

INFINEON TECHNOLOGIES AG  
Form 6-K  
July 16, 2009

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 6-K  
Report of Foreign Private Issuer  
Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934  
July 16, 2009**

**INFINEON TECHNOLOGIES AG**  
Am Campeon 1-12  
D-85579 Neubiberg/Munich  
Federal Republic of Germany  
Tel: +49-89-234-0

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.  
Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby  
furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If  Yes  is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-\_\_\_\_.

---

On July 16, 2009, Infineon Technologies AG (the Company ) filed a Registration Statement on Form F-3 ( F-3 Registration Statement ) in connection with a rights offering of up to 337,000,000 ordinary shares, including ordinary shares represented by American depository shares. Also on July 16, 2009, the Company s German prospectus (the German Prospectus ) in connection with the rights offering was approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).

This Report on Form 6-K contains a complete copy of the German Prospectus. The German Prospectus submitted on this Report on Form 6-K is being furnished for informational purposes only and is not incorporated by reference into, and does not form a part of, the F-3 Registration Statement.

---

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**INFINEON TECHNOLOGIES AG**

Date: July 16, 2009

By: /s/ Peter Bauer  
Peter Bauer  
Member of the Management Board  
and Chief Executive Officer

By: /s/ Dr. Marco Schröter  
Dr. Marco Schröter  
Member of the Management Board  
and Chief Executive Officer

---

PROSPECTUS DATED  
JULY 16, 2009

NOT FOR DISTRIBUTION  
IN THE UNITED STATES

Offering of up to 337,000,000 Registered Shares  
(with no par value) of

**Infineon Technologies AG**

(a stock corporation (*Aktiengesellschaft*) incorporated under the laws of Germany)

This prospectus (the **Prospectus**) relates to a share capital increase against cash contributions and an offering of up to 337,000,000 registered shares of Infineon Technologies AG ( **Infineon Technologies AG** or the **Company** and, together with its consolidated subsidiaries, the **Group** or **Infineon** ) with no par value, each representing a notional amount of the Company's issued share capital of 2.00 (each, a **New Share** and together, the **New Shares** ) and with full dividend entitlement for the fiscal year ending September 30, 2009 and admission of up to 337,000,000 New Shares and 74,942,528 registered shares of Infineon Technologies AG with no par value, each representing a notional amount of the Company's share capital of 2.00, from the conditional capital to service the conversion rights from the 195,600,000 7.5% guaranteed subordinated convertible note due 2014 (each, a **Conversion Share** , together, the **Conversion Shares** ; together with the New Shares, the **Admission Shares** ) to the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange and to the sub-segment of the regulated market segment with further post admission obligations of the Frankfurt Stock Exchange (Prime Standard). The Admission Shares will rank *pari passu* in all respects with each other and with all other issued shares of Infineon Technologies AG (the **Existing Shares** ).

The offering (the **Offering** ) comprises: (i) a rights offering (the **Rights Offering** ) in which the existing shareholders of the Company will receive rights to subscribe for New Shares (the **Subscription Rights** ) at the Subscription Price (as defined below), by way of public offerings in the Federal Republic of Germany ( **Germany** ), The Grand Duchy of Luxembourg ( **Luxembourg** ) and the United States of America ( **United States** or **U.S.** ), and (ii) a private placement of any New Shares not subscribed for by the Company's shareholders (the **Investment Shares** ) that will under certain circumstances be subscribed for by Admiral Participations (Luxembourg) S.à r.l. (the **Backstop Investor** ) at the Subscription Price (the **Investment Share Placement** ), up to a number of Investment Shares that does not lead to a shareholding in the Company exceeding 30 percent minus one share in the Company's share capital and voting rights post execution of the Offering, and subject to the Backstop Investor being able to establish a participation in the equity capital and voting rights in the Company of at least 15 percent post execution of the Offering, unless such requirement is waived by the Backstop Investor. See *The Offering Backstop Arrangement*.

Subject to the terms and conditions set out in this Prospectus, holders of Existing Shares after close of business on July 17, 2009 (the **Record Date** ) will be allotted one Subscription Right for each Existing Share held. The exercise of 9 Subscription Rights entitles the exercising holder to subscribe for 4 New Shares against payment of a subscription price of 2.15 per New Share (the **Subscription Price** ). On July 14, 2009, the closing price of the Infineon Technologies AG shares was 2.90 per share on the Frankfurt Stock Exchange.

The Subscription Rights will not be traded on the regulated market of the Frankfurt Stock Exchange or any other German stock exchange. Holders of Subscription Rights held through the clearing facilities of Clearstream Banking AG ( **Clearstream** ) wishing to subscribe for New Shares must exercise their Subscription Rights during the period from July 20, 2009 through August 3, 2009 (the **Subscription Period** ). Subscription Rights may be exercised only in integral multiples of the subscription ratio. Subscription Rights held through Clearstream and not validly exercised

during the Subscription Period, including Subscription Rights in excess of the nearest integral multiple of the subscription ratio, will expire without compensation and become worthless.

