



# Infineon Technologies AG

## Stock Option Plan 2010



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## Stock Option Plan 2010

### Content

#### Summary

|                        |    |
|------------------------|----|
| Plan Description       | 4  |
| Preliminary Remarks    | 4  |
| Option Terms           | 5  |
| Administrative Details | 11 |

#### Stock Option Plan 2010 – Plan Rules

|   |    |
|---|----|
| Preliminary Remarks   | 14 |
| §1 Grant of Options   | 15 |
| §2 Eligibility Groups and Budget                                | 17 |
| §3 Exercise Price   | 19 |
| §4 Waiting Period, Exercise Period                              | 19 |
| §5 Performance Targets  | 20 |
| §6 Exercise of Options and Closed Periods                       | 21 |
| §7 Non-Transferability and Confidentiality                      | 23 |
| §8 Termination of Employment; Lapse of Options                  | 24 |
| §9 Adjustment of Options; Change of Control                     | 26 |
| §10 Amendment of Option Rights (Protection against Dilution)    | 28 |
| §11 Dividend Entitlement  | 29 |
| §12 Taxes, Social Security, Costs                               | 29 |
| §13 No Legal Claim, no Substantiation for Established Practices | 30 |
| §14 Insider Trading, Ban on Exercise                            | 31 |
| §15 Administration  | 32 |
| §16 Amendments  | 32 |
| §17 Form Requirements   | 33 |
| §18 Limitation of Liability and Volatility of Share Prices      | 34 |
| §19 Data Protection   | 35 |
| §20 Applicable Law; Court of Competent Jurisdiction             | 35 |
| §21 Final Provisions  | 36 |



## Plan Description

With the resolution dated 11 February 2010 the Infineon Technologies AG annual general shareholders' meeting authorized the introduction of the new Infineon Technologies Stock Option Plan 2010. Under this plan, Infineon can issue up to 12 million stock options in annual tranches until the end of the business year 2012/2013.

## Preliminary Remarks

### Mission of the Stock Option Plan 2010

At Infineon Group, we are committed to attracting and rewarding key employees. By granting stock options under the Infineon Technologies Stock Option Plan 2010 (SOP 2010), we offer a selected group of executives and key personnel the opportunity to participate in the long-term success of the company to honor their contribution to the profitable growth of Infineon Technologies AG and its Group Companies.

### Basics about Stock Options

A stock option is the right, but not the obligation, to purchase a company's stock at a fixed exercise price.

The recipient of the option, also called optionee, can exercise his options over the exercise period, i.e. between the vesting and the expiration date of the option.

In general, no upfront payments are due at the time the company grants and the participant accepts stock options.

When exercising options, the optionee pays the exercise price and receives in return a stock of the company he can either continue to hold or immediately sell on the stock market. In most countries, this is also the time when taxes and, if applicable, social security contributions are incurred.

### Life of the Plan

The SOP 2010 is a three-year plan. Options can be granted in one tranche for each fiscal year until September 30, 2013.



# Option Terms

## Grant of Options

Only one grant can be made during a fiscal year. The grant date shall be the same world-wide.

Options may be granted by a formal decision of the Management Board (or Supervisory Board, where applicable) on a certain grant date which lies either

- up to 45 days after the day on which the results for the fiscal year ended are announced, or
- up to 45 days after the day on which the results for the first, second or third quarter of a current fiscal year are announced,

but in each case no later than two weeks before the end of the current quarter.

## Eligibility Groups

Eligible to participate in the SOP 2010 are

- members of the Management Board of Infineon Technologies AG,
- members of the Management Boards of Infineon Group Companies,
- other executives of Infineon Technologies AG or Infineon Group Companies with a global grade 16 or higher,
- equivalent positions on the Technical Ladder, such as Fellows and Senior Principals,
- other key personnel of Infineon Technologies AG or Infineon Group Companies.

## Exercise Price

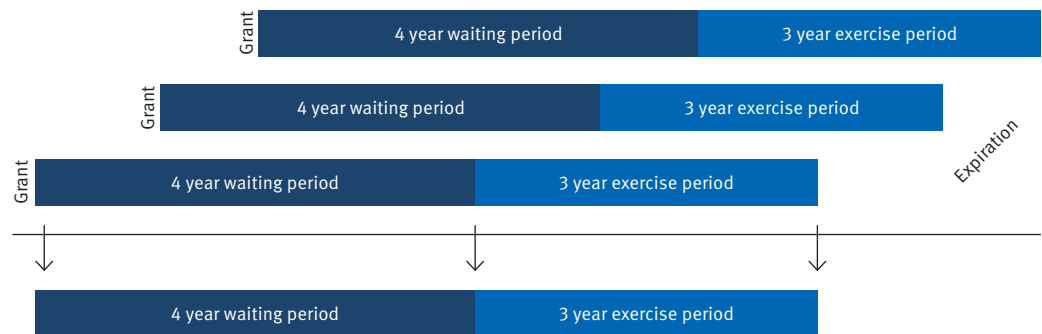
The exercise price of an option is 120% of the arithmetic average of the opening prices on the five trading days before the grant date, but in no event less than the statutory minimum issue amount of currently 2 EUR.

## Waiting Period / Life Cycle of an Option / Exercise Period

Options granted under the SOP 2010 are subject to an initial minimum waiting period of four years after the grant date before they can be exercised.

Options expire seven years from their respective grant dates.

Options can be exercised once the initial minimum waiting period of four years is over, given that the performance targets have been reached. A detailed explanation how options can be exercised is available on the Infineon Intranet under [http://goto.infineon.com/LTI\\_Plan](http://goto.infineon.com/LTI_Plan).



## Performance Targets

Statutory law requires us to define certain performance targets. With respect to the Management Board's compensation the German Corporate Governance Codex explicitly asks for the "setting of demanding performance targets" and our shareholders expect us to fully comply with the Codex. Options granted under the SOP 2010 are therefore subject to an absolute as well as a relative performance target.

### Absolute Performance Target

The Infineon share price in the XETRA trading system must equal or exceed the exercise price of the option on at least one trading day during the option life.

## Relative Performance Target

The Infineon share price development must exceed the performance of the comparative index “Philadelphia Semiconductor Sector” (SOX) during any period of ten consecutive trading days on each of these trading days. The time frame for such a comparison period begins one year after the grant date of the options and ends with the expiration of the options. It is sufficient that the Relative Performance Target is met once during that time frame. The comparison is done using a two-step comparison method: In a first step the base market value for both the IFX stock and the SOX has to be calculated and in a second step the outperformance of the IFX stock over the SOX (or vice versa) has to be determined.

