

Second Quarter 2007

Quarterly Update



Never stop thinking

Disclaimer

This presentation was prepared as of April 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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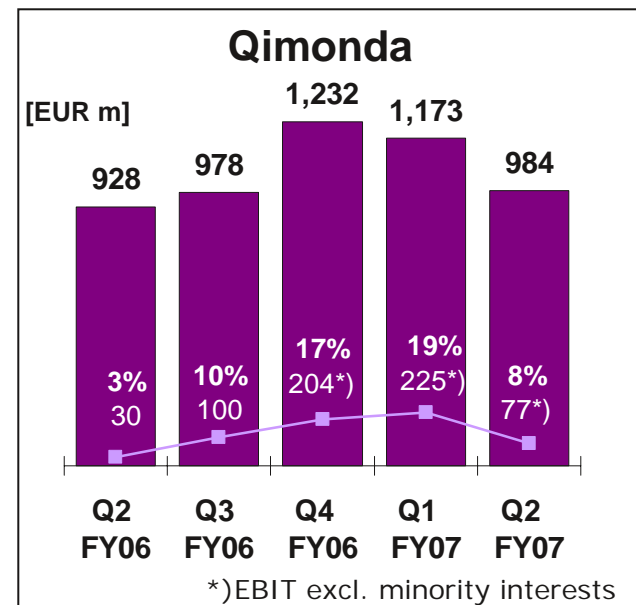
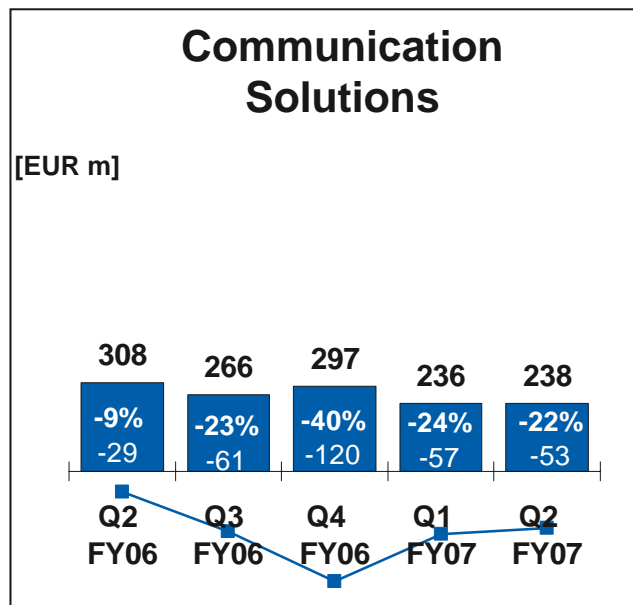
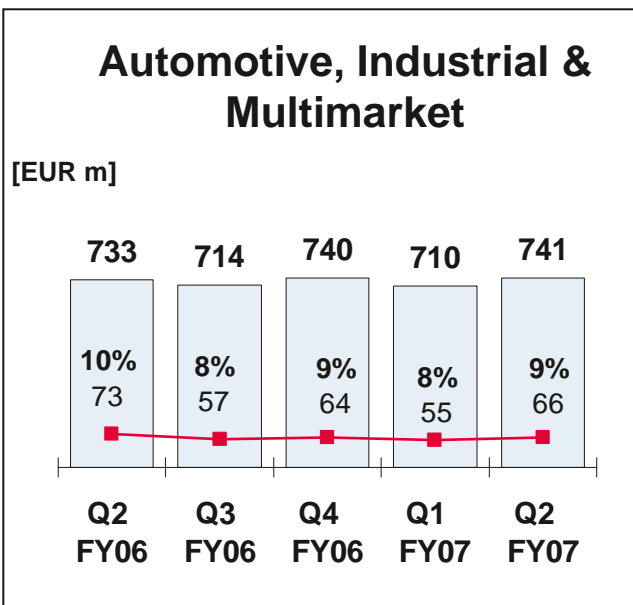
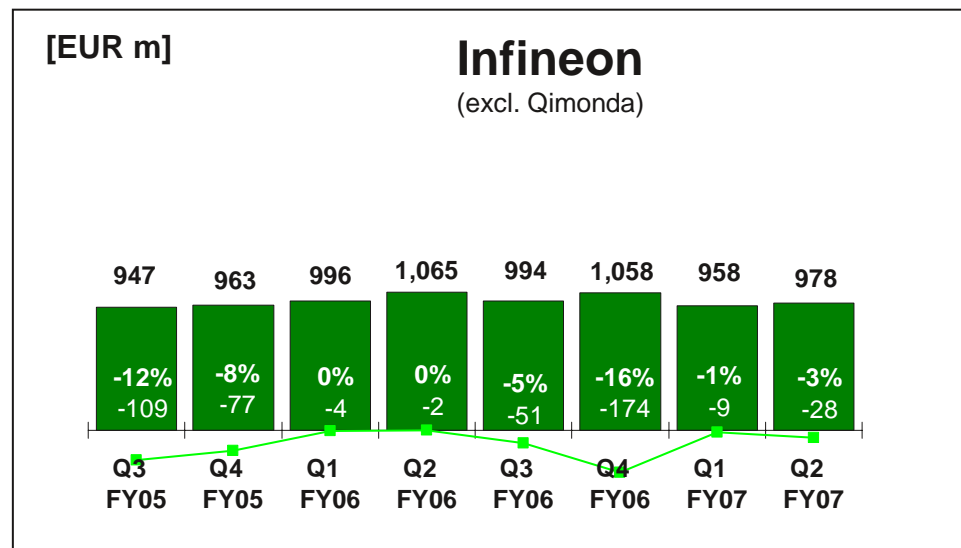
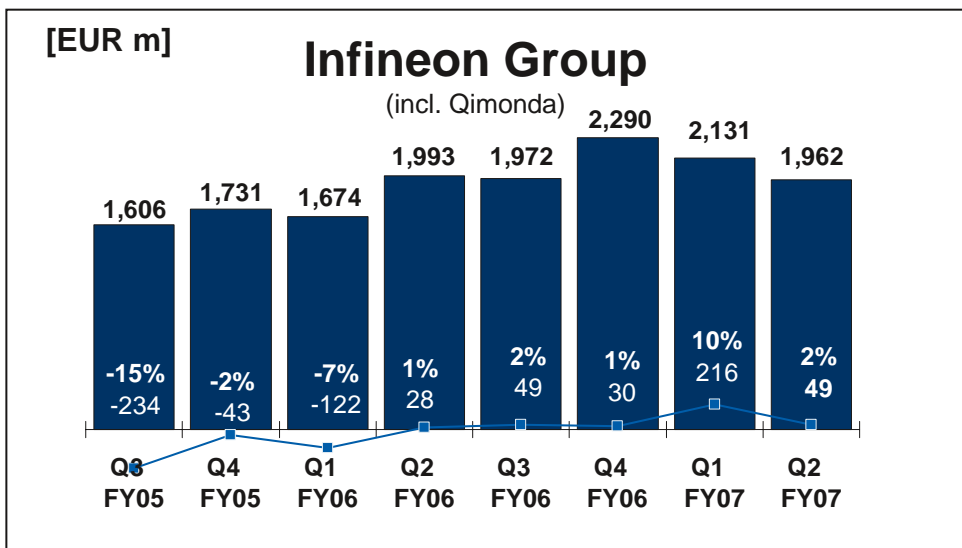
- **Group Financials and Targets**

