

Second Quarter FY 2010

Quarterly Update

Infineon Technologies AG
Investor Relations

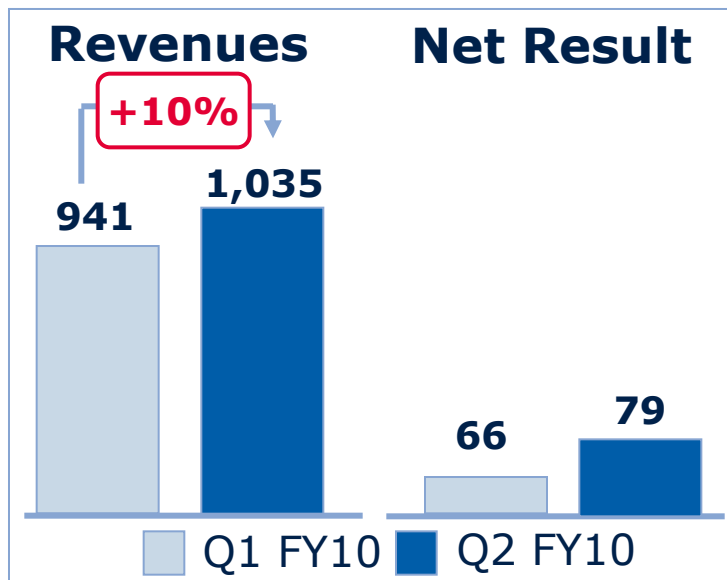


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■ Infineon Results and Outlook

■ Business Highlights

Revenue and Profitability Improved Again



in € million Q1 FY10 Q2 FY10

Revenues	941	1,035
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Segment Result	88	110
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Net income	66	79
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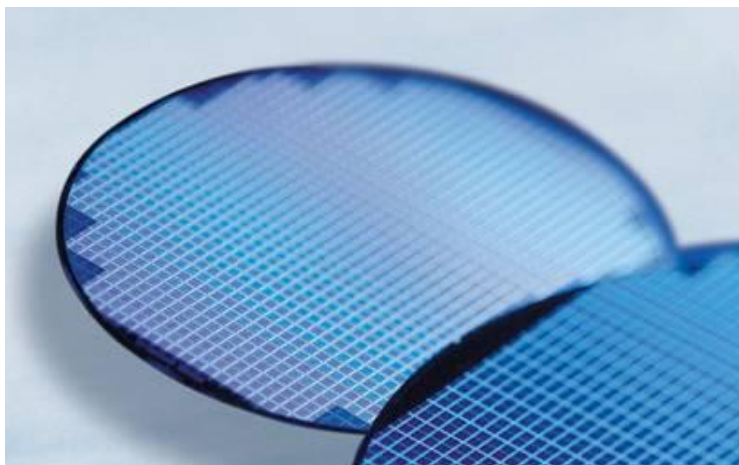
Free Cash Flow*	14	141
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Gross Cash Position	1,678	1,667
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Net cash	874	995
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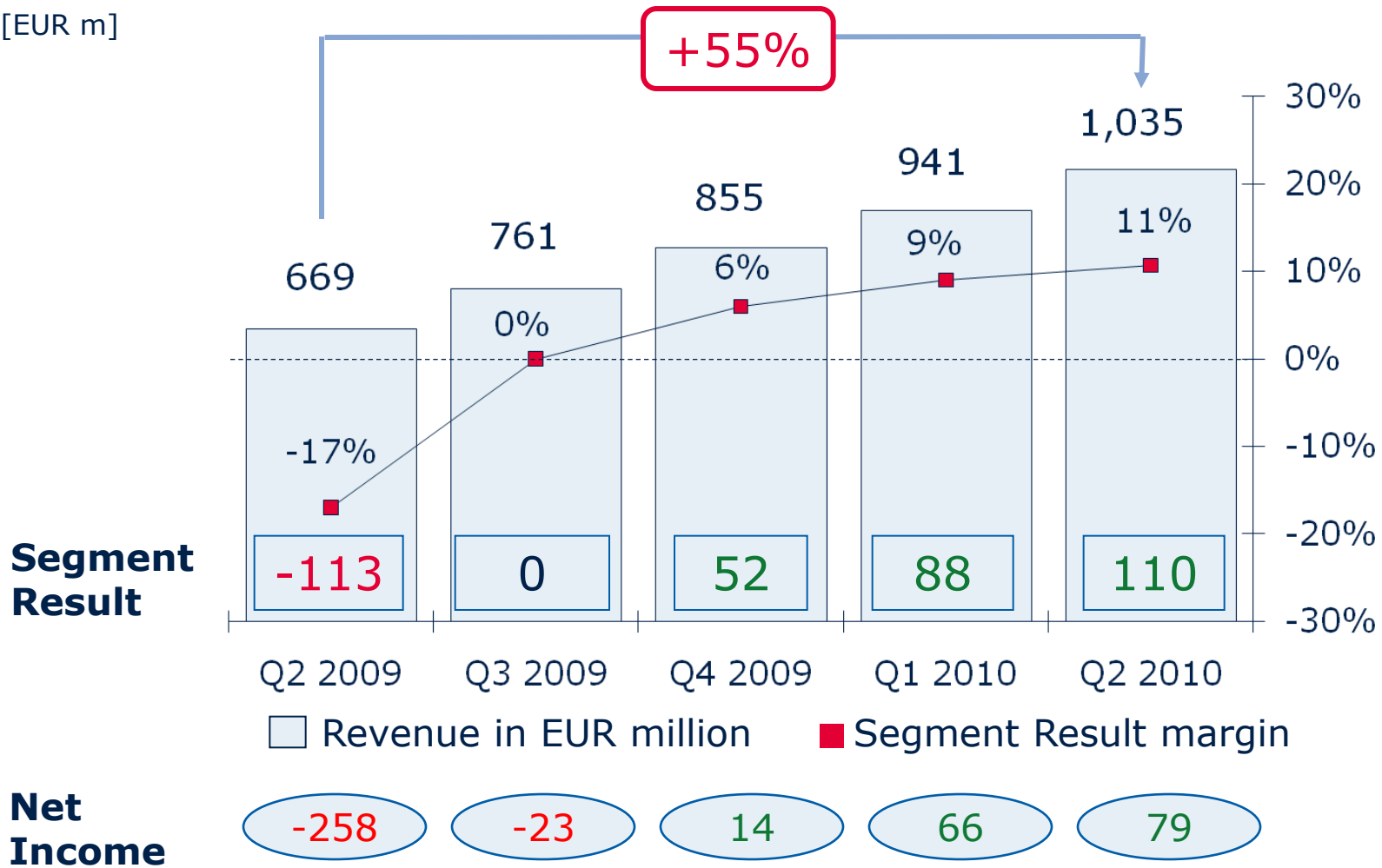
*) Free cash flow from continuing operations. Q1 FY10 net of EUR 88m Altis deconsolidation effect.

