

Third Quarter FY 2007

Quarterly Update

Infineon Technologies AG
Investor Relations



Never stop thinking

Disclaimer

This presentation was prepared as of July 27, 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.

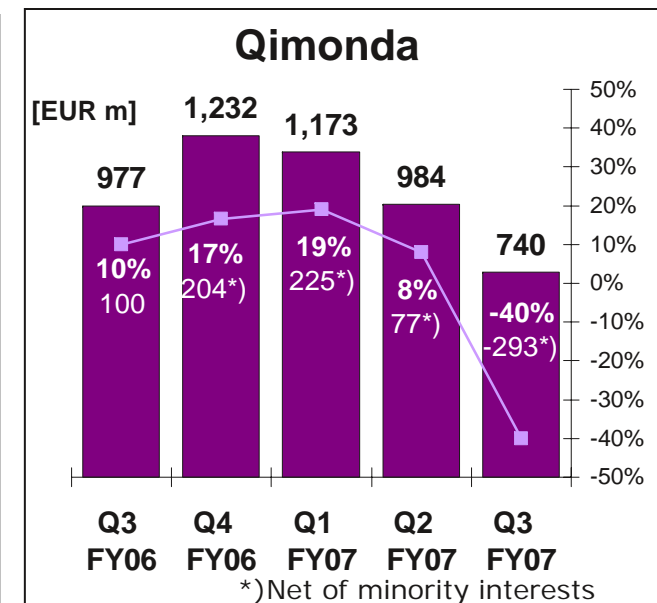
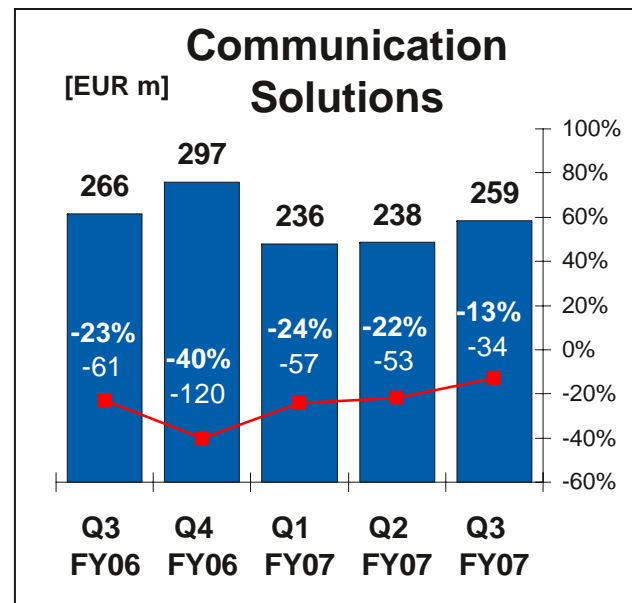
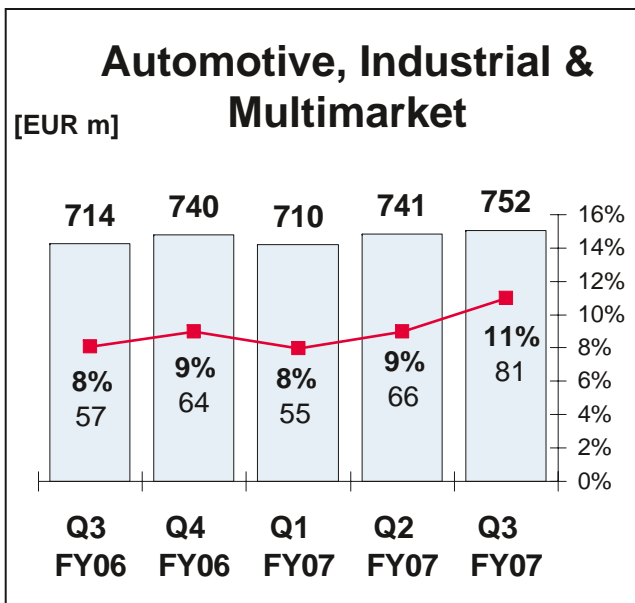
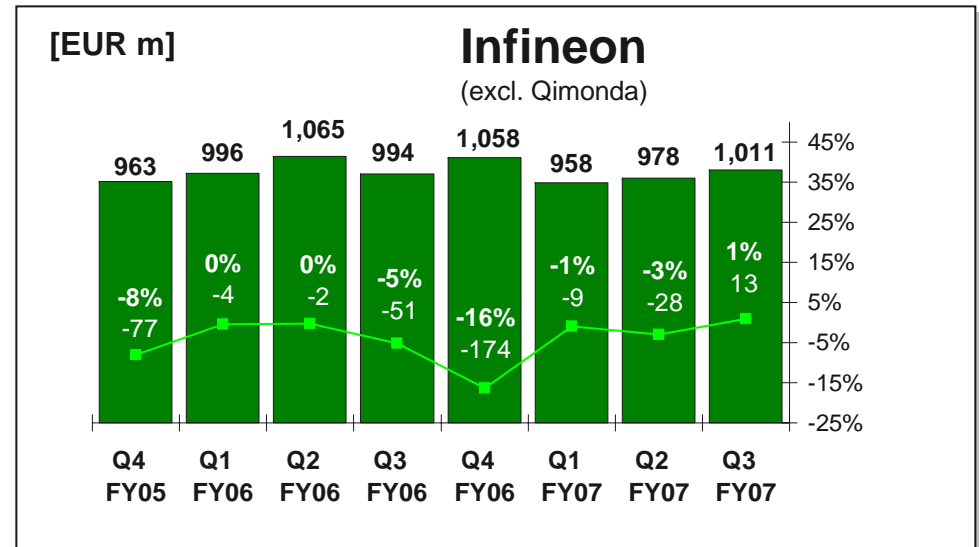
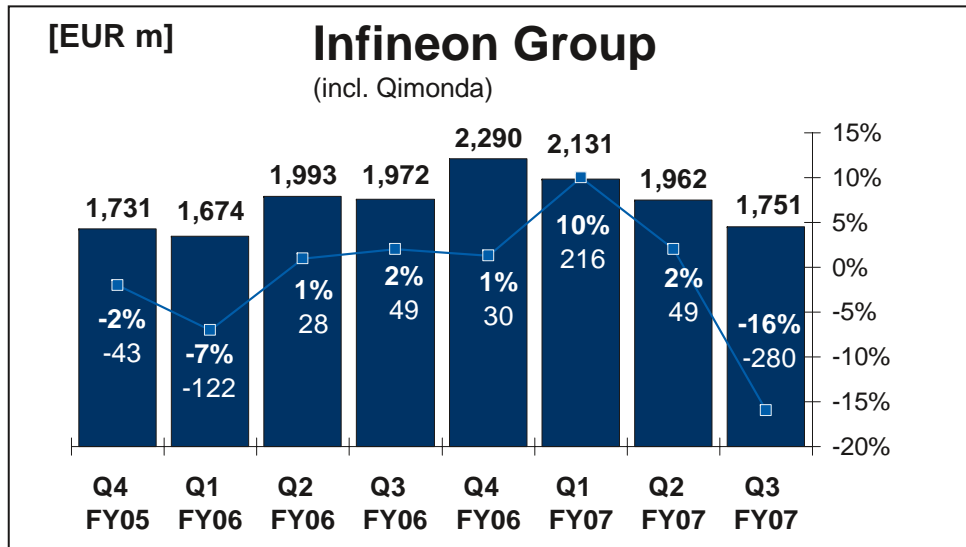
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■ Group Financials and Targets

■ Infineon's Focus Areas

- Energy Efficiency
- Communications
- Security

Third Quarter FY 2007 Results: Revenues of EUR 1.75 bn; EBIT of EUR -280 m



Infineon excluding Qimonda

Fourth Quarter FY 2007 Outlook



IFX

Revenues and EBIT excluding Qimonda and before charges are expected to increase.

