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## **COMP/M. 5294 - SCHAEFFLER / CONTINENTAL**

### **SECTION 1.2**

#### **Description of the concentration**

On 29 July 2008, Schaeffler KG ("**Schaeffler**") published an offer to acquire all outstanding shares of Continental AG ("**Continental**") (the "**Proposed Transaction**"). The offer constitutes an unsolicited public cash tender offer. The Proposed Transaction involves the acquisition of sole control by Schaeffler over Continental.

On 20 August 2008 the Parties entered into an Investment Agreement under which Schaeffler and its owners guaranteed the continued existence of certain structures and strategic business concepts of Continental and they also agreed not to increase their share holdings in Continental above 49.99 % until 2012. Schaeffler offered to pay EUR 75.00 per share.

Schaeffler is a private company active in the development, production and sale of all kinds of bearings and other mechanical components for automotive, industrial and aerospace applications. Schaeffler forms part of a wider group of companies.

Continental, a publicly listed company, has traditionally been a well-known manufacturer of tires and other industrial rubber products. More recently it has also become an automotive industry supplier with comprehensive expertise in electrical and electronic products and systems such as brake systems, driving dynamics control, electronics and sensors technology.

The strategic rationale behind the Proposed Transaction is that the combination of the distinct but complementary product portfolios of Schaeffler and Continental will, in the future, lead to better system capabilities for key areas in the automotive sector and for important industries in the industrial sector. It will combine the Parties' respective strengths in mechanical engineering and electronics.

It is Schaeffler's submission that the Proposed Transaction will have no material impact on competition, but rather create a stronger competitor, which will provide improved products to its customers.