

Remuneration Report

This Remuneration Report is a part of the Management Report.

Basic elements of the Executive Board remuneration system

In accordance with the German Stock Corporation Act (*Aktien-gesetz - AktG*), the plenary session of the Supervisory Board is responsible for determining the remuneration for the Executive Board. In September 2013, the Supervisory Board redefined the structure and key elements of the Executive Board remuneration system. The Annual Shareholders' Meeting on April 25, 2014, approved this system of remuneration for the Executive Board members in accordance with Section 120 (4) *AktG*. It was applied in 2016 for all Executive Board members in office in this fiscal year.

In 2016, the Supervisory Board once again commissioned an independent consultant to review the system, structure and amount of remuneration for the Executive Board. The conclusion was, firstly, that the remuneration system and structure, as described in detail hereinafter, satisfy the legal requirements and comply with the recommendations of the German Corporate Governance Code. The consultant assessed the amount of remuneration as appropriate overall. In order to raise the direct remuneration, i.e. the fixed and variable remuneration, to the middle of a remuneration range for comparable companies, the consultant, however, proposed that individual elements be increased. After performing its own detailed review and discussions, the Supervisory Board resolved on the adjustments described hereinafter, which take effect as at January 1, 2017. In determining the remuneration of the Executive Board, the Supervisory Board also took account of the remuneration structure that applies in the rest of the corporation and the ratio of the Executive Board remuneration to the remuneration of senior executives and the workforce in Germany as a whole, including its development over time.

Remuneration for Executive Board members consists of fixed remuneration, variable remuneration elements, additional benefits, and retirement benefits.

Each Executive Board member receives fixed annual remuneration paid in twelve monthly installments. The fixed remuneration of the chairman of the Executive Board will be raised as at January 1, 2017, to bring it in line with market development. The fixed remuneration of the other Executive Board members as determined in 2013 will remain unchanged.

The Executive Board members also receive variable remuneration in the form of a performance bonus and a share-based long-term incentive (LTI). The structure of the variable remuneration is geared toward sustainable development of the company as defined in the German Stock Corporation Act and the German Corporate Governance Code, with a future-oriented assessment basis that generally covers several years. The performance bonus is based on a target bonus that the Supervisory Board determines for each Executive Board member for 100% target achievement, and is then calculated in line with the attainment of certain targets relating to the year-on-year change in the Continental Value Contribution (CVC) and the return on capital employed (ROCE). For Executive Board members who are responsible for a particular division, these key figures

relate to the relevant division; for other Executive Board members, they relate to the corporation. In addition to the CVC and ROCE targets, the Supervisory Board can determine a strategic target at the beginning of each fiscal year. For 2016, the Supervisory Board had set the target of attaining a specific free cash flow for the corporation. If specified minimum values are not achieved, the performance bonus can also decrease to zero. In order to take into account extraordinary factors that have influenced the degree to which targets are achieved, the Supervisory Board has the right - at its due discretion - to retroactively adjust the established attainment of goals on which the calculation of the performance bonus is based by up to 20% upward or downward. In any event, the performance bonus is capped at 150% of the target bonus. This applies irrespective of whether an additional strategic target is resolved.

The performance bonus achieved in a fiscal year is divided into a lump sum, which is paid out as an annual bonus (immediate payment), and a deferred payment (deferral). Under the agreements applicable until December 31, 2013, the immediate payment amounted to 40% of the performance bonus while the deferral amounted to 60%. Since 2014, the immediate payment has amounted to 60% and the deferral 40%. The deferral is converted into virtual shares of Continental AG. Following a holding period of three years after the end of the fiscal year for which variable remuneration is awarded, the value of these virtual shares is paid out together with the value of the dividends that were distributed for the fiscal years of the holding period. The conversion of the deferral into virtual shares and payment of their value after the holding period are based on the average share price for the three-month period immediately preceding the Annual Shareholders' Meeting in the year of conversion or payment. However, the amount of a deferral relating to a fiscal year up to and including 2013 that is paid after the holding period may not fall below 50% of the value at the time of conversion or exceed three times this same value. In addition, the Supervisory Board may retroactively revise the amount paid out for such deferrals by up to 20% upward or downward to balance out extraordinary developments. For deferrals acquired in 2014 or subsequent years, there is no guarantee that at least 50% of the initial value of the deferral will be paid out at the end of the holding period, and it is not possible anymore for the Supervisory Board to change the amount to be paid out retroactively. Furthermore, the possible increase in the value of the deferral is capped at 250% of the initial value.

