

## OPPORTUNITIES

For Infineon we consider the optimization of our product portfolio, the enhancement of the productivity in our production lines and a positive market environment as an essential opportunity for a sustainable improvement of our operating results.

In general we see volume opportunities in connection with greater demand in our target markets.

In particular, a recovery of the automotive market could lead to a better than expected development in demand. Our power semiconductor business may experience additional growth driven by energy efficiency requirements and government regulations in all market segments. For our wireless communication business, opportunities could arise particularly from a better than expected success of our mobile phone customers and from new customer projects. The continued worldwide introduction of electronic ID documents as well as migration towards electronic tickets in transport systems could open growth opportunities in the Chip Card & Security market.

## INFORMATION PURSUANT TO SECTION 289, PARAGRAPH 4, AND SECTION 315, PARAGRAPH 4, OF THE GERMAN COMMERCIAL CODE

### STRUCTURE OF THE SUBSCRIBED CAPITAL

The subscribed capital of Infineon Technologies AG totaled €2,173,484,170 as of September 30, 2009. It is divided into 1,086,742,085 no par value nominal shares, each of which represents a notional portion of the subscribed capital of €2. All shares carry the same rights and obligations. Each share carries one vote. Shares of Infineon Technologies AG are listed on the Frankfurt Stock Exchange (FSE) under the symbol "IFX" and were also listed on the New York Stock Exchange (NYSE) in the form of American Depositary Shares ("ADS") until April 24, 2009. Following the delisting on April 24, 2009, the Infineon Technologies AG ADS's are now traded on the OTCQX International over-the-counter market under the ticker symbol "IFNNY" rather than on the NYSE. Each Infineon ADS represents one Infineon ordinary share.

### RESTRICTIONS ON VOTING RIGHTS OR THE TRANSFER OF SHARES

Restrictions on the voting rights of shares may, in particular, arise as the result of the regulations of the German Stock Corporation Act ("AktG"). For example, shareholders are prohibited, under certain conditions, from voting according to

section 136 AktG and Infineon Technologies AG has no voting rights from its own shares according to section 71b AktG. We are not aware of any contractual restrictions on voting rights or the transfer of shares.

Pursuant to Section 67, paragraph 2 AktG, only those persons recorded in the share register of Infineon Technologies AG will be recognized as shareholders of Infineon Technologies AG. For purposes of recording the shares in share register Infineon Technologies AG, shareholders are required to submit to Infineon Technologies AG the number of shares held by them and their name or company name, address and date of birth. Pursuant to Section 67, paragraph 4 AktG, Infineon Technologies AG is entitled to request information from any party registered in share register Infineon Technologies AG regarding the extent to which the latter actually owns the shares for which it is registered as holder and, if this is not the case, to request the party concerned to submit the information necessary for the maintenance of the share register in relation to the party for whom it holds the shares. Section 67, paragraph 2 AktG stipulates that the shares concerned do not confer voting rights until such time as the information requested has been supplied.

### SHAREHOLDINGS EXCEEDING 10 PERCENT OF THE VOTING RIGHTS

The German Securities Trading Act (Wertpapierhandelsgesetz) requires each person whose shareholding reaches, exceeds or, after exceeding, falls below the 3 percent, 5 percent, 10 percent, 15 percent, 20 percent, 25 percent, 30 percent, 50 percent or 75 percent voting rights thresholds of a listed corporation to notify such corporation and the German Federal Supervisory Authority for Financial Services (Bundesanstalt für Finanzdienstleistungsaufsicht - "BaFin") immediately. As of September 30, 2009, we have not been notified of any direct or indirect shareholdings reaching or exceeding 10% of the voting rights. The shareholdings notified to us are described as information pursuant to Section 160 Section 1 No. 8 Corporate Act (AktG) in our consolidated financial statements.

### SHARES WITH SPECIAL CONTROL RIGHTS

Shares that confer special control rights have not been issued.

