

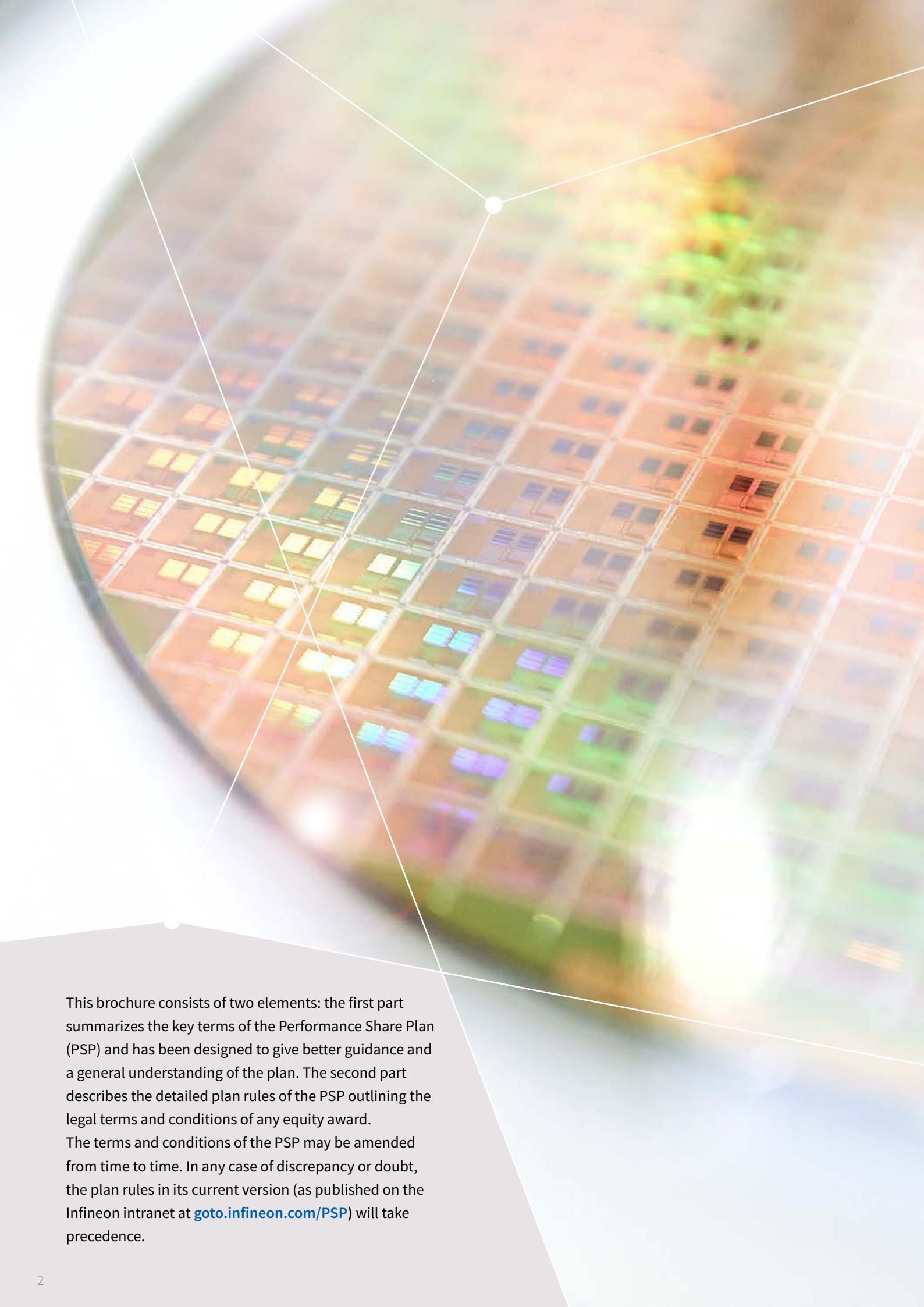


Performance Share Plan (PSP)

Infineon Technologies AG

www.infineon.com





This brochure consists of two elements: the first part summarizes the key terms of the Performance Share Plan (PSP) and has been designed to give better guidance and a general understanding of the plan. The second part describes the detailed plan rules of the PSP outlining the legal terms and conditions of any equity award. The terms and conditions of the PSP may be amended from time to time. In any case of discrepancy or doubt, the plan rules in its current version (as published on the Infineon intranet at goto.infineon.com/PSP) will take precedence.

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Reinhard Ploss, CEO

“Our main goal as leaders is to ensure the success of the company today and in the future. With the PSP we participate in this success as our achievements materialize in the long-term development of our share price.”

“Our shareholders expect us to increase the value of our company. The PSP contributes to aligning the interests of our leaders with those of our investors and the entire company.”



Dominik Asam, CFO



Helmut Gassel,
Member of the Board

“Representing our joint commitment to the lasting success of our company, the PSP is an important element in our efforts to attract, retain and motivate our leadership teams in all regions.”

“The PSP is a competitive standard for long-term compensation. It offers an excellent opportunity to benefit from sustainable management decisions.”



Jochen Hanebeck,
Member of the Board

Introduction

Dear Colleagues,

As leaders you have a strong influence on the success of the company today and in the future. With the Performance Share Plan (PSP) you can benefit from your achievements as they materialize in the long-term development of the Infineon share price.