### Step 1: Determination of the reference Base Market Value (BMV)

The base market value for the IFX stock (BMVIFX) is determined as 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 the three-month period following the grant of the options.

The base market value for the SOX (BMVSOX) is determined as the arithmetic mean of the daily closing SOX index value over the three-month period following the grant of the options.

#### Example:

| Calculation of BMV SOX and IFX   |        |        |        |        |     |         |        |
|--|--------|--------|--------|--------|-----|---------|--------|
| <div> <div>Grant Date</div> <div>Expiration of 3 month period</div> </div> |        |        |        |        |     |         |        |
|  | TD 1   | TD 2   | TD 3   | TD 4   | ... | Last TD | BMV    |
| Daily closing value SOX  | 275.99 | 270.74 | 270.59 | 282.64 | ... | 309.74  | 284.66 |
| Daily closing price IFX  | 5.63   | 5.60   | 5.49   | 5.61   | ... | 5.64    | 5.60   |

In the above example the BMV of the Infineon share (BMVIFX) amounts to € 5.60 and the BMV of the SOX index value (BMVSOX) amounts to 284.66 index points.

## Step 2: Determination of Outperformance

The respective performance rates are determined as the relation of the Infineon closing share price (SIFX) and the SOX index value (daily closing value - SOX) on each trading day to their initial reference Base Market Value (BMVIFX or BMVSOX).

For the purpose of comparison the respective performance rates are quoted in percent.

To determine the achievement of the Relative Performance Target, the percentaged performance rate of the Infineon stock and the percentaged performance rate of the SOX index value are compared on each trading day of any period of ten consecutive trading days and the Infineon performance rate has to outperform the SOX performance rate on each single day during any ten-day period.

To determine the percentaged increases for their respective performances, the Infineon closing share price as well as the SOX index value on each trading day are set in relation to their BMVIFX and BMVSOX.

The Relative Performance Target is met in case the Infineon share price development outperforms the SOX performance on each day during any period of ten consecutive trading days.

### Example: Relative Performance Target is met

|  | BMV    | TD 1   | TD 2   | TD 3   | TD 4   | TD 5   | TD 6   | TD 7   | TD 8   | TD 9   | TD 10  |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| SOX value  | 284.66 | 409.31 | 407.80 | 413.18 | 417.53 | 405.48 | 402.09 | 395.26 | 381.68 | 383.59 | 393.81 |
| SOX % performance<br>(SOX/BMV <sub>SOX</sub> ) -1  |        | 43.79  | 43.26  | 45.15  | 46.67  | 42.44  | 41.25  | 38.85  | 27.05  | 34.75  | 38.34  |
| IFX price (S <sub>IFX</sub> )  | 5.60   | 11.06  | 11.88  | 12.10  | 12.16  | 11.82  | 11.51  | 11.41  | 11.61  | 12.25  | 12.37  |
| IFX % performance<br>(S <sub>IFX</sub> /BMV <sub>IFX</sub> ) -1                                    |        | 97.50  | 112.14 | 116.07 | 117.14 | 111.07 | 105.54 | 103.75 | 107.32 | 118.75 | 120.89 |
| Hurdle met (daily)<br>(S <sub>IFX</sub> /BMV <sub>IFX</sub> ) -1 ><br>(SOX/BMV <sub>SOX</sub> ) -1 |        | ✓      | ✓      | ✓      | ✓      | ✓      | ✓      | ✓      | ✓      | ✓      | ✓      |

In the above example the Infineon share price development outperforms the SOX index value development on each of the ten consecutive trading days. As an example, on trading day three (TD 3) the Infineon share price development (performance rate: 116.07%) exceeds the SOX development (performance rate: 45.15%).



## Exercising Stock Options

We have selected UBS AG (Union Bank of Switzerland) as our service provider to support participants in all administrative matters of the SOP 2010. A detailed explanation of the exercise process is available in the Exercise Brochure on the Infineon Intranet under [http://goto.infineon.com/LTI\\_Plan](http://goto.infineon.com/LTI_Plan).

## Termination of Employment

In the events of:

- voluntary leave,
- termination of contract by employer, or
- termination by mutual agreement,

options can be exercised until termination of contract becomes effective and will lapse afterwards.

In the events of:

- divestiture,
- sale of organizational unit,
- carve out, or
- spin-off,

options can be exercised until the date of leaving the Infineon Group and will lapse afterwards.

In the event of expiration of temporary contracts: Options can be exercised until expiration becomes effective and will lapse afterwards.

In the event of death: Options continue to vest, can be exercised by the heirs within a period of 12 months after death.

In the events of:

- disability,
- retirement, or
- early retirement,

options continue to vest and can be exercised during full term.



## Tax Treatment

All taxes, employee social security contributions or similar obligations resulting from the grant, vesting or exercise of options or the sale of the Shares acquired on exercise of options must be borne by the participant. In most countries, the taxable event occurs at the time of the exercise of an option. The individual tax treatment of options might differ considerably due to personal circumstances or changes in applicable tax rules.

We therefore recommend that you consult your tax advisor about the tax treatment of your options prior to exercising them. Some general information on the tax treatment of options in different countries can be found on the Infineon Intranet under [http://goto.infineon.com/LTI\\_Plan](http://goto.infineon.com/LTI_Plan).

## Insider Trading

With regard to options granted and shares subscribed to/acquired under the SOP 2010, participants may be subject to both statutory and Infineon internal insider regulations. Statutory insider regulation: With regard to options granted and shares subscribed to/acquired under the SOP 2010, 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. Participants are obliged to observe applicable insider trading provisions and may subject themselves to punishment in case of violation. Infineon internal insider rules: The exercise of stock options granted under the SOP 2010 is not covered by Infineon's internal insider trading provisions; accordingly, such options may also be exercised during generally prohibited insider trading periods. However, Infineon shares subscribed to/acquired upon the exercise of an option may only be sold in accordance with Infineon's internal insider trading rules. Accordingly, during a prohibited insider trading period, i.e. during the period that starts two weeks prior to the end of a quarter/fiscal year and that finishes at the end of the first day of stock exchange trading after publication of the quarterly/annual results ("Closed Period"), an option under one of Infineon's stock option plans may not be exercised by immediately selling the opted stock ("exercise and sell"); a calendar outlining the Closed Periods is available on the Infineon Intranet under [http://goto.infineon.com/LTI\\_Plan](http://goto.infineon.com/LTI_Plan).

