

IFX Day 2008

Munich, June 3rd, 2008

Financials

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Member of the Management Board

Executive Vice President and Chief Financial Officer (CFO)



Never stop thinking

Disclaimer

This presentation was prepared as of June 02, 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 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 any potential disposal of Infineon's interest in Qimonda.

This presentation also includes forward-looking statements regarding the impact of the adoption of IFRS as the company's primary financial reporting basis. These forward-looking statements are subject to a number of uncertainties regarding future events, including the issuance of final versions of applicable IFRS standards, the degree of convergence achieved between IFRS and US GAAP, the future adoption of new IFRS standards or interpretations, and the occurrence of unusual transactions or events that result in significantly different reporting under IFRS from that which would have been the case under US GAAP.

Our historical financial information does not provide a basis for predicting our future financial performance. Any 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, 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 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.

- **Infineon Technologies AG**, Munich, Germany (since April 2008)

- Member of the Management Board (CFO) and Labor Director

- **Schenker AG**, Essen, Germany (2003 – March 2008)

- Member of the Management Board (CFO)
- Accounting/Finances, Controlling, Risk Management, Purchasing

- **Stinnes AG**, Mülheim, Germany (1994 – 2002)

- Central Corporate Planning, Controlling
- Support of Stinnes IPO in June 1999

- **Education**

- Study of Business Administration, PhD in 1994

Agenda

- Financials and Outlook

- Currency

- Implementation of IFRS

Financials and Outlook

Executing on Improving Profitability (US GAAP)



[EUR m]	H1 FY08*	FY 2008e	FY 2009e
Sales	2,139		
Gross Profit (Gross margin)	757 (35%)		
R&D	387		
SG&A	273		
Infineon EBIT (EBIT margin)	101 (5%)	low to mid single-digit margin	

Effects from the program "IFX 10-Plus"

Infineon defines Infineon EBIT as earnings (loss) from continuing operations, before interest and tax.

*) H1 FY 2008: Includes net gains of EUR 3 million relating primarily to gains of sale of part of bipolar business and in-process R&D charges from the LSI Mobile Phone Group acquisition.

Financials and Outlook

Interest and Taxation (US GAAP)



[EUR m]

H1 FY08

FY08e, FY09e

Net interest expense

16

~40

1.375% interest rate on exchangeable
 5.0% interest rate on convertible
 ~4.6% interest rate on loans to banks
 ~4.5% interest income on cash

Tax

21

- ~15% tax rate on earnings abroad
- ~11% tax rate on domestic earnings

	EBT +minorities	Tax	% of EBT
IFX abroad	93	13	14%
IFX Germany	9	9	100%
total	102	21	21%

Net income from continuing operations

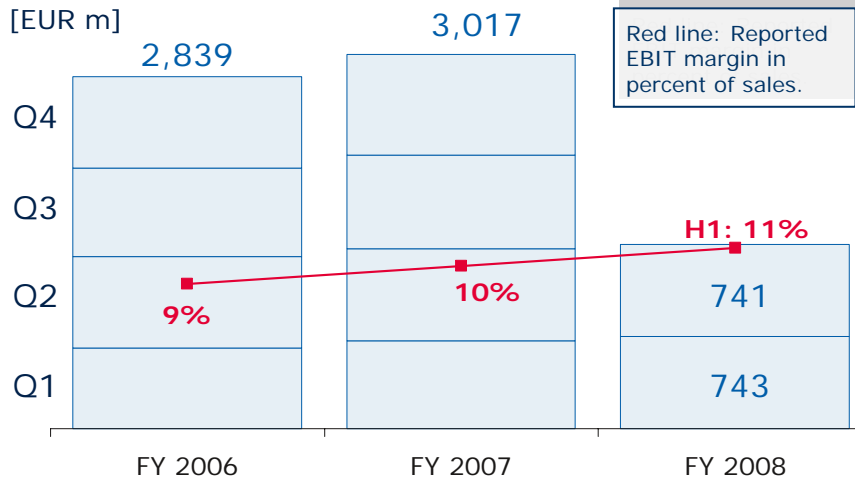
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Financials and Outlook

Detailed Outlook for AIM and COM (US GAAP)