Infineon Achieved Double-Digit Segment Result Margin in Q2 FY10



Infineon – Second Quarter Fiscal Year 2010

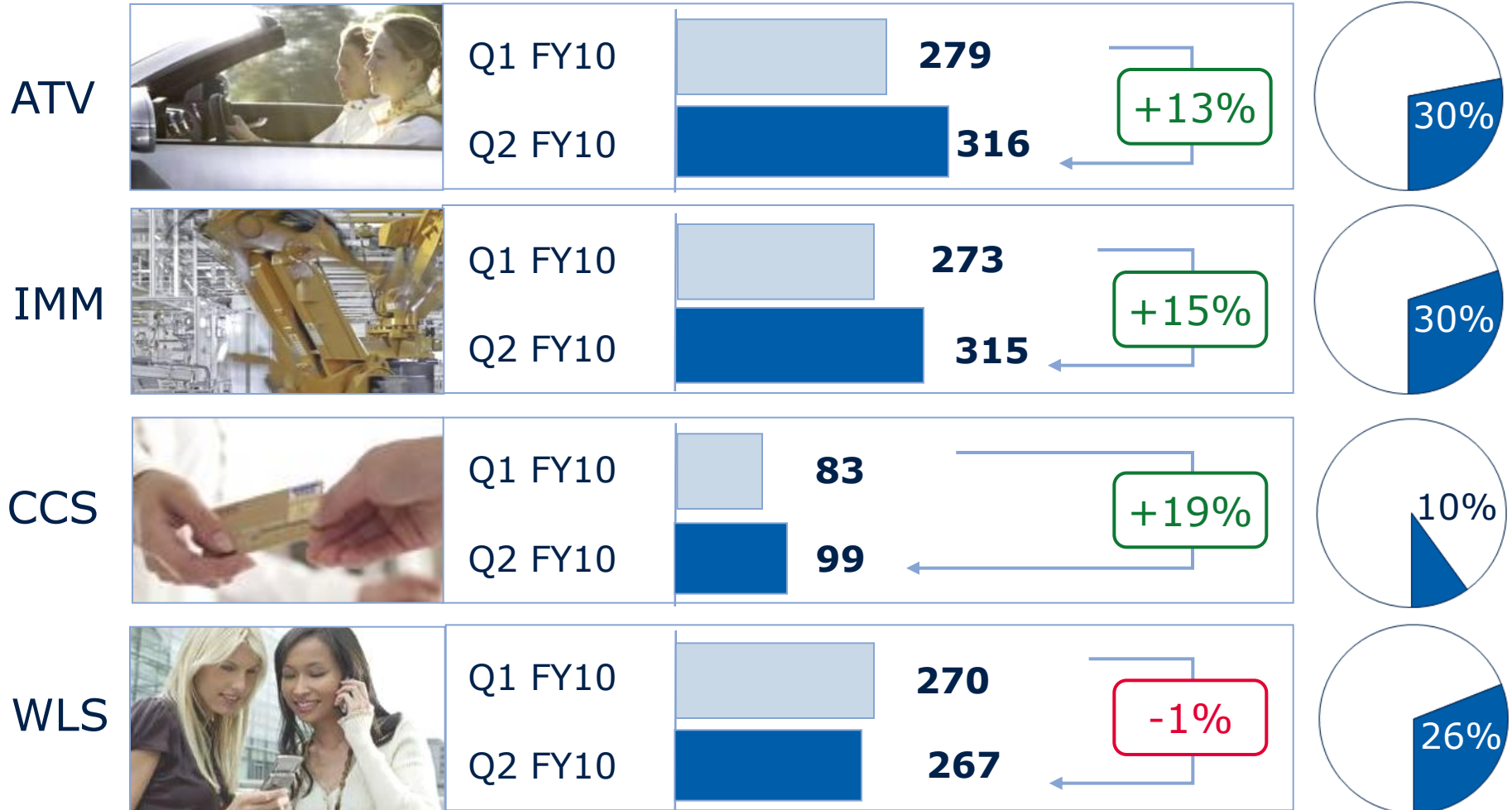
[EUR m]



Strong Growth in ATV, IMM and CCS; WLS Almost Flat Despite Seasonality

Revenue in EUR million













Share of total



Note: Other operating segments, central functions and eliminations 4% share of total revenues (EUR 38m). Total revenue includes Other Operating Segment (EUR 40m) and Corporate & Eliminations (EUR -2m).

Profitability Improved in ATV, IMM and CCS; WLS Remained Profitable



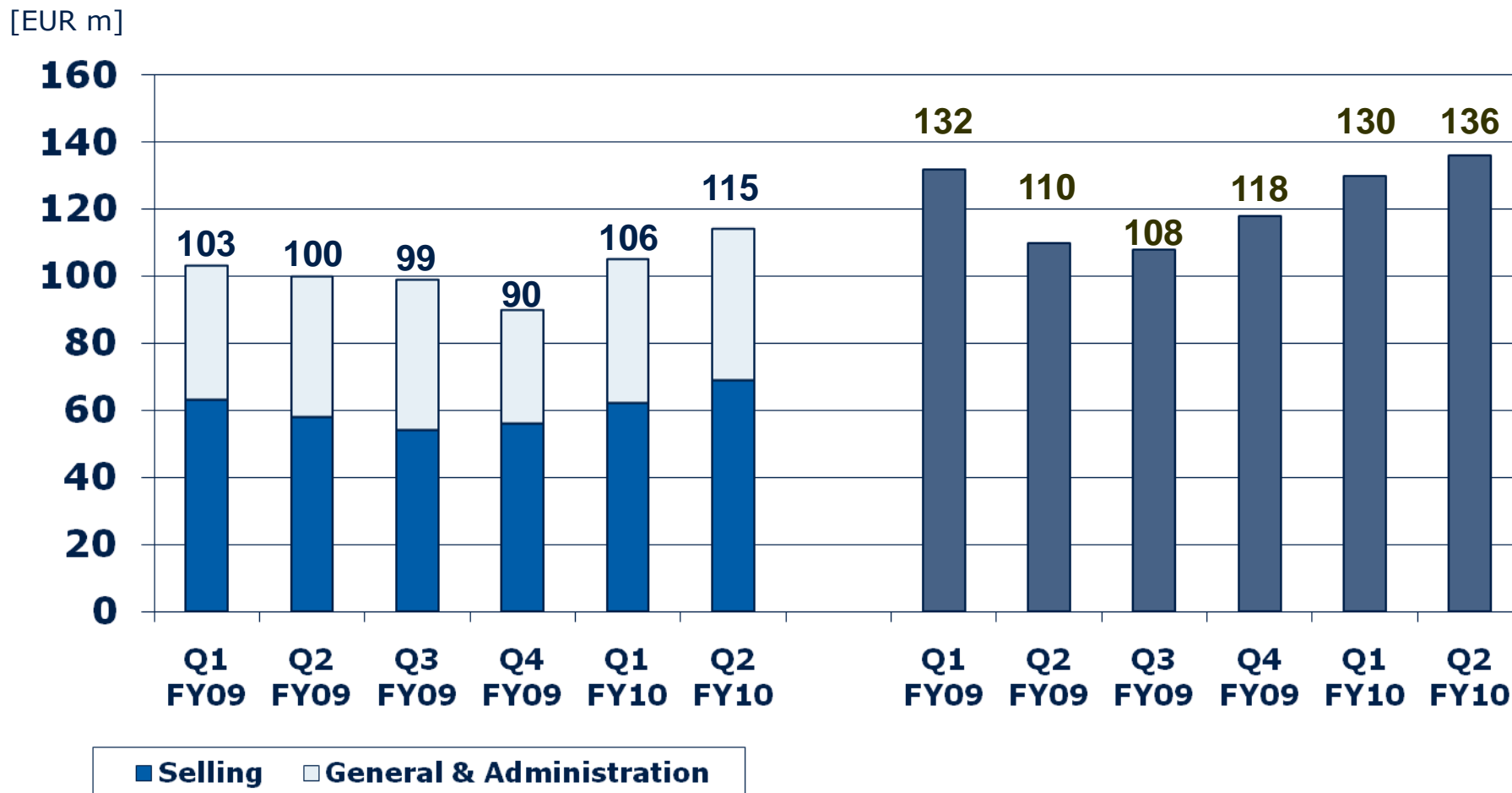
Segment Result (SR) in EUR million				SR Margin
ATV		Q1 FY10	 37	13%
		Q2 FY10	 51	16%
IMM		Q1 FY10	 44	16%
		Q2 FY10	 59	19%
CCS		Q1 FY10	 1	1%
		Q2 FY10	 3	3%
WLS		Q1 FY10	 17	6%
		Q2 FY10	 9	3%

Note: Other operating segments, central functions and eliminations Segment Result: EUR -12m.

