Infineon

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President and CEO

Infineon

Never stop thinking

Disclaimer

Please note that while you are reviewing this information, this presentation was created as of the date listed, and reflected management views as of that date.

This presentation contains certain forward-looking statements that are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.

Such risks and uncertainties include, but are not limited to the Risk Factors noted in the Company's Earnings Releases and the Company's filings with the Securities and Exchange Commission.

Contents

- **Financials and Outlook**
- AIM Review
- COM Review
- Qimonda Review

Results Overview

[EUR m]	Q2 FY06	Q1 FY06	Q2 FY05
Net sales	**1993**	**1,674**	**1606**
Gross margin	**26%**	**19%**	**27%**
R&D expenses	**306**	**311**	**355**
in % of sales	15%	19%	22%
SG&A expenses	**179**	**173**	**164**
in % of sales	9%	10%	10%
EBIT	**28**	**(122)**	**(117)**
EBIT excluding one-off's	28	(122)	(44)
in % of sales	1%	(7%)	(3%)

Infineon Business Group Q3 FY06 Outlook

AIM

- AIM revenues to remain broadly unchanged qoq with automotive and industrial flat and an expected normalization in chipcard sales from very high Q2 FY06 levels.
- AIM EBIT to be driven by top line prior to inclusion of certain corporate overhead expenses that will remain with logic segments after Qimonda carve-out.

COM

- COM revenues to decline qoq due to loss of Fiber Optics revenue as a result of divestiture and due to normalization of sales levels in broadband access.
- COM EBIT to be driven by top line prior to inclusion of certain corporate overhead expenses that will remain with logic segments after Qimonda carve-out.

- Bit production expected to grow approximately 10% quarter over quarter.
- EBIT to be influenced by benefit from certain corporate overhead expenses that will remain with logic segments after Qimonda carve-out, offset in part by build of Qimonda proprietary corporate infrastructure.