***Exercising the Subscription Rights or investing in the New Shares involves risks. For a discussion of material risks which the investors should consider before exercising their Subscription Rights or investing in the New Shares, see Risk Factors beginning on page 48.***

**Subscription Price: 2.15 per New Share**

Subject to the satisfaction of certain conditions set forth in the Underwriting Agreement (as defined below), the New Shares have been underwritten by an underwriting syndicate consisting of Credit Suisse Securities (Europe) Limited, Deutsche Bank Aktiengesellschaft and Merrill Lynch International, (the **Joint Bookrunners** ) and Citigroup Global Markets Limited (together with the Joint Bookrunners, the **Joint Lead Managers** , and alternatively, the **Underwriters** ).

The Existing Shares are listed on the Frankfurt Stock Exchange (where they are traded on the regulated market segment (*regulierter Markt*)) (Prime Standard) under the symbol **IFX** . Beginning on July 20, 2009, the Existing Shares are expected to be traded on the Frankfurt Stock Exchange **ex rights** . Applications will be made for listing of the Admission Shares on the regulated market segment of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market segment with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange. The decision on admission of the Conversion Shares is anticipated for August 6, 2009. The decision on admission of the New Shares subscribed for under the Rights Offering is anticipated for August 6, 2009. The decision on admission of the New Shares under the Investment Share Placement is anticipated without undue delay following applicable regulatory clearances. Trading of the New Shares subscribed for under the Rights Offering is expected to commence on or about August 7, 2009 and, with respect to New Shares subscribed for under the Investment Share Placement, without undue delay following applicable regulatory clearances.

Application has been or will be made for the Subscription Rights and the New Shares to be accepted for clearance through Clearstream. The New Shares subscribed for under the Rights Offering are expected to be delivered through the facilities of Clearstream on or about August 7, 2009. Delivery of the New Shares subscribed for under the Investment Share Placement is expected without undue delay following applicable regulatory clearances.

This Prospectus is intended for use only in connection with the Offering outside the United States in accordance with Regulation S ( **Regulation S** ) under the U.S. Securities Act of 1933, as amended (the **Securities Act** ) and should not be sent into the United States.

This document constitutes a prospectus for the purposes of Article 3 of the prospectus directive 2003/71/EC (the **Prospectus Directive** ) and has been filed with and approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (the **BaFin** ). The BaFin approved the Prospectus after completing a review of the Prospectus for completeness, including a review of the coherence and comprehensibility of the information provided. The approved Prospectus will be notified by the BaFin to the competent authorities in Luxembourg for passporting in accordance with Article 18 of the Prospectus Directive.

*Joint Bookrunners and Joint Lead Managers*

*Credit Suisse*

*Deutsche Bank*

*Merrill Lynch International*

*Joint Lead Manager*

*Citi*

*Selling Agent*  
*Erste Bank*

---

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Subscription Rights and the New Shares (the **Securities** ) offered hereby, and does not constitute an offer to sell or a solicitation of an offer to buy any Securities offered hereby to any person in any jurisdiction in which it is unlawful to make any such offer or solicitation to such person. Neither the delivery of this Prospectus nor any sale made hereby shall under any circumstances imply that there has been no change in the affairs of Infineon Technologies AG or its subsidiaries or that the information contained herein is correct as of any date subsequent to the earlier of the date hereof and any earlier specified date with respect to such information.

The distribution of this Prospectus and the offer of the Securities may be restricted by law in certain jurisdictions. Infineon Technologies AG and the Underwriters require persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions. This Prospectus does not constitute an offer of, or an invitation to purchase the Securities in any jurisdiction in which such offer or invitation would be unlawful. For a description of certain restrictions on the offer and sale of the Securities, see the notices below. Neither Infineon Technologies AG nor any of the Underwriters accept any legal responsibility for any violation by any person, whether or not a prospective investor in the Securities, of any such restrictions. Neither Infineon Technologies AG nor any of the Underwriters nor any of their respective representatives are making any representation to any offeree or purchaser of the Securities offered hereby regarding the legality of an investment by such offeree or purchaser under applicable legal investment or similar laws. Each investor should consult with its own advisors as to the legal, tax, business, financial and related aspects of the subscription and the purchase of the securities.