This offer underlines our commitment to attracting and motivating key employees. To this effect, the compensation package for our top management consists of three elements: the fixed income is a strong foundation, the annual success bonus is a short-term incentive, and the PSP rewards the long-term effects of our management decisions and is intended to retain our key employees.

With the PSP we want to create a vital equity culture at top management level. Every participant is required to make a personal investment in Infineon shares. While limiting the risks, the PSP offers excellent opportunities for benefiting from sustainable management decisions. With the PSP we provide a worldwide and competitive standard for long-term compensation.

The PSP principles apply to all top management and the management board. It contributes to aligning the interests of our leaders with those of our investors and the entire company. In a true equity culture, top managers are critical investors and decision-makers at the same time – striving for sustainable, profitable growth.

This brochure describes what the PSP means in detail and the terms and conditions that apply. With our joint commitment to the success of our company, all of us will ultimately gain from our efforts. Thank you for your continuing support on our high performance journey.



Reinhard Ploss



Dominik Asam



Helmut Gassel



Jochen Hanebeck



Performance Share Plan (PSP)

– at a glance –



Performance shares represent an entitlement to Infineon shares granted to an employee and subject to a waiting period of four years. Their transformation into Infineon shares after the waiting period depends – in part – on a performance target.

1 Annual Grant

Employee receives and accepts an entitlement to a number of performance shares via the annual grant.

2 Self-Investment

Employee agrees to hold a certain number of Infineon shares during the waiting period in a private custody account.

3 Waiting Period

All granted performance shares are subject to a waiting period of four years.

4 Performance Hurdle

50% of the granted performance shares must meet a performance target measured at the end of the waiting period.

5 Settlement

Upon settlement Infineon will create or procure the necessary amount of Infineon shares and transfer these shares to the plan participant's private custody account. The final value of the settlement will depend on the share price development since grant and on the performance hurdle.

Performance Share Plan (PSP)

– step by step –

1 Annual grant

Employee receives and accepts an entitlement to a number of performance shares via the annual grant.

| | | |
|-------|--|---|
| | Allocated amount (in €) | 20,000€ |
| ÷ | ∨ | ∨ |
| | Average IFX share price | 20.30€ |
| <hr/> | | |
| = | Calculated number of shares | 985.22 |
| | ∨ | ∨ |
| > | Number of performance shares granted | 984 (rounded down to nearest even number) |

There is a pre-defined allocation amount for each job level (GG/TL). The number of performance shares actually granted once per year on March 01 is derived by dividing this allocation amount by the Infineon share price

(calculated as an average over a period of the nine months prior to the grant date). The employee must accept the grant and declare consent with the plan rules to become a plan participant.

2 Self-investment

Employee agrees to hold a certain number of Infineon shares during the waiting period in a private custody account.

| | | |
|---|--------------------------------------|--|
| | Number of performance shares granted | 984 |
| ÷ | Self-investment percentage | 10% |
| = | Calculated number of shares | 98.4 |
| > | Number of self-investment | 98 (rounded down to nearest whole number) |

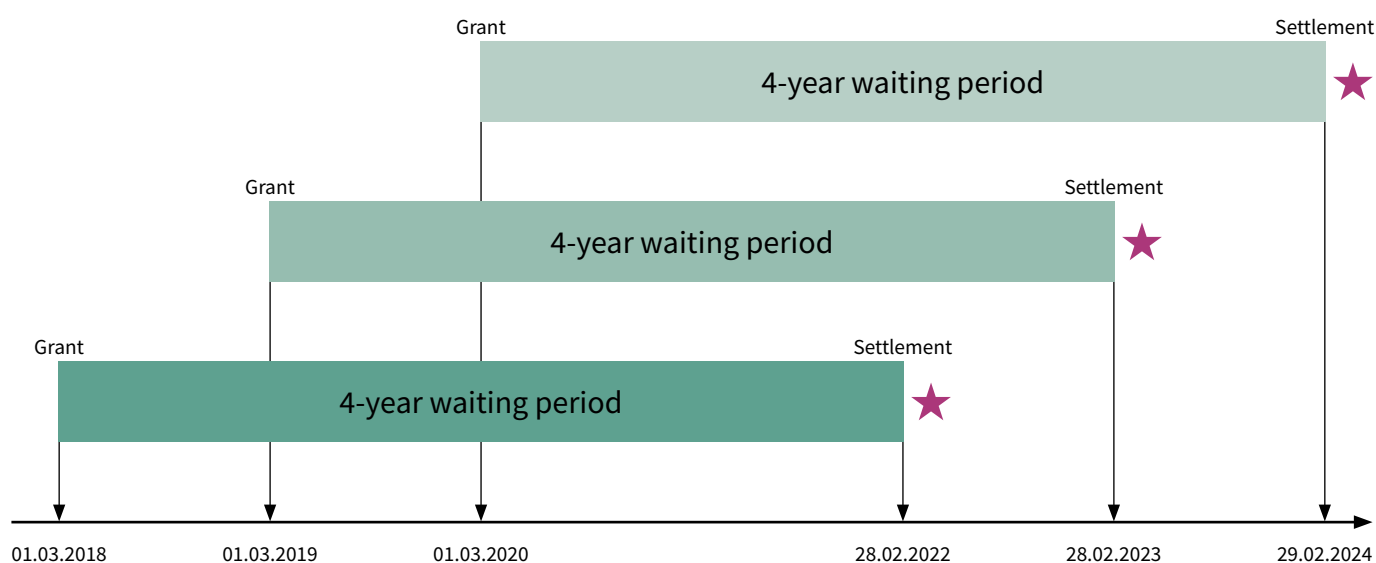
Each employee, who participates in the Performance Share Plan has to commit to a certain self-investment. This will be a fixed percentage of the granted performance shares (GG/TL16 = 10%, GG/TL17+ = 15%). The self-investment can be fulfilled by either buying Infineon shares or using

previously acquired shares as self-investment shares. Infineon will conduct yearly checks and will impose consequences resulting from a violation against the self-investment requirements (i.e. forfeiture of the Performance Share grant).