In addition to the performance bonus, a special bonus can be agreed upon for special projects in individual cases or a recognition bonus can be granted. However, a recognition or special bonus of this kind and the performance bonus together must not exceed 150% of the target bonus, and it is also included in the division into immediate payment and deferral.

With the granting of the LTI, the share of long-term components amounts to 60% or more of variable remuneration on the basis of the target values. The LTI plan is resolved by the Supervisory Board on an annual basis with a term of four years in each case. It determines the target bonus to be paid for 100% target achievement for

each Executive Board member, taking into account the corporation's earnings and the member's individual performance. The first criterion for target achievement is the average CVC that the corporation actually generates in the four fiscal years during the term, starting with the fiscal year in which the tranche is issued. This value is compared to the average CVC, which is set in the strategic plan for the respective period. The degree to which this target is achieved can vary between 0% and a maximum of 200%. The other target criterion is the total shareholder return on Continental shares (share-price performance plus dividends) during the term of the tranche. The degree to which this target is achieved is multiplied by the degree to which the CVC target is achieved to determine the degree of target achievement on which the LTI that will actually be paid after the end of the term is based. It can range between 0% (no payment) and 200% (maximum payment).

In 2013, in anticipation of the plan to be implemented from 2014, the Supervisory Board already granted an LTI to the Executive Board members in office, with the exception of Frank Jourdan. Its conditions correspond to those that apply to the 2013 LTI plan for the senior executives. In addition to a CVC target, this plan does not have a share-based target but does have a target relating to free cash flow in the last year of the term. The 2013 LTI plan is described in detail in the Notes to the Consolidated Financial Statements in the section on employee benefits (Note 24). Frank Jourdan and Hans Jürgen Duensing remain entitled to LTI that were granted to them as senior executives between 2010 and 2013 or 2011 and 2014 respectively.

Starting from January 1, 2017, the target amounts for the performance bonus and the LTI will be increased to raise the total remuneration of the Executive Board members to the middle of a remuneration range of comparable companies in each case.

Executive Board members also receive additional benefits, primarily the reimbursement of expenses, including any relocation expenses and payments – generally for a limited time – for a job-related second household, the provision of a company car, and premiums for group accident and directors' and officers' (D&O) liability insurance. The D&O insurance policy provides for an appropriate deductible in line with the requirements of Section 93 (2) Sentence 3 *AktG*. For longer periods working abroad, benefits are granted in line with the foreign assignment guidelines for senior executives. As a rule, members of the Executive Board must pay taxes on these additional benefits.

Continued remuneration payments have also been agreed for a certain period in the event of employment disability through no fault of the Executive Board member concerned.

All members of the Executive Board have been granted post-employment benefits that are paid starting at the age of 63 (but not before they leave the service of the company) or in the event of disability.

From January 1, 2014, the company pension for the members of the Executive Board was changed from a purely defined benefit to a defined contribution commitment. A "capital component" is credited to the Executive Board member's pension account each year. To determine this, an amount equivalent to 20% of the sum of the fixed remuneration and the target value of the performance bonus is multiplied by an age factor representing an appropriate return. The future benefit rights accrued until December 31, 2013, have been converted into a "starting component" in the capital account. When the insured event occurs, the benefits are paid out as a lump sum, in installments or – as is normally the case due to the expected amount of the benefits – as a pension. Overall, the level of the benefits has fallen to around 80% of the previous commitments due to the conversion. Post-employment benefits are adjusted after commencement of such benefit payments in accordance with Section 16 of the German Company Pensions Law (*Betriebsrentengesetz – BetrAVG*).

