

Last updated: January 12, 2005

Please find attached all shareholder proposals to be made available in relation to the agenda of the Annual General Meeting on January 25, 2005, together with the management statement and the amended proposal of the Managing Board regarding Agenda item 7.

**The Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (DSW),
Düsseldorf, submits the following proposal:**

A Regarding agenda item 7 – Amendments to the Articles of Association

Deutsche
Schutzvereinigung für
Wertpapierbesitz e.V.

Landesverband
Bayern

By fax +49 (0)89/234-9550153

Infineon Technologies AG
IMV IR (Investor Relations)
St.-Martin-Straße 53

81669 Munich

Munich, January 10, 2005

**Counterproposal for submission to the Annual General Meeting of
Infineon Technologies AG on January 25, 2005 in Munich**

Ladies and Gentlemen:

The Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (DSW) will exercise its voting entitlement at the Annual General Meeting to submit the following, amended Section 3 of the Articles of Association in the form of a counterproposal to agenda item 7a to be voted upon at the above Annual General Meeting, and will request that the other shareholders endorse the vote of the DSW.

The amended version of the agenda item is based on in-depth consultation with the company.

Counterproposal to agenda item 7a:

We propose that the existing Section 3 ("Announcements") be annulled and replaced with the following text:

"Section 3
Interest of shareholders, place of jurisdiction

- (1) Every shareholder, by virtue of his or her involvement in the partnership, has a duty to show due regard for fellow shareholders' interests, also in the event of any legal dispute with the company.
- (2) All disputes with the company or its bodies that arise in connection with the partnership are subject exclusively to German jurisdiction, unless this provision is countermanded by mandatory statutory provisions, especially provisions governing jurisdictions, that apply in Germany. A shareholder agrees to this provision by purchasing or subscribing for shares. Clause 1 also applies in respect of disputes between the shareholder and the company resulting from acquisition, holding or surrender of the shareholder's investment."

REASONS FOR THE COUNTERPROPOSAL:

The amended version of Section 3 of the Articles of Association formalizes the shareholders' generally accepted duty of fidelity and ensures that all shareholders are informed about their rights and duties. In contrast to the formulation proposed by management, the current version has only a declaratory effect. Paragraph 1 of the new version no longer defines the duty of fidelity as a statutory requirement according to the Articles of Association with a possible restriction of the principle of the freedom to vote established in law.

The intention of the amended Paragraph 2 of Section 3 of the Articles of Association is to prevent any discrimination against shareholders that might arise due to different places of jurisdiction. In particular, it ensures that German shareholders can benefit fully from any awards granted as a result of proceedings in US courts.

In accordance with the transparency and publicity provisions set out in Section 126 Paragraph 1 of the German Stock Corporation Act (AktG), we request that this counterproposal be made available on the internet homepage of your company.

Sincerely

(signed) Daniela Bergdolt
Regional Director
Deutsche Schutzvereinigung für Wertpapierbesitz e.V.

Mr. Christian Strenger, Frankfurt, submits the following proposal:

B Regarding agenda item 7 – Amendments to the Articles of Association

Christian Strenger

60325 Frankfurt

Infineon Technologies AG
For the attention of the Managing Board
St.-Martin-Straße 53

81669 Munich

Frankfurt, January 10, 2005

Counterproposal based on the provisions of Section 126 of the German Stock Corporation Act (AktG) for submission to the Annual General Meeting on January 25, 2005

Gentlemen:

As a shareholder, I hereby submit the following counterproposal in relation to agenda item 7:

- **Counterproposal under agenda item 7 of the Annual General Meeting on January 25, 2004: 'Resolution in respect of amendments to Sections 3 and 1 of the Infineon AG Articles of Association'**

Reasons for the counterproposal: I submit that the existing proposal as published by the Managing Board and the Supervisory Board in December 2004 be rejected. With this proposal, with its reference to duties of fidelity and compensation, the shareholders are expected to assume potential obligations that go above and beyond the provisions of the German Stock Corporation Act and the applicable jurisdiction. In view of such a disappointing share performance last year (in 2004, Infineon achieved the lowest DAX value with a drop in market value of ./ 27%), there is no need for the Infineon shareholders to provide any further evidence of their fidelity to the company. Indeed, they expect significantly better performance from their company in the coming years. I therefore submit that the management proposal be rejected or, at least, that a reference to the duties in respect of fellow shareholders, as set down in German law, be included for the international shareholders. The only meaningful amendment to the Articles of Association would be the stipulation of a German place of jurisdiction (not just the company's domicile) in order to restrict as far

as possible any claims filed in other countries (especially the USA) to the disadvantage of the company and its shareholders.