3 Waiting period

All granted performance shares are subject to a waiting period of four years.



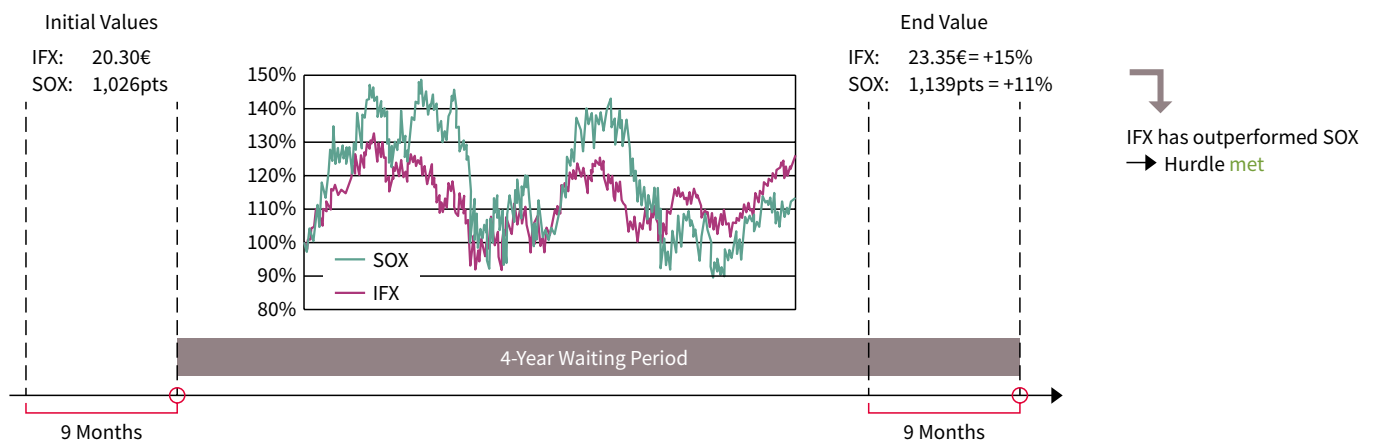
After a waiting period of four years, which ends on the last day of February, the previously granted performance shares will be settled and a certain number of Infineon shares will be transferred to the participant's private custody account.

During the waiting period all granted performance shares are non-tradable, non-transferable and not connected with any shareholder rights such as dividend entitlements or subscription or voting rights.

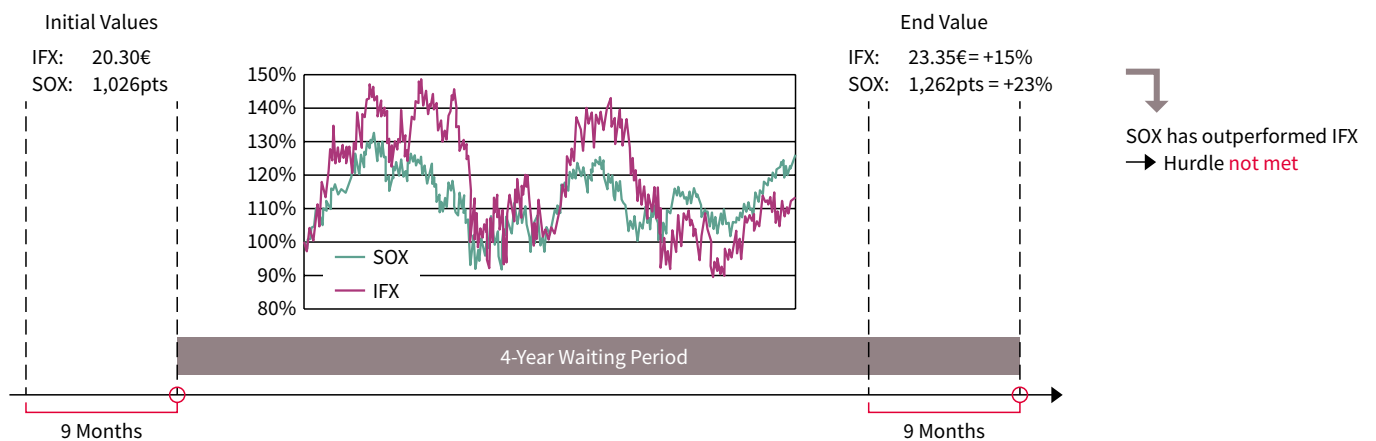
4 Performance hurdle

50% of the granted performance shares must meet a performance target measured at the end of the waiting period.

