrust to individual members of the Supervisory Board certain matters, or kinds of matters, which are not within the scope of the duties of the Supervisory Board as defined by law. The Executive Board may agree with such members that they receive a remuneration for such matters. Such remuneration shall be booked as expenses.

Article 16

(1) In addition to reimbursement of their cash outlay and of turnover tax to which they are subject for their activity on the Supervisory Board, the members of the Supervisory Board shall each receive a fixed compensation of €7,000.00, payable after lapse of the fiscal year.

(2) In addition each member shall receive a variable compensation component in the amount of €900.00 per each €0.01 dividend paid out per no-par-value share for the past fiscal year. In the event of a distribution in kind, the value of the distribution is to be determined on the basis of the market value of what is so distributed.

(3) The chair and the deputy chair of the Supervisory Board and those chairing or being members in a committee shall receive a higher compensation. For the chair it shall amount to twice the base compensation, for the deputy chair and the chair of a committee 1.5 times the base compensation, and for the members of a committee 1.25 times the base compensation. Insofar as a member of the Supervisory Board exercises more than one function for which higher compensation is stipulated, the compensation paid said member shall be determined solely by that function exercised by the particular member for which the highest compensation is stipulated.

(4) Each member shall receive €350.00 per Supervisory Board meeting personally attended. This applies also to personal attendance at committee meetings not held on the same day as a meeting of the Supervisory Board.

(5) In the event that the term of office of a member of the Supervisory Board or the function for which higher compensation is paid begins or ends in the course of a fiscal year, the member of the Supervisory Board shall receive the compensation or higher compensation on a pro rata basis.

(6) At its expense, the Company can take out directors and officers liability insurance for the members of the Supervisory Board. The insurance shall contain an appropriate deductible.

3. The Shareholders' Meeting

Article 17

(1) The Shareholders' Meeting shall be called by the Supervisory Board or the Executive Board. Notice of the Meeting must be given in the Federal Bulletin [Bundesanzeiger] not later than one month before the day by which shares are to be deposited in accordance

with Article 18 of the Articles of Incorporation, not counting the day of publication and the last day for depositing shares.

(2) Date and venue of the Shareholders' Meeting must be announced at the same time.

Article 18

(1) Shareholders shall be entitled to participate in the Shareholders' Meeting, exercise their voting rights and submit motions provided they have deposited their shares, during normal business hours and by no later than the close of the seventh day before the Meeting, at the Company's cashier's office, with a German notary public, at a bank for central deposit of securities or at one of the agencies announced in the invitation and the shares remain there until the close of the meeting.

(2) Shares shall be deemed deposited if they are held at a bank on behalf of, and with the authorization of, a depository and are not released until the close of the Shareholders' Meeting.

(3) As long as share certificates remain unissued, the invitation to the Shareholders' Meeting shall set out the conditions under which shareholders may exercise their voting rights or submit a motion at said Meeting.

(4) The voting right can be exercised by proxies. Authorization of a proxy appointed by the Company can be effected by an instrument in writing, by fax and electronically in a way to be determined more precisely by the Company. The details for granting this authorization shall be published in conjunction with the convocation of the Annual Shareholders' Meeting.

Article 19

(1) The Chairman of the Supervisory Board, or another member of the Supervisory Board who is a shareholders' representative, shall preside over the Shareholders' Meeting. In the event that a member of the Supervisory Board does not take the chair, the chairman of the Meeting shall be elected by the Shareholders' Meeting.

(2) If this is announced in the invitation to the Annual Shareholders' Meeting, the chairman at the meeting can allow the complete or partial video and audio transmission of the Annual Shareholders' Meeting via electronic media in a manner to be determined in greater detail by said chairman. The transmission can also be effected in a manner affording the public unlimited access.

(3) The chairman of the Meeting shall determine the sequence in which items on the Agenda shall be dealt with, as well as the manner, method and sequence of voting.

(4) The result of voting shall be obtained by adding the votes for and the votes against. It may also be obtained by deducting the votes for or the votes against and the abstentions from the overall number of votes to which the voters are entitled. The

chairman of the Meeting may also order a different procedure to be adopted and determine further particulars of voting.

Article 20

(1) Each no-par-value share shall entitle the holder to one vote at the Shareholders' Meeting.

(2) Resolutions of the Shareholders' Meeting shall be adopted by such majority of the votes cast as provided by law and, insofar as a majority of the capital stock is required, by a simple majority of the capital stock represented unless otherwise required by mandatory law or by the Articles of Incorporation. Repeal or amendment of Article 20, Subsection 2, Sentence 1 as well of this Article 20, Subsection 2, Sentence 2 of the Articles of Incorporation shall require a majority of at least three quarters of the capital stock represented at the meeting voting on the resolution.

(3) The Supervisory Board may amend the Articles of Incorporation insofar as such amendments only relate to the wording.

Section IV

Annual Financial Statement and Allocation of Profits

Article 21

(1) The financial year is the calendar year.

(2) The Executive Board shall, within the first three months of each financial year, prepare the annual financial statement and the management report for the preceding financial year, and submit them to the auditor. As soon as they are prepared, the annual financial statements, the management report and the proposal for allocation net income, as well as the consolidated financial statements and the group management report are to be submitted to the Supervisory Board.

(3) The Supervisory Board has to pass its report to the Executive Board within a month of receipt of these submissions. In the event that this does not occur in the time allotted, the Executive Board must immediately set the Supervisory Board a deadline of one additional month at most. In the event that the Supervisory Board report is not passed on to the Executive Board by this deadline, the financial statements shall be deemed not approved by the Supervisory Board. The preceding sentence also applies to the consolidated financial statements.

(4) The annual financial statements, the management report, the report of the Supervisory Board and the proposal for the allocation of profits shall be exhibited at the Company's premises for inspection by the shareholders from the date when notice of the Shareholders' Meeting is given.

Article 22

(1) The Annual Shareholders' Meeting takes place within the first eight months of a fiscal year.

(2) It resolves in particular on the use of the net income, on the election of the auditors, on the ratification of the actions of the Executive Board and the Supervisory Board, on the election of members of the Supervisory Board and, in the cases stipulated by the law, on the adoption of the financial statements and the approval of the consolidated financial statements. In resolving on the allocation of the net income, a distribution in kind can be resolved in addition to or instead of a distribution in cash.

Article 23

(1) Net profit shall be distributed among the shareholders to the extent it is not carried forward or the Shareholders' Meeting does not decide any other use.

(2) In the event of new shares being issued, dividend entitlement may be determined differently to the extent permitted by law.