

Second Quarter FY 2011 Quarterly Update

Infineon Technologies AG
Investor Relations

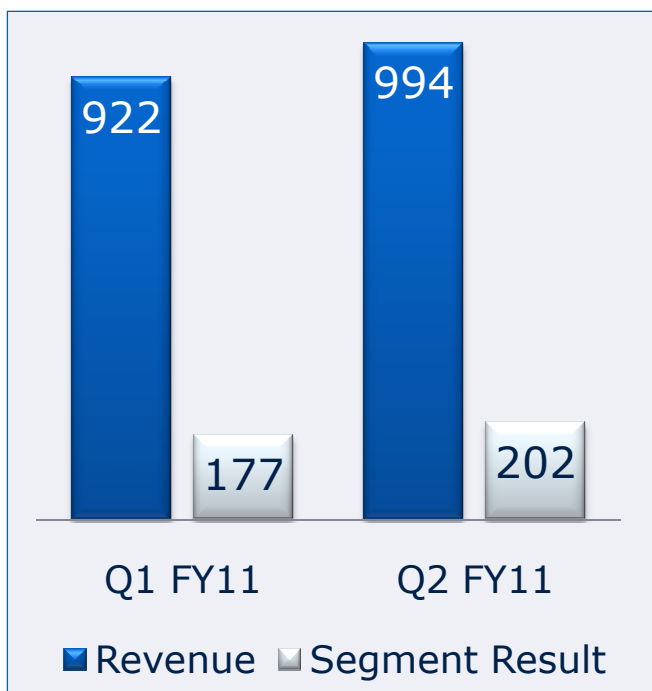


- Infineon Results and Outlook

- Business Highlights



Executing on Continued Improvements in Financial Performance

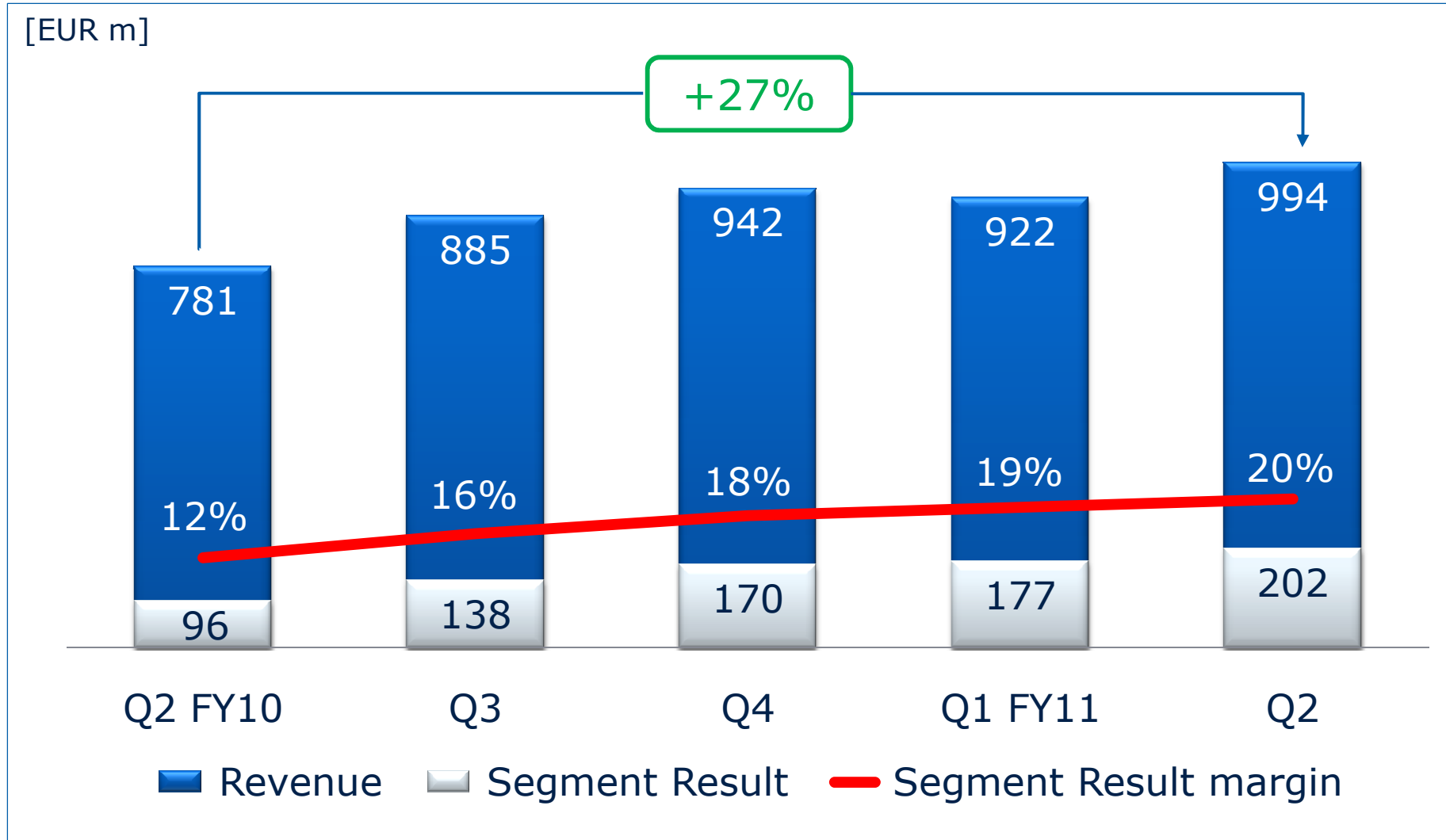


[EUR m]	FY 2010	Q1 FY11	Q2 FY11
Revenue	3,295	922	994
Segment Result	475	177	202
SR Margin	14%	19%	20%
Net Income	660	232	572
Investments	325	131	164
FCF from cont'd. operations	573	4	13
Gross Cash	1,727	1,669	2,691
Net Cash	1,331	1,293	2,335

