

Fourth Quarter FY 2008

Quarterly Update

Infineon Technologies
Investor Relations



Never stop thinking

Disclaimer

This presentation was prepared as of December 3, 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, the ability of Qimonda to achieve cost savings and the success of any strategic initiatives it may undertake, and any potential disposal of Infineon's interest in Qimonda.

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 at our facilities, the actions of competitors, the availability of funds for planned expansion efforts, and the outcome of antitrust investigations and litigation matters, the success of any corporate activities we may undertake with respect to our interest in Qimonda, 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. 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.

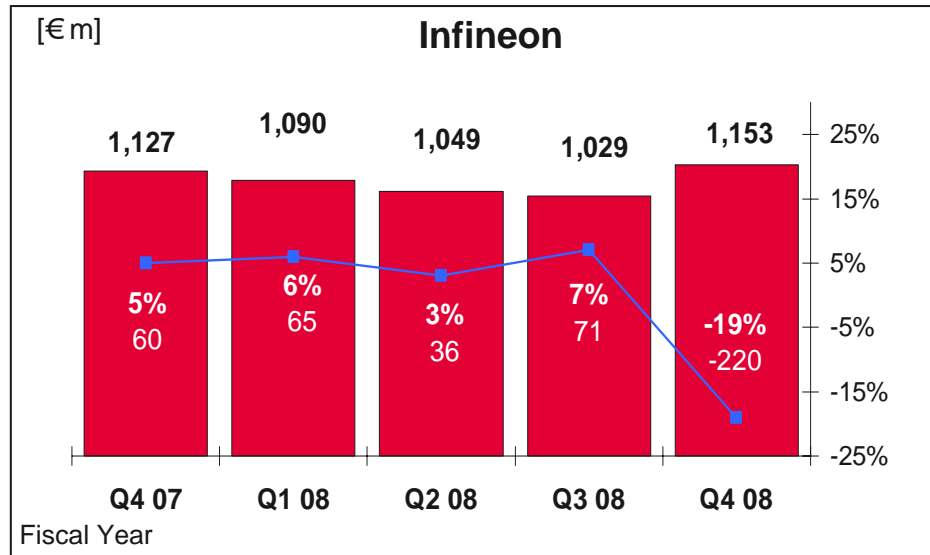
Infineon does not undertake any obligation to publicly update or revise any forward-looking statements in light of developments which differ from those anticipated.

→ IFX Results and Outlook

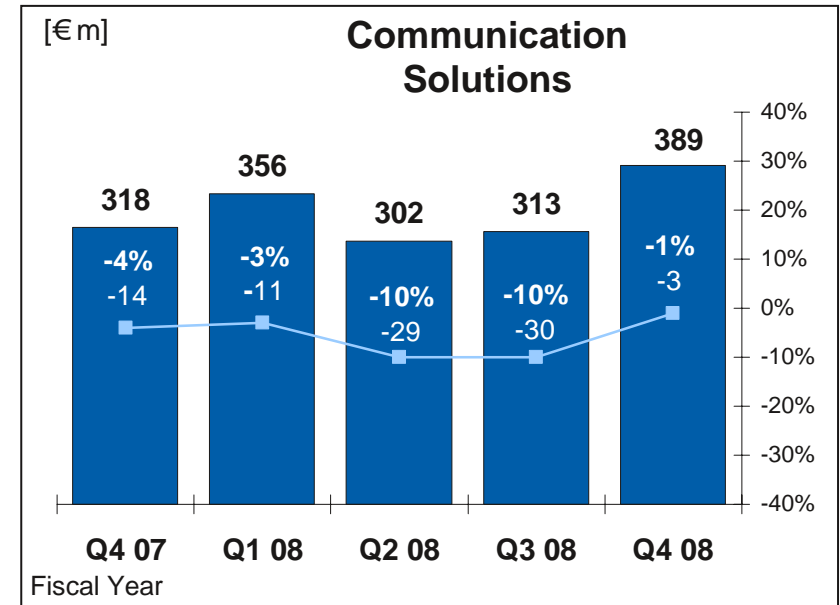
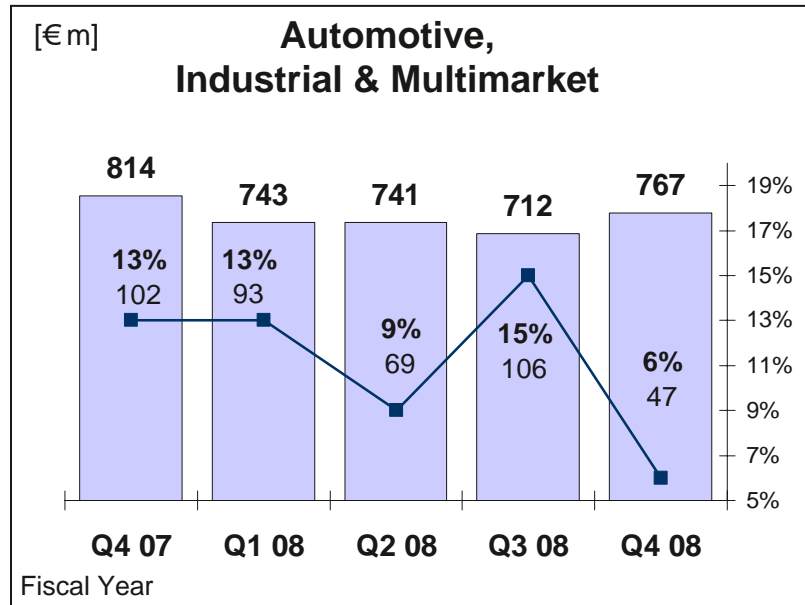
→ IFX Division Highlights

