

IFX Day 2008

Munich, June 3rd, 2008

AIM

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Member of the Management Board

President of Business Group Automotive, Industrial & Multimarket



Never stop thinking

Disclaimer

This presentation was prepared as of June 02, 2008 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 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 any potential disposal of Infineon's interest in Qimonda.

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, the success of any corporate activities we may undertake with respect to our interest in Qimonda, 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 December 7th, 2007 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

- Introduction
- Automotive
- Industrial & Multimarket
- Security & ASICs
- Outlook

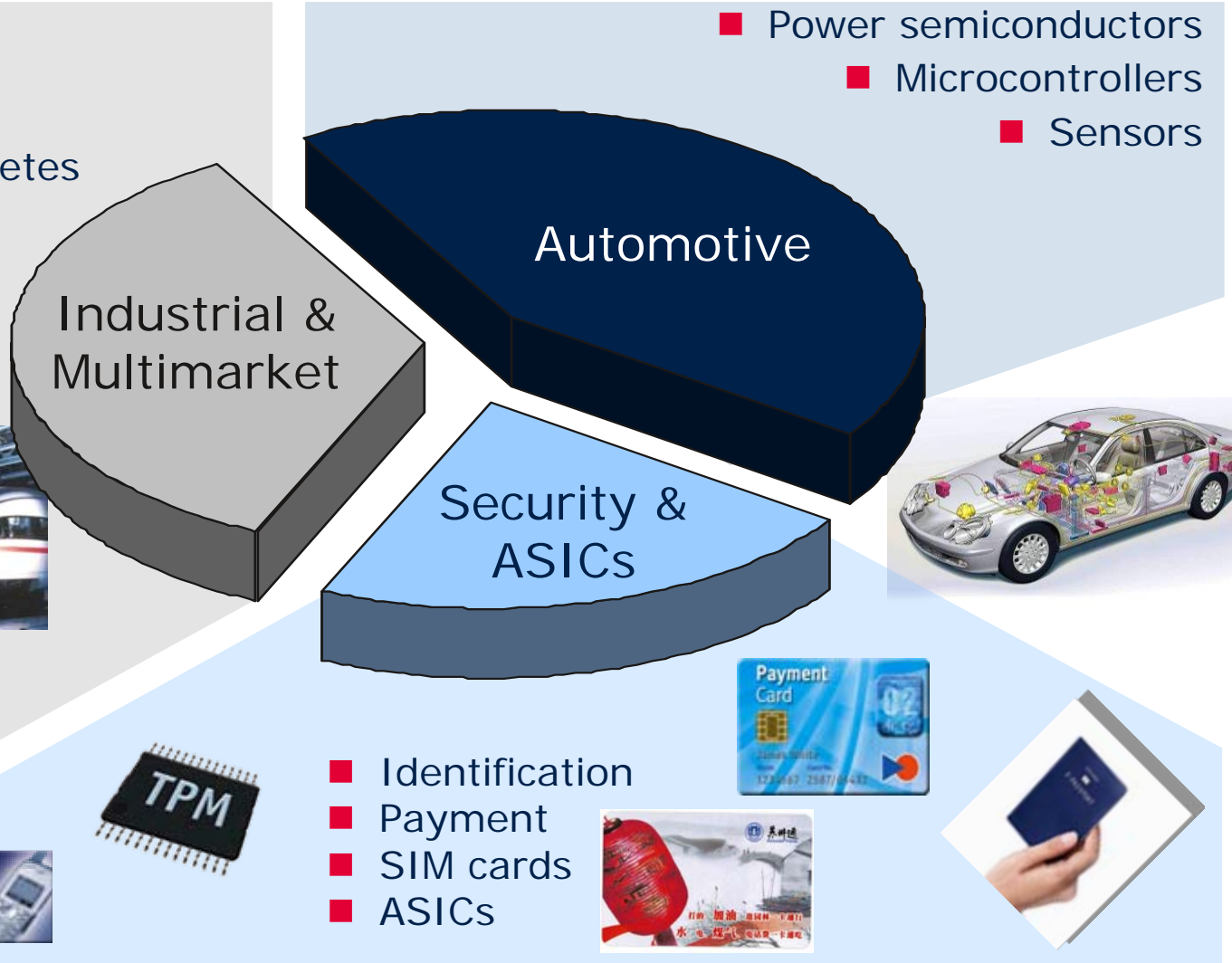
Automotive, Industrial & Multimarket Revenue Split



