

Second Quarter FY 2008

Quarterly Update

Infineon Technologies AG
Investor Relations



Never stop thinking

Disclaimer

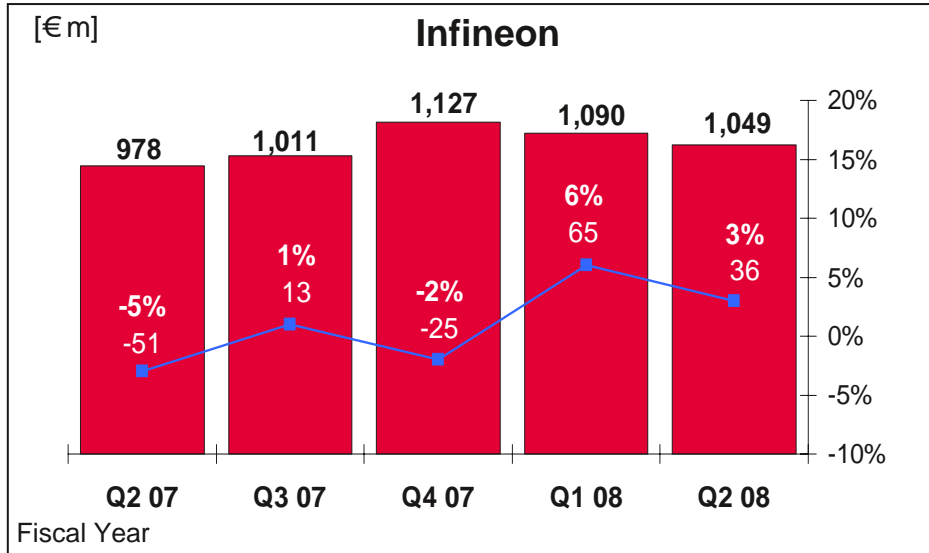
This presentation was prepared as of April 23, 2008 and is current only as of that date.

This presentation includes forward-looking statements about the future of Infineon's business and the industry in which it operates. These include statements relating to future developments in the world semiconductor market, including the market for memory products, Infineon's future growth, the benefits of research and development alliances and activities, Infineon's planned levels of future investment in the expansion and modernization of its production capacity, the introduction of new technology at its facilities, the continuing transitioning of its production processes to smaller structure sizes, cost savings related to such transitioning and other initiatives, Infineon's successful development of technology based on industry standards, Infineon's ability to offer commercially viable products based on its technology, Infineon's ability to achieve its cost savings and growth targets, and the impact of the carve-out of Qimonda, the group's memory products business, its initial public offering, and any further sales of Qimonda shares or other corporate financing measures in that regard.

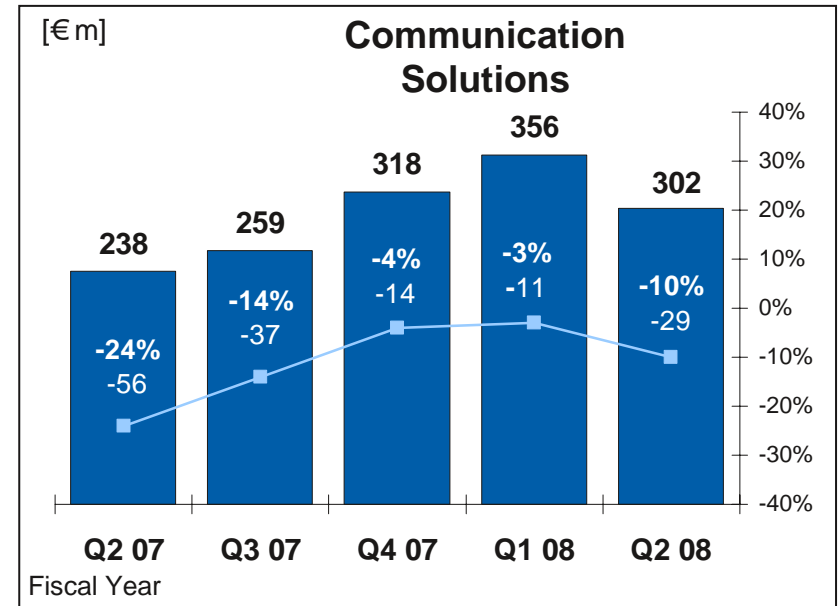
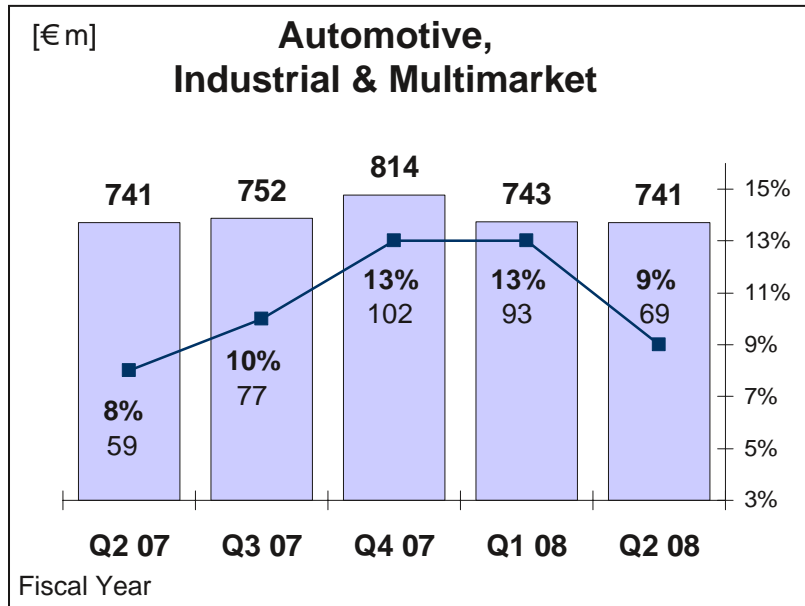
These forward-looking statements are subject to a number of uncertainties, including trends in demand and prices for semiconductors generally and for Infineon's products in particular, the success of Infineon's development efforts, both alone and with partners, the success of Infineon's efforts to introduce new production processes, the actions of competitors, the availability of funds for planned expansion efforts, and the outcome of antitrust investigations and litigation matters, as well as the other factors mentioned in this presentation and those described in the "Risk Factors" section of the annual report of Infineon on Form 20-F filed with the U.S. Securities and Exchange Commission on December 7th, 2007 or contained in the company's quarterly reports. As a result, Infineon's actual results could differ materially from those contained in 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 because of new information, future events or otherwise.