This Prospectus has been prepared by Infineon Technologies AG in connection with the Offering solely for the purpose of enabling a prospective investor to consider the subscription or the purchase of the New Shares or the purchase of the Subscription Rights. Reproduction and distribution of this Prospectus or disclosure or use of the information contained herein for any purpose other than considering an investment in the New Shares is prohibited. The information contained in this Prospectus has been provided by Infineon Technologies AG and other sources identified herein. No representation or warranty, expressed or implied, is made by any of the Underwriters as to the accuracy or completeness of the information set forth herein and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation, whether as to the past or the future. No person has been authorized to give any information or to make any representation not contained in this Prospectus in connection with the Offering and, if given or made, any such information or representation should not be relied upon as having been authorized by Infineon Technologies AG or the Underwriters.

The Joint Lead Managers are acting for the Company and for no one else in connection with the Offering and will not regard any other person as the respective clients of each of the Joint Lead Managers in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to the respective clients of each of the Joint Lead Managers nor for providing advice in relation to the Offering or any transaction or arrangement referred to in this Prospectus. In making an investment decision, investors must rely on their own examination of Infineon Technologies AG and the terms of the Offering, including the merits and risks involved. Any decision to subscribe for or purchase New Shares or to purchase Subscription Rights should be based solely on this Prospectus.

There shall be no stabilization in connection with the Offering.

#### **Notice to investors in the European Economic Area**

This Prospectus has been prepared on the basis that all offers of New Shares (other than the offers in Germany and Luxembourg contemplated in this Prospectus) will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the European Economic Area ( **EEA** ), from the requirement to produce a

prospectus for offers of shares. Accordingly, any person making or intending to make any offer within any such EEA member state of the New Shares should only do so in circumstances in which no obligation arises for Infineon Technologies AG or any of the Underwriters to produce a prospectus for such offer. Neither Infineon Technologies AG nor the Underwriters have authorized, nor do they authorize, the making of any offer of New Shares through any financial intermediary, other than offers made by the Underwriters which constitute the final placement of the New Shares contemplated in this Prospectus.

In relation to each EEA member state which has implemented the Prospectus Directive (each, a **Relevant Member State** ), an offer of any New Shares may not be made in that Relevant Member State (other than the offers in Germany and Luxembourg contemplated in this Prospectus), except that an offer



in that Relevant Member State of any of the New Shares may be made at any time under the following exemptions from the Prospectus Directive, if they have been implemented in that Relevant Member State:

1. to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
2. to any legal entity which has two or more of (A) an average of at least 250 employees during the last financial year; (B) a total balance sheet of more than 43,000,000 and (C) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts; or
3. in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the New Shares shall result in a requirement for the publication by Infineon Technologies AG or any Underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

This Prospectus is directed at and for distribution in the United Kingdom only to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Order** ) or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons being together referred to as **relevant persons** ). This Prospectus is directed only at relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus or any of its contents. Any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

Furthermore, the Underwriters have warranted that they

1. have only invited or will only invite participation in investment activities in connection with the Offering or the sale of the New Shares within the meaning of Section 21 of the Financial Services and Markets Act 2000 ( **FSMA** ) and have only initiated or will only initiate such investment activities to the extent that Section 21(1) of the FSMA does not apply to the Company; and
2. have complied and will comply with all applicable provisions of the FSMA with respect to all activities already undertaken by each of them or will undertake in the future in relation to the New Shares in, from, or otherwise involving the United Kingdom.

**CONTENTS**

	<b>Page</b>
<u>SUMMARY</u>	1
<u>Summary of the Company's Business</u>	1
<u>Reasons for the Offering and Use of Proceeds</u>	4
<u>Summary of the Offering</u>	6
<u>Summary of Share Capital and Management of the Company</u>	13
<u>Summary Selected Consolidated Financial and Operating Information Prepared in Accordance with IFRS</u>	14
<u>Summary Selected Consolidated Financial and Operating Information Prepared in Accordance with U.S. GAAP</u>	18
<u>Summary of Risk Factors</u>	21
<u>GERMAN TRANSLATION OF THE SUMMARY OF THE PROSPECTUS ZUSAMMENFASSUNG DES PROSPEKTS</u>	24
<u>ZUSAMMENFASSUNG DER GESCHÄFTSTÄTIGKEIT DER GESELLSCHAFT</u>	24
<u>GRÜNDE FÜR DAS ANGEBOT UND Verwendung DES Emissionserlöses</u>	28
<u>Zusammenfassung des Angebots</u>	30
<u>Zusammenfassung betreffend das Grundkapital und den Vorstand</u>	37
<u>Zusammengefasste AUSGEWÄHLTE Konzernfinanzangaben und GESCHÄFTSINFORMATIONEN nach IFRS</u>	38
<u>Zusammengefasste AUSGEWÄHLTE Konzern Finanzangaben und GESCHÄFTSINFORMATIONEN nach U.S. GAAP</u>	42
<u>Zusammenfassung der Risikofaktoren</u>	45
<u>RISK FACTORS</u>	48
<u>Risks Relating to the Company and the Market</u>	48
<u>Risks Related to the New Shares and Risks Related to the Offering</u>	63
<u>GENERAL INFORMATION</u>	66
<u>Responsibility for the Contents of this Prospectus</u>	66
<u>Documents Available for Inspection</u>	66
<u>Subject Matter of this Prospectus</u>	66
<u>Presentation of Financial Information</u>	67
<u>Forward-Looking Statements</u>	68
<u>Currency Presentation</u>	68
<u>Presentation of Sources of Market Data; Accounting Regulations; Additional Financial and Numerical Data</u>	68
<u>REASONS FOR THE OFFERING AND USE OF PROCEEDS</u>	70
<u>THE OFFERING</u>	72
<u>General</u>	72
<u>Timetable</u>	73
<u>The Rights Offering</u>	74
<u>Subscription Price</u>	75
<u>No Trading of Subscription Rights on the Regulated Market</u>	75
<u>Termination of Rights Offering</u>	75
<u>Form and Certification of the New Shares</u>	75
<u>Backstop Arrangement</u>	76
<u>Delivery and Settlement of the New Shares</u>	76
<u>Commissions</u>	76