Financials and Outlook

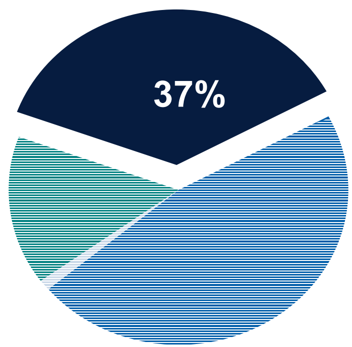
AIM Review

COM Review

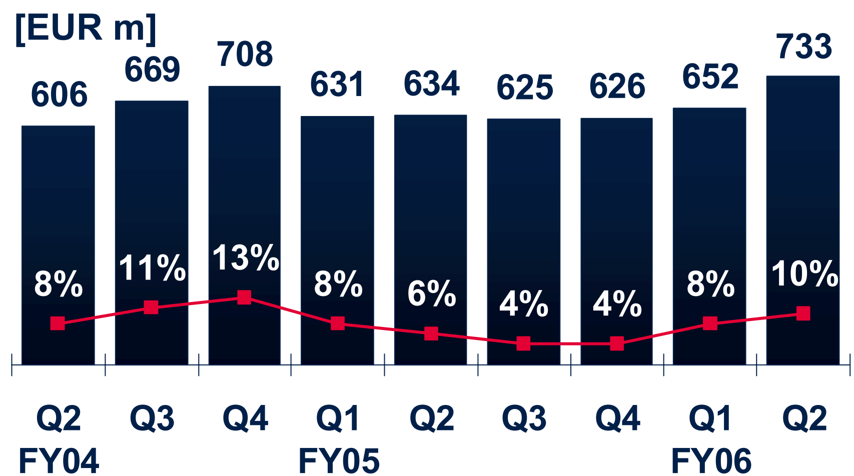
Qimonda Review

Business Group Automotive, Industrial & Multimarket Q2 FY06 Update

Revenue share Q2 FY06

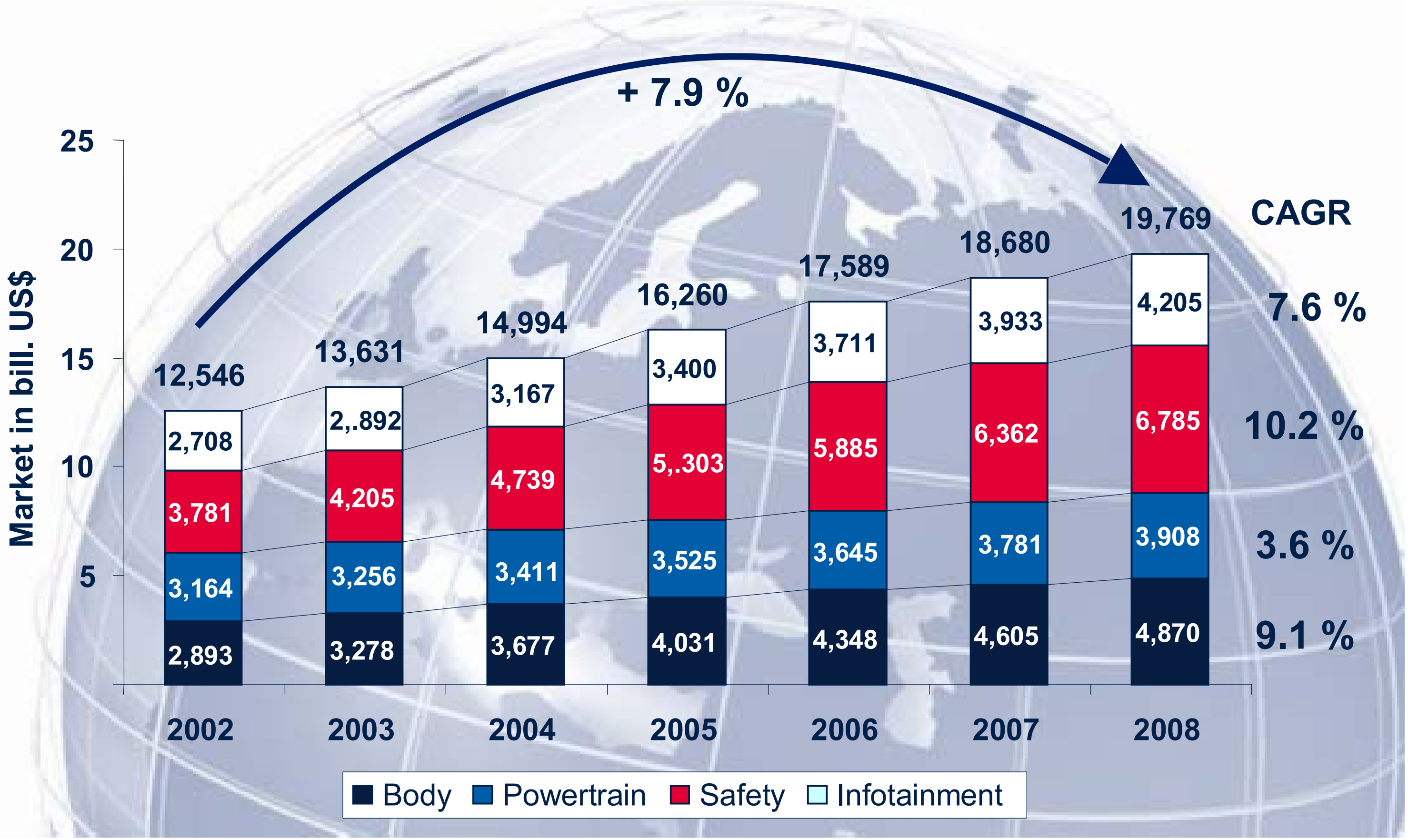


Revenues and EBIT margin



- Revenue +12% qoq. Main drivers: power semiconductors for consumer applications, ICs for computer peripherals and strong demand and improved product mix in chipcard.
- EBIT driven by top-line; significant reduction in chipcard losses. 10% margin despite ongoing expenses for Perlach and Kulim fabs.

Automotive Semiconductor Market Projected to Grow at Healthy Pace

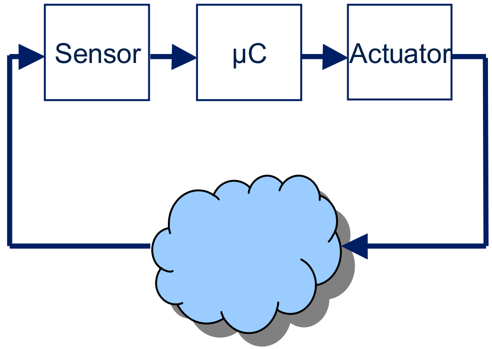


Source: Strategy Analytics 9/2003

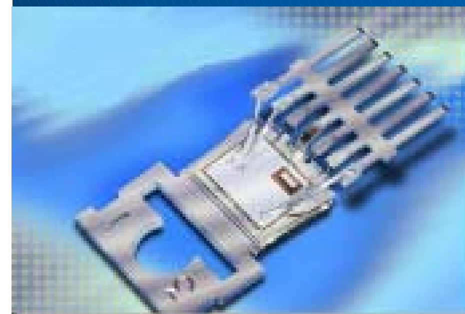
Infineon Offers Full Spectrum of Semiconductor Technologies Required in Automotive