# Administrative Details

## Plan Rules

The preceding description is only an overview about some principal points of the SOP 2010. Please refer to the following “Plan Rules”, which are binding for all participants who have accepted options granted under the SOP 2010.

## Plan Authority

The Infineon Technologies AG Management Board together with the Supervisory Board is authorized to create, alter and amend the rules of the SOP 2010, including the administration processes and other technicalities regarding the exercise of options.

The participants in the SOP 2010 have the obligation to inform themselves prior to exercising options about the applicable rules.

## Data Transfer and Protection

For the purpose of the administration of the SOP 2010, Infineon Technologies AG and its Group Companies may store, process, transfer and use personal data of participants to third parties, such as the service provider chosen to handle the exercise of options or external advisors, employed to administer or to assist with the administration and implementation of the SOP 2010. All service providers are carefully selected and must comply with “state of the art” data protection standards and technology.

## More Information

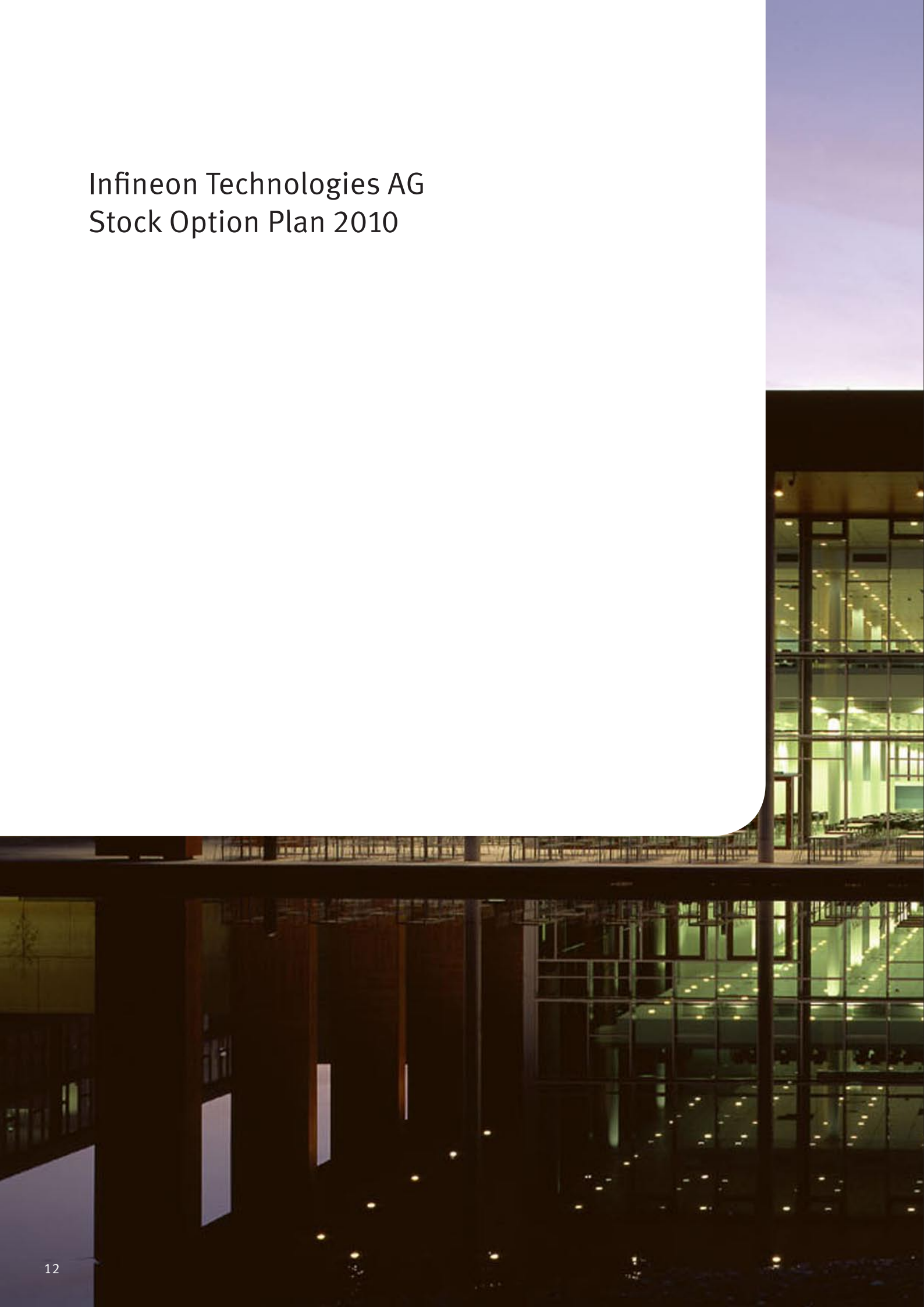
More explanatory information can be found on the Infineon Intranet under [http://goto.infineon.com/LTI\\_Plan](http://goto.infineon.com/LTI_Plan).

Questions regarding the SOP 2010 can be addressed to

- the Stock Options Infobox under [stock.options@infineon.com](mailto:stock.options@infineon.com)
- the UBS Call Center - numbers provided on the LTI intranet pages

# Infineon Technologies AG

## Stock Option Plan 2010









# Plan Rules

## Preliminary Remarks

It is of vital importance to Infineon to attract and retain highly qualified executives and key personnel and to offer them the opportunity to participate in the long-term success of the company. The Infineon Technologies AG Stock Option Plan 2010 (hereinafter also referred to as “SOP 2010”) has been designed as an incentive for executives, managers and key employees to further promote the economic success of Infineon Technologies AG and its Group Companies.

The grant of stock options is part of a corporate policy, geared to the interests of the shareholders, that enables executives, managers and key employees to participate in the success of Infineon.

With the resolution dated 11 February 2010 the Infineon Technologies AG annual general shareholders’ meeting authorized the Management Board and the Supervisory Board, as the case may be, to grant up to 12 million stock options in annual tranches over a maximum period of three years, whereby each stock option is an entitlement to the acquisition of one Infineon Technologies AG no-par value share. The stock options have a term of seven years from the annual grant date. The main characteristics of the SOP 2010 are defined in the resolution of the annual general shareholders’ meeting dated 11 February 2010. The annual general shareholders’ meeting has authorized the Management Board and the Supervisory Board, as the case may be, to define further details concerning the grant of stock options and the relevant terms and conditions.