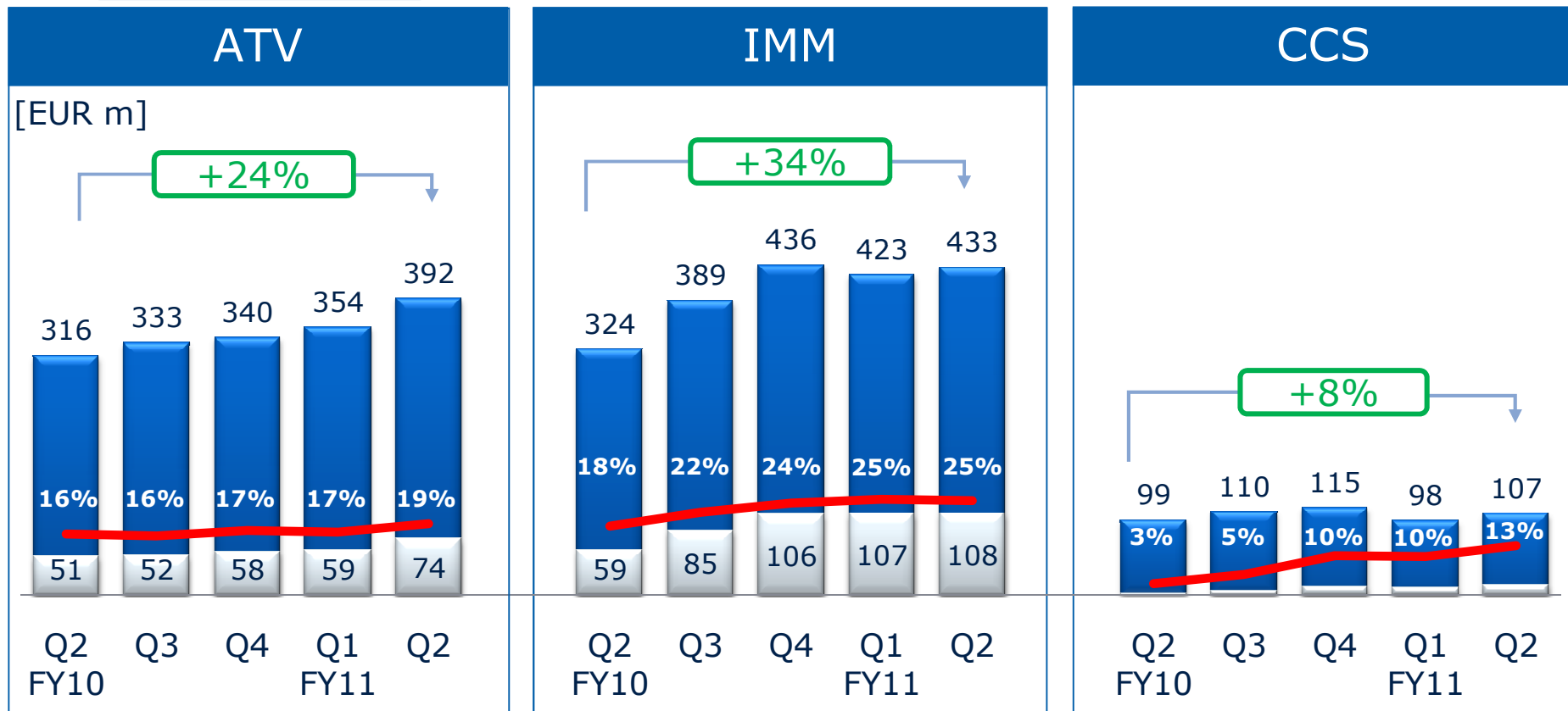
New All-Time-High in Segment Result Margin With 20%