Silicon Sensors

- Special processes
- High precision
- Great robustness

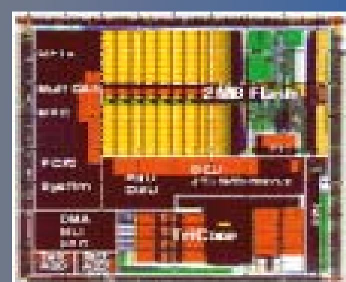


Power Semis



- High current
- High voltage
- High temperatures

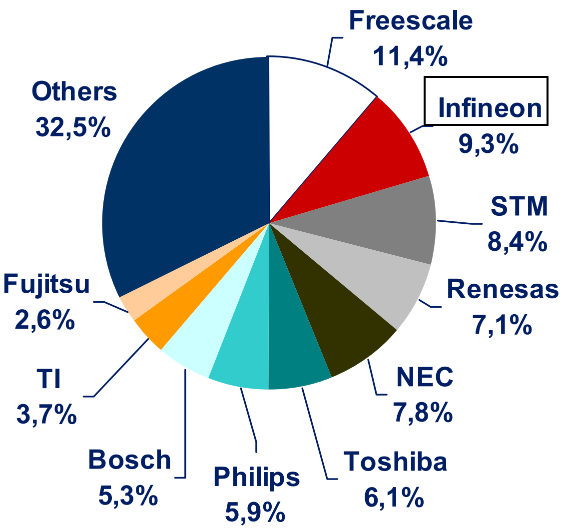
Microcontrollers



- 50 mio transistors
- Non-volatile memory

Infineon Automotive ranks No. 2 worldwide
Continuously outperforming the market

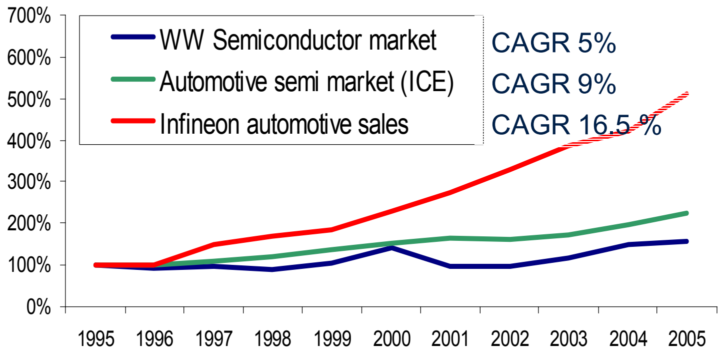
Infineon Automotive 2005*
No. 3 US No. 2 World No. 1 Europe



Market: 16.301 M US$ **

CAGR: 7,8% (2004-09) **

Continuous Outperformance

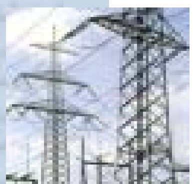


- Strong European market development compared to rest of world
- Strengthened regional business in NAFTA/Japan
- Improved relationships to major automotive system vendors

Strong market position in Europe secures technological leadership

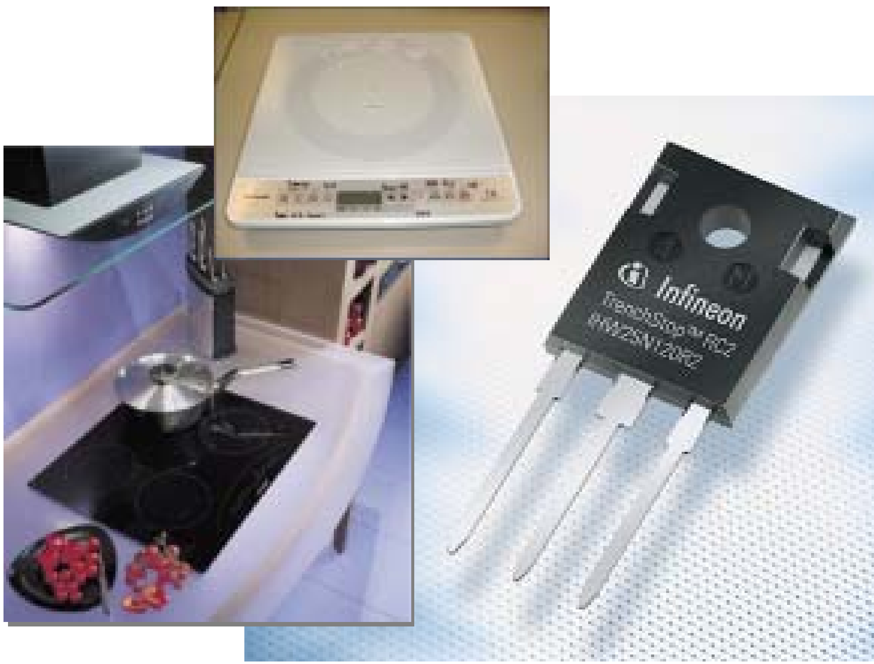
Sources: * Strategy Analytics 2006/05, **Strategy Analytics 2005/10

