

Reports of the Management Board concerning Items 8 and 9 on the Agenda of the Annual General Meeting of Infineon Technologies AG on February 17, 2011

Report of the Management Board concerning Item 8 on the Agenda

The authorization to acquire and use own shares is intended to enable the Company to use the shares acquired for any legally permitted purpose. The shares acquired may be sold through the stock exchange or by means of a public offer to all shareholders, both of which cases comply 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 purposes described below. We believe the following to be the most important factors:

- Own shares as an acquisition currency

First of all we would like to be able to offer own shares in connection with company mergers and company acquisitions, as it can be advantageous in some cases not to make the entire purchase price available from an authorized capital. One of the advantages of using own shares can be to avoid the dilution effect typically associated with acquisitions completed using newly created shares.

- Sale to third parties for cash payment

We would also like to be able to sell own shares to third parties, especially institutional investors, for cash payment with the subscription rights of the shareholders excluded in analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act. Such an option would be in the interests of the Company, as it would enable us to react quickly and flexibly to favorable conditions on the stock exchange and cover short-term capital requirements. The shares can only be sold under this proposal at a price (excluding incidental acquisition costs) that is not substantially lower than the share price established in the Xetra (or comparable successor system) opening auction on the day of the sale and the Management Board will ensure that any discount with respect to the stock exchange price is as small as possible given the prevailing market conditions at the time of placement. Furthermore the Management Board will make use of this authorization only in such a way that the total value of the shares sold to third parties for cash payment with the subscription rights of the shareholders excluded does not exceed 10% of the share capital either with respect to the time of this authorization becoming effective or with respect to the time of its exercise. Shares issued or used with the subscription rights of the shareholders excluded in direct or analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act will be counted toward this threshold. Also to be counted toward the threshold are those shares that have already been issued or can still be issued in future to service conversion or option rights insofar as the underlying bonds were issued during the lifetime of this authorization with the subscription rights of the shareholders excluded in analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act.

- Own shares to service bonds with warrants and convertible bonds

We also wish to be able to use own shares to service bonds with warrants and convertible bonds (“bonds”) that have already been or will in future be issued or guaranteed by the Company. Although there are conditional capitals of sufficient volume available for such bonds already issued by the Company, the terms of such bonds usually state that any conversion obligations may also be met using 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 meet obligations under the Stock Option Plan 2006 and the Stock Option Plan 2010

We also wish to be able to offer own shares to holders of subscription rights from the Stock Option Plan 2006 and the Stock Option Plan 2010. The Stock Option Plan 2006 approved by the Annual General Meeting of February 16, 2006 in relation to Item 6 on the Agenda and the Stock Option Plan 2010 approved by the Annual General Meeting of February 11, 2010 in relation to Item 12 on the Agenda can be serviced using the conditional capitals available for this purpose, but also using own shares. It is intended that the latter will be made possible by the authorization to acquire and use own shares proposed under Item 8 on the Agenda for this year’s Annual General Meeting. The reasons for this are essentially the same as those explained under the previous item.

- Own shares to be offered or transferred to employees

We additionally wish to be able to offer own shares for sale to or transfer own shares to employees of the Company or of companies affiliated with the Company. The use of own shares for this purpose is actually provided for in Section 71 (1) No. 2 of the German Stock Corporation Act, but only with certain restrictions such as a maximum period for issue of one year. It may therefore be expedient also to use own shares that the Company has acquired under the terms of an authorization granted pursuant to Section 71 (1) No. 8 of the German Stock Corporation Act as employee shares.

Subscription rights of the 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 administration will examine in every case whether it is appropriate to use own shares of the Company for the measures indicated. When making their decision, the corporate bodies will be guided by the interests of the shareholders and of the Company and will carefully consider whether the exclusion is necessary in the interests of the Company. Only if these conditions are met will the measure be taken and the subscription rights of the shareholders excluded. The Management Board will report on aspects including the decision about and the circumstances of the purchase in each case at the subsequent Annual General Meeting as indicated in Section 71 (3) of the German Stock Corporation Act.

Acquisition methods:

According to the resolution proposed, the shares may be acquired via the stock exchange and via a public purchase offer. Section 71 (1) No. 8 of the German Stock Corporation Act 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. It is intended that the Company should in addition have the option of engaging a bank to conduct the acquisition as part of a defined repurchase program in which the bank undertakes to acquire either an agreed number of shares or shares for a previously defined total purchase price, on a previously defined minimum number of trading days in Xetra trading (or a comparable successor system) and in any case by no later than the end of a previously agreed period, and to transfer them to the Company. The fact that the bank acquires the shares via the stock exchange under the same terms as apply in the case of acquisition by the Company means that the principle of equal treatment is also upheld in this respect.

Report of the Management Board concerning Item 9 on the Agenda

It is intended that limited use of equity derivatives to acquire own shares be permitted in addition to the options provided under Item 8 on the Agenda. It may be advantageous for the Company to sell put options or acquire call options rather than acquiring Company shares directly. The Management Board intends to use put and call options (also referred to collectively hereinafter as “derivative transactions” or “equity derivatives”) only as a supplement to conventional share repurchase actions.