In the employment contracts it has been agreed that, in the event of premature termination of Executive Board work, payments to the Executive Board member that are to be agreed, including the additional benefits, shall not exceed the value of two annual salaries or the value of remuneration for the remaining term of the employment contract for the Executive Board member. There are no compensation agreements with the members of the Executive Board for the event of a takeover bid or a change of control at the company. Heinz-Gerhard Wente, who retired on April 30, 2015, received compensation for non-competition in an amount of €686 thousand in 2016 – taking into account his pension entitlements – for a post-contractual non-compete covenant, which was still in place in that year. This amount included a back payment for the previous year, because the starting basis had increased as a result of including realized variable remuneration elements.

Individual remuneration

In the tables below, the benefits, inflows and service costs granted to each active member of the Executive Board are shown separately in accordance with the recommendations of Section 4.2.5 para. 3 of the German Corporate Governance Code.

€ thousands	Remuneration granted				Inflows	
	2015	2016	2016 (min.)	2016 (max.)	2015	2016
Dr. E. Degenhart (Board chairman; Board member since August 12, 2009)						
Fixed remuneration	1,350	1,350	1,350	1,350	1,350	1,350
Additional benefits	29	102	102	102	29	102
Total	1,379	1,452	1,452	1,452	1,379	1,452
Performance bonus (immediate payment)	1,110	1,110	0	1,665	1,665	1,245
Multiannual variable remuneration	1,940	1,940	0	4,250	3,227	2,230
Performance bonus (deferral) [3 years]	740	740	0	1,850	3,227	2,230
Long-term incentive [4 years]	1,200	1,200	0	2,400	–	–
Total	4,429	4,502	1,452	7,367	6,271	4,927
Service costs	764	900	900	900	764	900
Total remuneration	5,193	5,402	2,352	8,267	7,035	5,827
J. A. Avila (Board member for Powertrain; Board member since January 1, 2010)						
Fixed remuneration	800	800	800	800	800	800
Additional benefits	34	49	49	49	34	49
Total	834	849	849	849	834	849
Performance bonus (immediate payment)	660	660	0	990	990	641
Multiannual variable remuneration	990	990	0	2,200	2,216	990
Performance bonus (deferral) [3 years]	440	440	0	1,100	2,216	990
Long-term incentive [4 years]	550	550	0	1,100	–	–
Total	2,484	2,499	849	4,039	4,040	2,480
Service costs	460	365	365	365	460	365
Total remuneration	2,944	2,864	1,214	4,404	4,500	2,845
Dr. R. Cramer (Board member for Continental China; Board member since August 12, 2009)						
Fixed remuneration	800	800	800	800	800	800
Additional benefits	635	475	475	475	635	475
Total	1,435	1,275	1,275	1,275	1,435	1,275
Performance bonus (immediate payment)	660	660	0	990	990	740
Multiannual variable remuneration	990	990	0	2,200	2,249	844
Performance bonus (deferral) [3 years]	440	440	0	1,100	2,249	844
Long-term incentive [4 years]	550	550	0	1,100	–	–
Total	3,085	2,925	1,275	4,465	4,674	2,859
Service costs	477	611	611	611	477	611
Total remuneration	3,562	3,536	1,886	5,076	5,151	3,470