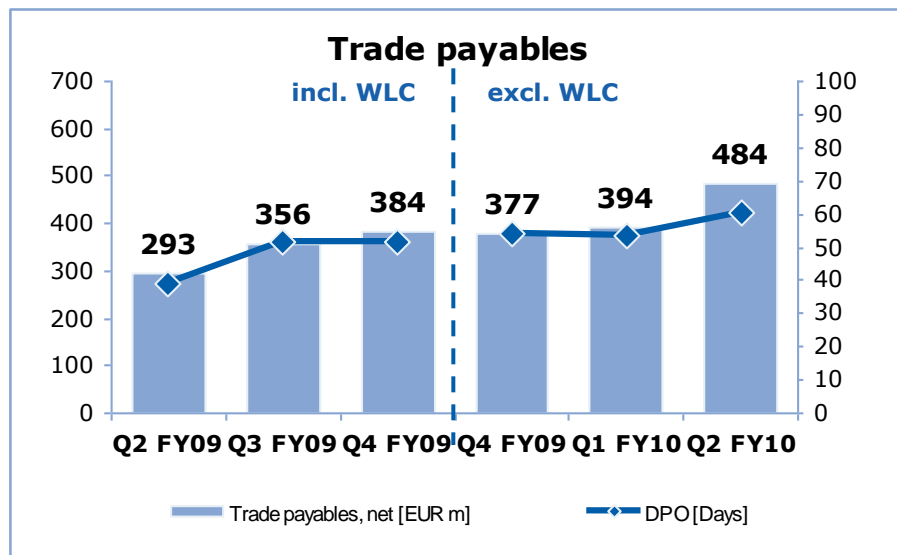
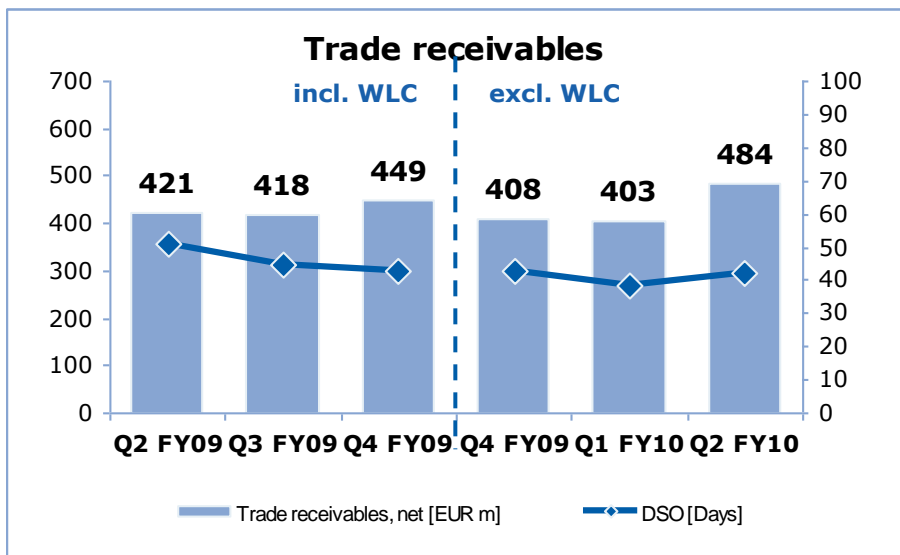
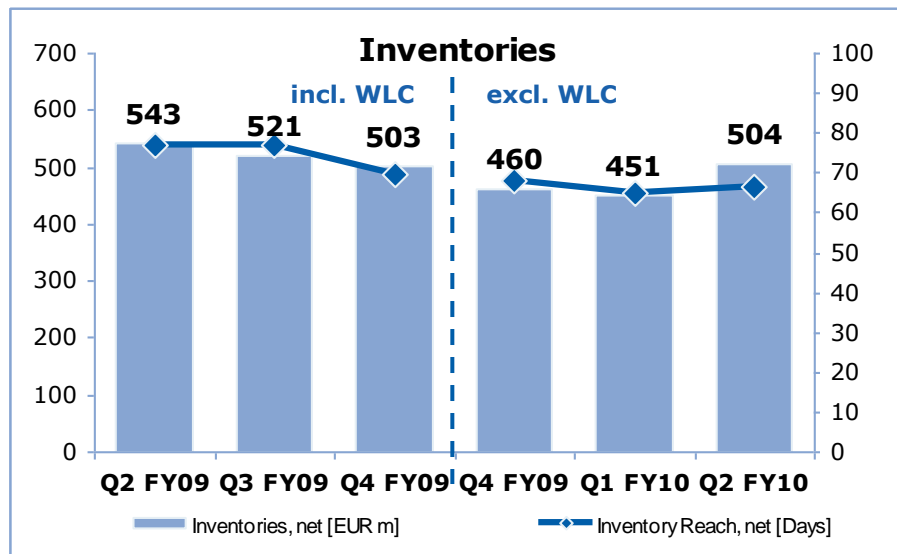
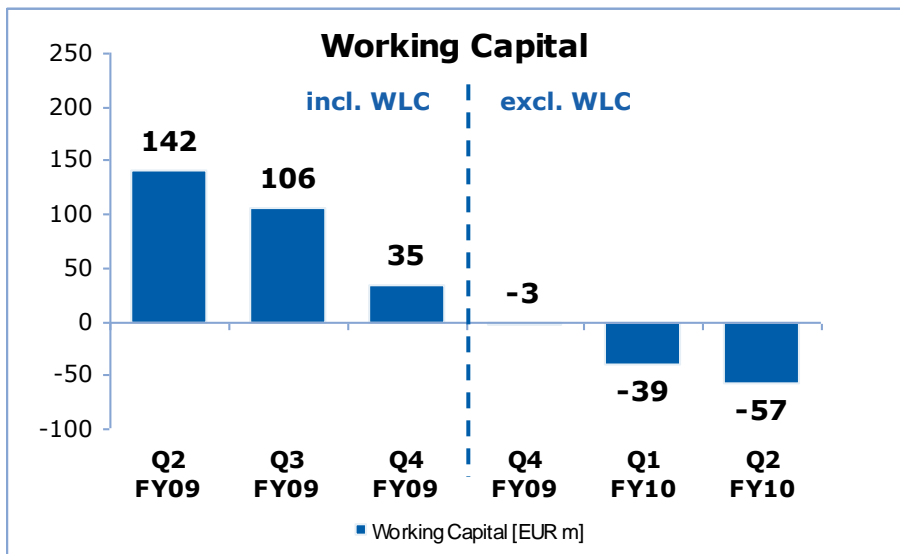
Continued OpEx Control