When it sells a put option, the Company grants the acquirer the right to sell Infineon shares to the Company at a price specified in the put option (exercise price). The Company receives in exchange an option premium corresponding to the value of the right of sale taking into account the exercise price, the term of the option and the volatility of the Infineon share. If the put option is exercised, the option premium paid by the acquirer of the put option reduces the total amount paid by the Company to acquire the share. It makes economic sense for the holder to exercise the put option if the price of the Infineon share at the time of exercise is lower than the exercise price, as the option then enables the holder to realize a higher sale price than would otherwise be possible at the time. The advantage of using put options to repurchase shares from the Company’s perspective is that the exercise price is established as soon as the option transaction is concluded but the liquidity is not lost until the exercise date. The overall charge to the Company for the acquisition of the shares, moreover, is lower than the share price when the option transaction is concluded thanks to the option premium received. If the holder chooses not to exercise the option because the share price on the exercise date is higher than the exercise price, the Company cannot acquire own shares by this means but does retain the option premium received.

When it acquires a call option, the Company pays an option premium in exchange for the right to purchase a predefined number of shares at a predefined price (exercise price) from the seller of the option (the taker). It makes economic sense for the Company to exercise the call option if the price of the Infineon share is higher than the exercise price, as the option then enables it to purchase the shares from the taker for a lower price than would otherwise be possible. Call options thus enable the

Company to hedge against rising share prices. They also help to preserve the Company's liquidity, as the defined acquisition price for the shares does not have to be paid until the call options are exercised.

The term of the individual derivatives must expire by no later than February 16, 2016 and must be defined such that the acquisition of Infineon shares on exercise of or to satisfy the derivatives cannot be effected after February 16, 2016. The authorization is thus intended to make full use of the five-year period permitted by law, but with the restriction that the term of individual options may not exceed 18 months in each case. This ensures that there is an appropriate time limit on obligations arising from the individual option transactions. The entire acquisition volume via put and call options is capped at 5% of the current share capital.

The derivative transactions must be concluded with a bank or via the stock exchange. It must be ensured that obligations under the derivatives are met only using shares that have been acquired previously, in compliance with the principle of equal treatment, via the stock exchange at the current price of the share in Xetra trading (or a comparable successor system) at the time of acquisition via the stock exchange.

The acquisition price to be paid by the Company for the shares is the exercise price specified in the relevant put or call option. The price to be paid for an Infineon share when put or call options are exercised (exercise price) may be higher or lower than the stock exchange price of the Infineon share when the put option is sold or the call option is acquired. The price agreed in the derivative (excluding incidental acquisition costs but taking into account the option premium paid or received) for the acquisition of a share when options are exercised may be no more than 10% above and no more than 30% below the arithmetic mean of the closing prices of the share in Xetra trading (or a comparable successor system) on the last three exchange trading days prior to the conclusion of the derivative transaction.

The acquisition price paid by the Company for derivatives may not be substantially higher than, and the sale price received by the Company for derivatives may not be substantially lower than, the theoretical market value of the options concerned as determined in accordance with accepted methods of financial mathematics, it being the case that the factors to be considered in determining the theoretical market value include the agreed exercise price.

The fact that the option premium and exercise price are specified in advance as described and the requirement that obligations under the options be met using only shares that have been acquired previously, in compliance with the principle of equal treatment, via the stock exchange makes sure that shareholders are never financially disadvantaged if the Company acquires own shares using options. The Company receives or pays a fair market price, so shareholders not involved in the derivative transactions suffer no disadvantage in value terms. The position of shareholders is equivalent to that when shares are repurchased via the stock exchange, as here too not all shareholders are actually able to sell shares to the Company. The specifications for the configuration of the options and the requirements in respect of the shares to be supplied ensure that this mode of acquisition also complies with the principle of equal treatment of shareholders. Consequently it is justifiable to exclude any right of shareholders to conclude the aforementioned derivative transactions with

the Company in analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act. Excluding the subscription rights of the shareholders will enable the Company to conclude derivative transactions quickly, an advantage it would forfeit if it had to make an offer to acquire the options to all shareholders. This gives the Company the flexibility it needs to respond swiftly to market developments.

It is intended that when own shares are acquired using equity derivatives, shareholders will only have a right to sell their shares in this connection if the Company is required to accept the shares under the equity derivatives. Otherwise the use of equity derivatives for the purposes of repurchasing own shares would be impossible and the Company would be unable to access the associated benefits. Having carefully weighed up the interests of the shareholders and the interests of the Company, the Management Board believes that the benefits to the Company from using equity derivatives are sufficient to justify denying or limiting the right to sell shares in this connection.

The Management Board will report on aspects including the decision and the circumstances of the purchase in each case at the subsequent Annual General Meeting as indicated in Section 71 (3) of the German Stock Corporation Act.

Neubiberg, December 2010

Infineon Technologies AG
The Management Board