→ Financial Details

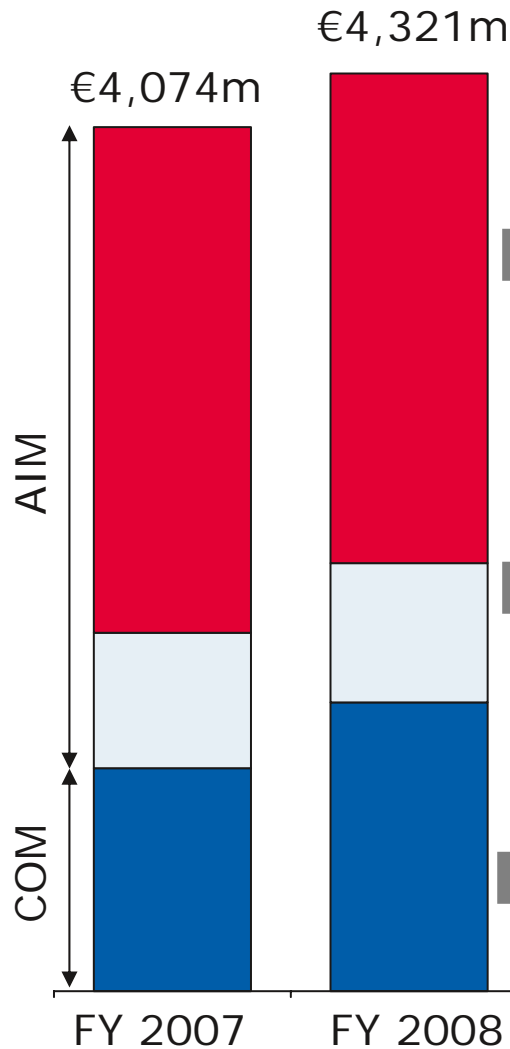
Fourth Quarter FY 2008 Results (US GAAP): Revenues of € 1.15bn; EBIT of € -220m



plus Segments
OOS and C&E
(net charges in
C&E: € -233m)



Focus on Energy Efficiency, Communications, Security



Energy Efficiency:

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

Security:

- Strength in identification (e. g. ePassport), payment and others.

Communications:

- Strength out of design-wins in mobile platforms; focus on single-chip and HSxPA.
- Strong RF transceiver and wireline access businesses.

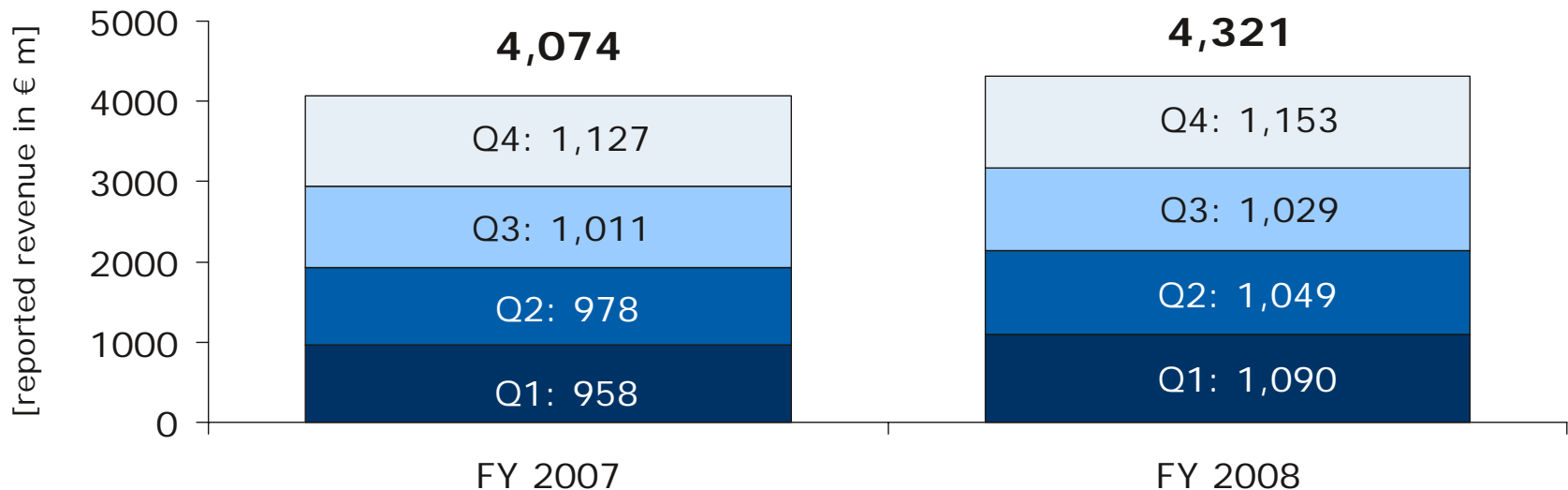
Organic Growth of Infineon at Constant Currency



Growth Rate

- excluding acquisitions, divestitures
- calculated on constant Q4 FY08 FX rates

	y-o-y	q-o-q
Infineon	+4%	+10%
Automotive, Industrial & Multimarket	-1%	+5%
Communication Solutions	+15%	+25%



First Quarter FY 2009 Outlook (IFRS)

Revenues

- Revenues to decrease around 30 percent q-o-q, mainly driven by sales declines in the segments Automotive, Wireless Solutions, and Industrial & Multimarket.
- Revenues in the Automotive and Industrial & Multimarket segments are expected to decrease q-o-q, reflecting the worsening global recession, significant production cuts in the automotive markets worldwide, inventory reductions throughout the supply chain, and a general global weakening in demand.
- Revenues in the Wireless Solutions segment are anticipated to be strongly negatively impacted by the weakening of global demand and, in addition, by a reduction in demand at one specific customer.

