



Report of the Management Board concerning Item 9 on the Agenda: Revocation of an existing authorization and grant of a new authorization for the issue of convertible bonds and/or bonds with warrants, including authorization to exclude subscription rights, revocation of Conditional Capital 2018 (section 4, paragraph 6 of the Articles of Association), creation of a new Conditional Capital 2020/I and new wording for section 4, paragraph 6 of the Articles of Association

The Management Board and Supervisory Board propose that the shareholders at the Annual General Meeting grant a new authorization to issue convertible bonds and/or bonds with warrants and approve the creation of the related conditional capital.

Convertible bonds and bonds with warrants (“bonds”) represent important financing instruments for the Company by providing an additional source of financing alongside traditional debt and equity capital financing. They enable the Company to obtain low-interest debt capital. In the case of convertible bonds, the related debt capital may, under certain circumstances, remain available to the Company in the form of equity. The Company has successfully issued convertible bonds on several occasions in the past.

At the Annual General Meeting held on 22 February 2018 the Management Board was authorized in accordance with Item 9 of the Agenda to issue bonds with warrants and/or convertible bonds in an aggregate nominal amount of up to € 4,000,000,000.00, or to assume the guarantee for such bonds issued by subordinated group companies, and to grant the holders of such option or conversion rights up to 130,000,000 no par value Company registered shares, representing a notional portion of the share capital of up to € 260,000,000.00. In order to service these option and/or conversion rights and to fulfill the conversion obligations attached to the bonds, it was also resolved at the Annual General Meeting to create Conditional Capital 2018.

The Management Board was also authorized by the Annual General Meeting held on 22 February 2018 to exclude shareholders' subscription rights to such bonds with warrants and/or convertible bonds in certain cases, in particular if the Management Board, after due examination, comes to the conclusion that the issue price of such bond is not significantly lower than their theoretical market value as determined in accordance with accepted methods, in particular methods of financial mathematics (so-called simplified exclusion of subscription rights). This possibility to exclude subscription rights is limited to 10% of the share capital, whereby the proportionate amount of the share capital is to be taken into account that is attributable to shares issued or used from February 22, 2018 until the end of the term of the authorization under exclusion of subscription rights in direct or analogous application of section 186, paragraph 3, fourth sentence, AktG. As a result of this limitation provision, the volume of 10% was nearly completely exhausted by the company's capital increase in 2019, which was carried out with simplified exclusion of subscription rights, so that no option

and/or convertible bonds can now be issued with simplified exclusion of subscription rights.

In order to enable the Company to continue to issue bonds with warrants and/or convertible bonds in the future, in particular with a simplified exclusion of subscription rights, the authorization and the Conditional Capital 2018 should already now be cancelled and replaced by a new authorization and a new Conditional Capital 2020/I.

As previously with Conditional Capital 2018, the intention with Conditional Capital 2018 is to have available up to 130,000,000 shares representing a notional portion of the share capital of up to € 260,000,000.00 to service the bonds. The potential issue volume in the authorization of € 4,000,000,000.00 shall also remain unchanged from the authorization granted at the Annual General Meeting held on 22 February 2018.

The bonds may be issued with or without a time limit and may bear a fixed or variable interest rate and the creditors' entitlements against the Company or the issuing subordinated group company may be subordinated or unsubordinated. The terms and conditions of the bonds may also provide for a conversion or option obligation at the end of their term or at another point in time (in each case "final maturity") or for the Company to have the right to grant the bondholders, in whole or in part, shares of the Company in lieu of payment of the amount of money due upon final maturity of the bonds.

If the bonds' terms and conditions provide for obligatory conversion or obligatory exercise of the option on final maturity, the conversion or option price for one share may also be determined by reference to the arithmetic mean of the closing prices of the Company's share in Xetra trading on the Frankfurt Stock Exchange (or comparable successor system) during the 10 exchange trading days before or after the final maturity date or by reference to the average volume-weighted price of the Company's share in Xetra trading on the Frankfurt Stock Exchange (or comparable successor system) on at least three exchange trading days immediately prior to the calculation of the conversion/option price in accordance with the applicable conditions, even if this price is below the minimum price stated under point i) above. Section 9, paragraph 1 AktG (in conjunction with section 199, paragraph 2, AktG) must be observed.