S and G&A

R&D



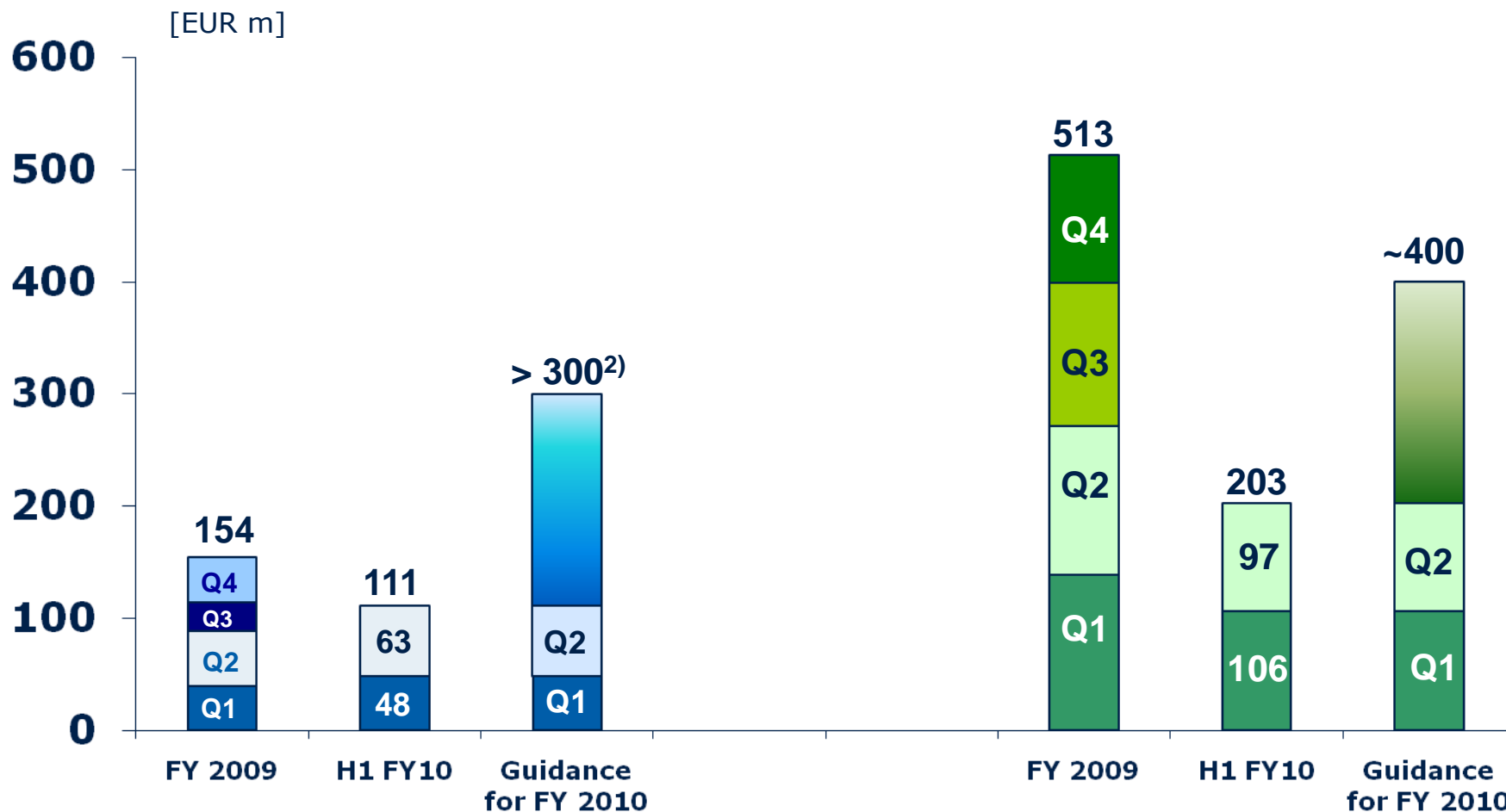
Working Capital Declined Again



CapEx Significantly Below D&A in FY 2010

CapEx¹⁾

D&A



1) For definition please see slide 25 in appendix.

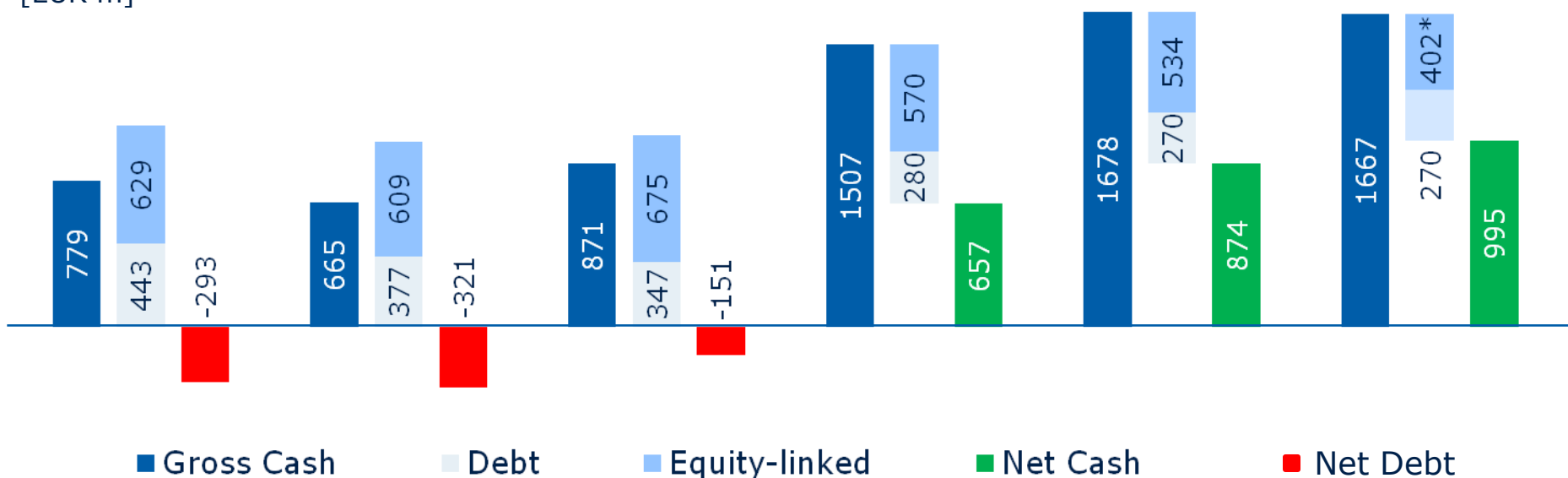
2) As of April 28, 2010, Infineon anticipates that CapEx will exceed EUR 300m compared with the prev. guidance of up to EUR 250m.

Net Cash Position of Close to EUR 1bn

Liquidity Development

Q1 FY09 Q2 FY09 Q3 FY09 Q4 FY09 Q1 FY10 Q2 FY10

[EUR m]



* Consists of CB 2010 (nominal EUR 258m; book EUR 254m) and CB 2014 (nominal EUR 196m; book EUR 148m).

- Repurchase of EUR 142m nominal amount of outstanding bonds in Q2 FY10.
- Convertible bond 2010 maturing on June 5th.
- Positive free cash flow from continuing operations of EUR 141m in Q2 FY10.

IFX Targets for Liquidity and Capital Structure

Liquidity

and

Capital
Structure

-
Targets

I) Liquidity \Rightarrow Net Cash Position

Q2 FY10:

Gross cash of EUR 1,667m
Gross Debt of EUR 672m



EUR 995m Net Cash

II) Gross cash \Rightarrow > 25% of Sales¹⁾

Q2 FY10:

Gross cash of EUR 1,667m



46% of Sales²⁾

III) Gross debt \Rightarrow < 2.0x EBITDA³⁾

Q2 FY10:

Gross debt of EUR 672m



1.2x EBITDA⁴⁾

1. Sales of last twelve months, i.e. sales Q3 FY09 through Q2 FY10 = EUR 3591m.
2. Pro forma for redemption of the remaining nominal value of EUR 258m of CB 2010: Gross cash of EUR 1,409m \Rightarrow 39% of Sales.
3. EBITA of the last twelve months, i.e. EBITDA Q3 FY09 through Q2 FY10 = EUR 584m.
4. Pro forma for redemption of the remaining book value of EUR 254m of CB 2010: Gross debt of EUR 418m \Rightarrow 0.7x EBITDA.

Increased Outlook for Q3 and FY 2010 Due to Strong Operating Performance



Outlook Q3 FY10
(compared to Q2 FY10)



Outlook FY 2010
(compared to FY 2009)



Infineon
Revenue

Revenue to increase by a high single-digit percentage.

Revenue to grow in a high 30's percentage.

(compared to in excess of 20% before)

Combined
Segment
Result
Margin

Margin to increase by between two and four percentage points.

Margin of more than ten percent.

(compared to high single-digit margin before)

