

INFINEON TECHNOLOGIES AG

Form 20-F

December 07, 2007

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 20-F

**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g)
OF THE SECURITIES EXCHANGE ACT OF 1934 o**

OR

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934 x
For the fiscal year ended September 30, 2007**

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from --to --. o**

OR

**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934 o
Date of event requiring this shell company report --.**

Commission file number: 1-15000

Infineon Technologies AG
(Exact name of Registrant as specified in its charter)

Federal Republic of Germany
(Jurisdiction of incorporation or organization)

**Am Campeon 1-12,
D-85579 Neubiberg
Federal Republic of Germany**
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
American Depositary Shares, each representing one ordinary share, notional value 2.00 per share	New York Stock Exchange
Ordinary shares, notional value 2.00 per share*	New York Stock Exchange

* Listed, not for trading or quotation purposes, but only in connection with the registration of American Depositary Shares pursuant to the requirements of the Securities and Exchange Commission

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report. 749,728,635 ordinary shares, notional value 2.00 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

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**ANNUAL REPORT ON FORM 20-F
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2007**

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Our consolidated financial statements are expressed in Euro. In this annual report, references to Euro or are to Euro and references to U.S. dollars or \$ are to United States dollars. For convenience, this annual report contains translations of Euro amounts into U.S. dollars at the rate of 1.00 = \$1.4219, the noon buying rate of the Federal Reserve Bank of New York for Euro on September 28, 2007. The noon buying rate for Euro on December 6, 2007 was 1.00 = \$1.4638. Our fiscal year ends on September 30 of each year. References to any fiscal year refer to the year ended September 30 of the calendar year specified. In this annual report, references to:

our company are to Infineon Technologies AG; and

we, us or Infineon are to Infineon Technologies AG and, unless the context otherwise requires, to its subsidiaries including Qimonda, and its predecessor, the former semiconductor group of Siemens AG; and

Qimonda are to Qimonda AG and its subsidiaries, and its predecessor, the former memory products segment of Infineon.

This annual report contains market data that has been prepared or reported by Gartner Inc. and its unit Dataquest, Inc. (together Gartner Dataquest), Frost & Sullivan, IC Insights, Inc. (IC Insights), iSuppli Corporation (iSuppli), IMS Research, Strategy Analytics, Inc. (Strategy Analytics), and World Semiconductor Trade Statistics (WSTS).

Amounts presented in tabular format may not add up due to rounding.

Special terms used in the semiconductor industry are defined in the glossary.

Forward-Looking Statements

This annual report contains forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and you should not place too much reliance on them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. These factors include those identified under the heading Risk Factors and elsewhere in this annual report.

Use of Non-U.S. GAAP Financial Measures

This document contains non-U.S. GAAP financial measures. Non-U.S. GAAP financial measures are measures of our historical or future performance, financial position or cash flows that contain adjustments that exclude or include amounts that are included or excluded, as the case may be, from the most directly comparable measure calculated and presented in accordance with U.S. GAAP in our consolidated financial statements. Earnings before interest and taxes (EBIT) is an example of a non-U.S. GAAP financial measure. For descriptions of these non-U.S. GAAP financial measures and the adjustments made to the most directly comparable U.S. GAAP financial measures to obtain them, please refer to Operating and Financial Review .

Principal Business Address

Our principal business address is Am Campeon 1-12, D-85579 Neubiberg, Federal Republic of Germany.

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You should read the following selected consolidated financial data in conjunction with our consolidated financial statements, the related notes and Operating and Financial Review, all of which appear elsewhere in this annual report.

We have derived the selected consolidated statement of operations and cash flow data for the 2003 through 2007 fiscal years and the selected consolidated balance sheet data at September 30, 2003 through 2007 from our consolidated financial statements, which have been prepared in accordance with U.S. GAAP and audited by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, an independent registered public accounting firm.

	2003	For the years ended September 30, ⁽¹⁾				2007 ⁽²⁾⁽³⁾
		2004	2005	2006	2007	
		(in millions, except per share data)				
Selected Consolidated Statement of Operations data						
Net sales	6,152	7,195	6,759	7,929	7,682	\$ 10,923
Cost of goods sold	4,614	4,670	4,909	5,854	6,092	8,662
Gross profit	1,538	2,525	1,850	2,075	1,590	2,261
Research and development expenses	1,089	1,219	1,293	1,249	1,169	1,662
Selling, general and administrative expenses	679	718	655	751	700	995
Restructuring charges ⁽⁴⁾	29	17	78	23	45	64
Other operating expense, net	85	257	92	108	46	66
Operating income (loss)	(344)	314	(268)	(56)	(370)	(526)
Interest expense, net	(52)	(41)	(9)	(92)	(33)	(46)
Equity in earnings (losses) of associated companies, net	18	(14)	57	78	117	166
Gain (loss) on subsidiaries and associated company share issuance, net ⁽⁵⁾	(2)	2		19		
Other non-operating income (expense), net	21	(64)	26	(33)	13	18
Minority interests	8	18	2	(23)	19	27
Income (loss) before income taxes	(351)	215	(192)	(107)	(254)	(361)
Income tax (expense) benefit	(84)	(154)	(120)	(161)	(79)	(112)
Loss before extraordinary loss	(435)	61	(312)	(268)	(333)	(473)
Extraordinary loss, net of tax					(35)	(50)
Net income (loss)	(435)	61	(312)	(268)	(368)	\$ (523)

Basic and diluted earnings (loss) per share:

Net (loss) income before extraordinary loss	(0.60)	0.08	(0.42)	(0.36)	(0.45)	\$	(0.64)
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Net (loss) income	(0.60)	0.08	(0.42)	(0.36)	(0.49)	\$	(0.70)
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Weighted average shares outstanding basic (millions)	721	735	748	748	749		749
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Weighted average shares outstanding diluted (millions)	721	737	748	748	749		749
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Selected Consolidated Balance Sheet data

Cash and cash equivalents	969	608	1,148	2,040	1,819	\$	2,586
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Marketable securities	1,784	1,938	858	615	475		675
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Working capital (deficit), excluding cash and cash equivalents and marketable securities	419	(124)	186	(279)	137		196
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Total assets	10,875	10,864	10,284	11,185	10,679		15,184
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Short-term debt and current maturities	149	571	99	797	336		478
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Long-term debt, excluding current portion	2,343	1,427	1,566	1,208	1,376		1,957
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Shareholders' equity	5,666	5,978	5,629	5,315	4,914		6,987
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Selected Consolidated Cash Flow data⁽⁶⁾

Net cash provided by operating activities	731	1,857	1,090	1,003	1,207		1,716
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Net cash used in investing activities	(1,522)	(1,809)	(289)	(853)			
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