

Reports of the Management Board concerning Items 5 and 6 on the Agenda of the Annual General Meeting of Infineon Technologies AG on February 14, 2008

Report of the Management Board concerning Item 5 on the Agenda

The authorization to purchase own shares is intended to enable the Company to use the shares purchased for any legally permitted purpose. The shares purchased may be sold through the stock exchange or by means of a public offer to all shareholders, in both cases in accordance with the statutory principle of equal treatment, or recalled, in which case there are no such restrictions, or they may be used in particular for the following purposes:

- as an acquisition currency in connection with company mergers or the acquisition of companies, parts of companies or participations in companies,
- to service bonds with warrants or convertible bonds issued or guaranteed by the Company, and
- to be offered and transferred to people who are employed by the Company or by a company affiliated with the Company.

In light of the potential uses indicated for the own shares purchased, we consider the following points to be of principal significance:

- Own shares as an acquisition currency

We wish to be able to offer own shares in company acquisitions. We have already completed several acquisitions against shares. In comparable situations in the future, it may be advantageous to resort to own shares rather than making the entire purchase price available from an authorized capital. Sometimes the vendors actually explicitly request to receive shares in the Company. The purchaser also sometimes has to redeem stock option plans operated by the target company, for example, while in other cases elements of the purchase price may be tied to specific targets. Issuing shares from an authorized capital when these targets are achieved can be very complicated in certain circumstances, and we would therefore like to have the option of being able to offer own shares.

- Own shares to service bonds with warrants and convertible bonds

Moreover, we also wish to be able to use own shares to service bonds with warrants and convertible bonds that have been or will be issued or guaranteed by the Company. Although there are conditional capitals available for such bonds issued by the Company, the terms of the bonds usually permit the Company the alternative of meeting conversion obligations from own shares. This option also harbors benefits in terms of enhanced flexibility. One of the advantages of using existing own shares for this purpose is that there is then no need to create new shares, so the dilution effect typically associated with capital increases when making use of conditional capital is avoided.

- Own shares to be offered and transfer to employees

We additionally wish to be able to offer own shares for sale or transfer to employees of the Company or of companies affiliated with the Company with the subscription right of existing shareholders excluded. Use of own shares for this purpose is actually provided for in Section 71 (1) No. 2 of the German Stock Corporation Act (Aktiengesetz), however it may also be expedient to use for this purpose own shares that the Company has already purchased under the terms of an authorization pursuant to Section 71 (1) No. 8 of the German Stock Corporation Act (Aktiengesetz).

The subscription right of shareholders in respect of these shares must be excluded in all of the cases presented so that the shares can be used for the purposes described. The Management Board will in every case examine whether it is appropriate for such measures to use own shares of the Company and exclude the subscription right of shareholders. When deciding on whether to implement a measure of this kind that will lead to the exclusion of the subscription right of shareholders, the Management Board will be guided by the interests of the shareholders and of the Company and will carefully consider whether the exclusion is needed in the interests of the Company. The necessary measures will be taken and the subscription rights of the shareholders excluded only if these conditions are met. The Management Board will report on each decision at the next Annual General Meeting following the decision pursuant to Section 71 (3) of the German Stock Corporation Act.

Purchasing methods:

The resolution proposed provides three recognized methods of purchasing the shares: via the stock exchange, via a public purchase offer and via a public exchange offer addressed to all shareholders. Section 71 (1) No. 8 of the German Stock Corporation Act (Aktiengesetz) states that the method of purchasing via the stock exchange in itself satisfies the requirements of the principle of equal treatment. Any disadvantage to shareholders is similarly excluded in the case of a public purchase offer. The public exchange offer also complies with the equal treatment requirement and represents an attractive alternative for the Company to the aforementioned methods of purchasing own shares. One particular advantage of the public exchange offer is that it opens up the possibility of realizing the announced reduction in the Company's Qimonda holding and offering Qimonda-ADS to interested shareholders.

Report of the Management Board concerning Item 6 on the Agenda

Adequate capital resources are an important prerequisite for the development of the Company. Bonds with warrants and convertible bonds ("bonds") are an important financial instrument that enables the Company to obtain low-interest debt capital initially, which in some instances it may later retain in the form of equity. Moreover, the conversion and option premiums realized, accrue to the Company. Our Company has already issued two convertible bonds, the first in 2002 and the second in 2003, on the basis of existing authorizations. One of the two bonds (originally issued in a nominal amount of EUR 1 billion) matured in February 2007. In order to ensure that the Company retains its flexibility when raising capital, the Annual General Meeting of February 15, 2007 authorized the Management Board to issue bonds in the

aggregate amount of up to EUR 4 billion in the period until February 14, 2012 and resolved upon a "Conditional Capital 2007" in an amount of up to EUR 248,000,000.00 to service these bonds.