- COM Growth Drivers, Products and Strategy

- AIM Growth Drivers, Products and Strategy

Second Quarter FY 2007 Results:

Revenues of EUR 1.96 bn; EBIT of EUR 49 m



Infineon excl. Qimonda Third 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
- Significant revenue increase given ramp of platform shipments in wireless business; wireline business to be about flat

AIM






- Revenues and EBIT to remain at least flat q-o-q
- Auto to be up slightly; Industrial & Multimarket to be about flat; Security & ASIC to decrease

OOS,
C & E

- Combined EBIT loss before charges broadly unchanged q-o-q
- Charges in the fiscal third quarter are expected to be insignificant

Infineon excl. Qimonda Group Results and FY 2007, FY 2008 Outlook



	FY 2005	FY 2006 ^{*)}	FY 2007	FY 2008
in EUR m				
Sales	3,933	4,114		
Gross Profit (Gross margin)	1,187 (30%)	1,308 (32%)		
R&D	902	816	760-800	
SG&A	449	536	500-540	
EBIT (EBIT margin)	-305 (-8%)	-217 (-5%)		

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

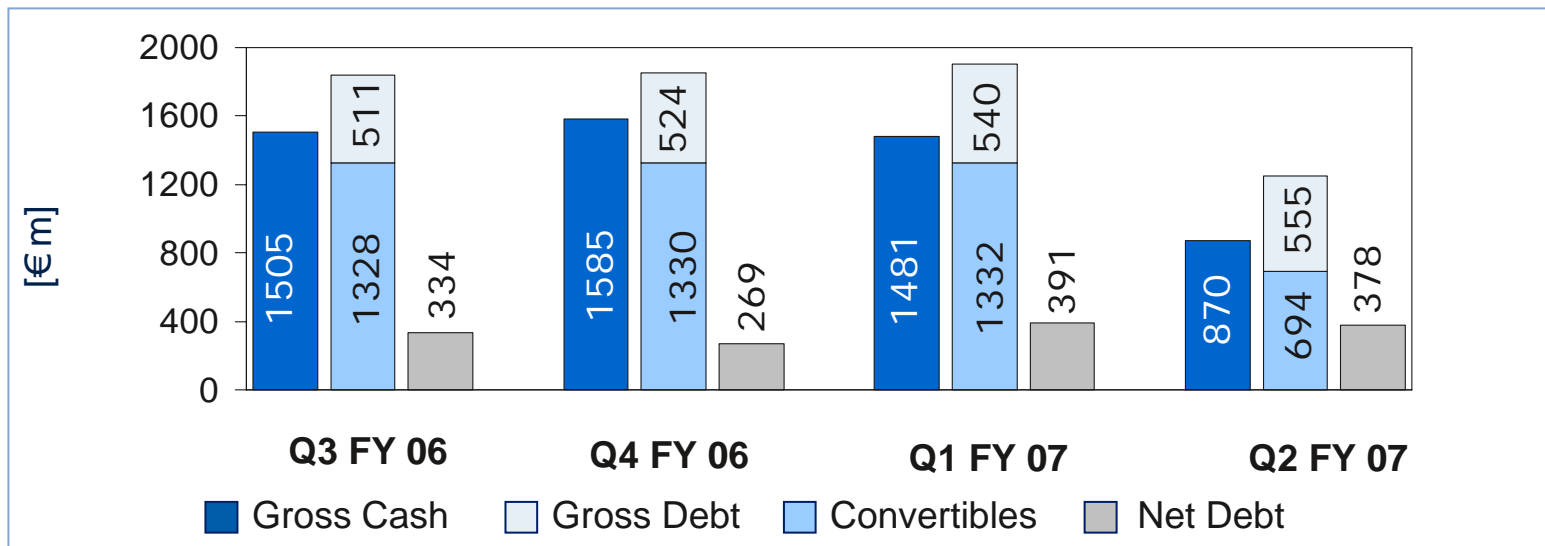
*) FY2006: Includes net charges of € 199 million relating primarily to various impairments and restructuring measures as well as expenses incurred in connection with the insolvency of BenQ Mobile Germany and the IPO of Qimonda.