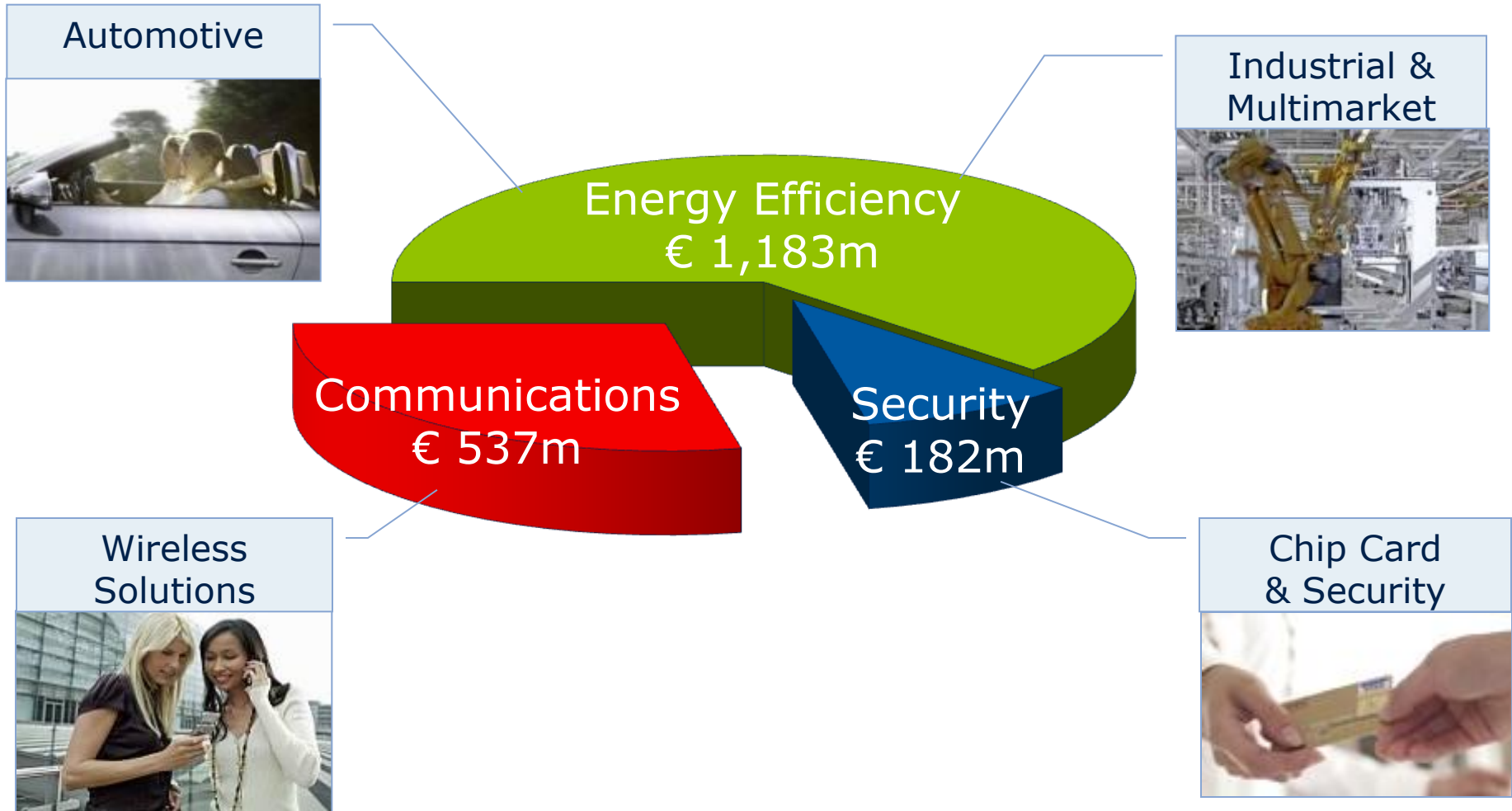
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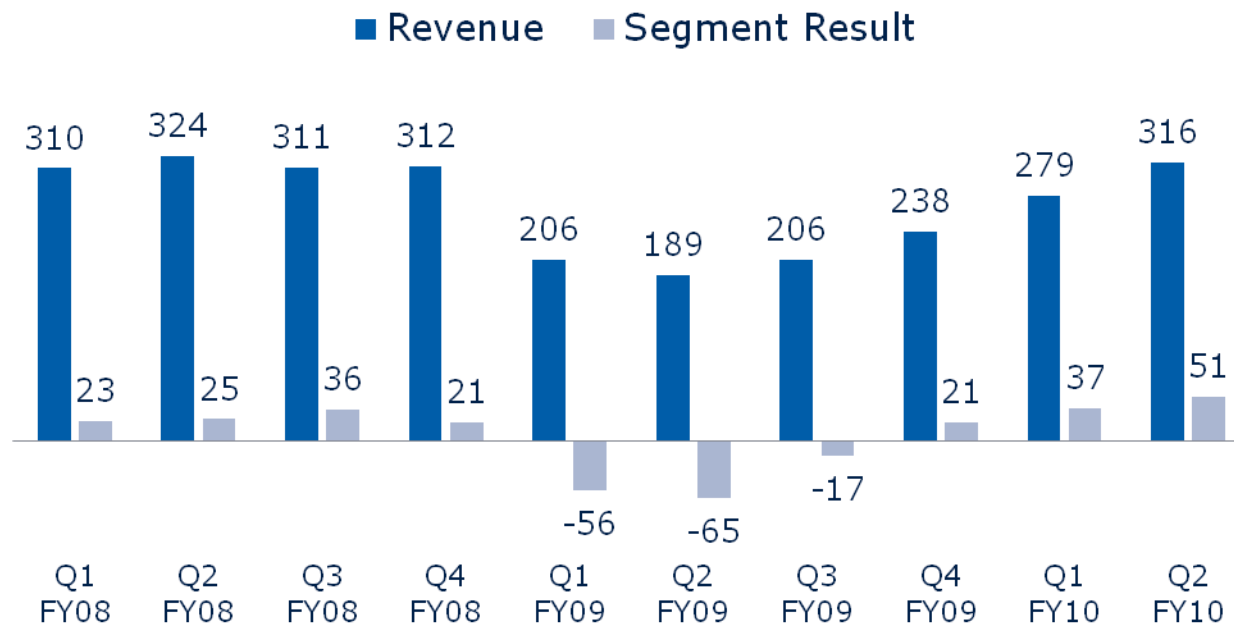
Revenue Split by Focus Area

H1 FY10 revenue split



Automotive Segment (ATV)

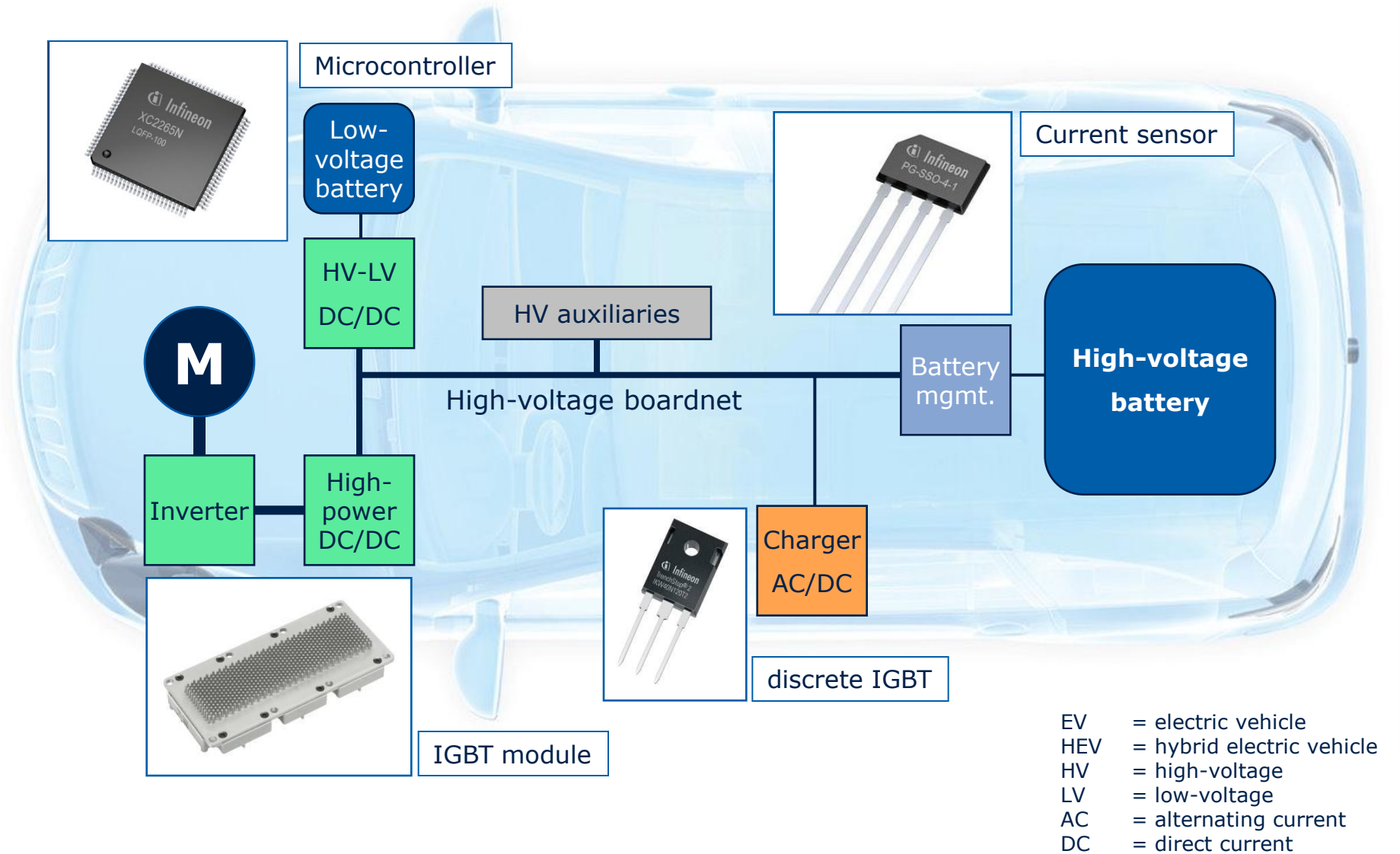
Revenue and Segment Result from Q1 FY08 to Q2 FY10