H1 FY08 Revenue: EUR 1.484 bn

- High-power
- Power ICs
- Power MOSFETs
- Small signal discretes

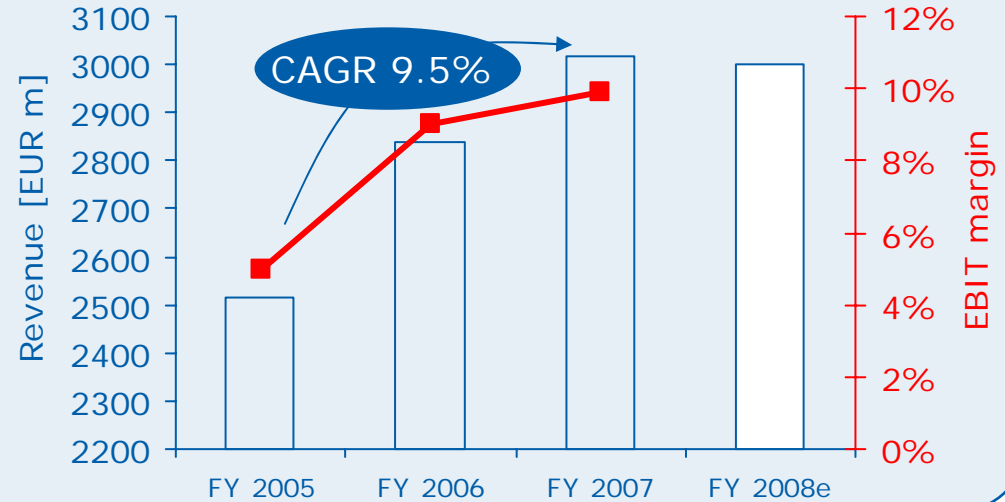
- Power semiconductors
- Microcontrollers
- Sensors



AIM Performance History

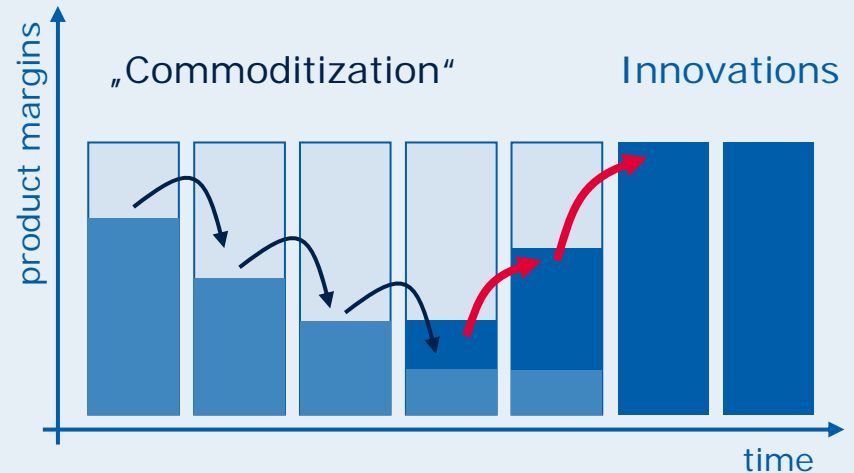
Profitable growth

- **EBIT margin** reached 10%
- **CAGR at 9.5%** despite exchange rate development
- **Turnaround** of Chipcard & Security and Discretes business successfully **completed**