Revenue and Segment Result

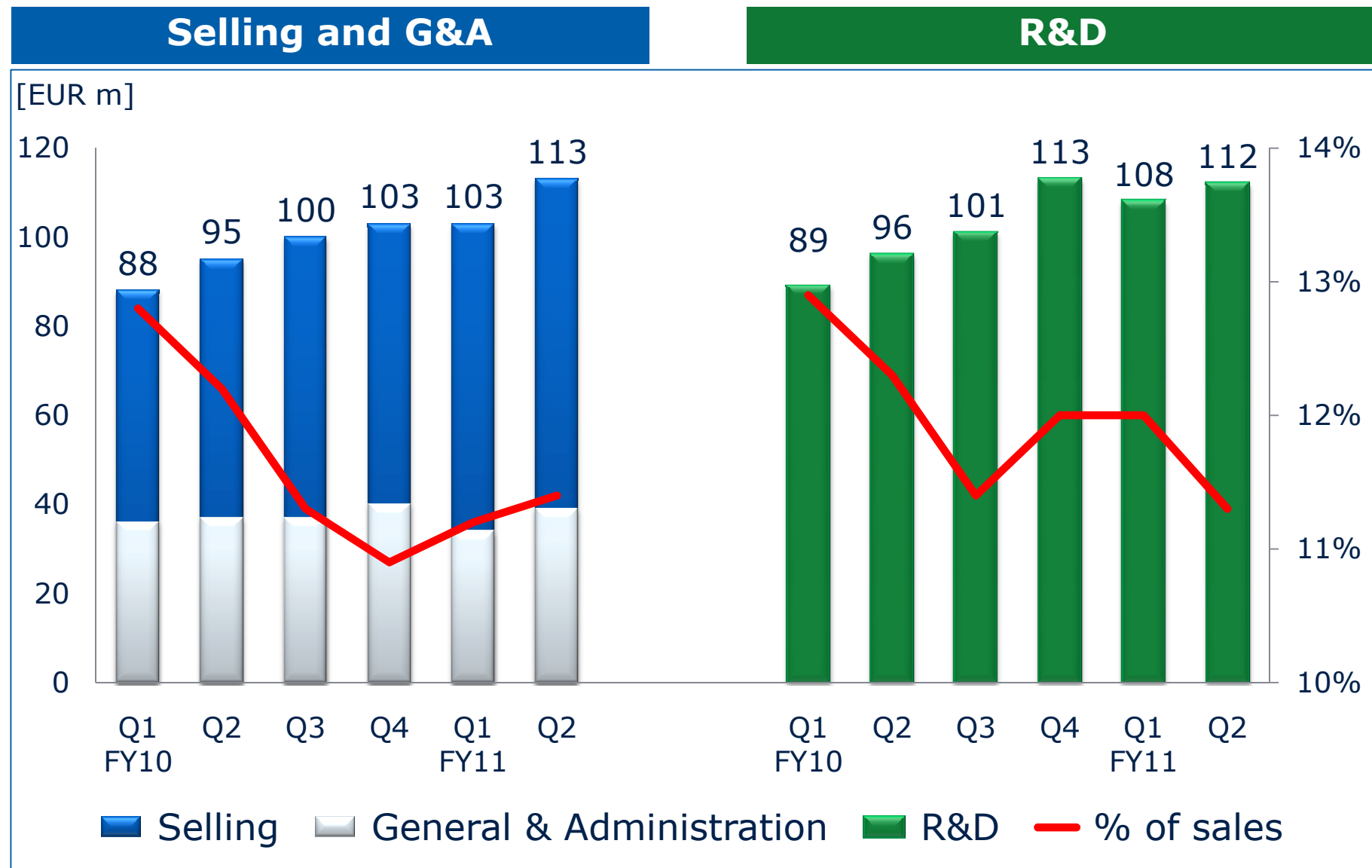


All-time-high for ATV in Revenue and SR Margin; CCS Strong in Seasonally Weak Q

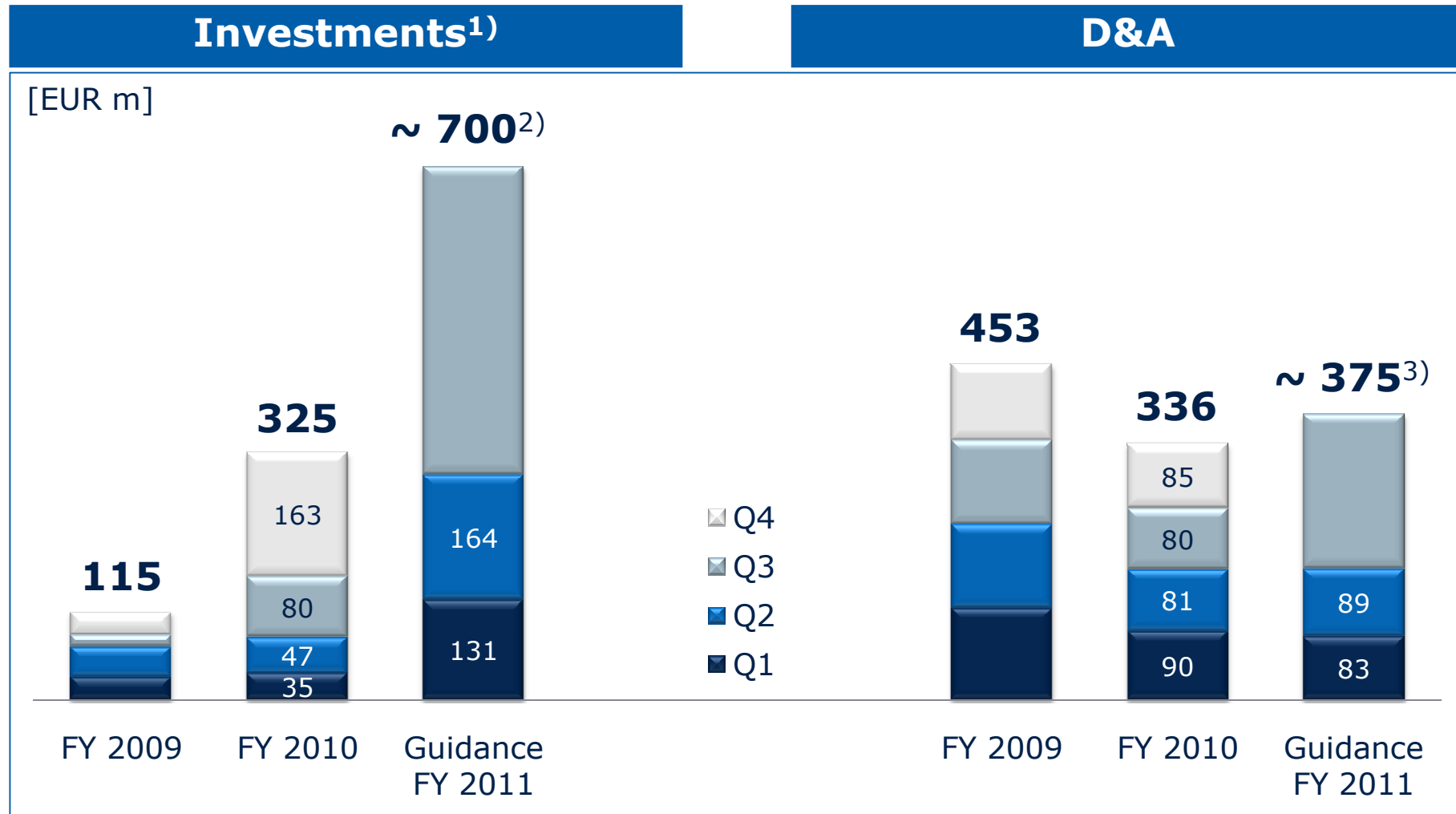


■ Revenue
 ■ Segment Result
 — Segment Result margin

OpEx Continues to be Within Target Corridor



Considering Raising Investment Budget to Exploit Growth Potential



1) For definition please see slide 22 in appendix.

