

First Quarter FY 2010

Quarterly Update

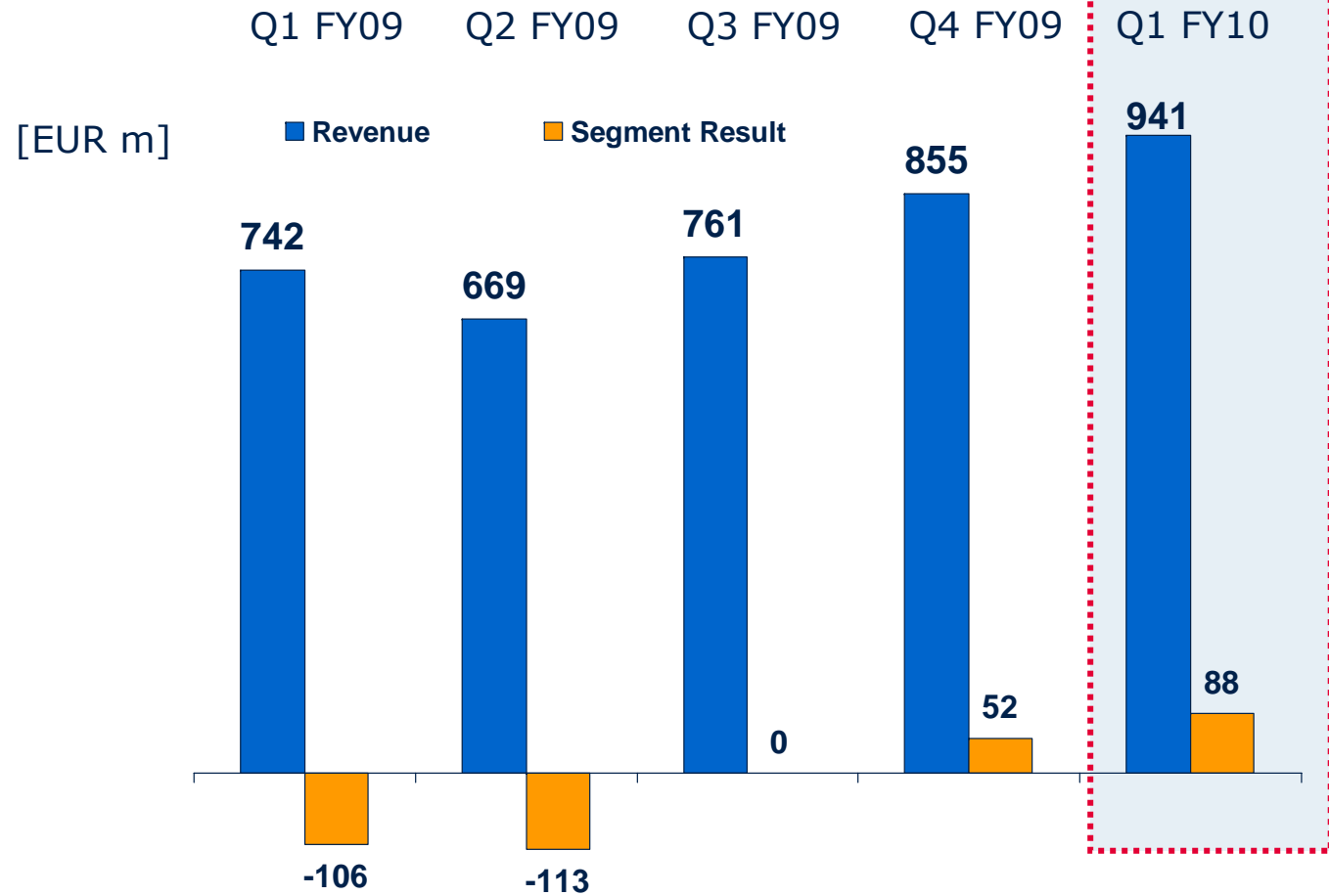
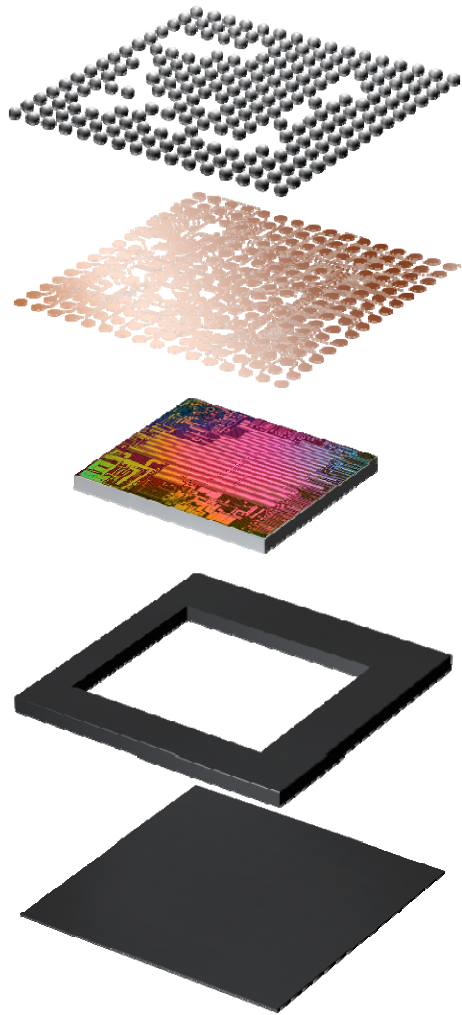
Infineon Technologies AG
Investor Relations



→ Infineon Results and Outlook

→ Business Highlights

Q1 FY10 Revenue Increased to EUR 941m; Profitability Improved Further



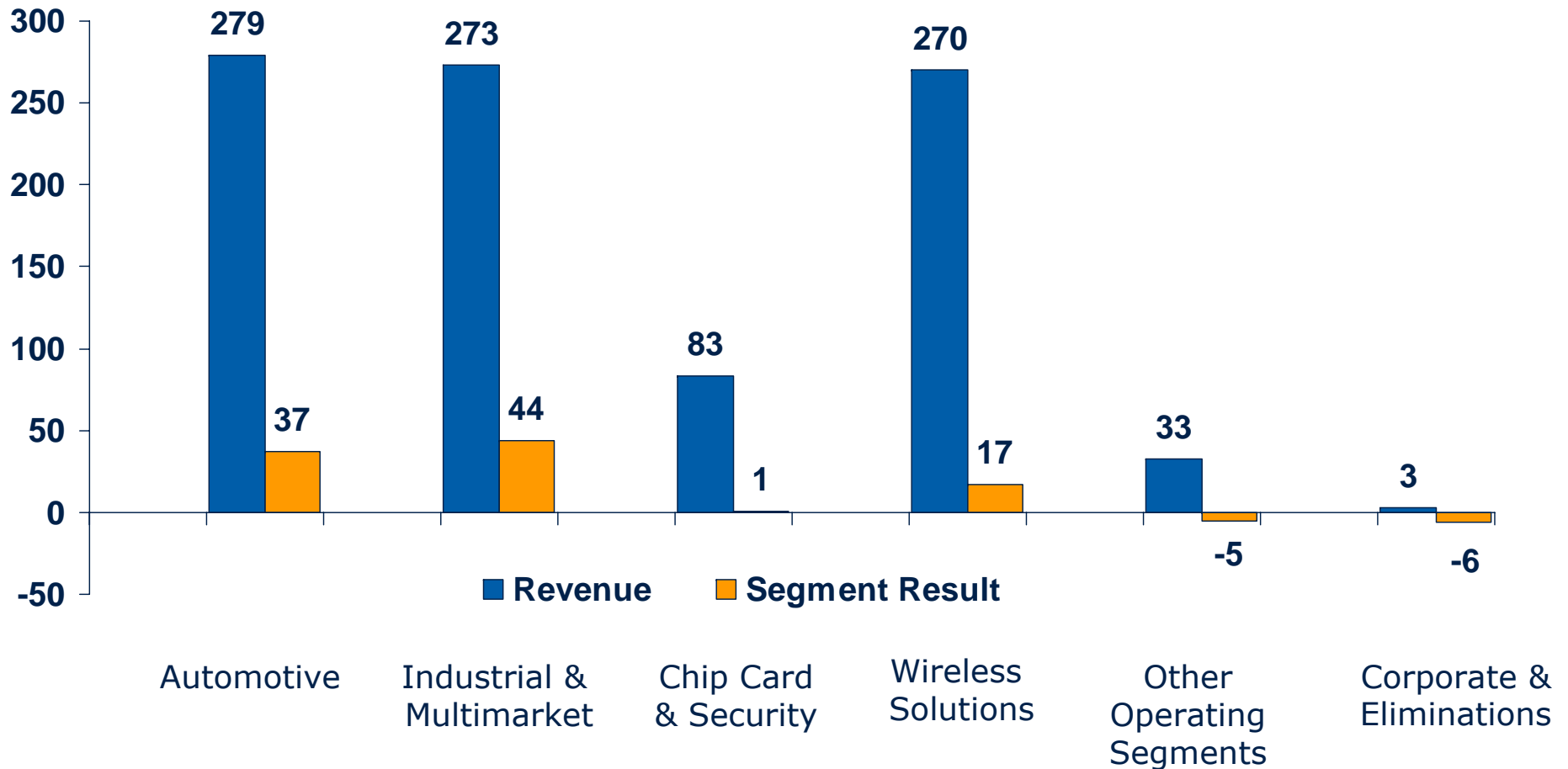
Net income:	-404	-258	-23	14	66
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[eWLB (embedded wafer-level ball grid array)]