COM

- Revenues and EBIT to improve strongly q-o-q
- Continued revenue increase in wireless business given ramp of platform shipments; wireline business to be about flat

AIM

- Revenues to increase q-o-q; EBIT margin to be close to 10%
- Automotive to be about flat; Industrial & Multimarket to increase; Security & ASIC to decrease

OOS,
C & E

- Combined EBIT loss before charges broadly unchanged q-o-q
- Charges are expected to be insignificant

Infineon excluding Qimonda Group Results and FY 2007, FY 2008 Outlook



	FY 2005	FY 2006 ^{*)}	FY 2007	FY 2008
[EUR m]				
Sales	3,933	4,114		
Gross Profit (Gross margin)	1,187 (30%)	1,308 (32%)		
R&D	902	816	750-800	
SG&A	449	536	500-540	
EBIT (EBIT margin)	-305 (-8%)	-217 (-5%)	~ 0	

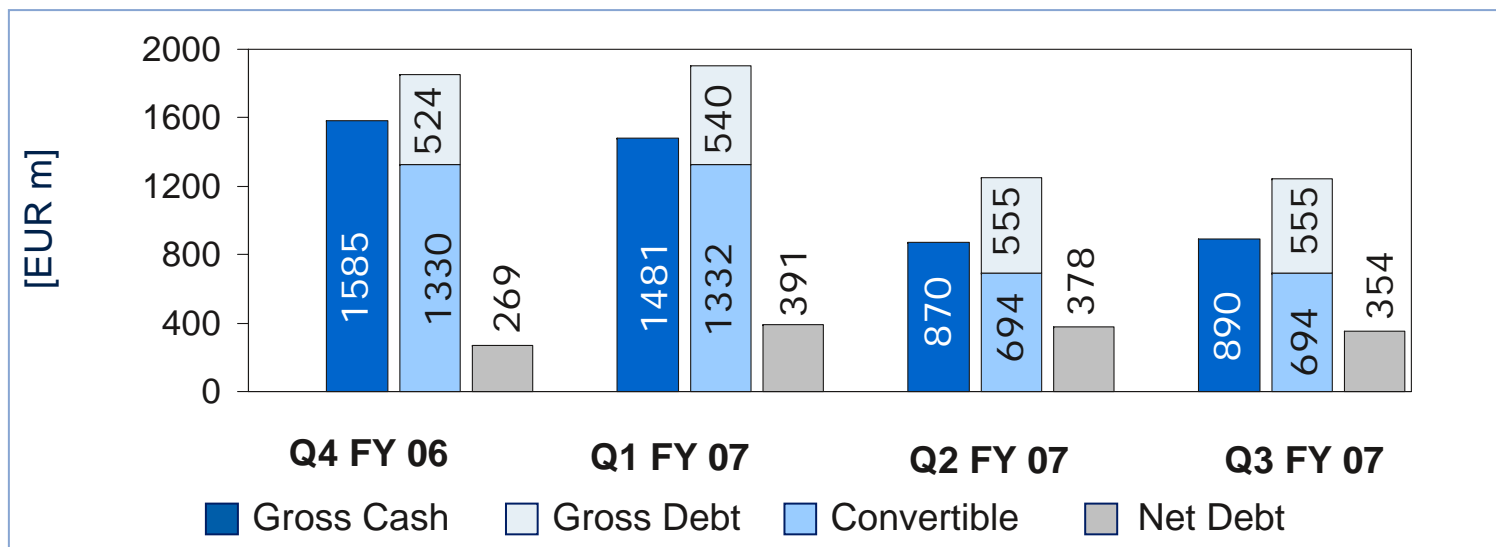
Infineon defines EBIT as Earnings (loss) Before Interest and Taxes.

*) FY2006: Includes net charges of € 199 million relating primarily to various impairments and restructuring measures as well as expenses incurred in connection with the insolvency of BenQ Mobile Germany and the IPO of Qimonda.

Infineon excluding Qimonda Gross Cash, Debt, CapEx and D&A



Financial structure for the past quarters



CapEx and D&A

[EUR m]	Q1 FY07	Q2 FY07	Q3 FY07	FY 2007E	FY 2008 onward
CapEx <i>/Sales (%)</i>	105 10.9%	114 11.7%	110 10.9%	~ 550	10-12% of sales
D&A <i>/Sales (%)</i>	162 16.9%	152 15.5%	150 14.8%	~ 600	in line with CapEx

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Infineon Businesses

Communication Solutions

Mobile Phone Platforms

Feature Phone

Entry Phone

Mobile Software

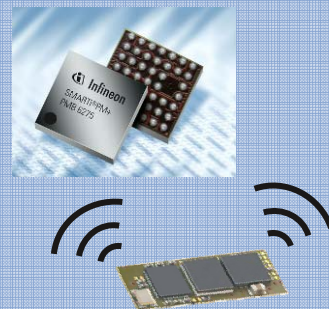


RF Solutions

RF Engine

Tuner Systems

RF Power



Broadband

Access



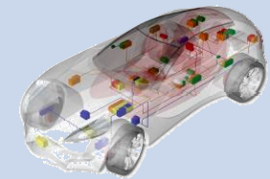
Automotive, Industrial & Multimarket

Automotive

Microcontroller

Automotive Power

Sense & Control



Industrial & Multimarket

Power Management & Drives

Discrete Semiconductors



Security & ASICs

ASIC Design & Security

Chip Card & Security ICs



Global Energy Trends: Substantial Needs and Highest Level of Awareness



#1



Dwindling resources drive growth in energy savings and renewables.

- The cost of energy generation and the price of electricity continue to rise.
- Electricity consumption is growing 2.6% p.a.
- Renewables are on the rise in energy generation.
- Saving energy is increasingly crucial in industrial, commercial and household applications.

#2



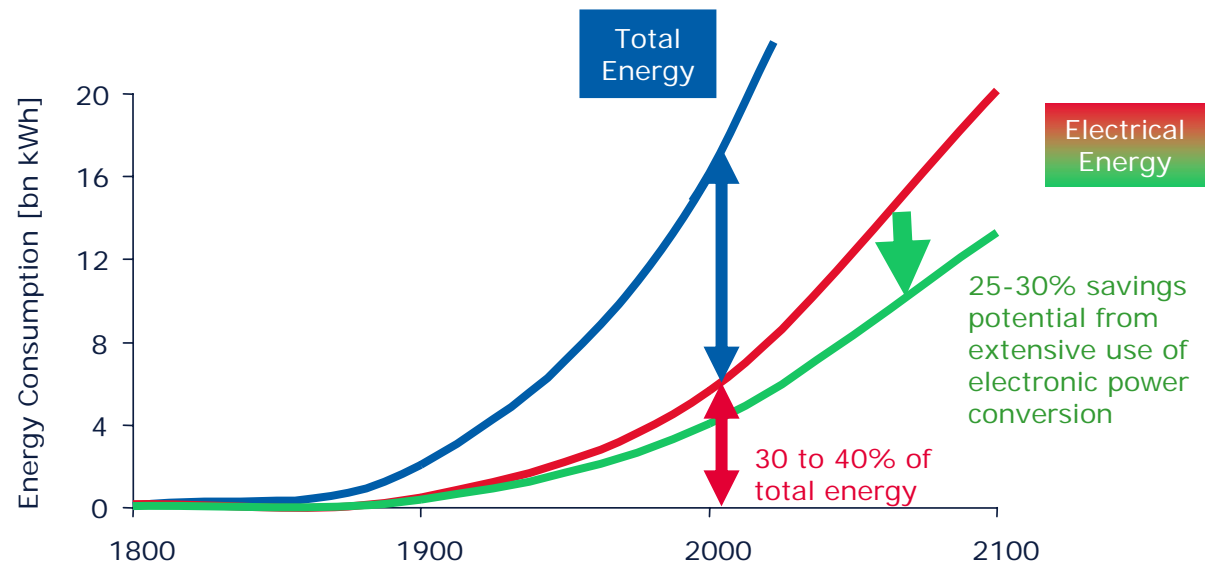
Pollution and climate change drive demand for "clean" solutions.

- Pollution, environmental protection and climate change are global concerns.
- Reducing the waste of energy helps cut back on energy generation and its harmful emissions. This is quickly becoming a standard requirement for all areas of public and private life (e.g. Kyoto Protocol).

Energy Demand and Electricity Consumption are on the Rise – We Can Help to "Do More With Less"



Electricity consumption can be cut by 25-30% through extensive use of power semiconductors – equal to the demand of the USA.



