

IFX Day 2007

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Group Financials

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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



- Infineon Group Results and Outlook excluding Qimonda
- Business Group Results and Outlook excluding Qimonda
- Balance Sheet and Cash Flows: Observations and Forecast
- Taxation: Update on Tax Position and What to Expect

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First Quarter FY 2007 Group Results and Outlook excluding Qimonda



	4Q FY06 ^{*)}	1Q FY07	2Q FY07
in EUR m			
Sales	1,058	959	
Gross Profit (Gross margin)	308 (29%)	317 (33%)	
R&D	196	196	
SG&A	164	128	
EBIT (EBIT margin)	-174 (-16%)	-9 (-1%)	

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

^{*)} 4Q FY06: EBIT includes net charges of € 164 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.

Second Quarter FY 2007 Outlook

IFX Logic

Revenues and EBIT excluding Qimonda and before charges are expected to remain at least flat

COM

- Revenues and EBIT flat q-o-q
- Customer ramp-ups mitigate typical seasonal decline in the wireless business; wireline business to be about flat

AIM

- Revenues to increase slightly q-o-q; EBIT margin to improve
- Auto to grow on ramp-ups and seasonality despite continued U.S. auto weakness. Industrial & Multimarket and Security & ASIC to remain broadly flat

C & E

- EBIT loss before charges basically unchanged q-o-q
- Charges: significantly less than the EUR 30 m expected originally mainly for baseband restructuring

Group Results and FY 2007, FY 2008 Outlook (excluding Qimonda)



	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%)		

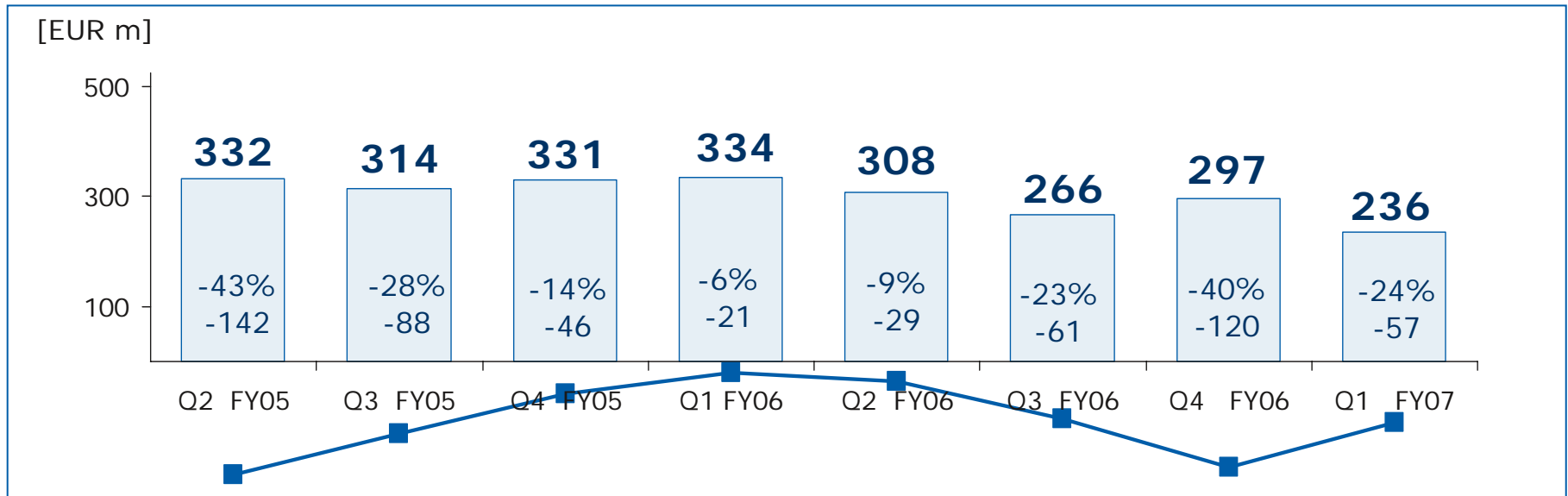
Infineon defines EBIT as Earnings (loss) Before Interest and Taxes.

