

IFX Day 2007

Munich, March 13, 2007

Strategic Direction and Financial Targets

Dr. Wolfgang Ziebart
President and CEO



Never stop thinking

Disclaimer

This presentation was prepared as of March 13, 2007 and is current only as of that date.

This presentation includes forward-looking statements about the future of Infineon's business and the industry in which it operates. These include statements relating to future developments in the world semiconductor market, including the market for memory products, Infineon's future growth, the benefits of research and development alliances and activities, Infineon's planned levels of future investment in the expansion and modernization of its production capacity, the introduction of new technology at its facilities, the continuing transitioning of its production processes to smaller structure sizes, cost savings related to such transitioning and other initiatives, Infineon's successful development of technology based on industry standards, Infineon's ability to offer commercially viable products based on its technology, Infineon's ability to achieve its cost savings and growth targets, and the impact of the carve-out of Qimonda, the group's memory products business, its initial public offering, and any further sales of Qimonda shares or other corporate financing measures in that regard.

These forward-looking statements are subject to a number of uncertainties, including trends in demand and prices for semiconductors generally and for Infineon's products in particular, the success of Infineon's development efforts, both alone and with partners, the success of Infineon's efforts to introduce new production processes, the actions of competitors, the availability of funds for planned expansion efforts, and the outcome of antitrust investigations and litigation matters, as well as the other factors mentioned in this presentation and those described in the "Risk Factors" section of the annual report of Infineon on Form 20-F filed with the U.S. Securities and Exchange Commission on November 30, 2006 or contained in the company's quarterly reports. As a result, Infineon's actual results could differ materially from those contained in these forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements.

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

Agenda

- Recent Steps
- Current Status
- Driving Growth
- Driving Margins
- Reducing Capital Intensity
- Summary

Agenda

- Recent Steps
- Current Status
- Driving Growth
- Driving Margins
- Reducing Capital Intensity
- Summary

Strategic Redirection

3 to 2

Automotive, Industrial & Multimarket

- Turn-around Discretes
- Turn-around Chipcard
- Ramp-up of new power fab in Kulim, Malaysia, in record time

Communication Solutions

- Profit, Share Gains in Access
- Turn-around in Tuner, RF Power
- Customer Wins in Baseband:
Nokia, LG, Panasonic and others

Agenda

- Recent Steps
- **Current Status**
- Driving Growth
- Driving Margins
- Reducing Capital Intensity
- Summary

Revenue

> € 4 billion

More than

30,000
employees

R&D Spending

~ € 800 m

Some 6,000 R&D staff

More than

20,000

patents

Power



Source: IMS Research, Sep. 2006

Wireline Access



Source: Gartner Dataquest, June 2006

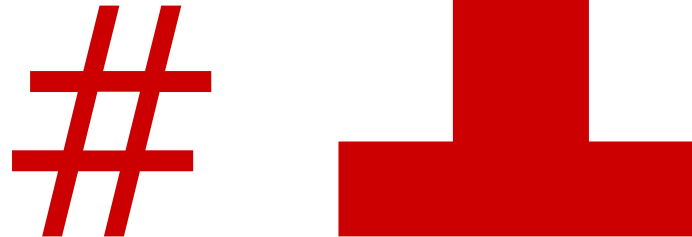
Wireless TRx



Source: Gartner Dataquest, Strategy Analytics, Infineon

Chipcard

Market Share 29%



Source: Gartner Dataquest, June 2006

Automotive

#2

Source: Strategy Analytics, May 2006

Agenda

- Recent Steps
- Current Status
- **Driving Growth**
- Driving Margins
- Reducing Capital Intensity
- Summary

Energy Efficiency

- Energy savings in power generation
- Energy savings in power transmission
- Energy savings in power consumption

Security

- Protection and privacy of personal and company data
- Secure e-commerce
- Contactless identification and payment

Connectivity

- Mobile Phone Platforms:
full suite of solutions
- Broadband Access: CO and CPE
- Leader in RF: wireless connectivity
everywhere

Growth in Auto

- Growth Drivers Body and Safety
- Hybrid Cars
- Automotive Connectivity

Growth in Industry

- CoolMOS in AC/DC
- OptiMOS in DC/DC
- IGBTs in DC/AC

Growth in Broadband

- VINAX for VDSL2
- Danube for ADSL2 / VoIP
- CPE

Growth in Wireless

- Design Win Momentum in Single Chip Phones
- Design Win Momentum in Platforms
- Design Win Momentum in RF CMOS Transceivers

Agenda

- Recent Steps
- Current Status
- Driving Growth
- **Driving Margins**
- Reducing Capital Intensity
- Summary

In FY 2006

Double-digit EBIT margin

on

~ € 3 bn in sales

In FY 2006

EBIT loss on ~ € 1 bn sales

in

Chipcard and mainly Baseband

Driving Margins

AIM in FY 2006

Expense > € 70 m for Fabs

Zero
from Sep. 2007 on

Driving Margins

Chipcard in FY 2006

Double-digit € m loss

Chipcard in FY 2007

Break–Even
and New Products

Driving Margins

Baseband in FY 2006
Causing Losses in COM

Baseband in FY 2007 +
Design Wins
& Strong Ramp

Driving Margins

Target: ~ 10% EBIT Margin

FY 2007: ~ EBIT Break-Even

FY 2009: ~ 10% EBIT Margin

FY 2008: well on our way
towards 10%

Agenda

- Recent Steps
- Current Status
- Driving Growth
- Driving Margins
- **Reducing Capital Intensity**
- Summary

Reducing Capital Intensity

Advanced Logic

65 nm fabless

Specialty Technologies

In-house

CapEx / Sales

10-12%

Agenda

- Recent Steps
- Current Status
- Driving Growth
- Driving Margins
- Reducing Capital Intensity
- **Summary**

FY 2007

- Ramp Baseband
- Stabilize Chipcard
- Lower Fab Expenses
- Break-Even EBIT

FY 2008 and Beyond

- Sales growth in AIM and COM
- 10+% EBIT margin in AIM, profit in COM
- ~ 10% EBIT margin FY2009, well on our way towards that in FY 2008
- Lower capital intensity

Infineon –
Never stop thinking



Never stop thinking