Segment Profit

- Infineon anticipates that total Segment Profit will decrease significantly compared to the total Segment Profit of Euro 59 million under IFRS in Q4 2008 fiscal year, mainly due to the sharp revenue decrease, low capacity utilization and a final quarter of temporarily higher costs, as shipments of DRAM wafers out of Infineon's 200-millimeter wafer facility in Dresden, Germany, to Qimonda have come to an end in the third quarter. Total Segment Profit margin is expected to be a negative mid-to-high teens percentage.

Cost reduction program "IFX10+"

- **3/4 of headcount reduction target achieved.**
- **Since August, additional savings have been defined.**
- **Savings expectation in OpEx has doubled from >€50m to >€100m annualized from Q3 FY08 to Q4 FY09.**
- **Whilst planned savings in COGS have also been revised up, effects of downturn will more than offset these savings on the COGS level.**

ALTIS:

- Reclassification into assets held-and-used given lower likelihood of sale; negotiations ongoing.

Qimonda:

- It may not be possible for Infineon to reach <50% Qimonda holding until AGM 2009.
- Infineon will not pay a Qimonda share dividend at AGM 2009. Given current share price, such distribution is no longer practicable while, at the same time, bearing administrative costs disproportionate to the value of the shares.
- All efforts now being focussed on reaching strategic/ financial investor solution.

→ IFX Results and Outlook

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NovalithIC™



High-current
motor drives
for automotive
applications

Seat Control Application

Door Module Application

Engine Application

Seatbelt Application

Autoliv selects Infineon's NovalithIC™ power chip as sole supplier of power semiconductors for its next-generation seatbelt pretension systems.



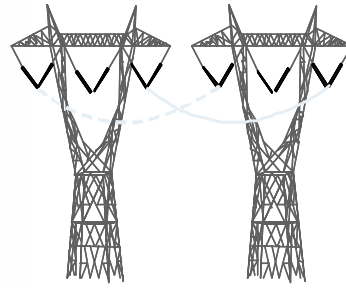
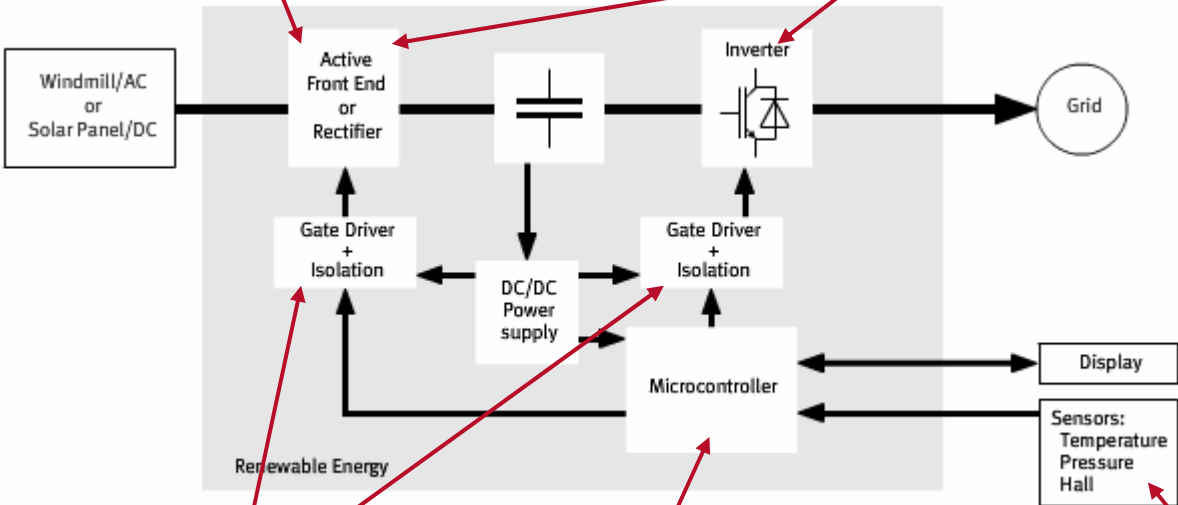
Bosch selects Infineon's RASIC™ radar chip for adaptive cruise control.

Industrial & Multimarket Division

LTT: Light-triggered Thyristor



IGBT Modules (up to 6500V)



EiceDRIVER™



Industrial Microcontroller (8/16/32bit)



Sensors



Chip Card & Security Division

Major National Projects (Extract)



Infineon has implemented projects in more than 60 countries.

Wireless Solutions Division

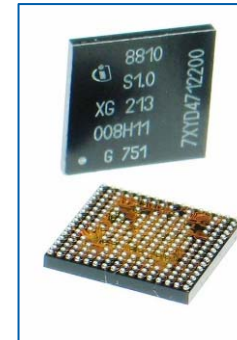
Smart-
phone

New design win with HSDPA platform XMM™ 6080. In total, the company has now four customers for this platform.

Entry
phone

First design wins for X-GOLD™ 213 achieved.