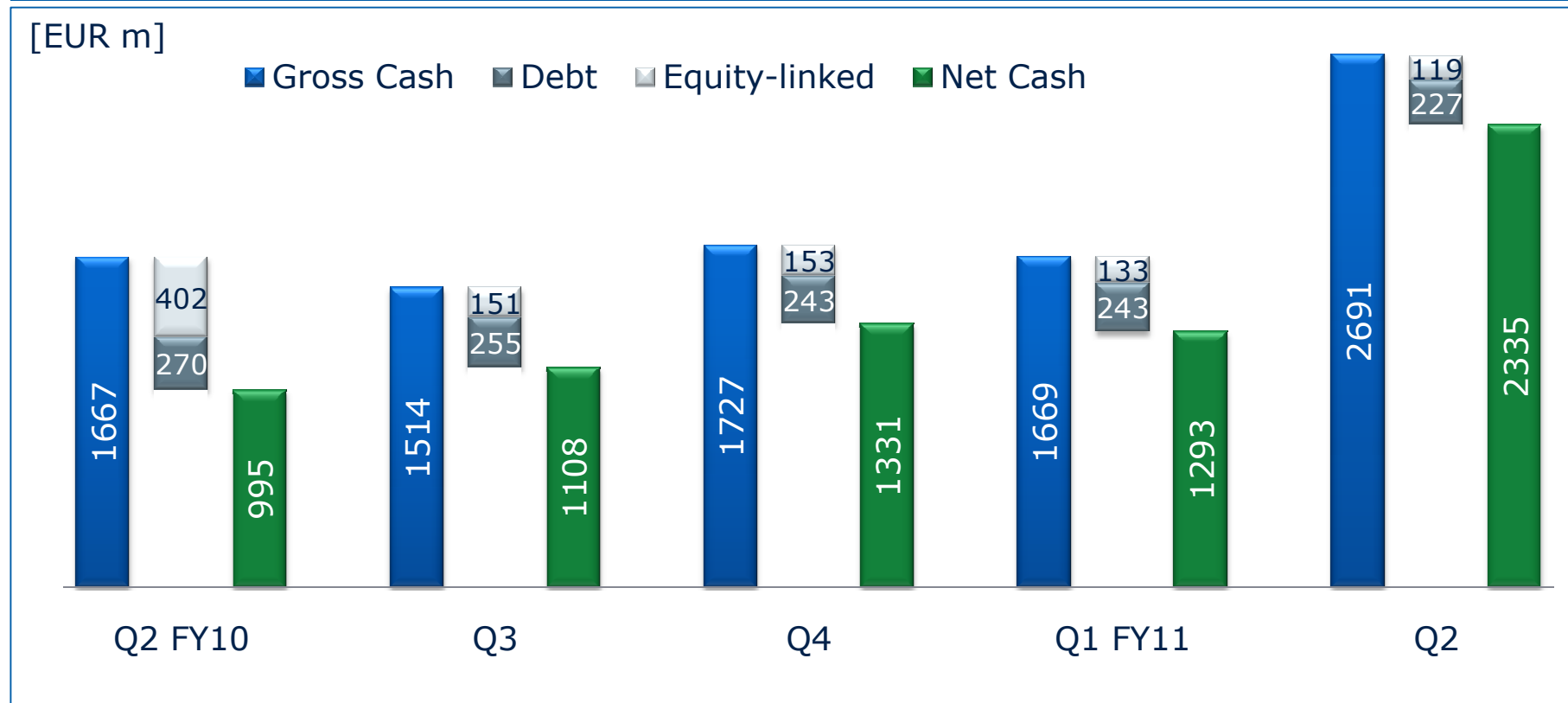
2) IFX is currently considering increasing the FY 2011 investment budget.

3) Guidance for D&A has been reduced on 03 May 2011 from previously EUR ~400m.

Cash Inflow from Closing of WLS Divest Drives Strong Increase in Net Cash



Liquidity Development



* Consists of Convertible Bond 2014 (nominal value EUR 160m; book value EUR 129m).

- Gross and net cash up due to receipt of proceeds of WLS sale from Intel.
- Repurchases of CB 2014 of EUR 27m cash (nominal EUR 8m) equivalent to 3.5m underlying shares.

Guidance for FY 2011 Increased Again

Outlook Q3 FY11
(compared to Q2 FY11)



Outlook FY 2011
(compared to FY 2010)



Revenue

Revenue to stay about flat quarter-on-quarter.

Revenue to grow by 20%.

previously: Revenue to grow by mid-teens percentage.

Total Segment Result Margin

Segment Result Margin to stay about flat quarter-on-quarter.

Segment Result Margin to be about in line with H1 FY11.

previously: Margin to be a high teens percentage.

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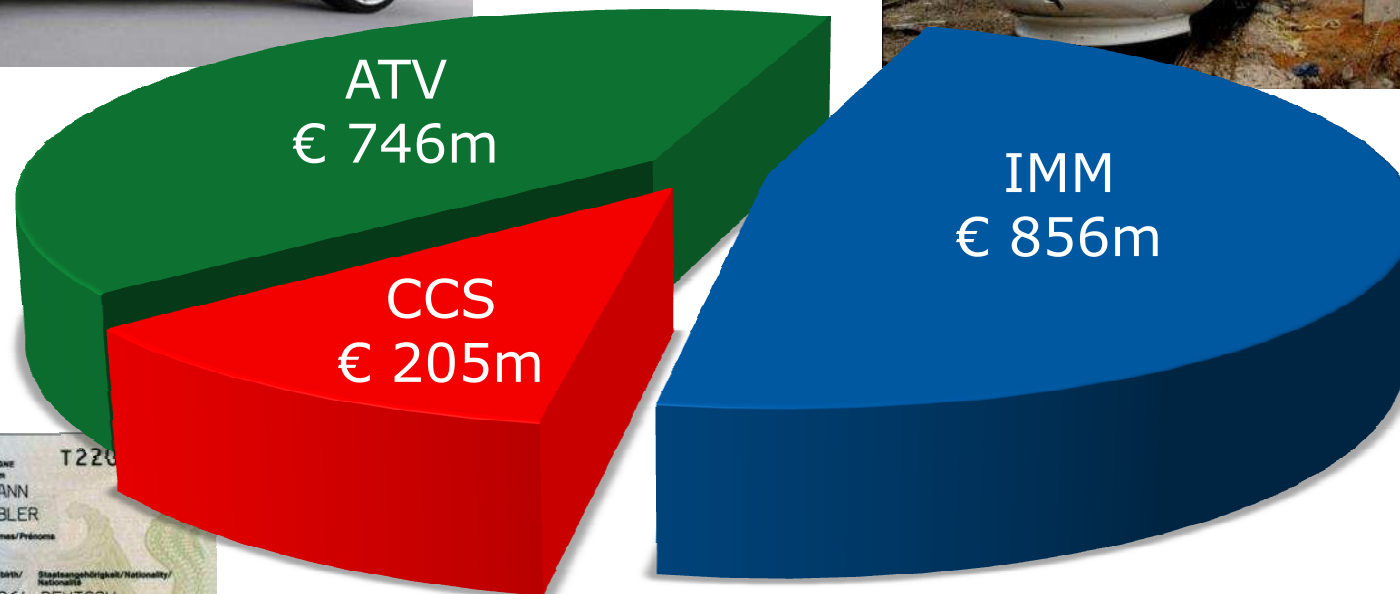
■ Infineon Results and Outlook

