

Deutsche Bank
European TMT Conference
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Peter Bauer
CEO



Table of Contents

- Sale of Infineon Wireless Solutions Business

- Infineon's New Focus Areas and Outlook

Infineon Has Sold Wireless Solutions Business (WLS) to Intel



Infineon sold Wireless Solutions business (WLS) for approximately **US\$ 1.4 bn** to Intel.



WLS to become a **standalone business** within Intel.



About **3,400 WLS employees** to transfer.



Sale to be finalized with closing – presumably in **Q1 CY 2011**. WLS reported as discontinued operations from Q4 FY10 onwards.

Use of Proceeds of USD 1.4bn from the Sale of the WLS Business



The **cash inflow of USD 1.4bn will occur only at closing** which is expected for Q1 CY 2011.

Shareholders should participate appropriately in the success of the company, net income and free cash flow permitting; **dividends and share buy-backs as possible means.**

Use of proceeds: **superior value generation for shareholders** possible if used within the company.

Uses of cash:

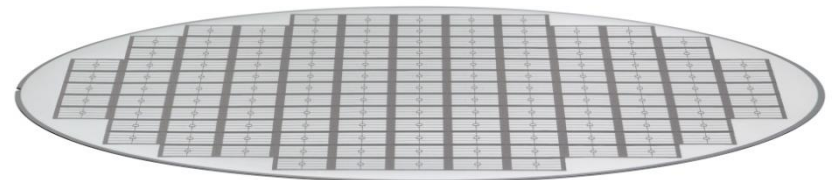
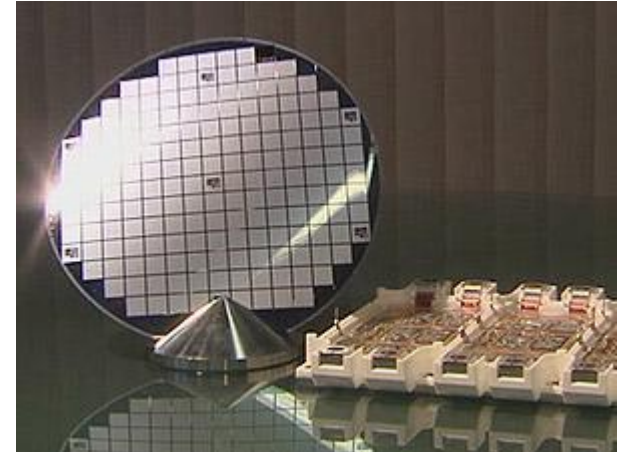
Organically: growth of low cost manufacturing capacity, in particular in Kulim. Invest in 300mm power thin-wafer manufacturing ("Power300").

Anorganically: solid balance sheet provides flexibility to use opportunities to reinforce ATV, IMM and CCS. Corporate strategy includes pursuit of M&A options that ensure value accretion for shareholders, provide a strategic fit and fit target margin model.

“Power300” Supports Growth Strategy With Reasonable Invest



- To support annual sales **growth of ~10%** over the next years, we will have significant **in-house production** based on our strategy of differentiated manufacturing.
- This will require capacity investments, including additional cleanroom space, within the next 2-3 years. As a result, the invest-to-sales ratio will increase to a low teens percentage.
- To further improve our leading position in cost and performance in the area of power semiconductors we will **invest in 300mm power manufacturing**. The higher productivity of 300mm will also lead to lower invest to sales ratios.
- In FY11, we will begin with a **pilot line** as well as a **baseline** for qualification **at a high volume production site**.
- We expect to start volume production in 300mm **within 2 to 3 years**.

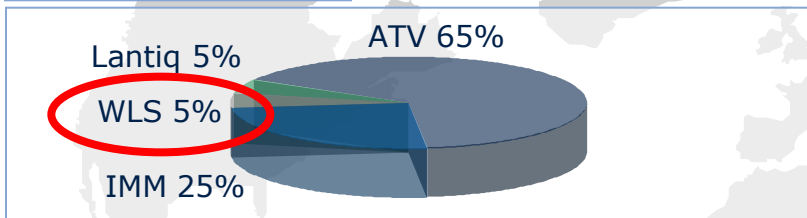


Production Capacities Used by WLS are Comparatively Small

Regensburg



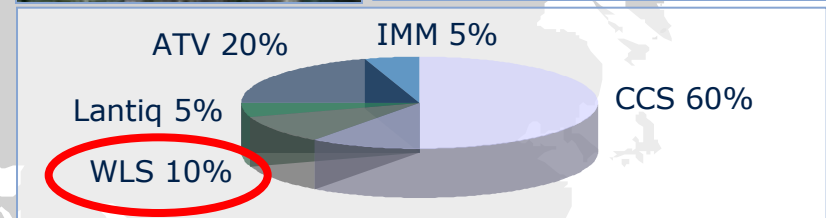
Employees: 1,090
Capacity: 42k WSPM
Technology: $\geq 350\text{nm}$
Complexity: 16 mask layers
Products: Power



