

Notice of

Annual General Meeting
of Infineon Technologies AG
on April 6, 2001



Never stop thinking.

Notice of Annual General Meeting

To our shareholders:

NOTICE IS HEREBY GIVEN that the Annual General Meeting of shareholders of Infineon Technologies AG ("the Company") will be held on Friday, April 6, 2001, at 10:00 a.m. local time, at the Hanns-Martin-Schleyer-Halle, Mercedesstrasse 69, 70372 Stuttgart, Federal Republic of Germany, for the following purposes:

Agenda

1. To receive the annual financial statements of Infineon Technologies AG and the consolidated financial statements for the fiscal year ended September 30, 2000, as approved by the Supervisory Board, together with management's combined discussion and analysis of Infineon Technologies AG and its subsidiaries, and the report of the Supervisory Board on fiscal year 2000

The above records are available for inspection at the registered offices of Infineon Technologies AG, St.-Martin-Strasse 53, 81669 Munich, and on the Internet at <http://www.infineon.com>.

2. To consider and act upon a proposal for the appropriation of the net income of Infineon Technologies AG to pay a dividend

The Supervisory Board and the Management Board propose that the following resolution be approved and adopted:

The distributable net income of € 406,575,979.55 of Infineon Technologies AG for fiscal year 2000 shall be used to pay a dividend of € 0.65 on each no-par value share entitled to the dividend. The amount of net income attributable to treasury stock shall be carried forward. The dividend shall be paid out on April 9, 2001.

3. To approve the acts of the Management Board

The Supervisory Board and the Management Board propose that approval be and is hereby given to the acts of the members of the Management Board in fiscal year 2000.

4. To approve the acts of the Supervisory Board

The Supervisory Board and the Management Board propose that approval be and is hereby given to the acts of the members of the Supervisory Board in fiscal year 2000.

5. To appoint independent auditors for fiscal year 2001

The Supervisory Board proposes that KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt on Main, be appointed auditors for the fiscal year ending September 30, 2001.

6. To consider and act upon a proposal to open the Authorized Capital II pursuant to § 4 (3) of the Articles of Association for the issuance of shares to employees of subsidiaries of Infineon Technologies AG and the related amendment to the Articles of Association

The General Meeting on February 16, 2000 approved the creation of an authorized capital of € 120,000,000 reserved for the issuance of shares of stock to employees of the Company (Authorized Capital II as set forth in § 4 (3) of the Articles of Association). Currently, from this Authorized Capital II shares may be issued to employees of Infineon Technologies AG, but not to employees of the Company's subsidiaries. To ensure that the subsidiaries' contribution to overall performance is adequately reflected and to align them more closely with corporate objectives through employee stock purchase programs (ESPP), the Company seeks approval for the issuance of shares to employees of subsidiaries.

Therefore, the Supervisory Board and the Management Board propose that the following resolution be approved and adopted:

- a) The Management Board is authorized to issue shares from the Authorized Capital II pursuant to § 4 (3) of the Articles of Association not only to employees of Infineon Technologies AG, but also to employees of the Company's subsidiaries. In all other respects, the resolution adopted at the General Meeting on February 16, 2000 will remain unaltered, in particular with regard to the exclusion of preemptive rights of existing shareholders.
- b) § 4 (3) of the Articles of Association shall be amended to read as follows:

“The Management Board, with the Supervisory Board's consent, is authorized until March 31, 2004 to increase the share capital by up to € 120,000,000 through the issuance of new shares of stock against contributions in cash for the purpose of offering them to employees of Infineon Technologies AG or its subsidiaries for purchase (Authorized Capital II). The authorization may be implemented in one or more tranches. The preemptive rights of existing shareholders shall be excluded. The Management Board, with the Supervisory Board's consent, is authorized to determine the further content of the rights embodied in the shares and the conditions of the share issue.“

7. To consider and act upon simplification of voting, notification of attendance, appointment of proxies and attendance at the general meeting and the related amendments to the Articles of Association

The purpose of the German Act on Registered Shares and Simplification of Voting (NaStraG) is to facilitate the voting process for shareholders. Infineon Technologies AG intends to use the opportunities offered by the new Act, in particular the use of electronic technologies, to simplify notification of attendance, appointment of proxies, and attending and voting at general meetings for all shareholders.

In the same way, supervisory board meetings and resolutions shall be possible by the use of all means of modern communication. At present, such use is restricted by the Articles of Association.

The Supervisory Board and the Management Board propose that approval be and is hereby given to the following resolutions:

- a) New shareholder registrations shall include the shareholder's date of birth and, where available, his or her electronic mail address (email address).

Notification of attendance at the general meeting shall be made to the Management Board at the Company's registered offices. Apart from notification of attendance by posted mail, shareholders shall have the opportunity to notify their attendance by electronic means, details of which will be determined by the Company. The notification of attendance must be received at least six full days before the date of the general meeting. The Management Board may determine a shorter deadline for receipt.