■ Business Highlights



Revenue Split by Division

6-months FY11 revenue split



Tight Customer Relationships are Based on System Knowhow and App Understanding



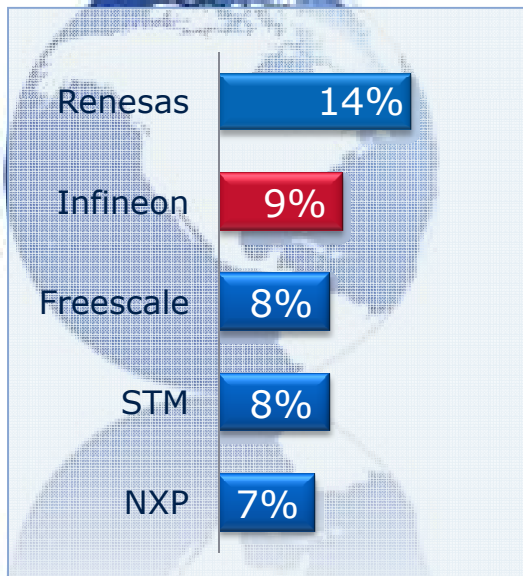
ATV	IMM	CCS
      	      	     
Distributors		
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Infineon Holds Top Positions in All Target Markets



Automotive

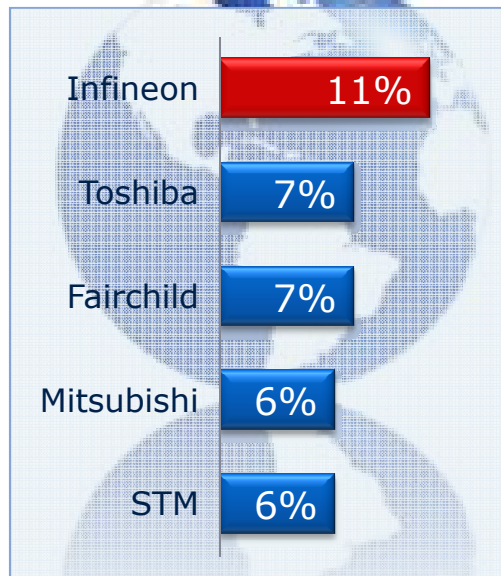
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Calendar Year 2010.
Source:
Strategy Analytics, April 2011.

Power

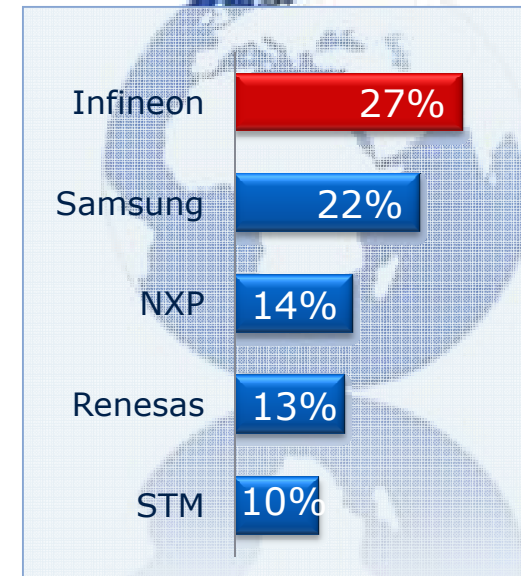
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Calendar Year 2009.
Source:
IMS Research, July 2010.

Chip Card

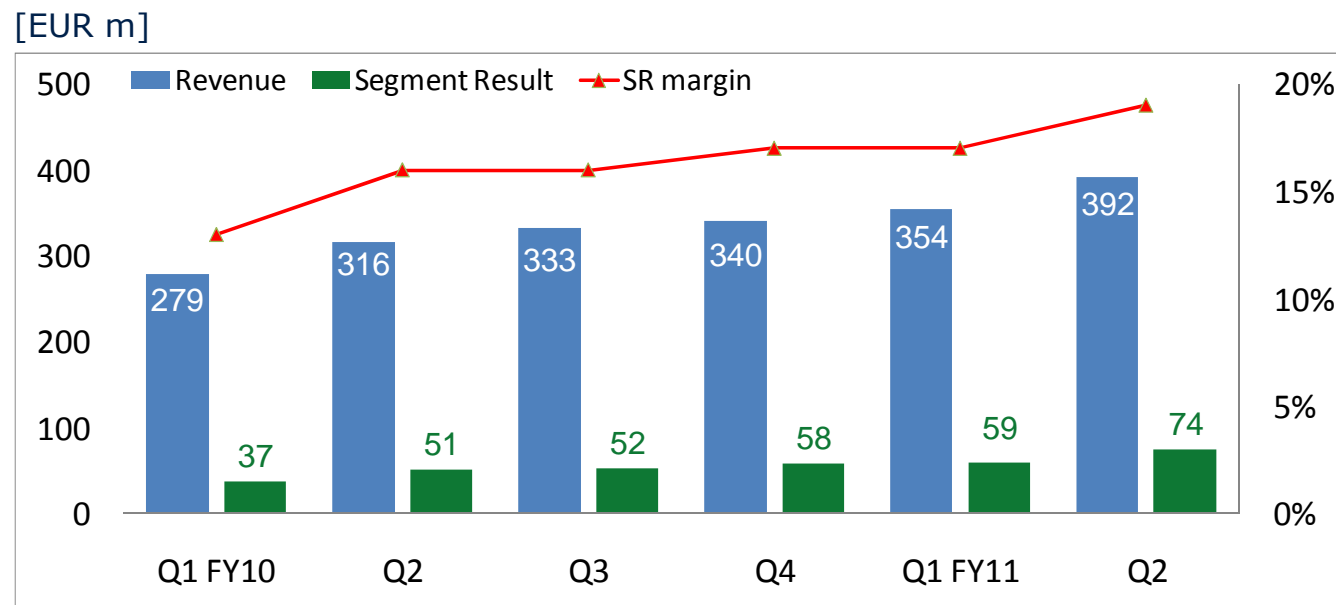
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Calendar Year 2009.
Source:
Frost & Sullivan, October 2010.