Dresden



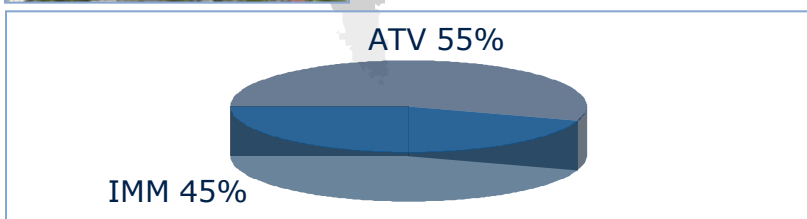
Employees: 1,790
Capacity: 40k WSPM
Technology: $\geq 90\text{nm}$
Complexity: 30 mask layers
Products: CMOS



Villach



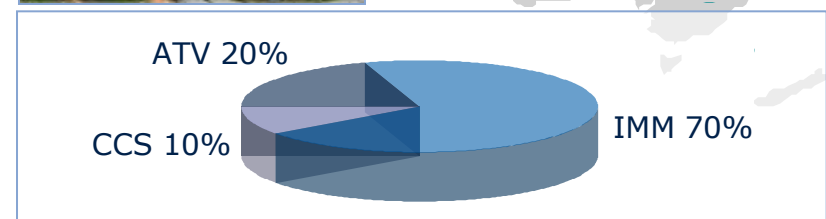
Employees: 1,590
Capacity: 110k WSPM
Technology: $\geq 200\text{nm}$
Complexity: 11 mask layers
Products: Power



Kulim



Employees: 990
Capacity: 51k WSPM
Technology: $\geq 200\text{nm}$
Complexity: 13 mask layers
Products: Power, CMOS



WSPM = Wafer Starts Per Month (200mm equivalent)

Table of Contents

■ Sale of Infineon Wireless Solutions Business

■ Infineon's Strategy, Focus Areas and Outlook

Corporate Transformation Drives Financial Success

Management of market upturn

- Targeted capacity increase
- Allocation management

Sharpening IFX focus

- Signing of WLS sale to Intel
- Lantiq sale
- Qimonda

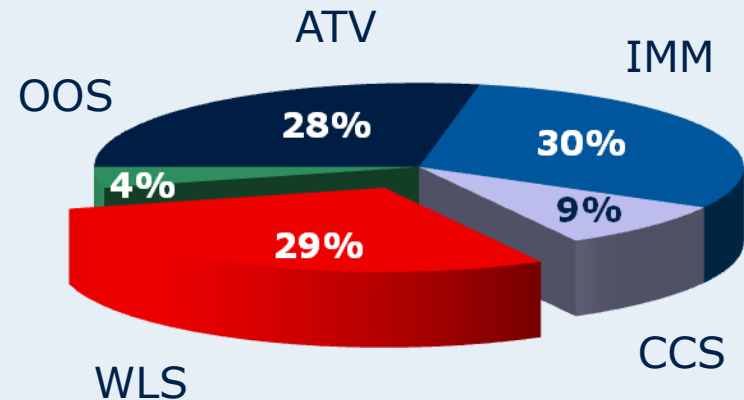
Refinancing

- Bond issuance
- Capital increase

Restructuring

- Cost savings

Revenues FY 2010e:
~ EUR 4.5bn incl. WLS
(~ EUR 3.2bn excl. WLS)



Segment Result margin FY 2010e:
> 10% incl. WLS
(» 10% excl. WLS)

Sum of corporate measures turned FY 2007 operating loss into > 10% Segment Result margin in FY 2010, despite ~40% lower revenues.