### SYSTEM OF CONTROL OF EMPLOYEE SHARE SCHEMES WHEN CONTROL RIGHTS ARE NOT EXERCISED DIRECTLY BY THE EMPLOYEES

Employees who hold shares in Infineon Technologies AG exercise their control rights directly in accordance with applicable laws and the Articles of Association, just as other shareholders do.

### RULES GOVERNING THE APPOINTMENT AND REPLACEMENT OF MEMBERS OF THE MANAGEMENT BOARD

Section 5, paragraph 1, of the Articles of Association stipulates that the Management Board of Infineon Technologies AG shall consist of at least two members. Currently, the Management Board of Infineon Technologies AG consists of four members. Pursuant to section 5, paragraph 1, of the Articles of Association and section 84, paragraph 1, AktG, the Supervisory Board shall decide on the exact number of members as well as on the appointment and dismissal of the members of the Management Board. As Infineon Technologies AG falls within the scope of the German Co-Determination Act (MitbestG), the appointment or dismissal of members of the Management Board requires a two-thirds majority of the votes of the members of the Supervisory Board (section 31, paragraph 2, MitbestG). If such majority is not achieved on the first ballot, the appointment may be approved upon a recommendation of the mediation committee on a second ballot by a simple majority of the votes of the members of the Supervisory Board (section 31, paragraph 3, MitbestG). If the required majority is still not achieved, a third ballot is held, in which the chairman of the Supervisory Board has two votes (section 31, paragraph 4, MitbestG). If the Management Board does not have the required number of members, in urgent cases, the local court (Amtsgericht) of Munich shall make the necessary appointment upon petition of a party concerned pursuant to section 85, paragraph 1, AktG.

Pursuant to section 84, paragraph 1, sentence 1 AktG, members of the Management Board may be appointed for a maximum term of five years. They may be re-appointed or have their terms extended for one or more terms of up to a maximum of five years each. Section 5, paragraph 1, of the Articles of Association, and section 84, paragraph 2, AktG stipulate that the Supervisory Board may appoint a chairman and a deputy chairman of the Management Board. The Supervisory Board may revoke the appointment of a member of the Management Board and the chairman of the Management Board for good cause (section 84, paragraph 1, AktG).

### RULES GOVERNING THE AMENDMENT OF THE ARTICLES OF ASSOCIATION

Pursuant to section 179, paragraph 1, AktG, any amendment of the Articles of Association requires a resolution of the general shareholders' meeting. However, Section 10, paragraph 4, of the Articles of Association gives the Supervisory Board the authority to amend the Articles of Association insofar as such amendments merely relate to the wording, such as changes of the share capital resulting from a capital increase of authorized or conditional capital. Unless the Articles of Association

provide for another majority, section 179, paragraph 2, AktG stipulates that resolutions of the general shareholders' meeting on the amendment of the Articles of Association shall require a three-quarters majority of the share capital represented. Section 17, paragraph 1, of the Articles of Association of Infineon Technologies AG provides that, as a principle, resolutions shall be passed with a simple majority of the votes cast and, when a capital majority is necessary, with a simple majority of the represented share capital, unless a higher majority is required by law or by the Articles of Association.

### POWERS OF THE MANAGEMENT BOARD

#### Purchase of own shares

By resolution of the general shareholders' meeting on February 12, 2009, the Management Board has been authorized, in accordance with section 71, paragraph 1, No. 8 AktG, to purchase shares of Infineon Technologies AG through August 11, 2010, within statutory limits, in an aggregate amount not exceeding 10% of the outstanding share capital at the time the resolution is passed. The authorization may be used once or several times, in its entirety or partially, for one or a number of purposes. The authorization may not be used for the purpose of trading in shares of Infineon Technologies AG. The authorization may also be used by dependent companies or companies, in which Infineon Technologies AG has a majority holding or by third parties acting on their own account or for dependent companies or companies in which Infineon Technologies AG has a majority holding.

