

## Compensation report

This Compensation Report, which forms an integral part of the Management Report, explains the principles applied in determining compensation for the Management Board and Supervisory Board of Infineon Technologies AG and the level of remuneration paid to the individual members of the Management Board and Supervisory Board in accordance with the applicable legal requirements and the recommendations of the German Corporate Governance Code in the version dated May 5, 2015 (Deutscher Corporate Governance Kodex – “DCGK”). Infineon believes that transparent and understandable reporting of Management Board and Supervisory Board compensation represents a fundamental element of good corporate governance.

### Management Board compensation

#### Compensation system

The Management Board compensation system – similar to the compensation paid to the individual members of the Management Board – is defined and regularly reviewed by the full Supervisory Board on the basis of proposals from the Executive Committee. In accordance with applicable legal requirements and the recommendations of the DCGK, the compensation paid to the members of the Management Board is intended to reflect the typical level and structure of management board compensation at comparable companies in Germany and elsewhere, as well as Infineon’s economic position and future prospects. The duties, responsibilities and performance of each member of the Management Board are also to be considered, as is Infineon’s wider pay structure. This includes considering Management Board compensation in relation to the compensation of senior management and of the workforce as a whole, including changes in the level of compensation over time. The stated objective is that the compensation structure should be designed in such a way that it promotes sustainable business development, with a cap in place in the event of exceptional developments. Infineon aims to set compensation at a level that is competitive both nationally and internationally so as to inspire and reward dedication and success in a dynamic environment.

#### Components of the Management Board compensation system

There have been no changes in the Management Board compensation system in the 2015 fiscal year compared to the 2014 fiscal year.

All members of the Management Board receive as compensation for their service an annual income, which – based on a target achievement of 100 percent – comprises approximately 45 percent fixed compensation and approximately 55 percent variable compensation components:

- › Fixed compensation: The fixed compensation comprises a contractual basic annual salary that has no link to performance and is paid in 12 equal monthly installments.
- › Variable (performance-related) compensation: The variable compensation comprises three components: an annual bonus (short-term incentive), a multiple-year bonus (mid-term incentive) and a long-term variable compensation component (long-term incentive).

The **short-term incentive (STI)** is intended to reward performance over the preceding fiscal year reflecting Infineon’s recent progress. Assuming a 100 percent target achievement of the variable compensation, the STI constitutes approximately 20 percent of target annual income. It is set by the Supervisory Board in a two-phase process:

- (i) At the beginning of each fiscal year, the target functions with respect to the two key performance indicators “free cash flow” and “Return on Capital Employed (RoCE)” are defined uniformly for all members of the Management Board. Underpinning the consistent approach taken to managing the business, the same target indicators – supplemented by the Segment Result – are used as the basis for determining the variable compensation components (bonus payments) for Infineon managers and employees. The two key performance indicators referred to above, which are described in more detail in the chapter “Internal Management System”, are equally weighted for the purposes of measuring the STI.

- (ii) At the end of the fiscal year, the actual levels of target achievement for free cash flow and RoCE, and, hence the amount of the STI, are determined by the Supervisory Board.

An STI is paid only if, on the basis of the approved financial statements, the levels of target achievement reach at least the 50 percent threshold for both performance indicators (free cash flow, RoCE). If one of the two target thresholds is not achieved, no annual bonus is paid for the relevant fiscal year. If the thresholds are achieved, the arithmetic mean of the two target achievements is calculated, and is used as the percentage rate to determine the actual STI amount. A cap of 250 percent applies, meaning that the maximum amount that can be paid is two and a half times the target STI (= 100 percent), regardless of the actual achievement level. The Supervisory Board may, in addition, increase or reduce the amount to be paid in each case by up to 50 percent, as it sees fit, based on the performance of the Management Board as a whole, Infineon's position and any exceptional factors. A lower limit applies in this case such that the amount to be paid cannot be less than the amount that would be due given 50 percent target achievement. The upper limit for an upwards adjustment is the cap of 250 percent.

If the term of office on the Board begins or ends during a fiscal year, the entitlement to STI is calculated on a pro-rata monthly basis (one twelfth for each month started). Members of the Management Board are not entitled to receive an STI bonus for the fiscal year in which they resign from office or terminate their contract of their own volition or if their contract is terminated for good cause.

The **mid-term incentive (MTI)** is intended to reward sustained performance by the Management Board reflecting Infineon's medium-term progress. In combination with the long-term incentive, the MTI ensures compliance with the stock corporation law requirement that the structure of compensation is "oriented toward sustainable growth of the enterprise". Assuming a 100 percent target achievement of the variable compensation, the MTI constitutes approximately 20 percent of target annual income.