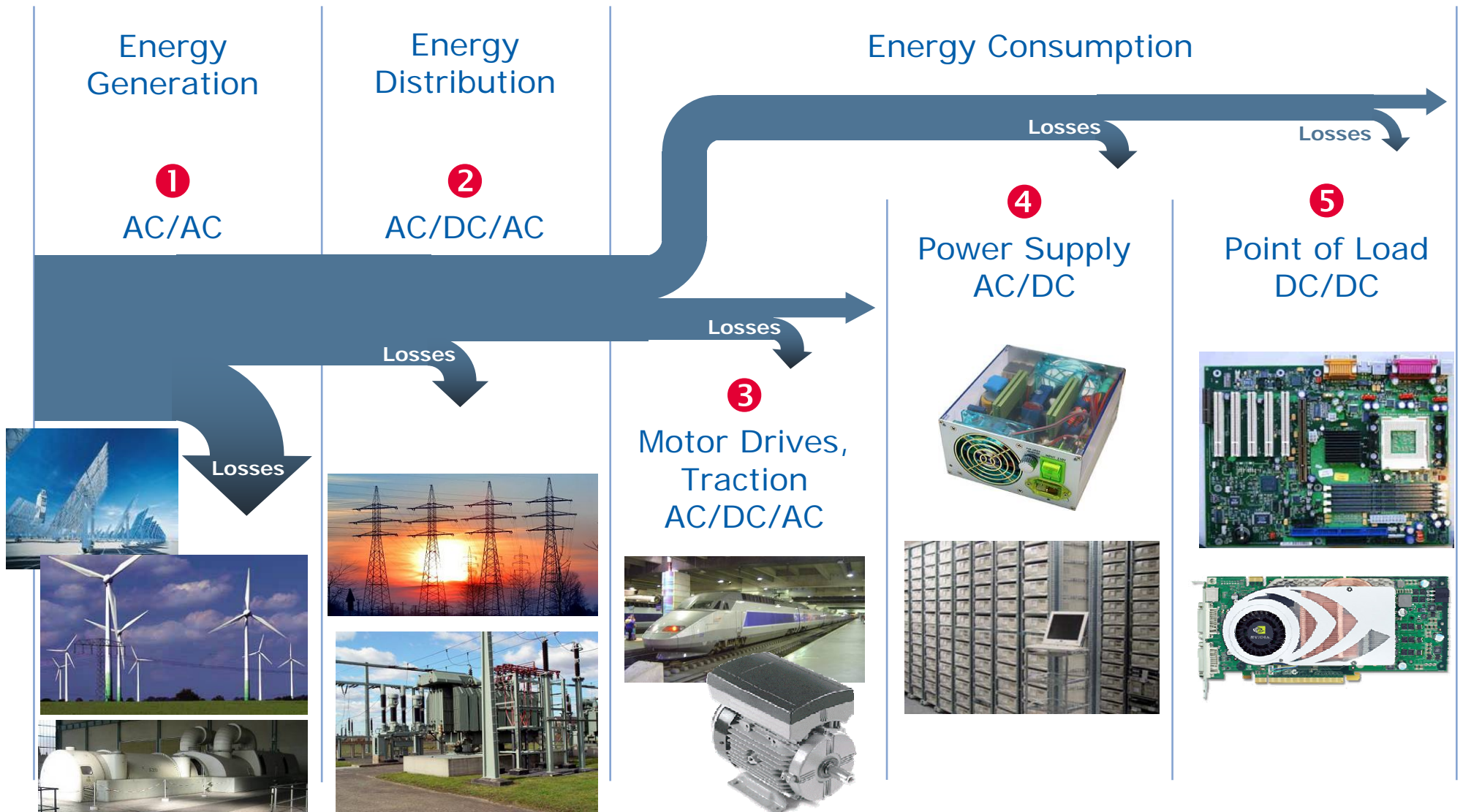
Infineon contributes to efficient energy management and the reduction of pollution and emissions.



- We deliver innovative, high performance solutions with best-in-class technologies that help our customers save energy and reduce pollution.
- We enable the use of limited resources as efficiently as possible.

Source: Fraunhofer Institute, IISP, LES-Flyer, 2004

Our Products Help Reduce Losses Along the Entire Energy Distribution Chain

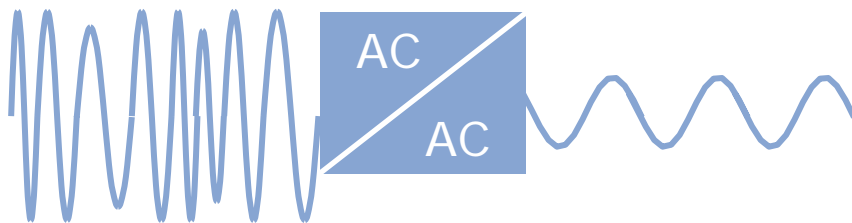


Energy Generation: Traditional Power Plant Versus Renewables

1

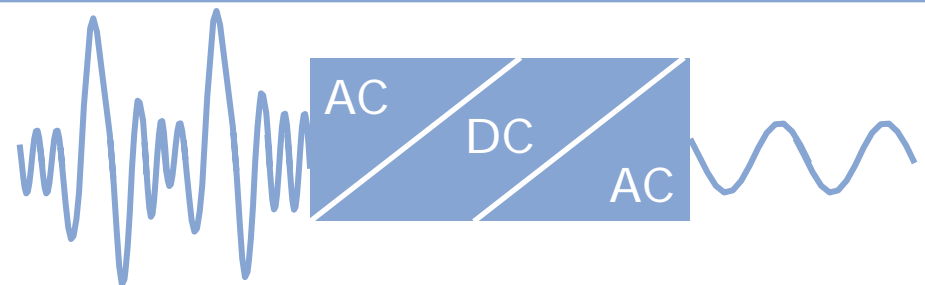


Coal-fired Plant, Nuclear Plant, etc.



- Almost no fluctuations in amplitude and frequency.
- Direct grid coupling possible.
- 1000 MW for state-of-the-art power plants.
- Semi content comparatively low.

Wind Mill, Solar Cell, Hydro Power, etc.



- Permanent fluctuations in amplitude and frequency.
- 2 MW to 5 MW per wind mill.
- Semi content EUR ~5000 per wind mill.
- Resulting in EUR 1.5 m per 1000 MW.
- Market size: EUR 45 m in 2006.
- Market growth rate > 20% p.a.

Energy Distribution: Grid Coupling and Long Range Energy Transport

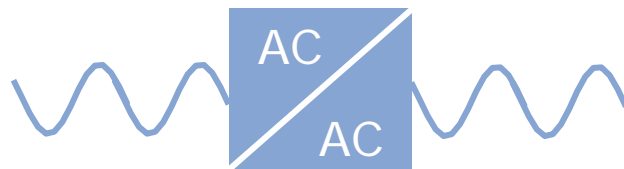
2



Traditionally



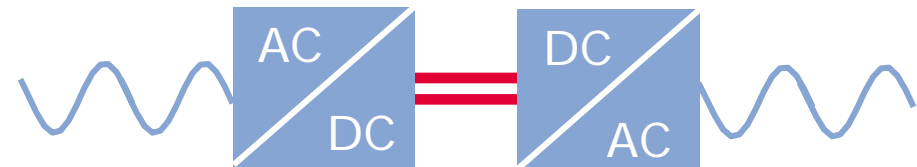
380 kV AC



High-Voltage Direct Current (HVDC)



100-500 kV DC (in future 800 kV)



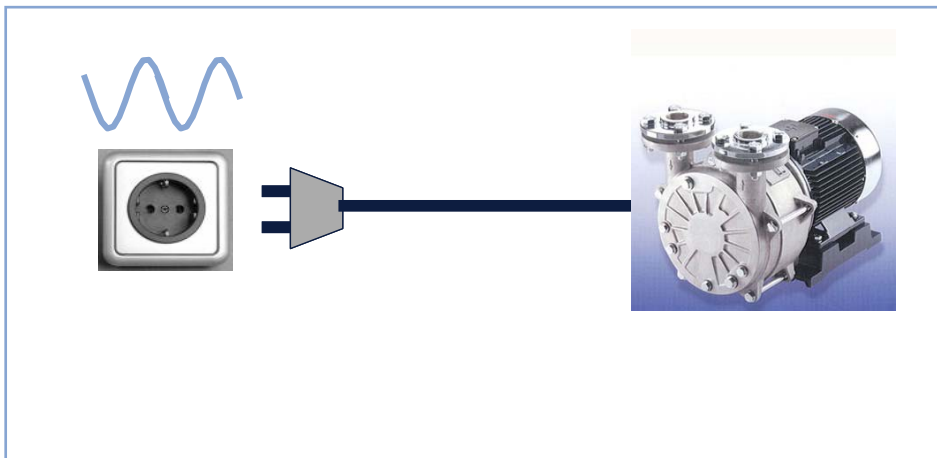
- HVDC transmission is advantageous for long-distance bulk-power delivery, synchronous interconnections (grid coupling), long-submarine cable crossings.
- Breakeven distance for 2000 MW power line is about 800 km.
- On each side of a HVDC 2000 to 8000 thyristors are required resulting in an average semiconductor content of USD 4 to 16 m.
- In China, annual investments of USD 10 bn in transmission systems are being made.
- Major growth areas are China, India, Brasil, Congo, and USA.