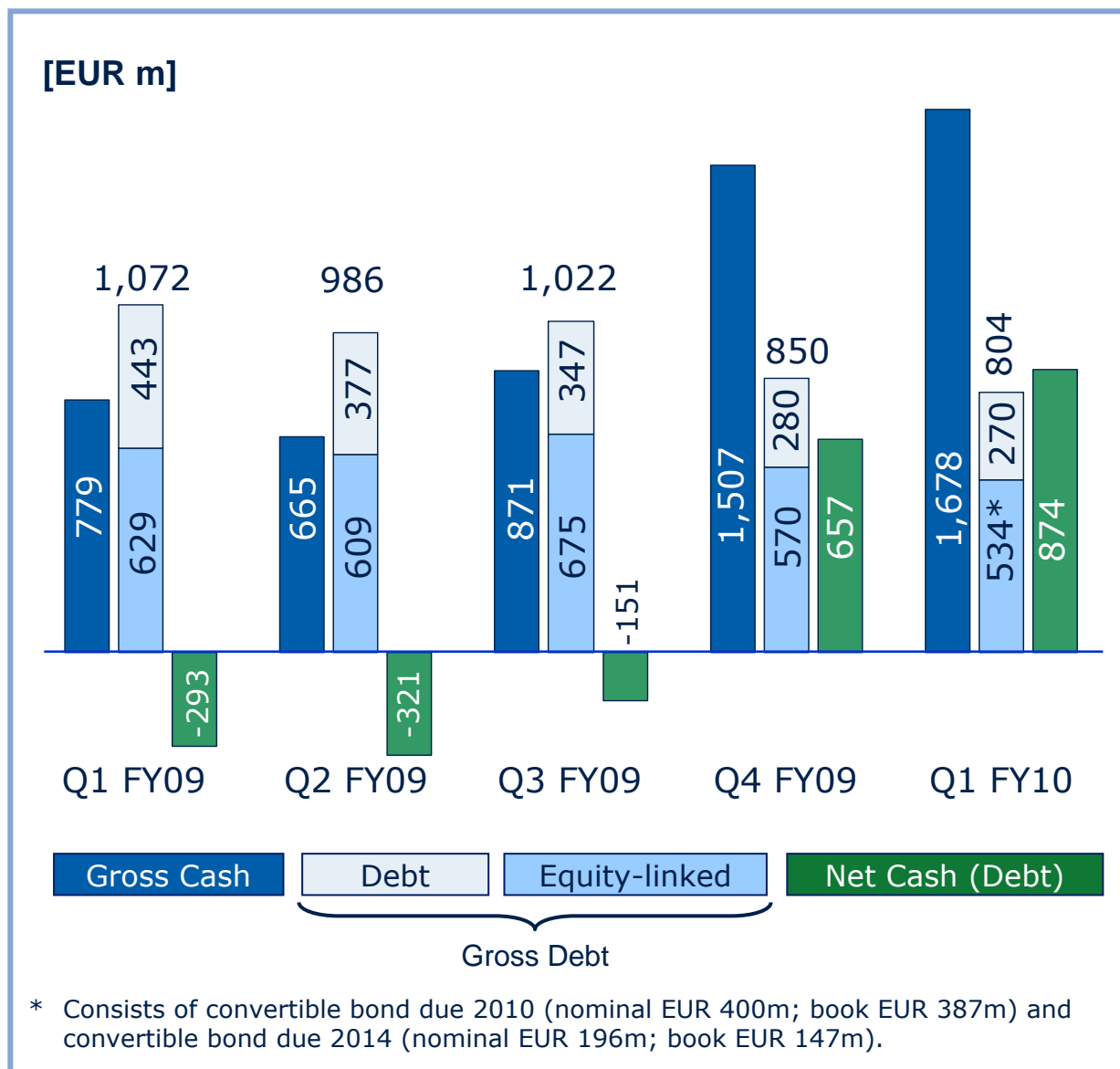
Q1 FY10 Revenue and Result by Segment: All Operating Divisions Profitable



[EUR m]



Net Cash Position Improved to EUR 874m



Capital structure after Q1 FY10

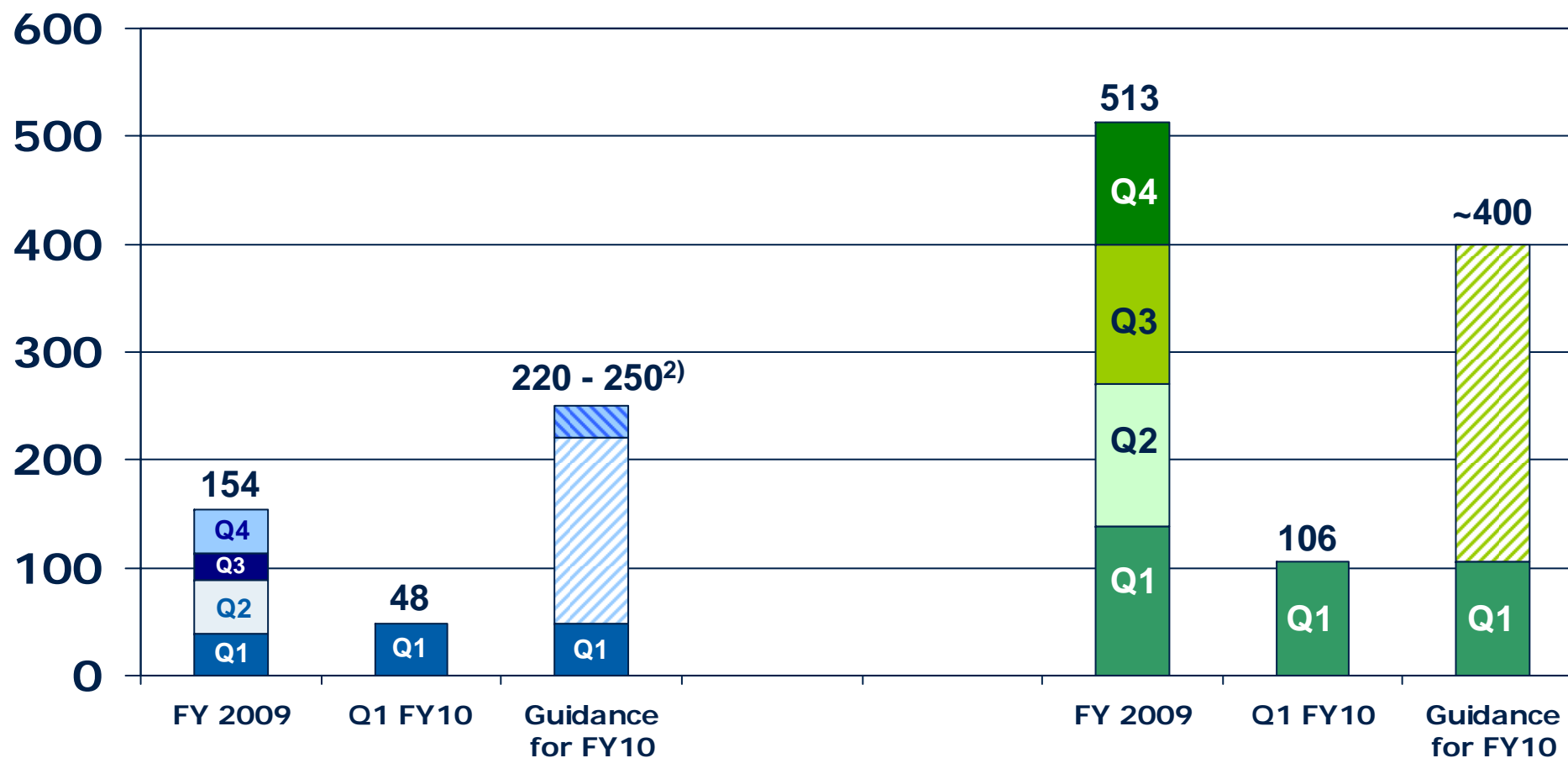
- Repurchase of EUR 48m nominal amount of outstanding bonds in Q1 FY10.
- Other debt repayments of EUR 10m in Q1 FY10.
- Convertible bond 2010 maturing on June 5th.
- Positive free cash flow of EUR 14m in Q1 FY10 includes EUR 88m negative effect on gross cash from deconsolidation of ALTIS.