€ thousands	Remuneration granted				Inflows	
	2015	2016	2016 (min.)	2016 (max.)	2015	2016
H.-J. Duensing (Board member for ContiTech; Board member since May 1, 2015)						
Fixed remuneration	533	800	800	800	533	800
Additional benefits	10	54	54	54	10	54
Total	543	854	854	854	543	854
Performance bonus (immediate payment)	443	660	0	990	133	965
Multiannual variable remuneration	845	990	0	2,200	145	140
Performance bonus (deferral) [3 years]	295	440	0	1,100	–	–
Long-term incentive [4 years]	550	550	0	1,100	145	140
Total	1,831	2,504	854	4,044	821	1,959
Service costs	348	516	516	516	348	516
Total remuneration	2,179	3,020	1,370	4,560	1,169	2,475
F. Jourdan (Board member for Chassis & Safety; Board member since September 25, 2013)						
Fixed remuneration	800	800	800	800	800	800
Additional benefits	36	60	60	60	36	60
Total	836	860	860	860	836	860
Performance bonus (immediate payment)	660	660	0	990	990	303
Multiannual variable remuneration	990	990	0	2,200	181	175
Performance bonus (deferral) [3 years]	440	440	0	1,100	–	–
Long-term incentive [4 years]	550	550	0	1,100	181	175
Total	2,486	2,510	860	4,050	2,007	1,338
Service costs	572	305	305	305	572	305
Total remuneration	3,058	2,815	1,165	4,355	2,579	1,643
H. Matschi (Board member for Interior; Board member since August 12, 2009)						
Fixed remuneration	800	800	800	800	800	800
Additional benefits	37	47	47	47	37	47
Total	837	847	847	847	837	847
Performance bonus (immediate payment)	660	660	0	990	990	282
Multiannual variable remuneration	990	990	0	2,200	1,201	844
Performance bonus (deferral) [3 years]	440	440	0	1,100	1,201	844
Long-term incentive [4 years]	550	550	0	1,100	–	–
Total	2,487	2,497	847	4,037	3,028	1,973
Service costs	465	277	277	277	465	277
Total remuneration	2,952	2,774	1,124	4,314	3,493	2,250

€ thousands	Remuneration granted				Inflows	
	2015	2016	2016 (min.)	2016 (max.)	2015	2016
Dr. A. Reinhart (Board member for Human Relations; Board member since October 1, 2014)						
Fixed remuneration	800	800	800	800	800	800
Additional benefits	11	37	37	37	11	37
Total	811	837	837	837	811	837
Performance bonus (immediate payment)	660	660	0	990	990	740
Multiannual variable remuneration	990	990	0	2,200	–	–
Performance bonus (deferral) [3 years]	440	440	0	1,100	–	–
Long-term incentive [4 years]	550	550	0	1,100	–	–
Total	2,461	2,487	837	4,027	1,801	1,577
Service costs	736	473	473	473	736	473
Total remuneration	3,197	2,960	1,310	4,500	2,537	2,050
W. Schäfer (Board member for Finance; Board member since January 1, 2010)						
Fixed remuneration	1,100	1,100	1,100	1,100	1,100	1,100
Additional benefits	28	44	44	44	28	44
Total	1,128	1,144	1,144	1,144	1,128	1,144
Performance bonus (immediate payment)	660	660	0	990	990	740
Multiannual variable remuneration	1,090	1,090	0	2,400	2,482	1,715
Performance bonus (deferral) [3 years]	440	440	0	1,100	2,482	1,715
Long-term incentive [4 years]	650	650	0	1,300	–	–
Total	2,878	2,894	1,144	4,534	4,600	3,599
Service costs	525	526	526	526	525	526
Total remuneration	3,403	3,420	1,670	5,060	5,125	4,125
N. Setzer (Board member for Tires; Board member since August 12, 2009)						
Fixed remuneration	800	800	800	800	800	800
Additional benefits	44	81	81	81	44	81
Total	844	881	881	881	844	881
Performance bonus (immediate payment)	660	660	0	990	946	885
Multiannual variable remuneration	990	990	0	2,200	2,138	1,585
Performance bonus (deferral) [3 years]	440	440	0	1,100	2,138	1,585
Long-term incentive [4 years]	550	550	0	1,100	–	–
Total	2,494	2,531	881	4,071	3,928	3,351
Service costs	543	735	735	735	543	735
Total remuneration	3,037	3,266	1,616	4,806	4,471	4,086