Increasing margins

- Focus on **differentiation** providing superior **customer value**
- **Focus on application** and **system know-how** in **target segments**
- Manage business portfolio to profit from **core competencies**
- Implement program "IFX 10-Plus"



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Automotive Market Drivers

Markets

Applications

Energy Efficiency

- Fuel consumption
- Emissions regulations
- Oil price

Safety

- Reduction of road casualties
- Legislation (e.g. TPMS, VSC)

Emerging Markets

- China and India

Communications

- eCall / OnStar
- Toll collection
- car-to-car, car-to-infrastructure

Powertrain

- 32-bit motor control
- Hybrid drivetrain

Safety

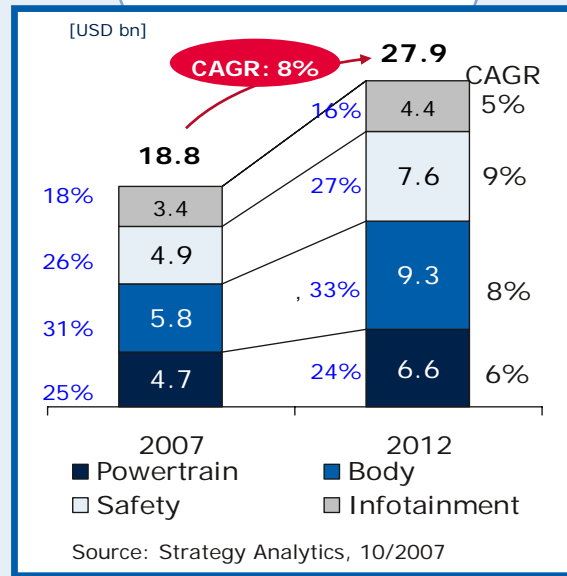
- Airbag, ABS & VSC
- Driver assistance systems

Body

- Electrical motor control
- LEDs for lighting

Infotainment

- Integration of consumer devices into vehicle



Automotive Power

System Complexity



SPOC™

- Multiple channels
- Chip-on-chip, chip-by-chip
- Benefits in highly complex BCMs
 - Relay and fuse replacement
 - Drives bulbs and LEDs