Infineon excl. Qimonda

Gross Cash, Gross Debt and Net Debt



Financial structure for the past quarters



CapEx and D&A

[€ m]	1Q FY07	2Q FY07	FY 2007	FY 2008+
CapEx <i>/Sales (%)</i>	105 11.0%	114 11.7%	450-550	10-12% of sales
D&A <i>/Sales (%)</i>	162 16.9%	152 15.5%	550-650	in line with CapEx

Infineon Businesses

Communication Solutions

Mobile Phone Platforms

Feature Phone

Entry Phone

Mobile Software

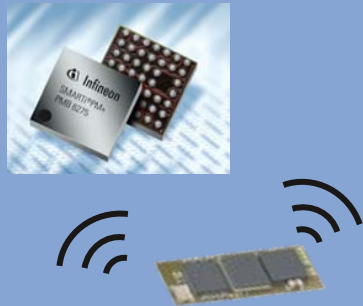


RF Solutions

RF Engine

Tuner Systems

RF Power



Broadband

Access



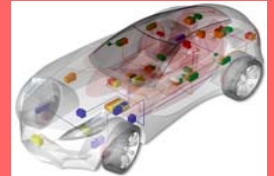
Automotive, Industrial & Multimarket

Automotive

Microcontroller

Automotive Power

Sense & Control



Industrial & Multimarket

Power Management & Drives

Discrete Semiconductors



Security & ASICs

ASIC Design & Security

Chip Card & Security ICs



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■ Group Financials and Targets

■ **COM Growth Drivers, Products and Strategy**

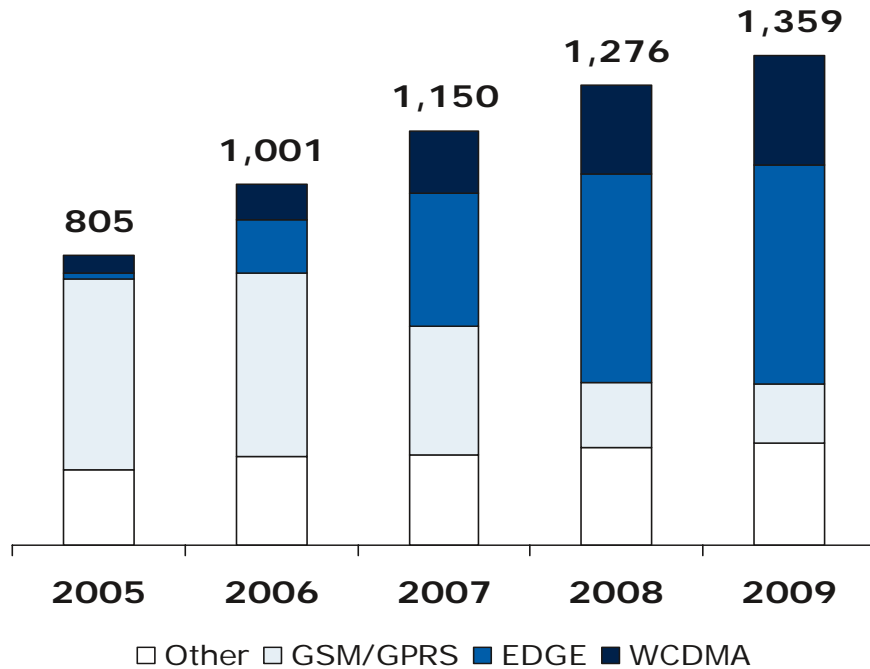
■ AIM Growth Drivers, Products and Strategy

Major COM Growth Opportunities: Mobile Phone Platforms



Market development

[units m]



Source: ABI Research, Mobile Device Market Data, Q4 2006

IFX content




LG "Shine"

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

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	✓	S-GOLDradio	✓	✓
RF CMOS transceiver	E-GOLDradio	E-GOLDvoice	✓	S-GOLDradio	✓	✓
Power management	✓	E-GOLDvoice	✓	S-GOLDradio	✓	✓
Protocol stack	✓	✓	✓	✓	✓	✓
Ramp-up	✓	✓	✓	2H CY07	✓	CY 2007+

 Integrated in one chip

Successful Launch of Platforms in Major Target Markets

EDGE



3G

Panasonic



ULC

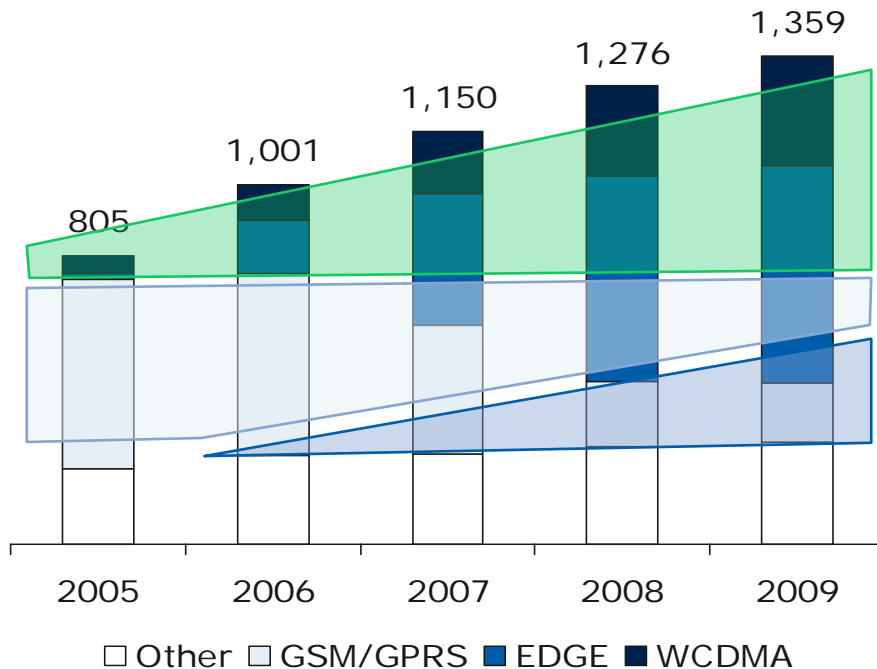


Plus:

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

Market Development

Worldwide mobile phone shipments by air interface [mn]



Source: Strategy Analytics, 2006; IFX

RF Transceiver Segmentation

Innovative RF Engines

- Stand alone transceiver solutions
- Multi Bands, Multi Mode
- Size & power consumption critical
- Growing volume
- High Innovation
- High ASP (x3-x5 GSM/GPRS)

Commoditized RF Engines

- Stand alone transceiver solutions
- High Volume
- Cost competitive market

Single Chip

- Baseband + RF Integration
- Handsets with fixed feature set
- Commodity
- Ultra Low Cost

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 130nm CMOS	SMARTi PM SMARTi PM2 SMARTi PM+ new 130nm CMOS	SMARTi 3G SMARTi 3GE 130nm CMOS	SMARTi UE ^{new} 130nm CMOS	SMARTi WiMAX ^{new} 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

Selection of major design-wins



Shipped more than 230m Cellular Transceiver IC's in 2006
Nr.1 worldwide in RF Transceivers ✓