Automotive Segment (ATV)

Revenue and Segment Result

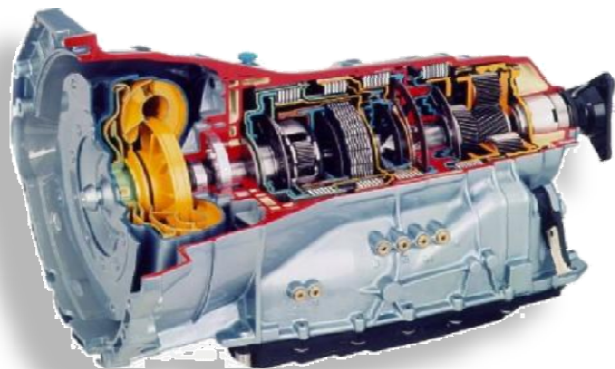
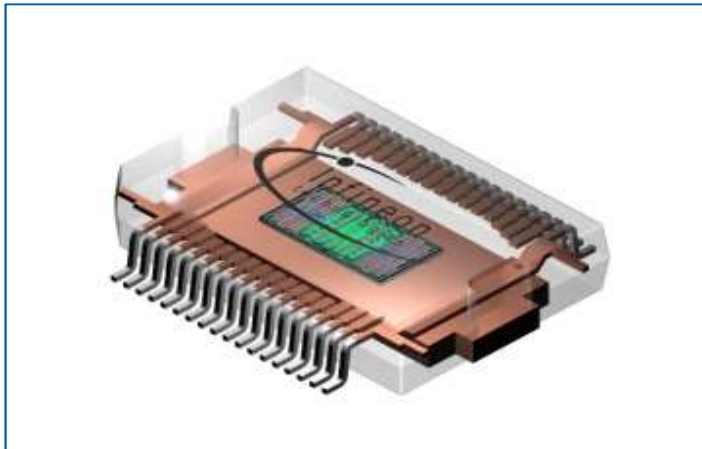


- Revenue increased 11% quarter-on-quarter to an all-time-high; segment result margin up again to 19%.
- Production capacity of automotive-grade products grew significantly due to targeted investments. Incremental available capacity was absorbed immediately given high customer demand.

Design-wins Secure Leadership in Electronic Transmission Control ASICs



TLE8245X / TLE8246X



Key features

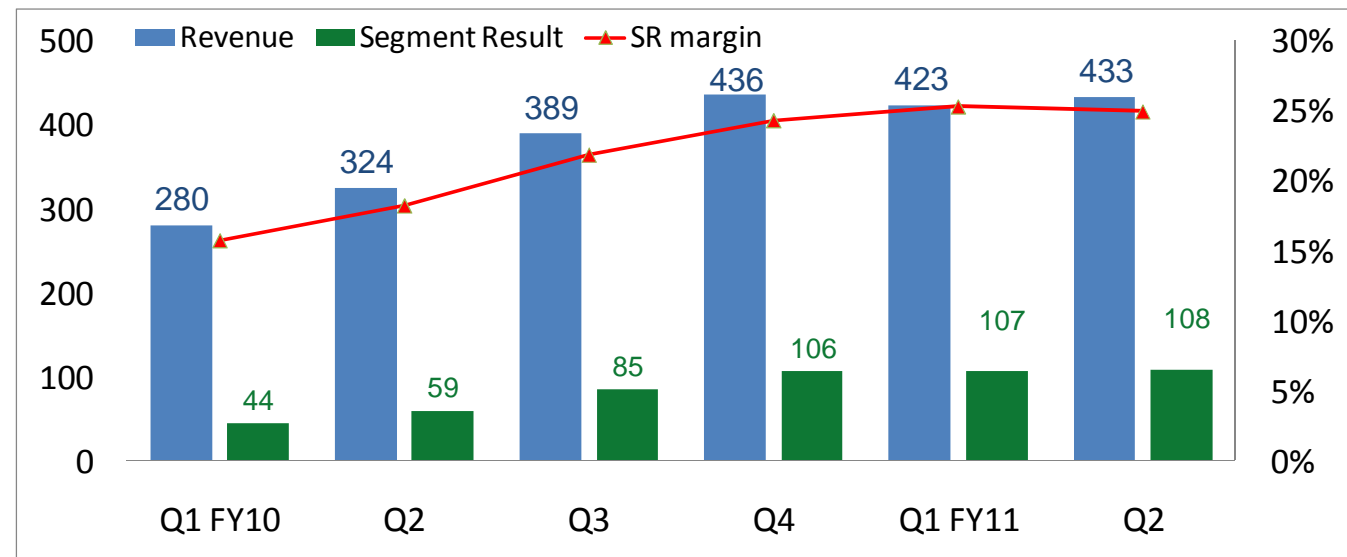
- Supports 4, 6, 8+ speed automatic transmission architectures.
- 3rd generation; best-in-class current accuracy over temperature.
- Integration of power devices and shunts for lower system costs.
- Improves transmission efficiency by
 - optimizing gear ratio;
 - optimizing gear shift;
 - reducing friction losses;
 - reducing hydraulic losses.

Industrial & Multimarket Segment (IMM)

Revenue and Segment Result



[EUR m]



- Growth in RF and renewable energy businesses partly offset by normal negative seasonality in some consumer-related businesses, e.g. game console products.
- Agreements signed in smart metering arena (secure ASIC for measurement of gas and electricity flow).