I therefore submit the following specific **counterproposal** to the above Annual General Meeting under agenda item 7:

Agenda item 7: Amendments to the Articles of Association

I submit that the Annual General Meeting resolve as follows:

- a) Announcements will in future be regulated in Section 1 Paragraph 4 of the Articles of Association. The existing Section 3 ("Announcements") is annulled and replaced with the following text:

"Section 3
Interest of shareholders, place of jurisdiction

- (1) Every shareholder, by virtue of his or her involvement in the partnership, has a duty to show due regard for fellow shareholders' interests, also in the event of any legal dispute with the company.
- (2) All disputes with the company or its bodies that arise in connection with the partnership are subject exclusively to German jurisdiction, unless this provision is countermanded by mandatory statutory provisions, especially provisions governing jurisdictions, that apply in Germany. A shareholder agrees to this provision by purchasing or subscribing for shares. Clause 1 also applies in respect of disputes between the shareholder and the company resulting from acquisition, holding or surrender of the shareholder's investment."

- b) A new paragraph, Paragraph 4, is to be added to Section 1 of the Articles of Association. The title of Section 1 has also to be changed as a result. Section 1 remains unchanged in all other respects. The amended parts of Section 1 are as follows:

"Section 1
Company, domicile, fiscal year and announcements"

....

- "(4) Company announcements are made in the electronic version of the German Federal Gazette (elektronischer Bundesanzeiger), unless mandatory statutory provisions require them to be made in the printed version of the German Federal Gazette or in other media."

Please confirm receipt of this letter.

Yours truly

(signed) Strenger
(C. Strenger)

Mr. Wilm Diedrich Müller, Neuenburg, submits the following proposals –

Regarding agenda item 2, “Approval of the acts of the members of the Managing Board”

Mr. Wilm Diedrich Müller, herr@myhymer.com
Am Markt 3, 26340 Neuenburg
January 05, 2005, 20.15 hrs (Casablanca time)

To
Infineon AG, St-Martin-Strasse 53
81669 Munich

Proposal number 2

Ladies and gentlemen:

I hereby propose that the acts of the members of the Managing Board of the above named company for the fiscal year 2003/2004 not be approved. I believe the justification for this proposal is that, according to the agenda, the above named company was not able to generate a significant enough profit from which a dividend could have been paid.

(signed) Mr. Müller

Regarding agenda item 3, "Approval of the acts of the members of the Supervisory Board"

From

Mr. Wilm Diedrich Müller, herr@myhymer.com

Am Markt 3, 26340 Neuenburg

January 05, 2005, 20.20 hrs (Casablanca time)

To

Infineon AG, St-Martin-Strasse 53

81669 Munich

Proposal number 3

Ladies and gentlemen:

I hereby propose that the acts of the Supervisory Board of the above named company for the fiscal year 2003/2004 not be approved. I would justify this proposal on the basis that I was not sent and did not receive either a letter of notice or an entrance ticket for the Annual General Meeting in January 2004.

(signed) Mr. Müller

C Regarding agenda item 5, “Supervisory Board elections”

From
Mr. Wilm Diedrich Müller, profession: Greeter
E-mail: herr@myhymer.com
Am Markt 3, 26340 Neuenburg
January 10, 2005, 16.48 hrs (Casablanca time)

To
Infineon AG, fax no. +49 (0)89-234-955-0153

Proposal to the Annual General Meeting

Ladies and gentlemen:

I hereby propose that I be elected to the Supervisory Board of the above named company. I would justify this proposal on the basis that I am particularly well suited to the activities of a Supervisory Board because of my profession, as stated above. I confirm that I hold no other similar mandates.