<u>Stock Exchange Admission and Commencement of Trading of the New Shares</u>	77
<u>Placement of Unsubscribed New Shares/Private Placement to the Backstop Investor</u>	77
<u>Announcement</u>	77
<u>Right to Withdraw in case a Supplement to a Prospectus is Published</u>	77
<u>Offering in the United States</u>	78
<u>Stabilization</u>	78
<u>Lock-up Agreement of the Company</u>	78
<u>Lock-up Agreement of the Backstop Investor</u>	78

	<b>Page</b>
<u>Offering Expenses and Net Proceeds of the Offering</u>	79
<u>Additional Selling Restriction Notices</u>	79
<u>Underwriters: Underwriting Agreement</u>	79
<u>Termination of Rights Offering</u>	80
<u>Right to Withdraw in case a Supplement to the Prospectus is Published</u>	81
<u>Dilution</u>	81
<u>Interests of Participating Parties in the Offering of New Shares</u>	82
<u>INFORMATION ON THE OFFERED NEW SHARES AND ON THE CONVERSION SHARES</u>	83
<u>Information on the Offered New Shares</u>	83
<u>Information on the Conversion Shares</u>	84
<u>DIVIDEND POLICY AND EARNINGS PER SHARE</u>	87
<u>General Provisions Relating to Profit Allocation and Dividend Payments</u>	87
<u>Dividend Policy and Earnings Per Share</u>	87
<u>CAPITALIZATION</u>	88
<u>SELECTED CONSOLIDATED FINANCIAL AND OPERATING INFORMATION PREPARED IN ACCORDANCE WITH IFRS</u>	89
<u>SELECTED CONSOLIDATED FINANCIAL AND OPERATING INFORMATION PREPARED IN ACCORDANCE WITH U.S. GAAP</u>	93
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	96
<u>Infineon's Business</u>	96
<u>Measures Taken to Date to Improve Infineon's Financial Condition</u>	97
<u>The Semiconductor Industry and Factors that Impact Infineon's Business</u>	99
<u>Results of Operations</u>	102
<u>Liquidity</u>	129
<u>Capital Requirements</u>	134
<u>Employees</u>	138
<u>Critical Accounting Policies</u>	139
<u>Risk and Opportunity Management System</u>	142
<u>Quantitative and Qualitative Disclosures about Market Risks</u>	143
<u>Derivative Financial Instruments</u>	144
<u>BUSINESS</u>	146
<u>Business</u>	146
<u>Industry Background</u>	146
<u>Strategy</u>	149
<u>Products and Applications</u>	150
<u>Customers, Sales and Marketing</u>	155
<u>Competition</u>	158
<u>Manufacturing</u>	159
<u>Strategic Alliances and Other Collaborations</u>	160
<u>Research and Development</u>	163
<u>Intellectual Property</u>	165
<u>Acquisitions, Dispositions and Discontinued Operations</u>	166
<u>Employees</u>	168
<u>Legal Matters</u>	169
<u>Real Estate</u>	175

<u>Material Contracts</u>	175
<u>REGULATION, ENVIRONMENTAL PROTECTION AND SUSTAINABLE MANAGEMENT</u>	182
<u>PRINCIPAL SHAREHOLDERS</u>	184
<u>MANAGEMENT</u>	185
<u>Overview</u>	185
<u>Management Board</u>	185
<u>Supervisory Board</u>	192