Example 1



Example 2



The Infineon share price development during the waiting period must have exceeded the performance of the comparative “Philadelphia Semiconductor Index” (SOX). Initial and end values are calculated as average figures

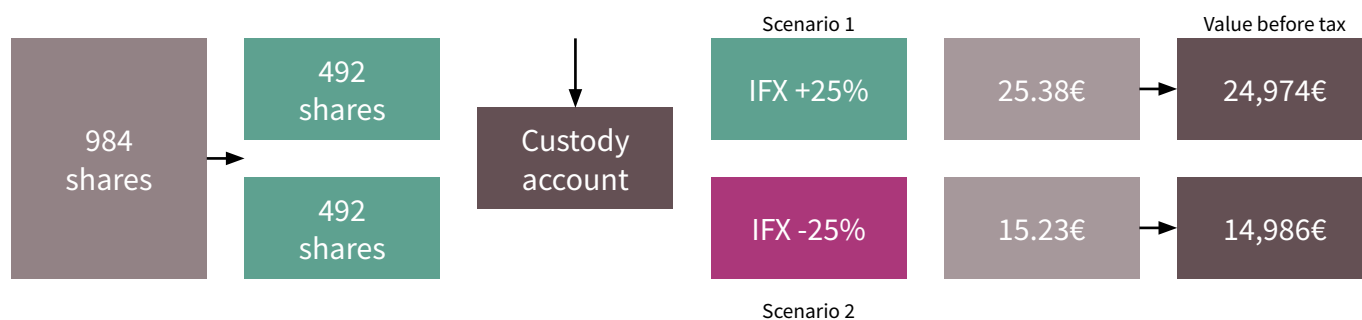
taking into account the previous nine months each. The measurement of the performance hurdle will be done only once on the last day of February four years after the grant date.

5 Settlement

Upon settlement Infineon will create or procure the necessary amount of Infineon shares and transfer these shares to the plan participant's private custody account. The final value of the settlement will depend on the share price development since grant and on the performance hurdle.

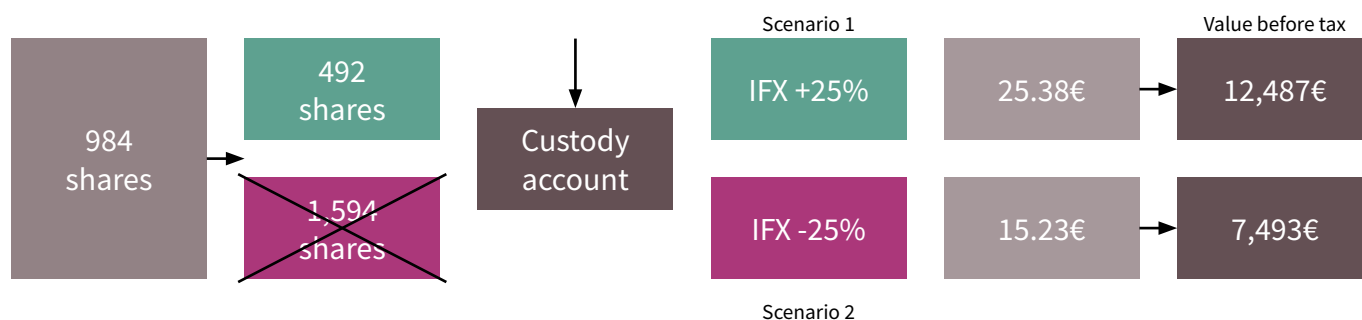
Example 1

Total value at grant 20,000€, performance hurdle met, IFX at grant 20.30€, share price development ±25%



Example 2

Total value at grant 20,000€, performance hurdle not met, IFX at grant 20.30€, share price development ±25%



The banking provider will withhold from the final amount of transferrable Infineon shares a certain number of shares and instantly sell them at the current going market price in order to cover any applicable income and social taxes as well as any applicable administration fees resulting from

the transaction process. Infineon reserves the right to settle the performance share grant by a cash payment, in each case reflecting the market price of the respective Infineon shares.

Glossary of terms

| Term | Definition |
|--------------------|--|
| LTI | Long Term Incentive (LTI) is that portion of the top management reward package (besides the fixed and the variable compensation) that is directed at long-term success sharing. |
| Performance share | A performance share is a grant of Infineon share units in which the recipient's rights in the share are contingent on a waiting period of four years and – in part – the achievement of a pre-established performance hurdle. |
| Waiting period | Waiting period is a period of four years in which the granted performance shares cannot be traded nor transferred. They do not allow any shareholder rights either. |
| Performance hurdle | Performance hurdle is a performance target that applies to 50% of the granted performance shares. The hurdle is met if the Infineon share performance over the waiting period exceeds the performance development of the SOX index. |
| SOX index | The SOX is a Philadelphia Stock Exchange index composed of companies primarily involved in the design, distribution, manufacture, and sale of semiconductors – in other words: Infineon's biggest competitors. |
| Settlement | Settlement takes place right after the waiting period when - depending on the results of the performance hurdle measurement - the performance shares are transformed into Infineon shares and transferred to the plan participant's account. |

Further questions?

Human resources is committed to supporting the plan participant in the most effective way. If you have any further questions on the Performance Share Plan (PSP), please refer to the Infineon Intranet or send us an e-mail.



PSP@infineon.com



<http://goto.infineon.com/PSP>

Mission of the plan

Infineon (i.e. Infineon Technologies AG together with the Infineon Group companies (= companies in which Infineon Technologies AG holds more than 50% of the voting rights) is committed to attracting and rewarding key employees. The compensation package consists of three major elements: the fixed income is a strong foundation, the annual success bonus is a short-term incentive, and the PSP rewards the long-term effects of our management decisions and is intended to retain our key employees.