CapEx Significantly Below D&A in FY 2010

CapEx¹⁾

D&A

[EUR m]

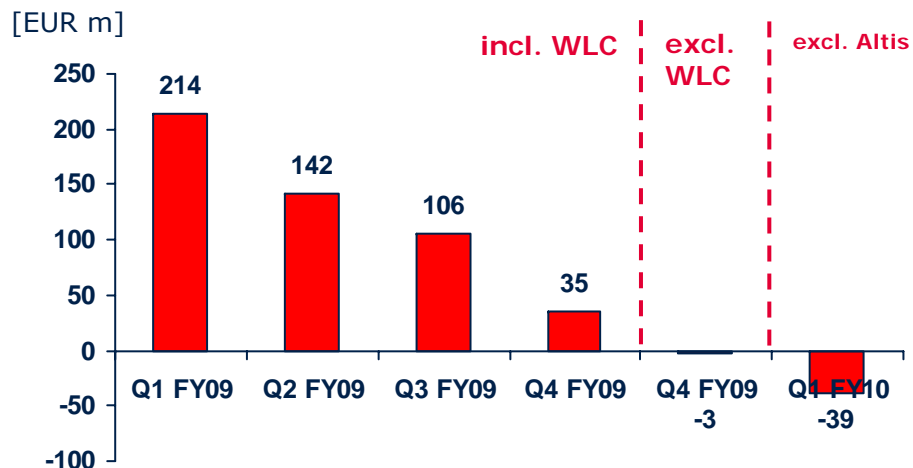


1) For definition please see slide 24 in appendix.

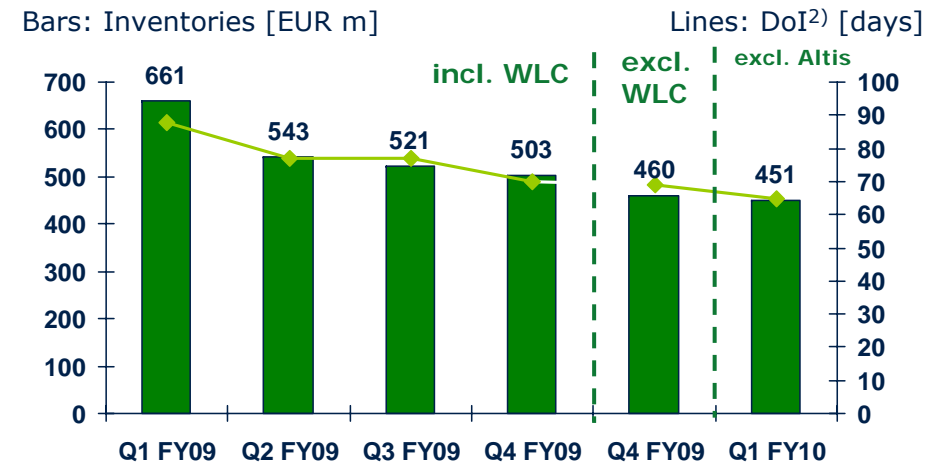
2) As of January 29, 2010, Infineon anticipates that CapEx will be at the higher end of the previous guidance range of EUR 220m to EUR 250m.

Strong Working Capital Management

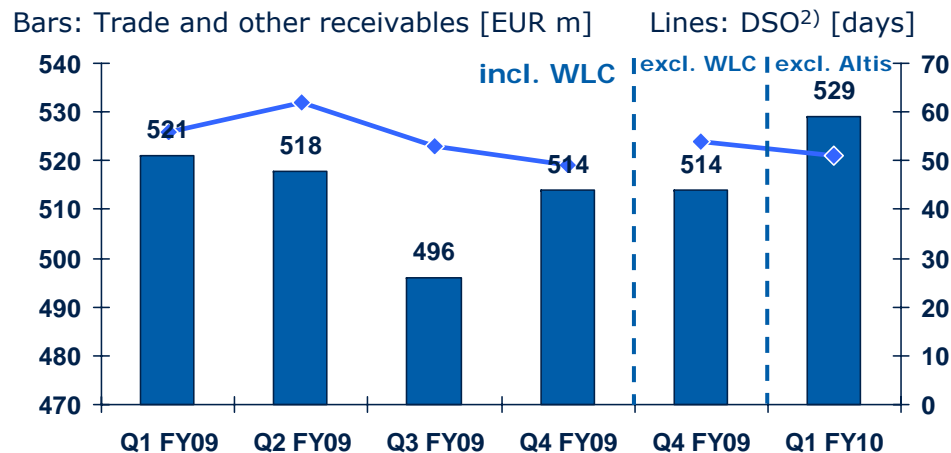
Working Capital²⁾



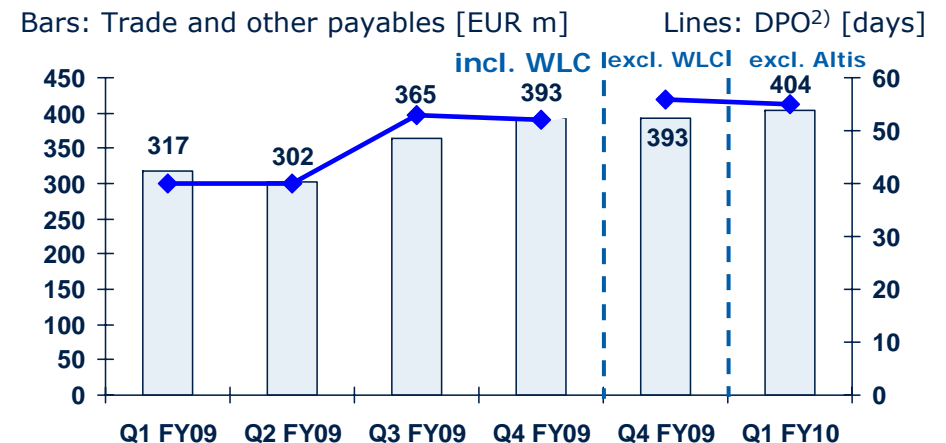
Inventories



Trade and other receivables



Trade and other payables



2) For definition please see slide 24 in appendix.