€ thousands	Remuneration granted				Inflows	
	2015	2016	2016 (min.)	2016 (max.)	2015	2016
H.-G. Wentze (Board member for ContiTech; Board member from May 3, 2007 to April 30, 2015)						
Fixed remuneration	267	–	–	–	267	–
Additional benefits	25	–	–	–	25	–
Total	292	–	–	–	292	–
Performance bonus (immediate payment)	217	–	–	–	65	–
Multiannual variable remuneration	190	–	–	–	2,303	1,438
Performance bonus (deferral) [3 years]	145	–	–	–	2,303	1,438
Long-term incentive [4 years]	45	–	–	–	–	–
Total	699	–	–	–	2,660	1,438
Service costs	0	–	–	–	0	–
Total remuneration	699	–	–	–	2,660	1,438

The disclosures on benefits granted and inflows are broken down into fixed and variable remuneration components and supplemented by disclosures on the service costs. The fixed remuneration components include the non-performance-related fixed remuneration and additional benefits. The variable performance-related remuneration components consist of the immediate payment from the performance bonus as a short-term remuneration component and the two long-term components: the deferral of the performance bonus and the LTI.

The immediate payment, the deferral (taking into account the reference tables as recommended in Section 4.2.5, para. 3 of the German Corporate Governance Code), and the LTI are each recognized as benefits granted at the value of the commitment at the time it is granted (equivalent to 100% target achievement). The remuneration elements are supplemented by disclosures on individually attainable maximum and minimum remuneration.

The inflow recognized in the year under review comprises the fixed remuneration components actually received plus the amounts of the immediate payment to be received in the following year that had been determined at the time the remuneration report was prepared. Disclosures on the two long-term components - the deferral and the LTI - relate to actual payments in the year under review. There were no inflows from multiannual variable remuneration that was scheduled to end in the period under review, but would not be paid until the following year. In line with the recommendations of Section 4.2.5 para. 3 of the German Corporate Governance Code, service costs in the disclosures on inflows correspond to the amounts granted, although they do not represent actual inflows in a stricter sense.

In fiscal 2016, the members of the Executive Board neither received nor were promised payments by a third party with respect to their activities on the Executive Board.

Remuneration of the Executive Board in 2016

€ thousands	Remuneration components			Total	Share-based payment ³
	Fixed ¹	Variable, short-term	Variable, long-term ²		
Dr. E. Degenhart	1,452	1,245	2,030	4,727	550
J. A. Avila	849	641	977	2,467	288
Dr. R. Cramer	1,275	740	1,044	3,059	367
H.-J. Duensing	854	965	1,192	3,011	953
F. Jourdan	860	303	752	1,915	294
H. Matschi	847	282	738	1,867	-13
Dr. A. Reinhart	837	740	1,044	2,621	795
W. Schäfer	1,144	740	1,144	3,028	200
N. Setzer	881	885	1,140	2,906	298
Total	8,999	6,541	10,061	25,601	3,732

¹ In addition to cash components, the fixed remuneration includes non-cash elements, such as benefits relating to international assignments and in particular any related taxes paid, company cars, and insurance.

² Long-term component of the variable remuneration that is converted into virtual shares of Continental AG to ensure a focus on sustainable development of the company and benefits granted under the 2016 long-term incentive plan.

³ Long-term component of the variable remuneration that is converted into virtual shares of Continental AG to ensure a focus on sustainable development of the company, the granting of the 2016 long-term incentive plan, as well as the changes in the value of the virtual shares granted in previous years and in the value of the 2014 to 2016 long-term incentive plans.