(signed) Mr. Mueller

Mr. Michael Maier, Denzlingen, makes the following proposals –

Proposals within the meaning of Section 126 of the German Stock Corporation Act (AktG) to the Annual General Meeting of Infineon Technologies AG on January 25, 2005

January 08, 2005

Michael Maier
Brandenburger Strasse 2
79211 Denzlingen
Tel. 07666/9113306
E-mail: michael.maier@t-online.de

Infineon Technologies AG
IMV IR (Investor Relations)
St-Martin-Str. 53
81669 Munich
Fax 089/234-9550153

Proposals within the meaning of Section 126 of the German Stock Corporation Act (AktG) to the Annual General Meeting of Infineon Technologies AG on January 25, 2005

Ladies and Gentlemen:

I hereby submit to the Annual General Meeting of Infineon Technologies AG on January 25, 2005 for the agreement of the meeting the following three proposals that are mutually independent and are to be considered separately from each other:

D Regarding agenda item 5, “Elections to the Supervisory Board”

Proposal 1: Elections to the Supervisory Board

I propose that

Dipl.-Ing. Michael Maier (graduate engineer), quality control engineer for semiconductor components, resident at Denzlingen

be elected to the Supervisory Board as representative of the shareholders, to serve until the end of the annual general meeting responsible for voting approval of the acts of the members of the Supervisory Board for the fiscal year 2008/2009.

Details pursuant to AktG Section 125 (1) (3):
Mr. Michael Maier holds no other mandates.

Since graduating in engineering studies, specializing in microelectronics, at the University of Karlsruhe, Mr. Maier has been employed in the Quality Management and Customer Service operating divisions at the companies IBM Storage Systems, Fairchild Semiconductor and Micronas Semiconductor.

Michael Maier / Brandenburger Strasse 2 / 79211 Denzlingen

E Regarding agenda item 7, “Amendments to the Articles of Association”

Proposal 3: Amendment to the Articles of Association – company management duty of fidelity

Investors are particularly pleased to hear that Infineon management supports the German government in the implementation of the range of measures to improve corporate integrity and investor protection (10-point program). As bearers of the entrepreneurial risk, investors are very appreciative if management not only observes investor rights, but also promotes them, thereby demonstrating a wish to reinforce investor confidence. As shown by the share price of € 7.92 on January 06, 2005 (only 8.9% of the all-time high of € 88.92 on June 22, 2000), this is also sorely needed because company crises and mismanagement have deeply shaken investor confidence in Infineon Technologies AG and its management.

As they have already correctly recognized, corporate management must act in the interests of the business owners and cease all activities that could damage the business and its owners. This means that a duty of fidelity, and therefore personal liability of corporate managers with regard to the company and its shareholders, is justified. For the future of the capital market in Germany, it is of the utmost importance to promote a culture of personal responsibility among those who carry responsibility in quoted companies and to openly support those who have always stood by this principle in practice.

Michael Maier / Brandenburger Strasse 2 / 79211 Denzlingen

This duty of fidelity on the members of the company management should be set out with the addition to Section 2 of the Articles of Association of a fourth paragraph; this would ensure that the members of the company management are better informed about their duties to take into account the company and its shareholders. This is aimed at protecting the company and the shareholders against a situation where one or more members of the company management fail to take into account the interests of the shareholders or the company itself and, disregarding their legitimate concerns, seek special advantages to the detriment of the company assets that result in the personal enrichment of themselves or third parties.

If a member of the company management infringes against his or her duty of fidelity and this results in a loss, then the person concerned is obliged to reimburse the loss, specifically primarily by a payment to the company so that the payment directly benefits all shareholders. The legal rights of shareholders are not restricted in any way by the proposed amendment to the Articles of Association.

I propose that the current Section 2 ("Object of the company") of the Articles of Association be renamed "Object of the company, management duty of fidelity" and that the following addition be made to this section:

(4)

Each member of the company management is obliged by virtue of his/her office, and in respect of the company and its shareholders, to hold paramount the interests of the company and to refrain from any irresponsible or unreasonable management activity or exercise of a right.

If a member of the company management negligently infringes against his/her duty of fidelity, by being grossly negligent or acting willfully and knowingly in the course of the management of the company or the exercise of a right, then he/she is obliged to indemnify the company against any loss.

Kind regards

(signed) Michael Maier

(The fax and e-mail copies were produced electronically and are also valid without signature)

PS: Further copies sent by post and e-mail.