The Management Board decides whether own shares are purchased (a) through the stock exchange or (b) by means of a public offer to purchase addressed to all shareholders or a public invitation to submit offers for sale (referred to below as "public purchase offer"). If shares are purchased through the stock exchange, the purchase price per share (excluding incidental costs) paid by Infineon Technologies AG may not be more than 10 percent above or below the price established in the Xetra (or comparable successor system) opening auction on the trading day. If shares are purchased by means of a public purchase offer, a fixed purchase price or purchase price range may be specified. The purchase price per share paid by Infineon Technologies AG (excluding incidental costs) in this case may not be more than 20 percent above or below the arithmetical average value of the closing prices of the share in Xetra trading (or a comparable successor system) on the fifth, fourth and third trading days prior to the day of publication of the public purchase offer ("effective date"). If significant price changes occur after the effective date, the purchase

price may be adjusted according to the calculation mentioned above; in this case the relevant time frame is the fifth, fourth and third trading days prior to the public announcement of any such adjustment. The volume of the purchase may be limited. If the total subscription for the public purchase offer exceeds this volume, Infineon Technologies AG adopts a quota-based purchase approach. Provision may be made for a preferred acceptance of smaller quantities (up to 100 offered shares per shareholder). The public purchase offer may also provide for further terms and conditions.

Infineon Technologies AG is authorized to sell its shares of Infineon Technologies AG that it purchases under this or a prior authorization via the stock exchange or by means of a public offer addressed to all shareholders, or to make use of them for the following purposes:

- a) The shares may be recalled without this recall or its implementation requiring any further resolution of the Annual General Meeting. The Management Board may also decide that the share capital will not be affected by the recall and that the proportion of non-recalled shares in the share capital will be increased accordingly. The Management Board is authorized to amend the number of ordinary shares indicated in the Articles of Association in this case.
- b) The shares may be offered and transferred to third parties in connection with mergers or the acquisition of companies, parts of companies or participations in companies.
- c) The shares may be used to meet Infineon Technologies AG's obligations under bonds with warrants and convertible bonds issued or guaranteed by it in the past or in the future.
- d) The shares may be used to meet obligations under the "Infineon Technologies AG Stock Option Plan 2006" ("Stock Option Plan 2006").
- e) The shares may be offered for acquisition and transferred to people who are employed by Infineon Technologies AG or by a company affiliated with Infineon Technologies AG.

The authorizations for use may be used once or a number of times, individually or together and in their maximum value or in fractions of their maximum value. Subscription rights of the shareholders with respect to the shares affected by these measures shall be excluded insofar as the shares concerned are used in accordance with the aforementioned authorizations under clauses b), c), d) or e).

#### Conditional Capital

**Conditional Capital I** – Section 4(4) of the Articles of Association provides that the share capital of Infineon Technologies AG is conditionally increased by an amount not to exceed €34,635,548 (Conditional Capital I, registered in the Commercial Register as "Conditional Capital 1999/I"). The conditional

capital increase shall be effected by issuing up to 17,317,774 new registered no par value shares and carrying full dividend rights as of the beginning of the fiscal year in which they are issued only to the extent that the holders of subscription rights issued under the "Infineon Technologies AG 2001 International Long Term Incentive Plan" based on the authorization granted on April 6, 2001 choose to exercise their subscription rights.

**Conditional Capital 2007** – Section 4(5) of the Articles of Association provides that the share capital is conditionally increased by up to €149,900,000 by issuing up to 74,950,000 new no par value registered shares and carrying full dividend rights as of the beginning of the fiscal year in which they are issued (Conditional Capital 2007, registered in the Commercial Register as "Conditional Capital 2007/I"). The conditional capital increase serves the purpose of granting shares to the holders or creditors of bonds with warrants and/or convertible bonds issued by Infineon Technologies AG or a subordinated group company on the basis of the authorization of the Annual General Meeting of February 15, 2007. The conditional capital increase is to be effected only insofar as option and/or conversion rights relating to the bonds are exercised or any conversion obligations under these bonds are fulfilled and insofar as no cash settlement is granted and no own shares are used for servicing. The Management Board is authorized to determine the further details of implementation of the conditional capital increase.