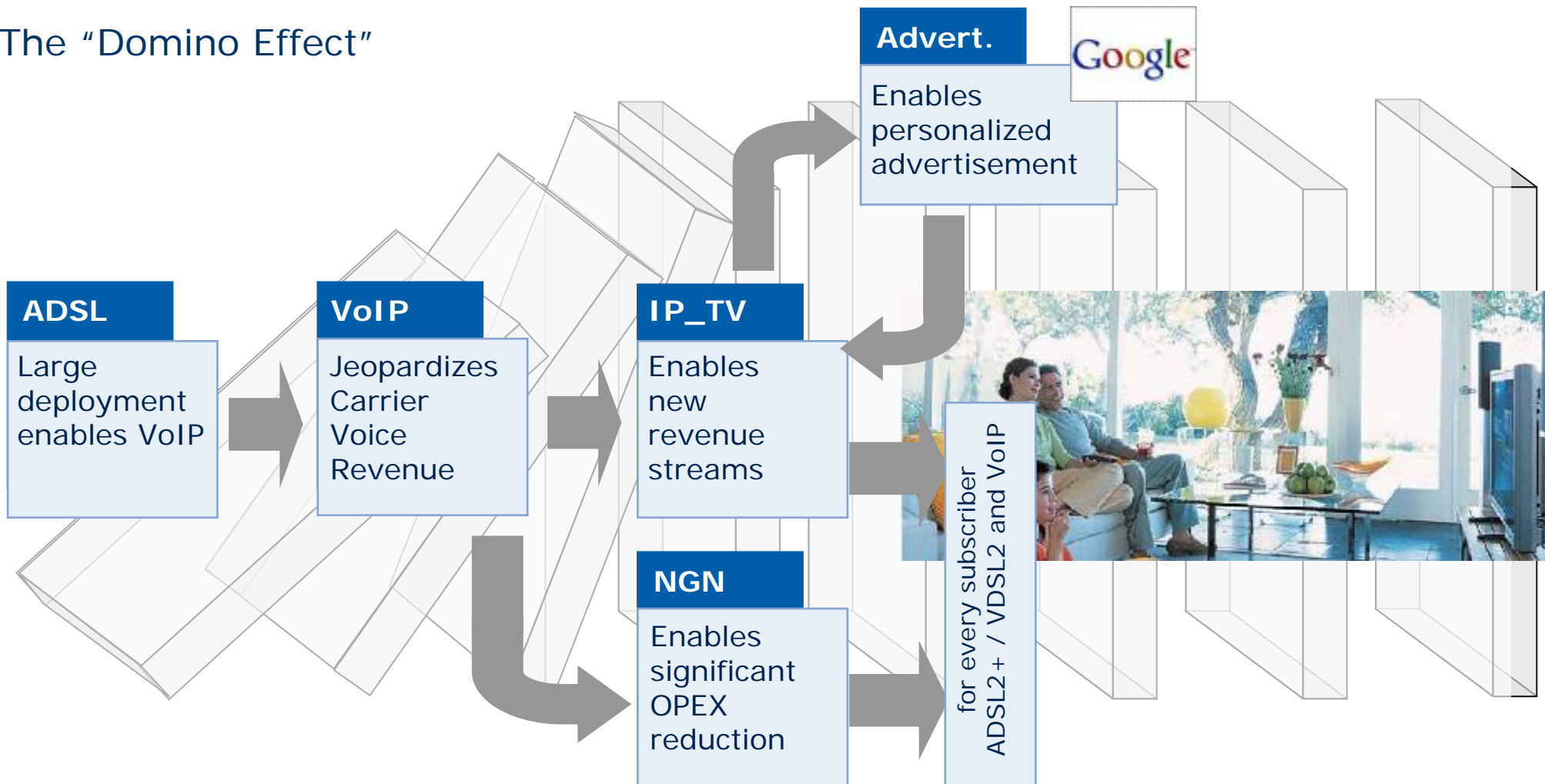
World's first EDGE CMOS RF Transceiver in volume ✓



World's first WCDMA CMOS RF Transceiver in volume ✓

Major COM Growth Driver: Broadband

The "Domino Effect"



Broadband Design-Win Momentum Continues

VDSL2 „VINAX™“

- World's first VDSL2 RollOut with Deutsche Telekom on CO- and CPE-side in Germany continuous as planned
- Design-Wins in APAC and NAFTA for profile 17a and 30a



ADSL2+ „GEMINAX™-MAX“

- Design-Win at two customers based in APAC
- Major European customer



ADSL & VoIP „AMAZON, DANUBE“

- Design-Win at major EU carrier for ADSL IAD



VoIP „VINETIC™“

- Extension of customer & technology base by positioning VINTETIC™ in alternative access technologies
- Major global customer