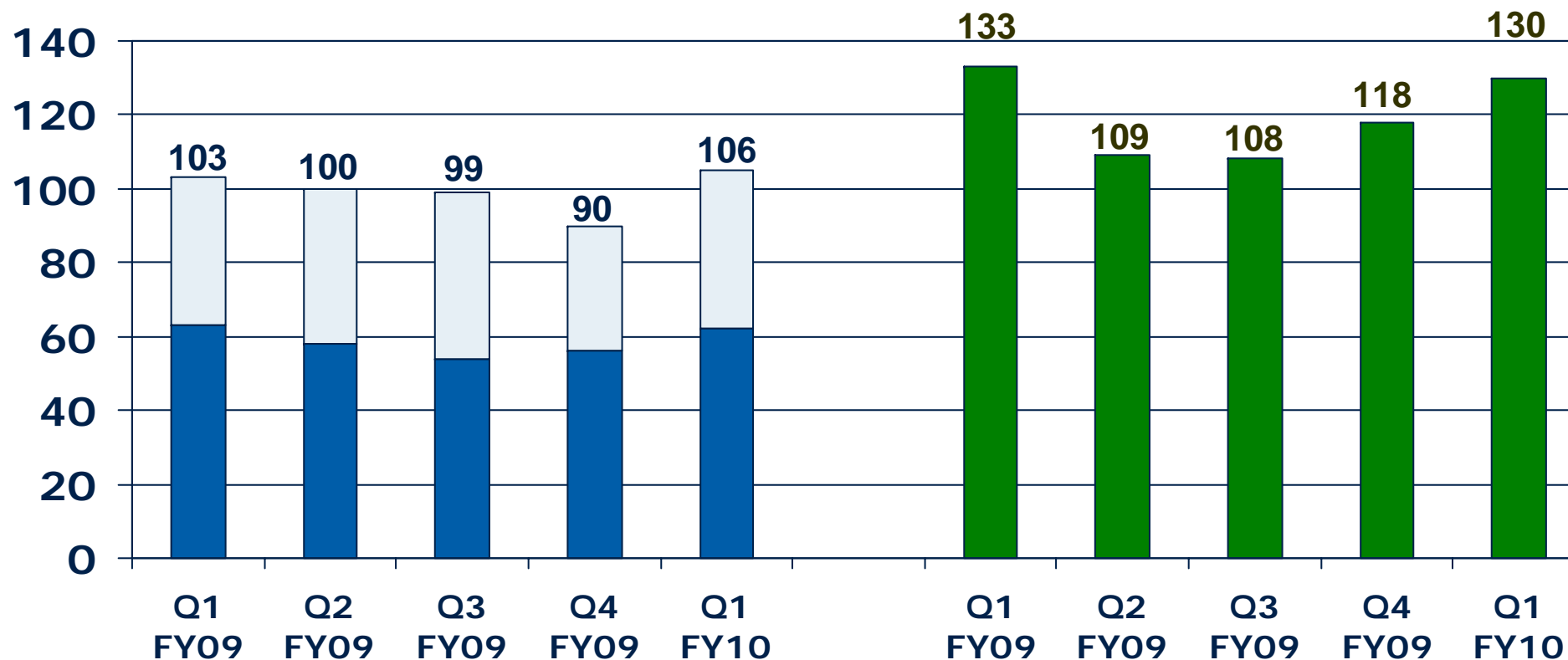
OpEx Up Q-on-Q Mainly Due to End of Temporary Labour Cost Reduction Measures



S and G&A

R&D

[EUR m]



■ Selling □ General & Administration

Q2 FY10 Outlook (IFRS)

Revenues

- Infineon expects revenues for Q2 FY10 to be approximately on the same level or, due to seasonality, down slightly compared to Q1 FY10.
- Revenues in the ATV, IMM, and CCS segments are expected to increase compared to Q1 FY10.
- Revenues in the WLS segment are likely to decrease due to the seasonal slow-down which is typical after the Christmas season.
- This outlook is based on the assumption of a USD/EUR ratio of 1.50.

Segment Result

- Infineon expects high single-digit combined Segment Result margin for Q2 FY10.

FY 2010 Outlook (IFRS)

Revenues

- In light of the strong performance in H1 FY10, and taking a conservative view regarding the sustainability of current growth patterns in H2 FY10, Infineon expects growth in revenues in excess of 20% for FY 2010, at an assumed USD/EUR ratio of 1.50.
- The company still anticipates the y-o-y increase to be driven by increases in revenues in all of the company's operating segments, particularly in the ATV and IMM segments, with lower revenue growth anticipated in the WLS segment, and the lowest growth rate expected in the CCS segment.
- Revenues in Other Operating Segments, mainly from product supply agreements with Lantiq, are now anticipated to total a low triple-digit million Euro amount.

Segment Result

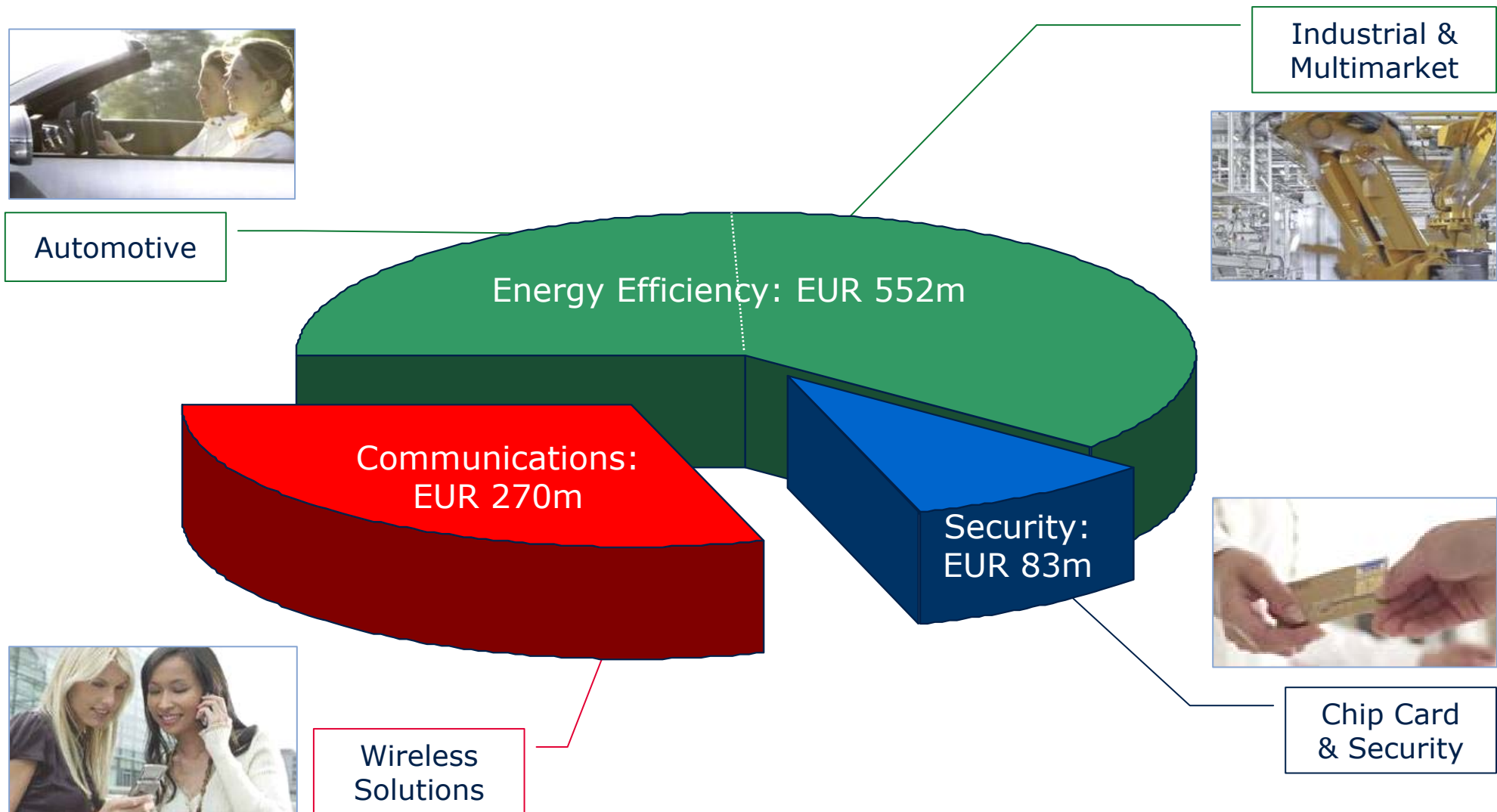
- Infineon expects combined Segment Result in FY 2010 to improve considerably from FY 2009 with combined Segment Result margin now anticipated to be a high single-digit percentage.