^{*)} 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.

Agenda

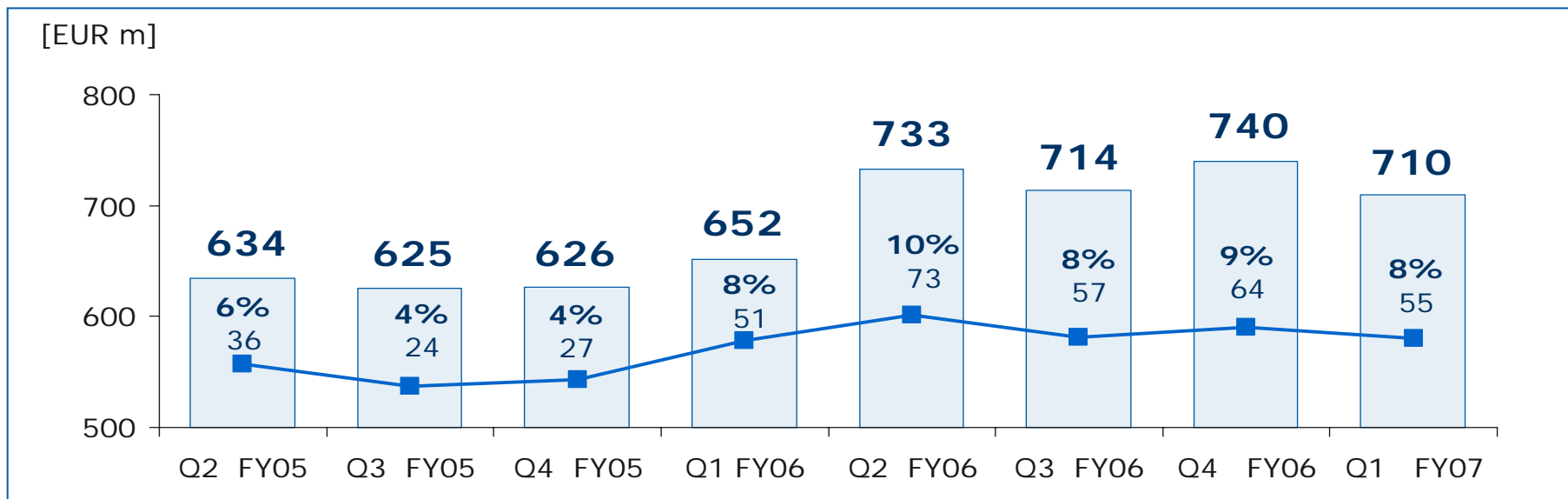
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Communication Solutions Results and Outlook