Michael Maier / Brandenburger Strasse 2 / 79211 Denzlingen

Mr. Matthias Gaebler, Stuttgart, submits the following proposals:

Regarding agenda item 2, “Approval of the acts of the members of the Managing Board”

Matthias Gaebler, Stuttgart, letter of January 10, 2005

Counterproposal under agenda item 2:

The acts of the former member of the Managing Board, Ulrich Schumacher, should not be approved under any circumstances.

Reasons:

The former President and Chief Executive Officer, Ulrich Schumacher, is the person mainly responsible for the disaster that has been wrought. It is not only that he has wiped out a good 90% of shareholder value since flotation and is therefore responsible for losses running into billions, it is also that his questionable management methods, such as the proposed head office relocation to Switzerland or the annual job cuts affecting 5% of the least efficient employees, have massively damaged the company, its employees, its shareholders and the reputation of Germany as an industrial base.

And this is not to mention numerous other failures. Our stock market nose-dive specialist has since turned out to be a complete nonentity who failed across the board and was simply not up to the job of being a proper President and Chief Executive Officer. The Supervisory Board has tolerated this for far too long, such that at least only the excessive President and Chief Executive Officer pay can now reside without problems in Switzerland, allowing the new Francisco investment adviser a nice life doing nothing.

It is completely beyond belief that the current Managing Board and Supervisory Board can propose to shareholders that the acts of the Managing Board be approved. Or was this a deal connected with the dismissal of Mr. Schumacher? The Supervisory Board should therefore give its response in detail to the Annual General Meeting, and explain the details of the dismissal, payoff, consultancy agreement and pension commitment.

If the Supervisory Board, for its part, is not already planning separate approval of the acts of Mr. Schumacher and the remaining members of the Managing Board at the Annual General Meeting, I propose, by way of assistance, that the acts of the Managing Board as a whole not be approved.

F**Regarding agenda item 3, “Approval of the acts of the members of the Supervisory Board”**

Matthias Gaebler, Stuttgart, letter of January 10, 2005

Counterproposal under agenda item 3:

The proposed resolution to approve the acts of the Supervisory Board should be postponed. By way of assistance, I propose that approval of the acts of the Supervisory Board be rejected.

Reasons:

The Supervisory Board stood idly by for far too long and watched as Mr. Schumacher wiped out billions. In the interests of the company and the shareholders, the Supervisory Board ought to have fired the unsuccessful, and probably also hopelessly overstretched, CEO Schumacher much sooner.

Approval of the acts of the Supervisory Board can therefore only be decided when the Supervisory Board reports to the shareholders all the facts about the work it has carried out in the full and proper conduct of its duties overall, and in matters concerning the Managing Board and Chief Executive Officer in particular. The Supervisory Board has a fiduciary responsibility to look after the interests of the shareholders. It must therefore provide shareholders with all available details and not operate under a veil of secrecy as it has done in the past. Where matters of the Managing Board and CEO are concerned, the Supervisory Board cannot simply continue to point to a possible agreement to remain silent. Otherwise persons who are to be appointed to or dismissed from positions on managing boards are unsuited to the task from the outset. Anyone wanting to be on the managing board of a large corporation is, after all, obliged to provide a little bit of insight. When all is said and done, these gentlemen also accept the princely remuneration that the shareholders give them without any ifs or buts at all.

G Regarding agenda item 5, “Elections to the Supervisory Board”

Matthias Gaebler, Stuttgart, letter of January 10, 2005

Counterproposal under agenda item 5:

The candidates proposed for election to the Supervisory Board should be rejected as a whole. Instead I propose alternatively that six of the eight suggested candidates should be accepted and that, in addition, two representatives of freefloat shareholders from among the shareholders attending the Annual General Meeting should be elected to the Supervisory Board. I now propose that the members of the Supervisory Board should be individually elected and put myself forward as a candidate.

Reasons

The resolution proposed by the Supervisory Board offers nothing new and sticks rigidly to the close-knit clique of “Germany AG”. Only two candidates do not belong to a DAX company as a member of a managing or supervisory board. How are such persons going to find the necessary time to do full justice to a demanding Supervisory Board mandate without delegating part of the responsibility to their own employees? This is not in the interests of all shareholders at all. Apart from this, the proposal for the Supervisory Board elections remains afflicted by the fact that the freefloat shareholders even now, almost five years since flotation, still have no representative on the Supervisory Board. Furthermore, the possibility of conflict of interest also arises because of the main employment of the persons proposed.