These “Plan Rules” define the general terms and conditions according to which the stock options under the SOP 2010 can be granted and exercised. In addition, the specific terms that apply to each Participant are defined in the individual option certificates to be issued to eligible individuals.

# §1

## Grant of Options

- (1) Each stock option granted under the SOP 2010 (hereinafter also referred to as “Option”) entitles eligible individuals to acquire one Infineon Technologies AG (hereinafter also referred to as “INFINEON TECHNOLOGIES”) no-par value share (hereinafter also referred to as “Share(s)”) for the Exercise Price pursuant to §3, if the exercise conditions pursuant to §4 and §5 are met.
- (2) Options may only be granted to eligible individuals. Eligible individuals are:
  - (i) Members of the INFINEON TECHNOLOGIES Management Board;
  - (ii) Management Board members of INFINEON TECHNOLOGIES’ affiliated companies pursuant to §§15 ff German Stock Corporation Act (Aktiengesetz – “AktG”) (hereinafter also referred to as “INFINEON TECHNOLOGIES Group Companies”);
  - (iii) Other executives of both INFINEON TECHNOLOGIES and INFINEON TECHNOLOGIES Group Companies with a global Grade 16 or higher;
  - (iv) Equivalent positions on the Technical Ladder, such as Fellows and Senior Principals;
  - (v) Other key personnel of both INFINEON TECHNOLOGIES and INFINEON TECHNOLOGIES Group Companies
 ((i)–(v)) hereinafter jointly also referred to as “Participant(s)”.

No Options may be issued to members of the Management Board, senior management or employees of INFINEON TECHNOLOGIES Group Companies that are themselves listed on a stock exchange or of companies that are dependent on a company listed on a stock exchange pursuant to §17 AktG, if and insofar as those companies have their own stock option plan. INFINEON TECHNOLOGIES may grant Options to Participants at its sole and absolute discretion. The number of Options granted to a Participant and the terms and conditions under which the Options are granted depend on the Participant’s individual position and/or performance.

# §1

- (3) Options will be granted by issuing an Option Certificate to the Participant. If INFINEON TECHNOLOGIES so decides, the Options can be granted by issuing the Option Certificate electronically, i.e. either via email or via a secure web-based platform. The Option Certificate has to be signed and returned to INFINEON TECHNOLOGIES in case a paper certificate is used.

If Options are granted via email or a web-based platform the participant has to accept the option grant in a suitable form as prescribed by INFINEON TECHNOLOGIES at that time. INFINEON TECHNOLOGIES may decide, in its sole discretion, to waive the acceptance requirement for administrative reasons.

- (4) Only one grant may be made during a fiscal year. Options may be granted:

- (i) Up to 45 days after the day on which the results for the fiscal year ended are announced, or
- (ii) up to 45 days after the day on which the results for the first, second or third quarter of the respective fiscal year are announced,

but in each case (i) and (ii) not later than two weeks before the end of the current quarter of the respective fiscal year..

- (5) Options under the SOP 2010 may be granted in annual tranches over a period of maximum three fiscal years. No Option may be granted after 30 September 2013.

- (6) The date for each annual grant (hereinafter also referred to as “Grant Date”) will be set by the Supervisory Board, where Options are to be granted to members of the Management Board of INFINEON TECHNOLOGIES, and by the Management Board, where Options are to be granted to other Participants. For the avoidance of doubt, the Grant Date shall be the date stated in the individual Option Certificates issued to the Participants.

The Grant Date shall be the same for all Participants throughout INFINEON TECHNOLOGIES and the INFINEON TECHNOLOGIES Group Companies.

- (7) The Options granted to the Participants are an offer by INFINEON TECHNOLOGIES to the Participants to enter into a purchase agreement for a certain number of Shares at the Exercise Price as defined in §3, which may be exercised by a Participant.

# § 2

## Eligibility Groups and Budget

- (1) Up to 12 million Options may be granted under the SOP 2010.
- (2) Options may only be granted to Participants (pursuant to §1 (2)).
- (3) The total number of Options to be granted under the SOP 2010 shall be allocated to particular groups of Participants as follows:
  - up to 1,950,000 Options to members of the Management Board of INFINEON TECHNOLOGIES (pursuant to §1 (2) (i));
  - up to 1,150,000 Options to members of the Management Boards of INFINEON TECHNOLOGIES Group Companies (pursuant to §1 (2) (ii));
  - up to 8,900,000 Options to other Participants, i.e. senior management and key personnel at levels below the INFINEON TECHNOLOGIES Management Board and below the Management Boards of INFINEON TECHNOLOGIES Group Companies (pursuant to §1 (2) (iii) – (v)).
- (4) The Options granted to any group of Participants defined in (3) in any one fiscal year of INFINEON TECHNOLOGIES must not exceed 40% of the total volume of Options allocated to that particular group of Participants.
- (5) If any members of the INFINEON TECHNOLOGIES Management Board and members of the Management Boards or Senior Management or key personnel of INFINEON TECHNOLOGIES or INFINEON TECHNOLOGIES Group Companies are simultaneously members of the Management Boards or Senior Management or key personnel of another INFINEON TECHNOLOGIES Group Company or of INFINEON TECHNOLOGIES, they will only be granted Options once, i.e. either as a member of the INFINEON TECHNOLOGIES Management Board or as a member of the Management Boards, Senior Management or key personnel of INFINEON TECHNOLOGIES or of an INFINEON TECHNOLOGIES Group Company. In such cases of simultaneous memberships, the position entitling the Participant to the larger number of Options shall prevail.
- (6) In order to service the Options granted under the SOP 2010, the annual general shareholders' meeting of 11 February 2010 created the "Conditional Share Capital 2010/I" of up to € 24 million (representing up to 12 million Shares).