Infineon Capabilities in Industrial Power

	Applications	Growth Driver
 **Power Management**	■ power supplies and voltage regulators for PC, DVD, flat screen, ...	■ energy efficiency ■ environment protection ■ natural resources
 **Power Conversion**	■ trains ■ power distribution	■ increasing energy consumption ■ growth in APAC
 **Industrial Drives**	■ consumer drives ■ general-purpose drives	■ inductive cooking ■ wind / solar energy ■ industry automation
 **Others**	■ lighting and lamp ballast ■ medical	■ aging of population ■ increasing health care spending

Key Innovation:
Induction Cooking with Reverse Conducting IGBT

- IGBT's based on Infineon TrenchStop™ technology with integrated backside diode lead to highest efficiency in induction applications.
- 600 / 900 / 1200V families cover all used line voltages in the world.
- Market leader in the big market for 1-plate induction heating.



EMC
EMC Technologies

SUNPENTOWN

TOPBAND
拓 邦

Label on the Sunpentown cookers

Infineon Strengthened Market Leadership in Power Semis

Power Semiconductor Market

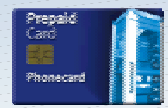
2003 Rank	2004 Rank	Company Name	2003	2004	Change
1	**1**	**Infineon**	**8.1%**	**8.4%**	**0.3%**
2	2	IR	8.0%	7.8%	-0.2%
4	3	Fairchild	7.6%	7.7%	0.1%
3	4	STM	6.7%	7.2%	0.5%
5	5	Toshiba	7.4%	6.7%	-0.7%
6	6	Vishay	5.8%	5.9%	0.1%
7	7	Mitsubishi	5.1%	5.4%	0.3%
9	8	Fuji Electric	4.5%	4.7%	0.2%
8	=8	Renesas	4.7%	4.7%	0.0%
10	10	ON	3.9%	4.1%	0.2%

Sources: (top) iSuppli, August 2005; (bottom) IMS Research, August 2005

Chip Card and Security Applications

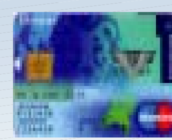
	Contact-based chip cards	Contactless chip cards, RFID