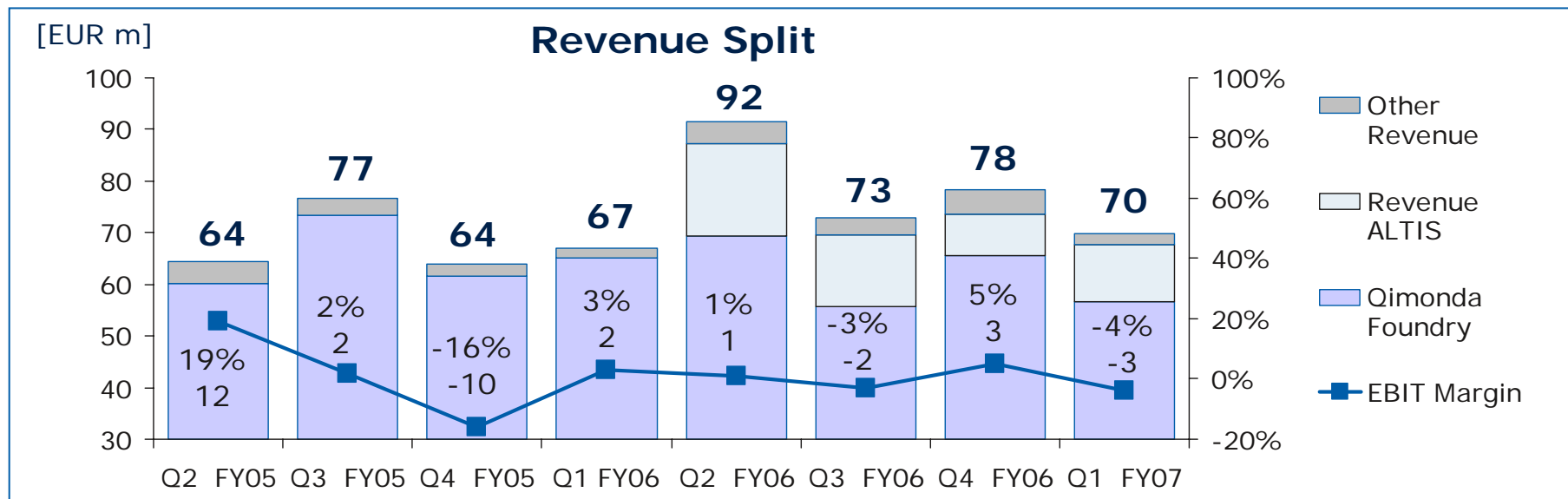
- FY 2006: € 92m in charges included in results, mainly relating to BenQ insolvency; clean EBIT € -139m
- FY 2007: expect sales decline y-o-y; expect annualized c. € 40 m cost reduction from Jun Q onwards; EBIT before special effects to remain broadly flat y-o-y
- Beyond FY 2007: Wireless business to break-even in Dec Q 2007; expect strong sales growth vs FY 2007 and positive EBIT

Automotive, Industrial & Multimarket Results and Outlook



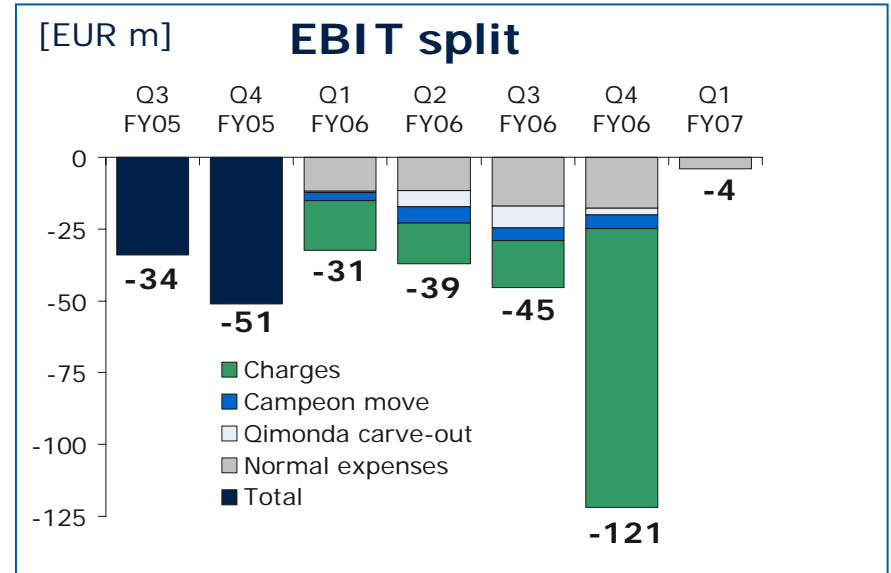
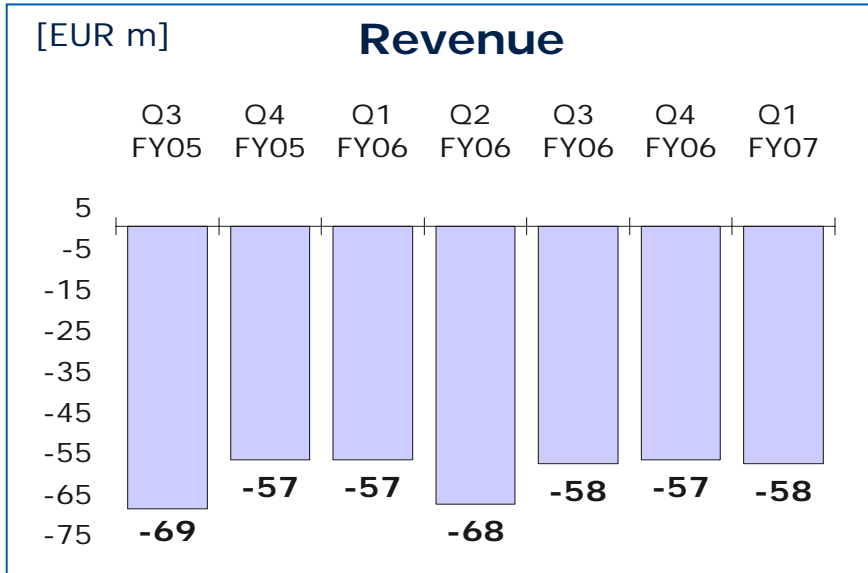
- FY 2006: more than € 70m expenses from Perlach/Kulim fabs; losses in Chipcard
- FY 2007: expect sales growth y-o-y; EBIT likely to rise y-o-y; close to 10% EBIT margin for Q4 FY 2007
- FY 2007: Expenses for Perlach closure and Kulim ramp similar to FY 2006 levels
→ Perlach closed, Kulim EBIT break-even in Q4 FY 2007
- Beyond FY 2007: continued sales growth, >10% EBIT margin

