Second Quarter FY 2008

Quarterly Update

Dr. Marco Schröter
Member of the Management Board
Executive Vice President and Chief Financial Officer (CFO)

Never stop thinking

Disclaimer

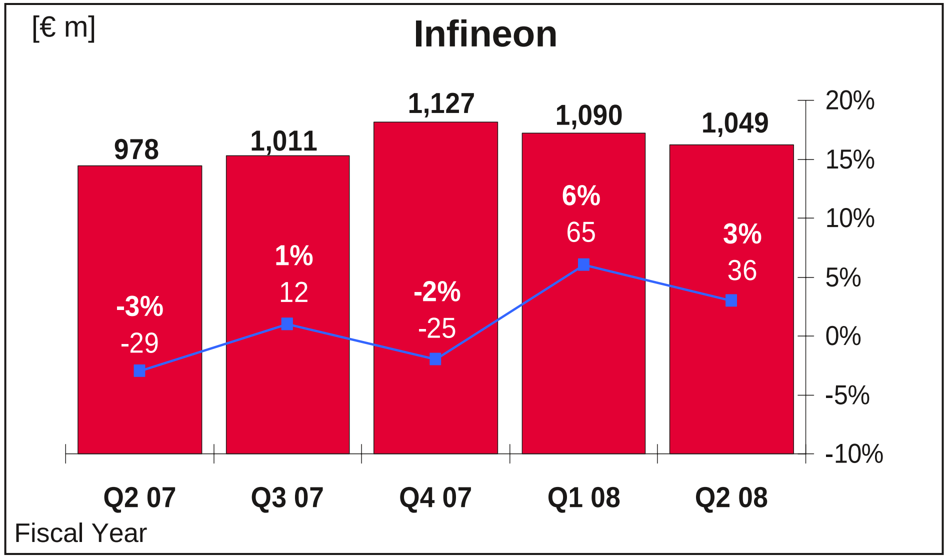
This presentation was prepared as of June 2, 2008 and is current only as of that date.

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.

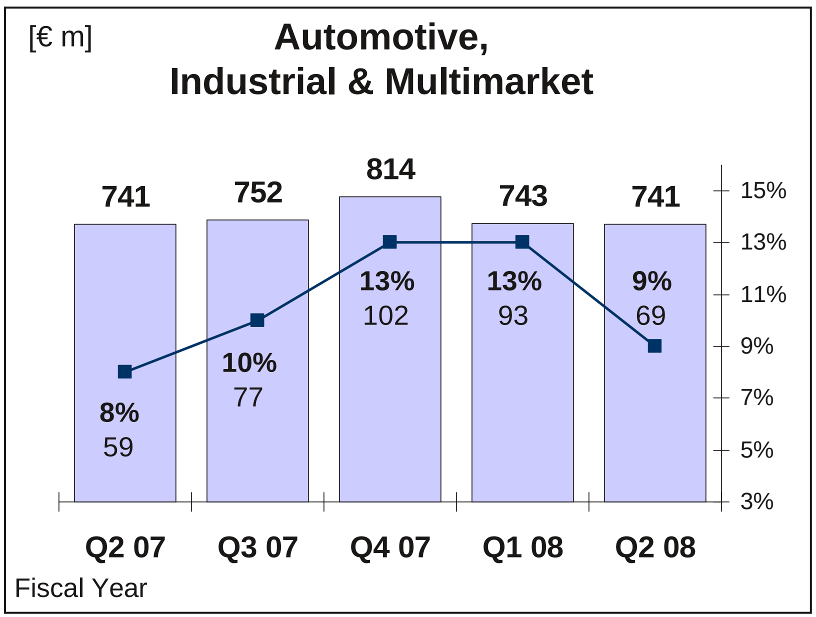
These forward-looking statements are subject to a number of uncertainties, including trends in demand and prices for semiconductors generally and for Infineon's products in particular, the success of Infineon's development efforts, both alone and with partners, the success of Infineon's efforts to introduce 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.