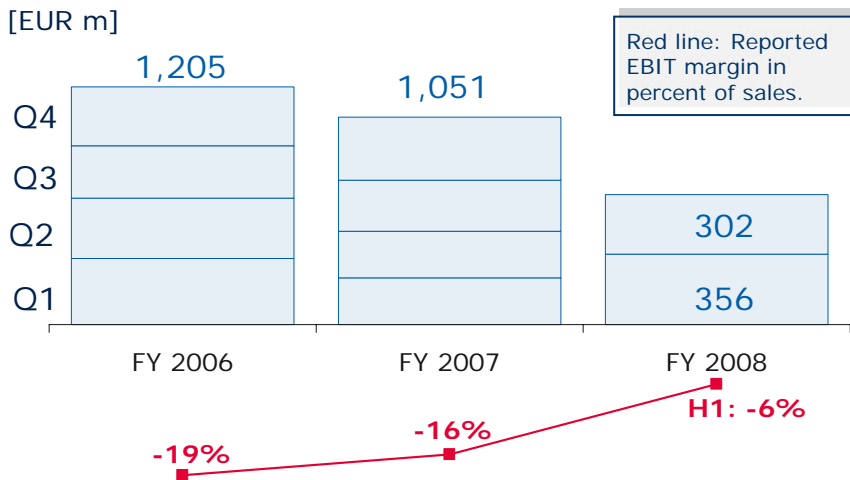


Automotive, Industrial & Multimarket



- Q2 FY08: 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: divestitures and currency impact limit growth potential; EBIT margin excluding net gains and charges to improve; additional positive effects from the program "IFX 10-Plus"

Communication Solutions



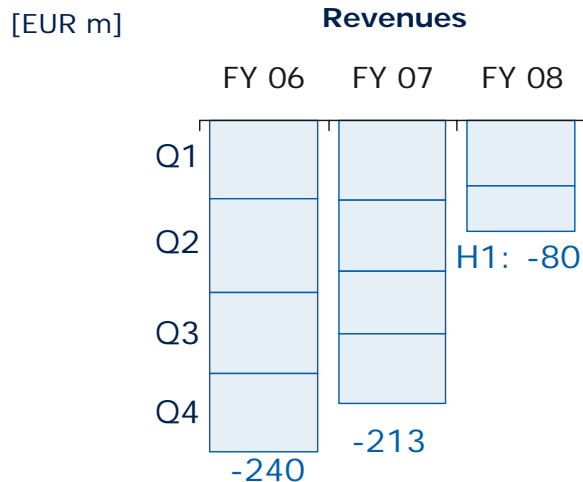
- Q2 FY08: Sales excl. acquisitions and on constant currency rate grew +10% y-o-y
- Q3 revenues to be about flat from the previous quarter; revised revenue outlook in combination with customization expenses associated with the ramp of new platforms should lead to a decline in EBIT excluding net gains and charges from Q2
- Q4 revenues and EBIT excluding net gains and charges to improve compared to Q3
- FY 2009: Revenue should grow from FY08 levels; cost savings to come from program "IFX 10-Plus"

Other Operating Segments



- FY 2008: Sales to decline y-o-y as Dresden 200-mm fab shipped last wafers to Q1 in Q3 FY08; EBIT around break-even or slightly negative
- 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 ~ EUR 40-60 m
- FY 2009: EBIT loss comparable to FY 2008 before charges

