



## News Release · Presseinformation

### Qimonda Reports Results for the Fourth Quarter and Financial Year 2007

Munich, Germany – November 8, 2007 – Qimonda AG (NYSE: QI) today announced results for the fourth quarter and financial year (FY) 2007, which ended September 30, 2007. Net sales were Euro 711 million in the fourth quarter of FY 2007, a decline of 4 percent from Euro 740 million in the third quarter of FY 2007 and a decline of 42 percent from Euro 1.23 billion in the fourth quarter of FY 2006. Fourth quarter FY 2007 EBIT was a loss of Euro 258 million compared to an EBIT loss of Euro 323 million in the third quarter of FY 2007 and positive EBIT of Euro 215 million in the fourth quarter of FY 2006. Net loss in the fourth quarter was Euro 265 million, or a loss per share (basic and diluted) of Euro 0.77, compared to a net loss of Euro 218 million in the third quarter of FY 2007, or a loss per share (basic and diluted) of Euro 0.64, and net income of Euro 156 million in the fourth quarter of FY 2006, or earnings per share (basic and diluted) of Euro 0.48.

For FY 2007, Qimonda's net sales were Euro 3.61 billion, a decrease of 5 percent compared to FY 2006. EBIT for FY 2007 was a loss of Euro 246 million compared to positive EBIT of Euro 213 million for FY 2006. Net loss in FY 2007 amounted to Euro 249 million, or loss per share (basic and diluted) of Euro 0.73, compared to a net income of Euro 74 million, or earnings per share (basic and diluted) of Euro 0.24, in the previous financial year.

“During our fourth quarter, price pressure continued in the DRAM industry with spot and contract prices declining to new lows,” said Kin Wah Loh, President and CEO of

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Qimonda AG. "In light of these difficult market conditions, we have accelerated our efforts to increase productivity and reduce costs. We curtailed our capital expenditures and operating expenses in the fourth quarter even more than originally planned, and on the productivity front, we are confident that we will have more than 50 percent conversion to 80nm and 75nm in December 2007. However, there is more to be done. We are pursuing a number of initiatives to drive further cost efficiencies and revenue growth across our operations. These plans include accelerating our conversion rate to 75 percent by March 2008, and we have already agreed with our manufacturing partners on the steps necessary to reach this goal. In addition, we are focusing on increasing R&D efficiencies for further cost savings. We expect all these measures to further drive down our cost per bit over the coming quarters."

In the fourth quarter, Qimonda realized bit-shipment growth of 33 percent compared to the corresponding period one year earlier, but net sales decreased mainly due to a 53 percent decline in average selling prices compared with the prior year quarter as well as a weaker U.S. dollar. Compared with the third financial quarter, bit-shipments were stable, but net sales decreased due to a slight decline in average selling prices and a weaker U.S. dollar. In FY 2007, Qimonda increased bit-shipments by 44 percent compared to FY 2006, but net sales decreased mainly due to a 29 percent decline of average selling prices as well as a weaker U.S. dollar.

Gross margin improved quarter over quarter due to cost reductions and the absence of additional inventory write downs in the fourth quarter. Year over year, gross margins and net income for the fourth quarter decreased due to the significant decline in average selling prices and a weaker U.S. dollar, resulting in a net loss in the fourth quarter of FY 2007. Net loss increased quarter over quarter primarily due to a small tax

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expense in the fourth quarter compared to a tax benefit in the third quarter from a recovery of tax expense in prior quarters. The net loss in the fourth quarter includes a tax expense of Euro 25 million due to the revaluation of deferred tax assets following the German Business Tax Reform Act 2008 as well as additional valuation allowances that reduced recorded tax benefits resulting from incurred losses. For the full financial year, gross margin decreased and the net loss was mainly due to the decline in average selling prices as well as the weaker U.S. dollar. These effects could not be offset by higher bit-shipments year-over-year and improved manufacturing productivity.

At the end of FY 2007, the company's gross cash position was Euro 1 billion and its net cash position was Euro 707 million. These figures reflect proceeds of Euro 156 million from a sale-leaseback transaction Qimonda closed in September 2007 involving 200mm equipment in its Richmond facility. For FY 2007, Qimonda recorded capital expenditures of Euro 879 million and achieved positive free cash flow of Euro 266 million.

In the fourth quarter of FY 2007, cash flow from operations increased to Euro 211 million compared to Euro 45 million in the third quarter FY 2007, mainly due to improvements in working capital. Capital expenditures were Euro 278 million, mainly for the further expansion of the Richmond 300mm wafer manufacturing facility and equipment upgrades for the further conversion to 75nm and smaller DRAM technologies. In the fourth quarter of FY 2007, Qimonda achieved positive free cash flow of Euro 90 million, including the effect of the sale-leaseback transaction.