→ Infineon Results and Outlook

→ Business Highlights

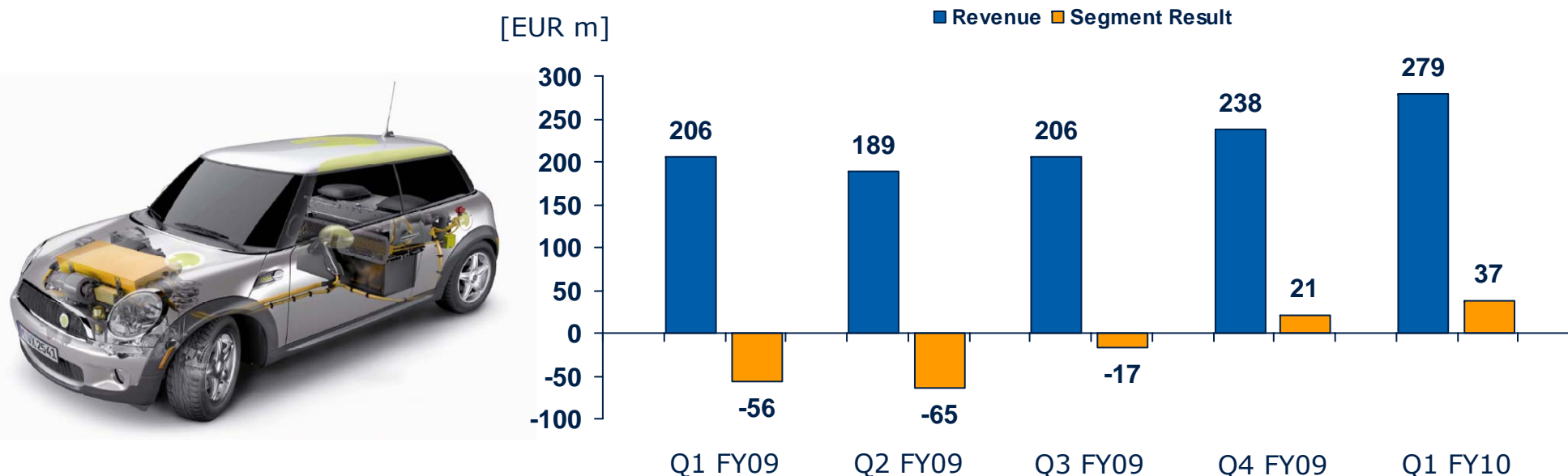
Revenue Split by Focus Area

Q1 FY10 revenue split



Automotive Segment (ATV)

Revenue and Segment Result for FY 2009 and Q1 FY10



Major recent developments

- Strong revenue growth mainly driven by improved market conditions in Q1 FY10 and replenishment at our customers. Outlook for car production 2010 improved across all market research firms.
- Increasingly positive trend towards cars with higher semiconductor content.
- In 2009, China moved to world's number 1 position in terms of car sales, leaving behind the US.
- Infineon is successfully extending its position in emerging markets with design-wins at Chinese and Indian players including car and motorbike manufacturers.

Three Major Applications in Electric Cars: Drive Train, Battery Management, Charger



Drive Train

- Components:
- HybridPACK™1 for mild hybrids (≤ 30 kW)
 - HybridPACK™2 for full hybrids (up to 150 kW)
 - discrete IGBTs for electric vehicles

- What counts?
- highest power density
 - innovative material combination



Battery Management

- Components: CoolMOS™, voltage regulators, μ Cs, sensors

- What counts?
- extension of battery lifetime
 - efficient DC/AC and AC/DC conversion
 - monitoring and control of battery pack's state by smart algorithms



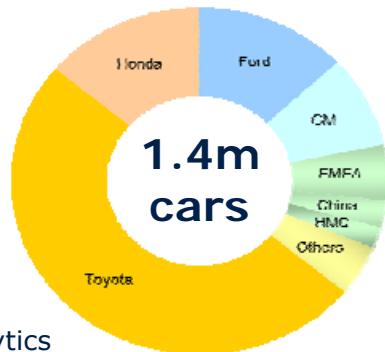
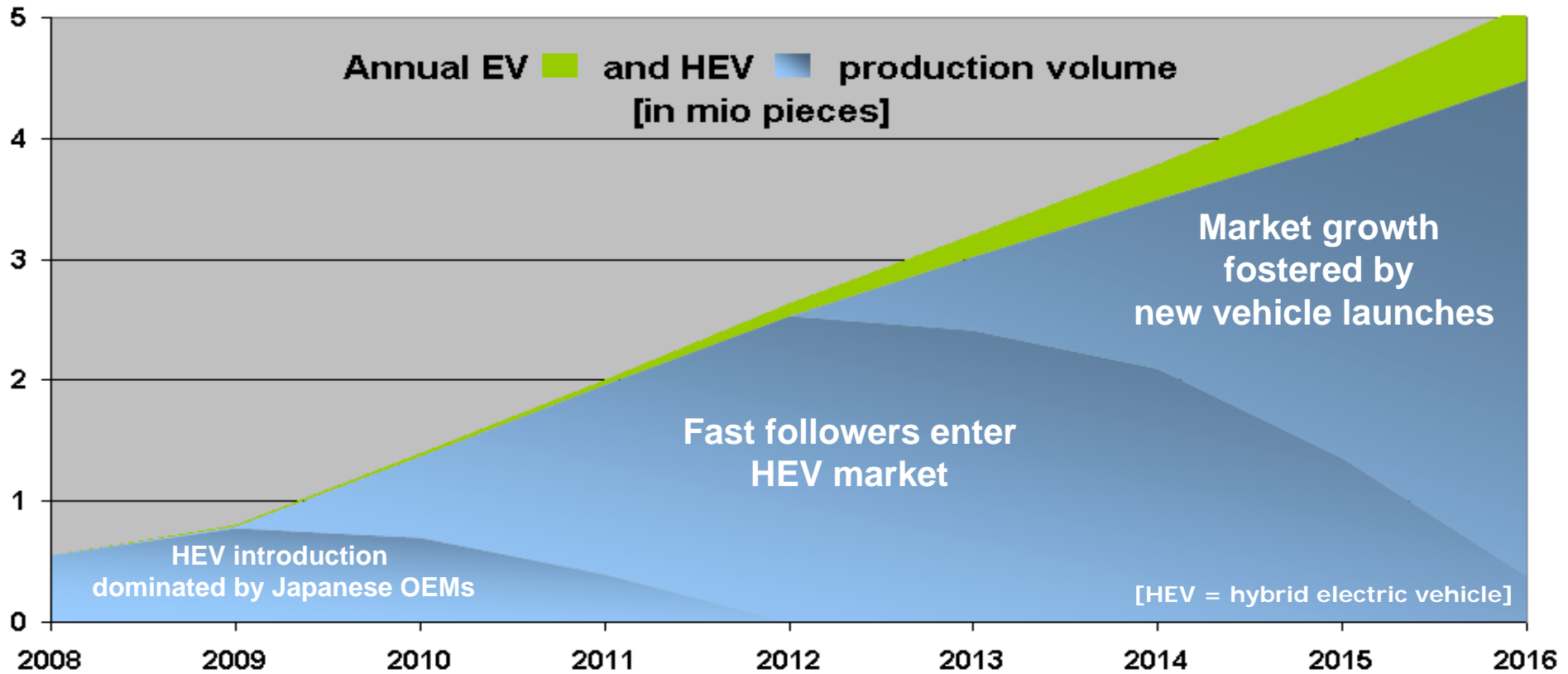
Charger