Second Quarter FY 2008 Results: Revenues of € 1.05bn; EBIT of € +36m



plus Segments
OOS and C&E



Third Quarter FY 2008 Outlook

IFX

- Revenues to be flat to down slightly q-o-q;
- EBIT before net gains and charges anticipated to decline q-o-q, but to remain positive with low single-digit margin.

COM

- Revenues expected to increase by a mid to high single-digit percentage q-o-q mainly due to ramp-up of HSDPA and EDGE mobile platforms. Broadband to be unchanged q-o-q.
- Negative EBIT before net gains and charges ~ -€25m.

AIM

- Revenues to decline by a low single-digit percentage q-o-q.
- Automotive, Industrial & Multimarket unchanged q-o-q; Security & ASIC to decrease due to deconsolidation, normalization in chipcard.
- EBIT margin before net gains and charges expected to be ~ 8.5% to 9.5%.

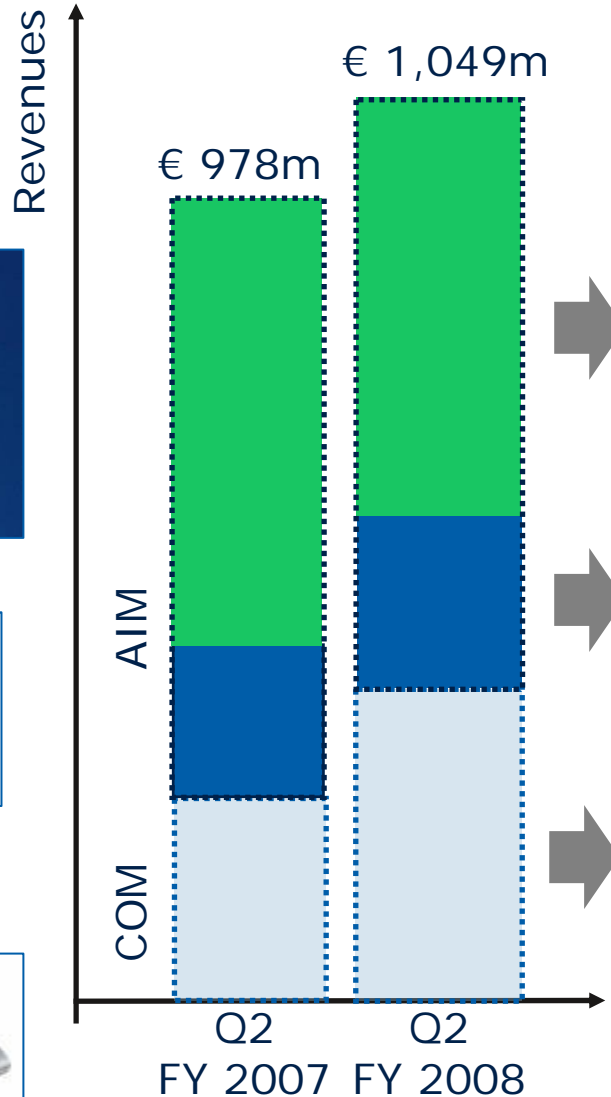
OOS, C&E

- Revenues in OOS and eliminated revenues in C&E to decline q-o-q.
- Combined EBIT before net gains and charges anticipated to be ~ -€20m.



Focus Areas and Growth: Energy Efficiency, Communications, Security

Powerful Demand Drivers



Energy Efficiency:

- Growth in power ICs as world needs to handle energy consumption
- Reduction of fuel consumption and CO₂ emissions in automobiles

Security:

- Growth in identification (e. g. ePassport), banking and others

Communications:

- Growth out of design-wins in mobile platforms; focus on single-chip and 7.2 Mbps HSDPA
- Strong RF transceiver and wireline access businesses

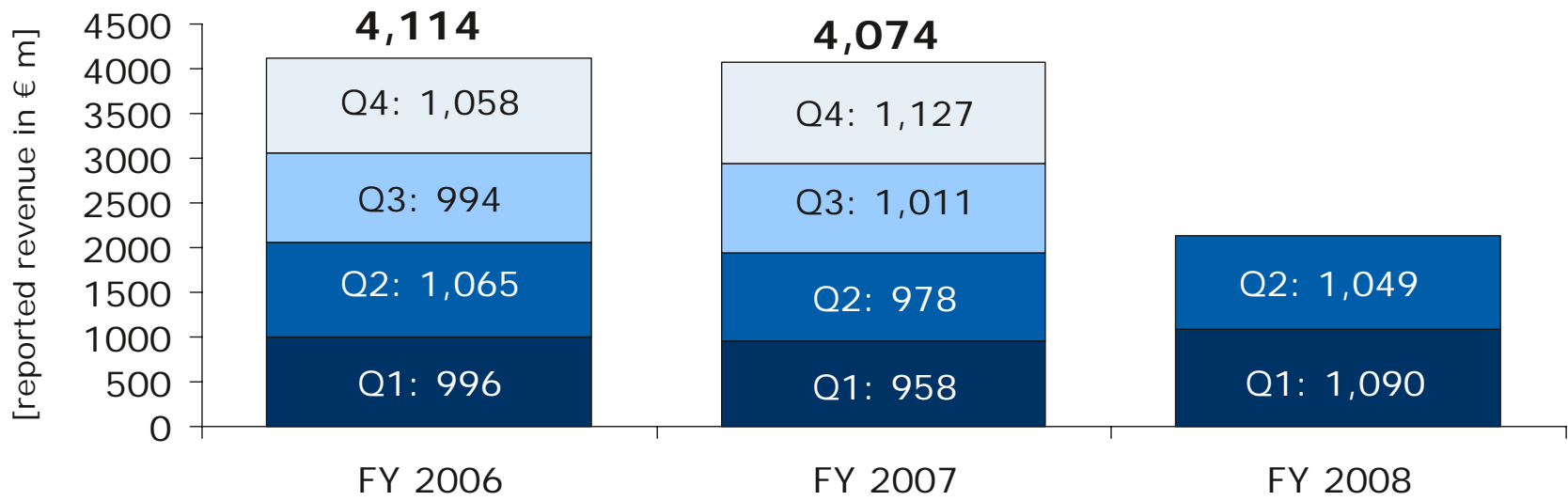
Organic Growth of Infineon at Constant Currency



Growth Rate

- excluding acquisitions, divestitures
- calculated on constant Q2 FY08 FX rates

	y-o-y	q-o-q
Infineon	+10%	-2%
Automotive, Industrial & Multimarket	+9%	+1%
Communication Solutions	+10%	-15%