Infineon Holds #1 Positions in All Target Markets



**Auto-
motive**

#1

Market
share

9%

Calendar Year 2009
Source: Strategy Analytics,
May 2010

Power

#1

Market
share

11%

Calendar Year 2009
Source: IMS Research,
August 2010

Chip Card

#1

Market
share

26%

Calendar Year 2008
Source: Frost & Sullivan,
July 2009

We Focus on Three Areas with Highly Attractive Future Perspectives



Energy Efficiency



Mobility



Security



Automotive

Industrial & Multimarket

Chip Card & Security

Introducing the new focus area "Mobility" reflects:

- Our leadership position in Automotive
- Rising importance of new mobility concepts (e.g. e-mobility), and
- Innovative public transportation solutions for traction & electronic tickets

ATV Will Benefit from Multiple Growth Opportunities



Electrification of powertrain

- Best-in-class powertrain products
- System and application know-how
- Optimized hybrid and electric drivetrain products
- Energy management concepts
- Replacement of relays and mechanical functions by electrification



More stringent safety and CO₂ regulations

- Dedicated sensor, power and microcontroller products
- Safety standard compliant products
- Innovative sensor technologies: magnetics (Hall, iGMR), MEMS (inertia, pressure) and SiGe (Radar, ACC)



Affordable cars for emerging countries

- Scalable product portfolio to address low cost car design and production
- Easy to integrate chipset solutions for safety, powertrain and body
- Software and support to enable emerging country OEM and Tier-1s
- Optimized chipsets for E-bikes

IMM Driven by Diverse Range of Power Electronics Growth Markets



Variable speed drive

- Hundreds of millions of motors to be replaced
- Low penetration of VSD
- Replacement cycle to continue for decades



Infrastructure

- Trains
- Power transmission and distribution
- Smart grid



Renewable energies

- On-shore and off-shore wind parks
- Photovoltaic system



Power management

- Power supplies
- Digital power management



LED lighting

- Architectural lighting
- Street lights
- Bulb replacement
- LCD backlighting



Government identification

- e-passports
- National e-ID cards
- e-health care cards
- e-drivers license



Payment

- Contactless payment
- Mobile payment / NFC
- Transport / ticketing



Embedded security

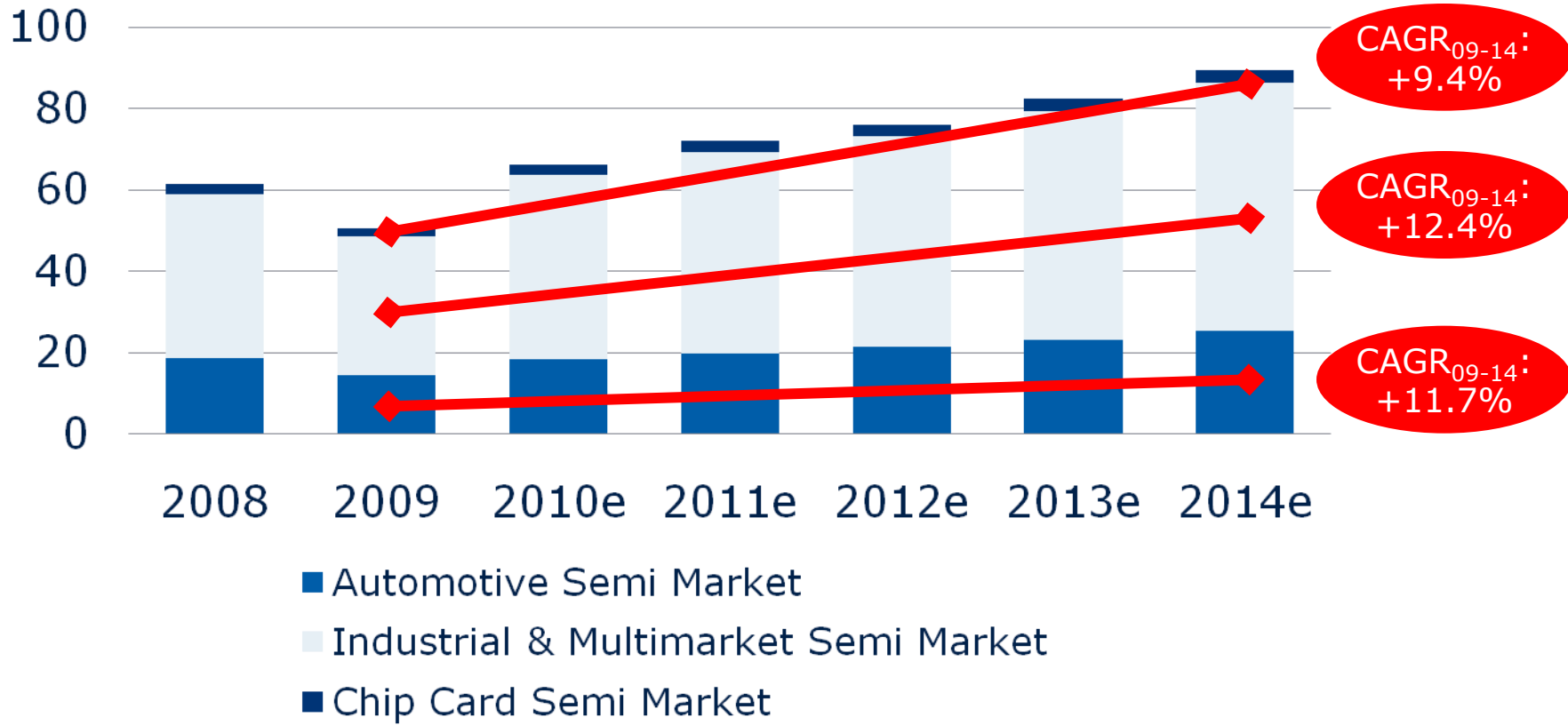
- Trusted platform module
- Authentication in consumer applications
- M2M communication
- Automotive applications (e.g. digital tachograph)
- Emerging security applications (e.g. smart metering)