The standard excuse that you have to have prominent personalities as members of the Supervisory Board is complete nonsense. This can be seen from the fact that the current Supervisory Board, which probably sees itself as “24 carat”, couldn’t ensure that shareholder value was increased. A less well-informed person would therefore not have done any harm to the Supervisory Board at all.

The shareholders are therefore requested to break up this unutterably sleazy arrangement once and for all!

H Regarding agenda item 7, “Amendments to the Articles of Association”

Counterproposal under agenda item 7:

The amendment to the Articles of Association in respect of the duty of fidelity of shareholders proposed by the Managing Board and the Supervisory Board should be rejected.

In its place I propose that the Articles of Association should contain provisions governing a duty of fidelity for the Managing Board and Supervisory Board and that, to this end, the term “shareholder” in the management proposal for the amendment of Section 3 of the Articles of Association should be replaced by the terms “members of the Managing Board and Supervisory Board”.

Reasons:

With their proposal, the Managing Board and Supervisory Board are shooting way above the target. Moreover, legislative intentions are being improperly reinterpreted with the specific intention of intimidating the freefloat shareholders. The proposal can really only be the product of a sick mind. Are there really no other matters to be dealt with at Infineon that are more important than this?

It is probably indisputable that the grandiose failures at Infineon Technologies AG have, in the five years since flotation, had almost no consequences whatsoever for the Managing Board and Supervisory Board. It is the shareholders who have borne the brunt of the failure.

This is all the more reason why it is rather the Managing Board and Supervisory Board that should be subject to a duty of fidelity. From the very first Annual General Meeting onward since flotation, neither Managing Board nor Supervisory Board has on any occasion presented forecasts, let alone taken the interests of the freefloat shareholders even remotely seriously and adequately answered questions. All the more reason now to gag the long-suffering shareholders before they release the aggression pent up over the years as a result of the poor performance so that the management can also continue with its disastrous information policy.

This should be prevented at all costs and would be tantamount to a disqualification of the freefloat shareholders! The Schumachers of this world have happily taken our money but not the slightest bit of value growth or information came back in return.

How stupid does the management think the freefloat shareholders are? Stupid gullible voters who turn up to an Annual General Meeting just because of a miserable little snack?

It is high time for a duty of fidelity from the Managing Board and Supervisory Board to the company. How much money and other benefits in kind (company car, office, PC, telephone, employees etc.) did Mr. Schumacher still continue to receive after his dismissal? What other benefits and pension commitments has he received? What has he been promised in terms of stock option plans? Why didn't the Supervisory Board simply throw him out without a single penny because of his failure to deliver? They could then have waited for him to bring the matter to court himself. He would then perhaps have had to argue about a settlement, but his grandiose failures would also have become public as part of a court case.

In addition to a duty of fidelity for the members of the boards, there should also be a special review to clarify whether the company can enforce compensation claims against the failed chief executive.

Management statement on the shareholder proposals including amended proposal of the Managing Board regarding agenda item 7:

We hereby issue the following statement in respect of the shareholders' proposals and proposed election candidates in accordance with Section 126 of the German Stock Corporation Act (AktG):

With the exception of two of the proposals submitted in relation to agenda item 7, we consider the proposals and proposed election candidates to be unwarranted and so submit that they be rejected. The Managing Board will set out its position in detail at the Annual General Meeting. However, we would like to take this opportunity to draw attention to the following points in advance of the AGM:

**Regarding agenda item 2 – Approval of the acts of the members of the Managing Board
(proposal submitted by Mr. Wilm Diedrich Müller, Neuenburg)**

We consider the proposal to be unwarranted.

In the last fiscal year we posted a positive result for the first time following three years of loss. However, the losses carried forward from the previous years, which accumulated during the worst crisis in the history of the semiconductor industry, were so high that we were unable to report a balance-sheet profit. This crisis has affected all semiconductor manufacturers and extended far beyond the normal cyclicity for our industry; this is the reason for the high losses. With the measures that we have introduced, we are now on course to secure the company's profitability in the long term.

**Regarding agenda item 3 – Approval of the acts of the members of the Supervisory Board
(proposal submitted by Mr. Wilm Diedrich Müller, Neuenburg)**

We consider the proposal to be unwarranted.