A new MTI tranche commences every fiscal year. Each tranche has a term of three years and is paid in cash at the end of the term. The amount of the payment is determined on the basis of actual RoCE and free cash flow figures during each three-year period. For these purposes, the target values for RoCE and free cash flow for each individual year of an MTI tranche correspond to the STI targets set each year in advance. The level of target achievement for both the RoCE target and the free cash flow target must reach a threshold of 50 percent in each year of the relevant three-year period, otherwise the level of target achievement for the purposes of the MTI is set to zero for the year concerned. If the thresholds are exceeded, the level of target achievement determined for the STI in the relevant fiscal year also applies for the purposes of the MTI. The MTI to be paid at the end of the three-year period is determined by calculating the arithmetic mean of the three annual target achievement levels. Unlike the STI, the MTI is paid as calculated even if the mean level of target achievement for the three-year period is below the 50 percent threshold. A cap of 200 percent applies, meaning that the maximum amount that can be paid is two times the target MTI (= 100 percent), regardless of the actual achievement level.

The Supervisory Board may increase or reduce the amount to be paid under the MTI in each case by up to 50 percent, as it sees fit, based on the performance of the Management Board as a whole, Infineon's situation and any exceptional factors. When exercising its judgment in this respect, the Supervisory Board also takes into account the level of achievement of the three-year target for revenue growth and Segment Result that is set each year by the Supervisory Board exclusively for this purpose. Unlike the STI, there is no lower limit for the amount by which the Supervisory Board can adjust the MTI; for the upper limit, however, the cap applies (200 percent).

If the term of office commences during a fiscal year, the MTI tranche is determined on a pro-rata basis (1/36 for each month of a full MTI tranche started). Upon leaving Infineon, regulations ensure that the member of the Management Board can only receive an MTI payment for the actual number of MTI tranches during his/her term of office. MTI tranches already started are forfeited if a mandate or service contract of a member of the Management Board comes to an end before the due date, for instance if a member resigns from office or terminates the contractual arrangements of his/her own volition or if the contract is terminated for good cause.

The long-term incentive (LTI) is intended to reward long-term and, similar to the MTI, sustained performance on the part of members of the Management Board and, additionally, to ensure that their interests are aligned with the interest of the Company's shareholders regarding a positive share price development. Assuming a 100 percent target achievement of the variable compensation, the LTI constitutes approximately 15 percent of target annual income.

With effect from the 2014 fiscal year, the LTI is awarded in the form of a Performance Share Plan. As well as being relevant for members of the Management Board, the new LTI also applies – with minor differences attributable to specific circumstances – to Infineon managers and selected Infineon employees worldwide.

The (virtual) performance shares are allocated – initially on a provisional basis – on October 1 of each fiscal year for the fiscal year beginning on that date. In this context, performance shares were issued on October 1, 2014 for the fiscal year beginning on that date. The performance shares are allocated on the basis of the contractually agreed “LTI allocation amount” in euros. The number of performance shares is determined by dividing the LTI allocation amount by the average price of the Infineon share (Xetra closing price) during the nine months prior to the allocation date. The prerequisite for the definitive allocation of the – at that stage still virtual – performance shares is that the relevant member of the Management Board invests 25 percent of his or her individual LTI allocation amount in Infineon shares and that the holding period of four years applicable both for the member's own-investment and for the performance shares has come to an end. Moreover, 50 percent of the performance shares are performance-related; they are only allocated definitively if the Infineon share outperforms the Philadelphia Semiconductor Index (SOX) between the date of the performance shares' provisional allocation and the end of the holding period. If the conditions for definitive allocation of performance shares – either of all or of only those that are not performance-related – are met at the end of the holding period, the member of the Management Board acquires a claim against the Company for the transfer of the corresponding number of (real) Infineon shares; performance shares, which do not achieve the target, are forfeited. The value of the performance shares definitively granted to the member of the Management Board per LTI tranche at the end of the holding period may not exceed 250 percent of the relevant LTI allocation amount; the performance shares above this amount are forfeited (cap).

The shares are transferred to a securities custodian account attributable to the member of the Management Board; thereafter he/she can, as a general rule, freely dispose of them. The same also applies to Infineon shares acquired in conjunction with the own-investment requirement at the end of the holding period.

The Supervisory Board has the right, at the end of the holding period, to make a cash settlement to the member of the Management Board rather than actually transfer Infineon shares.

If the member of the Management Board leaves office during the first two years of the holding period applicable to the performance shares of a particular LTI tranche, those performance shares are forfeited unless the reason for leaving office is that the member of the Management Board has reached the contractually agreed age limit. The holding period for the own-investment shares expires when the member of the Management Board leaves office; at that stage the member of the Management Board concerned can freely dispose of the shares. If the member of the Management Board leaves office at a later date – except if the member resigns from office or terminates the contractual arrangements of his/her own volition or if the contract is terminated for good cause – the LTI tranche (including the own-investment) remains in place unchanged. The member of the Management Board is then treated in all respects as if he/she were still in office; there is no pro rata reduction due to leaving office early.