Other Operating Segments Results and Outlook



- FY 2007: share of loading of ALTIS fab 100% since 1-Jan-07; agreement with Qimonda over Dresden 200mm fab extended to 30-Sep-2009; sales to trend lower
- FY 2007: EBIT around break-even
- Beyond FY 2007: Sales to decline gradually as revenues with Qimonda move lower; EBIT around break-even

Corporate & Eliminations Results and Outlook



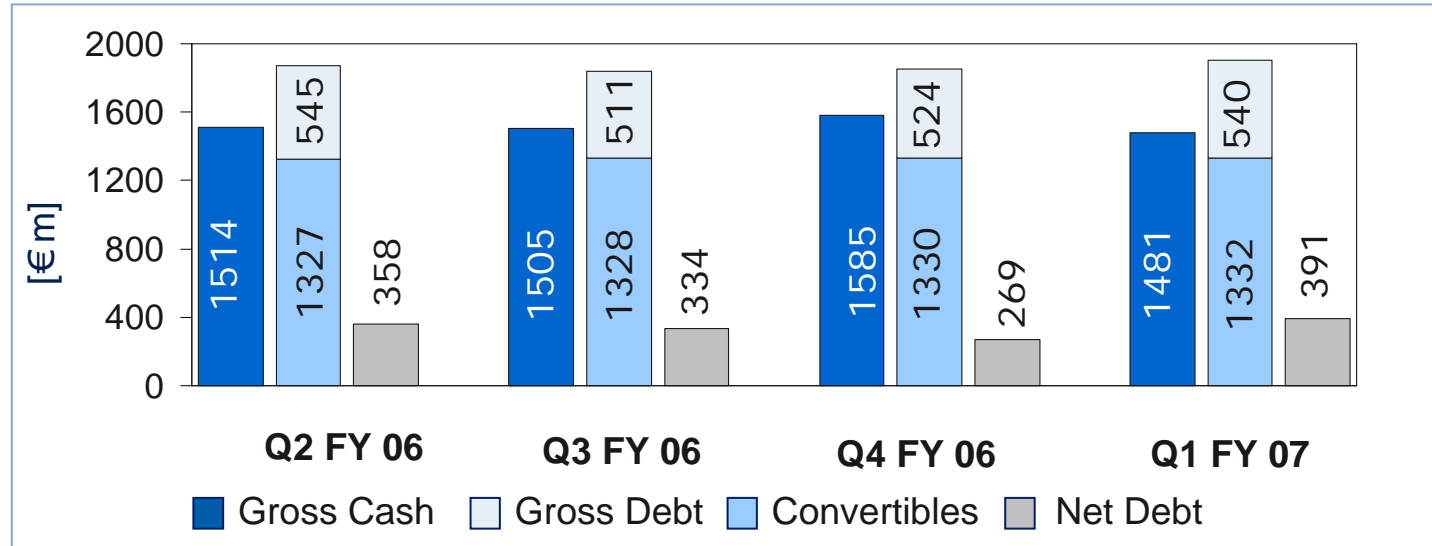
- FY 2006: Sales are negative as intra-group wafer deliveries to Qimonda are being eliminated; EBIT contains net charges of EUR 105 m relating mainly to Qimonda IPO (EUR 65 m) and to restructuring measures (EUR 25 m). Ongoing expenses in C&E: e.g. stock options, idle capacity cost, elimination of intra-group profits on wafers sold to Qimonda.
- FY 2007: negative sales to persist due to inter-company elimination; amount driven by sales to Qimonda in OOS. EBIT before charges to improve significantly from FY 2006 level to c. EUR -60 m. Expect charges around EUR 30 m for baseband and ALTIS combined.
- Beyond FY 2007: Expect to contain EBIT loss excluding charges at approximately FY 2007 levels.