Infineon has chosen performance shares as the preferred Long Term Incentive (LTI) vehicle (see §1 Definition of Performance Shares). Additionally, Infineon requires every plan participant to carry out a self-investment to promote equity culture at Infineon (see §5 Self-Investment).

The PSP widely replicates the LTI principles of the management board compensation also for Infineon's top management executives thereby underlining the importance of a uniform compensation strategy.

With the PSP Infineon ensures that

- › top management executives and other selected key personnel receive market competitive long-term incentives and reward,
- › plan participants can participate in the long-term success of Infineon and hence increase their commitment to actively drive profitable growth,
- › both top management employees and key personnel have a strong incentive to uphold their employment with Infineon,
- › by means of the required self-investment the entrepreneurial spirit among the plan participants is fostered and the necessary link between the executive's own performance and shareholder value is created, and
- › with a 4-year waiting period (see §6 Waiting period) and an additional performance target for 50% of the granted performance shares (see §7 Performance hurdle) the long-term compensation vehicle shall also gain broad acceptance among Infineon's shareholders.

Terms & conditions

These plan rules define the general terms and conditions according to which performance shares can be granted and will eventually be settled.

§1 Definition of performance shares

A performance share represents an entitlement to an Infineon share and is granted to the plan participant at the grant date. The number of performance shares granted will be derived from an allocation amount in EUR and an average Infineon share price prior to the grant date (see §4 Grant of performance shares).

This grant is preliminary as it depends on certain conditions:

During a 4-year period, the so-called waiting period (see §6 Waiting period), all granted entitlements are nontradable, non-transferrable and not connected with any shareholder rights such as dividend entitlements or subscription or voting rights.

After the expiration of the waiting period, 50% of the granted performance shares pass into final ownership of the plan participant without any further conditions – the other 50% of the granted performance shares pass into final ownership only if a performance target is met (see §7 Performance hurdle).

As a result, all performance shares being subject to the waiting period only and those additionally meeting the required performance hurdle will be settled, i.e. Infineon shares will eventually be transferred to a private custody account held by the plan participant. Performance shares may also be cashed-out under certain circumstances (see §8 Settlement of performance shares).

§2 Duration of the plan

The PSP is an unlimited plan with no expiry date. All terms and conditions shall apply unless the PSP is changed, suspended, terminated, or replaced by a new plan (see Administrative details/plan authority).

§3 Eligibility group

Generally, eligible to participate in the PSP are

- › top management executives of Infineon with a Global Grade 16 or higher,
- › incumbents of equivalent positions on the technical ladder, and
- › selected other key personnel of Infineon.

Regardless of the general eligibility the actual nomination of an individual for a grant of performance shares shall be made by decision of the management board.

The grant of performance shares to an individual is at the sole and absolute discretion of the management board. It has neither factual nor legal binding effect on any entitlement to possible future grants.

§4 Grant of performance shares

Only one grant can be made during a fiscal year. The date on which the plan participant is granted performance shares shall be March 01 (grant date).

The number of performance shares granted is derived from an individual allocation amount in EUR. This amount is divided by the arithmetic mean of the daily closing Infineon share price on the XETRA trading system on the Frankfurt Stock Exchange (or a comparable successor system) over a period of nine months prior to the grant date.

The calculation result is rounded down to the nearest even number and represents the number of performance shares granted.

Example

| | |
|---|------------------------------------|
| Individual allocation amount in EUR | 20,000 EUR |
| Average IFX share price prior to grant date | 20.30 EUR |
| Calculation result | 985,22 → rounded down to 984 |
| Number of performance shares granted | 984 |

The plan participant must declare his/her consent with the grant (as further stated on the grant certificate), these plan rules and the self-investment requirements (see §5 Selfinvestment) in writing no later than two months after the grant date. Infineon reserves the right to set up an electronic acceptance process. Consent after the final deadline will be rejected by Infineon. Without the plan participant having declared his/her consent properly the grant of performance shares will forfeit.

The grant is preliminary, i.e. the performance shares are subject to a time restriction (see §6 Waiting period) and – applicable to 50% of the performance shares – to a performance target (see §7 Performance hurdle).

Furthermore, the performance shares may forfeit upon termination of employment with Infineon (see §9 Termination of employment with Infineon).

Only after the expiration of the waiting period and, if applicable, the measurement of the performance hurdle will the grant of performance shares become final (see §8 Settlement of performance shares).

§5 Self-investment

Purpose of self-investment

Infineon requires a personal investment of every plan participant in Infineon shares (self-investment shares) as a key prerequisite for plan participation. The self-investment shall

- › promote an entrepreneurial behavior among plan participants (act as owner rather than as employee),
- › increase the identification of plan participants with Infineon, and
- › support long-term thinking and acting in a sustainable way among plan participants.

Eventually participation in the PSP in general, and the self-investment feature in particular, shall generally lead to a higher appreciation of Infineon stock ownership and promote a stock ownership culture at Infineon among top management executives and key personnel.

Definition, volume and terms of self-investment

The plan participant agrees to hold a certain number of self-investment shares per each grant under the PSP.

Generally, the required number of self-investment shares to be held depends on the number of performance shares granted per each annual grant. The following self-investment percentages shall apply for the different Global Grade (GG)/Technical Ladder (TL) levels:

- › GG/TL 17–20: 15%
- › GG/TL 16 and below: 10%

The required number of self-investment shares to be held in connection with each annual grant is calculated by multiplying the number of performance shares granted by the respective self-investment percentage. The result is rounded down to the nearest whole number.