SHDSL.bis „SOCRATES®-4e“

- Leading SLAM customers in Europe and Asia



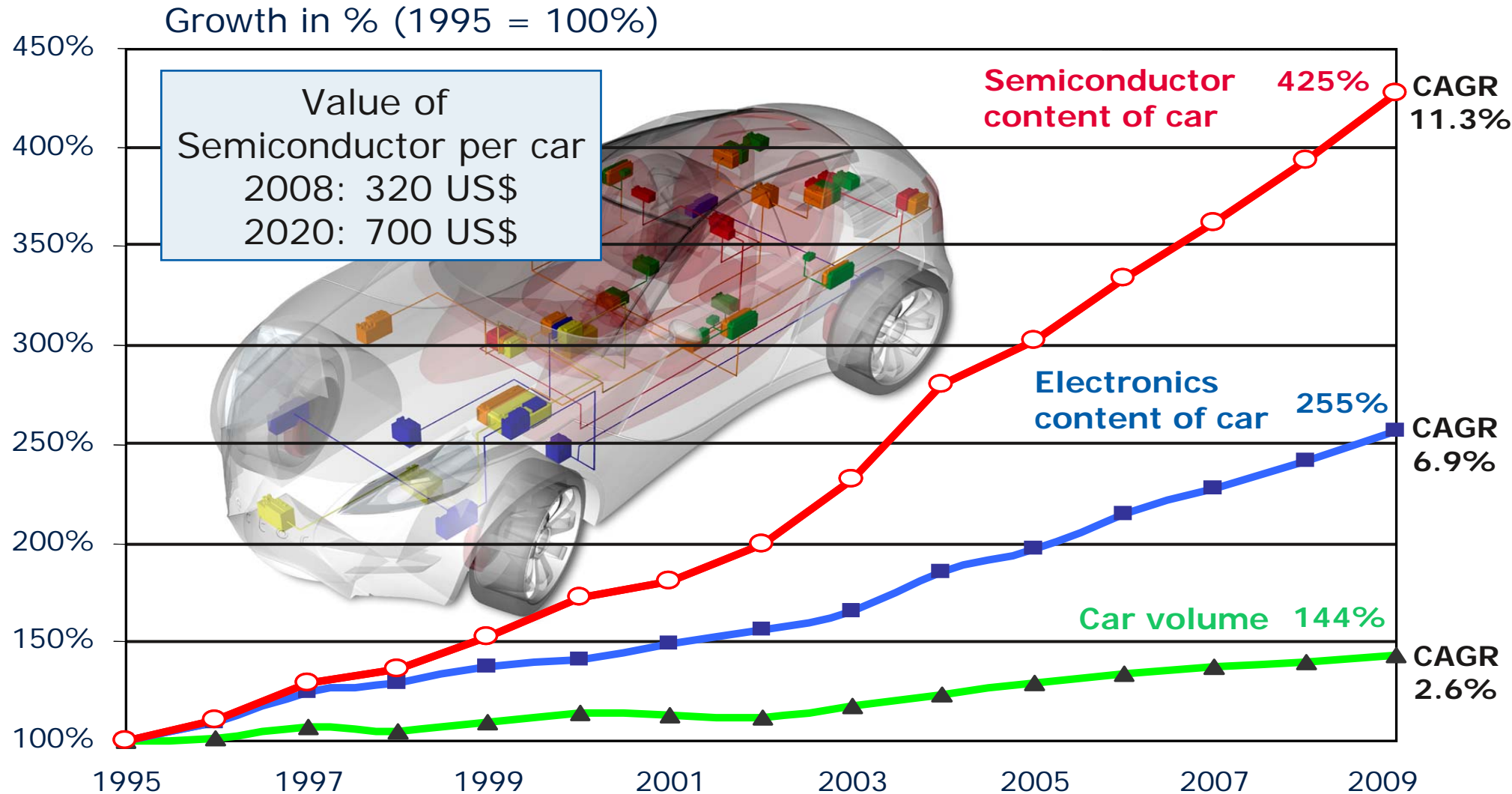
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■ COM Growth Drivers, Products and Strategy

■ **AIM Growth Drivers, Products and Strategy**

Automotive Microelectronics Trends – More Than 50% of \$-value of Electronics is Semiconductors



Source: ZVEI

Areas of Growth in Automotive

Market

Energy Efficiency

- Fuel consumption
- Energy recovery

Regulation

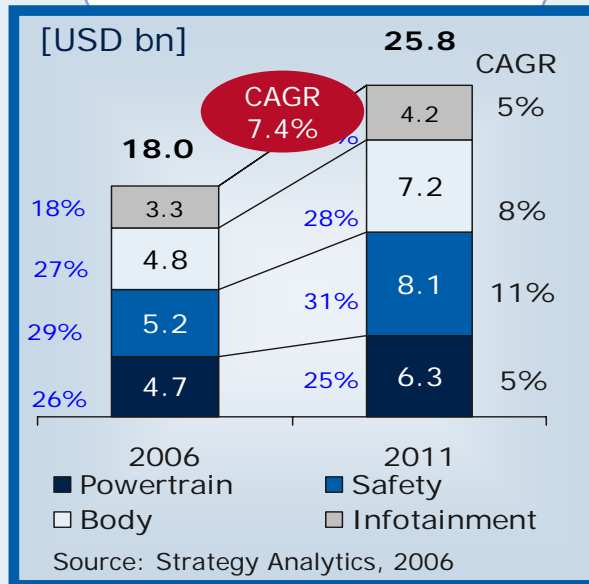
- Emission limits
- Safety (TPMS, emergency call, VSC)
- Toll collection