Infineon's shareholders have, in principle, a right to subscribe to the bonds, thus enabling them to invest their capital with the Company and at the same time maintain their proportionate stakes in the Company. In accordance with applicable laws, the Management Board is to be authorized in certain clearly defined circumstances, with the approval of the Supervisory Board, to exclude the subscription rights of existing shareholders:

- First of all the Management Board is to be authorized to exclude the subscription rights in analogous application of section 186, paragraph 3, fourth sentence, AktG if the Management Board concludes that the issue price of the bonds is not substantially lower than their theoretical market value as determined in accordance with accepted methods, in particular methods of financial mathematics (section 221, paragraph 4, second sentence 2 in conjunction with section 186, paragraph 3, fourth sentence, AktG). Such exclusion of the subscription rights of the shareholders is necessary if a bond

is to be placed at short notice in order to make use of a favorable market environment. The interests of the shareholders are preserved in that the bonds will never be issued at a price substantially lower than their market value, which means that the value of a subscription right is practically zero. This option is limited to bonds with rights to shares representing a notional portion of not more than 10% of the share capital. To be included in this 10% of the share capital is the notional portion of the share capital that relates to shares issued or used in the period from 20 February 2020 through to the expiry of the term of the authorization and for which the subscription rights of the shareholders are excluded in direct or analogous application of section 186, paragraph 3, fourth sentence, AktG. Such shares that have already been issued or can still be issued in future to service conversion or option rights insofar as the bonds were issued during the lifetime of this authorization with the subscription rights of the shareholders excluded in analogous application of section 186, paragraph 3, fourth sentence, AktG, shall also be taken into account. These adjustments are made in the interests of minimizing any dilution of the stake of the shareholders.

- It is intended that subscription rights should also be able to be excluded in order to permit the exploitation of fractional amounts in issues for which shareholders have subscription rights in principle. It is reasonable and customary to exclude the subscription rights of the shareholders in relation to fractional amounts, as the costs of trading subscription rights relating to fractional amounts are not at all proportionate to the benefits for the shareholders. The fact that the exclusion is limited to fractional amounts means that the potential dilution effect is negligible.
- The Management Board can also exclude subscription rights insofar as such action is necessary in order to grant holders of conversion or option rights attached to bonds (issued or still to be issued by the Company or its subordinated group companies) the number of subscription rights to which they would be entitled after exercise of the rights or after fulfillment of any conversion or option obligations. This is intended to give the Company the ability to offer the holders of such bonds, which usually have a mechanism to protect against dilution in the case of capital measures, for example, proper compensation without having to adjust the conversion or option price. Excluding the subscription rights of the shareholders in this instance thus ultimately serves to simplify the process of issuing and marketing bonds and is therefore very much in the interests of the Company and its shareholders.
- The bonds may also be issued against non-cash capital contributions if this is in the interest of the Company. In this case, the Management Board is authorized, with the approval of the Supervisory Board, to exclude the subscription rights of existing shareholders, provided that the value of the non-cash contribution is appropriate in relation to the bonds' market value, measured in accordance with accepted methods (in particular methods of financial mathematics). This opens up the possibility of using bonds as an acquisition currency, for example when acquiring companies, participations in companies or other assets. The ability to offer bonds as consideration creates an advantage when competing to acquire target objects, while also providing the necessary scope to take advantage of acquisition opportunities without

placing a strain on liquidity. Offering bonds in this context may also make sense from the point of view of ensuring an optimum financing structure. The Management Board will examine carefully in each specific case whether or not to make use of the authorization. It will only do so if it is in the interest of the Company and, therefore, of its shareholders.

The authorizations to exclude subscription rights are limited in total to an amount that does not exceed 10% of the share capital existing at the time the Annual General Meeting passes the resolution relating to this authorization. Own shares sold during the period of this authorization subject to the exclusion of subscription rights as well as shares issued during the period of this authorization out of authorized capital subject to the exclusion of subscription rights (with the exception, however, of shares issued with shareholder subscription rights excluded for fractional amounts) count towards the above-mentioned 10% limit. Similarly, shares issued or to be issued out of conditional capital to service stock option rights count towards the above-mentioned 10% limit, if the stock option rights are granted during the period of this authorization.

Management Board of Infineon Technologies AG

Dr. Reinhard Ploss
(CEO)

Dr. Sven Schneider
(CFO)

Dr. Helmut Gassel

Jochen Hanebeck