Example

| | |
|--------------------------------------|---------------------------------|
| Number of performance shares granted | 984 |
| Self-investment percentage | 10% |
| Calculation result | 98.4 → rounded down to 98 |
| Number of self-investment shares | 98 |

The required number of self-investment shares will be stated in the individual grant certificate that each plan participant receives upon the annual grant.

In order to comply with the self-investment regulations, the plan participant may either purchase new Infineon shares or use previously acquired Infineon shares (e.g. by way of purchase, inheritance, earlier stock option and PSP settlements) as self-investment shares.

Self-investment shares must be held and owned by the plan participant himself/herself and must be kept in one (or several) private custody account(s). These accounts may be jointly owned by the plan participant and other closely related persons (e.g. legal spouse, civil partner). Shares exclusively held or owned by other persons, however, will not be accepted as self-investment shares.

Self-investment shares must be shares resulting from a direct acquisition or investment. Infineon shares existing as part of a stock fund (e.g. DAX fund) will not be accepted as self-investment shares.

By accepting the annual grant, the plan participant agrees to hold the necessary number of self-investment shares starting at the latest after the end of a period of six months following the grant date and until the end of the full 4-year waiting period for which they serve as self-investment.

Should the plan participant be unable to fulfill the self-investment requirement within the first six months following the grant date due to mandatory legal requirements (e.g. statutory or Infineon internal insider trading rules), he/she must request an extension of the 6-months purchasing period with the Human Resources department. The management board will decide about such extension on a case-by-case basis. Should the plan participant be unable to fulfill the self-investment requirement at all due to mandatory legal (e.g. prohibition of private share holdings in his/her country of residence) or insurmountable practical difficulties (e.g. restrictions for the opening of a securities account for non-residents) or should Infineon consider the self-investment requirement to be inappropriate, the management board will decide upon the exceptional waiving of the self-investment requirements on a case-by-case basis.

Self-investment shares are not subject to any performance hurdle and serve no other purpose than to support the self-investment requirement for the specific grant of performance shares. Accordingly, self-investment shares keep on guaranteeing their regular shareholder rights like dividend, subscription and voting rights.

As soon as the waiting period for a grant ends or a grant forfeits for other reasons (see §9 Termination of employment with Infineon), the self-investment requirement of that grant will be released and the shares can immediately be disposed of freely, e.g. be sold or used as self-investment for any other PSP grant requiring a self-investment.

Proof of self-investment

Self-investment is a key prerequisite for ongoing PSP participation. Therefore, the plan participant is obliged to present, without further notice, a meaningful proof of the required self-investment for all grants currently held by him/her immediately after the transaction (e.g. by a copy of custody account statement(s) showing the requested number of self-investment shares on his/her account(s)) at his/her cost to Infineon's Human Resources department.

Consequences of self-investment violation

By accepting the annual grant, the plan participant agrees to the prerequisite of making, and providing a proof of, a self-investment as laid down in these plan rules and to the consequences resulting from any violation. Should the plan participant fail to prove the required number of self-investment shares to Infineon's satisfaction in due time, all grants for which the ownership of self-investment shares is not sufficient will forfeit in their entirety with immediate and permanent effect (starting retrospectively with the most recent grant(s) for which the self-investment cannot be proven). There will be no compensation in any form for the grants forfeited as a result from the violation. Furthermore the management board may decide to exclude participants from participation in the next following grant.

| Example 1 | Grant 1 | Grant 2 | Grant 3 | |
|---|----------------|----------------|----------------|-------------------------|
| Performance shares allocated | 1.000 | 1.200 | 800 | |
| 10% self-investment required | 100 | 120 | 80 | 300 |
| Actual total self-investment held by plan participant | 100 | 120 | 50 | 270 |
| | | | | |
| | | | | → Forfeiture of Grant 3 |

| Example 2 | Grant 1 | Grant 2 | Grant 3 | |
|---|----------------|----------------|----------------|-------------------------------|
| Performance shares allocated | 1.000 | 1.200 | 800 | |
| 10% self-investment required | 100 | 120 | 80 | 300 |
| Actual total self-investment held by plan participant | 100 | 100 | 0 | 2.000 |
| | | | | |
| | | | | → Forfeiture of grant 2 and 3 |

Compliance, cost and tax liability for self-investment

All mandatory legal requirements upon stock purchase and holding (e.g. statutory and Infineon internal insider trading rules) must be observed by the plan participant in connection with the acquisition and holding of the self-investment shares. Any violation of such mandatory legal requirements is at the own risk of the plan participant (see §12 Insider trading).

The cost of self-investment (incl. fees and commissions for one-time stock purchases and ongoing custody account management) are to be borne by the plan participant.

Infineon will not assume any tax liability for the self-investment. All taxes resulting from the self-investment (incl. fees for tax consulting, if applicable) must be borne by the plan participant. Infineon recommends consulting a professional tax advisor for any tax related questions arising from the self-investment.

The self-investment is solely at the economic risk of the plan participant. Infineon cannot be held liable for any loss resulting therefrom.

§6 Waiting period

Performance shares granted under the PSP are subject to a waiting period of four years following the grant date. Only after the waiting period will they be settled and Infineon shares be transferred to the plan participant (see §7 Performance Hurdle and §8 Settlement of performance shares). The waiting period ends on the last day of February four years after the grant date.