SPIDER™

- More features
- Multiple channels
- Higher complexity
 - Drives relays



HITFET™, PROFET™

- Discrete power devices
- Relay and fuse replacement
 - Drives relay

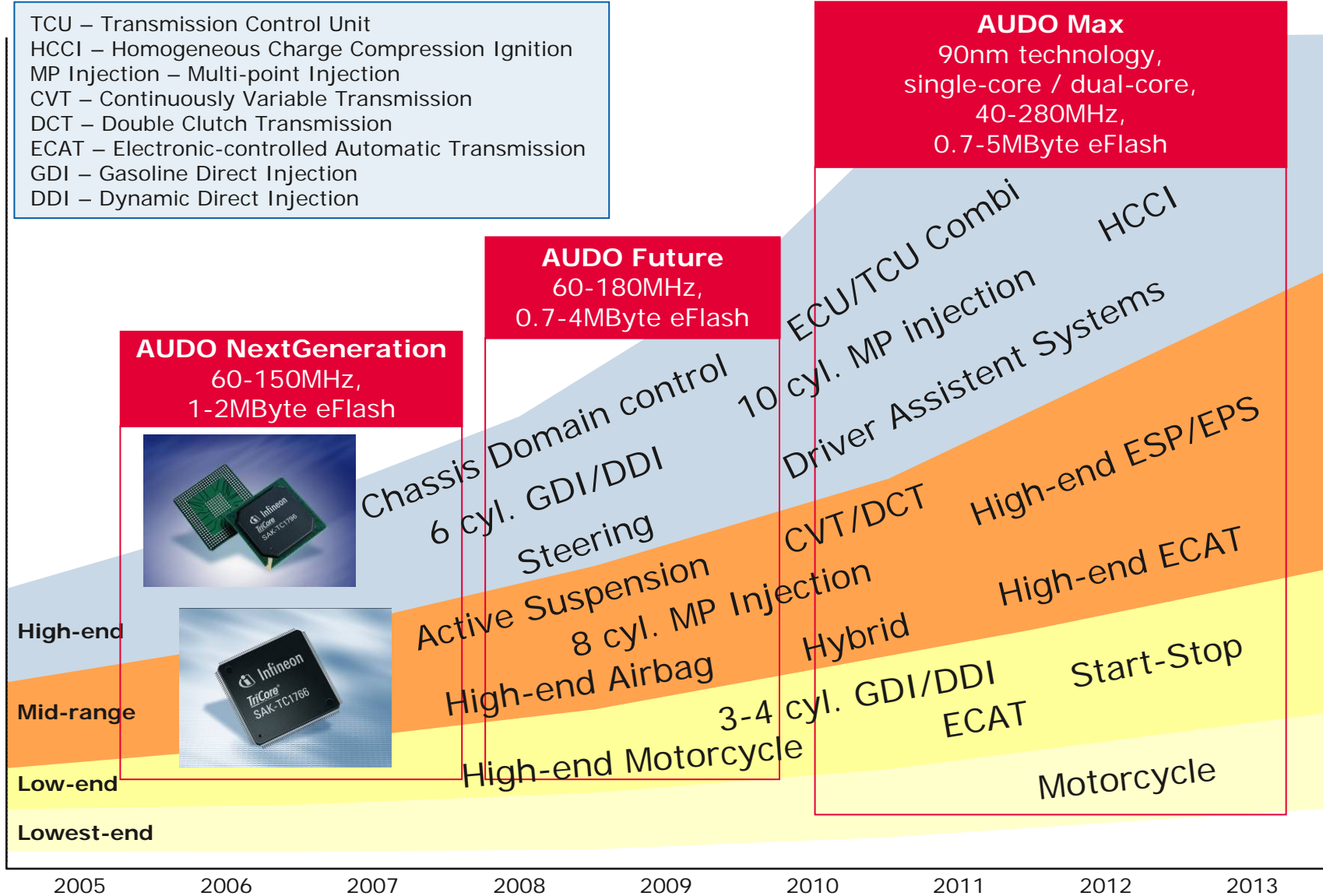


System Know-how

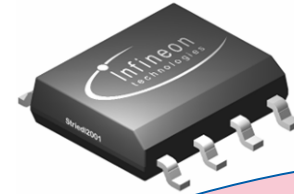
Microcontroller 32-Bit Roadmap

Microcontroller Performance

- TCU – Transmission Control Unit
- HCCI – Homogeneous Charge Compression Ignition
- MP Injection – Multi-point Injection
- CVT – Continuously Variable Transmission
- DCT – Double Clutch Transmission
- ECAT – Electronic-controlled Automatic Transmission
- GDI – Gasoline Direct Injection
- DDI – Dynamic Direct Injection



Manufacturing Complexity

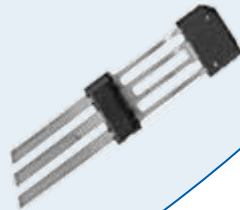
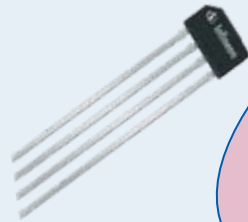