Agenda

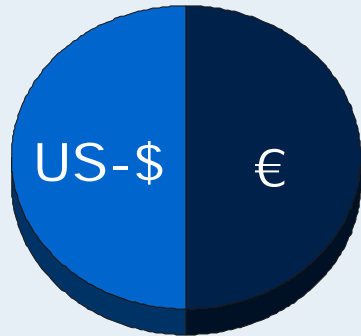
- Financials and Outlook

- Currency

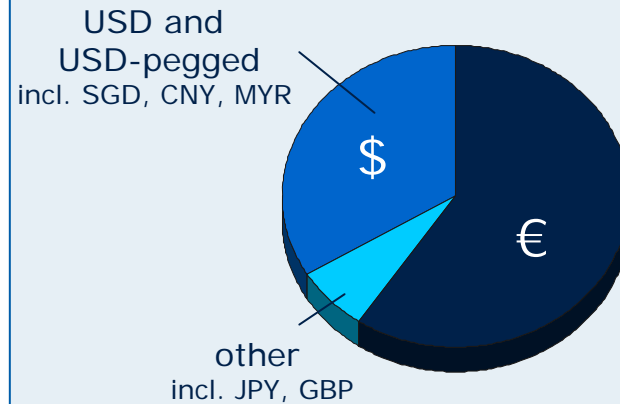
- Implementation of IFRS

Currency Foreign Exchange Effects on IFX

Revenue split H1 FY08



Cost split H1 FY08



EBIT impact

+1 Cent EUR/USD $\uparrow \Rightarrow \downarrow$ - EUR 2 m per quarter

-1 Cent EUR/USD $\downarrow \Rightarrow \uparrow$ + EUR 2 m per quarter

Every US-cent difference in the FX rate has an impact of EUR 2 m on EBIT per quarter

Hedging policy

„Our policy with respect to limiting short-term foreign currency exposure generally is to economically hedge at least 75 percent of our estimated net exposure for a minimum period of two months in advance and, depending on the nature of the underlying transactions, a significant portion for the periods thereafter.“

Source: Infineon 20-F, Sept 2007

Infineon actions on currency uncertainty

- Cash flow USD-surplus FY08e hedged in November 2007 at EUR/USD 1.45

- Increase natural hedging:
 - More purchasing in USD
 - More outsourcing of production
 - Fab in Malaysia (Kulim)

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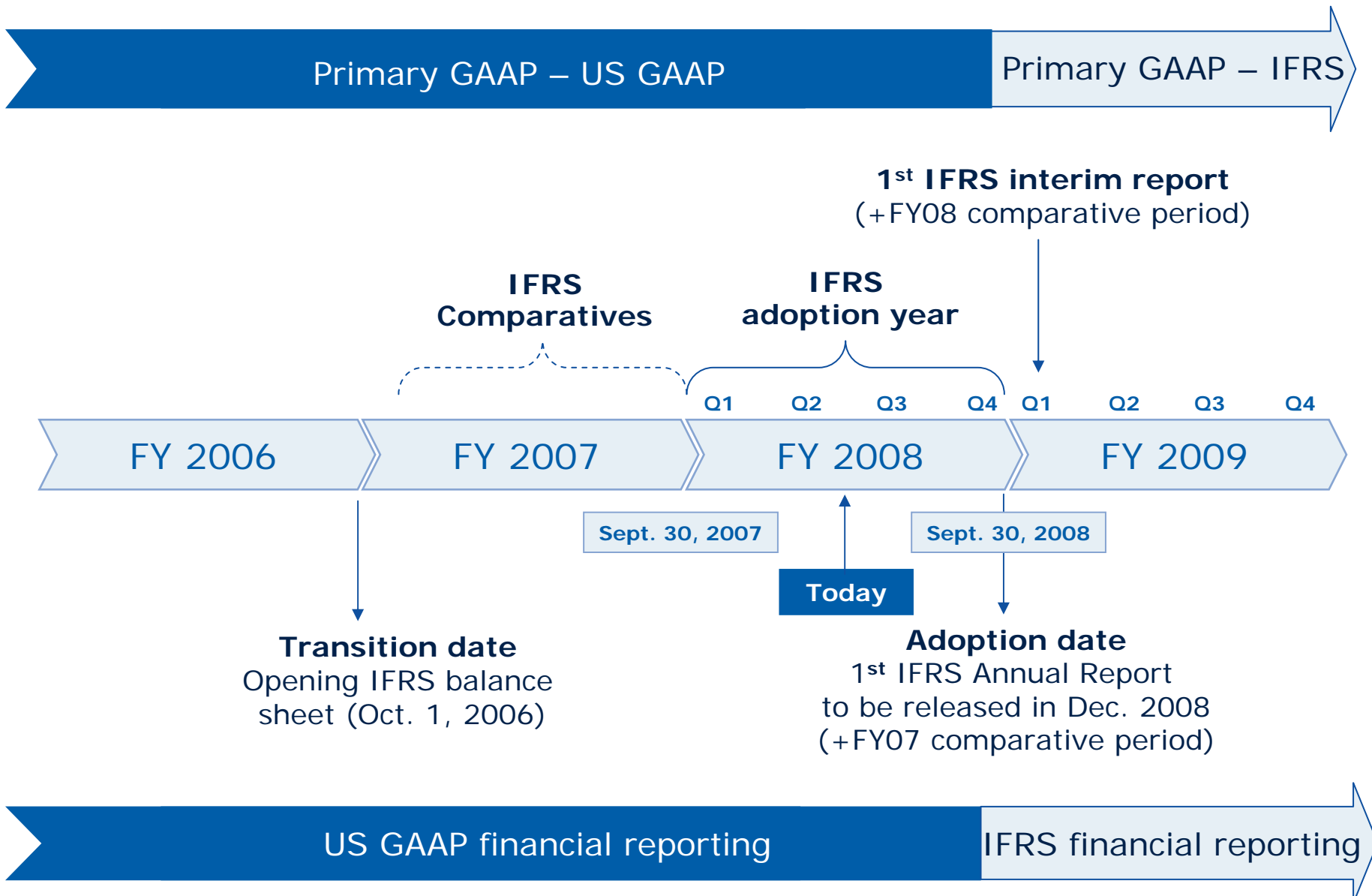
Legal requirements