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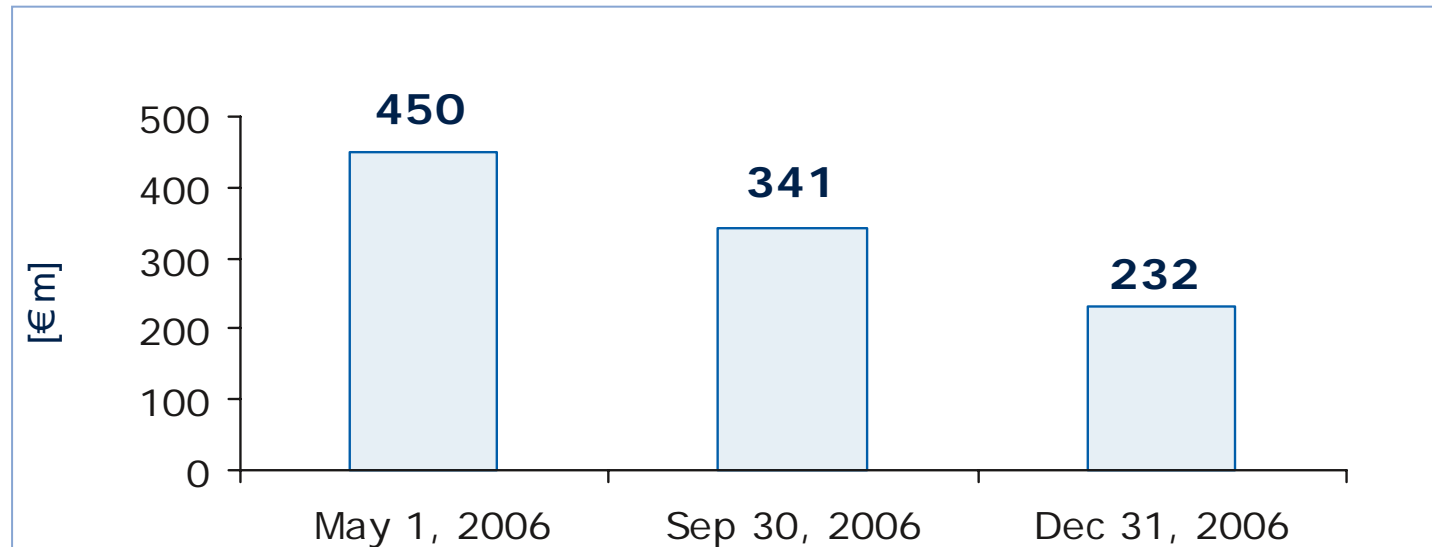
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Gross Cash, Gross Debt and Net Debt