Angle Sensor

Linear Sensor



Speed Sensor



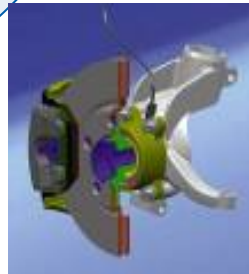
iGMR

GMR Sensor



Hall Switch

Hall Sensor



System Know-how

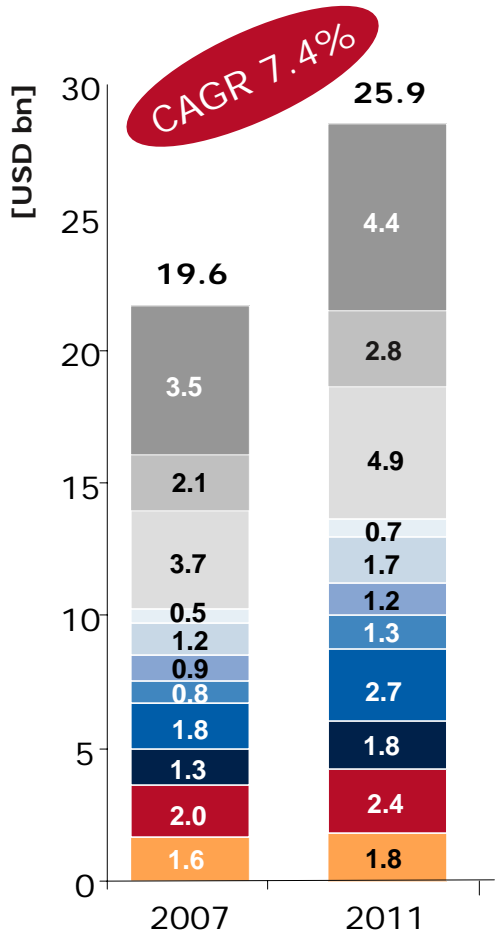
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








Infineon is in All Segments of the Growing Industrial Market



Industrial Semiconductor Market



CAGR 7.4%

-  **Factory Automation & Control**
Motion & position controller, pressure measurement, pumps, robotic
-  **Motor Drives**
Variable speed drives, stepper, servo drives
-  **Lighting, Building Autom. & HVAC & Refrig.**
Lighting ballast, fire detection, CCTV, compressors
-  **Smart Cards**
-  **EPOS, EFT & ID***
ATM, point-of-sale terminals, scanners, printers
-  **Test & Measurement**
Test equipment, multimeters
-  **Home Health**
Blood pressure monitors, heart monitor
-  **Medical Imaging & Diagnostics**
CT, X-ray, lasers, hearing aid
-  **Power & Energy**
Power supplies, generators, battery charger
-  **Industrial Transport**
Machinery, trucks, trains
-  **Other Industrial**
Advertising boards, professional power tools

Source: Semicast, March 2007 (excluding LCD Displays)

* Electronic point-of-sale, electronic finance transaction & identification; without smart cards

Power Management and Drives

System Power



System Solutions

- **ISOFACE™, CIPOS™, MIPAQ™**
- **Modules** including power devices, gate driver, passives and measurement devices
- **Packaging** technology is key enabler
 - Trend towards higher integration incl. μ C



Control & Driver ICs

- **PFC IC** for CCM
- **CoolSET™** portfolio expansion for consumer applications (DVD player, STB, etc)
- **Digital Power** products from Primarion



Power Discrettes

- **CoolMOS™** 900V technology
- **OptiMOS™** 40V with lowest $R_{DS(on)}$ and lowest FoM
- **RC3-IGBT™** 1200V technology

System Know-how

Infineon Acquired Primarion to Further Strengthen Activities in Power Management



- Is among the leaders in **designing, manufacturing and marketing digital power ICs** for **computing, graphics and communication**
- Is a **fabless company**
- Headquartered in **Torrance, California, USA**
- Employees: **65**