# § 2

- (7) At the discretion of INFINEON TECHNOLOGIES, exercised Options can be serviced with Shares either (i) by issuing Shares from the “Conditional Share Capital 2010/I” (pursuant to §§192, 193 AktG) or (ii) through use of INFINEON TECHNOLOGIES’ own Shares (treasury stock), which will be acquired on the basis of existing or future authorizations to acquire such Shares, or (iii) by a borrowing or lending arrangement with a third party Service Provider (as defined in §6 (1)) at Participant’s expenses or (iv) by means of a cash settlement. The decision which alternative is offered will be with the INFINEON TECHNOLOGIES Management Board in agreement with the INFINEON TECHNOLOGIES Supervisory Board and – to the extent participants being members of the INFINEON TECHNOLOGIES Management Board are concerned – by the Supervisory Board alone, in each case in the best interest of INFINEON TECHNOLOGIES and its shareholders.
- (8) If in accordance with §2 (7) above, Options are settled in cash, the cash settlement amount shall be calculated as the difference between (i) the opening price of the INFINEON TECHNOLOGIES Share in the XETRA trading system on the Frankfurt Stock exchange (or a comparable successor system) on the date of exercise and (ii) the respective Exercise Price (as defined in §3).



# § 3/4

## Exercise Price

The price at which a Share may be acquired at exercise of the Option (the “Exercise Price”) is equal to 120% of the arithmetic average of the opening prices of such Shares on the XETRA trading system on the Frankfurt Stock Exchange (or a comparable successor system) on the five trading days preceding the Grant Date. In accordance with §9 (1) AktG, the Exercise Price must not be less than the notional value per share of currently 2 EUR in the nominal share capital of INFINEON TECHNOLOGIES (minimum issue amount).

## Waiting Period, Exercise Period

- (1) Options may only be exercised once a minimum waiting period of four years, commencing with the beginning of the Grant Date, has elapsed (hereinafter also referred to as “Waiting Period”) and the performance targets according to §5 have been met.
- (2) Provided the Waiting Period has elapsed, Options may be exercised within a period of three years, commencing with the beginning of the first day after the Waiting Period (hereinafter also referred to as “Exercise Period”).
- (3) Notwithstanding §8 and §14 (2), Options not exercised will lapse after the Exercise Period, i.e. seven years after the Grant Date, without compensation.

# §5

## Performance Targets

- (1) Options can only be exercised if the absolute performance target as defined in §5 (2) and the relative performance target as defined in §5 (3) have been met.
- (2) The absolute performance target requires that the Share price in the XETRA trading system on the Frankfurt Stock Exchange (or a successor system) equals or exceeds the Exercise Price on at least one trading day during the life of the Option.
- (3) The relative performance target requires that the Share price development exceeds the performance of the comparative index “Philadelphia Semiconductor Sector” (SOX).

Initially the respective reference values (100%) for this purpose will be determined as the arithmetic means

- (i) of the Infineon share prices and
- (ii) the end-closing prices of the SOX

over the three-month period following the grant date of the Option. The Infineon share price must then exceed the SOX (end-closing price), as measured using the respective reference values, at least once on at least ten consecutive trading days in the period beginning one year after the issue of the subscription rights and lasting until the end of their lifetime. The aforementioned comparison must be made for each grant of Options with the reference values updated accordingly.

If the SOX is discontinued or has its composition fundamentally altered during the lifetime of the SOP 2010 or of the Options granted thereunder, it will be replaced by another index with the closest possible composition to the SOX as it was previously. If no such index exists, a new comparative index that includes as many as possible of the individual prices previously tracked in the SOX will be calculated by a bank appointed by INFINEON TECHNOLOGIES in such a way as to reproduce the SOX as closely as possible. The decision of the INFINEON TECHNOLOGIES Management Board as to the appointment of the bank has to be approved by the INFINEON TECHNOLOGIES Supervisory Board.

- (4) Where Options are granted to members of the Management Board of INFINEON TECHNOLOGIES, the Supervisory Board must provide a means of limitation (cap) for use in response to extraordinary developments.

# §6

## Exercise of Options and Closed Periods

- (1) Notwithstanding §8 and §14 (2), the Participant can only exercise the Options within the Exercise Period, if the Waiting Period has expired and the absolute and the relative performance targets have been met (such Options are hereinafter also referred to as “Vested Options”). Additionally, apart from generally applicable legal restrictions, the Closed Periods as defined in §6 (5) must be observed. INFINEON TECHNOLOGIES may appoint a plan administrator together with a financial institution or solely a plan administrator who is also a financial institution (hereinafter referred to as the “Service Provider(s)”) to handle the subscription/acquisition of Shares by exercising the Options and the sale of such Shares. In this case the Participant will instruct the respective Service Provider to handle the Option process and specifically to exercise the Options on the Participant’s behalf.
- (2) Options have to be exercised in writing, using a form provided by INFINEON TECHNOLOGIES, save if INFINEON TECHNOLOGIES, after consultation with the Service Provider administering the SOP 2010, prescribes a different form, e.g. email or exercise via a secure web platform or by using an agreed upon monitored exercise process through the Service Provider’s call center or in any other form (hereinafter referred to as “Exercise Notice”). The Exercise Notice must be accompanied by such documents as determined by INFINEON TECHNOLOGIES, after consultation with the relevant Service Provider, prior to exercise. The Exercise Notice shall state the number of Options that are exercised and the number of Shares to be subscribed to/acquired by the exercise. By executing the Exercise Notice the subscription/purchase agreement shall take effect for the number of Shares for which Options are exercised.
- (3) Save if provided for by other means, the Exercise Notice must be accompanied by sufficient funds for the Exercise Price, XETRA fees and further expenses payable in respect of the number of exercised Options and by sufficient funds for the estimated payroll taxes and employee social security contributions due and to be withheld on exercise by INFINEON TECHNOLOGIES or any of the INFINEON TECHNOLOGIES Group Companies, or any similar taxes or duties. The Shares will not be transferred to the Participant until full payment of the Exercise Price including taxes and social security contributions. The funding alternatives offered will depend on the exercise methods agreed with the relevant Service Provider. INFINEON TECHNOLOGIES reserves the right to demand a respective security.