Driving Experience

- Comfort features
- Safety
- Proactive warning, assist and intervention

Emerging Markets

- China and India



Powertrain

- 32-bit motor control
- Hybrid drivetrain

Safety

- Airbag, ABS & VSC
- Driver assistance systems

Body

- Electrical motor control
- LEDs for lighting

Infotainment

- Integration of consumer devices into vehicle

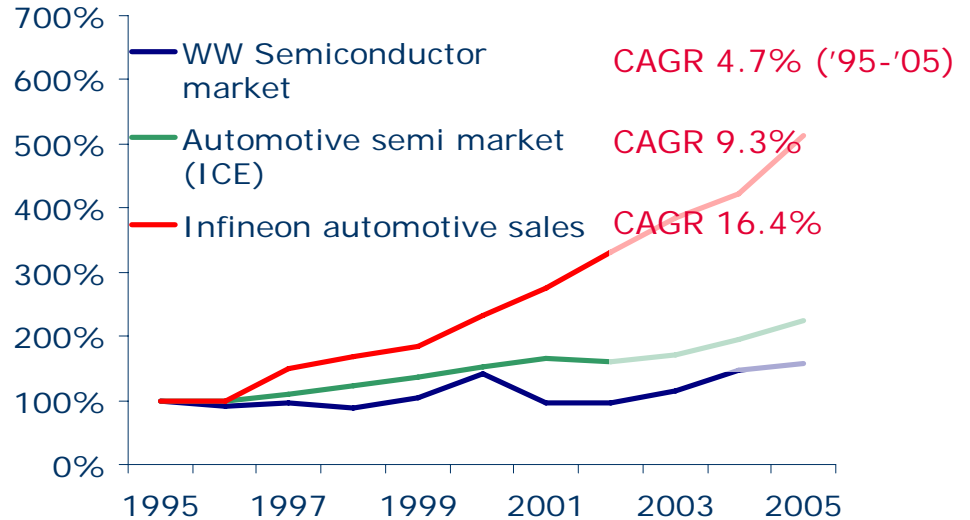
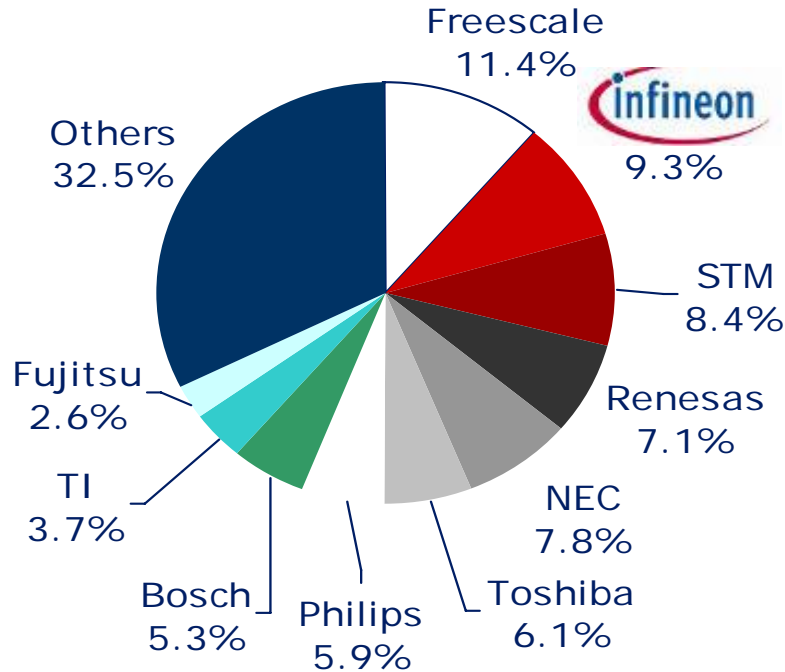
Applications

Infineon Automotive Ranks No. 2 Worldwide Continuously Outperforming the Market



Infineon Automotive 2005*
No. 3 US No. 2 World No. 1 Europe

Continuous Outperformance



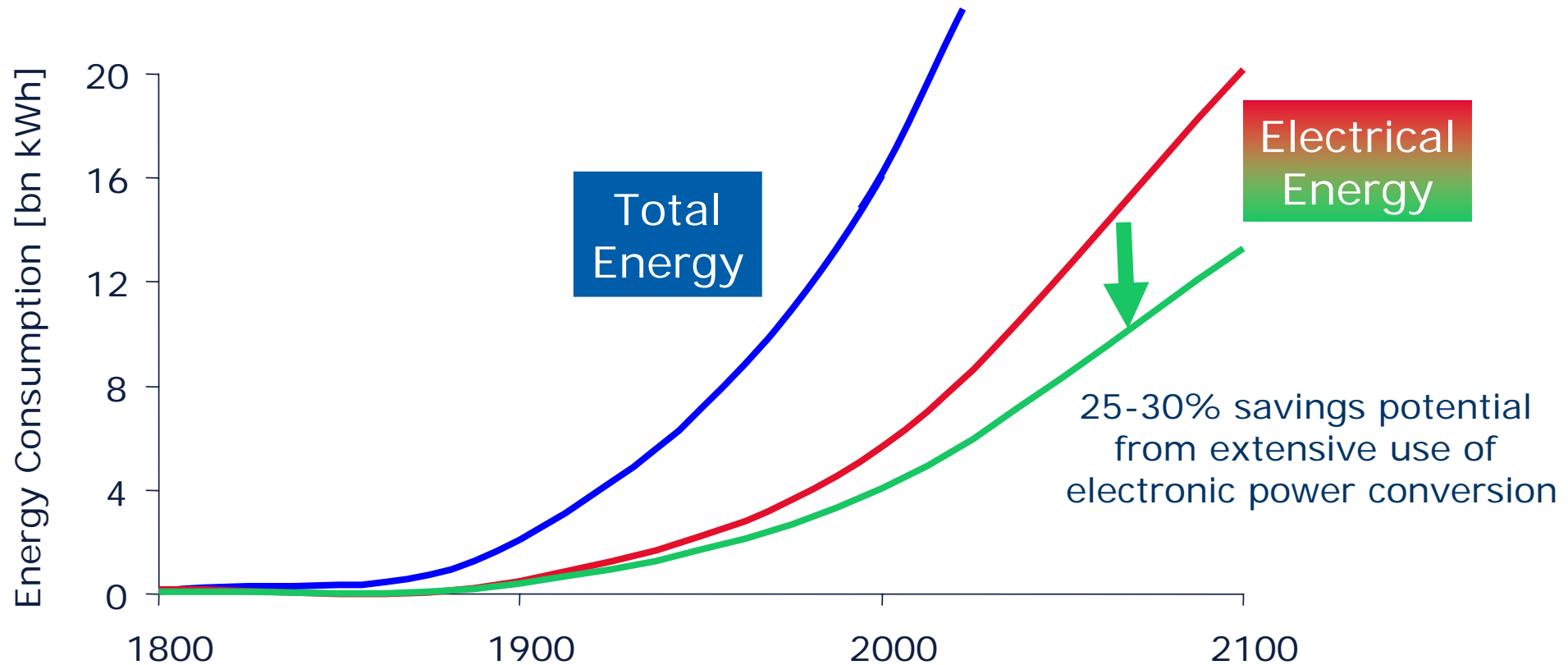
Market: USD 18,019 m**
CAGR: 7.4% (2006-11)**

- Strong European market development compared to rest of world.
- Strengthened regional business in NAFTA/Japan.
- Improved relationships to major automotive system vendors.

Strong market position in Europe secures technological leadership.

Sources: * Strategy Analytics, May 2006; ** Strategy Analytics, August 2006

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



Savings of 25% are possible in current electrical energy consumption which equals the demand of the USA.