The Supervisory Board is required to define suitable alternative LTI instruments of commensurate value if it is impossible or not desired by the Supervisory Board to offer an LTI on the basis of the Performance Share Plan.

Prior to the introduction of the Performance Share Plan, the Company maintained a stock option plan as an LTI, which was resolved at the 2010 Annual General Meeting. Subject to compliance with the terms of the Stock Option Plan 2010 – particularly the attainment of the absolute and percentage performance targets – the stock options allocated to members of the Management Board on the basis of this plan may still be exercised until December 14, 2019.

Additionally, the Supervisory Board has the option – based on its own best judgment – to grant a special bonus, among other things for special achievements of the Management Board or its individual members. This bonus is capped, however, at a maximum of 30 percent of the fixed compensation of the member of the Management Board.

### Management Board compensation in the 2015 fiscal year in accordance with German Accounting Standard 17 (DRS 17)

#### Total compensation

Total compensation to members of the Management Board pursuant to DRS 17 and benefits to the individual members of the Management Board – also presented in accordance with DRS 17 – are shown in the following table:

in €	Dr. Reinhard Ploss		Dominik Asam		Arunjai Mittal Member of the Management Board		Total	
	Chief Executive Officer		Chief Financial Officer					
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Fixed compensation</b>								
Basic annual salary	1,075,000	945,000	750,000	685,000	750,000	685,000	2,575,000	2,315,000
Fringe benefits	35,909	35,909	41,368	40,927	29,445	26,260	106,722	103,096
<b>Total fixed compensation</b>	<b>1,110,909</b>	<b>980,909</b>	<b>791,368</b>	<b>725,927</b>	<b>779,445</b>	<b>711,260</b>	<b>2,681,722</b>	<b>2,418,096</b>
<b>Variable compensation</b>								
Single-year variable compensation (STI)	831,840	525,000	589,220	385,000	589,220	385,000	2,010,280	1,295,000
Multi-year variable compensation								
Mid Term Incentive (MTI) <sup>1</sup>								
2012 – 2014 tranche	–	128,333	–	128,333	–	128,333	–	384,999
2013 – 2015 tranche	242,620	175,000	177,921	128,333	177,921	128,333	598,462	431,666
2014 – 2016 tranche	242,620	175,000	177,921	128,333	177,921	128,333	598,462	431,666
2015 – 2017 tranche	277,280	–	196,407	–	196,407	–	670,094	–
Long Term Incentive (LTI)								
Performance Share Plan <sup>2</sup>	228,277	247,426	153,225	172,806	153,225	172,806	534,727	593,038
<b>Total variable compensation</b>	<b>1,822,637</b>	<b>1,250,759</b>	<b>1,294,694</b>	<b>942,805</b>	<b>1,294,694</b>	<b>942,805</b>	<b>4,412,025</b>	<b>3,136,369</b>
<b>Total compensation</b>	<b>2,933,546</b>	<b>2,231,668</b>	<b>2,086,062</b>	<b>1,668,732</b>	<b>2,074,139</b>	<b>1,654,065</b>	<b>7,093,747</b>	<b>5,554,465</b>

<sup>1</sup> The values include the annual MTI tranche granted in the respective fiscal year based on the fulfilment of the plan requirements.

<sup>2</sup> The figures for the active members of the Management Board in the 2015 fiscal year are based on a fair market value per performance share amounting to €5.31 (2014: €5.20), which was calculated using a Monte-Carlo simulation model taking account of the value-reducing cap.

Members of the Management Board did not receive any loans from Infineon, either in the 2015 or 2014 fiscal years.

Similarly, they did not receive any benefits from third parties in the 2015 and 2014 fiscal years, whether promised or actually paid, for their board activities at Infineon.

### Fringe benefits

In accordance with their service contracts, members of the Management Board are entitled to a chauffeur-driven company car, which may also be used privately. Operating and maintenance costs for the company car and chauffeur are borne by the Company. Taxes arising on the fringe benefit related to private usage are borne by the members of the Management Board.

The Company also maintains accident insurance policies for members of the board.

### Share-based compensation

As described in the section “Management Board compensation”, the contractually agreed LTI is granted to members of the Management Board in the form of “performance shares”. The average price of the Infineon share relevant for the number of performance shares granted for the 2015 fiscal year was €8.49 (2014: €6.62).

A fair market value of €5.31 (2014: €5.20) per performance share was determined for the 2015 fiscal year, taking account – among other things – of the 250 percent cap of the LTI allocation amount.

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Regarding the calculation of the fair market value we refer to note 26 to the Consolidated Financial Statements.

The following table shows the number of performance shares awarded to members of the Management Board in the 2015 fiscal year. In addition, the table contains information relating to the Stock Option Plan 2010, on the basis of which stock options were allocated to members of the Management Board for the final time in the 2013 fiscal year. No stock options were exercised and no stock options expired in the 2014 or 2015 fiscal years.