**Conditional Capital III** – Section 4(6) of the Articles of Association provides that the share capital is conditionally increased by up to €29,000,000 (Conditional Capital III, registered in the Commercial Register as "Conditional Capital 2001/I"). The conditional capital increase will be carried out by the issue of up to 14,500,000 new registered no par value shares and carrying full dividend rights as of the beginning of the fiscal year in which they are issued, although only to the extent that the holders of subscription rights granted under the "Infineon Technologies AG 2001 International Long Term Incentive Plan" on the basis of the authorization issued on April 6, 2001, or the holders of subscription rights granted under the "Infineon Technologies AG Share Option Plan 2006" on the basis of the authorization issued on February 16, 2006, exercise their subscription rights.

**Conditional Capital 2002** – Section 4(7) of the Articles of Association provides that the share capital is conditionally increased by up to €152,000,000 by issuing up to 76,000,000 new no par value registered shares and carrying full dividend rights as of the beginning of the fiscal year in which they are issued (Conditional Capital 2002, registered in the Commercial Register as "Conditional Capital 2007/II"). The conditional capital increase serves the purpose of granting shares to the holders of the convertible bond issued in June

2003 by Infineon Technologies Holding B.V., Rotterdam, the Netherlands, which is guaranteed by Infineon Technologies AG. The conditional capital increase is effected only insofar as conversion rights from the convertible bond are exercised or any conversion obligations under these notes are fulfilled. The Management Board is authorized to determine the further details of implementation of the conditional capital increase.

**Conditional Capital 2008** – Section 4(8) of the Articles of Association provides that the share capital is conditionally increased by up to €149,900,000 by issuing up to 74,950,000 new no par value registered shares and carrying full dividend rights as of the beginning of the fiscal year in which they are issued (Conditional Capital 2008, registered in the Commercial Register as “Conditional Capital 2008/I”). The conditional capital increase serves the purpose of granting shares to the holders or creditors of bonds with warrants and/or convertible bonds issued by Infineon Technologies AG or a subordinated group company against payment in cash on the basis of the authorization of the Annual General Meeting of February 14, 2008. The conditional capital increase is to be effected only insofar as option and/or conversion rights relating to the bonds are exercised or any conversion obligations under these bonds are fulfilled and insofar as no cash settlement is granted and no own shares are used for servicing. The Management Board is authorized to determine the further details of implementation of the conditional capital increase.

**Conditional Capital 2009/I** – Section 4(9) of the Articles of Association provides that the share capital is conditionally increased by up to €149,900,000 by issuing up to 74,950,000 new no par value registered shares and carrying full dividend rights as of the beginning of the fiscal year in which they are issued (Conditional Capital 2009/I). The conditional capital increase serves the purpose of granting shares to the holders or creditors of bonds with warrants and/or convertible bonds issued by Infineon Technologies AG or a subordinated group company against payment in cash on the basis of the authorization of the Annual General Meeting of February 12, 2009. The conditional capital increase is to be effected only insofar as option and/or conversion rights relating to the bonds are exercised or any conversion obligations under these bonds are fulfilled and insofar as no cash settlement is granted and no own shares are used for servicing.

On May 26, 2009, Infineon Technologies Holding B.V., Rotterdam, the Netherlands, issued guaranteed subordinated convertible notes with a notional amount of €195,600,000 maturing on May 26, 2014 with the right to conversion into shares of Infineon Technologies AG to institutional investors. The new convertible subordinated notes due 2014 are backed by a guarantee from Infineon Technologies AG. From the 90th

day after May 26, 2009 until the 10th day prior to May 26, 2014 (both dates inclusive) each bondholder has the right to convert each bond in whole, but not in part, into new shares of Infineon Technologies AG to be issued from this Conditional Capital 2009/I. The New Convertible Notes were issued at an issue price of 92.80 percent of par. Aside from a coupon rate of 7.50 percent, the key terms of the New Convertible Notes include a reference share price of €2.0893, a conversion premium of 25 percent and a conversion price of €2.61 per share. Furthermore the terms of the Notes contain an antidilution provision whereby the conversion price was adjusted to €2.33 per share following the increase of the capital Infineon Technologies AG in August 2009.