Today's Savings Potential from Using Electronic Power Conversion and Control



Stand-by power (TV)



~ **90%** savings potential

Power supply in a Server



~ **12%** savings potential

Lighting



~ **25%** savings potential
(electronic ballast)

Motor Control



30-40% savings potential
(rpm control)

Traction Drives



20-30% savings potential
(energy recuperation)

Climate Control



30-40% savings potential
(improved control)

Energy Generation and Distribution

Grid Coupling and Long Range Energy Transport



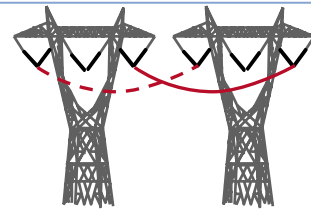
Energy Generation



- Hydro Power
- Wind power
- Solar power
- Fuel cells

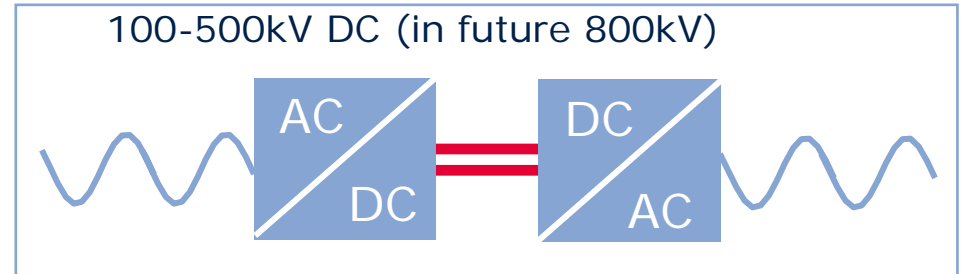
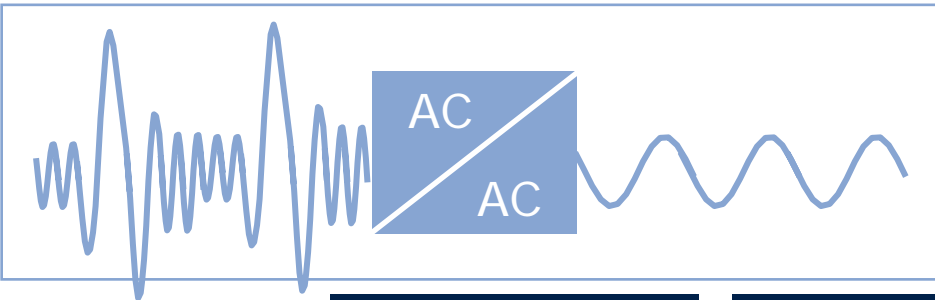
E.g. Wind Power : High efficiency coupling to grid

Energy Distribution



- FACTS and SVC
- HVDC Transmission

E.g. HVDC Transmission : Grid coupling, low loss energy transport



Power Discretes Bipolar Products

- Thyristor and Diodes
- PressPACK
- CoolMOS
- IGBT

Power / IGBT Modules

- EasyPIM
- EasyPACK
- EconoPACK
- IHM modules
- BIP modules
- Stacks
- PrimePACK

Power ICs

- EiceDRIVER

Micro- controllers

- 8-bit μ Cs
- 16-bit μ Cs
- 32-bit TriCore (μ C + DSP)

IFX products
for energy
generation
and
distribution

FACTS = Flexible Alternating Current Transmission Systems; SVC = Static Variable Compensator; HVDC = High Voltage Direct Current

Energy Consumption

Focus is on Efficient Power Conversion



Drives Applications Frequency Conversion

- Traction (trains)
- Speed controlled motors in
 - industrial
 - home
 - Pumps
- Automotive (Hybrids)



AC/DC Power Supplies

- Computer & server
- Adapter
- Charger
- TV, DVD, etc.
- Lighting
- Game console

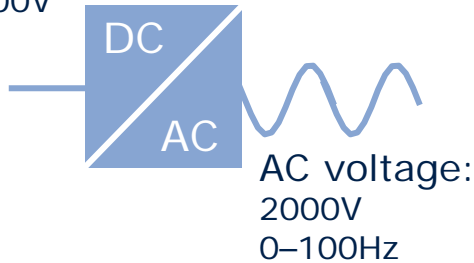


DC/DC Power Conversion

- Motherboard
- Graphics card
- Notebook
- Telecom
- VRMs
- Server



DC voltage:
300-3000V



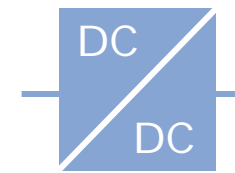
AC:

230V
50Hz



DC:

48V_{DC} Telecom
19V_{DC} Notebook
12V_{DC} Desktop
6V_{DC} Mobile charger



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

Power Discretets Bipolar Products

- CoolMOS
- thinQ! family (SiC Diode)
- Highspeed IGBTs
- OptiMOS

Power / IGBT Modules

- EasyPIM
- EasyPACK
- IsoPACK
- EconoPACK
- Thyristor / Diode modules

Power ICs

- PWM & PFC ICs
- CoolSET
- Integrated switches
- Gate drivers
- Smart ballast
- EiceDRIVER

Micro- controllers

- 8-bit μ Cs
- 16-bit μ Cs
- 32-bit TriCore (μ C + DSP)