- EU and German statutory regulations require Infineon to present its consolidated financial statements under IFRS by Sep. 30, 2008

Primary GAAP

- Commencing with Q1 FY 2009, Infineon will change its financial statement reporting basis from US GAAP to IFRS
 - SEC has eliminated the US GAAP reconciliation requirement for foreign private issuers that report under IFRS
 - Lower recurring costs

Implementation of IFRS Timeline



Main differences expected, US GAAP vs. IFRS

- Capitalization of development costs
- Minority interests (EBIT in IFRS includes minorities)
- Compound financial instruments
(convertible and exchangeable notes)
- Deferred taxes

Implementation of IFRS FY 2007 Statement of Operations

PRELIMINARY AND UNAUDITED



IFX Group Statement of operations

	US GAAP (EUR m)	IFRS Delta (EUR m)	IFRS Total (EUR m)
Total net sales	7,682	-	7,682
Cost of goods sold	(6,092)	(76)	(6,168)
Gross Profit	1,590	(76)	1,514
Research and development expenses	(1,169)	44	(1,126)
Selling, general and administrative exp.	(700)	(1)	(701)
Restructuring expenses	(45)	-	(45)
Other operating income (expense), net	(46)	(7)	(53)
Operating Income (loss)	(370)	(41)	(411)
Equity in earnings (losses) of ass. Comp.	117	-	117
Financial income (expense), net	(19)	(55)	(74)
Other non-operating income (expense)	(35)	3	(32)
Minority interest	19	(19)	-
Income (loss) fr cont. oper. b. inc. tax	(289)	(111)	(400)
Income tax benefit (expense)	(79)	103	24
Net income (loss)	(368)	(8)	(376)
Attributable to			
Minority interest	-	(23)	(23)
Shareholders of Infineon AG	(368)	15	(353)
EBIT	(256)	(53)	(309)

Primarily:
~EUR 45 m - amortization of capitalized R&D (~EUR 25 m Logic; ~EUR 20 m QI);
~EUR 35 m – government grants (~ EUR 10 m Logic; ~EUR 25 m QI)

~EUR 45 m - capitalization of R&D (~EUR 25 m Logic; ~EUR 20 m QI)

Primarily convertible and exchangeable notes accretion (all Logic)

Net income under IFRS includes minorities (all Logic)

Primarily technical differences between IFRS and US GAAP, tax accounting for certain grants, tax treatment of intra-group transfers, and other items
(~EUR 70 m Logic; ~EUR 30 m QI)

Primarily:
EUR 41 m - operating income
EUR 19 m - minority interest

Note: Historical results include Qimonda (QI) prior to reclassification as discontinued operations.

Implementation of IFRS FY 2007 Segment Results

PRELIMINARY AND UNAUDITED



EBIT in EUR m

Automotive, Industrial & Multimarket (US GAAP)	300
Communication Solutions (US GAAP)	(160)
Other Operating Segments (US GAAP)	(12)
Corporate and Eliminations (US GAAP)	(177)
IFRS Delta	(1)
Subtotal under IFRS	(50)
Qimonda (US GAAP)	(207)
IFRS Delta	(52)
Subtotal under IFRS	(259)
Infineon consolidated under IFRS	(309)

Impact on EBIT of Infineon Logic is minor due to

- offsetting effect from capitalization of development costs and related amortization
- increase in cost of sales due to government grants being compensated for by positive effects from inclusion of minorities
- accretion of convertible bonds is interest expense and not part of EBIT



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



Never stop thinking