Financial structure of the Logic business for the past quarters



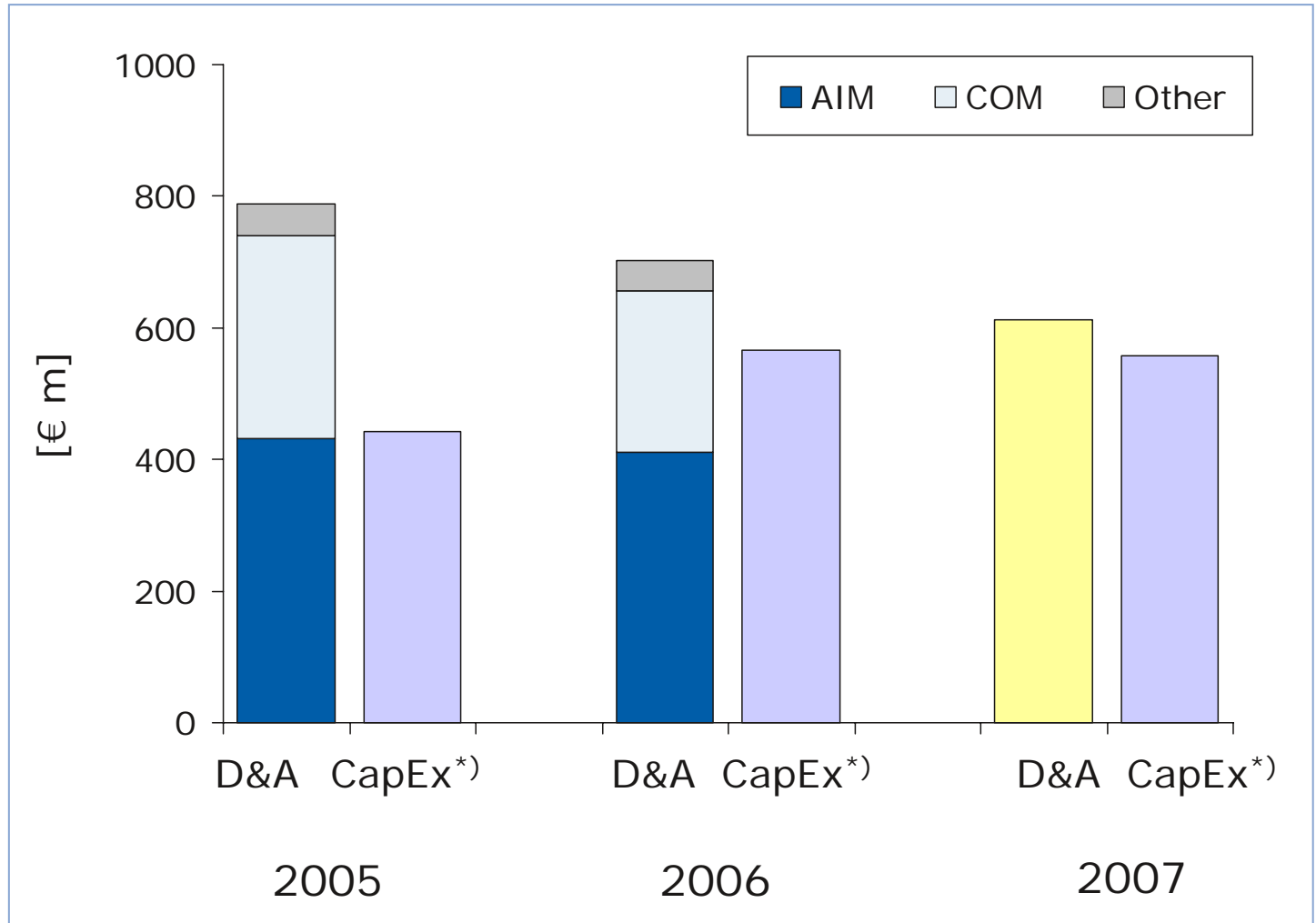
Development of the inter-company loan to Qimonda