	Web Browser
	Maps/Location
	Messaging Email
	Picture & Video sharing
	Utility (Search)
	Messaging IM
	Mobile Tagging
	Audio Player




- **EDGE**
- **Single Chip**
- **65nm**
- **eWLB**

Wireline Communications Division

Industry First Single-Chip ADSL Gateway Solution with Integrated Gigabit Ethernet



XWAY™ ARX168:

- ✓ ADSL2+
downstream up to 25Mbit/s
upstream up to 1Mbit/s
- ✓ Gigabit Ethernet LAN
- ✓ 2x USB2.0
- ✓ Concurrent WLAN 11b/g/n 

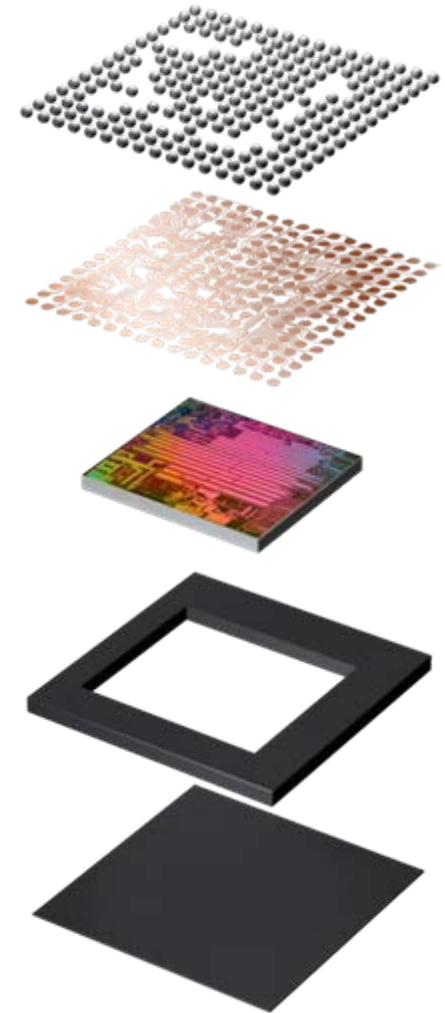
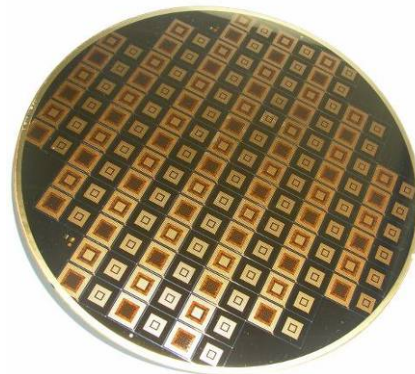
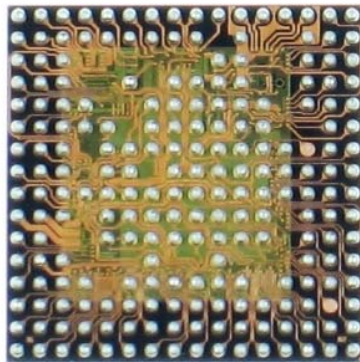
Highlights:

- True single-chip ADSL2+ solution with smallest footprint in the market (17 x 17 mm²)
- High performance 32-bit smart CPU architecture
- Support for high WLAN 802.11n throughput of more than 150Mbit/s
- Advanced IPTV features for highest quality of experience
- Support of EU Code of Conduct on Energy Consumption of Broadband Equipment

Infineon Raises the Bar in Package Design: eWLB (embedded wafer-level ball grid array)



- Outstanding cost performance
- Improved electrical performance
- X-GOLD™ 213 and X-GOLD™ 618 are first chips to take advantage of eWLB technology



- In cooperation with



package elements from
the upside down

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Key differences for IFX P&L in IFRS vs. US GAAP for FY 08



[EUR m]	US GAAP		IFRS in US GAAP structure	IFRS Position & treatment
Net Sales	4,321	-	4,321	
Cost of Goods sold	(2,823)	(20)	(2,843)	Capitalization and amortization of development cost
R&D	(755)	61	(694)	Capitalization and amortization of development cost
SG&A	(569)	4	(565)	
Restructuring Charges	(181)	(7)	(188)	Other operating expenses
Other Operating income (expense)	(43)	(15)	(58)	Other operating income/expenses
Operating Profit	(50)	23	(27)	Other operating income/expenses
Interest income (expense)	(26)	(67)	(93)	Financial Income/Expenses
Equity in earnings of associated companies, net	4	-	4	Financial Income/Expenses Accretion of option component in convertible and exchangeable → no cash relevance
Other non-operating income (expense), net	(16)	(15)	(31)	
Minority interest	14	(14)	-	
Tax	(61)	20	(41)	
Net Income (continued operations)	(135)	(53)	(188)	

Main differences for FY 2009 IFRS accounting

Balance Sheet

- Capitalization of development cost → intangible assets.
- long term debt → lower amount due to option component in equity-linked financing.
- equity slightly higher: due to classification of minority interest (mainly Altis) as equity.

Cash Flow

- change in allocation of development cost cash flow between operating and investing activities. Net increase (decrease) in total cash unchanged.

