

**Joint report of the Supervisory Board and Management Board concerning
Item 10 on the Agenda of the Annual General Meeting
of Infineon Technologies AG on February 17, 2011**

The agreement presented for approval under Item 10 on the Agenda is intended to bring to an end the dispute with former Chief Executive Officer Dr. Ulrich Schumacher, which involves a number of claims and counterclaims.

Dr. Schumacher became the Company's Chief Executive Officer in March 1999 and held this position until he resigned in March 2004. In December 2004, the Company and Dr. Schumacher signed a termination agreement under which Dr. Schumacher was to receive severance pay worth a total of EUR 5.25 million to be paid in two equal tranches in March and October 2005.

The Company's Supervisory Board learned in October 2005 that Dr. Schumacher had been named as a defendant in preliminary investigations being conducted by the public prosecutor into allegations of corruption. The Supervisory Board responded by notifying Dr. Schumacher that the second tranche of the severance pay would not be paid. Dr. Schumacher filed a claim for payment of the second tranche of the severance pay at Munich I District Court in December 2005 using the summary proceedings process. This claim was rejected on appeal in February 2007 by Munich Higher Regional Court.

Dr. Schumacher filed a further claim against the Company at Munich I District Court (case reference 5HK O 1154/06) in March 2006 in which he applied for an injunction and compensation in relation to various statements made by Mr. Kley in his capacity as Chairman of the Company's Supervisory Board. The court initially ordered that proceedings in relation to this claim be suspended until the appeal court announced a decision in the severance pay case. The parties did not resume the proceedings when the severance pay case was resolved by the courts and the proceedings hence remain suspended.

Dr. Schumacher also filed suit against Mr. Kley in person on the basis of the aforementioned statements in a separate case before Hamburg District Court (case number 324 O 61/06). The associated proceedings concluded in February 2007 with a judgment from the Hanseatic High Court Hamburg (case reference 7 U 106/06) upholding one of Dr. Schumacher's three original motions.

The criminal proceedings opened against Dr. Schumacher by Munich I District Court following the public prosecutor's investigation were preliminary stopped in October 2009 on payment of a sum of EUR 200,000.

The settlement presented to the Annual General Meeting for approval resolves all reciprocal claims between the Company and Dr. Schumacher. The Company will forgo repayment of the first tranche of the severance pay in the amount of EUR 2.625 million, the repayment of bonuses in the amount of EUR 0.9 million and the enforcement of compensation claims for various matters of a total order of magnitude of around EUR 5.8 million. Dr. Schumacher will forgo the payment of the second tranche of the severance pay in the amount of EUR 2.625 million and the

enforcement of the transitional allowance through to his reaching pensionable age in the amount of EUR 5.9 million.

The settlement provides for Dr. Schumacher to receive his contractually agreed pension in the amount of EUR 560,000 a year from April 1, 2018.

Dr. Schumacher will in addition refrain from seeking to enforce rights under the Hanseatic High Court Hamburg judgment in the personal case concerning comments by Mr. Kley and will withdraw the case against the Company concerning comments by Mr. Kley that is still pending with Munich I District Court.

Securities class action suits against the Company and former members of the Management Board (including Dr. Schumacher) were filed with various district courts in the USA between September and November 2004 and then subsequently combined for hearing by the Northern California district court. The consolidated and enlarged suit claims violations of US securities laws and alleges that public statements made by the defendants in relation to the Company's historical and projected financial results and its competitive position were materially false and misleading because they did not disclose the Company's alleged involvement in anticompetitive price-fixing in the DRAM chip market. The suit also asserts that the defendants manipulated the price of the Company's shares by means of these price-fixing agreements to the detriment of its shareholders. These matters are currently the subject of arbitration proceedings. Further information may be found in the Annual Report under note 38 to the consolidated financial statements in the section entitled "Litigation and Government Inquiries".

The Company has absolutely no reason to suspect any breach of duty on the part of Dr. Schumacher in this connection and the parties have therefore agreed not to pursue any claims against each other in respect of the matter underlying the securities class action and to forgo all existing and future claims against each other in connection with this matter. Infineon will pay attorneys' fees for Morrison & Foerster, the firm appointed to defend Infineon and Dr. Schumacher jointly, and for Freshfields and Simpson Thacher, the shadow counsel appointed to advise Dr. Schumacher, up to a maximum annual amount of US\$ 200,000. Dr. Schumacher undertakes to assist Infineon internally with the defense against this securities class action and against any further proceedings based on this matter.

Neubiberg, December 2010

Infineon Technologies AG

The Supervisory Board

The Management Board