Infineon is Focusing on High-Growth Markets



Worldwide Semi Market for Automotive, Industrial and Chip Card

[USD bn]

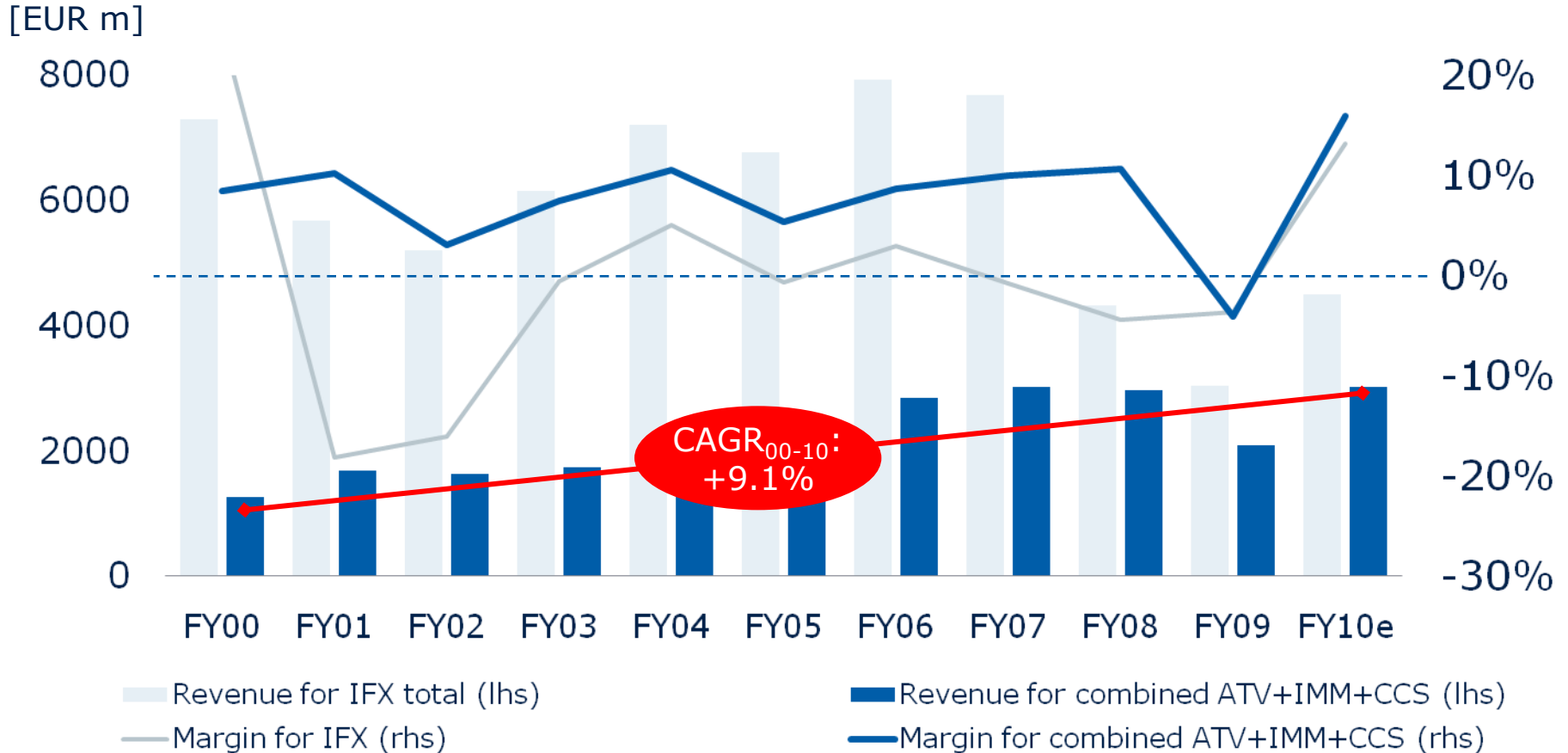


Source: iSuppli, Q2 2010

ATV+IMM+CCS More Profitable and Less Volatile Than IFX Group



Revenue and margins for Infineon since 2000



Notes:

FY00 to FY07: EBIT margin based on US-GAAP. FY08 to FY10: Segment Result margin based on IFRS. Qimonda deconsolidated in FY08. WLC (Lantiq) deconsolidated in FY09. Figures for FY10 based on consensus numbers.

Target Operating Model: High Teens Segment Result Margin



	FY 2009	Q3 FY10	Target excl. WLS
Revenues	EUR 3.03bn	EUR 1.209bn	> EUR 4.0bn
Gross Margin	21.8%	34.7%	low 40ies %
R&D-to-sales	15.5%	12.2%	low to mid teens %
SG&A-to-sales	13.0%	10.0%	low teens %
Segment Result margin	-5.5%	13.5%	high teens %

Confirming Guidance Despite Weakness in Computing Sector



Outlook Q4 FY10*
(compared to Q3 FY10)



Outlook FY 2010*
(compared to FY 2009)



Infineon
Revenue

Revenue to increase by a high single-digit percentage.

Revenue to grow by a mid to high 40's percentage.

(compared to "high 30's percentage" before)

Combined
Segment
Result
Margin

Margin to increase by one to two percentage points.

Margin to be a low teens percentage.

* Guidance includes WLS business.

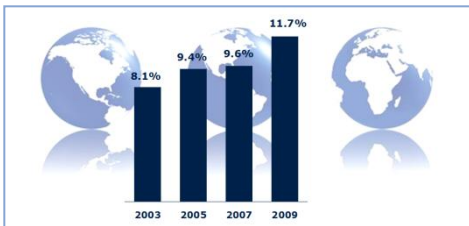
Transforming Infineon into a High-Growth, High-Margin Company



- Transformation based on:
 - active portfolio management,
 - leading market shares in target markets,
 - operating structure along customers and target markets,
 - focus on technological core competencies in power, embedded control, and analog/mixed-signal, and
 - superior understanding of customer systems.



- Portfolio capable of outgrowing predicted semiconductor market growth of ~10%.



- Target operating model of gross margin in the low 40ies % and high teens % Segment Result margin at ~EUR 4bn of sales.