Motor Drives and Traction: Focus on Efficient Power Conversion and RPM Control

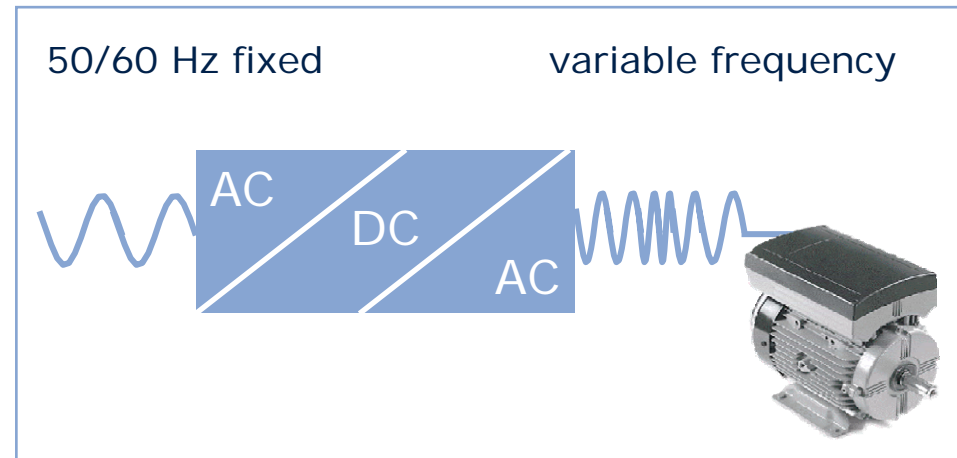
3



Direct AC Connection



AC-DC-AC Conversion



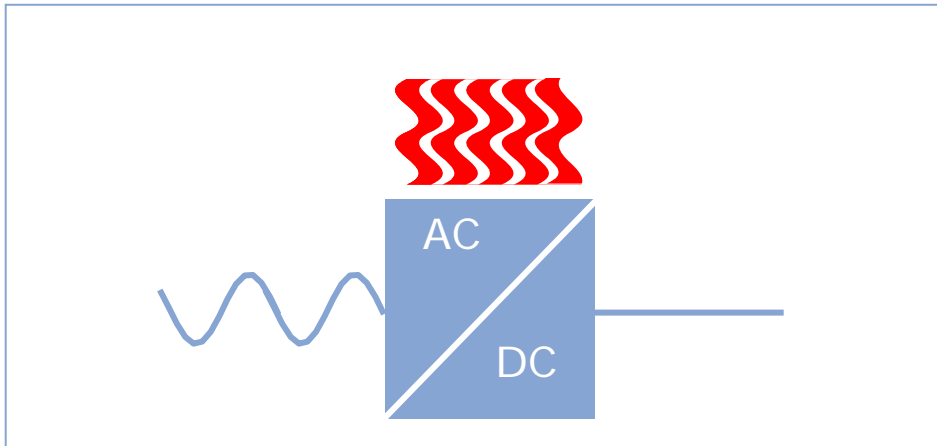
- About 60% of industrial energy is used by electrical motors.
- For each USD 1 spent to purchase a motor, USD 100 are spent for energy cost during its lifetime.
- Conventional motor drives are being replaced by intelligent inverter-based drives, saving up to 40% energy.
- AC/DC/AC conversion allows permanent control to match output with the needs.
- 12.2 m industrial drives in 2007 with a CAGR of 9.8%. (source: IMS, December 2005)
- Semiconductor content USD 10 to USD 100k, depending on application.

Power Supply: Focus is on Efficient Power Conversion

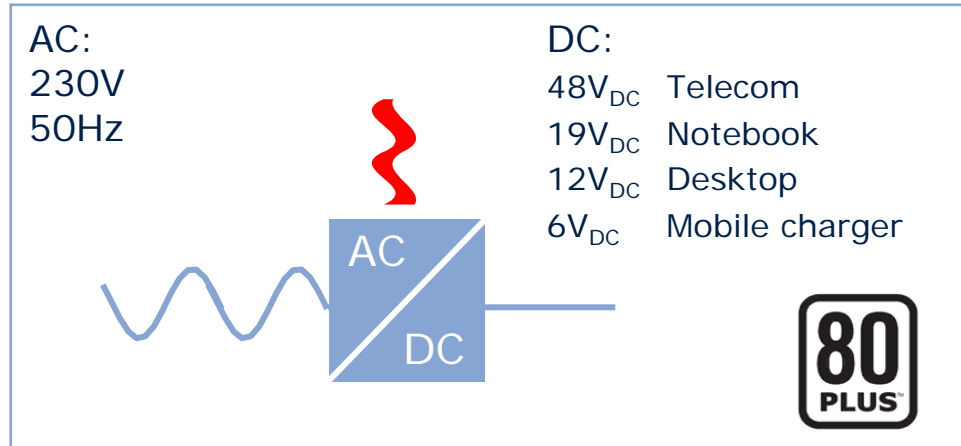
4



Inefficient AC-DC Power Supply



Efficient AC-DC Power Supply



- More efficient semiconductor components allow lower conduction losses at higher switching frequencies. This results in reduction of size of transformers, heat sinks and costs.
- "Google managed to increase the typical efficiency of power supplies from 60-70% to at least 90% efficiency, reducing lost energy by a factor of four." (source: EETimes, Google)
- 9.4 m server power supplies in 2007 with a CAGR of 10%. (source: iSuppli)
- Average semiconductor content in server power supplies (800 W to 1000 W) is about USD 15.
- Infineon serves all of the top-10 power supply manufacturers.