- Components: CoolMOS™, discrete IGBT

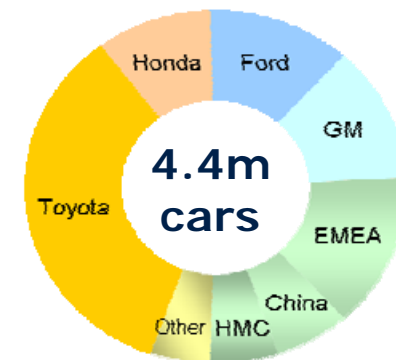
- What counts?
- efficient AC/DC conversion
 - short charging time
 - handling of high currents



Electric Drive Train is Gaining Momentum – Numerous Vehicle Launches Expected 2010 through 2015



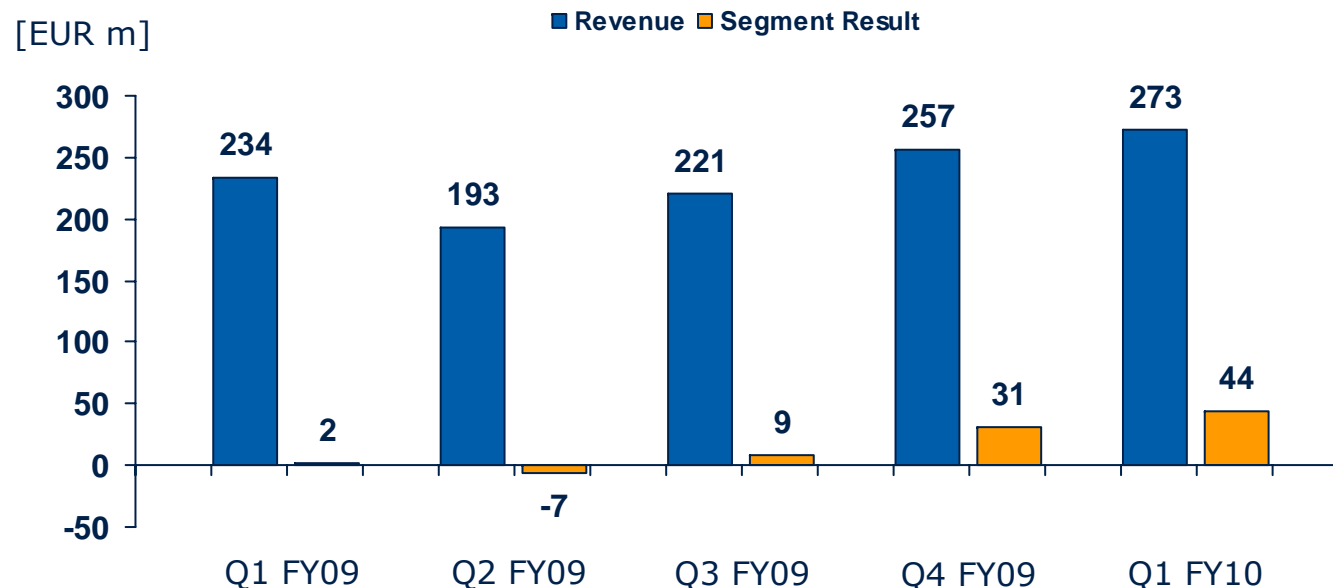
**2010 – 2015:
CAGR 26%**



Source: Strategy Analytics

Industrial & Multimarket Segment (IMM)

Revenue and Segment Result for FY 2009 and Q1 FY10



Major recent developments

- Revenue driven by renewable energies, traction and low-power drives as well as by computing segment (22% PC unit shipment growth year-on-year in December quarter; source: Gartner).
- Infineon and Fairchild reached settlement of patent infringement litigation relating to super-junction power MOSFETs. As a result, Fairchild will make payments to Infineon.
- New annual photovoltaic installations are forecast to grow by > 30% CAGR from 2009 to 2013 (source: IMS Research).

Technically Superior Power Semiconductors in Prestigious Buildings



Vatican's Auditorium

Location: Auditorium Paolo VI, Rome, Italy
Key data: 220 kW power generation, saving of 225 t CO₂ / year
Efficiency: more than 98%
Components: CoolMOS™, discrete IGBT, IGBT modules
Customer: SMA Solar Technology



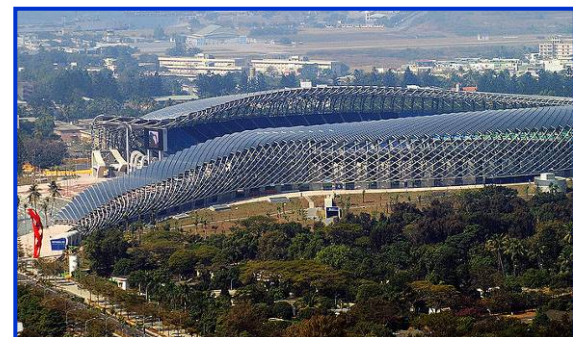
2009 World Games Kaohsiung Stadium

The stadium built for the 8th World Games 2009 is the world's first such facility to generate all its power needs through solar modules. Infineon was commissioned by Delta Group as the main supplier of power semiconductors for the inverters.

Location: Kaohsiung, Taiwan
Key data:

- 14,155 m² solar panel area
- 1.1 MWh of electricity per year
- saving of 660 t CO₂ emission per year

Efficiency: ~98%
Components: CoolMOS™ C3 (70% of power semis provided by IFX)
Customer: DeltaSol, a subsidiary of Delta Group



Renewable Energy Projects Powered by Infineon's Power Semiconductors



BARD Offshore 1

Germany's first off-shore wind park.

Location: 90 km northwest of Borkum, North Sea, Germany

Key data:

- 80 wind turbines of 5 MW each
- 400 MW total power generation
- completion exp. end of CY 2010

Components: Power module IHM 1700V

Customer: Loher GmbH



[Foto: PowerLight Corporation]

Bavaria Solar Park

The world's largest solar photovoltaic power system in 2006.

Location: Mühlhausen, Bavaria, Germany

Key data:

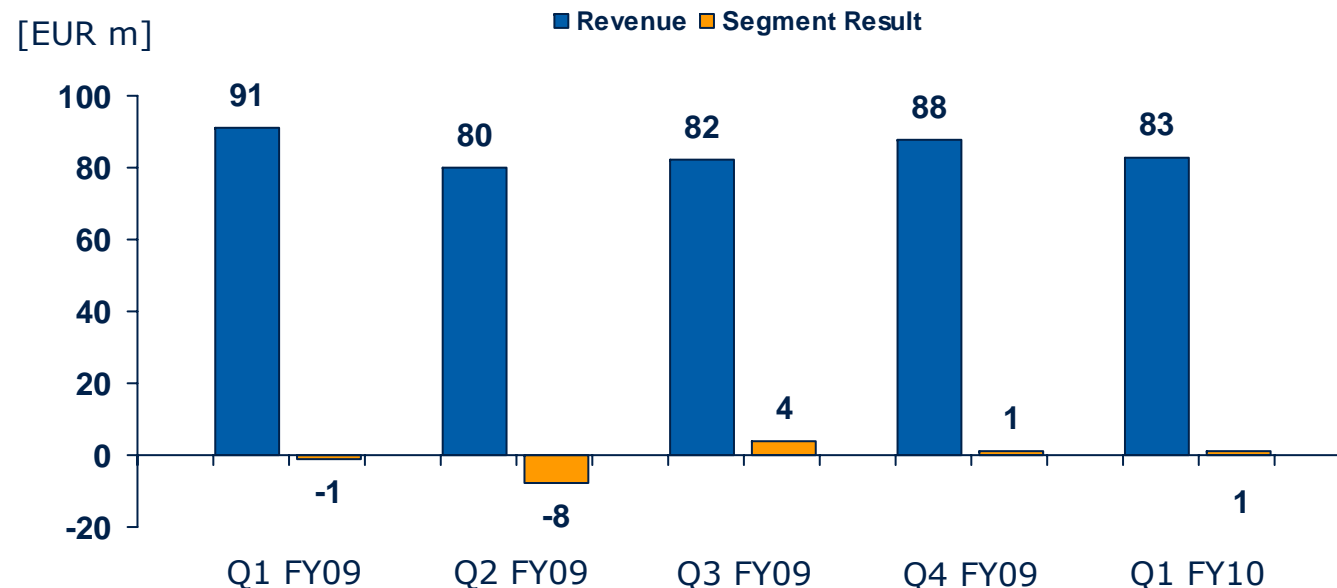
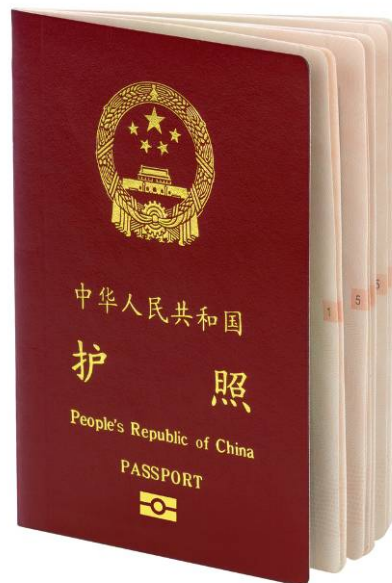
- 10 MW solar tracking system
- saving of 10,000 t CO₂ emission per year