As is the case for every other shareholder, we sent Mr. Müller the letter of notice and registration forms for the Annual General Meeting 2004, according to the proper procedure, to the address registered for him in the company's stock register. When we inquired further, Mr. Müller explained that he refuses to acknowledge, and discards unread, any mail that does not bear the title "Mr.". For technical reasons the letters of notice for our Annual General Meeting did not bear this title. The Supervisory Board cannot be held responsible for this.

**Regarding agenda item 5 – Elections to the Supervisory Board
(candidates proposed by Mr. Michael Maier, Denzlingen, Mr. Wilm
Diedrich Müller, Neuenburg, and Mr. Matthias Gäbler, Stuttgart)**

The Supervisory Board has carefully selected the election candidates to be proposed to the Annual General Meeting on the basis of their personality, qualifications and experience. This is a group of individuals that demonstrates the combination of entrepreneurial experience, knowledge of our markets and the capital markets, finance and accounting, technologies and innovation processes that our company needs, as well as the necessary degree of independence.

We also consider the objection that the proposed candidates have "too many" mandates or are members of "Germany AG" to be unwarranted. Those of the proposed candidates who are themselves members of the Managing Board of another company have either no other external mandates in Germany or only between one and three such mandates. This is a comparatively small number, and is well below the number of further external mandates at listed companies that is permitted under the German Corporate Governance Codex and the Infineon Corporate Governance Codex, whose stipulations in this context are identical. The other candidates, too, have considerably fewer than the legally permitted number of further mandates.

The Annual General Meeting will elect the shareholders' representatives to the Supervisory Board. Each shareholder has one vote for each share. The elected persons will represent the interests of all shareholders on the Supervisory Board, and are therefore also representatives of the "free float".

Regarding agenda item 7 – Amendments to the Articles of Association

a) Proposals submitted by the Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (DSW, Germany's leading shareholder association), Düsseldorf, and Mr. Christian Strenger, Frankfurt

We welcome the proposals, which are based on discussions that we have held with investors and shareholder associations. The Managing Board, too, has resolved to submit an amended proposal to the Annual General Meeting under agenda item 7 on the following basis:

In the notice of Annual General Meeting issued on December 9, 2004, we proposed various amendments to the Articles of Association under agenda item 7. These amendments related to the media to be used for company announcements, the formulation of the duty of fidelity, and the place of jurisdiction. Our proposal triggered a lively debate, resulting in both agreement with the proposal and objections against it. Some shareholders and shareholder associations expressed fears that the proposed Articles

of Association clause would enable the company to file claims against its owners or provide grounds for compensation liability on the part of the owners beyond the scope of existing regulations.

Our proposal was not intended to achieve either of these results. To rectify the situation, we would like to amend the original proposal in order to clarify our intentions and allay the fears expressed. We will present this amended proposal to the Annual General Meeting first on January 25, 2005 so that it can be put to the vote under agenda item 7.

This proposal is based on suggestions made in discussions with our shareholder Mr. Christian Strenger, Frankfurt, and the Deutsche Schutzvereinigung für Wertpapierbesitz e.V., Düsseldorf, who have also submitted this proposal to us as a shareholder proposal in accordance with Section 126 of the German Stock Corporation Act (AktG).

The Managing Board therefore proposes that the following resolutions be approved:

- a. Announcements will in future be regulated in Section 1 Paragraph 4 of the Articles of Association. The existing Section 3 ("Announcements") is annulled and replaced with the following text:

"Section 3
Interest of shareholders, place of jurisdiction

(1) Every shareholder, by virtue of his or her involvement in the corporation, has a duty to show due regard for fellow shareholders' interests, also in the event of any legal dispute with the company.

(2) All disputes with the company or its bodies that arise in connection with the involvement with the corporation are subject exclusively to German jurisdiction, unless this provision is countermanded by mandatory statutory provisions, especially provisions governing jurisdictions, that apply in Germany; a shareholder agrees to this provision by purchasing or subscribing for shares. Clause 1 also applies in respect of disputes between the shareholder and the company resulting from acquisition, holding or surrender of the shareholder's investment."

- b. A new paragraph 4 is to be added to Section 1 of the Articles of Association. The title of Section 1 has also to be changed as a

result. Section 1 remains unchanged in all other respects. The amended parts of Section 1 are as follows:

"Section 1
Company, domicile, business year, announcements"

....