In the fourth quarter of FY 2007, Qimonda generated 32 percent of its net sales in North America, 16 percent in Europe, 40 percent in Asia Pacific and 12 percent in Japan.

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## Outlook

In the first quarter of FY 2008, Qimonda expects its bit production to grow approximately 5 percent quarter over quarter, mainly based on productivity improvements from the ongoing conversion to 80nm and 75nm technologies, and including the effects of reducing 200mm capacities.

For FY 2008, Qimonda expects bit demand for DRAM to be driven by continued solid growth in graphics, consumer and communication applications and the move to higher density modules in the PC market. Qimonda estimates an increase in its bit production for FY 2008 of about 50 percent. Qimonda expects its share of bit-shipments to non-PC applications to be greater than 50 percent for the full financial year.

## Unaudited Financial Information

Attached is Qimonda's unaudited financial information for the fourth quarter and its 2007 financial year, which ended September 30, 2007. This financial information includes reconciliations of the non-US GAAP financial measures EBIT, net cash position and free cash flow to net income, gross cash position and cash flow from operations, respectively, which are the closest measures prepared in accordance with US GAAP. Financial information as of dates before and for periods beginning before May 1, 2006 is derived from Qimonda's combined financial statements prepared in accordance with its carve-out from Infineon, effective on that date.

## Conference Call

The company will host a conference call today at 4:30pm EST, 1:30pm PST, 9:30pm GMT, and 10:30pm CET to discuss its financial results. The web cast and slide presentation will be available at [www.qimonda.com](http://www.qimonda.com). A webcast replay will be available

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for a limited time on the company's web site. An audio replay of the conference call will also be available at phone number +1 718 354 1112 (US), +44 (0)20 7806 1970 (UK), +49 (0)69 22222 0418 (Germany), +81 (0)3 3570 8212 (Japan), pass code: 3664198 #, beginning at 6:30pm EST today and continuing until 5:59pm EST on November 11, 2007.

### About Qimonda

Qimonda AG (NYSE: QI) is a leading global memory supplier with a broad diversified DRAM product portfolio. The company generated net sales of Euro 3.61 billion in its 2007 financial year and has approximately 13,500 employees worldwide. Qimonda has access to five 300mm manufacturing sites on three continents and operates five major R&D facilities. The company provides DRAM products for a wide variety of applications, including in the computing, infrastructure, graphics, mobile and consumer areas, using its power saving technologies and designs. Further information is available at [www.qimonda.com](http://www.qimonda.com).

### Disclaimer

This press release contains forward-looking statements based on assumptions and forecasts made by Qimonda management and third parties. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and speak only as of the date they are made. We undertake no obligation to update any of them in light of new information or future events. These forward-looking statements involve inherent risks and are subject to a number of uncertainties, including trends in demand and prices for semiconductors generally and for our products in particular, the success of our development efforts, both alone and with our partners, the success of our efforts to introduce new production processes at our facilities and the actions of our competitors, the availability of funds for planned expansion efforts and the outcome of antitrust investigations and litigation matters, as well as other factors. We caution you that these and a number of other known and unknown risks, uncertainties and other factors could cause actual future results, or outcomes to differ materially from those expressed in any forward-looking statement. These factors include those identified under the heading "Risk Factors" in our most recent Annual Report on Form 20-F and our Prospectus Supplement, dated September 21, 2007, available without charge on our website and at [www.sec.gov](http://www.sec.gov).

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**Qimonda AG and Subsidiaries**  
**Unaudited Financial Information**  
**Fourth Quarter and Year Ended 30.09.2007**