If neither a bank nor a shareholders' association is named as a proxy, authority to vote by proxy must be submitted in writing or transferred by electronic means in a way to be determined by the Company.

Details regarding the notification of attendance and the appointment of proxies are published together with the notice of general meeting in the German Federal Gazette (Bundesanzeiger). Such details include, in particular, the notification deadline as well as details regarding attendance and participation in the voting process at the general meeting. If the general meeting is to be transmitted live, details of the transmission will also be published.

- b) The Supervisory Board shall be permitted to conduct meetings and resolve matters by posted or electronic mail, or telephonically, telegraphically or by other means of communication, if the chairman of the Supervisory Board so determines on a case-by-case basis and no member of the Supervisory Board objects to this procedure.

- c) § 4 (1) of the Articles of Association shall be amended to include the following new sentence 3:

“For purposes of recording the shares in the Company's share register, shareholders are required to submit the number of shares held by them and their electronic mail address and, in the case of individuals, their name, address and date of birth, or in the case of legal entities, their company name, business address and registered offices.”

- d) § 9 (7) of the Articles of Association shall be amended to read as follows:

“7. Supervisory board meetings and resolutions by posted or electronic mail, or telephonically, telegraphically or by other means of communication are permissible if the chairman of the Supervisory Board so determines on a case-by-case basis and no member of the Supervisory Board objects to this procedure.”

- e) § 14 of the Articles of Association shall be amended to read as follows:
- “All shareholders of record who are recorded in the Company’s share register and have duly given notification of attendance shall be entitled to attend and vote at the general meeting. The notification of attendance shall be made to the Management Board at the Company’s registered offices either in writing or by fax or by the use of electronic technologies to be determined by the Company. The notification of attendance must be received at least six full days before the date of the general meeting. The Management Board may specify a shorter deadline for receipt in the notice of general meeting. Details of the notification of attendance are published together with the notice of general meeting in the relevant publications specified in the Articles of Association.”
- f) § 15 of the Articles of Association shall be amended to include a new § 15 (6) as follows:
- “6. If previously announced in the notice of general meeting, the chairman of the meeting may permit live transmission of the general meeting, attendance at the general meeting, and participation in the voting process at the general meeting by the use of electronic technologies, if this is legally permissible.”
- g) § 15 of the Articles of Association shall be amended to include a new § 15 (7) as follows:
- “7. Notarially acknowledged minutes of the general meeting shall be kept. The minutes shall be conclusive for the shareholders among themselves and in relation to their proxies.”
- h) § 16 (2) of the Articles of Association shall be amended to read as follows:
- “2. Votes may be cast by proxy. If neither a bank nor a shareholders’ association is named as a proxy, authority to attend and vote by proxy must be submitted in writing or transferred by electronic means in a way to be determined by the Company. Details regarding the appointment of proxies are published together with the notice of general meeting in the relevant publications specified in the Articles of Association.”

8. To consider and act upon a proposal to approve the Infineon Technologies AG 2001 International Long Term Incentive Plan providing for the issuance of stock options to key executive and management personnel and other eligible employees of Infineon Technologies AG and its subsidiaries, the adjustments to be made to the Infineon 1999 Stock Option Plan and Conditional Capital I, the creation of a Conditional Capital III, and the related amendments to the Articles of Association

The General Meeting on October 18, 1999 adopted the Infineon 1999 Stock Option Plan (“1999 Stock Option Plan”) which provides for the issuance of stock options to the members of the management board, the members of the top managements of subsidiaries of Infineon Technologies AG, and other senior level

executives and key employees of Infineon Technologies AG and its subsidiaries. The stock options under the 1999 Stock Option Plan are not exercisable unless the stock market price of the shares has exceeded the reference price as of the date of grant by 20%. This puts the Company at a disadvantage in an increasingly competitive hiring environment because most of the Company's competitors, all of whom have their registered offices abroad, tend to grant stock options that may be exercised without the prerequisite of a minimum appreciation in the stock. To attract and retain the broad-based management talent required to achieve corporate objectives, Infineon must be able to offer incentive compensation that compares favorably with that of its competitors. As this is not possible under the 1999 Stock Option Plan, the Company proposes a new, modified stock option plan under which a maximum of 51.5 million stock options may be granted over the next five years.

For this reason, the Company proposes that the Infineon Technologies AG 2001 International Long Term Incentive Plan be considered and approved at the general meeting to permit stock option grants on shares of Infineon Technologies AG to members of the management board and top managements as well as other key employees of Infineon Technologies AG and its subsidiaries.