New IFX Profit measurement: Segment Profit



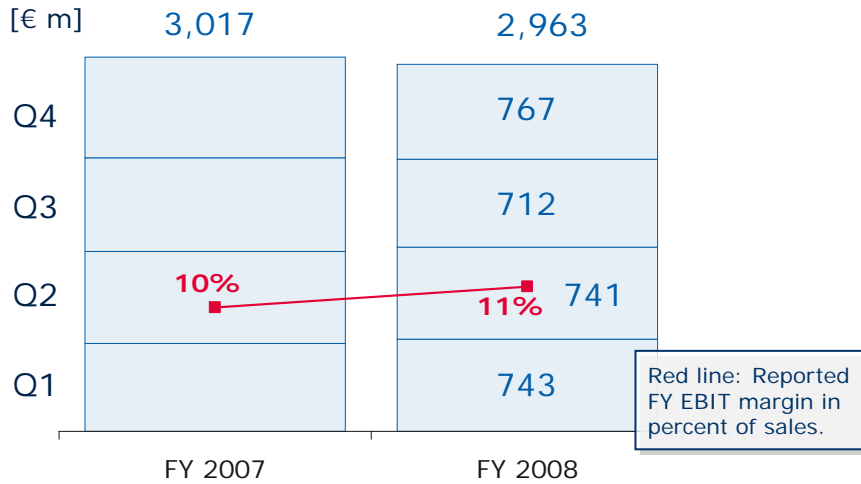
From October 1, 2008, Infineon uses Segment Profit to assess the operating performance of the reportable segments and as a basis for allocating resources among the segments.

	[EUR m]	3 months ended Sept 30, 2008
Operating Income (Loss)		(249)
- Asset impairments		132
- Restructuring and other related closure costs		176
- Share-based compensation expense		1
- Acquisition-related amortization and gains/losses		6
- Gains (losses) on sales of assets, businesses or interest in subsidiaries		(11)
- Other expense (income), net		4
= Segment Profit		59

Detailed Financials for AIM and COM (US GAAP)

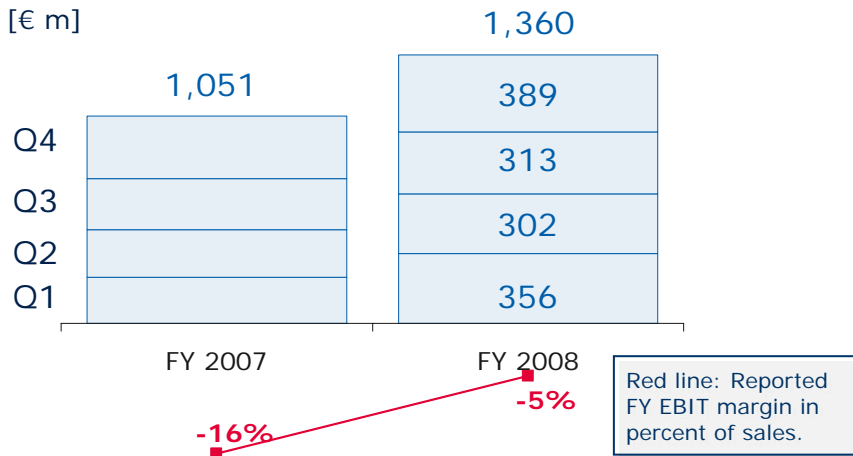


Automotive, Industrial & Multimarket



- FY 2008: reported revenues down 2% y-o-y. Revenues excluding acquisitions and divestitures and on constant currency base increased by 5% y-o-y. EBIT increase due to strong Chip card business.
- Q4 FY08: revenues up 8% q-o-q due to seasonal effects in industrial business. Auto stable q-o-q as weak US market was offset by solid Asia market. Strong high and low power business. Chip card stable, ASIC up due to seasonal effects.

Communication Solutions

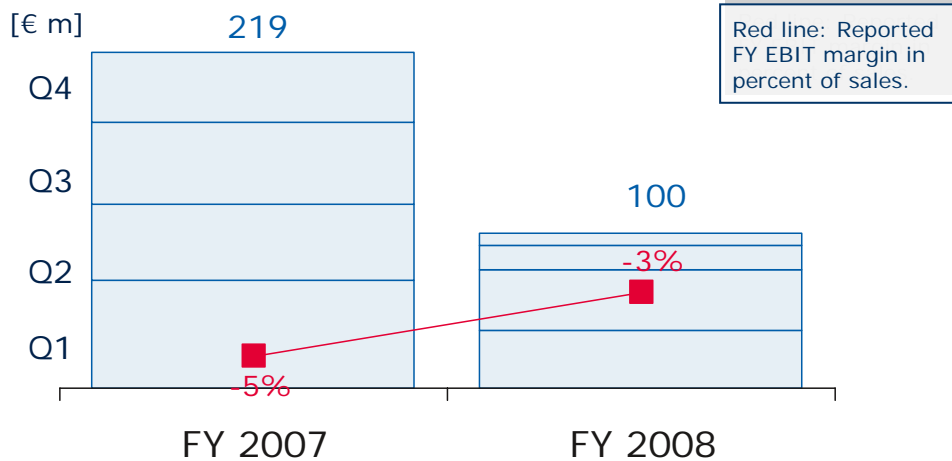


- FY 2008: revenues up 29% y-o-y due to acquisitions and HSDPA ramp up. Revenues excluding acquisitions and divestitures and on constant currency base increased 16% y-o-y.
- Q4 FY08: revenues up 24% q-o-q due to seasonal strength and better than anticipated demand from a HSDPA customer. Wireline declined slightly. EBIT includes EUR 5m net gains mainly from sale of BAW filter business.