# §6

- (4) The Participant may exercise Options in whole or in part in accordance with these terms. The smallest number of Options to be exercised shall be 100. This threshold will not apply to the remaining number of outstanding non-exercised Options.
- (5) The exercise of Options granted under the SOP 2010 is not covered by Infineon's internal insider trading provisions; accordingly, such Options may also be exercised during generally prohibited insider trading periods. However, Infineon shares subscribed to/acquired upon the exercise of an Option may only be sold in accordance with, Infineon's internal insider trading rules. Accordingly, during a prohibited insider trading period, i.e. during the period that starts two weeks prior to the end of a quarter/fiscal year and that finishes at the end of the first day of stock exchange trading after publication of the quarterly/annual results ("Closed Period"), an Option may not be exercised by immediately selling the opted stock ("exercise and sell"); a calendar outlining the Closed Periods is available on the Infineon Intranet under [http://goto.infineon.com/LTI\\_Plan](http://goto.infineon.com/LTI_Plan).  
For statutory insider regulation cf. §14 (1).
- (6) To the extent legally possible, INFINEON TECHNOLOGIES and the INFINEON TECHNOLOGIES Group Companies assume no liability towards the Participant for damages which result from delayed issuance or loss of Option Certificates or Exercise Notices, or for errors or mistakes arising upon the issuance of Option Certificates or Exercise Notices, or for errors or mistakes that are contained in Option Certificates or Exercise Notices.

# §7

## Non-Transferability and Confidentiality

- (1) Options may only be exercised by the Participants personally, save as provided in §6 (1) and §8 (4). Options cannot be transferred, assigned, pledged or otherwise alienated except as otherwise prescribed by mandatory local laws, in particular the law of succession. Options may only be issued or transferred to or subscribed to by a third party if it holds or manages these Options for the Participant as a service provider on a fiduciary basis and the issuance and/or transfer and/or subscription is part of the services or administration arrangement with the respective Service Provider.
- (2) To the extent legally possible, Options that are issued, transferred, subscribed to or otherwise alienated in violation of these Plan Rules shall lapse immediately without compensation.
- (3) Options are inheritable only in accordance with §8 (3).
- (4) Participants are obliged to maintain strict and complete confidentiality with regard to Options granted, unless otherwise provided by mandatory local law requirements, in particular disclosure obligations. If this confidentiality provision is violated, INFINEON TECHNOLOGIES explicitly reserves its right to impose sanctions under the employment contract or other applicable laws and regulations.



# § 8

## Termination of Employment; Lapse of Options

- (1) In the event of termination of a Participant's employment (i) by the employee (resignation), (ii) by the employer (dismissal), (iii) by mutual agreement, (iv) due to a transfer of the Participant's employment to a minority owned subsidiary, (v) due to a divestiture, sale of organizational unit, carve out, spin-off or a transfer of business (Betriebsübergang), or (vi) in the event of a Participant's expiration of his/her temporary employment contract that is not renewed (in particular a temporary employment contract of a member of the Management Board of INFINEON TECHNOLOGIES or of an INFINEON TECHNOLOGIES Group Company), all Options shall lapse upon the termination of the employment contract with INFINEON TECHNOLOGIES or the INFINEON TECHNOLOGIES Group Company becoming effective without compensation. The same shall apply, mutatis mutandis, if an INFINEON TECHNOLOGIES Group Company in its entirety, or a majority share, or a share resulting in a majority share, in such company, is sold or otherwise transferred to a shareholder outside the INFINEON TECHNOLOGIES Group, i.e. all Options shall lapse upon the sale or transfer of the INFINEON TECHNOLOGIES Group Company, or the majority share, or the share resulting in a majority share, to the new shareholder.

The INFINEON TECHNOLOGIES Management Board, or in case of Participants being members of the INFINEON TECHNOLOGIES Management Board the INFINEON TECHNOLOGIES Supervisory Board, may at its discretion apply one of the legal consequences set out in § 8 (2) below, instead of this § 8 (1).

- (2) In case of disability, retirement, early retirement (as defined under local law) and in case of transfer of the Participant's employment from a majority owned subsidiary of INFINEON TECHNOLOGIES to another majority owned subsidiary or from INFINEON TECHNOLOGIES to a majority owned subsidiary or from a majority owned subsidiary to INFINEON TECHNOLOGIES:
- Vested Options can be exercised at any time prior to the date of expiration pursuant to § 4 in accordance with these Plan Rules;
  - other Options continue to vest according to these Plan Rules and can be exercised prior to the date of expiration pursuant to § 4.

- (3) In the event of the Participant's death, the Participant's heir may exercise the Options within a period of 12 months following the event of death. If there is only one heir, the heir must exercise all Vested Options at once. If there are several heirs and the Participant has not determined the splitting of the Options, the Options are to be split according to the settlement between co-heirs. Members of a community of heirs must exercise all Vested Options simultaneously together. INFINEON TECHNOLOGIES will only service the Options transferred to heirs by testament or legal succession, if INFINEON TECHNOLOGIES has been notified of the succession in writing and a certified copy of the testament or similar confirmation (e.g. heir's certificate) has been presented to INFINEON TECHNOLOGIES as evidence of legitimacy of succession and the heirs entitled have agreed in writing to these Plan Rules Terms.

# § 9

## Adjustment of Options; Change of Control

- (1) Should INFINEON TECHNOLOGIES merge with or into another company or legal entity, be transferred to or transformed into another legal entity, change its corporate form or should any other comparable event occur that – like the other aforementioned acts – impacts the economic value of the Participant’s Options under the SOP 2010 by eliminating or altering the Shares and/or their value, or should such act or event be imminent to occur, INFINEON TECHNOLOGIES may decide that:
- If the Share value has changed either the number of Shares that may be acquired by exercising an Option will be adjusted to reflect the altered Share value; or
  - the Exercise Price of an Option may be adjusted.

Either adjustment will be made in such a way that the economic value of the Option immediately after the event shall be the same or almost the same value as immediately prior to the event (hereinafter referred to as “Adjusted Options”).

If Shares are altered or new Shares of the new entity are offered, the Options shall be replaced by the right to subscribe to/to acquire an equivalent number of Shares, participation rights or other rights (hereinafter “Substitute Rights”). In such case, the number of Shares that a Participant is entitled to receive via Options that have been granted to him shall be replaced with Substitute Rights, taking into account the new capital structure of the new entity in order to maintain the economic value of the Participant’s rights. Alternatively the Options may be cancelled and a cash settlement be paid, the amount of which will be determined by the INFINEON TECHNOLOGIES Management Board and the INFINEON TECHNOLOGIES Supervisory Board or by any other institution in charge at that time with the authority to determine to best reflect the value of the Options at that time. For members of the INFINEON TECHNOLOGIES Management Board the adjustment will be made by the INFINEON TECHNOLOGIES Supervisory Board alone or by any other institution in charge at that time with the authority to determine.