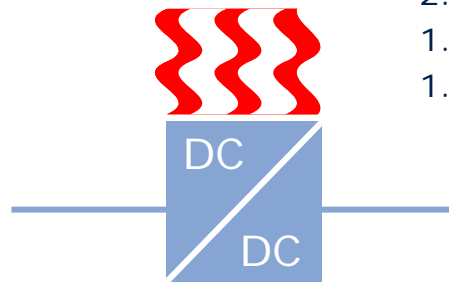
Point-of-Load: DC/DC Power Conversion

5



Inefficient DC-DC Voltage Regulator

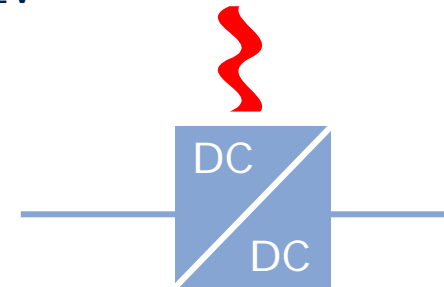
DC:
5 to 12V



DC:
3.3V_{DC} Logic
2.5V_{DC} DSP
1.8V_{DC} Memory
1.2V_{DC} CPU

Efficient DC-DC Voltage Regulator

DC:
5 to 12V

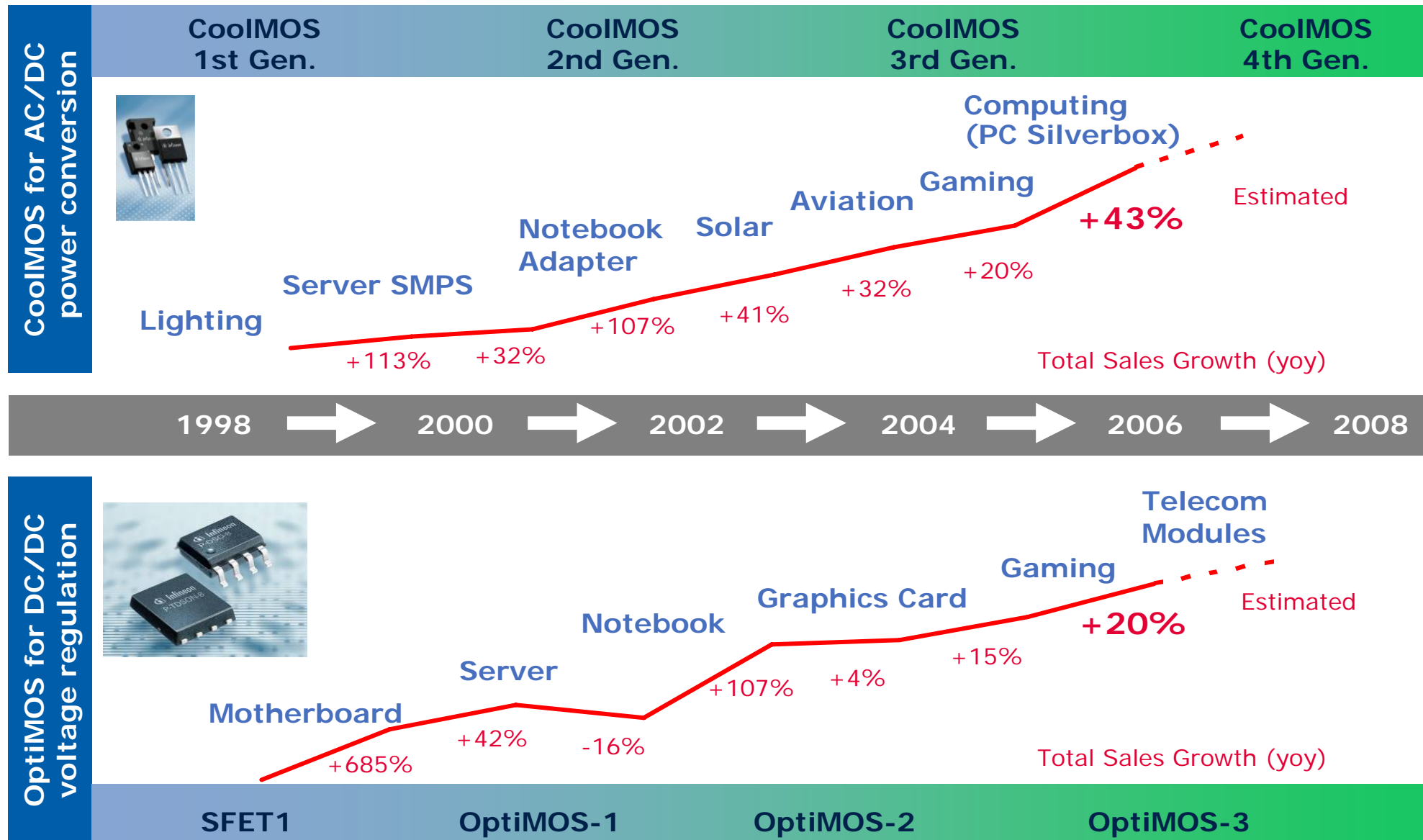


DC:
3.3V_{DC} Logic
2.5V_{DC} DSP
1.8V_{DC} Memory
1.2V_{DC} CPU



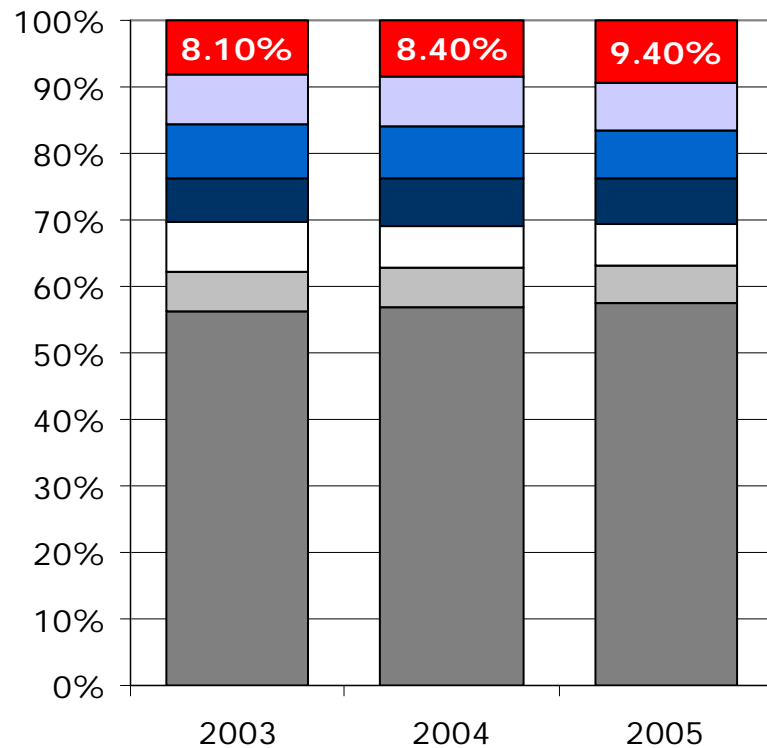
- Processors (CPUs, graphics controller, DSL processors, etc.) are getting more complex, i.e. higher number of transistors. Therefore, higher currents need to be handled leading to more power MOSFETs per device.
- PC motherboards are equipped with up to ten MOSFETs; graphics boards with up to four MOSFETs.
- Points of load need to handle currents of 10 A to 50 A resulting in about 40 W to 200 W.
- Semiconductor content per point of load is in the range of USD 1 to USD 6.

Growth Driver for CoolMOS/OptiMOS: More Applications Require Power Efficiency

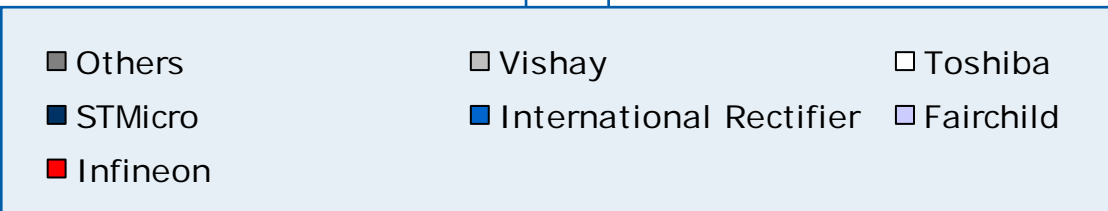
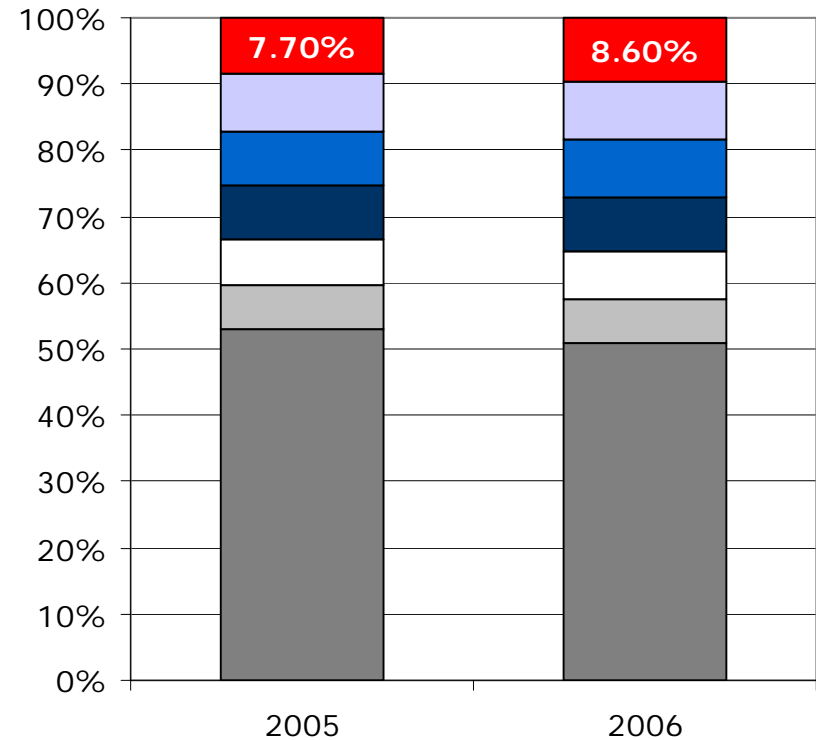


Gains of Market Share in Power Semiconductors

Market Share in Power Semiconductors including Discrete Protected MOSFETs



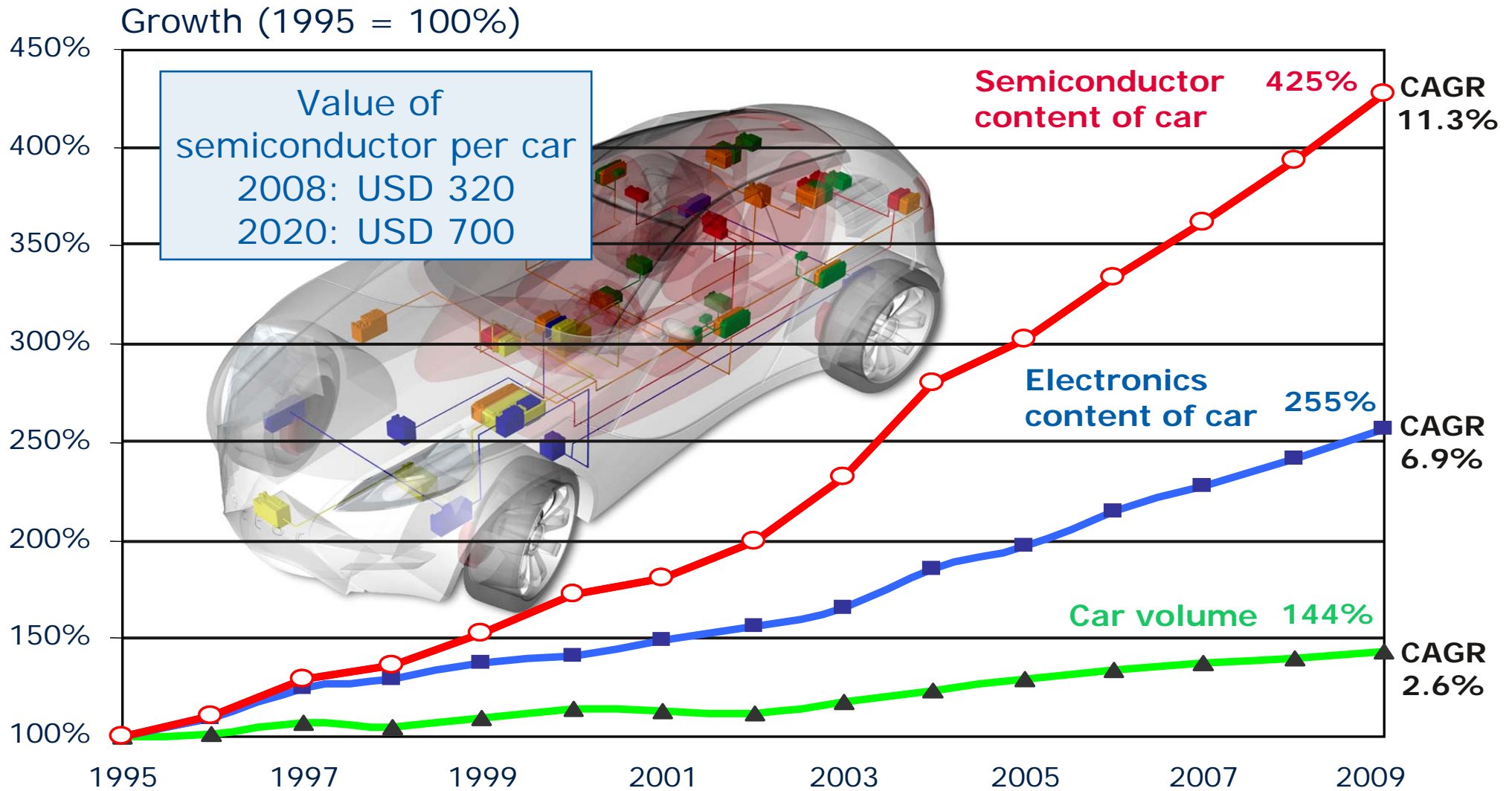
Market Share in Power Semiconductors excluding Discrete Protected MOSFETs