Member of the Management Board	Fiscal year	Performance Share Plan				Stock Option Plan 2010				Total expense for share-based compensation in €
		Virtual performance shares outstanding at the beginning of the fiscal year	Virtual performance shares newly granted at the beginning of the fiscal year	Virtual performance shares outstanding at the end of the fiscal year	Virtual performance shares outstanding at the end of the fiscal year	Stock options outstanding at the beginning of the fiscal year	Stock options outstanding at the end of the fiscal year	Stock options expired in the fiscal year	Exercisable stock options outstanding at the end of the fiscal year	
		Number	Number	Fair Value grant date in €	Number	Number	Number	Number	Number	
Dr. Reinhard Ploss (CEO)	2015	47,582	42,990	228,277	90,572	433,214	433,214	-	120,000	314,286
	2014	-	47,582	247,426	47,582	433,214	433,214	-	-	200,285
Dominik Asam	2015	33,232	28,856	153,225	62,088	350,952	350,952	-	-	217,610
	2014	-	33,232	172,806	33,232	350,952	350,952	-	-	141,089
Arunjai Mittal	2015	33,232	28,856	153,225	62,088	229,167	229,167	-	-	197,925
	2014	-	33,232	172,806	33,232	229,167	229,167	-	-	121,403
<b>Total</b>	2015	<b>114,046</b>	<b>100,702</b>	<b>534,727</b>	<b>214,748</b>	<b>1,013,333</b>	<b>1,013,333</b>	<b>-</b>	<b>120,000</b>	<b>729,821</b>
	2014	-	114,046	593,038	114,046	1,013,333	1,013,333	-	-	462,777

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Further details regarding the Performance Shares granted on October 1, 2015 for the 2016 fiscal year to the Members of the Management Board are provided in note 26 to the Consolidated Financial Statements.

### Special bonuses

The Supervisory Board did not award any special bonuses to members of the Management Board during the 2015 fiscal year.

### Other awards and benefits

The Company entered into a restitution agreement in the 2009 fiscal year with each of the active members of the Management Board at that time. Dr. Ploss is the only current member of the Management Board affected by such an agreement. These agreements provide for the Company to cover, to the extent permitted by law, all costs and expenses incurred by members of the Management Board in the performance of their duties for the Company in connection with legal, governmental, regulatory and parliamentary proceedings and investigations as well as arbitration proceedings, in which the member of the Management Board is involved in conjunction with his/her activities on behalf of the Company. However, the agreements specifically exclude any restitution of costs if the proceedings concern an action or omission that constitutes a culpable breach of the duty of care of the member of the Management Board pursuant to section 93, paragraph 2, of the German Stock Corporation Act ("AktG").

No payments were made by the Company during the 2015 fiscal year under these restitution arrangements.

### Management Board compensation in the 2015 fiscal year in accordance with the German Corporate Governance Code

The DCGK recommends that the individual compensation components of each member of the Management Board be disclosed in accordance with specified criteria. It also recommends that disclosure is based on the model tables – in part diverging from DRS 17 – provided in the appendix to the Code.

#### *Compensation granted in accordance with DCGK*

The following table shows the value of compensation granted for the 2014 and 2015 fiscal years, including fringe benefits, as well as the minimum and maximum values that can be achieved for the 2015 fiscal year.

Unlike in the disclosures in accordance with DRS 17, the STI is required to be disclosed pursuant to the DCGK at the target value (i.e. the value in the event of 100 percent target achievement). The MTI is required to be disclosed – in a deviation from DRS 17 – at the target value for an "average probability scenario" at the grant date. For these purposes, Infineon assumes 100 percent target achievement. In addition, the pension expense, i.e. the service cost pursuant to IAS 19 (see "Commitments to the Management Board upon termination of employment" in this chapter), is also required to be included in the amount of total compensation disclosed in accordance with the DCGK.

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Compensation granted to members of the Management Board in accordance with the DCGK (total compensation and compensation components) as well as the minimum and maximum values that can be achieved are shown in the following table:

in €	Dr. Reinhard Ploss Chief Executive Officer			
	2015	2014	2015 (min.)	2015 (max.)
<b>Fixed compensation</b>				
Basic annual salary	1,075,000	945,000	1,075,000	1,075,000
Fringe benefits	35,909	35,909	35,909	35,909
<b>Total fixed compensation</b>	<b>1,110,909</b>	<b>980,909</b>	<b>1,110,909</b>	<b>1,110,909</b>
<b>Variable compensation</b>				
Single-year variable compensation (STI)	480,000	420,000	–	1,200,000
Multi-year variable compensation				
Mid Term Incentive (MTI)				
2014 – 2016 tranche	–	420,000	–	–
2015 – 2017 tranche	480,000	–	–	960,000
Long Term Incentive (LTI)				
Performance Share Plan <sup>1</sup>	228,277	247,426	114,138	912,500
<b>Total variable compensation</b>	<b>1,188,277</b>	<b>1,087,426</b>	<b>114,138</b>	<b>3,072,500</b>
Pension expense	219,796	149,601	219,796	219,796
<b>Total compensation (DCGK)</b>	<b>2,518,982</b>	<b>2,217,936</b>	<b>1,444,843</b>	<b>4,403,205</b>

<sup>1</sup> The figures of the active members of the Management Board in the 2015 fiscal year are based on a fair market value per performance share amounting to €5.31 (2014: €5.20), which was calculated using a Monte-Carlo simulation model taking account of the value-reducing cap.