The Supervisory Board and the Management Board propose to approve and adopt the following resolutions:

- a) The share capital of the Company shall be conditionally increased by up to € 29,000,000 nominal amount ("Conditional Capital III"). The conditional capital increase shall be effected exclusively through the issuance of up to 14,500,000 new no-par value shares of stock registered in the names of the holders with entitlement to dividends as of the beginning of the fiscal year in which they are issued, and only for the purpose of servicing stock options granted under the Infineon Technologies AG 2001 International Long Term Incentive Plan on or before March 31, 2006. The conditional capital increase shall be effected only to the extent necessary to provide for the stock options granted and exercised by their holders under the Infineon Technologies AG 2001 International Long Term Incentive Plan.
- b) The essential features of the Infineon Technologies AG 2001 International Long Term Incentive Plan ("2001 Stock Option Plan") are outlined below.

- (1) Eligibility

The members of the Management Board of Infineon Technologies AG ("the Company"), the members of the top managements of the Company's subsidiaries, and other senior level executives and employees with exceptional performance of Infineon Technologies AG and its subsidiaries are eligible to receive stock options under the 2001 Stock Option Plan. A combined total of up to 51,500,000 stock options ("aggregate volume") may be awarded to all groups under the 2001 Stock Option Plan, which shall have a duration of five years from the first-time grant of stock options thereunder. A breakdown of the stock options that may be awarded to the individual groups of eligible recipients ("optionees") follows:

- (1.1) Up to 2,500,000 stock options to members of the Management Board of Infineon Technologies AG;
- (1.2) up to 6,300,000 stock options to members of the top managements of domestic and foreign subsidiaries;
- (1.3) up to 42,700,000 stock options to senior level executives and employees with exceptional performance below management board level of Infineon Technologies AG and below top management level of domestic and foreign subsidiaries.

The stock options granted to any group of eligible optionees must not exceed 30% of the total volume allocated to that group in any one fiscal year of Infineon Technologies AG.

(2) Periods of grant

Stock options may be granted

- (2.1) within a period of 45 days after publication of the results for the fiscal year then ended, but not later than two weeks before the end of the quarter, and
- (2.2) on the first day of each month (except November and December) to members of the management board and other senior level executives and employees with exceptional performance at the start of their employment with the Company or one of its subsidiaries and to key executives (other than management board members) and other key employees who may be lured away by other companies.

The date of stock option grant (“date of grant“) pursuant to paragraph (2.1) above shall be uniformly determined on a company-wide basis by the Supervisory Board, if stock options are granted to members of the Management Board, otherwise by the Management Board.

(3) Exercise period

Stock options may be exercised at any time within the seven years following the date of grant, but not until completion of a vesting period of at least two years starting one week after the date of grant.

Stock options may not be exercised during the period starting two weeks prior to the end of a quarter until the end of the first stock exchange trading day after the publication of quarterly results and during the period starting two weeks prior to the fiscal year-end until the end of the first stock exchange trading day after publication of the results for the fiscal year then ended (“restricted periods“).

In addition, optionees are required to observe the restrictions imposed by the applicable laws and regulations, such as the German Securities Trading Act (WpHG) on insider trading laws.

(4) Exercise price, performance target

When exercising the stock options, the exercise price per option for one ordinary share of Infineon Technologies AG (“Infineon share“) equals 105% of the average opening price of the Infineon shares in Xetra trading (or comparable successor trading system) on the Frankfurt Stock Exchange during the five trading days preceding the date of grant. Pursuant to § 9 (1) of the German Stock Corporation Act (Aktiengesetz), the exercise price must not be less than the notional value per share in the share capital.

The exercise price is also the performance target.

(5) Antidilution protection

In the event any capital increase from capital reserves or change in the division of the share capital of Infineon Technologies AG into shares is made during the term of the option rights, Infineon Technologies AG will appropriately adjust the exercise price per option and/or the number of shares issuable per option to reflect such capital increase or change in the division of the share capital in accordance with the then current rules and regulations of Eurex Deutschland (German options and futures exchange). The adjustment shall be made in a way to ensure that the overall value of stock options to which an optionee is entitled remains unchanged after effecting the capital increase or change in the division of the share capital. No adjustment is made by the Company if such adjustment is mandated by law or results in a change of less than 1% of the exercise price of the options. The adjustment shall be made by the Supervisory Board if members of the Management Board of Infineon Technologies AG are concerned, and by the Management Board if employees of the Company or company-wide principles and policies are concerned.

(6) Transferability of options

Stock options are not assignable or transferable other than by will or the laws of descent and distribution and may be exercised during the lifetime of the optionee only by the optionee. However, options may be transferred to a trust or trusts for the exclusive benefit of the optionee. In addition, upon the optionee’s death the options may be transferred to the optionee’s spouse and children or other heirs. The terms of exercise may provide that the optionee’s estate must exercise the stock options within three months of the optionee’s death, but in no event before completion of the holding period.