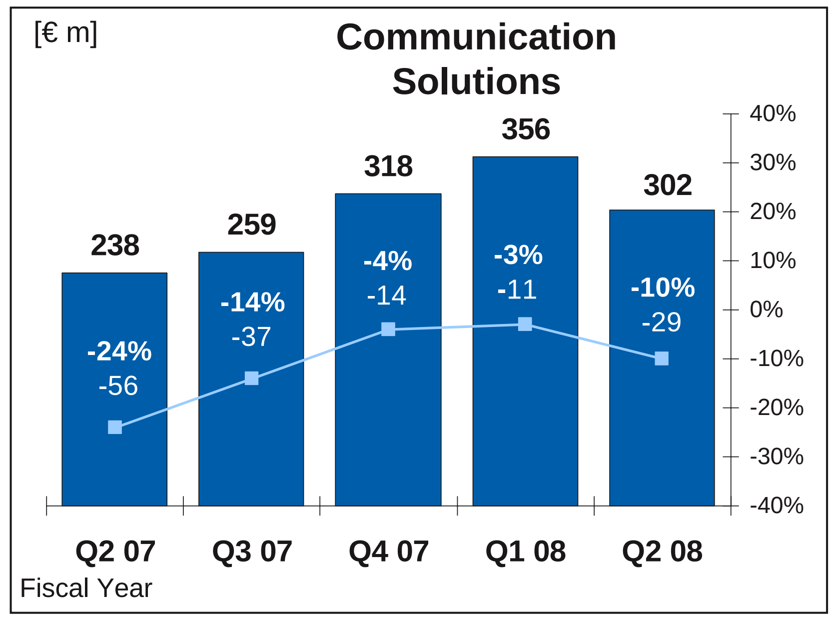
Infineon does not undertake any obligation to publicly update or revise any forward-looking statements because of new information, future events or otherwise.

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



plus Segments OOS and C&E





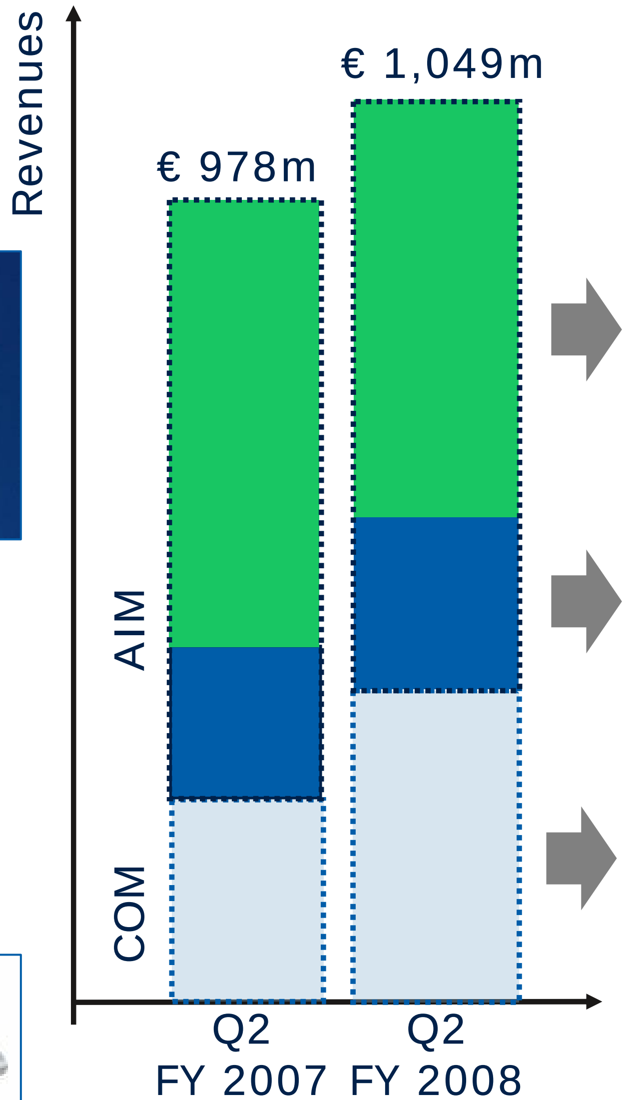
Third Quarter FY 2008 Outlook

IFX	■ Revenues down slightly q-o-q ■ EBIT before net gains and charges anticipated to decline q-o-q, but should remain positive.
COM	■ Revenues to be about flat q-o-q ■ Revised wireless 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. Broadband to be unchanged q-o-q.
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.

1

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 CO_2 emissions in automobiles