	<b>Page</b>
<u>Specific Information on the Members of the Management Board and Supervisory Board</u>	198
<u>Other Conflicts of Interest</u>	198
<u>General Shareholders Meeting</u>	198
<u>Corporate Governance</u>	199
<u>GENERAL INFORMATION ON THE COMPANY</u>	201
<u>Company Formation, Name, Registered Office and Fiscal Year</u>	201
<u>Duration and Dissolution</u>	201
<u>Corporate Purpose</u>	201
<u>Primary Affiliated Companies</u>	201
<u>Independent Auditors</u>	204
<u>Disclosure Requirements for Shareholders, Mandatory Offer</u>	204
<u>Directors Dealings</u>	206
<u>DESCRIPTION OF SHARE CAPITAL AND APPLICABLE LEGAL PROVISIONS</u>	207
<u>Issued Share Capital</u>	207
<u>Voting Rights</u>	207
<u>Certification and Transferability of Shares</u>	207
<u>Development of the Share Capital</u>	207
<u>General Information on Capital Measures</u>	207
<u>General Provisions Governing Statutory Subscription Rights</u>	208
<u>General Provisions Governing the Liquidation of the Company</u>	208
<u>Exclusion of Minority Shareholders</u>	208
<u>Capital Increase for the New Shares</u>	209
<u>Authorized Capital</u>	209
<u>Conditional Capital</u>	210
<u>Repurchase of Own Shares; Treasury Shares</u>	212
<u>Management and Employee Participation Plans</u>	212
<u>Listing</u>	213
<u>RELATED PARTY TRANSACTIONS</u>	214
<u>TAXATION IN THE FEDERAL REPUBLIC OF GERMANY</u>	217
<u>Taxation of the Company</u>	217
<u>Taxation of Shareholders</u>	218
<u>Inheritance and Gift Tax</u>	223
<u>Other Taxes</u>	223
<u>TAXATION IN LUXEMBOURG</u>	224
<u>Luxembourg Taxation of Shares of a Non Resident Company</u>	224
<u>Income Tax</u>	224
<u>Net Wealth Tax</u>	226
<u>Other Taxes</u>	226
<u>GLOSSARY</u>	227
<u>FINANCIAL INFORMATION</u>	F-1
<u>RECENT DEVELOPMENTS AND OUTLOOK</u>	G-1
<u>SIGNATURE PAGE</u>	U-1

## SUMMARY

The following summary (the **Summary**) is intended to be read as an introduction of this prospectus (the **Prospectus**) and summarizes only selected information from the Prospectus. Because of the more detailed information contained elsewhere in this Prospectus, including the Financial Information section, investors are strongly recommended to carefully read the entire Prospectus, and base their decision on whether to invest in the shares of the Company on a review of the entire Prospectus.

Infineon Technologies AG, Neubiberg, Germany (**Infineon Technologies AG** or the **Company** and, together with its subsidiaries, the **Group** or **Infineon**) along with Credit Suisse Securities (Europe) Limited, London, United Kingdom (**Credit Suisse**), Deutsche Bank Aktiengesellschaft, Frankfurt, Germany (**Deutsche Bank**) and Merrill Lynch International, London, United Kingdom (**Merrill Lynch** and, together with Credit Suisse and Deutsche Bank, the **Joint Bookrunners**) as well as Citigroup Global Markets Limited, London, United Kingdom (**Citi** and, together with the Joint Bookrunners, the **Joint Lead Managers** or the **Underwriters**) assume responsibility for the content of the Summary pursuant to Section 5(2) Sentence 3 No. 4 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*). However, the Company and the Underwriters can be held liable for such content only if the Summary is misleading, inaccurate or contradictory when read in conjunction with the other portions of the Prospectus. If an investor files claims in court on the basis of the information contained in this Prospectus, the plaintiff investor may be required by the laws of the individual member states of the European Economic Area (**EEA**) to bear the cost of translating the Prospectus before the proceedings begin.

### Summary of the Company's Business

#### *Business*

Infineon is one of the world's leading semiconductor suppliers by revenue. Infineon has been at the forefront of the development, manufacture and marketing of semiconductors for more than 50 years, first as the Siemens Semiconductor Group and then, from 1999, as an independent group. Infineon Technologies AG has been a publicly traded company since March 2000. According to the market research company iSuppli (June 2009), Infineon (excluding Qimonda) was ranked the number 10 semiconductor company in the world by revenue in the 2008 calendar year.

Infineon designs, develops, manufactures and markets a broad range of semiconductors and complete system solutions used in a wide variety of applications for energy efficiency, security and communications. Infineon's main business is currently conducted through its five operating segments: Automotive, Industrial & Multimarket, Chip Card & Security, Wireless Solutions and Wireline Communications. On July 7, 2009, the Company entered into an asset purchase agreement to sell the Wireline Communications business, and such sale is expected to close in the fall of 2009.

In the 2009 fiscal year, Infineon is taking significant measures, in particular through its cost-reduction program IFX10+, with the aim of cutting costs, reducing debt, preserving cash and otherwise improving its financial condition. The efforts continue at present. Infineon believes that due to the positive impact of its overall cost reduction and cash preservation measures to retain liquidity it will be able to finance its normal business operations out of cash flows from continuing operations despite the sharp decline in revenue levels.