Save if provided otherwise, the adjusted Options or Substitute Rights shall be subject to the same terms and conditions as the original Options. The Participant’s approval or consent to any measure described in this para. (1) is not required.

- (2) If local laws in countries where Participants hold Options require specific terms for an adjustment of Options or specific change of control regulations either due to mandatory regulations or if otherwise the adjustments would be prohibitive inter alia from a tax perspective, the INFINEON TECHNOLOGIES Management Board and the INFINEON TECHNOLOGIES Supervisory Board or any other institution in charge at that time with the authority to decide may adopt country specific terms provided these are in line with German law and the authorization by INFINEON TECHNOLOGIES shareholders' meeting and best reflect the adjustment ratio outlined in §9 (1) above.
- (3) For the avoidance of doubt, §9 (1) AktG also applies to Adjusted Options and Substitute Rights.

# § 10

## Amendment of Option Rights (Protection against Dilution)

- (1) If the INFINEON TECHNOLOGIES share capital is increased from capital reserves or reclassified during the lifetime of the Options, thereby impacting the economic value of the Participant's Options under the SOP 2010, INFINEON TECHNOLOGIES will appropriately adjust the Exercise Price for each Option or the number of Shares that can be acquired under each Option in accordance with the then current rules and regulations of the EUREX Deutschland Exchange (German options and futures exchange). The adjustment is to be made in such a way that the total value of the Options immediately after effecting such capital increase or reclassification shall be the same as the total value of the Options immediately prior to effecting such capital increase or reclassification. No adjustment shall be made if the corresponding changes are mandatory by law or if they amount to less than 1% of the Exercise Price. The adjustment shall be made by the INFINEON TECHNOLOGIES Supervisory Board where members of the INFINEON TECHNOLOGIES Management Board are involved, and by the INFINEON TECHNOLOGIES Management Board in all other instances. Fractions of Shares will not be considered. §9 (1) AktG remains unaffected.
- (2) If local laws in countries where Participants hold Options require specific terms for an adjustment of Options either due to mandatory regulations or if otherwise the adjustments would be prohibitive inter alia from a tax perspective, the INFINEON TECHNOLOGIES Management Board and the INFINEON TECHNOLOGIES Supervisory Board or any other institution in charge at that time with the authority to decide may adopt country specific terms provided these are in line with German law and the authorization by INFINEON TECHNOLOGIES' shareholders meeting and best reflect the adjustment ratio outlined in §10 (1) above. Fractions of Shares will not be considered. §9 (1) AktG remains unaffected.
- (3) If the INFINEON TECHNOLOGIES share capital is reduced, para. (1) and (2) apply accordingly.



# § 11/12

## Dividend Entitlement

The Participant is not entitled to dividends before the Options have been exercised. Shares issued from the conditional capital following the exercise of an Option are entitled to dividends – always provided such dividends are paid by INFINEON TECHNOLOGIES to its shareholders – for the first time from the start of the fiscal year of their issue. To avoid doubt, newly issued Shares from the conditional capital following the exercise of an Option are not entitled to dividends for the expired fiscal year. Therefore, in cases where Options are exercised in the period between the end of the expired fiscal year and the INFINEON TECHNOLOGIES annual general shareholders' meeting for the expired fiscal year, these newly issued Shares may get a separate security identification number. They may be traded separately on the stock exchange during this period. In its sole discretion, INFINEON TECHNOLOGIES may appoint a Service Provider who may offer the Participants a borrowing and lending settlement. The Participants have to bear all costs resulting from such borrowing and lending settlement.

## Taxes, Social Security, Costs

All taxes, employee social security contributions or similar obligations, resulting from transactions contemplated in these Plan Rules must be borne by the Participant in accordance with local law. INFINEON TECHNOLOGIES and any INFINEON TECHNOLOGIES Group Companies which are or have been either the legal or economic employer of a Participant during the period between grant and sale of the Shares (hereinafter referred to as "Participating Company/ies"), according to their local laws, must withhold and pay any withholding taxes and social security contributions. The Participant shall ensure that the respective Participating Company has sufficient funds to meet its withholding obligations. The Participating Companies have the right to demand adequate collateral or other securities from the Participant.

# § 13

## **No Legal Claim, no Substantiation for Established Practices**

- (1) Unless specifically provided otherwise in the respective Participant's employment contract the grant of Options under the SOP 2010 is an additional benefit and not provided under the Participant's employment contract.
- (2) INFINEON TECHNOLOGIES grants Options at its sole discretion and in such number as INFINEON TECHNOLOGIES may at its sole discretion decide. The Participants have no rights to receive Options or further Options and will not acquire such a right merely by virtue of having received one or more Options during the course of employment.
- (3) Regardless of how often INFINEON TECHNOLOGIES grants how many Options and regardless of whether they are exercised, the grant and exercise does not constitute an established practice under any applicable employment law. This even applies if Options are granted for a number of consecutive years.
- (4) Options granted to a Participant will not be considered when calculating severance payments, pension awards or other awards, especially in the event of termination of a Participant's employment.
- (5) The SOP 2010 (including these Plan Rules) does not change the Participant's employment contract and does not constitute any further rights or claims with regard to the Participant's employment contract. Additionally, the SOP 2010 (including these Plan Rules) cannot be construed as a right or a claim to change the Participant's employment contract, in particular with regard to contractual remuneration or other perquisites.

# § 14

## Insider Trading, Ban on Exercise

- (1) With regard to Options granted, and Shares subscribed to/acquired, under the SOP 2010, Participants acknowledge that they may be subject to insider trading provisions as defined in the German Securities Trading Act (Wertpapierhandelsgesetz - “WpHG”) or other local laws, specifically in their home countries or current countries of residence other than Germany.

Participants are obliged to observe applicable insider trading provisions and may subject themselves to punishment in case of violation. INFINEON TECHNOLOGIES and the INFINEON TECHNOLOGIES Group Companies assume no liability for the Participant’s violations of insider trading provisions.

For INFINEON internal insider regulation cf. §6 (5).

- (2) With the approval of the INFINEON TECHNOLOGIES Supervisory Board, the INFINEON TECHNOLOGIES Management Board may temporarily bar the exercise of Options for particular groups of Participants if, in the opinion of the INFINEON TECHNOLOGIES Management Board, there is a risk of violation of applicable insider trading provisions. Such a ban on exercising must be based on concrete and specific facts relevant for such period and such group of Participants. The conditions under which the Options lapse as defined in §§4, 8 are suspended during these periods; hence, the Options’ period to lapse is extended accordingly.