Remuneration of the Executive Board in 2015

€ thousands	Remuneration components			Total	Share-based payment ³
	Fixed ¹	Variable, short-term	Variable, long-term ²		
Dr. E. Degenhart	1,379	1,665	2,310	5,354	4,296
J. A. Avila	834	990	1,210	3,034	2,280
Dr. R. Cramer	1,435	990	1,210	3,635	2,181
H.-J. Duensing (since May 1, 2015)	543	133	639	1,315	809
F. Jourdan	836	990	1,210	3,036	1,552
H. Matschi	837	990	1,210	3,037	2,151
Dr. A. Reinhart	811	990	1,210	3,011	1,363
W. Schäfer	1,128	990	1,310	3,428	2,688
N. Setzer	844	946	1,181	2,971	2,400
H.-G. Wente (until April 30, 2015)	292	65	88	445	636
Total	8,939	8,749	11,578	29,266	20,356

¹ In addition to cash components, the fixed remuneration includes non-cash elements, such as benefits relating to international assignments and in particular any related taxes paid, company cars, and insurance.

² Long-term component of the variable remuneration that is converted into virtual shares of Continental AG to ensure a focus on sustainable development of the company and benefits granted under the 2015 long-term incentive plan.

³ Long-term component of the variable remuneration that is converted into virtual shares of Continental AG to ensure a focus on sustainable development of the company, the granting of the 2015 long-term incentive plan, as well as the changes in the value of the virtual shares granted in previous years and in the value of the 2014 and 2015 long-term incentive plans.

Share-based payment - performance bonus (deferral)

The amounts of variable remuneration converted into virtual shares of Continental AG for members of the Executive Board changed as follows:

units	Number of shares as at Dec. 31, 2014	Payment	Commitments	Number of shares as at Dec. 31, 2015	Payment	Commitments	Number of shares as at Dec. 31, 2016
Dr. E. Degenhart	32,953	-15,660	4,520	21,813	-11,169	5,836	16,480
J. A. Avila	20,352	-10,757	609	10,204	-4,801	3,471	8,874
Dr. R. Cramer	18,047	-10,917	2,688	9,818	-4,226	3,471	9,063
H.-J. Duensing (since May 1, 2015)	–	–	–	–	–	465	465
F. Jourdan	427	–	2,901	3,328	–	3,471	6,799
H. Matschi	14,853	-5,828	2,795	11,820	-4,231	3,471	11,060
Dr. A. Reinhart (since October 1, 2014)	–	–	677	677	–	3,471	4,148
W. Schäfer	25,349	-12,047	2,688	15,990	-8,592	3,471	10,869
N. Setzer	22,521	-10,376	2,643	14,788	-7,937	3,316	10,167
E. Strathmann (until April 25, 2014)	11,971	–	–	11,971	-7,732	–	4,239
H.-G. Wente (until April 30, 2015)	22,031	-11,175	2,002	12,858	-6,875	228	6,211
Total	168,504	-76,760	21,523	113,267	-55,563	30,671	88,375

€ thousands	Fair value as at Dec. 31, 2014	Fair value of distribution	Change in fair value	Fair value of commitments	Fair value as at Dec. 31, 2015	Fair value of distribution	Change in fair value	Fair value of commitments	Fair value as at Dec. 31, 2016
Dr. E. Degenhart	5,918	-3,227	1,309	1,032	5,032	-2,230	-751	1,100	3,151
J. A. Avila	3,656	-2,216	777	139	2,356	-958	-354	655	1,699
Dr. R. Cramer	3,244	-2,249	653	614	2,262	-844	-342	655	1,731
H.-J. Duensing (since May 1, 2015)	–	–	–	–	–	–	–	88	88
F. Jourdan	76	–	22	662	760	–	-123	655	1,292
H. Matschi	2,664	-1,201	622	638	2,723	-845	-416	655	2,117
Dr. A. Reinhart (since Oct. 1, 2014)	–	–	–	155	155	–	-25	655	785
W. Schäfer	4,550	-2,482	1,008	614	3,690	-1,715	-548	655	2,082
N. Setzer	4,044	-2,138	902	604	3,412	-1,585	-507	625	1,945
E. Strathmann (until April 25, 2014)	2,139	–	628	–	2,767	-1,544	-403	–	820
H.-G. Wente (until April 30, 2015)	3,957	-2,303	855	457	2,966	-1,373	-440	43	1,196
Total	30,248	-15,816	6,776	4,915	26,123	-11,094	-3,909	5,786	16,906

