

Joint Report according to section 293 a AktG

**of the Management Board of
Infineon Technologies AG, Neubiberg,**

and

**the Board of Directors of
Infineon Technologies Mantel 27 GmbH, Neubiberg**

**regarding the Domination and Profit Transfer Agreement
dated November 10, 2014
between Infineon Technologies AG, Neubiberg,
and Infineon Technologies Mantel 27 GmbH, Neubiberg**

At the date on which this report is presented, Infineon Technologies AG ("**Infineon**") – registered in the commercial register of the Munich Local Court under HRB 126492 – holds all of the share capital of Infineon Technologies Mantel 27 GmbH, which has its legal seat in Neubiberg and is registered in the commercial register of the Munich Local Court under HRB 214829 ("**Mantel 27 GmbH**").

1. Domination and Profit Transfer Agreement

Infineon intends to conclude a domination and profit transfer agreement with Mantel 27 GmbH on November 10, 2014 ("**Agreement**").

The principal elements of the Agreement are as follows:

- (1) Mantel 27 GmbH places the management of its company under the control of Infineon. Infineon is accordingly authorized to issue instructions to the senior management of Mantel 27 GmbH regarding the management of the company. This authority to issue instructions notwithstanding, responsibility for managing and representing Mantel 27 GmbH remains with the Board of Directors of Mantel 27 GmbH.
- (2) Mantel 27 GmbH undertakes to transfer its entire profit to Infineon. The sum to be transferred is the net profit – subject to the creation or release of reserves pursuant to Item (3) – recorded for each year (measured before profit transfer), minus any loss carryforward from the previous fiscal year and the sum not available for distribution pursuant to section 268, paragraph 8 of the German Commercial Code (*Handelsgesetzbuch - HGB*). Section 301 of the German Stock Corporation Act (*Aktiengesetz – AktG*) – or a corresponding successor provision – as amended shall apply accordingly.
- (3) Mantel 27 GmbH may, with the approval of Infineon, transfer amounts from annual net profit to other revenue reserves pursuant to section 272, paragraph 3, HGB insofar as this is permitted under commercial law and is financially justified on the basis of reasonable and prudent business judgment. At the request of Infineon, amounts transferred to other revenue reserves pursuant to the currently valid version of section 301, second sentence, AktG during the term of the Agreement may be released

from other revenue reserves and transferred to Infineon as profit. Amounts released from other revenue reserves pursuant to section 272, paragraph 3, HGB that were created prior to the commencement of this Agreement or of profit brought forward from the period prior to the commencement of this Agreement may not be transferred to Infineon. To the extent legally permissible, amounts that have been or are in future transferred to capital reserves pursuant to section 272, paragraph 2, number 4, HGB may be released and distributed outside the Agreement.

- (4) The provisions of the currently valid version of section 302 AktG shall apply in relation to the transfer of losses.
- (5) The Agreement only comes into force once it has been approved by the Shareholders' Meeting of Mantel 27 GmbH and the Annual General Meeting of Infineon and entered in the commercial register of Mantel 27 GmbH.
- (6) The Agreement applies with regard to Infineon's right of management of Mantel 27 GmbH as defined in Item (1) for the period following the coming into force of the Agreement and in addition, initially with retrospective effect, for the entire fiscal year of Mantel 27 GmbH in which the Agreement is entered in the commercial register of Mantel 27 GmbH.
- (7) The Agreement may be terminated by either of the contracting parties after five years, i.e. 60 months from the beginning of the fiscal year of Mantel 27 GmbH for which the obligation to transfer profits or offset losses applies for the first time. The intention to terminate must be notified in writing and a notice period of six months must be observed. If the Agreement is not terminated, it will be extended for an indefinite period with the proviso that it may be terminated at the end of the fiscal year of Mantel 27 GmbH, subject to a notice period of six months.
- (8) The right to terminate the Agreement for an important reason without complying with the notice period remains unaffected. Important reasons for the purposes of early termination include in particular:
 - a) the sale, contribution or other transfer of shares in Mantel 27 GmbH,

- b) the merger, split or liquidation of Infineon or Mantel 27 GmbH,
- c) a change in Mantel 27 GmbH's legal form, unless Mantel 27 GmbH is being converted into an incorporated entity (*Kapitalgesellschaft*) with another legal form,
- d) the transfer of Mantel 27 GmbH's or Infineon's seat (as per its articles of association or as adopted for administrative purposes) to a location out-side Germany, if this results in the expiry of tax group arrangements.

Mantel 27 GmbH's shareholders are scheduled to meet on November 11, 2014 to consider a resolution to approve the Agreement. Infineon's shareholders will consider a resolution to approve the Agreement at the next Annual General Meeting, which is scheduled to be held on February 12, 2015. Infineon's Management Board and Mantel 27 GmbH's Board of Directors will ensure that this report is made available at both meetings.

Since Mantel 27 GmbH is structured in the legal form of a German limited liability company (GmbH) and its shares are held directly by Infineon (both at the date of the report and at the date of the resolution to approve the Agreement taken at the Shareholders' Meeting of Mantel 27 GmbH), there is no requirement to include provisions for compensation (section 304 AktG) or consideration (section 305 AktG) in the Agreement. For the same reason, an audit of the Agreement by a qualified auditor pursuant to section 293 b AktG and the preparation of an audit report pursuant to section 293 e AktG are not necessary.

2. Background

Mantel 27 GmbH was established as "Infineon Technologies Mantel 27 GmbH" by way of notarized deed dated October 16, 2014 and entered in the commercial register of the Munich Local Court under HRB 214829 on November 3, 2014. The business object of Mantel 27 GmbH comprises asset management of all kinds, in particular the acquisition and administration of participations in entities and the administration of its own assets; activities requiring a permit or regulatory approval may not be performed. The company does not currently have any active operations.

Infineon has founded Mantel 27 GmbH as a shell company into which, if required, operations (such as operational assets and liabilities, a business, or participations in entities) could be contributed or transferred at a later date.

The conclusion of the Agreement is intended to ensure that the opportunities and risks associated with the activities of Mantel 27 GmbH are taken over by Infineon. As a result of the Agreement, profits and losses of Mantel 27 GmbH are attributable to Infineon for accounting and tax purposes, an arrangement that could result in tax savings for Infineon. It has proved advantageous for Infineon in the past to have the opportunity to contribute operations at short notice and during a year to an entity with which a domination and profit transfer agreement is in place. The Agreement also benefits Mantel 27 GmbH in a number of ways, including, in particular, the fact that Infineon is required to offset any losses that arise during the term of the Agreement. Mantel 27 GmbH has the same fiscal year as Infineon.

Apart from the fact that Infineon is required to offset any losses arising at the level of Mantel 27 GmbH, the Agreement does not give rise to any particular consequences for Infineon's shareholders, especially in view of the fact that no compensation or consideration are necessary due to the absence of external shareholders. The overall assessment is that the Agreement is advantageous for both Infineon and Mantel 27 GmbH.

Neubiberg, November 7, 2014

Infineon Technologies AG

Infineon Technologies Mantel 27 GmbH

The Management Board

The Board of Directors

Dr. Reinhard Ploss Dominik Asam

Andreas Brandstetter

Ines Brückel

Arunjai Mittal