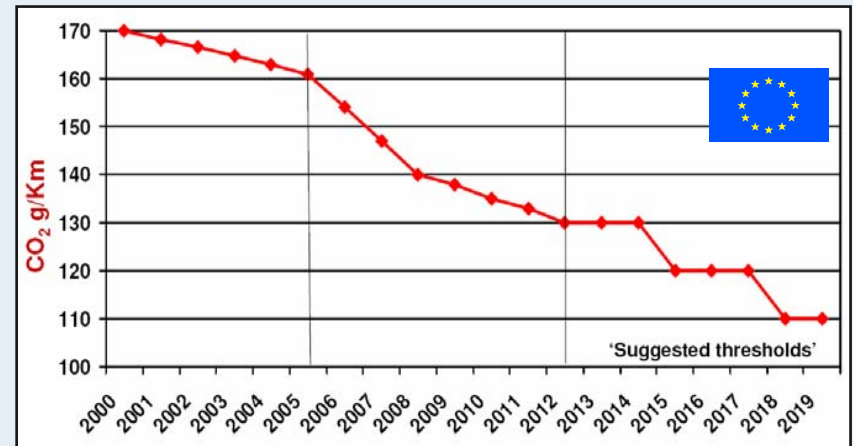
Environment Awareness as Market Growth Driver for Semiconductors in Automobiles



Market Drivers

- Demand for increased fuel economy due to decreasing energy resources
- Demand for reduction of CO₂ emission due to stricter legislations
- Performance is one integral part of the driving experience

European Union requires to reduce CO₂ emissions to be less than 120g/km by 2015 and 95g/km by 2020



Engine Management

Transmission

Alternative Powertrain

Energy Management

Heat Management



Sensors in start-stop (micro-hybrid) systems



Power modules for hybrid engine control

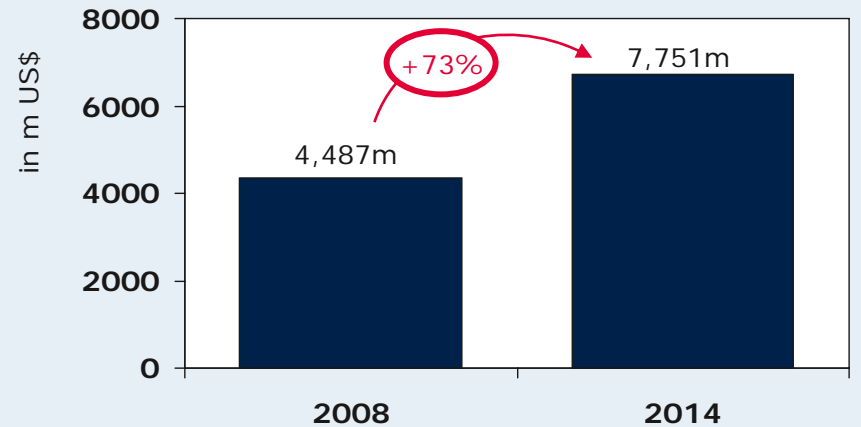
Safety Applications getting Standard Equipment in Automobiles



Market Driver

- Increasing demand for safety features in cars like Airbags, ABS and ESP; also in emerging markets
- Higher processing power for stability and safety & chassis functions
- Legislation like e-Call (emergency-call) will promote integration between safety and communication

Automotive Safety IC Market Growth



Source: Strategy Analytics, 2007

Airbag

Vehicle
Stability
Control

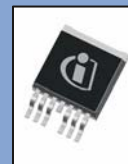
Driver
Assistance

e-Call

Electric
Power
Steering



New Generation
Microcontrollers for
Safety Applications



MOSFET for Power
Steering

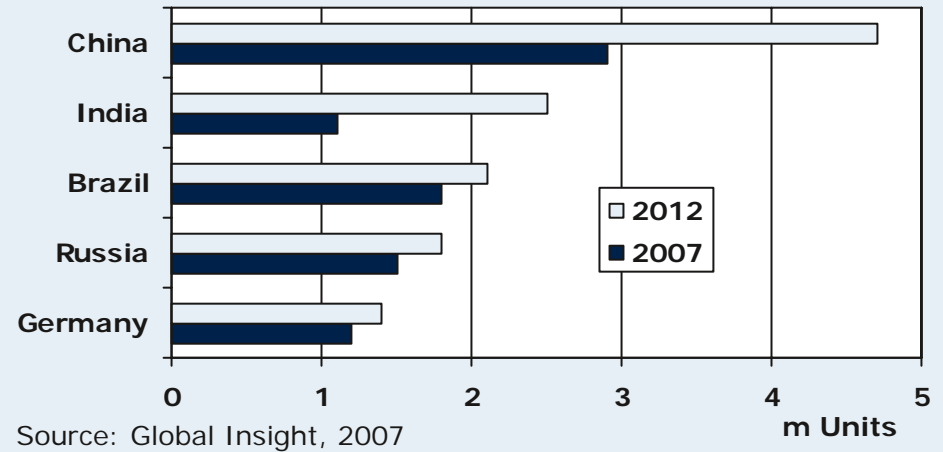
Emerging Markets have Highest Car Growth Rate



Market Driver

- More and more people can afford a car
- Integration of functions and centralisation of functions
- Scalable platforms