"(4) Company announcements are made in the electronic version of the German Federal Gazette (elektronischer Bundesanzeiger), unless mandatory statutory provisions require them to be made in the printed version of the German Federal Gazette or in other media."

Our position on the amended proposal is as follows:

Shareholders are partners and co-owners of the company. Their common objective is to raise the value of the company and thereby also raise the value of their individual holdings. This gives shareholders rights; however, they must also show due consideration for the interests of their fellow shareholders and refrain from seeking special benefits to the disadvantage of the company's assets. For example: it should not be possible for shareholders to misuse a legal dispute with the company above and beyond their legitimate concerns in order to personally enrich themselves or third parties.

Although this principle is already set down in the German corporate legal framework that governs Infineon Technologies AG and its shareholders, we would nevertheless like to incorporate this aspect of the shareholder partnership into our Articles of Association and thereby ensure that all shareholders are better informed about their rights and duties.

It is our belief, moreover, that it would be in the interests of all shareholders, as co-owners of the company, if any legal disputes between shareholders and the company that might arise in connection with the partnership or the investment in the company would be resolved in Germany to the extent permitted by law. German law sets down the management and supervisory framework for Infineon Technologies AG; it defines, for example, the standard of care that governs the actions of the members of the Managing Board and Supervisory Board. Managers and employees must adhere to these standards. It therefore makes sense to concentrate legal disputes in Germany to the extent permitted by law. This is the intention of the new Section 3 Paragraph 2 of the Articles of Association.

The regulation is also intended, where possible, to exclude the possibility of a claim being filed against the company with a court

that is remote from the facts or legal circumstances involved and therefore cannot ensure efficient proceedings.

This clause will not prevent court proceedings from taking place outside Germany, e.g. in the USA. We are listed on the New York stock exchange with American Depositary Shares, and do not wish to distance ourselves from our US investors. Neither do we wish to discriminate against any of our shareholders. If, therefore, a US court were to make an award to all shareholders as a result of court proceedings, this clause does not exclude German shareholders from the consequences of the ruling.

We also propose that it be made clear in the Articles of Association that company announcements are made in the electronic version of the German Federal Gazette unless mandatory statutory provisions require them to be made in other media.

The Managing Board will explain the text now proposed in more detail at the Annual General Meeting.

The proposal submitted by Mr. Strenger and the Deutsche Schutzvereinigung für Wertpapierbesitz e.V. thus coincides in terms of content with the amended proposal of the Managing Board. You can support this proposal by voting for one of the two counterproposals or for the – updated – management proposal under agenda item 7.

b) Proposals submitted by Mr. Matthias Gäbler, Stuttgart, and Michael Maier, Denzlingen

We reject these proposals.

Based on the arguments set out above, we agree with the proposals made by the DSW e.V. and Mr. Strenger and the amendments to the Articles of Association proposed by the Managing Board, and recommend that the shareholders endorse them. Insofar as the proposals made by Mr. Gäbler and Mr. Maier are directed against the original management proposal under agenda item 7, the matter may now be considered to be closed.

The proposers would also like to regulate the "duty of fidelity of the Managing Board and Supervisory Board" in the Articles of Association. This duty has already been subject to clear legal provisions for some time now; it is precisely this fact that differentiates them from the aspect of mutual consideration for the interests of the co-owners, which is not set down in law. The law already stipulates that all members of the Managing Board and Supervisory Board have a duty to the company – and thus the owners – to act with the utmost care and to

the best of their ability. As the law stands today, they already have unlimited liability for minor negligence if they act in breach of this duty. This is a very severe liability in comparison with other countries.

Furthermore, the scope of this legal liability extends beyond the proposals submitted by the shareholders in this context. Indeed, the shareholder proposals would reduce the current legal liability of the members of the Managing Board and Supervisory Board. We doubt that this would be in the interest of the shareholders; moreover, it would probably be in breach of the law to limit their liability in such a way.

Our shareholders are informed about the provisions relating to the standard of care and the regulations governing liability in the Infineon Corporate Governance Codex. It is therefore unnecessary to incorporate corresponding regulations into the Articles of Association. Furthermore, we doubt whether it would be possible to agree an effective resolution of the proposed amendments to the Articles of Association under the agenda item notified.

Munich, January 2005
Infineon Technologies AG
Supervisory Board and Managing Board