#### *Core Strengths*

Infineon believes that its core strengths are based on a variety of factors, including its technical competencies, its strong position in a broad set of markets, its deep customer relationships and its capabilities in semiconductor design and manufacturing.

Infineon believes it has deep technical core competencies in the design and manufacturing of semiconductors. These competencies are based in part on over 50 years of industry experience by the Company and its predecessors. Four core competencies are of particular importance, namely: Radio Frequency ( **RF** ), embedded control, analog/mixed signal, and high power.

***Radio frequency competency:*** The ability to produce best-in-class RF transceivers (and integrate RF transceivers with standard logic circuitry) is a key differentiator of cellular modem solutions. The increasing complexity of transceiver products has forced most competitors out of this market and led to the current (2008) situation with four suppliers generating almost 85 percent of revenues; Infineon ranked second with over 22 percent market share (Strategy Analytics, May



2009). Infineon believes that its RF competency was the main facilitator of recent years' remarkable recovery of its Wireless business and that it will help it gain further market share in the overall Wireless market in the future.

***Embedded control competency:*** In contrast to general purpose computing platforms, embedded systems are designed for particular applications. Today, embedded systems designers demand microcontrollers that are specifically tailored to their needs. Infineon's 32-bit Tricore microcontroller family is a typical example. It combines the real-time capability of a microcontroller, the computational power of a DSP, and high performance features of RISC architectures. In automotive applications, these microcontrollers enable outstanding engine performance at lower fuel consumption, meeting the highest emission standards, including EURO5 and US-LEV2. Infineon believes that due to its exceptional embedded control competency, it could further extend its current leading market position in the automotive semiconductor market, and that it will benefit from significant growth rates in market segments like engine control/power train. According to Strategy Analytics (January 2009), worldwide revenues with semiconductors for automotive power train applications are expected to grow at a compound annual growth rate of over 14 percent from 2009 to 2012, the fastest growth of all automotive applications.

***Analog/Mixed signal competency:*** According to iSuppli (June 2009), Infineon ranks among the top three analog/mixed signal semiconductor companies worldwide measured by revenues generated with analog ICs, discretely and sensors. Infineon believes that analog and mixed signal markets generally offer particularly attractive revenue growth opportunities. For example, iSuppli (May 2009) views semiconductor sensors, typically Analog semiconductors, as one of the fastest growing semiconductor categories, with a compound annual growth rate of 13 percent from 2009 through 2012. Another example is on-chip integration of RF transceivers and cellular baseband processors. Infineon believes that it is the largest supplier by units shipped of such single chip RF / baseband products for cellular phones. Strategy Analytics (December 2008) expects revenues with single chip products to grow at a compound annual growth rate of over 70 percent from 2009 to 2013 and that the share of single chip products will rise from 6 percent of all baseband units in 2009 to 22 percent in 2013.

***High power competency:*** Only a few semiconductor suppliers offer high power semiconductor devices and modules. According to IMS Research (August 2008), the top 5 power module suppliers generate over 80 percent of the worldwide revenues, with Infineon the worldwide market leader in power semiconductors with particularly strong positions in high power semiconductors and modules. Infineon believes that the market outlook for high power semiconductor modules is particularly promising. According to IMS Research (February 2009), the expected compound annual growth rate for power modules is 10 percent in the period from 2009 to 2012. Infineon believes that its high power competency will enable it to participate in this growing market.

Infineon has a large and diversified business that covers a broad range of endmarkets and spans multiple product categories. With the exception of memory ICs and microprocessors, Infineon provides products of all major product categories such as Discretely, Sensors, Analog & Logic ICs and ICs in Chip Card applications. After the closing of the sale of the Wireline Communications business, Infineon will focus on the target markets automotive, industrial and multimarket, chip card & security and wireless communications. According to the external market research cited below, Infineon holds a leading position by revenue in the four target markets.

***A leader in the automotive chip industry.*** According to Strategy Analytics (May 2009), Infineon has been the number two chip manufacturer for the automotive industry worldwide by revenue for the past five years. In the 2008 calendar year, Infineon's total revenue from the automotive industry amounted to

USD 1,742 million, which according to the same Strategy Analytics report was USD 2 million behind the number one chip manufacturer. Infineon is the number one chip manufacturer for the automotive industry by revenue in Europe and holds the following market positions based on total revenue: number two in Rest of World (excluding Japan), number three in North America and number six in Japan. Infineon has increased its market share continuously over the course of the past fourteen years from 3.9 percent in 1994 to 9.5 percent in 2008. The main core competencies that helped drive such growth are embedded control and power semiconductors. In addition, Infineon attributes this growth to its goal of delivering zero-defect products. Infineon believes that in-house manufacturing capabilities are a competitive advantage due to the high quality standards demanded by automotive customers.