Financials and Outlook for OOS and C&E (US GAAP)

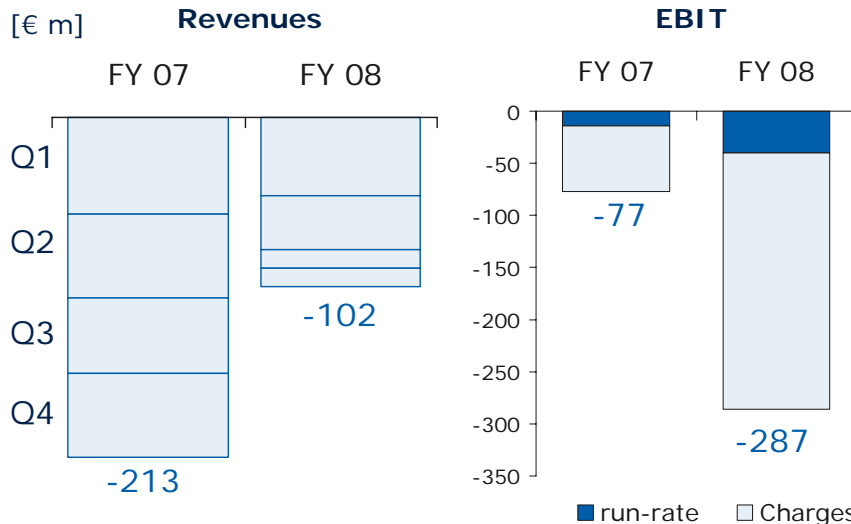


Other Operating Segments



- FY 2008: Revenues in Other Operating Segments and Corporate & Elimination included sales of wafers to Qimonda until Q3 FY08.
- Q4 FY08: EBIT in Other Operating Segments and Corporate & Eliminations included net charges of EUR 233m, of this EUR 166m in connection with the company's IFX10+ cost-reduction program and EUR 59m in connection with ALTIS.
- Q1 FY09 (IFRS): expect c. €20m of Segment Loss; around twice the normal amount given last quarter of costs to right-size Dresden fab after expire of Qimonda-foundry agreement.
- FY 2009 (IFRS): further y-o-y sales decline; no supplies to Q1 for entire year; Segment loss of c. EUR 50m.

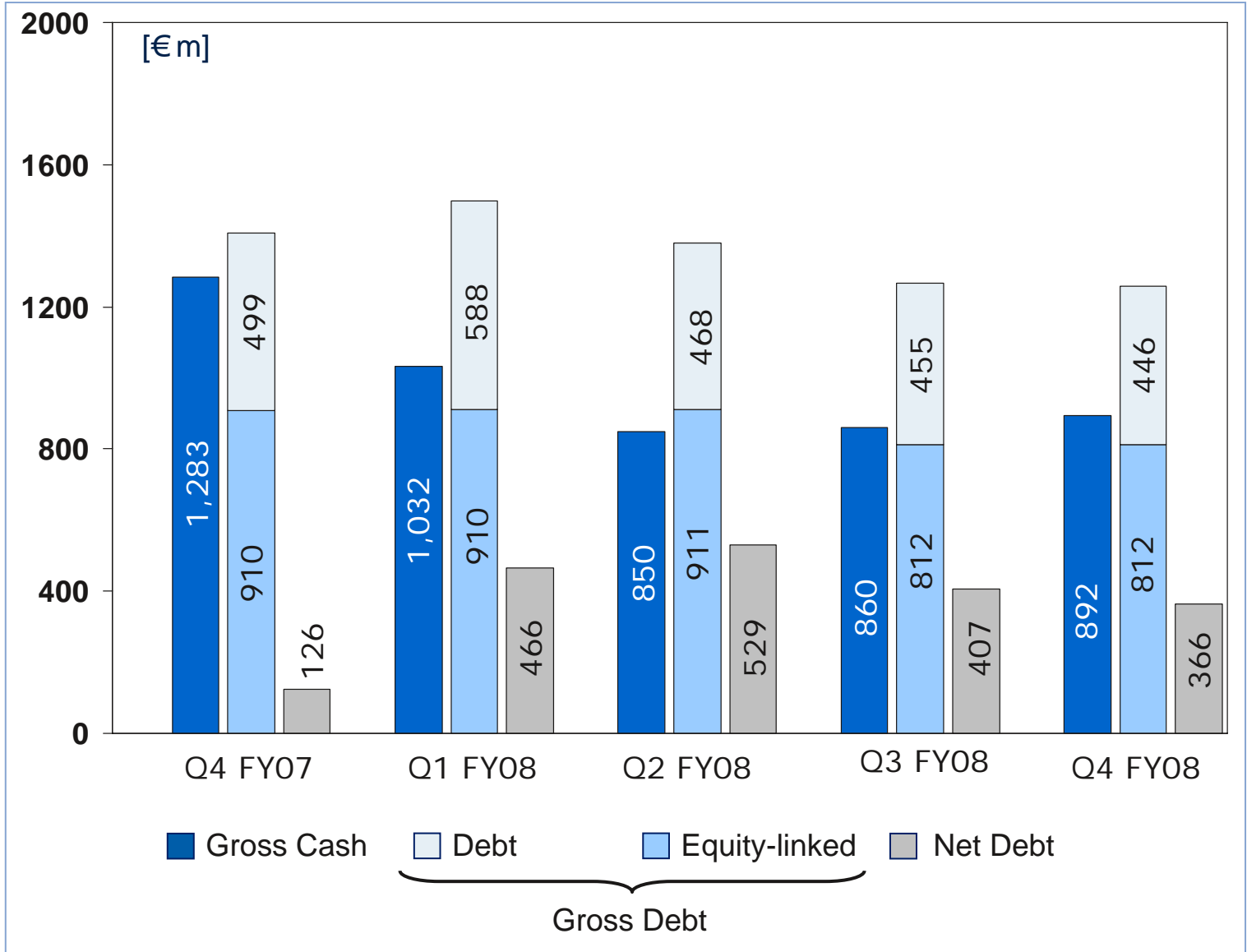
Corporate & Eliminations



Gross Cash, Gross Debt and Net Debt (US GAAP)