Target CapEx/Sales 10-12% beyond FY 2007

Capital intensity

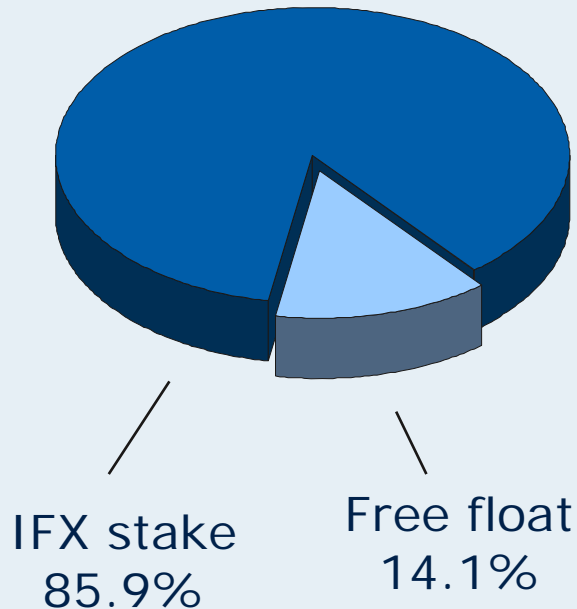
Logic business



*) w/o intangibles

**Qimonda Market Cap:
US\$ 4.96 bn**

(based on Qimonda share price of \$ 14.5)



Target is to move into minority

Use of proceeds:

- Organic growth
- Share buy-back: authorization granted
- Acquisitions to strengthen the business:
 - more likely small than large
 - more likely in areas of strength than to fix weakness

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Tax Rate of Infineon Group

Infineon uses income before income taxes and minority interests as primary measure for the tax rate, as:

- Minority interests are treated as an expense for US-GAAP group accounts, but from tax perspective it is an apportionment of results and, accordingly, not tax deductible.
- With the formation and IPO of Qimonda, the minority interests increased substantially which inflates the reported tax rate.
- Illustrative example (Q1 FY 2007):

Income before minority interest and income taxes

234

Minority interests

- 27

Income before income taxes

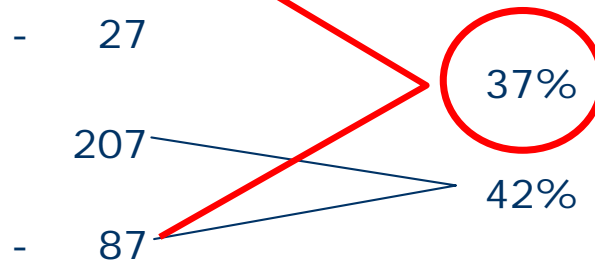
207

Income tax expense

- 87

Net income

120



The Infineon Group Tax Position (US-GAAP)

Drivers of the group tax rate based on income before income taxes and minority interests

Infineon group tax position

- I. Tax charge from Qimonda sub-group
- II. Tax charges from foreign subsidiaries
- III. Tax charges of Infineon Technologies AG and German Infineon subsidiaries



- Targeted effective tax rate: approx. 30%



- Principally profitable entities mainly due to transfer pricing system
- Targeted effective tax rate: 15-20%



- In case of domestic profits: minimum taxation (40% of taxable income x 37% = 14.8% tax rate)
- In case of domestic losses: valuation allowances on deferred tax assets (→ no tax benefit)
- Some tax expense in companies not included in German tax group

The Infineon Group Tax Position (US-GAAP)

Drivers of the Group Tax Rate

Q1 FY 2007 by driver
(acc. to P&L, in €m)

IFX Group tax position

	EBT + minorities	Income	Taxes
I. Qimonda:	252	74	29%
II. IFX abroad:	54	6	11%
III. IFX Germany:	-72	7	-
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Total	234	87	37%

The Infineon Group Tax Position (illustrative)