(7) Methods of exercise

Optionees may be offered treasury stock of Infineon Technologies AG or compensation in cash in lieu of receiving new shares of no-par value stock of Infineon Technologies AG from the Conditional Capital III or from the Conditional Capital I pursuant to § 4 (7) of the Articles of Association reserved for this purpose.

The alternatives offered to optionees shall be determined by the Management Board, in each case as approved by the Supervisory Board. In reaching their decision, these boards shall focus solely on promoting the interests of the Company and its shareholders. The stock option terms shall be designed in a way to offer this choice to Infineon Technologies AG.

Compensation in cash shall be equal to the difference between the exercise price and the opening price of the Infineon shares in Xetra trading (or comparable successor trading system) on the day of exercising the stock options.

(8) Miscellaneous provisions

Further details of the stock option grants and the additional methods of exercise shall be determined by the Supervisory Board if members of the Management Board of Infineon Technologies AG are concerned, and by the Management Board if employees of the Company or company-wide principles and policies are concerned.

Where stock options are to be offered to members of the top managements of subsidiaries, further details shall be determined by the competent local compensation boards and committees in accordance with the company-wide principles and policies applicable to the 2001 Stock Option Plan, subject to approval by the Management Board of Infineon Technologies AG. To the extent that employees of subsidiaries are involved, further details shall be determined by the respective local top managements in accordance with the company-wide principles and policies applicable to the 2001 Stock Option Plan, subject to approval by the Management Board of Infineon Technologies AG.

Such further details include in particular

- (8.1) the determination of the number of stock options to be granted to individual optionees or groups of optionees,
- (8.2) the establishment of rules and regulations regarding the implementation of the Stock Option Plan,
- (8.3) the methods of awarding and exercising the stock options,
- (8.4) the establishment of extended holding periods exceeding the minimum two-year vesting schedule, in particular the establishment of tiered vesting periods with incremental increases in the number of exercisable options.
- (8.5) the rules for handling stock options in special situations, such as upon the optionee's cessation of service with the Company or any of its subsidiaries or upon the optionee's death.

(9) Taxes

Any tax liabilities incurred in connection with the exercise of stock options or the sale of shares by optionees shall be borne by the optionees.

(10) Reporting requirements

The Management Board and the Supervisory Board shall report each fiscal year in the annual report on the utilization of the 2001 Stock Option Plan and the stock options granted to eligible optionees.

- c) § 4 of the Articles of Association shall be amended to include a new § 4 (9) as follows:

“9. The share capital is conditionally increased by up to € 29,000,000 nominal amount. The conditional capital increase shall be effected exclusively through the issuance of up to 14,500,000 new no-par value shares of stock registered in the names of the holders with entitlement to dividends as of the beginning of the fiscal year in which they are issued, and only to the extent to which holders of stock options granted under the Infineon Technologies AG 2001 International Long Term Incentive Plan in accordance with the authorization of April 6, 2001 exercise their stock options (Conditional Capital III).“

- d) The 1999 Stock Option Plan shall be amended as set forth below:

- (1) Item 2 (d) shall be amended to read as follows:

“Exercise period

Stock options are not exercisable until completion of a holding period of two years starting one week after the date such options are granted. They may be exercised at any time after completion of the holding period within seven year from the date of grant (“exercise period“).

Stock options may not be exercised during the period starting two weeks prior to the end of a quarter until the end of the first stock exchange trading day after the publication of quarterly results and during the period starting two weeks prior to the fiscal year-end until the end of the first stock exchange trading day after publication of the results for the fiscal year then ended (“restricted periods“).

- (2) Item 2 is amended to include the following new provision:

„i) Antidilution protection

In the event any change of the division of the share capital of Infineon Technologies AG into shares or a capital increase from corporate funds is made during the term of the option rights, Infineon Technologies AG will appropriately adjust the exercise price per option and/or the number of shares issuable per option to reflect such change in the division into shares or capital increase in accordance with the then current rules and regulations of Eurex Deutschland (German options and futures exchange). The adjustment shall be made in a way to ensure that the overall value of stock options to which an optionee is entitled remains unchanged after effecting the capital increase or change in capitalization. No adjustment is made by the Company if

such adjustment is mandated by law or results in a change of less than 1% of the exercise price of the options. The adjustment shall be made by the Supervisory Board if members of the Management Board of Infineon Technologies AG are concerned, and by the Management Board if employees of the Company or company-wide principles and policies are concerned.“

- e) The 1999 Stock Option Plan shall be terminated upon adoption of the resolution on the Infineon Technologies AG 2001 International Long Term Incentive Plan. The conditional increase in the Company’s share capital, as authorized on October 18, 1999 and amended on February 16, 2000, of up to € 96,000,000 nominal amount through the issuance of up to 48,000,000 new shares of stock registered in the names of the holders and reserved exclusively for servicing stock options granted under the 1999 Stock Option Plan of Infineon Technologies AG shall be extended to include the provision that the Conditional Capital I may also be used to service stock options granted under the Infineon Technologies AG 2001 International Long Term Incentive Plan. The conditional capital increase shall be effected only to the extent to which stock options granted under the 1999 Stock Option Plan of Infineon Technologies AG or the Infineon Technologies AG 2001 International Long Term Incentive Plan are to be serviced from the Conditional Capital I and the holders exercise such stock options. The Conditional Capital I may only be used to service stock options granted under the Infineon Technologies AG 2001 International Long Term Incentive Plan to the extent to which such conditional capital is not required to service stock options granted under the 1999 Stock Option Plan.