Heinz-Gerhard Wente, who retired on April 30, 2015, was granted commitments of €43 thousand (equivalent to 228 units) and was paid €1.4 million (equivalent to 6,875 units) in 2016. As at December 31, 2016, there were commitments with a fair value of €1.2 million (equivalent to 6,211 units). Elke Strathmann, whose appointment as member of the Executive Board and employment contract ended as at April 25, 2014, was paid €1.5 million (equivalent to 7,732 units). As at December 31, 2016, there were commitments with a fair value of €0.8 million (equivalent to 4,239 units).

Owing to the individual arrangements specific to the company, there are certain features of the virtual shares as compared to standard options that must be taken into account in their measurement.

A Monte Carlo simulation is used in the measurement of stock options. This means that log-normal distributed processes are simulated for the price of Continental shares. The measurement model also takes into account the average value accumulation of share prices in the respective reference period and the floor and cap for the distribution amount.

The following parameters were used as at the measurement date of December 31, 2016:

- › Constant zero rates as at the measurement date of December 31, 2016:
Tranche in 2013: -0.97% as at the due date and as at the expected payment date;
Tranche in 2014: -0.82% as at the due date and as at the expected payment date;

Tranche in 2015: -0.80% as at the due date and as at the expected payment date.

- › Interest rate based on the yield curve for government bonds.
- › Dividend payments as the arithmetic mean based on publicly available estimates for 2017 and 2018; the dividend of Continental AG amounted to €3.75 per share in 2016, and Continental AG distributed a dividend of €3.25 per share in 2015.
- › Historic volatilities on the basis of daily XETRA closing rates for Continental shares based on the respective remaining term for virtual shares. The volatility for the 2013 tranche is 20.81%, for the 2014 tranche 28.73%, and for the 2015 tranche 29.49%.

Share-based payment - long-term incentive (LTI plans starting with 2014)

The LTI plans starting with 2014 developed as follows:

€ thousands	Fair value as at Dec. 31, 2014	Commitment LTI Plan 2015	Change in fair value	Fair value as at Dec. 31, 2015	Commitment LTI Plan 2016	Change in fair value	Fair value as at Dec. 31, 2016 ¹
Dr. E. Degenhart	1,274	1,200	624	3,098	1,200	-720	3,578
J. A. Avila	584	550	286	1,420	550	-330	1,640
Dr. R. Cramer	584	550	286	1,420	550	-330	1,640
H.-J. Duensing (since May 1, 2015)	106	550	170	826	550	-238	1,138
F. Jourdan	584	550	286	1,420	550	-330	1,640
H. Matschi	584	550	286	1,420	550	-330	1,640
Dr. A. Reinhart (since October 1, 2014)	–	550	145	695	550	-219	1,026
W. Schäfer	690	650	338	1,678	650	-390	1,938
N. Setzer	584	550	286	1,420	550	-330	1,640
H.-G. Wente (until April 30, 2015)	584	45	-330 ²	299	–	-48	251
Total	5,574	5,745	2,377	13,696	5,700	-3,265	16,131

¹ As at the end of the reporting period, the 2016 tranche was vested 25%, the 2015 tranche 50%, and the 2014 tranche 75%.

² With the departure of H.-G. Wente from the company as at April 30, 2015, a portion of the commitments of the 2014 and 2015 LTI plans expired. The commitment in 2014 of €550 thousand decreased to €183 thousand, resulting in a fair value of €241 thousand as at December 31, 2015, down by €343 thousand. As part of the 2015 LTI plan, a partial commitment of €45 thousand remains for H.-G. Wente, with a fair value of €58 thousand as at December 31, 2015.

The following parameters were used as at the measurement date of December 31, 2016:

- › Constant zero rates as of the measurement date of December 31, 2016:
2014 LTI plan: -0.84% as at the due date and -0.81% as at the expected payment date;
2015 LTI plan: -0.81% as at the due date and -0.79% as at the expected payment date;
2016 LTI plan: -0.76% as at the due date and -0.70% as at the expected payment date.