During the waiting period all granted performance share entitlements are non-tradable, non-transferrable and not connected with any shareholder rights such as dividend entitlements or subscription or voting rights.

§7 Performance hurdle

Besides the 4-year waiting period the LTI regulations for the management board include a demanding performance target to foster long-term success and sustainable growth. As it is Infineon's overall compensation strategy to achieve a widely uniform long-term incentive structure across management board and top management, the same performance target has also been adopted for the PSP.

Therefore, in addition to the 4-year waiting period, 50% of the performance shares granted under the PSP are subject to a performance hurdle:

The Infineon share price development during the waiting period must have exceeded the performance of the comparative "Philadelphia Semiconductor Index" (SOX). The measurement will be done in two steps:

Step 1

The basis for the initial value for the comparison is

- › the arithmetic mean of the daily closing Infineon share price on the XETRA trading system on the Frankfurt Stock Exchange (or a comparable successor system) over a period of nine months prior to the grant date and
- › the arithmetic mean of the daily closing SOX index value over a period of nine months prior to the grant date.

For the purpose of comparison the respective performance rates are quoted in percent and both normed at 100% at the grant date.

Step 2

The basis for the end value for the comparison is

- › the arithmetic mean of the daily closing Infineon share price on the XETRA trading system on the Frankfurt Stock Exchange (or a comparable successor system) over a period of nine months prior to the last day of February four years after the grant date and
- › the arithmetic mean of the daily closing SOX index value over a period of nine months prior to the last day of February four years after the grant date.

The performance hurdle is met if the percentaged end value of the Infineon stock is higher than the respective percentaged end value of the SOX index.

The measurement of the required outperformance will be done only once on the last day of February four years after the grant date. Depending on the result of this measurement, the 50% of the performance shares subject to the performance hurdle will either be settled and Infineon shares will be transferred to the plan participant or the performance shares will forfeit irrevocably.

The remaining 50% of the performance shares are just subject to a time restriction, i.e. the lapse of the 4-year waiting period. They will be settled and Infineon shares will be transferred to the plan participant after the waiting period has lapsed.

§8 Settlement of performance shares

After the end of the waiting period, the granted performance shares are partially or fully settled, i.e. Infineon shares will be transferred to the plan participant – depending on whether the performance hurdle was met or not (see §7 Performance hurdle). Infineon will either create new shares, buy existing Infineon shares from the market or use Infineon shares acquired earlier and transfer them to a private custody account of the plan participant; it is expected that settlement per annum requires a number of shares in an aggregate amount not exceeding 1% of the share capital. The actual time required for the share creation or the purchase process as well as for the transfer of the shares to the private custody account may vary and usually takes a processing time of up to one month. Infineon shall not be held liable for any delay in the settlement process or for share price fluctuations in between the end of the waiting period and the day that the transferred Infineon shares are actually accessible to the plan participant on his/her account.

Whereas performance shares do not confer any shareholder rights, each Infineon share transferred to the plan participant in the settlement process carries such rights, in particular voting, dividend and subscription rights.

Infineon reserves the right to settle the performance share grant, or parts of such grant, by any form of cash payment reflecting the market price of the respective Infineon shares. Any payout under such cash settlement shall therefore be made within one month after the settlement, in each case based upon the Infineon closing share price (XETRA) and, if applicable, the exchange rate (source: Euro foreign exchanges reference rates published by the European Central Bank) on the last trading day of the waiting period.

In any case, the banking provider will withhold from the final amount of transferrable Infineon shares a certain number of shares and instantly sell them at the current going market price in order to cover any applicable income and social taxes as well as any applicable administration fees resulting from the transaction process (see §11 Tax Treatment). The amount of Infineon shares to be sold will be based on a hypothetical tax rate applied. Any difference to the actual individual tax liability will be corrected in a separate subsequent payroll run.

For the time being, Infineon has selected UBS AG as a banking service provider to support plan participants in all administrative matters of the PSP.

§9 Termination of employment

In the events of

- › voluntary leave or
 - › termination of employment for cause by Infineon
- becoming effective during the waiting period the performance shares of the person concerned will forfeit with effect from that date.

In the event of death of the plan participant during the waiting period the performance shares will forfeit with effect from the day of death and there will be a cash payment for the benefit of the statutory or testamentary heirs. The cash payment will be calculated based on the respective grants' original EUR allocation amounts (as stated on the grant certificates). For each applicable PSP grant the allocation amount shall be pro-rated on a monthly basis (starting from the grant date month until the last full month before the death of the plan participant). The resulting gross cash amount shall be paid subject to statutory deductions in best time.

In the events of

- › termination of employment by Infineon (except for cause),
- › restructuring or similar processes resulting in a termination of the employment relationship with Infineon (e.g. divestiture, sale of organizational unit, transformation),
- › long-term disability,
- › expiry of a temporary employment contract,
- › retirement, or
- › early retirement,

during the waiting period the performance shares shall not forfeit but be settled according to the general rules, particularly considering the waiting period and the performance hurdle.

However, the number of performance shares received under each grant shall be reduced based on time spent with Infineon, i.e. for each full month (starting from the respective grant date month until the last full month before the end of his/her employment with Infineon) the plan participant shall keep $\frac{1}{48}$, rounded down to the nearest even number, of the performance shares received under the respective grant; the reduction shall cover performance shares with and without a performance hurdle in equal parts. Should the plan participant pass away prior to the settlement of the performance shares, the above paragraph concerning the event of death of the plan participant shall apply.