#### Allocation amount in accordance with DCGK

Since compensation granted to members of the Management Board for the fiscal year does not always coincide with amounts disbursed in a particular fiscal year, a separate table is presented – in accordance with the relevant DCGK recommendation – showing the amounts flowing to members of the Management Board for the 2015 fiscal year (the “allocation amount” (“Zufluss”)).

In line with the DCGK recommendations, the fixed compensation and the STI are required to be disclosed as the allocation amount for the fiscal year concerned. In the case of the MTI, the DCGK recommends that this is disclosed as flowing to members of the Management Board in the fiscal year, in which the plan term of the relevant MTI tranche ends. In this sense, in addition to the fixed compensation granted for 2015 and the STI, the allocation amount for the 2013-2015 MTI tranche also flowed to the members of the Management Board for the 2015 fiscal year.

In accordance with the DCGK, share-based payments are deemed to be allocated on the basis of the relevant time and value for German tax law purposes. Accordingly, the members of the Management Board were not deemed to have been allocated share-based payments in either the 2015 or the 2014 fiscal year.

In line with the DCGK recommendations, the pension expense meaning the service cost pursuant to IAS 19 constitutes the allocation amount (see previous table), even though it is not – strictly speaking – an allocation.

Dominik Asam Chief Financial Officer				Arunjai Mittal Member of the Management Board			
2015	2014	2015 (min.)	2015 (max.)	2015	2014	2015 (min.)	2015 (max.)
750,000	685,000	750,000	750,000	750,000	685,000	750,000	750,000
41,368	40,927	41,368	41,368	29,445	26,260	29,445	29,445
<b>791,368</b>	<b>725,927</b>	<b>791,368</b>	<b>791,368</b>	<b>779,445</b>	<b>711,260</b>	<b>779,445</b>	<b>779,445</b>
340,000	308,000	-	850,000	340,000	308,000	-	850,000
-	308,000	-	-	-	308,000	-	-
340,000	-	-	680,000	340,000	-	-	680,000
153,225	172,806	76,613	612,500	153,225	172,806	76,613	612,500
<b>833,225</b>	<b>788,806</b>	<b>76,613</b>	<b>2,142,500</b>	<b>833,225</b>	<b>788,806</b>	<b>76,613</b>	<b>2,142,500</b>
272,721	192,780	272,721	272,721	241,183	159,627	241,183	241,183
<b>1,897,314</b>	<b>1,707,513</b>	<b>1,140,702</b>	<b>3,206,589</b>	<b>1,853,853</b>	<b>1,659,693</b>	<b>1,097,241</b>	<b>3,163,128</b>

The total compensation allocated to the individual members of the Management Board for the 2015 fiscal year in accordance with DCGK – analyzed by component – is shown in the following table:

in €	Dr. Reinhard Ploss Chief Executive Officer		Dominik Asam Chief Financial Officer		Arunjai Mittal Member of the Management Board	
	2015	2014	2015	2014	2015	2014
	<b>Fixed compensation</b>					
Basic annual salary	1,075,000	945,000	750,000	685,000	750,000	685,000
Fringe benefits	35,909	35,909	41,368	40,927	29,445	26,260
<b>Total fixed compensation</b>	<b>1,110,909</b>	<b>980,909</b>	<b>791,368</b>	<b>725,927</b>	<b>779,445</b>	<b>711,260</b>
<b>Variable compensation</b>						
Single-year variable compensation (STI)	831,840	525,000	589,220	385,000	589,220	385,000
Multi-year variable compensation						
Mid Term Incentive (MTI)						
2012 – 2014 tranche	-	333,872	-	333,872	-	306,049
2013 – 2015 tranche	552,300	-	405,020	-	405,020	-
Long Term Incentive (LTI)						
Stock Option Plan 2010	-	-	-	-	-	-
Performance Share Plan	-	-	-	-	-	-
<b>Total variable compensation</b>	<b>1,384,140</b>	<b>858,872</b>	<b>994,240</b>	<b>718,872</b>	<b>994,240</b>	<b>691,049</b>
Pension expense	219,796	149,601	272,721	192,780	241,183	159,627
<b>Total compensation (DCGK)</b>	<b>2,714,845</b>	<b>1,989,382</b>	<b>2,058,329</b>	<b>1,637,579</b>	<b>2,014,868</b>	<b>1,561,936</b>