§ 4 (7), sentence 2, of the Articles of Association shall be amended to read as follows:

“The conditional capital increase shall be effected exclusively through the issuance of up to 48,000,000 new shares of stock registered in the names of the holders with entitlement to dividends as of the beginning of the fiscal year in which they are issued, and only to the extent to which holders of stock options granted under the 1999 Stock Option Plan of Infineon Technologies AG, as authorized on October 18, 1999 and amended on February 16, 2000, or the Infineon Technologies AG 2001 International Long Term Incentive Plan, as authorized on April 6, 2001, exercise their stock options (Conditional Capital I).“

In all other respects, the resolutions adopted at the General Meetings on October 18, 1999 and February 16, 2000 will remained unaltered.

- f) Any stock appreciation rights (SARs) to be awarded pursuant to § 11 (1) of the Articles of Association shall be subject to the terms and conditions of the Infineon Technologies 2001 International Long Term Incentive Plan, in particular with regard to the date of stock option grant pursuant to paragraph (2.1) above.

9. To consider and act upon a proposal to amend the authorization to issue convertible bonds and notes with warrants

By resolution of the General Meetings on December 8, 1999 and February 16, 2000, the Company is authorized to issue convertible bonds and/or notes with warrants attached (collectively, “the bonds”) and has reserved the Conditional Capital II pursuant to § 4 (8) of the Articles of Association to service the related conversion rights and subscription warrants. According to the resolution adopted at the General Meeting on February 16, 2000, the maximum amount of the Conditional Capital II and the maximum aggregate par value of the bonds is limited to € 50,000,000 and € 400,000,000, respectively. Given the value appreciation of the Company’s stock, the Company considers this limitation of the maximum aggregate par value of the bonds too narrow, as it does not provide the necessary flexibility to react to market developments. As a result, the limit shall be aligned with market conditions and be increased to a maximum of € 1,000,000,000. The conditional capital and the related maximum amount and thus the maximum number of issuable shares will remain unaltered.

The Supervisory Board and the Management Board propose that approval be and is hereby given to the following resolution:

The authorization to issue convertible bonds and notes with warrants attached (collectively, “the bonds”), as approved by the General Meetings on December 8, 1999 and February 16, 2000, is amended to include the provision that the maximum limit of the aggregate par value of the bonds be increased from up to € 400,000,000 to up to € 1,000,000,000. The bonds shall be sold to a banking syndicate under the condition that they be offered to existing shareholders for purchase. The Management Board, with the Supervisory Board’s consent, is authorized to exclude the preemptive rights of existing shareholders for the amount of the increase, provided that the issue price is not significantly lower than the theoretical fair value of the bonds as determined under generally accepted actuarial methods. The Management Board, with the Supervisory Board’s consent, is further authorized to exclude the preemptive rights of existing shareholders on any fractional residual amounts resulting from the subscription ratio, and to exclude the preemptive rights of existing shareholders to the extent necessary to satisfy the holders or creditors of subscription warrants and conversion rights or obligations if they were to exercise their subscription warrants or conversion rights or fulfill their conversion obligations. In all other respects, the resolutions adopted at the General Meetings on December 8, 1999 and February 16, 2000 will remain unaltered.

10. To consider and act upon a proposal to amend the provisions of the Articles of Association with regard to annual financial statements

Pursuant to § 18 of the Articles of Association, the Management Board is required to prepare the Company’s annual financial statements within the first three months of the fiscal year. This provision shall be extended to include requirements relating to the preparation and submission of consolidated financial statements, provided that the Company is required to prepare such statements.

The Supervisory Board and the Management Board propose that approval be and is hereby given to the following resolution:

§ 18 of the Articles of Association shall be amended to read as follows:

“(1) In the first three months of the fiscal year, the management board shall prepare the annual financial statements and management’s discussion and analysis for the fiscal year just ended and promptly submit them to the supervisory board together with a proposal for the appropriation of net income available for distribution. The supervisory board shall examine the annual financial statements, management’s discussion and analysis, and the proposal for the appropriation of net income available for distribution in consultation with the Company’s independent auditors.