Recently, several court decisions have challenged the previously common practice of creating conditional capitals to service bonds and setting an associated minimum option or conversion price. The Company believes these court decisions to be incorrect. However in order to eliminate any uncertainty with regard to an important financing option for the Company and in the interests of legal prudence, it is intended to resolve a new authorization to issue bonds that, in line with more recent case law, defines an option and conversion price that can be determined precisely but is otherwise essentially equivalent to the existing authorization of February 15, 2007. It is also intended to create a new Conditional Capital 2008 to service the option and conversion rights resulting from these new bonds.

Pursuant to this authorization, it shall be possible to issue bonds in the aggregate amount of up to EUR 2 billion. Shares representing a notional portion of the share capital of up to EUR 149,900,000.00 – corresponding to up to 74,950,000 shares – shall be available to service these bonds.

The new authorization and the new Conditional Capital 2008 are not intended to increase the extent to which the holdings of current shareholders can be diluted. The Company will therefore only make use of either the authorization approved by the Annual General Meeting 2007 or of the new authorization proposed here.

Our shareholders generally have a subscription right to the bonds under the applicable statutory provisions. This enables them to invest their capital with the Company and at the same time maintain their proportionate stake in the Company. It is intended, however, that the Management Board will be authorized, as has been the case in the past, to exclude this subscription right in certain circumstances as provided for under the law subject to the approval of the Supervisory Board:

- The Management Board shall be authorized to exclude the subscription right in analogous application of Section 186 (3) Sentence 4 of the German Stock Corporation Act (Aktiengesetz) with the approval of the Supervisory Board if the issue price of the bonds is not substantially lower than their theoretical market value as determined in accordance with accepted methods of financial mathematics (Section 221 (4) Sentence 2 in conjunction with Section 186 (3) Sentence 4 of the German Stock Corporation Act (Aktiengesetz)). Such exclusion of the subscription rights of existing shareholders is necessary if a bond is to be placed at short notice in order to make use of a favorable market environment. The interests of the shareholders are preserved in that the bonds are issued at a price which is not substantially lower than their market value, as a result of which the value of a subscription right is practically zero. This option is limited to bonds with rights to shares representing a notional portion of not more than 10% of the share capital. That notional portion of the share capital that relates to shares issued or sold between February 14, 2008 and the expiry of this authorization with the subscription right of existing shareholders excluded in direct or analogous application of Section 186 (3) Sentence 4 of the German Stock Corporation Act (Aktiengesetz) is to be included in this amount. Also to be included in this number are the shares that

have been or can still be issued to service option and/or conversion rights insofar as the bonds were issued during the term of this authorization with the subscription right of existing shareholders excluded in analogous application of Section 186 (3) Sentence 4 of the German Stock Corporation Act (Aktiengesetz). These two sums are included in the 10% figure in the interests of minimizing any dilution of the stake of the shareholders. The Management Board, moreover, will only exercise the option, created under the existing authorization and the new authorization to be approved, of excluding the subscription right of existing shareholders pursuant to Section 186 (3) Sentence 4 of the German Stock Corporation Act (Aktiengesetz) insofar as the shares to be issued to service the option and/or conversion rights established on this basis in aggregate do not exceed 10% of the share capital.

- It shall also be possible to exclude the shareholders' subscription right in order to permit exploitation of fractional amounts in issues for which shareholders have a subscription right in principle. It is reasonable and customary to exclude the subscription right of existing shareholders in relation to fractional amounts because the costs of trading subscription rights relating to fractional amounts are out of proportion to the benefits for shareholders. The potential dilution effect is also negligible due to the restriction on fractional amounts. The bonds excluded from the subscription right on account of fractional amounts are used to the best advantage of the Company.
- It should be possible, furthermore, to exclude the subscription right insofar as the holders of bonds that have been or will be issued by the Company or its subordinated group companies are granted a subscription right to bonds issued subsequently. Bonds with warrants and convertible bonds usually provide such protection against dilution to facilitate placement in the capital market. The holders of the subscription right are thus treated as though they had already made use of their subscription right and were therefore already shareholders.

Neubiberg, December 2007

The Management Board