***Leader in design and production of control electronics for energy efficiency and the miniaturization of such electronics in industrial and multimarket applications.*** Efficient generation and transmission and reliable distribution of electrical energy are vital for an environmental-friendly electricity supply. Infineon believes that it is the only company to offer power semiconductors and power modules for the entire electricity generation, transmission and consumption chain. According to IMS Research (November 2002, August 2008), Infineon's revenues with Power Discretes and Power Modules grew by more than 145 percent from 2001 to 2007. With such growth, Infineon outperformed the competition and improved its market revenue ranking position from fourth place to number one in that period, with Infineon's share of the global power semiconductor market increasing from 6.6 percent to 9.7 percent in such period. In the industrial market, according to the market research firm Semicast (June 2008), Infineon has outperformed competing semiconductor suppliers. Infineon ranked second in 2006 by revenue with a global market share of 6.4 percent. Within one year, Infineon increased revenues by more than 30 percent and rose to the number one position in 2007. While there is no external market research data available yet for 2008, Infineon believes it has solidified its market leading position in 2008. Infineon's extensive know-how in its core competency of power semiconductors was the main driver for this growth.

***Market leader in chips for card applications.*** Each year from 1997 to 2008, Infineon was the global market leader in chips for card applications according to iSuppli (2009) and Frost & Sullivan (1998-2008). In addition, Infineon is the world's leading supplier of Smart Cards ICs, according to Frost & Sullivan (September 2008). These chips are mainly used for credit cards, debit cards, access cards, government identification applications, personal and object identification, and platform security applications. Infineon's strategic focus is on these security-critical fields where it can make the most of its experience in high-security applications. Infineon believes that it has the industry's largest portfolio of chips and interfaces to meet the relevant security requirements in these areas. Due to Infineon's strategic shift from high-volume markets to security-driven applications, Infineon was able to significantly improve its profitability. The main core competencies driving Infineon's success in this market are embedded control and RF (the latter for contactless cards only).

***A market leader in wireless solutions.*** Infineon not only manufactures traditional components such as baseband processors, RF transceivers and power management chips, but also offers complete platforms including software solutions, customized modifications and interoperability tests. Many mobile phone manufacturers rely increasingly on these third-party complete platforms and reduce their in-house chipset production accordingly. Infineon has become the fourth-largest supplier for these platforms (iSuppli, March 2009). A key component of mobile phone platforms is the RF transceiver where Infineon has built on the success of its CMOS technology based products. The insolvency of BenQ in September 2006 had a negative effect on Infineon. BenQ generated approximately 80 percent of Infineon's wireless platform business. As a result of restructuring efforts and new customer design wins, Infineon believes that it will be able to successfully turn around this business, which is underscored by the positive Segment Result generated by Infineon's Wireless business in the three months ended June 30, 2009. The main core competencies employed in Infineon's wireless business are RF, analog/mixed-signal and embedded control technologies.

Infineon believes it has strong and longlasting customer relationships:

Infineon believes it has strong customer relationships. For example, Infineon is often the sole supplier to a customer due to a high specific development investment on the part of the customer to integrate Infineon's products into the customer's application.

Infineon believes many of its customer relationships are longlasting. In many cases, the customer s development may take one to three years, with development input requiring up to 100 person years for one product. In addition, tests, validation, and if appropriate certification of the customer product with the integrated Infineon product may take six months to three years. For some applications, such as automotive, contract terms of up to 15 years are common.

Infineon believes that its manufacturing competences and assets for specialty manufacturing processes are an important competitive advantage, including among others:

Infineon's proprietary process technologies, which allow it to manufacture ultrathin wafers for power semiconductors, enable great advances in energy efficiency;

Infineon developed an embedded Wafer-Level Ball Grid Array ( **eWLB** ) technology for semiconductor packages which achieves a 30 percent reduction of dimension compared to conventional (lead-frame laminate) packages, offers improved electrical performance and better cost; and

Infineon's new power-logic plant in Kulim, Malaysia, which will allow Infineon to further expand its presence in the growing Asian market, as well as to strengthen its cost and competitive positions.

### **Strategy**

Infineon strives to achieve profitable growth by maintaining and expanding its leadership position in semiconductor solutions in the four target markets automotive, industrial and multimarket, chip card & security, and wireless solutions. Infineon will exit the wireline communications market upon the sale of its Wireline Communications business and focus on these four target markets. Infineon is leveraging key market trends towards energy efficiency, security, and communications and seeks to:

***Build on its leadership position in key markets, in particular by helping to improve energy efficiency.*** Infineon believes that its success to date has been based on a deep understanding of a wide range of applications for the automotive and industrial sectors as well as for personal computers and other consumer devices. Infineon's leading position in these areas is built on high-performance products, superior process technologies and optimized in-house manufacturing capabilities. Infineon sees significant growth potential for its power business, in particular, driven by high energy costs, a shift towards renewable energy generation, and the need for ever longer battery life in mobile devices.