(2) If the Company is legally required to prepare consolidated financial statements, the management board shall, within the first five months of the fiscal year, prepare consolidated financial statements and management’s discussion and analysis of consolidated financial condition and results of operations for the fiscal year just ended. Such consolidated financial statements and any exempting consolidated financial statements prepared pursuant to § 291 and § 292a of the German Commercial Code (HGB) shall be promptly submitted to the supervisory board.”

11. To approve a profit-and-loss transfer agreement

The Supervisory Board and the Management Board propose that approval be and is hereby given to the profit-and-loss transfer agreement dated November 21, 2000 between Infineon Technologies AG and Infineon Ventures GmbH, Munich, whose shares are wholly owned by Infineon Technologies AG.

The principal terms of the agreement are as follows:

- With effect from October 1, 2000, Infineon Technologies AG shall absorb the net income of Infineon Ventures GmbH that would be available before appropriation of profits, net of any allocation to other retained earnings. The transfer of retained earnings existing prior to execution of the agreement shall not be permitted.
- Infineon Ventures GmbH shall not establish other retained earnings, unless these are deemed necessary on the basis of reasonable commercial assessment.
- With effect from October 1, 2000, Infineon Technologies AG shall reimburse a net loss, if any, incurred by Infineon Ventures GmbH, in accordance with § 302 of the German Stock Corporation Act (AktG).
- The agreement shall become effective under civil law upon registration of Infineon Ventures GmbH in the Commercial Registry and may not be terminated until September 30, 2005, or thereafter at the end of each fiscal year of Infineon Ventures GmbH upon one year’s prior notice of termination.

The execution of the subordination and profit-and-loss transfer agreement has been approved in notarized form by the general meeting of Infineon Ventures GmbH on November 23, 2000.

The affiliation agreement, the annual financial statements and management's discussion and analysis of each of the contracting parties for the first two fiscal years since the formation of Infineon Technologies AG and for the first (and so far only) fiscal year of Infineon Ventures GmbH and the joint report of the Management Board of Infineon Technologies AG and the management of Infineon Ventures GmbH on the affiliation agreement are available for inspection by shareholders at the registered offices of Infineon Technologies AG, St.-Martin-Strasse 53, 81669 Munich, and at the business premises of Infineon Ventures GmbH, St.-Martin-Strasse 53, 81669 Munich. The above records may also be inspected at the General Meeting of Infineon Technologies AG.

The following reports to the General Meeting refer to Items 6, 8 and 9 on the Agenda.

Report on Item 6 of the Agenda

The Company proposes that employees of both Infineon Technologies AG and its subsidiaries should be offered shares of stock at preferential terms on an annual basis. Under the German Stock Corporation Act (AktG), the shares required for this purpose may be issued from the authorized capital. Currently, the Authorized Capital II reserved for this purpose provides only for the issuance of shares to employees of Infineon Technologies AG, not to employees of its subsidiaries. As Infineon Technologies AG intends to grow, among other things, through acquisitions in Germany and abroad, the worldwide number of Infineon employees not in the direct employ of the parent company will increase. To acknowledge the contribution of these employees to corporate success and to encourage their stock ownership and proprietary interest in the Company, it is proposed that the Authorized Capital II be made available for offerings to employees of subsidiaries as well. For this reason, the preemptive rights of shareholders must be excluded.

Report on Item 8 of the Agenda

Stock options are a significant element in the compensation programs of all leading semiconductor companies. The stock option models commonly used in Germany usually set a specific performance target, often tied to the market price of the stock or the performance of a reference index. As a result, such options may only be exercised, as in the case of the Infineon 1999 Stock Option Plan, for example, if the stock market price of the shares exceeds their fair market value on the date of grant by at least 20%.

By contrast, the Company's international competitors, such as Advanced Micro Devices, Cisco Systems, Conexant Systems, Intel, LSI Logic, Lucent Technologies, Micron Technology, National Semiconductor, Texas Instruments and VLSI, offer stock options that are not contingent on a market price increase and may be exercised at the fair market value on the date of grant.

In many cases, the exercise price may even be less than fair market value per share of stock on the date of grant. In addition, options granted under most of these plans typically become exercisable in annual increments beginning one year from the date of grant. Moreover, stock option grants are generally available to all employees.

Against this backdrop, the 1999 Stock Option Plan of Infineon Technologies AG does not compare favorably with the plans offered by competitors, particularly at high-tech locations, due mainly to the two-year vesting period, restrictions in eligibility, the exercise threshold of 20%, and the restrictive exercise periods of the plan. As a result, the Company was unable to fill important positions in the U.S., for example, because stock option packages offered by competitive companies tend to be much more attractive. In addition, highly qualified engineers are increasingly being lured away from the Company by high levels of stock option grants and favorable exercise conditions. And in strategic acquisitions, competitors are able to grant stock options that are exercisable without a premium, giving them a real competitive advantage on the market.