## Commitments to members of the Management Board upon termination of employment

### Allowances and pension entitlements in the 2015 fiscal year

The members of the Management Board who were in their positions prior to the introduction of the new compensation system in 2010 are contractually entitled to a defined benefit pension payment. In the 2015 fiscal year, this now only relates to Dr. Ploss, who has an entitlement to an annual retirement benefit, currently standing at €205,000 and which increases by €5,000 for each full year of service on the Board, up to a maximum amount of €210,000. This entitlement is already vested, both contractually and under the applicable statutory provisions. The pension entitlement is required to be reviewed every three years from the start of payment of the pension in accordance with the German Company Pension Act (Betriebsrentengesetz). The Supervisory Board may decide to make an amendment as it sees fit, taking account of the needs of the recipient and the financial condition of the Company. If Dr. Ploss's mandate comes to an end, payment of the pension entitlement begins at the earliest at the age of 60.

In accordance with the compensation system in place since 2010, Mr. Asam and Mr. Mittal – both of whom took up office after the new system had been approved – have both received a defined contribution pension commitment (rather than a defined benefit pension commitment based on the number of years of service), which is essentially identical to the Infineon pension plan applicable to all employees. The Company has accordingly set up a personal pension account (basic account) for each beneficiary and makes annual pension contributions to it. The Company adds annual interest to the balance in the basic account using the highest statutory interest rates valid for the insurance industry (guaranteed interest rates) until disbursement of the pension begins and may also award surplus credits. 95 percent of any income earned over and above the guaranteed interest rate is credited to the pension account, either at the date on which disbursement of the pension begins or, at the latest, when the beneficiary reaches the age of 60. The balance of the basic account when disbursement of the pension begins (due to age, invalidity or death) – increased by an adjusting amount in the event of invalidity or death – constitutes the retirement benefit entitlement and is paid out to the member of the Management Board or his or her surviving dependents in twelve annual installments, or, if so requested by the member of the Management Board, in eight annual installments, as a lump sum or as life-long pension.

If the entitlements of members of the Management Board (i) have not yet legally vested or (ii) have legally vested, but are not protected by the state pension insurance scheme (Pensionsversicherungsverein), the Company maintains pension reinsurance policies in favor of, and pledged to, the members of the Management Board concerned.

The plan rules applicable for Mr. Asam and Mr. Mittal differ in terms of the initial defined component, the annual transfer to the pension account and the vesting period.

In addition to a one-time, contractually vested initial component of €540,000 paid as compensation for the loss of vested retirement pension entitlements in connection with the termination agreement with his previous employer, Mr. Asam will receive from the Company for each fiscal year of his membership on the Management Board a pension contribution amounting to between 25 and 40 percent, as determined by the Supervisory Board, of the relevant agreed basic annual salary, i.e. fixed compensation. As in the previous year, the pension contribution for Mr. Asam for the 2015 fiscal year has been set at 30 percent of his basic annual salary, which amounts to €225,000. The pension entitlements arising from the defined contributions made on behalf of Mr. Asam became vested with effect from December 31, 2013.

Mr. Mittal already has a pension entitlement from his previous employment with Infineon that became vested under the applicable statutory provisions in September 2006. The contract appointing him to the Board specifically states that the amounts made available to cover his vested pension entitlements represent a continuation of this vested entitlement (and are, therefore, not subject to any separate vesting arrangements). The Company makes a fixed annual pension contribution on behalf of Mr. Mittal for each full fiscal year of service on the Board, equivalent to 30 percent of the relevant agreed basic annual salary; the Supervisory Board is not required to decide each time on the amount to be contributed. The pension contribution for the 2015 fiscal year amounted to €225,000.

The amounts credited to the pension entitlements accounts of Mr. Asam and Mr. Mittal – in line with the plan rules applied to Infineon employees – are paid out on or after reaching the age of 67, provided the service contract has also ended, or, on request, at an earlier point in time if the service contract ends on or after reaching the age of 60. If the beneficiaries elect that their pension be paid out in monthly installments, the pension amount is adjusted automatically each year in accordance with the Infineon pension plan.

Alongside the annual retirement entitlements and related benefit amounts, the following table shows the present values of pension entitlements earned to date and the service cost in accordance with IFRS. In accordance with IFRS, the service cost for the current fiscal year is determined at the beginning of the fiscal year concerned.