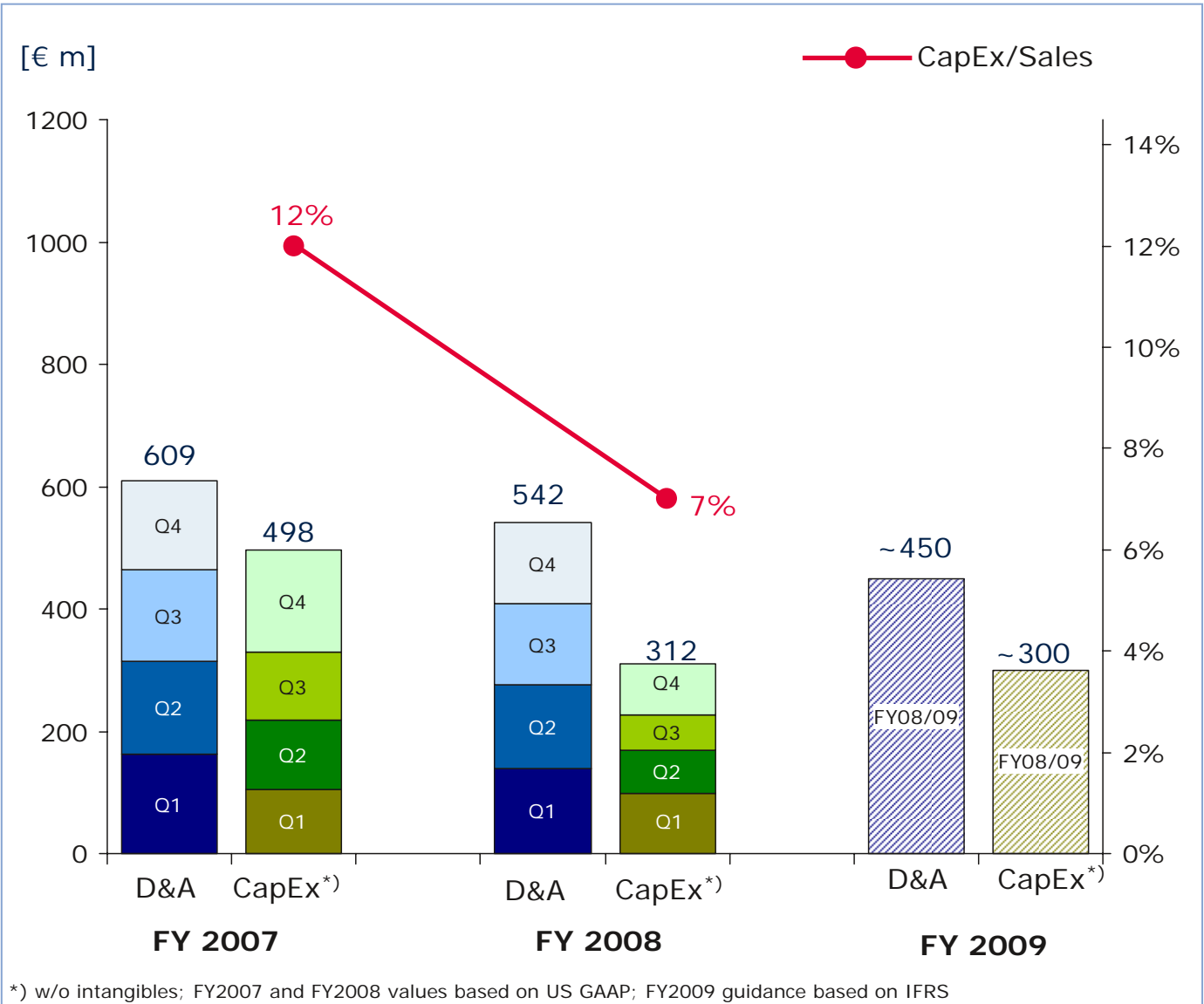


Capital structure - Past quarters



CapEx and D&A

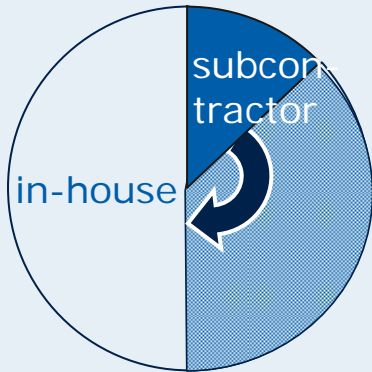
Lowering CapEx/Sales to 8% or below



According to Fab-light Strategy, We Will Continue to Increase Our Foundry Share

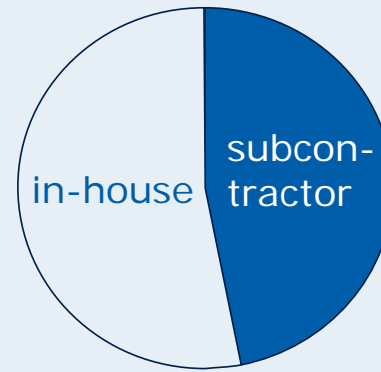


Frontend CMOS



- Due to fab-light strategy, foundry share will increase substantially
- Multi-sourcing concept in execution

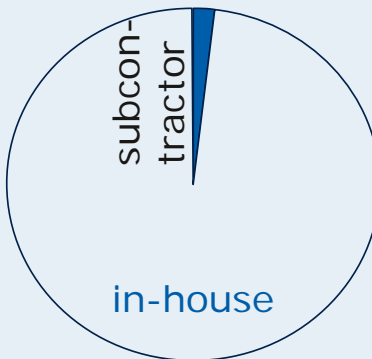
Backend CMOS



- Keep subcontractor level high
- Develop differentiating packages in-house (e.g. eWLB)

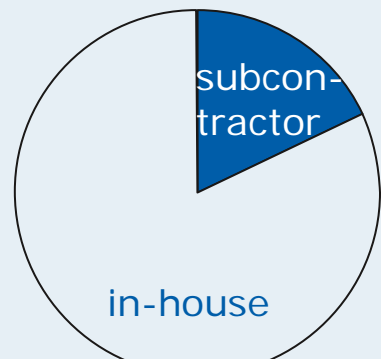
All pie charts indicate in-house/subcontractor split on average over FY07. Sale of ALTIS not considered.