All amounts in Euro millions, except where otherwise stated

	3 Months Sep 30 Q4 FY 2007 (Unaudited)	3 Months June 30 Q3 FY 2007 (Unaudited)	3 Months Sep 30 Q4 FY 2006 (Unaudited)	12 Months Sep 30 FY 2007 (Unaudited)	12 Months Sep 30 FY 2006 (Unaudited)
<b>RESULTS OF OPERATIONS</b>					
Total net sales	711	740	1,232	3,608	3,815
Cost of goods sold	(818)	(964)	(890)	(3,390)	(3,048)
Gross (loss) profit	(107)	(224)	342	218	767
Research and development expense	(110)	(98)	(108)	(401)	(433)
Selling, general and administrative expense	(59)	(48)	(54)	(199)	(215)
Other operating income (expense), net	11	4	(47)	18	(60)
Operating (loss) income	(265)	(366)	133	(364)	59
Interest income (expense), net	3	1	(3)	7	(25)
Equity in earnings of associated companies	14	38	42	117	80
Gain on associated company share issuance	-	-	42	-	72
Other non-operating (expense) income, net	(5)	6	(1)	7	8
Minority interests	(2)	(1)	(1)	(6)	(6)
income (loss) before income taxes	(255)	(322)	212	(239)	188
Income tax (expense) benefit	(10)	104	(56)	(10)	(114)
Net (loss) income	(265)	(218)	156	(249)	74
Earnings (loss) per share - basic and diluted (in euro)	(0.77)	(0.64)	0.48	(0.73)	0.24
<b>FINANCIAL POSITION</b>					
Assets:					
Current assets:					
Cash and cash equivalents	746	629	932	746	932
Marketable securities	265	263	138	265	138
Trade accounts receivable, net	341	364	803	341	803
Inventories	619	600	622	619	622
Deferred income taxes	32	27	47	32	47
Other current assets	254	302	265	254	265
Total current assets	2,257	2,185	2,807	2,257	2,807
Property, plant and equipment, net	2,186	2,129	2,080	2,186	2,080
Long-term investments, net	628	681	636	628	636
Restricted cash	-	-	-	-	-
Deferred income taxes	147	200	160	147	160
Other assets	163	169	178	163	178
Total assets	5,381	5,364	5,861	5,381	5,861
Liabilities and shareholders' equity:					
Current liabilities:					
Short-term debt and current maturities	77	21	344	77	344
Trade accounts payable	756	679	712	756	712
Accrued liabilities	147	146	160	147	160
Deferred income taxes	5	18	18	5	18
Other current liabilities	259	242	245	259	245
Total current liabilities	1,244	1,106	1,479	1,244	1,479
Long-term debt	227	128	151	227	151
Deferred income taxes	23	34	36	23	36
Other liabilities	370	288	324	370	324
Total liabilities	1,864	1,556	1,990	1,864	1,990
Total shareholders' equity	3,517	3,808	3,871	3,517	3,871
Total liabilities and shareholders' equity	5,381	5,364	5,861	5,381	5,861

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<b>CASH FLOW</b>					
Net cash provided by operating activities	211	45	265	980	326
therein:					
Depreciation and amortization	170	164	179	666	703
Net cash used in investing activities	(123)	(238)	(76)	(847)	(801)
therein:					
Net (purchases) proceeds of marketable securities	(2)	(1)	30	(133)	(138)
Purchases of property, plant and equipment	(278)	(236)	(115)	(879)	(686)
Net cash (used in) provided by financing activities	36	(48)	307	(307)	773
therein:					
Net change in short-term debt due Infineon	-	(48)	(109)	(344)	(163)
<b>RECONCILIATIONS</b>					
Net (loss) income	(265)	(218)	156	(249)	74
Interest income (expense), net	3	1	(3)	7	(25)
Earnings (loss) before Interest (EBI)	(268)	(219)	159	(256)	99
Income tax (expense) benefit	(10)	104	(56)	(10)	(114)
Earnings (loss) before Interest and Taxes (EBIT)	(258)	(323)	215	(246)	213
Cash and cash equivalents	746	629	932	746	932
Marketable securities	265	263	138	265	138
Gross Cash position	1,011	892	1,070	1,011	1,070
Short-term debt and current maturities	77	21	344	77	344
Long-term debt	227	128	151	227	151
Total financial debt	304	149	495	304	495
Net Cash (debt) position	707	743	575	707	575
Total shareholders' equity	3,517	3,808	3,871	3,517	3,871
Capital Employed	2,810	3,065	3,296	2,810	3,296
Net cash provided by operating activities	211	45	265	980	326
Net cash used in investing activities	(123)	(238)	(76)	(847)	(801)
Net purchases (proceeds) of marketable securities	2	1	(30)	133	138
Free Cash Flow	90	(192)	159	266	(337)
<b>STATISTICS AND RATIOS</b>					
Gross Margin	(15)%	(30)%	28 %	6 %	20 %
R&D as % of sales	15 %	13 %	9 %	11 %	11 %
SG&A as % of sales	8 %	6 %	4 %	6 %	6 %
EBI / Sales	(38)%	(30)%	13 %	(7)%	3 %
EBIT Margin	(36)%	(44)%	17 %	(7)%	6 %
Net income / Sales	(37)%	(29)%	13 %	(7)%	2 %
Effective Tax Rate	(4)%	32 %	27 %	(4)%	61 %
Weighted Average Shares Outstanding (million) - basic	342	342	324	342	306
Sales / Equity	0.8	0.8	1.3	1.0	1.0
Capital Turnover (Sales / Capital Employed)	1.0	1.0	1.5	1.3	1.2
Net income / Equity ratio	(30)%	(23)%	16 %	(7)%	2 %
ROCE (EBI / Capital Employed)	(38)%	(29)%	19 %	(9)%	3 %

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