Source: IMS 2006

Source: IMS 2007

Automotive Microelectronics Trends: More Than 50% of \$-Value of Electronics Are Semiconductors



Source: ZVEI

27-July-2007

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Slide 20

Areas of Growth in Automotive

Market

Energy Efficiency

- Fuel consumption
- Energy recovery (hybrid)

Regulation

- Emission limits (CO₂)
- Safety (TPMS, emergency call, VSC)
- Toll collection

Driving Experience

- Higher demand for safety and comfort features
- More devices per car
- Proactive warning, assist and intervention

Emerging Markets

- China and India

Applications

Powertrain

(Power: 13% market share*)

- 32-bit motor control
- Hybrid drivetrain

Safety

(Power: 17% market share*)

- Airbag, ABS & VSC
- Driver assistance systems

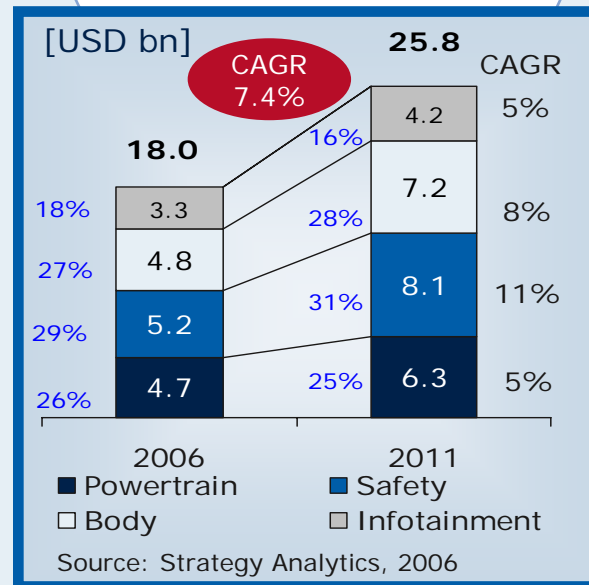
Body

(Power: 35% market share*)

- Electrical motor control
- LEDs for lighting

Infotainment

- Integration of consumer devices into vehicle

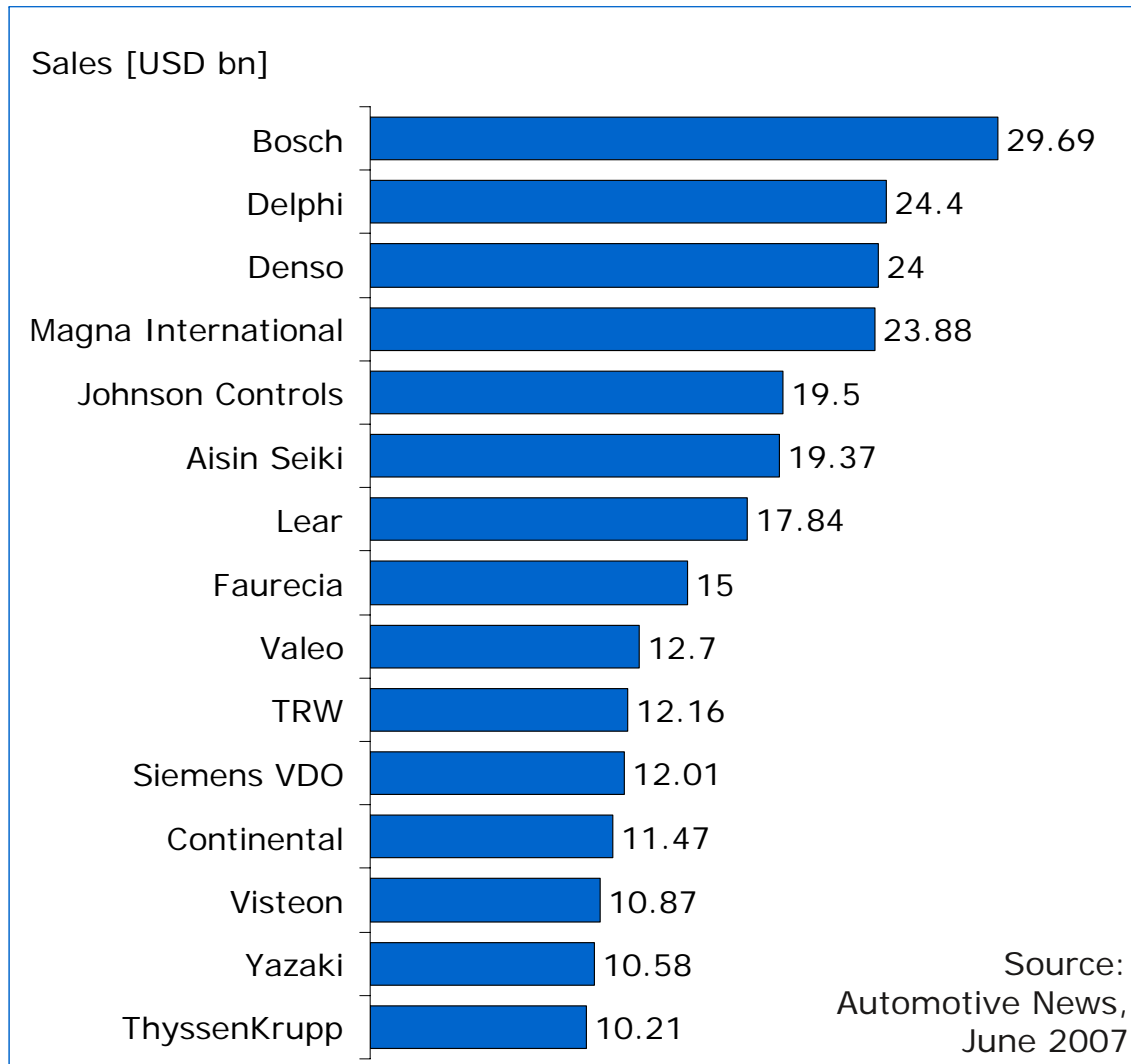


* = Infineon own estimate.

Strong European Customer Relationships Due to More Than 20 Years of Experience



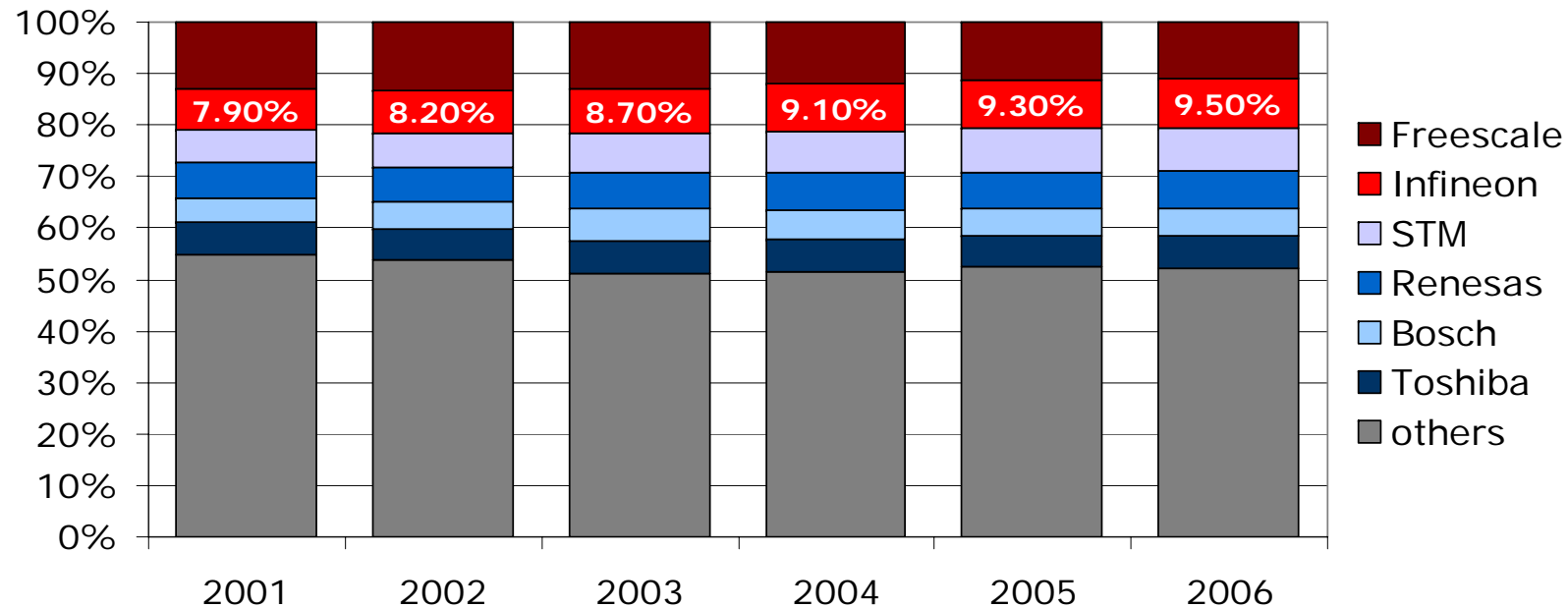
Top 15 Global Automotive Suppliers 2006



Infineon's Major Customers



Steady Gains of Market Share in Automotive in the Past Six Years



Major changes from 2005 to 2006

- **Worldwide:** Infineon reduced the distance to Freescale (#1) and enlarged the distance to STM (#3).
- **Europe:** Infineon further strengthened #1 market position; STM outpaced Freescale as #2.
- **NAFTA:** Infineon outpaced STM as #2.
- **Japan:** Infineon assured #6 position and is the most successful non-Japanese automotive semiconductor supplier.
- **Asean:** Infineon improved market position to #3 from #4.