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

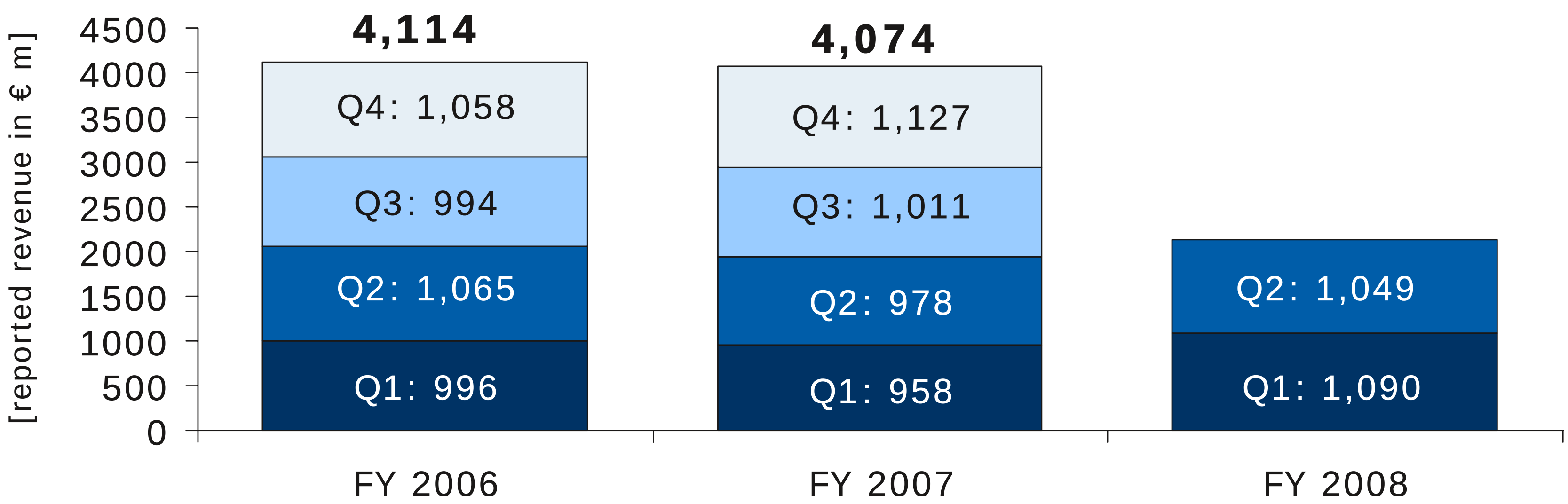
Communications:
- Growth out of design-wins in mobile platforms; focus on single-chip and 7.2 Mbps HSDPA
- Strong RF transceiver and wireline access businesses

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%

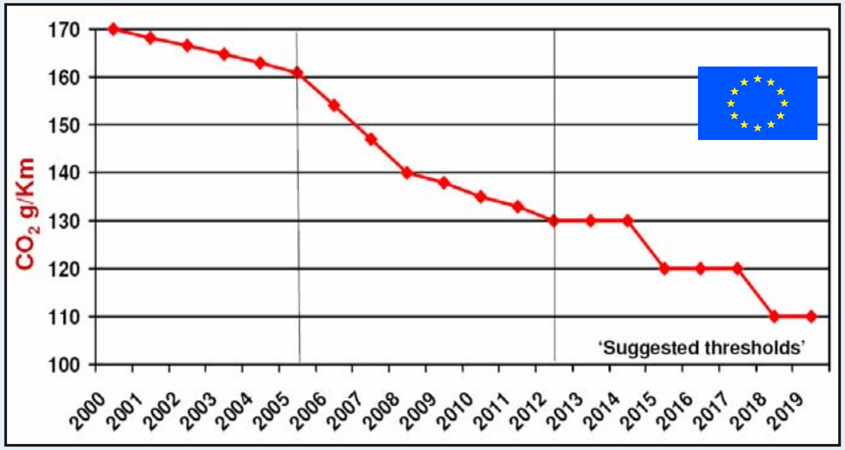


Enviroment Awareness as Market Growth Driver for Semiconductors in Automobiles

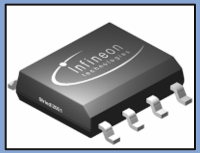
Market Drivers

- Demand for increased fuel economy due to decreasing energy resources
- Demand for reduction of CO_2 emission due to stricter legislations
- Performance is one integral part of the driving experience

European Union requires to reduce CO_2 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