Energy Efficiency is of Utmost Importance for Today's Data Centers of ~50MW-Class



Open Compute Project:

(<http://opencompute.org>)



Facebook's data center is one of the most efficient ones in the world and will boost energy efficiency by 38%¹⁾ while lowering cost by 24%²⁾.

- 1) Facebook lab testing conducted in February 2011, under production workloads.
- 2) Compared with other state-of-the-art data centers. Source: Report to Congress on Server and Data Center Energy Efficiency, U.S. Environmental Protection Agency ENERGY STAR Program, August 2, 2007.

Facebook's first company-owned data center in Prineville, Oregon.



CoolMOS™ C6/CP



Power supply



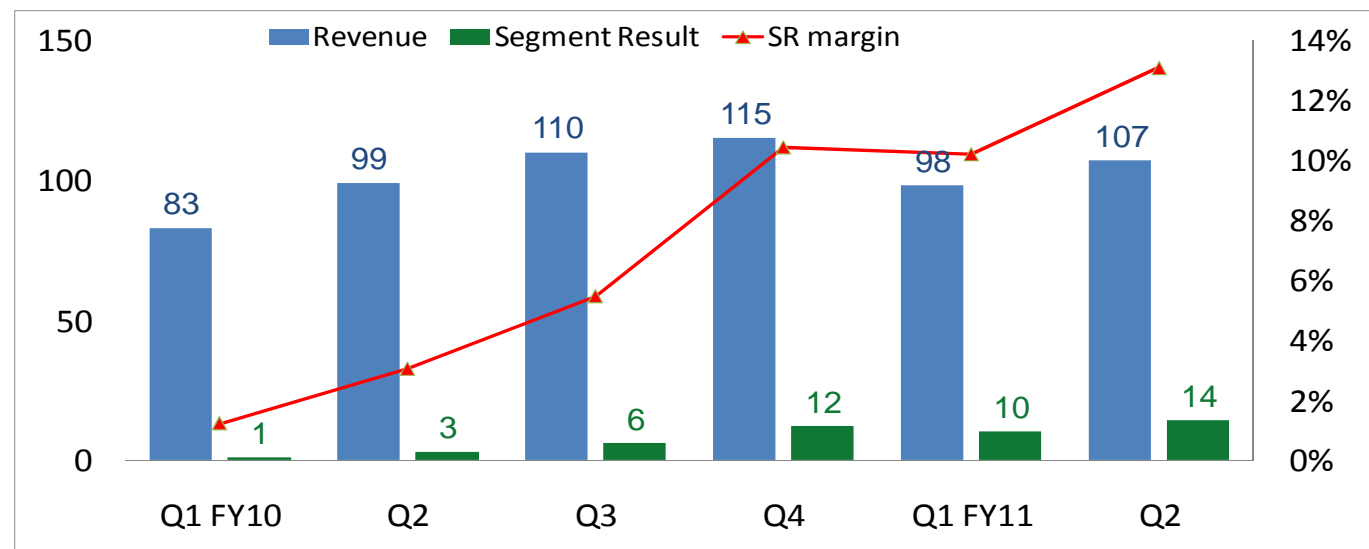
Courtesy of Facebook

Chip Card & Security Segment (CCS)

Revenue and Segment Result



[EUR m]



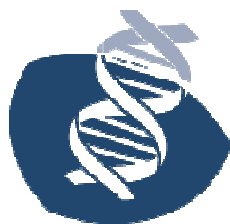
- Revenue driven by payment products, growing shipments for the German identity card as well as other government ID projects.
- Segment result margin improved by ongoing ramp of 90nm products.
- First shipments for NFC solutions ramped in Q2.

Innovation Award of German Industry for Integrity Guard™ Security Technology



Award-winning Integrity Guard™ security technology

- On 19 February 2011, the prestigious Innovation Award of German Industry for the best technological innovation went to Infineon's "Integrity Guard" security technology. This marked the third time Infineon has received this accolade.
- The 16-bit SLE 78 family is based on "Integrity Guard" security technology. The new German National e-ID Card is the first major project for the SLE 78 family.



INTEGRITY GUARD



Solid Flash™ Replaces ROM-based Memory Solutions



Customers' benefit with Solid Flash™

- Fast and easy prototyping. Sampling and code change through the immediate availability of hardware samples.
- Lead times for chip production based on forecast are reduced by more than 50% compared to mask ROM.
- Products can be configured by the system integrators on demand allowing much faster reaction times and eliminating very complex inventory management of the different mask ROM versions.

Target applications

- payment
- transport
- eGovernment ID
- high-end SIM / UICC
- M2M



- Officially acknowledged by EMVCo, Common Criteria EAL4+ (high) and EAL 5+ (high) certifications.



**Dow Jones
Sustainability Indexes**
Member 2010/11



ENERGY EFFICIENCY MOBILITY SECURITY

Innovative semiconductor solutions for energy efficiency, mobility and security.



Notes

Investments =

- '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; except for the per share data	3 months ended			6 months ended	
	Mar 31, 11	Dec 31, 10	Mar 31, 10	Mar 31, 11	Mar 31, 10
Revenue	994	922	781	1,916	1,468
Cost of goods sold	(573)	(538)	(496)	(1,111)	(942)
Gross profit	421	384	285	805	526
Research and development expenses	(112)	(108)	(96)	(220)	(185)
Selling, general and administrative expenses	(113)	(103)	(95)	(216)	(183)
Other operating income	9	2	3	11	9
Other operating expense	(18)	(6)	4	(24)	(92)
Operating income	187	169	101	356	75
Financial income	8	6	8	14	19
Financial expense	(11)	(18)	(30)	(29)	(68)
Income from investments accounted for using the equity method	2	-	2	2	3
Income from continuing operations before income taxes	186	157	81	343	29
Income tax expense	(13)	(8)	(6)	(21)	(13)
Income from continuing operations	173	149	75	322	16
Income from discontinued operations, net of income taxes	399	83	4	482	128
Net income	572	232	79	804	144
Attributable to:					
Non-controlling interests	-	-	-	-	1
Shareholders of Infineon Technologies AG	572	232	79	804	143
Basic earnings per share attributable to shareholders of Infineon Technologies AG (in Euro):					
Weighted average shares outstanding (in million) – basic	1,087	1,087	1,087	1,087	1,087
Basic earnings per share from continuing operations	0.16	0.14	0.07	0.30	0.01
Basic earnings per share from discontinued operations	0.37	0.07	-	0.44	0.12
Basic earnings per share	0.53	0.21	0.07	0.74	0.13
Diluted earnings per share attributable to shareholders of Infineon Technologies AG (in Euro):					
Weighted average shares outstanding – diluted	1,160	1,167	1,171	1,163	1,087
Diluted earnings per share from continuing operations	0.15	0.13	0.07	0.29	0.01
Diluted earnings per share from discontinued operations	0.35	0.07	-	0.41	0.12
Diluted earnings per share	0.50	0.20	0.07	0.70	0.13