Source: Strategy Analytics, 2007

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■ Group Financials and Targets

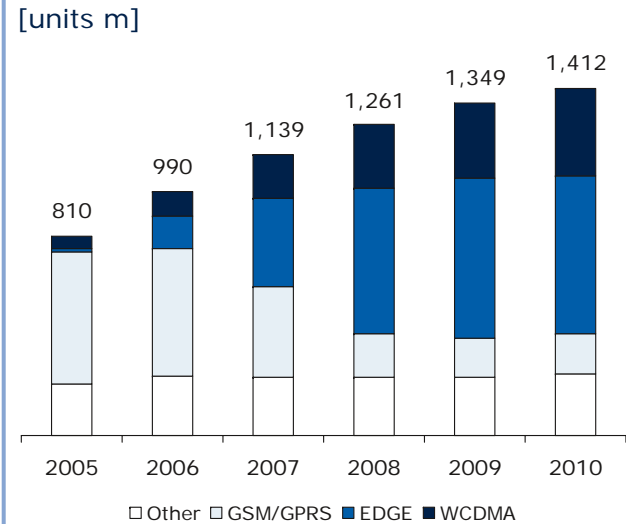
■ Infineon's Focus Areas

- Energy Efficiency
- Communications
- Security

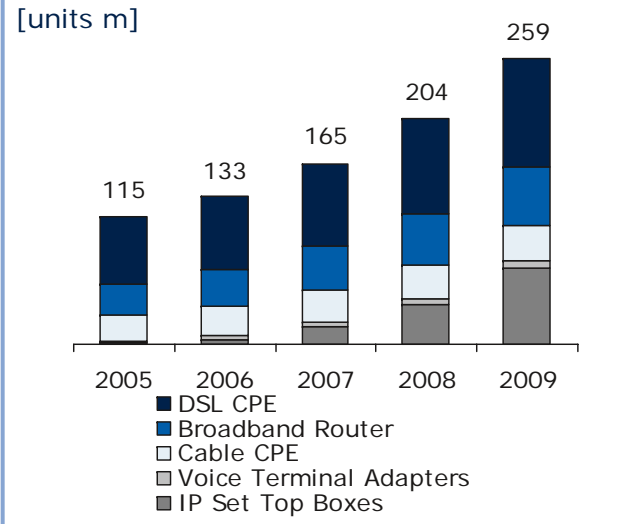
Connectivity Drives Growth in Our Mobile Phone and xDSL Businesses



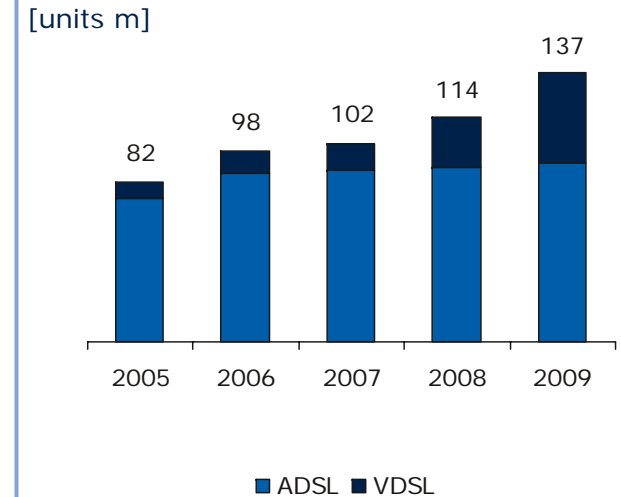
Mobile Phones



Broadband CPE



Broadband CO



- ✓ Multimedia baseband
- ✓ RF CMOS transceiver
- ✓ Power management
- ✓ Bluetooth
- ✓ Protocol stack
- ✓ Application software



Source: ABI Research, Mobile Device Market Data, Q1 2007; Infonetics, Q3 2006

Complete Mobile Phone Platform Solutions for Major Growth Markets



Target markets	2G / 2.5G GSM / GPRS		2.75G EDGE		3G UMTS	3.5G HSDPA
Platform	ULC1	ULC2	MP-E	MP-Elite	MP-EU	MP-EH
Baseband	E-GOLDradio	E-GOLDvoice (incl. SRAM)	S-GOLD2	S-GOLDradio	S-GOLD2, co-processor	S-GOLD3H
RF CMOS transceiver	E-GOLDradio	E-GOLDvoice (incl. SRAM)	SMARTi PM	S-GOLDradio	SMARTi PM, SMARTi 3G	SMARTi 3GE
Power management	E-Powerlite	E-GOLDvoice (incl. SRAM)	SM-Power	S-GOLDradio	SM-Power1.6	SM-Power3
Protocol stack	✓	✓	✓	✓	✓	✓
Ramp-up	✓	✓	✓	2H CY07	✓	CY 2007+



Integrated in one chip

Successful Launch of Platforms in Major Target Markets



EDGE



3G



ULC 1



ULC 2

Plus:

- Design win at NOKIA with E-GOLDvoice single-chip for entry level phones.
- Design wins across our ULC 1, ULC 2, EDGE and 3G platforms at major customers.

RF Transceiver CMOS Leadership Turns Into Design-Wins



2G / 2.5G GSM/GPRS	2.75G EDGE	3G WCDMA	3.5G HSDPA	4G WiMAX/LTE
SMARTi SD SMARTi SD2	SMARTi PM SMARTi PM2 SMARTi PM+ New	SMARTi 3G SMARTi 3GE	SMARTi UE New	SMARTi WiMAX New
130nm CMOS	130nm CMOS	130nm CMOS	130nm CMOS	130nm CMOS

Customer	Air Interface
Two tier-1 OEMs	EDGE (SMARTi PM+)
Three tier-1 OEMs	WCDMA / WEDGE (SMARTi 3GE / 3G)
Tier-1 OEM	HEDGE (SMARTi UE)
Multiple DW on IFX platforms	EDGE / WEDGE / HEDGE



Nr.1 worldwide in RF Transceivers	✓
World's first EDGE CMOS RF Transceiver in volume	✓
World's first WCDMA CMOS RF Transceiver in volume	✓
World's smallest EDGE transceiver	✓