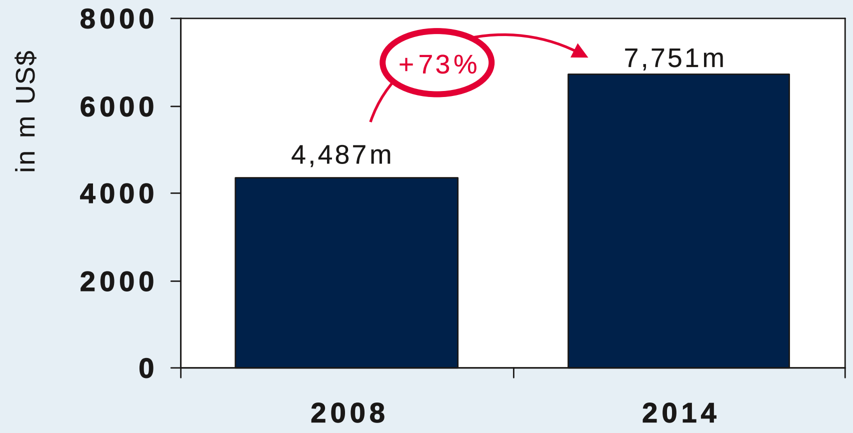
Power modules for hybrid engine control

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

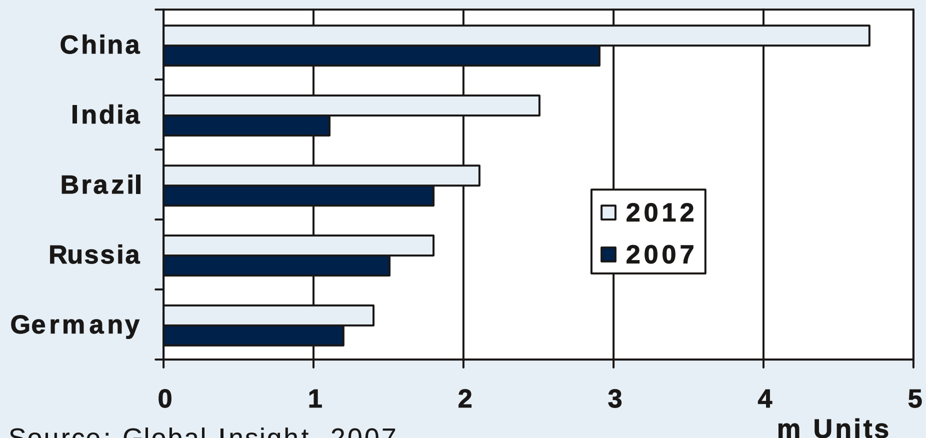
MOSFET for Power Steering

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



Source: Global Insight, 2007

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

infineon

Energy Generation | **Energy Distribution** | **Energy Consumption**

Energy Generation

AC/AC

Energy Distribution

AC/DC/AC

Energy Consumption

AC/DC/AC
Motor Drives, Traction, Home Appliances

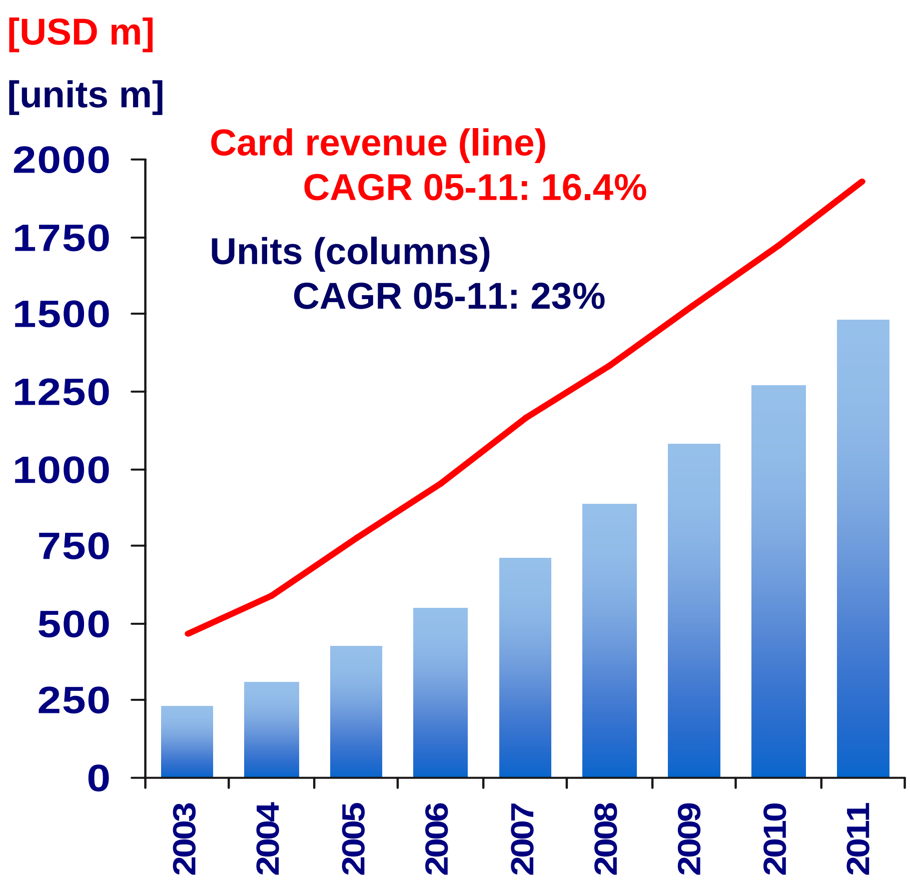
AC/DC
Power Supply

DC/DC
Point of Load

Losses
Losses
Losses
Losses
Losses

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

	MP3, Music
	Podcasts FREE Education, FREE Entertainment FREE Music
YouTube™ Broadcast Yourself Mobile	Video Player
	FM Radio FREE Broadcasting FREE Music