### Pension entitlements

in €	Fiscal Year	Pension entitlements (annual) as of beginning of pension period	Benefit amounts determined for the relevant fiscal year	Present value of pension and benefit entitlement	Service cost (earned in the current year)
Member of the Management Board					
Dr. Reinhard Ploss (Chief Executive Officer)	2015	205,000	–	5,634,266	219,796
	2014	200,000	–	5,287,480	149,601
Dominik Asam	2015	–	225,000	2,163,812	272,721
	2014	–	205,500	1,836,096	192,780
Arunjai Mittal	2015	–	225,000	3,322,550	241,183
	2014	–	205,500	3,079,244	159,627
<b>Total</b>	2015	205,000	450,000	11,120,628	733,700
	2014	200,000	411,000	10,202,820	502,008

### Early termination of service contract

The service contracts of members of the Management Board include a change of control clause, which stipulates the terms that apply when the activities of a member of the Management Board are terminated in the event of a significant change in Infineon's ownership structure. A change of control for the purposes of this clause occurs when a third party, individually or together with another party, acquires at least 30 percent of the voting rights in Infineon Technologies AG as defined in section 30 of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz – "WpÜG"). Members of the Management Board have the right to resign and terminate their contracts within 12 months of the announcement of such a change of control and any who choose to do so are entitled to continued payment of their annual remuneration up to the end of the originally agreed duration of their contract, up to a maximum of 36 months. If Infineon Technologies AG removes a member of the Management Board or terminates his or her contract within 12 months of the announcement of a change of control, the members of the Management Board concerned are entitled to continued payment of the annual remuneration to the end of the originally agreed duration of their contract, subject to a minimum period of 24 months and a maximum period of 36 months.

The Management Board service contracts otherwise contain no promises of severance pay for situations in which contracts are terminated early.

### Payments to former members of the Management Board in the 2015 fiscal year

Former members of the Management Board received total payments of €1,124,622 (primarily pension benefits) in the 2015 fiscal year (2014: €1,103,977). As of September 30, 2015, accrued pension liabilities for former members of the Management Board amounted to €60,212,071 (2014: €59,502,832).

Mr. Bauer did not receive any service fees in the 2014 or 2015 fiscal years relating to the consultancy agreement concluded on November 26, 2012, by him and the Company after prior approval by the Supervisory Board. The agreement, which provided only for the reimbursement of expenses, was terminated effective January 31, 2015.

### Review of Management Board compensation; changes to individual service contracts

#### Review of Management Board compensation system and individual contracts

In accordance with section 4.2.2 DCGK, the Supervisory Board engaged an external, independent compensation expert – most recently in the 2014 fiscal year – to review the appropriateness of the Management Board compensation system in place since October 1, 2010. In this context, the target annual incomes of each individual member of the Management Board were subjected to detailed scrutiny. The next review is scheduled to take place in the 2016 fiscal year.

#### Increase in Management Board compensation

The review of the individual target annual incomes of the members of the Management Board by an independent compensation expert in the 2014 fiscal year resulted in a rise in the compensation of members of the Management Board effective October 1, 2014. The compensation structure itself remained unchanged (see information provided in the 2014 Annual Report).

## Supervisory Board compensation

### Compensation structure

The Supervisory Board compensation system was subjected to a thorough review in the 2010 fiscal year and came into force with (retrospective) effect from October 1, 2010, in line with a proposal put forward by the Management Board and Supervisory Board to the Annual General Meeting on February 17, 2011.

The compensation due to the Supervisory Board in each fiscal year (total compensation) is governed by section 11 of the Company's Articles of Association and comprises three components:

- › **Fixed compensation** (basic remuneration) of €50,000. This amount applies to each member of the Supervisory Board and is payable within one month of the end of the fiscal year;
- › A **variable compensation** component amounting to €1,500 for every €0.01 by which earnings per share exceed a minimum threshold of €0.30. This minimum threshold is increased by €0.03 every year, with the first increase taking effect for the fiscal year beginning October 1, 2011. The minimum amount is therefore €0.42 for the 2015 fiscal year. The variable compensation component is determined in each case on the basis of the basic (undiluted) earnings per share from continuing operations, determined in accordance with the pertinent financial reporting regulations. The variable compensation component is limited to €50,000 per fiscal year. It also applies to each member of the Supervisory Board and falls due for payment once the Annual General Meeting following the fiscal year to which the compensation relates has ended;
- › An **allowance** recognizing the additional work involved in performing certain functions within the Supervisory Board: The Chairman of the Supervisory Board receives an allowance of €50,000, each Vice-chairman receives an allowance of €37,500, the Chairman of the Investment, Finance and Audit Committee and the Chairwoman of the Strategy and Technology Committee each receive an allowance of €25,000 and each member of a Supervisory Board committee receives an allowance of €15,000 – with the exception of the Nomination Committee and the Mediation Committee. The additional allowance is payable only if the body to which the Supervisory Board or committee member belongs has convened or passed resolutions in the fiscal year concerned. A member of the Supervisory Board performing more than one of the functions indicated receives only the highest single additional allowance payable to a member performing the functions concerned. The allowance is paid to the relevant holder of office within one month of the end of the fiscal year.

In the event that a member, during a fiscal year, joins (or leaves) the Supervisory Board or one of its committees, or takes on a Supervisory Board function for which an allowance is paid, the relevant compensation components are disbursed on a pro-rata basis (payment of one twelfth of the relevant annual compensation component for each (started) month of membership or exercise of function).