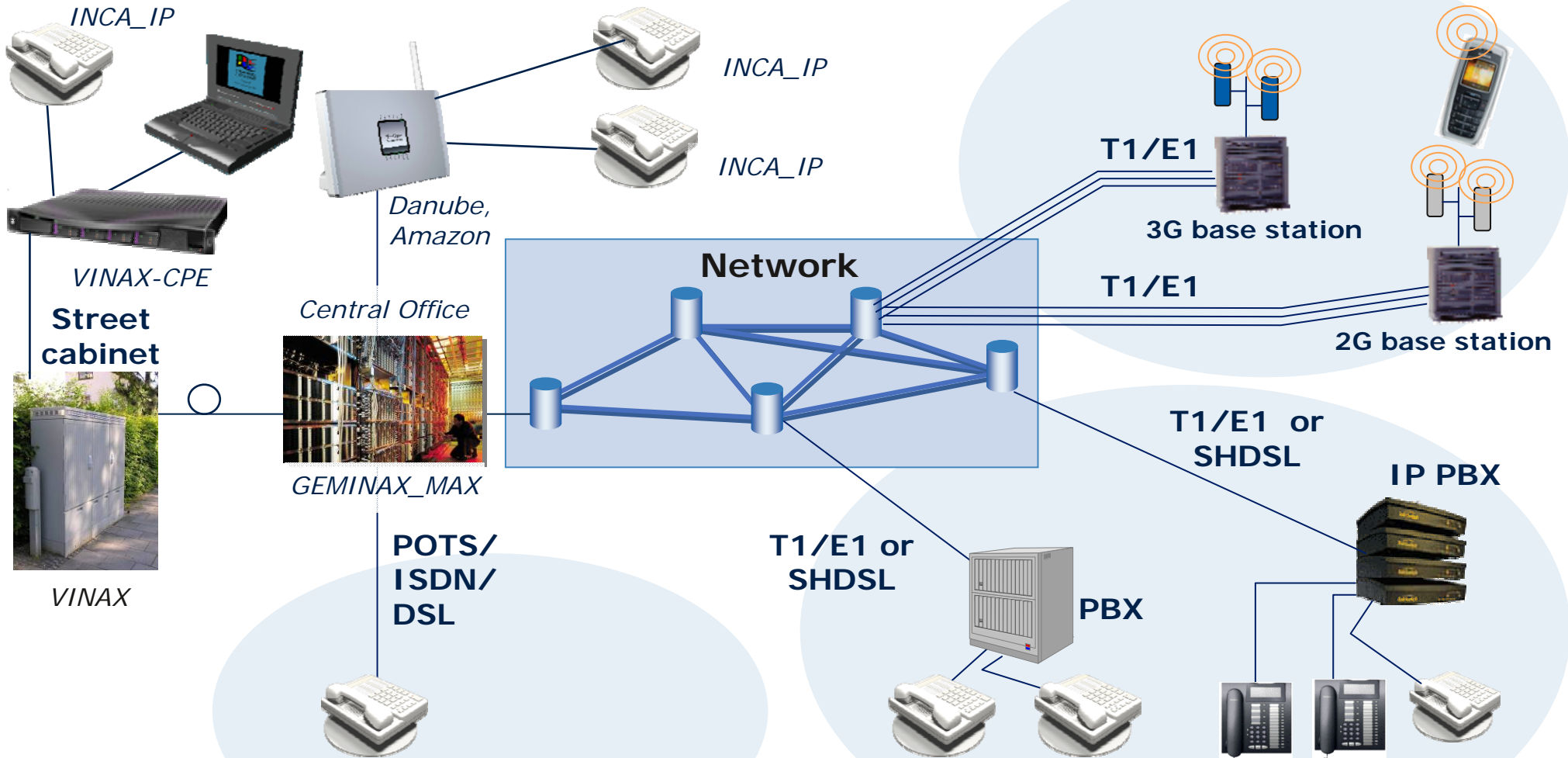
Selection of major design wins

Infineon's Four Growth Areas in the Copper-based Environment



1. Bandwidth

2. Wireless Infrastructure



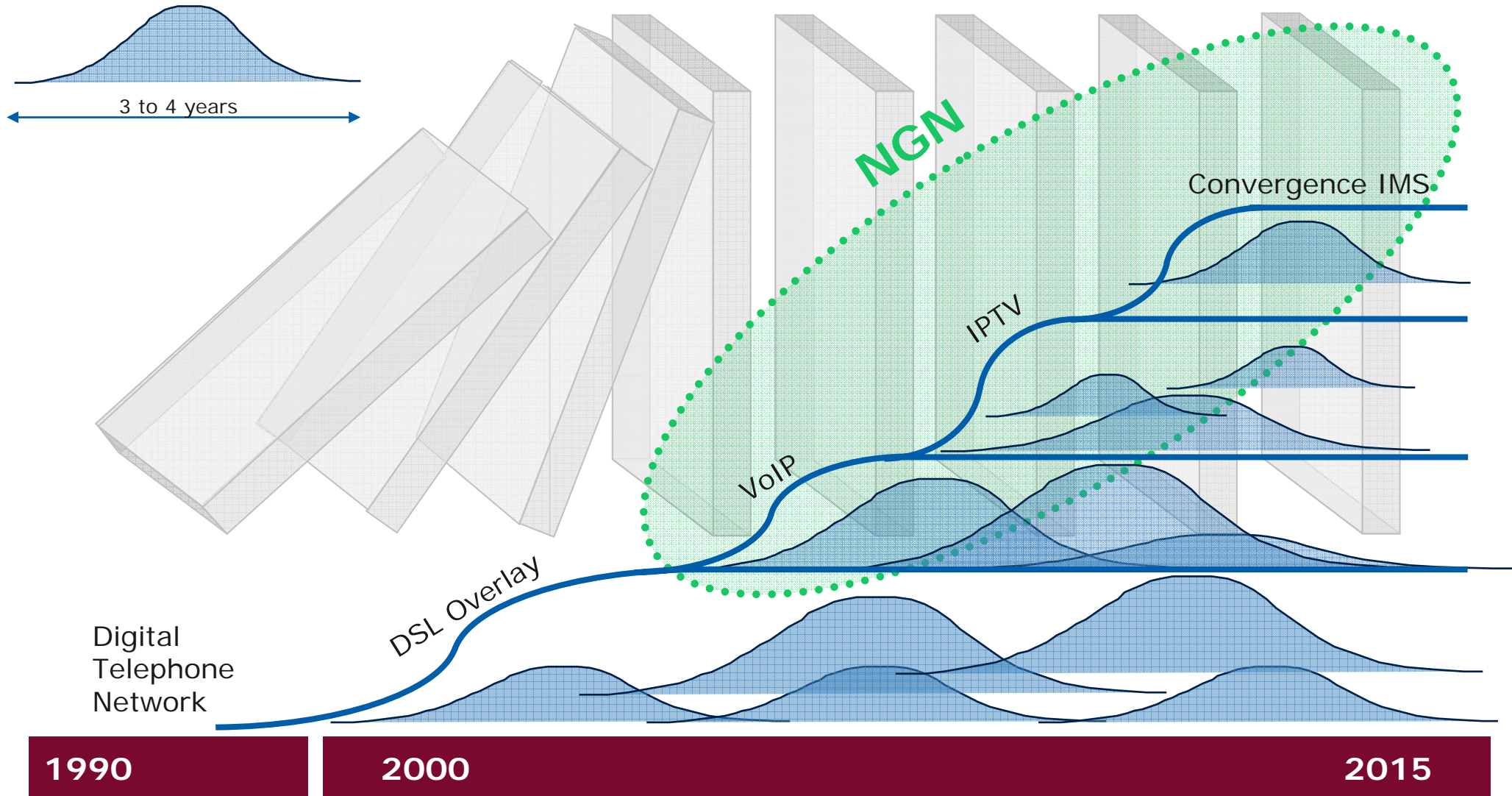
3. Replacement

4. Migration

Next Generation Network Drives Growth in DSL CO and CPE



Network replacement profile per carrier



1990

2000

2015

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Chip Card ICs: Spreading Out to New Segments



Major Chip Card Applications

Applications

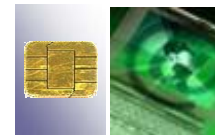
Key Growth Drivers

Security

Mobility

Convenience

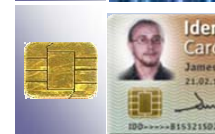
- High security
- Low-power consumption
- Large memory
- Low price
- Multi applications
- Virtual languages
- Contactless



Payment,
E/M-Commerce



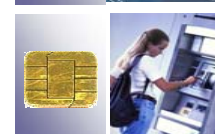
Internet



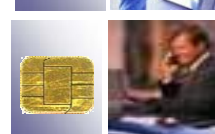
Identification



Transport



Banking



Mobile Communications



Prepaid Telephone



Past



Current



Emerging

Infineon –
Never stop thinking



Never stop thinking

Key Financials for Infineon excl. Qimonda

	Q3 F05	Q4 F05	Q1 F06	Q2 F06	Q3 F06	Q4 F06	Q1 F07	Q2 F07	Q3 F07
Sales (EUR m)	947	964	996	1,065	995	1,058	958	978	1,011
EBIT (EUR m)	-98	-81	1	7	-51	-174	-9	-28	13
<i>EBIT margin</i>	-10.3%	-8.4%	0.1%	0.7%	-5.1%	-16.4%	-0.9%	-2.9%	1.2%
EBIT ex charges (EUR m)	-27	-8	3	11	-22	-11	-9	1	16
<i>EBIT margin ex charges</i>	-2.9%	-0.8%	0.3%	1.0%	-2.2%	-1.0%	-0.9%	0.1%	1.6%
D&A (EUR m)	168	208	150	206	174	172	162	152	150
<i>D&A / Sales (%)</i>	17.7%	21.6%	15.1%	19.3%	17.5%	16.3%	16.9%	15.5%	14.8%
CapEx (EUR m)	NM	107	49	314	158	173	105	114	110
<i>CapEx / Sales (%)</i>	NA	11.1%	4.9%	29.5%	15.9%	16.4%	11.0%	11.7%	10.9%
Gross Cash (EUR m)		1,374	1,264	1,426	1,427	1,585	1,481	870	890
Gross Debt (EUR m)		1,557	1,593	1,872	1,839	1,854	1,872	1,248	1,244
Net debt (EUR m)		183	329	446	412	269	391	378	354
Employees		26,834	30,561		29,446	29,849	30,071	29,871	29,555

Financial Calendar

- Nov 14, 2007* **Earnings Release FQ4 and FY 2007**
- Jan 28, 2008* **Earnings Release FQ1 2008**
- Feb 14, 2008* **Annual General Meeting**
- Apr 23, 2008* **Earnings Release FQ2 2008**
- Jul 25, 2008* **Earnings Release FQ3 2008**
- Dec 03, 2008* **Earnings Release FQ4 and FY 2008**

* = Preliminary Date