XMM™2130

X-GOLD™213

Opera Mini	Web Browser
Google Maps	Maps/Location
	Messaging Email
YouTube™ Broadcast Yourself Mobile, facebook	Picture & Video sharing
	Utility (Search)
Google talk, AIM	Messaging IM
Google Code, KAYWA READER, BeeTagg	Mobile Tagging
	Audio Player

2

Margin Improvements

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	↗

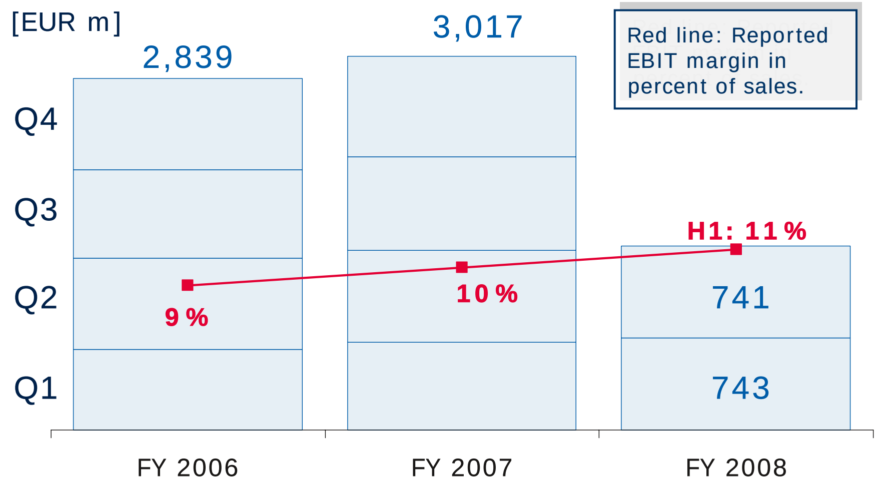
Effects from the program "IFX 10-Plus"

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.

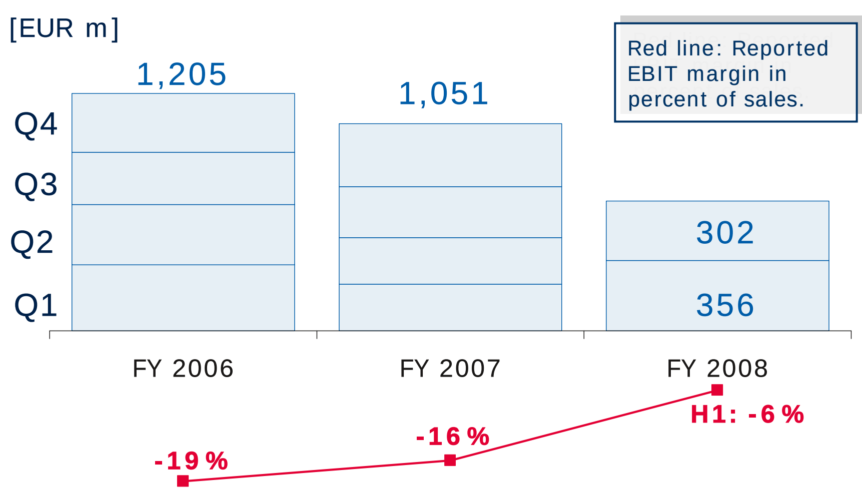
Financials and Outlook
Detailed Outlook for AIM and COM (US GAAP)

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”

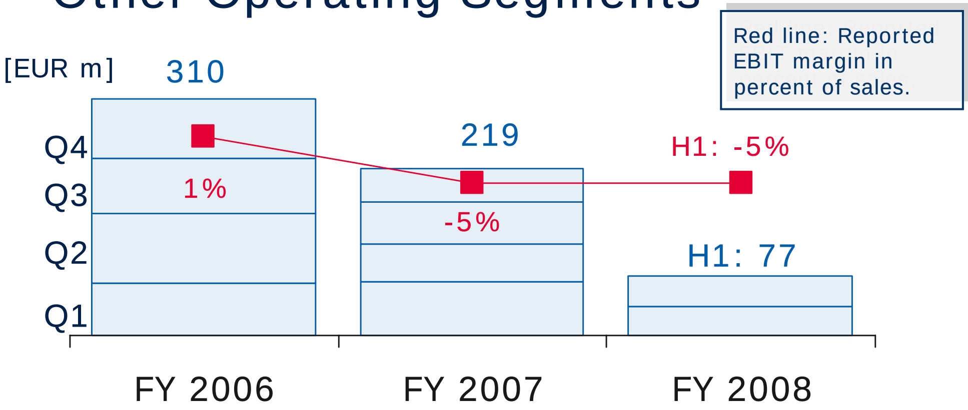
Communication Solutions



- 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”