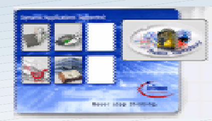
Communications
Prepaid
Mobile



Payment
Credit / Debit, e-purse

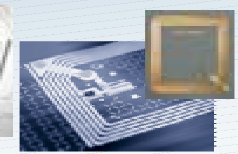
Transport, Ticketing



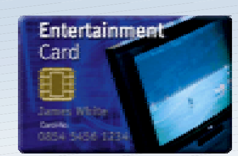




Identification
ePassport, national ID
Social, Access
RFID, e-Government





Entertainment
Pay-TV, Gaming
Video/Audio



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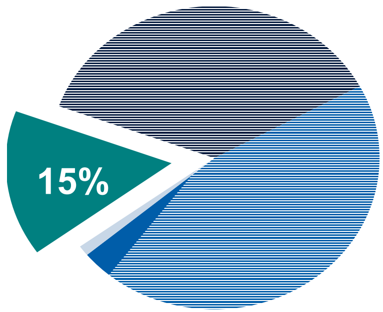
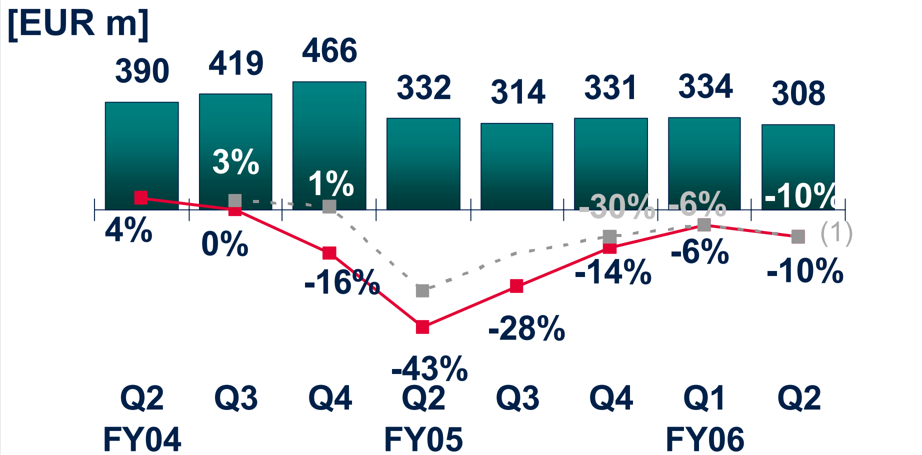
Business Group Communication Solutions
Q2 FY06 Update

Revenue share Q2 FY06



Revenues and EBIT margin



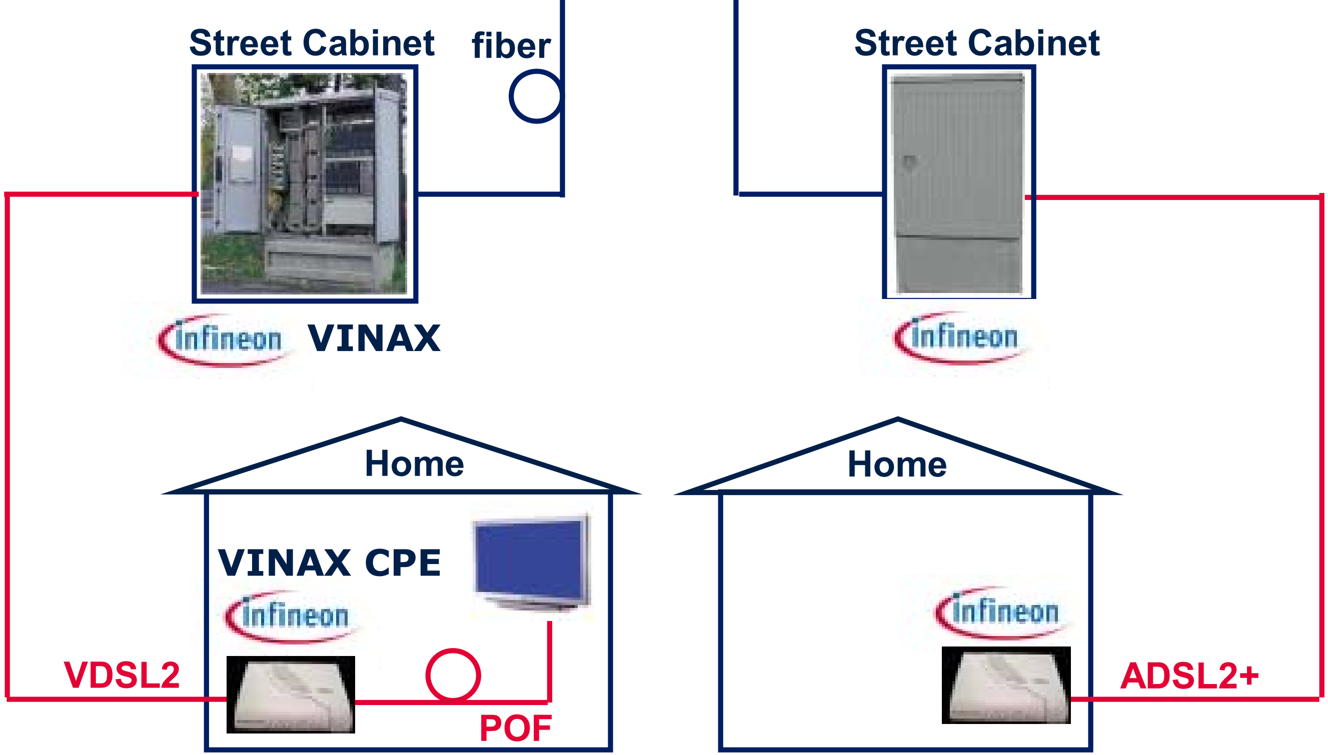
- COM revenue declined qoq despite strong broadband access sales (espec. VDSL2) due to seasonality and lower baseband demand.
- COM EBIT was lower qoq due to top line development in spite of further improvement in profitability in broadband access.