To retain valued managers and executives, stem employee attrition, attract high-potentials and recruits from universities and competitive companies, and offer attractive option packages in the event of strategic acquisitions, Infineon Technologies AG, as a company operating on a global scale, must regain and safeguard its attractiveness in an increasingly competitive hiring environment. For this reason, the current 1999 Stock Option Plan should be replaced by a new Infineon Technologies AG 2001 International Long Term Incentive Plan that is more closely oriented toward the compensation standards of the Company's competitors in the U.S.

Therefore, the Company's proposes that the Infineon Technologies AG 2001 International Long Term Incentive Plan be considered and approved at the General Meeting. The plan is designed

- to align the interests of the Company and its shareholders more closely with those of eligible optionees in terms of long-term value appreciation, sustained earnings and competitiveness, and to incent and reward performance excellence;
- to strengthen commitment and team work by tying part of the optionees' total compensation to the accomplishment of incentive performance targets, thus providing a link to the Company's long-term performance;
- to promote a close relationship between the Company and those eligible optionees who can contribute significantly to the Company's medium- and long-term success;
- to adjust the compensation programs within the Infineon organization to compensation standards in line with industry practice as regards quality and quantity.

Details of the Infineon Technologies AG 2001 International Long Term Incentive Plan follow:

During the entire five-year term of the Infineon Technologies AG 2001 International Long Term Incentive Plan, a maximum of up to 51,500,000 stock options (aggregate volume) may be granted to optionees.

Eligible optionees include:

- Members of the Management Board of Infineon Technologies AG;
- Members of the top managements of domestic and foreign subsidiaries of Infineon Technologies AG;
- Other senior level executives and employees with exceptional performance below management board level of Infineon Technologies AG and below top management level of domestic and foreign subsidiaries.

The aggregate volume of 51,500,000 stock options may be distributed among the individual groups of eligible optionees as follows:

- Up to 2,500,000 stock options, or approximately 4.8% of the aggregate volume, to members of the Management Board of Infineon Technologies AG;
- up to 6,300,000 stock options, or approximately 12.2% of the aggregate volume, to members of the top managements of domestic and foreign subsidiaries of Infineon Technologies AG, provided such subsidiaries have no employee stock program of their own;
- up to 42,700,000 stock options, or approximately 83% of the aggregate volume, to other senior level executives and employees with exceptional performance below management board level of Infineon Technologies AG and below top management level of the Company's domestic and foreign subsidiaries.

Stock options may be granted within 45 days after publication of the results for the fiscal year then ended, but not later than two weeks before the end of the quarter, and – for the purpose of attracting and retaining key executives and employees for strategic reasons – on the first day of each month, except November and December.

The stock options may not be exercised until completion of a vesting period of a least two years starting one week after the date of grant. Upon stock option grant it should be possible, however, to establish extended holding periods that exceed the minimum two-year vesting schedule (e.g. by tiered holding periods), in order to enhance the long-term retention effect.

After the vesting period, the stock options are exercisable for up to seven year from the date of grant. Stock options may not be exercised during the periods starting two weeks prior to the end of a quarter or fiscal year until the end of the first stock exchange trading day after publication of the quarterly or annual results, respectively. In addition, optionees are required to observe the restrictions imposed by local laws and regulations, in particular the insider trading laws, during the entire term of the Infineon Technologies AG 2001 International Long Term Incentive Plan.

The exercise price is determined on the basis of the average Xetra opening price of the Infineon shares during the five trading days preceding the date of grant and equals 105% of this average.

Under the German Stock Corporation Act (Aktiengesetz), stock options may only be exercised if a performance target has been accomplished. To satisfy these legal requirements and the expectations generated by the Company's competitors, the performance target associated with the Infineon Technologies AG 2001 International Long Term Incentive Plan is achieved if the stock market price of the Infineon shares exceeds the average Xetra opening price during the five trading days preceding the date of grant by at least 5%. If this performance target is reached at least once during the term of the stock options and the vesting period has expired, the options may be exercised. The options remain exercisable even if the stock market price should decline thereafter. However, exercise of stock options by optionees will be profitable only if the market price of the Infineon shares exceeds the exercise price. The personal benefits of optionees will the greater, the more the Company's value has increased in the meantime.

With regard to future stock option grants, the Infineon Technologies AG 2001 International Long Term Incentive Plan will replace the former 1999 Stock Option Plan, provided the shareholders in general meeting approve the new plan. If approval is given, it would be possible to issue up to 51,500,000 stock options, or a maximum of approximately 8.24% of the current share capital, over the next five years.

Without implementation of the Infineon Technologies AG 2001 International Long Term Incentive Plan, the Company's competitive disadvantages with regard to hiring and long-term retention of key employees and managers would be severely aggravated. The new plan is very similar to the stock option plans offered by U.S. competitors and will enable the Company to increase shareholder value by attracting and retaining valued management personnel and employees.