Components: Power module IHM

Customer: Siemens AG

Chip Card & Security Segment (CCS)

Revenue and Segment Result for FY 2009 and Q1 FY10



Major recent developments

- Infineon recently started deliveries for the China electronic passport project. Infineon is now part of the two world's biggest electronic passport projects: USA and China.
- Architectural license agreement with ARM® for advanced security applications allows Infineon to integrate its innovative security measures into the heart of the CPU core implementation; approach well received at customers.
- Infineon's TPM security chips are first to receive Global TCG and Common Criteria Certification effectiveness level of „moderate“ for evaluation assurance level 4+ and UK Government Approval; demonstrating the market's trust in Infineon's security expertise for PC and data network protection.

Three Core Competencies at CCS



Tailored Security

Focus on: implementation of made-to-measure security functions which fulfill application-specific security needs

- Examples:
- entertainment (e.g. Pay-TV)
 - brand protection
 - public transport



Embedded Control

Focus on: right trade-off between computing power, power consumption, level of security, and cost.

- Examples:
- mobcom-NFC, M2M
 - digital tachograph
 - trusted computing



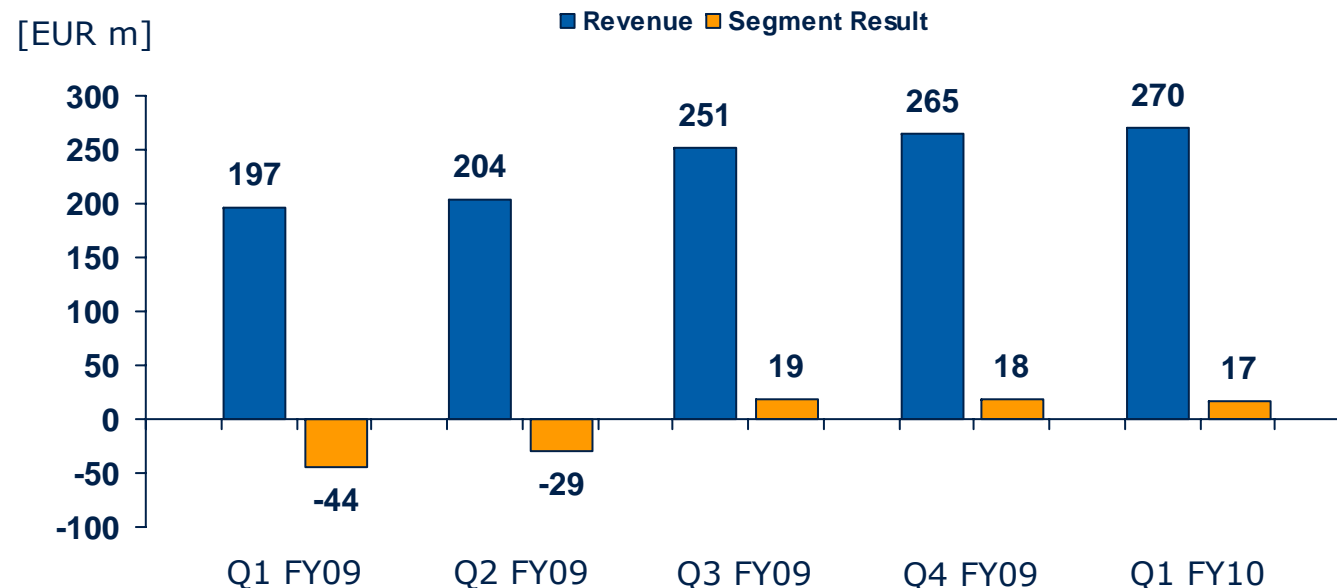
Contactless Excellence

Focus on: fast, reliable and secure transfer of the data stored on the card or the identification document. A high data transfer rate is key to achieving a high level of acceptance and user friendliness.

- Examples:
- contactless payment
 - government identification

Wireless Solutions Segment (WLS)

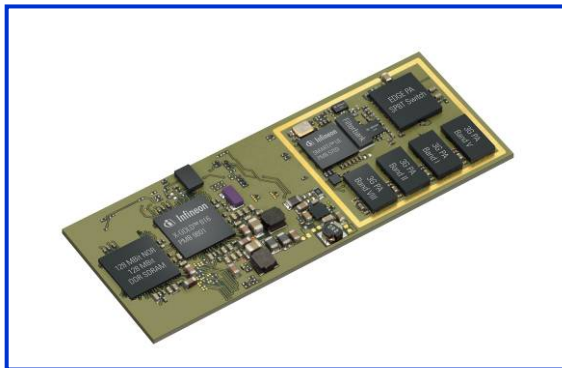
Revenue and Segment Result for FY 2009 and Q1 FY10



Major recent developments

- Revenues remained on high level mainly due to strong demand in smartphone segment.
- Nokia and Infineon announced a non-exclusive collaboration to ensure that Nokia's licensable HSPA and LTE modem designs work seamlessly with Infineon's leading RF transceiver solutions.
- Infineon announced SMARTi UE2, the latest generation multi-band HSPA+/EDGE/GPRS RF transceiver. Its groundbreaking digital architecture reduces the number of power amplifiers from five to one and integrates all low noise amplifiers and interstage filters.

Recent Product Launches



HSUPA Platform XMM 6160

Features: 65nm technology; power management unit (PMU) and baseband monolithically integrated;
RF transceiver: SMARTi UE family;
support of 3G bands I, II, IV, V and VIII.

Status: Ramp at major customers in FY 2010.



EDGE Platform XMM 2130

Features: 65nm technology; PMU, baseband, RF transceiver, and memory monolithically integrated.

Status: Volume shipments to tier-1's and major customers.
Ramp at Nokia expected in 2H CY10.



ULC Platform XMM 1100

Features: 65nm technology; PMU, baseband, RF transceiver, and memory monolithically integrated.

Status: First shipments to tier-1's and major customers.
Volumes are expected to increase steadily.



ENERGY EFFICIENCY COMMUNICATIONS SECURITY

Innovative semiconductor solutions for energy efficiency, communications and security.