ENERGY EFFICIENCY MOBILITY SECURITY

Innovative semiconductor solutions for energy efficiency, mobility and security.



Financial Calendar and IR Contacts

Financial Calendar

- Nov 16, 2010*
Q4 and Full Year FY10 Results
- Feb 17, 2011
Annual Shareholder Meeting
- Feb 01, 2011*
Q1 FY11 Results
- May 03, 2011*
Q2 FY11 Results
- Jul 28, 2011*
Q3 FY11 Results
- Nov 17, 2011*
Q4 FY11 Results

* Preliminary Date

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Disclaimer

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This presentation includes forward-looking statements and assumptions about the future of Infineon's business and the industry in which we operate. These include statements and assumptions relating to general economic conditions, future developments in the world semiconductor market, our ability to manage our costs and to achieve our growth targets, the resolution of Qimonda's insolvency proceedings and the liabilities we may face as a result of Qimonda's insolvency, the potential disposition or closure of our ALTIS joint venture, the benefits of research and development alliances and activities, our planned levels of future investment, the introduction of new technology at our facilities, our continuing ability to offer commercially viable products, and our expected or projected future results.

These forward-looking statements are subject to a number of uncertainties, such as broader economic developments, including the sustainability of recent improvements in the market environment; 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 continued availability of adequate funds; any mergers, acquisitions or dispositions we may undertake; 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 most recent 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.