The Company will report in its annual report and at the general meeting on the utilization of the Infineon Technologies AG 2001 International Long Term Incentive Plan.

Report on Item 9 of the Agenda

Under the current authorization to issue convertible bonds and/or notes with warrants (collectively, "the bonds"), the maximum aggregate par value of the bonds is limited to € 400,000,000, while the conditional capital available to service the bonds amounts to € 50,000,000, i.e. up to 25,000,000 shares of stock. If such bonds were issued without additional payment upon conversion and the authorization adopted at the general meeting were fully utilized, the maximum resulting conversion price would be € 16 per share, a price that is substantially below the current market value of the Company's stock. Convertible bonds requiring additional payment in cash upon exercise of the conversion rights are not customary in the capital markets. To provide the necessary flexibility in corporate financing through the issuance of bonds, the Company proposes that the upper limit of the aggregate par value of the bonds be raised to € 1,000,000,000, without changing the maximum number of issuable shares. Shareholders shall have preemptive rights for the amount of the increase. However, the Management Board, with the Supervisory Board's consent, shall remain authorized to exclude such preemptive rights if the

issue price of the convertible bonds is not significantly lower than their fair market value. The exclusion of preemptive rights is necessary if a bond issue is to be floated quickly. The interests of shareholders are safeguarded by ensuring that the convertible bonds or notes with warrants are not issued significantly below market value with the result that the value of the conversion rights or subscription warrants falls to zero, making them effectively worthless. Additionally, the preemptive rights should be excluded to provide for discretionary utilization of fractional residual amounts or to satisfy preemptive rights of holders of predecessor bonds. The exclusion of preemptive rights with regard to residual amounts is reasonable and common practice because the costs of trading residual amounts of subscription rights would be unreasonably high in relation to the benefits earned by shareholders. To facilitate the placement of convertible bonds or notes with warrants, it is common market practice to grant bond holders subscription rights for subsequent bond issues. For both reasons, the preemptive rights of shareholders must be excluded.

Attendance at the General Meeting

Pursuant to § 14 of the Articles of Association, all shareholders who are recorded in the Company's share register and have given written notification of attendance by posted mail, fax or email not later than April 3, 2001 are entitled to attend and vote at the General Meeting.

Registered shareholders may mail their notification of attendance directly to Infineon Technologies AG at the following address:

Infineon Hauptversammlung 2001
81027 München, Germany

Shareholders who intend to participate in the General Meeting are requested to send their notification of attendance as early as possible so as to facilitate the organization of the meeting.

As a special service offered, shareholders may also delegate their authority to vote their shares at the General Meeting to employees of Infineon Technologies AG. Further details are provided in the forms mailed to each shareholder.

Shareholders of record are entitled to vote by proxy, i.e. by delegating their written authority to vote their shares at the General Meeting to an attorney-in-fact, such as a bank or shareholders' association. In this case, timely notification of attendance on behalf of such attorney-in-fact must be given by the shareholder or his or her duly authorized representative. Shareholders are requested to forward the proxy material they received together with their voting instructions to a representative of their choice.

A shareholder's stock that is held of record by a bank (often referred to as "holding in street name") cannot be voted by such bank unless it has the shareholder's written authority.

Shareholders of record or their named attorneys-in-fact entitled to attend the General Meeting will be issued admission tickets and voting cards.

On request, a copy of the documents named in Item 1 of the Agenda will be mailed to shareholders of record.

Members of the Supervisory Board of Infineon Technologies AG include Dr. Martin Kohlhaussen, Chairman of the Board of Managing Directors of Commerzbank AG, and Dr. Eberhard Rauch, member of the Board of Managing Directors of HypoVereinsbank AG.

Requests and shareholder proposals for the General Meeting should be sent to:

Infineon Technologies AG
CIC IR, Investor Relations
St.-Martin-Strasse 53
81669 Munich, Germany
(fax: +49 89 234-26155)

or by electronic mail to:

hv2001@infineon.com

Shareholders may follow the speeches of the chairman of the meeting and the chairman of the Management Board over the Internet at <http://www.infineon.com>.

The Notice of General Meeting has been published in the German Federal Gazette (Bundesanzeiger) No. 40 of February 27, 2001.

By order of the Management Board
Infineon Technologies AG

Infineon Technologies AG
Vorsitzender des Aufsichtsrats: Dr. Volker Jung
Vorstand: Dr. Ulrich Schumacher, Vorsitzender
Vorstandsmitglieder:
Peter Bauer, Peter J. Fischl, Dr. Sönke Mehrgardt, Dr. Andreas von Zitzewitz
Sitz der Gesellschaft München
Registergericht München HRB 126492