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



in Euro million	Mar 31, 11	Dec 31, 10	Sep 30, 10
Assets:			
Current assets:			
Cash and cash equivalents	1,162	1,610	1,667
Financial investments	1,529	59	60
Trade and other receivables	829	685	687
therein: Trade accounts receivables	593	630	622
Inventories	615	573	514
Income tax receivable	13	12	7
Other current financial assets	9	22	72
Other current assets	97	109	88
Assets classified as held for sale	-	567	495
Total current assets	4,254	3,637	3,590
Property, plant and equipment	962	890	838
Goodwill and other intangible assets	97	91	87
Investments accounted for using the equity method	37	35	35
Deferred tax assets	223	308	308
Other financial assets	126	120	119
Other assets	25	23	16
Total assets	5,724	5,104	4,993
Liabilities and equity:			
Current liabilities:			
Short-term debt and current maturities of long-term debt	130	129	133
Trade and other payables	779	716	665
therein: Trade accounts payables	685	706	659
Current provisions	582	489	553
Income tax payable	142	101	111
Other current financial liabilities	11	12	16
Other current liabilities	323	154	153
Liabilities classified as held for sale	-	152	177
Total current liabilities	1,967	1,753	1,808
Long-term debt	226	247	263
Pension plans and similar commitments	147	154	146
Deferred tax liabilities	11	10	11
Long-term provisions	42	54	55
Other financial liabilities	5	5	6
Other liabilities	77	73	79
Total liabilities	2,475	2,296	2,368
Shareholders' equity:			
Ordinary share capital	2,173	2,173	2,173
Additional paid-in capital	5,880	6,004	6,048
Accumulated deficit	(4,809)	(5,381)	(5,613)
Other reserves	5	12	17
Total equity	3,249	2,808	2,625
Total liabilities and equity	5,724	5,104	4,993

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



in Euro million	3 months ended		
	Mar 31, 11	Dec 31, 10	Mar 31, 10
Net income	572	232	79
Less: net income from discontinued operations, net of income taxes			(4)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	89	83	81
Provision for (recovery of) doubtful accounts	3	-	1
Losses in connection with the deconsolidation of ALTIS	-	-	(8)
Losses (gains) on disposals of property, plant and equipment	-	-	(2)
Income from investments accounted for using the equity method	(2)	-	(2)
Impairment charges	(3)	(2)	1
Share-based compensation	1	-	-
Deferred income taxes	(1)	1	(5)
Changes in operating assets and liabilities:			
Trade and other receivables	(72)	(9)	(60)
Inventories	13	(50)	(14)
Other current assets	10	(20)	(15)
Trade and other payables	13	44	80
Provisions	20	(52)	32
Other current liabilities	(31)	33	49
Other assets and liabilities	(20)	(9)	11
Interest received	6	4	4
Interest paid	-	(10)	(8)
Income tax paid	(22)	(28)	(13)
Net cash provided by operating activities from continuing operations	177	134	207
Net cash provided by (used in) operating activities from discontinued operations	84	76	(34)
Net cash provided by operating activities	261	210	173
Cash flows from investing activities:			
Purchases of financial investments	(1,468)	-	(375)
Proceeds from sales of financial investments	-	-	25
Purchases of intangible assets and other assets	(9)	(9)	(10)
Purchases of property, plant and equipment	(155)	(122)	(36)
Proceeds from sales of property, plant and equipment and other assets	-	1	24
Net cash used in investing activities from continuing operations	(1,632)	(130)	(372)
Net cash provided by (used in) investing activities from discontinued operations	1,077	(55)	(17)
Net cash used in investing activities	(555)	(185)	(389)
Cash flows from financing activities:			
Net change in short-term debt	-	-	8
Net change in related party financial receivables and payables	-	-	1
Proceeds from issuance of long-term debt	-	27	-
Repayments of long-term debt	(16)	(27)	(13)
Repurchase of convertible subordinated notes	(27)	(80)	(142)
Change in restricted cash	-	-	1
Dividend payments	(109)	-	-
Net cash used in financing activities from continuing operations	(152)	(80)	(145)
Net cash provided by (used in) financing activities from discontinued operations	1	(4)	-
Net cash used in financing activities	(151)	(84)	(145)
Net increase (decrease) in cash and cash equivalents	(445)	(59)	(361)
Effect of foreign exchange rate changes on cash and cash equivalents	(3)	2	-
Cash and cash equivalents at beginning of period	1,610	1,667	1,589
Cash and cash equivalents at end of period	1,162	1,610	1,228

Financial Calendar

- 11 May 2011, London
Credit Suisse European Technology Conference

* preliminary date

- 17-18 May 2011, Boston
JPMorgan TMT Conference

- 07 Jun 2011*, Campeon, Neubiberg
IFX Day

- 28 Jul 2011*
Q3 FY11 Results

- 08 Sep 2011, London
Deutsche Bank European TMT Conference

- 13-15 Sep 2011, Las Vegas
Deutsche Bank Technology Conference

- 28 Sep 2011, Munich
UniCredit German Investment Conference

- 16 Nov 2011*
Q4 FY11 Results

- 17-18 Nov 2011, Barcelona
Morgan Stanley TMT Conference

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Disclaimer

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This presentation includes forward-looking statements and assumptions about the future of Infineon's business and the industry in which we operate. These include statements and assumptions 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 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 continued availability of adequate funds; any mergers, acquisitions or dispositions we may undertake; 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 disclosed at other occasions.

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.