- › Interest rate based on the yield curve for government bonds.
- › Dividend payments as the arithmetic mean based on publicly available estimates for the years 2017 to 2019; the dividend of Continental AG amounted to €3.75 per share in 2016.
- › Historic volatilities on the basis of daily XETRA closing rates for Continental shares based on the respective remaining term for virtual shares. The volatility for the 2014 LTI plan is 28.64%, for the 2015 LTI plan 29.58%, and for the 2016 LTI plan 28.37%.

Expenses for retirement benefits

The defined benefit obligations for all pension commitments for the active members of the Executive Board in 2016 are presented below:

€ thousands	Defined benefit obligations	
	Dec. 31, 2016	Dec. 31, 2015
Dr. E. Degenhart	10,535	8,560
J. A. Avila	7,145	5,913
Dr. R. Cramer	3,661	2,671
H.-J. Duensing (since May 1, 2015)	1,094	612
F. Jourdan	2,297	1,447
H. Matschi	4,913	3,751
Dr. A. Reinhart	2,041	981
W. Schäfer	8,925	7,242
N. Setzer	4,165	2,904
Total	44,776	34,081

We refer to Note 38 of the Notes to the Consolidated Financial Statements for details of pension obligations for former members of the Executive Board.

Remuneration of the Supervisory Board

Article 16 of the Articles of Incorporation regulates the remuneration paid to members of the Supervisory Board. This remuneration also has fixed and variable components. The variable component is aligned with the sustainable development of the company. The chairman and vice chairman of the Supervisory Board and the chairs and members of committees qualify for higher remuneration.

In addition to their remuneration, the members of the Supervisory Board are also paid attendance fees and their expenses are reimbursed. The D&O insurance policy also covers members of the Supervisory Board. As recommended by the German Corporate

Governance Code, their deductible also complies with the requirements of Section 93 (2) Sentence 3 *AktG* that apply directly to the Executive Board only.

In the past year there were no consultant agreements or other service or work agreements between the company and members of the Supervisory Board or related parties.

The remuneration of individual Supervisory Board members in 2016 as provided for under these arrangements is shown in the following table.

Remuneration of the Supervisory Board

€ thousands	Remuneration components			
	2016		2015	
	Fixed ¹	Variable	Fixed ¹	Variable
Prof. Dr.-Ing. Wolfgang Reitzle	232	301	232	262
Hartmut Meine ²	119	151	118	132
Dr. Gunter Dunkel	81	101	81	87
Hans Fischl ²	81	101	81	87
Prof. Dr.-Ing. Peter Gutzmer	79	101	81	87
Peter Hausmann ²	121	151	122	132
Michael Iglhaut ²	92	113	81	87
Prof. Dr. Klaus Mangold	80	101	81	87
Sabine Neuß	81	101	81	87
Prof. Dr. Rolf Nonnenmacher	198	251	198	219
Dirk Nordmann ²	122	151	122	132
Artur Otto (until April 30, 2015) ²	–	–	27	28
Klaus Rosenfeld	121	151	119	132
Georg F. W. Schaeffler	124	151	123	132
Maria-Elisabeth Schaeffler-Thumann	79	101	81	87
Jörg Schönfelder ²	120	151	120	132
Stefan Scholz (since April 30, 2015) ²	81	101	55	58
Kirsten Vörkel ²	81	101	81	87
Elke Volkmann ²	78	101	81	87
Erwin Wörle ²	111	136	122	132
Prof. KR Ing. Siegfried Wolf	80	101	81	87
Total	2,161	2,717	2,168	2,361

¹ Including meeting-attendance fees.

² In accordance with the guidelines issued by the German Federation of Trade Unions, these employee representatives have declared that their board remuneration is transferred to the Hans Böckler Foundation and in one case to other institutions as well.