Notes

CapEx =

- 'Purchase of property, plant and equipment'
- + 'Purchase of intangible assets, and other assets' incl. *capitalization of R&D expenses*

Working Capital =

- ('Total current assets'
- 'Cash'
- 'Available-for-sale financial assets'
- 'Assets classified as held for disposal')
- ('Total current liabilities'
- 'Short term debt and current maturities of long-term debt'
- 'Liabilities associated with assets classified as held for disposal')

DoI (days of inventory; quarter-to-date) =
('Inventories' / 'Cost of goods sold') * 90

DSO (days of sales outstanding; quarter-to-date) =
('Trade and other receivables' / 'Revenue') * 90

DPO (days of payables outstanding; quarter-to-date) =
('Trade and other payables' / ['Cost of goods sold' + 'Purchase of property, plant and equipment']) * 90

Infineon Consolidated Statements of Operations (IFRS) (unaudited)



in Euro million	3 months ended		
	Dec 31, 08	Sep 30, 09	Dec 31, 09
Revenue	742	855	941
Cost of goods sold	(619)	(607)	(627)
Gross profit	123	248	314
Research and development expenses	(132)	(118)	(130)
Selling, general and administrative expenses	(103)	(90)	(106)
Other operating income	3	7	6
Other operating expense	(11)	11	(96)
Operating income (loss)	(120)	58	(12)
Financial income	60	1	11
Financial expense	(56)	(38)	(38)
Income from investments accounted for using the equity method	1	2	1
Income (loss) from continuing operations before income taxes	(115)	23	(38)
Income tax benefit (expense)	(4)	1	(8)
Income (loss) from continuing operations	(119)	24	(46)
Income (loss) from discontinued operations, net of income taxes	(285)	(10)	112
Net income (loss)	(404)	14	66
Attributable to:			
Non-controlling interests	(30)	-	1
Shareholders of Infineon Technologies AG	(374)	14	65

Basic and diluted earnings (loss) per share attributable to shareholders of Infineon Technologies AG (in Euro)*:

Weighted average shares outstanding (in million) – basic and diluted	813	977	1,087
Basic and diluted earnings (loss) per share from continuing operations	(0.14)	0.03	(0.04)
Basic and diluted earnings (loss) per share from discontinued operations	(0.32)	(0.01)	0.10
Basic and diluted earnings (loss) per share	(0.46)	0.02	0.06

Infineon Consolidated Statement of Financial Position (IFRS) (unaudited)



in Euro million	Sep 30, 09	Dec 31, 09
Assets		
Current assets:		
Cash and cash equivalents	1,414	1,589
Available-for-sale financial assets	93	89
Trade and other receivables	514	529
therein: Trade accounts receivables	449	403
Inventories	460	451
Income tax receivable	11	19
Other current financial assets	26	23
Other current assets	114	111
Assets classified as held for sale	112	17
Total current assets	2,744	2,828
Property, plant and equipment	928	841
Goodwill and other intangible assets	369	369
Investments accounted for using the equity method	27	35
Deferred tax assets	396	392
Other financial assets	124	122
Other assets	18	18
Total assets	4,606	4,605
Liabilities and equity		
Current liabilities:		
Short-term debt and current maturities of long-term debt	521	496
Trade and other payables	393	404
therein: Trade accounts payables	384	394
Current provisions	436	480
Income tax payable	102	114
Other current financial liabilities	50	25
Other current liabilities	147	149
Liabilities classified as held for sale	9	19
Total current liabilities	1,658	1,687
Long-term debt	329	308
Pension plans and similar commitments	94	97
Deferred tax liabilities	13	6
Long-term provisions	89	64
Other financial liabilities	5	4
Other liabilities	85	99
Total liabilities	2,273	2,265
Shareholders' equity:		
Ordinary share capital	2,173	2,173
Additional paid-in capital	6,048	6,048
Accumulated deficit	(5,940)	(5,875)
Other components of equity	(8)	(6)
Total equity attributable to shareholders of Infineon Technologies AG	2,273	2,340
Non-controlling interests	60	-
Total equity	2,333	2,340
Total liabilities and equity	4,606	4,605

Infineon Consolidated Statements of Cash Flows (IFRS) (unaudited)



(€millions)	3 months ended		
	Dec 31, 08	Sep 30, 09	Dec 31, 09
Net income (loss)	(404)	14	66
Less: net loss (income) from discontinued operations	285	10	(112)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:			
Depreciation and amortization	139	114	106
Provision for doubtful accounts	2	-	-
Losses (gains) on sales of available-for-sale financial assets	-	1	(2)
Losses (gains) on sales of businesses and interests in subsidiaries	(1)	-	(3)
Losses in connection with the deconsolidation of ALTIS	-	-	81
Income from investments accounted for using the equity method	(1)	(2)	(1)
Impairment charges	-	4	6
Deferred income taxes	3	(5)	(2)
Changes in operating assets and liabilities:			
Trade and other receivables	237	(19)	18
Inventories	(2)	20	(3)
Other current assets	(42)	(6)	(1)
Trade and other payables	(171)	18	13
Provisions	(63)	(2)	(1)
Other current liabilities	(3)	30	(29)
Other assets and liabilities	(7)	10	30
Interest received	9	5	1
Interest paid	(7)	(3)	(10)
Income tax received (paid)	21	1	(8)
Net cash provided by (used in) operating activities from continuing operations	(5)	190	149
Net cash provided by (used in) operating activities from discontinued operations	(344)	(1)	(2)
Net cash provided by (used in) operating activities	(349)	189	147
Cash flows from investing activities:			
Proceeds from sales of available-for-sale financial assets	5	6	2
Proceeds from sales of businesses and interests in subsidiaries	-	-	1
Cash decrease from the deconsolidation of ALTIS	-	0	(88)
Purchases of intangible assets, and other assets	(11)	(18)	(14)
Purchases of property, plant and equipment	(28)	(22)	(34)
Proceeds from sales of property, plant and equipment, and other assets	-	1	-
Net cash used in investing activities from continuing operations	(34)	(33)	(133)
Net cash provided by (used in) investing activities from discontinued operations	319	(4)	220
Net cash provided by (used in) investing activities	285	(37)	87
Cash flows from financing activities:			
Net change in short-term debt	10	-	-
Net change in related party financial receivables and payables	(2)	-	(2)
Proceeds from issuance of long-term debt	1	-	-
Principal repayments of long-term debt	(84)	(187)	(58)
Change in restricted cash	(1)	-	-
Proceeds from issuance of ordinary shares	-	680	-
Dividend payments to minority interests	-	3	-
Capital contribution	(5)	-	-
Net cash provided by (used in) financing activities from continuing operations	(81)	496	(60)
Net cash provided by (used in) financing activities from discontinued operations	19	-	-
Net cash provided by (used in) financing activities	(62)	496	(60)
Net increase (decrease) in cash and cash equivalents	(126)	648	174
Effect of foreign exchange rate changes on cash and cash equivalents	(8)	(1)	1
Cash and cash equivalents at beginning of period	1,170	767	1,414
Total cash and cash equivalents at end of period	1,036	1,414	1,589
Less: Cash and cash equivalents at end of period classified as held for disposal	389	-	-
Cash and cash equivalents at end of period	647	1,414	1,589

Financial Calendar and IR Contacts

Financial Calendar

- Feb 11, 2010
**Annual General Meeting,
Munich**
- Feb 16, 2010
**Presentation at Mobile World
Congress, Barcelona**
- Apr 29, 2010*
Q2 FY10 Results
- Jul 28, 2010*
Q3 FY10 Results
- Nov 16, 2010*
Q4 and Full Year FY10 Results

* Preliminary Date

IR Contacts

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Disclaimer

This presentation was prepared as of January 29, 2010 and is current only as of that date.

This presentation includes forward-looking statements about the future of Infineon's business and the industry in which we operate. These include statements relating to general economic conditions, future developments in the world semiconductor market, our ability to manage our costs and to achieve our savings and growth targets, the resolution of Qimonda's insolvency proceedings and the liabilities we may face as a result of Qimonda's insolvency, the benefits of research and development alliances and activities, our planned levels of future investment, the introduction of new technology at our facilities, the continuing transitioning of our production processes to smaller structure sizes, and our continuing ability to offer commercially viable products.

These forward-looking statements are subject to a number of uncertainties, such as broader economic developments, including the pace and sustainability of the current economic recovery; trends in demand and prices for semiconductors generally and for our products in particular, as well as for the end-products, such as automobiles and consumer electronics, that incorporate our products; the success of our development efforts, both alone and with partners; the success of our efforts to introduce new production processes at our facilities; the actions of competitors; the availability of funds; the outcome of antitrust investigations and litigation matters; and the resolution of Qimonda's insolvency proceedings; as well as the other factors mentioned in this presentation and those described in the "Risk Factors" section of our annual report on Form 20-F on file with the U.S. Securities and Exchange Commission. As a result, Infineon's actual results could differ materially from those contained in or suggested by these forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements.

Infineon does not undertake any obligation to publicly update or revise any forward-looking statements in light of developments which differ from those anticipated.