(1) Excl. acquisition related expenses and net charges resulting primarily from reorganization measures.

Design Win at Deutsche Telekom for ADSL2+ and VDSL2 Rollout

T-COM's VDSL2 network rollout is entirely based on Infineon's VINAX chip-set. More than 500K VDSL2 lines shipped in FQ2.

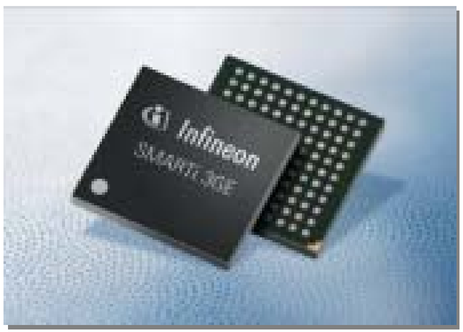
Deutsche Telekom introduced „T-DSL 16000" based on ADSL2+. Infineon is the major supplier.



Expanding RF Customer Base Through RF CMOS Leadership

- No. 1 in RF with approximately 200 million RF chips sold in CY05
- Design-win for EDGE (SMARTi PM) at Samsung; ramp-up in FQ3.
- Two further design-wins for other RF transceivers at two other major customers.

SMARTi 3GE
HSDPA / WCDMA / EDGE



World's first CMOS one-chip 6-band WCDMA and 4-band EDGE transceiver

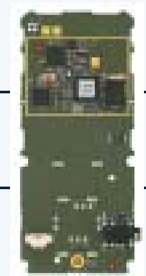
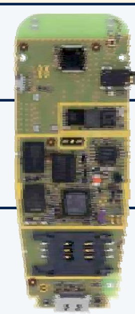
SMARTi 3G
HSDPA / WCDMA

World's first CMOS single-chip 6-band transceiver

SMARTi PM
EDGE

World's first CMOS EDGE single-chip transceiver infineon

Competitive Mobile Platform Offering Driving Design Wins

Customer	Platform	Ramp-up	Spezification
OEM	GSM ULC 	Now !	**BB** + **RF**: E-GOLDradio
ODM	GSM ULC	2H CY06	**BB** + **RF**: E-GOLDradio
ODM	GSM ULC	2H CY06	**BB** + **RF**: E-GOLDradio
BenQ	GSM/GPRS Entry phone	2H CY06	**BB** + **RF**: E-GOLDradio BlueMoon Universal (2.0 + EDR)
BenQ	EDGE Multimedia 	2H CY06	**BB**: S-GOLD2; **RF**: SMARTi PM
OEM	2x EDGE Multimedia	2H CY06	**BB**: S-GOLD2, **RF**: SMARTi PM BlueMoon Universal (2.0 + EDR)
OEM	EDGE Multimedia	1H CY07	**BB**: S-GOLD2; **RF**: SMARTi PM BlueMoon Universal (2.0 + EDR)
Panasonic	3G Multimedia	2H CY06	**BB**: S-GOLD2 + co-proc. **RF**: SMARTi PM + SMARTi 3G BlueMoon Universal (2.0 EDR)

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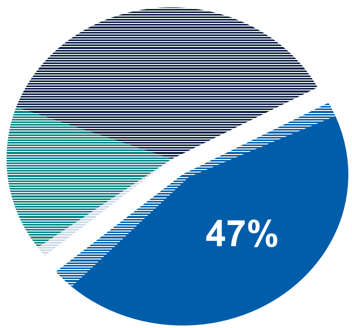
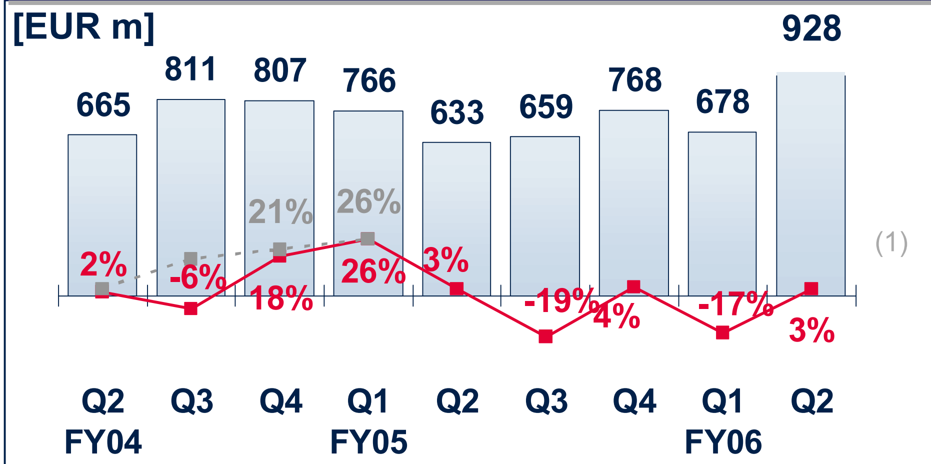