# § 15/16

## Administration

- (1) INFINEON TECHNOLOGIES shall be authorized from time to time to create, alter and amend such additional rules and regulations for the implementation and administration of this SOP 2010 as appropriate, if these rules and regulations are not materially inconsistent with these Plan Rules and with the SOP 2010 as resolved by the Shareholders' Meeting on 11 February 2010.
- (2) The INFINEON TECHNOLOGIES Management Board with the consent of the INFINEON TECHNOLOGIES Supervisory Board will communicate the administration processes and other technicalities regarding the exercise of Options prior to the first possible exercise under the SOP 2010. The Participants have the obligation to inform themselves prior to exercise about the applicable rules.

## Amendments

- (1) The INFINEON TECHNOLOGIES Management Board together with the INFINEON TECHNOLOGIES Supervisory Board may alter and amend the Plan Rules of the SOP 2010, including the administration processes and other technicalities regarding the exercise of options and if, due to factual or legal changes the current rules are no longer valid or may not be executed as provided for under the SOP 2010. The new regulations shall economically reflect the original provisions as closely as possible.
- (2) The INFINEON TECHNOLOGIES Management Board with the consent of the INFINEON TECHNOLOGIES Supervisory Board is entitled to implement sub-plans to this SOP 2010 in order to maintain a favorable tax or other regulatory treatment for INFINEON TECHNOLOGIES or any INFINEON TECHNOLOGIES Group Company or any Participant or to comply with mandatory local law requirements, provided the rules of the sub-plan do not affect the basic principles of this SOP 2010 and the terms and conditions under such sub-plans (ignoring any tax advantages) are not more favorable than the terms of Options granted to other Participants. However, it is at the sole and absolute discretion of the INFINEON TECHNOLOGIES Management Board and the INFINEON TECHNOLOGIES Supervisory Board whether or not such local amendments or sub-plans be implemented.
- (3) The Participants must be notified in writing (including emails or web based information) of any changes or amendments to these Plan Rules.

# § 17

## Form Requirements

- (1) All amendments to these Plan Rules or the individual Option Certificates shall be made in writing save explicitly provided for otherwise by INFINEON TECHNOLOGIES.

If a different form is required by mandatory local law, this must be complied with and supersedes any agreements regarding other form requirements under this SOP 2010.

- (2) Any notice, declaration or other disclosures required under these Plan Rules or the individual Option Certificates must be made in writing save if provided for otherwise. INFINEON TECHNOLOGIES may, at its sole discretion, decide that notices, declarations or other disclosures may be made electronically, i.e. via email or via a web based platform, or by using an agreed upon monitored exercise process through the Service Provider's call center.

# § 18

## Limitation of Liability and Volatility of Share Prices

- (1) The liability of INFINEON TECHNOLOGIES or any INFINEON TECHNOLOGIES Group Company, their legal representatives, employees or vicarious agents and the liability of the Service Provider, its legal representatives, employees or vicarious agents in case of slight negligence is excluded. This non-liability encompasses a potential liability for consequential losses, loss of profits and other indirect damages.
- (2) If INFINEON TECHNOLOGIES or an INFINEON TECHNOLOGIES Group Company is held liable for damages, no liability is assumed for:
  - financial losses;
  - damages as a consequence of breach of contract, which INFINEON TECHNOLOGIES could not foresee nor could have been foreseen by or known to INFINEON TECHNOLOGIES by exercising reasonable care and due diligence;
  - damages in which the damaging chain of events has been under the Participant's control and the Participant would have been able to avoid the damages by exercising reasonable care and due diligence.
- (3) INFINEON TECHNOLOGIES or any of the INFINEON TECHNOLOGIES Group Companies will not be responsible for the INFINEON TECHNOLOGIES Share price and the general stock market development. Any risk in connection with the acceptance and the exercise of Options, the acquisition of Shares on exercise and the holding or selling of Shares after exercise will be at the sole risk of the Participant.



# § 19/20

## Data Protection

By signing the Option Certificate the Participant agrees to storage, administration, processing, transfer, disclosures required by law and other use of personal data by INFINEON TECHNOLOGIES and the relevant INFINEON TECHNOLOGIES Group Company for the purpose of administering the SOP 2010. In addition, the Participant agrees to the transfer of data to third parties, such as the Service Provider, or to other third parties, e.g. consultants of INFINEON TECHNOLOGIES, employed by INFINEON TECHNOLOGIES to administer or assist with the administration and implementation of the SOP 2010.

## Applicable Law; Court of Competent Jurisdiction

- (1) This SOP 2010 (including these Plan Rules) is governed by German law, except for its provisions on conflict of laws.
- (2) The court at the place of the registered office of INFINEON TECHNOLOGIES is the court of jurisdiction for all litigation arising out of this SOP 2010 or in connection with it.

# § 21

## Final Provisions

- (1) All provisions in these Plan Rules are subject to the terms and conditions of the shareholders' resolution dated 11 February 2010 to the extent the resolution is valid.
- (2) Should one provision of these Plan Rules prove to be or become partially or totally invalid, then the validity of the other provisions remains unaffected. Instead of the invalid provision, the provision that best matches, particularly in a commercial sense, the spirit and purpose of the invalid provision, likewise the provision that would have been agreed upon had the insufficiency of the original provision become known, is taken as agreed upon to supplement the legal interpretation of the agreement. The same applies in the event of unintentional gaps in these Plan Rules. Any gaps (unintentional or due to invalidity) will have to be filled by construing these Plan Rules in the best interests of all Participants and in accordance with the terms and conditions of the shareholders' resolution dated 11 February 2010.
- (3) In case of conflict between a provision of these Plan Rules and the individual Option Certificates the Plan Rules prevail, unless it is made clear in the relevant Option Certificate that the provisions in the individual Option Certificate shall prevail. In case of conflict between the Plan Rules or the Option Certificate on the one side and the information materials provided to the Participant on the other side, the Plan Rules/ the Option Certificate prevail.
- (4) If provided for by mandatory law the INFINEON TECHNOLOGIES Management Board and the INFINEON TECHNOLOGIES Supervisory Board will give an annual account of the Options assigned, granted and exercised under the SOP 2010 in the annual report.

Infineon Technologies AG, Munich

November 2010