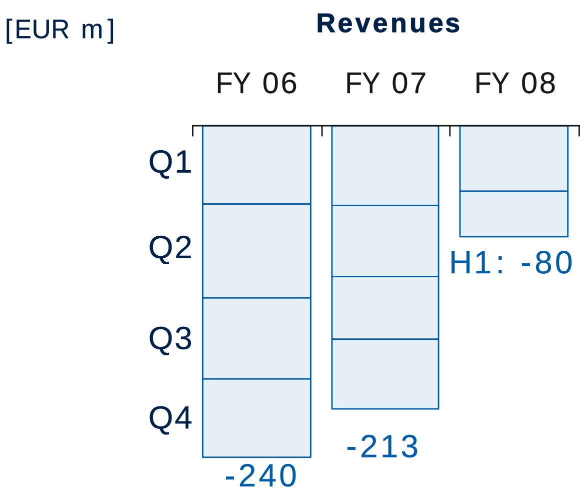
Financials and Outlook
Detailed Outlook for OOS and C&E (US GAAP)

Other Operating Segments



- FY 2008: Sales to decline y-o-y as Dresden 200-mm fab shipped last wafers to QI in Q3 FY08; EBIT around break-even or slightly negative
- FY 2009: further y-o-y sales decline; no supplies to QI for entire year