Major recent developments

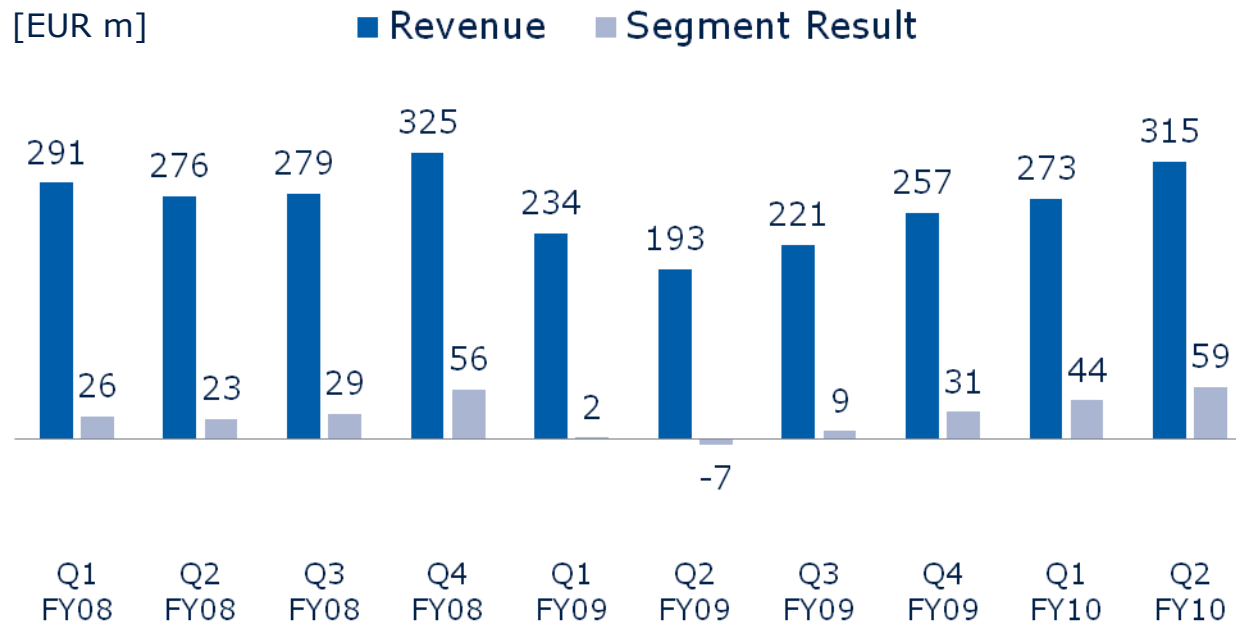
- Revenues increased, driven by continued high demand in all regions and some additional inventory replenishment in the supply chain.
- Infineon entered into a strategic partnership with a leading European tier-1 manufacturer for engine control and transmission based on our upcoming 65nm 32-bit multi-core (TriCore-based) μ C family.

Infineon Has the Expertise and Product Portfolio for EV and HEV Applications



Industrial & Multimarket Segment (IMM)

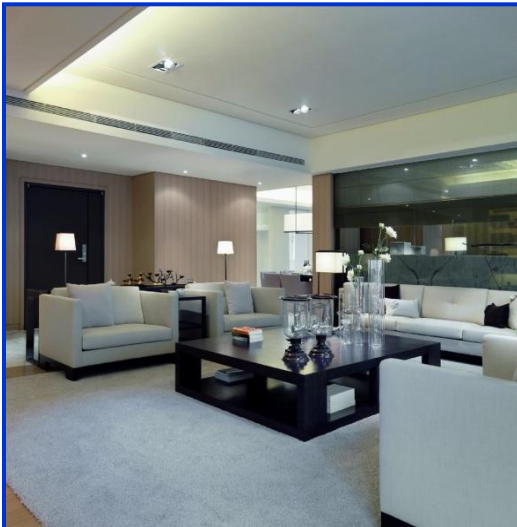
Revenue and Segment Result from Q1 FY08 to Q2 FY10



Major recent developments

- Revenues increased 15 percent sequentially, reflecting strong end customer demand for consumer, computing, and industrial products. The introduction of Windows 7 was a strong driver for the consumer and computing business.
- LED lamps are expected to emerge as the favored replacement for incandescent lamps. Infineon introduced a new driver IC for high-efficiency LED bulbs with dimming capabilities for residential lighting.

Lighting: Bulb Replacement by LED



LED driver solution

Phase-cut dimmable off-line LED driver with PFC (power factor correction) and primary-side control in quasi-resonant operation mode.

Applications:

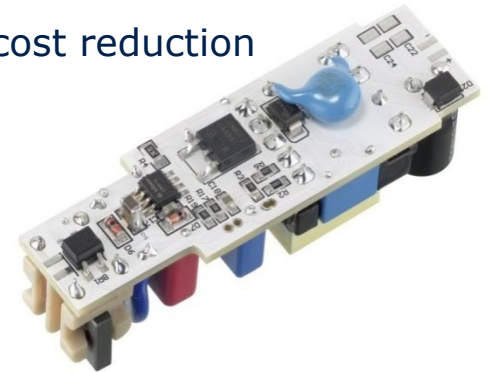
- 40W/60W/100W incandescent bulb replacement
- retrofit lamps
- office lighting

Key data:

- power factor > 98%
- driver efficiency: 90%
- single-sided PCB design (70mm in length)
- 50% component count reduction
- > 30% bill-of-material cost reduction

Component: ICL8001G

Customers: Many leading lighting companies



Architectural LED Lighting: Cape Town International Convention Center (CTICC)



LED driver solution

The CTICC is lit up by a band of white light surrounding the building. A grid of light boxes, illuminated with white LEDs, form this lighting structure.

One of the most impressive characteristics is the absolute homogenous light output between the light boxes. This is the achievement of the LED driver BCR402R, which keeps the LED current at a constant level resulting in a uniform light output amongst the strings of LEDs within the boxes.

The installation will light up the skyline of Cape Town during the Soccer World Cup in 2010, where thousands of people will visit the CTICC, which is en route to the World Cup Stadium.

Location: Cape Town, South Africa

Project: Cape Town International Convention Center

Key data:

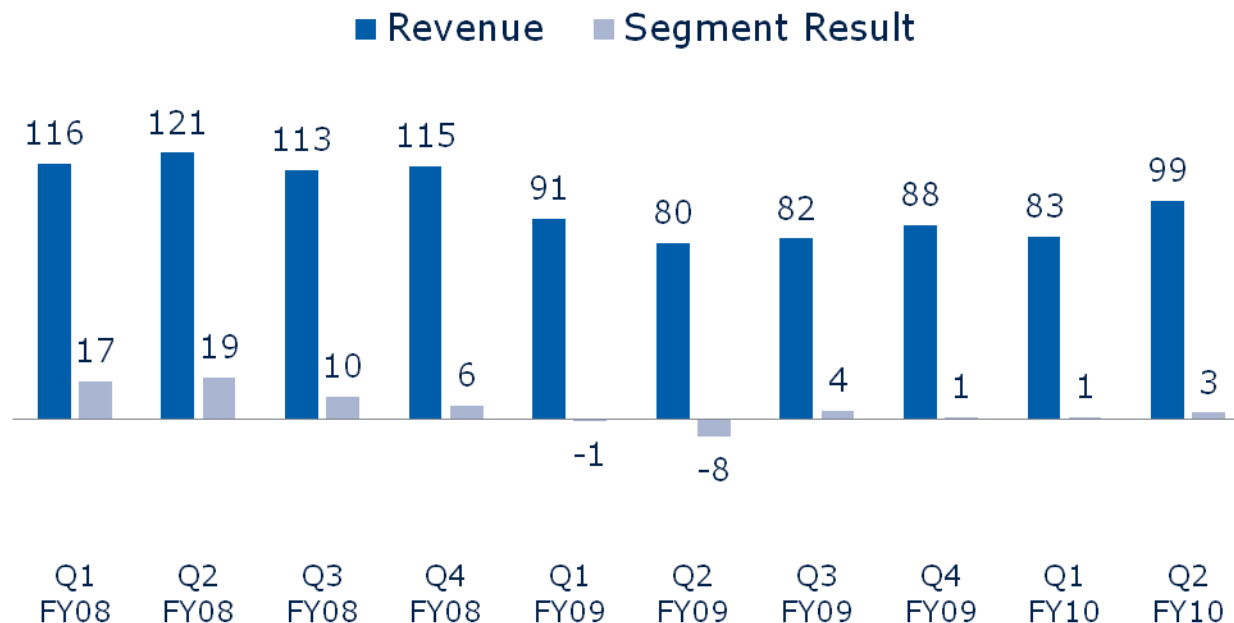
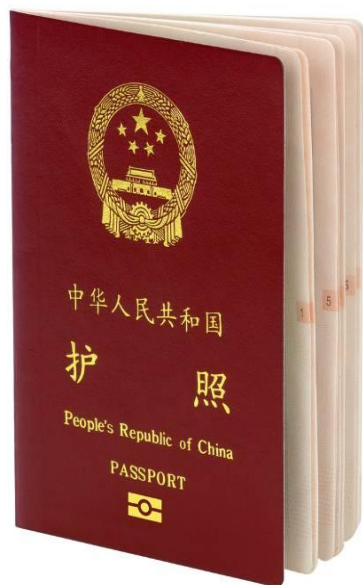
- 132,600 low-power LEDs in use
- 1,700 light boxes covering a surface of 1,200m²
- 22,100 LED drivers to ensure proper operation