Sales in Small Car Segment



Price

Functionality

Flexibility

Scalability

Simplicity

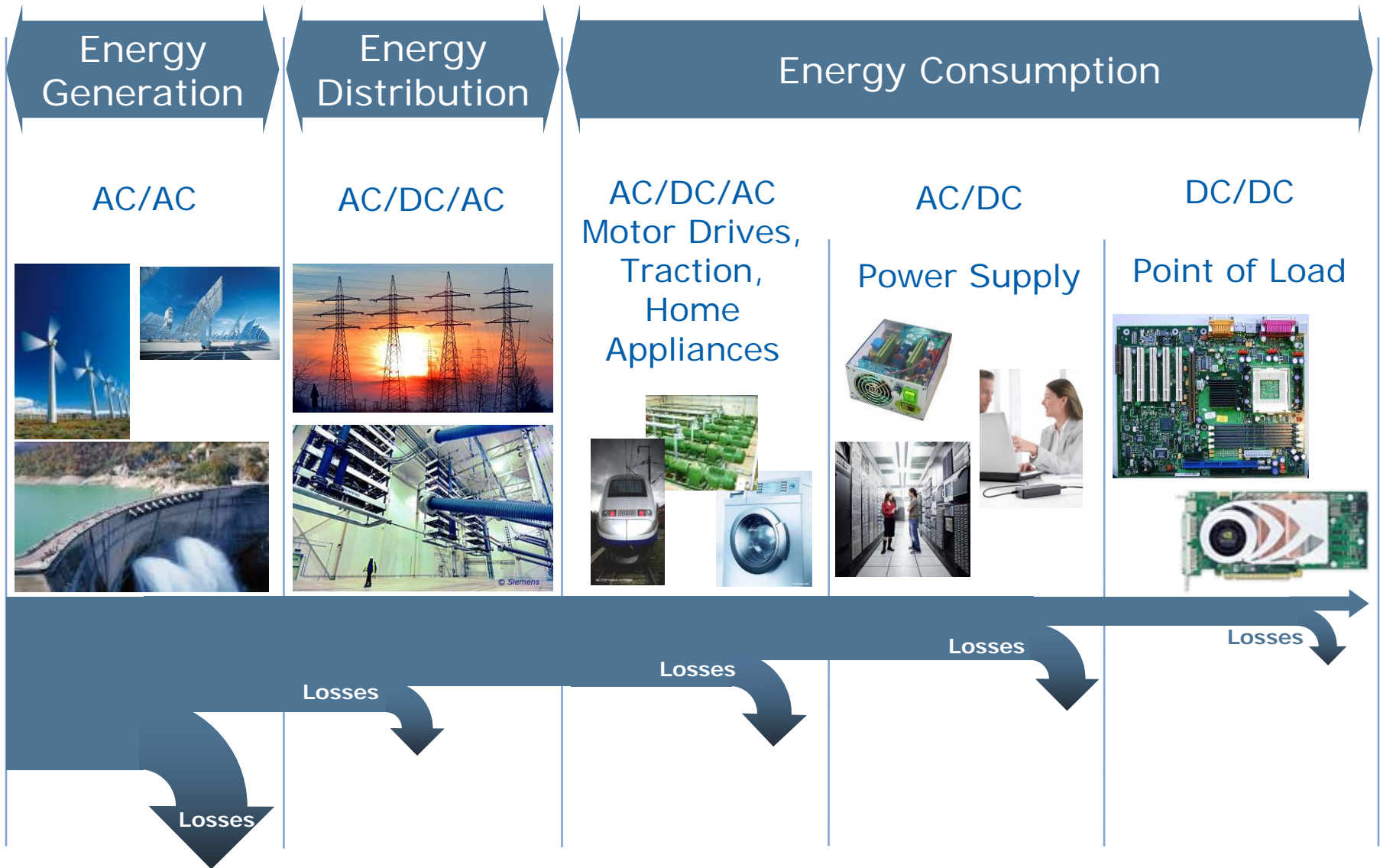


Broad range of microcontrollers provide flexibility



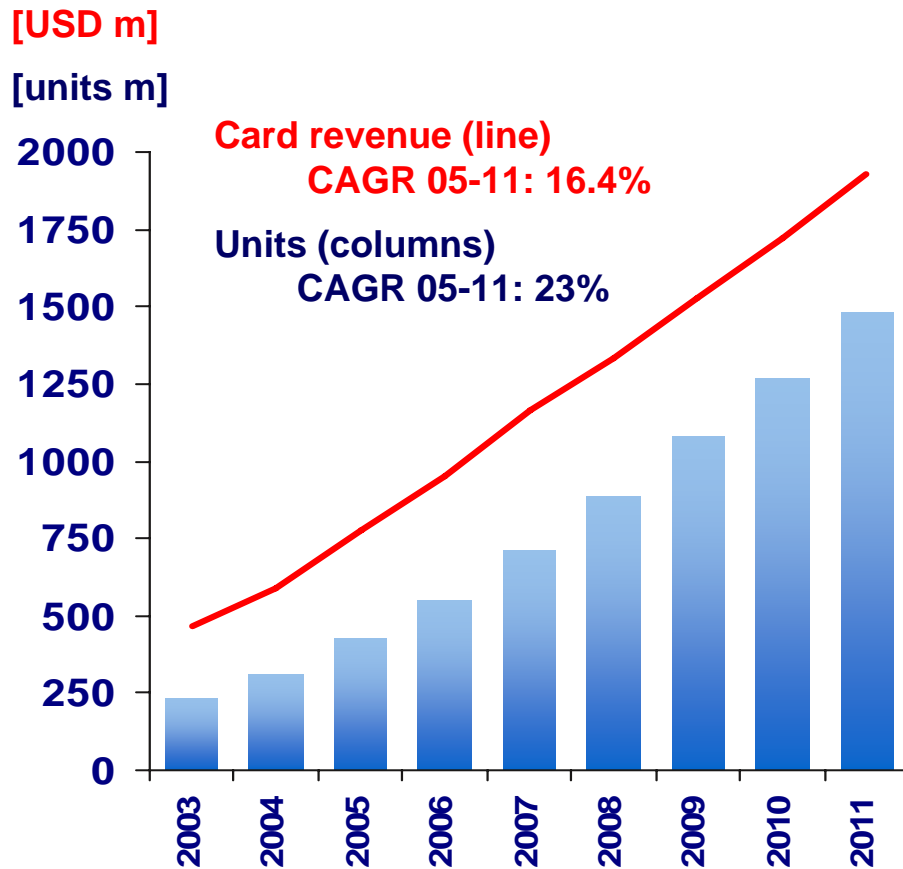
Integration of Controller and Driver for Body Applications

Our Industrial Power Semiconductors Help Reduce Losses Along the Entire Energy Distribution Chain



Security: Growth in Payment Chip Cards

Financial and loyalty smart card market unit development



Source: Frost & Sullivan, 2007



Introducing 65nm Single-Chip Solutions: Mobile Internet and Music for Emerging Markets



X-GOLD™ 113



XMM™ 1130

X-GOLD™ 213



XMM™ 2130



MP3, Music



Podcasts

FREE Education,
FREE Entertainment
FREE Music



Video Player



FM Radio

FREE Broadcasting
FREE Music

Opera Mini

Web Browser



Maps/Location



Messaging Email



Picture & Video sharing



Utility (Search)



Messaging IM



Mobile Tagging



Audio Player

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Margin Improvements

Executing on Improving Profitability

	FY 2007 ^{*)}	1H 08 ^{*)}	FY 2008e	FY 2009e
[€ m]				
Sales	4,074	2,139		
Gross Profit (Gross margin)	1,353 (33%)	757 (35%)		
R&D	747	387		
SG&A	509	273		
EBIT (EBIT margin)	-49 (-1%)	101 (5%)	low to mid single-digit margin	