As part of the total compensation, the Company additionally grants each member of the Supervisory Board a meeting attendance fee of €2,000 per meeting of the Supervisory Board or one of its committees that is attended in person. The meeting attendance fee is paid only once in cases in which more than one meeting is held on a given day.

Members of the Supervisory Board, moreover, are reimbursed for all expenses incurred in connection with the performance of their Supervisory Board duties and for any value-added tax payable by them in this connection. The Company also pays any value-added tax incurred on the total remuneration (including meeting attendance fees) of members of the Supervisory Board.

### Compensation of the Supervisory Board for the 2015 fiscal year

The total compensation (including meeting attendance fees) paid to the individual members of the Supervisory Board in the 2015 fiscal year comprises the following (these figures do not include value-added tax at 19 percent):

#### Supervisory Board compensation

In € Member of the Supervisory Board	Fiscal year	Fixed compen- sation	Variable compen- sation <sup>1</sup>	Allowance for specific functions	Meeting attendance fees	Total compen- sation
Peter Bauer	2015	33,333	13,000	–	8,000	54,333
(since February 12, 2015)	2014	–	–	–	–	–
Wigand Cramer	2015	20,833	8,125	6,250	10,000	45,208
(until February 12, 2015)	2014	50,000	7,500	15,000	30,000	102,500
Johann Dechant	2015	33,333	13,000	25,000	14,000	85,333
(since February 12, 2015)	2014	–	–	–	–	–
Dr. Herbert Diess	2015	33,333	13,000	–	8,000	54,333
(since February 12, 2015)	2014	–	–	–	–	–
Alfred Eibl	2015	–	–	–	–	–
(until March 31, 2014)	2014	25,000	3,750	7,500	10,000	46,250
Annette Engelfried	2015	33,333	13,000	10,000	12,000	68,333
(since February 12, 2015)	2014	–	–	–	–	–
Reinhard Gottinger (since April 1, 2014 until February 12, 2015)	2015	20,833	8,125	6,250	4,000	39,208
	2014	25,000	3,750	–	14,000	42,750
Peter Gruber	2015	50,000	19,500	15,000	16,000	100,500
	2014	50,000	7,500	15,000	22,000	94,500
Gerhard Hobbach	2015	50,000	19,500	15,000	16,000	100,500
	2014	50,000	7,500	15,000	20,000	92,500
Hans-Ulrich Holdenried	2015	50,000	19,500	15,000	20,000	104,500
	2014	50,000	7,500	15,000	26,000	98,500
Prof. Dr. Renate Köcher	2015	50,000	19,500	–	12,000	81,500
	2014	50,000	7,500	–	14,000	71,500
Dr. Susanne Lachenmann (since February 12, 2015)	2015	33,333	13,000	10,000	10,000	66,333
	2014	–	–	–	–	–
Wolfgang Mayrhuber	2015	50,000	19,500	50,000	28,000	147,500
	2014	50,000	7,500	50,000	34,000	141,500
Dr. Manfred Puffer	2015	50,000	19,500	–	14,000	83,500
	2014	50,000	7,500	–	22,000	79,500
Gerd Schmidt (until February 12, 2015)	2015	20,833	8,125	15,625	10,000	54,583
	2014	50,000	7,500	37,500	28,000	123,000
Prof. Dr. Doris Schmitt-Landsiedel	2015	50,000	19,500	25,000	16,000	110,500
	2014	50,000	7,500	25,000	18,000	100,500
Jürgen Scholz	2015	50,000	19,500	15,000	16,000	100,500
	2014	50,000	7,500	15,000	22,000	94,500
Kerstin Schulzendorf (since February 12, 2015)	2015	33,333	13,000	–	8,000	54,333
	2014	–	–	–	–	–
Dr. Eckart Süner	2015	50,000	19,500	25,000	18,000	112,500
	2014	50,000	7,500	25,000	26,000	108,500
Diana Vitale (since February 12, 2015)	2015	33,333	13,000	–	8,000	54,333
	2014	–	–	–	–	–
<b>Total</b>	2015	745,830	290,875	233,125	248,000	1,517,830
	2014	600,000	90,000	220,000	286,000	1,196,000

<sup>1</sup> Based on earnings per share (undiluted) from continuing operations of €0.55 in 2015 and €0.44 in 2014.

Members of the Supervisory Board did not receive any loans from Infineon in either the 2015 or 2014 fiscal years.

#### Other matters (2015 fiscal year)

The Company signed a contract on August 25, 2015 with the Technische Universität München relating to the provision of research and development services, to be performed primarily within the remit of the Chair of Professor Schmitt-Landsiedel. The Supervisory Board therefore approved the contract as a precautionary measure on August 4, 2015. No amount was paid in accordance with this contract to the Technische Universität München in the 2015 fiscal year.

Neubiberg, November 20, 2015

Management Board

Dr. Reinhard Ploss

Dominik Asam

Arunjai Mittal