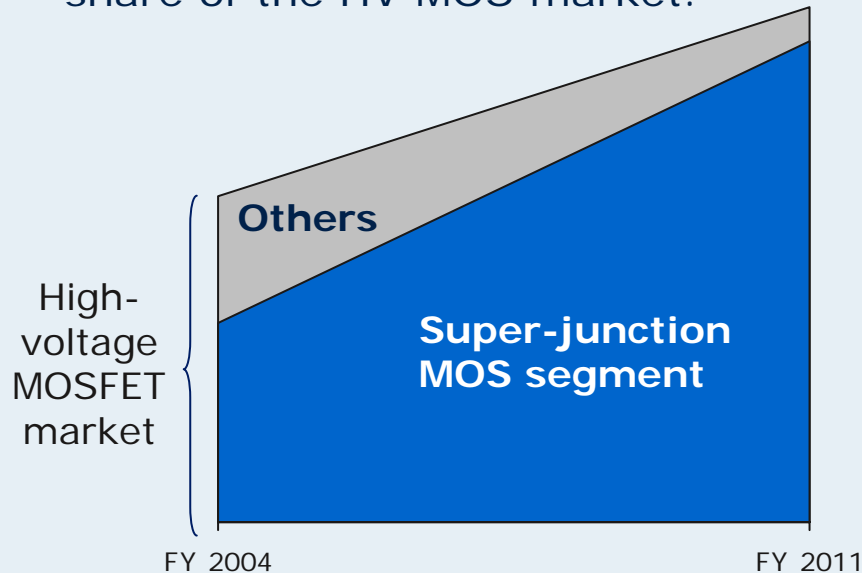
Benefits for Infineon

- Pioneer position in growing „Digital Power Management“ segment
- Rich IP portfolio, application know-how, and customers contacts
- Leverage Infineon’s existing strengths in power-management ICs
- Strengthen Infineon’s position in power-management solutions by complementing our excellent power transistor portfolio

Profitable Growth Driven by Shift to “Creating New Markets”; Offering Efficiency Improvement Solutions

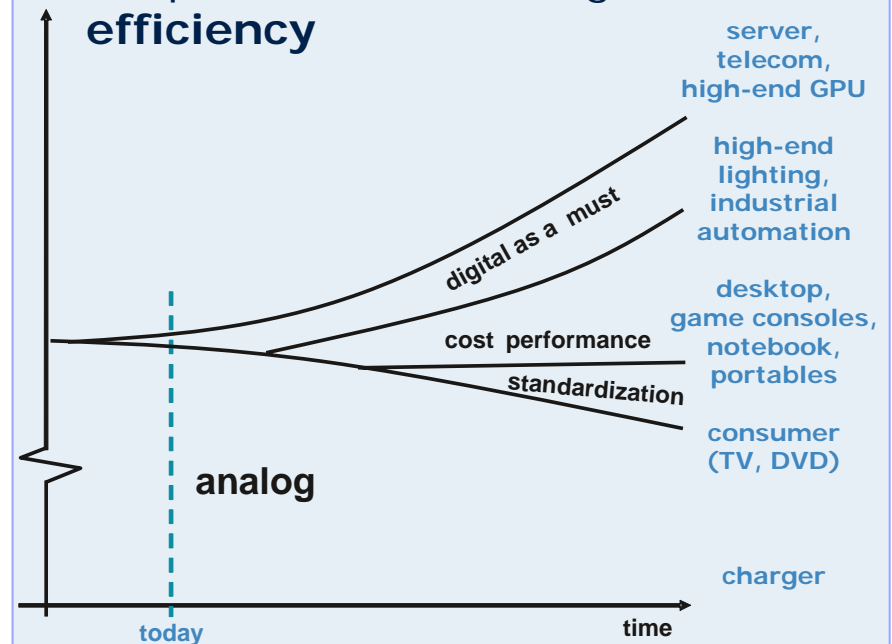
CoolMOS: growth by innovation

- **CoolMOS** related super-junction MOS segment is expected to **grow > 10% p.a.**
- CoolMOS offers **excellent price/performance** ratios at system level with focus on efficiency improvement and captures a bigger share of the HV MOS market.