Corporate & Eliminations

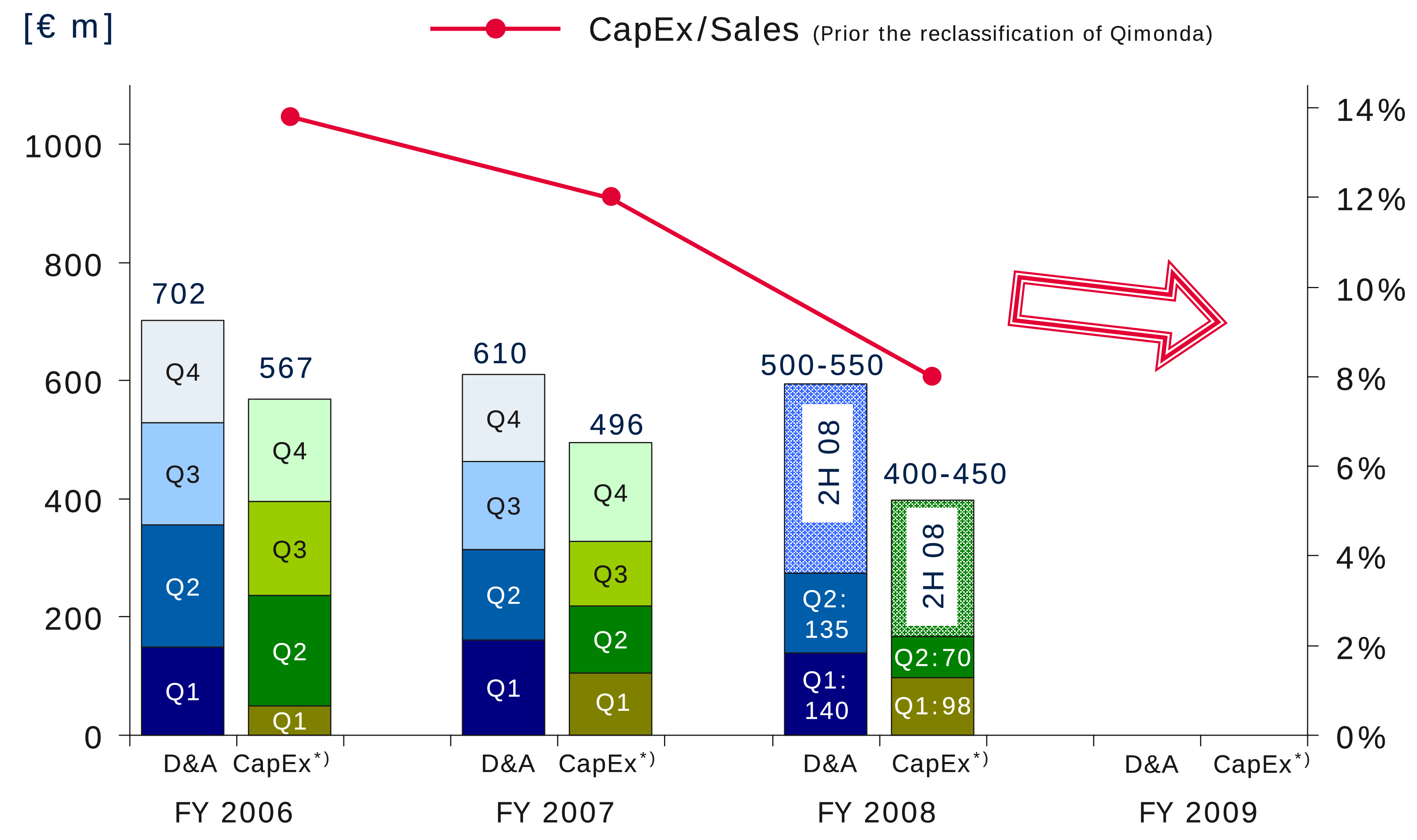


- Q2 FY 2008 results included charges of €8m (OOS and C&E combined)
- FY 2008: Expect to contain EBIT loss before charges at ~ EUR 40-60 m
- FY 2009: EBIT loss comparable to FY 2008 before charges

3

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



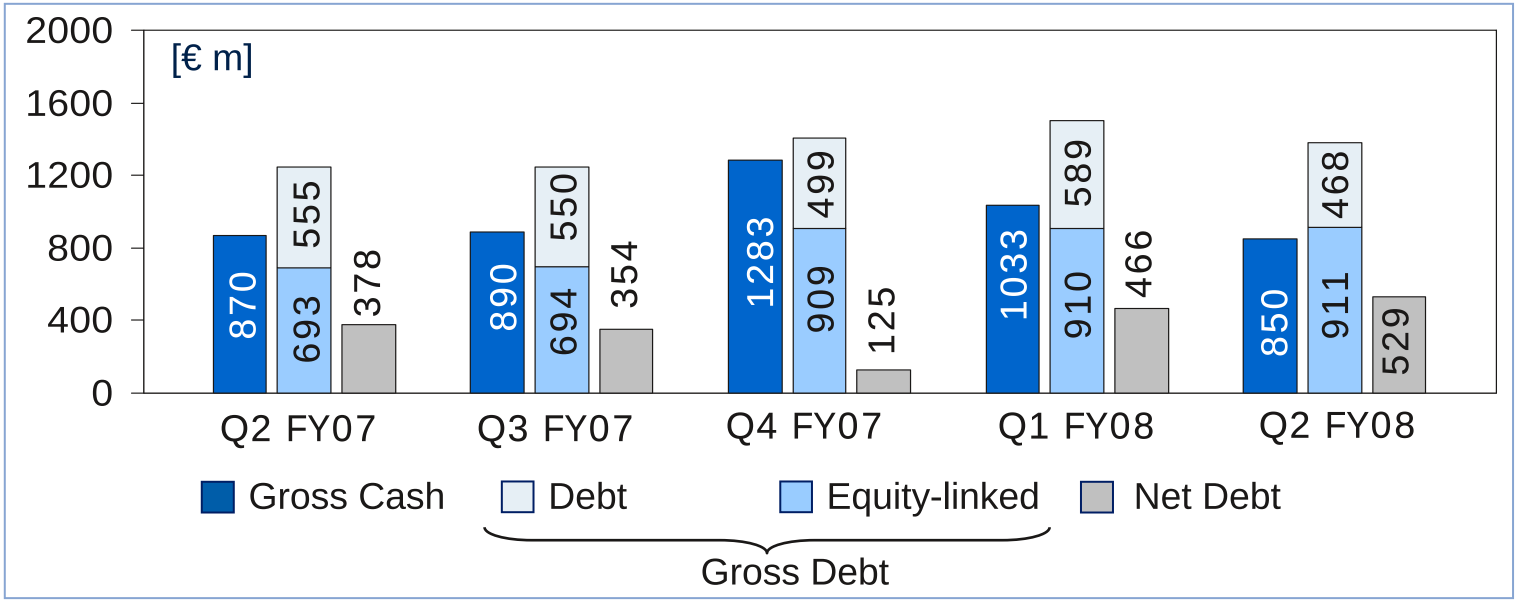
*) w/o intangibles

4

Capital Structure Update

Gross Cash, Gross Debt and Net Debt

Capital structure - Past quarters



Capital structure - Targets

Gross Debt → **2.0 x** EBITDA

Gross Cash → **0.25 x** Sales

5

Qimonda Update

Lowering our Stake in Qimonda

2006 | **2007** | **2008** | **2009**

May 1, 2006:
Carve-out segment Memory Products into Qimonda AG.