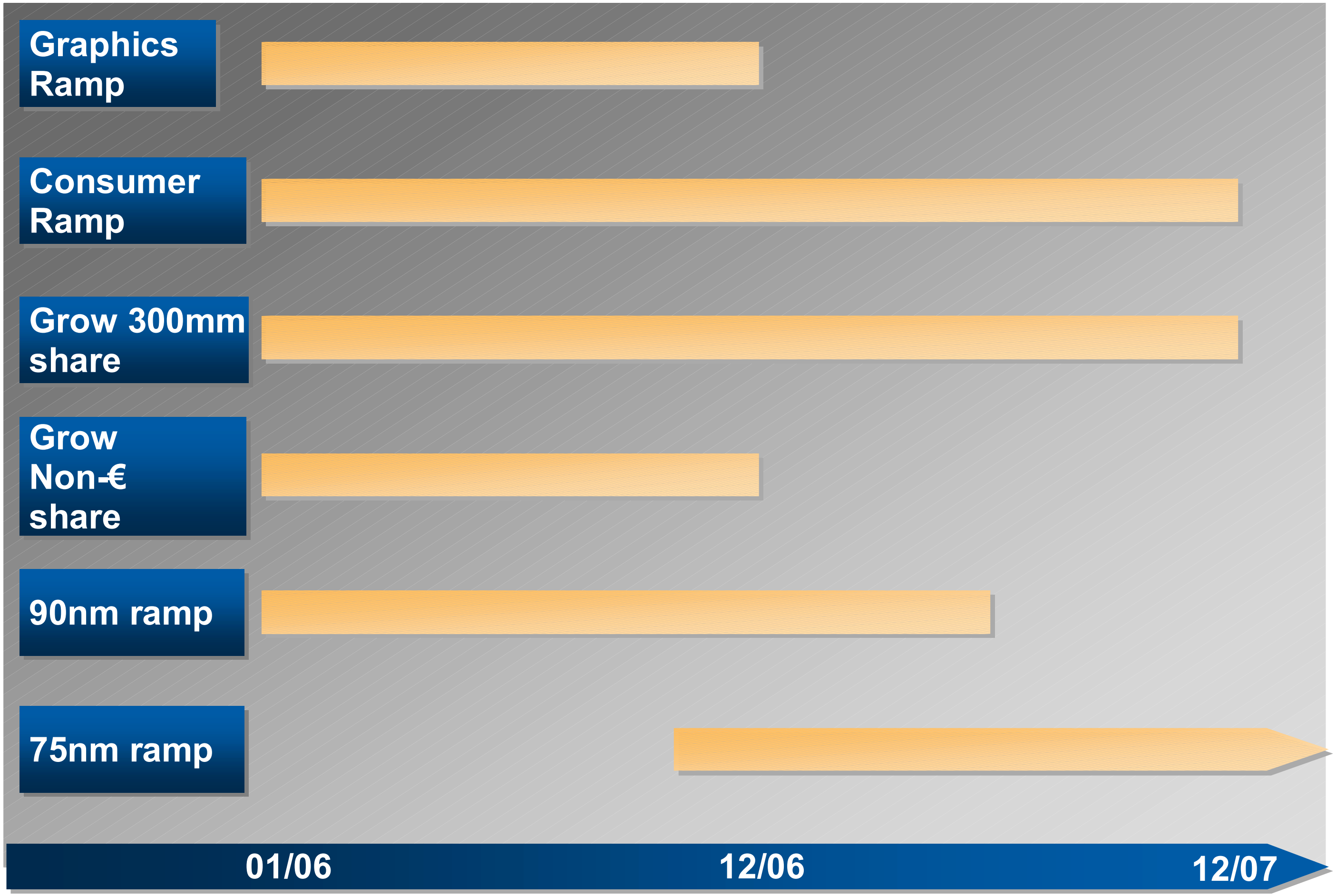
Revenues and EBIT margin



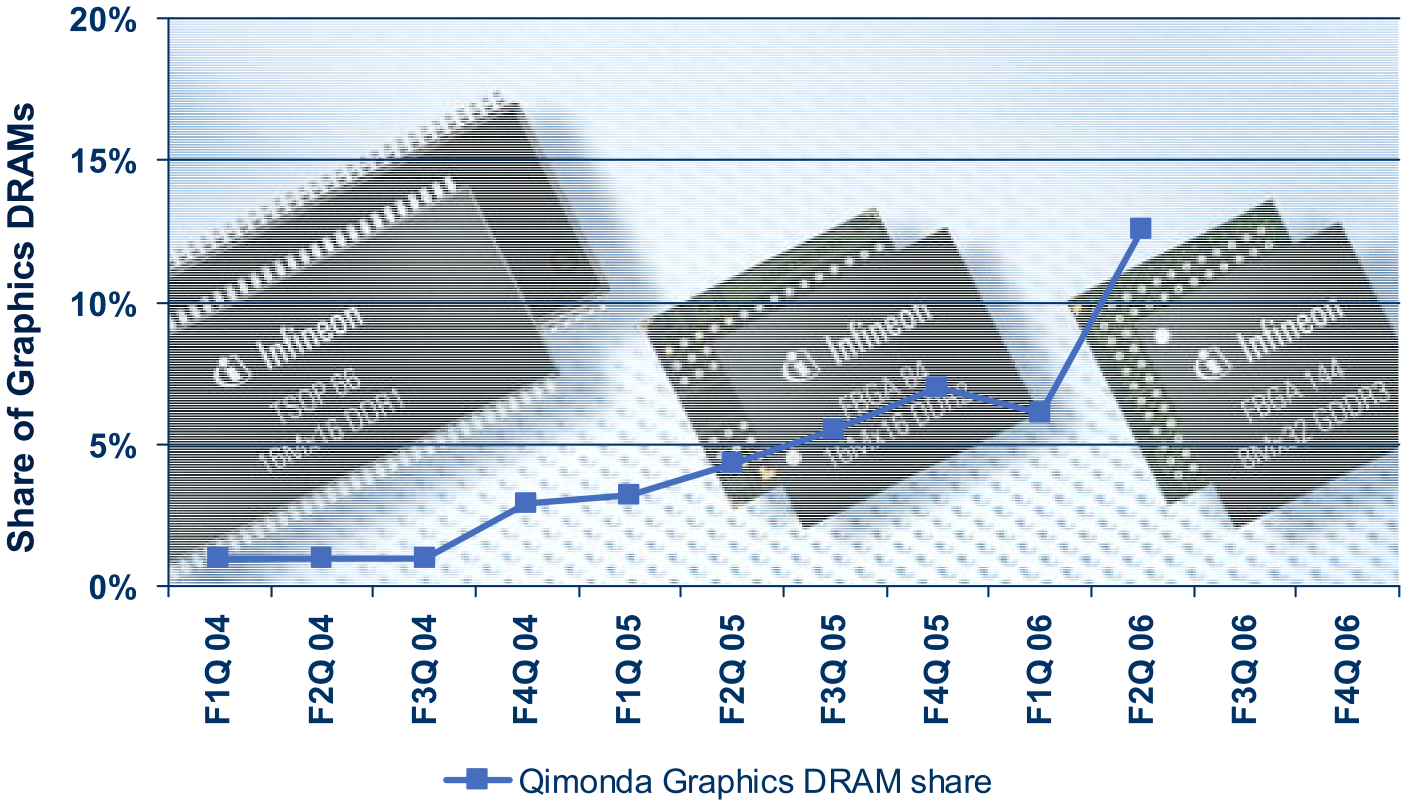
- Strong top line growth to second highest quarterly level since foundation of Infineon.
- Significant shipment growth. DDR2 price recovery coupled with higher specialty share also led to slight ASP increase.
- Back to positive EBIT thanks to shipment and ASP increase and fully loaded cost reduction. Inventory range 2-6 weeks, down 2 weeks.

(1) Excluding antitrust-related charges

FY05/06 and FY 06/07: Planned Measures



Share of Graphics RAMs as of Total DRAM Bit Shipments



Source: Qimonda

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