In any case of forfeiture of performance shares, there will be no reimbursement by Infineon for losses resulting from the self-investment.

§10 Change of control

For all the outstanding performance shares– whether they are provided with a performance hurdle or not – the waiting period as per § 6 shall end at the point in time of a change of control (“new due date”).

The performance hurdle as per § 7 remains valid.

The following method of calculation will apply, however, in order to define if the performance hurdle has been met in the event of a change of control: (i) The target achievement shall not be based on the end of the 4-year waiting period, but on the new due date instead; (ii) on the new due date, the arithmetic 9-month averages of the Infineon share and of the SOX index before the end of the waiting period shall not be used, but instead the share and index values on the new due date (Infineon share = XETRA closing price; SOX = Closing index level).

If on the new due date the performance hurdle is met as per the method of calculation described above, the owner of the performance shares shall be entitled to a transfer of a corresponding number of Infineon shares upon the expiry of the new due date as per § 8.

After the new due date, the plan participant shall be free to dispose of the Infineon shares purchased as self-investment for participation in a PSP instalment despite any still open waiting periods.

A change of control occurs when

- › someone individually or jointly with others, directly or indirectly acquires at least 30% of voting rights in Infineon Technologies AG, or
- › Infineon Technologies AG as per §§ 2 ff. UmwG (German Reorganization Act) is merged into a new legal entity or another entity is merged with Infineon Technologies AG and in both cases after completion of the merger, a third party either individually or jointly with others, directly or indirectly holds at least 30% of the voting rights in the acquiring legal entity or Infineon Technologies AG, or

- › all or all key assets of Infineon Technologies AG are introduced directly or indirectly into a joint venture with a third party or several third parties, and, after the introduction a third party individually or jointly with others holds at least 30% of the voting rights in the joint venture.

A change of control thus also occurs if, after its completion, another than one of the aforementioned processes should lead to a third party individually or jointly with others holding at least 30% of voting rights in Infineon Technologies AG or in the Company that continues Infineon Technologies AG either wholly or in substantial parts.

Purely intra-group change of control processes are not considered.

Crucial for the occurrence of the new due date in all the aforementioned cases is the first-time externally documented entry into force of the change of control, in the form of a capital market law notification (e.g., as per the WpHG or, in the case of a compulsory or takeover bid, as per the WpÜG \[German Securities and Takeover Act]) or a constitutive registration in the commercial register (e.g., in the case of a reorganisation pursuant to the UmwG).

Affected by the provisions of this § 10 are all plan participants, who at the time of the change of control are in an employment relationship with Infineon, with the exception of the Members of the Management Board of Infineon.

If, after the entry of a change of control, it should prove to be legally or factually impossible to fulfill the entitlement of the plan participants by transferring a corresponding number of Infineon shares, Infineon shall make a decision, well in advance, on the implementation of an economically equivalent (e.g., cash) compensation. For any cash compensation the principles laid out in the 3rd paragraph of § 8 (Settlement of performance shares) shall apply.

§11 Tax treatment

All taxes, employee social security contributions or similar obligations resulting from the settlement of the performance shares or from the disposal of the Infineon shares transferred to the plan participant in the settlement process as well as from the purchase or disposal of the self-investment shares must be borne by the plan participant. The individual tax treatment might differ considerably due to personal circumstances or changes in applicable tax rules.

Infineon therefore recommends that plan participants consult their tax advisor about the individual tax treatment prior to accepting the grant. Some general information on the tax treatment in different countries can be found on the Infineon Intranet under <http://goto.infineon.com/PSP>

§12 Insider trading

With regard to the disposal of the Infineon shares transferred to the plan participant in the settlement process as well as the acquisition and disposal of self-investment shares, plan participants acknowledge that they may be subject to statutory insider trading provisions as defined in the German Securities Trading Act or other local laws, specifically in their home countries or current countries of residence other than Germany. Plan participants are obliged to observe applicable insider trading provisions and may subject themselves to punishment in case of violation. In addition, Infineon's internal insider trading provisions shall apply at all times.

§13 Personal hedging

Should a plan participant use personal hedging strategies or compensation- and liability-related insurance to undermine the risk alignment embedded in the grant of performance shares and/or the self-investment requirements, the management board may decide upon the immediate and permanent forfeiture of all grants targeted by the respective hedging or insurance. There will be no compensation for the performance shares forfeited or any losses resulting from the self-investment.

Administrative details

Prospectus obligations

The PSP does not trigger any prospectus obligations. At least, exemptions to possible prospectus obligations in the relevant securities laws do apply (e.g. § 4 (1) no. 5 and (2) no. 6 of the German Securities Prospectus Act [WpPG]).

Data transfer and protection

For the purpose of the administration of the PSP, Infineon may store, process, transfer and use personal data of plan participants, also involving third parties employed to administer or to assist with the administration and implementation of the PSP (e.g. the banking service provider). All service providers are carefully selected and must comply with “state of the art” data protection standards and technology.

Plan authority

The management board of Infineon Technologies AG is authorized to create, alter and amend the rules of the PSP, including the administration processes and other technicalities regarding the settlement of the performance shares. Such amendments to the terms and conditions of the plan are possible at any time.

More information

More explanatory information about the PSP can be found on the Infineon intranet. General information on Infineon is available under <http://www.infineon.com>



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<http://goto.infineon.com/PSP>



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