Digital power advantages

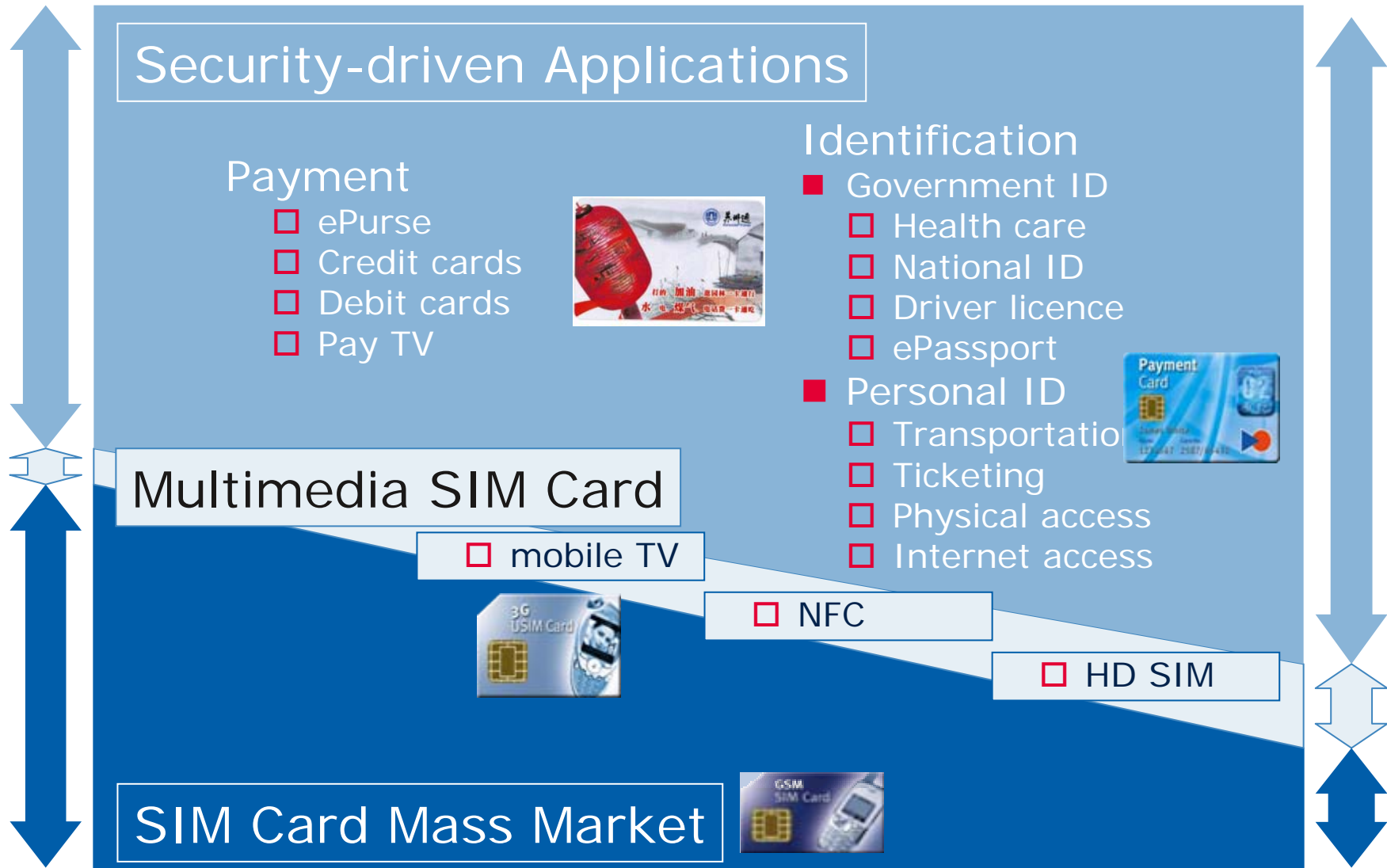
- Lower overall **system cost** due to increased integration level
- Short **design cycle**, easy to upgrade
- **Less sensitive** to environment
- Adaptive control and higher **efficiency**