Frontend Power



- Focus on in house production
- Increase flexibility with higher foundry share

Backend Power



- Develop differentiating packages in-house
- Make-or-buy decision made case-by-case

Summary

1 IFX10+ cost reduction program was started early, before economic downturn began to impact. Program is being implemented, additional savings under definition.

2 In addition to IFX10+, emphasis on cash flows will be increased during the downturn.

3 We will maintain a focus on excellent customer relationships and investments into our portfolio of outstanding products.

4 Aim of those measures is to emerge stronger from the downturn and to position us for continued market share gains.



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



Never stop thinking

Infineon Condensed Consolidated Statements of Operations (US GAAP)



(Preliminary and Unaudited)
in Euro million

	3 months ended			For the years ended	
	Sep 30, 07	Jun 30, 08	Sep 30, 08	Sep 30, 07	Sep 30, 08
Net sales	1,127	1,029	1,153	4,074	4,321
Cost of goods sold	(721)	(666)	(775)	(2,702)	(2,823)
Gross profit	406	363	378	1,372	1,498
Research and development expenses	(191)	(181)	(187)	(768)	(755)
Selling, general and administrative expenses	(135)	(145)	(151)	(500)	(569)
Restructuring charges	(3)	(2)	(170)	(45)	(181)
Other operating income (expense), net	(2)	43	(118)	20	(43)
Operating income (loss)	75	78	(248)	79	(50)
Interest income (expense), net	(7)	(12)	2	(40)	(26)
Equity in earnings of associated companies	-	1	1	-	4
Other non-operating income (expense), net	(7)	(1)	(11)	7	(16)
Minority interests	(8)	(7)	38	(14)	14
Income (loss) before income taxes, discontinued operations, and extraordinary loss	53	59	(218)	32	(74)
Income tax expense	(25)	(14)	(26)	(69)	(61)
Income (loss) from continuing operations	28	45	(244)	(37)	(135)
Loss from discontinued operations, net of tax	(308)	(637)	(519)	(296)	(2,987)
Loss before extraordinary loss	(280)	(592)	(763)	(333)	(3,122)
Extraordinary loss, net of tax	-	-	-	(35)	-
Net loss	(280)	(592)	(763)	(368)	(3,122)

Basic and diluted earnings (loss) per share (in Euro)*:

Shares in million

	749	750	750	749	750
Weighted average shares outstanding – basic and diluted					
Basic and diluted earnings (loss) per share from continuing operations (in Euro)	0.04	0.06	(0.33)	(0.05)	(0.18)
Basic and diluted loss per share from discontinued operations, net of tax (in Euro)	(0.41)	(0.85)	(0.69)	(0.40)	(3.98)
Basic and diluted loss per share from extraordinary loss, net of tax (in Euro)	-	-	-	(0.04)	-
Basic and diluted loss per share (in Euro)	(0.37)	(0.79)	(1.02)	(0.49)	(4.16)

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

Infineon consolidated Balance Sheet (US GAAP)



(Preliminary and Unaudited)

in Euro million

	Sep 30, 07	Sep 30, 08
Assets		
Current assets:		
Cash and cash equivalents	1,073	749
Marketable securities	210	143
Trade accounts receivable, net	620	589
Inventories	598	663
Deferred income taxes	34	26
Other current assets	303	379
Assets held for disposal	5,653	2,224
Total current assets	8,491	4,773
Property, plant and equipment, net	1,462	1,311
Intangible assets, net	89	362
Long-term investments	24	33
Restricted cash	77	77
Deferred income taxes	446	402
Pension assets	4	16
Other assets	160	109
Total assets	10,753	7,083

in Euro million

	Sep 30, 07	Sep 30, 08
Liabilities and shareholders' equity		
Current liabilities:		
Short-term debt and current maturities	260	207
Trade accounts payable	596	488
Accrued liabilities	379	410
Deferred income taxes	10	12
Other current liabilities	326	435
Liabilities held for disposal	1,897	2,091
Total current liabilities	3,468	3,643
Long-term debt	1,149	1,051
Pension liabilities	36	41
Deferred income taxes	23	3
Long-term accrued liabilities	22	24
Other liabilities	108	100
Total liabilities	4,806	4,862
Minority interests	1,033	457
Total shareholders' equity	4,914	1,764
Total liabilities and shareholders' equity	10,753	7,083

Financial Calendar

- Feb 06, 2009* **Q1 FY09 results**
- Feb 12, 2009* **Annual General Meeting 2009, Munich**
- Feb 17, 2009 **Presentation at Mobile World Congress, Barcelona**
- Apr 30, 2009* **Q2 FY09 results**
- Jul 29, 2009* **Q3 FY09 results**
- Nov 19, 2009* **Q4 FY09 and full year results**

* = Preliminary Date