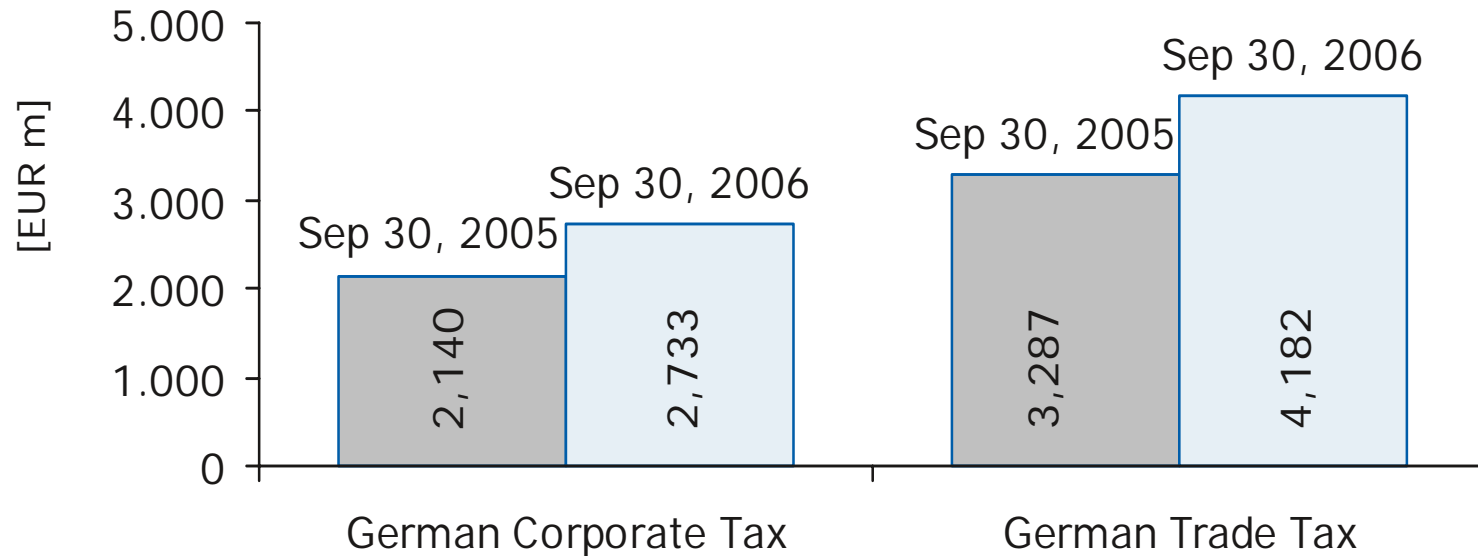
Hypothetical IFX Group tax position when IFX Germany breaks even

	EBT & minorities	Income	Taxes
I. Qimonda:	252	74	29%
II. IFX abroad:	54	6	11%
III. IFX Germany:	0	7	-
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Total	306	87	28%

Hypothetical IFX Group tax position when IFX Germany is profitable

	EBT & minorities	Income	Taxes
I. Qimonda:	252	74	29%
II. IFX abroad:	54	6	11%
III. IFX Germany:	72	18	25%
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Total	378	98	26%

Net Operating Loss Carry Forwards (German Entities)



- Utilization of net operating losses limited to 60% of annual taxable income ("minimum taxation")

→ Profit in Germany subject to current taxes of 14.8%
(40% remaining income after NOL use x 37%)

Taxation of Sales of Qimonda Shares

342.0 m Qimonda shares
- 42.0 m capital increase by QAG
- 6.3 m placed by Infineon
293.7 m Infineon stake

Infineon Technologies B.V., The Netherlands

167.7m of shares

- Sale tax free

Infineon Technologies AG, Germany

126.0m of tainted shares under
German tax laws, i.e.

- Sale taxable within a 7 year lock-up period
- 60% of any gain in excess of current operating losses can be offset against net operating losses carried forward
- Sale may trigger cash tax of 14.8% (remaining 40% x 37%)

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