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Chipcard's Profitability Improved by Certifications and Contactless Expertise



Yesterday

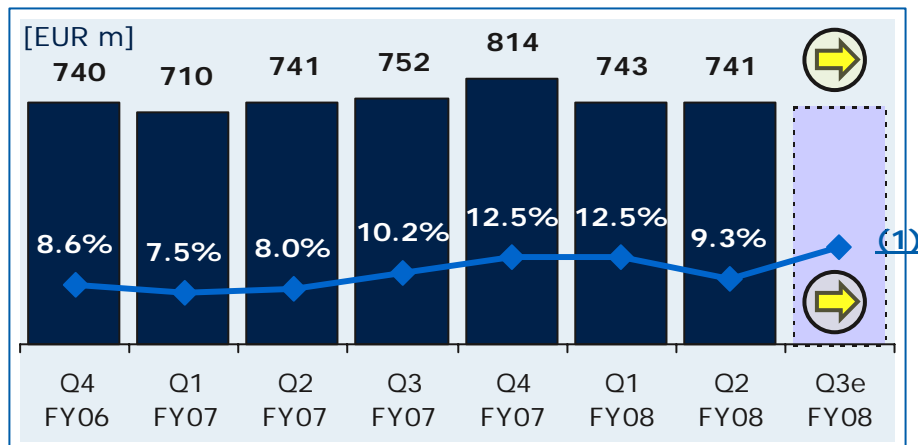
Tomorrow

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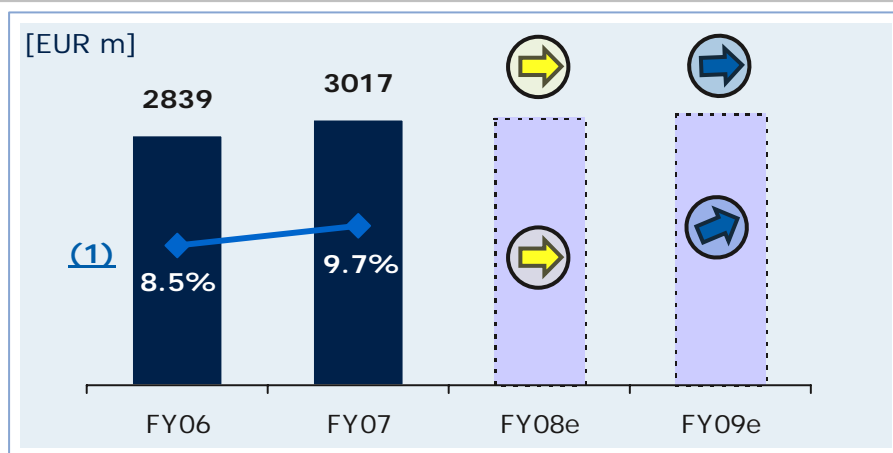
Guidance for Q3 FY08; Outlook for FY 2008 and FY 2009

AIM Guidance Q3 FY08



- Q3 revenues expected to decline by a low single-digit percentage q-o-q attributed predominantly to the on-going weakening of the USD against the EUR and the expected deconsolidation of the company's HDD business
- Q3 EBIT margin before net gains and charges in range of 8.5 to 9.5 percent. A gain of ~EUR 40 m from the sale of the HDD business to LSI expected

AIM Outlook FY 2008 and FY 2009



- FY 2008: revenues and EBIT excluding net gains and charges are both expected to decline slightly from FY 2007 levels
- FY 2009: divestitures and currency impact limit growth potential; EBIT margin excluding net gains and charges to improve; additional positive effects from the program "IFX 10-Plus"

(1) EBIT including net gains/charges.



We commit.
We innovate.
We partner.
We create value.



Never stop thinking