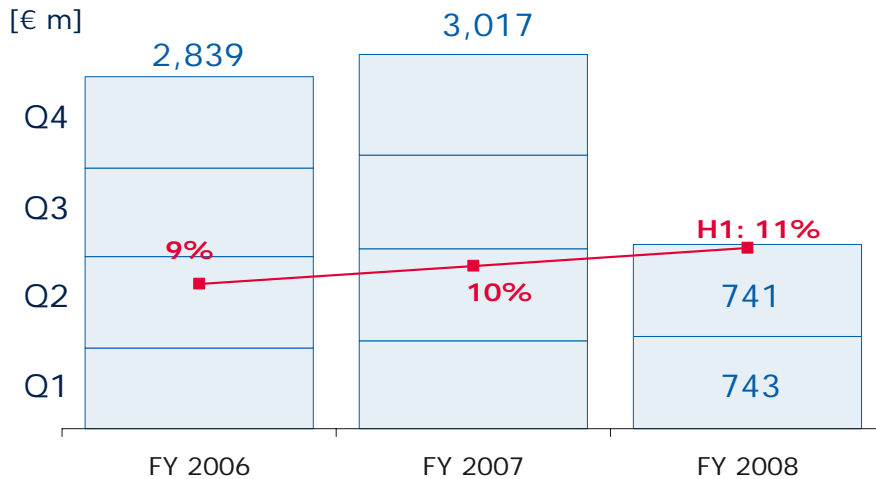
Infineon defines EBIT as Earnings (loss) Before Interest and Taxes.

^{*)} FY2007: Includes net charges of € 128 million relating primarily to various impairments and restructuring measures as well as expenses incurred in connection with the secondary offering of Qimonda shares.

1H FY2008: Includes net gains of € 3 million.

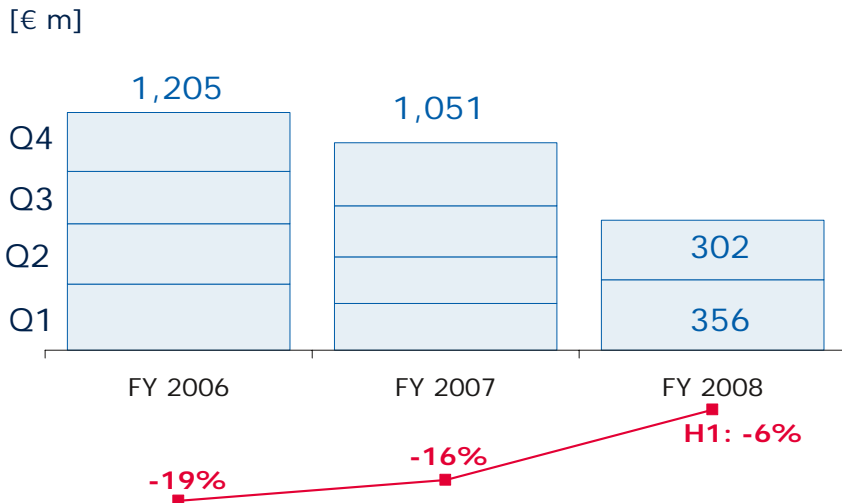
Detailed Outlook for AIM and COM

Automotive, Industrial & Multimarket



- Q2 FY 2008: reported sales flat y-o-y; growth excl. divestitures and on constant currency basis +9% y-o-y.
- FY 2008: Expect sales and EBIT excl. one-offs to be down slightly y-o-y due to adverse currency impact and deconsolidation of businesses.
- FY 2009: \$/€ near 1.60 limits growth potential; implementing measures to maintain margin despite FX impact.

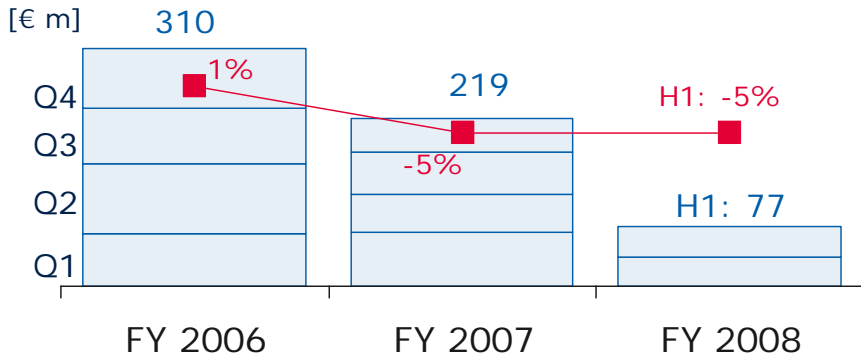
Communication Solutions



- Q2 FY 2008: sales excl. acquisitions and on constant currency rate grew +10% y-o-y.
- FY 2008: expect 25-30% sales growth and a low to mid single-digit negative EBIT margin before charges; takes into account ~€25m amortization of acquisition related intangible assets.
- FY 2009: Continued growth in sales; aiming for positive EBIT despite FX impact.

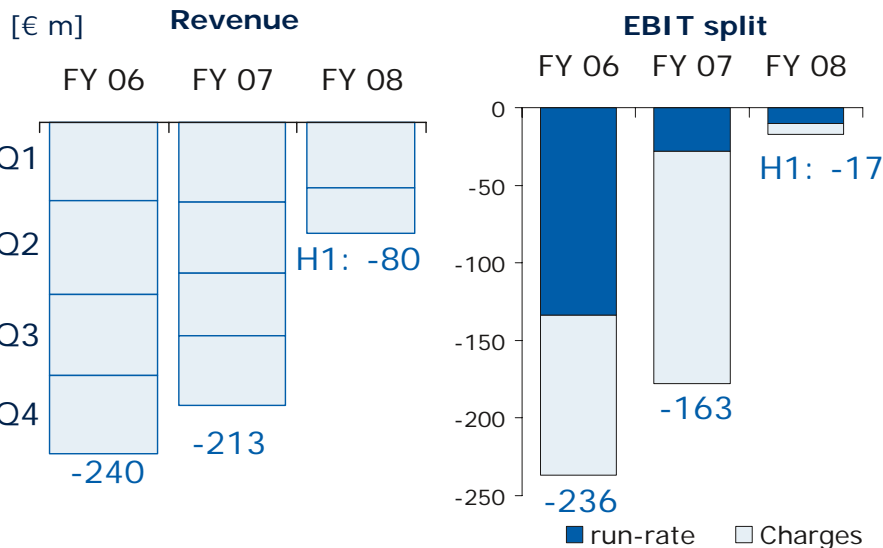
Detailed Outlook for OOS and C&E

Other Operating Segments



- FY 2008: Sales to decline y-o-y as Dresden 200mm fab will ship last wafers to Q1 in April 2008; EBIT around break-even.
- FY 2009: further y-o-y sales decline; no supplies to Q1 for entire year.