August 9, 2006
IPO of Qimonda at NYSE. IFX sells 6.30m shares, holds 85.9%.

September 19, 2007:
IFX sells 28.75m Qimonda shares and issues exchangeable bond;
IFX holds 77.5% (incl. exch. bond: 71.5%)

February 14, 2008
IFX AGM authorizes QI share dividend and buy-back of IFX shares against QI shares.

March 31, 2008
Infineon reclassifies assets and liabilities of Qimonda into "Assets Held for Sale" in the consolidated balance sheet.

~ March 2009
IFX to hold less than 50%.

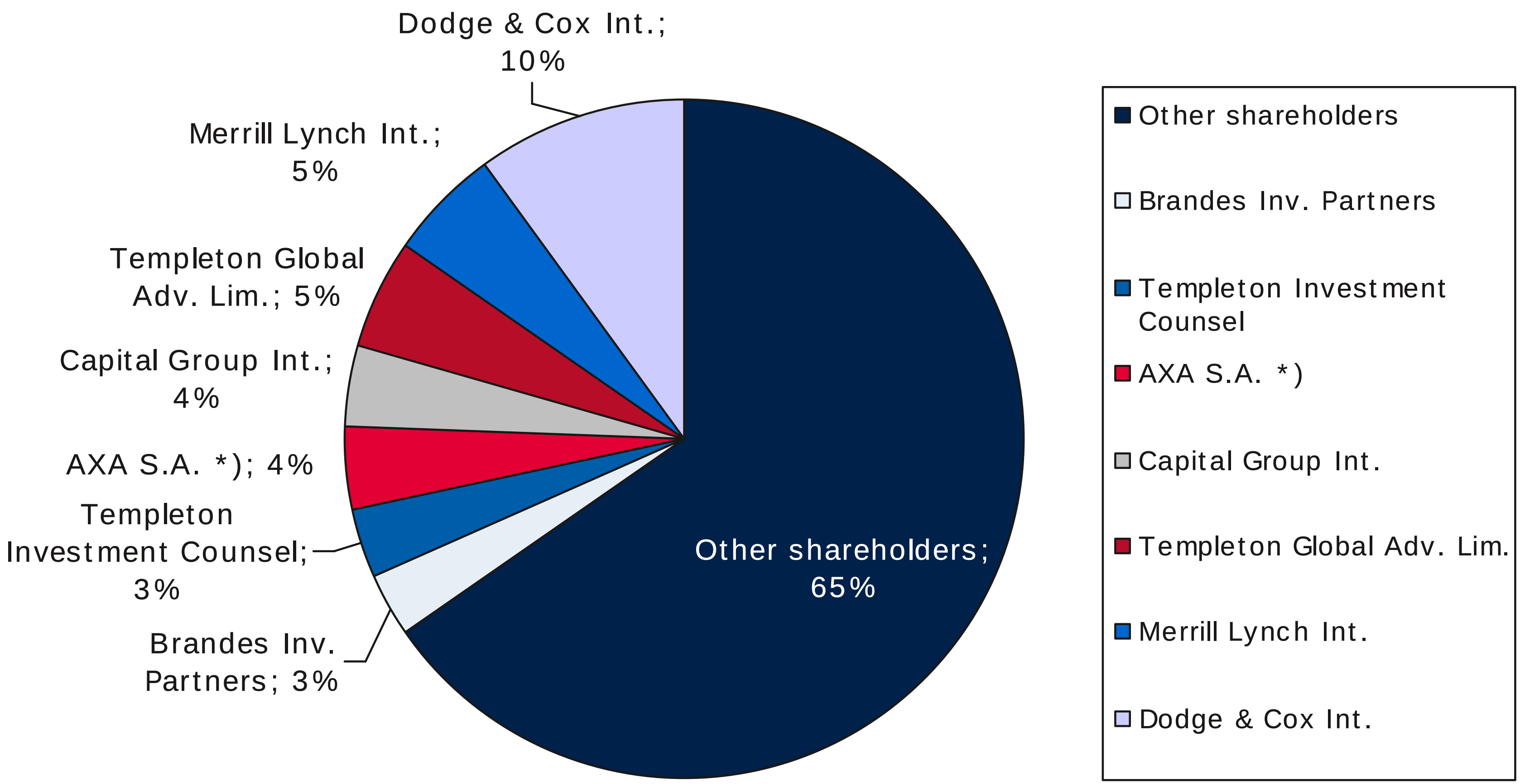
Never stop thinking

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 Mar 31, 07	Dec 31, 07	Mar 31, 08	6 months ended 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 dicontinued 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

- 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