***Strengthen Infineon's leadership position in security solutions.*** Infineon seeks to benefit from growth in electronic and mobile communication and the growing desire to access data anywhere and at any time, which drives demand for data protection and data integrity such as secure authentication and identification of users. Infineon intends to leverage its know-how to address applications in new areas, and believes it is well positioned to benefit from future trends, such as the transition to e-Passports, e-Health cards and RFID ICs in logistics.

***Provide the technology to be connected every day and everywhere.*** Infineon seeks to continue to profit from its key strengths in areas such as RF and mixed signal technologies employed, in particular, in its wireless business. In order to benefit from the ever-increasing need for mobility and communication in all aspects of day-to-day life, Infineon intends to grow its broad customer base and to focus on the most promising solutions for future profitable growth. In the wireless market, these include, in particular, highly integrated, cost efficient single-chip solutions and highly integrated cellular phone platforms for wireless high speed data transfer in HSPA-enabled phones and smart phones.

In addition, it is part of Infineon's manufacturing strategy to carefully manage the mix of in-house versus outsourced manufacturing capacity and process technology development. Infineon intends to continue to invest in those process technologies that provide it with a competitive advantage. This is the case in particular for Infineon's power process technologies and in manufacturing capacity that can meet the very strict quality requirements of automotive customers. At the same time, in standard CMOS below the 90-nanometer node, Infineon will continue to share risks and expand its access to leading-edge technology through long-term strategic partnerships with other leading industry participants. Infineon does not intend to invest in in-house capacity for standard CMOS processes below the 90-nanometer node, and will make use of outsourced manufacturing capacity at silicon foundries instead.

Infineon believes that ongoing cost control and projects to continually improve productivity are important elements to support the successful implementation of Infineon's profitable growth strategy.

**Reasons for the Offering and Use of Proceeds**

The entire semiconductor industry, including Infineon, has been adversely affected by the global economic downturn and financial crisis. Infineon's revenues declined from 1,153 million in the fourth quarter of the 2008 fiscal year to 845 million in the third quarter of the 2009 fiscal year. Infineon's gross cash position decreased during the first nine months of the 2009 fiscal year by 12 million, from 883 million

as of September 30, 2008 to 871 million as of June 30, 2009. Included in this decline in the gross cash position were:

approximately 106 million of cash outflows in connection with Infineon's IFX10+ cost reduction program, scheduled debt repayments of approximately 101 million, which included 41 million for Infineon's syndicated loan facility, and

voluntary repurchases of an aggregate nominal amount of 246 million of guaranteed subordinated convertible notes due 2010 that were issued by the Company's subsidiary Infineon Technologies Holding B.V. ( **Convertible Notes due 2010** ) and guaranteed subordinated exchangeable notes due 2010 that were issued by the Company's subsidiary Infineon Technologies Investment B.V. ( **Exchangeable Notes due 2010** ) for an aggregate of 161 million in cash.

These outflows were partly offset by a reimbursement of 112 million by the Deposit Protection Fund of the German Private Commercial Banks (*Einlagensicherungsfonds des Bundesverbandes deutscher Banken e.V.*) in relation to the insolvency of Lehman Brothers Bankhaus AG and gross proceeds of 182 million from the issuance of a new guaranteed subordinated convertible note by Infineon Technologies Holding B.V. (the **New Convertible Note due 2014** ). Despite the very significant revenue decline, Infineon generated sufficient free cash flow from operations to fund the majority of the cash outflows relating to its IFX 10+ cost reduction program.

Infineon's management believes that it should seek to maintain a gross cash position of at least 250 to 300 million to operate the Company's business effectively. As a result, Infineon has acted vigorously to reduce operating expenses, conserve cash and improve its balance sheet. The steps that Infineon has taken to this end include, among other things, the IFX10+ cost reduction program, debt repurchases, the issuance of the New Convertible Note due 2014 and the divestiture of the Wireline Communications business. Through its IFX 10+ cost reduction program, the Company has achieved significant cost reductions. The Company's operating expenses for the three months ended June 30, 2009 decreased by 88 million when compared to the three months ended September 30, 2008. Company management believes that these savings are mainly due to its IFX 10+ cost reduction program. In aggregate, Infineon is targeting total cost reductions from this program of 600 million for the 2009 fiscal year when compared to Infineon's total costs in the 2008 fiscal year, some of which are temporary in nature.

In addition, on July 7, 2009, the Company entered into an asset purchase agreement with an entity affiliated with Golden Gate Private Equity, Inc. to sell its Wireline Communications business for a cash consideration of 250 million. The majority of the purchase price is payable at closing, which is expected to occur in the fall of 2009, with 20 million of the purchase price being payable 9 months after the