The Infineon Technologies AG has made clear its intention that only one of the authorizations to issue bonds approved by the Annual General Meetings in 2007, 2008 and 2009 – and hence the Conditional Share Capitals 2007, 2008 and 2009/I – should be utilized, so the issue of the convertible bond accounting for the entirety of the authorization from 2009 means that the existing authorizations to issue bonds from 2007 and 2008 may no longer be utilized.

Further details of the various stock option plans are described in the Notes to the Consolidated Financial Statements under No. 32 Stock-based Compensation.

#### **SIGNIFICANT AGREEMENTS IN THE EVENT OF A CHANGE OF CONTROL AS A RESULT OF A TAKEOVER BID**

The subordinated convertible notes issued on June 5, 2003 by Infineon Technologies AG as guarantor through its subsidiary Infineon Technologies Holding B.V., Rotterdam, the Netherlands, with a nominal value of €700,000,000 due in 2010, as well as the subordinated convertible notes issued by Infineon Technologies AG on May 26, 2009, through its subsidiary Infineon Technologies Holding B.V., Rotterdam, the Netherlands, with a notional amount of €195,600,000 due in 2014 (for further information please refer to the Notes to the Consolidated Financial Statements under No. 27 Debt), each contain a so-called change of control clause, which grants the note holders an early redemption option in the event of a change of control as defined.

Furthermore, certain cross-license agreements, development agreements and license agreements contain change of control clauses according to which in the event of a change of control of Infineon the other party shall be entitled to terminate the agreement, or the continuation shall depend on the other party's approval.

**AGREEMENTS FOR COMPENSATION IN THE EVENT OF A TAKEOVER BID**

If a member of the Management Board resigns or is terminated in the event of a change of control, the Management Board member is entitled to a continuation of his annual target income for the full remaining duration of his service contract and a minimum of two years in the event of resignation/termination of contract by the board member, or a minimum of three years in the event of a termination of the contract by Infineon Technologies AG. The pension entitlements of the respective Management Board members remain unaffected. In the event of a change of control, however, these rights only persist if there has been no serious breach of duty by the applicable Management Board member. Further details are contained in the compensation report. There are no comparable arrangements for employees.

**COMMENTS OF THE MANAGEMENT BOARD ON THE INFORMATION PURSUANT TO SECTION 315, PARAGRAPH 4, OF THE GERMAN COMMERCIAL CODE**

The aforementioned authorizations of the Management Board to purchase and use shares of Infineon Technologies AG and issue bonds with warrants and/or convertible bonds are intended to enable the Management Board to raise capital swiftly, flexibly and on economically advantageous terms, taking advantage of attractive financing opportunities whenever they may arise in the market. However the issue of a further bond using the existing authorizations to issue bonds with warrants and/or convertible bonds that were approved by the Annual General Meetings in 2007, 2008 and 2009 is no longer a possibility following the issue of the convertible bond accounting for the entirety of the authorization from 2009, as Infineon Technologies AG has stated that it does not wish to use more than one of these authorizations. The issue of new shares from conditional capital is a practical option common in German companies in the compensation of employees and board members.

The change of control clauses provided for in the subordinated convertible bonds reflect the standard market practice for the protection of creditors. The change of control clauses negotiated with the contract partners of Infineon Technologies AG as part of its general business activities are also in line with standard market practice.

The change of control clauses agreed upon with the members of the Management Board are designed to protect the members of the Management Board and maintain their independence in the event of a change of control. These change of control clauses provide that members of the Management Board, if they resign in the event of a change of control, shall be entitled to a continuation of their annual target income for the full remaining duration of their service contract. In particular cases, this may exceed the limit of three years as stipulated in the German Corporate Governance Code. We consider this provision appropriate because it is intended to ensure that Management Board members act solely in the interests of Infineon Technologies AG in the event of a takeover situation. The associated rights in the event of a change of control, moreover, exist only if there is no serious breach of duty by such Management Board member.

Infineon Technologies AG  
 Neubiberg, November 2009

Management Board  
**Peter Bauer**  
**Prof. Dr. Hermann Eul**  
**Dr. Reinhard Ploss**  
**Dr. Marco Schröter**

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