Corporate & Eliminations

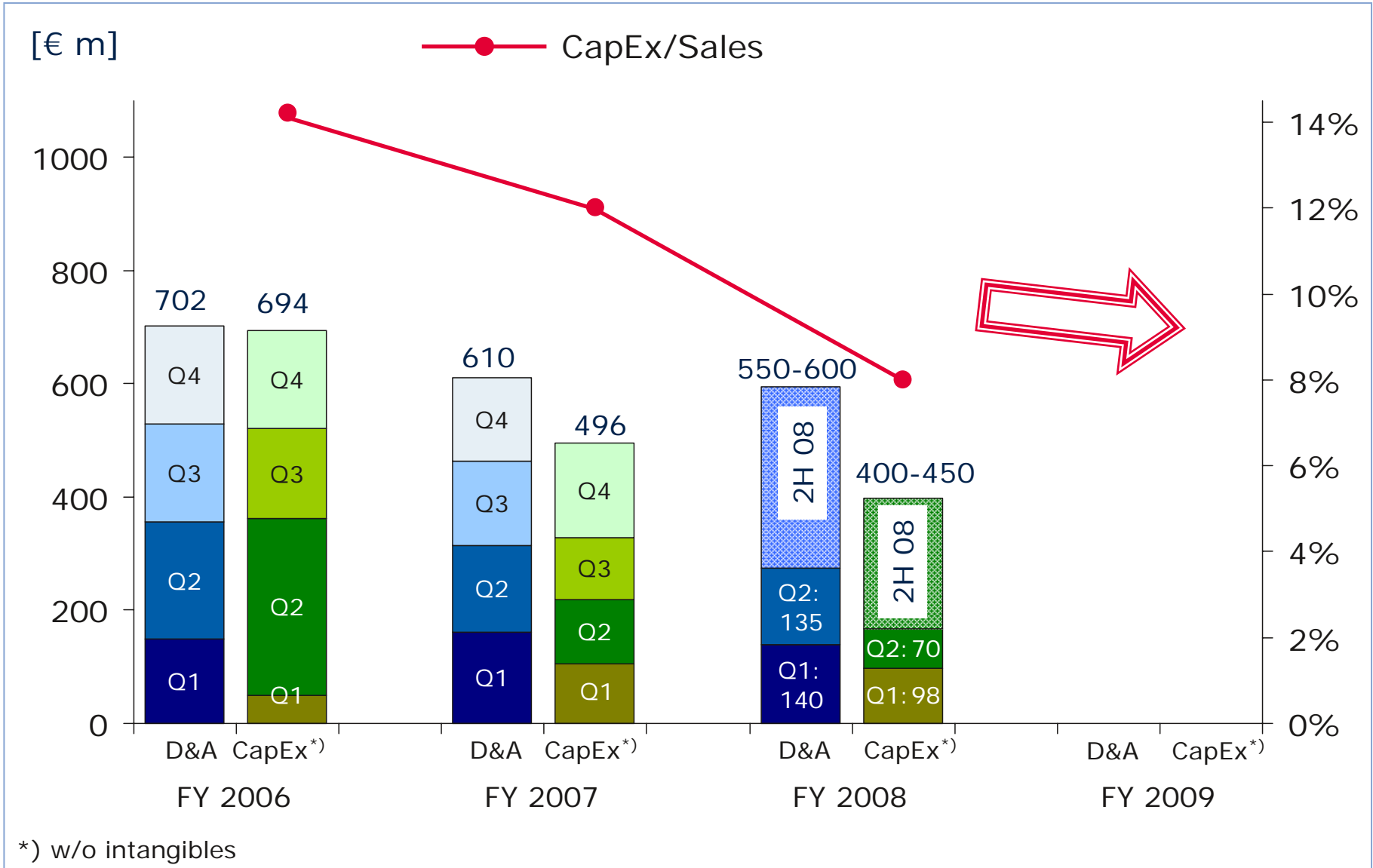


- Q2 FY 2008 results included charges of €8m (OOS and C&E combined).
- FY 2008: Expect to contain EBIT loss before charges at ~ €40-60m per year.
- FY 2009: EBIT loss comparable to FY 2008.

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Capital Intensity: from 12% CapEx/Sales in
FY 07 to ~10% or below in FY 08,
even lower possible thereafter