Component: BCR402R

Distributor: EBV Elektronik (Avnet Group)

Chip Card & Security Segment (CCS)

Revenue and Segment Result from Q1 FY08 to Q2 FY10



Major recent developments

- Revenues increased 19 percent compared to the prior quarter, mainly driven by payment and to lesser extent by mobile communications.
- Volume orders for the upcoming 90nm generation of crypto-controllers have been placed, with initial shipments planned to start in H1 CY10, ahead of the original schedule.
- Major chip card customer develops payment application based on SLE 78CL contactless μ C family incorporating the "Integrity Guard".

SLE 78: “Best Hardware Innovation”; Ramp of 90nm Ahead of Schedule



Integrity Guard

In order to withstand even future attack scenarios, Infineon has implemented the revolutionary Integrity Guard security concept in the SLE 78 family. For this Infineon received the prestigious Sesames Award for “Best Hardware Innovation”.

Besides various government ID projects, Infineon was awarded an important project at a major chip card customer for payment applications based on the high-security SLE 78CL contactless microcontroller family.



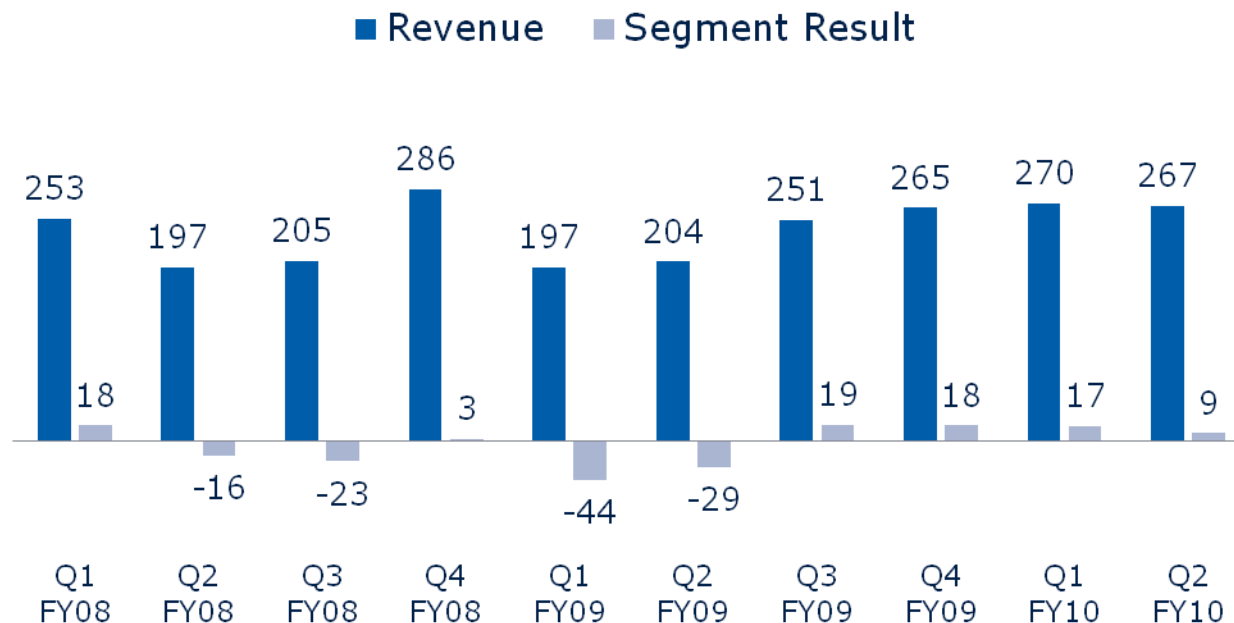
Ramp of 90nm

Infineon reached a very important milestone during the second quarter: Volume orders for the upcoming 90-nanometer generation of crypto-controllers have been placed, with initial shipments planned to start in the first half of the 2010 calendar year, ahead of the original schedule.

Lead products are members of the SLE 76 family.

Wireless Solutions Segment (WLS)

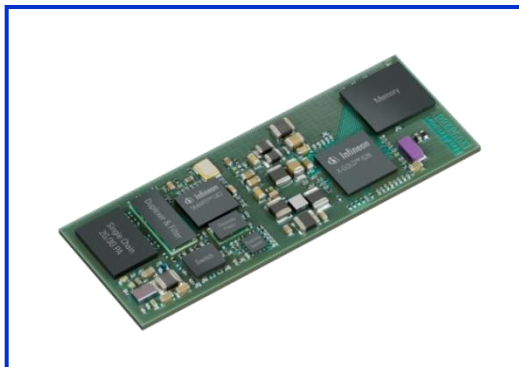
Revenue and Segment Result from Q1 FY08 to Q2 FY10



Major recent developments

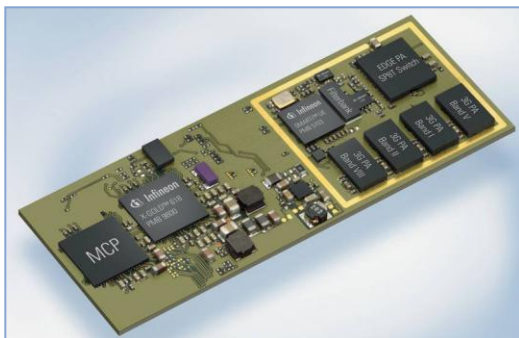
- Revenues stayed almost flat, mainly driven by ongoing strong demand from major customers, related ramp-ups of new platforms, and the strength of the US-\$.
- Shipments of the third generation of our Ultra-low-cost platform X-GOLD™110 and our entry-phone solution X-GOLD™213, both based on 65-nanometer, are proceeding well, with steadily increasing volumes.
- Design-win for next-generation HSPA+ platform XMM 6260 at a leading customer.

Recent Product Announcements



HSPA+ Platform XMM 6260

- Features:
- 40nm technology
 - lowest power consumption and smallest size
 - 3GPP Release 7
 - CPC and RX-DIV
 - HSDPA 21 Mbps, HSUPA 11.5 Mbps
- Status: Ramp-up scheduled for mid CY 2011.



Open-OS Platform XMM 6181

- Features:
- 65nm technology
 - ARM11-based
 - enabling Android 3G smartphones below USD 150.
 - dedicated video, graphics and audio processing
 - enabling mobile social networking
- Status: Ramp-up scheduled for mid CY 2011.



RF Transceiver SMARTi UE2

- Introduction of revolutionary digital RF architecture combining all power amplifiers (PA) in a single PA module.
- Features:
- 65nm technology
 - RF PCB area reduction of 40%,
 - power consumption reduction of 25%
- Status: Ramp-up scheduled for Q4 CY 2010.



ENERGY EFFICIENCY COMMUNICATIONS SECURITY

Innovative semiconductor solutions for energy efficiency, communications and security.