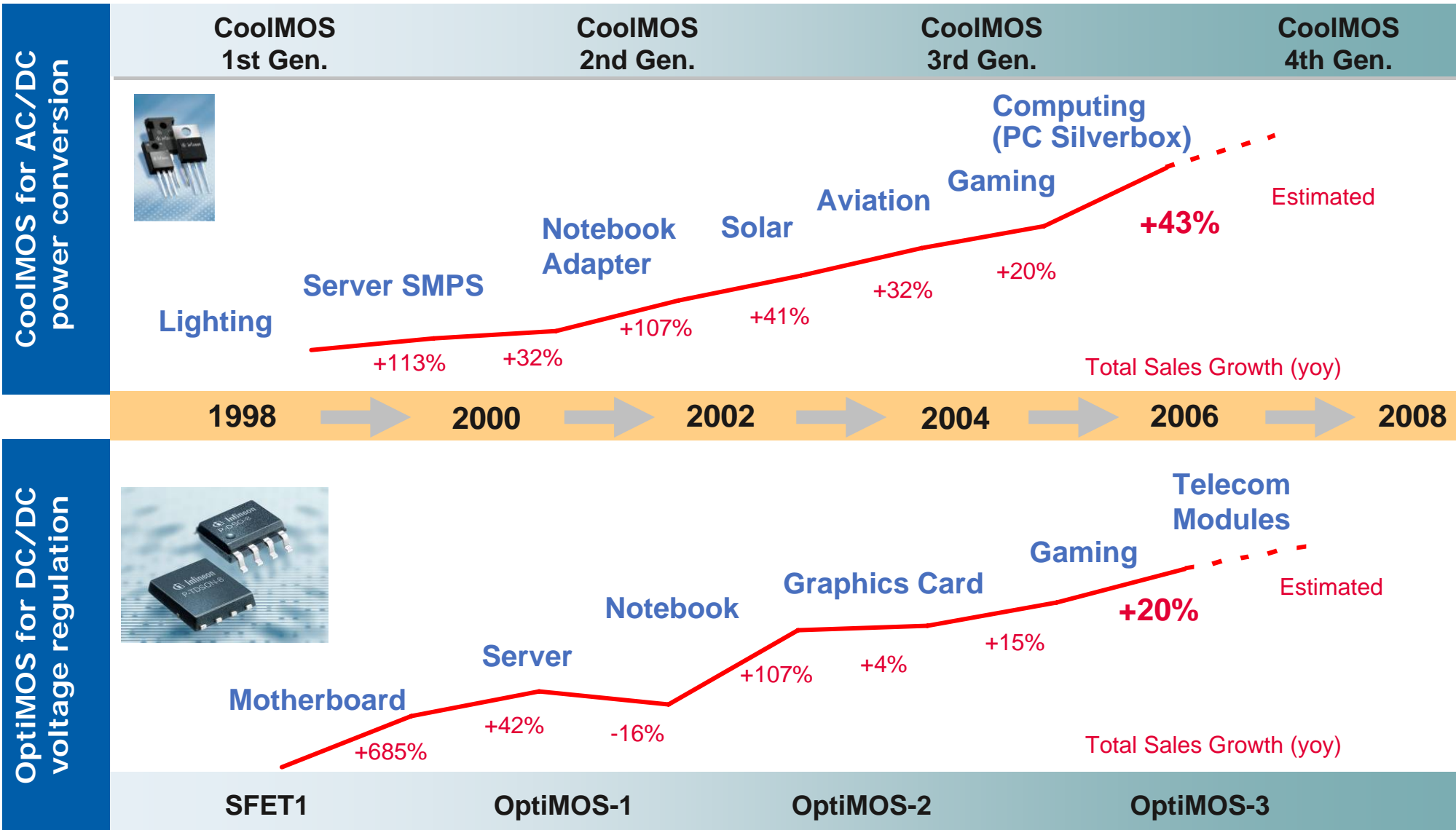
IFX products
for energy
consumption

Infineon –
Never stop thinking

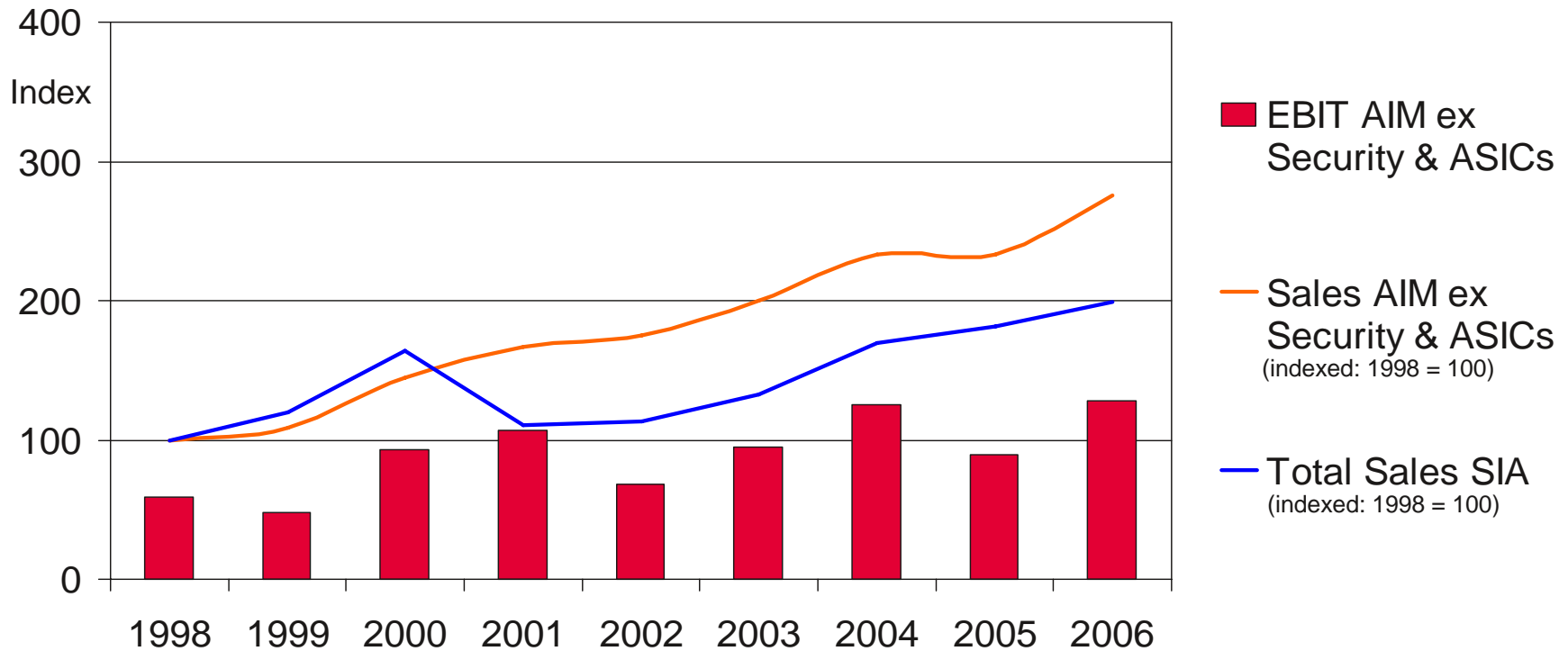


Never stop thinking

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



Profitable Growth: Infineon's AIM ex Security & ASICs*



*) Minimal inconsistencies possible due to changes in segment reporting April-2007

Key Financials

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

Financial Calendar

- Jul 27, 2007* **Interim Report FQ3 2007**
- Nov 14, 2007* **Interim Report FQ4 2007**

* = Preliminary Date