Lowering CapEx/Sales ratio to 10% or below

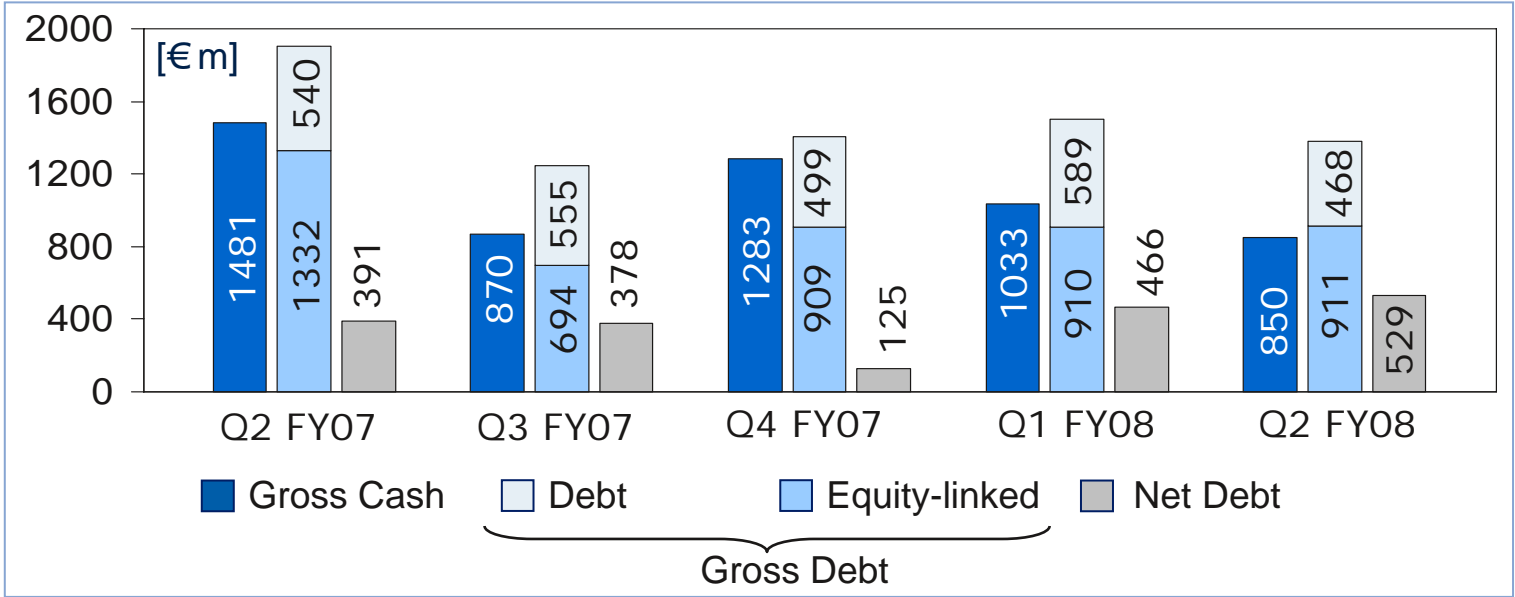


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Capital Structure Update

Gross Cash, Gross Debt and Net Debt

Capital structure
-
Past quarters



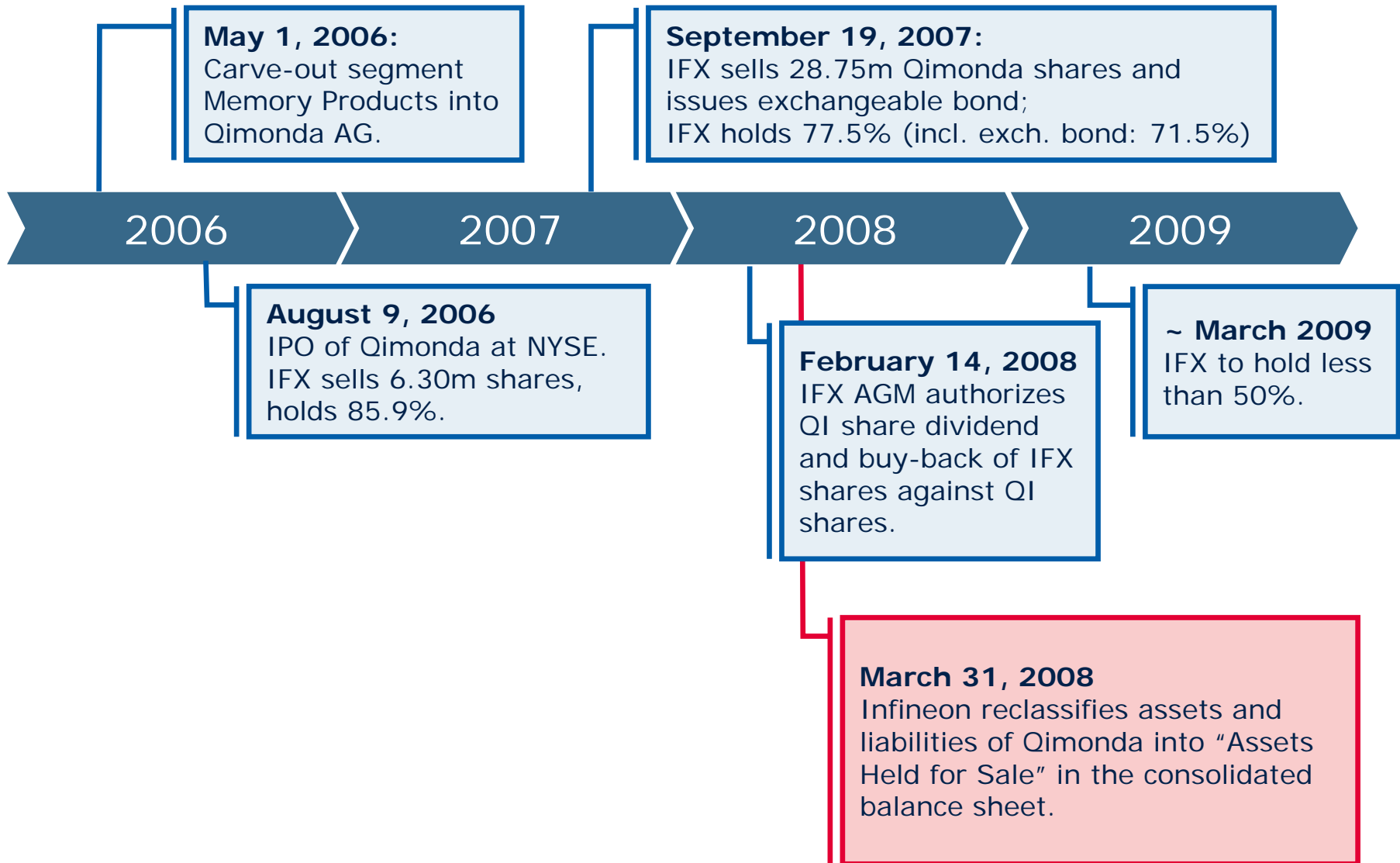
Capital structure
-
Targets





Qimonda Update

Lowering our Stake in Qimonda





We commit.
We innovate.
We partner.
We create value.