Notes

CapEx =

`Purchase of property, plant and equipment`
+ `Purchase of intangible assets, and other assets` incl. *capitalization of R&D expenses*

Working Capital =

(`Total current assets`
– `Cash and cash equivalents`
– `Available-for-sale financial assets`
– `Assets classified as held for disposal`)
– (`Total current liabilities`
– `Short term debt and current maturities of long-term debt`
– `Liabilities classified as held for sale`)

Net Inventory Reach (days of inventory; quarter-to-date) =

(`Net Inventories` / `Cost of goods sold`) * 90

DSO (days of sales outstanding; quarter-to-date) =

(`Trade accounts receivables (net)` / `Revenue`) * 90

DPO (days of payables outstanding; quarter-to-date) =

(`Trade accounts payables` / [`Cost of goods sold` + `Purchase of property, plant and equipment`]) * 90

Infineon Consolidated Statements of Operations (IFRS) (unaudited)



in Euro million	3 months ended			6 months ended	
	Mar 31, 09	Dec 31, 09	Mar 31, 10	Mar 31, 09	Mar 31, 10
Revenue	669	941	1,035	1,411	1,976
Cost of goods sold	(581)	(627)	(682)	(1,200)	(1,309)
Gross profit	88	314	353	211	667
Research and development expenses	(110)	(130)	(136)	(242)	(266)
Selling, general and administrative expenses	(100)	(106)	(115)	(203)	(221)
Other operating income	15	6	3	18	9
Other operating expense	(39)	(96)	4	(50)	(92)
Operating income (loss)	(146)	(12)	109	(266)	97
Financial income	20	11	8	80	19
Financial expense	(31)	(38)	(30)	(87)	(68)
Income from investments accounted for using the equity method	2	1	1	3	2
Income (loss) from continuing operations before income taxes	(155)	(38)	88	(270)	50
Income tax benefit (expense)	3	(8)	(7)	(1)	(15)
Income (loss) from continuing operations	(152)	(46)	81	(271)	35
Income (loss) from discontinued operations, net of income taxes	(106)	112	(2)	(391)	110
Net income (loss)	(258)	66	79	(662)	145
Attributable to:					
Non-controlling interests	(19)	1	–	(49)	1
Shareholders of Infineon Technologies AG	(239)	65	79	(613)	144

Basic and diluted earnings (loss) per share attributable to shareholders of Infineon Technologies AG (in Euro)*:

Weighted average shares outstanding (in million) – basic	813	1,087	1,087	813	1,087
Weighted average shares outstanding (in million) – diluted	813	1,087	1,171	813	1,087
Basic and diluted earnings (loss) per share from continuing operations	(0.19)	(0.04)	0.07	(0.33)	0.03
Basic and diluted earnings (loss) per share from discontinued operations	(0.10)	0.10	–	(0.42)	0.10
Basic and diluted earnings (loss) per share	(0.29)	0.06	0.07	(0.75)	0.13

Infineon Consolidated Statements of Financial Position (IFRS) (unaudited)



in Euro million	Sep 30, 09	Dec 31, 09	Mar 31, 10
Assets			
Current assets:			
Cash and cash equivalents	1,414	1,589	1,228
Available-for-sale financial assets	93	89	439
Trade and other receivables	514	529	557
therein: Trade accounts receivables	449	403	484
Inventories	460	451	504
Income tax receivable	11	19	18
Other current financial assets	26	23	26
Other current assets	114	111	126
Assets classified as held for sale	112	17	21
Total current assets	2,744	2,828	2,919
Property, plant and equipment	928	841	804
Goodwill and other intangible assets	369	369	375
Investments accounted for using the equity method	27	35	36
Deferred tax assets	396	392	400
Other financial assets	124	122	121
Other assets	18	18	18
Total assets	4,606	4,605	4,673
Liabilities and equity			
Current liabilities:			
Short-term debt and current maturities of long-term debt	521	496	378
Trade and other payables	393	404	490
therein: Trade accounts payables	384	394	484
Current provisions	436	480	523
Income tax payable	102	114	113
Other current financial liabilities	50	25	38
Other current liabilities	147	149	124
Liabilities classified as held for sale	9	19	16
Total current liabilities	1,658	1,687	1,682
Long-term debt	329	308	294
Pension plans and similar commitments	94	97	99
Deferred tax liabilities	13	6	6
Long-term provisions	89	64	58
Other financial liabilities	5	4	4
Other liabilities	85	99	106
Total liabilities	2,273	2,265	2,249
Shareholders' equity:			
Ordinary share capital	2,173	2,173	2,173
Additional paid-in capital	6,048	6,048	6,048
Accumulated deficit	(5,940)	(5,875)	(5,796)
Other components of equity	(8)	(6)	(1)
Total equity attributable to shareholders of Infineon Technologies AG	2,273	2,340	2,424
Non-controlling interests	60	-	-
Total equity	2,333	2,340	2,424
Total liabilities and equity	4,606	4,605	4,673

Infineon Consolidated Statements of Cash Flows (IFRS) (unaudited)



(€ millions)	3 months ended		
	Mar 31, 09	Dec 31, 09	Mar 31, 10
Net income (loss)	(258)	66	79
Less: net loss (income) from discontinued operations	106	(112)	2
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:			
Depreciation and amortization	132	106	97
Provision for (recovery of) doubtful accounts	(3)	-	1
Losses (gains) on sales of available-for-sale financial assets	-	(2)	-
Losses (gains) on sales of businesses and interests in subsidiaries	17	(3)	-
Losses in connection with the deconsolidation of ALTIS	-	81	(8)
Losses (gains) on disposals of property, plant, and equipment, and other assets	-	-	(2)
Income from investments accounted for using the equity method	(2)	(1)	(1)
Impairment charges	1	6	1
Share-based compensation	1	-	-
Deferred income taxes	(4)	(2)	(3)
Changes in operating assets and liabilities:			
Trade and other receivables	(87)	18	(85)
Inventories	111	(3)	(48)
Other current assets	24	(1)	(21)
Trade and other payables	(19)	13	87
Provisions	(42)	(1)	37
Other current liabilities	(59)	(29)	47
Other assets and liabilities	4	30	14
Interest received	6	1	4
Interest paid	(4)	(10)	(8)
Income tax received (paid)	(2)	(8)	(13)
Net cash provided by (used in) operating activities from continuing operations	(78)	149	180
Net cash provided by (used in) operating activities from discontinued operations	(36)	(2)	(7)
Net cash provided by (used in) operating activities	(114)	147	173
Cash flows from investing activities:			
Purchases of available-for-sale financial assets	-	-	(375)
Proceeds from sales of available-for-sale financial assets	5	2	25
Proceeds from sales of businesses and interests in subsidiaries	4	1	-
Cash decrease from the deconsolidation of ALTIS	-	(88)	-
Purchases of intangible assets, and other assets	(10)	(14)	(21)
Purchases of property, plant and equipment	(40)	(34)	(42)
Proceeds from sales of property, plant and equipment, and other assets	95	-	24
Net cash provided by (used in) investing activities from continuing operations	54	(133)	(389)
Net cash provided by (used in) investing activities from discontinued operations	(287)	220	-
Net cash provided by (used in) investing activities	(233)	87	(389)
Cash flows from financing activities:			
Net change in short-term debt	3	-	8
Net change in related party financial receivables and payables	1	(2)	1
Principal repayments of long-term debt	(98)	(58)	(155)
Change in restricted cash	1	-	1
Dividend payments to minority interests	(6)	-	-
Net cash provided by (used in) financing activities from continuing operations	(99)	(60)	(145)
Net cash provided by (used in) financing activities from discontinued operations	(59)	-	-
Net cash provided by (used in) financing activities	(158)	(60)	(145)
Net increase (decrease) in cash and cash equivalents	(505)	174	(361)
Effect of foreign exchange rate changes on cash and cash equivalents	1	1	-
Cash and cash equivalents at beginning of period	1,036	1,414	1,589
Total cash and cash equivalents at end of period	532	1,589	1,228
Less: Cash and cash equivalents at end of period classified as held for disposal	-	-	-
Cash and cash equivalents at end of period	532	1,589	1,228

Financial Calendar and IR Contacts

Financial Calendar

- Jun 24, 2010*
IFX Day
- Jul 28, 2010*
Q3 FY10 Results
- Nov 16, 2010*
Q4 and Full Year FY10 Results

* Preliminary Date

IR Contacts

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Disclaimer

This presentation was prepared as of April 28, 2010 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 we operate. These include statements 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 availability of funds; 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.