Never stop thinking

Complete Mobile Phone Platform Solutions for Major Growth Markets

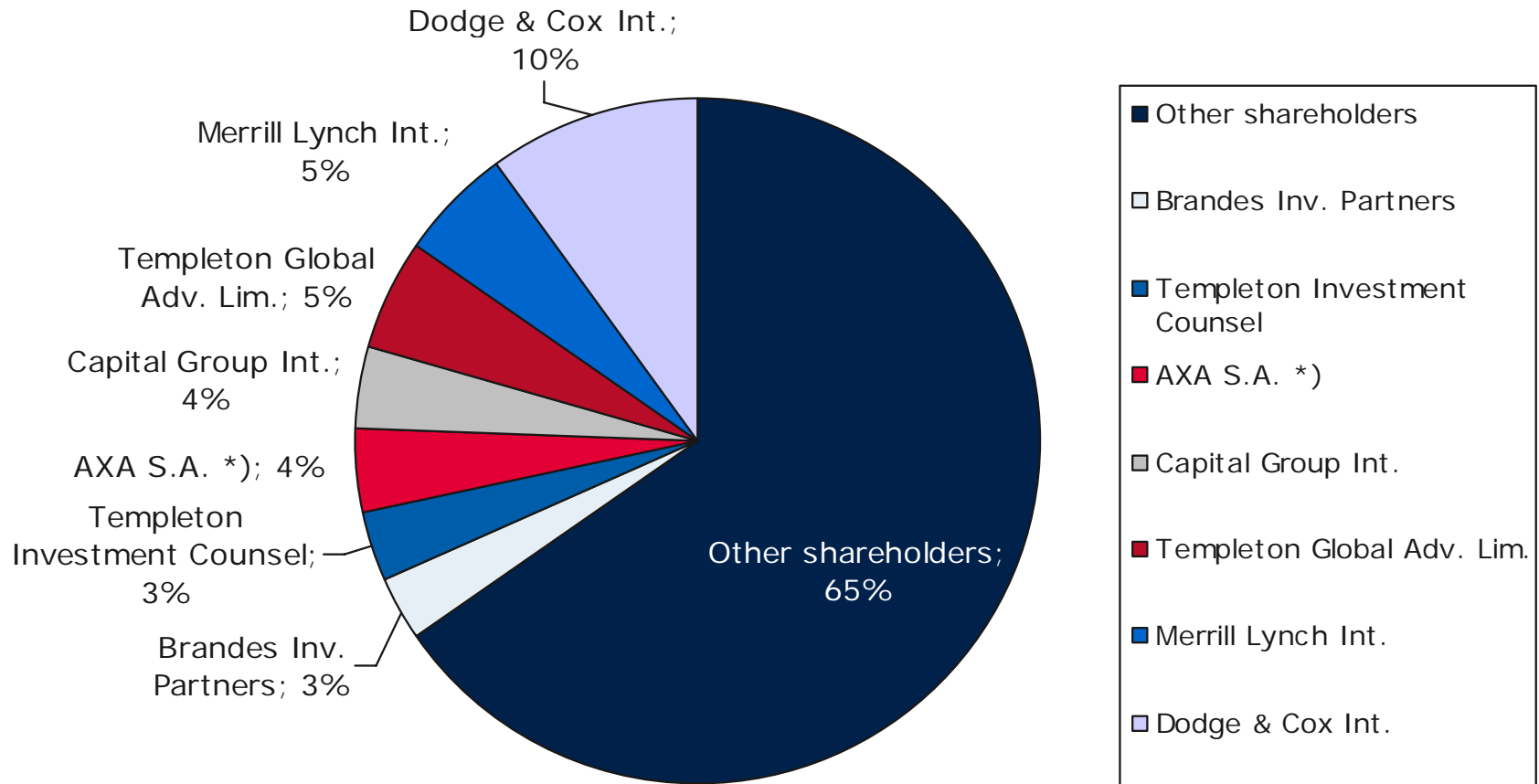


Target markets	2G/2.5G GSM/GPRS		2.75G EDGE		3.5G HSDPA	
Platform	XMM™1010 (ULC2)	XMM™1130	XMM™2130	XMM™2060 (MP-Elite)	XMM™2080	XMM™6080 (MP-EH)
Baseband	X-GOLD™101 (130nm CMOS)	X-GOLD™113 (65nm CMOS)	X-GOLD™213 (65nm CMOS)	X-GOLD™206 (130nm CMOS)	X-GOLD™208	X-GOLD™608
RF CMOS transceiver					SMARTi PM	SMARTi 3GE
Power-management					X-PMU™600	X-PMU™611
FM-radio						
Protocol stack	✓	✓	✓	✓	✓	✓



Integrated in one chip

IFX Shareholder Structure (as officially reported per 31-Mar-2008)



total: 100 per cent = 749,742,085 shares (as of 2008-03-31)

*) thereof: Alliance Bernstein L.P. 3.18%, AXA Investment Managers 0.55%, AXA Rosenberg 0.02%

Infineon P&L post Qimonda Reclassification

in Euro million	3 months ended			6 months ended	
	Mar 31, 07	Dec 31, 07	Mar 31, 08	Mar 31, 07*	Mar 31, 08
Net sales	978	1,090	1,049	1,936	2,139
Cost of goods sold	(663)	(701)	(681)	(1,305)	(1,382)
Gross profit	315	389	368	631	757
Research and development expenses	(186)	(206)	(181)	(381)	(387)
Selling, general and administrative expenses	(113)	(137)	(136)	(241)	(273)
Restructuring charges	(20)	(3)	(6)	(22)	(9)
Other operating income, net	4	30	2	4	32
Operating income (loss)	–	73	47	(9)	120
Interest expense, net	(11)	(6)	(10)	(21)	(16)
Equity in earnings of associated companies, net	–	–	2	–	2
Other non-operating income (expense), net	9	2	(6)	12	(4)
Minority interests	(3)	(10)	(7)	(4)	(17)
Income (loss) before income taxes	(5)	59	26	(22)	85
Income tax expense	(20)	(14)	(7)	(33)	(21)
Income (loss) from continuing operations	(25)	45	19	(55)	64
Net income (loss) from discontinued operation, net of tax	49	(441)	(1,390)	199	(1,831)
Income (loss) before extraordinary loss	24	(396)	(1,371)	144	(1,767)
Extraordinary loss, net of tax	(35)	–	–	(35)	–
Net income (loss)	(11)	(396)	(1,371)	109	(1,767)

Basic and diluted earnings (loss) per share before extraordinary loss*:

Shares in millions

Weighted average shares outstanding – basic and diluted	748	750	750	748	750
Basic and diluted earnings (loss) per share from continuing operations	(0.04)	0.06	0.03	(0.08)	(0.09)
Basic and diluted earnings (loss) per share from discontinued operations	0.07	(0.59)	(1.85)	0.27	(2.44)
Earnings (loss) per share (in Euro) – basic and diluted	(0.01)	(0.53)	(1.82)	0.15	(2.35)

* Quarterly earnings (loss) per share may not add up to year-to-date earnings (loss) per share due to rounding.

Infineon Balance Sheet post Qimonda Reclassification



in Euro million	Sep 30, 07	Mar 31, 08
Assets		
Current assets:		
Cash and cash equivalents	1,073	227
Marketable securities	210	623
Trade accounts receivable, net	620	607
Inventories	598	616
Deferred income taxes	34	28
Other current assets	303	326
Assets held for sale	5,653	3,520
Total current assets	8,491	5,947
Property, plant and equipment, net	1,462	1,373
Intangible assets, net	89	347
Long-term investments	24	29
Restricted cash	77	77
Deferred income taxes	446	424
Pension assets	60	57
Other assets	160	137
Total assets	10,809	8,391

in Euro million	Sep 30, 07	Mar 31, 08
Liabilities and shareholders' equity		
Current liabilities:		
Short-term debt and current maturities	260	188
Trade accounts payable	596	446
Accrued liabilities	379	320
Deferred income taxes	10	10
Short-term pension liabilities	5	6
Other current liabilities	325	296
Liabilities held for sale	1,898	1,955
Total current liabilities	3,473	3,221
Long-term debt	1,149	1,191
Pension liabilities	88	85
Deferred income taxes	23	19
Long-term accrued liabilities	22	21
Other liabilities	107	87
Total liabilities	4,862	4,624
Minority interests	1,033	703
Total shareholders' equity	4,914	3,064
Total liabilities and shareholders' equity	10,809	8,391

Financial Calendar

- Jun 2/3, 2008 **IFX Day: Annual Analyst and Investor Day, Munich**
- Jul 25, 2008* **Earnings Release Q3 FY 08**
- Dec 03, 2008* **Earnings Release Q4 and FY 08**
- Feb 12, 2009* **Annual General Meeting 2009, Munich**

* = Preliminary Date